INEQUALITY

Edited by HENRY BIENEN
and V.P. DIEJOMAOH

INEQUALITY AND DEVELOPMENT IN NIGERIA

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Henry Bienen and V. P. Diejomaoh

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Contents

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Preface

The chapters in this volume have been selected from *The Political Economy of Income Distribution in Nigeria*.[1] It was not possible to publish all fourteen chapters of that book in a paperbook edition and at the same time keep down the costs so as to be able to reach a student audience. Since there are only a relatively few recent works that deal with Nigeria's economy and political system, and since Nigeria is a country of great interest to students of developing countries and of Africa particularly, we thought it important to cull out of our wider study a number of chapters that examine broad aspects of Nigeria's political economy.

A new introduction has been written for this edition because the introduction to *The Political Economy of Income Distribution in Nigeria* discussed chapters that are not included here and because we want to take account briefly of some important trends that have been manifested during the last two years during which that work was in preparation.

The original volume was the second of a series of case studies carried out by the Research Program in Development Studies at Princeton University. Volume 1, *The Political Economy of Income Distribution in Turkey* has been published,[2] volume 3, *The Political Economy of Income Distribution in Egypt* is in press, and volume 4 on Mexico is in preparation.

The design and execution of the work on Nigeria were truly collaborative. Scholars from Princeton, MIT, Michigan State, and the Universities of Lagos, Ife, Ibadan, and Benin were brought together. Meetings were held in Ibadan and Lagos on three occasions where data, methodologies, and eventually results were discussed. We are especially grateful to the University of Lagos for providing facilities for our conference.

I personally want to thank the Center for Advanced Study in the Behavioral Sciences. I was a Fellow at the Center in 1976–1977. During my stay at the Center, I worked on my own contribution to this volume and received excellent support from the Center's administrative and library staff. I also benefited from formal and informal discussion with Center Fellows.

In 1979, I spent a summer month at the Rockefeller Foundation's Study and Conference Center in Bellagio, Italy where I was able to continue work. Thanks are due to the staff and Fellows who made that occasion such a pleasant and fruitful one.

It is a pleasure to once again recognize the help of the staff of the Research Program in Development Studies: Shirley Canty; Dee Wilson; Michael

Padulo; and, above all, Jerri Kavanagh, the RPDS office coordinator. It is also a pleasure to acknowledge the early assistance of Professor John P. Lewis, on leave from Princeton and now Director of the Development Assistance Committee of OECD. My colleagues Michael Danielson, Mark Gersovitz, David Morell, and John Page were helpful commentators and collaborators at the meetings in Nigeria and Princeton. Jonathan Silverstone, Chief, Civic Participation Division, Bureau for Program and Policy Coordination of the Agency for International Development has had faith all along in the necessity for doing complicated and collaborative work between academics from different countries. This faith was shared by Ambassador Donald Easum, now President of the African-American Institute, who supported our project with his influence and goodwill while he was the United States Ambassador to Nigeria. I am personally grateful for Ambassador Easum's many kindnesses and for his hospitality in Nigeria.

Finally, my thanks and the appreciation of all participants in this endeavor are given to my codirector of the Nigerian study and the coeditor of this volume Professor V. P. Diejomaoh. He undertook the leadership of this work under difficult circumstances while he was Dean of Social Sciences at the University of Lagos. He has been a valuable participant in all of our studies and a valued colleague and friend.

Henry Bienen
Director, Research Program in Development Studies
Princeton University
November, 1980

Notes

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9

CHAPTER 1

Introduction

Henry Bienen

The years since Nigerian independence in 1960 have been tumultuous ones. During this twenty-year period, Nigeria was first hailed as the hope for democracy in Africa.[1] As the largest African country and as the third largest English speaking country in the world (after India and the United States), the Nigerian experiment in competitive party competition was given great attention. Also, there were hopes that Nigeria would provide a model for conflict resolution in a very heterogeneous society.[2] For, even by African standards, Nigeria is composed of many language groups with the three largest ones, Hausa-Fulani, Yoruba, and Ibo composing only about half of Nigeria's population, which is itself estimated to be between eighty-five to one hundred million people. Nigeria also has religious diversity within and between these groups. Furthermore, while language provides a point of communal reference for many people, there are many ethnic affiliations based on language dialects, lineage, and even territorial divisions that divide large language groups.

The Nigerian experiment in party competition and parliamentary government was not able to survive extreme ethnic tensions, territorial divisions, and unequal access to resources for individuals and groups. These groups were defined more by ethnic and regional categories than by occupational and income ones. Institutional distinctions proved to be critical too, as civil servants, military officers, and politicians came into conflict. Violence broke out in the Western Region in 1962–1963 and in the Tiv areas in 1960 and 1964, and was to continue at an increasing rate until the military intervened in January 1966, abrogating Parliament and proscribing parties.[3]

Military intervention and military rule in Nigeria have been widely discussed.[4] The first military government of General Ironsi itself fell in July 1966, victim to ethnic tensions in the society that interacted with the internal divisions within the military itself. Those divisions were partially based on ethnicity but also were affected by age and rank distinctions. The new regime of General Gowon described itself as a caretaker regime, but Gowon stayed in power until he was removed by the Murtala Mohammed coup of 1975.

During the Gowon period, Nigeria fought a long and bitter civil war. The secession of the Ibo-dominated Eastern Region was put down and the state of Biafra ended by military struggle. In the process, Nigeria built the largest armed force in Africa. At its height the number of men under arms was more than two hundred and fifty thousand. And, fundamental changes were wrought in the Nigerian polity. The Nigeria of the old four regions was divided first into twelve states in 1967 and then into nineteen states in 1976. The territorial basis of communalism in Nigeria was altered and the rules of the game for competition between political elites and communal groups were fundamentally changed.[5] The creation of more states diluted the power of the largest ethnic groups and made it necessary for political elites to make broader political appeals on which to base their rule.

The experience of prosecuting a successful civil war led to increased centralization of power and greater national intergration under military rule.[6] At the same time, oil production, which was interrupted during the civil war, increased rapidly by the early 1970s. With the concomitant rapid rise in oil prices, vast new revenues poured into the central government's coffers. These were revenues easy to collect because they came from foreign corporations and from the government's own national oil corporation. The states were now dependent on the national government for their own financial well-being. Nigeria became the sixth largest oil producer in the world. It came to be labeled a "new influential" or regional power. Nigeria's weight was felt increasingly in African and international fora.

By the middle of the 1970s Nigeria's territorial integrity had been assured for the foreseeable future, but other problems were unresolved. The military itself remained unstable. General Mohammed was assassinated in a failed coup attempt in February 1976. His successor, General Obasanjo, continued many of Mohammed's economic and foreign policies and also moved to make a rapid transition back to civilian rule. Nigeria's oil revenues permitted the regime to import food to feed a growing population while agricultural production stagnated and large-scale rural to urban migration continued unabated. But many observers came to believe that issues of income distribution would loom larger in Nigerian politics and class-based appeals would increase in salience during the transition back to civilian rule and once a civilian government was in place.

In late 1979, Nigeria did return to civilian rule. A complicated phasing led to the establishment of a Constitutional Drafting Committee which submitted to the military government a Draft Constitution in September 1976. Public debate on this draft continued from October 1976 until September 1977. Elections were held for a Constituent Assembly which debated the Draft Constitution during the remainder of 1977.[7] The Constitution was promulgated in 1979 and amended in December 1979 by one of the last acts of the military governments.[8] The Amendments were made as military decrees Number 104 and 105. One important part of the constitutional revision was an alteration made in the provisions for elections of an executive president. Under the Constitution of 1979, Alhaji Shehu Shagari, leader of the National

Party of Nigeria (NPN), was declared elected president by virtue of winning the highest single number of votes nationally and was declared to have won the necessary 25 percent of the votes cast in at least two-thirds of the nineteen Nigerian states. Had he not won the necessary 25 percent in two-thirds of the states, he would have had to contest through an electoral college consisting of members of the national Senate and House of Assembly and the state legislatures. These members were themselves elected in separate elections staggered during the end of 1979. The idea was to guarantee support across the breadth of Nigeria. In fact, Shagari won 25 percent or more of the vote in twelve states. But in the thirteenth state he had less than 25 percent of the vote. Nonetheless he was declared elected by the Federal Electoral Commission, which interpreted the Constitution to mean that he had to win 25 percent of the vote in twelve states and six-tenths of a quarter of the vote in the thirteenth state since two-thirds of nineteen is 12.6.

Chief Awolowo, leader of the Unity Party of Nigeria, who had come in second in the presidential balloting, appealed through the courts but lost on this issue. The verdict was accepted throughout the nation. The military moved, however, to amend the Constitution to eliminate the electoral college if a candidate did not win in the first election. A direct run-off was provided, but one quarter of the votes was still required in two-thirds of the states.

The elections themselves were contested by the aforementioned National Party of Nigeria (NPN); Unity Party of Nigeria (UPN); the People's Redemption Party (PRP) led by Alhaji Aminu Kano; the Nigerian People's Party (NPP), led by Nnamdi Azikiwe; and the Great Nigerian People's Party (GNPP) which split off from the NPP and was led by Alhaji Waziri Ibrahim. In brief, a number of things were clear from the elections. The period of military rule had failed to allow new political networks to develop. All those who contested the 1979 elections for president under parties hastily put together during the terminal phase of military rule were figures well known prior to military rule. Awolowo had long been the leader of the Yorubas from the western states. Azikiwe had a similar position among Ibos in what had been the old Eastern Region. Aminu Kano had been a president of the old Northern Elements Progressive Union, which had been based in the Kano area and parts of the Middle Belt of northern Nigeria, and had struggled as a minority party with the Northern Peoples Congress (NPC) for control of the Northern Region during the premilitary period. Waziri Ibrahim was a wealthy businessman with a strong political base among the Kanuri people of Borno State. He had been a minister in the federal government before military rule. Alhaji Shehu Shagari had been Minister of Economic Development and Research and had held other ministerial posts in the civilian NPC-led government although he did not have the dominant position that Awolowo had among the Yoruba or Azikiwe had among the Ibos.

Also, the elections revealed that ethnicity was still a powerful force in Nigerian electoral politics. The continued importance of ethnicity is argued in my own chapter on "Institutions, Class, and Ethnicity." It was also argued in Donald Morrison's work in *The Political Economy of Income Distribution in Nigeria.*[9]

Morrison's work, based on a national survey of 3,755 adults (carried out in 1974) shows that where there exists in Nigeria a group, rather than an individual basis for perceiving inequality; the group is an ethnic one. There are marked and pervasive differences in the perception and realities of inequality among the nineteen Nigerian states and there is a convergence between residence in a particular state and ethnic affiliation. Most, but not all, states are either ethnically homogenous or dominated by one ethnic group. In the presidential and national legislative elections, Awolowo's UPN won overwhelming majorities in the Yoruba-speaking states: Oyo, Lagos, Ondo, and Ogun. Azikiwe carried massive majorities in the Ibo-speaking states: Imo and Anambra. Awolowo had close to 90 percent in his own states: Azikiwe over 80 percent in Ibo areas. Indeed, Awolowo carried the Ibadan area which he had never before been able to win in a contested election. Shagari had to split the northern vote with Kano and Ibrahim but in his own home areas Shagari polled better than 65 percent and Aminu Kano, in his own area of Kano State won over three-quarters of the vote. Waziri Ibrahim won over half of the votes in Borno State (see Appendix I). In gubernatorial and legislative elections, a lower, but pronounced, degree of ethnic identification was evident.

It is true that Shagari's NPN drew support both from Moslem and non-Moslem areas of Nigeria. He won over 70 percent of the votes in Benue and River States and in Cross Rivers he won close to 65 percent. None of these states are Moslem ones; Benue has a bit more than 10 percent Moslem population and the other two have insignificant Moslem populations. Shagari was able to put together a coalition of states peopled by smaller ethnic groups, so-called "minorities" people, and the Moslem northern states of Sokoto, Bauchi, and Kwara. But since Waziri and Aminu Kano were able to carry Borno State and Kano State respectively (Aminu Kano's PRP won both Kano and Kaduna States in the gubernatorial elections), the Moslem-northern vote was split. Also, Awolowo's hold on Yorubas was so strong that religious appeals were not compelling in the Yoruba states that do have large Moslem populations: Oyo, Ogun, and Lagos.

What the elections also made clear was that the structure of politics had changed in Nigeria. New coalitions were required in a federation of nineteen states instead of four regions. This required presidential candidates to have vice-presidential running mates from different ethnic backgrounds. Also, given the fact that contested elections were taking place for state and national legislatures and gubernatorial posts, and given the factional nature of Nigerian politics, it was possible for parties to receive some support outside their core areas by making local alliances. Opposition to dominant parties was more feasible than in the premilitary civilian period. For one thing, intimidation was much less important. For another, since all parties would hold some states and hold legislative positions even in states where the governorship was lost, those who lost contested elections could still receive political payoffs through largesse administrated by parties that would control real resources. In a political system where material payoffs are so crucial to political elites, it is important to have somewhere to go during periods of opposition. The federal system of nineteen states provided for many posts and for many alliances to be struck. The electoral provisions also required broad support at the presidential level.

This system did create some important difficulties after the elections were held, when the NPN controlled the executive and was the single largest party in the national legislature. The NPN won seven governorships (see Appendix 2); it came first or second in all but five of the ninety-five Senate seats. It won state assembly seats in seventeen out of the nineteen states (see Appendix 3).[10] Thus the NPN emerged as a national party, albeit one with a strong northern base. Nonetheless, a parliamentary coalition was required, since the NPN won only thirty-six out of ninety-five Senate seats and 168 out of 449 National Assembly seats (see Appendices 4 and 5). A parliamentary coalition was made between the NPN and the NPP. Hard bargaining took place over cabinet positions and legislative offices. President Shagari found it difficult to get his total Cabinet accepted. Some NPP Senators defected over particular individuals who provoked strong antagonisms and the Cabinet list was held up and then resubmitted. Since NPP party discipline was itself not strong, difficulties arose over specific items of legislation as well as over personnel. The Shagari Government has thus moved very slowly in implementing new legislation. Moreover, there has been a strong tempation for the NPN itself to intervene in the factional struggles within its NPP coalition partner and it did so when chairmanships of legislative committees were contested within the NPP.

At the state level, a great deal of bickering between governors and state legislatures has taken place with highly personalistic politics obtaining. Party discipline has been weak and many individuals have defected from one party to another. In Kaduna State, a PRP Governor has faced a NPN-controlled legislature that has not allowed government business to go forward. The PRP Governors in Kano and Kaduna States have made common cause with Awolowo's UPN against their own leader, Aminu Kano, and have been expelled from their party. While it is still not long since the reintroduction of civilian rule, the newness of parties and the personalism and factionalism of Nigerian politics have worked against the creation of strong party discipline. Nor have creative working relationships been struck between executives and legislators who are in the opposition at the national or state levels.

With all this said, the transition from military to civilian rule went very smoothly in Nigeria. Senior military officers who had held executive positions beyond a certain date resigned from the armed forces as stipulated. A new Constitution was put in place. The elections were hotly contested but despite some sophistry on the implementation of the formula for electing a new president, the elections can be said to have taken place without intimidation or chicanery.

This brief review and analysis of recent political events has not been meant to do more than to provide a background for the chapters that follow. Neither the campaigns nor the electoral data have been analyzed with any thoroughness as yet.[11] It does appear, however, that a shift in political competition from the former communal bases of Nigerian politics to a more class-oriented competition has not taken place in any clear-cut fashion. It had been argued that this would occur once civilian rule was reintroduced and candidates had to go to the people on economic issues. Not only has ethnicity remained an important organizing tool and concept for party politics, but revenue allocation between the federal government and the states and the shares that each state would get have remained crucial elements in political competition. Once again, revenue allocation commissions are at center stage of Nigerian politics.

In the chapters that follow, we examine policies that were formulated and implemented up to the end of military rule in order to deal with growth and equity problems. We assess the successes and failures of Nigeria's attempt to carry out reformist and equity-oriented policies. At the same time, we assert that the major focus of Nigerian governments was to emphasize growth and national control of the economy rather than income redistribution per se. For all the weaknesses, imperfections, and limitations of the data, we are able to show the shape of income profiles over time. Indeed, it is important to examine the current structure of income inequality in Nigeria in historical perspective so that we can better understand the ways that income inequalities have evolved in Nigeria and the political impact that they have.

Demonstrable disparities in concrete and visible services and projects have been more politically significant than differences in regional income per capita in Nigeria, and regional and rural-urban comparisons have themselves been more easily documented and significant than comparisons between income made in interpersonal terms or between income deciles. There would not be much argument with the assertion that political struggles in Nigeria centered on the location of national government investment, distribution of services, and revenue allocation formulas during the period prior to independence and for the decade afterwards. Revenue allocation between the federal government and the states continued to be a major issue, and took on renewed vigor after the return to civilian rule in 1979.

Nigeria's wealthy areas are concentrated in the southwest and the poorest areas tend to be in the Middle Belt and southeastern areas which are neither Christian nor Moslem. The Moslem north occupies an intermediate position. These regional discrepancies show up in all the chapters that follow whether educational facilities and access to education are described or urban development is analyzed. While we expend efforts to describe the "objective" measures of inequality, we also argue that Nigerians' perceptions and understandings of equality must be understood in their own terms. Analysis of the political and institutional frameworks of Nigerian life, as well as of educational and social mobility within Nigerian society, suggest that Nigerians are not likely to be mobilized widely on the basis of either class membership or status.

Most measures of concentration of income in Nigeria show rather high concentrations and, after 1975, growing concentration. Widening income differentials are attributed to the large oil revenues that were absorbed in the urban sector but did not get channeled into the rural and agricultural sectors. Agriculural production has shown very poor performance. The absence of hard data on rural intrasectoral income distribution for the country as a whole has made it difficult to quantify the impact of rural inequality on the total distribution of income. Policies aimed at income distribution have focused on incomes within the urban sector rather than on urban-rural redistributions or within rural distributions. Policymakers can hope to get at urban inequality through wages and salaries which are the most sensitive aspect of incomes policies. Urban inequalities are glaring and we can see these inequalities not only in terms of income differences between high-paid and low-paid workers or between formal and informal sector workers, but also in terms of differential access to services, housing, and different lifestyles. Yet demands by labor have not been for redistribution but for higher real wages and for better standards of living. Nigeria continued to have strikes and work stoppages even under restrictive legislation during military rule, but it is clear that times of crisis impaired labor's ability to increase its share of total value.

While Nigerian cities have not been able to absorb the flow of rural to urban migration by providing formal sector jobs for all migrants, people continue to vote with their feet and to leave rural areas for urban ones. And there are significant investments made by urban migrants back to their rural areas of origin.[12] Even many people in the urban informal sector are better off than they were in the rural areas.

Nigeria is, in many important respects, an atypical African country. Its population of more than eighty million is much larger than most African countries; it has many more cities over two hundred and fifty thousand than other African countries. On the African continent its revenues from oil are matched only by Libya and Algeria. Yet, Nigeria is a poor country. The World Bank ranked its per capita income at 44 (poorest) out of 125 countries. This places Nigeria in the middle-income category, but toward the low end of that category.[13]

We have argued that so far the oil boom has, in the short run, worsened the maldistribution of Nigeria's income structure. However, oil also has made available large new revenues which have been inflationary (although many African countries without an oil bonanza have had very high rates of inflation, e.g., Ghana and Zaire, to name only two), and has no doubt helped enlarge and enrich a group of wealthy people engaged in contracting, importing, and transporting. It has also enabled the government to invest and consume, to swell the number of employees in the public service, and to maintain a large military establishment.

Even without the oil boom, Nigeria has shown a pattern described by Chenery, Ahluwahlia, and other analysts, who maintain that the level of per capita income, rate of growth of the economy, rates of growth of enrollment in the primary and secondary schools, percentage of people in agriculture, and rate of growth of population explain about half of the variance of income shares across countries.[14] Although Nigeria's GNP has been increased by oil revenues, the share of agriculture in GNP (but not numbers of people employed in agriculture) is unusually low.

Income inequality appears to have increased in the 1960s. We cannot say whether this trend confirms Kuznets'[15] and Oshima's[16] observations that the degree of inequality increases in the early stages of growth and then declines. In order to be certain, we would have to have better information for the pre-1960 period and be able to look at Nigeria again later on. We do know that labor's share declined during the crisis and civil war in Nigeria; thus a special factor was at work. We also know that the oil boom has had a maldistributive effect. We do not know whether the 1970s indicate a trend. These periods are all too short to establish definitive patterns of inequality.

The structural variable of regional variation seemed striking to us when we looked at the patterns of inequality in historical perspective. Now, rural-urban sectoral distinctions seem increasingly important. The government's ability to affect rural-urban differences in income exists, but is not unlimited. Rural-urban migration in Nigeria is not going to be slowed down very much, even if all minimum wage laws were abolished. Most migrants are not coming into the formal labor markets; rather they are entering the informal urban sector. Fajana argues below that increases in nominal wages have induced a rural drift to the cities and have contributed to the problem of a labor shortage in the agricultural sector. He further argues that institutionally detemined wages for low-level manpower, especially unskilled labor, partly accounts for the growing reservoir of labor in the urban informal sector. But we do not know just how sensitive migration is to nominal wage increases. It may be that the swelling of the informal sector is not something over which the Nigerian Government is going to have much control.

Although the government's investments, price policies, and general spending policies are not irrelevant, we should not exaggerate the government's ability to shape rural-urban distributional patterns in Nigeria. Large, sweeping historical forces are at work in Nigeria, and the government does not closely control these forces. The growth of population, the movement to cities, the prices of agricultural exports, the price of oil on world markets—these are only marginally affected by the Nigerian government.

The chapters that follow examine both intended and unintended consequences of government policies. We will see that no total assault on income inequalities was made by civilian or military regimes. Nor has there been any consistent and well-developed package of policies to deal with income inequalities, although there have been attempts to deal with future flows of income in a more equitable way. While there have not been asset redistributions, except through indigenization programs, there have been policies to compress wage differentials, to alter the educational system so as to increase opportunities for lower income people, and to amend the tax system. But Nigeria has become a society of such a large scale and complexity that there are many unintended and unanticipated policy consequences. Policies have been implemented imperfectly or have had variable impacts on different regions or sectors of the economy.

Thus Nigeria has come to a point where policies can cut many different ways at once and where complicated policy mixes are required to effect more even distributions without sacrificing growth and standard-of-living increases. We will show the complexities that exist in the education sector. Government has embarked on one of the largest and more intensive primary education programs in the twentieth century. It is trying to increase the educational opportunities for all Nigerians in a country with important differences between states in levels of education and is also trying to expand high-level manpower. But government subsidies and expansionary programs do not always work in favor of the poor.

Latent or unanticipated consequences have been important in the indigenization programs, in credit expansion, in incomes policies, and in education. And, policies are made in a context where not only regulatory mechanisms are weak but large shifts in population through rural-urban migration are also going on, and where the domestic demand for foodstuffs is rising with a rapidly growing population. No government policies will, in the short run, have very much of an effect on the rate of rural-urban migration or on Nigeria's population growth. Yet, population growth has a great impact on income distribution if the poor are growing at faster rates than the wealthy, and/or if assets and savings get diluted among a growing pool of poor people. Migration swells the urban poor in the informal sector.

The pattern of income distribution in Nigeria cannot be determined completely by government policy. We can go further and say that there are social, ecnomic, and demographic forces at work that may swamp government policies and be more important in their effects than any attempts to deal with distribution within a reformist or incremental strategy.

We have not considered so-called radical approaches to income redistribution or asset seizure (beyond Nigeria's indigenization program). In part, this was because our aim was to understand what has been happening in Nigeria and to look at policies within a framework of likely political evolution. As our study progressed, Nigeria was moving back toward a civilian government. The pressures to come to grips with income differences may well rise as civilian politicians build new grass-roots networks. Some politicians did campaign using equity slogans. Some state governors have begun to formulate more equity-oriented programs.

The history of civilian rule in Nigeria during the 1950s and 1960s was not one of radical party politics. We do not see class-based parties, strong political trade unions, or populist rural organizations dominating Nigeria's politics. Nor was there, in the past, a populist military leadership committed to radical change. Of course, social and political factors change as well as economic ones. Indeed, important alterations have occurred in the relationships between state and society and in the centralization of power in Nigeria. It is conceivable that a different leadership—civilian or military, or some coalition thereof—could come to power in Nigeria with new commitments and different strategies. The organizational and constituency base for such a leadership would be weak, and it would have to build its own base, not an easy thing to accomplish. Thus, it makes sense to look at the possibilities of what can be called reformist policies in a political framework that is not radically different from what has been known so far in Nigeria.

APPENDIX 1

1979 Presidential Election Results

		Name of Candidate Alhaji Waziri Ibrahim		Name of Candidate Chief Obafemi Awolowo		Name of Candidate Alhaji Shehu Shagari		Name of Candidate Alhaji Aminu Kano		Name of Candidate Chief Dr. Nnamdi Azikiwe	
State	Name of Party Total Votes Cast	GNPP Votes Received	%	UPN Votes Received	%	NPN Votes Received	%	PRP Votes Received	%	NPP Votes Received	%
Anambra	1,209,038	20,228	1.67	9,063	0.75	163,164	8.50	14,500	1.20	1,002,083	12.58
Bauchi	998,683	154,218	15.44	29,960	3.00	623,989	62.48	143,202	14.34	47,314	4.72
Bendel	669,511	8,242	1.23	356,381	53.23	242,320	36.19	4,939	0.73	57,629	8.60
Benue	538,879	42,993	7.89	13,864	2.57	411,648	76.39	7,277	1.35	63,077	11.71
Borno	710,968	384,278	54.04	23,885	3.35	246,778	34.71	46,385	6.52	9,642	1.35
Cross River	661,103	100,105	15.14	77,775	11.76	425,815	64.40	6,737	1.01	50,671	7.66
Gongola	639,138	217,914	34.09	138,561	21.67	227,057	35.52	27,750	4.34	27,856	4.35
Imo	1,153,355	34,616	3.00	7,335	0.64	101,516	8.80	10,252	0.89	999,636	86.67
Kaduna	1,382,712	190,936	13.80	92,382	6.68	596,302	43.12	437,771	31.66	65,321	4.72
Kano	1,220,763	18,482	1.54	14,973	1.23	243,423	19.94	932,803	76.41	11,082	0.91
Kwara	354,605	20,251	5.71	140,026	39.48	190,142	53.62	2,376	0.67	1,830	0.52
Lagos	828,414	3,943	0.48	681,762	82.30	59,515	7.18	3,874	0.47	79,320	9.57
Niger	383,347	63,273	16.50	14,755	3.69	287,072	74.88	14,555	3.99	4,292	1.11
Ogun	744,668	3,974	0.53	689,655	92.11	46,358	6.23	2,338	0.31	2,343	0.32
Ondo	1,369,849	3,561	0.26	1,294,666	94.51	57,361	4.19	2,509	0.18	11,752	0.86
Oyo	1,396,547	8,029	0.57	1,197,983	85.78	177,999	12.75	4,804	0.32	2,732	0.55
Plateau	548,405	37,400	6.82	29,029	5.29	190,458	34.73	21,852	3.98	269,666	49.17
Rivers	687,951	15,025	2.18	71,11[illegible]	10.33	499,846	72.65	3,212	0.46	98,954	14.35
Sokoto	1,348,697	359,021	26.61	34,102	2.52	898,094	66.58	44,977	3.33	12,503	0.92
TOTAL	16,846,633	1,686,489	10.0	4,916,651	29.2	5,688,857	33.8	1,732,113	10.3	2,822,523	16.7

SOURCE: *West Africa*, no. 3241, August 27, 1979, p. 1573.

APPENDIX 2

1979 Nigeria's 19 State Governors

State	*Party*	*Governor*
Anambra	NPP	Mr. Jim Nwobodo
Bauchi	NPN	Alhaji Tatari Ali
Bendel	UPN	Prof. Ambrose Alli
Benue	NPN	Mr. Aper Aku
Borno	GNPP	Alhaji Mohammed Goni
Cross River	NPN	Dr. Clement Isong
Gongola	GNPP	Alhaji A. Barde
Imo	NPP	Mr. Samuel Mbakwe
Kaduna	PRP	Alhaji Balarabe Musa
Kano	PRP	Alhaji Abubakar Rimi
Kwara	NPN	Alhaji Adamu Atta
Lagos	UPN	Alhaji Lateef Jakande
Niger	NPN	Alhaji Awwal Ibrahim
Ogun	UPN	Chief Bisi Onabanjo
Ondo	UPN	Mr. Michael Ajasin
Oyo	UPN	Mr. Bola Ige
Plateau	NPP	Mr. Solomon Lar
Rivers	NPN	Chief Melford Okilo
Sokoto	NPN	Alhaji Muhammadu Kangiwa

SOURCE: *West Africa*, no. 3241, August 27, 1979, p. 1572.

APPENDIX 3

1979 State Assembly Results

State	*Number of Seats*	*GNPP*	*UPN*	*NPN*	*PRP*	*NPP*
Anambra	87	1	—	13	—	73
Bauchi	60	9	—	45	2	4
Bendel	60	—	34	22	—	4
Benue	57	6	—	48	—	3
Borno	72	59	—	11	2	—
Cross River	84	16	7	58	—	3
Gongola	63	25	18	15	1	4
Imo	90	2	—	9	—	79
Kaduna	99	10	3	64	16	6
Kano	138	3	1	11	123	—
Kwara	42	2	15	25	—	—
Lagos	36	—	36	—	—	—
Niger	30	2	—	28	—	—
Ogun	36	—	36	—	—	—

APPENDIX 3 (continued)

1979 State Assembly Results

State	*Number of Seats*	*GNPP*	*UPN*	*NPN*	*PRP*	*NPP*
Ondo	66	—	65	1	—	—
Oyo	126	—	117	9	—	—
Plateau	48	3	—	10	—	36
Rivers	42	—	1	26	—	15
Sokoto	111	19	—	92	—	—
Total	1,347	157	333	487	144	226
%	100%	11.8%	24.7%	36.2%	10.8%	16.8%

SOURCE: *West Africa*, no. 3241, August 27, 1979, p. 1572.

APPENDIX 4

1979 Senate Election Results

States	*GNPP*	*UPN*	*NPN*	*PRP*	*NPP*
Anambra	12,832	10,932	210,101	19,574	699,157
Bauchi	188,819	28,959	323,392	127,279	39,868
Bendel	38,332	316,511	650,194	2,055	80,639
Benue	46,452	14,769	832,967	—	75,523
Borno	278,352	22,145	184,633	31,508	—
Cross River	161,353	77,479	310,071	—	68,203
Gongola	223,121	124,707	203,226	30,708	17,830
Imo	101,184	7,553	145,507	8,609	750,518
Kaduna	33,824	85,094	410,888	278,305	61,807
Kano	35,430	13,831	233,985	683,367	—
Kwara	32,383	126,065	54,282	328	1,020
Lagos	14,480	428,573	35,730	2,556	52,738
Niger	71,498	13,860	175,597	8,139	207
Ogun	1,018	230,411	31,953	—	119
Ondo	4,905	501,522	49,612	—	6,417
Oyo	9,472	758,696	200,372	2,497	4,397
Plateau	41,287	20,024	154,792	19,017	220,278
Rivers	46,985	20,106	153,454	30	86,138
Sokoto	910,310	34,145	571,562	98,305	—
Seats won: out of 95	8	28	36	7	16
%	8.4%	29.5%	37.9%	7.3%	16.9%

SOURCE: *West Africa*, no. 3241, August 27, 1979, p. 1572.

APPENDIX 5
1979 National Assembly Election Results

State	*Number of Seats*	*GNPP*	*UPN*	*NPN*	*PRP*	*NPP*
Anambra	29	—	—	3	—	27
Bauchi	20	1	—	18	—	1
Bendel	20	—	12	6	—	2
Benue	19	—	—	18	—	1
Borno	24	22	—	2	—	—
Cross River	28	4	2	22	—	—
Gongola	21	8	7	5	—	1
Imo	30	—	—	2	—	28
Kaduna	33	1	1	19	10	2
Kano	46	—	—	7	39	—
Kwara	14	1	5	8	—	—
Lagos	12	—	12	—	—	—
Niger	10	—	—	10	—	—
Ogun	12	—	12	—	—	—
Ondo	22	—	22	—	—	—
Oyo	42	—	38	4	—	—
Plateau	16	—	—	3	—	13
Rivers	14	—	—	10	—	4
Sokoto	37	6	—	31	—	—
Total	449	48	111	168	49	79
%	100%	9.6%	24.7%	37.4%	10.9%	17.4%

SOURCE: *West Africa*, no. 3241, August 27, 1979, p. 1572.

Notes

1. For discussions of the early Nigerian independence period and especially for the development of political parties and parliamentary institutions see James Coleman, *Nigeria: Background to Nationalism* (Berkeley: University of California Press, 1963); Richard Sklar, *Nigerian Political Parties* (Princeton: Princeton University Press, 1963); J. P. Mackintosh, *Nigerian Government and Politics* (Evanston: Northwestern University Press, 1966); Ken Post, *The Nigerian Federal Election of 1959* (London: Oxford University Press, 1963).

2. For discussions of communalism in Nigeria see: P. C. Lloyd, "The Ethnic Background to the Nigerian Crisis," in S. K. Panter-Brick, *Nigerian Politics and Military Rule: Prelude to Civil War* (London: The Athlone Press, 1971, pp. 1–14); Robert Melson and Howard Wolpe, eds., *Modernization and the Politics of Communalism* (East Lansing: Michigan State University Press, 1971); Howard Wolpe, *Urban Politics in Nigeria: A Study of Port Harcourt* (Berkeley: University of California Press, 1975); C. S. Whitaker, *The Politics of Tradition: Continuity and Change in Northern Nigeria* (Princeton: Princeton University Press, 1970); Billy Dudley, *Parties and Politics in Northern Nigeria* (London: Frank Cass and Company, 1968); Walter Schwarz, *Nigeria: The Tribes, The Nation and the Race*, (Cambridge: MIT Press, 1965).

3. For accounts of the crisis in the Western Region see Richard Sklar, "The Ordeal of Chief Awolowo," in Gwendolen Carter, ed., *Politics in Africa: Seven Cases* (New York: Harcourt Brace and World, 1966), pp. 119–166; Billy Dudley, "Western Nigeria and the Nigerian Crisis," in S. K. Panter-Brick, ed., *Nigerian Military Rule: Prelude to the Civil War* (London: The Athlone Press, 1970), pp. 94–110.

4. See Panter-Brick, *op. cit.*, and also S. K. Panter-Brick, ed., *Soldiers and Oil: The Political Transformation of Nigeria* (London: Frank Cass and Company, 1978); Henry Bienen, *Armies and Parties in Africa* (New York: Africana, 1978); Robin Luckham, *The Nigerian Military* (Cambridge: Cambridge University Press, 1968); Victor Olorunsola, *Soldiers and Power: The Development Performance of the Nigerian Military Regime* (Stanford: Hoover Institution Press, 1977); Oyedele Oyediran, *Nigerian Government and Politics Under Military Rule, 1966–1979* (New York: St. Martin's Press, 1979).

5. See Billy Dudley, *Instability and Political Order: Politics and Crisis in Nigeria* (Ibadan: University of Ibadan Press, 1973); Ali D. Yahaya, "The Creation of States," in Panter-Brick, *Soldiers and Oil*, pp. 201–223.

6. For discussions of the Nigerian Civil War see Anthony Kirk-Greene, *Crises and Conflict in Nigeria: A Documentary Source Book, 1966–1970*, vols. 1 and 2 (London: Oxford University Press, 1971); John Stremlau, *The International Politics of the Nigerian Civil War, 1967–1970* (Princeton: Princeton University Press, 1977).

7. The debates can be followed in Federal Republic of Nigeria, *Proceedings of the Constituent Assembly* (Lagos: The Federal Ministry of Information, Printing Division, 1977). The public debates are detailed in a forthcoming work by Alaba Ogunsanwo, *The Public Debate on Nigeria's Constitution October 1976–September 1977*, Center of International Studies manuscript, Princeton University, 1980. Various issues of *West Africa* followed the debates as did Nigerian newspapers such as the *New Nigerian* (Lagos and Kaduna) and the *Daily Times* (Lagos).

8. The amendments can be found in the *New Nigerian*, December 27, 1979.

9. Morrison's chapter in that volume is "Inequalities of Social Rewards: Realities and Perceptions."

10. *West Africa*, no. 3239, August 13, 1979, p. 1447.

11. Undoubtedly new work on the elections will be appearing. At time of writing, the best place to find information is the Nigerian press and *West Africa*.

12. See P. O. Sada, "Urbanization and Income Distribution in Nigeria," in *The Political Economy of Income Distribution in Nigeria*.

13. *The World Bank Development Report* (Washington, D.C., 1979) puts Nigeria's per capita income at $420. See pp. 76–77.

14. For a discussion of the determinants of inequality across society, see Montek S. Ahluwahlia, "Income Inequality: Some Dimensions of the Problem," in Hollis Chenery, *et al.*, *Redistribution with Growth* (London: Oxford University Press, 1974), especially pp. 16–21.

15. For developed countries see Simon Kuznets, "Economic Growth and Income Inequality," *American Economic Review* 45 (March 1955).

16. For developing countries, see Harry Oshima, "The International Comparison of Size Distribution of Family Incomes with Specific Reference to Asia," *Review of Economics and Statistics* 44 (November 1962): 439–445.

CHAPTER 2

Development in Nigeria: An Overview

Douglas Rimmer

Introduction

This chapter provides an economic survey of development in Nigeria with particular reference to equity issues. Development here does not denote the changes in economic life that occur more or less rapidly in all societies and proceed with or without benefit of centralized direction. It means the undertaking by governments directly or indirectly to create material welfare either for the national population as a whole or for sections of the populace. It means implementing the series of plans that have been underway in Nigeria since 1946. But the scale and content of these plans, the ambitions they express and strategies they embody, are affected by preceding economic changes and, more specifically, by expectations of the resources publicly available in the immediate future. Hence the intentions of the plans have to be understood in relation to changing economic circumstances—in particular, to increases in export volumes, changes in the terms of trade and alterations in the structure of taxation.

Ideas about equity in the distribution of material welfare are conspicuous in the more recent of the Nigerian development plans but not in the earlier plans. Equity conflicts have nevertheless arisen in the implementation of all the plans or more generally in the public economic policies, taxes and expenditures that were, or were supposed to be, organized within the framework of the plans. These conflicts also are discussed. The use of the term "equity" does not imply an assumption that absolute standards of fairness can be established in the distribution of welfare, income or wealth. Conceptions of economic justice are various and highly subjective. "Equity" is often used (or misused) in the literature to mean a reduction in the disparities of income among households, occupational groups or geographical areas, and is usually alleviated by an increase in the incomes of the poor. Occasionally this usage has been followed.

The chapter is organized in three historical periods which are divided by political events: the last years of colonialism from 1946, the early years of independence under civilian government, and the period of military rule from 1966.

The Last Phase of Colonialism, 1946–1960

Acceptance of public responsibility for "development," or the economic generation of mass welfare, can be conveniently dated in Nigeria from adoption of the first development plan in 1946. This 10-year plan was produced in response to the Colonial Development and Welfare Acts of 1940 and 1945, which made grants by the UK government available toward the cost of official programs of development in British dependencies.

The acts expressed a new philosophy of colonial rule. Expounding on it in 1941, Lord Hailey acknowledged the predominant influence secured by sections of the British population who saw that the chief function of the state was the promotion of Great Britain's own material welfare. Lord Hailey argued that discharge of the colonial trust required that "the function of the State for domestic purposes must apply equally to its function in regard to our Dependencies." Application to the colonies of the conception that the overriding purpose of the state was to serve such material ends as raising living standards or maintaining security in employment implied official responsibility for mobilizing the assets of a territory and developing those left unused by private enterprise, for promoting secondary industries, for organizing internal marketing, and for regulating production of and stabilizing earnings from export commodities. The colonial open door was no longer a self-evident boon, since it might prevent advantageous tariff bargaining. Even the legal compulsion of colonial peoples to secure adequate subsistence or follow approved methods of cultivation might be justified as safeguarding "sanitary or hygienic conditions."[1] Attitudes characteristic of the aftermath of the Great Depression are apparent in these statements. So too is the influence of wartime conditions, in which the conception of an overriding public purpose had some plausibility and such instruments of official economic regulation as exchange control, import licensing, and export monopolies were in practice being introduced in British dependencies; revealingly, the authors of the Nigerian ten-year plan of 1946 were to liken it to a military plan of campaign.[2]

Planning in the sense of detailed regulation of economic life was thus an integral part of the new philosophy of colonial rule. "The colonies," it has been suggested, ". . may have seemed an ideal field for the application of ideas successfully developed by the administrations of the great totalitarian countries."[3] But the colonial plans themselves gave only a partial indication of the planning or regulatory activities of government. They were little more than edited collections of departmental expansion programs.[4] Hence, when the first Nigerian plan was revised in 1951, pains were taken to point out that "development" was by no means confined within the plan; it was undertaken also "in the normal course of government activity" and in "the vast scale of specialized economic progress and wealth production . . . promoted by the marketing boards, the regional production development boards and development (loan) boards, other similar bodies and corporations. . . ."[5]

Although colonial development and welfare funds were the basis of the colonial plans, they were not intended to be the only sources of finance. In the first Nigerian plan they were expected to provide about 45 percent of total finance against 30 percent from borrowing and 25 percent from revenues. But in practice the UK grants were of fast-diminishing importance in Nigeria and there was not much resort to borrowing.[6] Much of the largest share of financing for development was provided from government revenues, which increased from £14.2 million in 1946/1947 to £81.3 million in 1957/1958.[7] As late as 1959, when revenue prospects were less promising than they had been earlier, it was still thought possible to find from internal sources (mainly government revenues and marketing board surpluses) 78 percent of the cost of a combined development program of the government's and statutory corporations totaling £339.1 million over the seven years from April 1955.[8]

These internal sources had grown mainly because of a rise in export earnings nearly fourfold at current prices between the immediate postwar years and the time of independence. There were two components in the export expansion. First, by the mid-1950s the commodity terms of trade had shifted some 60 percent in Nigeria's favor compared with either immediate prewar or postwar years. Secondly, and partly under the stimulus of this change in relative prices, the volume of exports rose by over 4 percent annually on the average. Even before mineral oil exports became significant in the early 1960s, the export volume index had roughly doubled in comparison with either immediate prewar or postwar years.[9]

Much of the additional export earnings was diverted to public uses through a fiscal regime based largely on taxation of external trade.[10] In addition the wartime marketing board system, which had been retained into the peace, supposedly for the purpose of stabilizing the incomes of export-crop producers by disconnecting their prices from world market prices, became an instrument for collectivizing savings for use by public authorities. By 1954 the boards had accumulated £120 million, of which trading surpluses since 1947 amounted to £100 million, or two-thirds as much as the yield of import and export duties in the same period. A further £30 million was amassed between 1954 and 1961.[11]

The financial means of creating mass welfare was therefore conveniently acquired in Nigeria in the period before independence. To a minor extent, the support was in the form of gifts from the UK government. For the most part, however, it resulted from the capturing of a large fraction of the incremental value of production by a fiscal system and by statutory export monopolies created for purposes other than development. The increments in production depended partly on fortuitous improvement in the commodity terms of trade, partly on revival of the Nigerian vent-for-surplus.[12] Hence development imposed no great sacrifices. There might be dissension about the distribution of official largesse, but its procurement was not initially contentious—not so long as the producer prices prescribed by the marketing boards compared favorably with prewar prices and export volume continued to grow.

The national accounts compiled from 1950 onward[13] show changes in the composition of aggregate expenditures that in part at least were a reflection of the new purposes of public policy (Table 2-1). In real terms, expenditures on fixed capital formation and government current spending were estimated to have grown in the period 1950–1960 several times as fast as consumers' spending and the gross domestic product (GDP) estimate itself, and also

TABLE 2-1

Annual Average Rates of Growth and Percentage Distribution of Expenditure Categories of Nigerian GDP at Constant (1957/1958) Prices, 1950/1951–1960/1961

(Annual average percentage rates of growth)

	1950/51–1957/58	*1958/59–1960/61*
1. Private consumption expenditures	4.2	2.4
2. Gross fixed capital formation	12.9	13.7
3. Government current expenditures	10.3	16.5
4. Government current and capital expenditures	13.5	14.0
5. GDP at market prices[a]	4.3[b]	2.7
6. Total available resources	6.4	6.8

(Percentage ratios of GDP at (1957/58) market prices)

	1950/51	*1960/61*
1. Private consumption expenditures	87.1	85.0
2. Gross fixed capital formation	6.9	15.4
3. Government current expenditures	3.4	7.5
4. Government current and capital expenditures	5.5	13.7

SOURCES: Constant-price estimates of items 1–3, 5, and 6 were taken from Wolfgang F. Stolper, *Planning Without Facts: Lessons in Resource Allocation from Nigeria's Development* (Cambridge, Mass.: Harvard University Press, 1966), Table 2, pp. 96–97. Data for item 4, the combined current and capital expenditures of the federal and regional governments, were taken from G. K. Helleiner, *Peasant Agriculture, Government and Economic Growth in Nigeria* (Homewood, Ill.: Richard D. Irwin, 1966), App., Table V-E-7, pp. 564–66, and were converted to constant prices by Charles R. Nixon's multipliers; also, "An analysis of Nigerian government expenditure patterns 1950–62," in Carl K. Eicher and Carl Leidholm (eds.), *Growth and Development of the Nigerian Economy* (East Lansing, Mich.: Michigan State University Press, 1970), p. 117.

[a]GDP equals items 1, 2, and 3 *plus* an increase in marketing board stocks and the excess of exports over imports; total available resources equal GDP *minus* the excess of exports over imports *plus* imports.

[b]Because of changes in the methods of estimation, the GDP figures for 1950/51–1957/58 are not strictly comparable with those for later years.

faster than total available resources. Fixed capital formation, government current spending, and the combined current and capital spending of governments all more than doubled during the period relative to the GDP estimate, while consumers' spending declined slightly. The relative growth of public spending is understated by these calculations, since the underlying data exclude expenditures by the marketing boards and development corporations.

What considerations governed the distribution of welfare? The view that the responsibilities of the state toward its dependencies must be similar to those accepted at home implied that welfare would be created directly, and the thinking of the years preceding 1946[14] indicated the more fundamental elements in standards of living as targets. Hence the primary objectives of the first Nigerian plan were better water supplies, nutrition, and health. Education was also considered important though perhaps less for direct welfare reasons than because expansion of public services was believed to be constrained by a supply of educated manpower and because of a desire for more rapid Africanization of those services. Next was listed expansion of public services including telecommunications, roads, town planning, and "those services which will lead up to economic betterment." In the long run these public services were considered most important—mainly agricultural and forestry services but also the novelties of a Department of Commerce and Industries and a Nigerian Local Development Board to encourage industrial development.[15] Devotion of funds to "social" expenditures that created welfare directly was thus moderated by "economic" or "productive" investments believed to be basic to future economic growth.[16]

Allocation of funds among government functions or the departments responsible for them did not determine which people or locations were to benefit from better water, schooling, medical services or roads. A community may be supposed to have benefited in proportion to the efficacy with which its needs were represented through the hierarchy of development committees that was set up.[17] Attempts to prescribe fair shares were exceptional[18] and probably felt to be unrealistic. The authors of the revised Nigerian plan of 1951, in an oblique reference to their procedures for allocating funds among areas of the country, quoted with approval a statement by the Colonial Office that "no single criterion" was used in resolving the analogous problem of distributing colonial development and welfare funds among colonial territories.[19]

The 1947 constitution of Nigeria was undergoing revision at the same time as the ten-year plan, and further devolution of authority is apparent in the revised plan on what were now to become known as the "regions." While the plan was to remain "a Nigerian plan," the regions had been given a major say in its revision insofar as they were affected, and they were to enjoy complete freedom in choosing from approved projects those that at any time were to be implemented.[20] This diversion of allocative responsibilities in development to the regions was carried much further by the explictly federal constitution of October 1954. Respective spheres of competence of central and regional governments were now defined, and the regions acquired constitutional rights to tax revenues that over the next four fiscal years accounted for almost half of the total current revenues of the Federation.[21] The principle governing distribution among the regions of such of these revenues as were centrally collected was "derivation"—each region's share depending on the proceeds derived from taxed transactions within its borders.

The principle of derivation had been introduced into Nigerian fiscal affairs in 1946 by a report that the financial secretary, Sir Sydney Phillipson, made in consequence of the devolution of a measure of financial responsibility on regional councils. Because of its politically educative value it had been preferred, as the basis for allocating central grants to the councils, to a rival principle of "even progress," which would have redistributed revenue with a view to raising "the standard of living and the degree of civilization throughout the country . . . to a generally equal level."[22] In practice derivation was approached rather than applied after 1946 because of the disruptive effect its adoption would have had on government services in the East, where the share in public expenditure much exceeded the contribution to public revenues. In the North the pattern was reversed and consequently "the belief was generally held at both official and political levels that the East was being developed at the expense of the North."[23]

Partly because of this grievance, a commission comprising Sydney Phillipson and the economist J. R. Hicks was appointed in 1950 to submit new proposals for the division of revenue among the three regions and the center.[24] For the most part the regions again had to be supported by central grants. But the commission resisted general application of the principle of derivation, which it recognized to be practically difficult and thought appropriate to a looser kind of federation than it expected Nigeria to become. Grants were therefore to be allocated not only by derivation but also partly according to "needs," as indicated by the number of adult male taxpayers in each region,[25] and partly according to a "national interest" believed to consist of expanding specific services (viz., schooling and police) provided at the regional level. The object was to have central grants made on a plan that would "reflect the national aspect of the federation, rather than the aspect of diversity and separateness . . . already reflected in the Regional taxes."[26]

By 1953 the national aspect of the federation had become less compelling. It was apparent that the constitution would have to be redrawn in a manner that made the regional governments coordinate with rather than subordinate to the center. The fiscal counterpart of this loosening of the constitutional structure was the direction to a new fiscal commissioner, Sir Louis Chick, that the principle of derivation should be allowed the fullest possible play. Centrifugal forces had become so strong that Chick found it necessary to state a case for the federal government's having independent revenues of its own and for taking a generous view of its needs.[27] His report recommended little alteration in the distribution of tax powers between the center and the regions, but extended the principle of derivation considerably beyond the 1951 formula.[28]

Thus in 1946 the "even progress" of the regions had at least been recognized as a possibly desirable goal; in 1951 a system of revenue allocation had been sought that would keep regional differences in development "within reasonable bounds"[29]; but in 1953 an acceptance of regional disparities was implied by adoption of the view that each region's tax payments were its own after necessary federal expenses had been met.

The relative importance of the regions in decisions on public expenditures was increased further in 1954 by reconstitution of the commodity marketing boards (for cocoa, groundnuts, cotton and palm produce) as "regional boards." The assets of the old boards were transferred to the new boards, again on the basis of derivation,[30], and the new boards operated as "veritable departments of the regional governments"[31]—with the difference that they were untrammelled by the procedural rules of the civil service. Not only were the regional governments able to determine allocation of the boards' free reserves among loans, grants and direct expenditure by the boards themselves, but their effective power to fix future producer prices (as well as the rates of the regional produce sales taxes introduced in 1953) also limited the export tax jurisdiction of the federal government and constituted another shift in fiscal power toward the regions.

Marketing board surpluses were the source, directly or indirectly, of about 95 percent of the £46 million made available between 1946 and 1962 to the publicly-owned development boards and corporations.[32] These institutions were mainly regional and were responsible for about one-tenth of all public investment spending in that period. They had been designed to fill a gap in the promotion of development between government noncommercial services and public utilities on the one hand and, on the other, private enterprises that were unable to expand or take on new responsibilities at what was deemed an adequate rate. Their activities were therefore regarded as quintessentially developmental. Local use of their funds quickened from 1956, and there was a shift from grants and direct investments toward equity participation in and loans to manufacturing industry, plantation agriculture and service trades. The economic performance of these institutions had been adversely judged; to a large extent they were used for political purposes, in rewarding services, distributing spoils, securing loyalty, and buttressing power.[33]

It is scarcely surprising that political changes in Nigeria after 1946 should have been associated with increasing concern for distribution of the welfare promised and delivered by official planning. If the main function of the state was to promote material welfare, suasion of the state or its agencies was critical for all who had welfare to be promoted. The major parties evolved as organizations of nationalities fabricated by the pressure of this political rivalry. Each became identified with the region in which its "ethnic group" was a majority. The primary interpretation of distribution of welfare therefore became the division of public resources among the regions. Within each region, finer considerations of distribution were strongly influenced by the desire of the governing party to maintain itself in power. Who received welfare and in what forms it was delivered depended heavily on electoral strategies. Understandably, the ten-year plan was followed in 1955 not by another Nigerian plan but by separate federal and regional plans or programs, and the virtues of flexibility were stressed.[34]

It may be doubted that any alternative criteria of distribution could have withstood the combined impact of decolonization, the introduction of electoral politics, and the creation of a federation by devolution, such as was experienced in Nigeria in the 1950s. In practice, scarcely any other criteria were offered. The plans of 1946 and 1951 shrank from explicit and formal rules of distribution; no doubt the real questions were thought to be about what was practicable rather than what was equitable. The World Bank's Mission, which visited Nigeria in 1953 and whose report was influential in preparing the plans of 1955, had an abstract regard characteristic of the time for "the needs of the economy as a whole," which it thought would be served by more government and more investment.[35] It construed development simply as "a rise in living standards," to be secured by a "growing output of goods and services."[36] Not only did this conception, commonplace at the time, abstract entirely from questions of welfare distribution, but it also provided poor guidance for allocation of resources, since the long-run effects on aggregate output of most allocative decisions were problematic. The adaption of development and welfare policies to serve local political exigencies therefore suffered no great intellectual resistance.

Schooling was the main form in which the regional governments in the South chose to deliver mass welfare. The motive was to mobilize political support, although more disinterested reasons were adduced also.[37] "Because primary schools were inexpensive to construct and relatively easy to staff, they could be more widely distributed throughout a given region than any other amenity demanded by the people."[38] Schooling was demanded because it was regarded as "the key to power, wealth and prestige" for both individuals and communities.[39] The ability of elected politicians to unlock opportunities through education helped legitimize their role in relation to traditional rulers and colonial officials. The programs of universal primary education, or UPE, on which the western and eastern governments embarked in the early 1950s were thus "a classic instance of welfare politics," which already had become "a central feature of Nigerian life."[40]

In both regions the initial results of UPE were "dramatic, unexpected, and, to some extent, disastrous."[41] Enrollments increased far more than had been anticipated[42]; educational spending by each government more than doubled in a single year;[43] and the quality of schooling was inevitably low, especially outside the larger towns.[44] UPE was not in consequence politically unsuccessful, but its value in accomplishing other desirable purposes freely attributed to it was questionable from the beginning. And, it was believed to be instrumental in the increase in migration of young people to the towns, which was regarded as a major social problem in the 1960s.

The more widely elementary schooling became available, the less effective it was in unlocking access to power and wealth. But it did not follow, either for the individual or the community, that schooling could be foregone without loss. On the contrary, the more common it became, the more those areas that lacked it (notably the Muslim North)[45] were argued to be disadvantaged. And the more widespread primary schooling became, the more critical became access to secondary and higher education. Educational provision therefore retained its political appeal, and educational disparities among areas retained their political sensitivity, attributable "less to the increase of general productive capacity which education will bring about or the intrinsic value which education has for the educated, but to the power which education can give individuals and communities in their competition for greater shares of the total social product."[46]

Conflation of delivery of welfare with recruitment of political support occurred also in wage fixing. The number of employees in the formalized labor market was only some 250,000 in 1950 and about twice that number in 1960.[47] But they were workers over whose earnings the governments had control, directly insofar as they were employed in public services and indirectly insofar as larger private employers followed official price leadership in the labor market. Wage fixing from 1951 has been represented as "the battlefield of the political parties," "an uncompromising battle . . . to win the support of the wage-earning population."[48] It is difficult to believe that the Western regional government was not motivated by electoral considerations when in 1954 it used its powers under the new constitution to establish a minimum payment of five shillings per day to its employees. This was more than double the previous minimum. It is difficult to believe, too, that the other regional governments were not competing politically when they increased their rates substantially in the following year.[49] In 1959, the year of another federal election, "the Trades Union Congress spearheaded a general demand for wage increases, using the workers' votes . . . as a bait to the various political parties. The parties greedily swallowed the bait and all the governments of the federation promised to review salaries and wages"[50]; increases of 15 to 20 percent in minimum rates followed.

The wage movements of the 1950s gave rise to a belief that wage earners in formalized employment had become a privileged group to whom income was redistributed at the expense of other sections of the working population. The evidence for this belief is disproportionate to the conviction with which it was expressed. If government rates for unskilled laborers in Lagos deflated by the Lagos consumer price indices are taken as data, it appears that increases in money wages up to 1954 may have done no more than restore the real wages of 1949 (and perhaps even that of 1939), and that in 1960 the real wage was some 25 percent above its 1954 value.[51] These gains appear modest in relation to the denunciations subsequently made of the political bargaining power of organized labor. It might be thought that greater gains were being made by skilled employees, but the evidence is that differentials were compressed rather than expanded.[52] Possibly the gains of unskilled laborers were greater outside Lagos, but the information is incomplete and confusing.[53] Wage earners in the 1950s were beneficiaries of the welfare politics of the time, but the conclusion that they had been made an aristocracy of labor was precipitate.[54]

It has been said already that much of the cost of delivering welfare and promoting development were invoiced to producers of export crops. Their earnings were tapped through the surpluses of the statutory export monopolies, by export duties and the regional produce sales taxes. Table 2-2 shows the proportions of producers' potential earnings withheld in these ways before and after the regionalizing of the marketing boards and over the whole period from 1947 to 1960 or 1961. Over the whole period the proportion was between one-fifth and one-third of potential earnings from each crop. Initially, withholding was mainly through the marketing boards' surpluses; their importance diminished because outright taxation increased. Similarly, falls after 1954 in the proportion of total withholding for some crops were less the result of decisions to raise the earnings of farmers than of unfavorable movements in world prices.[55]

TABLE 2-2

Export-Crop Producers' Potential Earnings Withheld by Marketing Board Trading Surpluses, Export Duties, and Produce Sales Taxes, 1947–1961

		Total Withholdings (millions of £)	Percent of Potential Earnings
Cocoa	1947/48–1953/54	61.8	39.4
	1954/55–1961/62	53.9	26.1
	1947/48–1961/62	115.7	31.9
Groundnuts	1947/48–1953/54	39.5	40.0
	1954/55–1960/61	22.3	14.9
	1947/48–1960/61	61.9	24.9
Palm kernels	1947–54	37.0	29.2
	1955–61	31.3	27.1
	1947–61	68.3	28.1
Palm oil	1947–54	13.9	17.0
	1955–61	18.5	25.6
	1947–61	32.4	21.0
Cotton	1949/50–1953/54	9.7	42.3
	1954/55–1960/61	4.8	11.2
	1949/50–1960/61	14.5	22.1

SOURCE: Helleiner, *op. cit.*, App., Tables V-F-1 to V-F-5.

Note: Producers' potential income is defined as export proceeds *plus* increase in marketing board stocks *less* net marketing board trading expenses.

The export-crop producers were subject to tax burdens that were not only both heavy and discriminatory but also, ironically, the result of a marketing system supposedly designed to serve their interests. Stabilization of their earnings in the sense of underpayments in one period being balanced by overpayments in another, which was the major ostensible purpose of the marketing boards, was never seriously attempted.[56]

Two main arguments were deployed in justification of this heavy and discriminatory taxation.[57] The first emphasized the value to Nigerians (including the export-crop farmers themselves) first of accumulating large reserves under official control,[58] then of using these funds to provide public services and create capital assets both within and beyond the export-crop producing areas. The negative effects of the taxation on private welfare, effort, saving, and enterprise had to be viewed in relation to the positive effects of use of the proceeds. For producers as a whole, if not for every individual, the latter might outweigh the former, and a presumption that this was so made it possible to state "with considerable confidence that Nigerian development has been aided through the device of channeling a portion of its export earnings via the Marketing Boards away from the producer to other (governmental) decision-makers."[59] Such statements made implicit assumptions about what development consisted of, how it might be measured, and how far an individual might be subsumed in collective gains and losses[60]; they expressed a collective ideology commonly accepted at both official and academic levels and perhaps ultimately inseparable from the developmental ethos.

Secondly, it was argued that export-crop farmers were the persons, or at any rate the economic groups, best able to pay for collective gains. Thus the World Bank's Mission believed that a "rather close positive correlation" existed in agriculture between family income and the proportion of household production marketed for export, the poorest households being those whose output was completely uncommercialized and the richest those almost wholly specialized in export production—"for example, the 'cocoa barons' of the West." The exemption from tax of subsistence income was therefore equivalent to the personal allowances of an income tax scheme, and a flat-rate tax (or group of taxes) on export production would be progressive in relation to total household income. For small-scale producers, the high rates of taxation associated with the marketing board system applied only to a margin of income; expressed in relation to total household income, their weight was much less onerous.[61] But even small export-crop farmers, or at any rate cocoa farmers, were well off by Nigerian standards, enjoying incomes corresponding "on the income distribution scale" to an American household income of $15,000 in 1956.[62] Hence those subjected to the marketing boards were relatively well able to carry the burden of development thus imposed. Such arguments played a rationalizing role, for it was not because of their relative affluence that export-crop farmers had been selected for discriminatory taxation but because a marketing system intended to regulate fluctuations in their earnings had proved so readily adaptable to securing financing for development. Consequently, as with the later and to some extent conflicting proposition that urban wage earners were relatively well off in comparison to agriculturists, no serious efforts were made to test the hypothesis being advanced by discovering facts that might be inconsistent with it.

Taxation and public spending have to be seen in relation to an ignorance concerning income distribution among households that detracted little from the presumption that export-crop producers were well off. Touching on income distribution by size in 1953, A. R. Prest and I. I. Stewart could do no more than refer to slender and imprecise evidence that it was "fairly strongly skewed to the right."[63] Eight years later Stewart wrote that "all we know at present is that incomes have tended to be well above the national average in the cocoa-growing districts that centre on Ibadan, and rather below it in the groundnut and guineacorn provinces that radiate from Kano."[64]

Interregional distribution was somewhat better documented and more a matter of political concern. Prest and Stewart had made estimates of regional GDP per capita in 1950/1951 showing a higher figure for the West than for the North and East[65] and, although such estimates were not officially repeated, differences among the regions continued to be acknowledged.[66] But these differences, which depended largely on factors beyond the control of development policies, were quantitatively less significant and less contentious politically than other forms of regional inequality—namely, disparities in the endowment of the regions (relative to their populations) in schools, road mileages, hospital beds, dispensaries, industrial employment, and similar tangible benefits associated with delivery of welfare.[67] The Commission on Revenue Allocation in 1951 had drawn attention to such disparities in overhead facilities and, more particularly, to the relative deprivation of the North.[68] In 1958 some reassertion of the idea of "even progress" was made in the report of another fiscal commission,[69] the Raisman Commission. The Distributable Pool then introduced was to become of great importance some ten years later. But the system of federal finance was not greatly altered immediately either in its operation or in its purposes. The regional governments remained the principal purveyors of welfare and the engineers of development. That they should be financed by independent sources of revenue was still a fiscal ideal. This ideal being impracticable, allocation of centrally collected revenues according to their derivation was still the rule. To the minor extent that the rule was departed from, by the setting up of the Distributable Pool, it was mainly on grounds of expediency—i.e., to remove a topic of discord and to permit continuity in the public services currently being provided in each region.[70]

If this last phase of colonialism in Nigeria is compared with the earlier colonial period, one contrast lies in the heightened interaction of politics and economic life. Political authority had encroached further on economic affairs as a result of the Great Depression and the Second World War. Initially, expatriate businesses were chiefly involved.[71] Ways in which profits might be made began to depend on official discretion; political consciousness among those affected grew accordingly. The arrival of the developmental ethos and the casting of government in the role of protagonist in an economic struggle made official concern with economic life limitless in principle. From a private standpoint, government became a patron whose notice was to be solicited and assistance important importuned. Political lobbying became a condition of commercial success. The decolonization and evolution of representative government after 1946 helped indigenize this lobbying. By 1960 it was generally understood that promotion of the fortunes of a business, community, or occupational group could depend heavily on political favor—a favor that would be conventionally justified in the name of development.

This politicization of economic life was implicit in the new philosophy of colonial rule. If the state existed chiefly to raise the material welfare of those subject to it, the power of the state was something to be attracted to one's interest, competed for and fought over. Whatever decorum the colonial state might have maintained in face of its new responsibilities was swept away by the unanticipated swiftness of decolonization and constitutional change. A further aggravation resulted from the heterogeneity of the societies contained within Nigeria and the consequential pressure in the 1950s to define more clearly a federal form of constitution. Not one government but several were serving social needs and were open to suggestions how they might do it better. Maximizing the share of public resources at the disposal of the authority with which one had influence became a basic strategy of development.

It seems that the colonial state was expected to broadcast rather than plant welfare. The matter of who was to receive the welfare appears not to have excited interest in the 1940s, perhaps because the welfare needs of all colonial subjects were felt to be equally dire or because colonial officials did not require to be elected. Later the economic planners argued that an increase in the estimate of GDP meant more welfare for everybody, indirectly and eventually—if not directly and immediately. The manner in which welfare was to be distributed was therefore less important than the way economic growth was to be accelerated. Eventually this view was to lose conviction even among the economists. It could never have been persuasive among those subjected to development plans—that is, to those whose inclination was not to abstract from politics but to put politics to work to serve their interests in the new opportunities provided by active, purposeful and welfare-oriented governments.

The Early Years of Independence, 1960–1965

The conditions of Nigerian development were being reappraised about the time of independence—at Lagos, if not in the regions.[72] In 1959 for the first time there appeared "positive indications that executive capacity is no longer the principal limiting factor . . . that the Federation is entering a new period in which the extent of the country's development programme will be limited by finance."[73] The resources for development so conveniently acquired in the past were less easy to secure, as the highly favorable trend in the commodity terms of trade had been checked after 1954.[74] Meanwhile the rate of spending under the official plans was accelerating fast.[75] From 1955 the sterling reserves of the governments and marketing boards were being run down.[76] Awkward questions began to be asked about the capacity of the development programs to produce revenue.[77] If development was to continue, a need for loan finance was "unmistakably apparent"[78] and much more attention would have to be given to the economic returns from expenditures.

The reappraisal was carried forward by W. F. Stolper, head of the Federal Economic Planning Unit and architect of the plan of 1962–1968, the first "national" plan. Stolper accepted increase in production per capita as the supreme purpose of development planning and believed that questions of *how* to achieve it were not only logically distinct but also (which was more debatable) factually separate from questions of *what* to do with it.[79] The implication was that, wherever possible, decisions on the use of resources must satisfy the test of economic profitability.[80] Employment, for example, could not be justified as provision of occupation and earnings but only a means of making net additions to output. No society could become better off by squandering its resources. Social purposes could be more fully accomplished only by becoming more productive.

Other implications followed from the shifting of the balance of development planning from welfare to economy, or from delivering amenities to promoting growth. The distinction between recurrent and development budgets became otiose; the recurrent obligations of governments competed for resources with new investments. Insofar as possible, those benefiting from a public service would pay for it. In general, directly productive investments were to be preferred to those whose links with production were indirect or tenuous.

Free or subsidized public services were not excluded but ought to have been limited to needs that were inherently noneconomic. Education and health were considered to be "the truly social sectors ... where it is repugnant as well as, in some cases, impossible to make true economic payoff calculations."[81] The argument that expenditures on these sectors were "human investment" was given short shrift; it was "not very helpful in the planning process because ... next to impossible to quantify"; it hardly came to grips with the real problems of deciding how much education and health care should be publicly provided.[82] These expenditures had to be vindicated as direct delivery of welfare, not by economic arguments that indeed gave them little support; they should then be "as big as the economy can afford,"[83] having regard for the fact that they were largely recurrent. The limits of public education and health care were thus set by the productiveness of the economy. The better that uses of resources for economic purposes satisfied the test of profitability, the more resources would be left over for those purposes that were essentially noneconomic. To put the point another way—the more productive the economy, the greater its taxable capacity.

Academic critics of the first national plan shared Stolper's view that its overriding purpose was to increase production. Their common complaint was that the plan was not sufficiently ambitious and demanding; that it accepted too readily a limit of 15 percent as the investment rate,[84] showed no sense of urgency,[85] was modest in its proposals and "*not* a call for development through structural change."[86] A variation on this theme was that the plan, by countenancing conservative monetary policy, missed an opportunity of bringing unemployed productive capacity into use.[87] The plan was said to have no soul,[88] and to reflect the preferences of the expatriate planners rather than of Nigerian politicians.[89] But Stolper's message that the satisfaction of social aims was a function of production, and that decisions on the use of resources must consequently be exposed to the test of profitability wherever possible, was not in itself regarded as controversial.

The financial projections of the plan required that half the cost of the official program totalling £1,183 million should be sought externally. Ending the relationship of dependence thus to be constructed was counted a major objective of the plan of 1962–1968 and its successors. "It is important," declared the plan," "that Nigerians should . . . have prominently before them at all times the ultimate goal of economic independence," accepting assistance in men and materials so as to "advance the time when the country may become self-reliant." The plan was therefore seen as the first of a series that would bring Nigeria to "the 'take-off' stage"—i.e., able to sustain a steady rate of growth without abnormal dependence on "such external factors of development as foreign financial and technical assistance, the behaviour of foreign private investment, and sudden changes in the prices of her primary export products."[90] National autonomy had thus become part of the purpose of development planning.

The plan aimed at real growth in the GDP of at least 4 percent per annum. Deducting the requirements of investment and government consumption left a residual available for private consumption that was projected to grow by 2.8 percent per annum on an average, only slightly ahead of the assumed rate of population growth. Private consumption would fall as a proportion of GDP.[91] These projections may be compared with estimates made by a World Bank Mission in 1971 of GDP at constant prices between 1960/1961 and 1965/1966 (after which the plan was abandoned). They show private consumption growing at only one-fifth the rate of investment spending and one-quarter that of government consumption, and falling as a proportion of GDP (Table 2-3). However, these results may be supposed to have owed less to the plan than to the relative weakness of the forces propelling private consumption. Private consumption per capita was seemingly constant or falling in this period.

Distributive considerations received sparing mention in the plan of 1962–1968, though there was reference among the overall objectives to "achievement of a more equitable distribution of income both among people and among regions."[92] Stolper thought a good case could be made that "pre-

TABLE 2-3
Annual Average Rates of Growth and Percentage Distribution of Expenditure Categories of Nigerian GDP at Constant (1962/1963) Prices, 1960/1961–1965/1966

	Annual Average % Rate of Growth	*% Ratio of GDP*	
	1960/61–1965/66	*1960/61*	*1965/66*
Private consumption expenditures	2.1	89.8	78.8
Cross fixed capital formation	11.1	11.1	14.9
Public consumption expenditures	8.2	5.9	7.0
Combined public consumption and capital expenditures	5.7	11.2	11.8
GDP at market prices	4.8		

SOURCE: Calculated from IBRD, *Nigeria: Options for Long-Term Development* (Baltimore and London: The Johns Hopkins University Press, 1974), Statistical Annex, Table 10, p. 211.

mature preoccupation with equity problems will backfire and prevent any development from taking place."[93] The tenor of the plan was aggregative. The productiveness of the economy and the autonomy of the nation were emphasized; the distribution of welfare was not. According to one of the regional plans, it was "regarded as of the highest importance that the economic development of Nigeria should as much as possible be removed from the political arena."[94]

Indeed there were two important areas of resource allocation in which the clash of organized political interests did not become evident: federal lending to the regions[95] and a fiscal review which somewhat enlarged the Distributable Pool in 1965.[96] But more generally the planners' detachment from distributive issues was far from being matched in the behavior of Nigerian politicians and others whose fortunes depended on implementation of the plan. "The plan was, by and large, an input into the political system rather than one of its major functions."[97] Its implementation, or what passed as such, was primarily a "struggle for regional economic advantage—known in Nigeria journalistic parlance as 'sharing the national cake.' " The federal government could not transcend this competition; "it was caught in the continuous struggle for regional economic advantage, especially as the resource picture became less promising as the years rolled by"; indeed, "for purposes of planned development, there was not so much a government as a collection of regions at the center."[98] "Quite frequently, politics affected the choice of location of projects, the choice of contractors and suppliers, and the selection of employees."[99] The hazy pretensions of social cost-benefit analysis afforded almost boundless opportunity both for justifying a project that was politically expedient and for choosing where to place it. On the other hand, in the case of "the iron and steel mill that never was," political sensitivity to location prevented execution of a major agendum of the plan.[100] Tendering procedures were evaded by official bodies in order to award contracts to political supporters.[101] Eligibility for official employment or loans[102] might also depend on political or ethnic affiliation. Evidence of political manipulation of the development corporations, especially in the North,[103] and consequential misuse of funds "tempts one to conclude that the Nigerian economy would be more developed if the development corporations had never been established."[104] Misappropriation of public monies was the major source of funds for the political parties and hence "a built-in component of the political system."[105] Foreign contractors and suppliers naturally took advantage of the opportunities for easy profits afforded by public administrations whose objectives were not limited to getting value for money.[106] As is the normal course of events, much information on all these matters was disclosed by official inquiries following the change of regime in January 1966.[107]

In important areas of official economic policy like diversification and manpower development, the regional governments modeled their conduct on that of independent states.[108] Each was concerned to cut for itself what it could from the collective cake and to defend its own bakings from neighboring depredators. This conduct was replicated at the local level and indeed was encouraged there by the political system in which parties and individual politicians represented themselves as the patrons of communities, both protectors and benefactors.

Perhaps no events have been more revealing of this feature of Nigerian politics than the failure of the population censuses, first in 1962–1963 and again a decade later. The first population count, after the Second World War, taken over a protracted period mostly in 1952–1953, had produced a total of 30.42 million, of whom 16.84 million (55 percent) were attributed to the North. It is now generally accepted that the population was underestimated in 1952–1953, probably by several percent. But in the South there was a popular belief that the colonial authorities had inflated the northern total in order to give the North a majority in the Federal House of Assembly, and an expectation that the census of May 1962 would unmask this deception.

Though the results of the 1962 census were never published, they are understood to have shown a national total of about 45 million, of whom 22 million, or less than half, were enumerated in the North.[109] But the federal census officer later reported that "figures recorded throughout the greater part of Eastern Nigeria . . . are false and have been inflated" and that results were available for only a few of the census districts in the West because of weaknesses in organization.[110] Subsequently the total for the North, which had been the first declared, was reported to have been "verified" at 31 million. Early in 1963 the failure of the census was acknowledged when the federal prime minister announced that a new count would be taken.

In this recount of November 1963, extraordinary measures were taken to ensure accuracy, as they were to be with as little success ten years later. It was perhaps to be expected that no region, or even census district, would admit that its earlier figure had been inflated, as it would have done by returning a lower figure at the recount. The effect of recounting was in fact to further increase the national total. It was eventually put at 55.67 million, within which the northern total was 29.8 million (53.5 percent). The East's figure of 12.4 million was little different from its "false and inflated" total of 1962; the national total for 1963 appears to have been produced by the determination of the northern and western governments to match the East's capacity for falsification. The final results implied the demographic absurdity that between 1953 and 1963 the national population increased by 6.3 percent per annum on an average, and that of the western region by 8.3 percent p.a.[111] They also made nonsense of the basic economic calculations of the plan of 1962–1968.[112]

The censuses of 1962 and 1963 can be interpreted as an attempt by the eastern government to remove the northern majority in the Federal House of Assembly and a successful riposte by the North. But underlying the gerrymandering was an enthusiasm for enumeration which had not been present in 1952–1953 and which depended not only on local support for regional chauvinism but also on the widespread acceptance of an association between sizes of communities and delivery of welfare. Indeed the politicians had publicized the census of 1962 as the means both of determining political representation and of establishing claims to public services, overhead capital, and siting of industrial plants. The response to this salesmanship perhaps exceeded expectations. The struggle of the regions and the parties for hegemony in the federation was the final determinant of the results of 1963, but it is unlikely that an accurate census could have been taken even in the absence of this rivalry. The popular mind had come to understand firmly that the business of government was development and that the amount of development that came a community's way depended not only on such intrinsic merits as the way it voted but also on its size. Miscounting the people had become another way of swaying official decisions on development.

Development policies became associated at almost every level with graft. For the most part the graft was "solidaristic."[113] Either directly or through the medium of the parties, men in authority benefited their supporters and home communities by provisions of amenities, misappropriation of funds, and nepotism in appointments. They received fealty and delivered largesse. Alongside these expressions of communal solidarity there also grew up "egotistic" graft. The lords of the economy[114] acquired interests and ambitions reaching beyond those of their clients. Recognizing the value of cooperation in promoting these private ends, they tended to coalesce as a political class—or so it appeared to some observers[115] and no doubt to many participants. Painful comparisons were then made with the colonial regime. Again there were rulers in Nigeria who were distinct in their purpose and style of living from their subjects, exercising a prior claim for their comfort on the earnings of others, and armed against criticism by their mutual support and ability to manipulate the formal expressions of public opinion. Indeed, by comparison with these new rulers, the impositions of the colonial administrators appeared modest, their powers circumscribed, their tastes abstemious, and their attitudes excusable. Distrust of and contempt for the so-called political class therefore became common after independence. It lost moral authority perhaps even faster than it made material gains. In Achebe's phrase, it was taking enough for the owners to notice.[116]

The campaign for wage increases fought by the Joint Action Committee of the trade unions in 1963–1964 illustrates this change in the climate of opinion. The demands for higher wages were both a reaction to rising living costs and "a protest about the relative deprivation of the working and intendant classes *vis-à-vis* the members of the political class. The politicians' claims were becoming more obviously fraudulent, their corruption more open"; their "depredations from the public till, so the unions argued, were preventing any meaningful redistribution of wealth."[117] And the official treatment of the unions' claims—insensitive, dilatory and arrogant, as it had been described in an earlier "general strike" in 1945—might have been designed to show the little difference that independence had made. "Much of the rhetoric of the strike leaders concerned itself with pinpointing the analogies in attitudes and behavior that the political class had with the former colonial administration."[118]

The outcome of the ensuing general strike in May 1964, in which as many as 750,000 workers may have been involved, was a compromise between recommendations made by the Wage Commission under Chief Justice Morgan[119] and the intentions of the federal government's later White Paper.[120] The minimum monthly wage rate in government employment was raised by almost one-third in Lagos, about one-quarter in the East and North, and less than one-tenth in the West and Midwest where it was already relatively high.[121] Above these minima, increases were inversely related to salary, diminishing rapidly as a percentage addition and disappearing altogether at annual salaries in excess of £588.[122] Despite admittedly serious effects of the increases on price stability and plan implementation, it therefore became possible for the progress report on the plan, recalling that "a more equitable inter-personal distribution of income" was among the declared objectives, to claim that "for the first time, salary increases in Nigeria reflected the determination of Government to eliminate large inequalities in income distribution. . . ."[123]

This ingenious reconciliation of unplanned wage awards with plan objectives was not palatable to economic commentators. They argued that regular wage earners were already well off relative to other, larger occupational groups. Hence the settlement of 1964, following the wage awards of the 1950s, led Sir Arthur Lewis to write that while "it is normal for urban incomes to be anything up to 50 per cent higher than rural incomes . . . in Nigeria unskilled urban wages are much more than twice a farmer's income. The vulnerability of the Governments . . . to trade union demands has been one of the main causes of this, though it is not clear why the politicians . . . allowed themselves to be blackmailed into this position."[124] Similarly, Peter Kilby observed that since 1953 "real wages in the organized sector have increased at more than twice the rate of *per capita* GDP," partly because of political pressure by the unions; "rather than being an exploited group," he wrote, "organized labor is already a highly privileged minority. . . ."[125] Such statements were part of the received opinion among economists in the 1960s, not only in Nigeria but also generally in tropical Africa.[126] While the unions argued their case by reference to the enormous differences between minimum wage rates and the salaries of administrative and managerial staff, the economists were no less conscious of a gap (which, however, they inferred rather than measured)[127] between those minimum rates and earnings outside the organized labor market.

The general strike of 1964 turned out to be "the high-water mark of Nigerian trade union influence and unity,"[128] and the tide swiftly receded. The alliance of the various central organizations of unionism did not survive the year, and promises of reform of industrial relations made by the governments in the settlement of the strike were not kept.[129] Despite their conflict with the political class, wage earners did not defect from the established parties to support new labor parties in the general election of December 1964.[130] A strike called in the name of the Joint Action Committee to protest against the rigging of the election was a fiasco.[131] With the passing of the civilian regime a year later, the electoral preferences of wage earners ceased to be marketable. The real value of wages was eroded by rising prices and, by 1969, appears to have been less in all main centers of employment, or at best no more, than it was in 1960.[132] During the civil war, strikes and threats of strikes were made illegal. "The Morgan Commission was followed by six years of money wage stability, the longest such period in Nigeria since 1935."[133]

The ability to command resources at public disposal remained the highest political good in these early years of Nigerian independence. At one level the regional governments and the parties that controlled them competed for these resources; at another, so did more distinct communities and less contrived nationalities. Whatever development theorists might hypothecate, public economic power and patronage were valued mainly as instruments of distribution, or the means of moving benefits in one direction rather than another. Appointments to public office (particularly ministerial and in the public corporations) were therefore decisive, and the dominant purpose of electoral activity was to control such preferment. An attempt was made in the six-year plan to assert the predominance of productive over distributive goals and to take development out of politics. Predictably, it failed. Precisely because development was understood to be the main business of government, it could not be insulated from politics. Questions of how to increase production were not perceived to be factually separate from questions of who was to benefit; the stakes were too high. Hence plan implementation was absorbed in the competition for welfare. The census was an even more futile effort to impose nonpolitical criteria of resource allocation on highly politicized economic actors; in the event, even counting the people was politicized.

For the most part the federal government, in formulating national policies and asserting national priorities, was acting as a compromising rather than an optimizing institution, squaring opposite interests rather than maximizing quantifiable objectives.[134] There were areas of successful compromise such as the fiscal review in 1965, but ultimately the balance that was required simultaneously to satisfy irrepressible claimants could not be kept, and the civil government of the federation became discredited even in its role as arbitrator.

The politicians were judged more severely after independence. Possibly more of the resources intended for development and welfare were sticking to their fingers. Certainly there was less willingness to excuse these abuses of trust. Venality could no longer be construed as part of the struggle against colonial rule, though some psychological need remained to associate the shortcomings of the political system with foreign influence.[135] A self-seeking native elite was perceived to have succeeded the alien elite. The general strike of 1964 dramatized these new perceptions, but it was a transient event. By demonstrating the precariousness of the government's power it helped prepare the ground for military intervention in 1966; but it did not denote new social alignments. And, those who anticipated that circumstances would ripen for a social revolution. "though possibly not for another ten or fifteen years,"[136] underestimated the tenacity of primordial loyalties.

The Period of Military Government, 1966–1979

In the 1970s as in the decade following the Second World War, but now on a scale both absolutely and relatively much larger, the resources available for development in Nigeria swiftly and unexpectedly grew. Domestic production, importing capacity, and public revenues again multiplied on the basis of increased export volume and improving terms of trade. Being mainly the result of exploitation of mineral oil deposits, these increases would almost certainly have occurred earlier but for the political upheavals of 1966, the secession of the Eastern region, and the civil war. In the event, the official estimate of real GDP was little higher in 1969/1970 than in 1965/1966. But between 1969/1970 and 1973/1974 it increased at an annual average rate of over 13 percent compound.[137] Another set of estimates of real GDP shows an annual growth rate of over 9 percent compound between 1970/1971 and 1976/1977.[138]

Extraction of crude oil began in 1958, rose swiftly after 1964, and by 1966 accounted for one-third of the value of all Nigerian exports (Table 2-4). The civil war caused output to be reduced for two years but in 1969 expansion was resumed both in volume and value. By 1973 output was nearly five times as great as in 1966, and export value had increased tenfold at current prices. In the following year, in line with the strategy of the OPEC cartel, the average posted price of Nigerian crude approximately trebled and the value of oil exports increased almost as much; since then oil has contributed over 90 percent of the total annual export value. Other Nigerian exports, including the traditional agricultural staples, have in contrast shown only a modest upward trend, even at current values; they have averaged about ₦400 million since 1969 and have diminished considerably in purchasing power. The main explanation has been declining volume; an index of agricultural exports shows a fall of about 30 percent in 1973–1976 as compared both with 1970 and the base year of 1960.[139]

Between 1969 and 1977 the value of total Nigerian exports at current prices rose from some ₦630 million to over ₦8,600 million. Supposing import prices to have doubled in this period, an increase over sixfold in the purchasing power of exports over imports would still have occurred. In fact, for the shorter period 1970–1974, indices of external trade calculated in the Central Bank show a rise in import prices of 55 percent, which is a threefold increase in the commodity terms of trade and a fourfold increase in the income terms of trade.[140]

In the 1960s, outlays of foreign exchange by the oil extracting companies (mainly on importing goods and services) were relatively large in comparison to the value of oil exports. In 1969 the companies' contribution to the Nigerian balance of current payments, or their net external earnings, was only some 40 percent of the value of their exports. After 1969 this ratio rose rapidly (Table 2-5), and in 1974–1976 it averaged 90 percent. In consequence the net value of total Nigerian exports (net of foreign exchange costs and payments on foreign-owned capital of the exporting industries)

TABLE 2-4

Production and Exports of Mineral Oil, 1966 and 1969–1977

	Output (million barrels)	*Average Export Price (U.S. dollars per barrel)*	*Value of Exports (₦ million)*	*% of Total Nigerian Exports*
1966	152.4	—	184.0	33.0
1969	197.2	2.17	262.0	41.6
1970	395.9	2.25	510.0	57.6
1971	568.9	3.05	953.0	73.7
1972	665.3	3.39	1,176.2	82.0
1973	750.4	4.80	1,893.5	83.1
1974	823.3	14.69	5,365.7	92.6
1975	651.3	12.95	4,563.1	92.6
1976	757.6	13.78	6,321.6	93.6
1977	765.7	14.56	7,072.8 (prov.)	91.9

SOURCES: Central Bank of Nigeria, *Annual Reports* and *Economic & Financial Review* (various issues); export prices (of 34–34.9 API gravity, fob ex-Bonny) from United Nations, *Monthly Bulletin of Statistics*.

must have increased even faster after 1969 then the gross value. Supposing again that import prices doubled between 1969 and 1977, the increase in this period in the real value of Nigerian exports net of foreign-exchange outlays involved in their production would have been about eightfold.

The difference between gross and net external earnings from oil has narrowed mainly because of increasing taxation and partial nationalization of the industry. By the Petroleum Profits Tax Ordinance of 1959, 50 percent of the companies' net profits had been payable as royalties, rentals, and a residual profits tax. From 1967 a series of changes in fiscal arrangements for the industry was made, of which the most fundamental was the introduction in that year of the OPEC device of a posted price, substituting as the basis for computing taxable profits for the companies' internal transfer prices. At the same time, royalties were defined as costs of production instead of offsets against profits tax. In 1971 the rate of profits tax was increased to 55 percent. By 1972 these changes, along with increases in the posted price (Table 2-4), and changes in the method of deriving the tax reference price from it had roughly doubled the tax-take per barrel as compared with 1967.[141] Much greater rises in the tax-take were achieved by increases in the posted price to $8.31 in November 1973 and $14.69 (almost seven times the price of November 1967) in January 1974, and by rises in the profits tax rate to 65.75 percent in 1974 and 85 percent in 1975, along with increases in the royalty rate. In addition to the fiscal charges, official Nigerian participation in ownership of the industry began in 1971, and by 1974 a 55 percent share of the equity had been secured in all the main producing companies. With 55 percent of the oil produced belonging to a statutory corporation, and a royalty rate of 20 percent and profits tax rate of 85 percent applied to the remaining

TABLE 2-5

Contribution of Petroleum Companies to Balance of Current External Payments, 1966 and 1969–1976[a]

	₦ Million	*As % of Value of Oil Exports*
1966	86.0	46.7
1969	106.6	40.7
1970	253.2	49.6
1971	604.8	63.5
1972	808.1	68.7
1973	1,403.3	74.1
1975	5,192.9	96.8
1975	4,190.4	91.8
1976	5,224.2 (prov.)	82.6

SOURCE: Central Bank of Nigeria, *Annual Reports.*

[a]The totals are the sum of the companies' payments to government, other local expenditures, and additions to cash holdings, *less* local receipts (mainly from sales of crude for local refining).

45 percent of production, it appears that over 90 percent of the gross value of Nigerian oil production accrues to the Nigerian state.[142]

Table 2-6 shows the increase in the current revenues of the federal government after 1969 and the associated rise in the proportion derived directly from oil production. At current prices, total revenue increased by a factor of nearly 18 between 1969 and 1976. On an annual average in 1974–1976, nearly 80 percent of the total revenue was obtained from petroleum profits tax and mining royalties, even though revenue from some other sources (import duties and company tax) had also risen fast.

The distribution among expenditure categories of the growing GDP appears to have changed in the period of military government even more markedly than in earlier periods. A set of constant price estimates for 1965/1966 to 1970/1971 is available from the report of the World Bank's Mission of 1971 (Table 2-7). Against all headings except public consumption the increase in the underlying aggregate occurred largely in the last year of the period; the more persistent increase in public consumption may be assumed to be due to the federal government's military expenditures. The outcome was a rate of growth in the period which was only one-third as rapid in private consumption as in investment spending and government consumption.

An analysis at constant prices is not available for more recent years. Taking current price estimates, the results shown in Table 2-8 are obtained. They show private consumption falling as a proportion of GDP from about three-quarters in 1970/1971 to less than one-half in 1976/1977, while over the same period capital formation and government consumption each doubled its share of GDP. The contraction in the share of private con-

TABLE 2-6
Federal Government's Oil Revenues and Total Current Revenues, 1969–1976

	Federal Revenue from Oil (millions of ₦)	*Total Federal Revenue (millions of ₦)*	*Oil Revenue as % of Total*
1969	33.4	378.4	8.8
1970	166.4	633.2	26.3
1971	510.2	1,169.0	43.6
1972	764.3	1,404.8	54.4
1973	1,016.0	1,695.3	59.9
1974	3,726.7	4,537.0	82.1
1975	4,271.5	5,514.7	77.5
1976	5,365.2	6,765.9	79.3

SOURCE: Central Bank of Nigeria, *Annual Reports.*

Note: Figures shown as oil revenue are the sum of proceeds of petroleum profits tax and mining royalties and rents; all but a few percent of the latter item are obtained from oil extraction.

TABLE 2-7

Annual Average Rates of Growth and Percentage Distribution of Expenditure Categories of Nigerian GDP at Constant (1962/1963) Prices, 1965/1966–1970/1971

	Annual Average % Rate of Growth, 1965/66–1970/71	*% Ratio of GDP* 1965/66	1970/71
Private consumption expenditures	3.5	78.8	72.8
Gross fixed capital formation	10.1	14.9	18.7
Public consumption expenditures	11.4	7.0	9.3
Combined public consumption and capital expenditures	8.0	11.8	13.5
GDP at market prices	5.1		

SOURCE: Calculated from World Bank, *Nigeria: Options for Long-term Development, op. cit.*, Statistical Annex, Table 10, p. 211.

sumption was evidently most marked in 1974/1975 when an export surplus constituted nearly one-fifth of the GDP estimate. The most marked rises in the shares of capital formation and government consumption occurred in 1975/1976 as the export surpluses of several preceding years were

TABLE 2-8

Annual Average Rates of Growth and Percentage Distribution of Expenditure Categories of Nigerian GDP at Current Prices, 1970/71–1977/78

	Annual Average % Rate of Growth 1970/71–1977/78
Private consumption expenditure	11.9
Gross fixed capital formation	36.9
Government consumption expenditure	32.8
GDP at market prices	20.3

Percentage Ratio of GDP

	1970/71	*1971/72*	*1972/73*	*1973/74*	*1974/75*	*1975/76*	*1976/77*	*1977/78*
1. PCE	74.8	72.2	68.4	66.9	50.9	52.4	40.7	44.9
2. GFCF	14.8	17.8	18.2	16.7	17.6	31.1	34.6	36.6
3. GCE	10.0	8.7	10.4	9.1	7.3	13.5	20.4	19.9
Total	99.6	98.7	97.0	92.7	75.8	97.0	95.7	101.4

SOURCE: Calculated from IMF, *International Financial Statistics*, February 1978 and February 1980.

succeeded by an import surplus. The relative contraction of private consumption was associated most strongly with the use of a large proportion of GDP to accumulate official foreign exchange reserves in 1974, and the relative expansion of the other categories depended heavily on the inauguration of the third national development plan in the following year.

Table 2-8 shows private consumption at current prices growing at an annual average rate of 14.3 percent. The official consumer price index, which is generally thought to underestimate rather than exaggerate retail price movements, rose at an annual average rate of 15 percent between 1970 and 1976.[143] Taking into account also the annual rate of population growth assumed to be about 2.5 percent, it would seem that real private consumption per capita did not increase at all during this period, despite prodigious growth in the estimate of real GDP and the intentions expressed in the national plans.

As the national plans of 1970 and 1975 bear witness, the military governments of Nigeria were no less committed to development than their predecessors; and, the vast increase in resources at official disposal allowed the pursuit of even greater ambitions. Table 2-9 shows the remarkable differences in planned and actual public investment totals between the six-year plan of 1962 and the two later plans.

Guideposts for the Second Plan were published in 1966 between the first and second military coups. As in 1962, economic growth was to be the first purpose of the plan. Other objectives included "a more equitable distribution of income among persons" and "a drastic reduction in the magnitude of the present unemployment problem." Possible conflicts among objectives and a need to strike a balance among them were acknowledged, but "a high overall rate of growth" was reiterated to be the most important aim of the plan.[144] Three years later the permanent secretary of the Federal Ministry of Economic Development still found it possible to reduce development objectives to the long-run growth of per capita output.[145] "The overriding consideration . . .," he told the conference on national reconstruction and development, "should be to concentrate on a high rate of growth of output per head of population rather than to emphasize the need for a redistribution of income at its current low level. It is important for the country to avoid the danger of unwittingly redistributing poverty and disease." Long-run economic growth was the route to job creation and eventual full employment, though "as a social measure" and "within limits" growth might sometimes be subordinated to the objective of providing employment immediately. "Balanced development" of the country, or "the gradual reduction of the disparity between economic regions . . . including the urban/rural conflict," was held to be the objective most difficult to reconcile with rapid growth. Ayida evidently favored concentration of resources at "growth points" rather than their dispersion according to some criterion of regional equity, but did not exclude temporary subsidies for economically backward areas.[146]

The Second Plan, when it appeared in 1970, held a need to achieve the

TABLE 2-9
Planned and Actual Public Sector Investments Under the Three National Plans: Annual Averages

	Planned (millions of ₦)	*Actual (millions of ₦)*
First plan, 1962–1968		
(first five years only)	264	148
Second plan, 1970–1974	818	559
Third plan, 1975–1980		
(first two years only)	4,475	5,043

SOURCES: *Second National Development Plan 1970–74* (Lagos: Federal Ministry of Information, 1970), p. 11; *Third National Development Plan 1975–80* (Lagos: Federal Ministry of Economic Development, special launching ed., 1975), Vol. I, p. 10; *Second Progress Report on the Third National Development Plan 1975–80* (Lagos: Central Planning Office, 1979), Table 2.20, p. 25.

Note: The planned figure for 1970–1974 is derived from the plan as finally revised. The planned figure for the first two years of the third plan is made with allowance for "slippages" (i.e., under-expenditures because of difficulties in implementation) expected to average ₦2,705 million per annum.

highest possible growth rate of per capita income too obvious to require restatement,[147] and gave some attention to other objectives deemed to flow from Nigerian national aspirations. These other objectives may be broadly divided between national autonomy and social justice.

The desire for national autonomy expressed in the plan of 1962 had evidently been strengthened by developing ambitions in foreign policy. Nigeria was now held to have responsibilities for the peoples of Africa as well as its own citizens. "The uncompromising objective of a rising economic prosperity in Nigeria," it was declared, "is the economic independence of the nation and the defeat of neo-colonialist forces in Africa." To frustrate "the global strategy of modern international combines," the federal government would aim progressively to substitute Nigerian for foreign interests in both the ownership and the management and technical direction of economic enterprises.[148] This aim could be taken to mean indigenization (substitution of private Nigerian for foreign ownership) and Nigerianization (substitution of Nigerian for foreign staff); in fact the desirability of those changes was stated.[149]

The first indigenization decree was to follow in 1972, prescribing complete or partial Nigerian ownership of businesses in a large number of scheduled activities and probably did much more than earlier measures to foster a class of capitalists native to Nigeria; its effects are discussed elsewhere in this volume. But in the plan of 1970 itself, where the view was taken that "a Government cannot plan effectively what it does not control,"[150] an even stronger appeal seems to have been made by nationalization—i.e., the substitution of public Nigerian for foreign ownership.

The planners' perception of foreign dominance led to the conclusion that the federal government must "acquire and control on behalf of the Nigerian society, the greater proportion of the productive assets of the country" by participation in the equity of private enterprises or by exclusive public ownership. Specifically, exploitation of "strategic national resources" was to be undertaken by the federal government alone or, provided it remained the dominant partner, in technical partnership with private concerns; and, since mining and manufacturing were likely to be important generators of resources for future development, it was held to follow that "Government must play a leading role in these two sectors in order to harness the fruits of economic growth for the overall development of the Nigerian society."

An earlier official view, which Ayida in 1969 appears still to have endorsed[151]—i.e., that public investments in commercial activities served pump-priming and transitional purposes and would eventually be transferred to private Nigerian ownership—was not held to flow from a "narrow conception of the role of Government in national development which is not tenable in Nigerian circumstances."[152]

Somewhat inconsistently with their preference for public enterprise and governmental predominance in the economy, the planners took several opportunities to express dissatisfaction with the performance of statutory corporations and state-owned companies in Nigeria. Like many other commentators, they remarked on gross inefficiency in these enterprises, the mediocrity of their personnel, the fraudulence of some of their operations, their vulnerability to partisan political pressure, and their insensitivity to the wants of users of the services or products they supplied.[153] Having regard for these admitted shortcomings, the planners seem to have been indulgent to the objective of national autonomy in espousing a strategy that was likely to increase vastly the weight placed on the competence, probity, and powers of coordination of the public administrations and the political skills of those who were ultimately responsible for them.[154]

Under the heading of *social justice* may be placed the aspiration of the plan to create a "just and egalitarian society . . . reducing inequalities in interpersonal incomes and promoting balanced development among the various communities. . . ." But reservations were made. The reduction of geographical disparities must not be at the cost of stagnation in the more developed areas; rather the objective was "to move rapidly to the achievement of a minimum economic and social standard for every part of the country." A promise of full employment did not mean "an obligation on the part of Government to find wage employment for everybody. . ."; rather it was essential for all citizens of working age to be "gainfully occupied according to the requirements of the economy and their skills."[155] The insignificance of the gains that would accrue to the poor from redistributing the income of the elite was a temptation to ignore distributional questions. Although they were not ignored, the incomes policy deemed necessary to reconcile equity and economic growth was admitted to have been imperfectly formulated in the past and difficult to improve.[156] The progress reports on implementation of the plan were later to argue that lack of adequate information on income distribution vitiated any attempt to devise a reasoned policy on incomes.[157]

The equity objectives of the Second Plan were perhaps not to be taken very seriously.[158] James O'Connell considered that the plan would help mostly those who were able to help themselves and therefore would deepen rather than remove inequalities.[159] The economist R. S. Bhambri thought the plan unlikely to achieve its more qualitative objectives but held that this did not much matter; the merit of the plan was that it emphasized the aim of rapid growth of output and had been designed largely with that end in view.[160] So far as the Second Plan qualified the aim of economic growth, it was by nationalism and the socialization of wealth rather than by application of welfare norms.

The Third Plan was much larger and more comprehensive. It grew enormously during its drafting. Guidelines for this plan, published in September 1973, envisaged total investment of ₦10.7 billion, of which the public sector, it if was to maintain a two-fifths share and if executive capacity allowed, would contribute ₦4.3 billion. In March 1975 the plan itself projected total investment at ₦30 billion, of which the share of the public sector, after allowing for "slippages" resulting from shortage of executive capacity, would be ₦20 billion or two-thirds of the total investment. Sayre Schatz has described as "euphoric planning" this magnification of ambition during the oil boom of 1974.[161] A revision of the plan at the end of 1976 raised the cost of the effective public sector program to ₦26.5 billion. Adjusting the figure in the guidelines for slippages and allowing for inflation in 1974–1976, the effective public sector program for 1975–1980 had been expanded four or fivefold in a little over three years.

Both the Second and Third Plans postulated roughly equal real rates of growth in the principal expenditure categories of the GDP, and hence little change in the relative importance of private consumption, capital formation, and government consumption.[162] Table 2-8 suggests that these projections were far from being realized. Real private consumption per capita was projected to grow at no less than 10.5 percent per annum under the Third Plan, "so that the average Nigerian would experience a marked improvement in his standard of living."[163] But the national accounts show total private consumption at current prices increasing less fast between 1970/1971 and 1976/1977 than the recorded rate of inflation in consumer prices; and it would appear that real private consumption per capita was falling in this period.

The specific and immediate objectives of the Third Plan included not only an increase in income but also a more even distribution of income, reduction in unemployment, and balanced (geographically dispersed) development. Other objectives were a diversification and indigenization of economic activity and an increase in the supply of high-level manpower.[164] National autonomy received less attention than in the Second Plan, possibly because so much progress toward this goal already appeared to have been made. On the strength of oil revenues, it was possible to assume independence of foreign aid and external borrowing in the financing of the plan,[165] and the plan even discussed Nigeria's policy as an aid donor.[166] Substantial public participation had already been secured in the extraction, refining, and internal distribution of oil, in banking and insurance as well as in several manufacturing industries. The first indigenization decree, displacing foreign ownership in whole or part in scheduled services and manufactures, appeared in 1972. The plan promised continuation of a policy "directed at ensuring that Nigerian entrepreneurship is present and dominant in all sectors of the economy"[167] and proposed further pressures on private employers to Nigerianize their staffs.[168]

The strategy of the plan was described as internalization of the rapid growth of the oil sector; as in the plans of the 1950s, the planners' task was less to secure increases in the GDP than to decide how best to use the increases obtained fortuitously in export markets and largely at public disposal. Public revenues from oil would be used to create the infrastructure of "self-sustaining growth." This strategy was not interpreted stringently. There was room in it for direct delivery of welfare—more room than had been acknowledged in Nigeria since 1962. The poorer sections of the population, in the rural areas and low-income housing in the towns, were to receive subsidized public services including electricity, water supplies, health services, cooperatives, and community development. Such provisions was held to be the most practicable way of altering the distribution of income.[169] A first step was to be the introduction of fee-free primary education throughout the federation—i.e., the extension to the North of the form of welfare most favored by the southern regional governments in the 1950s.

Several points argued in favor of making these public services available in communities smaller than those that had enjoyed them in the past. Income disparities would be reduced, development would be more "balanced" or dispersed, and possibly the impulse to migrate to the cities would be lessened. How big would a community have to be in order to qualify? The guidelines[170] suggested the critical importance of a population of 20,000. No community of this size or larger should be left without "basic amenities like a clean water supply, hospital and health centre, school and electricity." Expansion programs in the primary and secondary schools were to be "based on population distribution, district by district, community by community throughout the country"; siting of medical services would be similarly justified.

The reliance on population data is ironic in view of the abortive efforts made to enumerate the people in 1962 and 1963. A few weeks after publication of the guidelines the new census was taken, which General Gowon had declared to be one of the necessary preliminaries for the army's disengagement from government. The army itself was massively deployed in accompanying enumerators to ensure accuracy in the count. The result, declared "provisionally" and after a delay of several months, was a national population of 79.76 million. Public attention was held less by this implausible total[171] than by its composition.[172] Calculating from the official figures for 1963, the population of the six northern states had apparently grown by 5.6 percent per annum on an average while in the South, growth had been negligible; the populations of the western and south eastern states had diminished. The northern states were credited with over 64 percent of the national population. These results were evidently felt to be untenable and were annulled immediately after General Gowon's displacement in July 1975. Counting the people was removed from the agenda, and it seems to have been decided that the constitutional arrangements of Nigeria would have to be made and economic policies shaped in ignorance of demographic facts or on the basis of the token results achieved in 1963. The Third Plan was understandably less specific than the guidelines in its prescriptions for spatial balance in development.[173]

Reduction in disparities between rural and urban areas was an aspect of balanced development, but one not easily reconciled with the desire to use social services and public utilities for the relief of poverty. According to the guidelines the disparities in question were glaring; in the towns, people had "relatively buoyant economies and steadily rising incomes and employment opportunities" while in rural areas they depended on "a relatively stagnant agricultural economy." Both the provision of overhead capital to smaller communities and measures to raise agricultural productivity were intended as remedies. But there was also urban poverty and squalor; therefore, in the name of such obscure principles as integrated urban-rural development and optimization of roles in the national economic system, attention was to be given to urban planning, water supplies, sewerage, and housing in the major towns.[174] The main item here was massive intervention by the federal government in the urban housing market. ₦1.5 billion was allocated for construction of housing for the relief of low-income groups[175]—though the evidence from West Africa strongly suggests the public sector to be less successful than the private in meeting the housing demands of the poor.[176]

A more even distribution of income was a matter not only of allocating public services and amenities but also of regulating the earnings of households, factors of production, or occupational groups. According to the Third Plan, the main concern of fiscal and monetary policy was no longer the mobilization of savings or foreign exchange but "to effect a more equitable distribution of incomes and to control inflation"—thus to provide "an effective transmission mechanism between growth and development." Various frictions were to be discovered in this mechanism, including the acceleration of inflation by implementation of the plan and the later discovery that the older purposes of fiscal and monetary policy had not become obsolete. An impediment mentioned in the plan was "the complete lack of relevant data on the subject" of interpersonal and interfactoral distribution of income.[177] But perhaps more fundamental than ignorance of the facts was the limited regulatory power of government in this area. A more progressive tax system, such as was suggested in the guidelines,[178] would have to be engineered with difficulty through the rates of indirect taxation. Controls on rents had already been found difficult to enforce;[179] restraints on dividends merely could have altered the form in which equity investors receive their earnings. In practice only two sources of money income lay readily within official powers of control: the prices received by farmers for crops sold to the marketing boards, and wages and salaries paid in the comparatively narrow sector of formalized employment.[180]

The marketing boards had attracted much criticism during and immediately after the civil war, less on account of the abuse and waste of their funds than of the negative effects on agricultural exports attributed to their pricing.[181] In 1973 the power to fix producer prices was transferred from the boards (effectively from state governments) to the federal government. Export duties and the states' produce sales taxes were replaced by a single federal tax of 10 percent, which was removed in the following year. The declared purpose was to maintain higher producer prices, and it therefore seemed possible to represent the marketing board reform as having "potential for reducing the degree of income inequality."[182] Indeed producer prices would be fixed in the future with no trading surpluses in view. If they turned out excessive in relation to realized export prices, the difference would be a charge on the federal budget. In the next two years most producer prices were doubled, though much of these increases must merely have offset the rise in producers' living costs since the civil war.[183] The marketing board reform was an item in the shifting of power from the states, and this was followed in 1977 by the replacement of the state boards with a national board for each commodity.

There was another implication. Stabilization of local prices among seasons was the purpose for which the boards had been established in the late 1940s; the purpose subsequently discovered for them was to raise public revenue for development. The latter purpose had now been disavowed, while the crucial aspect of the former—the subsidizing of a local price in time of low export prices—would be undertaken by the federal treasury. Judged by these purposes, the marketing boards had therefore become redundant. Each statutory export monopoly could be replaced by an official residual buyer offering the guaranteed minimum price. The decree reconstituting the boards as *commodity boards* confirmed this change, but the breaking of the monopolies owed less to the reforming initiative of government than to the growth of home markets relative to export markets for all crops except cocoa[184]—markets to which the boards could not in practice control access.

The rates of wages and salaries fixed in settlement of the general strike in 1964 remained constant in the public sector throughout the civil war. At the end of the war the federal government acceded to demands by the trade unions for a wage review, and the Adebo Commission was appointed. Like the Morgan Commission of 1964, it found "intolerable suffering at the bottom of the income scale."[185] An interim award was recommended at the end of 1970. The commission also recommended—and the government, departing from precedent, agreed—that this award should be observed in the private as well as the public sector of formalized employment for "workers in comparable circumstances." A blanket extension of the award was, however, inconsistent with the purposes of the review, since remuneration in the private sector had not been frozen since 1964 and one concern of the commission was with restoration of parties between the sectors. The government attempted to retract or qualify its endorsement of the in[illegible]rim award and was frustrated by an outburst of industrial strife beyond the power of union leaders to control. It eventu[illegible]y ruled that private employers would have to pay the Adebo awards in full, regardless of earlier wage increases.[186]

The final Adebo awards increased in public and large-scale private employment by 30 percent or more at the minima, but by less than half as much at salaries above £400 per annum. The commission also proposed legal wage minima outside the area of formalized employment, intended to "ensure that the worker is not exploited and at the same time that the well-run marginal firm [illegible] put out of business."[187] The practical significance of this provision was n[illegible]ible since the government regarded it as unenforceable[188] and the co[illegible]ssion itself was prepared to allow major exemptions. As to nonwage incomes, the commission reported the results of two surveys in unspecified areas: it showed farmers' average annual income to be apparently less than urban wage income at the bottom of the scale, but thought it "an idle exercise to try to estimate . . . what is the real as opposed to the apparent difference in conditions between the farmer and the urban worker. . . ."[189]

A review of the structure and gradings of posts throughout the public services, implied in the remit of the Adebo Commission, was deferred to a later inquiry—the Public Service Review Commission, which was appointed in 1972 under the chairmanship of Chief J. O. Udoji. The report of this body was to lead in 1975 to increases in wages and salaries even greater than those ensuing in 1971 from the Adebo report. For the lowest paid public employees, increases of over 100 percent were recommended; for no one was the proposed rise less than 30 percent. The government not only accepted these proposals but also ignored the commission's advice that their implementation should be in two installments separated by about a year. The government chose to make the increases retroactive by nine months to April 1974. Its action has been interpreted as an attempt to secure acquiescence in the army's retention of power "by giving a pivotal section of the population a sizeable share in the oil wealth";[190] it was about this time that General Gowon announced that the country was not yet ready to return to civilian rule. As in 1971 the rise in remuneration for one section of employees led to strikes, demonstrations, and violence among other sections—including, on this occasion, dissatisfied professional and technical staff in the public services and statutory corporations as well as employees in the private sector.[191] Eventually a general application of the Udoji awards had to be conceded.

The Udoji awards were associated with and commonly regarded as the source of a surge of inflation in 1975. But the acceleration in prices is also attributable to inauguration of the Third Plan; it would have occurred without Udoji, though not necessarily so directly and with as much intensity. The awards can therefore be interpreted not only as a cause of price rises but also as a means of giving protection against rising prices, albeit only temporary protection, to wage and salary earners. The fact that the awards were relatively greatest at the bottom of the scale gives some credence to the claim made in the Third Plan that the Udoji report, like the marketing board reform, had potential for reducing income inequality. The groups likely to suffer most in inflation are those whose rates of remuneration are inflexible; in Nigeria these would certainly include wage and salary earners and farmers selling to the marketing boards. There is nevertheless irony in the fact that groups were selected for assistance which had previously been regarded, rightly or wrongly, as among the more privileged in Nigerian society. One explanation is that such groups lay within reach of assistance at the time of selection.

The numerous strikes of 1971 and 1975 occurred in spite of legal prohibitions maintained since the civil war which had greatly changed the outward forms, if not the substance, of Nigerian industrial relations.[192] This experience may be supposed instrumental in the federal government's decision to take up suggestions made by the Adebo Commission[193] for reform of the trade unions. A series of measures begun in 1976 resulted in legal recognition of a single central trade union (the Nigerian Labour Congress) which received an initial injection of public funds, replaced the many hundreds of variously organized unions by a relatively small number of industrial unions affiliated to this Congress, and made it compulsory for employers both to recognize these unions as bargaining partners and to fund the Congress by checking off union dues from wages.[194] Whether a more orderly trade union movement will be more or less effective in pressing its members' claims is problematic.[195]

Despite the prominence given in the Third Plan to the objective of a more even distribution of income, it is not apparent that this was ever a central concern of the military government. Few people in Nigeria in the 1970s can have supposed that inequalities were diminishing in practice. Perhaps few even wanted them to diminish, since in poor countries people do not generally confuse a wish to be better off with a desire to be as badly off as everybody else. The heightened tempo of development and the inflation it created were greater opportunities for enrichment by earners of profits and rents. The indigenization program shifted wealth from foreign to Nigerian ownership but can hardly be represented as an egalitarian measure in spite of the amendments made in 1977. Probity in the administration of public funds is not generally thought to have been enhanced by military government; the absence of elections may well have increased the importance of egotistic relative to solidaristic graft, and not even the old regional governments produced anything to match the cement scandals in which the Ministry of Defence was involved in 1975.[196] The national accounts suggest private consumption per capita to have grown little if at all during the period of military government. Since it is a matter of common observation that many Nigerians have become better off in terms of disposable income, there must have been substantial redistribution within this sector of expenditures and others must be worse off. Public works and services may be used in compensation, but in practice they are not readily directed toward disadvantaged sections of the population, as is shown in other papers in this book. Perhaps revealingly, there is no mention of income distribution in the progress reports on the first two years of the Third Plan.[197]

While the distribution of income among households or factors of production might be intractable to policy, the allocation of revenue among constituent parts of the federation was not; and this was an area where the centralizing inclinations of the military regime, about which Henry Bienen writes in chapter 4, had considerable effect. The rule of derivation, which had been little diminished by the fiscal reviews of 1958 and 1965, attracted much criticism from those who tried to express a national view[198] and would have been overturned by the Interim Revenue Allocation Review Committee in 1969 but for resistance by the newly created states.[199] Despite this setback, "the nature of military rule, with its greater command structure and cohesiveness,"[200] allowed the federal government in the next few years to effect substantially what the Dina Committee had recommended. In 1970 the Distributable Pool was enlarged by increasing again the proportion of mining royalties paid into it and adding shares of the proceeds from export duties and some excises.[201] At the same time, following a precedent established in 1968 in the allocation of federal loans to the states, the division of the pool was altered so as to share half of it equally among the states and half according to the populations attributed to them by the 1963 census—a formula providing a strong fiscal inducement to campaign for the creation of more states.[202] In 1971 the royalties from offshore extraction of oil were claimed for retention by the federal government.[203] In 1973–1974, as already mentioned, export duties and produce sales taxes were removed in connection with the marketing board reform, further reducing the play of derivation. The disparities that remained among the states in the allocation of centrally collected revenues[204] were further lessened in 1975, when the scope of derivation was reduced merely to 20 percent of onshore oil royalties and the Distributable Pool received the other 80 percent together with all offshore royalties, the import duties on tobacco and motor fuel, and half the revenue from excises. Also in 1975, determination of the rates of and allowances against the personal income tax (dealt with by Dr. Omorogiuwa in chapter 12 of this book) became a federal matter, although the tax remained an independent source of state revenue. In 1978 a committee chaired by Professor Aboyade recommended the final extinction of derivation and a new formula of revenue allocation emphasizing needs, uniformity of standards, and efficiency.

The decline of the principle of derivation is attributable not only to the preferences of the military government. The changing composition of tax revenues in Nigeria made it almost inevitable that the Distributable Pool should be developed as the major method of allocating revenue among the states. The alternative was for the federal government to take over responsibilities previously held by the states; to some extent this happened too—notably in primary schooling. In addition the federal government launched a program of discretionary grants in support of specific state expenditures (mainly capital expenditures on secondary schooling, water supply, urban roads, and sewerage); ₦1.3 billion was earmarked for this purpose in the Third Plan.[205] Federal lending to the states also grew. At current prices, federal transfers to the states (statutory and nonstatutory, and including loans) increased more than tenfold between 1969 and 1976 (Table 2-10). Even so, 77 percent of total federal outlays in 1976 (₦6.2 billion out of ₦8.1 billion) was spent directly by the federal government. Quantitatively, the distribution within Nigeria of these direct expenditures is more important than the allocation among states of centrally collected revenues and federal grants and loans.[206]

TABLE 2-10
Federal Government's Outlays, 1969–1976
(millions of ₦)

	Recurrent Spending	*Allocations to States*		*Loans on-Lent to States*	*Development Spending*	*Total Federal Outlays*
		Statutory	*Non-statutory*			
1969	287.2	138.2	—	31.2	91.6	548.2
1970	638.3	267.6	—	20.4	200.6	1,126.9
1971	492.8	330.8	—	27.6	146.2	997.4
1972	681.4	331.0	—	155.4	295.9	1,463.7
1973	644.4	307.3	11.8	130.6	435.1	1,529.2
1974	873.6	643.0	0.5	325.9	1,223.5	3,066.5
1975	1,685.9	1,039.9	9.1	310.5	3,207.7	6,253.1
1976	2,170.4	1,142.8	502.2	200.6	4,041.3	8,057.3
1977	2,315.9	1,202.7	300.6	437.7	5,004.6	9,261.5

SOURCE: Central Bank of Nigeria, *Annual Reports.*

Note: Figures of recurrent spending are net of transfers to the states and the Development Fund; development spending excludes on-lending to states.

Conclusion

Continuously since 1946 Nigerian governments have accepted responsibility for development, defined at the beginning of this chapter as "the economic generation of mass welfare." Official plans of development appeared in 1946, 1951, 1955, 1962, 1970, and 1975. Measured indirectly by the estimate of GDP or the value of external trade, the achievements surpass anything thought possible 30 years ago. Probably many more direct indicators of welfare, such as life expectancy at birth, would tell the same story if they were available. At the same time, most Nigerians remain relatively impoverished in their money incomes, health, housing, sanitation, and access to water and lighting. Material welfare even of the most elemental kinds is still far from abundant.

There are two ways generating mass welfare economically. The first is directly, by public authorities providing health care, water supply, electricity, schooling, housing, and other services and opportunities, sometimes without charge or at subsidized prices. The second is indirectly, by applying resources to more productive uses so as to secure a greater flow of goods and services, and the subsequent percolation of these gains through society. In practice the two methods overlap. One reason is that some of the incremental output obtained by more productive use of resources is appropriated by government and used to create welfare directly. Another is that direct creation of welfare may itself enhance productiveness, by tapping the potential of underemployed resources and by improving producers' capacities. In the 1970s, development experts and agencies have been increasingly dissatisfied with the indirect "trickling down" of the benefits of economic growth and have been readier to believe that the direct means of raising mass welfare offers stronger possibilities of success and is consonant with greater productiveness.

Nigeria has not been immune to this shift in opinion. In the intellectual community, interest has grown in recent years in unemployment and underemployment, rural development, the distribution of income, and direct relief of poverty;[207] this book is itself a testimony. But distribution of emphasis between the alternative methods of raising welfare has depended also, and perhaps rather, on economic circumstances. Because the plan of 1946 was expected to be financed substantially by grants from the UK government, a preference for direct delivery of welfare was feasible as well as in keeping with the ideas of the time. This preference could be maintained in the 1950s because for some years afterwards—and by virtue of the boom in agricultural exports—the funds available to public authorities grew faster than their spending capacity. It was not until about the time of independence that finance became a constraint on development.

The alternative method of raising welfare was then canvassed and became manifest in the plan of 1962. The necessity was stressed of using resources at public disposal profitably wherever possible; only thus could the means be found to make social services like education and health care more abundantly available. This was official doctrine in the lean years of the 1960s, made leaner by the civil war, and it continued to be expressed in the early 1970s; insofar as it was tempered, the main cause was ambitions for national power aggrandizement such as were voiced in the plan of 1970. But meanwhile, export values rose through foreign investment in oil extraction; the terms of trade shifted again in Nigeria's favor—dramatically in 1974; and, with increasing public appropriation of the economic rent from oil, a cornucopia became suddenly apparent. As in the decade following the Second World War, but now on a vaster scale, the resources available for welfare grew through exogenous fortune rather than endogenous economy. Consequently not only could the third national plan grow enormously during its drafting but it could also make light of the profitability rules of 1962 and reassert intentions to deliver welfare directly.

Development meant the politicization of economic life. The boundary, such as it was, between public affairs and the business of earning livelihoods, was effaced once provision of material welfare became the chief care of government. Public authorities were prospectively the patrons and benefactors of all who had welfare to be raised. Influence with, suasion over and representation in these authorities became critical in the competition of rival claimants to welfare. When the objective of economic growth became ascendant in the early 1960s, it was argued that questions of how to share greater production were separate from questions of how to secure it. This distinction was unconvincing and not acknowledged in practice. Indeed the competition was more intense for the means of additional production than for deliveries of welfare since it was between the better educated and more politically aware sections of society.

The competition for welfare and developmental resources occurred at many levels and therefore involved many distinct groups, ranging upward from the individual job applicant or trader or contractor. At higher levels, some cementing force and organizing capacity were required to define and defend or promote an interest. The heterogeneity of Nigerian society meant that this force and capacity were most generally provided by a community or clan. Consequently the political parties based their appeal on their ability to patronize (or penalize) communal interests. The federal form of constitution, seen as an unavoidable reflection of social heterogeneity, accented this mode of political behavior. It introduced another (and between 1954 and 1965 the most powerful) tier of government between central and local authorities and enabled the major parties to find regional bases of power and founts of patronage. It also encouraged a sense of regional nationality. The primary interpretation of distribution of development and welfare became the regional shares; a secondary interpretation became the shares within each region of the communities that composed it.

The disappearance of elections after 1965 removed a major nexus between policies and particularist interests. The military leaders and federal civil servants were responsive to national conceptions, and the enormous increase in federal revenues in the 1970s gave them room for centralizing measures. Replacement of the regions by a larger number of states began in 1967 and was completed (or carried further) in 1976. Partly for fiscal reasons and partly through the nature of military government, the states have had less autonomy than the regions; and, because of their number, none can provide a sufficient power base for national political action. But it would be premature to conclude that the workings of Nigerian politics have been decisively changed by 13 years of military rule. The attempt to enumerate the population was no less a fiasco in 1973 than in 1962 and 1963. The proposals submitted to the Panel on the Creation of States in 1976 were chiefly actuated by an understanding that developmental resources and employment opportunities would be shifted in favor of successful candidates for statehood.[208] The election campaigns and voting patterns of 1979 do not suggest a withering of ethnic differences. Few major interest groups are in evidence other than the communities and the states containing them. The most obvious of such exceptional interests is the army, which operates less as a military force than as a fitfully active auxiliary and, along with the police, has been described as "a vast system of outdoor relief."[209] Also the trade unions—or, perhaps more correctly, the inconstant social force of trade unionism—has been effective in securing general wage increases, though usually in reaction to increasing deprivation, and in compressing wage and salary differentials in formalized employment, as is shown by Dr. Fajana in chapter 6 of this book. The structure of Nigerian politics and the tenacity of communal or ethnic loyalties are more fully discussed by Bienen in chapter 4.

The ability to raise absolute levels of living or to offer the prospect of raising them (as by schooling) has been politically rewarding in Nigeria. Reduction of the differences in levels of living has made a narrower appeal, though denunciations of wealth derived from corruption have been popular, as in the general strike of 1964 and the period following the displacement of General Gowon in 1975. Perhaps most Nigerians would regard as tolerable an economic order in which opportunities of social advancement were believed to be open and collective gains accrued to their own communities as well as (or rather than) to others. In endeavoring to satisfy these conditions, Nigerian governments have applied, and seem likely to go on applying, more spatial rather than social criteria of distribution. Equity means dispersing more opportunities and amenities evenly among the constituent parts of the federation (and of each state) rather than benefiting the poorer sections of the population; it means focusing more on "balanced development" than on incomes policy. One reason is political: it is through their communities and states that the wishes of the people are organized and expressed—and the country has to be held together. Another is practical: sharing public resources equitably is a good deal easier among political units than among occupational groups or income categories; public outlays are more amendable to control than private receipts.

If these are the politics of equity in Nigeria, they might be thought likely to result in increasing the disparities of income and wealth among households. However, dispersing developmental resources among political units merely disperses the competition for them, and successful competitors are unlikely to be the classes that are already poor and disadvantaged. But it is not clear which are the poorer classes in Nigeria. It is instructive that farmers selling to the marketing boards were regarded by the World Bank's Mission of 1953 as relatively well able to bear differentially high taxation, and by the Adebo Commission of 1970 as "that part of the population which cannot, by any stretch of the imagination, be said to be the segment most able to bear such treatment."[210] Similarly, wage earners at or near the minimum in formalized employment were regarded as an aristocracy of labor by detached observers in the 1960s, but were found by the Morgan Commission of 1964 to be living in conditions of penury and by the Adebo Commission to be undergoing intolerable suffering. The explanation of these inconsistencies is not only an ignorance of the facts of income distribution so often officially deplored; more fundamentally, it is that most Nigerians are poor. Hence it is possible for the same group to appear relatively well off, yet actually be absolutely impoverished. The gradations of income, whatever they may be, are less significant than the prevalence of poverty. Among the vast majority of the population, relative affluence is likely to be much less apparent to those credited with it than to those who think they have measured it.

So, in taking steps to alleviate poverty, are policymakers supposed to wait until they can help all the poor at once, or until they have established which of the many poor groups are poorest and found means to succor those particular groups? If a group that is evidently poor succeeds in asserting its claims for relief, and help lies within the grasp of policy, does equity deny intervention in the interest of that group? What use is acceptance of an equity argument if the policymakers are not to intervene as and when they can to relieve want? Such questions were evidentally in the minds of members of the Morgan Commission when, in answer to the suggestion that higher urban wages would be paid at the expense of farmers, they argued that "the correct approach is not to deprive the labourer of his rights to a reasonably decent standard of living. . . . What is required is for all possible steps to be taken to raise the incomes and the general standard of living of the farmers as well."[211] And such questions suggest that deliveries of welfare in Nigeria might well be judged less by what they do to a Gini coefficient than by the improvements they effect in the absolute standards of those who benefit from them.[212]

The perception of Nigerians as predominantly poor people raises doubts about the desirability of the present pattern of national expenditure. A conspicuous feature of this survey of development in Nigeria has been the contraction in every set of GDP estimates in the ratio of private consumption expenditures and corresponding growth in the ratios of capital formation and government consumption (Tables 1, 3, 7, and 8). It would appear from these estimates that private consumption fell from 80 or 90 percent of GDP in the 1950s to about 70 percent in the early 1970s and less than 50 percent after 1975. Capital formation doubled, to about 15 percent, between the beginning of the 1950s and the early 1960s, and in the later 1970s rose to over 30 percent. Government consumption had more than doubled by the early 1970s and doubled again, to about 20 percent, after inauguration of the Third Plan. Though the underlying figures probably have considerable margins of error, the story they tell is unmistakable. Initially the changes were planned, Nigeria being deemed to be undercapitalized and undergoverned; but since 1970 they have occurred in spite of, rather than because of, the intentions of the development plans. Apparently half of the total production of Nigeria is now being devoted to investment (largely in the public sector) and to public services, administration and defense.

In the long term, investment may be expected to help relieve poverty. That this outcome cannot be guaranteed, however, is shown, for example, by Ghanaian experience.[213] And in the shorter term, investment entails sacrifice of the goods that go to make up material standards of living. It used to be thought that, without foreign aid, poor countries would have enormous difficulty in increasing their stocks of capital faster than their populations were growing. Cases like Ghana suggest that, on the contrary, they are capable of investing more than is good for them. Public services (a substantial part of government consumption, though by no means the whole of it) are a method of delivering welfare, and one which specially recommends itself to public servants. How far these services lend themselves to equity objectives may be judged from other chapters in this book. A reminder is given here that in Nigeria they have a long record both of political corruption and economic inefficiency. The same can be said of public investments. In relative comparison to the private activities serving private consumption, the costs of public services are high; however, relative to private capital formation, the productivity of public investments is low. Against the long-run benefits that may accrue from public investment and the more immediate relief of need that may be afforded by public services, the economic wastes of a large public sector have to be reckoned. Economic waste is a harsh imposition on poor people.

Notes

1. Lord Hailey, "A new philosophy of colonial rule," *United Empire*, Vol. XXXII, No. 8, 1941, pp. 163–166. This paper and the concluding pages of W. K. Hancock, *Survey of British Commonwealth Affairs, Vol. II, Problems of Economic Policy 1918–1939, Part 2* (London: Oxford University Press, 1942), are excellent short statements of the origins of the development ideology in British colonial policy.

2. *A Ten-Year Plan of Development and Welfare for Nigeria 1946* (Lagos: Government Printer, 1946), par. 2.

3. Barbu Niculescu, *Colonial Planning: A Comparative Study* (London: George Allen & Unwin, 1958), p. 62.

4. The "national" plans that followed Nigerian independence were, in contrast, comprehensive. This attribute does not mean that they really encompassed all economic activity in the country; in fact their content continued to be largely programs of public expenditure. But, because the national plans posited a target rate of growth in aggregate output and attempted to prescribe the requirements (such as savings, foreign exchange receipts, monetary expansion, and manpower) of attaining the target, they incorporated or made assumptions about policies that affected all economic actors in the country. Thus the national plans were comprehensive in the sense that they went some way toward amalgamating official control of economic life with programs of public spending.

5. *A Revised Plan of Development and Welfare for Nigeria 1951–56* (Lagos: Sessional Paper No. 6 of 1951), par. 2.

6. The annual totals of Colonial Development and Welfare grants to Nigeria are shown in G. K. Helleiner, *Peasant Agriculture, Government and Economic Growth in Nigeria* (Homewood, Ill.: Richard D. Irwin, 1966), Table 54, p. 227. In 1955–1960 they averaged £2.8 million, compared with average capital spending by the Nigerian governments of £38.4 million per annum in the same period, according to *Economic Survey of Nigeria 1959* (Lagos: Federal Government Printer, 1959), p. 87. The net external debt of Nigeria fell in the decade preceding 1959 (*ibid.*, p. 90) while internal loans were furnished partly by the marketing boards whose surpluses were a form of taxation.

7. Excluding grants from overseas (*ibid.*, p. 11). The total for 1960/1961 was £111.6 million (Helleiner, *op. cit.*, App., Table V-E-1, p. 552).

8. *Economic Survey of Nigeria 1959, op. cit.*, pp. 88–90. CD & W grants were expected to provide under 7 percent of the total cost, and loans from the UK and World Bank were expected to provide under 7.5 percent; the balance would also be sought externally.

9. The annual value of domestic exports averaged £42.7 million in 1946–1948, and £165.4 million in 1959–1961. Helleiner's index of the commodity terms of trade (1953=100) averages 63 in 1936–1938, 65 in 1946–1948 and 108 in 1954–1956. His export volume index averages 68 in 1936–1938, 72 in 1946–1948 and 138 in 1959–1961 (Helleiner, *op. cit.*, App., Tables IV-A-1, pp. 492–493; IV-A-6, p. 500; and IV-A-2, pp. 494–495).

10. Of the £81.3 million raised in government revenues in 1957/1958, 62 percent was contributed by export and import duties, produce sales tax (charged on export crops) and mining royalties (excepting coal, also a charge on exports); in addition, some part of the proceeds of other taxes, especially corporate profits tax, depended on external trade. Earlier in the 1950s the proportion had been even higher (*ibid.*, App., Table V-E-1, pp. 551–552).

11. *Ibid.*, pp. 160–166.

12. "The substantial postwar increases in export volume were found in nearly all of the major prewar export commodities. As before, they were achieved through outward movement on the extensive margin the increased labor inputs coming both from population growth and diminished leisure" (*ibid.*, p. 28).

13. The first national accounts of Nigeria were constructed by A. R. Prest and I. G. Stewart, *National Income of Nigeria 1950/1951* (London: HMSO, Colonial Research Studies No. 11, 1953. Their estimates were revised and a series up to 1957/1958 was written by P. N. C. Okigbo, *Nigerian National Accounts 1950–57* (Enugu: Federal Ministry of Economic Development, 1962). Another series, based on different methods of estimation, has been maintained since 1958/1959 by the Federal Office of Statistics.

14. Douglas Rimmer, "Some origins of development economics," *IDS Bulleten* (Institute of Development Studies, University of Sussex), vol. X, no. 4, 1979.

15. *A Ten-Year Plan of Development and Welfare for Nigeria 1946, op. cit., pars. 13–25.*

16. This kind of balancing was observed by Douglas Dosser to be characteristic of the British colonial development plans; see "The formulation of development plans in the British colonies," *Economic Journal*, Vol. LXIX, 1959, pp. 258–259.

17. On urban water supplies, for example, the plan of 1946 stated that "the priority list of work to be accomplished will be decided by the Central Development Board based on representations made by Provincial and Area Development Committees in relation to the capacity of the Public Works Department each year," adding that "economy of operations will have to take precedence in some cases over urgency of demand" (par.50). The Central Development Board was the "final deciding factor, subject to the approval of the Governor, in regard to overall priorities and the proportionate allocation of the various development activities

between one part of the country and another, year by year" (par. 33). It was composed of the development secretary as chairman, three chief commissioners, the financial secretary, the commissioner of the colony, and the director of public works. Each commissioner headed an area committee composed of the residents, representatives of departments, and unofficial members selected by the commissioner. The 24 provincial committees, headed by the residents, also included representatives of departments and unofficial members.

18. Thus the first objective in the development of health services under the First Plan was said to be "establishment of one or more first class hospitals in each Province," and the Select Committee of the Legislative Council which studied the plan recommended that the ratio of population per hospital bed in the Northern provinces should be brought more closely into line with that in the Southern provinces (App. VII). The director of public works computed road requirements by provinces on the basis of population densities, with adjustments made for availability of water, animal transport, and areas of reserved forest (App. III).

19. *A Revised Plan of Development and Welfare for Nigeria 1951–56, op. cit.*, p. 5.

20. *Ibid.*, pp. 6–9.

21. Federal allocations of revenues to the regions amounted to 36.1 percent of total current revenues in the fiscal years 1955/1956 to 1958/1959; another 12.7 percent consisted of the independent revenues of the regional governments. (Helleiner, *op. cit.*, Table 65, pp. 286–287).

22. *Administrative and Financial Procedure Under the New Constitution: Financial Relations Between the Government of Nigeria and the Native Administrations* (Lagos: Government Printer, 1946), p. 20.

23. Adebayo Adedeji, *Nigerian Federal Finance: Its Development, Problems and Prospects* (London: Hutchinson Educational, 1969), p. 63. No less an authority than the governor, Sir Arthur Richards, declared in 1947:

> I found that the North, which pays its taxes almost as obediently as people do in England, and which contributes more than any other section of Nigeria to the general revenue, is the part of Nigeria which had the least spent on it by the Central Government. The Eastern Provinces, the part of Nigeria which is the most vocal and which clamours and calls for more education and for more of everything is the part which contributes less than the other two regions to the general revenue, and it is also the part upon which the Government has been spending most (quoted by Adedeji).

Adedeji's book is the fullest account of Nigerian federal finance in the period before the civil war. A shorter account of the subject is given in O. Teriba, "Nigerian revenue allocation experience 1952–65," *Nigerian Journal of Economic & Social Studies*, Vol. VIII, No. 3, 1966.

24. *Report of the Commission on Revenue Allocation* (Lagos: Government Printer, 1951).

25. Ideally, regional shares in these capitation grants would have been in proportion to regional populations (if not some more refined measure of needs), but population estimates based on the census of 1931 were judged too unreliable for this purpose. The numbers of taxpayers were given by payment of the direct tax, the proceeds of which accrued largely to local authorities.

26. *Report of the Commission on Revenue Allocation, op. cit.*, p. 56.

27. Great Britain, Colonial Office, *Nigeria, Report of the Fiscal Commissioner on the Financial Effects of the Proposed New Constitutional Arrangements* (London: HMSO, Cmd. 9026, 1953), pp. 14–15. In May 1953 the Northern House of Assembly adopted a motion that Nigeria should become a confederation, with all powers devolving on the regions except in defense, external affairs and customs; common service such as the railways and electricity supply would be operated by interregional public corporations. A similar proposal was to be made by the military governor of the Eastern region in 1966.

28. The Hicks-Phillipson Commission had applied the principle of derivation only to half the revenue from import and excise duties on tobacco; later added to this was the entire proceeds

of import duty on motor fuel, which the commission had hoped to replace by regional sales taxes. Chick's report also made subject to derivation half the proceeds of import duties on goods other than tobacco and motor fuel, half the proceeds of export taxes, and the entire proceeds of the personal income tax and mining royalties. Regional consumption of motor fuel, tobacco, and cigarettes, and regional origin of export crops, hides, and skins could be fairly reliably established because of the few existing marketing channels. For allocation of the regional share of revenue from import duties on goods other than motor fuel and tobacco, Chick was obliged to use a predetermined formula by which the West would receive 40 percent of the total, and the North and East 30 percent each. Chick obtained these proportions from A. R. Prest and I. J. Stewart's estimates of regional consumption of imports in 1950/1951; see *The National Income of Nigeria, op. cit.*, p. 63. Chick's proportions were adjusted to take account of the inclusion in those estimates of motor fuel and tobacco and their attribution of consumption in Lagos (which became federal territory in 1954) to the West. Personal income tax was a tax on non-Africans (except in Lagos, where its proceeds were retained by the federal government, and until 1956 when income tax on Africans was introduced as a regional tax first in the East and later in the West); its derivation was determined by the residence of the taxpayer. Mining royalties in 1953 were obtained from tin and columbite extraction in the North and coal mining in the East. A further recommendation of the Chick report was that £7 million of the federal government's reserves should be transferred to the regions—the North receiving £3 million, the West and East £2 million each.

29. *Report of the Commission on Revenue Allocation, op. cit.*, p. 149.

30. Assets totalling £87 million were eventually transferred—£42.9 million to the Western Region Board, £32.7 million to the Northern and £11.5 million to the Eastern Region Board (Helleiner, *op. cit.*, Table 39, p. 165). Over the fiscal years 1955/1956 to 1958/1959, about one-fifth of the Western regional government's total recurrent and capital receipts was obtained as loans and grants from its marketing board; in the North this proportion was about one-tenth (Adedeji, *op. cit.*, pp. 113–117). In the East it seems that the government's inability to draw heavily on marketing board reserves was the main reason for the relative financial stringency it suffered after 1954, rather than the new system of revenue consequent on the Chick report.

31. Adedeji, *op. cit.*, p. 112.

32. Helleiner, *op. cit.*, p. 248. Another £23 million was made available between 1962 and 1966, according to the Central Bank of Nigeria; see "Development banking in Nigeria," *Economic and Financial Review*, Vol. IX, No. 2, 1971, Table 1, p. 157. The Local Development Board of 1946 was replaced in 1949 by four development boards, one for each region and one for the colony. At the same time a production development board was established in each region to make use of grants by the marketing boards for the purpose of developing the export-crop industries and benefiting the producers. The World Bank's Mission of 1953 recommended that the two sets of boards should be amalgamated. In conformity with this advice, single development corporations were established in the North and East after 1954; but the West continued to maintain two parallel institutions, eventually calling them the Development Corporation and the Finance Corporation. The Colony Development Board was replaced by a federal loans board that was authorized to lend anywhere in Nigeria, not only in Lagos.

33. Adverse judgments on the economic record of the development institutions were made by, for example, A. H. Hanson, who wrote as early as 1959 "well might the peasant ask what of permanent value has been added to the national resources by the Corporations' expenditure of the money he has contributed"; see "Public enterprise in Nigeria: Development Corporations," *Public Administration*, vol. XXXVII, No. 1959, pp. 33–34. W. F. Stolper considered that unfortunate decisions by these institutions on the disposal of substantial sums went "a long way to explain the phenomenon of an increasing rate of investments combined with a decreasing rate of growth" which he observed in Nigeria in the late 1950s and early 1960s; see

Planning Without Facts: Lessons in Resource Allocation from Nigeria's Development (Cambridge, Mass.: Harvard University Press, 1966), pp. 293–294. Charles R. Frank, Jr. thought it evident "that the record of development corporations in Nigeria is hardly short of disastrous"; see "Public and private enterprise in Africa," in Gustav Ranis (ed.), *Government and Economic Development* (New Haven and London: Yale University Press, 1971), p. 97. On the loan programs of the corporations, see Sayre P. Schatz, *Development Bank Lending in Nigeria: The Federal Loans Board* (Ibadan and London: Oxford University Press, 1964), and *Economics, Politics and Administration in Government Lending: The Regional Loans Boards of Nigeria* (Ibadan and London: Oxford University Press, 1970). On the political use of marketing board funds through the development corporations (and other statutory bodies), the fullest report is that of the Coker inquiry: *Report of the Commission of Inquiry into the Affairs of Certain Statutory Corporations in Western Nigeria* (Lagos: Federal Ministry of Information, 1962), 4 vols.

34. The plans of 1955 appeared as *The Economic Programme of the government of the Federation of Nigeria 1955–1960* (Lagos: Sessional Papers No. 2 of 1956); *Development of the Western Region of Nigeria 1955–60* (Ibadan: Sessional Paper No. 4 of 1955); the Eastern region's *Outline of Development Plan 1955–60* (Enugu: Sessional Paper No. 4 of 1955); and the Northern region's *Statement of Policy on the Development Finance Programme* 1955–60 (Kaduna, 1955). The federal, Eastern, and Northern governments subsequently extended this planning period to 1962, but the Western government adopted a new program for 1960–1965 in 1959. The increasing value attached to flexibility in the 1950s was remarked by Sayre P. Schatz; see "The influence of planning on development: the Nigerian experience," *Social Research*, Vol. XXVII, No. 4, 1960, pp. 460–461.

35. The World Bank's Mission projected a rise in the ratio of government expenditure to national income from 7.5 percent in 1952/1953 to 12 percent in 1959/1960; see the World Bank, *The Economic Development of Nigeria* (Baltimore: The Johns Hopkins University Press, 1955), p. 77. Defending the mission's report against criticism by P. T. Bauer, John H. Adler (its chief economist) argued that Nigeria was "under-governed" by reference to school enrollments, road mileages, and the number of officials in the government agricultural services; see "The economic development of Nigeria: comment," *Journal of Political Economy*, Vol. LXIV, No. 5, 1956, pp. 426–427. The mission's trust in the power of investment is perhaps most clearly expressed by the statement in its report (p. 32) that an increase in the investment rate from about 8 percent of GDP in 1952 to 11-12 percent in 1960 "would be *sufficient* to raise the rate of income growth substantially above the 3% rate which we project for the next five years and would thus *assure* a more rapid expansion of the economy in the 1960's" (emphasis added).

36. See, for example, p. 20 of the report. Similarly, the National Economic Council, a body set up on the recommendation of the mission in an attempt to coordinate the development policies of the Nigerian governments, defined the fundamental objective of planning as "the highest possible rate of increase in the standard of living" and associated a rising standard of living with increase in the statistic of national income per head of population; see *Economic Survey of Nigeria 1959, op. cit.*, p. 1, and *Fifth Progress Report on the Economic Programme 1955–62* (Lagos: Sessional Paper no. 1 of 1961), par. 6.

37. The World Bank's Mission of 1953 regarded educational expansion as a condition of economic growth: "Broadly based education can be a powerful stimulant to development by creating a better understanding among the people of the benefits to be derived, and education must provide the manpower of development"; see *The Economic Development of Nigeria, op. cit.*, p. 560. Political leaders argued the value of education in increasing capacity for self-government, accelerating modernization, and strengthening political integration.

38. David B. Abernethy, *The Political Dilemma of Popular Education: An African Case* (Stanford, Calif.: Stanford University Press, 1969), p. 132

39. *Ibid.*, p. 129. An analysis of this attitude toward knowledge in Yorubaland is given in J. D. Y. Peel, "Olaju: a Yoruba concept of development," *Journal of Development Studies,*

Vol. XIV, No. 2, 1978.

40. Abernethy, *op. cit.*, p. 135.

41. Helleiner, *op. cit.*, p. 306.

42. Primary school enrollment increased in the Western region from 457,000 in 1954 to 811,000 in 1955. The total expected in 1955 had been 492,000. Primary One enrollment (of six- to seven-year-olds) was 380,000, compared with a prediction of 170,000. In the Eastern region, enrollment rose from 775,000 in 1956 to 1,209,000 in 1957, but 260,000 were estimated to have been withdrawn in 1958 when fees were reintroduced; see Abernethy, *op. cit.*, pp. 155 and 185, and Helleiner, *op. cit.*, p. 306.

43. It claimed 53 percent of the Western government's total recurrent and capital spending in 1954/1955 and 42 percent of the Eastern government's total recurrent and capital spending in 1956/1957; see Helleiner, *op. cit.*, p. 307.

44. In the early 1960s, 50 to 60 percent of the pupils were failing to complete the six-year primary course in the Western region; in the smallest villages this wastage rate was estimated at 85 percent, in all villages at 70 percent, in small towns at 47 percent, and in Ibadan at 20 percent; see ILO, *Interim Report on Education in a Rural Area of Western Nigeria*, 1967 (mimeo.), pp. 18–19.

45. In the South, about 70 percent of the population of primary school age were thought to be enrolled in the early 1960s; in the North the proportion may have been only 15 percent, of which a disproportionately large share was to be found in the non-Muslim areas. See Helleiner, *op. cit.*, pp. 307–308; James O'Connell, "The State and the organization of elementary education in Nigeria: 1945–1960," in Hans N. Weiler, *Education and Politics in Nigeria* (Freiburg im Breisgau: Verlag Ronbach, 1964), pp. 125–126.

46. Peel, *op. cit.*, p. 157.

47. Department of Labour, *Annual Report 1950/1951*, pp. 43–44, and *Annual Abstract of Statistics 1963*, Table 159, p. 187.

48. T. M. Yesufu, *An Introduction to Industrial Relations in Nigeria* (London: Oxford University Press, 1962), p. 141.

49. John F. Weeks has argued the importance of economic forces in determining wages, especially in the period 1946–1954, in "The impact of economic conditions and institutional forces on urban wages in Nigeria," *Nigerian Journal of Economic & Social Studies*, Vol XIII, No. 3, 1971, pp. 313–339. The argument is critically reviewed in Robin Cohen, *Labour and Politics in Nigeria* (London: Heinemann, 1974), pp. 197–209. Cohen's view is that "the 1954 award (with the awards of 1959/60) is the clearest example of parties attempting to win and use worker support for electoral purposes" (p. 206).

50. Yesufu, *op. cit.*, pp. 143–144. On page 202, Cohen notes that no one has seriously questioned this interpretation of the wage increases of 1959–1960.

51. Indices of the real wage of unskilled laborers in Lagos are given in Elliot J. Berg, "Real income trends in West Africa 1939–1960," in Melville J. Herskovits & Mitchell Harwitz (eds.), *Economic Transition in Africa* (London: Routledge & Kegan Paul, 1964), Tables 10.2, p. 205, and 10.8, p. 220. Also see Cohen, *op. cit.*, Table 6.1, pp. 192–193. Just under one-fifth of the total reported wage employment in 1960 was given in Lagos. The number of wage employees paid at or close to the minimum unskilled rate was probably around half of the total.

52. F. O. Fajana, *Wage Differentials and Economic Development in Nigeria: 1947–1967* (Ph.D. thesis, University of London, 1971).

53. Weeks, *op. cit.*, Tables IVA and IVB, pp. 330–331, gives the following wage indices based on 1953 for unskilled laborers in several cities:

Cities	*Money-Wages 1960*	*Real Wages 1960*
Lagos	170	129
Ibadan	236	200
Benin	223	178
Port Harcourt	179	111
Enugu	189	159
Kano	204	n.a.
Zaria	232	n.a.
Kaduna	204	n.a.
Ilorin	180	n.a.
Jos	232	n.a.

54. See further, Douglas Rimmer, *Wage Politics in West Africa*, Faculty of Commerce and Social Science, University of Birmingham, Occasional Paper No. 12, 1970); also Cohen, *op. cit.*, pp. 187–189.

55. The producer prices for cocoa and palm produce were lower in the late rather than in the early 1950s; those for groundnuts and cotton were about the same (though not in real terms). See Helleiner, *op. cit.*, App., Table V-F-6, where the implicit world prices of each crop in each year are also given.

56. Some marketing board trading deficits were incurred after 1954, especially in the North. There are even a few instances (mostly in cotton) where the producers' actual annual earnings from a crop were not less than their potential earnings inclusive of export duty and sales tax. But the long-term balancing of payments to producers with receipts from sale of their crops was never undertaken, despite official disclaimers (when the peacetime boards were established) of any intention to make a profit at the expense of the farmers.

57. See comments in the *Economic Journal* by Polly Hill (Vol. LXIII, 1953, pp. 468–471), Peter Ady (Vol. LXIII, 1953, pp. 594–607), and B. M. Niculescu (Vol. LXIV, 1954, pp. 730–743) on P. T. Bauer and F. W. Paish, "The reduction of fluctuations in the incomes of primary producers," *ibid.*, Vol. LXII, 1952, pp. 750–780; Adler's reply to Bauer in the *Journal of Political Economy*, 1956, *op. cit.*; and Helleiner, *op. cit.*, chap. 6. I must be added that none of the writers named was an uncritical defender of the marketing board system.

58. "It is partly because the marketing board's reserves give governments and people a general sense of security against external calamity that the political situation in the Gold Coast and in Nigeria is so full of hope (Polly Hill, *op. cit.*, p. 471).

59. Helleiner, *op. cit.*, p. 184.

60. See Cyril Ehrlich, "Building and caretaking: economic policy in British tropical Africa 1890–1960," *Economic History Review*, Vol. XXVI, No. 4, 1973, pp. 666–667.

61. Adler, *op. cit.*, pp. 429–430. R. Galletti, K. D. S. Baldwin and I. O. Dina, *Nigerian Cocoa Farmers: An Economic Survey of Yoruba Cocoa-Farming Families* (London: Oxford University Press, 1956), found that over half of the cocoa farmers in the 1951/1952 season had sold less than 7 cwt. of cocoa. The tax on this quantity in 1956 was put at £15. This sum was less than 9 percent of average household income in the Western region estimated at £170 per annum. In contrast, a comparison of farmers' receipts and tax payments per ton of cocoa gave a tax rate of about 25 percent of the railhead value; see P. T. Bauer, "The economic development of Nigeria," *Journal of Political Economy*, Vol. LXIII, 1955, p. 402).

62. Adler, *op. cit.*, p. 430. A household income of £170 per annum was two-thirds above the estimated national average. A tendency to conduct the debate on the equity of the marketing board system by reference to cocoa farming was perhaps the result, not only of a general apprehension that cocoa farmers were well off relatively compared to, for example, groundnut farmers, but also of percolation of ideas from the Gold Coast. Statements by B. M. Niculescu,

op. cit., who was cited by Adler, are particularly revealing of contemporary attitudes: "the cocoa farmers as a group could be fairly described... as the 'upper tenth' of the Gold Coast population" (p. 730); "the cocoa farmers, *as a group*, and within the framework of Gold Coast conditions, *are* the equivalent of the super-tax group" in the UK (p. 732); and

> the cocoa farmers themselves... are the first to admit that... they are much better off than any of the other major occupational groups in the Gold Coast. They are also fully aware of the fact—and so is everybody else in this country—that their high present-day income is, on the whole, not due to greater initiative, or to harder work than the rest of the population, but is mainly the result of a combination of greatly increased world demand, and of favourable climatic and soil factors for which they cannot claim much credit, except of having ancestors who settled in the right regions. As a matter of "justice" between groups, they are, therefore, on the whole ready to accept the idea of a redistribution of some of their earnings among the rest of the population (p. 731).

63. *The National Income of Nigeria 1950–1951, op. cit.*, p. 82.

64. I. G. Stewart, "Nigeria's economic prospects," *Three Banks Review*, No. 49, March 1961, p. 17. Also see P. N. C. Okigbo, "Distribution of national income in African countries," in Jean Marchal and Bernard Ducros (eds.), *The Distribution of National Income* (London: Macmillan, 1968), pp. 403–405. Even in 1968 the only data from Nigeria that P. N. C. Okigbo could include in this paper were on size distribution according to the Lagos income tax returns of 1959; unhelpfully, they showed 90 percent of the taxpayers in the smallest category of income, which was less than £500 per annum.

65. Their estimates were £29 in the West, £16 in the North and £19 in the East (*The National Income of Nigeria 1950–1951, op. cit.*, p. 86). But it was noted that price differentials among the regions needed to be taken into account for a comparison of real incomes. Applying the differentials given by A. R. Prest and I. G. Stewart (for locally grown foodstuffs, imported food and cotton textiles), the estimates become £25, £16 and £22, respectively, greatly reducing the relative advantage of the West. Further, the relative size of the Western estimate depended to some extent on the West's being defined to include Lagos. Later estimates of regional GDP per capita were made by Adedeji (*op. cit.*, Table 2.6, p. 40, and App. D. pp. 290–292). His figures for 1959/1960 (at 1957/1958 prices and uncorrected for price differentials among regions) were £39 in the West (including Lagos), £22 in the North and £23 in the East; for the West without Lagos, his figure was £34 and for Lagos £117.

66. *Economic Survey of Nigeria 1959, op. cit.*, p. 17.

67. M. O. Olowoporoku, *Regional Problems in a Developing Economy: The Case of Nigeria 1954–1966* (Ph.D. thesis, University of Manchester, 1975), Table 3.42, p. 156, gives the following coefficients of variation as a measure of inequality among the three regions:

Per capita GDP	1958/59–1964/65	0.181
Agricultural output	1958/59–1962/63	0.146
Industrial employment	1962–1965	0.508
Industrial value added	1962–1965	0.640
Industrial output	1962–1965	0.562
Industrial wages and salaries	1962–1965	0.507
Primary school enrollments	1952–1966	0.898
Secondary school enrollments	1952–1966	0.926
Post-secondary school enrollments	1963–1964	1.270
Mileage of tarred roads	1955–1966	0.707
Ownership of vehicles	1954–1964	0.474
Post offices and agencies provided	1958–1965	0.794
Telephone and telegram services purchased	1954–1965	0.617
Hospital beds provided	1960–1965	0.700

Regional inequality in income per capita is evidently relatively low in comparison to most of the other disparities measured. Olowoporoku took his estimates of regional GDP from Adedeji, *op. cit.*, and seems (p. 433) to have used throughout his study the regional populations recorded by the census of 1952–1953.

68. *Report of the Commission on Revenue Allocation*, Table XVII, p. 73.

69. Great Britain, Colonial Office, *Nigeria: Report of the Fiscal Commission* (London: HMSO, Cmnd. 481, 1958). The members of this commission were Sir Jeremy Raisman and the economist R. C. Tress.

70. The terms of reference directed the Raisman Commission to place the largest possible proportion of the revenues of regional governments within their exclusive power to levy and collect. Like its predecessors, the commission could find little practical scope for enlargement of regional jurisdiction, although personal income tax on Africans and sales tax on motor fuel were acceptable as appropriate regional taxes. The commission noted that the application of derivation since 1954 to import and excise duties on goods other than tobacco and motor fuel had become a source of dissension, the West being alleged to benefit more than was its due; the commission concluded that it was "desirable for the future to get away from a system under which the distribution of large sums of money rests on calculations that can never be entirely accurate and which lend themselves to controversy" (*ibid.*, p. 6). Its solution was—while continuing to apply derivation to tobacco and motor fuel and leaving the revenues from beer, wine and spirits entirely in federal hands—to prescribe that the revenues from other import duties (now known as the general import duties) should be divided 70 percent to the federal government and 30 percent to a Distributable Pool. This Pool would also receive 30 percent of mining rents and royalties, the potential importance of which had increased as a result of test production of petroleum. (Another 50 percent would continue to be allocated by derivation, and 20 percent would be retained by the Federal government.) The pool thus constituted (projected at 8–9 million per annum in the first three years of the new fiscal regime, which was about one-fifth of the projected total of regional revenues), was to be divided 40 percent to the Northern region, 31 percent to the Eastern, 24 percent to the Western region and 5 percent to the Southern Cameroons. (For purposes of revenue allocation the Southern Cameroons was treated as a separate region between April 1958 and its departure from the Federation in 1961.) These proportions were determined primarily by what the Commission called the "immediate needs" of the regions, meaning their needs to finance the continuation of existing public services. A margin said to be "disappointingly small" remained for advancing other principles of allocation identified as the minimum responsibilities of a government, population as a broad indicator of social need and the balanced development of the Federation (*ibid.*, pp. 31–32). The Commission intended to impose "some check" on the growth of government services in the West; and it declared that "for the North (because of its large population) our proposals should provide an opportunity to make up some of the leeway that undoubtedly exists in the provision of services comparable to those in other Regions" (*ibid.*, pp. 32–33).

71. See P. T. Bauer, "Origins of the statutory export monopolies of British West Africa," *Business History Review*, Vol. XXVIII, No. 3, 1954, and "British colonial Africa: economic retrospect and aftermath," in Peter Duignan and L. H. Gann, *Colonialism in Africa 1870–1960*, Vol. 4 (London: Cambridge University Press, 1975); also Josephine F. Milburn, *British Business and Ghanaian Independence* (London: C. Hurst, 1977).

72. The tenacity of received ideas in the regions is illustrated by the Western region's plan for 1960–1965, which was represented as laying the foundations of a welfare society. Conscious that earlier efforts in this direction had created fresh problems, notably that of unemployment among school-leavers, the plan proposed a solution in the manner of a welfare society by establishing more jobs and places in further education; see *Western Region Development Plan 1960–65* (Ibadan: Sessional Paper No. 17 of 1959), pp. 1–3. Job creation continued to be emphasized in the regional sections of the national plan for 1962–1968; see *National Development Plan 1962–68* (Lagos: Federal Ministry of Economic Development, 1963), pp. 110, 206, and 273; but it received only passing mention in the statement of national goals and objectives of the plan (*ibid.*, chap. 4).

73. *Third Progress Report on the Economic Programme 1955–60* (Lagos: Sessional Paper No. 1 of 1959), par. 5.

74. Helleiner's index of the commodity terms of trade averages 103 in 1957–1959 compared with 108 in 1954–1956. But the income terms of trade continued to trend upward (Helleiner, *op. cit.*, App., Table IV-A-6, p. 500).

75. Spending under the federal program rose from £2.3 million in 1955/1956 to £27 million in 1958/1959 and an estimated £46.3 million in 1960/1961; see *Fifth Progress Report on the Economic Programme 1955–62* (Lagos: Sessional Paper No. 1 of 1961), par. 4.

76. The total external assets of the governments, marketing boards and other official bodies (but excluding currency backing and banks' holdings) fell from £180. million in March 1955 to £116.4 million in December 1959. By December 1963 they were down to £29.3 million (Helleiner, *op. cit.*, App., Table IV-D-1, pp. 541–542).

77. In 1951 it had seemed possible to avoid these questions with the statement that "no one with experience in Nigeria can doubt that a road pays for its maintenance and brings its profits to revenue almost as soon as the construction gangs have been paid off"; see *A Revised Plan of Development and Welfare for 1951–56, op. cit.*, p. 11. After the experience of the 1950s, this confidence seemed misplaced.

78. *Third Progress Report on the Economic Programme 1955–60*, par. 6.

79. Wolfgang Stolper, "Social factors in economic planning with special reference to Nigeria," in Carl K. Eicher and Carl Liedholm (eds.), *Growth and Development of the Nigerian Economy* (East Lansing: Michigan State University Press, 1970), pp. 222–223. While the logical distinction between growth and distribution is not in question, it is less clear that these processes are factually separate. Increments of economic production are won by many factors in the economy. They are not then automatically thrown into a common pool for subsequent division. Attempts may be made to identify, collect and allocate the increments, but they are likely to be circumscribed. In practice, the claims made on output during the course of its production cannot always be easily dislodged. Stolper's principal work on development planning in the Nigerian context is *Planning Without Facts, op. cit.* See also "The main features of the 1962–1968 National Plan," *Nigerian Journal of Economic & Social Studies*, Vol. IV, No. 2, 1962, and "Economic development in Nigeria," *Journal of Economic History*, Vol. XXIII, No. 4, 1963.

80. Economic profitability would take indirect effects into account and might be calculated on the basis of values other than market prices. It was therefore not the same as financial profitability. But the presumption that financial profitability generally understated economic profitabili was not accepted; in Nigeria the reverse had sometimes been found to be the case.

81. Stolper, "The main features of the 1962–68 National Plan," *op. cit.*, p. 89.

82. Stolper, "Social factors in economic planning with special reference to Nigeria", *op. cit.*, p. 231–232.

83. *Ibid.*, p. 230.

84. O. Aboyade, "A general critique of the plan," *Nigerian Journal of Economic & Social Studies*, Vol. IV, No. 2, 1962, p. 111; Sayre P. Schatz, "Nigeria's first national development plan (1962–68): an appraisal," *Nigerian Journal*, Vol. V, No. 2, 1963, p. 221.

85. James O'Connell, "Some social and political reflections on the plan," *ibid.*, Vol. IV, No. 2, 1962, p. 145.

86. Reginald H. Green, "Four African development plans: Ghana, Kenya, Nigeria, and Tanzania," *Journal of Modern African Studies*, Vol. III, No. 2, 1965, p. 259.

87. Schatz, *op. cit.*, pp. 223 and 230–235, and Ojetunji Aboyade, *Foundations of an African Economy: A Study of Investment and Growth in Nigeria* (New York: Praeger, 1966), pp. 195–198. Stolper replied to Shatz's criticism in "How bad is the plan?," *Nigerian Journal of Economic & Social Studies*, Vol. VI, No. 3, 1964. While critics complained that the plan demanded too little, Stolper made no secret of his personal belief that it was overly ambitious ("The main features of the 1962–68 National Plan," pp. 88 and 90).

88. Aboyade, "A general critique of the plan," *op. cit.*, pp. 113–114; O'Connell, *op. cit.*, pp. 143 and 144.

89. Green, *op. cit.*, pp. 254 and 262.

90. *National Development Plan 1962–68, op. cit.*, pp. 1–3.

91. *Ibid.*, pp. 29–30; Stolper, "The main features of the 1962–1968 National Plan," *op. cit.*, p. 24.

92. *National Development Plan 1962–68, op. cit.*, p. 24.

93. Stolper, "Social factors in economic planning with special reference to Nigeria," *op. cit.*, p. 225. Stolper also stressed the lack of information on distribution of income and wealth. On the other hand, his opposition to subsidization of government economic services was not only economic but also rested on an apprehension that it often involved regressive transfers.

94. The Eastern region, *National Development Plan 1962–68, op. cit.*, p. 209.

95. The Federal government had exclusive power to borrow externally, and the regional governments resigned to it their own powers to borrow internally. Some of the proceeds of both kinds of borrowing (nearly half between 1959 and 1963) were passed on to regional governments for whom they were an important source of capital finance, helping to offset the decline in marketing board funds in the 1960s. The federal government did not exploit this financial power over the regions.

> Proceeds from the annual issues of Development Stocks and Treasury Bills were allotted among the regions with a minimum of public argument and without the aid of any statutory formula. The ease of agreement is fascinating, particularly when we note that the sums were large; that the proportions received by each government varied from year to year; and that during these years public disputes were raging over the census, rigging of elections, and the distribution of Federal jobs and other forms of patronage among ethnic groups (Edwin Dean, *Plan Implementation in Nigeria: 1962–66* [Ibadan: Oxford University Press, 1972], p. 56).

96. In 1964 a Fiscal Review Commission was appointed to consider the allocation of mining rents and royalties and the sharing of the Distributable Pool (K. J. Binns, *Report of the Fiscal Review Commission* [Lagos: Federal Ministry of Information, 1965]). Though conflicting representations were made to the commissioner by the five governments, his proposal that the Distributable Pool should be enlarged by some £3.75 million per annum at the expense of the Federal government, and that the division of the Pool should be altered slightly to benefit the West and the Midwest at the expense of the East, was accepted easily and without acrimony. The reasons why the regions were not in serious contention over government borrowing and the Fiscal Review Commission have not been shown. It may be thought germane that in both cases resources were being shifted from the Centre simultaneously to all the regions. Every regional government was benefiting, and perhaps each deemed it unnecessary or imprudent to dispute the basis of these transfers from the Centre.

97. Dean, *op. cit.*, p. 61.

98. Ojetunji Aboyade, "Relations between central and local institutions in the development process," in Arnold Rivkin (ed.), *Nations by Design: Institution-Building in Africa* (Garden City, N.Y.: Doubleday & Co., 1968), p. 101. Similar judgments are expressed in A. A. Ayida, "The contribution of politicians and administrators to Nigeria's national economic planning," in Adebayo Adedeji (ed.), *Nigerian Administration and Its Political Setting* (London: Hutchinson Educational, 1968), pp. 47–50.

99. Dean, *op. cit.*, p. 58.

100. In 1958 Lokoja, Enugu and Onitsha had been proposed as possible sites for an iron and steel plant. "The various regional lobbies went to work," with the West and Midwest later joining the competition between the North and East. Technical consultants "played the game according to their estimation of the balance of regional political power in Lagos, the same consultant sometimes changing sides." Eventually, "with the famous Nigerian ingenuity for

compromise through avoidance of the main issue" and in the interest of "lasting national unity," the National Economic Council agreed in 1964 that there should be two plants, at Idah in the North and Onitsha in the East, and that investigation should be made into the possibility of a third plant at Ikare or anywhere else in the West. To the foreign companies that were expected to partner the federal government in the project "it just did not make sense to split a marginal steel mill of £50 million investment between two distant sites which are not necessarily complementary." Hence the agreement of 1964 was never implemented (O. Aboyade, "Industrial development and location policy: the Nigerian case," *Nigerian Journal of Economic & Social Studies*, Vol. X, No. 3, 1968, 290–292).

101. Much evidence of political corruption in the awarding of government contracts in construction is given in Sayre P. Schatz, *Nigerian Capitalism* (Berkeley and Los Angeles: University of California Press, 1977), chap. 9. It has been suggested (pp. 195–196) that government building costs were inflated as a result by 10 to 20 percent.

102. On the political determination of official lending at the regional level, see Sayre P. Schatz, *Economics, Politics and Administration in Government Lending, op. cit.*

103. In 1964 Helleiner considered that the Northern experience of the development corporation had been a happy one that was worthy of the notice of other underdeveloped countries; see "A wide-ranging development institution: the Northern Nigeria Development Corporation, 1949–1962," *Nigerian Journal of Economic & Social Studies*, Vol. VI, No. 2, 1964. A very different picture was given two years later in the *White Paper on the Military Government Policy for the Reorganisation of the Northern Nigeria Development Corporation* (Kaduna: Government Printer, 1966). It was reported that, of 39 enterprises in which the development corporation had a financial stake, only seven were viable. Many loans and equity purchases had been made in extremely questionable circumstances, includig the acquisition of assets at inflated prices and lending at absurdly low rates of interest.

104. Dean, *op. cit.*, p. 68.

105. *Ibid.*, p. 60. "The £4 million or so diverted from the Western Region Marketing Board to the Action Group via the National Investment and Properties Company represents a fraction of what went down the political drain between 1959–62"; see Richard L. Sklar, "Contradictions in the Nigerian political system," *Journal of Modern African Studies*, Vol. III, No. 2, 1965, p. 206.

106. Concern over the rapid buildup of foreign contractors' and suppliers' credits in the public sector and the terms on which they were being accepted was expressed in the *First Progress Report on the Federal Government Programme 1962–68* (Lagos: Sessional Paper No. 3 of 1964), p. 5, and the *National Development Plan Progress Report 1964, op. cit.*, pp. 18–21. See also A. A. Ayida, "Contractor finance and supplier credit in economic growth," *Nigerian Journal of Economic & Social Studies*, Vol. VII, No. 2, 1965.

107. Reports appeared in 1966 and 1967 on the Northern Marketing Board and Development Corporation, statutory corporations and state-owned companies in general (the Ani report), Lagos City Council, the Electricity Corporation of Nigeria, the Nigeria Railway Corporation, Nigeria Airways and the Lagos Executive Development Board. The relevant publications are listed in Dean, *op. cit.*, pp. 67–68.

108. An illustration is provided by the federal government's Approved Manufacturers Scheme of diverting official demand from imports to home production, which foundered partly because of the disinclination of the regional governments to support a scheme intended to further national rather than regional aims; see Schatz, *Nigerian Capitalism, op. cit.*, chap. 10.

109. R. K. Udo, "Population and politics in Nigeria," in J. C. Caldwell and C. Okonjo (eds.), *The Population of Tropical Africa* (London: Longmans, 1968), p. 98; also S. A. Aluko, "How many Nigerians?," *Journal of Modern African Studies*, Vol. III, No. 3, 1965, p. 383.

110. The federal census officer was responsible for coordination of the national census and for enumeration in Lagos; but there were also regional census offices, censuses being on the concurrent legislative list under the constitution. In the West the census coincided with the

declaration of a state of emergency and suspension of the regional government (Aluko, *op. cit.*, pp. 377 and 381–383).

111. The official population estimate for 1963 based on the census of 1952–1953 and an assumed annual growth rate of 2 percent was 37.2 million, compared with the 1963 census result of 55.67 million. There is no evidence of large-scale immigration into Nigeria during the decade in question. Even supposing a 10 percent undercount in 1952–1953, the 1963 total would have been only 41.2 million. In order to reconcile the 1963 census result with a 2 percent growth rate since 1952–1953, it is necessary to believe that the 1952-1953 result was a 50 percent undercount. Despite the official record of a rate of population growth of 6.3 percent between 1952–1953 and 1963, the rate since 1963 officially assumed has been 2.5 percent per annum.

112. See the discussion of the plan in T. M. Yesufu, "The politics and economics of Nigeria's population census," in Caldwell and Okonjo, *op. cit.*, pp. 111–115.

113. The distinction between "solidaristic" and "egotistic" graft is made by Stanislav Andreski in *The African Predicament* (London: Michael Joseph, 1968), pp. 101–102.

114. The expression is Sklar's.

115. Sklar, *op. cit.*; see also James O'Connell, "The political class and economic growth," *Nigerian Journal of Economic & Social Studies*, Vol. VIII, No. 1, 1966, and Schatz, *Nigerian Capitalism, op. cit.*, chap. 8.

116. The phrase is used in Chinua Achebe's novel, *A Man of the People* (London: Heinemann, 1966), which is the classic statement of disillusionment with the politics of independent Nigeria.

117. Cohen, *Labour and Politics in Nigeria, op. cit.*, pp. 90 and 164. See also Robert Melson, "Nigerian politics and the general strike of 1964," in Robert I. Rotberg & Ali A. Mazrui (eds.), *Protest and Power in Black Africa* (New York: Oxford University Press, 1970), pp. 771–787.

118. Cohen, *op. cit.*, p. 164.

119. *Report of the Commission on the Review of Wages, Salary and Conditions of Service of the Junior Employees of the Governments of the Federation and in Private Establishments 1963-64* (Lagos: Federal Ministry of Information, 1964).

120. *Conclusion of the Federal Government on the Report of the Morgan Commission* (Lagos: Sessional Paper No. 5 of 1964).

121. Melson, *op. cit.*, p. 783, shows, for 11 wage zones, a comparison of the 1963 minimum rate with the Morgan Commission's recommendations, the White Paper proposals and the final settlement.

122. The increase was £24 per annum on salaries up to £318, £16 between £319 and £432; and £8 between £433 and £588 (*National Development Plan Progress Report 1964, op. cit.*, pp. 15–16).

123. *Ibid.*

124. W. Arthur Lewis, *Reflections on Nigeria's Economic Growth* (Paris: Development Centre of the OECD, 1967), p. 42.

125. *Industrialization in an Open Economy: Nigeria 1945–1966* (London: Cambridge University Press, 1969), pp. 281 and 301.

126. See, for example, Elliot J. Berg, "Major issues of wage policy in Africa," in A. M. Ross (ed.), *Industrial Relations and Economic Development* (London: Macmillan, 1966)—"African wage earners are in general a relatively privileged group" (p. 189).

127. The basis of inference was evidence of extensive rural-ruban migration and excess supply to the organized labor market. Economists showed little interest in the measurement of marginal incomes and living costs in nonwage occupations with which the minimum real wage could be compared. An exception, though not in Nigeria, was J. E. Issac, *Report to the Government of Ghana on Questions of Wage Policy* (Geneva: International Labor Organiza-

tion, 1962), who used the results of the Ghanaian national household expenditure survey of 1962 to obtain estimates of income per worker in rural areas and found them mostly well below the national minimum wage of 6 shillings 6 pence per day. This comparison made the implicit and questionable assumption that the ratio of dependents to workers was the same in wage-earning and rural households. (See Rimmer, *Wage Politics in West Africa, op. cit.*, pp. 34–35, and 56–58). For a later empirical study suggesting that urban differentials were greatly exaggerated, see Keith Hinchliffe, "Labour aristocracy: a Northern Nigerian case study," *Journal of Modern African Studies*, Vol. XII, No. 1, 1974.

128. Weeks, "The impact of economic conditions and institutional forces on urban wages in Nigeria," *op. cit.*, p. 337.

129. See the articles on "Nigeria's unions in transition" in *West Africa*, March 9, 1968, p. 271; March 16, 1968, pp. 308–309; and March 23, 1968, p. 339. The promises included establishment of a standing Joint Industrial Council in each major industry and of permanent machinery for fixing minimum wages.

130. "Most workers were tied to the political parties through their tribal unions and regional loyalties. Workers may have been opposed to the politicians as corrupt individuals, but they were not opposed to the institutions and interests that the politicians represented. In his capacity as a member of this or that ethnic group or region, the same worker who denounced all politicians in one breath supported *his* man in the next" (Melson, *op. cit.*, p. 787).

131. Cohen, *op. cit.*, pp. 92–93.

132. Weeks, *op. cit.*, p. 337, supports this statement by indices of real wages for unskilled laborers in 10 cities (Table IVB, p. 331).

133. *Ibid.*, p. 337.

134. Tony Killick suggests that such is the role of national governments in most developing countries, the aspirations of development planners notwithstanding; see "The possibilities of development planning," *Oxford Economic Papers*, Vol. XXVIII, No. 2, 1976.

135. Thus Aboyade wrote that "the political and economic power structure was such that a handful of the Nigerian middle class in collusion with powerful foreign interests increasingly gained control of the government apparatus largely for the promotion of their joint interests"; see also "The economy of Nigeria," in P. Robson and D. A. Lury (eds.), *The Economies of Africa* (London: George Allen & Unwin, 1969), p. 191.

136. K. W. J. Post, "Nationalism and politics in Nigeria: a Marxist approach," *Nigerian Journal of Economic & Social Studies*, Vol. VI, No. 2, 1964, p. 175.

137. Estimates at 1962/1963 prices are ₦3,146.8 million for 1965/1966, ₦3,225.5 million or for 1969/1970 (not including the three Eastern states) and ₦5,310.0 million for 1973/1974; see *National Accounts of Nigeria, 1958/59 to 1973/74* (Lagos: Federal Office of Statistics, 1976), Table 3.

138. At 1974/1975 prices, GDP is estimated to have risen from ₦9,442.1 million in 1970/1971 to ₦16,039.7 million in 1976/1977; see *Nigeria's Principal Economic & Financial Indicators 1970–1976* (Lagos: Central Bank of Nigeria, n.d.), Table II.

139. The index of output of selected agricultural export commodities appears in the annual reports of the Central Bank of Nigeria.

140. H. A. Ajani and J. O. Asogu, "External trade indices of Nigeria," *Economic and Financial Review* (Central Bank of Nigeria), Vol. XV, No. 1, 1977, Table 7, p. 17.

141. Ronald K. Meyer and Scott H. Pearson, "Contributions of petroleum to Nigerian economic development," in S. H. Pearson and J. Cownie (eds.), *Commodity Exports and African Economic Development* (London: D. C. Heath, 1974), pp. 160–61.

142. See calculations by Martin Quinlan in *West Africa* (London), December 11, 1978, pp. 2484–2485, where, on the basis of these rates, the total State take in 1978 is estimated at $8,972 million from a gross value of production of $9,722 million—i.e., 92 percent. According to Quinlan a barrel of company oil priced at $14.94 would pay profits tax of $9.48, royalty of

$2.99 and production cost of $.80. Forecasts by Quinlan for 1979, *ibid.*, April 16, 1979, pp. 663–664, implied a state take of $13,780 million—nearly 91 percent of the gross value of production estimated at $15,210 million.

143. The all-cities composite consumer price index for the lower income group, based on 1960, stood at 150.6 in 1970 and 348.2 in 1976; in 1977 it reached 423.1.

144. *Guideposts for the Second National Development Plan* (Lagos: Ministry of Economic Development, June 1966), pars. 8-9. In the previous year the ministry had shown more sensitivity to the unemployment issue:

> The problem of unemployment, especially among school leavers in urban areas, is now becoming more serious. At a recent meeting of the Prime Minister and the Regional Premiers it was unanimously agreed that public policy should be vigorously directed toward the rapid eradication of the problem. Hitherto the national approach has been to concentrate on maximising the rate of growth of the Gross Domestic Product and allow employment to take a level consistent with this growth rate. But this is a long term approach to the unemployment problem. It has therefore been considered necessary to take more direct steps to meet the present situation (*National Development Plan Progress Report 1964*, pp. 12–13).

145. A. Akene Ayida, "Development objectives," in A. A. Ayida and H. M. A. Onitiri (eds.), *Reconstruction and Development in Nigeria* (Ibadan: Oxford University Press, 1971), pp. 1–3.

146. *Ibid.*, p. 16–19.

147. *Second National Development Plan 1970–74* (Lagos: Federal Ministry of Information, 1970), p. 34.

148. *Ibid.*, pp. 31–34.

149. *Ibid.*, pp. 144 and 289.

150. *Ibid.*, p. 33.

151. Ayida, "Development objectives," *op. cit.*, p. 10. "It will be interesting indeed," remarked Ayida, who presumably knew what was coming, "if in the next plan, there is an overreaction, resulting in excessive ideological bias in favour of public enterprises."

152. *Second National Development Plan 1970–74, op. cit.*, p. 289.

153. See, for example, the section of public enterprises (*ibid.*, pp. 75–77) and remarks about the Electricity Corporation of Nigeria (p. 162).

154. The dangers of overloading administrative machinery and the political system were discussed by Wolfgang F. Stolper, "Economic growth and political instability in Nigeria: on growing together again," in C. K. Eicher and C. Liedholm (eds.), *Growth and Development of the Nigerian Economy* (East Lansing: Michigan State University Press, 1970); and, with specific reference to the second plan, by James O'Connell, "Political constraints on planning: Nigeria as a case study in the developing world," *Nigerian Journal of Economic and Social Studies*, Vol. XIII, No. 1, 1971. According to O'Connell (p. 41), "the concept of government and administration suggested in the Plan for its implementation transcends what governmental leadership and administrative capacity Nigeria have up-to-date possessed and it does not at all fit the actual description of existing government and administration that the Plan on occasion permits itself to give." An interesting indication of the planners' ideology is given by their argument (p. 28) in the plan document that agricultural exports had been replaced as the prime movers of Nigerian economic growth by "public economic programmes and policies that are by their very nature more domestically oriented"—not, as might have been supposed, by petroleum exports. See the comments of O'Connell, *op. cit.*, p. 48n, and R. S. Bhambri, "Second national development plan: a selective appraisal," *Nigerian Journal of Economic & Social Studies*, Vol. XIII, No. 2, 1971, p. 192.

155. *Second National Development Plan, op. cit.*, pp. 33–34.

156. *Ibid.*, pp. 71–72.

157. *Second National Development Plan 1970–74: First Progress Report* (Lagos: Central Planning Office, n.d.), p. 35; *Second National Development Plan 1970–74: 2nd Progress Report* (Lagos: Central Planning Office, 1974), p. 32.

158. In conjunction with the second national plan, development plans were produced about 1970 by each of the 12 state governments that had been decreed in 1967. From the standpoint of distributional concerns, the more interesting of these documents came from Kaduna (North Central state) and Maiduguri (North Eastern state). The North Central state favored what would later have been called a basic-needs approach to development: "a major objective of the State Plan must be to ensure for the bulk of the people their basic needs for food, clothing, housing, education and expand opportunities for employment. . . . The common man has suffered for long and [the] time has come for him to be assured of his minimum requirements. . . ." Those whose needs remained unsatisfied were clearly believed to be in rural areas; "the disparity of the urban and rural standard of living," it was said, appears "to be appalling" (*North Central State of Nigeria: First Development Plan 1970–74* [Kaduna: 1971], pp. 173–174). The North Eastern state attached much importance to regional balance, while not wishing to carry this consideration to "a ridiculous level in defiance of all other related factors" (*North Eastern State First Development Plan 1970–74* [Maiduguri: 1970], p. 7). The North Eastern state had been divided into 34 planning regions, each deemed large enough to warrant such amenities as a hospital, a secondary school, a large cattle or produce market and a veterinary service station. For each region a comparison of several indicators of development potential with developments actually achieved (i.e., amenities actually present) was said to provide a basis for determining its priority in the state's planning policy (*ibid.*, pp. 16–19 and 23–24). The plan from Maiduguri also drew attention to the "unbelievable disparity" in health provisions between the North Eastern state and the Lagos and Western states. It declared that, mainly because of the patronage of the federal government, "health, education and other facilities provided in Lagos are far beyond what is justified" (*ibid.*, p. 14). The Lagos State, on the other hand, argued that as the seat of the federal government and "the place of abode of the Heads of all foreign diplomatic missions," it had "a duty to maintain a high level of social and environmental services," including elaborate and comprehensive hospital facilities; see *Lagos State of Nigeria: Four-Year Development Plan 1970–74* (Lagos, n.d.), p. 2.

159. O'Connell, "Political constraints on planning," *op. cit.*, pp. 54–56.

160. Bhambri, *op. cit.*, p. 193.

161. Schatz, *Nigerian Capitalism*, *op. cit.*, pp. 47–55.

162. *Second National Development Plan*, *op. cit.*, pp. 48–49, and Table 18, p. 59; *Third National Development Plan, 1975–80* (Lagos: Central Planning Office, special launching edition, 1975) Vol. I, pp. 27 and 43, and Table 5.8, p. 50.

163. *Third National Development Plan, 1975–1980, ibid.*, Vol. I, p. 27. The target rate of growth of GDP was 9.5 percent per annum.

164. *Ibid.*

165. Federal and state budgetary surpluses were expected to cover amply the effective public sector program (*ibid.*, Table 31.2, p. 364).

166. *Ibid.*, p. 39.

167. *Ibid.*, p. 28.

168. *Ibid.*, p. 382.

169. *Ibid.*, pp. 28–29 and 46. In the original plan (*ibid.*, Table 29.7, p. 347) the nominal public sector program (i.e., not allowing for slippages) consisted as to 29.4 percent in investments in transport, communications and power; 9.8 percent in education and health; and 12.6 percent in regional development (mainly housing, water supplies and town and country planning). In the revised plan [*Third National Development Plan 1975–80, Revised Vol. II* (Lagos: Central Planning Office, n.d.), p. 8] these percentages became 33.4, 10.1 and 14.0,

respectively.

170. *Guidelines for the Third National Development Plan 1975–80* (Lagos: Central Planning Office, 1973), pp. 35, 40 and 43.

171. The total implied an annual growth rate since the census of 1952–53 of about 4.9 percent, compared with the rate officially assumed of 2 to 2.5 percent. Even more implausible, but less the subject of comment, was the total of 47.5 million produced by the electoral register in 1978; this implied a total population of roughly 100 million.

172. Some account of public reaction to the census results of November 1973 is given in L. O. Dare, "Nigerian military governments and the quest for legitimacy, January 1966–July 1975," *Nigerian Journal of Economic & Social Studies*, Vol. XVII, No. 2, 1975, pp. 107–112.

173. However, the plan aimed to correct "lopsidedness" in the geographical distribution of schools and hospitals, which was declared the objective of "equalising individual access to education throughout the country," and continued to use the criterion of a population of 20,000 with respect to provision of pipe-borne water; see *Third National Development Plan, 1975–1980, op. cit.*, Vol. I, pp. 242–243, 262 and 296.

174. *Guidelines for the Third National Development Plan, op. cit.*, pp. 34–35.

175. *National Development Plans 1975–1980, op. cit.*, Vol. I, pp. 306–307.

176. Margaret Peil, "Housing the poor in West Africa: public and private provision," *IDS Bulletin* (Institute of Development Studies, University of Sussex, 1979), Vol. X, No. 4, pp. 28–32.

177. *Third National Development Plan, 1975–1980, op. cit.*, Vol. I, pp. 31 and 33.

178. *Guidelines for the Third National Development Plan*, pp. 45–46.

179. In the civil war period and "with the exception of those of the Mid-West Government, rent control measures seem to have been hopelessly ineffective, particularly in Lagos"; see *Second and Final Report of the Wages and Salaries Review Commission 1970–71* (Lagos: Federal Ministry of Information, 1971), p. 10. Rent control edicts by state governments during the period of the second plan were "for the most part . . . honoured only in the breach"; see *Third National Development Plan, 1975–1980, op. cit.*, Vol. I, p. 35.

180. It is significant that the remit for the institutions proposed in connection with incomes policy, the Income Analysis Agency and the Pay Research Unit related mostly to wages and salaries (*ibid.*, Vol. I, pp. 73, 281 and 383–384; also see *Guidelines for the Third National Development Plan*, pp. 56–57).

181. Lewis, *Reflections on Nigeria's Economic Growth, op. cit.*, pp. 20–22; *Second National Development Plan 1970–74: First Progress Report* (Lagos: Central Planning Office, n.d.), p. 66. The federal government was also clearly aggrieved about the lack of coordination since 1958 between its external trade policies and the activities of the Nigerian Produce Marketing Company, which was the export selling agency of the marketing boards; see *Second National Development Plan, op. cit.*, pp. 225–226 and 228–229.

182. *Third National Development Plan 1975–1980, op. cit.*, vol. I, p. 14.

183. The increase in producer prices between 1972/1973 and 1974/1975 is shown (*ibid.*, Table 2.2, p. 15). There was little change in producer prices between 1969 and 1972. No cost-of-living index is available for rural areas, but the official index for the lower income group in urban areas more than doubled on a monthly average between 1969 and 1975.

184. Cocoa is the one crop that survives as a major export. As a proportion of total exports *excluding petroleum*, cocoa beans rose from 21.3 percent in 1965 to 51.1 percent in 1975.

185. *First Report of the Wages and Salaries Review Commission* (Lagos: Federal Ministry of Information, 1970) pp. 11 and 14. The Morgan Commission had found that "most workers are living under conditions of penury" (*Report of the Commission on the Review of Wages, Salary and Conditions of Services of the Junior Employees of the Governments of the Federation and in Private Establishments 1963–64, op. cit.*, p. 20).

186. Cohen, *Labour and Politics in Nigeria, op. cit.*, pp. 233–237.

187. *Second and Final Report of the Wages and Salaries Review Commission, op. cit.*, p. 21.

189. *White Paper on the Second and Final Report of the Wages and Salaries Review Commission 1970–71* (Lagos: Federal Ministry of Information, 1971), pp. 7–8.

189. *Second and Final Report of the Wages and Salaries Review Commission, op. cit.*, pp. 17–18.

190. Richard A. Joseph, "Affluence and underdevelopment: the Nigerian experience," *Journal of Modern African Studies*, Vol. XVI, No. 2, 1978, p. 237.

191. Ian Campbell, "Army reorganisation and military withdrawal," in Keith Panter-Brick (ed.), *Soldiers and Oil: The Political Transformation of Nigeria* (London: Frank Cass, 1978), pp. 73–74.

192. Some account of the industrial relations legislation between 1968 and 1976 is given in Akanimo J. Etukudo, *Waging Industrial Peace in Nigeria* (Hicksville, N.Y.: Exposition Press, 1977).

193. *Second and Final Report of the Wages and Salaries Review Commission, op. cit.*, pp. 46–47.

194. Peter Waterman, "Industrial relations and labour unrest in Nigeria," *Business Times* (Lagos), December 14, 21, and 28, 1976; *Report of the Tribunal of Enquiry into the Activities of Trade Unions* (Lagos: Federal Ministry of Information, 1977); David Williams, "Enforced unity ahead," *Financial Times Survey of Nigeria* (London), August 29, 1978.

195. The reconstruction of trade unionism in Nigeria since 1976 has much in common with a similar undertaking in Ghana in 1958, the purpose of which was clearly to emasculate the unions; see Douglas Rimmer, "The new industrial relations in Ghana," *Industrial and Labor Relations Review*, Vol. XIV, No. 2, 1961.

196. Martin Dent, "Corrective government: military rule in perspective," in Panter-Brick (ed.), *Soldiers and Oil, op. cit.*; Gavin Williams and Terisa Turner, "Nigeria," in John Dunn (ed.), *West African States: Failure and Promise* (Cambridge: Cambridge University Press, 1978), pp. 156–157; Schatz, *Nigerian Capitalism*, pp. 35–37 and 55.

197. *First Progress Report on the Third National Development Plan 1975–80* (Lagos: Central Planning Office, 1976). *Second Progress Report on the Third National Development Plan* (Lagos: Central Planning Office, 1979).

198. Adedeji's judgment has often been quoted: "the derivation principle bedevilled the development of a rational and equitable system of revenue allocation in Nigeria, it has poisoned inter-governmental relationships and has exacerbated inter-regional rivalry and conflict. Perhaps more than any other single factor it has hampered the development of a sense of national unity and common citizenship in Nigeria" (*Nigerian Federal Finance, op. cit.*, p. 254).

199. The Dina Committee of 1969 is discussed in S. Egite Oyovbaire, "The politics of revenue allocation," in Panter-Brick (ed.), *Soldiers and Oil, op. cit.*, pp. 238–43.

200. Adedotun O. Phillips, "Revenue allocation in Nigeria 1970–80," *Nigerian Journal of Economic & Social Studies*, Vol. XVII, No. 2, 1975, p. 4.

201. Since 1965, mining royalties had been paid 50 percent by derivation, 35 percent to the Distributable Pool and 15 percent to the federal government; the new division was 45, 50 and 5 percent, respectively. Export duties were now divided 60 percent by derivation and 40 percent to the pool, as compared to 100 percent by derivation before 1970.

202. As was perceived in 1970 by V. P. Diejomaoh: "Tax and revenue allocation policies: their implications for national unity and integration in Nigeria," *Journal of Business & Social Studies* (Lagos), Vol. III, No. 1, p. 150. See also Panter-Brick's (Ed.), introduction to *Soldiers and Oil, op. cit.*, p. 5, and Ali D. Yahaya, "The creation of states," (*ibid.*, Table III, p. 217).

203. In principle, as Diejomaoh pointed out (*op. cit.*, p. 152), these royalties could equally

well have been imputed to the contiguous states.

204. These disparities were still marked in the early 1970s because of the rapid growth in importance of mining royalties among the revenues allocated by derivation and the accrual of most of these royalties to the Mid-Western and Rivers states; see Phillips, *op. cit.*, pp. 8–18.

205. *Third National Development Plan, 1975–1980, op. cit.*, Vol. I, pp. 364–366; also Phillips, *op. cit.*, pp. 22–28.

206. As is pointed out by Phillips, *ibid.*, p. 28.

207. Contributions include S. O. Falae, "Unemployment in Nigeria," *Nigerian Journal of Economic & Social Studies*, Vol. XIII, No. 1, 1971; V. P. Diejomaoh and W. A. T. Orimalade, "Unemployment in Nigeria: an economic analysis of scope, trends and policy issues," *ibid.*, Vol. XIII, No. 2, 1971; *Rural Development in Nigeria* (Ibadan: Proceedings of the 1972 annual conference of the Nigerian Economic Society, 1973); O. Teriba and O. A. Phillips, "Income distribution and national integration," *ibid.*, Vol. XIII, No. 1, 1971; Dupe Olatubosum, *Nigeria's Neglected Rural Majority* (Ibadan: Oxford University Press, 1975); and the papers on poverty and income distribution presented to the 1975 annual conference of the Nigerian Economic Society.

208. "The Panel's firm belief is that the basic motivation in the demand for more States is rapid economic development. All other reasons adduced by State agitators are in the view of the Panel to a large extent mere rationalisations to achieve the basic purpose of development"; see Yahaya, *op. cit.*, *Federal Military Government Views on the Panel on Creation of States* (Lagos: Federal Ministry of Information, 1976), p. 223.

209. *West Africa* (London), January 5, 1976, p. 2. At that time about one-third of federal recurrent spending was on defense. In the revised Third Plan, defense and security are allocated ₦4.35 billion, which is one-tenth of the nominal public sector program. In the federal expenditure estimates for 1979/1980, defense accounts for 18 percent (₦520 million) of recurrent spending and 9 percent (₦602 million) of capital spending (*West Africa*, April 16, 1979, pp. 661–662).

210. *First Report of the Wages and Salaries Review Commission, op. cit.*, p. 15.

211. *Report of the Commission on the Review of Wages, Salary and Conditions of Service of the Junior Employees of the Governments of the Federation and in Private Establishments 1963/64*, p. 10.

212. This view is stated with reference to another African country in Arthur Hazlewood, "Kenya: income distribution and poverty—an unfashionable view," *Journal of Modern African Studies*, Vol. XVI, No. 1, 1978.

213. Ghana has maintained high investment ratios even without the benefit of petroleum, especially in the early 1960s when over 20 percent of the GDP was being used in capital formation. According to the official estimates, income per capita was roughly constant both in that period and over the last 20 years. The best economic study of the country is Tony Killick, *Development Economics in Action: A Study of Economic Policies in Ghana* (London: Heinemann, 1978).

CHAPTER 3

The Structure of Income Inequality in Nigeria: A Macro Analysis

V. P. Diejomaoh

and

E. C. Anusionwu

Introduction

The experience in most developing countries since the 1950s has tended to confirm Kuznets's earlier conclusions[1] that the degree of income inequality tends to be higher in less developed countries than in the developed countries. What is more, the degree of income inequality tends to increase in the early stages of development before a decline in income inequality sets in. Recent studies,[2] however, show that several less-developed countries at different levels of development (with GNP per capita levels above 200 U.S. dollars) have been able to achieve increased GNP per capita levels with a reduction in the overall level of income inequality. Since the level of overall income inequality in an economy is related to the level of per capita income and its associated structure of production and the labor force, it is essential that an assessment of income inequality be made with the full appreciation of a country's level of income, structure of production, and the composition of the labor force, among other factors.

In the chapters that follow, detailed analyses of income distribution in different sectors of the Nigerian economy are presented. These studies would be better understood when seen against the background of the pattern of income inequality in the entire Nigerian economy, however. Accordingly, we shall attempt in this chapter to present information on the structure of overall income inequality in the Nigerian economy. Our attempt is greatly handicapped by the nonavailability of essential data, though, so we shall attempt to make the most of the available data.

In the next section we discuss recent trends in the growth of the Nigerian economy and its major sectors, as the observed pattern of growth is intimately connected with the observed patterns of income inequality. Section II also discusses the structure of production and the labor force and their linkages to the emergent patterns of income inequality.

Our analysis of the structure of income inequality in Nigeria is undertaken in sections III, IV, and V. In section II we discuss the problem of dualism, with the agricultural and nonagricultural sectors as our primary focus, representing the dichotomy between the rural and urban populations. The dualistic nature of less developed countries explains in large measure the extent of overall income inequalities in these countries. In section III we discuss the problem of regional inequalities, since considerable inequality between regions is likely to reflect itself in increased overall income inequalities. In section IV we discuss the extent of personal income inequalities. While income inequality can be discussed from different perspectives, we have chosen to concentrate on rural-urban, regional, and interpersonal inequalities as the areas of greatest immediate concern—not only in Nigeria but also in most developing countries—and in order to limit the scope of our analysis, particularly in regard to data limitations. Some major policy implications are discussed in the concluding section.

I. Growth and Structural Shifts in the Nigerian Economy

Growth Performance in the Nigerian Economy

In discussions of development, concern about inequalities in income is usually associated with how the gains in income per capita are being distributed between and among relevant groups. In the Nigerian case, the first half of the 1960s, following political independence in October 1960, saw relatively significant gains in GDP per capita with a growth rate of about 2.5 percent per annum. Labor agitation during this period, and the popularity which greeted the military coup of January 1966, indicate that the public felt that politicians and their associates had unduly benefited from gains in GDP. The 1960–1970 decade on the whole did not witness a substantial gain in per capita income because of the disruptions in production as a result of the Nigerian civil war in the 1967–1970 period. On the whole, per capita GDP increased at the rate of 0.6 percent per annum from 1960 to 1970. The Nigerian economy, however, expanded considerably in the 1970s, with GDP growing at an annual rate of 6.2 percent (1970–1977). Overall GDP per capita increased at the rate of 3.6 percent per annum in the 1970–1977 period.

The relatively rapid growth of the Nigerian economy has now pulled the country out of the ranks of the poorest developing countries and into the World Banks's category of *middle income countries.* The GDP per capita of Nigeria was estimated at $420 in 1977 by the World Bank.[3] With the substantial recovery in the Nigerian economy in 1979 after the slump of 1978, the GDP per capita in 1979 was about $450. The very substantial growth in the Nigerian economy in the 1970s has been apparent to all. There has been a concern in the country as to how these gains are being distributed among the various groups. The military coup of July 1975 was closely related to the disaffection generally against the open and widespread corruption in government, and to a feeling that the gains in income had been concentrated too heavily in the hands of top military officers nd their associates, bureaucrats and businss people—both indigenous and expatriate.

The rapid increase in GDP in the 1970s was largely the result of the phenomenal increase in oil production from an output of 395.9 million barrels in 1970 to 765.7 million barrels in 1977. The increase in GDP was also due to the price of oil rising from U.S. $2.25 per barrel in 1970 to U.S. $14.56 in 1977, with the total export value of oil increasing from ₦510 million in 1970 to ₦7,969.2 million in 1977. Although largely dependent on oil, the rapid growth in GDP was also sustained by a 10.3 percent annual increase in industry, 13.4 percent annual increase in public consumption, and 22.9 percent annual increase in gross domestic investment—all in the 1970–1977 period. Ironically, agricultural production declined at the rate of 1.5 percent per annum (1970–1977) while per capita food production declined 1.3 percent per annum from 1969/1971 through 1975/1977. Per capita private consumption of goods and services increased by 2.2 percent annum from 1970 through 1977 (see Table 3-1).

An important aspect of the income distribution problem in Nigeria is related to the growth rate, age composition and geographical distribution of

TABLE 3-1

Nigeria—Growth and Development Indicators, 1960–1977
(Average annual rates of growth, percent)[a]

	1960–70		*1970–77*
GDP	3.1		6.2
Population	2.5		2.6
Per capita GDP	0.6		3.6
Agriculture	−0.5		−1.5
Industry	13.8		10.3
Manufacturing	9.1		13.4
Services	5.6		2.9
Public Consumption	10.9		20.9
Private Consumption	0.9		4.8
Gross domestic investment	6.5		22.9
Average annual rate of inflation	2.6		16.2
GDP per capita (1977)		U.S. $420	
Life expectancy (1977)		48 years	
Per capita food production:			
Index (1969–71 = 100)		92 (1975–77)	
Population		79 million (mid-1977)	

SOURCE: *World Development Report* (Washington, D.C., The World Bank, 1979).

[a]Note: All rates of growth in real terms.

the country's population. In the Nigerian context, realization that the size of the population of a local government area or a state is closely related to allocations of government revenue and amenities, as well as to votes for electoral purposes, has led to a tendency for some localities and states to inflate their census figures. It has therefore been impossible to agree on official population census results since 1962/1963. The official census results of 1963, which are currently accepted for planning purposes, were disputed at the time whereas the 1973 census results were rejected because of the controversy surrounding them; no census has been taken since then. Accordingly, population estimates in Nigeria are subject to uncertainty and errors.

However, partly through sample surveys, it is officially estimated that the population of Nigeria has been increasing at an annual rate of about 2.5 percent since 1960, with an increase to about 2.6 percent in the decade of the 1970s. The increase in the population's growth rate is the result of a decline in the crude death rate from 25 per 1,000 in 1960 to 18 per 1,000 in 1977, while the crude birth rate fell only marginally from 52 per 1,000 in 1960 to 50 per 1,000 in 1977.

The Nigerian population growth rate is average by African and South Asian standards and less than that of several less-developed countries in Africa, Latin America, the Middle East, and Southeast Asia, which have growth rates of 3–3.5 percent. However, Nigeria's population growth rate is high by the standards of developed countries (about 1 percent) and contributes to a population structure in which children aged 1–14 constitute about 44 percent of the population (compared to about 25 percent for developed countries). The dependency burden is generally higher for the lower income groups in both the urban and rural areas. These lower income groups have less access to social services, so their ability to escape from their low incomes is further reduced by adverse demographic variables—e.g. higher dependency burdens, fertility rates, and mortality rates, as well as lower life expectancy. However, there is a need for further research in this area, as students of population and development in the Nigerian context have not so far paid significant attention to the relationship between population and income distribution—except for rural-urban migration and urban poverty and unemployment. (See chapters 6 and 8.)

Sectoral Distribution of Production

There have been significant structural shifts in the Nigerian economy in the 1960–1976 period (see Table 3-2). The share of agricultural production dropped very sharply from about 62 percent of total product in 1960 to only about 25 percent of total product in 1975/1976. On the other hand, there has been a dramatic increase in the share of mining production (almost 100 percent oil), from about 1 percent in 1960 to about 32 percent in 1975/1976. Significant increases in sectoral shares are also noticeable in building and

TABLE 3-2

Percentage Sectoral Distribution of Gross Domestic Product at Current Factor Cost, 1960/1961 through 1975–1976

	1960/61	*1962/63*	*1965/66*	*1966/67*	*1970/71*	*1972/73*	*1974/75*	*1975/76*
1. Agriculture, livestock, forestry and fishing	61.9	61.2	54.9	55.6	48.8	43.0	25.5	24.5
2. Mining	1.1	2.0	4.8	5.1	10.1	17.0	41.1	31.9
3. Manufacturing	6.2	5.8	6.2	6.1	7.2	7.1	4.8	7.4
4. Electricity and water	0.5	0.5	0.6	0.6	0.7	0.7	0.4	0.4
5. Building supply and construction	3.7	4.4	5.2	5.1	5.1	7.2	5.0	9.4
6. Distribution	11.1	12.2	14.0	13.5	12.7	11.3	8.4	10.0
7. Transport and communications	5.3	4.6	4.4	4.0	2.8	3.3	2.6	3.2
8. General government	4.9	3.9	3.5	3.4	6.5	4.7	6.3	7.0
9. Education		2.7	2.9	3.1	2.9	2.5	2.6	2.7
10. Health	16.3	0.3	0.7	0.6	0.8	0.8	0.9	1.0
11. Other services		2.1	2.6	2.8	2.4	2.3	1.5	1.6
12. Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Compiled from data from the Federal Office of Statistics, Lagos.

construction, rising from 3.7 percent in 1960/1961 to 9.4 percent in 1975/1976. General government also increased its share from 4.9 percent in 1960/1961 to 7.9 percent in 1975/1976.

The substantial increase in the share of construction and building was due to the observed construction boom which accompanied the rapid increase in gross domestic investment as a result of substantial oil revenues; the significant rise in the share of general government reflected the increasing dominance of government in the economy, as its revenues increased very rapidly with oil production. The manufacturing sector also increased its sectoral share slightly from 6.2 percent in 1960/1961 to 7.4 percent in 1975/1976.

This sectoral distribution of the gross domestic product helps to throw some light on where the major benefits from the rapid growth of the 1970s were located—namely, in the mining, manufacturing, and construction sectors as well as in government. The agriculture sector lost out while other sectors appear to have just held their ground.

Sectoral Distribution of Employment

Since incomes are directly related to labor productivity, an analysis of sectoral distribution of employment should follow an analysis of sectoral distribution of output so as to facilitate an analysis of sectoral differentials in productivity (see Tables 3-3 and 3-4). Broad sectoral differentials in productivity are presented in the next section, while detailed sectoral productivity and wage differentials in the urban sector are presented by O. Fajana in chapter 6 of this book. An analysis of sectoral distribution of total gainful employment shows that agriculture absorbed 64 percent of the total labor force in 1975. This share shows a decline from about 72 percent of the labor force in 1966/1967 to about 70 percent in 1970, and to about 65 percent by 1975. A decline in the share of the labor force in agriculture usually accompanies the growth of GNP per capita, consequent to improvements in labor productivity in agriculture which may stimulate industrial production or occur as a result of pull factors arising from industrial investment and growth. In the Nigerian case, however, it is more likely that the decline in the share of the labor force in agriculture was due more to differentials in income and public services between the rural and urban population (more on this in the next section) which gave rise to rapid rural-urban migration about which Ayeni wrote in greater detail in this book (chapter 7).

In spite of the major contribution of the mining sector to total output, its share in total gainful employment was only 0.4 percent in 1975. Apart from agriculture, manufacturing and distribution are the major sectors absorbing labor, which accounts for 16.8 percent and 12.2 percent, respectively, of the total labor force in 1975. Some services accounted for 5 percent of total employment, while others accounted for less than 1 percent each of the total labor force. An analysis of modern sector employment—i.e., establishments employing 10 or more persons—shows, according to the 1977 survey[4] by the

TABLE 3-3
Percentage Sectoral Distribution of Total Gainful Employment, 1966–1975

	1966/67	*1970*	*1975*
Agriculture	71.7	69.8	64.0
Mining	[a]	0.2	0.4
Manufacturing	9.6	12.2	16.8
Distribution	12.9	12.6	12.2
Transport and Communication	0.8	0.7	0.6
Other services	3.9	3.9	5.0
Construction	0.6	0.6	0.9
Others	0.2	0.0	0.1
Total	100.0	100.0	100.0

SOURCES: Compiled from data from *Second* and *Third National Development Plans* (Lagos: Central Planning Board) and National Manpower Board.

[a]Less than 0.1 percent.

Nigerian National Manpower Board, that services account for about 60 percent of total employment while manufacturing and construction each account for about 15 percent. Mining accounts for only about 1 percent of modern sector employment while agriculture, transport, and communication account for about 5 percent each of total employment. In modern sector employment, public sector establishments actually dominate—accounting for about 60 percent of total employment—while the private sector provides the balance (40 percent). Modern sector employment, however, accounted for only about 8 percent of total gainful employment in 1975, having increased from about 6 percent in 1970.

TABLE 3-4
Percentage Sectoral Distribution of Modern Sector Employment, 1965–1977
(Establishments employing 10 or more persons)

	1965	*1970*	*1975*	*1977*
Agriculture	10.4	9.2	7.0	4.0
Mining	7.0	7.2	6.0	1.2
Manufacturing	11.4	19.0	21.6	14.2
Construction	15.4	13.7	14.0	15.1
Electricity and gas	2.4	2.6	2.0	3.3
Distribution	7.5	7.2	6.6	8.0
Transport and communications	9.4	6.5	6.1	4.7
Other services	36.7	34.6	36.7	49.5
Total	100.0	100.0	100.0	100.0

SOURCES: Same as Table 3-3.

II. Sectoral Income Inequalities

A comprehensive analysis of sectoral income inequalities includes not only sectoral wage differentials but also differentials in earnings from assets (land and nonhuman capital) and entrepreneurship. In the Nigerian context, however, comprehensive information on earnings for each category of assets on a national or sectoral basis is simply not available. A well-documented analysis of differentials in earnings from assets on a sectoral basis is therefore not possible at this time. However, some tentative statements could be made about differentials in earnings from assets on the basis of a rural-urban dichotomy.

Until the Land Use Decree of March 1978, rural land in Nigeria was usually vested in the local community represented by chiefs and family heads in southern Nigeria, and local governments in northern Nigeria. Land was usually allocated to individuals according to their requirements for farming. Accordingly, there was very limited commercialization of rural land. As such, individual income from the sale of rental or rural land was insignificant except in rural lands on the fringe of important urban centers, particularly in southern Nigeria and in areas where the government or private companies acquired land for development purposes. In the urban areas, by contrast, land was highly commercialized, especially in southern Nigeria.

The price for private urban land in the mid-1970s ranged from about ₦5,000–₦100,000 per acre, depending on the importance of the urban center and the location of the land within the particular urban center. In the rural areas where land was sold, however, an acre rarely fetched more than ₦3,000. There was therefore a very large differential in income from the sale or rental of land between urban and rural areas.

The price of urban land charged by the government on its layouts was moderate, usually less than ₦10,000 per acre. Such land, however, was allocated only to highly influential people who often developed the plots at little cost to themselves and then charged annual rents on single detached houses estimated from about ₦8,000 to ₦50,000, depending on location; the highest rents were exacted in prestigious neighborhoods of Lagos such as Victoria Island, Ikoyi, Ikeja, and Apapa.

The issue of high urban rents has engaged the attention of several Nigerian governments, but their efforts to control these rents have largely failed. However, in order to control and reduce the price of land—particularly urban land—and hopefully thereafter the cost of housing and access to land for agriculture and development in general, the government passed the Land Use Decree of March 1978 (Federal Republic of Nigeria Official Gazette No. 14, March 29, 1978) which vested all urban lands in the federal military government and all rural lands in the local government authorities. It is at present premature to assess the effectiveness of this reform, but preliminary information indicates that its effect has been to bring down substantially the price of land. However, before 1978, huge differentials in the income from land between urban and rural areas contributed to the large income differentials between urban and rural areas, as we shall see presently.

With respect to differentials in income from nonhuman capital and entrepreneurship in urban in urban and rural areas, we can say with confidence that the urban areas had a considerable advantage, particularly at the height of the oil boom in 1973–1975. In the rural areas, however, farmers had limited access to capital and hence employed only small capital inputs in their production (see chapters 9, 10, and 14 for further details). Although data is not available to estimate the magnitude of returns to capital and entrepreneurship in the rural areas in general, most observers would agree that in the mid-1970s it was a small proportion of the rate of return in urban areas.

Since the close link between labor productivity and wages is well established, we expect that differentials in labor productivity would approximate differentials in wage incomes and overall income inequalities. In Table 3-5 we present our computations of sectoral labor productivity differentials in the period 1966–1975. Following Kuznets,[5] we have aggregated the productive sectors into three major sectors: *agriculture* (consisting of agriculture, livestock, forestry, and fishing); *industry* (consisting of mining, manufacturing, construction, power and lighting, and transport and communication); and *services* (grouping other sectors). Our analysis shows that throughout the 1966–1975 period, the highest labor productivity was in industry, followed by services, and lowest in agriculture. Sectoral productivity differentials have widened over time.

In this regard the broad trend of the findings in Nigeria corroborates the experience in other less developed countries. The magnitude of the sectoral differentials in Nigeria up to 1970 was also largely similar to the experience

TABLE 3-5
Labor Productivity in Agriculture, Industry and Services at Current Factor Cost 1966–1975
(output per worker in naira)

	Agriculture (A)	*Industry* (I)	*Services* (S)	*Non-agriculture* I + S	I/A	S/A	I/S	(I + S)/A
1966	₦109.9	₦269.2	₦192.5	₦222.3	2.5	1.8	1.4	2.0
1970	₦153.5	₦415.7	₦336.5	₦371.4	2.7	2.2	1.2	2.4
1975	₦203.5	₦1,463.4	₦611.8	₦1,056.7	7.2	3.1	2.4	6.2

SOURCES: Computed from data from *Second* and *Third National Development Plans* and *First Progress Report on Third National Development Plan 1975–80* (Lagos: Central Planning Board).

in other less developed countries, although currently the magnitude of the sectoral differentials in Nigeria are very much higher.

In detail the *K*-ratio [= Kuznets ratio, i.e., labor productivity in the industry and services sectors $(I + S)$ divided by labor productivity in agriculture $(I + S)/A$] for Nigeria increased from 2.0 in 1966/1967 to 2.4 in 1970, and up to 5.2 in 1975. Accordings to Kuznets[6] the computed *K*-ratios for three groups of less developed countries at different levels of development ranged from abut 2.0 to 3.5, with the higher values for the least developed countries. For the developed countries the *K*-ratio ranged around 1.5. From the above reference points, it would appear that the *K*-ratios of 2.0 and 2.4 for Nigeria in 1966/1967 and 1970, respectively, were well within the range for less developed countries. The 1966/1967 ratio of 2.0 was in fact at the bottom of the range, indicating that the level of sectoral inequality at the time was relatively low. However, the recorded *K*-ratio of 5.2 in 1975 is easily seen to be outside the range of the recorded averages and is about twice the level of the group to which Nigeria should belong, showing a very high level of inequality.

The sharp increase in sectoral inequality between 1970 and 1975 was largely due to the phenomenal increase in oil production and prices during this period (which we have already discussed). The sharp rise in industrial productivity is in fact largely due to the windfall gains arising from oil price increases rather than to technological change or manpower development. Nigeria's terms-of-trade index is estimated[7] to have increased from 100 in 1970 to 330 in 1977. While we do not have data to estimate the terms of trade between the agricultural and nonagricultural sectors, it is very evident that there was a big shift in the terms of trade in favor of the nonagricultural sector.

The relative disadvantaged position of the agricultural sector was exacerbated by the nature of the rural-urban migration which drained the rural areas of the most able-bodied young men and women who trooped into the towns for much higher wages in construction, manufacturing, and other sectors such as government, in which minimum wages were doubled by the Udoji Commission in 1975. With an aging population left behind in the rural areas, labor productivity actually declined in real terms, as the increase in labor productivity in current prices (32.2 percent in 1970–1975) was far outstripped by the rate of inflation (about 100 percent in 1970–1975). With declining productivity and shortage of labor in some areas, it is not surprising that agricultural production fell on an average between 1970 and 1977. It is also worthy to note in Table 3-5 that in 1975 the labor productivity differential between industry and agriculture was 7.2 : 1; between services and agriculture, 3 : 1; and between industry and services, 2.4 : 1.

In Table 3-6 we present a more direct analysis of income differentials between the agricultural and nonagricultural sectors. For simplification, we have assumed that the rural population is engaged solely in agricultural production, so that the output or income of the rural population is equal to the

TABLE 3-6

Distribution of GDP and Population Between Urban and Rural Areas, 1963–1975

Years	Total Population (thousands)	Rural Population: Numbers (thousands)	Rural Population: % of Total Population	Urban Population: Numbers (thousands)	Urban Population: % of Total Population
1963	55,672	44,943	80.7	10,729	19.3
1966	59,959	47,653	79.5	12,306	20.5
1970	66,939	51,842	77.8	14,796	22.2
1973	71,260	54,333	76.2	16,927	23.8
1975	74,878	56,354	75.3	18,524	24.7

Years	Total GDP at Current Factor (₦ millions) cost	Rural Population: Agricultural Product (₦ millions)	Rural Population: Per Capita Product (₦)	Urban Population: Nonagricultural Product (₦ millions)	Urban Population: Per Capita Product (₦)	Rural Per Capita Product as % Urban Per Capita Product	Urban Per Capita Product as % Rural Per Capita Product
1962/63	2,630.8	1,609.6	35.8	1,021.2	95.2	37.7	265.9
1966/67	3,210.0	1,784.4	37.4	1,425.6	115.8	32.3	309.6
1970/71	5,281.1	2,576.4	49.7	2,704.7	182.8	27.2	375.4
1973/74	8,452.7	3,122.9	57.5	5,329.8	314.9	18.3	547.7
1975/76	15,718.2	3,854.4	68.4	11,863.6	640.4	10.7	936.3

SOURCES: Computed from data from the Federal Office of Statistics, Central Planning Office, (Washington, D.C.: The World Bank, 1979).

value of agricultural production. It is known, of course, that the rural population is engaged in nonagricultural activities. The specific value of these activities is unknown, but it is generally felt that their contribution to total income is not great. Accordingly, we have computed rural per capita income as agricultural production divided by the rural population.

The rural population was derived as a residual by deducting the urban population given in the 1963 census from the total population given in the 1963 census accepted for official planning purposes. Total population from 1963–1975 was projected at the official population growth rate of 2.5 percent per annum. The urban population was projected at the rates of urban population growth (4.7 percent per annum in 1960–1970 and 4.6 percent per annum in 1970–1977) given by the World Bank,[8] and the rural population was obtained by differencing. Nonagricultural output is presumed to be the product of the urban population. It is realized that this procedure may be subject to some error, since the nonagricultural output of the rural population is included in this figure. However, in western Nigeria and parts of northern Nigeria, some people who are considered part of the urban population are actually engaged in agriculture because of the traditional nature of these towns (more on this by Bola Ayeni in chapter 7). Therefore, some output of the urban population is imputed to the rural population. Thus, there are offsetting errors which may wash out, and on the whole the remaining error margin is likely to be small.

With the above cautions in mind, we can proceed to an analysis of per capita income differentials between the urban and rural populations. It is important to note that about 75 percent of Nigeria's population is resident in rural areas, this figure having fallen from about 80 percent in the early 1960s. The ratio of urban to rural per capita income was roughly about 2.5 : 1 in 1963, but it increased considerably to 9 : 1 in 1975/1976. That is, the average income per head in the rural area in the early 1960s was about 40 percent that of the urban dwellers. However, by the mid-1970s this average income per head in the rural areas had fallen only to about 10 percent of the average income of urban dwellers.

The widening gap between the rural and urban areas is even greater in income terms than in labor productivity terms. This should be so because, for urban dwellers, the income from assets (capital, urban land, and property) and entrepreneurship is far more significant than for rural dwellers. Accordingly the addition of nonwage income would tend to widen the differentials established on the basis of wage income alone—using labor productivity as proxy. The general impression that rural average incomes are about half of urban incomes may have been true of the early 1960s, but the explosive growth of oil has now changed all that, making the rural population average income per head in the mid-1970s only about 10 percent of the urban average. This level of income inequality is unusually high, as we have already shown in our discussion of labor productivity differentials.

Oil and the Rise in Income Inequality

To illustrate the effect of oil production in the sharp increase in the differentials in labor productivity and per capita income between the rural and urban populations, we computed the *K*-ratios and per capita incomes differentials without including the mining sector (which is almost 100 percent oil production). Without oil, the *K*-ratios (i.e., labor productivity in the nonagricultural sector divided by labor productivity in agriculture) would have been as follows:

1966: 1.8 instead of 2.0
1970: 2.0 instead of 2.5
1975: 3.0 instead of 5.2

The trend of increasing inequality would have persisted even without oil, but the magnitude of inequality would have been much less, and within the range of 2.0-3.5 for less developed countries, with Nigeria in fact at the lower end of the range. The *K*-ratios without oil are still biased upward because it has not been possible to eliminate the incremental effects of the oil boom on the outputs of the services sector and the balance of the industrial sector without oil. As a result of the oil boom of the 1970s the sharp increase in the *K*-ratios is very clear as shown by the above figures, with the value by the mid-1970s almost doubled as a result of oil production.

The differential in per capita income between the urban and rural population has also substantially increased as a result of the oil boom. Without oil the urban per capita income as a ratio of the rural level would have risen from about 2.5 times in 1962/1963 to about 5 times in 1975/1976, as compared to an increase of 2.65 to 9 times when oil is included. Conversely, without oil, the rural per capita income as a percentage of the urban level would have declined from about 40 percent in 1962/1963 to 20 percent in 1975/1976, in contrast to the decline from 40 percent to 10 percent when oil is included. As in the case for *K*-ratios, inequality would have increased significantly without the oil effect, even though the oil effect has led to very large inequality ratios.

Although the urban sector has a large relative income gap over the rural sector, there are also large income gaps within the urban sector, as shown by Ayeni and Fajana (chapters 5 and 6). Low-income urban groups, particularly in the formal sector of the urban areas, have not significantlyincreased their real income positions as a result of the oil boom but are still significantly better off than the rural dwellers, as evidenced by the continuing and substantial rural-urban migration. That income inequality has increased as a result of the oil boom is largely the result of the public expenditure pattern of the Nigerian government which, in the mid-1970s, derived about 80 percent of its revenue directly from oil production. The impact of petroleum on the Nigerian economy is felt largely through the fiscal payments of the oil companies to the Nigerian governments because the forward and backward linkage and direct employment effects of direct oil production are very limited in the Nigerian economy. The distributive effects of Nigerian government development and expenditure policies deriving largely from oil revenues are discussed in greater detail by Rimmer in chapter 2.

III. Regional Inequality

Regional inequalities in income and other developmental indices have been sources of political and social concern in Nigeria for a long time. The fear of domination of one regional group by another arising from differentials in developmental indices contributed directly to the outbreak of the Nigerian civil war in 1967–1970. The extent of regional inequalities in the distribution of national income and wealth in statistical terms has, however, remained largely unknown to planners and academicians. With the exception of the pioneering attempt by Dr. Okigbo to prepare regional accounts[9] for the then three regions for 1950–1957, subsequent national accounts statistics have been prepared and presented on nationally aggregated forms. The only disaggregation is on a sectoral basis.

A few attempts have been made in the recent past to net out the regional accounts of the Western and Bendel states for purposes of some regional studies[10]. Until now, no account exists for the former 12 states or the existing 19 states in Nigeria. Nevertheless, some partial indices have been used to make assertions about the relative levels of income in the different states.[11] Among the partial indices used are the states' expenditures and revenue (total and per capita) as well as the states' educational attainment, health facilities, and projected capital expenditures in the development plans. But there are serious limitations to using these as surrogates to the states' incomes. Instead, they are indices to sectors which have minor shares in the regional aggregates and as such are bound to be poor correlates with the total state incomes. However, differentials in these indices are of direct significance since they reflect real differences in economic welfare. Differences in regional per capita income indicate only one dimension of the real regional inequalities in welfare terms.

The 19 states in Nigeria are unequal in terms of area and population, but these are very significant to the regional comparisons. Table 3-7 shows the area, population, and density of the 12 states in Nigeria created in 1967. Although seven additional states were created in 1975, the total of 19 new states have not been in existence long enough to provide comparable statistical data for analysis. We have therefore elected to use here the data of the first 12 states.

Since there are no regional or national account statistics on the former 12 states in Nigeria, we shall present partial indicators of the attainments of the Nigerian states on the basis of major social and economic development indices. The indices will be standardized on a per capita basis, as this is more comparable in light of the unequal distribution of population among the

TABLE 3-7
Area, Population and Density by State in Nigeria

	Area (sq. km.)	*1977 Population (thousands)*	*Population Density (persons/sq. km.)*
Lagos	3,577	2,245	628
West (now Ogun, Oyo and Ondo)	75,379	13,352	177
East Central (now Anambra and Imo	29,909	10,171	340
North Central (now Kaduna)	70,209	5,767	82
North West (now Sokoto and Niger)	168,746	8,068	48
Benue Plateau (now Benue and Plateau)	100,826	6,268	61
Midwest (now Bendel)	38,648	3,569	93
Kwara	74,260	2,413	32
North East (now Borno, Bauchi and Gongola)	272,726	11,306	41
Kano	43,072	8,126	189
Rivers	18,091	2,173	121
Cross River	28,363	5,098	180
Nigeria	923,769	78,557	85

SOURCES: *Annual Abstract of Statistics* (Lagos: Federal Office of Statistics, 1974) and National Census Bureau (Lagos, 1977).

states. The partial indicators to be presented and discussed are government expenditure, industrial output and employment, electricity consumption, distribution of total modern employment in the public and private sectors, and enrollment at the different levels of education.

Government Expenditure

Government expenditure per capita was calculated to measure the disparity in state government spending among the states. In addition the average national government expenditure per capita was calculated by dividing the states' and federal expenditures by the total national population. Care was taken, however, not to double count the federal subventions to state governments.

In 1971/1972, Lagos state recorded the highest recurrent and total government expenditure per capita of ₦17.3 and ₦27.2, respectively. Lagos was followed by the states of Rivers, Bendel, and Kwara. The states with the lowest recurrent expenditure per capita in 1971/1972 were North West, North East, and North Central.

In 1975/1976 the states with the highest total government expenditure per capita were in the following order: Rivers, Bendel, Lagos, and Kwara. On the other hand the states with the lowest per capita total government expenditure were Kano, North East, West, and North West. Rivers and Bendel made total government expenditure per capita of ₦123 and ₦102.5, respectively. The corresponding expenditures for Kano and North East were ₦20.8 and ₦21.2, respectively.

In the same year the national average government recurrent, capital, and total expenditures per capita were ₦26.5, ₦51.2, and ₦77.7, respectively. Only Rivers, Bendel, and Lagos were above the national average performance (see Appendix Tables 1 and 2 for 1969/1970 through 1975/1976). What is significant from this table is that the relative inequality between the states declined from 1969/1970 to 1975/1976, with the ratio of the highest to the lowest state falling from 8 : 1 in 1969/1970 to 6 : 1 in 1975/1976 largely as a result of modifications in the revenue allocation formulas in 1975, which Rimmer writes about in chapter 2.

The levels of state government spending per capita do not necessarily reflect the government services enjoyed by each person in the state. Services depend not only on the states' expenditure per capita within each state. Unfortunately the distribution of federal government expenditure on a state basis remains to be analyzed; but, given the very heavy weight of total federal government expenditure in total public expenditure (about two-thirds), federal government expenditure must be judiciously managed in order to reduce further the inequalities between states, while ensuring efficiency as much as possible in the location of development projects. It is evident as Ayeni shows in chapter 5, that most of the government services are concentrated in the major urban and administrative centers.[12] But a more equitably oriented government policy should ensure the provision of more government services to people in areas hitherto deprived.

Industrial Output and Employment

The level of industrialization is a relative indicator of development and modernization (see Table 3-8). States with higher levels of industrial output and employment have taken a step forward to transformation into modern methods of production that invariably ensure higher productivity. Nigeria is still at a relatively low level of industrial development, with the industrial sector contributing a mere 11 percent of the GDP in 1975. On a state basis the Nigerian industrial attainment is highly concentrated in very few states.

In 1970, Lagos state was responsible for 58.2 percent of the total national industrial gross output and 45.2 percent of the employment. In the same year,

TABLE 3-8
Industrial Output Per Capita by State and Its Proportion to National Industrial Output Per Capita

	1970		1973		1975	
State	*Output (₦)*	*Prop. to Nat'l Av.*	*Output (₦)*	*Prop. to Nat'l Av.*	*Output (₦)*	*Prop. to Nat'l Av.*
Lagos	275	21.15	377	22.18	816	23.31
West	5	0.38	8	0.47	5	0.14
East Central	1	0.08	10	0.59	10	0.29
North Central	24	1.85	16	0.94	50	1.43
North West	1	0.08	1	0.06	3	0.09
Benue Plateau	6	0.46	5	0.29	7	0.20
Bendel	9	0.69	11	0.65	23	0.66
Kwara	7	0.54	13	0.77	39	1.11
North East	1	0.08	1	0.06	1	0.03
Kano	12	0.92	14	0.82	20	0.57
Rivers	9	0.69	8	0.47	21	0.60
Cross River	1	0.08	1	0 06	5	0.14
Nigeria	13	1.00	1.7	1.00	35	1.00

SOURCE: Computed from data from *Industrial Survey* (Lagos: Federal Office of Statistics).

North Central and Kano states had the next highest industrial output, with 12.7 and 9.6 percent, respectively, of the total national output. In terms of industrial employment, Lagos state was followed by North Central and Bendel with 14.0 and 10.3 percent, respectively, of the national industrial employment. The states with the lowest share of national industrial output in 1970 were Cross River (0.1 percent), North East (0.7 percent), North West (0.7 percent), East Central (0.9 percent), and Kwara (1.6 percent).

In 1973, Lagos state increased its share of national industrial output to 60.2 percent, and was followed by Kano (8 4 percent), West (7.8 percent), East Central (6.8 percent), and Bendel (2.8 percent). In terms of the share of industrial employment the states with the largest shares were Lagos (47.7 percent), North Central (10.8 percent), West (8.2 percent), and Kano (7.4 percent). The states with the lowest shares of both output and employment were North East, North West, and Rivers—each with less than 2 percent of the national output and employment.

In 1975, Lagos state increased its share of the national industrial output further to 65.6 percent, and its share of the employment was 43.1 percent. The share of output of North Central was 10.6 percent, Kano (5.9 percent), East Central (3.7 percent) and Kwara (3.4 percent). Appendix Table 3-3 shows the shares of the different states in rural national industrial output, and employment from 1970–1975.

In terms of industrial output and employment per capita, Lagos state achieved the highest performance from 1970–1975, followed by North Central, Kwara, Kano, and Bendel. In 1970 the industrial output per capita was Lagos (₦275), North Central (₦24), Kwara (₦7), Kano (₦12), and Bendel (₦9). The lowest attainments were by East Central, North East, North West, and Cross River—each with an industrial output per capita of ₦1. In 1975 the states with the highest industrial output in 1970 improved their performances—i.e., Lagos (₦816), North Central (₦50), Kwara (₦39), Kano (₦20), Bendel (₦23), and Rivers (₦21).

It is apparent that the industrial capacity in Nigeria, in terms of output and employment, is concentrated mainly in Lagos and to a much lesser extent in North Central, Kwara, Kano, Bendel, and Rivers. The inequity in industrial development was exacerbated by the uneven development in industrial infrastructure and uneven availability of raw materials.[13] This pattern is bound to continue in the foreseeable future as new industries tend to gravitate toward locations that have established the necessary industrial infrastructure and raw materials. In terms of the regional income, states with a strong industrial base and the ancillary services are likely to generate more income than states relying mainly on primary activities. On the whole, there has been increasing inequality in industrial development between the states during the 1970s, with increasing concentration in Lagos state. A policy of industrial dispersal out of Lagos has been adopted but needs to be pursued more vigorously, especially in light of the congestion in Lagos and the need to strengthen industrialization in states that are currently weak.

Distribution of Wage Employment

In an economy where the capital market is still in the rudimentary stage, wage employment is the main source of family income. The other major source of income is agricultural activities. Evidence shows that the agricultural sector is characterized by low productivity and that the average income of the agricultural worker is much less than the minimum legislated wage in the modern sector.[14] The regional distribution of wage employment therefore appears to be a strong partial indicator of the regional distribution of income in the modern sector.

A survey of employment in Nigeria by the National Manpower Board (Table 3-9) shows that in 1977 Lagos state alone had 44.8 percent of all the wage employment in the private and public sectors in Nigeria. The share of the states with a reasonable proportion of the total national employment are East Central (9.5 percent), West (8.4 percent), Rivers (6.5 percent), North Central (5.6 percent), and North East (4.9 percent). The states with the lowest share are Kwara (1.3 percent), North West (3.3 percent), and Bendel (3.9 percent).

In the private sector the states with the largest share are Lagos (55.7 percent), Kano (7.8 percent), Rivers (6.8 percent), North Central (6.8

TABLE 3-9

Distribution of Total Employment by Employer by State in 1977 (thousands)

	All Governments[a]		*Private Sector*		*Total Employment*	
	Number	*% Share*	*Number*	*% Share*	*Number*	*% Share*
Lagos	226	37.5	228	55.7	454	44.8
West	62	10.3	23	5.6	85	8.4
East Central	80	13.2	16	3.9	96	9.5
North Central	29	4.8	28	6.8	57	5.6
North West	28	4.6	5	1.2	33	3.3
Benue Plateau	29	4.8	12	2.9	41	4.0
Bendel	21	3.5	15	3.7	36	3.6
Kwara	10	1.7	3	0.7	13	1.3
North East	41	6.8	9	2.2	50	4.9
Kano	7	1.2	32	7.8	39	3.9
Rivers	38	6.3	28	6.8	66	6.5
Cross River	32	5.3	11	2.7	43	4.2
Nigeria	603	100.0	410	100.0	1,013	100.0

SOURCE: Current Manpower Demand and Supply Situation (Lagos: National Manpower Secretariat, Federal Ministry of Economic Development, September 1978).

[a]Note: Federal, state and local governments.

percent), and West (5.6 percent). On the other hand the states with the lowest share of private sector employment are Kwara (0.7 percent) and North West (1.2 percent). In relative terms the private sector wage in Nigeria is much higher than the public sector wage. In addition the concentration of private sector employment is an indicator of productive activities yielding material goods and services. There is no doubt that Lagos, Kano, and North Central have the largest share of manufacturing establishments, and this is also reflected in the distribution of private sector employment.

Public sector employment is concentrated in Lagos, which has a controlling share of 37.5 percent of the total public sector employment. Other states with a fairly reasonable share of public sector employment are East Central (13.2 percent) and West (10.3 percent). The states with the lowest share are Kano (1.2 percent) and Kwara (1.7 percent). Lagos has the dominant position because it is the federal capital as well as the Lagos state capital. There is no doubt that Lagos state controls the largest share of the public sector wage in income.

Electricity Consumption

Electricity consumption per capita is closely correlated with the income levels of nations; hence on comparative terms it is a good indicator of the relative level of development. In Nigeria the correlation between electricity consumption per capita and national GDP is 0.95.[15] This may suggest that regional incomes may also be correlated with per capita electricity consumption. Reservations about this, however, are largely due to the large component of primary agricultural production in the Nigerian economy; and the magnitude of agricultural production varies widely among the different states. There appears to be a close correlation (0.96–0.98) between regional per capita electricity consumption on the one hand and industrial output, urbanization, and wage employment on the other hand. It appears that regional per capita electricity consumption may be a better partial indicator of relative regional income generated in the modern sector.

Appendix Tables 3-4 and 3-5 show the per capita electricity consumption in absolute and relative levels from 1970/1971 to 1976/1977. Lagos state had the highest level over the period, with per capita electricity consumption rising from 334 kwh (kilowatt-hours) in 1970/1971 to 728 kwh in 1976/1977. The next highest consumption over the period was in Rivers (17–70 kwh), Bendel (16–55 kwh), and North Central (23–42 kwh). The lowest consumption per capita was recorded in North East, North West, and Benue Plateau. If per capita electricity consumption is a good proxy for the relative regional distribution of income in the modern sector, it appears that most of it is concentrated in Lagos.

Although there has been a reduction in the relative gap between the highest and lowest states from 334 : 1 in 1970/1971 to 243 : 1 in 1976/1977, the ratio of inequality is extremely high and needs to be drastically reduced in order to spread modernization more evenly among the states.

Educational Development

We have also presented the relative levels of regional educational attainment at primary, secondary, and university levels (Appendix Tables 3-6 and 3-7). But we were unable to establish close correlations between them and any of the proxies we have used as indicators of relative levels of regional incomes (at least in the modern sector). There appears to be no significant relationship between the current stock of pupils and students in educational institutions and proxies for regional incomes.[16] We cannot assert, therefore, that states with a relatively higher proportion of students are better off in terms of income. However, it is known that the Northern states depend more on foreigners and Nigerians migrating from other states for the maintenance of their production in the modern sector than do the Southern states. The Northern states would have a smaller modern sector output if they had to depend on "indigenous" manpower. We will remain curious about the relationship between relative regional educational attainment and regional income performance in Nigeria until more detailed information is available on total incomes of the states and the educational and ethnic profiles of their labor forces.

The evidence we have shows clearly that the Southern states (Lagos, West, Kwara, Bendel, Rivers, Cross River, and East Central) are far ahead of the other states in educational attainment at all levels (see Appendix Tables 6 and 7). Education gives access to top well-paying jobs in both the private and public sector and in some cases places the recipients in policy-making positions. If this rule is anything to go by, it then follows that the well-paying policy positions in both government and private sectors are held largely by people from Southern states and foreigners. To a large extent this appears to be the case for positions where educational qualifications were a condition for appointments to such positions. On the other hand, where political considerations have a part to play, the Northern states have a great deal of leverage due to their powerful political position. We can only state with certainty that the Southern states are more educationally developed than the Northern states, but it is not clear to what extent this gives them an advantage over the income and wealth of Nigeria. The relationship between education and individual incomes is quite clear, however, as shown in chapter 11.

IV. Personal Income Inequality

Studies on personal income inequality in Nigeria are few and fragmentary, and the data bases have serious limitations.[17] Most can be said to be out of date, as they refer to the personal income distribution in the 1960s and very early 1970s. Since then, though, the absolute and relative incomes have changed as a result of, among other things, the adoption of new wage policies and guidelines as well as the resulting new salary structure in the private and public sectors.[18] We shall, however, present and discuss the results of some of these studies to show the historical development of personal income inequality in Nigeria. We must sound a note of warning about the comparability and the reliability of the various studies, for the statistical data bases are different in scope and time.

The earliest studies on personal income distribution considered the people in wage income.[19] Two of the studies referring to 1960 and 1963, respectively, presented the distribution of wage income by quintiles. In 1960, according to the study by Adelman and Morris, in Nigeria the lowest quintile received 7 percent of the total wage income, the second quintile received 7 percent, and the fourth and highest quintiles received 16 and 61 percent, respectively, of the total wage income. The top 5 percent alone received 38.38 percent of the total wage income.

In 1963, the study by Vielrose showed a difference distribution of wage income. The lowest and the highest quintiles lost part of their shares of the total income to the second, third, and fourth quintiles. The lowest and highest quintiles received 4.4 and 53.8 percent, respectively, in 1963 against 7 and 61 percent, respectively, in 1960. The second, third, and fourth quintiles improved their shares in 1963.

TABLE 3-10

Percentage Distribution of Total Income by Quintiles

Quintiles	*Adelman/Morris (1960)*	*Vielrose (1963)*
Lowest	7.0	4.4
Second	7.0	14.3
Third	9.0	27.5
Fourth	16.0	
Highest	61.0	53.8
Total	100.0	100.0
Top 5%	38.38	25.6

SOURCE: Adapted from Udo Udo-Aka, "Some issues in personal income distribution in Nigeria," in *Poverty in Nigeria* (Ibadan: Nigerian Economic Society, 1979).

The two studies show that the share of the middle income group, among people in wage employment, improved at the expense of the low and high income groups. Since the data is aggregated do we not have an insight into the distribution of individual personal incomes. The studies, however, have their limitations. Dr. Okigbo, for example, expressed some serious objections to the study by Vielrose with regard to the data base, the demarcation of the different income groups, and the analytical framework.[20] Since wage employment in the early 1960s must have accounted for only about 5 percent of the total labor force, income distribution in the wage employment sector would not be representative of all income earners. However, these studies indicate the extent of income inequality in wage employment at the time. The Gini coefficients for the 1960 and 1963 studies were estimated by Udo Udo-Aka as 0.45 and 0.47, respectively. These levels of coefficients are considered to be in the range of moderate inequality, which tends to confirm our earlier conclusions of moderate income inequality in Nigeria in the early 1960s.

Ojetunji Aboyade's household survey of 1966/1967 provided the most comprehensive data base for personal income distribution analysis in the 1960s since his sample was not limited either to wage employment workers or to incomes as presented in incomplete tax returns. From a household survey of 1,635 households in 1967, representing the whole country except the Eastern states which were then (in 1967) involved in the civil war, Aboyade estimated a Gini coefficient of income concentration of 0.58. It would appear that this figure was on the high side at the time, if it was meant to represent Nigeria as a whole. The Eastern states that were left out are more egalitarian in their institutions than both the Northern and Western states. Accordingly the addition of the eastern states should have lowered the Gini coefficient probably to about 0.5.

Further insight into the distribution of personal income in Nigeria was provided by Fajana,[21] who analyzed the distribution of income from the returns (for tax purposes) of PAYE (pay as you earn) taxpayers in the Western state and produced a distribution of the income of earners for the two years 1965/1966 and 1970/1971 (see Table 3-11). The limitations of the data used detract from their reliability, as people usually declare the wrong income (especially the self-employed) for tax purposes.

Comparing the distribution of income in 1965/1966 and 1970/1971, it appears that generally people have improved in their income levels. The proportion of persons in the income group, less than ₦1,000 reduced from 94.97 and 92.01 percent, and the proportion of those in the higher income group increased. Note, however, that the sample size and distribution of persons among the income groups in the two years may not be the same. Using a finer classification, the Gini index of concentration was calculated. The evidence was that the distribution of income among taxpayers worsened from 1965/1966 to 1970/1971; the Gini index for the two years was 0.51 and 0.53, respectively.

A further classification of the taxpayers into occupational categories showed that 68.98 percent of the taxpayers were farmers and 5.91 and 17.66 percent were traders and wage earners, respectively. Using the average income of all the taxpayers as a base, the average income indices of the different occupational categories were calculated. Farmers and craftsmen earned the lowest incomes. The average annual income of farmers in 1970/1971 was one-half that of wage earners and 0.57 that of traders.

The pattern of income distribution among taxpayers in the Western state was similar to that of Bendel. In 1970/1971, the proportion of income earners in the range below ₦600 was 82.58 percent in the Western state and 82.84 percent in Bendel. This group earned 43.98 percent of the total income in the Western state and 42.85 percent in Bendel. The top 5 percent of income earners received 32 and 35 percent of the total income in the West and

TABLE 3-11

Percentage Distribution of Income Among PAYE Taxpayers in Western Nigeria, 1965/1966 and 1970/1971

Income Group (naira)	1965–1966 Income Units	Income Units	1970–1971 Income Units	Income Units
Less than 1,000	94.97	68.52	92.01	59.50
1,000 – 2,200	3.26	13.18	5.69	19.71
2,000 – 4,600	1.41	12.15	1.75	12.45
4,600 +	0.36	6.15	0.57	8.28
Total	100.00	100.00	100.00	100.00

SOURCE: Adapted from O. Fajana, "The distribution of personal income in Nigeria," in *Poverty in Nigeria* (Ibadan: Nigerian Economic Society, 1979).

Bendel states, respectively. On this basis, Fajana concluded that income distribution among all income earners in all the states in Nigeria assumed the same pattern as that of the Western state.

This conclusion appears to us to be not judicious. Until very recently, the West and Bendel states were in the same region. Their close sociopolitical affinity is enough to induce similar income distributional structure. Though our presentation of the regional and sectoral income distributional structure gives no insight into the underlying personal income distribution, there is a good reason (at least on the basis of our discussion on regional inequality) to believe that the different states may not have similar distributions of personal income.

Another study of personal income distribution based on tax returns in the Western state was conducted by Phillips and Teriba[22] and showed Gini coefficients of about 0.5 for 1966/1967.

Also, a study of personal income distribution by Omorogiuwa in chapter 11 shows Gini coefficients of about 0.4 for the Western state in the 1965–1970 period based on tax returns, though the Gini index fell to about 0.3 in the early 1970s. The pattern for Bendel was roughly similar for the 1965–1969 period, with Gini indices of about 0.4 which increased to about 0.5 in 1970 and declined to 0.4 in 1971.

A sectoral breakdown of the distribution of personal income was provided by Etim and Erontini[23] for the years 1969/1970 through 1971/1972 (see Table 3-12). They used data on the income of PAYE taxpayers in wage employment gathered from the tax offices of the 12 states in Nigeria. Their work is different from that of Fajana, Phillips, Teriba, and Omorogiuwa in that it provides a countrywide coverage; but, it is constrained by its limitation to persons in modern sector wage employment. Since the majority of people in productive employment in Nigeria are outside the wage employment sector, the sectoral breakdown has very limited countrywide implications and

TABLE 3-12

Percentage Share of Total Income by Group and Activity, 1971/1972

Activity	*Poorest 20%*	*Poorest 60%*	*Middle 40%-60%*	*Top 20%*	*Top 5%*
Mining/Quarrying	6.0	22.5	9.5	65.5	40.0
Manufacturing/Processing	5.5	16.0	6.0	73.0	34.0
Agric/Forestry/Fishing	11.0	38.0	14.0	41.0	20.0
Transport/Communication	3.5	18.0	8.0	71.0	46.0
Building/Construction	8.0	25.0	9.0	60.0	43.0
Trading/Business	7.0	23.5	9.0	62.0	42.0
All activities	7.5	28.0	13.5	58.0	41.0

SOURCE: B.A. Etim and F.N. Erontini, "Personal income distribution in Nigeria," in *Poverty in Nigeria* (Ibadan: Nigerian Economic Society, 1979).

application. This is because self-employed taxpayers were left out of the analysis. However, the Etim and Erontini paper gives some insights into income inequality in the modern sector around 1970.

It appears that relatively the best distribution was in the agricultural sector while the worst was in the manufacturing and transportation sectors. In the agricultural sector the poorest 20 percent of the wage earners received 11 percent of the total income, while the corresponding shares in manufacturing and transportation were 5.5 and 3.5 percent, respectively. The top 20 percent of wage earners in the agricultural sector earned 34.0 percent of the total income, while their corresponding shares in the manufacturing and transportation sectors were 73 and 71 percent, respectively. The average annual income in the agricultural sector was relatively the lowest among all the sectors. While the average annual income in the agricultural sector was ₦410, the incomes in the manufacturing and transportation sectors were ₦1,313 and ₦1,258, respectively.

The Gini index of concentration was calculated for the different activities. In 1971/1972 the values were lowest for agriculture and trading at 0.520 and 0.516, respectively, and highest for manufacturing and transportation at 0.615 and 0.588, respectively. In general the range of Gini index for all the sectors was 0.516–0.615. This appears too narrow, and the probable reason could be that the data used was employees' wage. In Nigeria the public sector is responsible for the larger bulk of all wage employment and, irrespective of sector, the salary structure is more or less similar. In 1971/1972 the share of the public sector in total wage employment was about 70 percent. Even though the private sector wage structure is different from that of the public sector, it closely follows a similar pattern as the public sector income and wages guidelines. Although the narrow variation in the values of the Gini concentration index may be only a reflection of the variation in the magnitude of wages in the establishment (employment) in the different sectors, Etim and

TABLE 3-13

Average Annual Income and Gini Indices by Sector, 1971/1972

Sector	*Average Annual Income (₦)*	*Gini Index of Concentration*
Mining/Quarrying	858	0.564
Manufacturing/Processing	1,313	0.615
Agric/Forestry/Fishing	410	0.520
Transport/Communication	1,258	0.588
Building/Construction	681	0.549
Trading/Business	867	0.516
All Activities	771	0.525

SOURCE: B.A. Etim and F.N. Erontini, "Personal income distribution in Nigeria," in *Poverty in Nigeria* (Ibadan: Nigerian Economic Society, 1979).

Eronini have stimulated the need for further inquiry into the sectoral variations in personal income inequality.

A more recent work on personal income inequality was carried out by Anusionwu on the distribution of income in the public sector at the state levels in 1976.[24] Public sector employees were classified into three main income categories[25] (low, middle, and high) according to their levels of salary in the different state public services. The low income group comprised people usually referred to as "junior workers" and at salary grade levels 01–04. The middle income group comprised people usually referred to as "intermediate staff" and at salary grade levels 05–07. The high income group included the senior staff at salary grade levels 08–17. In 1976 the low income group constituted over 80 percent of the total employees in the services of the federal, Bendel, and Cross River governments, and over 70 percent in the services of Lagos, Oyo, Sokoto, and Niger. The high income group constituted under 10 percent of the total employees in all the states studied except Sokoto (11.7 percent). In Oyo and Cross River, the high income group comprised only 3.9 and 2.7 percent, respectively.

The share of total income appears to be in favor of the high income group. In the federal service, this group constituted 7.6 percent and earned 24.3 percent of the total income. In the states of Oyo and Cross River the high income group constituted 3.9 and 2.7 percent, respectively, of the total employees, and its corresponding share of the total income was 14.7 and 11.5 percent. Similar inequitable patterns were exhibited in all the other states.

The Gini index of concentration was calculated for all the states considered, and the values are as follows: federal (0.469), Oyo (0.442), Niger (0.494), Bendel (0.496), Cross River (0.370), and Sokoto (0.524). Cross River and Oyo had relatively better personal income distribution in the public sector than the other states. Relatively the worst distributions were in Sokoto and Bendel.

The Gini index was calculated for Lagos and the federal service to see how the personal income distribution in the public sector has changed over time, and to see the effects of the impact of the Udoji public service wage review[26] on income distribution in the public sector. The wage review exercise was partly aimed at improving the distribution of public sector income. Account was taken of the fringe benefits—e.g., vehicle and housing allowances—granted to the different categories of public servants. In the federal service the pre-Udoji Gini indices were 0.425 in 1972 and 0.448 in 1973, but the post-Udoji Gini indices were 0.454 in 1975 and 0.489 in 1976. In Lagos the pre-Udoji indices were 0.399 in 1969 and 0.367 in 1971, but the post-Udoji index was 0.454 in 1976. From the evidence we have, it is obvious that, in the federal and Lagos state public services, the distribution of personal income has worsened over time and that, contrary to expectation, the Udoji wage review produced a worse income distribution. This trend of worsening of income distribution by government actions, which in most cases aims at correcting for the cost of living index rather than ameliorating the income inequities, has been observed by eminent Nigerian scholars.[27]

Although the analysis of income distribution in the public sector may not be sufficiently comprehensive in an economy-wide sense, income inequality in the public sector is of major public concern. The Gini indices falling into the range of 0.45 to about 0.5 in 1976 represent moderate income inequality in the public sector in spite of the considerable increases in overall income inequality between 1970 and the mid-1970s. The study of income distribution in the Nigerian public sector is therefore illuminating and useful in spite of its limited coverage.

What emerges from our review of personal income distribution studies in Nigeria from 1960–1976 is that no comprehensive nationwide household survey has ever been carried out in Nigeria to enable us to make authoritative pronouncements on the precise magnitude of interpersonal income inequalities nationwide. However, the fragmentary studies of interpersonal income inequalities in modern wage employment suggests a widening in income inequalities from 1960–1970, with the Gini coefficient of income concentration rising from about 0.45 in 1960 to about 0.55 around 1970. This confirms the worsening trend that we noticed on the basis of sectoral analysis in section III.

That analysis also showed a sharp increase in income inequality between 1970 and the mid-1970s. Although we do not have data for a study of interpersonal income inequalities for 1975/1976 for modern sector employment, we can confidently conclude that the Gini coefficient must have increased from the 1970 level of about 0.55 to about 0.7 in 1975/1976. The degree of income inequality in the modern sector, though moderate in the 1960s, clearly became high in the 1970s—reaching a very high level around 1975/1976.

It is known that the magnitude of interpersonal income inequality in the rural population is low (see chapter 8 by Matlon), with Gini indices probably around 0.3 because of widespread impoverishment throughout the population. This conclusion would probably hold for the urban informal sector as well. Given the heavy weight of the rural sector and the urban informal sector in the total labor force, the integration of these sectors with the modern sector would tend to put an upward bias on the Gini coefficients computed for the modern sector. We have seen the huge gap between the rural and urban population (section II) and the substantial gap between the informal and formal urban sectors as argued by Fajana (chapter 6). (In 1975 the low income self-employed workers in the urban informal sector had a monthly wage equivalent to only 62 percent of the monthly wage of the lowest paid wage earners.) On the whole, therefore, the Gini index for interpersonal income distribution in Nigeria nationwide probably increased from about 0.5 in 1960 to about 0.6 in 1970, and to the range of about 0.7–0.8 in 1975/1976.

There are reasons to believe that interpersonal income inequalities must have declined between 1975/1976 and 1978/1979:

- First, between 1976 and April 1979, the salaries of low income earners increased by about 17 percent while the salaries of the high income groups remained unchanged. Through the intermediation process between the formal and informal urban sectors, the informal sector workers also must have increased their earnings.
- Second, some of the nonwage remuneration going to high income groups, such as subsidized car loans and car allowances, were abolished in April 1979.
- Third, as a result of the Operation Feed the Nation Campaign (introduced in 1976) and other measures to boost agricultural production, it is estimated that agricultural production has increased significantly since 1976, so that rural incomes have benefitted proportionately. Agricultural production is estimated to have increased by about 3 percent in 1976/1977 while acreage under production is estimated to have increased by 10.5 percent in 1978 (Central Bank of Nigeria *Annual Reports* 1977 and 1978).
- Fourth, the modern sector was sluggish in 1977/1978 and to some extent in 1978/1979 because of poor performance in the oil sector.

While there was a reduction in income inequality between 1975/1976 and 1978/1979, it was not very sharp. Overall interpersonal income inequality still remained quite high in mid-1979, with the Gini coefficient probably around 0.7. With the substantial recovery of the oil sector in 1979/1980 and the correspondingly sharp increases in production and prices, income inequality might increase once again to the 1975/1976 levels unless determined action is taken to channel the increased resources into agriculture and manufacturing, with a preference for less capital intensive projects.

V. Conclusions and Policy Implications

Our analysis shows that the Nigerian economy has expanded very rapidly in the 1970s, but the pattern of growth has been very lopsided—i.e., concentrated in the expansion of oil production, public sector investment, and consumption, and in the manufacturing sector. With the bulk of the labor force still concentrated in the rural sector (about 65 percent of total) and with agricultural production actually declining during 1970–1977, there has been a very substantial increase in inequality between the agricultural and nonagricultural sectors. The Kuznets ratio of productivity differential between the agricultural and nonagricultural sectors had risen from about 2 in 1960 to about 5 in 1975/1976. The 1975/1976 *K*-ratio was about double what it should be, indicating a high degree of inequality between the two sectors in Nigeria. We found an ever higher *K*-ratio (about 9) in terms of per capita income differentials between the rural and urban populations.

Our study of regional inequalities reveals substantial gaps in terms of various indicators of development, industrialization, modern sector employment, consumptio . of electricity, educational development and government capital, and recurrent expenditures. Although there was a reduction in the extent of regional inequalities in the 1970s, current levels of inequalities are still high.

Our investigation of interpersonal distribution of incomes showed substantial gaps in the data base, with most of the available studies confined to a study of distribution in modern sector wage employment and the public sector. These studies indicate a worsening in the personal income distribution pattern, with the Gini index of income concentration for the economy increasing from 0.5 in 1960 to about 0.6 in 1970, then to a range of about 0.7–0.8 in 1975/1976 and falling to about 0.7 by mid-1979. There has been, therefore, a very substantial increase in personal income inequalities in the Nigerian economy from 1960–1979, and currently the levels of inequalities are quite high by the standards of developing countries and about twice the level in developed countries.

Given the available data, it is clear that if the current high sectoral and personal income inequalities are to be reduced in Nigeria, future development strategies must focus on increasing the productivity and incomes in the agricultural and urban informal sectors and in small-scale enterprises generally. Detailed policies in different sectors are discussed in the chapters that follow. With regard to regional inequalities, it is essential that the federal government uses its position and spending powers to further reduce regional inequalities because they are currently too high. The state governments themselves need to pay increased attention to the reduction of territorial inequalities within the states.

It is clear from our efforts in this chapter that major gaps exist in the data base for analyzing income distribution questions in Nigeria. It is therefore essential that Nigerian governments pay increased attention to supporting studies which will generate the necessary data to enable us to evaluate progress in achieving the national objective of making Nigeria a just and egalitarian society.

APPENDIX TABLE 3-1

Current Capital and Total Government Expenditures Per Capita by State (₦)

State	1969–1970			1971–1972			1973–1974			1975–1976		
	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
Lagos	13.0	4.0	17.0	17.3	9.9	27.2	58.5	26.9	85.4	41.2	55.3	96.5
West	4.2	1.7	5.9	5.8	2.7	8.5	6.0	7.4	13.4	9.2	12.2	21.4
East Central	4.8	1.6	6.4	6.6	2.2	8.8	8.1	6.5	14.6	20.8	7.5	28.3
North Central	2.8	1.4	4.2	5.1	2.4	6.5	6.0	10.5	16.5	26.6	12.0	38.6
North West	2.0	1.2	3.2	2.9	2.1	5.0	4.1	4.3	8.4	14.5	8.1	22.6
Benue Pleateau	2.2	0.5	2.7	4.5	2.6	7.1	4.1	4.2	8.3	21.9	9.5	31.4
Bendel	7.8	5.2	13.0	10.7	8.3	19.0	19.4	17.3	36.7	50.5	52.2	102.5
Kwara	5.8	1.7	7.5	10.0	8.6	18.6	9.8	10.8	20.6	26.7	45.4	72.2
North East	1.7	0.4	2.1	3.6	1.7	5.3	4.0	3.0	7.0	13.4	7.8	21.2
Kano	3.5	1.2	4.7	4.7	3.4	8.1	4.7	4.0	8.7	14.6	6.2	20.8
Rivers	4.8	5.9	10.7	15.0	10.8	25.8	20.7	25.1	45.8	59.1	63.9	123.0
Cross River	3.8	0.7	4.5	5.6	2.4	8.0	7.1	5.9	13.0	23.4	22.2	45.6
Nigeria	9.5	3.9	13.4	13.8	6.4	20.2	18.4	14.9	33.3	26.5	51.2	77.7

SOURCE: Computed from approved estimates of recurrent and capital expenditures of the various states and the federal governments 1969/70–1977/78.

APPENDIX TABLE 3-2

Current Capital and Total Government Expenditure Per Capita By State
(As proportion of the national average)

	1969–1970			1971–72			1973–74			1975–76		
State	*Current*	*Capital*	*Total*	*Current*	*Capital*	*Total*	*Current*	*Capital*	*Total*	*Current*	*Capital*	*Total*
Lagos	1.34	1.03	1.27	1.25	1.55	1.34	3.18	1.81	2.56	1.55	1.08	1.24
West	0.44	0.44	0.44	0.42	0.42	0.42	0.33	0.50	0.40	0.35	0.24	0.28
East Central	0.50	0.41	0.48	0.48	0.34	0.44	0.44	0.44	0.44	0.78	0.15	0.36
North Central	0.30	0.36	0.31	0.37	0.38	0.32	0.33	0.71	0.50	1.00	0.23	0.50
North West	0.21	0.31	0.24	0.21	0.33	0.25	0.22	0.29	0.25	0.55	0.16	0.29
Benue Plateau	0.23	0.13	0.20	0.33	0.41	0.35	0.22	0.28	0.25	0.83	0.19	0.40
Bendel	0.82	1.33	0.97	0.78	1.30	0.94	1.05	1.16	1.10	1.91	1.02	1.32
Kwara	0.61	0.44	0.56	0.73	1.34	0.92	0.53	0.72	0.62	1.01	0.89	0.93
North East	0.18	1.10	0.16	0.26	0.27	0.26	0.21	0.20	0.21	0.51	0.15	0.27
Kano	0.37	0.31	0.35	0.34	0.53	0.40	0.27	0.27	0.26	0.55	0.12	0.27
Rivers	0.50	1.51	0.80	1.09	1.69	1.28	1.13	1.68	1.38	2.23	1.25	1.58
Cross River	0.40	0.18	0.34	0.41	0.38	0.40	0.39	0.40	0.39	0.88	0.43	0.59
Nigeria	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

SOURCE: Calculated by the authors.

APPENDIX TABLE 3-3

Proportion of Industrial Employment and Gross Output by State

	1970		*1971*		*1972*		*1973*		*1974*		*1975*	
State	*Empl.*	*Output*	*Empl.*	*Output*	*Empl.*	*Output*	*Empl.*	*Output*	*Empl.*	*Output*	*Empl.*	*Output*
Lagos	45.2	58.2	46.8	56.9	43.6	56.4	47.7	60.2	48.7	64.9	43.1	65.6
West	9.9	6.2	9.6	7.7	8.8	7.0	8.2	7.8	7.3	3.6	5.4	2.3
East Central	1.5	0.9	5.8	3.5	7.0	6.1	6.1	6.8	4.2	4.8	6.3	3.7
North Central	14.0	13.7	13.1	12.1	13.1	9.9	10.8	6.7	11.8	7.6	10.2	10.6
North West	1.7	0.7	1.5	0.5	1.4	0.4	1.4	0.2	1.7	0.5	1.8	0.7
Benue Plateau	2.0	3.5	2.2	3.0	1.9	2.7	2.2	2.3	2.3	3.8	2.0	1.7
Bendel	10.3	3.0	5.9	2.5	6.5	2.5	6.2	2.8	7.6	3.3	6.9	3.1
Kwara	3.7	1.6	3.7	2.5	3.0	2.6	3.0	2.2	1.9	1.9	3.1	3.4
North East	1.0	0.7	0.8	0.3	1.1	0.5	1.1	0.8	1.0	0.6	0.7	0.5
Kano	8.8	9.6	6.3	8.5	6.3	8.1	7.4	8.4	7.1	7.1	7.8	5.9
Rivers	0.9	1.8	1.0	2.0	2.2	3.2	1.4	1.2	1.2	1.0	3.1	1.6
Cross River	1.0	0.1	3.3	0.5	5.1	0.6	4.3	0.6	5.2	0.9	9.6	0.9
Nigeria	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Calculated by the authors from *Industrial Survey* (Lagos: Federal Office of Statistics, 1970–1975).

APPENDIX TABLE 3-4
Electricity Consumption Per Capita by State (kwh)

	1970–71	1971–72	1972–73	1973–74	1974–75	1975–76	1976–77
Lagos	334	486	447	500	528	623	728
West	17	17	21	22	25	27	33
East Central	1	8	14	17	17	20	27
North Central	23	28	30	30	35	37	42
North West	3	3	4	4	4	5	6
Benue Plateau	3	4	6	5	8	8	9
Bendel	16	20	24	33	41	44	55
Kwara	12	15	12	15	18	21	27
North East	1	1	2	2	2	3	3
Kano	9	10	10	12	13	16	20
Rivers	17	51	46	58	65	70	70
Cross River	2	3	3	4	7	7	9
Nigeria	18	25	26	30	31	36	43

SOURCE: Calculated by the authors from data from the National Power Authority (Lagos).

APPENDIX TABLE 3-5
Electricity Consumption Per Capita by State as Proportion of National Average Consumption Per Capita

	1970–71	1971–72	1972–73	1973–74	1974–75	1975–76	1976–77
Lagos	18.55	19.44	17.19	16.67	17.03	17.31	16.93
West	0.94	0.68	0.81	0.73	0.81	0.75	0.77
East Central	0.06	0.32	0.54	0.57	0.55	0.56	0.63
North Central	1.28	1.12	1.15	1.00	1.13	1.03	0.98
North West	0.17	0.12	0.15	0.13	0.13	0.14	0.14
Benue Plateau	0.17	0.16	0.23	0.17	0.26	0.22	0.21
Bendel	0.89	0.80	0.92	1.10	1.32	1.22	1.28
Kwara	0.67	0.60	0.46	0.50	0.58	0.58	0.63
North East	0.06	0.04	0.08	0.07	0.06	0.08	0.07
Kano	0.50	0.40	0.38	0.40	0.42	0.44	0.47
Rivers	0.94	2.04	1.77	1.93	2.10	1.94	1.63
Cross River	0.11	0.12	0.12	0.13	0.23	0.19	0.21
Nigeria	1.00	1.00	1.00	1.00	1.00	1.00	1.00

SOURCE: Calculated by the authors.

APPENDIX TABLE 3-6
Primary and Secondary Enrollment Ratios[a] as Proportions of the National Enrollment Ratios

	1970		1975/76		1977/78	
	Primary	*Secondary*	*Primary*	*Secondary*	*Primary*	*Secondary*
Lagos	2.52	3.33	1.95	3.61	1.39	3.13
West	1.35	2.15	1.13	1.37	0.96	1.50
East Central	2.04	1.71	1.77	1.88	1.49	1.81
North Central	0.44	0.27	0.49	0.24	0.85	0.41
North West	0.24	0.18	0.36	0.17	0.46	0.34
Benue Plateau	0.56	0.33	0.77	2.87	1.42	0.58
Bendel	2.48	2.64	2.18	1.52	1.62	2.48
Kwara	1.16	1.05	0.97	0.21	0.87	1.50
North East	0.28	0.13	0.53	0.14	0.70	0.16
Kano	0.16	0.10	0.26	1.52	0.54	0.14
Rivers	1.56	0.82	1.84	1.14	1.57	1.55
Cross River	1.56	0.95	1.51	1.12	1.18	1.10
Nigeria	1.00	1.00	1.00	1.00	1.00	1.00

SOURCE: Adapted from E.C. Anusionwu, "Analysis of the pattern of regional distribution of lower education in Nigeria," *Journal of Business and Social Studies* (forthcoming).

[a]Note: Enrollment ratio at a given level is defined as the proportion of the number of pupils or students actually in school to the total eligible population of the relevant age.

APPENDIX TABLE 3-7

Percentage Distribution of University Students by State of Origin

	1970/71	*1972/73*	*1974/75*	*1976/77*
Lagos	2.8	2.3	2.1	2.0
West	36.7	34.1	29.4	26.4
East Central	22.3	20.6	25.7	27.6
North Central	1.9	3.2	3.5	2.3
North West	1.6	2.8	2.8	2.3
Benue Plateau	2.9	4.2	4.5	5.6
Bendel	13.6	12.6	12.6	12.7
Kwara	6.0	6.3	6.8	6.4
North East	2.7	4.2	4.3	4.7
Kano	1.8	2.7	2.5	2.1
Rivers	2.2	2.0	1.7	1.8
Cross River	5.5	5.0	4.1	5.0
Total (Nigerians)	14,200	20,570	26,052	32,511

SOURCE: Adapted from E.C. Anusionwu, "Analysis of regional differentials of access to higher education in Nigeria," *Journal of Business and Social Studies* (forthcoming).

APPENDIX TABLE 3-8

Percentage Share of Income Units and Total Income in Some States in Nigeria, 1976

	Low Income Group		*Middle Income Group*		*High Income Group*	
Service	*Income Units*	*Income Units*	*Income Units*	*Income Units*	*Income Units*	*Income Units*
Federal	80.4	57.3	12.0	17.4	7.6	24.3
Lagos	73.1	51.7	21.3	30.2	5.6	19.1
Oyo	77.3	58.3	18.8	27.0	3.9	14.7
Bendel	82.1	60.0	12.5	18.9	5.3	21.1
Cross River	87.1	72.5	10.2	16.0	2.7	11.5
Sokoto	70.5	45.1	17.8	22.3	11.7	32.6
Niger	72.0	49.0	20.3	27.5	7.7	23.5

SOURCE: E.C. Anusionwu, "Personal income distribution in the public sector" (mimeo) (Lagos: University of Lagos, Department of Economics, 1979).

Notes

1. S. Kuznets, *Modern Economic Growth* (New Haven, Conn.: Yale University Press, 1966).

2. H. B. Chenery, M. Ahluwalia, C. L. G. Bell, J. Duloy, R. Jolly, *Redistribution with Growth* (London: Oxford University Press, 1974).

3. The World Bank, *World Development Report* 1979 (Washington D.C.: The World Bank, 1979).

4. National Manpower Board, *Current Manpower Demand and Supply Situation* (Lagos: National Manpower Secretariat, Federal Ministry of Economic Development, Sept. 1978).

5. S. Kuznets, *The Economic Growth of Nations: Total Output and Production Structure* (Cambridge, Mass.: Harvard University Press, 1971).

6. *Ibid.*

7. The World Bank, *World Development Report* 1979 (Washington D.C.: The World Bank, 1979), pp. 140–141.

8. *Ibid.*

9. P. N. C. Okigbo, *Nigerian National Accounts,* 1950–57 (Enugu: Government Printer, 1962).

10. A. Adedeji, *Nigerian Federal Finance* (London: Hutchinson Educational Press, 1969), p. 40; O. Teriba and O. A. Phillips, "Income distribution and national integration," *Nigerian Journal of Economic and Social Studies,* Vol. 13, No. 1 (March 1971), pp. 77–122; P. A. Omorogiuwa, *An Evaluation of Personal Income Taxation in the Mid-Western and Western States of Nigeria* (unpublished Ph.D. thesis, Department of Economics, University of Ibadan, 1977), Appendix Table XXIV.

11. V. P. Diejomaoh, "Regional dimensions of poverty in Nigeria," in *Poverty in Nigeria* (Ibadan: Nigerian Economic Society, 1975), p. 23.

12. E. C. Anusionwu, "Management of industrial location through public infrastructure development: the Nigerian experience" (Mimeo, Department of Economics, University of Lagos, 1979), p. 23.

13. *Ibid.*, pp. 14–20.

14. O. Fajana, "The distribution of personal income in Nigeria," in *Poverty in Nigeria* (Ibadan: Nigerian Economic Society, 1975), p. 280.

15. E. C. Anusionwu, "Estimation technique for regional incomes in Nigeria" (Mimeo, Department of Economics, University of Lagos, 1979).

16. E. C. Anusionwu, "Analaysis of the regional distribution of lower education in Nigeria," *Journal of Business and Social Studies* (forthcoming); also E. C. Anusionwu, "Analysis of the regional differentials of access to higher education in Nigeria," *Journal of Business and Social Studies* (forthcoming).

17. The data use in the different studies differs in scope and time, and the survey population and sample design differ. Therefore, it is difficult to make comparisons.

18. From time to time the government commissions salary reviews to improve workers' standard of living. The most recent reviews have been conducted by Adebo, Udoji, and William and Williams.

19. I. Adelman and C. T. Morris, "An anatomy of patterns of income distribution in developing nations" (Washington, D.C.: U.S. Agency for International Development mimeo, 1971); also E. Vielrose, "Distribution of income in Nigeria" (Mimeo, Nigerian Institute for Social and Economic Research, 1974).

20. P. N. C. Okigbo, "Interpersonal income distribution in Nigeria," in *Poverty in Nigeria* (Ibadan: Nigerian Economic Society, 1975), pp. 313–330.

21. O. Fajana, "The distribution of personal income in Nigeria," in *Poverty in Nigeria* (Ibadan: Nigerian Economic Society, 1975), pp. 277–293.

22. O. Teriba and A. O. Phillips, "Income distribution and national integration," *The Nigerian Journal of Economic and Social Studies* (March 1971), pp. 77–122.

23. B. A. Etim and F. N. Erontini, "Personal income distribution in Nigeria 1969/70 to 1971/72," in *Poverty in Nigeria* (Ibadan: Nigerian Economic Society, 1975), pp. 295–312.

24. E. C. Anusionwu, "The distribution of personal income in the Nigerian public sector" (Mimeo, Department of Economics, University of Lagos, 1979).

25. Those at salary grade levels 1–4 (annual income range ₦768 to ₦1,452) are regarded as low income; salary grade levels 5–7 (annual income range ₦1,476 to ₦3,252) are middle income; salary grade levels 8–17 (annual salary range ₦3,264 to ₦13,968) are in the high income slot.

26. Federal Ministry of Information, Lagos, *Report on Public Service Review Panel* (Lagos: Federal Ministry of Information, 1975).

27. O. Aboyade, "Income structure and economic power" (Presidential address to the 14th Annual Conference of the Nigerian Economic Society, April 1974).

CHAPTER 4

The Politics of Income Distribution: Institutions, Class, and Ethnicity

Henry Bienen

Aims and Organization of This Chapter

The aim of this chapter is to try to understand how political actors have defined distributional issues in Nigerian politics. Politics is the competition for wealth, status, and power. While these are goods that can be created, they also must be distributed in any society. Societies are distinguished not by the fact of struggle over valued goods, but by the amounts and resources available for competition and by the forms and intensities of the struggles which take place. In other chapters, official strategies for the distribution of valued places in education, allocation of wage goods, agricultural inputs, urban services are analyzed. The aim here is to try to understand the various ways that Nigerian politics have affected the formulation of economic policies. For, just as an economy sets the contexts in which political groups are formed and demands are raised and played out, so do political groups and institutions affect the elaboration of economic policies as well as the growth and structure of an economy.

Needless to say, these are huge themes of political economy. And Nigeria, while one of the most interesting countries in which to examine them, also poses many difficulties by virtue of data problems and by its very size and its economic and ethnic diversity. The material described and analyzed here can at best be a partial account of the politics of distribution in Nigeria.

This chapter focuses first on party leaders in the civilian period and then moves on to discuss the concerns of the military and civil service elite in regard to distributional issues. Formal plans are discussed along with political commitments. The second half of the chapter continues to look at the politics of income distribution in Nigeria by examining social groups and wider political cultures rather than the beliefs and concerns of the ruling elite. It also asks: What kinds of political space exist in Nigeria for the formulation of distributional policies? In what ways do class and ethnic groups define issues and constrain policy formulation and implementation?

Nigeria—Old and New Features

Nigeria shares the same features of many smaller and poorer Black African states. It still has low per capita income; the World Bank's Development Report ranks it 43/44 out of 110 countries.[1] While this puts Nigeria in the middle-income category, it is toward the low end of that category. Then, too, Nigeria, like a number of African countries, has done very badly in per capita food production. Its growth rate for public consumption was high in the 1970s, but low for private consumption. Population growth and especially urban growth are very high. Life expectancy remains low although it has improved over the decade.

While Nigeria shares these features with many African countries, it is atypical in important respects. Nigeria's economy, once dependent on its export of agricultural commodities, has been drastically altered as the country became a major oil exporter in the 1970s.[2] The world boom in oil prices after 1973 gave the Nigerian government immense new revenues; removed, for a time, foreign exchange constraints; and fueled a massive inflation in the late 1970s. During the period in which Nigeria became an important oil producer, fundamental transformations were wrought in the political structure. Civilian rule gave way to military rule. Multiple coups brought about new military leaders. One of the largest and costliest civil wars in the twentieth century was fought. A four-region federation was turned into a 12-and then a 19-state system by military edict. A new constitution was created, and in 1979 elections were held for legislative and executive positions. The military handed power over to civilians and a new executive president took power in October 1979. Substantial plans for a new federal capital have begun to be implemented.

I cannot review all these events here,[3] nor can I analyze the important political changes of 1979. It can be noted, however, that during the election campaigns, demands were made for a more equitable distribution of the economic pie.[4] The new political arrangements will be vulnerable to pressures at a time when major social and economic changes, planned and unplanned, are underway. Nigeria's oil revenues, not unlike Iran's, Indonesia's, and Mexico's, have produced large plans for social and industrial transformation; but the government has not been able to put the cap on inflationary pressures since 1975. Plans predicated on continuously growing foreign reserves had to be carried out in the context of falling exchange reserves in 1978, although Nigeria received a reprieve with high oil prices in 1979. Before the 1979 price increases, Nigeria had to borrow in the international money markets in 1978. High recurrent costs have been generated by large startup costs of transportation projects, a construction boom, and the proposed new capital. And all this in the face of declining per capita food production.[5]

Nigeria would appear to have the ingredients for a difficult, if not explosive, situation in the future. In order to try to understand the form and content of the politics of distribution in Nigeria, we must sort out the ways in which the ruling institutions have come to grips with distributional problems in Nigeria. This is a view from the top. We must also try to understand the nature of the demands, and the class and ethnic content of these demands from below.

Definition of the Issue

It is a large generalization but perhaps not too inaccurate to say that the ruling civilian elite—i.e., former party politicians, civil servants, and military officers who have ruled Nigeria since 1966—has been committed to economic strategies which have focused on overcoming underdevelopment and increasing Nigerian control of the economy. Distributional issues were raised during the civilian rule prior to 1966, but in terms of revenue allocations between regions and then states. Until very recently, however, less attention has been paid to income distribution as a matter of rural-urban cleavage or as between groups defined in income, occupational, or class terms. Douglas Rimmer, who reviews macro policies and plans in chapter 2, asserts that although Nigeria had periods in its history when welfare politics were salient, the primary meaning of *distribution and welfare* was in terms of the division of public resources among territorial units. He and others point out the factors that led to the ascendance of ethnic-territorial criteria for distribution: general poverty; the introduction of electoral politics; the attempt to mobilize support by appeals to communal blocs; the weakness of class groups, given the relative lack of differentiation within the Nigerian economy of the 1950s and 1960s; and ideas of welfare which stressed raising absolute levels rather than interstrata comparisons.[6]

Arguments have also been made that elite commitment to communal politics—to competition structured in communal/ethnic terms—has been a mask for the maintenance of class privilege in Nigeria.[7] That is, the elite has deliberately fostered ethnic competition to obscure exploitation of one class by another. We would still have to account for the reasons why the elite was successful in so doing even if we accept that explanation. Indeed, we can start with the proposition that the Nigerian elite was based in its separate regional entities. Even those who operated in national arenas had regional party bases for their national power. The ability of the elite to operate at the center of power in Nigeria depended on maintaining regional power and building regional constituencies. One major shift that took place when the military took power in 1966 was that the armed forces, although split by ethnic origin and having ties to ethnic groups, had a national institutional base of power. That segment of the armed forces which tried to create a regional base failed when Biafra collapsed.

Putting aside for a moment the reasons why economic strategies and political competition have not been defined primarily in income strata, class, or functional terms, there probably would not be much dispute that the overt political struggles for distribution in Nigeria were largely defined in regional and ethnic terms for the first decade or so of independent rule in Nigeria, and well before. The matter becomes somewhat less clearcut from the mid-1970s on. During the earlier period, territorial entities and ethnic groups tried to influence central government policy on revenue allocation.[8] Relatively little attention was paid to shares of income within groups. Even competition between regions was more over disparities in services and facilities than over disparities in regional per capita income.

During the period of civilian rule, political parties did not organize around class issues, nor did strong opposition movements emerge within trade unions or splinter parties that articulated income distribution concerns programmatically in class or occupational terms.

I am not suggesting that class issues were never raised in Nigerian politics. Important strikes took place, particularly the general strike of 1964, and political leaders did from time to time articulate class grievances and appealed to class consciousness, especially in a general or populist way. The first *Nigerian National Development Plan 1962–1968* lists a more equitable distribution of income both among people and among regions in its statement of goals. But it is difficult to see from this plan any direct attack on distributional problems, even rhetorically speaking. The plan aimed at providing more services to business people, more export of agricultural crops, the introduction of more modern agricultural methods, expansion of electricity, and more job creation to modernize and achieve more equitable distributions. In order to expand opportunities, the plan called for the training of more doctors and the expansion of primary school education and hospital services.[9] There was criticism at the time of publication that the plan lacked an explicit discussion of income distribution targets,[10] and it is hard to find an incomes policy in the plan.

An examination of the literature on the organization, operation, and functioning of ruling political parties, their manifestos, and the ideologies of party leaders fails to demonstrate any translation from general statements to policies that deal with inequality in programmatic terms. This is striking even when one examines populist leaders like Aminu Kano, Adegoke Adelabu, and Chief Awolowo or when we look at "populist" parties which were operating in situations of structured inequality.

It may be useful to try to generalize crudely from the literature on Nigerian political parties and leaders as we look back to the period before military rule, and as we enter a new period of party politics. The analyses of parties tell us much about the composition of Nigerian political life as it pertained to inequality, the kinds of resources that were available for competition, and the kinds of leaders who were able to mobilize political resources. This brief retrospective examination will be followed by a discussion of the military period and then by a discussion of class and ethnicity in Nigerian political life.

Party Politics, Party Leaderships, and Distributional Concerns

None of the major Nigerian political parties that controlled national or regional governments in the 1950s and up to 1966 could be called socialist parties or parties strongly committed to equity issues. This statement covers the Action Group (AG), the Nigerian National Democratic party, the National Council of Nigeria and the Cameroons [later called the National Convention of Nigerian Citizens (NCNC)], and the Northern People's Congress (NPC). Even major opposition parties, some of which had distinctive social compositions were not organized on a class basis and did not structure their opposition primarily on a platform of redistribution. An example of such a party was the Northern Elements' Progressive Union (NEPU), which was officered by petty tradespeople, shopkeepers, and craftspeople. NEPU can be considered a populist party. Although it used the language of class struggle,[11] its appeals were very heterogeneous and were made to leaders of the tribal unions in the Middle Belt (Muslim northerners of the Ma'aikata class) such as teachers, native administration workers, and ex-servicemen.[12] The conservative NPC had a larger following among wage laborers than NEPU.[13] The image of NEPU party leadership was that the politicians who lived off politics, which hurt NEPU with its would-be followers.[14]

One of Nigeria's major political figures during its struggle for independence and during civilian and military rule has been Chief Obafemi Awolowo. Chief Awolowo has been leader of the Action Group, premier of the Western region, and minister of finance in the military government of General Gowon. He was a contender for, and lost, the presidency in 1979. In his book, *The People's Republic*, Chief Awolowo critiques capitalism and states his conception of a necessary socialist government. This includes abolition of rents, profits, dividends, private property, and limitations on consumption.[15]

However, the AG, which Chief Awolowo led, did not function as a party of redistribution either in or out of power. As Richard Sklar has noted, the AG, more than any Nigerian political party, tried to organize the peasantry, but its backbone was composed of men of the "new class"—i.e., the rising professionals, business people, and traders.[16] There were Marxist intellectuals within the AG (Awolowo distinguished himself from Marxists over means more than ends), and the party espoused some populist causes—especially, free primary education in the 1950s. In power, the AG was not a party which redistributed wealth, except to party leaders, nor was it split fundamentally by ideological concerns.[17]

Along with Chief Awolowo, two other major leaders of parties defined themselves in populist and socialist terms:[18] Aminu Kano and Adegoke Adelabu. Aminu Kano was the leader of the aforementioned NEPU and a vice-president of the NCNC. Under the military government he, like

Awolowo, became a member of the Federal Executive Council. The North's most famous radical politician, Aminu Kano, came from a prominent Moslem family. At one time his father was Acting Chief Alkali of Kano. Aminu Kano was able to articulate traditional political ideas, and his own egaltarianism was bound up with Islamic teachings. Like Awolowo, Aminu Kano has referred to himself and has been understood as a *pragmatist.* He has stressed equality of opportunity, extension of education, and elimination of privilege. But it is hard to find in Aminu Kano a translation from general goals and ideals to specific policies.[19] Both Aminu Kano and Chief Awolowo have been criticized for failing to make an impact on the military government in which they served as commissioners for health and finance, respectively.[20]

Adegoke Adelabu was another leader who failed to translate general socialist ideas and relate them to specific Nigerian conditions. Adelabu was the leader of both a major Ibadan party (the Mabolaje Grand Alliance) and the NCNC. He frequently discussed socialist ideas, or what he called radical socialism, with reference to education and agriculture, but without reference to Nigeria.[21] Perhaps he, more than other Nigerian politician in the 1950s, focused on the need to redistribute wealth. Yet his biographers state:

> . . . it is somewhat difficult to see Adelabu, who had spent so much time and effort attempting to make his way in the world of private enterprise, as a Revolutionary Socialist. There is no reason to doubt the genuine nature of his sympathy for the masses. . . .On the other hand, his ideas on Socialism were unsystematic, and tended to suggest a compromise with capital rather than revolution.[22]

Adelabu's Ibadan party hardly functioned as a radical party.

What to make of all this? Populist leaders defined themselves as socialists, but they rarely translated their general ideas into Nigerian specifics. Nor did they lead parties that were socialist in composition or organization. One clue to this civilian period of "socialist" leaders without socialist parties can be found in the following passage from Richard Sklar's *Nigerian Political Parties:*

> . . . a paradox in Adelabu's career may be remarked. In principle, Adelabu was progr. sive . . . ; in national politics he was a radical. But in local politics he was too astute and ambitious not to appear as a conservative and traditionalist.[23]

This passage suggests that the pursuit of personal advantage was not irrelevant to Nigerian politicians. It also suggests that the conditions were absent for a party whose politics were based on class struggle and redistribution of income. These two facts linked together have led many observers of Nigerian politics to suggest that during the civilian period, an elite was in the saddle which simply tried to mask its class interests. It has been said that the prospect and subsequent reality of power precipitated a fusion of elite groups into a single dominant class in each region of Nigeria.[24] "This class," comments Sklar, "is an actual social aggregate, engaged in class action and characterized by a growing sense of class consciousness. It may be termed the political class. . . ."[25]

I would prefer to understand this period of civilian rule as a time when class issues did not dominate organized party politics because of the complexity of those politics, which in turn reflected the complexity of Nigerian society in ethnic/communal terms as well as in occupational/class terms. Populist parties could be conservative, for example, when they upheld the importance of chieftaincy. Communal appeals were made as regionally-based parties contended with each other; they were also made to offset the potential appeal of radicalism to lower class elements. The fact is that conservative and communal appeals were frequently successful.

We will have to return to these themes later as we try to understand the social basis for organized politics in Nigeria. Now, however, it is necessary to turn to the period of military and civil service rule.

Military and Civil Service Rule

There has come to be a general consensus in the literature on military rule in developing countries that "the military" is a label pasted over many different governments. We know that military regimes differ in terms of the mixture of civilian-military authority, the size of their armed forces, policy outlooks, and the degree of centralization of authority, among other factors. As case studies have been carried out[26] and as cross-national aggregate data analyses have been undertaken,[27] the view has become widespread that military regimes in Africa faced the same types of economic constraint, as well as the same social and ethnic cleavages as the civilian regimes. The argument then has become that the civilian virgule military distinction is irrelevant for the important outcomes of economic development, urbanization, and political stability that may take place. The argument has been that these outcomes would not be determined in Africa either by specific institutional format or by specific political constellations.[28]

It is not surprising that empirical work should conclude that (1) in aggregate, military regimes do not form a distinctive regime type in terms of performance and (2) the degree of diversity found within military regimes is not dissimilar to that found within civilian regimes. But this does not decide the issue as to whether there are or are not important differences between civilian and military regimes within a country. I have argued with respect to Nigeria that while lines between civilian and military authority became blurred, especially from 1967 onward, and that while there were various patterns of interpenetration and coalition between military and civilian actors, there are distinctive patterns of politics under military regimes as compared to civilian ones.

These patterns had more to do with political processes, with a failure to represent constituencies, and with a form of decision-making than they had to do with outcomes for economic and social policy. There were important differences in economic policies and patterns between the military and civilian regimes in Nigeria, but these were more a function of a changing Nigeria and new resources that became available than they were of military rule per se.

Observers can argue about the effects of military rule on Nigeria in terms of what specific policy outcomes can be traced to the military itself or to the military in conjunction with civil servants. But there is widespread agreement that the period of military rule has been one of centralizing authority in Nigeria and that the military and civil service elite has been an active agent in the process of centralization. It was not just that centralization went on coterminously with the period of military rule or that the civil war and the breakup of the regions into many states increased the power of the center. It was also that the attitudes and interests of both military and civil servants fostered the development of stronger central institutions of the national state. This pattern was consequential for the politics of income distribution.

I am not suggesting that there were no factional or communal tendencies within the military or civil service. Rather I am saying that, on balance, both were strongly in favor of more effective central institutions and of extending the scope of national authority outward. Neither civil servants nor the military were especially interested in penetrating downward into Nigerian society; they did not easily carry out representative functions or operate at the grass roots. But they did want to extend the scope of the central government's authority. Buoyant oil revenues made this possible.

The military government embarked on a massive universal primary education program (discussed by Diejomaoh and Anusionwu in chapter 9); pushed forward measures to indigenize the economy; moved toward a uniform tax law in 1975; and expanded the parastatal sector of the economy. One can view these measures as stemming from a desire to create socialism or to expand state capitalism, but their effect was to give, in the short run at least, an expanded role to state officials. This expansion can be seen in vastly increased federal expenditures and federal control by decree and practice over many activities formerly carried out by regions and states—e.g., control of commodity prices set by the marketing boards.

The army and federal civil services expanded from 1966 to 1978. The pre-civil war Nigerian army was about 10,000. By the mid-1970s, prior to any contraction of the armed forces in 1978–1979 the Nigerian forces were close to 240,000. Now the armed forces number around 160,000. The civil war gave the army enhanced technical capabilities. The Nigerian civil war, like other civil wars before it in the United States, the Soviet Union, and France, produced a much stronger central government with enhanced power and status.

Nigeria's ethnic politics also pushed the system toward increasing centralization. The well-being of people in Nigeria who belong to smaller ethnic groups has been widely perceived to rest on a strong central government.

Support for breaking up the four regions into 12 states was generated in the smaller ethnic communities, or "minorities areas," in 1967. The states that were carved out of the old regions gave administrative form to non-Yoruba, non-Hausa, and non-Ibo communities. Moreover, the centralizing institutions in Nigeria—i.e., the federal civil service and the military—have had a disproportionate number of minorities in key roles. In the federal civil service, significant positions among permanent secretaries or principal assistant secretaries and members of parastatal organizations have been held by people who are natives of the state of Bendel.[29] Among the military, officers holding critical commands were from the North, but often from the Middle Belt areas (Tiv, Angas, Idoma, Birom, and others); enlisted men and noncommissioned officers from these areas have been especially prevalent. Although there has been a large influx of Yoruba into the Nigerian armed forces since 1967, it is striking that many Yoruba officers have come from what is now the state of Kwara rather than from the Yoruba core areas.

What of the officials themselves? There are numbers of ways to look for evidence concerning the military and civil service elite's understanding of the structure of inequality in Nigeria and its various commitments to alter that structure. One way is to look at statements of concern as expressed in major policy announcements such as budget speeches, five-year plans, short-run economic surveys, and analyses. Of course, an analysis of the actual translation of general statements into specific policies is crucial for an assessment of commitment. But it could be argued that short-run pressures, administrative bottlenecks, and lack of information and know-how can intrude on commitments which are strongly held. Therefore, we should try to look directly at the attitudes of civil servants and military personnel toward the distribution of income. This can be done by interviews and by analyses of statements of self-definition of roles and interests. While there has been some interviewing with military personnel and civil servants, especially in the old Western state of Nigeria, we do not have good attitudinal data to evaluate. However, military officers and civil servants have stated their positions and what they have seen as their major priorities in Nigerian economic and political life.

Military personnel and civil servants have been partners in military rule. Civil servants had expanded roles under the military and played major and overt roles in policy formulation. For example, they filled political vacuums in the states and at local levels, served as chairpersons of important public corporations, and sat on executive bodies (although not continuously). They have been vulnerable during periods of intense military factionalism and turnovers of military personnel. Widespread purges of civil service ranks have also taken place. While we cannot assume that high-level military and civil servants always saw political economy issues in the same way since 1966, there seems to have been widespread agreement on the contours of economic policy, as well as on major economic issues.

Civil servants and military personnel were interested in control of the Nigerian economy. They were concerned about settling the matter of the number of states in the Nigerian federation, creating a formula for allocating revenues between states, and establishing order and a stable process of development. These leaders were also desirous of rapid economic growth and of asserting Nigeria's place in Africa and in the international economic and political order. A frontal assault on low-end poverty or on relative shares of the economic pie was not high on their agenda.

Nigerian military regimes can be demarcated roughly as follows. General Ironsi ruled from January 1966 until July of that year when he was killed. General Gowon ruled from mid-1966 until 1975 when he was replaced by General Mohammed in a peaceful coup. General Gowon's rule was broken around midpoint in 1970 when he was near his highest level of support. General Mohammed was killed in an aborted coup in February 1976. General Obasanjo was head of state until the transfer of power to civilians in October 1979. General Ironsi formed the first military regime in January 1966 but was not the instigator of the coup which replaced civilians in Nigeria.[30] The young officers who actually carried out the coup thought of themselves in the Nigerian political context as radicals and populists. Major Nzeogwu, one of the coup leaders, attacked civilians for their corruption, disorder, and despotic rule. Lieutenant Colonel Ojukwu attacked civilians for their incompetence, inefficiency, abuse of office, and disregard of the common man. But this was as close as these officers came to a statement about the inequalities of Nigerian life[31]; they were more concerned about the disorder and corruption of that life.

The first two military regimes—the Ironsi government from January–July 1966 and the Gowon government from mid-1966 until 1970—were concerned, above all, with the form of the Nigerian polity, the civil war, and national reconstruction. Establishment of national authority and resumed growth were the key issues during this period.

The first major statement on economic policy by a Nigerian military regime was made prior to the second coup of July 1966. In June 1966 the *Guideposts for the Second National Development Plan* was published. The main objectives of the Second Plan period were stated to be a high overall rate of economic growth, rapid industrialization of the economy, increased production of food for domestic consumption without relaxing efforts in the export sector, and a drastic reduction in the unemployment problem. Other objectives included increased diversification of the economy, a more equitable distribution of incomes among persons, and maintenance of a reasonable measure of stability through use of appropriate instruments of policy.[32] Growth was the priority, should the goals prove inconsistent.

By October 1970, the Gowon government was well established. It had won the civil war and enjoyed wide respect and authority in Nigeria. Indeed it was better accepted than any independent Nigerian government had even been. In

October 1970, General Gowon announced a Nine Point Program that had to be fulfilled before a civlian regime could be reintroduced in Nigeria. This was the Gowon military government's manifesto. General Gowon stipulated that it was necessary to have reorganization of the armed forces, implementation of the national development plan and repair of war damage, eradication of corruption from national life, settlement of the question of more states, preparation and adoption of a new constitution, introduction of a new formula for revenue allocation among states, a new population census, organization of "genuinely national" political parties, and organization of elections of popularly elected governments in the states and the center. Again, the issue of equity among income groups was not salient.

It would be largely accurate to say that the Gowon military regime perceived government in an administrative rather than in a bargaining and coalition context.[33] Above all, this government wanted national unity. Politicians whom I interviewed in 1972–1973—i.e., participants in military cabinets and former elected officials—agreed that the military officers focused on narrow and parochial interests which pertained to military interests per se. The politicians believed that military officers operating in broader policy realms were averse to representational politics and unsuccessful at it. Nor did the politicians believe that the military had been especially successful in developing health or educational services or in promoting economic development. The military people were given high marks for their creation of more states and for their accomplishments on the national unity question.[34]

The Nigerian military government under General Gowon, while continuing to ban political parties, might have tried to create redistribution through administrative edicts, consistent with its vision of the political process. Or, it might have tried to create organizations for mobilizing and controlling reformist tendencies, as the Peruvian military tried to do.[35] (Most students of Peru's and other reformist military regimes emphasize the constraints, both external and self-imposed, on the militaries' undertaking income distribution reforms.) The Nigerian military in the Gowon period, however, hardly seemed interested in probing the administrative and political constraints—although, as other chapters in this book show, there were policy innovations, especially in education—and tax reform and wage policies were implemented.

When the Second Five Year Plan was developed for 1970–1974, it was in a context of economic optimism, even before the oil boom had really become pronounced. The Second Plan called for avoiding uncertainty and instability, and for building on national unity and the economic base provided by oil. Plans for growth were ambitious. While the goals of the Second Plan included "a just and egalitarian society" and a "land of bright and full opportunitie for all citizens," its real thrust was to implement economic growth and nationalism although, in practice, there were many compromises with foreign interests in this period. However, it is true that the Second Plan stated an increased emphasis on income distribution and the welfare of the common man.[36]

As Sayre Schatz has pointed out, the second plan spoke of the need to reduce areas of unearned income, broaden the social base of capital ownership in the economy, reduce the high degree of concentration of stock shareholding, and enable Nigerians to share in the increasing profits being generated.[37] The means to achieve these goals were said to be a new national leadership that would be honest and dedicated, and an investment policy that would be consistent with national goals.[38] Indigenization and Nigerianization were seen as a means to these ends, as well as good things in and of themselves. Schatz has called the Second Plan period one of "guided internationalist nurture-capitalism with a welfare tendency."[39]

In practice, whatever welfare to be brought about was to come from the government or from private economic initiatives but not through structural change. That is, the government was supposed to guide investment and to some extent increase the services it was delivering. There was no intended direct assault on equity problems. Indeed, given the formula the government had for economic development and the conditions of Nigerian political and economic life, such an assault would have been difficult to mount because the government did not face a landed aristocracy whose land it could expropriate throughout the country.

Traditionally elite groups usually were not bothered by the military government. As for private accumulations of industrial wealth, the government wanted growth through partnership with private investors; it also wanted to increase the scope of Nigerian private enterprise. The government was not about to attack private Nigerian accumulators either by helping to create new institutions designed to bring about redistribution through popular participation or by implementing policies from above for rapid alteration of income distribution. Nor was the government's indigenization policy designed to cope primarily with distributional problems. Professor Aboyade has argued that indigenization from 1972–1974 worsened inequality.[40] As one critic of the program said, the idea was to create more entrepreneurial know-how and to develop a better habit of saving and thrift so as generally to raise economic levels in the country.[41]

No doubt there were differences of opinion within the government on both the nationalization and indigenization programs. Not all transfers went to private owners. State governments and parastatals bought up large quantities of the shares offered. There is dispute as to whether the government's major aim was to support orderly indigenization through public purchases or whether the idea was to lessen private investment and to be able to socialize wealth in order to deal with equity problems later on.[42] My own view is that the public control of corporations and resources is consistent with economic nationalism and with public officials' own sense of identity with the state. Their sense of corporate and professional well-being is tied up with the expansion of state power, and their first order of motivation in Nigeria stemmed from the identity of public officials' interests and expansion of the state. This view receives support when we look at what outspoken civil servants themselves said during the period of formulation and implementation phase of the Second Plan.[43]

Over and over, civil servants emphasized growth objectives and a concern for an "independent" economy. They addressed themselves to welfare objectives, and increasingly so as the 1970s progressed. The civil servants were still concerned with regional shares of income and with interstate disparities. Rural-urban income distinctions received more rhetorical attention than before, and the theme of concern with employment became heard more and more. Civil servants have had a bias for dealing with inequality by trying to deliver more services and to reform the government's ability to deliver the services well. Discussions of confiscatory policies or direct reallocations through tax policies were not heard, although, as we shall see, wage and price policies become more salient after the Second Plan period.

So far, I have been referring to high level civil servants. At the *highest* levels of the state and federal services, civil servants were often aggressive in moving to fill political vacuums from 1966–1974. At local levels, though, Nigerian civil servants found it difficult to both represent and administer. And, there seemed to be a disposition at all levels of the civil service to question whether the military had a mandate for radical reform.[44]

In public documents, at least, civil servants did not seem consumed by a concern for dealing head-on with income inequalities. Of course, if we did a close analysis of civil service attitudes and behaviors,[45] we would have to distinguish within the civil service by rank and background, and by whether the administrators were technocrats or generalists.

Civil servants pushed very hard for large increases in their salaries, and these were granted after a two-year inquiry of the Public Service Review Commission (the Udoji Commission), which submitted its report in September 1974. Many salaries were doubled retroactive to April 1974. The civil service salary increases mightily fueled Nigerian inflation. The Udoji Commission had provided recommendations for administrative class civil servants. Professionals and public sector workers in general clamored to keep up, but the great majority of the population had little protection against the inflationary consequences of Udoji.[46] One commentator has seen the Udoji wage increases as the Gowon regime's attempt "to encourage acquiescence to its retention of power by giving a pivotal section of the population a sizable share of oil wealth."[47]

During the period of military rule, military officers served as governors of the states and at various times headed economic ministries in the states and at the federal level. I have not carried out any systematic scanning of officers' statements over a 10-year period to try to gauge their commitments on distribution and equity issues. However, I did interview military officers in the Western state of Nigeria in 1972–1973 and discussed with them the large-scale unrest and violence that had taken place in 1968–1969 in the West and which came to be known as the "*Agbekoya.*"[48] Agbekoya was an agrarian populist movement and a revolt against high taxes and poor services which centered in areas where cocoa production had been on the decline. Military officers tended to see Agbekoya as a plot hatched by former politicians, and were insensitive to the farmers' plight. General Adebayo, who then was governor of the Western state, refused to see the protest as directed against levels of taxation. He argued that tax agitation was most rampant in better-off areas where people had basic services such as water and electricity, although he reproached traditional and local leaders for not showing more concern about their areas.[49] Military officers in the Western state were more concerned with reestablishing law and order than with coming to grips with the economic and social problems.

The Third National Development Plan was formally promulgated by General Gowon in March 1975 and was meant to cover the period 1975–1980. The plan was embraced by General Mohammed, Gowon's successor.[50] *The Third National Development Plan* lists a more even distribution of income as its second goal after an increase in per capita income; reduction of unemployment is listed next and then an increase in the supply of high-level manpower, diversification of the economy, balanced development, and indigenization of economic activity.[51] The plan also noted that the development policy must be directed at economic growth and development, price stability, and social equity, and that the emphasis given to each goal would vary depending on prevailing economic situations and political philosophies. The main concern of the Third Plan's policy was said to be the need to effect a more equitable distribution of income and to control inflation.[52]

The strategy to be adopted in this period with respect to income distribution was for the public sector to provide subsidized facilities for the poorer sections of the population; these were to include electrification, water supplies, health services, cooperatives, and community development programs in the rural areas, and housing in the urban areas. The government felt that these programs would directly raise the level of living of the poorer classes and constitute a more practical means of income redistribution than other more direct measures.[53] The government stated its intention to continue to use fiscal measures of progressive income taxation to reduce existing inequalities in the distribution of income. Universal free primary education was a major policy to bring about equal opportunities.[54]

Many of the chapters in this book assess the various policies' impacts on income distribution, and I am not going to try to assess the military government's performance or the indirect effects on income distribution of the military's own practices and defense spending.[55] It can be pointed out that when the Central Planning Office published the *First Progress Report on the Third National Development Plan* to cover 1975–1976, neither the general survey of the economy nor the review of specific sectors looked at the income distribution effects of various programs. Indeed, income distribution was not mentioned in this report.

The Third Plan called for the establishment of an Income Analysis Unit in the Federal Ministry of Economic Development and Reconstruction; earlier, a national accounts study team was to provide information on an incomes profile of Nigeria. But data on incomes remained very weak, and assessments of the impact of policies on distribution were not forthcoming. Sayre Schatz, who predicted that there would be a marked discrepancy between stated commitment to reducing income disparities and achieved goals, noted that "in the face of the powerful income-differentiating tendencies in Nigeria's early-capitalist society, little direct income policy was even proposed."[56]

It is apparent that military personnel from 1966–1975 did not really focus on income distribution issues. Thereafter, the story is more complicated. Murtala Mohammed's government has been called "corrective" and "populist,"[57] but if these designations have merit it is largely because General Mohammed started demobilization of the army and put life back into the process of the transition to civilian rule. He moved to create a new constitution. These were all important measures.

General Mohammed increased the salience of concern with equity issues. He also increased producer prices for agricultural commodities, although this move was a continuation of earlier measures. In early 1973, under General Gowon, the power to fix producers' prices was transferred from state marketing boards to the federal government. As Douglas Rimmer has pointed out in chapter 2, export duties and the states' produce sales tax on crops that the boards dealt with were replaced by a single federal tax of 10 percent ad valorem. In 1974 this tax was removed. The idea was to give producers higher prices. Between 1974 and 1976, agricultural producer prices doubled for many commodities and tripled for palm oil. In 1977 the state marketing boards were replaced by a national board for each commodity. These reforms then continued after General Mohammed's assassination.

Agricultural reform, then, did not begin or end with General Mohammed, nor was it strikingly successful. Since the cost of living was going up rapidly from 1967 on, the increase in producer prices for commodities no more than offset other price increases. Schatz, among others, has pointed out that there was a decrease in aggregate agricultural output from 1970–1971 through 1974–1975, and an even greater reduction in output per farmer. He states that the rural-urban income disparity was aggravated by indigenization and Udoji wage increases.[58] Military regimes had not closed urban-rural gaps in income, nor had they redressed intrasectoral inequalities.

It has been argued that the massive purges that General Mohammed conducted of the army, police, civil service, and universities can be thought of as a radical move on the equity front. "The Government was to acquire a favorable reputation as a 'poor man's government' but this was because the abuse of office is, in a rural society with reasonably free and equal access to land, the chief source of inequality."[59] There is some truth to this point of view, and certainly General Mohammed's historical image is now that of a populist because of his attack on corrupt practices, his confiscation of urban land and some farms gathered by public officials, and his crackdown on business run by high-level civil servants.[60]

It is also true that General Mohammed and his successor, General Obasanjo, pursued a policy of compressing wage differentials (discussed by Olufemi Fajana in chapter 6). They also restricted government loans for the purchase of expensive automobiles, and automobiles were taxed more heavily. The Land Use Decree of 1978 promulgated under General Obasanjo was designed to reduce the cost of urban land and to increase access to farmland. These measures and revisions of priorities in the Third Five Year Plan to emphasize basic needs have led some observers to want to distinguish between the programs of General Gowan and those of Generals Mohammed and Obasanjo.

There is no doubt that equity issues had a greater salience once General Mohammed came to power.

Most of the chapters which follow deal with reforms that cut many ways at once and often had unanticipated consequences. There have been great difficulties in implementing tax and educational reforms, nor do spending priorities appear to have been radically altered. Nigeria entered a reformist period with the ascendance of General Mohammed. As the rest of this book makes clear, the country did not witness a period of either radical reform or major change toward more equitable income distributions.

It is not possible here to analyze fully the political campaigns of late 1978 and 1979, nor the programs and appeals of the new parties. Once again, all parties declared for the provision of more services—especially health, education, and housing. The emphasis was more on service delivery than on direct redistribution of personal incomes.

The two parties that most consistently took populist stands were the Unity party of Nigeria (UPN), led by Chief Awolowo, and the Peoples Redemption party (PRP), led by Aminu Kano. Spokespeople for the UPN accused the ruling party, the National party of Nigeria (NPN) of being led by capitalists. Indeed the NPN was led by Shehu Shagari and was clearly more conservative in tone than the UPN. The UPN called its ideology "socialist" and argued that free education, free medical care, rural integrated development, and full employment could come about only in a socialist system.[61] The UPN also called for a lifting of the ban on import controls and removal of government restrictions in trade and commercial activities. It thus tried to appeal to business people, too. Indeed, at the very time that the UPN renewed its pledge to introduce a minimum income of 2,500 per annum for workers and farmers within its first term, four-year government if elected, it also announced its intention to let Nigerians invest and establish new businesses. The UPN seemed to show a suspicion of state controls.[62]

The major parties continued to have a large ethnic group as their constituency base, and their candidates were selected with a view toward appealing to other ethnic groups. Chief Awolowo and Shehu Shagari chose Ibos as their vice-presidential candidates whereas Dr. Nnamdi Azikiwe, leader of the Nigerian Peoples party and himself an Ibo, did not.[63] While there were programmatic distinctions between the parties, and while they campaigned all over Nigeria, their strengths were less that of a programmatic appeal to economic strata than an appeal to personality and ethnic coalition-building. There was a very strong correlation between the electoral success of a presidential candidate and ethnic constituency. Thus Chief Awolowo carried the Yoruba states of Lagos, Ondo, Oyo, and Ogun. Indeed the presidential election marked the first time that Chief Awolowo carried Ibadan constituencies, and the Yoruba rallied around him.

Similarly, Dr. Nnamdi Azikiwe was extremely successful in the Ibo states of Imo and Anambra; he also did well in the state of Plateau. Alhaji Ibrahim was able to get a majority of votes only in Borno among his own Kanuri people, although he competed well in the neighboring state of Gongola.

Alhaji Shehu Shagari's strength was the most widespread of the candidates. He was able to win in non-Hausa areas where he made electoral coalitions, and ran well in the state of Bendel. However, his support came predominantly from the North, although another northern candidate, Alhaji Aminu Kano, was able to carry his own home state of Kano.[64]

Gubernatorial and presidential elections were closely correlated. In only two states did a governor win who came from a party different than the presidential candidate. In Gongola, one percentage point or so separated the presidential candidates of the NPN and the Great Nigerian People's party; the same figures held in the gubernatorial elections, although the results were reversed Similarly, the legislative elections correlated with the executive ones. Only in the state of Kaduna did a governor come from a party that did not have a plurality of seats in the legislative elections. Kaduna was the other state in which a governor was not from the same party as the leading presidential candidate. The candidate of the PRP—i.e., Aminu Kano's party—won in Kaduna. It was this state, perhaps more than any other, in which we can see some clear differentiation between class and ethnic appeals in the elections. The PRP gubernatorial candidate, Alhaji Abdulkadiri Balarabe Musa, explicitly appealed to *talakawa,* or commoner, interests. In his maiden postelection speech, he promised to "free the masses from the bondage of all forms of oppression by the powerful and rich class."[65] And, on taking power to the state level, the PRP abolished the community or poll tax *(harji)* and cattle tax *(jangali)* in Kano and Kaduna. These taxes were viewed by the governor as taxes on the rural areas in favor of urban ones. He saw them as pillars of feudal oppression.

The UPN also moved to implement some of its campaign platforms in states where it had won. In the state of Lagos, fees in schools were ended and private schools were abolished. At the national level, the UPN made it a condition for entering the Shagari government that:

free and compulsory secondary school education be adopted;

a guarantee of a national minimum wage or income of not less than ₦200 per month for workers and certain defined categories of self-employed persons be instituted from April 1, 1980;

free curative and preventive health services be made available to all Nigerians

These conditions were restatements of the UPN's campaign programs, and the NPN did not agree to them.

Programmatic politics, then, was more in evidence in the 1979 elections than it had been in earlier elections. Nonetheless, on the basis of the campaigns and elections of 1979, it would be hard to argue that party politics in Nigeria had altered radically from the 1960s.

This leads us back to exploring the kinds of political space that regimes have had in Nigeria for formulating policy. It is necessary to try to find out what kinds of pressures policymakers have faced. How have equity issues been defined, and by whom? What has been the basis for organizing dissent from below? We now turn to these questions in order to try to understand why there has been such little direct focus on income distribution as an issue of Nigerian political life.

A Shift from the Communal Base of Competition

Most discussions of political competition in Nigeria have focused on ethnic or communal conflict. Examinations of equity issues for the most part have been in terms of formulas for interregional or interstate allocations of federal funds, and on the siting of industries and infrastructure. Territory and community rather than class and occupation seem to have been the organizing concepts used in the analyses of political competition and economic distributions in Nigeria.

However, the process of centralization of authority (described above) and the creation of more states, in conjunction with the central control of oil revenues, have shifted the focus of the debates on distribution away from interregional and interstate conflict to some extent. True, it is still possible to measure the flows from the federal government to the states.[66] It is not really harder to do the calculations with more rather than fewer units. However, the political visibility and impact have been greatest when regions—not states—feel they get the short end of the stick.

The former regions were dominated by the large ethnic groups. Now, some states are controlled by smaller ethnic communities while larger ethnic groups inhabit more than one state. The creation of states dilutes regional competition.

Territorial competition was still intense when a specific formula existed for revenue allocation to the states, albeit a formula in which the values in the equation were heatedly debated. I refer, of course, to the alterations over time in shares based on derivation going from the Distributable Pool to the states and what came, after the Raisman Commission, to be stipulated as criteria of size of population, basic responsibilities of each government, need for continuity in regional and public services, and need for balanced development of the federation as a whole.[67] Except for the size of population, the very meanings of these criteria were open to a good deal of interpretation. And, as students of Nigerian censuses are aware, size of population was not a fact easily agreed upon in Nigeria.

When the number of units grew from 4 to 12 and then 19, it could not be argued that whole regions benefited in a consistent way. Thus, Rimlinger cites per capita allocations as a percentage of the national average to Ibo-speaking states in the former Eastern region, with Imo having 103.4 percent but Anambra, 90.4 percent in 1976–1977. For Yoruba-speaking states in the old Western region, Ogun has 128.6 percent whereas Ondo has 91.8 percent and Oyo 69.6 percent. Similarly, some of the Northern states are above national average while others are below (although the states of the "dry north" are all below average).[68] Direct federal spending in the states has become increasingly important as compared to revenue allocations, but it is hard to measure the importance of such spending.

While I cannot speculate on how much commitment there is on the part of inhabitants to their states, it would appear that regional groupings of states no longer provides a sufficient base for national power for elites.

The complicated constitutional provisions for winning the election for president of the Nigerian Federal Republic insisted that a candidate receive a plurality plus at least a quarter of the votes in two-thirds of the states.[69] A runoff required members of the national and state legislatures to choose between the two top candidates.[70] Thus, getting allocations for one's own state may remain important, but contending electorally for national power does not rest on the success of such an effort.

New electoral provisions, the proliferation of states, and the facts that the center is ever more the source for funds in Nigeria and that derivation is less taken into account for distributions to the states may work to diminish the intensity of competition between states in Nigeria.[71] Does this mean that as politics becomes more national we might expect a shift to seeing distribution and equity issues more in terms of income categories, economic sectors, and occupations? Income differences can be expected to remain intertwined with communal and state identifications because communal identities remain strong in Nigeria; the average income of wage earners and the self-employed show significant differences by states within the upper, lower, and middle income categories; and the number of people within each category differs by states. (See the discussion by Bola Ayeni in chapter 5.)

Indeed, Morrison's summary analysis show this to be the case. Still, we can predict a relative increase in the salience of equity issues defined in class and sectoral terms, while ethnic and communal definitions remain strong and relevant. The rapid growth of the Nigerian economy from oil revenues, using inflation, the trend toward urbanization, and, stagnation in the agricultural sector all portend this occurrence.

The growth in importance of class and sectoral terms of reference will not take place in any simple manner in Nigeria, nor will it come at the expense of communal ties. Some of the difficult subjects that must yet be explored include the following: the degree and manner in which equity issues are raised; whether low-end poverty will be featured in debate; the values that equity issues speak to; and the political structures and interests that must be taken up and articulated on in Nigerian society.

Class, Ethnicity, and Inequality: General Comments

There has been a long-standing debate and a growing literature on the matter of classes in Africa. Many studies argue the pros and cons of the existence of classes, class consciousness, and the meaning of "class" in the African context. African leaders past and present have been prominent in this debate, too. The early articulation of African socialism by leaders like Touré, Nkrumah, and Nyerere revolved around the issue of the relevance of class analysis in African political life and the inevitability of class formation in Africa.[72] Contemporary debates deal with the relationship of class to ethnicity;[73] the relationship of domestic classes in international capitalism (i.e., dependency[74]); and the relationship of classes to categorical and situational elites (e.g., the debate on whether the military and bureaucratic elite should be considered as classes themselves, or as spokespersons or surrogates for classes;[75] and whether trade-unionized workers are a labor aristocracy or not).[76]

No one doubts that groups organize for competition and cooperation on the basis of economic interests and motives; nor does anyone doubt that occupational distinctions and income differentiations have political consequences. The issue at stake in the debate is whether the term "class politics" means that people have to be conscious of their position in relation to the means of production and the social and political consequences that flow from those relations, or whether it means that classes can exist objectively, regardless of whether or not people are conscious of their situation.[77] Also, does any hierarchy of inequality constitute a class system? Should conflict over access to public resources be defined as *class* conflict? That is, are all distinctions between rulers and the ruled to be defined as dichotomous and zero-sum, and as distinctions between classes?[78]

Before taking up these issues in the Nigerian context I want to declare myself on a number of definitional and analytical points. When I say that a group is an "ethnic" one, I am making an analytical distinction or a simplification for analytical purposes. In the real world, people have bundles of feelings, attachments, and motives—all at one time. Individual identities—that is, the way a person describes him/herself—are a function of many things: the "name" given at birth by one's parents, ties to relatives, and how one is perceived by out-groups. An individual can either accept or reject these identifications. The way a person works, lives, and moves about affects his/her self-identification over time.

In some cases, groups give identities which are sometimes difficult to reject. Migrants to Abidjan or Kinshasa may be referred to by an ethnic term which is not their own in their place of origin. New groups arise based on the use of lingua francas such as Swahili or Lingala. People may deliberately alter their identities or "pass" in order to get jobs or social acceptance. This has happened to people with caste identities in India, religious affiliations in the United States, and even racial identifications in some societies. Elsewhere, the state may insist on an ethnic identity for an individual.

Ethnic affiliations may be hard or fluid from societal context to context and can change over time. They are not always "givens" or primordial. The distinction between ascriptive and nonascriptive variables is not always very helpful. These are subjective, not objective phenomena. Identifications may be derived from language, skin color, or place of origin in some societies (but not in others). Political factors like economic ones, are usually important in the process of identification. Thus, people who defined themselves as Arabs before independence in Kenya may now define themselves as Coastal Kenyans. Depending on where he is and who asks the question, "What are you?," a Lebanese Christian might reply. "Lebanese," "Christian," "Maronite," or some subgroup of Maronites.

It is not easy to isolate analytically the ways in which "communal" and "ethnic" (I use the words interchangeably here) relationships are different from *class* relationships. It is said that communal groups encompass the full range of sex and age divisions within society, but this is also true for class groups. Communal ties are said to provide a network of groups and institutions extending throughout a life cycle. This can be true also for occupational and class groups who form sports, burial, and health societies. Within what we normally refer to as "class" and "communal" groups, internal differentiation of status, power, and life-styles usually takes place. True, if by *class* we mean "income group," then differentiation by income group can take place only within communal groups by definition while it must take place between class groups by definition.

Common cultural identification may occur for class as well as communal groups. Most communal groups, certainly large ethnic-language ones, do not share cultural symbols across the whole group. Language communication may be hard for an ethnic group, even when there are many dialects within a group that traces its origins to a common ancestor. There are also societies in which class groups who supposedly speak the same language cannot be easily understood by other class groups who are also nominally members of the same language group.

We may get the idea that an ethnic-communal group is simply one in which people claim to share a commonality of identity across many relationships. With this understanding of the term, some class groups would then be "communal." Indeed the term "cockney" implies not only the use of a language dialect but also shared food tastes, life-styles, income, and status.

The concept of "class" as distinct from "communal group" is not so clear either. Normally we refer to class affiliations as stemming from people's social and economic relations, which are derived from their place in the processes of production. More broadly, we refer to economically based ties as achievement- rather than ascriptively-oriented memberships. Class is thought of by many anthropologists as nonbirth-ascribed status. However, while it is true that class status is identified by such features as income, education, and occupation, it is also true that our idea of class has birth and holistic life-style characteristics.[79] We make distinctions by referring to "upstart people," "classes," "parvenues," and *"nouveau riche."*

How people spend their income—that is, their consumption styles—seems related to broader, nonincome characteristics. These associations with class may be more applicable to a society that has many occupational and income differentiations within it as compared to a society where most people are rural and very poor. But we should not think that highly industrialized societies are the only ones in which the notion of class is slippery in application.

Understandings of Class, Wealth, and Poverty in Nigeria

Because Nigeria is a large heterogeneous society with many culturally distinct groups and subgroups, we cannot expect that culturally associated understandings of wealth and poverty and the way people are to be grouped will necessarily be the same throughout the country. For some areas, we have extremely detailed empirical work on the relationship of social values to social structural variables such as patterns of landholding and stratification,[80] the relationship between fertility and attitudes,[81] and perceptions of inequality as related to occupational data.[82]

I want to present some vignettes culled on a selective basis from various authors who have done detailed studies in Nigeria. My aim is to show the variety of terms and their usages in people's thinking about wealth, poverty, and equality in different parts of Nigeria. My aim also is to root understandings of inequality in the population's own contexts and vocabularies so that we avoid facile generalizations about class consciousness and class politics. We should not deduce values from certain structural conditions, much less deduce political behavior from those conditions.[83]

P. C. Lloyd argues that "tribally structured societies . . . tend to have a variety of terms with which to designate men of prestige, emphasizing variously their wealth, their moral standing, or their generosity. And these terms are applied to individuals and not groups."[84]

Wealth itself is not an unambiguous concept. Students of fertility have been very conscious of the need to explore the ideas about wealth. A. O. Okore tells us that, "Wealth, to an Ibo man, still consists of land, crops, and livestock, children, money and other forms of material goods."[85] Ukaegbu notes that "numerous children are regarded as 'true wealth' and there is a tendency to regard couples who have large families as being rich or potentially so."[86] Caldwell says that four-fifths of all Yoruba hold that children are either better than wealth or are wealth.[87]

Studies of fertility in Nigeria and elsewhere indicate a sense of the variety of ideas about wealth in different societies. Ideas concerning children and wealth have to do with what we call "this wordly income"—that children provide security, labor, and income. There are also considerations that have to do with maintenance of a family after the death of a couple and the ability of children to provide for the demands of the community at burial ceremonies. In rural Yoruba society it is still taken as one of the immutable facts of existence that size of family, political strength, and affluence are not only interrelated but one and the same thing.[88]

Polly Hill insists that the Hausa informants of the Dorayi people near Kano City relate the concept of wealth specifically to economic well-being. They distinguish the *economic* from other factors. "The use of the word 'wealth' is meant to convey the importance of economic security." Wealth is separated out from political power.[89] Hill goes on to argue that the concept of wealth, *arziki,* is a mysterious personal attribute necessary for success in this world. It is a gift which cannot be explained rationally in terms of inheritance, hard work, many sons, intelligence, or religious piety.[90]

It is important to know whether ideas of wealth are the same when applied to both individuals and groups. Analysis of legitimacy will depend on the answers. In a work devoted to Yoruba perceptions of social inequality, Lloyd argues that distinctions should be made between how the Yoruba see themselves in society and how they view society. For example, equals of the same age are considered to be "class mates" rather than people of equal status or income.[91] According to Lloyd, answers to questions of social rank depend on differences in ethnic terms between "indigens" and "strangers," or between, for example, the Oyo or the Ekiti Yoruba. Lloyd says that his respondents made distinctions of wealth but to do this descriptively was not to raise questions of legitimacy or to attribute causal factors. People make distinctions between the poor and rich but do not use class terms.[92] Lloyd also tells us that the Oyo and Ibadan Yoruba complained of not getting enough resources compared to other Yoruba; but these disparities between the ethnic subgroups did not lead to distinctions in class terms. Distinctions between the ethnic groups were made in terms of diet and speech.[93]

There are, of course, many places in Africa where differences between ethnic groups have come to be defined in terms of economic inequality. But the relationships between ethnic and class definitions are usually complex and sometimes the reverse of what might be expected. In some West African societies all herdsmen are called *Fulani,* an ethnic term. Occupations are given an ethnic identification. Lloyd, however, says that perhaps the Hausa language allows for the terminology of caste to be adapted to the terminology of class—for example, the terms *talakawa* (commoner) and *sarakuna* (officeholders and their kin) from categories into which the population may be divided. But while the stratified societies of the savanna have this terminology, Lloyd says that the concepts of class are largely absent from the West African vernacular languages.[94]

All diversity cannot be comprehended exclusively in ethnic or class terms. Territorial/neighborhood interests have been evident in many African cities, and the nature and salience of issues determine the contours of conflict. People move in and out of associations and give weight first to one group then another. Demands are pressed forward by shifting groups. The sets of interests which operate must be shown, not deduced, from a presumed class structure. Furthermore, it is a mistake to deduce life-styles, social status, and political stance from income differentiation, land, and other asset holdings. Undoubtedly, there are relationships between these things which are not random, but the nature of the relationships varies within and between societies. Not only must we avoid facile generalizations for Nigeria as a whole, but social and political patterns and historical experiences are varied even within language groups.[95]

We would like to be able to relate social structural variables to attitudes and political behaviors. We would like to be able to see the impact that change, say in land price or the pace of migration, has on attitudes, political organizations, and behaviors. This would enable us to say something about the ways in which patterns that develop in subsistence settings persist, are strengthened, give way, or are adapted in new contexts. We could then assess both the political implications of change and the possibilities for different strategies of distribution and development.

In the pages that follow we rely on secondary sources to get at some of these questions, albeit very imperfectly. There are huge gaps in information which are only partially remedied by microsurveys or the few national surveys and censuses that exist for Nigeria.

Class Politics in Nigeria

There are a number of facts about which most observers of Nigerian politics agree: communal politics has become less overt and the states are less significant bases of power than were the old regions. The social composition and occupational structure of society have changed since 1960. Occupational differentiation has proceeded; the industrial working class is growing in size, although it is still a small part of the urban-employed. The commercial and business sectors have expanded along with the strengthening of parastatal and public sector organizations. That is, the growth of the private business sector and the middle class in private employment have gone on along with the growth of the state sector. This growth has not been mutually exclusive, although recently, employment in the public sector has grown at about twice the rate of the private sector. The public sector, including the teaching service, now accounts for about 65 percent of total modern sector employment, which is placed at about 1,500,000. Yet Nigeria is an atypical African country in that high-level manpower has been moving from the public into private sector employment.

Different observers seeing the same "facts" have come to these diverse conclusions: that state capitalism is proceeding in Nigeria; that Nigeria is becoming a private capitalist-dominated state. No one has concluded that Nigeria is becoming a socialist state. Perhaps more significant than the debate over what label to put on Nigeria, has been disagreement as to the kinds and intensities of pressures that are building from below for egalitarian change.

As yet, it is difficult to see the development of a strong set of industrial working class organizations. Nigeria has a history of strike action, including a large general strike in 1964. As in many African countries, the government has moved to control the trade union movement by coordinating trade union affairs through a central labor organization. The banning of individual trade unions, arrest of leaders, creation of state frameworks for settlement of industrial disputes, and the making of strikes illegal had occurred in Nigeria. But, strikes have occurred despite the fact that Decree No. 7 of 1976, a trade disputes decree, continued restrictions on the right to strike and established a complex hierarchy of bargining institutions.

As Waterman has noted, Nigeria has moved toward a corporate structure for industrial labor relations.[96] The Nigerian Labour Congress was established in 1975 and incorporated a statutory regulation for the federation of unions. However, as Waterman also notes, despite the increased regulation since the civil war, industrial relations remain anarchic. After both the Udoji report in 1975 and the earlier Adebo Wage Commission in 1970–1971, large-scale strikes took place. Procedures for the settlement of disputes have been extremely various, which reflects the heterogeneity of the Nigerian economy with its state sectors, private foreign firms, private local capitalists, and extreme regional variations.

Studies of Nigeria give us a very complicated picture of the relationship of class to communal interests as expressed in behaviors during strikes, trade union organizing, demands for better work conditions, employment, security of job, and wages. Microstudies of workers in Nigeria indicate that there is a great deal of variation in the relationship of ethnicity to class and in the development of class consciousness. The variables that appear explanatory include the specific issue of protest, the structures available through which people compete, the homogeneity or heterogeneity in ethnic terms of the labor force, and the place of residence. That is, significant factors include the kind of city, pattern of migration, and place where the industrial work force is recruited from and its relationship both to rural areas and to the informal sector.

We cannot ignore the wider urban environment in which workers live. The content of traditional customs also matters. In addition, the source of capital and technology, degree of product differentiation within the corporate structure, nature of the industry as domestic or foreign controlled, relationship of wages to total costs, all shape the kinds of demands workers make, the responses to demands, and the organizations which evolve.

It is possible for one to accept the proposition that industrial workers in Nigeria respond to limited choices with rational action toward situations of structured inequality, and still not accept the idea that workers have class interests only and that their other concerns are simply manipulated by the elite in order to obscure class interests. In order to see and explain the weakness of class action by workers, one does not need to have recourse to explanations that rely on ignorance, intransigent traditional values, and apathy on the part of first-generation factory workers. Job insecurity, limited alternatives of income, gaps between union leaders and the rank and file, and repression may all be important factors.[97] Desired patterns of social mobility, the structuring of political conflict, and economic competition as affected by ethnic factors also may be important.

Ethnicity has affected recruitment to industrial jobs in Nigeria. For example, in Kano, the withdrawal of Ibos affected the ethnic composition of the working force after 1966. Labor in Kano's factories has become increasingly Hausa-Fulani. Studies of factory employment show that in cases where the labor pools are ethnically heterogeneous, ethnic sponsors intervene with management to hire clients put forward by ethnic associations. Such is the pattern described by Dorothy Remy in Zaria.[98] This is by no means an unusual pattern in Africa. Remy goes a step further to show the importance of the urban environment on workers' behavior. "The size and concentration of the industrial proletariat and the relative importance of formal and informal economic activities in the city shape the external parameters of industrial action."[99]

In some Nigerian cities, in Lagos and Kano especially, factories are concentrated on large industrial estates built by the government. Workers frequently live on the estates in dormitories. Yoruba workers tend to migrate to Lagos while Hausa tend to migrate to Kano. Workers are more mixed in Zaria, and Yoruba dominate Ibadan, but in both cities there are fewer industries than in Lagos or Kano and they are individually sited. Workers live in occupationally heterogeneous neighborhoods scattered throughout these cities.

The high concentration of workers in the estate areas of Lagos and Kano has created a need for large informal sector opportunities to service the workers. "Strangers" to these cities are frequently involved in this sector in entrepreneurial roles. (In Lagos, "strangers" comprise Yoruba people who have migrated recently and are nonindigenous to the city.) Strangers find it harder to establish large networks of customers in Zaria and Ibadan.

The relationship between formal and informal sectors is affected by the relationships between the ethnic groups occupying them. In Ibadan and Zaria a number of factors work to maintain close ties between industrial workers and their ethnic communities. One is the tie between informal sector ethnic affines. Another is the relative scarcity of alternative sources of income, which places pressure on the people who have industrial jobs to keep them and to maintain links with the ethnic associations that have been influential in getting them such jobs. This situation reduces workers' class consciousness and hampers the effectiveness of sustained collective action.[100] Ethnicity does not necessarily dilute class consciousness. For example, in Ibadan and Zaria the tenuous links between industrial workers and the informal economy reduce the economic interest of local entrepreneurs in industrial disputes. Therefore, workers are thrown back on their ethnic ties for job security and support.

Nigerian workers frequently see upward mobility in terms of leaving industrial factory work and accumulating enough capital to take up a trade, artisan job, or small business activity. Whether or not this leads to a diminished demand for wages and a weakening of class consciousness is a matter for debate. Adrien Peace argues that, in Lagos, the workers' desires to leave industrial employment and enter the informal sector, as well as their willingness to enter collective action in Lagos in order to obtain funds to set up small businesses, increase the pressures for higher wages.[101]

The visible success of local economic entrepreneurs also provides an alternative pattern of mobility, and demonstrates that an individual can rise in the system. Wage labor is seen as a means to a different kind of life, not as a means of achieving redistribution through collective action.[102] Nigerian workers place a premium on personal independence. The suggestion here is that class action is weakened because social mobility and welfare are perceived as arising outside of the industrial sector.

On the other hand, formal and informal sector workers may contrast their salaries and benefits to managers and owners, and the income difference between formal and informal sector workers may be insignificant in light of the larger contrasts. Paul Lubeck makes this argument for workers in Kano:

> . . because the urban workers in Kano emerge from the common inequality status of being a *talakawa* before they became urban laborers and because marriage patterns, mutual aid, Islamic institutions, household and community relationships integrate the formal and informal sector workers, there is no objective or subjective cleavage between them. . . . [M]embers of the informal sector, by servicing the formal sector workers, participate in a redistribution of high income such that informal sector workers regard the formal sector workers as a political elite pursuing the class interests of the laboring population as a whole.[103]

Undoubtedly, what we call formal and informal working class sectors are highly differentiated internally. Life-styles as well as income vary within these categories, and cultural and ethnic patterns affect the development of class ties. Furthermore, we have to take account of the situational distinctions among groups in Nigeria. John C. Caldwell, referring to African societies in general, argues: "The obsession with per capita analysis has obscured situational gain, which is of particular importance to patriarchial males."[104]

Here, Caldwell is referring to the unequal division of wealth or consumption within the family, but the point can be generalized. There are inequalities by sex, age, and family status. Per capita income may remain static but the person at the top of the pyramid controls more resources, has access to more services, and enjoys more power if the families grow in size. This phenomenon accounts in part for certain resistances to change in highly structured pyramidal societies. People at the top of the heap may resist changes that will clearly benefit them materially in the short run but that, in the not-so-long run, will alter their status within the group or shift the bases of authority to a very different status system.

Individual political action is based on an assessment of situational gain. It is true that such action may be structured by the channels available for activity, group and communal pressures, and the demands of the state, but we can start with the assumption that individual actors make a judgment about their prospects for gains in different contexts—those of family: community; locality; and, for some actors, state and nation.[105] Action taken to improve one's own family situation rather than class action may be highly likely[106] if the following circumstances take place:

> Individual head of household benefits are seen to increase by having more children;
>
> The system is understood to be one in which social mobility and increased economic well-being are possible and even likely;
>
> It is true that "perhaps the single most important consumption good for the successful family is meeting all family obligations in a more generous way . . . ."[107]

There are, of course, obstacles and costs to political action by the urban poor and the organized working class.[108] The urban poor have unstable residences, low membership rates in voluntary associations, little trust in their leaders (often for excellent reasons), lack of funds, few meeting places, and are frequently divided by ethnic origin. If the connection is made between collective acts and individual interests, the collective acts are perceived, and accurately so, to be of a very high cost in the short run. Political organizations that might help people make these connections have been the exception rather than the rule in Nigeria, as the government bans individual trade unions and radical parties.

For all their weaknesses, the industrial workers in Nigeria have a greater capacity for collective action than peasants and individuals in the informal urban sector. Should we describe trade-unionized workers in Nigeria as a "labor aristocracy"? The labor aristocracy thesis has been in vogue in Africa with Marxists, Fanonists, and conservative analysts. They have all pointed to the fact that cities have expanded much more rapidly than employment opportunities, and that employed workers have appeared as a relatively privileged group when compared to peasants and other people in the urban informal sector. It is true that industrial workers have usually wanted higher wages more often than they have demanded expanded opportunities for new entrants into the working class. The ratios of skilled workers' salaries are three times higher than salaries of those unskilled workers.[109] Yet when we try to come to grips with applying labor aristocracy theories to Nigeria, we are struck by the heterogeneity of the working force and the complexity of inter- and intrasectional, rural-urban, and public-private relationships.

I have already noted that there are some difficulties in accepting a neat dichotomy between formal and informal workers, both politically and economically. In Nigeria, a buoyant informal sector may be as important for social mobility as increasing the size of the industrial working force. The reduction of jobs in the informal sector through growth of imports or new capital intensive techniques may close off important mobility and income opportunities. Moreover, wage earners often form the focal point of the urban networks of their less fortunate kinsmen.[110] Still, even after we take into account that urban wages have not kept pace with cost-of-living increases, especially in Lagos, industrial jobs are preferable for urban migrants while casual labor is at the bottom of the informal sector. This is evidenced by the long lines in front of factories that are hiring.

For most rural Nigerians, industrial employment is preferable to farming. People in rural areas seem to be voting with their feet. Whatever the colonial and postcolonial intentions for equalizing rural and urban incomes, the phenomenal rates of growth of the state of Lagos and of cities like Ogbomosho, Oshogbo, Port Harcourt, Kaduna, and Ilorin, as well as smaller towns like Akure and Uyo,[111] tells us that millions of Nigerians perceive that they will be better off in urban areas rather than remaining in rural ones.

This should not lead us necessarily to describe formal sector labor as an aristocracy, however. The terminology is unfortunate because it implies a status elite, which the urban proletariat does not appear to be. Workers in the formal sector do appear relatively privileged economically compared to rural dwellers and most dwellers in the informal urban sector, but they do not enjoy the independence of the managers, civil servants, and military officers who have their own businesses.

The crux of the matter is political. Labor aristocracy theorists suggest that the urban proletariat is in alliance with the elite to divide peasant-produced surpluses and to keep wages high by restricting entrance into the organized working class. One observer, rejecting these ideas, argues instead that the Lagos proletariat, which he calls "populist militants," is best viewed as the locally-based elite of the urban masses, or the vanguard of those who see a highly inegalitarian society.[112] Terminology aside, most observers see the proletariat in Nigeria as having, compared to peasants and urban marginals, a capacity for collective action and a relative awareness that collective rather than individual action produces results.[113]

It is debatable whether urban workers, by their class demands for furthering their economic situation, display strong antagonism to the existing order.[114] Nor does one have to assume that trade-unionized workers' economic demands are antithetical to the interests of those worse off; they may or may not be, depending on how resources are collected to meet those demands and what are the spin-off effects of higher wages. A critical question is whether the economic demands for "more" can be accommodated incrementally or whether they require a radical restructuring of society in order to produce more egalitarian outcomes.

In order to come to grips with this issue, we need to inquire into the nature of the demands made, the channels for demands, the responsiveness of government to demands, and the alliances that are formed. Adrian Peace suggests that workers' specific grievances in Lagos are set in a general framework of perception of social injustice: "Perceptions of gross inequality are continually reinforced by day-to-day experience of exceptional conspicuous consumption in an urban arena overwhelmingly characterized by the poverty of the majority."[115] But he gives no survey data to support this. Surveys of industrial workers suggest that although workers feel exploited, they do not view those who get ahead as having done so through unjust means.[116] Furthermore, one can feel that a situation is unjust and yet think that there are no good alternatives—or, that the system remains full of mobility alternatives.[117]

John Saul, in reconsidering his labor aristocracy thesis as applied to Nigeria, cites the absence of revolutionary ideology and revolutionary intellectuals in Nigeria.[118] He also notes that the wider political economy context must be analyzed. Agreed. As I suggested earlier, government is not a passive actor. Its programs for reform, its willingness to repress and co-opt, and its ability to do so are critical factors in the development of reformist or radical politics.

The growth rates of the economy and its structural changes are critical factors, too. The creation of a workable variant of machine politics or patron-virgule client relations depends on a continually growing pie so that the elite and nonelite do not perceive politics as a zero-sum game. "The conservatism of the workers, like the poor in general, is itself ambiguous. It represents a claim on the rich and powerful that they should protect their poor brethren, a demand on the economy that it should permit everyone to become a successful trader."[119] In order to work, some of these claims and demands must be met for incremental reform strategies. The congruence of demands and political structures also must be considered.

It is hard, for example, to make the politics of economic redistribution work through the channels of decentralized political and bureaucratic structures. Demands for redistribution and equity are not likely to be satisfied by providing a cleaner water system. So far, the demands in urban Nigeria and in developing countries generally have not been for redistribution, but for better living standards. Demands for "more" in absolute terms can be destabilizing, although a political system has an easier time handling them than demands for redistribution—i.e., unless the targets of redistribution are defined as marginal ethnic groups (e.g., Asians in Uganda) or foreign nationals. A politics of redistribution is much more difficult when embedded class groups must be attacked.

Ethnicity and Class and Redistribution in Nigeria

Ethnicity and distributional issues can be grouped under two major headings in Nigeria: 1) foreign ownership and indigenization; 2) communal class relationships. I shall say no more here about foreign ownership and indigenization except to note that worker/owner relationships must be differentiated in Nigeria according to whether industries are basically controlled by multinational corporations, or whether they are foreign-owned single product industries or Nigerian-owned processing industries.

In Nigeria, private national ownership of sizable industrial companies tends to be regionalized. This does not mean, however, that ethnicity has no relevance. Nigerian-owned processing industries are the ones in which wages constitute a large proportion of total costs. Wages tend to be below government minimun wage standards. Nigerian owners resisted strongly in 1970 and 1971 the Adebo awards to workers. The economic environment is more competitive for such owners. But there is an ethnic link here, too. For example, workers in Kano see themselves as Hausa, like the owners of the processing industries or the managing directors they may have contact with. When economically squeezed, they see a violation of Islamic norms and a repudiation of ethnic brotherhood. This intensifies ill feelings. In January 1971, when owners did not pay the Adebo awards and as the Muslim festival of Idl Fitr approached—when gifts are to be given and celebrations made—traditional Islamic customs "interacted with industrial conflict so as to buttress the class solidarity of workers. . . ."[120]

It is not easy to sort out the impact of ethnic values on class in these situations. Dorothy Remy tells us that the workers she interviewed in Zaria had both a clear perception of the status hierarchy within the factory and the realization that schooling was a prerequisite for higher paying jobs. No one she interviewed thought it unfair that those in management (supervisory positions) should receive an annual income as much as four times as great as their own.[121] The status conferred by education justified income differentials to workers. The idea that education justified status and income inequalities derived from an "ethnic" set of values. Do the Hausa owners who pay their workers low wages justify this in traditional terms? Kano workers are illiterate, rural-born migrants. Few of Kano's urban-born work in factories "because both the local entrepreneurial ethic and relatively higher urban status orient the urban-born to trading and commerce of all varieties."[122] Do owners justify their actions because they are dealing with nonlocals who are not really of their community?

Observers tell us that in Kano and in northern Nigeria more generally, class-based deprivation and criteria for leadership are likely to be mediated through an Islamic ideology "less because of deep religiousity, but more because, for uneducated workers, it is the only known and accepted standard of legitimacy."[123] Thus religion cuts different ways. Islam provides a vehicle for demanding greater equity by stressing fairness and dignity, but it also justifies status hierarchies.

When looking at any complicated set of values in a belief system, one can almost always pull out strands which would justify action or inaction in coping with situations of inequality. While traditional values have to be examined for their content, ethnicity must be expressed through some channels; and, ethnicity and class must be understood situationally—that is, in specific social, political, economic, and spatial contexts.

An analysis of protest by the Port Harcourt proletariat illustrates that in the mid-1960s political and economic groupings which centered on occupational and income differences proved transient. They were "once again subordinated to the communal identities of region and nationality."[124] Indeed, it has been argued—correctly, I believe—that while support for strikes in Port Harcourt cut across communal lines, "this meant not the erosion of communal identities but, rather, their temporary displacement."[125] Yet it has been maintained that in Nigeria communalism is not an independent political force in its own right, "but rather a channel through which other interests are directed and made manifest."[126] And, the assertion is made that in Nigeria ethnic movements have been created and instigated by new men of power who try to further their own special interests "which are, time and time again, the constitutive interest of emerging social classes. Tribalism then becomes a mask for class privilege."[127]

It is true that in Nigeria—and elsewhere—men who strive for political power have used communal feelings and have built on old antagonisms for their own ends. These ends may well be the furtherance of their own status, power, and economic well-being. Rural as well as urban areas provide contexts for politicans' or state officials' use of communal cleavage. It seems odd though to conclude that communalism is not a force in its own right and always a phenomenon dependent on other forces. Observers do make such conclusions perhaps because they see virtually all communal conflict as rooted in competition between individuals for the scarce resources of wealth, status, and power. Modernization, it is said, exacerbates cleavage both because it has "the effect of reorienting formerly separate peoples to a communal system of rewards" and because it makes men more alike in that they have the same wants.[128]

It is not evident to me that the wants of people in Nigerian urban areas are more alike than those of peoples in rural areas. It is true that access to resources has changed for different groups at different times in Nigeria and that new resources became available to new men—resources such as education, organization, oil, and new occupations. But competition is always over wealth, status, and power. "Class" and "nonclass" societies do not differ in this regard, nor do rural and urban societies.

What differs in urban contexts are the amount and kinds of resources available for competition, as well as the structures through which people compete. The form of the struggle and the relative weight of the factors lead us to describe "conflict" as either class or communal. Naked opposition of cultures—that is, the dislikes of some people for the habits, smells, foods, or hairstyles of others—may be quite rare as a dominant motive for conflict. Such conflict is more likely to occur in urban than in rural societies, if for no other reason than the proximity of different groups in urban contexts.[129]

I conclude that Port Harcourt and other Nigerian cities retained communal cleavages at their base because it was easier for the elite to organize around communal—that is language and ethnic-geographic—ties. Where it is easier to organize groups on the bases of language, geography, and ethnicity—no matter who is doing the organizing and why—we might well talk of communal societies. Urban life may provide new frustrations and insecurities based on class; but old ties, or new ones formed on nonincome and nonoccupational bases, may be easy to maintain. Language, a sense of belonging, blood relationships, or the very desire to belong to a communal group (even to an invented group) are all resources for would-be leaders and are building blocks of organization as effective as union dues or shared job experiences.

We must ask, why are those people who use communal feelings around which to organize so often successful in accomplishing their short-run goals? For some, these geo-ethnic conflicts have a class base. But in Port Harcourt, the poor Onitsha Ibos threw in their lot with the rich Onitsha Ibos rather than with poor Owerri Ibos. It was difficult for those Ibo leaders to function who wanted a political base beyond their own groups. And it was hard for non-Ibo leaders to emerge as city-wide powerful figures since their support rested on neither a large voting bloc nor a commercially strong base.[130] Although ethnic conflict was interwoven with inequality, ethnic or communal conflict was not synonymous with inequality of resources.

We must further ask, why did the new men of power in Nigeria so frequently contend with each other in ethnic terms? Why didn't they see their class interests? Why didn't they form a cohesive elite against the have-nots? Stratification exists within as well as between communal groups.

Again, Port Harcourt provides some interesting examples. A class of men, who were apart from the communal rank and file, emerged within each of Port Harcourt's geo-ethnic communities. Yet these men led communal groups against each other, thinking that it would be to their own advantage to organize mass support on a communal basis. Moreover, these men remained tied to communal groups—not only by political needs but also because they sought prestige, succor, and belonging in communal groups. Elites remained self-conscious about their roots. Indeed, new elites were created by modernization in many industrial and nonindustrial countries, frequently from minority groups but also from majority groups. Members of the new elite are often carriers of ethnicity.

In answer to the question: Why do leaders organize around communal identities? Wolpe states that communalism in Port Harcourt "impinged only upon political recruitment and patronage—issues upon which the prestige and recognition of immigrant groups depended—and did not affect routine council/municipal deliberations such as finance, road and market maintenance, school construction and the like."[131] Perhaps patronage and recruitment seemed the key issues in Port Harcourt and then became infused with communalism. Because residences in Port Harcourt were communally heterogeneous, school construction and access to roads were not communally defined issues. Elsewhere in Africa, where residences in cities are communally segregated, fierce communal struggles have arisen over market sites, occupation of market stalls, roads, and schools. The political behavior in urban areas cannot be understood unless neighborhood settings are examined and the relationships between power holders and groups that organize demands are put in the spatial context of the urban environment.

For example, Pauline Baker has given us a political history of Lagos from 1917 to 1967 which analyzes group demands in the changing Lagos contexts by gathering both historical information and survey data on local leaders.[132] Lagos has retained traditional characteristics of ethnic homogeneity and communal land tenure; at the same time it is a booming industrial port and a commercial and administrative center. Spatial distributions are very important in Lagos. The indigenous core of the city is made up of a landed lower class consisting mostly of Yoruba Muslims. The city is built around a permanent traditional community, but the majority of urban residents are more recent migrants.[133] Because of the severe shortage of land, there is no complete ethnic segregation anywhere in Lagos, but lower-class people tend to live in much more homogeneous ethnic communities than wealthy people.

Lagos abounds in contradictions. As in Port Harcourt, political changes among the elite there did not constitute a simple transformation from traditional to modern attributes. The sequence went from modern characteristics of wealth and education possessed by a small number of Africans (often non-Nigerians), to wealth separated from education in an ethnically mixed group of Nigerian nationalists, to a new middle-class group of Yoruba immigrants, to dominate indigenous Lagos Muslims whose ethnicity—and Lagos origin—was their strategic resource. The ruling political strata in Lagos changed from aristocracy to nationalist oligarchy, to ethnically homogeneous middle class, to communally based leaders.[134] Each group utilized different resources. Economics was never irrelevant, but a movement from communal to class politics did not occur. The process of urbanization in Lagos led to class differentiation expressed in different styles of housing, distributions of wealth, and occupations and wages. Spatial distributions and ethnicity always interacted with changing economic and demographic patterns to produce complicated political alignments. Except for one period—1917–1938—of all the major groups in Lagos, the ones based on class or economic cohesion proved to be the weakest; and, during that exceptional period, the African elite based on education and wealth was also a highly distinct cultural group, united by origin as much as by socioeconomic background.[135]

The lack of class solidarity in the urban community can be attributed to the social composition of the working class and the structure of the labor movement: "The majority of the urban working class is a heterogeneous collection of wage earning immigrants whose economic concerns are limited to personal and immediate material gains."[136] Urban workers seek no alliance with the rural peasants or the urban unemployed. Trade unions protect the privileges of those who have jobs, and ethnic unions provide more gratifications for their members than trade unions. Only the "old" indigenous Lagos Muslims who live in central city areas are united by blood, locality, land, origin, class, and ethnicity. For other groups, the plurality of identities conflicts with rather than reinforces interests.[137]

In Lagos, power and status do not rest only—or even principally—on economic resources: "Vertical class divisions are crosscut horizontally by ethnic, clan, kindship and communal stratification."[138] Leadership is fragmented, and Lagos is a city that is socially unintegrated and in which the boundary between local and national politics is not clear.

All studies of the politics in major cities must come to grips with the relationship between national and city politics. Local differentiations are played out in the context of the centralization of national resources. More generally speaking, political behaviors are affected by authoritative institutions through which community influence is channeled. That is, the outputs of government affect patterns of competition and participation. The government's performance is an independent factor that affects support for or disaffection from the regime. Thus, in the future, as in the past, government's own policies and performance—which are at the same time a response to pressures from below and an expression of elite preferences—will themselves be consequential for the development of politics in class or communal directions.[139]

Summary and Conclusions

The chapters that follow look at government policies in education, taxation, credit, agriculture, urban development, budget, and wages. These chapters will assess the impact of those policies on income differentiations but will not explicitly look at the political reactions to these policies. Nor has this chapter evaluated government's performance with the aim of establishing political reactions. Rather, I have generally tried to describe important institutional and authority changes and to examine their effect on distributional issues. I have also tried to make an argument about the social and economic context in which policymakers operate.

Nigeria is undergoing rapid social and economic change: the composition of exports has altered vastly in the last decade; urbanization is extremely rapid; indigenization of the economy has been undertaken in the industrial and banking sectors; and authority has been centralized within a new multistate system and through a civil-service-military coalition which has seen its own interests furthered by centralization.

Income distribution issues were not salient in the first civilian period of Nigeria's independence. During the military rule, various plans and pronouncements mentioned equity concerns with increasing frequency, especially toward the end of the period of military rule, but income distribution has not been the main concern of public policy in the economic and political realms. Nor has there been strong pressure from below to move the system to deal frontally with equity issues—either conceived as rural-urban distributions or in class terms. Insofar as Nigeria has seen its politics governed by distributional issues, these have been communally defined for the most part and have centered on allocations from the center to regions and states in the Nigerian federation.

There has been no clear development of a class-based politics in Nigeria. Neither peasant organizations nor trade unions in the industrial sector have been strong organizations pushing for redistribution of income. Nor have people in the urban informal sector constituted a force for effective radical change. The relationships between formal sector and informal sector workers are complicated and variable by city, region, and ethnic community.

It is very hard to speak generally about relationships between class and ethnicity in Nigeria, and it would be misleading to generalize the salience of class and ethnic issues over time and place in Nigeria. The meanings of wealth and equity vary within and between communal and occupational groups. Too hard a fix on per capita income figures would not capture the reality of situationally defined gains and the roles of families and communal groups in defining wealth and equality.

Power and status in Nigeria do not rest principally on private economic resources. Control of the institutions of state is critical for the elite. Communal stratifications are critical factors for those members of the elite who are contending for power. The elite themselves have been highly fragmented in Nigeria, which may provide a wedge for reformist politics and strategies since Nigeria does not have strong countrywide landed aristocracies or large-scale national capitalists. Thus, while there still seems to be much political space in Nigeria for rulers to avoid a politics of reform since demands from below are not well organized, there are policies which will be undertaken in the name of strengthening the state or increasing national authority, which can be more egalitarian in their thrust.

New taxation and education policies discussed elsewhere in this book will move in a reformist direction, but not unambiguously so. The rural sector is still being relatively ignored, which is a consequence of its political weakness. However, Nigeria is not a country where an entrenched national elite is holding on for dear life against reform for more egalitarian distributions. Rather, it is more accurate to say that the country's policies have aimed more at growth and control of the economy than at income redistribution.

There does not appear to be sufficiently effective pressure from below to alter these directions fundamentally in the short run. They might, however, be altered by reform-minded elite members for their own purposes and goals because, in places and at times, pressures will build especially on state governments and the local elite. The people who control Nigeria at its center will respond selectively and contend with each other for support. Thus, equity concerns will and do get a hearing in Nigeria, and will be present in the calculations made by political competitors.

Notes

1. *The World Bank Development Report* (Washington, D.C.: World Bank, 1979), pp. 128–129.

2. Many features of the old Nigerian economy remain. Not only does agricultural productivity remain low but, while there has been a large shift in the structure of GDP from agriculture to industry between 1960–1976, a majority of the labor force in agriculture remains employed. However, that sector accounts for less than one-quarter of GDP. Manufacturing remains small as a share of GDP.

3. For a discussion of the political economy in Nigeria in the late 1960s and mid-1970s and the impact of oil, see Keith Panter-Brick (ed.), *Soldiers and Oil: The Transformation of Nigerian Politics* (London: Frank Cass, 1978). For a discussion of oil wealth and Nigerian poverty, see Richard A. Joseph, "Affluence and underdevelopment: the Nigerian experience," *Journal of Modern African Studies*, Vol. 16, No. 2 (June 1978), pp. 221–240. For current political events, see various issues of *West Africa*.

4. The campaigns are briefly referred to below.

5. For a cogent statement of these problems, see Joseph, *op. cit.*

6. For discussions of electoral strategies, see B. J. Dudley, *Instability and Political Order: Politics and Crisis in Nigeria* (Ibadan: University of Ibadan Press, 1973); Richard Sklar, *Nigerian Political Parties* (Princeton, N.J.: Princeton University Press, 1963). For communalism in Nigeria, among others, see Robert Melson and Howard Wolpe (eds.), *Modernization and the Politics of Communalism* (East Lansing, Mich.: Michigan State University Press, 1971).

7. Howard Wolpe, *Urban Politics in Nigeria: A Study of Port Harcourt* (Berkeley, Calif.: University of California Press, 1975); Richard Sklar, "Political science and national integration: a radical approach," *Journal of Modern African Studies*, Vol. 5 (May 1967), pp. 1–12.

8. Much of the academic study of Nigeria has been devoted to the problems of revenue allocation and the various revenue commissions. For major studies of revenue allocation in Nigeria, see, among others, A. Adedeji, *Nigerian Federal Finance* (London: Hutchinson, 1969); O. Teriba, "Nigerian revenue allocation experience, 1952–1965," *Nigerian Journal of Economics and Social Studies*, Vol. 8 (November 1966); P. N. C. Okigbo, *Nigerian Public Finance* Evanston, Ill.: Northwestern University Press, 1965). For recent reviews, see Ali D. Yahaya, "The creation of states," in Keith Panter-Brick (ed.), *Soldiers and Oil: The Transformation of Nigerian Politics* (London: Frank Cass, 1978), pp. 201–223; S. Egite Oyovbaire, "The politics of revenue allocation," *ibid*, pp. 224–252. Major commission reports include the following: Hicks-Phillipson in 1950, the Chick report in 1954, the Raisman Commission report in 1958, and the Binns Commission report in 1965. These reports were reviewed in Teriba, *op. cit.*, and Chief I.O. Dina, "Fiscal measures," in A. A. Ayida and H. M. A. Onitiri (eds.), *Reconstruction and Development in Nigeria* (Ibadan: Oxford University Press, 1971), pp. 374–414. Douglas Rimmer also discusses revenue allocations in chapter 2.

9. Ayida and Onitiri, *op. cit.*, p. 12.

10. Jerome C. Wells, *Agricultural Policy and Economic Growth in Nigeria, 1962–1968* (Ibadan: Oxford University Press, 1974); Reginald H. Green, "Four African development plans: Ghana, Kenya, Tanzania, and Nigeria," *Journal of Modern African Studies*, Vol. 3, No. 2 (August 1965), pp. 249–279.

11. NEPU saw a dichotomous class struggle between members of the native administrations and the ordinary *talakawa*, or commoners. See Billy Dudley, *Parties and Politics in Northern Nigeria* (London: Frank Cass, 1968), p. 169. Dudley says this dichotomy can be translated into one between Fulanis and Habes—that is, into an ethnic one.

12. James S. Coleman, *Nigeria: Background to Nationalism* (Berkeley, Calif.: University of California Press, 1963), p. 365.

13. Richard Sklar, *Nigerian Political Parties* (Princeton, N.J.: Princeton University Press, 1963) pp. 335–337.

14. Dudley, *op. cit.*, pp. 179-180. For another important discussion of NEPU, see C. S. Whitaker, *The Politics of Tradition: Continuity and Change in Northern Nigeria* (Princeton, N.J.: Princeton University Press, 1970), passim.

15. This book was published in 1968 (Ibadan: Oxford University Press).

16. Sklar, *op. cit.*, p. 256.

17. Richard Sklar has argued that the 1962 split of the AG into the Awolowo and Akintola wings can be seen as a split between radicals, or left-socialists, and liberal capitalists, Sklar, *op. cit.*, p. 281. I conducted interviews with former members of the Western House of Assembly in 1972–1973. Out of 54 respondents, only one thought that the different social and economic bases of the AG were consequential for the split; 32 people mentioned personal struggles between the two leaders; 18 mentioned ethnic factors; 16 mentioned different views about an alliance with the North. (More than one cause could be listed by a single individual.)

18. Whitaker, *op. cit.*, pp. 329-330 and 394. There were other "left" leaders, of course, like Samul Ikoku of the Eastern region of the AG who was elected federal secretary of the AG.

19. For a biography of Aminu Kano, see Alan Feinstein, *African Revolutionary: The Life and Times of Nigeria's Aminu Kano* (New York: Quadrangle, 1973).

20. Chief Awolowo resigned after two years as commissioner. Aminu Kano held the commissionership for close to a decade.

21. Ken Post and George Jenkins, *The Price of Liberty: Personality and Politics in Colonial Nigeria* (Cambridge: Cambridge University Press, 1973), p. 134.

22. *Ibid.*, pp. 134–135. Adelabu's major work is *Africa in Ebullition* (Ibadan: 1952).

23. Sklar, *op. cit.*, p. 294.

24. Sayre O. Schatz, *Nigerian Capitalism* Berkeley, Calif.: University of California Press, 1977), p. 156.

25. Richard Sklar, "Contradictions in the Nigerian political system," *Journal of Modern African Studies*, Vol. 3, No. 2 (1965), p. 204. Edwin Dean, in *Plan Implementation in Nigeria, 1962–66* (Ibadan: Oxford University Press, 1972), pp. 52–53, also points to the influence of local politics on national decision-makers. He has added that Nigerian politicians were shaped by foreign influences and that they did not focus on national development. Dean argues that there was an attachment to specific examples rather than to abstractions and a tendency to engage in paternal exhortation. All of these phenomena may have been derived from the difficulties of moving from the general to the specific and formulating strategies for growth and distribution.

26. See, for example, Thomas S. Cox, *Civil-Military Relations in Sierra Leone*, (Cambridge, Mass.: Harvard University Press, 1976); Samuel Decalo, *Coups and Army Rule in Africa* (New Haven, Conn.: Yale University Press, 1976); Anton Bebler, *Military Rule in Africa: Dahomey, Ghana, Sierra Leone and Mali* (New York: Praeger, 1973).

27. See Robert W. Jackman, "Politicians in uniform: military governments and social change in the third world," *American Political Science Review*, Vol. 70 (December 1976); R. D. McKinlay and A. S. Cohan, "A comparative analysis of political and economic performance of military and civilian regimes," *Comparative Politics*, Vol. 8, No. 1 (October, 1975); McKinlay and Cohan, "The economic performance of military regimes: a cross-national aggregate data study," *The British Journal of Politics*, Vol. 6, No. 3 (July 1976).

28. Henry Bienen, *Armies and Parties in Africa* (New York and London: Holmes & Meier, 1978), pp. 194–195.

29. *Ibid.* The federal government's revenues are overwhelmingly derived from oil that exists either offshore or in the states of Bendel and River, which have 4.3 and 3.2 percent of the population, respectively. This makes Bendel and River twelfth and sixteenth in size, respectively, out of the 19 states. The ethnic groups which inhabit these states are so-called minorities peoples. That is, they are not Hausa, Yoruba, or Ibo speaking although there are Yorubas in Bendel. Bendel (which was the old Mid-west region) was carved out of the Western region in 1962–1963, specifically to remove non-Yorubas from the control of the Yoruba Western region.

30. See Robin Luckham, *The Nigerian Military* (Cambridge: Cambridge University Press, 1971).

31. Leo Dare, "Nigerian Military Government and the Quest for Legitimacy," *Nigerian Journal of Economic and Social Studies*, Vol. 17, No. 2 (July 1977), pp. 95–118.

32. See A. A. Ayida, "Development Objectives," in A. Ayida and H. M. A. Onitiri, (eds.), *Reconstruction and Development in Nigeria* (Ibadan: Oxford University Press, 1972), pp. 13–14.

33. Valerie P. Bennett and A. H. M. Kirk-Greene, "Back to the barracks: a decade of marking time," in Keith Panter-Brick, *op. cit.*, p. 23.

34. A discussion of the interviews and the results can be found in Bienen, *op. cit.*, pp. 192–260.

35. For a discussion of the Peruvian experiment, see Ellen Kay Trimberger, *Revolution from above: Military Bureaucrats and Development in Japan, Turkey, Egypt, and Peru* (New Brunswick: Transaction Books, 1978); Alfred Stepan, *The State and Society: Peru in Comparative Perspective* (Princeton, N.J.: Princeton University Press, 1978); Abraham Lowenthal (ed.), *The Peruvian Experiment* (Princeton, N.J.: Princeton University Press, 1975); and the papers presented to the workshop on the "Peruvian Experiment Reconsidered," The Wilson Center, Smithsonian Institution, Washington, D.C. (November 1978).

36. Schatz, *op. cit.*, p. 22.

37. *Ibid.*

38. *Ibid.*, p. 23

39. *Ibid.*, p. 24.

40. See O. Aboyade, "Closing remarks," in *Nigeria's Indigenization Policy, Proceedings of the 1974 Symposium*, Organized by the Nigerian Economic Society, (Ibadan: Department of Economics), pp. 77–78.

41. *Ibid.*, Omafume F. Onoge, "The indigenization decree and economic independence: another case of bourgeois utopianism" p. 61.

42. For this dispute, see Aboyade, *Nigeria's Indigenization Policy, op. cit.*, especially pp. 60–72.

43. The following publications contain accounts of high-level Nigerian civil servants who have spoken their minds: *The Quarterly Journal of Administration; The Nigerian Journal of Economic and Social Studies;* Ayida and Onitiri, *op. cit.;* Mahmud Tukur (ed.), *Administrative and Politicel Development: Prospects for Nigeria* (Kaduna: Baraka Press Limited, 1971); A. A. Ayida, "The Nigerian revolution, 1966-1976" (address to the Nigerian Economic Society Annual Meeting, Enugu, 1973). In 1972 a conference was held at Ahmadu Bello University in Zaria at which permanent secretaries addressed themselves to the questions of institutional and administrative perspectives for national development. A number of papers were subsequently published in the *New Nigerian* (Kaduna), especially in the November 25, 1972, issue.

44. This point was made in interviews with civil servants in Lagos and Ibadan in 1972–1973.

45. Terisa, Turner, "Commercial capitalism and the 1975 coup," in Keith Panter-Brick (ed), *op. cit.*, pp. 166–197, looks at the tensions between generalists and technicians in the nationalized oil industry, and their relationships with private foreign and Nigerian business people.

46. See, among others, Ian Campbell, "Army reorganization and military withdrawal," in Keith Panter-Brick (ed.), *op. cit.*, p. 74.

47. Joseph, *op. cit.;* also O. Oyediran and W. A. Ajibola, "Nigerian public service in 1975," *Survey of Nigerian Affairs*, 1975 (London, 1978).

48. *Agbekoya* means in Yoruba "farmers who reject injustice." The most important accounts of *agbekora* are in Christopher Beer, *The Politics of Peasant Groups in Western Nigeria* (Ibadan: University of Ibadan Press, 1976); Christopher Beer and Gavin Williams, "The politics of the Ibadan peasantry," in Gavin Williams (ed.), *Nigeria: Economy and Society* (London: Rex Collins, 1976), pp. 135–158; *Report of the Commission of Inquiry into the Civil Disturbances Which Occurred in Certain Parts of the Western State of Nigeria in the Month of December, 1968* (Ibadan: Government Printer, 1968), known as the Ayoola report.

29. Robert Adeyinka Adebayo, "The Truth About Tax Riots: Governor Adebayo speaks" (Ibadan: Government Printer, 1969).

50. *Daily Times* (Lagos), August 14, 1975, p. 5.

51. *Ibid.*, p. 33.

52. *Third National Development Plan*, Vol. I, p. 29 (Lagos: (Central Planning Office, Federal Ministry of Economic Development, 1975).

53. *Ibid.*, p. 31.

54. *Ibid.*

55. Victor Olorunsola, in *Soldiers and Power: The Development Performance of the Nigerian Military Regime* (Stanford, Calif.: Hoover Institution Press, 1977), makes such assessments, but the analysis is not systematic. Also see Nelson Kasfir, "Soldiers or policy makers: the comparative performance of Nigerian military regime," unpublished paper, Hanover, New Hampshire, 1978.

56. Schatz, *op. cit.*, p. 54.

57. Martin Dent, "Corrective government: military rule in perspective," in Keith Panter-Brick (ed.), *op. cit.*, pp. 101–140.

58. Schatz, *op. cit.*, p. 31.

59. Dent, *op. cit.*, p. 118. Dent notes that in Hausa the word for "oppression" and "official abuse of office" is almost the same and would both be translated as *zalunci*. The word in Hausa for "poor man," or "commoner," is the same for "man without office,": *talaka*, (p. 12).

60. It is difficult to know the impact of these purges on corrupt practices. Although individual have been leaving universities and the civil service to pursue business full time, this may simply be a reaction to changing circumstances for getting ahead.

61. See the statement by Chief Bola Ige, gubernatorial candidate of the UPN for Oyo State, in the *Daily Times* (Lagos), February 6, 1979.

62. See *Agence-France Press* (Paris) No. 2587 (May 25, 1979.

63. The other major party was the Great Nigerian People's party, headed by Waziri Ibrahim, a wealthy businessman who founded the Nigerian Peoples party but broke with it. Aminu Kano was disqualified for standing as president toward the end of the campaign and was then reinstated.

64. For an analysis of electoral results, see various issues of *West Africa*, especially No. 3241 (August 27, 1979), pp. 1572–1573.

65. *The Punch* (Lagos), October 22, 1979, p. 5.

66. Yahaya does so, *op. cit.*, p. 217; so does Oyovbaire, *op. cit.*, pp. 237 and 242. Also see Gaston V. Rimlinger, "Communalism and gains from development," Rice University Program o: Develoment Studies, Houston, Texas, Paper No. 74 (1976).

67. Rimlinger, *op. cit.*, p. 25.

68. *Ibid.*

69. Shehu Shagari did not win 25 percent of the votes in 13 states. He had over 25 percent in 12 states and just under 20 percent in the thirteenth state (Kano). Shagari was declared elected by the Federal Election Commission on the grounds that the ordinary meaning of "one quarter of the votes cast at the election in each of at least two-thirds of all the states . . ." is one-quarter of the votes in 12 states and one-quarter of two-thirds, or one-sixth of the votes cast in the thirteenth state in a 19-state system. Although this interpretation was contested in the courts by Chief Awolowo, it was sustained.

70. The constitution called for the two top candidates to run against each other in an electoral college consisting of state and national legislatures. This was not necessary, however, and the military government amended the constitution by decree before leaving power, to allow for a subsequent runoff to be handled through a second national election.

71. The Distributable Pool to states has increased. Half of it goes on the basis of population, the other half is divided equally among states. The federal government received large revenues from its petroleum profits tax and ran surpluses which allowed it to abolish export duties, make compensation grants to states, increase the size of the Distributable Pool, and introduce uniform rates and allowances for income tax. Rimlinger, *op. cit.*, p. 31, concludes from all this that the new allocation formula and state structure have established a higher degree of distributional equity among communal groups than had existed under any previous arrangements. It would be more accurate to say that there is now a distributional formula for equity between the territorial/administrative expression of communal entities. (For current disparities between ethnic groups, see Douglas Rimmer's and Donald G. Morrison's discussions in this book—chapters 2 and 5, respectively.)

72. Several of the many statements by African leaders are included in the following: Julius Nyerere, *Freedom and Socialism* (Dar es Salaam: Oxford University Press, 1968); Kwame Nkrumah, *Consciencism* (London: Heinemann, 1964); Leopold Senghor, *African Socialism* (New York, 1959); Sekou Touré, *Experience guineenne et unite africaine* (Paris:

Presence Africaine, 1961); Se ..onal Paper No. 10 "African socialism and its application to planning in Kenya" (Nairobi: Government Printer, 1965). See also William Friedland and Carl Rosberg, Jr. (eds.), *African Socialism* (Stanford, Calif.: Hoover Institution Publications, 1964).

73. To cite only a few studies: Melson and Wolpe, *op. cit.*, in Howard Wolpe, *Urban Politic in Nigeria* (Berkeley, Calif.: University of California Press, 1974); Henry Bienen, *Kenya: The Politics of Participation and Control* (Princeton, N.J.: Princeton University Press, 1974); Victor Olorunsola (ed.), *The Politics of Cultural Sub-Nationalism in Africa* (New York: Anchor Books, 1972); Crawford Young, *The Politics of Cultural Pluralism* (Madison, Wis.: University of Wisconsin Press 1976); Pauline Baker, *Urbanization and Political Change: The Politics of Lagos, 1917–1967* (Berkeley, Calif.: University of California Press, 1974).

74. Again, to cite only a few studies: Colin Leys, *Underdevelopment in Kenya* (Berkeley, Calif.: University of California Press, 1974); Giovanni Arrighi and John S. Saul, *Essays on the Political Economy of Africa* (New York: Monthly Review Press, 1973); Richard Harris (ed.), *The Political Economy of Africa* (New York: Halsted Press, 1975).

75. Irving Markovitz, *Power and Class in Africa* (Englewood Cliffs, N.J.: Prentice Hall, 1977); Amilcar Cabral, *Revolution in Guinea* (London: Stage I, 1969); Henry Bienen, "State and revolution in Africa: the work of Amilcar Cabral," *Journal of Modern African Studies*, Vol. 15, No. 4 (1977), pp. 555–568; Miles D. Wolpin, "Marx and radical militarism in developing nations," *Armed Forces and Society*, Vol. 4, No. 2 (Winter 1978), pp. 245–265; Michael Cohen, *Urban Policy and Political Conflict: A Study of the Ivory Coast* (Chicago: University of Chicago Press, 1974).

76. R. Sandbrook and R. Cohen (eds.), *The Development of an African Working Class* (Toronto: University of Toronto Press, 1976); Issa G. Shivji, *Class Struggles in Tanzania* (London: Heinemann, 1976); Robert Bates, *Unions, Parties and Political Development: A Study of Mineworkers in Zambia* (New Haven, Conn.: Yale University Press, 1971); E. de Kadt and G. P. Williams, *Sociology and Development* (London: Tavistock, 1974). Many issues of the *Review of African Political Economy; Development and Change;* and *Manpower and Unemployment* are relevant to this debate.

77. Markovitz, *op. cit.*, p. 9.

78. Cohen does this in his study of the Ivory Coast because he concluded that public authority is so important; that access to government is so critical in the accumulation of private property and power; and that "political conflict in Africa, when it concerns public policy and resources, is in fact class conflict," Cohen, *op. cit.*, p. 195.

79. Ronald Cohen illustrates this idea in his discussion, "Social stratification in Bornu," in Arthur Tuden and Leonard Plotnicov (eds.), *Social Stratification in Africa* (New York: The Free Press, 1970), esp. pp. 253–263. Cohen discusses class distinctions between the Kanuri in terms of styles of dress, dialect distinctions in speech, and differences of power and authority—and also in terms of numbers of clients and dependents. ". . . [W]e must also view class differences as another status distinction in and of itself, since it is such a broadly inclusive feature and is, therefore, in a number of senses a multifaceted variable instead of a dichotomous category when it is actually utilized by people themselves to judge and generalize about someone else's or one's own high or low status in the society" (pp. 255–256).

80. See Polly Hill, *Population, Prosperity, and Poverty: Rural Kano 1900 and 1970* (Cambridge: Cambridge University Press, 1977).

81. A. A. Okore, "The Ibos of Arochukwu in Imo state, Nigeria," in John C. Caldwell (ed.), *The Persistence of High Fertility, Part 1,* (Canberra; Australian National University, 1976).

82. See Oshoma Imoagne, *Social Mobility in Emergent Society: A Study of the New Elite in Western Nigeria* (Canberra: Australian National University, 1976); P. C. Lloyd, *Power*

and Independence: Urban African Perceptions of Social Inequality (London: Routledge and Kegan Paul, 1974).

83. As J. D. Y. Peel says when he examines the Yoruba concepts of development: "the linguistic vehicles of central concepts enable particular experiences, solitary or shared, to be linked into something of a unified interpretation of a collective historical experience." See J. D. Y. Peel, "Olaju: A Yoruba concept of development," *Journal of Development Studies*, Vol. 14, No. 2 (January 1976).

84. P. C. Lloyd, *Africa in Social Change* (Baltimore: Penguin Books, 1967).

85. Okore, *op. cit.*, p. 316.

86. Alfred Ukaegbu, "The practice of traditional birth control and attitudes toward family planning in rural eastern Nigeria" (in press, cited in *ibid.*).

87. John C. Caldwell, "Towards a restatement of demographic transition theory," in *ibid.*, p. 75.

88. *Ibid.*

89. Hill, *op. cit.*, pp. 110–113.

90. *Ibid.*, p. 155.

91. Lloyd, *Power and Independence, op. cit.*, p. 140.

92. *Ibid.*, p. 168.

93. *Ibid.*, p. 177.

94. Lloyd, *Africa in Social Change, op. cit.* p. 314.

95. Imoagene, *op. cit.*, calls attention to the degrees of egalitarianism within Yoruba's political systems and the extents of social mobility which have obtained within Yoruba subgroups.

96. Peter Waterman, "Industrial relations and the control of labour protest in Nigeria." This is an unpublished and shortened form of the forthcoming paper, "The Nigerian state and the control of labour: the case of the Lagos cargo-handling industry," in Paul Collins (ed.), *Administration for Development in Nigeria* (Ibadan: Ibadan University Press). Also see *Report of the Tribunal of Inquiry into the Activities of Trade Unions* (Lagos: Federal Ministry of Information, 1977) and *Federal Military Government's Views on the Report of the Tribunal of Inquiry into the Activities of Trade Unions* (Lagos: Federal Ministry of Information, 1977).

97. For detailed discussions about the workers in Nigeria, see the following publications, among others: Paul Lubeck, "Unions, workers, and consciousness in Kano, Nigeria: a view from below," in Sandbrook and Cohen, *op. cit.* Paul Lubeck, "Contrast and continuity in a dependent city: Kano, Nigeria," in Janet Abu-Lughod and Richard Hay, Jr. (eds.), *Third World Urbanization* (Chicago: Maaroufa Press, 1971), pp. 281–189. (I am in Professor Lubeck's debt for making available unpublished material.) Howard Wolpe, *Urban Politics in Nigeria, op. cit.* Dorothy Remy, "Economic security and industrial unionism: a Nigerian case study," in Sandbrook and Cohen, *op. cit.*, pp. 161–178. Dorothy Remy and J. Weeks, "Income, occupation and inequality in a non-industrial town," in K. Wohlmuth (ed.), *Employment in Emerging Societies* (New York: Praeger, 1973). Adrian Peace, "Industrial protest in Nigeria," in Emanuel de Kadt and G. P. Williams (eds.), *Sociology and Development* (London: Tavistock Publication, 1974). Adrian Peace, "The Lagos proletariat: labour aristocrats or populist militants," in Sandbrook and Cohen, *op. cit.* Robert Melson, "Ideology and inconsistency: the cross pressured Nigerian worker," in Melson and Wolpe, *op. cit.*, pp. 581–605. Robert Melson, "Nigerian politics and the general strike of 1964," in Robert Rotberg and Ali Mazrui (eds.), *Protest and Power in Black Africa* (New York: Oxford University Press, 1970), pp. 171–187. T. Yesufu, *An Introduction to Industrial Relations in Nigeria* (London: Oxford University Press, 1962). Waterman, *op. cit.*

98. Remy, "Economic Security . . .," *op. cit.*, pp. 163–164.

99. *Ibid.*

100. *Ibid*, p. 164.

101. Peace, "Industrial Protest . . .," *op. cit.*

102. Lloyd, *Power and Independence, op. cit.*, p. 226. Lubeck says that four-fifths of Hausa workers look to the entrepreneurial sector for mobility. "Contrasts . . .," *op. cit.*, p. 288.

103. Lubeck, *op. cit.*, p. 289.

104. Caldwell, *op. cit.*, p. 80.

105. This assertion puts me within the camp of "rational-actor models of politics." However, rational-actor models refer not only to income maximization, but also to maximization of wealth, power, status, or security. The rational-actor models of most economists and political scientists have been individual-choice centered, but in some societies, and for many important purposes, the choosing unit is communal. Wealth and security also may be diffuse and communally based.

106. Caldwell, *op. cit.*, p. 91. For a detailed discussion, see Aderanti Adepoju, "Rationality and fertility in traditional Yoruba society, South West Nigeria," in Caldwell, *op. cit.*, pp. 123–151, and "High fertility and the rual economy: a study of the Yoruba society in Western Nigeria," in *Ibid.*, pp. 331–360.

107. Many surveys in Africa show that extended families remain intact and provide mutual aid for the unemployed. Relatives take on dependents who are unemployed, and unemployed heads of households tend to have expenditures per unit of consumption which are not way below those of unskilled laborers—reaching four-fifths the expenditures of artisans and small shopkeepers. See among others, Helen Ware, "Economic strategy and the number of children," in Caldwell, *op. cit.*, pp. 541–555. Among professionals, expenditures per household are almost four times greater than those of unskilled laborers (from a survey in Dakar), but expenditures per consumption unit are less than twice as great. Richer heads of households acquire more dependents because they are affluent. Imoagene's survey of the new elite in western Nigeria found the continuation of intimate family ties. Help to families was persistent and diffuse, and extended to a wide network of relatives—although civil servants were less involved with seeing and helping relatives than politicians and business people. (See Imoagene, *op. cit.*, pp. 117–140.) One study of Liberia found that kin networks were most effective among those ethnic groups with the longest tradition of urbanization. See M. Fraenkel, *Tribe and Class in Monrovia* (London: Oxford University Press, 1964).

108. The work of Joan Nelson is especially wide-ranging because she uses data on Latin America, India, and Africa. See Joan Nelson, "The urban poor: disruption or political integration in third world cities," *World Politics*, Vol. 22 (April 1978), pp. 393–414. Also, Joan Nelson, *Political Participation by the Urban Poor in Developing Nations* (Princeton, N.J.: Princeton University Press, 1979).

109. Giovanni Arrighi and John Saul, "Socialism and economic development in tropical Africa," *Journal of Modern African Studies*, Vol. 6, No. 2 (1968), pp. 141–169. Arrighi calls special attention to the need for miltinational corporations to stabilize labor. He and others also call attention to the role of multinational corporations in fostering labor aristocracies in Africa. See Arrighi, "International corporations, labor aristocracies and economic development in tropical Africa," in Robert I. Rhodes, *Imperialism and Underdevelopment: A Reader* (New York: Monthly Review Press, 1970), pp. 220–267.

110. Peace, *op. cit.*, p. 288.

111. See, among others, H. I. Ajaegbu, *Urban and Rural Development in Nigeria* (London: Heinemann, 1976), pp. 33–34.

112. Peace, *op. cit.*, p. 289.

113. Peter Waterman, "Conservatism amongst Nigerian workers," in Williams, *op. cit.*, p. 171, raises some questions as the workers' commitment to collective action. A majority of the respondents viewed workers as furthering themselves through self-help and government aid. A

minority of the respondents listed trade union demands as being most important for bettering conditions.

114. As suggested by Peace, *op. cit.*, p. 289.

115. *Ibid.*, p. 296.

116. Waterman, *op. cit.*, p. 168, says that only a small minority of responses from interviews with workers suggest that one gets to the top by unfair means in Nigeria, although over half of the respondents felt that top salary earners were privileged and exploiting.

117. Morrison's survey data in chapter 5 suggests that Nigerians still feel that their children will do better in the future.

118. John S. Saul, "The 'Labour Aristocracy' Thesis Reconsidered," in Sandbrook and Cohen, *op. cit.*, pp. 303–310. Saul cites Waterman's "Communist theory in the Nigerian trade union movement," *Politics and Society*, Vol. 3, No. 2 (Spring, 1973).

119. Waterman, "Conservatism . . . ," *op. cit.*, p. 181.

120. Lubeck, "Unions, Workers . . . ," *op. cit.*, p. 152.

121. Remy, *op. cit.*, p. 169.

122. Lubeck, *op. cit.*, p. 144.

123. *Ibid.*, p. 158.

124. Wolpe, *op. cit.*, p. 194.

125. *Ibid.*, p. 178.

126. *Ibid.*, p. 233.

127. Richard Sklar, "Political science and national integration—a radical approach," *op. cit.*, p. 6.

128. Wolpe, *op. cit.*, p. 7 and 233.

129. See Henry Bienen and Michael Danielson, "Urban political development," *World Politics*, Vol. XXV, No. 2 (January 1978), pp. 264–295.

130. See Wolpe, *op. cit.*, pp. 155–156.

131. *Ibid.*

132. Baker, *op. cit.*

133. *Ibid.*, p. 45.

134. *Ibid.*

135. *Ibid.*, p. 73.

136. *Ibid.*, p. 113.

137. *Ibid.*

138. *Ibid.*, p. 114.

139. *Ibid.*, p. 8.

CHAPTER 5

Spatial Aspects of Urbanization and Effects on the Distribution of Income in Nigeria

Bola Ayeni

Introduction

Cities all over the world manifest not only the skewed distributions of income that characterize nations, but also epitomize the associated patterns of affluence and poverty. In spite of this, cities are seen as centers of change where innovations originate and diffuse to rural areas. In developing countries, however, only a few cities can fulfill these roles because they are either agro-towns or satellites of external economies. In the former case, the economic base of these cities is weak because they are neither modern industrial nor commercial centers; in the latter case, these cities are handicapped because the multipliers in the few modern industries are linked to multinational economic organizations.

In Nigeria, it has been shown that personal incomes are higher in urban areas than in rural areas.[1] Nonetheless, the skewed patterns of distribution of personal incomes between cities and rural areas, and within cities as well as between various regions of the country, are reflections of the level of economic development and the process that determine the location of economic activities and social amenities. The present study is an attempt to investigate the effect of urbanization and the location of these activities on the spatial aspects of the variations of personal incomes in Nigeria. The focus of the study therefore is essentially spatial and locational, with emphasis placed on such economic activities as the manufacturing industries and social services; amenities such as educational institutions are also emphasized.

The rest of the study is organized in five sections. In the next section, the conceptual basis of the role of urbanization in income distribution is examined, and it is shown that income is as much a cause of urbanization as it is an effect. The third section examines the patterns of urbanization and income distribution in the country while in the fourth section the effect of the location of activities in urban centers on patterns of income distribution is investigated. The fifth section considers the implications of these findings in the country while the conclusion emphasizes the need for introducing wage policies that aim to reduce disparities in the urban and regional distribution of income.

Urbanization and Income Distribution

The relationship between income and urbanization, though not one of cause/effect, can be explained in at least two ways. The first involves the notion that there is a positive correlation between urbanization and the levels of economic development, of which income could be a measure.[2] The explanation for this lies in the view that urbanization involves not only the processes by which formerly dispersed populations primarily engaged in farming are concentrated into a smaller number of settlements whose principal economic activities are in the secondary and tertiary sections, but also the processes by which urban values, behavior, organization, and activities are diffused over a geographic space. National levels of urbanization and increases in the number and sizes of cities are therefore consequences of the urbanization process. In such a scheme, urban centers become critical nodes in a nation's spatial economy and hence constitute peaks in the profile of the spatial distribution of incomes.

The other aspect of the relationship between income and urbanization involves the notion that income is a factor of the urbanization process. It is argued that the flow of capital and investment from rural to urban centers, the location of economic activities, and the spatial distribution of power constitute potent reasons for the growth of cities.[3] In the same vein, D. Harvey argues that "cities are . . . created out of mobilization, extraction and geographic concentration of significant quantities of the socially designated surplus product," which is equivalent to savings and equal to capital invested in a closed economy.[4] The transfer of capital from rural to urban areas accentuates the concentration of modern forces of production in cities.

The concentration of economic activities in a few cities of the third world countries is not unexpected. First, these cities possess an excellent infrastructural development and have markets made up of the local elite whose consumptive tastes can no longer be met in the rural areas. Second, many of these cities serve as points for the breakup of bulk, which is most suitable for the import substitution industries. Finally, over the years these cities have developed some economies which manufacturing industries have found beneficial. Nonetheless, such manufacturing industries have further constituted the cities into econimic enclaves either because their multiplier effects are externally controlled or because they are not organized on lines conducive to expansion of the local economy.

An important consequence of the pattern of capital flow for urban development in third world countries therefore is the emergence of a dual economy characterized in what has been described as the formal and informal sectors. The dualist theory as an explanatory model of the structure of the economy of the third world nations had its origins in the works of J. H. Boeke in his study of Indonesian society, but it has been found applicable in other parts of the world.[5] Essentially, a dual economy arises from the contact between two social and economic systems, usually Western and non-Western. According to Brookfield, the Western element in the economy is materialistic, rational, individualistic, and the epitome of exploitive and unyielding capitalism. By contrast the non-Western element is characterized by a prevalence of self-employment and is fatalistic and unresponsive to variations in prices and wages; the non-Western element is characterized by "backward sloping supply curves of effort."[6]

While there is hardly any agreement on the general characteristics of dualism, there is a consensus that it does exist and could provide critical explanatory thrust into not only the social and economic organization of societies but also their spatial distributions.

In economic terms, the dualist theory involves a situation whereby subsistence agriculture and traditional market systems persist side by side and intertwine with organized export-oriented plantation agriculture, modern manufacturing, and other commercial activities. In spatial or geographic terms the theory involves an acceptance of the existence of a number of cores and peripheries. The cores, usually the larger urban centers and the ports, are the locations of manufacturing and commercial activities while the rest of the nation constitutes the peripheries.

In the cities, similar to the rest of the nations of the developing countries, these two aspects (formal and informal sectors) of the economy cannot be separated because they are links in a network of input-output relationships. The formal sector is generally made up of the well-organized public service, the larger manufacturing activities, and the larger commercial houses. While these elements of the formal sector may provide jobs for less than 25 percent of the urban labor force, they account for over 75 percent of total invested capital as well as the total output of modern economic activities. By contrast, the informal sector comprises those less capital-intensive activities such as roadside mechanics, cornerside retail outlets, traditional marketing systems, and other less organized activities. The informal sector sometimes contains up to 75 percent of the labor force, but is characterized by a low per capita output. Correspondingly, the people in this sector earn rather low wages and rarely live in the low-density residential parts of the cities.

Urban centers constitute peaks of high incomes in the national space and equivalent peaks at the city level. Such peaks usually occur in low-density residential areas that are inhabited mostly by administrators, managers, civil servants, and professionals—most of whom belong to the formal sector. In contrast to these are the bottoms in the profile of income distribution created by the abodes of low income workers in the formal and informal sectors.

Explanations for these patterns of residential sections within cities in developing countries have very little to do with the mechanisms of the urba land market. Indeed, in most cases, the location of modern forces of production within the cities as well as the location of political power constitute crucial reasons for these residential sections. In Nigeria, for example, during the colonial period the British set aside certain sections of the city that were designated *reservation areas*. Since the British left, however, these areas have been taken over by the local elite who have influenced the urban planning mechanism to create more such areas in other parts of the cities.

A number of crucial issues emerge from the above discussion of urbanization and income distribution. First, consider the matter of the spatial distribution of power at both the macro and micro levels. At the macro, or national, level, it is possible to see that income differentials are being generated between cities on the one hand and between cities and rural areas on the other. For instance, one might expect higher incomes in centers where there is a high concentration of power than in sections where there is less of a concentration of power because of the economies associated with such forces and, in particular, because of the existence of various infrastructural facilities. Furthermore, at the micro, or city, level, the effect of the location of power to some extent determines the spatial distribution of income and hence the internal structure of the city.

A second consideration is the issue of capital transfer from rural to urban areas. Although evidence in Nigeria shows that there is a counterflow of funds,[7] the balance is likely to be in favor of the urban centers. Consequently, the nature of these flows, the activities in which they are invested, and their effect on raising incomes in the cities are of some research interest. Furthermore, there is the extent to which the location of economic activities and social services in urban centers affects the distribution of income in cities as well as the extent to which it fosters regional inequalities in the distribution of income.

In either case it is obvious that patterns of urbanization are both a cause and an effect of the distribution of income. In the next section, we shall examine some of these issues—in particular, the association between urbanization and income distribution in Nigeria.

Patterns of Urbanization and the Distribution of Income in Nigeria

Nigeria possesses a pattern of urban development that is almost unique in the whole of Africa south of the Sahara. Unlike many countries in Africa, urbanization in Nigeria predates the European colonization of the country; therefore, colonial urban development represents one of the numerous phases of urbanization.[8] For instance, as far back as 1921, when the first national census was conducted and Nigeria's population was estimated at 18.631 million, at least 1.345 million Nigerians lived in urban centers whose population per city exceeded 20,000. By 1952 when the first actual counting took place, there were 3.237 million people in 56 urban centers, representing some

TABLE 5-1
Urban Population Growth in Nigeria

Population (in thousands)	*1921*	*1931*	*1952*	*1963*
Total	18,631	19,928	30,403	55,670
Urban (20,000+)	1,345	1,431	3,237	10,627
Percent total	7.2	7.2	10.6	19.1
Number of centers	29	27	56	183

SOURCE: A. L. Mabogunje, *Cities and Social Order*, Inaugural Lecture (Ibadan: University of Ibadan, 1974), p. 10.

10.1 percent of the total population of 30.403 million (Table 5-1). By 1963, the last date for which official census figures are available, there were 183 urban centers containing 19.1 percent of the nation's population of 55.670 million.

An equally important characteristic of urban development in Nigeria is its areal distribution. In this case, Nigeria again contrasts very strongly with many African nations where acute urban development occurs in primate cities as the rule rather than the exception. In 1952 the spatial distribution of the existing urban centers was such that 33 or 59 percent were found in the South Western areas, 10 or 18 percent in the Eastern areas, and 13 or 23 percent in the Northern parts (Table 5-2). Added to this is a near Christaller-type hierarchical size class distribution of the nation's urban centers[9] (column 5, Table 5-2). Nonetheless, these urban centers represent an amalgam of urban systems whose evolution dates back to the eighteenth and nineteenth centuries and whose characteristics have been described elsewhere (see note 8). Nevertheless, it needs to be mentioned that since the end of the colonial period, Nigeria has witnessed a rather rapid growth of cities in

TABLE 5-2
Distribution of Urban Centers by Areas and Classes in 1952

Size of Classes	*Western*	*Eastern*	*Northern*	*Total*	*Total % Urban*
Over 80,000	7	—	1	8	14.29
40,000–80 000	5	5	7	17	30.36
20,000–40,000	21	5	5	31	55.35
Total	33	10	13	56	100.00
Percent Urban	58.93	17.86	23.21	100.00	—

SOURCE: Computed from A. L. Mabogunje, *Urbanization in Nigeria* (London: University Press, 1908), p. 123.

both number and size. For instance, the number of cities (at present, 20,000 or more) rose from 56 in 1952 to 183 in 1963, and the proportion of the country's population in these cities rose to 19.1 percent. By this time, many cities had grown tremendously, both Ibadan and Lagos having reached the half-million mark while 29 other cities each had more than 80,000 people (Table 5-3).

In terms of the spatial distribution of cities, there is a relative overconcentration in the Southwestern and Northern areas of the country. In any case, these were areas of precolonial urban development and contrasted strongly with the Middle Belt and parts of the Northeast that were devoid of cities (see Figure 5-1).

An important component of urbanization in Nigeria is the rather phenomenal rates at which individual urban centers have increased in their populations. For instance, between 1950 and 1960 the country's urban population increased at a rate of 6.8 percent per annum while between 1960 and 1970 a conservative estimate of the rate of growth is 6 percent.[10] Within these periods, individual cities grew at rates between 5 and 13 percent per annum. For example, Lagos and Kaduna had increases of more than 11 percent per annum; Zaria was close to 11 percent while Kano, Abeokuta, Port Harcourt, Ilorin, and Jos grew at rates between 6 and 10 percent (Table 5-4). The phenomenal rate of growth of these centers is due on the one hand to the fact that they were the major industrial centers of the country while on the other hand socioeconomic and political changes in the country have constituted them as vital nodes in the country's spatial economy.

Nonetheless, as shown by A. L. Mabogunje, the Nigerian urban centers face a number of problems such as urban unemployment, serviceability, liveability, and manageability. These problems have arisen partly because of the phenomenal rates of urbanization and partly because of the precolonial history of urban development in various parts of the country; they must be seen within the context of the present economic milieu in order to fully appreciate the effect of the spatial distribution of the cities on the patterns of income distribution in the country. However, Nigerian cities, like other cities

TABLE 5-3

Size of Classes and Distribution of Urban Centers in 1963

Size of Classes	*No. of Cities*	*Percent of Total*
20,000–40,000	116	63.38
40,000–80,000	36	19.68
80,000–160,000	21	11.48
160,000–320,000	8	4.37
More than 320,000	2	1.09
Total	183	100.00

SOURCE: *Population of Nigeria, 1963* (Lagos: Federal Office of Statistics).

Figure 5-1

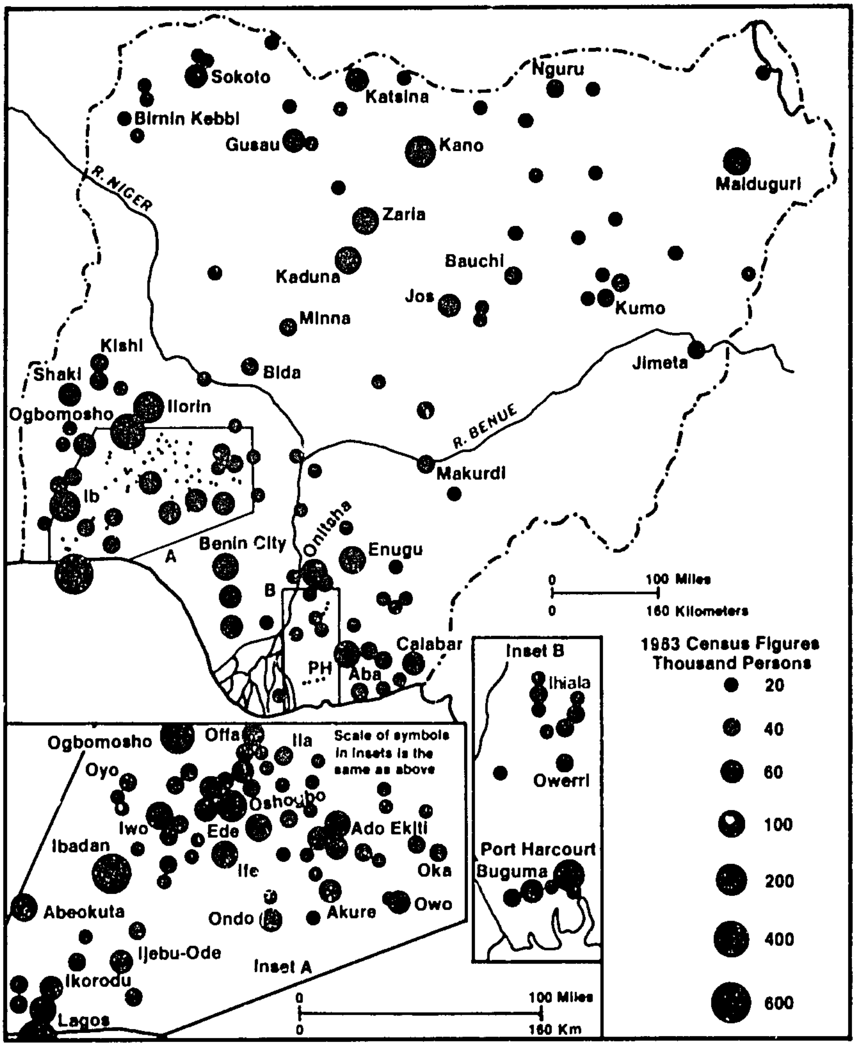
Sokoto
Birnin Kebbi
Gusau
Katsina
Kano
Nguru
Maiduguri
R. NIGER
Zaria
Kaduna
Bauchi
Jos
Kumo
Minna
Kishi
Shaki
Bida
Jimeta
Ogbomosho
Ilorin
R. BENUE
Makurdi
Ib
Onitsha
Benin City
Enugu
A
B
100 Miles
160 Kilometers
Calabar
PH
Aba
Inset B
1963 Census Figures
Thousand Persons
20
40
60
100
200
400
600
Ihiala
Owerri
Port Harcourt
Buguma
Ogbomosho
Offa
Ila
Scale of symbols in insets is the same as above
Oyo
Oshogbo
Iwo
Ede
Ado Ekiti
Ibadan
Ife
Oka
Abeokuta
Ondo
Akure
Owo
Ijebu-Ode
Inset A
Ikorodu
Lagos
100 Miles
160 Km

TABLE 5-4

Population Growth in Selected Urban Centers in Nigeria, 1952–1963

City	*1952*	*1963*	*Growth Rate*
Greater Lagos	328,900	1,089,900	11.5
Ibadan	459,196	627,379	2.9
Kano	130,173	295,432	7.7
Abeokuta	84,451	187,297	7.7
Port Harcourt	71,634	179,563	8.7
Zaria	53,974	166,170	10.8
Onitsha	76,921	163,032	7.1
Kaduna	38,794	149,910	13.1
Enugu	62,764	138,457	7.5
Aba	57,787	131,003	7.7
Ilorin	40,994	108,546	9.2
Benin City	53,753	100,694	5.9
Jos	38,527	90,402	8.1
Calabar	46,706	76,418	4.5
Ondo	36,233	74,343	6.8
Sapele	33,638	61,007	5.6
Total	1,614,444	3,639,548	7.8

SOURCE: *Census Publications, 1952–1963* (Lagos: Federal Office of Statistics).

all over the world, constitute a privileged class both in terms of the distribution of amenities and the location of modern means of production. Consequently, one would expect that they possess great potentials for income generation.

City Sizes and the Distribution of Income

So far, our general discussion on urbanization and income distribution has suggested the possibility that urban incomes might increase with the increasing sizes of cities—not only because share size implies the existence of ample opportunities for gainful employment, but also because the larger cities have inevitably been sites for the location of economic activities as well as seats of political power. In this section, therefore, we examine these theories through the use of published and unpublished figures from a recently conducted sample survey of income and expenditure patterns of urbanization households in the country,[12] as well as the data on city sizes obtained from the 1963 census.

The first type of data constitutes one of the few reliable sources of information on incomes in Nigeria; the second type of data, though dated, is not considered inferior to presently available information based on a uniform projection of populations using these same figures as the base. Nonetheless, it is to be expected that, by using the method of rank correlation analysis, some of the imperfections of the data could be refined. Table 7-5 gives a picture of the relationship between the average monthly incomes of low, middle, and upper income groups and sizes of the urban centers. The table also differentiates between wage earners and self-employed workers. Income groups are defined on the basis of the income of the head of household: a low income is less than ₦1,000 per annum, medium if it lies between ₦1,000 and ₦3,000, and upper if it is over ₦3,000.

From Table 5-5, it is not easy to discern the relationships between city sizes and incomes. Consequently, Spearman's rank correlation coefficients have been calculated between the ranks in the populations of each urban center and between the ranks of the average monthly income both for groups of wage types and income groups. The correlation coefficients are shown in Table 5-6. A generally low level of association is indicated in this table, which could be attributed to other variables that intervene between urbanization and level of development (of which income is a measure). Such variables would relate to the degree to which certain urban centers generate gainful employment or other variables that measure the fit of these urban centers in the spatial economy of the nation. Nonetheless, one of these correlation coefficients is significant statistically; however, the more important attribute of the coefficients would seem to be that there is a negative trend in the relationship between city size and average income—i.e., as city size increases, mean income decreases, not only for the income groups but also for the types of workers. This finding is unexpected and could be baffling in view of earlier discussions about generally accepted views on urbanization and development. However, a number of explanations are possible.

The occurrence of low wages in the larger urban centers may be associated with the degree of integration of cities into the processes of economic development. For example, using 1952 census figures, A. L. Mabogunje argues that many cities—especially the agro-towns in the South Western and Northern parts of the country—are not only disfunctional but also constraints on the country's economic development.[13] This observation is not expected to have changed radically in recent years. Thus, while these cities are expected not only to stimulate agricultural production in their hinterlands but also to provide employment and jobs for the more daring rural dwellers who migrate into them, it is very clear that they have failed to adequately meet the employment demands of rural-urban migrants.

O. Falae shows that the rates of unemployment within Nigerian cities varied between 5 and 20 percent, although the national rate was only 1.7 percent.[14] Further findings by Falae on the composition of unemployed people show that 70 percent of them were school leavers who had no previous working experience. About 78 percent of the total unemployed were dropouts from primary schools. These groups of people possess little or no skills to exchange on the urban employment market and, consequently, may be prepared to accept rather low wages. Also, the period of unemployment tended to increase rather than decrease with respect to length of stay in the

TABLE 5-5

Selected Urban Centers and Average Monthly Income for Three Income Groups, 1975

	1963 Population	Average Income/Wage Earners			Average Income—Self-Employed		
		Low	Middle	Upper	Low	Middle	Upper
Lagos	1,089,900	121.13	226.25	615.00	106.36	244.18	498.00
Ibadan	627,379	125.33	241.84	534.67	85.35	246.87	497.08
Kano	295,432	102.38	245.22	758.57	80.03	224.67	421.25
Iiorin	208,817	97.55	179.00	574.00	92.61	223.67	—[b]
Port Harcourt	197,563	103.89	201.20	596.00	65.88	291.67	—
Zaria	166,170	97.03	201.00	—	71.64	227.00	694.00
Onitsha	163,032	109.38	226.82	419.00	81.52	239.00	755.00
Ado-Ekiti	157,519	179.12	396.38	401.99	65.00	238.00	562.00
Kaduna	149,910	83.91	192.32	724.00	74.04	264.13	507.00
Maiduguri	139,965	111.33	150.00	—	126.00	—	—
Enugu	138,457	128.67[a]	223.80	387.00	58.50	—	—
Benin	100,694	144.02	296.91	494.17	72.82	351.75	830.28
Jos	90,402	110.80	—	—	86.25	153.30[a]	—
Ikorodu	81,024	128.67	160.00	—	108.18	290.00	—
Calabar	76,418	133.77	267.00	784.43	88.30	498.00	—
Sapele	61,007	99.77	264.15	580.00	72.79	250.54	559.33
Warri	55,254	109.25	229.20	546.83	97.08	246.00	836.60
Kabba	20,817	114.32	260.50	672.00	61.75	240.00	609.00
Oturkpo		—	208.00	—	77.33	208.00	500.00[a]

SOURCE: *National Urban Consumer Surveys, 1974/1975* (unpublished figures). (Lagos: Federal Office of Statistics).

[a]1974 figures.

[b]Not available.

TABLE 5-6
Rank Correlation Coefficients Between City Populations and Mean Incomes

Type of Workers	*Low*	*Middle*	*Upper*
Wage earners	−0.22	0.04	−0.18
Self-employed	−0.10	−0.21	−0.45[a]

[a]Significant at the 0.1 level.

city. Therefore, there is a tendency for a migrant to accept just any job out of desperation even if the job or its remuneration is not commensurate with the migrant's experience. Furthermore, until very recently, most migrants preferred to move to the larger cities of Lagos, Ibadan, and Kano—thus creating excess labor there. Therefore, it might be expected that excess labor pools could lower the mean wage rates.

Of course, incomes may be derived from many sources: basic cash income which is the monthly wage, other receipts—e.g., income from other members of a household, consumption from one's own production, income in-kind, and imputed rent. Of these, basic cash income accounts for the greatest proportion of total income (Table 5-7). For instance, for all income groups and the two categories of workers, basic cash income accounts for between 66 and 89 percent average income. It is important to note, however, that most of the income of urban households is accounted for by the combination of cash

TABLE 5-7
Average Monthly Incomes (in naira) in Sampled Nigerian Cities, 1975

Income Group	*Wage Earner*			*Self-Employed*		
Sources	*Low*	*Middle*	*Upper*	*Low*	*Middle*	*Upper*
Basic cash income	82.72	205.79	489.94	49.92	192.37	610.36
Other cash receipts	31.89	40.25	80.44	16.85	60.07	53.87
Total cash income	114.61	246.04	570.38	66.77	252.44	664.23
Consumption from own products	1.17	0.50	0.11	1.91	1.06	0.05
Income in kind	1.13	0.88	0.65	1.14	0.45	2.51
Imputed rent	2.74	3.86	7.55	4.89	8.75	15.86
Total average income	119.55	251.28	578.69	74.71	262.70	682.65
Total cash, % total	95.79	97.91	98.56	89.37	96.09	97.30
Basic cash, % total	69.13	81.90	84.66	66.82	73.23	89.41

Source: Computed from *National Urban Consumer Surveys, 1974/1975*, Table 3b (Lagos: Federal Office of Statistics).

income and other cash receipts, with the proportion ranging between 89.4 and 95.6 percent for the income groups and types of workers. Consequently, the observation of a negative relationship between average incomes and sizes of urban centers cannot be attributed to the fact that some urban households (especially in the lower wage groups) supplement their incomes by other sources that have not been included in the analysis.

Nonetheless, in a way the investigation supports some findings by other authors on the role of Nigerian cities in national development. It is a very well-known fact that many of the cities are disfunctional in generating processes of development because they are not able to provide adequate employment in terms of quantity and quality. In like manner, they also are unable to stimulate raw material production in the hinterlands.[15] Moreover, many of the cities are economic enclaves that depend very heavily on exploiting their rural hinterlands to the extent that they may be described as *parasitic.* Even when they are centers for the location of modern forces of production, the industries lack the sort of backward and forward linkages that are necessary for a "takeoff" into the developmental path.[16]

In any case, it should be realized that the Nigerian urban system is in different phases of urban development; consequently city sizes do not necessarily indicate economic buoyancy. However, our findings would suggest the need for further investigation into the structure of these urban centers in relation to the structure of wages within them. For instance, the fact of historical development of urbanization in Nigeria could be a basis for a stratification of the cities and hence the basis for an analysis of wage structures. Furthermore, since it is known that quite a number of cities in the South Western and Northern parts of the country are agro-towns, it is possible to differentiate them from other groups of urban centers in a bid to understand cross-country variations in patterns of average incomes. As interesting as such analysis would be, data constraints make further pursuit of them difficult if not impossible. Nonetheless, it is possible to hypothesize that the pattern of variations reflect, to some degree, the regional characteristics of the areas in which these cities are located. This latter approach is examined below.

Regional Disparities in Levels of Urbanization and Income

Regional disparities are features of development and originate through the differential rates at which developmental forces operate. Usually these disparities arise either because of the unevenness of the distribution of natural resources or because of the disparities caused by urban and rural sectors of the economy. The effects of resource endowments and rural and urban imbalances in the distribution of income are discussed extensively by O. Teriba and A. O. Phillips, who show that, in general, urban wages are not only higher than the wages in rural areas but that there is also a marked widening income differential between the urban and rural areas.[17]

It is not very difficult to discern reasons for this fact. In recent years, some of Nigeria's cities have become centers of both infrastructural development and industrial concentration, which in effect have turned these cities into important nodes in the country's spatial economy. For instance, O. Teriba and A. O. Phillips show that urban areas with such urban-oriented activities as manufacturing, building and construction, and electricity supply have achieved rates of growth that are two to four times that of the national GDP rate of 5.6 percent. On the other hand, rural areas whose major occupations are agricultural are not only declining in terms of contribution to GDP but also are known to have a growth rate of only 3.3 percent.

However, the nature of the relationship between regional disparities in the distribution of urban incomes and the levels of urbanization in the regions has been neglected, even though such an investigation could be crucial to understanding the spatial variation of incomes in the country. Table 5-8 shows that for wage earners as well as the self-employed, the highest incomes occur in the states of Lagos, East Central, West, Mid West, South East, and Rivers. These states contain much of the wealth of the country resulting from either the existence of natural resources or the location of modern forces of production. For instance, the Mid West, Rivers, and South Eastern states contain vast resources of mineral oil and agricultural produce while Lagos monopolizes industrial development and commerce in the country.

TABLE 5-8

Average Income Per Household Per Month for the 12 States in Nigeria by Wage Groups, 1975

	Wage Earners			*Self-Employed*		
	Low	*Middle*	*Upper*	*Low*	*Middle*	*Upper*
Benue Plateau	88.46	208.00	—	78.81	—	—
East Central	143.70	251.11	406.22	79.38	230.12	755.00
Kano	103.43	242.68	669.61	59.95	217.64	421.20
Kwara	116.97	262.28	619.48	69.84	208.07	632.99
Lagos	137.37	270.70	625.24	106.58	274.74	556.15
Mid West	121.26	263.35	493.99	74.22	241.26	758.34
North Central	88.25	261.94	534.23	65.45	212.82	582.49
North Eastern	106.87	155.67	—	78.06	198.13	—
North Western	119.85	275.55	723.00	70.83	227.81	576.41
Rivers	63.06	202.10	527.83	69.28	182.61	—
South Eastern	132.19	233.84	626.01	81.83	374.79	609.94
Western	130.21	270.15	575.73	65.26	345.37	832.70
Nigeria	119.65	251.28	578.69	74.71	262.70	682.65

SOURCE: *National Urban Consumer Surverys, 1974/1975*, Preliminary Report I, Table 3 (Lagos: Federal Office of Statistics).

The effect of urbanization in fostering regional disparities in the distribution of household income may be investigated through an analysis of household incomes vis-à-vis levels of urbanization in the states of the federation (Table 5-9). The highest mean urban wages were recorded in the Western state, which had about 52 percent of its population classified as urban. On the other extreme is the state of Kano, where only 6 percent of the population lived in urban centers and urban wages remained relatively low. Spearman's rank correlation coefficient, as a measure of the degree of association between levels of urbanization and mean urban wages, is only 0.293, a value that is not statistically significant. And, when mean urban wages are disaggregated into the two categories of wage earners and self-employed workers, as well as by groups of workers as in Table 5-10, it becomes obvious that very low degrees of association are likely to exist between levels of urbanization and mean regional incomes.

Table 5-11 of Spearman's rank correlation coefficients confirms this inference for the low and middle income wage classes. A major reason that may be adduced for this lies in recent wage reviews in the country. These wage reviews have attempted to effect some harmonization of wages in both the public and private sectors. Also, the idea has been that wages for similar types of jobs were expected not to vary among or within the states. This

TABLE 5-9

Regional Disparities in Levels of Urbanization and Mean Urban Incomes in Nigeria, 1975

State	*No. of Urban Centers*	*Percent Population Urban*	*Mean Wages[a] Per Month (₦)*
Benue Plateau	9	9.4	n.a.
East Central	19	11.8	310.92
Kano	3	6.0	285.75
Kwara	9	19.7	318.27
Lagos	6	72.5	328.46
Mid West	6	11.2	350.81
North Central	6	12.3	290.86
North Eastern	25	10.8	n.a.
North Western	17	8.4	332.24
Rivers	4	16.1	264.33
South Eastern	7	6.9	343.10
Western	72	51.9	369.90
	183	19.1	328.28

SOURCE: *National Urban Consumer Surveys, 1974/1975*, Preliminary Report I, Table 3 (Lagos: Federal Office of Statistics).

[a]Wage earners only.

TABLE 5-10
Regional Disparities in Levels of Urbanization and Mean Urban Incomes by Wage Classes, 1975

State	% Population Urban	Low Income: Wage Earners	Low Income: Self Employed	Middle Income: Wage Earners	Middle Income: Self-Employed
Benue Plateau	9.4	88.46	78.81	208.00	158.00
East Central	11.8	143.70	79.38	253.11	230.12
Kano	6.0	103.43	59.95	242.68	217.64
Kwara	19.7	116.97	69.84	262.28	208.07
Lagos	72.5	137.37	106.56	270.70	274.74
Mid West	11.2	121.26	74.22	263.35	241.26
North Central	12.3	88.85	65.45	261.94	212.82
North Eastern	10.8	106.87	78.06	155.67	198.13
North Western	8.4	119.85	70.83	275.55	227.81
Rivers	16.1	63.06	69.28	202.10	182.62
South Eastern	6.9	132.19	81.83	233.84	374.79
Western	51.9	130.21	65.26	270.15	345.37
Nigeria	19.1	119.65	74.71	251.28	262.70

Source: *National Urban Consumer Surveys, 1974/1975* unpublished figures. (Lagos: Federal Office of Statistics).

TABLE 5-11
Rank Correlation Coefficients[a] Between Average Monthly Incomes and Levels of Urbanization of States

Type of Workers	*Income Group: Low*	*Income Group: Middle*
Wage earners	0.12	−0.36
Self-employed	0.36	0.08

[a]All coefficients are not statistically significant at the 0.05 level.

probably explains the lack of significant correlations between mean urban wages and levels of urbanization.

While wage reviews and wage harmonizations might be sufficient reasons for the types of relationships observed for wage earners, they can in no way be said to explain the situation observed for self-employed workers. A possible explanation must be sought in the composition of occupations that most self-employed workers are engaged in. A. Callaway has shown that many of these occupations belong to that sector of the urban economy generally described as "informal,"[18] which is characterized not only by low capitalization and low mechanization but also by low monetary returns. A further explanation might be sought from the dysfunctional role that many of the cities play in promoting economic development. For instance, one should expect that cities, as origins of innovation as well as growth poles, should provide many opportunities and challenges for self-employed people to improve their lot. That such an expectation is not validated by available data should be a cause for concern on the role of Nigerian cities in economic development.[19]

Nonetheless, it is generally agreed that the economic base of cities in Nigeria is undergoing some structural transformation resulting from the location of activities such as manufacturing and commerce, as well as the social services and amenities. Since these activities often enjoy the economies of agglomeration which usually occur in cities, one might hypothesize that cities create situations for higher incomes and wages. It is equally possible that these activities are responsible for the regional variations identified in this study.

Urbanization, Income Distribution, and Location of Economic Activities and Social Services

The association between levels of urbanization and development is usually expressed in terms of a measure of central tendency (usually a regression line) in such a way that nations that lie above and below the regression line are regarded as deviations from the norm.[20] It is argued that nations lying on the regression line are usually advanced industrial countries, that experience a balance between urbanization and development. Nations that lie above and below it are, respectively, over- and under-urbanized.

Most third world countries belong to the latter group. The general thesis of the argument is that a high level of development would generate an equally high level of urbanization or vice versa. Consequently, the relationship is seen as symbiotic and hence there is always a tendency to neglect certain strong intervening variables, some of which are oftentimes assumed away in indices purporting to measure development.[21] Perhaps the most important among these variables are those that deal with the location of economic activities as well as social services and amenities.

The location of economic activities as well as social services and amenities constitutes some of the potent forces of social and economic transformation in third world countries. Since such activities benefit from economies of agglomeration, there has always been a preference for them to locate in urban centers and consequently increase the levels of urbanization, especially through migration.

The national space of Nigeria is characterized by inequalities both in regional levels of urbanization and in income. Because of Nigeria's large size and variations in natural resources, it seems worthwhile to examine the role of the location of economic activities—especially, manufacturing activities and social services, in particular educational institutions—in generating spatial variations in urban and regional incomes.

Location of Economic Activities and the Distribution of Income

Forces of modern economic production have been concentrated in a few cities—especially, the state capitals, ports, and other major administrative centers. By 1965, most of the nation's industrial and manufacturing activities were concentrated in such urban centers as metropolitan Lagos, Kano, Kaduna, Ibadan, Sapele, Zaria, Jos, and Ewekoro (Table 5-12). By 1969 the pattern of location of industrial activities remained virtually unchanged as these few urban centers increased their shares of industrial activity. For example, in 1965, these seven cities accounted for some 74.7 percent of total industrial shares in Nigeria. By 1969 the percentage had risen to 90.1 percent, and Lagos alone increased its shares from 37.8 percent in the former year to 50 percent in the latter. Although industrial development is taking place in other centers, especially in the state capitals, the pattern of industrial concentration is not likely to change radically in the next few years because of the initial advantage of the former set of urban centers.

However, the concentration of industrial development in a few cities is a consequence of the two principles of industrialization in the country. The first was the valorization of certain locally produced materials such as wood, tin, and some agricultural produce for export into Great Britain and other

TABLE 5-12
Degree of Industrialization of Major Industrial Cities in 1965 and 1969[a]

City	*1965*	*1969*
Metropolitan Lagos	37.8	50.0
Kano	9.8	10.6
Kaduna	8.1	13.9
Ibadan	6.1	6.4
Sapele area	6.5	4.5
Zaria	2.5	2.9
Jos	2.2	2.2
Ewekoro	1.7	1.6
Total	74.7	90.1

SOURCE: L. Schatzl, *Industrialization in Nigeria: A Spatial Analysis* (Ibadan and Munich: Humanities Press, 1973), p. 232.

[a]This is defined as the arithmetic mean of the percentage shares of the number of people employed, their wages and salaries, gross output, and gross value added.

developed countries. This principle led to the establishment of manufacturing industries in areas where some natural resources were found. Tin smelting in Jos (from the tin mines of the Jos Plateau) and the timber and plywood factories at Sapele are examples of industries that arose from the operation of this principle. The second principle was that the import substitution, which entailed the manufacture in Nigeria of those articles for which a market already existed in the country. This involved the importation of machinery, raw materials, and sometimes skilled manpower into the country. Since the ports constituted suitable break-of-bulk points, the ports of Lagos and Port Harcourt benefited immensely from this principle.

The characteristics of industrial wages in the country's manufacturing centers are shown in Table 5-13. It is evident that the highest industrial wages were paid in such centers as Port Harcourt, Lagos, Abeokuta (including the Ewekoro Cement Factory), Aba, and Kaduna. At the other end of the scale were such new industrial centers as Ado-Ekiti and Benin City, where industrial wages were relatively low. Table 5-13 also indicates that to some extent the structural characteristics of industries affect mean wages. Thus, Jos, which was one of the earliest industrial centers, has a low mean wage because its industries were closely based on the benefication of raw materials; this industrial process employs unskilled and semiskilled people who invariably are paid low wages. This aspect of labor may also

TABLE 5-13

Industrial Wages in Selected Urban Centers, 1970[a]

City	*Number of Establishments*	*Number Engaged*	*Total Wages (in ₦'000)*	*Mean Industrial Wages*
Lagos	268	57,853	18,496	319.71
Abeokuta	18	2,136	639	299.16
Ibadan	57	6,685	1,475	220.64
Ado-Ekiti	7	1,182	200	169.20
Benin City	35	2,838	396	139.53
Sapele/Ugheli	25	8,825	2,012	227.99
Aba	16	885	228	257.63
Maiduguri	14	869	212	243.96
Jos	19	2,014	375	186.20
Port Harcourt	9	1,330	774	581.95
Kano	55	11,184	2,277	203.59
Kaduna	23	15,721	3,886	247.19
Sokoto	6	331	94	283.99
Nigeria	703	127,162	34,255	269.38

SOURCE: *Industrial Survey of Nigeria, 1968–1970* (Lagos: Federal Office of Statistcs).

[a]1970 marks the last year these details were published on a city wide basis.

account for the low mean industrial wages in Ibadan and Sapele.

Industrial development in Nigeria is characterized by concentrations not only in few cities but also in few regions of the country. In 1975, for instance, 346 of the 1,293 industrial establishments were located in Lagos. This figure accounted for 43.03 percent of total industrial employment and 58.57 of total wages and salaries. The states of Anambra and Bendel had 131 and 108 establishments and accounted for 3.35 and 3.40 percent of total industrial wages, respectively (Table 5-14). Of the remaining states, only Kaduna, which accounted for 4.56 percent of the number of establishments, contributed significantly to total wages (10.22 percent). Such concentrations as these go a long way toward determining the structure of wages and income in various parts of the country.

The mean annual wages for manufacturing activities are given in Table 5-14. While the predominant position of Lagos stands out clearly, it should be noted that only two states—Lagos and Plateau—pay mean wages above the national average while three others—Anambra, Bauchi, and

TABLE 5-14

Industrial Wages and Employment in 19 States of Nigeria, 1975

States	*Number of Establishments*	*Total Employment*	*Wages and Salaries (₦'000)*	*Mean Wages (₦)*
Anambra	131	7,858	8,388	1,067.45
Bauchi	8	465	495	1,064.52
Bendel	108	16,888	15,517	918.82
Benue	26	795	475	597.48
Borno	10	531	442	823.39
Cross River	66	23,521	8,415	357.77
Gongola	12	786	480	610.69
Imo	76	4,364	3,225	739.00
Kaduna	59	24,765	25,608	1,034.04
Kano	89	19,106	14,930	781.43
Kwara	28	7,590	4,697	618.84
Lagos	346	105,086	146,743	1,396.50
Niger	16	343	120	349.85
Ogun	53	1,890	1,083	573.02
Ondo	50	3,690	1,552	420.60
Oyo	100	7,474	5,033	673.40
Plateau	42	4,241	5,452	1,285.55
Rivers	37	7,629	6,593	864.20
Sokoto	36	4,056	3,289	810.90
Nigeria	1,293	224,243	250,545	1,117.29

SOURCE: *Summary of Results by Industry, 1975* (Lagos: Federal Office of Statistics).

Kaduna—pay fairly high mean wages. Down the scale are states like Niger, Ondo, Ogun, Oyo, Kwara, Gongola, Cross River, and Benue, where industrial wages are rather low. Nonetheless industrial wages are generally higher than the combined wages of all urban residents (Table 7-9); therefore, one might deduce that the overall mean wages are lowered by the workers in other sectors of the economy.

The determinants of industrial wages are known to include productivity, state of employment, profitability, union power, wages in other industries, and price levels. In the Nigerian situation, it has been argued and shown that productivity serves as a good proxy for many of these variables, although its effect as a major determinant of wages is doubtful.[22] Nonetheless, the fact that there is an unequal concentration of factors that increase productivity in a few urban centers like Lagos, Kaduna, and Jos does not make it very surprising that mean wages are highest there. Furthermore, wages are expected to be high there because these states have the highest mix of industries—including the high wage paying industries of food and chemicals, grain milling, beer brewing, basic industrial chemicals, pharmaceuticals, paints, and miscellaneous food preparations.[23]

It has not been possible to show the extent to which regional variations in the distribution of natural resources influence, on the one hand, the location of manufacturing industries and, on the other, the spatial variation of industrial wages. This is because the industrial location decision process, except for a very few cases, has not been influenced by the location of natural resources. It might be expected, however, that if and when Nigeria embarks on an industrial policy that utilizes local materials, then the issues of raw material distribution and location of natural resources would be instrumental in determining the structure of industrial wages.

Location of Social Services and the Distribution of Income

Modern welfare services such as education, health, recreation, and entertainment facilities are crucial to the socioeconomic development of a nation because their locations both within the cities and throughout the nation are critical elements of the modernization process. No theories have been developed specifically for analyzing the location of social activities; however, Walter Christaller's central place theory, which was originally developed for locating central places or cities, has been applied to the location of such tertiary activities as retailing[24] and schools.[25] It is argued that goods and services are of different orders and therefore possess different ranges and thresholds. The lower limit of one such range defines the threshold that encompasses an area large enough to ensure the viability of goods or services, while the upper limit defines the maximum reach from which people will be prepared to travel to a center offering these goods and services.

Christaller's scheme becomes relevant in the study of social services because of his concept of range and threshold. For instance, the location of primary schools in any area implies, all other things being equal, the existence of a sufficient number of pupils of primary school age; similarly, the location of a golf course requires the existence of some other type of threshold. Income, population, or purchasing power are known to provide useful indices of these thresholds.

Location of Post-Primary Institutions and the Distribution of Income in Nigeria

The location of post-primary institutions in Nigeria is a convenient way of describing the relationship betwen the distribution of income and urbanization because demands for secondary school education can be met only in certain levels of settlements. For instance, secondary schools are much larger than primary ones and are more discriminating in the type of quality of students admitted. In terms of Christaller's theory, secondary schools will have a bigger threshold and a longer range. Furthermore, since such services often require other resources—such as water supply, electricity, housing, shopping, and medical facilities—they cannot be located in small communities. It is obvious therefore that a community must be of a certain minimum size in order to generate the necessary resources. Consequently, urban centers have been the usual locations of most of the secondary schools in Nigeria—a fact that is illustrated clearly in Table 5-15. The table shows that there is a positive correlation between the number of urban centers and the number of post-primary institutions, and between the level of urbanization and the number of post-primary institutions.

This can be readily explained as follows. Historical reasons have not significantly affected the founding of post-primary institutions (although this may not be very true for Nigeria). It may be argued that the higher the level of urbanization and hence the greater the level of acculturation of the norms and values of an industrial society, the more likely will there be large concentrations of people whose incomes when pooled together could be considerable in financing secondary institutions and providing other necessary resources. An interpretation such as this is further enhanced by the fairly high level of association (rank correlation coefficient of 0.65) between mean urban wages and the number of post-primary institutions (Table 5-15).

Some caution is necessary in either interpreting or in generalizing these results, however. It should be noted, in particular, that the earliest institutions in the country were established by missionaries who penetrated the country from the South. On this basis alone, states in the South should normally have more schools. However, in recent years many communities have actually invested in post-primary education through self-help projects.

One could further extend the analysis in terms of the urban and rural differences in income distribution and the location of secondary schools. Beginning on the premise that urban areas generate higher incomes than rural areas,[26] one could hypothesize that secondary schools will be located more

TABLE 5-15
Urbanization and Distribution of Post-Primary Institutions in Nigeria, 1973

State	*No. of Post-Primary Institutions*	*No. of Urban Centers*	*Degree of Urbanization*	*Mean Urban Wages (₦)*
Benue Plateau	76	9	8.9	n.a.
East Central	267	19	11.6	310.92
Kano	27	3	6.0	285.75
Kwara	89	9	19.7	318.27
Lagos	105	6	72.5	328.46
Mid West	143	6	11.2	350.81
North Central	38	6	12.0	290.86
North Eastern	62	25	11.3	n.a.
North Western	59	17	10.1	332.24
Rivers	40	4	15.5	264.33
South Eastern	75	7	7.8	343.10
West	512	72	50.6	369.90
Total	1,493	183	19.1	328.28

SOURCE: *National Urban Consumer Surveys, 1974/1975;* also *Annual Abstract of Statistics, 1974* (Lagos: Federal Office of Statistics).

disproportionately in favor of urban areas. Indeed, this is the case within Nigeria as a whole but nowhere is the story more clearly told than for the state of Kano, where out of the 27 secondary institutions in the state in 1973, 13 were in metropolitan Kano alone.

An effect of income distribution and urbanization on the location of educational services in a national context would be such that these facilities would not be equally accessible to different parts of the nation. However, they would be more accessible in such states as the West, Lagos, East Central, North East, North West, and Kwara where the degrees of urbanization and the numbers of post-primary institutions are relatively high. Knowing fully well that education is a major factor in determining wages and salaries throughout the country, it may be concluded that the present patterns of urban development are most likely to foster further disparities in the distribution of income. Consequently, any policy that proposes an income redistribution scheme for the country would not necessarily neglect the role of the spatial aspects of urban development. A lopsided urban development, as in the case of Kano, is more likely to foster disparities in income distribution as well as encourage rural-urban migration.

It is important to note that the location of public services in Nigeria is biased in favor of urban centers, since large collections of people are required to constitute the threshold necessary for their establishment. These concentrations have the effect of reinforcing existing rural-urban differentials in income distribution. However, Nigeria as shown in Table 5-16 is far from being adequately served by secondary institutions. The figure of 1,493 post-primary institutions, represents a rate of about one secondary institution to about 37,000 people, with the proportion varying between as low as one school to 214,000 people in the state of Kano, as high as one school to 13,752 in the state of Lagos, and one school to 18,453 in the West.

Considering the role of education in national development, this lopsided distribution should be of utmost concern to the nation. In terms of national manpower development, it might be expected that a greater number of people in areas of a high school-to-population ratio will benefit more. The wage structure, at least in the public sector in present-day Nigeria, is such that more recognition and reward are attached to educational achievements. While it is desirable that such differentials in income arising from educational achievements should be narrowed, it must be accepted that this can be achieved only by conscious governmental efforts. The normal processes of economic development would be too slow to achieve this objective.

TABLE 5-16
Regional Disparities in Location of Post-Primary Institutions in Nigeria, 1973

State	*Population (in thousands)*	*Number of Post-Primary Institutions*	*State Population Per Institution*
Benue Plateau	4,009	76	52,750
East Central	7,228	267	27,071
Kano	5,775	27	213,889
Kwara	2,399	89	26,955
Lagos	1,444	105	13,752
Mid West	2,536	143	17,734
North Central	4,098	38	107,842
North Eastern	7,793	62	125,694
North Western	5,734	59	97,186
Rivers	1,545	40	38,625
South Eastern	3,623	75	48,307
Western	9,448	512	18,453
	55,670	1,493	37,289

SOURCE: *National Urban Consumer Surveys, 1974/1975;* also *Annual Abstract of Statistics,* 1974; also *Census of Nigeria 1963* (Lagos: Federal Office of Statistics).

Location of Educational Institutions and the Distribution of Income in the Cities

Studies on the determinants of wages in many parts of the world have shown that some amount of association exists between levels of education and the incomes of heads of households. The higher the level of education, the higher the monthly or annual wage or salary. Such observations are easy to explain because acquisition of a higher level of education could also mean that greater skills are more relevant to and in demand by the employment market. Therefore, adequate provision of skill acquisition centers is one way of reducing regional inequalities in educational attainment and, hence, level of wages.

Of equal importance in skill acquisition is the accessibility of educational institutions to the population that is expected to consume the services. Thus, in intraurban considerations of the location of educational institutions, it is obvious that the principle of maximizing accessibility or minimizing the cost of the friction of distance in skill acquisition could be basic to the ultimate determination of wage structures. Of course, the relationship is more complex, as it is known that people in the higher income groups have greater potentials for differentiating between qualities of educational facilities and in deciding on patterns of consumption. On the other hand, the lower income groups have little choice in what they are able to consume, and they may be caught in a vicious circle of low educational attainment, low wages, and low potentials for skill acquisition. Since there are differences in the residential locational patterns of the various groups of people in the cities, vital questions must be asked concerning the extent to which the location of educational institutions on the long or short term will encourage the urban residents to consume these facilities.[27]

In many Nigerian cities, educational institutions are located on the peripheries of built-up areas. In recent years, when sizes and populations of cities have grown tremendously, such trends in locational strategies could cause considerable hardship in their consumption. For instance in 1970 when there were 152 primary schools in Ibadan, there were less than 70 schools in the core areas of the city. At this time the central wards containing some 33,470 people had only one school (Table 5-17). However, the peripheral areas like the South West, North West, and South have a large concentration of these facilities.

In the city of Ibadan, the central wards and parts of the eastern and northern wards, which constitute the core areas, are inhabited mainly by the indigenes—most of whom live in mud houses and in slum-like conditions. Pupils of rather young ages from these areas sometimes travel a distance of two to three kilometers to school. On the other hand, the suburbs, which make up of most of the southwestern and northwestern wards, are inhabited by migrants and generally more well-to-do families. This group of people resides closer to the schools and could be expected to make rather short trips

TABLE 5-17
Population Distribution and Primary Schools in Ibadan, 1970

Area	Population[a]	No. of Primary Schools	Population Per School
North	154,000	41	3,756
East	103,173	28	3,690
South	87,518	26	3,666
South Western	293,145	36	8,143
North Western	85,649	20	4,282
Central	33,470	1	33,470
Total	756,955	152	4,980

SOURCE: *Location and Physical Conditions of Schools: An Analytical Study in Ibadan* (Ibadan: Technical College, 1970).

[a]Estimated from 1963 figures at 2.6 percent growth rate.

to school. Overall, more than one-third of the primary school population in Ibadan in 1970 made trips longer than 1.5 kilometers to school (Table 5-18). The situation has probably worsened in recent years.

Another rather serious issue in the location of primary schools pertains to their inadequacy, which is hardly obvious from gross numbers. For instance, in 1970 when there were 152 schools, the average number of people per school was 4,979.97, which compares favorably with the government standard of one school to 4,000 people. In 1978, with a population of 1,304,268, there were 268 schools and a ratio of one school to 4,592. New schools have not been built; instead, existing schools are operating on both

TABLE 5-18
Analysis of the Number of Primary School Pupils in Ibadan by Home to School Distance, 1970

Home to School, Distance in km.	*No. of Students*	*% Total*
Less than 1.5	54,297	61.9
1.5 to 3.0	25,015	28.5
3.0 to 4.5	6,195	7.1
4.5 to 6.0	1,521	1.7
6.0 to 7.5	478	0.5
Greater than 7.5	285	0.3
Total	87,791	100.0

SOURCE: *Location and Physical Conditions of Schools: An Analytical Study in Ibadan* (Ibadan: Technical College, 1970).

morning (7:30 A.M. to 12:30 P.M.) and afternoon (1:00 P.M. to 5:00 P.M.) sessions.

The issue of accessibility of schools may be further illustrated by the location of secondary institutions in Ibadan in 1970. Table 5-18 shows a government standard rate of one school per 10,000; the southwestern, northwestern and central wards, which contained 54.46 percent of the city population, were not adequately served. Table 5-19, which shows the number of institutions as well as the number of students per different subareas, illustrates the inadequacy of secondary institutions in the city.

Table 5-19 raises a major point when one notes that the northwestern and central wards also account for only about 8 percent of the enrollment in secondary institutions—in spite of the fact that they accounted for about 16 percent of the city's population. An examination of the individual wards in these areas shows that besides the University of Ibadan and Boija areas, other wards such as Agbeni, Idikan, Oke Padre, Ekotedo, Nalende, Mapo, and Ogunmola are either indigenous parts of the city or were settled long ago by streams of the earliest migrants to the city. A. L. Mabogunje, in his study of urbanization in Nigeria, characterized these areas as poor, slum-like residential areas inhabited by artisans and unskilled workers in low wage employment.[28] Considering that the acquisition of secondary education in Nigeria is not free of charge, one is less embarrassed that there are few children of low income workers enrolled in the secondary schools. A more detailed analysis of secondary school attendance is needed, although it is quite possible that physical inaccessibility could be a reason why fewer children here attend such institutions.[29]

While the physical location of educational institutions in places peripheral to the spatial configuration of most cities could result in lengthy trips to the schools, it is also conceivable that long distance may be due to either

TABLE 5-19

Population Distribution and Secondary Institutions in Ibadan, 1970

Area/Ward Groupings	*Population, 1970*	*Number of of Secondary Institutions*	*Population Per Institution*
North	154,000	10	15,400.00
East	103,173	11	9,379.36
South	87,518	12	6,732.15
South Western	293,145	13	22,549.62
North Western	85,649	2	42,824.50
Central	33,470	—	—
Total	756,955	48	15,770

SOURCE: *Location and Physical Conditions of Schools: An Analytical Study in Ibadan* (Ibadan: Technical College, 1970).

religious or socioeconomic considerations. For instance, it is not unusual for high income workers to send their children to fee-paying primary schools and high class secondary schools, irrespective of the distance between home and the schools. In Lagos, many pupils travel from the mainland to Ikoyi to attend schools, while in Ibadan, high income areas such as Bodija and the University of Ibadan have their own fee-paying and high class primary and secondary institutions.

Furthermore, since it is usual for the poorer residents of Nigerian cities to live in central parts of the cities where invariably few schools are located, the physical isolation of the poorer people from social services and other facilities is not only a major deprivation but could also be a major determinant of future incomes. High costs of the journey to school are not as prohibitive to high income workers as they are to low wage earners. Since most high income workers live in free or highly subsidized apartments and often possess a means of transport that has been equally highly subsidized, they are, ipso facto, made more accessible to consume urban facilities and amenities.

The patterns of educational facilites as described in Ibadan are very typical of the consumption in Nigerian cities in general. Consequently, it is possible to draw some vital conclusions—in particular, about the location of schools and activities in some parts of the city and how they favor certain groups of people. The concentration of activities occurs in cities because political and economic power is centered there. This factor gives rise to regional variations in the spatial distributions of income and accounts in no small way for the distribution of people in the city. Generally, the effect is to make the upper income people, who are more accessible to political and economic power, also more accessible to urban facilities and amenities. Thus, the poorer or low income people live in slums or slum-like conditions where housing is either inadequate or overcrowded and overutilized, and where roads are either in a bad state of repair or sometimes not existent. On the other hand, the rich live in residential estates and reservations that are equipped with modern urban facilities and conveniences.

The overall effect is that access to political and economic power represents a major factor in the spatial distribution of income, in the location of economic and welfare activities in both an extra- and intraurban space, and in the process of urbanization and urban development.

Implications for Regional Development Planning

It should be obvious from the foregoing discussions and analysis that Nigerian cities currently fail in a number of significant aspects. First, they cannot be said to generate adequate employment and hence wages that are high enough to justify the rosy view of life in the city that is paramount in the minds of migrants. Secondly, there is the issue of the economic enclaves created by these cities, which are nothing more than centers of ostentatious living and high consumption in spite of the fact that some of them are industrial centers. Finally, one must consider the role of the cities in the overall economic development of the nation. Nonetheless, it needs to be mentioned that these three issues are hardly separable and that any desire to treat them as such is for discussion purposes only.

Although this paper has not directly examined the wage-generating potentialities of Nigerian cities, some reasonable inferences can be drawn from this analysis about the location of economic activities and the structure of wages in them. For instance, the fact that the highest wages were not paid in the largest urban centers in spite of the concentration of modern means of production as well as other opportunities in commerce and business is probably a measure of their cities' inability to stimulate development. Of course, the concentration of activities is only apparent and says nothing about the composition of the activities. It is known and agreed all over the developing world that import-substitution industries hardly generate the sort of background and forward linkages that are necessary for a "takeoff" into the developmental path. The crucial point about cities in Nigeria, as well as in most of the developing world, is that their economy is intricately tied to external economies fostered by worldwide expansion and development of the mercantilistic and capitalistic systems.[30] Consequently, the cities are merely satellites of metropolises of the world economic system.

Many developing countries have seen the processes of industrialization as keys to their economic independence and have unwittingly embarked on large-scale high technology importation with the unacceptable result of increasing dependence on external economies. It is true in Nigeria that the economic base of the cities is weak (hence the low wages); but, it is also true that whatever linkages the industries have are controlled externally. The answer to improving the economic base of cities, therefore, would not lie in large-scale high technology industrialization, but in the development of intermediate technology industries that utilize local raw materials such as agricultural products.

Within developmental thinking, cities are often seen as growth poles from which innovations originate and diffuse into rural areas. Although it cannot be said that Nigeria possesses a well-articulated growth pole policy, events in the country substantiate the view that this is implicit in any approach to urban and regional planning. For instance, the creation of 12 states in 1967 and 19 in 1976 and the subsequent reorganization of local governments throughout the country have had the effect of creating a tier of growth centers. Thus, if Lagos (the headquarters) is seen as the first-order growth center, the 19 state capitals constitute a second order while the local government area headquarters constitute a third-order set. Other settlements and towns constitute the lowest in the hierarchy. The deductions are further supported by the *Third National Development Plan,* which states *inter alia:*[31]

> One of the main weaknesses of Nigeria's planning effort hitherto has been its heavy emphasis on sectoral and financial planning almost to the total neglect of

> physical planning. . . . For this purpose it is usual to demarcate a number of economic regions which thereafter become the focus of attention in the formulation and implementation of regional development policy. After examining the circumstances of Nigeria, it has been agreed that the states provide the most appropriate basis for regional development planning and development.

Although the above excerpt indicates the country's intention to plan for regional development, the lack of specificity and purpose would yet remain a major constraint, especially as government urban policy does not seem to fully recognize the dependent nature of the economies, as well as the fact that cities need to constitute an interacting set. In this sense, the growth pole theory provides a mechanism for planning to integrate the national system of cities.

Essentially, the growth pole theory accepts the dictum that since development does not occur simultaneously everywhere, growth centers need to be created not only to lessen the problem of inequalities of development on the national or regional space, but also to transmit development into the hinterlands. Furthermore, it is argued that since urban centers offer suitable locations for industries because of the agglomeration effect, economic and industrial development result in increases in average real income which in turn enable cities to transmit growth to nonurban areas by creating new demands for industrial raw materials, and by providing employment for labor attracted from these rural areas.[32]

It is obvious that a major constraint on the processes of development in the country and hence on the incidence of marked regional and intraurban variations in income distribution involves both the uneven distribution of urban centers in various parts of the country and the lack of a viable economic base in the cities. A more positive approach either on the lines suggested or on other specific paths could lead to a social and economic

TABLE 5-20
Distribution of Secondary Schools and Students by Areas in Ibadan, 1970

Area/Ward Groupings	*Schools*		*Students*	
	Number	*Percent*	*Number*	*Percent*
North	10	20.83	1,737	11.60
East	11	22.93	3,864	25.81
South	13	27.08	4,070	27.18
South Western	13	27.08	4,118	27.50
North Western	2	4.18	839	5.60
Central	0	0.00	346	2.31
Ibadan	48	100.00	14,974	100.00

SOURCE: *Location and Physical Condition of Schools: An Analytical Study in Ibadan* (Ibadan: Technical College, 1970).

transformation of the country in such a way that it becomes possible to create an "egalitarian society."

Conclusion

In the past, the personal income policies in Nigeria have dealt with the issue of minimum wages in the public sectors of the economy. While these are necessary to safeguard living standards, it is also useful to remember that personal incomes have other dimensions. In particular, they reflect levels of development. Consequently, it is feasible to evolve policies that deal with this critical issue in such a way that blueprints for action are designed for removing or reducing spatial inequalities in incomes and wages in the private sector of the economy. Inasmuch as the government does not legislate wages in this sector, the essence of the personal income policies should aim at transforming the economy through a designation of some cities as growth centers in terms of their linkages, interactions, and multipliers of activities.

NOTES

1. See O. Teriba and A. O. Phillips, "Income distribution and national integration," *The Nigerian Journal of Economic and Social Studies*, Vol. 13 (1971), pp. 77–122.

2. See B. J. L. Berry, "City size distribution and economic development," *Economic Development and Cultural Change*, Vol. 9 (1961), pp. 528–558.

3. See J. Friedmann and R. Wulff, *The Urban Transition: Comparative Urbanization Studies* (Los Angeles: University of California, 1971).

4. For a fuller discussion, see D. Harvey, *Social Justice and the City* (Baltimore: The Johns Hopkins University Press, 1973).

5. The dualist theory of development has its origins in the works of Boeke early in this century. However, see J. H. Boeke, *Economics and Economic Policy of Dual Societies* (Haarlem: J. D. T. Willink, 1953). A reappraisal within a spatial sectoral framework is contained in H. Brookfield, *Interdependent Development* (Pittsburgh: University of Pittsburgh Press, 1975).

6. See Brookfield, *op. cit.*, pp. 51–56.

7. See O. Adegnola, *The Impact of Migration on the Rural Economy of Oshun Divisions of Western Nigeria*, unpublished Ph.D. thesis (Ibadan: Department of Geography, University of Ibadan, 1972).

8. The history, patterns, and characteristics of urbanization in Nigeria have been documented by A. L. Mabogunje, *Urbanization in Nigeria* (London: University of London Press, 1968). A recent summary and discussion are contained in M. A. O. Ayeni, "Patterns, processes and problems of urban development," in J. S. Oguntoyinbo, M. O. Filani, and O. Areola *(eds.), A Geography of Nigeria Development* (London: Heinemann, 1978), pp. 156–174.

9. Walter Christaller's central place theory gives a plausible explanation for the number, sizes, and spacing of the cities. It proposes a hierarchical size class distribution whereby the number of cities increases in a geometric progression as one moves from the largest to the smallest. In his *K*-3 network, for example, the progression is 1, 3, 9, 27. . . ; or 1×3^0, 1×3^1, 1 1×3^3. . . .

The size class distribution of cities in Nigeria for 1953 fits approximately the relationship 4×2^1, 4×2^3,. . . . See W. Christaller, *Central Places in Southern Germany* (translated by W. Baskin) (Englewood Cliffs, N.J.: Prentice Hall, 1933).

10. See K. Davis, *World Urbanization 1950–1970* Vol. 1, Population Monographs No. 4 (Berkeley: University of California, 1969).

11. See. A. L. Mabogunje, "Towards an urban policy in Nigeria," *The Nigerian Journal of Economic and Social Studies,* Vol. 16, No. 1 (1974), pp. 85–98; or, Bola Ayeni "Urban problems and urban planning in Nigeria," *The Nigerian Behavioural Sciences Journal,* Vol. 1, No. 2 (1978), pp. 61–74.

12. Since the early 1960s the Federal Office of Statistics has sporadically conducted surveys of the income and expenditure patterns of urban households. The *1974/75 National Urban Consumer Surveys,* which is the most comprehensive and largest in scope, covered 55 urban centers in the country. Twenty of the centers which had the best returns to the questionaire survey have been used in the present analysis.

13. See in particular A. L. Mabogunje," Urbanization in Nigeria: a constraint on economic development," *Economic Development and Cultural Change* Vol. 12 (1965), pp. 413–438.

14. See O. Falae, "Unemployment in Nigeria," *The Nigerian Journal of Economic and Social Studies,* Vol. 13 (1972), pp. 59–75.

15. See A. L. Mabogunje, "Towards an Urban Policy in Nigeria," *Nigeria Journal of Economic and Social Studies,* Vol. 16 (1974), pp. 85–91.

16. See Andre Gunder Frank, *Latin America: Underdevelopment or Revolution* (New York: Modern Reader, 1970).

17. See Teriba and Phillips, *op. cit.*

18. See A. Callaway, "Nigeria's indigeneous education: the apprentice system," *Odu Journal of the Institute of African Studies* (University of Ife), Vol. 19, pp. 62–79.

19. See A. L. Mabogunje, *op. cit.*, (1965).

20. For a discussion of these points, see H. Moir, "Relationship between urbanization levels and the industrial structure of the labour force," *Economic Development and Culturol Change*, Vol. 25 (1976), pp. 123–135.

21. See Moir, *op. cit.*, and L. F. Schnore, "The statistical measurement of urbanization and economic development, *Land Economics,* Vol. 37 (1961), pp. 229–245.

22. A. O. Phillips, "Determinants and structure of industrial wages in Nigeria," *Nigeria Journal of Economics and Social Studies,* Vol. 14 (1972), pp. 327–335, discusses these issues at greater length.

23. A. O. Phillips, *op. cit.* (1972).

24. The application of central place theory to the location of tertiary activities is contained in B. J. L. Berry, *Geography of Market Centres and Retail Distribution* (Englewood Cliffs, N.J.: Prentice Hall, 1968).

25. See A. L. Mabogunje, *Cities and Social Orders*, Inaugural Lecture (Ibadan: University of Ibadan, University of Ibadan Press, 1974).

26. See Teriba and Phillips, *op. cit.*

27. See chapter 11 in this volume by V. P. Diejomaoh and E. C. Anusionwu.

28. A. L. Mabogunje, *op. cit.* (1968).

29. See Frank, *op. cit.*, and Friedmann and Wulff, *op. cit.*

30. Frank, *op. cit.*

31. See the *Third National Development Plan* (Lagos) p. 291.

32. A vast literature exists on the growth pole theory originated by F. Perroux, "Economic space theory and applications," *Quarterly Journal of Economics*, Vol. 61 (1950). See also J. Friedmann, "Regional planning and nation building: an agenda for international research," *Economic Development and Cultural Change*, Vol. 16, 1967. The article by A. Adalemo, "Towards a model of planned urban development in African countries," in A. L. Mabogunje and A. Faniran (Eds.), *Regional Planning and National Development in Tropical Africa* (Ibadan: Ibadan University Press, 1977), pp. 71-85, is also good material.

CHAPTER 6

Aspects of Income Distribution in the Nigerian Urban Sector

Olufemi Fajana

Introduction

The Nigerian economy has experienced remarkable growth in the post-independence period. For example, in spite of the disruption of production by a grave political crisis and a 30-month civil war, the average growth rate of GDP at 1962–1963 factor cost was as high as 6.9 percent during the decade 1963–1964 to 1973–1974.[1] The phenomenal growth of the economy has been reflected in the expansion of many sectors, especially in the rapid pace of urbanization and industrialization.[2]

Although the growth performance of the Nigerian economy in the post-independence period is quite impressive, it has not been matched with the commensurate economic development. Indeed rapid economic growth has been accompanied by a number of negative developments, among which are growing unemployment and a persistent gross inequality in income. The problem of income inequality seems to be particularly pronounced in the rapidly growing urban industrial sector, with the coexistence and display there of affluence and poverty in their extreme forms. Consequently, in an attempt to achieve growth with equity, the emphasis in Nigeria's income redistribution policy has been on the urban sector, especially on urban wages and salaries. This has been reflected in the appointment of several wage review commissions in the postwar years. Wages and salaries, for which urban employment is the main source, have been identified by Nigerian planners "as the most sensitive aspect of incomes policy."[3]

In this paper an attempt will be made to analyze some aspects of the distribution of income in urban Nigeria. Section I of the paper gives a brief description of the structure and operation of the urban labor market. Section II deals with the functional distribution of income in the industrial sector while section III examines the interindustry earnings structure. The issue of interoccupational and interpersonal distribution of income is discussed in section IV. Section V outlines the pattern of distribution of employment income between large- and small-scale enterprises. The policy implications and the conclusions of the paper are presented in section VI.

I. Size, Structure, and Operation of Nigeria's Urban Labor Market

To put the issue of urban income distribution in the right perspective, it is important to outline some of the main features of the Nigerian urban labor market. Unfortunately, the paucity of reliable statistical data on the population and labor force in Nigeria makes it difficult to do this in a comprehensive manner. The fragmentary data available permit no more than rough judgments of the basic features of the urban labor market.

With 71 percent of the Nigerian population living in rural areas in 1975,[4] the urban labor force constitutes only a small proportion of the country's total labor force. There is, however, a heavy concentration of the labor force elite in the urban sector. For example, in 1966/1967, while 62.8 percent of the urban labor force was literate and 3.0 percent had school certificates or higher qualifications, the proportions of the all-Nigeria labor force in these two categories were 31.6 and 0.6 percent, respectively.[5]

In the urban areas of Nigeria, two sectors, or labor markets, can be distinguished: the traditonal and the modern. The first and by far the more dominant in terms of size is the traditional, or informal, sector. More than 70 percent of Nigeria's urban labor force operates in the *traditional* sector.[6] Over the years, the nature of activities in this sector has tended to alter in response to economic changes which are sometimes external to it. Prior to the establishment of large-scale enterprises in Nigeria and the importation of manufactured goods from advanced industrial countries, the traditional sector was dominated by indigenous craft-based industries and activities like weaving, dyeing, iron smelting, carving, and pottery. With the displacement of the products of the traditional indigenous industries, firstly by imports and lately by the output of import substitute industries, however, the urban informal sector has come to consist largely of small-scale establishments in industries such as vehicle repairs, tailoring, food processing, photography, furniture and fixtures, and services such as car washing and petty trading. Self-employment and the apprenticeship system are also important features of the labor market in the traditional sector.

The second of the sectors in urban Nigeria is the so-called *modern* sector. Although this sector is relatively small compared to the informal traditional sector, developments within it tend to have a disproportionate impact on the national economy. The modern urban sector can be disaggregated further into two components: public and private. The public component includes government institutions, public corporations and enterprises, and accounts for about 65 percent of total modern sector employment.[7] Large-scale industrial and commercial enterprises predominate in the private component of the modern urban sector.

In contrast to what prevails in the informal traditional sector, the bulk of the labor force in the modern sector is in paid employment. Within this sector there is also a small but very important class of self-employed and relatively high income earning professionals such as lawyers and accountants.

The dichotomy between the traditional and modern sectors of urban Nigeria has implications for the operation of the labor markets and for income distribution. Little or no barriers in the form of capital requirements or qualifications exist to enter into the informal sector. Consequently the sector serves as a reservoir for the bulk of labor migrating from the rural to urban areas,[8] and the forces of competition in its labor market are quite strong. The rapid growth of labor in the traditional sector coupled with the limited availability of capital tends to account for a relatively low income per capita there. The differential in income between the traditional and modern sectors has accounted for an intersectoral mobility of labor from the former to the latter sector. In some cases, however, movement into the modern sector has been for the purpose of accumulating capital for the eventual setting up of small-scale businesses in the informal sector.

Mobility of labor within the modern sector is also determined largely by intrasectoral differentials in earnings and employment opportunities. Thus, for example, the slower growth rate of incomes in the public segment of the modern sector and the resultant income differentials between it and the private segment of the sector have in recent years led to a movement of high-level manpower from the public to the private segment. While income differentials have to some extent served to determine the pattern of labor mobility within the modern sector, the incomes—particularly in the public subsector—have been shaped more by institutional than by economic forces. Consequently the market for labor in urban Nigeria is characterized by imperfections.

II. Functional Distribution of Income in Nigeria's Industrial Sector

One aspect of income distribution that has received considerable attention in economic literature is the relative shares of labor and capital in income. In Nigeria this issue of functional distribution of income looms large in the discussion on income distribution. The rapid growth of the industrial sector, fostered mainly by government incentives and private capital, has brought into sharper focus the emerging conflict between capital and labor. An extra dimension is introduced to the conflict by the fact that a large proportion of the capital in the industrial sector is foreign-owned. In an attempt to achieve a just and egalitarian society, the emphasis of government policy has been on both interfactoral and intrafactoral distribution.[9]

The lack of relevant data does not permit an analysis of functional distribution of income for the entire urban sector. Therefore, this discussion will be limited to the industrial subsector. Since 1963 the Federal Office of Statistics has been conducting countrywide annual surveys of this subsector.

Although the surveys cover only establishments with ten or more employees, they are the most comprehensive and authoritative source of data on the subsector. The surveys contain some data which are useful for depicting the functional distribution of income in Nigerian industry.

Table 6-1 shows labor's share of income in Nigeria's industrial sector during the period 1963–1974. The share is defined as the ratio of labor costs to value added. Labor costs comprise wages and salaries, employers' pension contributions, and noncash payments such as goods in kind, clothing, and medical benefits.

An important feature of Nigeria's income distribution pattern, which is clearly revealed in Table 6-1, is the relatively low share of labor in industrial value added. During the 12-year period covered by the table, the share never exceeded 26 percent.

For the purpose of analyzing the trend in labor's share of value added, our review period can be divided into three subperiods:

> In the first subperiod, 1963–1965, the share was fairly stable, at about 25 percent.
>
> During the second subperiod, 1965–1970, the share of labor in value added was marked by a sharp reduction —i.e., a differential of 10 percentage points between the shares for the two terminal years.
>
> Much of the ground lost by labor between 1965 and 1970 was regained in the third subperiod, 1970–1974. In spite of its upward movement in the last subperiod, the share of labor in value added in 1974, the end of this review period, still fell short of the level attained in 1963.

TABLE 6-1

Share of Labor in Value Added in Nigeria's Industrial Sector, 1963–1974

Year	*Labor Costs (thousands of ₦)*	*Value Added (thousands of ₦)*	*Labor Costs/Value Added Ratio (%)*
1963	27,848	109,860	25.3
1964	34,448	137,466	25.1
1965	44,724	172,592	25.9
1966	34,624	147,360	23.5
1967	42,698	175,262	24.4
1968	48,720	207,672	23.4
1969	57,792	290,228	19.9
1970	74,724	392,718	19.0
1971	96,552	442,448	21.8
1972	116,363	494,555	23.5
1973	127,330	579,985	22.0
1974	160,467	683,671	23.5

SOURCE: *Industrial Survey of Nigeria, 1963–1974* (Lagos: Federal Office of Statistics, 1976).

It is pertinent to note that the second subperiod during which labor suffered a substantial reduction in its share of income corresponds roughly with the years of political crisis and civil war in Nigeria.

The observed movement of labor's share of value added in the industrial sectors appears to have been the outcome of some interacting forces—i.e., the relative power of labor and capital, government wages and incomes policy, and the prevailing general economic conditions. The stability of labor's share in value added in the three years up to 1965 is the product of almost equal percentage increases in labor compensation and value added during the period. In 1963 the federal government set up a commission to review the wages and salaries of junior employees in the public and private sectors of the economy. In 1964 the commission reported and recommended substantial increases in wages for the junior workers.[10] The recommendations were accepted by the government. Although they were not mandatory on employers in the private sector, they were nevertheless implemented in industry partly because of union pressure and partly because of the desire of major employers in the sector to maintain a good public image. But, as was usually the case in the past, the wage awards were soon matched by increases in prices which resulted in the growth of value added.

During the subperiod 1966–1970 the Nigerian economy was operating under severe constraints imposed by political strife and the civil war. There was a marked reduction in trade union pressure, coupled with an improvement in industrial and labor relations. The "improvement was largely attributable to the recognition by both employers and employees of the need for maximum cooperation with the Federal Military Government in this period of national emergency."[11] As part of the measures to cope with the demands of the war, a freeze was imposed on wages and in 1968 the Trade Disputes (emergency provisions) Decree, which made some types of strike actions illegal, was passed.[12] On the other hand, this period of crisis and civil war was marked by a steep price acceleration, as domestic productive resources were diverted to war needs and the importation of goods was limited in order to conserve foreign exchange. The fall in the share of labor during this period is the product of the freeze on wages and the rapid increase in the level of prices.

The markedly improved economic conditions in the post-civil-war period enabled labor to recoup some of the loss it sustained in the share of value added during the war years. Soon after the end of the civil war, the Adebo Commission was set up to review wages and salaries. The reemergence of trade union pressure in the post-civil-war years made it possible to implement the substantial wage increases recommended by the commission in the private sector. Meanwhile, the improved domestic supply situation, the relaxation of wartime import control, and the existence of product price control (although not very effective) moderated, to some extent, the rate of product price increase. A rise in the share of labor in industrial value added was the ultimate result of these interacting forces.

Table 6-2 shows the trend in industrial wages, profits, and trade union pressure over the period 1963–1974. Profits are measured by the difference between the gross value of output and total costs. Total costs include labor and industrial and nonindustrial costs. The number of work stoppages and man-days lost through such stoppages are taken as a proxy variable for trade union pressure.

The 12-year period covered in Table 6-2 was marked by a remarkable growth of compensation to labor, with the index of total industrial wages rising more than fivefold from 100 in 1963 to 576 in 1974. In each year of the review period, except 1966, the index of industrial wages rose by more than 20 percentage points. Industrial profit was also characterized by an upward trend during this period. Its index, which stood at 100 in 1963, had risen to 561 by 1974. While the upward trend in labor compensation has been fairly continuous, the profits trend reveals a high degree of discontinuity. There was a substantial fall in industrial profits in 1964 and 1971. On the other hand, phenomenal increases were recorded for the years 1969 and 1974.

The fourth column of Table 6-2 shows the ratio of the industrial wage bill

TABLE 6-2

Industrial Wages, Profits, and Trade Union Pressure, 1963–1974

Year	*Index of Total Wage Bill (1963 = 100)*	*Index of Industrial Profits (1963 = 100)*	*Ratio of Wage Bill to Profit (percentage)*	*Index of Trade Union Pressure (1963 = 100)*	
				a	*b*
1963	100	100	48	100	100
1964	124	85	70	331	1,399
1965	161	117	66	222	224
1966	124	106	56	165	126
1967	153	124	59	113	75
1968	175	120	70	56	46
1969	208	182	65	82	21
1970	268	184	70	89	40
1971	347	165	101	320	225
1972	418	202	99	133	167
1973	457	280	78	136	138
1974	576	561	49	235	156

SOURCE: *Industrial Survey of Nigeria, 1963–1974 (Lagos: Federal Office of Statistics, 1976). Annual Report and Quarterly Review, 1963–1974* (Lagos: Federal Ministry of Labour, various years).

[a]Work stoppages.

[b]Man-days lost.

to profit. The movement of the ratio over time gives a rough idea of the trend in labor-capital income distribution. Over the period covered by Table 6-2, the ratio of wages to profits fluctuated a great deal. The first major relative income gain by labor during this review period occurred in 1964 when the wage-profit ratio rose to 70 percent from 48 percent in the previous year. Much of this gain was lost in the subsequent years, but by 1970 the wage-profit ratio had been reestablished at its 1964 level. During the review period the wage-profit ratio was at its peak (101 percent) in 1971, reflecting the considerable improvement in labor's relative income position in that year. Since 1971 the wage-profit ratio has been on the downward trend, and by 1974 it had fallen to about its 1963 level.

To a large extent the observed behavior of the wage-profit ratio can be ascribed to the influence of the institutional forces discussed above—i.e., government wage commissions and trade union pressure. For example, it is interesting to note that the two years of substantial increase in wage-profit ratio (1964 and 1971) coincide with those of the major wage reviews. In Nigeria, union pressure and industrial unrest are usually at their highest level in the period immediately following the acceptance and adoption of wage commission reports in the public sector.[13] Such pressure has accounted largely for the wage increase recommendations of the commissions being implemented in the industrial sector.

III. Interindustry Earnings Differentials in Nigeria

In the preceding section an attempt was made to present a macro view of income distribution in Nigeria's industrial sector. Estimates of labor's share of value added were given, and efforts were made to account for the trend of the share. Further insight into the patterns and problems of income distribution in urban Nigeria can be obtained through an analysis of the distribution of labor's share of income among employees. This section will examine interindustry earnings differentials—i.e., the distribution of labor's compensation by industry. The importance of such microdistribution analysis lies not only in its relevance for understanding the equity issue, but also in its usefulness for appraising the efficiency of resource allocation in the economy.

Table 6-3 shows the size and trend of interindustry earnings in Nigeria during the period 1963–1975. The 26 industries chosen for this construction of the Nigerian industrial wage map are those for which relevant data are available for all the selected years of the review period. These industries account for the bulk of Nigeria's industrial output and employment;[14] hence one can generalize on the basis of the analysis.

The most striking feature of Table 6-3 is revealed by the wide disparity in industrial earnings. Three measures of the relative span of earnings have been calculated: (1) mean deviation of average earnings as a percentage of all industry average earnings, (2) average earnings in the lowest wage industry

TABLE 6-3

Interindustry Earnings Differentials, Nigeria 1963–75

Industry	1963 A.E. (₦)	1963 Differential	1965 A.E. (₦)	1965 Differential	1970 A.E. (₦)	1970 Differential	1972 A.E. (₦)	1972 Differential	1975 A.E. (₦)	1975 Differential
Meat products	434	107	396	88	574	106	812	126	1,221	119
Dairy products	505	125	581	130	640	119	864	134	1,856	181
Vegetable oil mills	382	94	268	60	394	73	339	53	372	36
Grain mill products	736	182	840	188	950	176	848	132	1,546	151
Bakery products	179	44	203	45	359	67	301	47	589	48
Beer	749	185	724	162	1,028	191	1,202	187	2,177	212
Textiles	389	96	351	78	472	88	546	85	1,076	105
Made-up textiles	242	60	291	65	320	59	522	81	841	82
Wearing apparel	177	44	241	54	420	78	594	92	502	49
Tanneries	222	55	467	104	506	94	582	91	906	88
Travel goods	404	100			480	89	526	82	1,307	127
Footwear	225	56	367	82	600	111	540	84	1,236	120
Sawmilling	295	73	347	77	463	86	507	79	802	78
Wooden furniture and fixtures	278	69	371	83	379	70	366	57	720	70
Other wood products	123	30	174	39			—	—	1,034	101
Paper products	385	95	549	123	786	146	888	138	1,743	170

Printing and publishing	450	111	489	109	691	128	946	147	1,120	109
Basic industrial chemicals	607	150	678	151	907	168	1,157	180	1,830	178
Paints and varnishes	609	150	640	143	687	127	1,083	168	2,280	222
Rubber products	311	77	413	92	456	85	674	105	769	75
Pottery and glass products	555	137	405	90	420	78	481	75	1,412	138
Bricks and tiles	293	72	336	75	504	94	333	52	297	30
Cement	464	115	594	133	719	133	718	112	1,103	108
Concrete products	527	130	480	107	303	56	503	78	954	93
Basic metals	525	129	637	142	443	82	832	129	1,141	111
Metal products	382	94	496	111	586	109	636	99	1,236	120
All	405	100	448	100	539	100	643	100	1,026	100
Relative Span: (i)	33		31		29		33		38	
(ii)	16		21		29		25		13	
(iii)	50		52		57		48		49	

Notes: Differential = As % of all-industry average earnings.
Relative span (i) = Mean Deviation as % of all-industry average earnings. (ii) = Average earnings in the lowest wage industry as % of average earnings in the highest wage industry. (iii) = Mean of average earnings in industries forming top half of earnings hierarchy as % of mean of average earnings of industries forming the lower half.

as a percentage of average earnings in the highest wage industry, and (3) the mean of the average earnings in industries forming the lower half of the earnings hierarchy as a percentage of the mean of average earnings of industries in the top half. All three measures indicate a high degree of inter-industry earnings dispersion.

In 1963, for example, while average earnings in the highest wage industry—beer brewing—amounted to 185 percent of all industry average earnings, employees in the lowest wage industry—other wood products—were earning only 30 percent of the all industry average earnings. In other words, the ratio of average earnings in the two industries was as low as 16 percent. In the same year the mean of the average earnings of industries in the lower half of the pay hierarchy was only 50 percent of that of the industries in the top half. The third measure of relative span, the ratio of mean deviation of average earnings to all-industry average earnings, also depicts the high degree of earnings dispersion, which is as high as 33 percent.

Table 6-3 shows that up to 1970 there was a narrowing of interindustry earnings differentials in Nigeria. Since that year there has been a reversal of the narrowing trend, with the result that interindustry earnings dispersion became higher in 1975 than it was in 1963. Over the period 1963–1975, percentage mean deviation rose from 33 to 38 while the ratio of average earnings in the lowest and highest wage industries fell from 16 to 13 percent.

The widening of interindustry differentials during the review period was accompanied by remarkable stability in the industrial wage hierarchy. Of the 26 industries covered by the analysis, only six changed positions in the hierarchy over the 13-year period by more than five places. Ten of the 13 industries forming the top half of the wage hierarchy in 1963 were still in that category in 1975. Among such high wage industries are beer brewing, basic industrial chemicals, paints, and grain mill products. Industries which occupied the lower end of the hierarchy throughout the review period include bakery products, wearing apparel, made-up textiles, and bricks and tiles. The degree of stability of Nigeria's industrial wage hierarchy is indicated by the coefficient of correlation among the ranks of the industries in 1963 and 1975—a coefficient that is as high as 0.83.

The observed pattern and trend of interindustry differentials can be described to a number of factors that are both economic and industrial. Among the possible determinants of the wage differentials are interindustry differences in labor productivity, skill composition, profitability, product market structure, trade union pressure, and ownership pattern.

In economic literature, one of the most frequently encountered explanatory variables of industrial wage structure is labor productivity. A positive relationship between wages and productivity is often postulated because the existence of high labor productivity makes it possible for an industry to pay high wages without sustaining a loss. Similarly, a highly prosperous and profitable industry is one that can easily afford the "luxury" of relatively high wages; hence a positive relationship can also be assumed between industrial wage earnings and productivity.

Competitive theory suggests that the level of earnings of an individual will depend on the level of that person's education and skill. The higher the level of labor skill, the higher the earnings. Industries differ in their degrees of complexity of production and hence in their labor skill requirements. If a significant proportion of the labor force of an industry is made up of the highly educated and highly skilled, the average earnings are likely to be high. It is therefore reasonable to add skill composition of the labor force to the list of explanatory variables of interindustry wage differentials.

The market structure of an industry, which is measured by the concentration ratio, can also be a determinant of the level of its average earnings. An industry in which producers have considerable power over the market price can bear the burden of high wages more easily than one in which the influence of producers on the market price is limited

In many developing countries there often exists a significant dichotomy in the ownership of industrial enterprise. An important feature of the Nigerian industrial scene, for example, is the high proportion of enterprises owned and controlled by foreigners. In order to gain political favor and public goodwill in the host country, foreign firms tend to have a more liberal wage policy than their indigenous counterparts Consequently, one would expect an industry that is predominantly owned by foreigners to pay relatively high wages.

Finally, the difference in the organizational power of employees, as among industries, may account for differentials in earnings. For example, it is likely that wages in unionized industries will be higher than those prevailing in nonunionized industries, especially if the union movement is interested in optimizing the short-run economic welfare of its members and if management cannot effectively counteract union pressure. Thus, any model that seeks to explain the pattern of interindustry differentials ought to take into account the possible influence of labor organizations on the level of wages.

The relevant data on some of the abovementioned explanatory variables are, unfortunately, not available for Nigeria. For example, it has not been possible to calculate indices of industrial concentration because official data sources are loathe to reveal information that could be easily attributable to two or three firms. Thus the desire to maintain confidentiality of information has often led the Federal Office of Statistics in its publications to merge with another appropriate industrial class, any industry in which there are fewer than three establishments.[15] Also, information available on trade union membership and activity is not classified according to industry; hence one cannot assess quantitatively the influence of employee organizational power on the pattern of interindustry differentials.

The choice of the model of interindustry wage determination in this paper has been dictated by the availability of data for testing it for Nigeria. Our explanatory hypothesis of the structure of interindustry earnings is set out in the following equation:

$$Wi = f(Vi, Si, Ei, Pi) \tag{1}$$

$$\text{and } \frac{\partial Wi}{\partial Vi} > 0 \qquad \frac{\partial Wi}{\partial Si} > 0 \qquad \frac{\partial Wi}{\partial Ei} \text{ and } \frac{\partial Wi}{\partial Pi} > 0$$

where Wi is average wages and salaries, Vi is labor productivity, Si is skill composition of labor force, Ei is ownership pattern, and Pi is the rate of profitability in industry i. Productivity of labor is measured by value added per employee while the ratio of professional/managerial (Nigerian and non-Nigerian) employees to the total labor force is taken as the index of skill composition. The ownership pattern is guaged by the proportion of paid-up capital owned by foreigners while the profitability rate is measured by the ratio of gross margin to the value of total output. In Nigeria, since the degree of unionization and labor pressure tends to be related to the pattern of industrial ownership, the latter can serve as a crude proxy variable for the former.

Equation 1 was tested in linear form for 1972, the latest year for which data on all the variables are available. The results of the regression analysis are as follows:

$$\underset{}{W = 341.0151} + \underset{(0.01138)}{0.0422} V + \underset{+(12.9408)}{48.8499} S - \underset{-(1.2379)}{1.2952} E + \underset{+(1.0518)}{0.0813} P. \tag{2}$$

$$R^2 = 0.7727$$

These results indicate a strong and positive relationship between industrial wages and productivity. The coefficient of the productivity variable in the regression equation is significant at the one percent level. The results also support this author's a priori expectation of a positive relationship between the level of wages and skill composition—the coefficient of the latter variable also being highly significant.

A positive, but very weak, relationship between wages and profitability is indicated by the results. The ownership pattern turns out not to be an important explanatory variable of the industrial wage differentials in Nigeria. Its coefficient in the regression is insignificant and, contrary to our a priori expectation, negative. Over 77 percent of the variation in industrial earnings is explained by the equation, with differences in the productivity and skill composition of the labor force being the most significant determinants of interindustry earnings differentials.

In Nigeria, as in many other developing countries, interoccupational distribution of income is marked by a high degree of inequality (see next section)—hence the findings show a strong influence of skill composition on interindustry earnings differentials. The Nigerian industrial survey data permit the computation of average earnings by industry for four categories of employees: professional/managerial, clerical, manual operatives, and non-Nigerians. The average earnings of these four categories of employees in industry i are denoted by Wmi, Wci, Woi, and Wni respectively. To abstract the influence of the difference in skill composition on interindustry earnings differentials, eq. (1) was tested for 1972, with each of the above as dependent variables and with skill composition ommitted as an explanatory variable.

The results of the test are as follows:

$$Wm = \underset{}{2401.4800} + \underset{(0.0641)}{0.02472V} - \underset{(7.2845)}{12.7840E} + \underset{(6.3633)}{9.0778P}. \qquad (3)$$
$$R^2 = 0.5038$$

$$Wc = 1069.2200 + \underset{(0.0303)}{0.0621V} - \underset{(3.4405)}{6.2855E} - \underset{(3.0054)}{3.5954P}. \qquad (4)$$
$$R^2 = 0.2340$$

$$Wo = 288.4900 + \underset{(0.0094)}{0.0227V} - \underset{(1.068)}{1.1524E} - \underset{(0.9326)}{0.2005P}. \qquad (5)$$
$$R^2 = 0.3578$$

$$Wn = 8263.2100 + \underset{(0.1070)}{0.2290V} - \underset{(12.1611)}{32.32.5491E} + \underset{(10.6231)}{20.4297P}. \qquad (6)$$
$$R^2 = 0.3857$$

As one would expect, the proportion of interindustry variation in earnings explained by each of the equations is lower than that shown in Eq. (2). The R^2 ranges from 0.2340 for clerical employees to 0.3038 for professional/managerial employees. Both ownership pattern and profitability do not turn out to be important explanatory variables of interindustry earnings differentials. Productivity of labor again emerges as a crucial determinant of the differentials, the coefficient of the productivity variable in each of Eqs. (3) to (6) being both positive and significant.

The evidence of the significant positive relationship between wage earnings and productivity in the Nigerian industrial sector is hardly surprising. From the inception of modern industrialization in Nigeria, productivity has been regarded by the bulk of its private employers as the most rational criterion for determining wages.[16] Other things being equal, the higher the productivity of labor in an industry, the higher the industry's capacity to pay wages. The causal factors of the differences in labor productivity constitute an integral part of the explanatory hypothesis for interindustry wage differentials in Nigeria.

The interindustry differences in the capital intensity of production and the level of technology are among the most important causes of industrial productivity differentials. Some industries such as made-up textiles, wearing apparel, tanneries, travel goods, furniture and fixtures, and bricks and tiles are generally characterized by relatively low levels of technology and a high labor intensity of production. Others like beer brewing, basic chemicals, paints and varnishes, cement, and basic metals make use of highly sophisticated technologies. This polarization in the use of technology accounts for the wide spread of productivity levels and, ultimately, for differentials in earnings.

The level of technology tends to be related to the pattern of ownership. Industries in which foreign ownership predominates, often being the branches of multinationals, are dependent on the importation of advanced technologies from the parent companies. One consequence of technological dependence is a relatively high level of labor productivity in such industries. Data for the Nigerian industrial sector indicate a positive and significant relationship between industrial productivity and ownership patterns. Indeed the poor explanatory power of the ownership pattern variable in the regression equation appears to be due to the positive relationship between the productivity and ownership patterns. That part of the influence of ownership pattern on the level of wages is included in that of productivity is evidenced by the following results of the regression of industrial wages on the ownership pattern:

$$W = 461.9366 + \underset{(1.8891)}{3.6336\,E}, \qquad (7)$$

$$R^2 = 0.1386$$

These results show a positive and much stronger relationship between the two variables than was indicated in Eq. (2). Thus, interindustry earnings differentials can be ascribed to the spread in productivity levels, which are in turn partly due to interindustry differences in technology and ownership patterns.

Value added per employee, our measure of labor productivity, is a function of both output per employee and product price. Industries vary in respect to the influence they have over their product prices. For any industry, one important determinant of this influence is the degree of protection from foreign competition. Nigeria's industrialization has been induced primarily by protective policies of the government.[17] Although the level of effective protection in the Nigerian industrial sector is generally high, it is marked by wide interindustry disparity. For example, in 1965, the range of the rate of effective protection was between 4.5 and 239.7 percent.[18] A positive correlation also was found to exist between industrial productivity and the effective rate of protection.[19] Such evidence makes plausible the hypothesis that government protective policies partly account for the interindustry differentials in productivity and earnings.

In providing an explanatory hypothesis for interindustry earnings differentials, emphasis is placed on the differences in productivity levels and on the possible causal factors of the differences. This is not to detract from the crucial role that institutional forces have played in shaping interindustry earnings differentials in Nigeria. These forces constitute the vital link between productivity and wage differentials. In a perfectly competitive labor market and in the absence of institutional forces, interindustry productivity differentials will be reflected mainly in differentials in profit rates. The following factors have led high productivity industries to pay relatively high wages to their employees: the organizational power of labor in high productivity industries (which are owned largely by foreigners), the desire of such industries to get and retain the best labor available, and the fact that the appropriation of productivity gain solely to profits would be socially and politically unacceptable. Thus a blend of institutional and market forces has been at work in the determination of an industrial earnings structure in Nigeria.

From the foregoing analysis it appears that interindustry earnings differentials and the adverse effect they may have on income distribution can be reduced only if the spread of productivity levels between industries is reduced or if wages are set independently of productivity. An outline of the policy framework necessary for achieving this objective will be provided later in this paper.

IV. Interoccupational Earnings Differentials

The findings in the preceding section show that the difference in the skill mix of the labor force is an important explanatory factor of the interindustry earnings differentials in Nigeria. Although such findings tend to suggest the prevalence of a disparity in the earnings of employees with various skills and occupations, they do not permit any meaningful and definitive statement to be made about the size or cause of such disparity. In this section, quantitative estimates as well as the causal factors of the disparity will be provided. Apart from their relevance for the equity issue, the size and trend of occupational differentials have significant implications for skill development and utilization—hence the importance of this analysis.

Employment and earnings data are available in the Nigerian industrial surveys for four broad categories of employees: non-Nigerians, professional/managerial, clerical, and manual operatives (skilled and unskilled). Table 6-4 shows the differentials in the earnings of these various categories of workers for the period 1963–1974.

In 1963, while the average earnings of all employees in the industrial sector amounted to ₦405, those of non-Nigerians, professional/managerial, clerical, and manual operatives were ₦4,406, ₦1,701, ₦469, and ₦244, respectively. Thus in that year, the top of the earnings hierarchy was occupied by non-Nigerians who, on the average earned more than ten times the all-employee average earnings. At the bottom of the hierarchy were manual operatives whose average earnings amounted to only 60 percent of

TABLE 6-4

Interoccupational Earnings Differentials in Nigeria's Industrial Sector, 1963–1974

	Professional/Managerial						Manual Operatives			
	Non-Nigerian		Nigerian		Clerical		(skilled and unskilled)		All	
Year	₦	Differential[a]	₦	Differential	₦	Differential	₦	Differential	₦	Differential
1963	4,406	1,088	1,701	420	469	116	244	60	405	100
1964	4,514	1,042	1,783	412	472	109	280	65	433	100
1965	4,510	1,007	1,835	410	511	114	287	64	448	100
1966	5,006	997	1,951	389	602	120	306	61	502	100
1967	5,329	1,009	2,270	430	600	114	358	68	528	100
1968	5,743	1,077	2,260	424	626	117	331	62	533	100
1969	5,165	1,009	2,256	441	569	111	325	63	512	100
1970	6,425	1,192	2,392	444	652	121	350	65	539	100
1971	6,747	1,099	2,494	406	778	127	403	66	614	100
1972	6,702	1,042	2,764	430	812	126	413	64	643	100
1973	7,663	1,054	3,276	451	890	122	459	63	272	100
1974	7,470	886	3,117	370	913	108	572	68	843	100
1963–74 % change	70		83		95		134		108	
Average annual % increase	5.1		5.9		7.4		8.5		7.0	

SOURCE: *Industrial Survey of Nigeria, 1963–1974* (Lagos: Federal Office of Statistics, 1976).

[a]Differential = As a percentage of average earnings of all employees.

that for all employees in the industrial sector. The ratio of the earnings of these two categories of employees was as high 18 : 1. The bulk of non-Nigerian employees are in the professional/managerial category. It is pertinent to note that Nigerians in that class had, in 1963, average earnings that were less than 40 percent of that of non-Nigerians.

The wide disparity in earnings has been confined not only to non-Nigerians and Nigerians. Among Nigerian employees in the industrial sector, the differentials have also been quite substantial. In 1963, Nigerians in the professional/managerial class had average earnings that were roughly seven times those of employees in the manual class, while the clerical to manual earnings ratio for that year stood at about 2 : 1. These differentials would have been much wider than indicated by the above ratios if they had been calculated on the basis of the earnings of unskilled labor. Another factor which must have imparted a downward bias to the differentials is the exclusion of noncash payments from the measure of earnings. (Such noncash payments include housing, transport, and medical benefits.) The distribution of payments in kind is heavily skewed in favor of employees at the top of the occupational hierarchy.

Over the period 1963–1974 there was some compression of the occupational earnings differentials in Nigeria's industrial sector. Average earnings of non-Nigerians as a percentage of all-employee average earnings fell from ₦1,088 in 1963 to ₦886 in 1974. During this period, similar ratios for the Nigerian professional/managerial and clerical employees declined from ₦420 and ₦116 to ₦360 and ₦108, respectively. On the other hand, the ratio for those at the bottom of the earnings hierarchy—i.e., manual worker—rose from 60 to 68 percent. The percentage changes in average earnings over the review period are 70, 83, 94, and 134, while average annual percentage increases in earnings amount to 5.1, 5.9, 7.4, and 8.5 for non-Nigerians, Nigerian professional/managerial, clerical, and manual workers, respectively. Thus the higher the average earnings of a group, the lower has been the percentage increase in its earnings.

Although the entire review period was marked by a narrowing of the interoccupational earnings differentials, the trend was not a smooth one. Non-Nigerian and Nigerian professional/managerial employees lost continuously to those at the bottom of the pay hierarchy in the subperiod 1963–1966, with the loss being particularly marked in 1964/1965. This decline in relative earnings of the professional/managerial class was more than recouped during the crisis years, 1967–1970. The upward trend was reversed, however, in 1971 when the professional/managerial class had another substantial reduction in its earnings margin over the clerical and manual workers.

The distribution of employment income among occupational groups depends not only on average earnings but also on the proportion of total employees in each group. Table 6-5 shows the distribution of industrial employment and earnings by occupational groups during the period 1963–

TABLE 6-5

Distribution of Industrial Employment and Earnings by Occupational Group, Nigeria, 1963–1974

(percentages)

	Professional/Managerial									
	Non-Nigerian		*Nigerian*		*Clerical*		*Manual Operatives*		*All*	
Year	*Employ-ment*	*Earnings*	*Employ-ment*	*Earnings*	*Employ-ment*	*Earnings*	*Employ-ment*	*Earnings*	*Employ-ment*	*Earnings*
1963	2.5	27.2	2.0	8.5	12.1	14.0	83.4	50.3	100.0	100.0
1964	2.3	24.3	1.9	7.6	13.7	14.9	82.1	53.1	100.0	100.0
1965	2.5	24.7	1.8	7.5	12.9	14.7	82.8	53.1	100.0	100.0
1966	2.6	26.3	2.0	7.8	13.1	15.7	82.3	50.2	100.0	100.0
1967	2.5	25.6	2.0	8.6	12.7	14.4	82.8	51.4	100.0	100.0
1968	2.4	25.3	2.0	8.4	12.3	14.5	83.3	51.8	100.0	100.0
1969	2.4	23.9	2.3	10.0	12.0	13.3	83.3	52.8	100.0	100.0
1970	1.8	21.1	2.3	10.3	11.2	13.6	84.7	55.0	100.0	100.0
1971	1.7	18.5	2.8	11.5	12.1	15.3	83.4	54.7	100.0	100.0
1972	1.6	17.0	3.1	13.1	14.0	17.6	81.3	52.3	100.0	100.0
1973	1.4	15.2	3.5	15.7	15.3	18.7	79.8	50.4	100.0	100.0
1974	1.5	13.4	4.2	15.8	18.3	18.3	77.4	52.5	100.0	100.0

SOURCE: *Industrial Survey of Nigeria, 1963–1974* (Lagos: Federal Office of Statistics, 1976).

1974. As to be expected, industrial employment in Nigeria is characterized by a pyramidal structure, with professional/managerial employees constituting a tiny apex and the manual operatives its broad base. The distribution of employment income is also marked by a pyramidal structure, except that in this case the base is relatively narrow and the apex fairly wide. Consequently the interoccupational distribution of employment income has generally been characterized by a high degree of inequality.

In 1963, non-Nigerian professional/managerial employees constituted only 2.5 percent of Nigeria's industrial labor force; their share of employment income was as high as 27.2 percent. Indigenous professional/managerial staff who formed 2.0 percent of the labor force accounted for 8.5 percent of labor income. At the other end of the income distribution scale were the manual operatives, who constituted as much as 83.4 percent of the labor force but received only 50.3 percent of the labor income.

Although the distribution of labor income is still marked by considerable inequality, it has become less skewed over the years. As a result of the vigorous pursuit of the indigenization policy, the proportion of non-Nigerians in industrial employment has tended to fall. In 1974 it stood at 1.5 percent compared with 2.5 percent in 1963. The point worth noting, however, is that the share of non-Nigerians in labor income was reduced over this period by more than half. Thus there has been some redistribution of cash income from non-Nigerians to other income groups, with much of this occurring in the last few years.

The Nigerian professional/managerial employees' share of the labor income in 1963 was 4.3 times their share of employment. By 1974 the ratio of the income share of this class to its share of employment had fallen to 3.8 : 1. This suggests that the redistribution of income which occurred during our review period was also against Nigerian professional/managerial employees. Employees in the clerical class maintained their relative income position during the review period, the ratio of their income to employment shares being roughly the same in 1963 and 1974.

The bulk of income redistribution from the professional/managerial class has accrued to the manual workers. This group accounted for 83.4 percent of employment and 50.3 percent of labor income in the Nigerian industrial sector in 1963. Although the manual workers' share of industrial employment had fallen to 77.4 percent in 1974, their 52.5 percent share of labor income in that year was higher than in 1963. Thus the compression of interoccupational earnings differentials has been accompanied by some reduction of income inequality.

The industrial surveys of Nigeria have no employment and earnings data for specific job titles; hence the analysis of occupational differentials has been done at a fairly aggregative level and for broad occupational groups. Some data that is useful for analyzing this aspect of income distribution is provided by the 1972 National Manpower Board survey of the remuneration of management.[20] Unlike the industrial surveys, this survey covered the

TABLE 6-6

Salaries and Fringe Benefits by Occupational Grades in the Private Sector of the Nigerian Economy, 1965 and 1972

	Salaries (₦)						Average Allowance (₦)		
	1965	1972				1965–72			
Job Title	Median	Median	Range	Upper Quartile	Lower Quartile	% Rise in Median	Housing	Vehicle	Leave
Managing Director	9,050	10,000	11,000–174,000	12,540	9,120	10.5	NA	NA	606
General manager	7,200	9,000	8,400–13,000	10,826	8,000	25.0	NA	1,080	720
Chief accountant	5,650	6,740	3,600–13,800	7,600	5,680	19.3	600	720	350
Administrative manager	3,860	5,260	2,500–11,800	6,580	2,910	36.3	394	580	268
Engineer	3,170	5,102	1,800–7,200	5,220	4,150	61.0	704	592	214
Supervisor	1,800	2,154	1,080–7,000	3,010	1,650	19.7	510	412	162
Foreman	1,126	1,550	800–4,200	1,780	1,230	37.6	544	376	80

SOURCE: *The Remuneration of Management in the Private Sector* (Lagos: National Manpower Board, 1972), Table 6.

whole of the private sector. The major defect of the survey for the present analysis, however, was its exclusion of clerical and unskilled labor job titles. Nevertheless one can still draw tentative conclusions about the size of inter-occupational earnings differentials on the basis of the survey data.

Table 6-6 shows differentials in salaries and fringe benefits between selected job titles in the Nigerian private sector in 1965 and 1972. The evidence in this table supports earlier findings on the size and trend of occupational differentials in Nigeria. Not only is there a wide disparity in salaries of the various job titles, but the salary range for each job title is also quite substantial. In 1972 the managing director had a median salary that was roughly seven times that of the foreman. The latter's salary in that year ranged between ₦800 and ₦4,200. Table 6-6 also reveals some compression of salary differentials over the period 1965–1972. The managing director-foreman salary ratio, which stood at 8.0 : 1 in 1965, had declined to 6.5 : 1 by 1972. With a few exceptions, the higher the position of a job in the occupational hierarchy, the lower appears to have been rate of increase in the salary.

The distribution of fringe benefits, like the distribution of salary income, is skewed in favor of top salary earners. In general,

> fringe benefits vary in generosity according to importance of post. . . . [T]he trend is to supplement the salaries of executives with quite often several forms of benefits either in cash, e.g., housing or leave allowance or in kind: free use of company car or residence in a company house . . . nearly all the higher executives are provided with company car and most middle executives are granted vehicle allowance.[21]

Unfortunately, data is not available for an analysis of the trend of the distribution of fringe benefits. However, a casual observation of the Nigerian labor market tends to suggest that in the private sector the compression of the differentials in basic salaries has been accompanied by a widening of the differentials in fringe benefits. Thus the compression of differentials in overall earnings may not have been as much as was indicated by the trend of basic salaries.

Section I of this paper distinguishes between two components of the modern sector: private and public. The growing importance of the public subsector over the years has resulted in considerable expansion of salaried state employees. To put the issue of urban income distribution in its correct perspective, it is necessary to highlight the main features and trend of the pay structure in the public service.

Table 6-7 shows the wage and salary differentials among selected occupational titles in the federal civil service during the period 1954–1975. The selected job titles are fairly representative of the major hierarchical divisions of the civil service. The differentials are calculated on the basis of the entry salaries and wages of the job titles.

The picture that emerges from Table 6-7 is one of wide but declining interoccupational wage and salary differentials in the Nigerian civil service. In 1954 the minimum salary of a federal permanent secretary was over 36 times that of a general unskilled laborer. By 1975 the permanent secretary-unskilled labor pay ratio had fallen to 17.6 : 1. Thus, within the quarter of a century covered by this author's review period, the relative pay gap between the two job titles was compressed by more than half. In general, the higher an occupation in the civil service hierarchy, the smaller appears to have been the percentage rise in basic pay. It is worth noting, however, that over the period 1954–1975, the engineer and the two middle-level posts of technical and executive officer suffered a relative decline in pay. In the case of the middle-level posts the decline can be attributed, to some extent, to the reduction in their entry salaries in 1969, following the Elwood regrading of posts in the federal civil service.[22]

Although the overall pay structure in the Nigerian civil service has become more compressed over the years, the wage and salary differentials are still relatively wide compared to those prevailing in many developed and some developing countries. For example, as compared with the 17.6 : 1 permanent secretary-unskilled labor pay ratio in Nigeria in 1975, the ratio of the pay of higher professional to unskilled labor in Great Britain amounted in 1960 to just 3.8 : 1.[23]

The actual wage and salary differentials in the Nigerian public service are indeed wider than those indicated in Table 6-7. This is because fringe benefits were not taken into account in calculating the differentials. As in the private sector, the distribution of fringe benefits in the Nigerian public services is heavily skewed in favor of high salary earners. Among other benefits, the top bureaucrats in the country had enjoyed heavily subsidized housing, the use of official vehicles, or generous housing and vehicle allowances.[24] The inequity in the distribution of housing benefits was described by the Morgan Commission as follows:

> A senior official at a salary of over £2,500 per annum pays about £150 per annum rent for a house in about one acre of gardens and greens and in addition could have an electric bulb changed for him by the Government by merely lifting the free telephone installed in the house whilst a subordinate directly under him and on a salary of under £700 per annum, pays, if he is lucky, £240 per annum for a little flatlet. . . and this, in addition to furnishing and equipping the flatlet.[25]

There has been little or no change in the situation since this report of the commission.

The foregoing brief analysis indicates some similarity in the pattern and trend of occupational wage and salary differentials in the private and public sectors of the Nigerian economy. Each of the sectors is marked by wide differentials as well as by a narrowing trend of the differentials. However, occupational wage and salary differentials have generally been much wider in the private than in the public sector. This is because average earnings for

TABLE 6-7

Structure of Salaries and Wages in the Federal Public Service of Nigeria, 1954–1975

	1954		1960		1965		1970		1972		1975		
Occupational Title	₦	*Differ-ential*	₦	*Differ-ential*	₦	*Differ-ential*	₦	*Differ-ential*	₦	*Differ-ential*	₦	*Differ-ential*	*% Increase 1954–1975*
Permanent secretary	5,280	3,616	5,880	3,231	5,880	2,697	5,880	2,697	6,480	2,077	12,696	1,763	140
Medical officer	1,776	1,216	2,232	1,226	2,232	1,024	2,232	1,024	2,592	831	4,368	607	145
Engineer	1,692	1,159	1,944	1,068	1,944	892	1,944	892	2,184	700	3,564	495	110
Administrative officer	1,248	855	1,440	791	1,440	661	1,440	661	1,680	538	3,264	453	162
Technical officer	1,188	814	1,368	751	1,368	628	1,320	606	1,560	500	2,616	363	120
Executive officer	1,128	773	1,296	712	1,296	594	1,242	570	1,482	475	2,496	347	121
Clerical officer	300	205	348	191	396	182	396	182	516	165	1,164	162	288
Artisan	234	160	264	145	312	143	312	143	406	130	900	125	285
General (unskilled labor)	146	100	182	100	218	100	218	100	312	100	720	100	393

SOURCE: Federal Ministry of Establishments, *Establishment Circular No. A3 of 1955 and Establishment Circular No. 1/1969.* Federal Ministry of Information, *Conclusions of the Federal Government on the Report of the Morgan Commission, Sessional Paper No. 5 of 1964 and Government Views on the Report of the Public Service Review Panel* (Lagos, September 1975).

[a]Differential: As a percentage of unskilled labor wage.

employees at the top of the occupational hierarchy are higher in the private sector while less-skilled employees in the public sector have tended to earn more than their counterparts in the private sector. In 1960, for example, the ratio of average earnings of professional/technical workers to those of general unskilled laborers was 17.1 : 1 in the private sector compared with 10.4 : 1 in the public sector.[26]

Owing to a lack of relevant data, it is not possible to do a similar analysis for the more recent years. However, the gap in earnings of high-level manpower, as between the private and public sectors of the economy, appears to have widened over the years. The private sector has become more prosperous and, unlike the public sector, has not been affected very much by the standstill wages and salary policy of the interwage review years.[27] It was partly in reaction to the growing private-public sector salary gap that the Wages and Salaries Review Commission (1970–1971) was, for the first time in Nigerian history, specifically asked to take account of the level of remuneration in the private sector in determining the level of pay in the public sector.[28] The gap has persisted, however, and the persistence largely accounts for the continued wider interoccupational pay differentials in the private sector.

Clearly, the observed size and trend of occupational differentials in Nigeria cannot be explained by any one simple hypothesis. The level and behavior of the differentials have been the product of the interaction of numerous forces—market, social, and political. In the remaining part of this section, an attempt will be made to identify the nature of the influence of these forces on occupational differentials.

Neoclassical economic theory focuses upon differences in the demand for and supply of various categories of manpower as the main explanation of interoccupational differentials in earnings. While this theory partially explains the levels of interoccupational differentials in Nigeria, the observed trend of the differentials is at variance with postulates of the theory.

The market for high-level manpower in Nigeria has always been characterized by excess demand, which is largely a reflection of the underdeveloped state of the economy. Universities and other higher educational institutions are the main sources of high-level manpower in the country. Until recently the products of such institutions were very few. The University of Ibadan, the first of the Nigerian universities, was not established until 1948. It did not produce any graduates before 1951, and in 1956 its output of graduates amounted to only 45.[29] Several other universities have since been established, and by 1977 there were 13 rapidly expanding universities meeting Nigeria's requirements for high-level manpower. The output of graduates from Nigerian universities amounted to 4.998 in 1975/1976.[30]

Colleges of technology and polytechnics are another major source of high-level manpower. Student enrollments and the output of these institutions have been increasing over the years. In 1975/1976 the number of students graduating from the institutions stood at 3,343.[31] The supply of high-level manpower from Nigerian universities and colleges of technology (internal sources) has been supplemented by a considerable number of Nigerian graduates from overseas universities and colleges, especially in the United Kingdom and United States.

The essential point to note is that in spite of the rapid development of higher education in Nigeria and the resultant increase in the supply of high-level manpower, the demand for this category of labor has always outstripped the supply. An increased demand for high-level manpower has come from both the public and private sectors of the Nigerian economy. In the public sector the growth in demand is attributable to an increased involvement of the government in the economy and a growth of the bureaucracy, which have accompanied the establishment of new administrative machineries consequent on political developments such as the creation of more states. The rapid growth and increased complexity of the economy partly account for the increased demand for high-level manpower by the private sector.

From the inception of development planning in Nigeria, the inadequacy of high-level manpower[32] has been a critical constraint on plan implementation and economic development. For example, in the current plan, the forecast was made that "there will be no savings and foreign exchange constraints during the Third Plan period and beyond. However, manpower and executive capacity remains a bottleneck to the development of the nation."[33] While the forecast about savings and foreign exchange has turned out to be rather overly optimistic, that concerning manpower has been accurate. No sector of the Nigerian economy has been spared the constraining influence of the inadequacy of high-level manpower. Thus a recent inquiry by the National Manpower Board Secretariat on the stock of manpower employed in the federal civil service and in corporations revealed an acute shortage of various occupational categories of manpower. It showed that in most of the ministries the vacancy rate in regard to the senior administrative staff was about 55 percent at April 1976; for the professional/technical staff the vacancy rate was about 65 percent. In most of the corporations the vacancy rate was estimated at 50 percent for the senior administrative staff and about 75 percent for the professional/technical staff.[34]

In contrast to the acute shortage of high-level manpower, the market for low-level manpower, especially the unskilled, has been marked by a growing surplus. Unemployment of the unskilled is undoubtedly one of Nigeria's most serious social and economic problems. The problem is essentially an urban phenomenon that has been aggrevated by the steady migration of thousands of young persons from rural to urban areas. It has arisen primarily from the rapid expansion of facilities for formal education, without sufficient growth in opportunities for the wage employment sought by most school leavers.[35]

The paucity of the relevant data does not permit a detailed quantitative analysis of markets for the various categories of manpower. Such fragmentary data that is available nevertheless confirms the existence of a relatively tight market for high-level manpower. This relative tightness is evident, for

TABLE 6-8

Employment and Vacancies by Level of Manpower, 1968–1969

Category	*Employment*	*Vacancie*	*Vacancies as % of Employment*
Senior	12,030	2,559	17.5
Intermediate	35,214	5,539	13.6
Clerical	44,380	2,906	6.1
Skilled/Semi-skilled	90,998	5,535	5.7
Unskilled	103,108	4,162	3.9

SOURCE: *Survey of Manpower Shortages and Surpluses, Manpower Studies No. 15* (Lagos: National Manpower Board, 1973), pp. 68–70.

example, in Table 6-8, which shows employment and vacancies in 1968/1969 for various levels of manpower, and in Table 6-9, which shows selected occupations in Nigeria in April 1977.

The higher the level of manpower, the higher has been the ratio of vacancies to employment or established positions. Indeed most of the vacancies in the lower categories can be said to be a manifestation of the friction of the labor market rather than an indication of the general labor shortage in the economy. This is particularly so in the case of unskilled labor, among whom there has been a steadily rising rate of unemployment.

The observed wide occupational pay differentials in Nigeria are compatible with the different market conditions depicted above for high- and low-level manpower in Nigeria. Thus the relatively high rates of pay prevailing for high-level manpower could be said to be no more than a "scarcity rent" accruing to this category of labor. However, the determination of the levels of occupational differentials in Nigeria has not been a simple matter of supply and demand for labor. Other powerful nonmarket forces have also been crucial factors in the wide occupational differentials prevailing in Nigeria. An explanation of occupational differentials based on supply of and demand for labor of the different categories may be no more than an ex-post rationalization of the nonmarket forces.

One of the nonmarket determinants of occupational differentials in Nigeria is historical legacy. In the early colonial period, the bulk of high-level manpower in the country consisted of expatriates. For example, in 1948, there were only 172 Nigerians in the senior category of Nigeria's public service as compared with 2,035 expatriates.[36] This predominantly expatriate composition of high-level manpower in the colonial period has left its mark on the Nigerian occupational pay structure.

Because Nigeria was buying high-level manpower in a market other than its own, the country had to "be subject to the operation of supply and demand in that market."[37] Thus the rates of pay prevailing for high-level manpower were dictated by labor market conditions abroad, not in Nigeria. To the pay

TABLE 6-9
Employment and Vacancies in Selected Occupations, April 1977

Occupation	*(1) Employment*	*(2) Vacancies*	*(3) Established Positions*	*(4) Vacancy Rate (2) as % (3)*
Administrative officers (public sector)	15,815	8,331	24,146	34.5
Accountant/Auditors	3,920	1,727	5,647	30.5
Statisticians	380	352	732	48.0
Civil and structural engineers	8,069	9,617	17,686	54.3
Electrical and electronic engineers	1,567	930	2,497	37.2
Petroleum engineers	100	40	140	28.5
Agricultural engineers	132	99	231	42.8
Executive officers, general duties	12,534	3,956	16,490	23.9
Assistant accountants	2,064	582	2,646	22.0
Mechanical engineering technicians	2,992	937	3,929	23.8
Civil engineering technicians	2,148	1,310	3,458	37.8
Agricultural assistants	5,096	1,656	66,752	24.5
Supervisors/Foremen	17,675	2,834	20,509	13.8
Fitter mechanics	9,248	1,230	10,478	11.7
Auto electricians	5,990	846	6,836	12.3
Carpenters	21,376	4,430	25,806	17.1
Welders	7,441	646	6,087	10.6
Motor vehicle drivers	45,264	6,390	51,654	12.3

SOURCE: *Current Manpower Demand and Supply Situation* (Background paper for National Conference on Manpower Constraints to Nigeria Economic Development) (Lagos: National Manpower Board, 1978), Table 9.

rates existing for such labor in their home countries were added substantial amounts to induce expatriates to come and work in Nigeria. The converse was the case for lower-paid workers. Their rates of pay were dictated largely by conditions in Nigeria. This dichotomy in the determination of pay of high- and low-level manpower led to the existence of wide occupational differentials in Nigeria.

With the rapid development of higher education and the vigorous pursuit of the Nigerianization policy from the late 1950s, the number of Nigerians in higher posts in both the public and private sectors of the economy increased considerably.[38] As more and more Nigerians assumed higher posts, they inherited the basic rates of pay and allowances that were previously fixed to reflect the supply-and-demand conditions for high-level manpower in developed advanced countries—particularly, in the United Kingdom. As early as 1945, when there were still a few Nigerians in top posts, the chief secretary to the Nigerian government justified the payment of such salaries and allowances to Nigerians as follows:

> [I]t is a cardinal point of government policy to appoint Africans to superior posts and to apply to such posts conditions of service similar to those attached to European posts. Had Government not extended the payment of local allowances to such posts the result would have been anomalous and Government would have laid itself open, with some justification, to a charge of discrimination.[39]

The wide gap in pay and other conditions of services of high- and low-level manpower in Nigeria has often been criticized as a legacy of the country's colonial past; however, this gap has persisted, to a large extent, because of the considerable influence of the beneficiaries (the top echelon of the civil service) in the decision-making process.[40] For example, the Morgan Report of the Wages and Salary Review Commission described motor car allowance to senior civil servants as the "most galling and most indefensible" of the vestiges of Nigeria's colonial past, and the report made recommendations for "its immediate and total abolition";[41] in spite of this denouncement the privilege was enjoyed up to April 1979 by top public servants in Nigeria.

What has been said of the public sector also holds true for the private sector. The development of the industrial sector of the Nigerian economy has been accomplished largely with the aid of foreign capital. The major establishments in the sector are subsidiaries of multinational corporations (MNCs). A corollary of this was the high proportion of foreigners in high-level manpower of the sector. The pay and other conditions of services of the expatriates were usually determined at the headquarters of the MNCs in foreign countries and had little or no relevance to the conditions prevailing in Nigeria. This resulted in a wide gap in pay and conditions of service of high- and low-level manpower.

With increased indigenization of the private sector, more and more of the top posts of the sector have come to be occupied by Nigerians. As was the case in the public sector, the process of indigenization has to a large extent meant the acquisition of expatriate pay and conditions of service by indigenous senior staff. Thus, in both the public and private sectors, market forces have been reinforced by institutional factors in determining the levels of high- to low-level manpower pay differentials.

While the levels of occupational differentials in Nigeria have been shaped by a combination of market and institutional forces, the secular trend in differentials can be ascribed mainly to the influence of institutional factors. The fragmentary evidence presented above on the labor market shows that in spite of the rapid development of higher education there has been a persistent and growing shortage of high-level manpower in Nigeria. On the other hand the market for low-level manpower, especially unskilled labor, has been characterized by an increasing surplus. The observed compression of occupational pay differentials is hardly compatible with these labor market conditions.

Trade union pressure and government policies and actions are among the institutional forces that have played an important role in the narrowing trend of occupational differentials. In most developed Western countries, trade union influence on wage and salary determination is usually exerted through the process of collective bargaining. Although there has been considerable growth of trade unionism in the post-World War II years in Nigeria, it has not been matched by the commensurate growth of collective bargaining. The Morgan commission declared in 1964 that it was "far from satisfied with the progress of the establishment of collective bargaining machineries or the effectiveness of those that exist. . . . The number of employees who are covered by collective bargaining, therefore still constitutes only a small proportion of the whole labor force."[42] The situation now is hardly different from what it was in 1964, in spite of the fact that "government continues to pursue its policy of industrial self-government, whereby it encourages employers and workers to try to settle questions of wages and conditions of employment by collective bargaining."[43]

However, the relative underdevelopment of collective bargaining does not imply that trade unions have had no influence on the pattern of pay differentials in Nigeria. It has to be noted that "whether or not a collective bargaining relationship has been successfully established in any particular instance, the mere existence of a possible union challenge to the adequacy and equity of wages tends to generate the need for wage decisions with more obvious 'rationality' than direct appeal to the invisible hand of the market can furnish."[44] Indeed, in the shaping of a more compressed Nigerian pay structure, Nigerian unions have played more than merely a passive role. They have been mostly responsible for mobilizing public opinion against the existing salary and wage structure, and have been largely successful in pressuring the government to effect a reduction in the wage and salary differentials.

There has been a remarkable consistency in the policy of the Nigerian labor movement in regard to the structure of wages and salaries. Both the various central organizations and individual unions have generally favored a policy of narrowing differentials. The labor movement's resentment of the wide gap in the pay of low- and high-level manpower was particularly strong in the colonial period when most of the higher posts were occupied by expatriates. The gap was then seen not only as inequitable but also as a reflection of the inferior status accorded indigenous workers by the colonial administration; these workers comprised the bulk of low-level manpower. As early as 1945, it was reported that "for a long time it has been considered that . . . the gap between African salaries and those paid to European members of the service is too wide and that an early adjustment is necessary in order to effect a much needed improvement in the African's standard of living."[45] And, in its memorandum to the Tuden Davies commission in 1945, the Supreme Council of Nigerian Workers expressed its regret on what it alleged to be "the existence of an element of bi-racialism" in the gap between the pay of Europeans and Africans.[46]

The Nigerianization of high-level posts in the public and private sectors of the economy has not led to a modification of the trade union movement's policy on pay differentials. In its Independence Manifesto, the Trade Union Congress of Nigeria (TUCN) unequivocally expressed its resentment against the disabilities imposed on Nigerian workers "by anomalies in the structure, remuneration at present obtaining in the public services and the commercial establishments in the country," and added that "it frowns at this colonial wage structure which allows a few public servants and their counterparts in commercial enterprises to earn well over one thousand pounds for working only six weeks in a whole year, whilst the majority of workers who toil in the sun and rain for the whole 365 days a year earn a miserable pittance of five pounds a month."[47] Soon after attaining independence, the Nigerian Trade Union Congress (NTUC)—the rival labor center to the TUCN—asserted, in a six-page memorandum to the prime minister, that "To have meaning, the achievement of self-rule should systematically be followed by a radical alteration of our wages structure. The deliberate creation of excessive wage differences . . . between several social groups has constantly and inevitably stimulated the struggle of the lower workers for a change."[48] The compression of wage and salary differentials has remained the policy objective of Nigeria's labor movement in the postindependence period.[49]

Earlier in this paper we observed that the compression of pay differentials in Nigeria has been fairly discontinuous, coinciding roughly with the years of major wage and salary review commissions. The crucial point to note here is that most of the commissions were set up as a result of trade union pressure.[50] Therefore, it is hardly surprising that the resultant pay awards have always conformed with union policy on pay differentials. As early as 1957, the Federal Ministry of Labour said, "there is no question but that union pressure has helped in removing injustices and anomalies in the general wages structure."[51]

The trade union movement's relative success in establishing a more compressed pay structure has been facilitated by the government's commitment to the achievement of a just and egalitarian society. A more even distribution of income has become one of the primary objectives of development planning in Nigeria. The pursuit of this policy objective with regard to labor income has often led to the award of relatively higher wage increases to low-level manpower. Thus, for example, in its 1977/1978 *Incomes Policy Guidelines*, the Productivity, Prices and Incomes Board (PPIB) stipulated that:

> A maximum of 7 per cent increase may be granted to wages and salaries not more than ₦3,000 per annum and graduated in such a way that wages and salaries at the lower limit will attract the maximum of 7 per cent increase and those of the upper limit of ₦3,000 per annum will attract the least percentage increase.[52]

Given the persistent shortage of high-level manpower and the growing surplus of low-level manpower, it is ob·ious that such a directive was based on considerations other than the prevailing labor market conditions.

V. Distribution of Employment Income by Size of Industrial Establishment

An important feature of the Nigerian industrial sector is the considerable variation in the size of the production units. In most industries the production units range from small-scale, one-man or family-owned, or low technology businesses to giant, highly automated enterprises; in most cases the latter are subsidiaries of MNCs. Such diversity in the productive structure only have implications for the distribution of employment income in the industrial sector. This section will examine these implications. It is also hoped that the analysis of employment income by size of establishment will permit some inferences to be drawn about the issue of income distribution between the "modern" and "traditional" sectors, since the difference in the sizes of enterprises is one of the factors that distinguishes the former from the latter.

Table 6-10 shows the relationship between the average earnings of employees and the sizes of establishments in the Nigerian industrial sector in

TABLE 6-10

Average Earnings by Size of Establishment in Nigerian Industrial Sector, 1964 and 1972

Establishment Size (No. of Employees)	*1964* ₦	*Differentials*[a]	*1972* ₦	*Differentials*	*Percentage Change in Average Earnings, 1964–1972*
10–19	170	100	206	100	+21
20–49	330	194	299	145	− 9
50–99	372	219	505	245	+35
100–199	438	258	559	271	+27
200–499	362	213	668	324	+85
500 & over	526	309	705	342	+34

SOURCE: *Industrial Survey of Nigeria* (Lagos: Federal Office of Statistics, 1965 and 1973).

[a]Differential: As a percentage of average earnings in establishment with 10–19 employees.

1964 and 1972. The size of an establishment is measured by the number of its employees. For the purpose of the present analysis, the establishments in the industrial sector have been classified into six categories: 10–19, 20–49, 50–99, 100–299, 300–499, and over 500 employees.

The evidence presented in Table 6-10 reveals a strong positive relationship between the average earnings of employees and the size of their establishments. In 1972, for example, the average earnings in establishments with 20–49, 50–99, 100–199, 200–249, and 500 and over employees amounted to 145, 245, 271, 324, and 342 percent, respectively, of the average earnings in establishments with 10–19 employees. The structure of earnings in 1964 is similar to that depicted for 1972. Thus the greater the size of an industrial establishment, the higher have been the average earnings of its employees.

Not only do large-scale Nigerian industrial enterprises pay relatively higher wages than their small-scale counterparts, but the earnings differentials between them have also tended to widen over the years. For example, in 1972 the ratio of average earnings in establishments with 10–19 and 500 and over employees was 1 : 3.42 as compared with a ratio of 1 : 3.09 in 1964. Over the period from 1964–1972, the percentage increase in earnings was, on the average, higher for the categories of establishments with 100–199, 200–499, 500 and over, and 50–99 employees.

Findings about the existence of a positive relationship between wage earnings and the size of an establishment appear to be valid for various types of industry: high and low wage, capital, and consumer goods. This is evident from Table 6-11, which shows the relationship between average earnings and the size of establishments in ten selected industries in 1972. In each of these industries, average earnings of employees vary with the size of the establishment, with the correlation of the ranks of these two variables being perfect or nearly perfect.

It can be plausibly argued that the observed differentials in the average wage earnings of establishments of different sizes are a reflection of differences in the occupational mix of their labor force. Large establishments, because of the greater complexities and scale of their operations, tend to have a relatively high proportion of their labor force in the professional, managerial, and administrative cadres. Given the prevalence of wide earnings differentials between these occupations and low-level manpower, it is hardly surprising that average earnings vary with the size of an establishment. Unfortunately, a lack of relevant data makes it impossible to evaluate the bias that differences in occupational mix may have imparted to the earnings differentials shown in Tables 6-10 and 6-11. However, for relatively homogenous occupational groups, the results of an earlier study by the author indicate the existence of wage differentials by size of establishments.[53]

The Federal Office of Statistics industrial surveys cover establishments with ten or more employees; hence the analysis of wage differentials by size

TABLE 6-11
Average Earnings by Size of Establishment in Selected Industries, 1972

Industry		*Establishment Size*					
		10–19	*20–49*	*50–99*	*100–199*	*200–499*	*500 and over*
Bakery products	₦[a]	139	255	181	354	766	—
	D[b]	62	100	80	157	345	—
Textiles	₦	40	168	479	492	597	550
	D	24	100	285	293	355	327
Wearing apparel	₦	165	185	367	550	808	885
	D	89	100	108	297	437	418
Footwear	₦	229	206	345	386	557	622
	D	111	100	167	187	270	302
Sawmilling	₦	177	208	314	374	322	725
	D	85	100	151	180	155	349
Printing/ publishing	₦	206	416	558	737	844	1,303
	D	50	100	134	177	203	313
Paints	₦	—	967	742	928	1,418	—
	D	—	100	77	96	146	—
Plastic products	₦	526	617	440	630	667	723
	D	82	100	71	102	108	117
Cement	₦	—	129	179	—	499	858
	D	—	100	138	—	386	665
Metal products	₦	197	531	636	631	664	606
	D	37	100	120	119	125	114

SOURCE: Same as Table 6-9.

[a]Average earnings in Naira.

[b]Average earnings as a percentage of average earnings in establishments with 20–49 employees.

of establishment has been confined to this category of establishment. These findings, however, can be generalized for the whole of the industrial sector if one makes the plausible assumption that the average earnings in establishments with ten or more employees are higher than in those with less than ten employees. This assumption is supported by available fragmentary evidence. For example, the average earnings in small-scale establishments (less than ten employees) in the state of Benue Plateau amounted to ₦328 in

1971.[54] This was after wages were adjusted upward following the Adebo Wages Review Commission. In 1970 in this same state, the pre-Adebo commission average earnings in industrial establishments with ten or more employees was ₦424.[55]

As noted earlier in this chapter, only a small proportion of the Nigerian labor force comprises regular wage employment. Of those in wage employment, the proportion engaged in the modern industrial sector is also relatively insignificant. The vast majority of the Nigerian working population in urban areas is self-employed in small-scale economic activities in the informal sector. Although wage earners in small-scale industrial establishments earn much less than their counterparts in large-scale establishments, they occupy a relatively high position on the income distribution scale as compared with the bulk of the labor force in the informal sector.

Table 6-12 shows the differentials in the average monthly income of low income wage earners and the low income self-employed in urban Nigeria in 1975. The low income wage earners, who are to be found mainly in small-scale establishments, constitute the bottom layer of the modern sector income distribution hierarchy; among the self-employed, the low income wage earners constitute the informal sector. Thus, Table 6-11 permits a tentative inference to be drawn about the modern informal sector income gap. In urban Nigeria, in 1975, the low income self-employed had an average

TABLE 6-12

Income Differentials Between Low Income Wage Earners and the Self-Employed in Urban Nigeria, 1975

	Average Monthly Income per Household		
State	*Wage Earners*	*Self-Employed*	*Differential*[a]
Benue Plateau	88.46	78.81	89
East Central	143.70	79.38	55
Kano	103.43	59.95	58
Kwara	116.97	69.84	60
Lagos	137.37	106.58	78
Mid-West	121.26	74.22	61
North Central	88.25	65.45	74
North East	106.87	78.06	73
North West	119.85	70.83	59
Rivers	63.06	69.32	110
South East	132.19	81.83	62
West	130.21	65.26	50
All	119.65	74.71	62

SOURCE: B. Ayeni, "Urbanisation and the distribution of incomes and educational services in Nigeria," Draft Report, Income Distribution Project (Ibadan, July 1978).

[a]Average income of self-employed as a percentage of that of wage earners.

monthly income which amounted to only 62 percent of the average income of the lowest paid wage earners. The income differential was wider than this in six of the then 12 states in Nigeria; in only one state (Rivers) was the average income of the low income self-employed higher than the average income of the lowest paid wage earners. This author's estimates of modern informal sector income differentials would have been higher than those shown in Table 6-11, were such estimates based on the average incomes of all wage earners rather than on those of the lowest paid wage earners. Thus the distribution of income between the modern and informal sectors of urban Nigeria appears to be characterized by a wide gap.

The considerable intraindustry and intersector inequality of income in Nigeria is the product of several interacting forces. Some of these forces are institutional while others are economic.[56] The nature of Nigeria's development policies, especially in the postindependence period, and the structures of economic and political power in the country have been important sources of intralabor income inequality. Before examining the nature of the influence of these forces on intralabor distribution of income, it is pertinent to say a few words about one significant feature of the Nigerian industrial sector—i.e., the differentials in the productivity of labor between large- and small-scale establishments and between the modern and informal subsectors.

In 1972 a total of 1,052 establishments were covered by the Federal Office of Statistics Industrial Survey. Of these, 582 (or 55 percent) employed between 10 and 49 while the rest employed 50 or more workers. The average productivity of labor (measured by value added per employee) in that year was ₦859 for the former category of establishments as compared with ₦3,086 for the latter.[57] Thus, large establishments are characterized not only by relatively high wages but also be relatively high labor productivity. Wages are therefore positively related to labor productivity. The tight fit between productivity and wage differentials by size of establishment throws some light on the nature of the forces shaping the intralabor distribution of income in Nigeria.

Value added per employee, or the measure of labor productivity, is the product of physical productivity and price. Differences in either or both of these factors, as between the modern and traditional sectors or as between establishments of different sizes, could thus be a cause of observed labor productivity and wage differentials.

Economic theory postulates that physical productivity of labor is determined, among other factors, by the capital labor ratio in the production process. In Nigeria there are considerable differences in the capital labor ratio between the modern and traditional sectors, and between small- and large-scale industrial establishments. In 1972, for example, the net capital expenditure per employee amounted to ₦115 in industrial establishments with 10–49 employees, as compared with ₦569 in establishments having 50 or more employees.[58] The point worth emphasizing is that some of the policies being pursued to accelerate economic development in Nigeria have affected the dichotomy of factor intensity and the resultant differentials in labor productivity.

In Nigeria as in most less developed countries, industrialization has been regarded by planners as a logical development flowing from independence, and must be rigorously pursued in order to bring about modernization of the economy and an appreciable improvement in the standard of living of the masses. In its pursuit of rapid industrialization, Nigeria has, in the recent past, encouraged foreign firms to establish industries; the country has offered an attractive list of inducements. The investment incentive package includes tax advantages that vary with the size of capital expenditure, tariff concessions on the importation of capital equipment and raw materials,[59] and a somewhat overhauled currency. All of these have had the effects of distorting factor prices, inhibiting the local development of appropriate technology and fostering industrialization by applying the technology developed in more advanced countries. Large-scale establishments have benefited from the investment incentives more than small-scale enterprises; hence their relatively high capital intensity and labor productivity.

While some of the policy instruments used to foster industrialization in Nigeria have encouraged techniques of production that are highly capital-intensive, others (such as protective tariffs, import licensing, and prohibition) have sheltered local producers of import substitute goods from foreign competition. Many of the "products only survive behind tariffs of 50 per cent or more on value added."[60] Thus a captive market has been created for enterprises in the Nigerian modern industrial sector. Most of the enterprises have been operating more or less under "seller-market" conditions. Such conditions have led to the persistence of relatively high prices for locally produced industrial goods and the earning of "monopoly rent" or high profits by enterprises in the modern industrial sector.[61] The relatively high profitability of large-scale establishments, attributable mainly to policies aimed at incresing the pace of Nigeria's industrialization, has been used as an index of "ability to pay." High profits thus constitute the basis of the relatively high wage earnings in large-scale establishments. The relatively strong organizational power of employees in large-scale establishments has also been an important factor in these establishments' high productivity and the profitability that is reflected in high wages.[62]

The small-scale industrial establishments, which make use of low level technology, are generally more labor-intensive. The relatively small amount of capital needed to set up a small-scale enterprise makes entry into this industrial subsector relatively easy. Other characteristics of the small-scale subsector include low levels of managerial and labor skills. For example, in urban Ibadan, of the 225 proprietors of small-scale enterprises whose case studies were analyzed by A. Callaway, "70 percent had their training in technical skills and business management while working as apprentices to small scale enterpreneurs. . . . Almost one-quarter of these entrepreneurs had no formal education. Another quarter had less than primary six . . . while 30 percent had completed full primary education."[63] The low capital intensity of production coupled with the low levels of managerial and labor skills partly account for the relatively low labor productivity in the small-scale industrial sector.

Given the limited labor absorptive capacity and high capital requirements of large-scale industrial establishments in Nigeria, most of the labor attracted to urban Nigeria by the relatively high incomes in the modern subsector invariably is absorbed into the small-scale subsector. Thus the latter has been acting as a resevoir of labor in urban Nigeria. Rapid population growth and increasing rural-urban migration have continuously added to the residual pool of labor. This development has in turn limited the organizational power of labor in the small-scale subsector and has prevented the effective use of the principle of comparability with large-scale establishments in the wage determination process. Thus the relatively high wages in the large-scale industrial subsector could not be transmitted to the small-scale subsector. As A. Callaway notes, "small scale enterprises represent the nearest approach to a truly competitive part of the Nigerian economy."[64] The low return to labor in such enterprises is to a large extent market-determined, unlike in large-scale enterprises where—to a considerable extent—there is an institutional explanation for relatively high wages.

Dualist productive structures and the resultant productivity differentials have been self-reinforcing. Over time they have tended to increase an intraindustry inequality of labor income. The relatively high wages in large-scale establishments induce greater capital intensity and faster growth of output per worker. This in turn limits the labor-absorptive capacity of the large-scale subsector. Only an insignificant proportion of labor attracted by relatively high wages in the large-scale subsector is invariably absorbed by the subsector. Instead the bulk of the labor force joins the small-scale subsector where, given the prevalent competitive conditions, earnings tend to be further depressed. Thus, in order to secure a more equitable interindustry distribution of labor income, the elimination of the dualism of the productive structure appears to be a necessary condition.

VI. Policy Implications and Conclusions

In the postindependence years, development planning in Nigeria has been aimed at achieving a number of interrelated national objectives. These objectives include rapid growth and diversification of the economy, reduction in the level of unemployment, and a more even distribution of income in order to provide an effective transmission mechanism between growth and development.[65] The objective of greater diversification of the economy is to be achieved by a rapid expansion and broadening of industrial activities.[66]

While the Nigerian economy has performed remarkably well with respect to the growth diversification objectives, the evidence presented in the earlier sections of this paper indicates that in the industrial sector of the economy, interfactoral and interpersonal distributions of incomes are marked by gross inequality. In some cases the degree of income inequality has tended to increase. To a large extent, this situation can be ascribed to the nature of some of the policy measures that have been used to foster economic growth and industrialization. The achievement of rapid economic growth coupled with equitable distribution of income requires not only a modification of such measures but also the pursuit of an incomes policy that is consistent with Nigeria's other development objectives.

In recent years the government has attempted to directly influence the distribution of income in the industrial as well as other sectors of the Nigerian economy through the income policy guidelines of the PPIB. The guidelines prescribe limits to increases in wages and to rates of dividends. Other policy measures that have been used to shape the factoral distribution of income in the industrial sector include profit taxation and control of prices. In general the policy measures have been largely ineffective in changing the pattern of income distribution. There has been circumvention of dividend policy through asset revaluation and script issues[67] while the guidelines, in respect of wages and salaries, have not been strictly adhered to by the industrial enterprises in the country. The real forces shaping interfactoral distribution of income are those identified in section I of this paper.

To ensure a more equitable distribution of the benefits of industrialization in Nigeria, the income guidelines need to be rigorously enforced. This would require the establishment of an inspectorate division within the PPIB. This division, which should be staffed with competent and adequate officials, should be given the task of closely watching industrial establishments with a view to securing their compliance with the guidelines.

In determining the PPIB income policy guidelines there is a need to prevent the creation of an unnecessary gap in the rewards to the factors of production utilized in the industrial sector and to those employed in the other sectors of the Nigerian economy. Industrial wages and profits (dividends) should be set at levels that are just sufficient enough to attract labor and capital into the sector. As stated recently by the Federal Commissioners for Finance, "intensified industrialization would be meaningless unless the ultimate consumers . . . reaps some of the benefits now monopolised by some manufacturers and their various tiers of distributors."[68] In order to spread the fruits of industrialization to the consumers of industrial products in Nigeria, the PPIB should stipulate as part of its incomes policy guidelines that profits in excess of the level considered reasonable by the board be accompanied by a commensurate reduction in product prices.

The development of an external market for industrial products constitutes an important element in Nigeria's new export promotion strategy.[69] The policy of relating prices to profits may help to secure price competitiveness and assist in the fostering of an export market for industrial products.

The distribution of wages to employees in different Nigerian industries is characterized by considerable inequality. The analysis in section III of this paper indicates that the guiding principle of interindustry wage determination has been the capacity to pay, for which labor productivity and profitability are the proxy variables. High productivity tends to correlate with high wages. The substantial interindustry wage differentials for labor of the same category cannot be justified on either the ground of equity or efficiency. This is particularly so since many of the observed interindustry differentials can be ascribed to the differential impact of the government's investment-incentive package. The existence of wide interindustry wage differentials makes it difficult to adopt a low wage policy approach in the Nigerian industrial sector, as high wage industries are usually the leaders in wage-setting.

An optimal interindustry wage policy appears to be that which prescribes a uniform wage rate for labor of the same category in different industries. The prescribed wage rate could be based on the average productivity of labor in the industries. There are certain conditions, however, under which it is possible to justify a departure from this policy. For example, if the growth of productivity in an industry can be ascribed to improvement in the efficiency of its labor force, then the increased productivity ought to be compensated with a relatively high wage. Also, in cases where authorities attach priority to the development of an industry, the payment of above-average wages may help to induce the flow of labor resources into such an industry.

Of the various aspects of the equity issue, the one which has been most widely discussed in Nigeria is that of the distribution of wage income among labor of different categories. This is an area in which trade unions and the government have well-defined policies. There is a general consensus in the country that the gap in the remuneration of high- and low-level manpower is too wide. The evidence presented in section IV of this paper provides some empirical support for this widely held view. The incomes policy of the government has thus placed emphasis on reducing the gap, which to some extent could be attributable to historical legacy. The major instruments for effecting the compression of income differentials have been the periodic wage review commissions. In the last few years, the wage guidelines of the PPIB have also been aimed at securing a more equitable interoccupational distribution of income.

To some extent the above measures have succeeded in reducing the income gap between low- and high-level manpower in wage employment. But the limited success achieved in this regard appears to have been at the cost of increasing overall income inequality in Nigeria. The relatively higher percentage wage increases awarded to low-level manpower in order to bridge the income gap in the wage sector constitute an important factor in the growing urban-rural income gap. The average wage of unskilled labor in the urban modern sector is substantially higher than the per capita income in rural Nigeria. The institutionally determined wages for low-level manpower, especially for unskilled labor, have partly accounted for the growing reservoir of labor in urban Nigeria; hence the depression of incomes in the informal sector and the resultant widening of modern-informal sector income gap also could be attributed to this factor.

One of the objectives of the periodic money wage awards to low-level manpower in Nigeria is to increase real incomes. Efforts in this regard appear to have been self-defeating, however. Increases in nominal wages have induced rural drift and contributed to the problem of labor shortages in the agricultural sector. The resultant food problem and the sharp rise in food prices in the urban sector can thus be partly ascribed to this type of wage policy. Expenditures on food accounts for a high proportion of the income of low wage earners; hence the rise in food prices has tended to reduce real wages.

Because interoccupational wage policy in Nigeria has been geared toward the equity issue, it has been effective neither as an instrument for allocating labor into various occupations nor for ensuring adequate skill development and optimal utilization of labor resources. The supply-and-demand conditions for various categories of manpower have played little or no role in the process of interoccupational wage determination. All categories of high-level manpower have been subject to wage restraint, irrespective of their differences in labor market conditions. It is obvious that in Nigeria, where people in wage employment constitute only a small proportion of the labor force, an interoccupational wage policy cannot serve as a major instrument for redistributing income. That objective can be achieved much more effectively by the judicious use of government taxing and spending powers. The proper role of an interoccupational wage policy in a developing country such as Nigeria is to ensure adequate skill development and efficient manpower utilization.

The policy implications of this author's findings in regard to intraindustry and modern informal sector earnings differentials appear to be clear-cut. The differentials in income have been due mainly to differences in productivity and to the use of productivity as a major criterion in the wage determination process. Therefore, to eliminate or reduce this type of income inequality, it will be necessary to reduce the spread of productivity levels intraindustry and between the modern and traditional sectors, or to establish income levels independently of productivity. The recent reorganization of the over 200 trade unions (most of which are of the establishment type) into about 70 industrial unions[70] is likely to promote the "principle of wage solidarity" under which unions would demand uniform average wage increases for all members rather than seek differential wage increases according to differences in profits or productivity between large- and small-scale establishments.

To reduce the spread of productivity within industry and between the modern and traditional sectors, there is a need for a new industrial policy package. An essential ingredient of such a package should be the positive encouragement of small-scale enterprises. Efforts should be made to improve the technology for such enterprises and reduce the technological gap between them and the large-scale enterprises. Elimination of dualism in the productive structure requires the development of appropriate indigeneous technology and a lessened dependence on foreign technology. Investment incentives provided by the government should be made more favorable to small-scale enterprises in contrast to current policy which discriminates against such enterprises. The need for such incentives has been stressed by Callaway as follows:

> In [the] recent past foreign firms have been encouraged to establish industries in Nigeria through an attractive list of inducement[s] including tax and tariff concessions. Similar incentives, wide ranging in their impact, adapted to the needs of smaller local enterprises, should be worked out and applied.[71]

Also, the provision of management, technical, and credit assistance to small-scale enterprises would help to increase their productivity and narrow the productivity gap between them and the large-scale establishments.

Implementation of the above industrial policy package will lead not only to a more equitable distribution of income but will also help to reduce low-end poverty in Nigeria. This is due to the fact that unemployment is one of the basic causes of low-end poverty in Nigeria, and development of small-scale enterprises would constitute an effective instrument for reducing the level of unemployment.

NOTES

1. See *National Accounts of Nigeria 1958–59 to 1973–74* (Lagos: Federal Office of Statistics, June 1976).

2. *Third National Development Plan, 1975–80*, Vol. 1 (Lagos: Federal Ministry of Economic Development, 1975), p. 147.

3. *Ibid.*, p. 35.

4. *World Bank, World Development Report,* Washington D.C., 1978, p. 102.

5. See *Labour Force Sample Survey, 1966/67*, Vol. 1, (Lagos: National Manpower Board, 1972), pp. 15 and 46.

6. World Bank, Nigeria, *Options for Long-Term Development* (Baltimore and London: The Johns Hopkins University Press, 1974), pp. 28 and 29.

7. *Third National Development Plan, 1975–80*, Vol. 1, *op. cit.*, p. 370. A recent survey by the National Manpower Board shows that the public sector accounted for about 60 percent of modern sector employment in 1977. See *Current Manpower Demand and Supply Situation* (Background Paper for National Conference on Manpower Constraints to Nigeria's Economic Development) (Lagos: National Manpower Board, 1979), p. 3.

8. In recent years, owing partly to local government reforms which have increased the pace of development in rural areas, there has been some reverse flow of labor in that many apprentices trained in the urban ares are setting up businesses in rural areas.

9. *Third National Development Plan, 1975–80,* Vol. 1, *op. cit.*, p. 35.

10. See *Report of the Commission on the Review of Wages, Salaries and Conditions of Service of the Junior Employees of the Government of the Federation and in Private Establishments, 1963-64* (Morgan) (Lagos: Federal Ministry of Information, 1964).

11. Central Bank of Nigeria, *Annual Report, 1968,* Lagos, p. 27.

12. *Ibid.*

13. See, Federal Ministry of Labour, *Quarterly Review* (March 1960), p. 13, and *Annual Report* (1963–1964), Par. 13.

14. For example, the sample industries accounted for over 80 percent of the employment in the sector in 1975.

15. *Industrial Survey of Nigeria, 1971–72* (Lagos: Federal Office of Statistics), p. 1.

16. Nigeria Employers Consultative Association, *NECA Newsletter,* No. 8 (1959), Lagos, p. 2.

17. World Bank, *Options for Long-Term Development,* (Baltimore and London: The Johns Hopkins University Press, 1974), p. 82.

18. J. A. Oyelabi, "Tariffs, domestic prices and industrial growth in Nigeria," *Nigerian Journal of Economic and Social Studies,* Vol. 14, No. 3 (1972), p. 292.

19. *Ibid.*, p. 294.

20. *The Remuneration of Management in the Private Sector, 1972, Manpower Studies No. 12* (Lagos: National Manpower Board, 1973).

21. *Ibid.*, p. 10.

22. See "Federal Ministry of Establishments," Circ. No. 1, App. 1 (1969).

23. See G. Routh, *Occupation and Pay in Great Britain 1906–1960* (Cambridge: Cambridge University Press, 1965), p. 104.

24. Effective 1979 the grant of vehicle advances and allowances by employers in both the public and private sectors of the Nigerian economy has been abolished.

25. *Report of the Commission on the Review of Wages, Salary and Conditions of Service of Junior Employees,* Morgan Commission Report (Lagos, 1964), p. 56.

26. See *Report on Employment and Earnings* (Lagos: Federal Office of Statistics, September 1960), Tables 4 and 6.

27. See *The Remuneration of Management in the Private Sector, 1972,* Manpower Studies No. 12 (Lagos: National Manpower Board, 1973), p. 4.

28. *Second and Final Report of the Wages and Salaries Review Commission, 1970–71* (Lagos: Federal Ministry of Information), p. 13.

29. *Annual Abstract of Statistics* (Lagos: Federal Office of Statistics, 1961), Table 158.

30. *Economic and Statistical Review,* (Lagos: Federal Ministry of Information, 1976), p. 36.

31. *Ibid.*, p. 37.

32. For evidence of high-level manpower constraint during the period of *A Ten-Year Plan of Development and Welfare, 1945–1955,* see A. M. Foyle, "Nigeria's development plan," *The Fortnightly,* Vol. 166, No. 991 (July 1949), p. 31; also *Annual Report, Nigeria 1947* (Lagos: Colonial Office).

33. *Third National Development Plan, 1975–80,* (Lagos: Central Planning Office, Federal Ministry of Economic Development, 1975) p. 48.

34. *Economic and Statistical Review, 1976,* p. 34.

35. Third National Development Plan, 1975–80, p. 382.

36. See *Report of the Commission appointed by H. E. the Governor to recommendations about the recruitment and training of Nigerians for Senior Posts in the Government Service of Nigeria* (Lagos: Government Printer, 1948), Par. 14.

37. *Report of the Commission on the Public Services of the Governments in the Federation of Nigeria* (Lagos, 1955), Par. 62.

38. For example by 1963 the percentage of higher posts in the Federal Public Service held by Nigerians had risen to 97. See A. Blitz (ed.), *The Politics and Administration of Nigerian Government,* (Lagos: African University Press, 1965), p. 225.

39. *Nigerian Daily Times* (Wednesday, June 13, 1945), p. 5.

40. The power and influence of top civil servants have increased tremendously in recent years.

41. *Report of the Commission on the Review of Wages, Salary and Conditions of Service of Junior Employees, op. cit.*, p. 60.

42. *Ibid.*, Pars. 89–91.

43. *Third National Development Plan, 1975–80, op. cit.*, p. 283.

44. E. M. Hugh-Jones, (ed.), *Wage Structure in Theory and Practice* (Amsterdam, 1966), p. 8.

45. *Nigerian Daily Times* (Tuesday, October 30, 1945), p. 4.

46. *Nigerian Daily Times* (Wednesday, December 5, 1945), p. 5.

47. Trade Union Congress of Nigeria (TUCN), *Workers of Nigeria, Independence Manifesto* (Lagos, 1960), p. 10.

48. Nigeria Employers Consultative Association, *Newsletter,* No. 13 (April 1961), p. 10.

49. See, for example, *Daily Times* (Monday, September 30, 1074), p. 15.

50. See, for example, Federal Ministry of Labour, *Annual Report, 1959–60,* Par. 8, and *Report of Morgan Commission, op. cit.*, Par. 1.

51. *Annual Report, 1956–57* (Lagos: Federal Ministry of Labour), Par. 64.

52. Productivity, Prices and Incomes Board, *Incomes Policy Guidelines, 1977–78,* p. 1.

53. See O. Fajana, "Intraindustry wage differentials in Nigeria," *Journal of Developing Areas,* Vol. 9, No. 4 (July 1975), p. 530.

54. Benue Plateau State, *Statistical Yearbook* (1972), Table 132, p. 166.

55. *Industrial Survey* (Lagos: Federal Office of Statistics, 1968–1970), Tables 145 and 146.

56. See O. Fajana, "Intra-industry wage differentials in Nigeria," *op. cit.*, for a detailed analysis of explanatory hypothesis of intraindustry inequality of labor income in Nigeria.

57. See *Ibid.* for more evidence of productivity differentials among establishments of different sizes.

58. *Industrial Survey of Nigeria, 1971–72* (Lagos: Federal Office of Statistics), Tables 17 and 18.

59. The following statement appears on page 8 in the 1977 *Annual Report* of the Central Bank: "As regards tariff changes some of the tariff measures were actually designed to encourage importation of capital goods and raw materials."

60. World Bank, *Nigeria: Options for Long-Term Development, op. cit.*, p. 84.

61. For evidence of the high rates of profits in the sector, see I. U. Equeme and A. A. Longe, "Rate of return on capital in Nigerian industries," Central Bank of Nigeria, *Economic and Financial Review,* Vol. 13, No. 2 (December 1975).

62. For a discussion of the role of trade unions in intraindustry wage determination, see O. Fajana, "Intra-industry wage differentials in Nigeria," *op. cit.*

63. A. Callaway, "The urban informal sector," Paper presented at the National Conference on Manpower Constraints to Nigeria's Economic Development (January 1979), p. 13.

64. *Ibid.*, p. 9.

65. *Third National Development Plan, 1975–80, op. cit.*, pp. 29 and 35.

66. *Ibid.*, p. 30.

67. Central Bank of Nigeria, *Annual Report,* 1977, p. 6

68. Federal Commissioners for Finance, *Statement on the 1979–80 Budget,* (Lagos: Ministry of Finance, April 1979), p. 7.

69. See *ibid.*

70. See Decrees 21 and 22 in *Federal Gazette* (February 1978), Lagos: Ministry of Information.

71. A. Callaway, "The Informal Sector," *op. cit.*, p. 17.

CHAPTER 7

Income Distribution in the Rural Sector

O. O. Ladipo and A. A. Adesimi

Introduction

Efforts in this chapter will be concentrated on the rural sector of the Nigerian economy with a view to providing information to guide policymakers in their search for measures designed to achieve allocative efficiency and an equitable distribution of income. An attempt will also be made to provide information for tackling these two main problems. But before doing this there is need to clarify the concept of the rural sector and what income means within it.

It is agreed among experts that the division between the rural and urban sectors is necessarily arbitrary. The factors used to distinguish one from the other vary from one country to another. However, various characteristics and features of the sector can be identified within a given country or nation both in terms of size of population and in terms of economic activity within each area. In trying to dichotomize between what is rural and what is urban in terms of density, occupation, size, cultural patterns, division of labor, and so on, several problems arise. For example, traditional criteria are problematic because some Yoruba towns characteristically have a large population and area but predominantly rural characteristics. Thus, only ten towns of the Western states qualify as urban areas on the basis of the criteria used in this study. These are Abeokuta, Ijebu-Ode, Akure, Ado-Ekiti, Ondo, Ile-Ife, Ibadan, Osogbo, Ilesha and Oyo; the remaining towns in the three states are classified as rural.

Methodology and Data Limitation

In the analysis of income distribution presented here the Lorenz curve and the Gini ratio of concentration, which are two of the classical measures of income disparity, are not used. There are two reasons for not using them: the first is the lack of relevant and adequate data, and the second, which is more important, is their inadequacy in studying income distribution in a less-developed country as explained by Schutz (1951).

The dearth of micro data on income distribution in Nigeria, particularly on rural income, has necessitated the use of areas where data are available. This has compelled us to confine our analysis mainly to the former Western state, namely, Oyo, Ogun, and Ondo states. Since the focus is essentially on the rural sector, little space is devoted to the analysis of rural-urban income distribution.

Detailed data from a small-scale consumption survey in some selected rural areas are analyzed with emphasis on income and savings. Apart from this survey all data used in this study were collected from government reports and publications; specific sources will be indicated where appropriate.

Analysis of Income Distribution

A general presentation of income distribution in Nigeria is given brief attention here since we are mainly concerned with rural income distribution.

Equal and equitable distribution of income are not synonymous. We are of the view that if 4 percent of the people receive 8 percent of the income, there is unequal sharing of that income. Therefore the individual percent share of income inequality is the relevant concept in a developing economy. This individual percent share is what Schutz (1951) referred to as the slope of the Lorenz curve. It is from this that our coefficient of income inequality

TABLE 7-1

Coefficient of Inequality by Income Group

Income Group (₦)	1969/70	1970/71	1971/72	1972/73	Average
1–500	−20.28	−18.32	−18.14	−23.20	−20.00
501–1,000	3.28	3.54	3.82	4.49	3.79
1,001–2,000	6.45	6.68	6.02	9.82	7.24
2,001–3,001	2.92	2.38	2.55	2.84	2.66
3,001–4,000	2.00	1.72	1.54	2.13	1.85
4,001–6,000	3.16	2.34	2.46	2.55	2.63
6,000+	1.67	1.60	1.65	1.05	1.49
Negative Inequality	−20.28	−18.32	−18.14	−23.20	−20.00
Positive Inequality	+19.48	+18.26	+18.04	+22.88	+19.66
Index of Inequality	− 0.80	− 0.06	− 0.10	− 0.32	− 0.34

SOURCE: Computed from data obtained in "A Summary of Current Income Tax Statistics, Western State, 1969–1973."

Note: The coefficient of income inequality for any group is computed by (a) dividing percentage share of income by the percentage of the people in that group to obtain the individual percent share of income.

(b) From this individual percent, 1, which represents equality of sharing, is subtracted to obtain (i) a zero which shows equality of sharing; (ii) a negative or positive sharing of income respectively.

(c) The coefficient of inequality for any group is the product of the percentage of the people in the group and the deviation from equality obtained in (b).

shown in Table 7-1 is derived. This coefficient is the measure of the group's share of inequality. The group whose coefficient is negative receives less than its proportionate share of income, while a positive coefficient shows a more than proportionate share of income. The overall index of inequality being negative, as shown at the bottom of Table 7-1, indicates that there are more people receiving less than their proportionate share of income in the economy. The table clearly shows that the poorest group received less than its proportionate share of income while the remaining six income groups received more than their proportionate share. The third income group received the most disproportionate share of income in the overinequality group while the first group's underinequality is shown more vividly. The index of inequality showed that more people are on the underinequality group than those of the overinequality group.

Table 7-2 provides information similar to that in Table 7-1, but instead of grouping the income recipients by income group they are grouped by occupation. The disparity of income distribution shows that the traders and the salary/wage earners groups received more than their proportionate shares of income while the primary producers received much less than their proportionate share.

It may be argued that taxpayers' income is only an estimation by the tax assessment committees of various income zones and may not reflect the people's actual income. In order to verify this possible argument, data were used from a cross section survey of all known educational, commercial, and industrial establishments employing five or more people. The survey is conducted annually by the Statistics Division of the Ministry of Finance of the Western state (1968–1974) and Oyo state (1975–1977). An analysis of the data is presented in Table 7-3. The analysis confirms that there is a disparity in earnings distribution among the occupational groups.

TABLE 7-2

Coefficient of Income Inequality by Occupational Groups

Occupation Groups	*1969/70*	*1970/71*	*1971/72*	*1972/73*	*Average*
Professional	− 0.60	− 0.67	0.39	− 0.20	− 0.27
Salary/Wage earners	25.76	13.41	18.09	12.56	17.39
Traders	3.10	2.48	3.77	1.80	2.84
Primary producers (farmers, fishermen, etc.)	−26.25	−13.11	−20.44	−14.23	−18.44
Craftsmen	− 1.55	− 1.18	− 1.01	− 0.63	− 1.12
Others	− 0.68	− 0.83	− 0.86	0.31	− 0.43

SOURCE: Computed from data obtained in "A Summary of Current Income Tax Statistics, Western State, 1969–1973."

TABLE 7-3
Coefficient of Earnings Inequality by Occupational Group, Western State (1968–74) and Oyo State (1975)

	1968	1969	1970	1973	1974	1975	1976	1977
Professional and technical	3.42	6.67	31.11	11.92	15.37	24.45	15.79	10.41
Administrative and clerical	13.49	8.09	−3.35	9.06	8.10	−9.10	6.06	7.28
Craftsmen	−2.27	−1.71	−4.76	−3.96	−5.25	−4.99	−5.92	−3.08
Services	−11.57	−2.37	−2.36	−2.69	−3.14	−2.98	−3.72	−3.13
Primary producers	−2.91	−2.68	−4.71	−1.40	−3.74	−3.32	−2.67	−2.82
Unskilled labor	−0.29	−13.58	−15.98	−13.03	−11.79	−3.33	−9.50	−8.83

SOURCE: Computed from data obtained in "Employment and Earning Statistics," Western State of Nigeria 1968–1977.

Rural-Urban Income Distribution

In dividing the economy into the rural and urban sectors we have weighted and scored for divisions on the basis of population, major economic activity, services, and level of industrialization.

In Table 7-4 a summary of income distribution between the rural and the urban sectors is presented. In almost all the occupational groups the share of income by the rural sector is very low. Among the self-employed professionals the rural sector has a decreasing share of the group's income. In the 1969/70 financial year the rural income was 31.2 percent of the total income of the professional group. By 1974/75 this share had decreased to 12.8 percent of the group's income. Only 4.6 percent of the group's income was earned by the rural sector in 1976/77. This declining share of the income by the rural sector occurred in spite of increasing income of the occupational group.

The second group, the wage earners, has a constant proportional share. Almost all of the group's income went to the urban centers, with near-zero percent of the income going to the rural sector. In the traders' group the share of the rural sector was 26.7 percent of the group's income for the year 1969/70. This share had declined to 24.2, 20.3, 17.6, and 11.5 percent by 1970/71, 1971/72, 1973/74, and 1975/76 respectively. In the 1976/77 financial year the rural sector's share of the trader's total income went up slightly, to 13.7 percent.

Most of the income for the primary producers' group went to the rural sector except for the 1972/73 and 1976/77 financial years. The share of the rural sector ranged between 36.9 percent and 87.4 percent of the group's

TABLE 7-4

Percentage Distribution of Rural-Urban Taxpayers' Income by Occupational Group, 1969/70–1976/77

		1969/70	*1970/71*	*1971/72*	*1972/73*	*1973/74*	*1975/76*	*1976/77*
Professionals	Rural	31.2	27.1	17.8	21.1	12.8	4.9	4.6
(self-employed)	Urban	68.8	72.9	82.2	78.9	87.2	95.1	95.4
Salary/Wage earners	Rural	0.0	0.0	0.0	0.0	0.0	n.a.*	0.0
	Urban	100.0	100.0	100.0	100.0	100.0	n.a.	100.0
Traders	Rural	26.7	24.2	20.3	20.7	17.6	11.5	13.7
	Urban	73.3	75.8	79.7	79.3	82.4	88.5	86.3
Primary producers	Rural	61.3	51.6	56.5	48.0	61.5	87.4	36.9
	Urban	38.7	48.4	43.5	52.0	38.5	12.6	63.1
Craftsmen	Rural	38.7	57.7	32.8	38.5	13.7	12.1	19.7
	Urban	61.3	42.3	67.2	61.5	86.3	87.9	80.3
Others	Rural	51.5	36.6	48.8	53.0	27.4	11.3	61.5
	Urban	48.5	63.4	51.2	47.0	72.6	88.7	38.5
Total	Rural	34.3	34.1	32.0	30.1	43.1	76.1	19.9
	Urban	65.7	65.9	68.0	69.9	56.9	23.9	80.1

SOURCE: This table was computed from data obtained in "A Summary of Current Income Tax Statistics, Western State, 1969/70–1976/77."

*Not available.

income. The share of the two sectors was almost equal for the financial years 1970/71 and 1972/73. Except for the 1970/71 financial year, the rural sector received a smaller proportion of the craftsmen's income.

Based on the data for the seven years, the rural sector received, on the average, 38.3 percent of the taxpayers' income in the three states of Oyo, Ogun, and Ondo for which data are available.

The reasons for this lopsided distribution between the urban and the rural sectors are many, but one obvious explanation is the pattern of income distribution among the various occupational groups within each sector. These are presented in Table 7-5 for the rural and urban sectors. It is easily observed in the table that most of the income in the rural area is received by the farmers, fishermen, and hunters, who constitute the primary producers. The percentage share of the total rural income received by this group ranged between 77.4 percent and 87.49 percent. This group is essentially in the low-income bracket, as will be seen later. The low share of the income by the professional group, salary/wage earners and traders in the rural sector is a reflection of their low numbers in the rural areas rather than low income received.

Unlike the rural areas, most of the income in the urban sector is received by the salary/wage earners' group. The percentage share of this group ranged between 43 and 67 whereas in the rural sector this same group received less than 0.5 percent of the rural income.

Most of the income in the rural sector goes to the primary producers while

TABLE 7-5

Percentage Distribution of Rural and Urban Taxpayers' Income by Occupational Groups

Occupational Groups		*1969/70*	*1970/71*	*1971/72*	*1972/73*
Professionals (self-employed)	Rural	1.22	1.43	0.98	0.96
	Urban	1.40	1.99	2.13	1.56
Salary/Wage earners	Rural	0.10	0.16	0.29	0.31
	Urban	67.31	43.15	50.33	43.60
Traders	Rural	17.77	6.21	6.73	7.39
	Urban	3.37	10.05	12.47	12.23
Primary producers	Rural	77.42	87.49	88.23	84.10
	Urban	25.51	42.39	32.01	39.27
Craftsmen	Rural	2.11	3.47	2.52	2.39
	Urban	1.74	1.32	2.44	1.64
Others	Rural	1.38	1.24	1.25	4.83
	Urban	0.68	1.10	0.62	1.70

SOURCE: This table was computed from data obtained in "A Summary of Current Income Tax Statistics, Western State, 1969/70–1976/77."

the salary/wage earners receive the bulk of urban income, but the picture may be different if the number of the income earners is considered. In Table 7-6 the share of income received by 1 percent of the people is presented for each occupational group.

In the rural sector the traders' group, which received only about 8 percent of the income, turns out to be the group receiving the highest income. Each 1 percent in the traders' group received at least 1.19 percent of the income, while the primary producers received less than 1 percent of the income per 1 percent of the people. The traders and the wage earners are the occupational groups in the urban center, which receive more than their equal share of the income. The craftsmen and the primary producers in the urban sector received less than their equal share of the income.

It is interesting to note that within the rural sector the primary producer received less than his proportionate share of the income, which is itself a less than proportionate share of the overall income when the sharing is between the urban and the rural sectors.

In terms of income distribution by income group almost all the income earners in the rural sector are in the 1–500 naira (₦) bracket, which is the lowest income group. The proportion of income in the lowest income group ranged between 97.4 percent and 98.7 percent of the inc ne in the rural areas. This agrees with the estimated average rural taxpayers' income, which ranged between ₦67 and ₦169.

Estimation of income in Nigeria, especially in the rural sector, remains a

TABLE 7-6
Individual Percent Share of Rural-Urban Income by Professional Groups, Western State

Occupational Group		*1969/70*	*1970/71*	*1971/72*	*1972/73*
Professionals	Rural	0.93	0.89	0.79	1.23
	Urban	0.56	0.66	1.46	0.72
Salary/Wage earners	Rural	5.00	0.67	0.88	1.63
	Urban	1.92	1.23	1.76	1.43
Traders	Rural	4.58	1.19	1.41	1.43
	Urban	0.53	1.56	1.47	1.05
Primary producers	Rural	0.86	1.01	0.99	0.94
	Urban	0.50	0.77	0.57	0.78
Craftsmen	Rural	0.59	0.89	0.95	1.09
	Urban	0.52	0.53	0.59	0.59
Others	Rural	0.83	0.52	0.71	2.44
	Urban	0.46	0.69	0.38	0.66

SOURCE: This table was computed from data obtained in "A Summary of Current Income Tax Statistics, Western State, 1969/70–1976/77."

central problem for income distribution investigators. It is known from experience that the southwestern states of Nigeria constitute Nigeria's most developed agricultural area where one expects more income differentiation, but this prediction is not borne out by the income data from tax records. Actually, rural surveys have shown that the income at the rural level is much higher than the national records show. For example, Ladipo (1978) estimated farmers' incomes at Ibadan and Ife to be above ₦800 and ₦1,000 per annum respectively. It is evident therefore that the taxpayers' income is only an assumed income for tax purposes and not the actual income. Many writers have emphasized the problem of measuring income in the rural sector (see Matlon 1979; Ladipo 1977,; Polly Hill 1972; Byerlee 1973). Hill stated that "it is doubtful whether reliable statistics on income . . . could ever be obtained in a Hausa village."

In terms of distribution by location, the urban centers—Abeokuta, Akure, Ijebu-Ode, Ibadan, Osogbo, Ile-Ife, Ilesa, and Oyo—received a disproportionate share of the earnings of the people. The sectoral distribution of the earnings is summarized in Table 7-7.[1] It is obvious from the table that the urban sector receives a disproportionate share of the earnings. The distribution started to show marked differences in 1977 when the impact of local government reform was beginning to be felt, especially in Oyo state, for which data were available. This distribution essentially confirms what has been described earlier.

In the next section attention will be focused on the rural sector alone, using five separate sets of cross-section data from surveys of households and rural "commercial" establishments.

Income Distribution within the Rural Sector

It is an established fact that in Nigeria the rural population is larger than the urban population. The rural population has been estimated at between 60 and 80 percent of the total national population. Within the rural sector itself, agriculture, a primary production, is by far the dominant economic activity. Activities such as those which generate wage employment, crafts, and trading are also found in the rural sector, but they are of lesser importance than agriculture.

TABLE 7-7

Rural-Urban Percentage Distribution of Earnings, 1968–77

Sector	*1968*	*1969*	*1970*	*1973*	*1974*	*1975*	*1976*	*1977*
Rural	23.04	24.85	—	18.28	14.93	—	20.77	37.29
Urban	76.96	75.15	92.40	81.72	85.07	93.55	79.23	62.71

SOURCE: Constructed from Appendix Table 1.

The data in Tables 7-8 and 7-9 are presented to illustrate the percentage distribution of rural income by the various occupational and income groups respectively. It can easily be seen from the tables that within the period shown the primary producers earned between 77.42 and 88.23 percent of the rural taxpayers' income, while the lowest income group (₦1–500) earned betwen 97.38 and 98.69 percent of the income. In view of the underestimation of income by tax assessors, these figures must be looked at with skepticism.

TABLE 7-8

Percentage Distribution of Rural Taxpayers' Income by Occupational Groups, Western State

Occupational Groups	*1969/70*	*1970/71*	*1971/72*	*1972/73*
Professionals (self-employed)	1.22	1.43	0.98	0.96
S[illegible]y/Wage earners	0.10	0.16	0.29	0.31
[illegible]s	17.77	6.21	6.73	7.39
P[illegible]y producers	77.42	87.49	88.23	84.10
C[illegible]en	2.11	3.47	2.52	2.39
Others	1.38	1.24	1.25	4.83
Total	100.00	100.00	100.00	100.00

SOURCE: Computed from data in *Western State of Nigeria: A Summary of Current Income Tax Statistics,* Ministry of Economic Planning and Reconstruction, Ibadan, 1970 to 1974.

TABLE 7-9

Percentage Distribution of Rural Taxpayers' Income by Income Group, Western State

Income Group (₦)	*1969/70*	*1970/71*	*1971/72*	*1972/73*
1–500	98.34	98.69	98.13	97.38
501–1,000	0.33	0.30	0.51	0.61
1,001–2,000	0.49	0.66	0.66	1.32
2,001–3,000	0.22	0.14	0.40	0.43
3,001–4,000	0.09	0.08	0.15	0.13
4,001–6,000	0.49	0.09	0.12	0.12
6,000+	0.04	0.04	0.03	0.02
Total	100.00	100.00	100.00	100.00

SOURCE: Computed from data in *Western State of Nigeria: A Summary of Current Income Tax Statistics,* Ministry of Economic Planning and Reconstruction, Ibadan, 1970 to 1974.

In our analysis of income within the rural sector new sets of information were used in order to avoid the problems associated with taxpayers' income and income distribution obtained from the earning statistics. Information on income was obtained from four different sets of rural centers. The data were collected primarily for government planning purposes. The first set consisted of two rural towns from each of the twenty-four local government council areas of Oyo state. The second set comprised eight rural towns from which 240 respondents were interviewed. All of the towns except one from the north were selected from the southwestern states because of ease of access and lack of resources. The third and fourth contained respondents from twelve and thirteen towns respectively. All of the twenty-five rural towns were chosen from Oyo state. From the third and fourth sets, respectively, 1,156 and 1,940 respondents were interviewed. All local government council areas are represented by the four sets. The sampling procedure of the third and fourth sets allows the number of respondents in each town to reflect its size. All those are shown in the appendix.

Using the data collected in Area 1 (Table 7-10) we found that among the twelve occupational groups, primary producers' individual percent share of income is less than unity—0.97 percent instead of 1 percent. The coefficient of inequality, −2.06, puts this group in the underinequality section of the

TABLE 7-10

Income Distribution in Area 1

Occupational Group	*Percentage Distribution of*		*Individual Percent Share of Income*	*Coefficient of Income Inequality*
	People	*Income*		
Farming, hunting, etc.	68.54	66.29	0.97	−2.06
Petty trading	12.24	15.22	1.24	2.94
Hairdressing	1.04	0.57	0.55	−0.47
Bricklaying	0.77	0.42	0.55	−0.35
Tailoring	2.14	3.68	1.72	1.54
Carpentry	0.61	0.52	0.85	−0.09
Soapmaking	0.35	0.32	0.91	−0.03
Baking	0.35	0.58	1.66	0.23
Milling	0.21	0.07	0.33	−0.07
Photography	0.05	0.13	2.60	0.08
Blacksmithing	0.03	0.02	0.67	−0.01
Others	13.67	15.48	1.13	1.78

SOURCE: Computed from data in the *Report of A Survey on Rural Occupations in Oyo State, 1978*, Vol. I. Ministry of Finance and Economic Development (Statistics Division), Ibadan, Oyo State.

Index of inequality: −3.08 +6.57 = +3.49.

distribution. The table also shows that while the farmers received 0.03 units less than their equal share, the petty traders received 0.24 units more than their equal share. As shown by the coefficient of income inequality of 2.94, the petty traders also received more than their share in 1977. In this group with the petty traders are tailors, bakers, and photographers. The other occupational groups received less than their equal share of income. The hardest hit were the hairdressers and the bricklayers, and, receiving the least, the millers, with 0.33.

The index of inequality, which is the sum of the coefficients of inequality, is given at the bottom of the table. The negative value (−3.08) is an indication of underinequality, and the positive value indicates overinequality. The net, which is positive, shows that the distribution is skewed in favor of the overinequality group.

The pattern observed in Area 2 is also evident in the time-series data used for computing Table 7-11, which shows income distribution of the rural sector in three states: Oyo, Ogun, and Ondo. The farmers, hunters, and fishermen—the primary producers—had primarily negative coefficient of income inequality between the 1969/70 and the 1976/77 financial years. The traders' group behaved in this table just as it did in the cross-section data presented in Table 7-10. They are consistently in the overinequality section. The fortunes of craftsmen—tailors, bricklayers, and so on—fluctuated between under and overinequality groups. The coefficients of income inequality are shown in Table 7-12. The table shows that the lowest income group remained in the underinequality bracket, receiving less than their equal share of income, and that this share was worsened with time.

As a way of breaking down the aggregation of rural income, we present Table 7-13, which summarizes our data on Area 2. Shown by the data

TABLE 7-11

Coefficient of Income Inequality in the Rural Sector

Occupational Group	*1969/70*	*1970/71*	*1971/72*	*1972/73*	*1974/75*	*1975/76*	*1976/77*
Professionals	−0.09	−0.18	−0.26	0.18	0.06	−0.21	1.38
Salary/Wage earners	0.08	−0.08	−0.04	0.12	0.00	0.00	0.39
Traders	13.89	1.00	1.96	2.22	6.62	−0.24	21.44
Primary producers	12.54	0.86	−0.89	−5.38	−6.62	0.97	−23.36
Craftsmen	−1.46	−0.43	−0.13	0.20	0.16	−0.68	1.08
Others	−0.28	−1.15	−0.51	2.85	0.03	−0.23	−0.60

SOURCE: Computed from data in the *Report of a Survey on Rural Occupations in Oyo State, 1978,* Vol. I. Ministry of Finance and Economic Development (Statistics Division), Ibadan, Oyo State.

TABLE 7-12

Coefficient of Rural Income Inequality

Income Groups	*1969/70*	*1970/71*	*1971/72*	*1972/73*	*1974/75*
1–500	−1.00	−1.00	0.00	−1.99	−5.94
501–1,000	0.26	0.29	0.41	0.49	0.81
1,001–2,000	0.43	0.56	0.46	1.05	10.41
2,001–3,000	0.21	0.12	0.37	0.40	1.07
3,001–4,000	0.08	0.07	0.14	0.13	0.16
4,001–6,000	0.48	0.08	0.11	0.12	0.08
6,000+	0.04				

SOURCE: Computed from data in the *Report of A Survey on Rural Occupations in Oyo State, 1978,* Vol. 1. Ministry of Finance and Economic Development (Statistics Division), Ibadan, Oyo State.

TABLE 7-13

Distribution of Income in Area 2

Income	*Percentage Distribution of People*	*Percentage Distribution of Income*	*Individual Percent Share of Income*	*Coefficient of Income Inequality*
1–100	47.78	29.52	0.62	−18.16
101–200	41.48	50.80	1.22	9.13
201–300	7.41	7.54	1.02	0.15
301–400	1.48	2.38	1.61	0.90
401–500	0.00	0.00	0.00	0.00
501–600	1.11	5.19	4.68	4.08
600+	0.74	4.57	6.18	3.83
Total	100.00	100.00	—	—

SOURCE: Household Consumption Enquiry, Federal Office of Statistics, Lagos, 1974.

Index of Inequality: −18.16 + 18.09 = 0.07.

presented in the table on nine rural cities, the income of most inhabitants was less than or equal to ₦100. In all, about 97 percent of the people in this area received income of less than or equal to ₦300.

In terms of income sharing, almost 48 percent of the people in the first income group are in the underinequality category, while all the other groups within the sampled area received more than their equal share of income.

Again, caution must be exercised in analyzing income data in the rural sector. In Nigeria, it is common to find a household head incurring expenditure much greater than the amount he claimed to be his total income, without putting himself in debt. This happens because many people regard income only as cash on hand or cash received from sales. Against this background we decided to discuss income distribution in Areas 3 and 4 using income and expenditure distributions (Table 7-14) as two separate measures of total product distribution. For example, in Area 4 total income was said to be ₦122,166 while expenditure was ₦207,349 and in Area 3 income was estimated as ₦84,689 while expenditure was ₦144,896 for the respondents. On account of this kind of disparity scholars have started to argue about how to obtain accurate income information from field surveys (see Ladipo, 1977, and Adesimi and Ladipo, 1979). In this analysis, expenditure as a measure of true household income is strengthened when we consider the pattern of expenditure presented in Table 7-15.

In classical economic theory disposable income is defined as consumption expenditure plus savings: from Table 7-15 we could classify the first nine items as consumption expenditure while the tenth is savings. This implies that the information on expenditure obtained from the 3,096 respondents in the twenty-five rural towns of Oyo State is closer to the respondent's income than what he claims his income to be. In Area 4 the estimated income was found to be ₦326 per person per annum while average expenditure was

TABLE 7-14
Percentage Distribution of Total Income and Expenditure by Occupational Group

	Area 3		*Area 4*	
	Income	*Expenditure*	*Income*	*Expenditure*
Tailoring & knitting	26.47	31.95	32.90	42.30
Blacksmithing	6.75	4.11	1.80	2.23
Goldsmithing	1.19	1.45	3.10	4.20
Shoemaking	2.68	3.23	4.20	5.80
Carpentry	18.18	13.97	9.00	8.20
Hairdressing	3.01	9.21	0.30	8.60
Cloth selling	7.54	9.92	19.90	13.10
Welding	3.77	3.43	1.90	0.90
Motor mechanic	4.53	6.19	3.20	2.60
Baking & confectionary	15.19	4.49	18.90	5.20
Printing	1.50	2.72	1.60	1.40
Painting	0.11	0.07	0.90	0.70
Photography	3.88	5.31	4.30	4.60
Draftsmanship	5.20	3.95	0.10	0.10
Total (₦)	84,689	144,896	122,166	207,349

SOURCE: This table was computed from data obtained from *Report on the Survey of Selected Occupations in Oyo State.* Ministry of Finance and Economic Development (Statistics Division), Ibadan, Oyo State, July 1977, December 1977.

TABLE 7-15

Percentage Distribution of Pattern of Expenditure

Item	*Area 3*	*Area 4*
Food and drinks	37.21	32.50
Clothing	11.17	9.50
School fees	28.11	36.70
Transport	2.51	4.70
Health	2.92	4.10
Rent	1.39	1.70
Electricity	1.64	1.50
Gambling	0.11	0.10
Other expenses	1.08	1.00
Savings	13.86	8.20
Total expenditure (₦)	144,896	207,349

SOURCE: This table was computed from data obtained from *Report on the Survey of Selected Occupations in Oyo State.* Ministry of Finance and Economic Development (Statistics Division), Ibadan, Oyo State. July 1977, December 1977.

₦564. The corresponding figures for Area 3 are ₦396 and ₦672. The explanation is simply that income is usually deliberately underestimated by the respondents either for fear of tax assessment or as a result of lack of record keeping. It is easier, however, to remember the items of expenditure and the expense associate with them. Thus, we will consider the distribution of expenditure as being closer to the true income distribution, especially in the rural areas.

It is interesting to note that except for a few groups in Area 3, the occupational groups were ranked almost identically in expenditure and in income. This observation is confirmed by the high rank correlation coefficient between income and expenditure for Area 3 and Area 4. In terms of distribution of income inequality, Table 7-16 summarizes our findings for Areas 3 and 4.

The first occupational group, tailoring, receives less than its proportionate share of income when recalled income is used, 0.70. Other groups which received less than their proportionate share are blacksmithing, goldsmithing, hairdressing, motor mechanic, painting, photography, and draftsmanship. Their individual percent share range from 0.59 to 0.94 as shown in column 4.

When expenditure is used as a measure of income, a different distribution pattern emerges. Carpentry, which received its proportionate share before, is now very slightly over the equality line. Goldsmithing and hairdressing now receive a greater share of income distribution than before. Welding, which previously received more than its proportionate share, now receives less than

TABLE 7-16

Income Distribution Inequality in Areas 3 and 4 by Occupational Groups

	Percentage Distribution of		*Individual Percent Share of Income*	*Coefficient of Income Inequality*	*Percentage Distribution of Expenditure*	*Individual Percent Share of Expenditure*	*Coefficient of Inequality of Expenditure*
	People	*Income*					
Tailoring & knitting	47.20	32.90	0.70	−14.16	42.30	0.90	−4.72
Blacksmithing	2.03	1.80	0.90	− 0.05	2.30	1.13	0.26
Goldsmithing	3.29	3.10	0.94	−0.20	4.20	1.28	0.92
Shoemaking	3.71	4.20	1.13	0.48	5.80	1.56	2.08
Carpentry & cabinet making	8.16	9.00	1.00	0.82	8.20	1.01	0.08
Hairdressing	7.74	6.30	0.80	−1.47	8.60	1.11	0.85
Cloth selling	9.03	11.90	1.32	2.89	13.10	1.45	4.06
Welding	1.67	1.90	1.14	0.23	0.90	0.54	−0.77
Motor mechanic	5.27	3.20	0.61	− 2.06	2.60	0.49	−2.69
Baking & confectionary	4.69	18.80	4.01	14.12	5.20	1.11	0.52
Printing	1.29	1.60	1.24	0.31	1.40	1.09	0.11
Painting	1.11	0.90	0.78	− 0.26	0.70	0.63	0.33
Photography	4.62	4.30	0.93	− 0.32	4.60	1.00	−0.02
Draftsmanship	0.17	0.10	0.59	− 0.07	0.10	0.59	−0.07

SOURCE: This table was computed from data obtained from *Report on the Survey of Selected Occupations in Oyo State.* Ministry of Finance and Economic Development (Statistics Division), Ibadan, Oyo State, July 1977, December 1977.

its proportionate share. In Area 3 the percent share distribution is slightly changed, as shown in Table 7-17.

Comparing expenditure data to recalled income data, income distribution showed less concentration, especially among the tailoring, carpentry, hairdressing, and cloth selling groups.

The occupational categories which received less than their proportionate shares of income (when expenditure is used) are tailoring, goldsmithing, welding, motor mechanic, painting, and photography. When the two measures of income are used, only these six occupational groups fell below the equality line. There is no occupational group adjudged to be under the equality line by the expenditure measure of income that is not already so classified by recalled income. Thus, no matter which measure of income is used, there is unequal distribution of income.

We have tried so far to demonstrate the existence of unequal distribution of income between the urban and the rural sectors and within the rural sector. In the next section we will try to show that the inequality of income distribution observed has been a result of government policies since the colonial days.

Determinants of the Share of the Rural Sector

In order to understand the income disparity between the rural and urban sectors and within the rural sector itself, the income-generating and the income-reducing activities of individuals, firms, and governments must be examined to see how they have contributed to income distribution and inequality in the areas concerned.

In the preceding section we observed that even though some occupational groups in the rural areas received less than their proportionate share of income, they remained in the rural areas. They remain because their assets are fixed, their educational level is low, and their skills obsolete. These create obstacles to factor mobility in that the people cannot move their operations and/or their labor to a place where they could receive better income. This state of affairs in the rural sector is a result of several factors that are discussed elsewhere in this book (see chapters 5 and 9).

In this chapter we will limit our efforts to a brief discussion of government capital investment on agriculture, cooperatives, community development, and on infrastructure which directly affect the rural sector.

It can be observed from Table 7-18 that cooperatives and community development received, on the average, an insignificant percentage (0.4) of planned government expenditures from 1962 to 1980. This is one of the key government items of expenditure which are capable of ameliorating socioeconomic conditions in the rural areas by creating income-generating activities.

Although transport and electricity received a fairly significant proportion of expenditures (an average of 22.2 and 7.8 percent, respectively) during the

TABLE 7-17

Income Distribution Inequality in Area 3 by Occupational Groups

Occupational Group	*Percentage Distribution of People*	*Percentage Distribution of Income*	*Individual Percent Share of Income*	*Coefficient of Income Inequality*	*Percentage Distribution of Expenditure*	*Individual Percent Share of Expenditure*	*Coefficient of Inequality of Expenditure*
Tailoring & knitting	42.09	26.47	0.63	−16.57	31.95	0.76	10.10
Blacksmithing	2.83	6.75	2.39	3.93	4.11	1.45	1.27
Goldsmithing	1.80	1.19	0.66	− 0.61	1.45	0.81	− 0.34
Shoemaking	3.22	2.68	0.83	− 0.55	3.23	1.003	0.01
Carpentry	12.29	18.18	1.48	5.90	13.97	1.14	1.72
Hairdressing	6.28	3.01	0.48	− 3.27	9.21	1.47	2.95
Cloth selling	6.47	7.54	1.17	1.10	9.92	1.58	3.43
Welding	4.68	3.77	0.81	− 0.88	3.43	0.74	− 1.20
Motor mechanic	7.25	4.53	0.62	2.76	6.19	0.85	− 1.09
Baking & Confectionery	3.83	15.19	3.97	11.38	4.49	1.17	0.65
Printing	1.57	1.50	0.96	−0.06	2.72	1.73	1.15
Painting	0.27	0.11	0.41	−0.16	0.07	0.26	− 0.20
Photography	6.63	3.88	0.59	−2.72	5.31	0.80	− 1.33
Draftsmanship	0.84	5.20	6.19	4.36	3.95	4.70	3.10

SOURCE: *Report on the Survey of Selected Occupations in Oyo State.* Ministry of Finance and Economic Development (Statistics Division), Ibadan, December, 1977.

TABLE 7-18
Percentage Distribution of Public Sector Capital Investment by Sectors: National Development Plans, 1962–68, 1970–74, and 1975–80

Sector	*1962–68 National Dev. Plan (% of Total)*	*1970–74 National Dev. Plan (% of Total)*	*1975–80 National Dev. Plan (% of Total)*	*Average over the Three Dev. Plans (% of Total)*
Agriculture, livestock, forestry & fishery	13.6	9.7	6.7	10.0
Trade & industry (including mining and quarrying)	13.4	7.3	26.0	15.6
Electricity (fuel power)	15.1	5.0	3.3	7.8
Transport	21.3	21.3	22.2	22.2
Communication	4.4	2.4	4.1	3.6
Water other than Irrigation	3.6	5.8	2.8	4.1
Education	10.3	11.0	7.5	9.6
Health	2.5	5.0	2.3	3.3
Town & country planning (including sewage, drainage, & refuse disposal plus housing)	6.2	2.2	9.2	5.9
Cooperative & comm. development	0.6	—	0.6	0.4
Labor, social welfare, & sports	0.7	1.3	0.4	0.8
Information	0.5	0.9	.12	0.9
Judicial	0.1	—	—	—
General (including adm. defense & security	7.1	22.7	13.6	14.5
Financial obligations	0.6	2.1	—	0.9
Total	100.0	100.0	100.0	100.0

period, it is known that most of these financial allocations were spent on urban areas. The elements of rural electrification and rural feeder roads in these two vital sectors are quite small.

Table 7-18 also reveals that the percentages shares of agriculture in the three national plans presented declined progressively from one successive plan period to another. This is paradoxical, especially in a country like

Nigeria, which is basically agricultural at least in terms of occupational distribution.

The net effect of the scant attention given to the rural sector by the Nigerian governments is revealed in Table 7-19, which shows the agricultural sector as receiving the least per capita income among all the sectors in the national economy from 1960 to 1967, even though agriculture, before the emergence of petroleum, was the nation's biggest income-earning activity.

Conclusion

In this chapter we have emphasized two main aspects of income distribution problems. The first is the rural-urban income distribution and the second is the intrarural income distribution. Our analysis indicates a continuing existence of income disparity between the rural and urban sectors. It also reveals that within the rural sector there is income disparity among different occupational groups.

It seems as if the government has made rural conditions worse, even though it has consistently tended to give the impression that agriculture and the rural sector are among the key priority areas of attention.

In order to redistribute income to and within the rural sector, income-generating activities must be established in the rural areas; there must be ease of access to social infrastructure, such as rural electrification, feeder roads, and facilities to promote cooperative and community development. Nigerians are rural dwellers (about 60 to 80 percent of the population are resident in the rural areas) and therefore Nigeria must develop the rural sector.

TABLE 7-19

Sectoral Indices of Average per Capita Income in Nigeria
(agriculture, etc. = 100)

	1960	*1962*	*1964*	*1965*	*1967*
Agriculture	100	100	100	100	100
Mining	137	130	135	139	113
Manufacturing	176	181	214	219	217
Construction	132	134	148	161	157
Electricity & water supply	167	164	165	179	191
Transport & communication	196	206	202	205	217
Services	196	197	218	223	226

SOURCE: Computed from Table 6 in S. A. Aluko, "Wages, Cost and Prices." Paper presented at the Conference on National Reconstruction and Development in Nigeria, Ibadan, 1969.

APPENDIX TABLE 1

Percentage Distribution of Earnings by Divisions 1968–70, 1973–77

State	*Division*	*Oyo, Ogun and Ondo*					*Oyo Alone*		
		1968	*1969*	*1970*	*1973*	*1974*	*1975*	*1976*	*1977*
Ogun	Egba	8.37	8.75	2.64	7.54	27.73	—	—	—
	Egbado	2.24	2.16	0.50	0.99	0.45	—	—	—
	Ijebu	4.13	2.18	5.71	7.22	2.59	—	—	—
	Ijebu Remo	1.30	1.77	0.47	4.29	0.59	—	—	—
Ondo	Akoko	0.70	0.88	0.37	0.60	0.75	—	—	—
	Akure	2.91	2.80	1.08	8.08	3.42	—	—	—
	Ekiti Central	1.35	1.30	0.37	0.85	0.25	—	—	—
	Ekiti North	0.83	0.90	0.28	0.10	0.119	—	—	—
	Ekiti South	0.80	0.91	0.16	0.29	2.57	—	—	—
	Ekiti West	2.18	1.70	0.32	0.54	0.52	—	—	—
	Okitipupa	1.50	1.62	0.49	0.74	0.33	—	—	—
	Ondo	1.97	2.60	1.06	3.11	2.77	—	—	—
	Owo	2.81	2.27	0.54	0.75	3.06	—	—	—
Oyo	Ibadan City	53.81	53.79	29.46	52.59	45.94	83.73	59.18	44.15
	Ibadan Less City	2.07	1.87	0.30	0.22	0.05	0.10	1.40	3.17
	Ibarapa	0.46	0.30	0.06	1.06	0.15	0.28	2.01	1.21
	Oshun Central	1.58	1.40	48.83	1.01	1.99	3.63	5.80	4.10
	Oshun N.E.	1.23	1.28	0.03	0.46	0.51	0.92	3.76	4.12
	Oshun N.W.	1.11	1.56	0.06	1.63	1.23	2.24	2.47	12.38
	Oshun South	1.62	1.92	0.06	0.67	0.47	0.86	4.04	2.93
	Ife	1.48	2.23	0.77	0.90	0.67	1.21	6.32	4.87
	Ijesa North	0.38	1.10	0.18	1.18	0.73	1.33	3.22	2.07
	Ijesa South	2.62	1.94	0.65	1.41	1.53	2.79	3.30	4.51
	Oyo North	0.34	0.68	0.70	0.82	0.40	0.73	3.86	11.42
	Oyo South	2.16	2.06	3.26	2.97	1.20	2.19	4.63	5.08
	Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

APPENDIX TABLE 2

Distribution of Respondents

Area 1 consists of data from 44 rural towns selected from twenty-two local government council areas. Ibadan City Council is not included because it is an urban area. The distribution of respondents by council areas are as follows:

	Council	*No. of Respondents*		*Council*	*No. of Respondents*
1.	Akinyele	72	12.	Ila	81
2.	Lagelu	66	13.	Ogbomoso	38
3.	Oluyole	264	14.	Ejigbo	152
4.	Ibarapa	25	15.	Iwo	101
5.	Oranmiyan	114	16.	Irewole	197
6.	Obokun	117	17.	Irepo	237
7.	Osogbo	34	18.	Ifedapo	48
8.	Irepodun	48	19.	Kajola	136
9.	Ede	76	20.	Iseyin	157
10.	Ifelodun	102	21.	Oyo	221
11.	Odootin	129	22.	Atakumosa	197

SOURCE: Report on a Survey of Rural Occupations in Oyo State Vol. 1, 1978, Ministry of Finance and Economic Development, Statistics Division, Ibadan, Oyo State, Nigeria.

Note: Total interviewed: 2,425.

APPENDIX TABLE 3

Area 2 consists of data obtained from eight rural towns from the survey of Household Consumption conducted by the Federal Office of Statistics. Thirty respondents were selected from each town. The nine towns were spread all over the Western state with one town coming from the far north. The towns were Ghongan, Ilaro, Okitipupa, Iwo, Inisa, Ejigbo, Ijero-Ekiti, and Katsina. They were chosen from the twenty-five towns listed below.

(Table follows next page)

APPENDIX TABLE 3

Rural Towns	*No. of Respondents*	*% of Total*
Ago-Are	56	4.84
Ejigbo	86	7.44
Iree	36	3.12
Ikirun	229	19.81
Ila Orangun	108	9.34
Ilaero	68	5.88
Inisa	72	6.23
Iragbiji	99	8.57
Oke-Ho	182	15.74
Orile-Owu	66	5.71
Ode-Omu	103	8.91
Otan-Aiyegbaju	51	4.41
Total	1,156	100.00

SOURCE: *Report on the Survey of Selected Occupations in Oyo State,* Ministry of Finance and Economics Development (Statistics Division), Ibadan, December 1977.

APPENDIX TABLE 4

Rural Towns/ Villages	*No. of Respondents*	*% of Total*
Apomu	131	6.75
Awe	95	4.90
Ede	115	5.93
Fiditi	98	5.05
Gbongan	148	7.63
Ibokun	77	3.97
Ifetedo	47	2.42
Ifewara	53	2.73
Ikire	319	16.44
Ikoyi	29	1.49
Ipetumodu	107	5.52
Iseyin	403	20.78
Saki	318	16.39
Total	1,940	100.00

SOURCE: *Report on the Survey of Selected Occupations in Oyo State,* Ministry of Finance and Economic Development (Statistics Division), Ibadan, July 1977.

Note

1. The figures shown for 1970 and 1975 are to be considered incomplete. In 1969/70 there was a farmers' uprising—the Agbekoya riots—which paralyzed economic activities in the Western state (now Oyo, Ogun, and Ondo) and this made it virtually impossible to collect any reliable data in the rural areas. In 1975 the students' riots and the farmers' agitation for higher prices for their products, which made them withdraw most of their products from the markets, made data collection in the rural areas difficult.

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CHAPTER 8

The Structure of Production and Rural Incomes in Northern Nigeria: Results of Three Village Case Studies

Peter Matlon

Introduction

During 1974–1975, a comprehensive set of household data was collected as part of a three-village study conducted in the state of Kano. The primary objective of that research was to document the size distribution of income and to analyze factors explaining income variation in a representative area of northern Nigeria. The study was based on the proposition that understanding the determinants of income among low income farm families, or, conversely, identifying the constraints limiting incomes, is a critical input in the design of development policies which can improve the living standards of the rural poor.

This chapter summarizes some of the empirical findings of the survey through a description of the distribution and determinants of income in the study area. The analysis is intended to provide Nigerian planners with a better understanding of who constitute the rural poor, what are their sources of income, and why they remain in poverty. In a broader context the analysis serves as a case study of the structure of personal incomes within an essentially traditional society characterized by low population pressure and by a production system experiencing the first stages of technological change. Before turning to the findings of the survey, it is useful to place the study into a broader national context and to review the conceptual framework which guided the analysis.

Agriculture and National Patterns of Growth

Growth of the Nigerian economy has been particularly rapid during the past decade. Between 1970 and 1976 the GNP is estimated to have increased at a real annual rate of 7.4 percent, and GNP per capita at an annual rate of 5.4 percent. Accompanying this growth, income disparities are believed to have widened substantially. Although the magnitude of intra-sectoral disparities is not fully known, disparities between the rural and urban sectors are substantial. During 1964–1965, agriculture accounted for 58 percent of GDP and employed 70 percent of the active work force (Federal Republic of Nigeria, 1975). By 1974–1975, agriculture's share in GDP had fallen to only 23 percent while the proportion of the labor force remained relatively high at 64 percent. In contrast, during the same period, the petroleum and mining sector increased its share of GDP from 3 percent to 46 percent, while its proportion of total employment remained below 1 percent.

These changes in sectoral composition reflect not only rapid growth in the nonfarm sectors, but stagnancy in agriculture as well. Between 1970 and 1976, total farm output fell at an annual rate of −0.2 percent. This is partly the result of the Sahelian drought which particularly affected the northern regions, but it is also due to the rapidly increasing demand for labor in other sectors. This contrasts with an average annual growth of 12.6 percent in industry and 9.5 percent in services during the 1970–1976 period. The petroleum and mining sector accounted for a large part of the nonagricultural growth, with an average annual rate of increase of approximately 25 percent.

The resulting income disparities between sectors have been substantial. Between 1970 and 1975, per capita GDP measured in constant 1974–1975 prices in agriculture is estimated to have remained nearly constant at approximately ₦61 per capita compared with an increase in the national average of from ₦137 to ₦189 (Federal Republic of Nigeria, 1975). Per capita farm incomes, therefore, declined from roughly 45 percent to 32 percent of the national average. Moreover, relative to per capita GDP in all nonfarm sectors, average agricultural output per capita fell from approximately 34 percent to only 22 percent during the first five years of this decade (1970–1975).

Official concern with the poor performance in agriculture and the resultant increase in national inequality is clearly present. An immediate cause of concern has been the emergence of substantial food deficits. In recent years, grain imports have increased to over one-half million tons. And, with continued rapid growth in the nonfarm sectors, a high income elasticity, and population growing at nearly 3 percent annually, the deficit has been projected to increase to nearly 8 million tons by 1985 (IFPRI, 1976). To meet projected food needs by that year, it is estimated that cereal production would have to expand at an annual rate of 7 percent.

In response to this situation, several major farm programs have been introduced. These include: (1) a reorganization of the marketing board system to increase producer prices; (2) a National Accelerated Food Production Program involving the distribution of higher yielding crop varieties through a coordinated fertilizer, pesticide, and credit package approach; (3) a number of large integrated rural development schemes; (4) investment in state-operated large-scale farms; (5) construction of large-scale irrigation projects; and (6) the establishment of agro-service centers to distribute subsidized inputs to small farmers under the auspices of the Operation Feed the Nation Campaign. Guided by the plan's corollary objective of interpersonal and interregional equity, several of these programs have been given particular emphasis in the Northern states of Nigeria where incomes have traditionally remained lowest. The results of these efforts to date, however, have been mixed, and their impact on income distribution within the rural sector is not known.

It is clear, however, that the distributional impact of these programs may be importantly determined by the existing distribution of resources and income. For example, if successful adoption requires the increased use of factors which are positively related to current income—such as human or physical capital—or if access to modern inputs is influenced by institutional structures similarly related to income, a skewed traditional distribution will both retard the modern sector expansion and contribute to greater inequality over time.

These relationships underscore the need for a detailed knowledge of the current distribution of resources and incomes at the household level. Such information combined with an understanding of the factor requirements implicit in new production packages can assist in predicting adoption patterns and their distributional effects. More important is the *ex ante* contribution microlevel analysis provides in the design of interventions which are compatible with the circumstances of the rural poor. This study has set out to provide such an analysis for one area in Northern Nigeria.

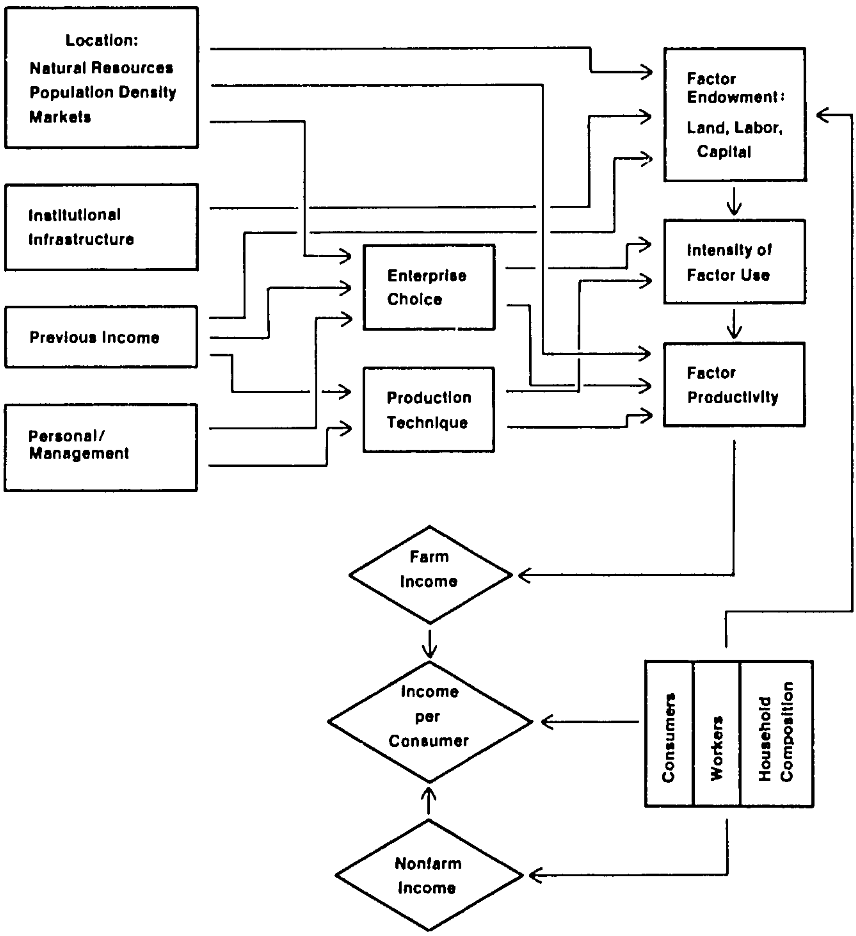
Conceptual Framework for the Study

Interhousehold income distribution can be viewed as the outcome of the distribution and interaction of income determinants among household units. An understanding of the factors affecting the income distribution of a given population, therefore, should be predicated first upon an analysis of how and why these determinants are distributed among household units.

Figure 10-1 presents a simple diagram depicting the interaction of supply factors that determine household incomes.[1] Although the breakdown of production determinants is shown for the farm sector only, a parallel but distinct set is assumed to apply to the nonfarm sector as well. As presented, production levels are a function of three general sets of factors:

1. *Quantity of the household's factor endowment.* This includes the available land base, size of the household work force, and access to capital.
2. *Level of intensity at which the factors are employed.* Included are land area actually cultivated, levels of use of both fixed and working capital, and hours of employment of the household labor force.

Figure 8-1 Income Operation Among Farming Households in Africa



3. *Resource productivity as measured in returns to land, labor and capital.* These are influenced by the qualitative differences in (1) and the factor interactions in (2) above.

The income of any particular household is uniquely determined by the specific values attained at each level. For example, a household may fall into poverty due to an acute land shortage despite intensive use of its limited resources and adequate returns to land. Alternatively, a household's poverty status may be due to low productivity in the face of adequate land and labor, and average levels of factor use. The important point is that the distribution of these factors among the population determines the ultimate distribution of generated incomes. It is clear that for policy purposes an understanding of the relative importance and distribution of each set of factors is critical since each implies a distinct policy approach. Furthermore, in order to design interventions intended to affect the distribution in a predictable manner, an understanding of the variation of these determinants among household income strata is fundamental.

As depicted in Figure 8-1, factor endowment, use, and productivity are further determined by a secondary set of exogenous variables that include household location, local institutions, wealth or income inherited from previous periods, and personal traits including management skills and production objectives. Moreover, much of the influence of these factors operates through choice of enterprise and variation in production technique.

A final factor affecting the distribution of income among individuals is the ratio of consumers to producing workers within the household—that is, the dependency ratio. Most studies examining personal income determinants have concentrated on factors affecting production; indeed this study also gives primary emphasis to production relationships. However, it is also hypothesized that within the African rural environment, which is characterized by low population pressure and family-oriented hand-tool production systems, the composition of the household may also have an important influence on levels of personal income. Moreover, to the extent that this ratio varies systematically with the states of family development, life-cycle determinants are hypothesized to explain at least part of the income distribution at any given point in time.

The approach taken in this chapter is to examine the extent to which income variation is explained by corresponding variations in each general set of determinants, and to identify how each set varies in importance among income strata. Particular emphasis is placed on the poorest rural households. In this way, we can arrive at a better understanding of aggregate patterns of income distribution, while constructing profiles of households—including both structural and behavioral characteristics—at each level of the income distribution.

The chapter has been organized in the following way. First, the study areas are described; then the levels, distribution, and sources of income are examined by income class. Emphasis is placed on an analysis of enterprise combinations and how the choice of both farm and nonfarm activities is influenced by and, in turn, influences household income status. Several sociodemographic characteristics of households are then examined to test for the presence of a life-cycle income pattern and to determine the income effect of political status at the village level. This is followed by an analysis of the endowment and use of land, labor, and capital among the income strata. Next, the variation in farm productivity is examined, with particular emphasis on the circumstances of the poorest households. The chapter concludes with a summary of implications for the design of rural development policies.

The Study Area

Nigeria displays a wide range of ecological conditions which affect farm production systems and, in turn, rural incomes. Average annual rainfall varies between 3,200 mm in the predominantly tropical rain forest zone of the South to only 300 mm in the extreme North. While rainfall is considerably more reliable in the South and permits year-round cropping, the amounts and distribution of rain in the Northern states of Nigeria are subject to wide inter-annual variation and generally allow for only a single season of rain-fed cropping. Cropping patterns vary accordingly. In the more humid South, root crops tend to dominate the food staples, with palm oil, cocoa, and rubber as major cash crops. Cereals, especially sorghum and millet, constitute the key staples for Northern households, with groundnut and cotton as the most important cash crops. The broad Middle Belt, which separates the savannah and tropical rain forest zones, includes a wide mixture of both sets of crops. With the exception of closely settled zones surrounding a few larger Northern cities, population density generally decreases as one moves from the South to the North. As a result, average cultivated land per household varies between 1.5–2 hectares (ha) in the South to roughly 3–4 ha in the North.

The area selected for this survey is located in the guinea-savannah zone of the state of Kano. Rainfall in the study area averages approximately 890 mm and is distributed over a 120-day period that generally extends from May until September. During the year 1974–1975 in which the present survey was conducted, total rainfall was approximately equal to this long-term mean.

Three predominantly Hausa villages in the South Western portion of the state of Kano were purposively selected to satisfy the dual objectives of minimum intervillage variation in soils and climate, and the maximum variation regarding access to external markets. Located in the Karaye District, which is approximately 40 miles north of Zaria City and 60 miles southwest of Kano City, the three villages are closely situated within a radius of 10 miles. In spite of their proximity, the three villages have important differences with respect to size, access to external markets, and population density. One large market village (Rogo, population 6,405[2]) is located on a major feeder road and is serviced by daily lorry contact throughout the year. The smallest village (Zoza, population 2,964) is located approximately a mile from the nearest feeder road and contacted infrequently by lorries. The third village (Barbeji, population 3,744) is remotely located about 8 miles from the nearest highway over paths which are motorable but pose great difficulty during the dry season, and which are inaccessible to all four-wheel transport during the rains. The average population density of the three villages is appoximately 50 persons per square kilometer, with the highest density in the market village of Rogo.

Characteristics of the Farm Units

Farm units in the villages studied were generally representative of households throughout Nigeria's Northern region. The average household consisted of nearly seven persons holding usufructuary rights and 2.4 ha of cultivated land. Eighty percent of all cultivated land in the study area was held through inheritance, purchase, or original clearing, thus reflecting secure tenure status for most households. Landlessness was not present. The farming systems of the area are dominated by the basic food staples—millet and sorghum—which together with the cash crop of groundnuts represented 75 percent of total harvest value.

The local farming system was characterized by traditional hand-tool technology, with only limited use of modern inputs. Chemical fertilizers were applied during the survey year by 40 percent of the sampled households, but typically at extremely low levels. An improved groundnut variety was sown by nearly all of the sample households. However, the yield advantage of this improved seed was only 10 to 15 percent greater than local varieties on farmers' fields. Tractor cultivation was practiced by less than 1 percent of the sampled households, and none used animal traction. The labor market was well developed, with 42 percent of the farm labor provided by hired labor.

The data upon which this study is based was collected from 135 randomly selected households, which were nearly equally divided among the three villages. The survey employed a cost-route technique in which sampled households were regularly visited at no less than one-month intervals from May 1974 through May 1975. The total random sample of 135 households was further subdivided into 35 "small sample" households which were interviewed twice weekly throughout the year and 100 "large sample" households interviewed at monthly intervals. Identical information was obtained from both samples, with the exception that household labor profiles were collected only from the smaller and more intensively interviewed sample of 35.

Distribution and Composition of Household Incomes

Definition of Farm Family Income

For purposes of this study, income was computed as the return to household land, labor, and management earned in all farm and nonfarm enterprises. With the exception of female incomes earned in commercial food processing and petty trading, this income included the earnings of all members of the household. Average annual prices computed for each village were used to value all inputs and outputs, regardless of their final disposition. Although data on cash and in-kind gifts transfers was collected, the value of such flows was not included as income components. Unrealized capital gains which arose from the reevaluation of owned assets during the survey period were also excluded. The 12-month period over which net flows were calculated was delimited by the annual agricultural cycle to capture one complete season.

In order to make more valid interpersonal comparisons of well-being, household incomes were adjusted to take account of variations in the size and composition of household memberships by calculating income per consumer man-equivalent. The number of consumer units within households was computed by weighting each household member by a coefficient representing approximate calorie requirements according to age and sex (Table 8-1).[3] The resultant income per consumer measure was subsequently used to group households into the income strata. To facilitate comparisons with other studies, per capita figures are also presented where relevant.

TABLE 8-1

Coefficients Applied to Estimate the Number of Man-Equivalent Consumer Units Per Household (by Age)

	0–4	5–9	10–15	16+
Male	0.2	0.5	0.75	1
Female	0.2	0.5	0.7	0.75

Mean Income Levels by Village and Household Sector

According to this definition of income, the average household generated annual earnings of nearly ₦350, or approximately ₦52 per capita[4] (Table 8-2). Household incomes were highest in Rogo—the largest village—and lowest in Zoza—the smallest. For both income per capita and income per consumer measures, however, these village rankings were reversed due to intervillage differences in mean household size. It is important to note that off-farm income contributed 28 percent of net earnings, with such earnings most important in the market village of Rogo where they constituted 36 percent of total income and were least important in the most remote village of Barbeji, at only 24 percent.[5]

Farmers in the three villages were well integrated into the cash economy. This was reflected in the fact that 53 percent of income on average was earned or converted into cash.[6] Rogo's farmers, enjoying the most advantageous market location as well as the largest proportion of lowland soils (preferred for production of the cash crop of sugarcane), were the most monetized, with 67 percent of their income generated in cash. A particularly important finding was that the sale of crops contributed less than half of all income earned in cash. This underscores the importance of off-farm

TABLE 8-2

Mean Net Incomes by Village and Household Sector[a]

(in naira)

Village	*Per household*			*Per capita*			*Per consumer*		
	Farm	*Off-Farm*[b]	*Total*	*Farm*	*Off-Farm*	*Total*	*Farm*	*Off-Farm*	*Total*
Barbeji	273.64	85.00 (23.7%)	358.64	41.46	12.88	54.34	61.71	19.17	80.88
Zoza	239.50	79.22 (24.9%)	318.72	42.05	13.90	55.95	61.41	20.31	81.72
Rogo	231.69	130.03 (36.0%)	361.77	29.66	16.66	46.30	42.20	23.69	65.89
All	248.95	(28.5%)	346.47	37.21	14.58	51.79	54.17	21.22	75.38

SOURCE: Survey data.

[a]Incomes per capita and per consumer have been calculated as weighted averages.

[b]The percentage of off-farm income in total income is included in parentheses.

occupations, which supplied between 50 and 60 percent of household cash earnings among the three villages.

Size Distribution of Personal Incomes

Compared to estimates obtained through rural surveys conducted elsewhere in Nigeria as well as in other developing countries, a generally high degree of income equality was found (Table 8-3).[7] The Gini coefficient calculated on income per capita, for example, was 0.28, and the ratio of mean per capita incomes between the poorest and richest deciles was only 1 : 5. From a national perspective, however, it is clear that the average level of income was so low that even the richest households included in the survey would be considered more generally among the relatively poor in Nigeria. The average per capita income of the upper 10 percent of households, for example, was only ₦99, or approximately half of the national average during 1974/1975.

Intervillage Comparisons

In Table 8-4 a modified tableau is presented, disaggregating incomes by village. Equality comparisons between villages are facilitated through the addition of an equity index (last column).[8] Values tending toward zero represent disproportionately low shares of income earned by those strata while values greater than 1 reflect shares of income exceeding an equitable allocation. A value of 1 represents perfect equality. From the equity index, it is apparent that income was more equally distributed in Zoza throughout the income range. Barbeji, the most isolated village, showed greater inequality in the extreme lower income range while Rogo, the largest village with the most favorable market location, was somewhat less equal in the upper income strata.

These relationships can also be seen in Figure 8-2. All villages displayed distributions which were positively skewed to the right, as would be expected in a population where mean earnings do not greatly exceed a minimum subsistence level. The Zoza distribution is more peaked in the median range, confirming indications from its equity index. In contrast, both Barbeji and Rogo show significantly higher proportions of residents with per capita incomes of less than ₦20, 7.8, and 18.8 percent, respectively. Considering its low mean income, the Rogo distribution also has a relatively high proportion of population in its right tail, reflecting inequality due to disparities in the high income range.

These distributional patterns are summarized in village Gini coefficients which range between 0.30 in Rogo and 0.22 in Zoza. All three indices rank incomes in Zoza as the most equally distributed whether measured on a household, per capita, or per consumer base. The changes in village rankings when applying different measures, however, should be noted. The coefficient

TABLE 8-3

Size Distribution of Income in the Three-Study Villages Combined

Decile[a]	Average Income per Household (₦)	Cumulative % of Income	Average Income per Capita (₦)	Average Income per Consumer (₦)	Average No. of Residents per Household	Cumulative % of Residents	Average No. of Consumers per Household	Cumulative % of Consumers	No. of Observations: Barbeji	Zoza	Rogo	All
1	177.73	5.1	19.12	27.78	9.3	13.9	6.4	13.9	3	2	5	10
2	234.21	11.9	28.22	39.77	8.3	26.3	5.9	26.7	4	2	4	10
3	231.27	18.6	34.01	49.21	6.8	36.5	4.7	36.9	3	4	3	10
4	328.93	28.1	42.72	61.25	7.7	48.0	5.4	48.6	3	1	6	10
5	247.33	35.2	52.62	71.69	4.7	55.0	3.5	56.1	2	6	2	10
6	385.80	46.3	55.91	82.26	6.9	65.3	4.7	66.3	4	6	–	10
7	404.78	58.0	63.25	89.95	6.4	74.9	4.5	76.1	5	3	2	10
8	433.96	70.5	72.33	105.59	6.0	83.9	4.1	85.0	3	2	5	10
9	394.01	81.9	87.56	125.48	4.5	90.6	3.1	91.8	5	2	3	10
10	626.59	100.0	99.46	168.46	6.3	100.0	3.7	100.0	3	5	2	10

	Income per Household	Income per Capita	Income per Consumer
Gini ratio	0.3156	0.2823	0.2947
Coefficient of variation	0.6113	0.5052	0.5490
Standard deviation of the log of income	0.5860	0.5350	0.5440

SOURCE: Survey data.

[a]Households were distributed among deciles by arranging the large random sample according to income per consumer, then allocating the poorest 10 percent of the households to the first decile, the second poorest 10 percent of the households were allocated to the second decile, and so on. Due to differences in family size, each decile does not contain exactly 10 percent of the sample population.

TABLE 8-4

Average and Cumulative Incomes, Number of Residents, and Consumer Units by Village Deciles

Village Decile	Village	No. of Households	Av. Income per Household (₦)	Cumulative % of Income	Av. Income per Capita (₦)	Av. Income per Consumer (₦)	No. of Residents per Household	Cumulative % of Residents	Equity Index
	Barbeji	4	233.72	7.5	21.84	32.02	10.7	18.6	0.40
1	Zoza	4	188.20	7.1	27.68	36.90	6.8	14.4	0.49
	Rogo	3	105.71	2.7	17.62	23.49	6.0	7.2	0.38
	Barbeji	3	120.00	10.4	24.00	40.00	5.0	25.1	0.43
2	Zoza	3	238.28	13.8	34.03	47.64	7.0	25.5	0.60
	Rogo	3	346.38	11.7	21.65	31.49	16.0	26.4	0.47
	Barbeji	3	173.85	14.6	36.99	49.67	4.7	31.2	0.69
3	Zoza	3	191.76	19.2	44.60	58.11	4.3	32.4	0.78
	Rogo	3	238.69	17.9	28.76	39.78	8.3	36.4	0.62
	Barbeji	4	364.06	26.2	38.32	62.77	9.5	47.6	0.71
4	Zoza	4	279.28	29.7	50.78	69.82	5.5	44.1	0.90
	Rogo	4	266.17	27.1	33.27	49.29	8.0	49.2	0.72
	Barbeji	3	398.27	35.7	56.90	81.28	7.0	56.7	1.04
5	Zoza	4	344.74	42.7	53.04	78.35	6.5	57.9	0.94
	Rogo	3	332.33	35.7	43.16	61.54	7.7	58.4	0.93
	Barbeji	4	305.21	45.4	67.82	84.78	4.5	64.5	1.24
6	Zoza	3	273.97	50.4	54.79	85.62	5.0	65.9	0.96
	Rogo	3	311.95	43.8	54.73	66.37	5.7	65.2	1.19
	Barbeji	4	396.73	58.0	62.97	92.26	6.3	75.3	1.17

7	Zoza	3	307.69	59.1	61.54	90.50	5.0	73.9	1.09
	Rogo	3	555.62	58.1	59.74	85.48	9.3	76.4	1.28
8	Barbeji	3	481.26	69.5	76.39	114.59	6.3	83.5	1.40
	Zoza	3	404.83	70.4	71.02	115.67	5.7	82.9	1.27
	Rogo	4	507.34	75.6	69.50	99.48	7.3	88.0	1.51
	Barbeji	4	372.68	81.4	93.17	128.51	4.0	90.4	1.72
9	Zoza	3	474.32	83.9	89.49	139.51	5.3	91.4	1.58
	Rogo	3	343.33	84.4	79.84	122.62	4.3	93.0	1.71
	Barbeji	3	780.96	100.0	106.98	185.94	7.3	100.0	1.96
10	Zoza	3	532.14	100.0	100.40	166.29	5.3	100.0	1.76
	Rogo	3	593.58	100.0	104.14	156.21	5.7	100.0	2.26

	Income per Household	*Income per Capita*	*Income per Consumer*
Gini ratio:			
Barbeji	0.3426	0.2898	0.2899
Zoza	0.2624	0.2251	0.2691
Rogo	0.3176	0.3034	0.3034
Coefficient of variation:			
Barbeji	0.6553	0.5143	0.5432
Zoza	0.5179	0.4142	0.4872
Rogo	0.6381	0.5558	0.5867
Standard deviation of the log of income:			
Barbeji	0.637	0.566	0.544
Zoza	0.508	0.423	0.504
Rogo	0.638	0.555	0.547

SOURCE: Survey data.

[a]The equity index has been calculated for each decile as the ratio of its share of total earnings in each village to its share of the village sample.

Figure 8-2 Percentage Distribution of Residents Within Income per Capita Strata

of variation which gives greater weight to inequality in the high income range ranks Rogo as less equal compared with Barbeji. These rankings are reversed when using the standard deviation of the logarithm of income, a measure that is most sensitive to extreme inequality in the lower range of incomes. The switch in rankings accurately captures the relatively greater inequality in the high income range in Rogo (the market village) compared with the inequality among lower income households found in the more remote village of Barbeji.

Female Earnings in Trading and Commercial Food Processing

Although data on female earnings in nonfield work was not directly obtained in the survey, information on female participation in all such activities was obtained.[9] By combining this data with information on returns to women's occupations obtained through secondary sources, a rough estimate of female incomes can be calculated and the effect of excluding this income source can be assessed.[10] Given the most reasonable assumptions regarding the duration of female work, it was estimated that females contributed an average of ₦78 to household incomes. If added to the predominately male-generated incomes reported above, this would represent an average increment of 23 percent.

The distribution of estimated female earnings among income strata is particularly interesting (Table 8-5). Because women in lower income households tended to pursue a larger number of occupations over a greater part of the year, female earnings reflect an inverse relationship with household income status. The highest mean female income, ₦103 per household, was calculated among households in the poorest decile; the lowest, ₦52, was

TABLE 8-5
Estimated Female Earnings Generated in Trading and Commercial Food Processing by Income Stratum

	Decile		Quintile			Decile	
Variable	*1*	*2*	*2*	*3*	*4*	*9*	*10*
Average No. occupation-months per household[a]	37	29	31	27	30	21	19
Average annual female earnings per household (₦)	103	80	87	76	84	59	52
Female income as a percentage of predominantly male income	58	34	31	24	20	15	8

SOURCE: Survey data.

[a]Occupation-months represent the total number of occupations worked by all females in the household multiplied by the months in which each occupation was pursued.

calculated among the richest decile of households. In percentage terms the inverse relationship between male and female earnings was especially strong, with the proportion of female-to-male earnings falling from 58 percent in the first decile to only 8 percent in the tenth decile. While this data is speculative, it does suggest that female occupations may have played a critical supplemental function among the poorest households.

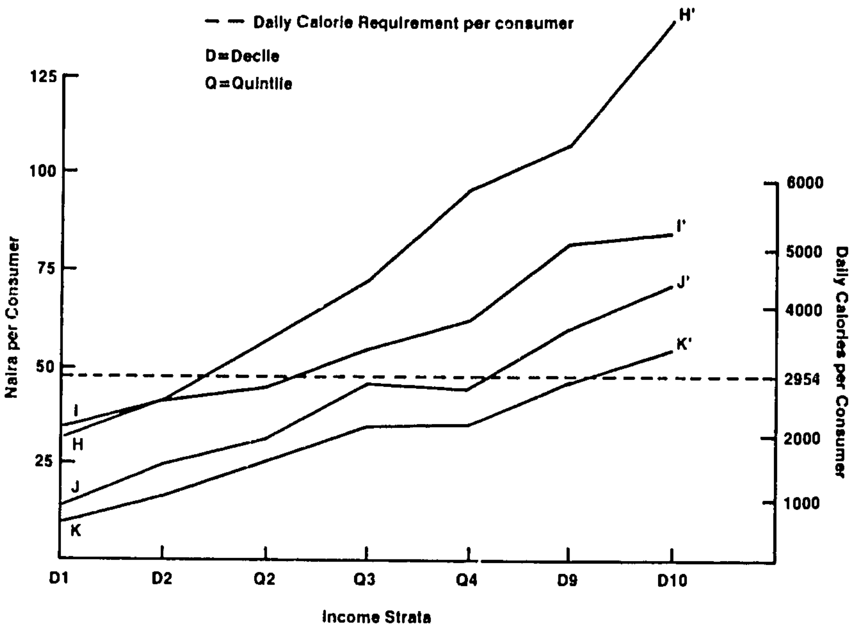
Because these estimates were not believed to be sufficiently accurate for subsequent analyses, female earnings have not been included in the present study as a component of household incomes. It is important to note that if included, however, the aggregate level of inequality would be reduced from a Gini coefficient of 0.28 to only 0.24 on income per capita. The effect of including estimated female earnings on the relative ordering of households was also examined to determine the stability of the decile and quintile stratification. It was found that the addition of these estimated earnings would have resulted in only a marginal restratification of households, with the effects concentrated in movements among the lower three deciles.

Incidence of Absolute Poverty

A meaningful appreciation of any given distribution of income requires combining information about relative inequality with knowledge of the absolute levels of income attained by recipients in each stratum. An approach which has received increasing attention in recent years has been the application of basic needs standards whereby levels of economic sufficiency are defined for a range of goods such as food, shelter, clothing, health, and education (Streeten and Burki 1977). While undernutrition is only one reflection of poverty, it is probably the most pervasive as well as being causally related to other manifestations such as morbidity, mortality, and low labor productivity. Moreover, because estimates of minimum calorie requirements exist, undernutrition is also one of the few basic needs for which reasonably objective and culturally neutral standards can be established.

The data on food production, purchases, sales, and gift transfers was examined to determine whether caloric needs were being met and their relation to income.[11] Available calories by source and income strata are shown in Figure 8-3. Although the sample households on an average consumed nearly 11 percent more calories than the required level suggested by the Food and Agriculture Organization (FAO), the data shows that there was considerable unevenness across the sample. Among households in the first and second deciles, for example, domestic food crop production was approximately 70 percent and 50 percent below requirements, respectively. Indeed, domestic food production met consumption requirements on an average only among households in the ninth and tenth deciles. This reflects a surprisingly high market dependency for the majority of households.[12] After netting out sales and adding food purchases and gift transfers, the first and second deciles still experienced calorie deficits of approximately 25 and 15

Figure 8-3 Mean Annual Levels of Crop Harvests and Available Food per Consumer by Income Strata in Naira and Approximate Daily Calorie Equivalents



HH'=Total Harvest Value
II'=Available Food (KK'+food purchases)
JJ'=Food Crop Harvest
KK'=Retained Food (JJ'−sales, gifts storage losses, and seed)

percent. Finally, because calorie surpluses in the form of retained food stocks were calculated only in the ninth and tenth deciles, it was evident that the bulk of grains sold to caloric-deficit families during the preharvest hunger period would be supplied by high income households.

It can be concluded that while the income distribution did not reflect a high degree of relative inequality, because of the generally low level of income overall, the figures do indicate a serious degree of absolute impoverishment among the poorest 30 percent to 40 percent of households.

Sources of Income by Income Stratum

Common to households throughout West Africa, most families in the survey area were engaged in several income generating activities. In order to determine how the various income sources contributed to overall inequality, the contribution of each major household sector to aggregate incomes is shown by income stratum in Table 8-6. The data shows that the percent of off-farm income was nearly constant in the lower four quintiles of the

TABLE 8-6
Percent of Household Income Earned in Off-Farm Employment by Village and Income Stratum

Village	Type of Employment	Decile 1	Decile 2	Quintile 2	Quintile 3	Quintile 4	Decile 9	Decile 10
Rogo	Total off-farm	36	19	37	26	25	64	63
	Hired farm labor	5	5	2	3	a.	a.	0
	Nonagricultural	31	14	35	23	25	64	63
Zoza	Total off-farm	9	10	28	15	31	39	32
	Hired farm labor	9	10	6	2	3	3	1
	Nonagricultural	0	0	22	13	29	36	31
Barbeji	Total off-farm	19	41	22	19	34	24	16
	Hired farm labor	6	9	8	4	2	8	1
	Nonagricultural	13	32	14	15	32	16	15
All	Total off-farm	20	25	23	23	27	40	37
	Hired farm labor	8	4	4	5	1	4	1
	Nonagricultural	12	21	19	18	26	36	36

SOURCE: Survey data.

[a]Less than 0.5 percent.

combined three village stratification, varying between only 22 percent and 27 percent of total income, but rose to nearly 40 percent in the highest quintile. The proportion contributed by work on the fields of other households, on the other hand, decreased as expected—from 8 percent of all income in the poorest decile to only 1 percent in the richest decile.

The regular pattern displayed for the entire sample, however, masked important intervillage differences. For example, no consistent association between income and the proportion of off-farm income was found in Barbeji. Moreover, in constrast with the overall pattern, off-farm incomes were relatively less important among richer households in that remote village. falling to less than 16 percent of the tenth decile. In Zoza the proportion of off-farm incomes and income per consumer was directly related throughout most of the income range. And in Rogo, the largest village, a strong positive association was evident, with nonagricultural earnings contributing more than 60 percent of total income in both the ninth and tenth deciles. Finally, earnings from hired farm labor were important in Barbeji throughout its distribution, but of declining importance in both Zoza and Rogo among the higher income strata.

It is important to note that the overall effect of nonfarm earnings was to reduce the aggregate inequality implied in cropping incomes alone. Thus the Gini coefficient for farm incomes per capita was 0.32 compared to 0.28 with the addition of nonfarm incomes. However, the data clearly indicates that this reflects the conflicting effects of hired labor earnings—which reduced disparities—compared with the effect of other nonagricultural incomes, which generally tended to widen differentials among strata.

Implications of Village Distributions

Relating these income profiles to the village characteristics presented earlier, several observations can be made. Of the three villages, the greatest concentration of income was evident in Rogo, the largest village, which has the most advantageous market location, highest population density, greatest degree of monetization, and highest proportion of income derived from off-farm occupations. Moreover, inequality in Rogo was marked by a few extremely high incomes—that is, incomes which were generated primarily in nonagricultural occupations.

While one must be cautious in drawing inferences from only three observations, these results suggest that village-level inequality may be associated with increased pressure on the land, with the attendant emergence of even small urban centers, and with an increasing proportion of income generated by off-farm earnings.

At the village level, these results may occur in the following manner. Given an egalitarian land tenure system and rapidly diminishing returns to labor, as land becomes a scarce factor through population growth, farm households would be expected to allocate an increasing proportion of their labor to off-farm employment. However, because of low available capital, the poorer farmers are restricted to labor-intensive enterprises characterized by low returns to labor. If the demand for hired labor fails to provide a level of employment sufficient to fully occupy the excess labor, off-farm earnings may not compensate for the low farm incomes caused by the relative land shortage. In contrast, higher income households are in a better position to exploit the market advantages of a more concentrated population because revenue earned through surplus farm production can be reinvested in more capital-intensive off-farm enterprises. If, in the latter case, off-farm incomes more than compensate for reduced farm production, inequality would increase in the high income range.

This explanation relies upon a changing composition of off-farm employment across strata such that both capital intensity and returns to labor are greater in those activities pursued by higher income households. Both factors are examined below.

The Choice of Cropping Enterprises

Typical of conditions throughout the North of Nigeria, farmers in the study villages grew a wide range of annual crops—more than 40 were observed—and generally in intercropped stands. It would be expected that the selection of cropping enterprises may be closely related to a household's income status in at least two respects: (1) If crops differ significantly with respect to returns to factors which are scarce among low income producers, variations in cropping emphasis across strata will tend to widen existing disparities; (2) It is often assumed that poorer farmers tend to be more oriented to the production of subsistence crops. Guided by a food-first objective, it follows that resources would be allocated to cash crop production only after the household's direct consumption requirements are met. It is of direct interest to determine whether either relationship applies within the study area.

Contrary to expectations, an examination of cropping emphasis in Table 8-7 reveals a surprising uniformity across income classes. With the exception of rice, sugarcane, and root crops, each of the 12 major crops was produced by households in each class of the overall sample, and in roughly similar proportions. The absolute sizes of interstrata differences in production shares were particularly small for millet, maize, rice, cowpeas, onions, pepper, and the root crops. The widest range was evident for groundnuts.

Employing expected returns analysis, it was found that the effect of variation in crop-mix on interstrata differences in returns to both land and labor was in fact negligible.[13] Moreover, since there were no consistent patterns across income strata, it was concluded that the selection of cropping combinations did not affect aggregate inequality within the present sample.

However, a particularly important finding reflected in Table 8-7 was that the poorest households were not subsistence-oriented as hypothesized, but rather gave the greatest relative emphasis to the cash crop groundnuts—an outcome inconsistent with the food-first objective. Further analysis of the cost and return characteristics of individual crops provided a likely explanation for this result.

It was found that given current prices, each of the four cash crops in the area—sugarcane, onion, pepper, and groundnuts—ranked among the five most profitable crops with respect to land use, with the exception of pepper, to labor.[14] In contrast, the basic food staples—millet and sorghum—ranked among the least profitable crops according to both measures. An examination of factor requirements showed further that sugarcane, onions, and pepper were associated with the highest rates of fertilizer application and the highest cash requirements for the purchase of seeds or cuttings. In comparison, groundnut production required considerably lower cash expenditures. It was evident that these crop characteristics critically influenced how households attempted to meet their consumption objectives.

Two general strategies can be pursued in supplying domestic calorie needs through crop production: (1) Calories can either be produced directly through the cultivation of food crops;or (2) calories can be provided through the production and sale of cash crops, with subsequent purchases of food in the market. Given a limited food production potential (due to low land use and low productivity) such that domestic production of household food requirements was unattainable regardless of cropping emphasis, the lowest income

TABLE 8-7

The Harvest Value of 12 Major Crops Expressed as a Percentage of the Total Harvest Value by Income Statum[a]

Income Strata	Early Millet	Late Millet	Tall Sorghum	Short Sorghum	Maize	Rice	Cowpeas	Groundnuts	Onions	Pepper	Sugar-Cane	Root Crops	Total
Decile 1	7.8	2.1	18.5	13.4	1.5	—	2.4	50.0	0.5	1.8	—	—	98.0
Decile 2	7.7	2.3	18.7	17.4	1.7	3.1	3.1	31.1	4.9	3.0	—	2.3	95.3
Quintile 2	6.4	1.1	30.2	7.1	1.4	1.1	3.5	31.2	4.3	5.1	4.2	0.6	96.2
Quintile 3	7.2	1.9	27.5	10.3	1.7	0.9	3.0	24.9	3.7	5.7	1.6	6.9	95.3
Quintile 4	6.5	1.5	24.1	3.7	0.6	2.7	2.7	37.2	5.6	5.0	6.7	2.4	98.7
Decile 9	5.2	1.1	26.4	11.1	1.2	1.1	5.4	33.0	5.6	6.1	—	0.8	97.0
Decile 10	7.2	2.2	24.5	7.9	1.2	2.2	3.9	26.6	4.8	9.4	6.1	0.7	96.7
All	6.8	1.7	25.3	8.2	1.2	1.7	3.4	32.3	4.6	5.6	3.7	1.3	95.8
					Relative Cropping Emphasis Index[b]								
Decile 1	1.15	1.25	0.73	1.63	1.25	—	0.71	1.55	0.11	0.32	—	—	
Decile 2	1.13	1.35	0.74	2.12	1.42	1.82	0.91	0.96	1.07	0.54	—	1.77	
Quintile 2	0.94	0.65	1.19	0.87	1.17	0.65	1.03	0.97	0.93	0.91	1.14	0.46	
Quintile 3	1.06	1.12	1.09	1.26	1.42	0.53	0.88	.77	0.80	1.02	0.43	5.31	
Quintile 4	0.96	0.88	0.95	0.45	0.50	1.58	0.79	1.15	1.22	0.89	1.81	1.84	
Decile 9	0.76	0.65	1.04	1.35	1.00	0.65	1.59	1.02	1.22	1.09	—	0.62	
Decile 10	1.05	1.29	0.97	0.96	1.00	1.29	1.14	0.82	1.04	1.68	1.65	0.54	

SOURCE: Survey data.

[a]Percentages have been calculated as weighted means.

[b]The relative cropping emphasis index has been calculated as the ratio of the percentage harvest value of each crop in each income class to the overall percentage harvest value for the respective crop. Values greater than 1 represent greater than average emphasis on a particular crop, while values less than 1 reflect lower than average emphasis.

households allocated greater land and labor to the production of the most profitable crop compatible with their low operating capital position—groundnuts. Revenues received from the sale of groundnuts thereby permitted a higher level of consumption of food through grain purchases than if the entire land base had been allocated to less profitable food staples alone. Groundnuts were made even more attractive to low income producers since it was the only crop for which there was an assured demand and an established price determined by marketing board purchases, thereby reducing the uncertainty of price variation. It should be emphasized, however, that the groundnut strategy placed the poorest households in a tenuous position of dependence on surplus grain producers in meeting their basic food needs.

Reasons for the declining share of groundnuts as one moves above the poorest decile are less clear, but probably reflect a change in production objectives. Although there is no direct social prohibition among the Hausa which limits a household's purchases of grain in the market—indeed, grain purchases were observed among all strata—*dependence* on the market to meet household requirements is socially discouraged. The largest production shares of the major staple—tall sorghum—occurred in the second and third quintiles. Given a more ample land base, middle income households were more nearly able to meet a self-sufficiency objective, thereby reducing their dependence on the market—but only by decreasing their groundnut plantings. However, self-sufficiency was attained by middle income farmers, only by shifting to a less profitable crop mix—that is, with a sacrifice in aggregate income.

Choice of Enterprise in Off-Farm Employment

In contrast to the uniformity of cropping patterns, the data summarized in Table 10-8 indicate rather clearly that the types of nonagricultural occupations pursued by household members did shift systematically with income status. All occupations emphasized by low income households were service occupations that required little or no working capital. In comparison, high income households were more heavily engaged in off-farm enterprises requiring greater use of working capital. For example, an annual cash expenditure of only ₦2.10 per household was recorded for "only low income" occupations, rising consecutively to ₦23.24, ₦35.06, ₦101.97, and ₦108.47 for each higher income occupational set.[15] Furthermore, the greater use of capital resulted in higher returns to labor among nonfarm occupations pursued by richer households. Labor data collected from a subset of sample households revealed that average hourly returns to labor increased consistently among the occupational income categories—rising from only ₦0.09 for "low income only" enterprises to ₦0.31 for enterprises classified as "high income only."

In short, in marked contrast to the results obtained in the analysis of crop combinations, this data demonstrates that variations in the types of off-farm

TABLE 8-8

Distribution and Selected Characteristics of Off-Farm Occupations by Household Income Class

Income Bias	Occupation	No. of Household Observations: Barbeji	Zoza	Rogo	Total Annual Cash Expenditure per Household (₦)	Share of Total Market "Sales" by Income Quintile[a]: 1	2	3	4	5	Share of net Household Income Derived from This Occupation[b]: 1	2	3	4	5
Only low income	Begging	—	1	—	—	1.00	—	—	—	—	0.017	—	—	—	—
	Shoe repair	1	—	1	6.25	—	1.00	—	—	—	—	0.010	—	—	—
	Calabash cutting	2	—	—	0.05	1.00	—	—	—	—	0.005	—	—	—	—
	Head transportation[d]	—	1	—	—	1.00	—	—	—	—	0.001	—	—	—	—
	Total				2.10[c]										
Low income bias	Selling grass	—	3	5	—	0.15	0.69	—	0.06	0.11	0.001	0.006	—	0.001	—
	Hauling water	—	2	—	—	0.82	—	0.18	—	—	0.001	—	0.001	—	—
	Tailoring	2	1	5	37.89	0.15	0.74	0.02	—	0.09	0.013	0.010	0.001	—	0.004
	Spinning and weaving	1	—	2	4.13	0.75	—	—	—	0.25	0.007	—	—	—	0.001
	Lorry mate	—	1	3	—	0.29	0.65	—	0.06	—	0.023	0.046	—	0.002	—
	Provisions trading	2	8	5	41.88	0.75	0.04	0.01	0.07	0.13	0.018	—	0.001	0.002	0.001
	Medicine trading	1	1	—	3.69	1.00	—	—	—	—	0.001	—	—	—	—
	Bicycle repair	—	2	1	31.54	—	0.98	—	0.02	—	—	0.010	—	0.001	—
	Total				23.24[c]										
Intermediate	Hired farm labor	26	24	13	—	0.25	0.08	0.37	0.05	0.25	0.062	0.040	0.045	0.120	0.026
	Selling firewood	1	5	4	—	—	0.41	0.12	0.01	0.46	—	0.013	0.004	0.001	0.010
	Cap making	3	1	4	8.47	—	0.39	0.15	0.46	—	—	0.011	0.004	0.008	—
	Decorticating groundnut	—	1	—	—	—	—	1.00	—	—	—	—	0.001	—	—
	Trans. crops from field	—	2	2	—	—	0.63	0.13	0.21	—	0.001	0.002	0.001	0.001	—
	Mat making	1	2	—	12.80	—	—	1.00	—	—	—	—	0.001	—	—

TABLE 8-8 (continued)

Distribution and Selected Characteristics of Off-Farm Occupations by Household Income Class

Income Bias	*Occupation*	*No. of Household Observations* Barbeji	Zoza	Rogo	*Total Annual Cash Expenditure per Household (₦)*	*Share of Total Market "Sales" by Income Quintile*[a] 1	2	3	4	5	*Share of net Household Income Derived from This Occupation*[b] 1	2	3	4	5
	Rope making	—	1	—	—	—	—	1.00	—	—	—	—	0.001	—	—
	Bed making	—	1	—	—	—	—	1.00	—	—	—	—	0.001	—	—
	Well digging	1	2	2	—	—	—	0.71	0.29	—	—	—	0.026	0.007	—
	Donkey transportation	8	2	3	—	0.13	0.43	0.07	0.15	0.22	0.012	0.029	0.004	0.006	0.010
	Cloth trading	1	1	2	141.64	—	0.65	—	0.32	0.04	0.004	0.009	—	0.002	0.001
	Kola nut trading	2	1	2	206.14	0.17	0.36	—	0.16	0.32	0.008	0.005	—	0.004	0.006
	Local medicine	—	1	—	—	0.09	—	0.91	—	—	0.003	—	0.017	—	—
	Washing clothes	2	1	—	—	—	—	1.00	—	—	—	—	0.001	—	—
	Butcher	1	3	2	463.97	0.49	—	0.01	0.50	0.01	0.032	—	0.005	0.020	0.001
	Total				35.06[c]										
High income bias	Labor processing sugarcane	—	—	3	—	—	0.15	—	0.59	0.25	—	0.002	—	0.006	0.002
	Selling roasted meat	3	1	—	228.95	—	0.02	0.14	0.18	0.65	—	0.001	0.014	0.010	0.058
	Mud block builder	4	7	3	—	0.01	0.03	0.22	0.45	0.30	0.001	0.001	0.009	0.012	0.009
	Processed food trading	3	4	4	252.95	—	0.07	—	0.10	0.83	—	0.006	—	0.018	0.060
	Cigarette trading	1	3	—	—	—	0.09	0.14	0.71	0.05	—	0.001	0.002	0.002	0.001
	Koranic teacher	5	5	5	2.46	0.14	0.01	0.15	0.70	—	0.011	0.001	0.008	0.028	—
	Praise singer/musician	1	4	—	—	—	0.01	0.15	—	0.84	—	0.001	0.004	—	0.017

High income bias	Barber	2	1	1	2.46	—	0.06	0.35	—	0.59	—	0.003	0.016	—	0.020
	Nail cutting	2	—	—	0.25	—	0.12	—	0.88	—	—	0.001	—	0.004	—
	Local crops trading	12	10	5	314.42	0.01	0.03	0.08	0.24	0.64	0.003	0.009	0.046	0.100	0.101
	Livestock trading	20	19	10	44.53	0.13	0.02	0.04	0.24	0.56	0.007	0.007	0.004	0.004	0.005
	Egg sales	3	8	2	—	0.05	0.10	0.14	0.01	0.71	0.002	0.003	0.003	0.001	0.014
	Egg trading	—	2	1	38.08	0.01	—	—	0.99	—	0.001	—	—	0.005	—
	Total				101.97[c]										
Only high income	Selling tea	—	—	1	11.96	—	—	—	1.00	—	—	—	—	0.002	—
	Carpenter	—	—	1	211.48	—	—	—	—	1.00	—	—	—	—	0.034
	Selling spinning sticks	—	—	1	9.78	—	—	—	1.00	—	—	—	—	0.007	—
	Bicycle transportation	—	1	—	—	—	—	—	—	1.00	—	—	—	—	0.001
	Petrol trading	1	2	1	123.42	—	—	—	0.68	0.32	—	—	—	0.004	0.005
	Lime trading	—	—	1	518.89	—	—	—	1.00	—	—	—	—	—	0.001
	Corn beer sales	—	1	—	—	—	—	—	1.00	—	—	—	—	0.005	—
	Sack trading	—	3	—	54.78	—	—	—	0.98	—	0.02	—	—	0.003	—
	Total				108.47[c]										

SOURCE: Survey data.

[a]For trading occupations, market shares have been calculated as the ratio between the gross value of sales made by each income strata to the aggregate value of sales for that occupation. Service employment market shares represent the ratio of gross earnings within each quintile to aggregate gross earnings for that service occupation.

[b]Calculated as the ratio of net income generated by each quintile in each occupation to the aggregate net household income for that quintile.

[c]Calculated as the simple average of each occupation mean in this income bias category.

[d]Refers to the wage employment of carrying goods to market on one's head.

occupations across the strata widened income disparities. Finally, an analysis of the timing of cash flows associated with crop sales and trading activities showed rather clearly that higher income households obtained most of their nonfarm working capital from crop sales. That is, nonfarm enterprises offered profitable dry season investment outlets for the surplus income generated by higher income households in their cropping activities.

Socio-Demographic Factors and the Distribution of Income

Family Structure and the Life Cycle

It was suggested earlier that in a rural economy characterized by a high ratio of arable land to population and by hand-tool production technologies, the size and structure of the household may have an important effect on the income level of household members. Within a land surplus environment, farmed area and hence gross farm income per household are likely to be closely correlated to the number of household workers. It follows that income per consumer may be determined in part by the ratio of workers to consumers—that is, based on the household dependency ratio.

Numerous writers have argued that these relationships are systematically interrelated with the demographic life cycle of family formation, growth, and decline. Chayanov (1966), for example presents a framework for peasant farming systems within which variations in income per consumer are explained as functions of household size and composition, both of which are associated with a family's development. If it is true that most households pass through such stages, it follows that normative judgments regarding the personal distribution of income, and the design of prescriptive measures to affect that distribution, must take into account the contribution of life-cycle factors to observed income disparities (Kuznets 1976).

To determine the presence of a life-cycle earnings pattern, one would ideally trace the characteristics and incomes of actual cohorts through time. Unfortunately time series data was not available. As an alternative, Table 10-9 shows how family composition, land use, and income varied with household size, a proxy for family growth. The data indicates that per capita and per consumer incomes tended to decline as household size increased. The figures further suggest that the reduction in income results in part from an increasing dependency ratio associated with household expansion. Thus, while cultivated land per capita declined among larger households, this was primarily due to the smaller ratio of available workers in larger households. This is demonstrated in the fact that the ratio of land per worker remained nearly constant across household size categories, except among the largest extended households. In short, the data suggests that the systematic variation in family composition, and not in access to land, was the critical factor contributing to the lower incomes of larger households.

A more detailed analysis of the life-cycle earnings pattern was conducted by cross-tabulating households according to size and the age of the household

TABLE 8-9

Incomes and Selected Characteristics of Households as Related to Family Size

No. of Household Members[a]	Income (₦)			Cultivated Area (hectares)			Dependency Ratio[a]	No. of Observations
	Per Household	Per Capita	Per Consumer	Per Household	Per Capita	Per Worker		
				(Nuclear Households)				
1–3	186	70	89	1.4	0.56	1.28	2.0	16
4–6	267	56	84	2.1	0.43	1.69	2.8	29
7–9	332	43	72	2.2	0.29	1.36	2.9	7
10–12	216	19	32	1.8	0.16	1.07	4.7	2
				(Extended Households)				
4–6	314	65	87	3.0	0.62	1.27	1.7	17
7–9	509	62	95	3.3	0.40	1.20	2.2	14
10–12	557	51	81	4.0	0.35	1.47	2.5	8
13+	646	38	58	3.5	0.21	0.78	2.5	7

SOURCE: Survey data.

[a]None of the nuclear households had more than 12 members; none of the extended households had fewer had 4 members.

head. The states of family development were inferred by tracing patterns across these two dimensions. Although a clear life-cycle income pattern was observed, the analysis showed that the strength and timing of the pattern were importantly affected by the household's organizational structure—that is, nuclear or extended. Among nuclear units, the highest incomes were realized by smaller families in relatively early stages of development. As nuclear units developed, per capita incomes declined, with a particularly rapid fall for large nuclear families with heads who were 50 years of age or older. An important exception was among families with heads aged 24 years or less, for whom incomes were also relatively low in spite of favorable household member composition and land availability. The latter group may have been characterized by a lack of operating capital, low land inheritance, and management inexperience. The decline in incomes for extended families occurred later with respect to the age of the head, with the most rapid decline occurring in units headed by men aged 60 or more. This group was also associated with a sharp reduction in family size, pointing toward the disintegration of the extended unit.

Finally, cross-tabulation analysis found that three sets of households were significantly overrepresented among the poorest 30 percent of households: (1) families headed by persons aged 60 years or more, (2) families headed by persons less than 25 years old; and (3) nuclear households consisting of seven or more residents (the mean household size). As a group, these households constituted only 18 percent of the sample, but included 47 percent of all households included in the poorest three deciles. In each case, households within these poverty subsets were characterized either by extremely unfavorable dependency ratios or by low land inheritance.

Although the number of exceptions to these patterns indicates that life-cycle factors accounted for only part of the overall inequality, these findings have three important implications: (1) They suggest that a significant proportion of poverty among traditional small farmers may be associated with factors internal to the family. Only income transfers or production interventions which reduce labor requirements would be effective in mitigating this type of poverty. (2) Since households currently in poverty due to demographic factors represent stages through which most families pass in the course of normal development, the degree of income equality would be even higher than that observed if a longer term income concept were applied. (3) With evidence of the declining popularity of extended family units in West Africa (Buntjer 1973; Goodard 1973) these results imply a tendency toward a greater future risk of impoverishment among the elderly.

The Effect of Political Status

It may be recalled that the data presented to this point was obtained from a randomly selected sample of households. An additional sample of six village political figures was also purposively selected and included in the data collection procedure.[16] Table 8-10 shows that as a group, these included some of the largest and richest households in the study villages. Since they were unusually large paternal extended households, they provided examples of what has traditionally been considered the ideal Hausa unit. With three times the average number of residents per unit, each of the six elite heads had two or more wives, compared with only 36 percent of the random sample with more than one wife. Moreover, they represented a select group of particularly strong extended units in which still active fathers were supported by a work force of several adult sons. It is important to recognize, however, that they were clearly an atypical subset of the most affluent.

Factors accounting for the high income of the elite were not fully explored. A full appreciation would require an analysis of family histories and a

TABLE 8-10

Incomes, Demographic Makeup, and Program Participation of the Village Elite

	Village Elite	*Tenth Decile*	*Entire Random Sample*
Household Size			
Family size (av. no. of persons)	19.5	6.3	6.7
Number of wives	2.5	1.2	1.4
Av. size of farm (ha.)			
per household	11.4	3.2	2.5
per capita	0.58	0.51	0.37
Incomes			
Income (₦)			
per household	2,715	626	346
per capita	139	99	52
Participation in Government Programs			
No. of contacts with extension agent in last 5 years	5	0.3	0.3
Has bought fertilizer directly from gov't. stores (% of heads)	50%	10%	1%
Kilograms of groundnut seed rec'd. in state gov't. relief program	277	24	6
Kilograms of improved groundnut seed rec'd. in seed multiplication program (Zoza only)	122	5	7
Kilograms on fertilizer received on credit (Zoza only)	145	13	17
Percent of household heads who attended adult literacy classes	50%	10%	8%
Percent of school-aged children in school	27%	11%	6%

SOURCE: Survey data.

thorough understanding of the villages' political economies as they operate through the patron-client system—information which was not obtained.[17] But, because the elite constituted the primary interface with the government at the village level, it nevertheless presents a useful case study of the possible implications of directing extension efforts through local officials.

The data in Table 8-10 indicates that the elite enjoyed a substantially higher participation rate in all village programs compared with both the overall random sample and compared to randomly selected households in the tenth decile.[18] The differentials with respect to government inputs received were particularly substantial. In interpreting the latter figures, it is important to keep in mind that extension agents were encouraged to work through the village political system in an effort to obtain maximum cooperation from farmers. Indeed, in both input distribution schemes observed, village and hamlet heads were given considerable responsibility in the selection of recipients and in subsequent disbursement. The abuses which resulted from this approach, however, are quite apparent. Of the total supplies distributed in the three villages, it was estimated that nearly 20 percent was diverted for the personal use of selected members of the elite.

There was no systematic effort made to determine the reaction of the general sample to the well-known shares taken by the village officials. However, it was evident that many viewed such shares as appropriate to the elite's position as well as being partial payment for helping to administer the distribution. Since under some circumstances the village heads took on the responsibility of covering the credit default of poorer farmers, their shares were also viewed as payment for providing risk insurance. In any case, it would be unrealistic to expect any effective pressure from below to reduce such leakages.

Although King (1976) provides documentation of similar behavior at the village level in other Northern states, the extent to which the observed case was typical of a more general phenomenon in Nigeria is not known with certainty. However, it is clear that with the development of more improved production technologies, the current mode of extension activities may well result in a substantially greater division of inputs away from the intended recipients.

Variation in Factor Use Among Income Strata

Distribution of Land

In the absence of income data, the size of landholdings is commonly employed as an income proxy variable to stratify households into welfare classes. But, while land proxy has considerable intuitive appeal in a land shortage environment, or where land tenure institutions result in restricted access to land, its relevance to a more land-abundant environment such as Northern Nigeria is questionable. Indirect evidence of an association between the amount of cultivated land and income was seen earlier in the discussion of life-cycle income patterns. This relationship will now be examined more directly.

Landholdings were not highly concentrated in the study villages, as reflected in a Gini coefficient of only 0.32 calculated on land per consumer. Moreover, although higher income households farmed somewhat larger holdings, the relationship was not strong. The simple correlation coefficient between income per consumer and cultivated area per household for the random sample was only 0.20. As would be expected, a higher correlation was evident between income per consumer and cultivated area per consumer, reflected in a coefficient of 0.54.

The size of these coefficients as well as the magnitudes of figures in Table 10-11, however, indicate that land use alone accounted for less than half of the variation in incomes. For example, in both Zoza and Barbeji the most land short income class was not the poorest decile. Indeed, in Zoza the land area farmed per consumer by the poorest decile was greater than or equal to all other strata, with the exception of the ninth and tenth deciles.

This conclusion is amplified by comparing land use and incomes between the extreme deciles. The ratios between land per consumer levels observed in the richest and poorest strata were as follows: Rogo 2.1 : 1; Zoza, 1.3 : 1; and Barbeji, 2.4 : 1. In comparison, the corresponding income per consumer ratios between extreme deciles were Rogo, 6.6 : 1, Zoza, 4.5 : 1; and Barbeji, 5.9 : 1. Thus the income ratios in Zoza and Rogo were more than triple the corresponding land ratios, and more than double in Barbeji.

An important factor underlying these results is income-generated in off-farm activities. Table 10-12 presents the mean off-farm income per consumer and the average proportion of income generated in off-farm employment for households stratified by hectares per consumer and income. After controlling for differences in cultivated land, this data shows that higher income households consistently earned greater off-farm incomes than did poorer households. For example, among the richest 20 percent of households included in the two lowest land strata, nearly 80 percent of the income was earned off-farm. A second factor reducing the correlation between land and income—variation in farm productivity—will be examined later in this chapter.

Land Tenure and Type

Within the study villages, as within Hausaland more generally, all land under cultivation was retained through use rights held by family units and vested in the head of the household. Permanent transfer of usufructuary rights between households or the expansion of farming onto bush lands was done subject to approval of the village heads. Five tenurial arrangements were observed: (1) 58 percent of the farmed areas consisted of fields inherited *(gado)* by the current operator. (2) Purchased *(saye)* fields constituted 20 percent of the farmed area. (3) Rented *(aro)* fields constituted 16 percent,

TABLE 8-11

Cultivated Landholdings by Village and Income Stratum

Variable	Village	Village Mean	Decile 1	Decile 2	Quintile 2	Quintile 3	Quintile 4	Decile 9	Decile 10
Cultivated hectares per household	Barbeji	3.0	3.1	1.1	2.7	2.1	4.0	3.6	4.2
	Zoza	2.7	3.5	2.5	2.1	2.7	2.3	3.6	2.8
	Rogo	1.9	1.0	2.7	1.5	1.9	2.3	1.5	1.6
	All	2.5	2.2	2.4	2.2	2.4	2.9	2.7	3.2
Cultivated hectares per capita	Barbeji	0.45	0.29	0.22	0.36	0.38	0.63	0.90	0.58
	Zoza	0.47	0.51	0.36	0.42	0.46	0.43	0.68	0.53
	Rogo	0.24	0.17	0.17	0.19	0.28	0.28	0.35	0.28
	All	0.37	0.24	0.29	0.30	0.41	0.47	0.60	0.51
Cultivated hectares per consumer	Barbeji	0.68	0.42	0.37	0.55	0.50	0.93	1.24	1.00
	Zoza	0.69	0.69	0.50	0.57	0.69	0.66	1.06	0.88
	Rogo	0.35	0.22	0.25	0.27	0.38	0.40	0.54	0.42
	All	0.54	0.34	0.41	0.44	0.59	0.67	0.87	0.86

SOURCE: Survey data.

TABLE 8-12
Relationship Between Off-Farm Income, Household Income Status, and Hectares per Consumer[a]

Variable	Hectares per Consumer	Income Quintile 1	2	3	4	5	Total
Off-farm income per consumer (₦)	0.29	9.37 (6)	17.22 (6)		—	140.71 (1)	23.10 (13)
	0.3–0.49	9.79 (10)	8.92 (6)	26.87 (5)	47.16 (6)	103.30 (4)	31.68 (31)
	0.5–0.69	10.25 (1)	7.73 (6)	12.19 (7)	28.69 (4)	33.10 (4)	17.69 (22)
	0.7–0.89	—	16.42 (2)	16.27 (6)	23.60 (6)	54.45 (3)	25.61 (17)
	0.9+	1.56 (3)	—	2.81 (2)	26.70 (4)	34.31 (8)	23.03 (17)
	Total	8.45 (20)	11.80 (20)	16.35 (20)	32.31 (20)	56.21 (20)	25.02 (100)
Off-farm income as a proportion of income from all sources	0.29	0.313 (6)	0.325 (6)		—	0.874 (1)	0.362 (13)
	0.3–0.49	0.270 (10)	0.168 (6)	0.360 (5)	0.510 (6)	0.745 (4)	0.373 (31)
	0.5–0.69	0.277 (1)	0.129 (6)	0.165 (7)	0.278 (4)	0.245 (4)	0.195 (22)
	0.7–0.89	—	0.257 (2)	0.217 (6)	0.224 (6)	0.334 (3)	0.245 (17)
	0.9+	0.048 (3)	—	0.037 (2)	0.281 (4)	0.229 (8)	0.188 (17)
	Total	0.249 (20)	0.213 (20)	0.217 (20)	0.333 (20)	0.384 (20)	0.279 (100)

SOURCE: Survey data.

[a]The number of observations is in parentheses

and (4) pledged *(jingina)* fields[19] represented only 4 percent of the farmed area. (5) An even smaller proportion of land, 3 percent, had been originally cleared by the current operator.

Only the percentage of land held as pledged fields showed a consistent, and positive, association with income status, reflecting the presence of creditor households among the upper income strata. But even this variation was relatively minor. The proportion of pledged fields varied from zero in the lowest decile to only 10 percent among households in the richest decile. Finally, an analysis of rental charges revealed no consistent or significant variation with income status. In short, there was no evidence to suggest that land tenure institutions either restricted access to land among small, low income farmers, nor that such institutions adversely affected the cost of land for poor farmers.

Ownership of Fixed Capital

Because all households in the study were hand-tool cultivators, an analysis of capital stocks revealed that while the value of tools and equipment varied directly with income status, the correlation was again low. Furthermore, the relatively minor variation observed primarily reflected differences in the size of inventories and age of tools rather than in the types of capital employed. Since higher income households often supplied tools to hired farm laborers, their inventories tended to be somewhat larger. It was concluded that given existing technologies, access to fixed farm capital did not represent an important constraint to low income producers.

Employment Profiles by Income Strata

Employment in the area followed distinct seasonal patterns reflecting the distribution of rainfall.[20] Peak farm labor requirements occurred between May and July, and a slack agricultural period extended from January through April. Within the year a generally inverse relationship existed between farm and off-farm employment, with a concentration of off-farm employment during the slack farming months. The figures in Table 8-13 show that overall employment levels were extremely low, averaging 57 hours per month for the entire year and only 97 hours per month during the peak period. It is particularly important to note that when only labor on one's own fields is considered, low income farmers worked the least hours—that is, less than 70 hours per month even during the peak.

The causes of generally low employment for low income males in on-farm work were not entirely clear, but probably reflect the combined impact of at least three factors: (1) The calorie shortage experienced by the poorest households may have importantly limited their potential energy output. That is, the poorest households may be in an energy-trap situation during the critical pre-harvest months. (2) Although poor farmers expended the least hours per unit area on their own farms, the marginal value product of labor was also lowest among low income workers. That is, declining returns to labor set in at an earlier point in the production functions of poorer farmers. (3) In order to generate an immediate cash inflow, low income males allocated a substantial proportion of their labor time to off-farm activities. On an annual basis, poor males spent 34 percent of their work time in off-farm activities, compared with only 14 percent among males in each higher income stratum. More importantly, during the peak farming months, when their cash and calorie reserves were at a minimum, low income males allocated 22

TABLE 8-13
Average Hours Worked Per Month by Adult Males by Activity and Income Class[a]

Period	Sector	Income Class			All
		Low	Middle	High	
All year	Farm	35.6	53.8	45.0	45.3
	Hired farm labor	5.5	1.8	0.6	2.5
	Nonagricultural	13.1	7.3	7.6	9.1
	Total hours	54.2	62.4	53.2	56.9
Peak (May–July)	Farm	70.2	107.3	85.3	88.6
	Hired farm labor	9.5	1.2	1.5	3.7
	Nonagricultural	10.1	1.5	2.8	4.5
	Total hours	89.8	110.0	89.6	96.8
Slack (January–April)	Farm	10.9	16.7	12.7	13.6
	Hired farm labor	3.3	2.7	—	1.9
	Nonagricultural	13.3	8.5	7.6	9.6
	Total hours	27.5	27.9	20.3	25.1
No. of persons observed		20	24	24	

SOURCE: Survey data.

[a]These figures do not include travel time to and from places of employment as well as work within the family compound.

percent of their work time off the farm, compared to less than 5 percent among adult males in the higher income households.

In view of the low overall employment levels, it might be argued that labor time as such was not a significant constraint limiting the incomes of poor farmers. However, if the time expended in job search activities and in travel to and from off-farm employment (time not accounted for in the survey) were substantial, it is possible that the time available to low income workers was considerably less than is implied in these figures.[21] Furthermore, it should be noted that the competition between farm and off-farm work consisted not only of restrictions on the total hours available for own farm work, but also as to *when* such work was to be done. To secure regular wage employment, it was necessary that laborers be available when requested, which meant interrupting or postponing operations on their own fields. As demonstrated below, this probably had a significant negative impact on the productivity of low income producers.

Variation in Farm Productivity among Income Strata

The previous sections in this chapter have examined the major rural enterprises among the surveyed households and their combinations into farming systems. However, the results show that the selection of farm enterprises explains very little of the variation in rural incomes. Although variation in the types of off-farm enterprises pursued by various income strata was found to contribute somewhat more to existing income disparities, a large part of income differences is left unexplained. Moreover, although factor endowments—especially land use and household composition—were somewhat less favorable among the poorest households, the magnitude of these differences was relatively minor when compared to the corresponding income differentials. Given these results, variation in resource productivity emerges as a potentially critical factor in determining income disparities.

Historically, most studies of productivity have focused on the relationship between factor returns and the choice of technique. Within agriculture, such research has emphasized the impact of improved biochemical and mechanical technologies on changing returns to land and labor. As described earlier, however, the degree of such technical change in Northern Nigeria has been very limited. This does not, of course, imply that variation in production technique neither occurs nor is unimportant. Within traditional agricultural systems, where all operations are performed manually and where the use of purchased inputs is negligible, there nevertheless exist important differences in land preparation methods, timing and methods of planting, local seed varieties, density of intercropping, rotation practices, and timing and intensity of weeding—each of which may produce substantial productivity differentials.

Average and Marginal Factor Returns

Average costs and returns per hectare for households in the low, middle, and high income classes are presented in Table 8-14.[22] It is clear that each measure of productivity—the value of output per hectare; gross margins per hectare; and returns to household labor, management, and capital—all indicate a strong direct relationship between productivity and household income status. The data also shows that higher income households farmed their upland fields more intensively with respect to both fertilizer and labor. Although fertilizer use was generally low overall, high income farmers on an average applied 27 percent more fertilizer per hectare than low income farmers. High income farmers also expended 21 percent more labor, primarily through the use of hired workers. In comparison, the differential in value of production between extreme income classes was 49 percent.

These relative differences indicate that unless there existed increasing returns to fertilizer and labor, variations in the use of conventional inputs alone did not explain the substantial production gradient. A production function analysis was conducted to examine the contribution of each factor to output variation. To determine whether production relationships differed among income strata, separate functions were fitted to data from each class. Constant elasticity of substitution (CES) and Cobb-Douglas functional

TABLE 8-14

Average Costs and Returns per Hectare for Upland Fields by Income Class (₦)

	Income Class			
	Low	*Middle*	*High*	*All*
Value of output	99.73	120.44	148.97	125.79
Variable costs (total	29.78	28.68	33.88	31.04
Seed	7.64	7.89	5.57	6.91
Fertilizer (total)	1.76	2.04	2.25	2.04
Organic[a]	1.57	1.89	1.99	1.89
Inorganic[b]	0.19	0.15	0.26	0.20
Hired labor	20.38	18.75	26.06	22.08
Gross margins	69.95	91.76	115.09	94.75
Opportunity cost of land[c]	5.01	4.36	4.52	4.61
Labor use (total hrs.)[d]	587	694	712	671
Family (hrs.)	406	430	349	391
Hired (hrs.)	181	264	363	279
Percent hired	31	38	51	
Returns to household labor, management, and capital per hr.	0.16	0.20	0.32	0.23
No. of field observations	49	56	68	173

SOURCE: Survey data.

[a]Organic fertilizers were valued at the mean purchase price for each type of manure applied. The average cost was ₦0.08 for an equivalent of 160 liters of compound sweepings or manure.

[b]Chemical fertilizer was valued at the current subsidy price of ₦1.60 per cwt. for superphosphate and ₦2.00 per cwt. for ammonium sulfate.

[c]All land, regardless of tenure, was valued at the average rental rates observed in each village.

[d]Hours of labor are measured in terms of man-equivalent work-hours.

forms were used, with the latter giving the best fit.[23] Table 8-15 summarizes the results for regressions fitted to fields on which fertilizer was applied.

Two findings are particularly important: (1) In spite of the fact that higher income households used substantially more labor per hectare, the estimated marginal value product (MVP) of labor also increased with income status. Since each individual equation exhibits diminishing returns to labor, this implies that structural differences distinguished the production relationships of the three income classes. (2) It should be noted that although factor MVPs for both land and labor generally increased with income status, fertilizer showed the oppositive relationship. This implies that a fertilizer program that concentrates distribution to lower income households would satisfy both equity and output objectives.

A Chow test applied to test for structural differences in the production

TABLE 8-15
Production Elasticities, and Marginal Value Products Estimated from Cobb-Douglas Production Functions Fit to Upland Farm Data[a,b]

Income Strata	Labor (Hrs.)	Land (Ha.)	Fertilizer (₦)	Constant
		(Production Elasticities)		
Low	0.388	0.055	0.359[d]	1.245
	(0.554)	(0.550)	(0.248)	
Middle	0.507[f]	0.229[e]	0.117[e]	1.182
	(0.131)	(0.110)	(0.064)	
High	0.690[f]	0.211[d]	0.116[e]	0.223
	(0.150)	(0.128)	(0.064)	
		(Marginal Value Products)		
Low	0.055	6.16	10.85[d]	
	(0.078)	(61.60)	(7.47)	
Middle	0.096[f]	37.97[e]	6.89[e]	
	(0.025)	(19.90)	(3.77)	
High	0.139[f]	44.13[d]	4.58[e]	
	(0.030)	(26.77)	(2.53)	
		(Factor Use Per Hectare)		
Low	788		3.72	
Middle	879		2.80	
High	1,037		5.31	

SOURCE: Survey data.
[a]The dependent variable is total harvest value.
[b]t-values are in parentheses.
[c]

	$R^2 =$	$n =$
Low	0.38	25
Middle	0.77	31
High	0.84	29

[d]Significant at the 10 percent level.
[e]Significant at the 5 percent level.
[f]Significant at the 1 percent level.

functions of the various income strata found that the null hypothesis of structural similarity across income classes could be rejected at the 2 percent level of significance.[24] This means that there were fundamental differences among income strata either in the quality of factors applied or in the techniques of production—differences which were not captured in the conventionally specified production functions. The nature of these structural differences was further examined by means of a technical efficiency analysis.

Technical Efficiency

Technical efficiency differentials can be defined as the variations in output across a set of firms using the same combinations of inputs, which are not caused by differences in technology or by random disturbances. These differentials can be depicted either as a neutral displacement about an average production function (Mundlak 1961) or as a deviation from the most efficient envelope isoquant in factor space (Timmer 1970).

The approach taken in this study has been to compare the relative deviation of output values about their expected values as estimated by coefficients from an average production function. The procedure was done in three steps: (1) A Cobb-Douglas production function was fit to a subset of upland fields characterized by a similar mixture of crops.[25] (2) Using the coefficients of the average unbiased regression, expected production values ($\hat{Y}$) were calculated for each field as a function of the levels of labor, land, and fertilizer actually employed. (3) A technical efficiency index was calculated for each field j:

$$E_j = \frac{Y_j - \hat{Y}_j}{\hat{Y}_j}$$

The value Ej can be interpreted as the percent by which production (Yj) on field j deviated from the average level of production ($\hat{Y}j$), which could be expected given the levels of conventional factor inputs actually applied.

A regression analysis employing Ej as the dependent variable was then used to identify the individual effects of the most important sources of technical efficiency. The results of the equation giving the best overall fit, consistent with theoretical considerations, and minimizing correlation among independent variables is presented in Table 8-16.

Factors Affecting Technical Efficiency

Sixteen variables representing factor quality, management practices, and crop-mix explained two-thirds of the variation in technical efficiency. Controlling for all other variables, production efficiency was significantly lower in the most densely populated study village of Rogo. That village had a history of more intensive land use unmatched by greater manuring; this result probably reflects lower current soil nutrient status. Similarly, efficiency was lower on fields held temporarily by households through rental or pledging arrangements.[26] Even after controlling for observed differences in management practices, both the knowledge of recommended practices and family field variables also had a significant effect on E_j (Refs. 27, 28). The former reflects management differences not specified in the equation but which are correlated with the knowledge of recommendations. The latter is believed to reflect motivational effects (x-efficiency), soil quality variation associated

TABLE 8-16

Results of Regression Fit to Explain Variation in Technical Efficiency

Variable	*Units*	*Coefficient*	*T Value*
Constant		−16.45	−0.4
Soil Quality Proxies			
Village location 1	0,1	−26.52	−1.2
Village location 2	0,1	−53.28	−1.8[a]
Temporary tenure	0,1	−31.09	−1.4
Years since last fallow	years	1.26	0.7
Labor Quality Proxies			
Age of household head	years	0.48	0.6
Technical knowledge	score (1–5)	35.27	1.9[a]
Field family	0,1	50.59	1.9[a]
Management Practices			
Date planting early millet	weeks	18.12	1.5
Date planting tall sorghum	weeks	−43.29	−2.7[c]
Date planting late millet	weeks	−6.81	−2.1[b]
Date of mean first weeding	weeks	−8.40	−2.2[b]
Percent hours late weeding	%	143.17	2.3[b]
Percent of dressed seed	%	24.13	1.2
No. of crops per mixture	number	46.26	3.5[c]
Crop Mix Effects			
Percent harvest value early millet	%	−2.59	3.8[c]
Percent harvest value groundnuts	%	−1.75	−0.9
Percent harvest value cowpeas	%	−7.57	−3.5[c]

$N = 54$ $R^2 = 0.66$ $\bar{R}^2 = 0.50$ $F = 4.07$

SOURCE: Survey data.

[a]Significant at 10 percent.

[b]Significant at 5 percent.

[c]Significant at 1 percent.

with the location of the household's major grain field, and priority in the timing of critical operations.

The highly significant impacts found for the set of management practices are particularly important. Productivity rapidly declined, with a delay in the planting of tall sorghum and late millet. A similar reduction in productivity accompanied a delay in first seeding and reductions in subsequent weedings. Consistent with earlier studies, the degree of intercropping as reflected in the average number of crops interplanted was also highly significant.[27,28]

Technical Efficiency and Farm Incomes

It is clear that production efficiency differentials among farms is neither a necessary nor sufficient condition to demonstrate interfarm variation in management quality. That inference is valid only if farm managers share common objectives and face the same set of production choices and similar constraints outside their control. These external factors include not only the natural environment but also factor and output markets as well as other components of the institutional environment. Moreover, when brought into the cropping season from previous periods, the income, wealth, and liquidity position of the farmer may also determine a farmer's access to resources and thus his production and employment strategy.

The relationship between the set of factors found to be determinants of technical efficiency and the income status of the household was examined within this framework to gain insight as to why poorer households were disproportionately represented among the least efficient producers. Analysis revealed that among the subset of households included in the efficiency analysis, a significantly greater number of the poorest families were located in the high population village and that a significantly greater proportion of their farmed areas had been obtained on rental. Both factors indicate that the poorest households may have been farming lower quality soils. However, the analysis also revealed that lower income farmers tended to plant somewhat later than average, to conduct their first weeding nearly two weeks later than average, and to weed at less than half the intensity of middle and high income farmers during the second and subsequent weedings.

Although it is plausible that each of these practices reflected poor management, thereby explaining in part the low income status of the poorest households, an alternative explanation was equally compelling—that is, that poor households were constrained by low food and cash reserves and thus acted out of economic necessity. For example, lower income households short of both cash and seed would be expected to plant somewhat later to ensure the arrival of the rains, thereby avoiding the risk of low germination and replanting. The liquidity position of the poor farmer also offers a possible rationale for suboptimal weeding. An analysis of cash flow patterns showed that lower income households experienced an acute cash shortage during the months immediately preceding harvest. As a result, they were under considerable pressure to generate an immediate cash inflow to permit grain purchases during the weeding period (Matlon 1978). Labor profiles, which are summarized in Table 8-17, suggest that the time spent by poor farmers in such wage labor may have competed importantly with operations in their own fields during key weeding periods.

Finally, the low liquidity position of the poorest households affected not only the time allocation of their own members, but also their ability to obtain hired labor for the timely execution of key tasks. An analysis of labor used in late season weeding operations showed that low income households were at a clear disadvantage in obtaining hired labor for late weeding, employing 56 percent of the level of hired labor per hectare as middle income households and only 17 percent of the level of high income households.

In summary, what emerges is a partially circular pattern of causation

TABLE 8-17

Average Hours per Week Spent by Adult Males in Farm and Off-Farm Employment During Key Weeding Periods, by Income Class[a,b]

Income Class	Activity	Week After First Planting Rains: 2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
		First Weeding					*Second and Subsequent Weeding*									
Low	Own farm	20.7	13.8	12.1	15.9	19.1	15.5	14.5	17.1	17.1	14.6	14.4	12.5	7.4	10.5	12.4
	Hired farm labor	4.2	2.6	2.6	2.1	2.1	2.5	2.7	3.1	1.8	2.9	1.8	2.2	1.3	2.3	0.6
	Nonagricultural[c]	2.6	2.7	2.6	2.2	2.2	3.0	1.9	3.1	2.2	1.7	2.8	1.9	1.9	1.7	4.1
	Total	27.4	19.1	17.2	20.2	23.4	21.0	19.1	23.2	21.2	19.2	19.1	16.7	10.6	14.6	17.1
Middle	Own farm	34.1	29.4	17.[illegible]	32.3	36.6	36.6	30.0	26.4	24.4	20.0	22.1	24.1	16.5	24.3	21.8
	Hired farm labor	0.2	0.8	1.3	0.2	0.2	0.3	0.4	—	0.5	0.2	—	—	0.3	—	0.6
	Nonagricultural[c]	0.2	0.6	0.6	0.4	0.4	0.6	0.5	0.6	0.1	0.1	0.7	0.5	0.1	0.6	1.4
	Total	34.5	30.8	19.4	32.9	37.2	37.5	30.9	27.0	25.0	20.3	22.8	24.6	16.9	24.9	23.8
High	Own farm	28.6	14.3	15.0	18.1	29.5	29.4	21.3	15.7	15.7	14.8	11.2	8.4	12.0	11.3	17.3
	Hired farm labor	1.3	0.7	0.6	0.3	1.2	—	0.2	—	0.7	0.3	—	0.3	0.3	—	—
	Nonagricultural[c]	—	—	—	0.2	—	0.3	—	—	0.1	0.1	0.3	0.1	0.8	0.7	0.4
	Total	29.9	15.0	15.6	18.6	30.7	29.7	24.6	21.3	16.5	15.2	11.4	8.8	13.1	12.0	17.7

SOURCE: Survey data.

[a]Excludes travel time.

[b]There are 126 observations in each income class.

[c]Excludes work on farms of other households.

through which factors caused by low incomes may have importantly constrained the management options of households already in poverty—thus reducing their farm productivity. Although poorer households planted later on, delayed their first weedings, and weeded less intensively late in the season, each practice was at least in part a reflection of the low seed and working capital position of those low income households.

Concluding Implications for Policy

Identifying development and incomes policies which have general relevance to a broad spectrum of the rural poor has proven extremely elusive in most developing countries. Because rural populations are highly dispersed geographically and frequently are employed within widely varying ecological, institutional, and market conditions, it has been difficult to design policy instruments that affect more than a small proportion of the rural poor. The results of this study further underline the limited potential of individual policy interventions in reducing rural poverty, even within small and relatively homogeneous areas. One of the more important findings of the present analysis was that no single factor alone explained the major part of poverty incidence. Rather, a set of factors including the demographic composition of the household, land use, levels of employment, enterprise selection, factor productivity, and location each contributed in various degrees to the income status of particular households. In short, the analysis showed rather clearly that the poorest households could not be accurately represented by a single farm type or limited by a single, key constraint.

This suggests that only a broad but flexible programmatic approach that simultaneously focuses on a range of separate factors would be likely to have a general impact at alleviating rural poverty. Finally, the finding that life-cycle factors contribute importantly to poverty incidence further underscores the limits within which conventional development policies can influence existing income disparities.

With these qualifications in mind, it is useful to assess the proper scope for setting rural incomes policy objectives as suggested by the study. In drawing policy implications, it is convenient to distinguish between relative income inequality and absolute poverty, and between current patterns of distribution and future trends. Because incomes were not highly concentrat but rather displayed a relatively equal distribution, policy interventions to correct existing disparities are probably not appropriate. Given current technologies, the farming systems of the area were not sufficiently profitable, capital-intensive, or technically complex to permit wide income differentials. In addition, the continued availability of surplus land and a relatively egalitarian land tenure system have contributed to the maintenance of income equality.

Nevertheless, in spite of the comparatively narrow range over which incomes varied, because average incomes were not greatly in excess of minimum subsistence requirements, a serious degree of absolute improverishment does occur. For policy purposes, however, it is not clear that the problem of absolute poverty should be approached within a framework of relative inequality—that is, in the context of a redistribution strategy. Rather the major policy problem is the generally low level of income overall. Sufficiently improved and proven new farm technologies appropriate to farmers' conditions are not now available in Northern Nigeria. As a result, the yields of all crops remain at traditionally low levels. Furthermore, the extended dry season ensured considerable underemployment for most workers over a substantial part of each year.

In contrast to current patterns of relative income equality, however, the study identified several indicators that point toward the emergence of widening income disparities in the future. These include structural changes in the composition of employment, which are secularly associated with growth, as well as some preconditions for the emergence of agricultural dualism. For example, when the three study villages were compared, income inequality was directly associated with nascent urbanization, with increasing population pressure, and with the growing importance of nonagricultural occupations. Moreover, within each village, access to both modern formal education and extension assistance was disproportionately high among a limited number of political elites. As employment in the modern sector increases, and as more profitable crop production technologies are developed which increase returns to extension assistance, it is clear that such patterns of privilege will lead to greater inequality—at least in the short run.

The challenge for policymakers, then, is to devise interventions which not only make farming more profitable, but which also ensure the participation of low income households—thereby restricting a tendency toward dualism in the future. Perhaps the most basic means of increasing income while promoting broad benefit incidence is to develop improved crop production packages that are compatible with the factor endowments of low income producers. Since the poorest households are currently net grain purchasers, priority should be given to the development of improved food grain technologies. Furthermore, in order to permit broad patterns of adoption, the technical package should economize on those factors most limiting for low income producers: capital; peak season calories; political power; and, quite possibly, management. "Minimum input" packages with a credit component, if properly administered, offer one possible approach.

Since the labor required in weeding tends to be the primary constraint on production, modest technologies that conserve on and increase returns to peak period labor should be given priority. Improved seeds which do not require large inputs of complementary factors, such as water control or weeding, may affect this by increasing output and labor use at other than peak seasons. Chemical inputs such as fertilizer and herbicides may also be appropriate if provided at low cost and with assured access by low income producers.

It is particularly important in the design of such packages that the special circumstances of low income households be explicitly recognized. An analysis of the traditional farming system showed that personal income profoundly affects the small farmer's ability to modify existing practices. Previous studies have repeatedly affirmed that low incomes directly affect the ability of poor farmers to invest in new technologies as well as the poor farmers' willingness to accept the increased risk or uncertainty attendant to adoption. But, the present analysis also showed that income and liquidity may directly influence both the amount of labor available at key points in the cropping cycle and the farmer's capacity to perform operations at optimal times. Thus, within the circumstances of the Nigerian environment, it might be concluded that improved technologies which require timely execution of key operations, or substantially increased labor during the immediate pre-harvest period, would achieve lower yields and lower rates of adoption among poorer households.

A second strategy which holds considerable potential for improving incomes of a broad range of households is the generation of increased off-farm wage employment. The data showed that a shortage of operating capital effectively excludes most low income households from participation in a number of relatively profitable off-farm occupations. An increase in the rural demand for unskilled labor—for example, through public works projects—would probably have an equitable though short-term income effect. The development of small-scale labor-intensive industries in rural areas to absorb surplus labor may hold even more promise in the long run. However, in view of the very limited investment capacity of low income households, unless entry costs were negligible or access to low cost credit greatly expanded, it is likely that poor workers would benefit only if the firms were large enough such that the increased demand for labor extended beyond members of owner-operator households.

Finally, it must be recognized that obstacles to ensuring broad participation in programs of development are not only technical and economic in nature but also institutional. Although existing village political systems may provide a vehicle to facilitate greater local involvement in both the design and implementation of village-level programs, it should not be automatically assumed that the traditional leadership will, in fact, represent and promote the interests of all classes. The record on this issue is not yet clear in Northern Nigeria generally; but, it is likely that with greater commercialization of social relationships, village political and economic institutions will become less egalitarian. In order to minimize the abuses which may occur at the village level regarding access to development assistance, the role of traditional local leaders in implementing interventions at the village level must be better understood. Ultimately, it may be necessary to promote the formation of alternative village institutions that mobilize wider segments of the rural population and serve a broader range of interests.

Notes

1. It is important to note that the analysis presented here is generally limited to an examination of factors on the supply side which affect personal incomes. That is, prices and the underlying demand structure have been taken as constants. This is not to deny the importance of demand elements, however. It is clear that with changes in the demand for both rural products and factors, a dynamic price structure can exert a profound influence on the levels and distribution of rural income over time.

2. Population figures are taken from the 1963 census.

3. Food and Agriculture Organization (1957).

4. This compares with a mean household income of nearly ₦206, and a per capita income of ₦31 [see Norman's (1972) 1966 Zaria area study]. The results of the two studies are nearly identical, given the annual rate of inflation of 8 percent experienced during the period.

5. In comparison, Norman, in his three village Zaria study (1972), found the following income composition: farm production, 62 percent; off-farm enterprises (excluding livestock), 20 percent; and livestock, 18 percent.

6. To calculate the proportions of cash and in-kind income, sales of field and tree crops were netted out of the imputed "in-kind" values of total harvests and were assigned to the cash income side. All in-kind payments earned in off-farm occupations which were subsequently sold were similarly netted out of in-kind incomes and included as cash earnings.

7. National estimates of rural income distribution are available only for Uganda (Jain, 1975), Botswana (Republic of Botswana, 1976), Tanzania [van Ginneken (1976)], and Sierra Leone (Matlon et. al., 1979). Gini coefficients calculated for each rural sector are as follows: Uganda, 0.27; Botswana, 0.52; Tanzania, 0.30; and Sierra Leone, 0.38. No national rural surveys have been undertaken in Nigeria, and only a few sample surveys have examined the structure of incomes at the village level. From data collected between 1966 and 1969 in nine villages representing three areas of the North, Norman, Pryor, and Goddard (1979) estimated village Gini coefficients ranging between 0.26 and 0.50. The simple average of the nine villages was 0.36. In a two-village study conducted in the state of Kwara in 1969 and 1974, Olukosi (1979) calculated Gini coefficients varying between 0.35 and 0.42.

8. The equity index has been calculated by dividing the income share of each decile by its share of the population, thereby standardizing intervillage differences in household size across deciles.

9. Twice during the year, household heads in the survey provided information concerning which women in the household were active in any income-earning occupations, the types of occupations each woman pursued, and during which portion of the year each woman was active in each occupation.

10. In an intensive survey of female occupations conducted during 1969 and 1970 in three villages near Zaria, Simmons (1976) estimated that the average monthly return from all occupations was ₦2.14. Given a 31 percent period rate of inflation (derived from the difference in mean food grain prices observed in the 1969/1970 survey villages and the current year prices observed in the present survey villages), a mean monthly return per occupation of ₦2.80 was applied to the reported female employment patterns of the present survey to estimate annual female earnings.

11. Caloric intake was calculated using the residual method by subtracting annual sales, gifts given, and storage losses from the total food crops harvested, plus annual purchases and gifts of food received. Caloric requirements were calculated as 2,954 per consumer man-equivalent by applying FAO standards reflecting the activity levels and climatic conditions of the present sample.

12. Analysis also showed that the proportion of consumed grains which were purchased declined rapidly with rising income status—from nearly 25 percent among first decile households to only 8 percent among households in the tenth decile. Finally, only households in the

poorest two deciles purchased more millet and sorghum than they sold, with the ratios of purchases to sales of 1.9 : 1 and 1.3 : 1 for the first and second deciles, respectively. In contrast, the ratios among households in the tenth decile were 0.09: 1.

13. This method of analysis measures that variation in factor returns across households which is attributable solely to choice of enterprise while controlling for productivity differences within each enterprise.

14. Cash crops were defined as crops for which greater than 70 percent of the output was sold. The profitability measures used were gross margins per hectare and per labor hour.

15. In all gross sales of an occupation's products or services came from the lowest (or highest) two income quintiles, the occupation has been included in the Only Low (or High) Income category. If 75 percent or more, but less than 100 percent, of total gross sales occurred in the lowest (or highest) two quintiles, the occupation was categorized as Low (or High) Income Biased. An occupation was categorized as Intermediate if it did not qualify in these other categorized as Intermediate if it did not qualify in these other classes—that is, if less than 75 percent of total sales occurred in households falling within either the lower or upper two income quintiles.

16. The village elite *(masu-sarauta)*, for which data were obtained included the village heads in both Barbeji and Zoza, the most influential hamlet head in Zoza, and the head farmer *(sarkin-noma)* in each village. See Hill (1972), pp. 295 and 316.

17. In her study of prosperity and poverty in Hausaland, Hill (1977) found that the social system is relatively open in that village authority institutions did not tend to bolster the status of the rich. With respect to the advantages of holding a position of authority, she argues that although village officials often receive commissions on land sales (p. 134) and exercise some latitude in the assessment and collection of taxes, "rich middle-aged men are not interested in seeking office as Village Heads; Village Heads are not notably prosperous" (p. 156). In a more general sense the conditions which would promote a stable intergenerational class structure based on wealth are either absent (e.g., long-term clientage) or importantly neutralized by a high degree of polygyny combined with inheritance laws which dissipate asset holdings at death.

18. Among the three study villages, two primary schools were operating in Rogo, one in Zoza, but none in the more remote area of Barbeji. Adult literacy classes had also been offered in both Rogo and Zoza. A single extension agent located in Rogo was responsible for the three-village area. Two major input programs administered by the agent included groundnut relief seed distribution in 1973 (in response to the drought of the previous year) and seed and fertilizer distribution as part of the Kano state seed multiplication program. Both programs involved farmer credit.

19. *Jingina* lands are those fields for which rights have been temporarily transferred from one who has borrowed cash to the household from which the cash loan was extended. The use rights remain with the loaner until repayment is completed. While only a small proportion of all cash loans involve the pledging of land, pledging is not uncommon in cases where the amount of the cash loan is relatively high and the borrower is a poorer farmer for whom the risk of default may be considered high. Many such transfers become equivalent to purchases over time.

20. Data for this analysis was taken from the small sample of 35 households. Because of the more limited sample size, only three income classes were distinguished.

21. In a study of two villages in Northern Nigeria, Hill (1977, p. 171) found that poor men "wasted" a disproportionate amount of time in looking for work and in maintaining contact with potential employers.

22. Because labor data was obtained for the small sample of 35 households only, budgets were constructed for those households only. Further, to control for general soil type differences, only upland fields were examined.

23. In all cases the elasticities of substitution estimated in the CES functions were not found to be significantly different from unity. The Cobb-Douglas production function employs a

double-logarithmic form—that is, a linear regression model is fitted with all variables converted to natural logs.

24. The Chow test evaluates whether the regressions fitted separately to each income class explain significantly more variation in the dependent variable than when run for the entire sample combined. The test statistic, which follows the f distribution, is defined as:

$$F = \frac{[SSE_n - (SSE_1 + SSE_2 + SSE_3)]/k}{(SSE_1 + SSE_2 + SSE_3)/(N - 2k)}$$

where SSE_n *is equal to the sum of squared residuals for the model run on the combined sample;* SSE_1, SSE_2, and SSE_3 are the sum of squared residuals for each income class; N is equal to the number of field observations; and k is equal to the number of paremeters being estimated in the model.

25. In order to minimize the effects of crop-mix differences while preserving sufficient observations, only those upland fields on which at least 80 percent of total harvest value constituted millet and sorghum were selected. In all cases, the remaining production consisted of groundnuts and/or cowpeas. Because there were multiple observations (fields) per household, it was possible to employ a covariance precedure to remove household effects by including household dummy variables in the estimating equation.

26. A. D. Goddard (1970) has reported that fear of losing rental rights following manure application often leads to reduced fertility for several years on fields held in rental status. Moreover, farmers prefer to rent or pledge out to other households, fields which are of naturally lower fertility and/or which have received relatively less fertilizer in preceding years.

27. Each head of household was given a simple test to determine his knowledge of five recommended practices concerning the use of chemical fertilizers and preplanting seed treatment. The technical knowledge variable was defined as the score received. With regard to the family field variables, the fields of extended *(gandu)* households can be divided into two groups: (1) *gandu* fields farmed in a common effort among all members of the household and (2) *gayauna* fields usually worked by a single male in the household. Production from *gandu* fields accrues to the entire household and typically meets the household's subsistence needs whereas the *gayauna* production is viewed as a supplementary source of cash or food to the individual worker.

28. In earlier runs it was found that coefficients on time allocated to both early and late ridging operations showed negative signs and were insignificant. Both variables were dropped from the final equation. The short sorghum date of planting variable was dropped from the equation due to the collinearity with the early millet planting date. Finally, variables reflecting the six most common crop rotations were consistently insignificant and were also excluded.

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CHAPTER 9

Education and Income Distribution in Nigeria

V. P. Diejomaoh and
E. C. Anusionwu

I. Introduction

Education plays a major role in the development process. It affects the economy's total output and economic welfare in two major ways: first, by contributing to increased total produce and, second, as a partial determinant of income distribution by contributing to the productivity of the various factors of production.

In studying the sources of growth in the United States, for instance, Edward Denison found that between 1929 and 1957 improvements in education contributed 23 percent of the growth in national product. The figure was 42 percent over the same period per person employed, compared to 29 percentage growth contribution reported by Kendrick and Kuznets for the period 1909–1929.[1]

Not only do the human factors of production—the beneficiaries of education—participate in production, but they also *share* the final product. This sharing process can be conceived of either in terms of the distributive shares of the various factors of production, or in terms of the size distribution of personal income derived from the production process.

The intimate connection among education, income distribution, and national economic well-being has long been recognized by economists. Adam Smith included education as one of the causes of the wealth of nations. Hugh Dalton reports McCulloch as having said that "a better system of education and a better law of inheritance are two of the most powerful means of reducing inequalities of income."[2] In this statement, McCulloch clearly recognizes the connection between education and income distribution.

Today a large body of literature exists on the nature of the relationship between education income distribution and economic development.[3] Originally, most of this literature related to the developed nations; however, the late 1960s and early 1970s saw a growing emphasis on income distribution questions in the study of development. Most analysts contend that past development strategies and policies have failed to address successfully the problem of poverty and increasing inequality of income distribution, which are by no means inevitable judging by the experience of Israel, Taiwan, Yugoslavia, Sri Lanka, South Korea, Costa Rica, Tanzania, and communist China.[4]

More specifically, the increased equity orientation of development studies has included more attention to the impact of education policies on patterns of poverty and income distribution. According to Charles R. Frank and Richard Webb, "the unequal distribution of wealth in the form of physical or human capital assets can make the distribution of income vary considerably within sectors and between sectors."[5] F. H. Harbison,[6] however, has pointed out that the connection between education and income distribution is rather complex. A disaggregated analysis of formal, informal, and on-the-job training would be necessary to highlight how national strategy on its total learning system affects the income distribution pattern. I. Adelman,[7] in attempting to explain how some non-Communist countries have succeeded in combining rapid growth with a reduction of income inequality, has focused (among other factors) on massive accumulation of human capital and the adoption of labor-intensive growth strategy as explanatory factors.

However, there is need for caution in interpreting trends in the Gini coefficient of income concentration as indications of the effectiveness (or otherwise) of development policy with particular reference to income distribution. Arthur Lewis[8] has argued convincingly that

> the expansion of the middle class is an inevitable result of economic development. It is indeed a necessary accompaniment without which development could not occur. This is true even when economic growth originates at the bottom of the economy, say, because the peasants acquire a profitable crop. For engineers will be needed for roads, water supplies, ports and transport equipment, teachers for education, doctors and nurses for health; bookkeepers for records, lawyers for the settlement of disputes and so on. The middle class will expand no matter where the engine of growth is located.
>
> Governments establish schools and training institutions of all kinds in order to multiply the numbers suitable for jobs in this category, and one of the tests of successful development is the rate at which this formation of human capital is being accomplished. Nevertheless, the process has come under fire from those who see the reduction of social inequality as the principal aim or test of economic development.
>
> The effect of the expansion of the middle classes on the Gini co-efficient depends on one's starting point. If one starts with a more or less egalitarian society like that of say the Ibo's around the year 1900, it must "worsen" that distribution of income (i.e. increase the Gini co-efficient). But, if one starts with a hierarchical and inegalitarian society like that of the Ashanti's at the same time, the expansion of the middle classes may reduce the Gini co-efficient by reducing the share of national product accruing to say the top 5 percent of income receivers.

From the above, it follows that education which leads to the formation of the middle classes could lead to either a worsening or improvement in the income distribution of a country, depending on one's starting point.

The purpose of our study is to assess how education has affected the income distribution pattern in Nigeria and to suggest what policy changes should be attempted in the sphere of education in order to improve the prospects of "redistribution with growth" as education spending is expanded in the future.

Our interest in the relationship between education and income distribution in Nigeria is heightened by considerable public interest in the issue. The introduction of modern education started in Nigeria essentially in the nineteenth century under the impetus of Christian mission and colonial administrators. The impact of the colonial government on education, however, was quite minimal. Much of the achievement in modern education in colonial times must be attributed to Christian missionary activities. The quantitative significance of the educational advancement attributable to the Christian missions, however, is very small because analysis of global indicators of educational development on the eve of Nigerian independence showed Nigeria to be educationally very underdeveloped. Nevertheless the introduction of modern education contributed to widening income differentials as the very few educated Nigerians began gaining access to modern sector jobs and relatively high wages and salaries available in the modern sector. The widening in income differentials as a result of increasing education was because the initial Nigerian social context was one of considerable income equality.

While the initial widening in income disparities may be considered undesirable, it was inevitable (as argued by Arthur Lewis above) if modern education was to be introduced into Nigeria as an instrument of modernization and economic development. When the Nigerians took control of the helm of affairs with self-government in the 1950s there was a massive commitment to education, with education usually comprising about 25–35 percent of the recurrent budget. Enrollments in primary and secondary schools increased rapidly, and in the 1960s university education was given added stimulus with the establishment of four additional universities.[9] However, by the mid-1970s there was a growing public concern that educational expansion was leading to the concretization of a rigid class structure system in which the poor would be perpetually condemned to poverty.

In an attempt to redress the unsatisfactory income distribution implications of educational policies up to the mid-1970s, the Nigerian government decided to introduce new policies and programs during the Third National Plan period, 1975–1980.[10] These new measures included the introduction of free universal primary education (UPE), which was financed by the federal government, and a drastic reduction in secondary grammar school tuition, boarding, and lodging fees. Education was made free at universities, teacher training colleges, colleges of education, and colleges of technology. With further pressures from the public, students, and politicians, tuition fees were abolished in the secondary grammar schools effective April 1, 1979, thereby making all levels of education tuition free. It was hoped that these measures would lead to the breaking down of barriers to education for relatively poor Nigerians and that education would thus assist in narrowing down widening income differentials.

In this paper, we shall examine the extent to which the initial hopes discussed above have been realized, as well as the factors that may be contributing to their nonrealization.

In section II we attempt to establish the relationship between education and incomes in Nigeria. We then proceed to examine the family background characteristics of students in secondary and higher education levels in Nigeria, with a view to ascertaining the educational income and occupational backgrounds of the students' parents. On the basis of this information we will then attempt to determine which income classes benefit in the main from different levels of education. The discussion in this regard is buttressed by an analysis of the distributive impact of government subsidy at the different levels of education.

We then move in section III to a discussion of the differentials in educational development between the several states of Nigeria. Since it is known that educational development is highly correlated to income levels, other factors being held constant, it can be argued that states with higher levels of educational development are likely to be more economically developed. Since wide disparities in income levels between states are likely to lead to political instability, as was exemplified during the Nigerian civil war (1967–1970), it is necessary to assess the extent of disparities in educational development among the states of Nigeria and to determine future lines of more egalitarian regional development.

From the analysis of regional disparities in educational development (section IV), we then move to section V, to analyze the disparities in educational development between the sexes. This is a very important issue not only in terms of the income and power disparities between males and females but also in terms of the more effective development and utilization of the female component of the labor force.

In moving towards new policy directions in section VI, we analyze the overall commitment of resources to education in relation to other sectors. This is necessary because in order to allocate more resources to some components of education, it may be necessary to increase the overall level of resources available for education, since transfers within the current educational budget may be very difficult to achieve because of political constraints. In our conclusions we examine broad areas for new directions for educational and development policies, with a view to improving future income distribution.

II. Education and Income Disparities in Nigeria

According to marginal productivity theory, the returns to a factor of production depend on the productivity of the factor. It is generally accepted that the productivity and, hence, the returns to labor depend to a great extent on the investment in human capital through the process of education and training.[11] Two main approaches have been adopted in studying the relationship between incomes and education. The first approach is to study the disparities in average wage levels of labor with different levels of education.[12] The second approach is to compute lifetime stream of earnings accruing to an average worker at different levels of education and then compare the disparities in the computed lifetime stream of earnings between workers with different educational attainments.

Unfortunately there are no current surveys or studies which provide current data on income differentials by educational levels in Nigeria based on the two approaches above. However, indications of these disparities can be obtained from the 1967 survey by Aboyade[13] and the rate of return studies by Bowles.[14] We shall also present some data on current average wage differentials by educational levels. However, the latter analysis is limited to Nigeria's public sector only, although it also has some implications for the private sector in Nigeria because the wage structure in the private sector is closely patterned on the structure in the public sector.

In 1967, Aboyade conducted a major household survey involving 2,000 respondents drawn from all parts of Nigeria, excluding the three Eastern states of Nigeria which were then embroiled in the Nigerian civil war. Analysis of the survey results provides the following information about the Nigerian labor force in relation to levels of education. About 67 percent of the Nigerian labor force was illiterate, about 26 percent had primary education, and about 7 percent had secondary education while less than 0.5 percent had a university education. The 1966/1967 National Manpower Board survey[15] presents somewhat different results in this regard. According to that survey, about 73 percent of the labor force was illiterate. Those with full primary school certificates amounted only to about 4 percent while those with full secondary school certificates amounted to only about 1 percent of the labor force; university graduates amounted to about 0.05 percent. Another 13 percent were literate but were without formal schooling, while about 8 percent had some primary education but were without certificates.

Taken together, both sources of information indicate that about two-thirds of the Nigerian labor force was illiterate in 1967 and less than 1 percent had a university education, while those with some primary education or who could read amounted to about one-quarter of the labor force. With respect to secondary education, the range was about 1 to 7 percent of the labor force.

Another important feature of the labor force from the Aboyade survey was that the illiterates were mostly self-employed (98 percent). With respect to the primary school population, about 92 percent were also self-employed. The reason for the high degree of self-employment was the relatively small size of the organized modern sector. The proportion of secondary school and university graduates in self-employment is usually quite small to insignificant. It is of significance that the bulk of the illiterates (about 75 percent) were engaged in agriculture. However, only about one-third of primary school leavers were in agriculture, forestry, and fishing. The corresponding figure for secondary school graduates is about one-tenth.

It is important to note here that the educational structure of the labor force should have changed somewhat significantly over the past ten years because of the considerable progress in educational development. Yet it is unlikely that the proportion of the labor force that is illiterate is significantly less than 60 percent of the labor force. The proportion of the labor force with a university education is still probably less than 1 percent, while the proportion of the labor force with some or complete primary education could be approaching about one-third and those with some or complete secondary education about one-tenth of the labor force.

In relating education to earnings, Aboyade found that the average earnings of workers with complete primary education are about 1.7 times that of illiterates. Workers with secondary education had average earnings about 1.6 times the level of primary school graduates and about 2.7 times that of the illiterates, while university graduates had average earnings about 12 times the level of illiterates and about 4.5 times the level of secondary school graduates. Somewhat similar results are obtained "from the rate of return approach" of K. Hinchliffe[16] who has used data from Bowles that has been refined by discounting the life stream of earnings by discount rates of 5 and 10 percent, respectively. These results indicate that primary school graduates earn about twice the level of earnings of illiterates, that secondary school graduates earn about twice the level of primary school graduates, and that university graduates earn about 4.5 times the level of secondary school graduates. However, while the ratio of the average university graduate's wage to an illiterate's is about 12 times, the ratio of lifetime stream of earnings between the two groups is about 25 : 1. This latter conclusion may be due to the fact that graduates not only have a longer life expectancy, but also experience much greater income increments from their first graduation to their death than the illiterates.

Another indication of the disparity of incomes by educational level can be derived from the analysis of salary structures in the public sector, or services, of Nigeria. After adoption of the *Report of the Public Service Review Commission* (popularly known as the Udoji report) in 1974,[17] a uniform salary grading system was introduced throughout institutions fully supported by public funds and now known as the *public services.* This salary structure ranges from level 01 for the lowest paid to level 17 for the highest paid. A few posts such as for high court judges, vice-chancellors of universities, top military officers, and commissioners (ministers) are outside the 01–17 range. This structure was slightly modified in 1975 (following widespread protests against the Udoji gradings) in the *Report of the Public Service Review Panel.*[18] Approved in 1975, the structure was further modified with effect from June 1977 when all workers in the 01–07 levels got a flat rate increase of 7 percent; it was then modified again, from April 1, 1979, when workers on levels 01–06 got a 10 percent increase and workers from levels 07–17 got a lump-sum addition each of ₦300 per annum with the abolition of the basic motor vehicle allowances. (See Tables 9-1, 9-2, 9-3.)

In analyzing the disparities in the current salary structure according to educational levels, it should be noted that the lowest paid workers in the public services are expected to have a minimum educational qualification of complete primary school education. The salary of a fresh primary school graduate on level 01 is now probably only about 50 percent higher than that of an illiterate. The salary of a fresh secondary school graduate is now about 65 percent higher than that of a primary school graduate. A worker with three years post-secondary school training usually has an initial salary about 115 percent higher than that of a secondary school graduate, while the university graduate with five years more training or education than the secondary school graduate has an initial salary 170 percent higher than that of the secondary school graduate.

The initial salary for a master's degree holder is 30 percent higher than that of a fresh university bachelor's, or first degree, graduate. Usually the master's degree is conferred only one year after the first degree. However, a Ph.D. holder, who might require two to three years of study after earning a master's degree, can only earn an initial salary that is 23 percent higher than someone with a master's degree. A person with a Ph.D. degree, which might take three to four years of study after a first degree, will earn only an initial salary 62 percent higher than that of a first degree.

The foregoing analysis confirms in large measure the results from Aboyade and Hinchliffe for differentials between primary school leavers and illiterates, and between secondary school graduates and primary school leavers. In the current salary gradings, however, the gap has been narrowed a bit more, between primary school graduates and illiterates and between university graduates and secondary school graduates. Another feature of our analysis is that graduate education up to the master's level could be of substantial benefit insofar as income gains are concerned, but that a Ph.D. degree only earns a small increase over the master's initially and probably less income in the longer run. This is because Ph.D. holders mainly go into higher education and research while master's degree holders mostly go into government or the private sector where earnings are usually higher.

K. Hinchliffe (note 16, above) presents comparative international data on income disparities by educational levels, which would enable us to see the disparities in Nigeria in an international perspective. It is clear from Hinchliffe's table (Table 9-4) that the disparity between the Nigerian graduates lifetime stream of earnings and the primary school graduates was about four to five times the level in the developed countries of Canada and the United States. Hinchliffe's four-to-five times differential vis-à-vis developed countries for graduates over primary school leavers is, however, reduced to about two times when compared to Aboyade's data. However, with the recent reductions in disparities between the initial university graduate's salary and the

TABLE 9-1

Distribution of Income in the Federal Civil Service of Nigeria 1973
(Using pay scales in the public services in 1975)

Group	*Total No. of People in Each Group (in thousands)*	*Range of Income*	*Mean Income for Each Group*	*Cumulative Number of Each Group*
		₦	₦	
01	4,425	720–870	795	4,425
02	4,428	804–984	894	8,853
03	14,974	900–1,140	1,020	23,827
04	12,596	1,164–1,416	1,290	36,423
06	2,202	1,908–2,454	2,196	38,625
07	1,989	2,496–3,216	2,856	40,614
08	3,122	3,264–4,164	3,714	43,736
09	888	4,368–5,340	4,854	44,624
10	784	5,460–6,432	5,946	45,408
12	437	7,104–7,752	7,428	45,845
13	158	7,764–8,724	8,244	46,030
14	99	8,868–9,828	9,346	46,129
15	73	9,996–11,028	10,512	46,202
16	28	11,268–12,420	11,844	46,230
17	11	12,696–13,968	13,332	46,241

Group	*No. of People*	*Years of Education*
01	4,425	6
01–03	23,827	6–11
04	12,596	11
01–04	36,423	6–11
04–07	16,787	11–14
01–07	40,614	6–14
08	3,122	16
01–08	43,736	6–16
09	388	17 or 18
01–09	44,624	6–17 or 18
10	784	19 or 20
01–10	45,408	6–19 or 20

SOURCE: Compiled from federal government estimates, Lagos: Ministry of Information, 1973.

Cumulative Income of Each Group	% of People for Each Group	% of Income for Each Group	Cumulative % of People	Cumulative % of Income	Total Income for All People in Each Group
₦					
3,517,875	9.56	4.56	9.56	4.56	3,517,375
7,476,507	9.57	5.13	19.14	9.70	3,958,632
22,749,987	32.38	19.82	51.52	29.52	15,273,480
38,998,827	27.23	21.09	78.76	50.61	16,248,840
43,834,419	14.76	6.27	83.52	56.88	4,835,592
49,515,003	4.30	7.37	87.83	64.25	5,650,584
61,110,111	6.75	15.05	90.38	79.30	11,595,108
65,420,463	1.92	5.59	96.50	84.89	4,310,352
70,082,127	1.69	6.05	98.19	90.94	4,661,664
73,328,161	0.94	4.21	99.14	95.15	3,246,036
74,853,303	0.40	1.98	99.54	97.13	1,525,140
75,778,557	0.21	1.20	99.75	98.33	924,254
76,545,933	0.15	0.99	99.91	99.32	767,376
76,877,565	0.06	0.43	99.97	99.75	331,632
77,024,217	0.02	0.19	100.00	100.00	146,652

primary school leaver (about 4.2 : 1, currently), the gap between primary school graduates and university graduates is only about twice the gap in the developed countries. In comparing the relative income gap between secondary and primary school graduates in Nigeria (about 1.6 : 1) with the gap prevailing in the developed and other developing countries, we find that the relative gap in Nigeria is about equal to the relative gap prevailing in developed and developing countries. The relative income gap between primary school graduates and illiterates in Nigeria in the 1960s was quite comparable to what pertained in other developing countries. With the recent reduction in the income gap between primary school graduates and illiterates from about 2 : 1 in the 1960s to about 1.5 : 1 in the mid-1970s, it would appear that distribution with respect to educational levels in this regard might be more equal in Nigeria than in other developing countries.

In conclusion it can be said that with economic development, Nigeria's income distribution became initially increasingly more unequal as educational development advanced.[19]

Compared to the 1960s, the 1970s witnessed a reduction in income disparities between individuals with different levels of education. Current Nigerian levels of disparity in income in relation to educational differentials are comparable to those in other developing countries. The disparities in

TABLE 9-2
Distribution of Income in the Lagos State Civil Service 1975/1976

Group	*Total No. of People in Each Group*	*Range of Income*	*Mean Income for Each Group*	*Cumulative No. of People in Each Group*	*Cumulative Income of Each Group*
		₦	₦		₦
01	2,894	7,720–798	759	2,894	2,196,546
02	2,749	804–894	849	5,643	5,530,447
03	6,371	900–1,152	1,026	12,014	12,067,093
04	4,307	1,164–1,416	1,290	16,321	17,623,123
05	1,471	1,440–1,872	1,656	77,792	20,059,099
06	3,185	1,908–2,482	2,195	20,977	27,050,174
07	1,349	2,496–3,216	2,856	22,326	30,902,918
08	1,266	3,264–4,314	3,789	23,592	35,699,792
09	739	4,368–5,340	4,854	24,331	39,286,898
10	449	5,460–6,432	5,946	24,780	41,956,652
11	13	6,444–6,980	6,712	24,793	42,043,908
12	198	7,104–7,752	7,428	24,991	43,514,652
13	44	7,764–8,724	8,244	25,035	43,877,388
14	120	8,868–9,796	9,332	25,155	44,997,228
15	77	9,996–11,028	10,512	25,232	45,806,652
16	33	11,268–12,420	11,844	25,265	46,197,504
17	3	12,696–13,966	13,331	25,268	46,237,497

SOURCE: Compiled from Lagos state government estimates.

Nigeria are even comparable to those in developed countries, with the exception of the gap between university graduates and other categories of graduates. The relative income gap in Nigeria between university graduates and other graduates (secondary and primary) is still much greater than the relative gap prevailing in developed countries. The relative income gap computed on the basis of wage and salary differentials would be even greater if we considered remuneration in kind going to university graduates—e.g., highly subsidized housing, easy access to car loans, and subsidized interest rates on car loans and mortgages. However, with the abolition in April 1979 of car loans made by the government to higher education graduates, benefits in kind are on the decline.

III. Distributive Impact of Government Subsidy at Different Educational Levels

Public support for education is rationalized on the ground that it avoids underinvestment due to the divergence between private and social returns.[20] Educational systems are supposed to be egalitarian and consequently

% of People for Each Group	% of Income for Each Group	Cumulative % of People	Cumulative % of Income	Total for All People in Each Group
				₦
11.45	4.75	11.45	4.75	
10.88	5.05	22.30	11.96	2,333,901
25.21	14.12	47.55	26.10	6,536,646
17.04	12.02	64.60	38.12	5,556,030
5.82	5.27	70.40	43.38	2,435,976
12.60	15.12	83.02	58.50	6,991,075
5.34	8.33	88.40	66.84	3,852,744
5.01	10.37	93.40	77.21	4,796,874
2.92	7.76	96.30	84.97	3,587,106
1.78	5.77	98.07	90.74	2,669,754
0.05	0.19	98.12	90.93	87,256
0.78	3.18	98.90	94.11	1,470,774
0.17	0.78	99.08	94.90	362,736
0.47	2.42	79.55	97.32	1,119,840
0.30	1.75	99.86	99.07	809,424
0.13	0.85	99.99	99.91	390,852
0.01	0.086	100.00	100.00	39,993

guarantee equal access to all[21]; hence the public subsidy ought to follow a similar pattern.

We define *subsidy at a given level of education* as the part of the cost that is not borne directly by the beneficiary in the form of school fees or other charges. We consider here the three levels of primary, secondary, and higher education (colleges of technology and the university).

Primary Level

Prior to the launching of universal primary education (UPE) in 1975, the primary school subsidy varied among the different states. Primary education was financed by the state governments. There was free primary education in the Northern states; as a result the subsidy was 100 percent. However, fees were paid in the Southern states. In 1974/1975 the recurrent subsidy per pupil in some states was ₦18 in Kano, ₦38 in Lagos, and ₦26 in East Central. This variation in recurrent subsidy per pupil before the federally sponsored UPE program was due to differences in the fiscal abilities of the different states and the priorities they attached to primary

TABLE 9-3

Revised Salary Scales in the Nigerian Public Service Effective April 1, 1979

Grade Level	Step 1 ₦	2 ₦	3 ₦	4 ₦	5 ₦	6 ₦	7 ₦	Incremental Rate
01	846	870	894	918	942	966	996	+24/30
02	942	972	1,002	1,032	1,062	1,092	1,122	+ 30
03	1,044	1,080	1,116	1,158	1,200	1,242	1,284	+36/42
04	1,320	1,382	1,404	1,446	1,488	1,530	1,572	+ 42
05	1,626	1,698	1,770	1,842	1,914	1,986	2,058	+ 72
06	2,142	2,238	2,334	2,430	2,526	2,622	2,718	+ 96
07	2,832	2,952	3,072	3,192	3,312	3,432	3,552	+ 120
08	3,564	3,714	3,864	4,014	4,164	4,314	4,464	+ 150
09	4,668	4,830	4,992	5,154	5,316	5,478	5,640	+ 162
10	5,760	5,922	6,084	6,246	6,408	6,570	6,732	+ 162
11	6,744	6,924	7,104	7,284				+ 180
12	7,404	7,620	7,836	8,052				+ 216
13	8,064	8,384	8,704	9,024				+ 320
14	9,168	9,488	9,808	10,128				+ 320
15	10,296	10,812	11,828					+ 516
16	11,568	12,144	12,720					+ 526
17	12,996	13,632	14,268					+ 636

SOURCE: Federal government of Nigeria, Ministry of Establishments (Lagos, 1979).

education as reflected in the share of total spending allocated to primary education.

In 1975 the federal government launched the UPE program, which became fully operational from 1976/1977. The federal government provided the recurrent and capital costs of primary education in all states. Apparently the subsidy in all states became 100 percent. Globally, the national average subsidy per pupil was ₦42 in 1976/1977 and ₦39 in 1977/1978. The corresponding total (recurrent and capital) subsidies for the two years were ₦59 and ₦53, respectively.

There are signs of internal inefficiency in the implementation of the UPE program which threaten the prospects of eventually providing primary education for all eligible children. The subsidy varied widely among states. Table 9-5 shows the average subsidy per pupil in some states in proportion to the national average subsidy.

Evidence from the table portrays regional inequality in the provision of primary education subsidy to states. There is a danger that the maximization of primary school enrollment may not be achieved, as this would require

TABLE 9-4
Ratio of Gross Discounted Lifetime Earning by Educational Level Comparisons

Country and Rate of Discount	Educational Primary/ None	Level Secondary/ Primary	Comparisons Higher/ Secondary	Higher/ Primary	Higher/ None
United States					
5	—	1.53	1.56	2.38	—
10	—	1.68	1.65	2.76	—
Canada					
5	—	1.57	1.76	2.76	—
10	—	1.59	1.81	2.89	—
Israel					
5	1.59	1.56	1.42	2.20	3.52
10	1.56	1.83	1.42	2.61	4.07
Mexico					
5	2.94	1.46	2.39	3.49	10.26
10	3.08	1.39	2.71	3.78	11.65
Colombi					
5	3.29	2.74	1.77	4.86	16.00
10	3.45	2.46	2.12	5.21	17.99
Philippines					
5	2.34	1.54	1.45	2.23	5.21
10	2.56	1.71	1.52	2.60	6.64
Ghana					
5	2.25	1.92	4.77	9.19	20.66
10	2.53	2.03	4.48	9.08	22.97
Kenya					
5	1.70	2.32	2.63	6.12	10.43
10	1.72	2.48	3.04	7.55	12.97
Nigeria					
5	2.72	2.21	4.25	9.40	25.58
10	2.32	2.30	4.45	10.25	23.77
India					
5	2.77	1.48	3.56	5.26	14.57
10	3.38	1.60	3.54	5.65	19.11

SOURCE: K. Hinchliffe, "Education, Individual Earnings and Earnings Distribution."

narrowing down the unit cost among states. The realization of full enrollment of the eligible primary school population is still far from being achieved. In 1976/1977 and 1977/1978 the primary school enrollment ratios in Nigeria were 53.0 and 60.7 percent, respectively.

The regional inequity in the primary education subsidy results from the

TABLE 9-5

Primary School: Average Subsidy per Pupil in Some States in Proportion to National Average, 1976/77–1977/78

State	1976–1977 Current	1976–1977 Capital	1976–1977 Total	1977–1978 Current	1977–1978 Capital	1977–1978 Total
Lagos	1.26	2.24	1.54	1.53	0.50	1.26
Oyo	1.09	0.82	1.01	2.46	2.07	2.35
Anambra	0.52	0.35	0.47	0.69	0.71	0.70
Imo	0.69	0.18	0.54	0.79	na	na
Kano	1.98	7.41	3.54	2.18	9.00	3.98
Nigeria	1.00	1.00	1.00	1.00	1.00	1.00

SOURCE: Compiled by the authors from data from the Federal Ministry of Education (Lagos) and respective state ministries of education.

federal government's allocation formula. Federal funds for primary education are allocated on the basis of pupils who are supposed to be enrolled on the assumption of 100 percent enrollment rates based on age distribution in the 1963 census. However, in the Northern states actual enrollments are still significantly lower than 100 percent. Accordingly, grants released on the assumption of 100 percent enrollment turn out to be quite high on the basis of actual enrollment. In the states of Imo and Anambra, however, the actual number of pupils enrolled is much higher than the assumed 100 percent enrollment; hence, the actual grant per pupil turns out to be relatively low. Evidence shows that the states that receive the highest subsidy per pupil have continued to maintain the lowest global enrollments and enrollment ratios.[22]

There is also inequity in the provision of universal primary education between the urban and rural residents. There have been campaigns by government ministers and other functionaries urging the rural people to build primary school classrooms. In the states of Imo and Anambra, annual fees for primary schools of ₦24–₦36 per child were introduced in 1977/1978. Even in the urban areas, the UPE is patronized by mainly low and middle low income groups. The quality of instruction is very low, and the facilities are meager. The middle upper and high income groups send their children to private schools which cost between ₦200 and ₦500 annually per child (in the Lagos area). The UPE program has evolved into the provision of relatively poor quality education for the underprivileged, mainly rural, urban low, and lower middle class people.[23]

Secondary Level

Secondary education in Nigeria is uniform only in the duration of study. The level of public subsidy which determines the amount of available facilities and the quality of instruction differ according to the type of school. We have grouped secondary schools into three broad categories: first, second, and third rate (see Appendix A); and the students in each type of school are classified by the educational, occupational, and income categories of their parents (see Appendix B).

In the 1977/1978 session we carried out a 10 percent sample survey of selected secondary schools in the metropolis of Lagos in each of the three categories, making sure that all the classes were adequately represented.[24] Although our sample of schools was mainly limited to the metropolis of Lagos because of resource constraints, the characteristics of first-, second-, and third-rate schools as classified by us are essentially the same throughout Nigeria. Therefore, the conclusions from our Lagos sample can be generalized for Nigeria as a whole. We based our analysis on the three characteristics of the father who is usually the head of the household.[25] (See Tables 9-6, 9-7, and 9-8.) We also present the same characteristics of the mother (Tables 9-9, 9-10, and 9-11).

The results of our analysis for individual secondary schools are shown in Tables 9-6 through 9-15.

The distribution of students is similar for each of the three characteristics. The upper educational, occupational, and income group dominates the first- and second-rate schools, the middle group dominates the third-rate school, and the low income group is in the minority in all three types of schools.

The educational attainment of the father as a criterion shows that students whose fathers have a high level of education (Table 9-12) represent 68.4 percent of the enrollment in the first-rate schools and 44.8 percent in the

TABLE 9-6

Secondary Schools: Level of Education of Father

(percentages)

Name of School	*No Formal Education*	*Low Level Education*	*Middle Level Education*	*Higher Education*	*Total*
King's College—Lagos	6.3	3.2	28.7	61.8	100.0
Queen's College—Lagos	12.5	6.3	6.3	74.9	100.0
Queen's College—Enugu	7.1	26.3	25.3	41.3	100.0
Igbobi College	6.0	19.4	26.9	47.7	100.0
Queen of Apostles	4.7	28.1	21.9	45.3	100.0
Premier College	12.1	45.5	30.2	12.2	100.0
Victory College	16.7	33.5	20.2	29.6	100.0
Ansar-U-Deen College	15.2	47.7	24.5	12.6	100.0
Lagos City College	18.5	48.8	29.6	3.1	100.0
Gaskiya College	26.8	31.7	34.2	7.3	100.0
Yaba Trade Center	46.7	39.9	11.0	2.4	100.0

SOURCE: Authors' survey of secondary schools in metropolitan Lagos, 1977/1978 academic year.

TABLE 9-7
Secondary Schools: Main Occupation of Father
(Percentages)

Name of School	*Low Income Occupation*	*Middle Lower Income Occupation*	*Middle Upper Income Occupation*	*Upper Income Occupation*
King's College—Lagos	2.4	13.9	—	83.7
Queen's College—Lagos	—	8.3	16.7	75.0
Queen's College—Enugu	8.4	26.7	9.9	55.0
Igbobi College	7.4	22.3	14.9	55.4
Queen of Apostles	4.1	12.2	8.5	75.2
Premier College	14.9	40.6	10.6	33.9
Victory College	14.6	48.8	4.9	31.7
Ansar-U-Deen College	14.2	49.9	3.2	31.7
Lagos City College	14.3	23.8	9.5	52.4
Gaskiya College	12.2	53.5	9.0	25.3
Yaba Trade Center	61.5	17.9	2.6	18.0

SOURCE: Authors' survey of secondary schools in metropolitan Lagos, 1977/1978 academic year.

TABLE 9-8
Secondary Schools: Estimated Annual Income of Father[a]
(Percentages)

Name of School	*Below ₦500*	*₦500–1,000*	*₦1,000–3,000*	*Above ₦3,000*
King's College—Lagos	1.8	—	7.0	91.2
Queen's College—Lagos	6.6	13.2	9.9	70.3
Queen's College—Enugu	10.2	10.2	19.0	60.6
Igbobi College	7.8	10.8	24.2	57.2
Queen of Apostles	14.4	20.1	13.5	51.5
Premier College	20.6	23.7	22.3	32.9
Victory College	20.4	23.0	17.9	30.8
Ansar-U-Deen College	37.0	29.9	22.8	24.1
Lagos City College	19.2	15.3	49.9	15.3
Gaskiya College	36.1	30.5	22.4	11.0
Yaba Trade Centre	63.2	14.5	14.5	7.8

SOURCE: Authors' survey of secondary schools in metropolitan Lagos, 1977/1978 academic year.

[a]Row totals may not add up to 100.0 due to rounding error.

TABLE 9-9
Secondary Schools: Level of Education of Mother[a]
(Percentages)

Name of School	*No Formal Education*	*Low Level Education*	*Middle Level Education*	*Higher Education*
King's College—Lagos	9.4	14.1	50.1	26.4
Queen's College—Lagos	6.3	25.2	25.1	43.4
Queen's College—Enugu	10.1	40.3	42.4	7.2
Igbobi College	13.4	22.4	41.8	17.9
Queen of Apostles	7.8	32.8	54.6	4.7
Premier College	28.8	46.9	22.7	1.5
Victory College	22.2	50.0	16.7	11.1
Ansar-U-Deen College	33.3	42.0	20.9	3.8
Lagos City College	15.4	70.3	11.1	3.7
Gaskiya College	31.7	41.5	24.3	2.4
Yaba Trade Center	48.9	42.2	8.8	—

SOURCE: Authors' survey of secondary schools in metropolitan Lagos, 1977/1978 academic year.

[a]Row totals may not add up to 100.0 due to rounding error.

TABLE 9-10
Secondary Schools: Main Occupation of Mother[a]
(Percentages)

Name of School	*Low Income Occupation*	*Middle Lower Income Occupation*	*Middle Upper Income Occupation*	*Upper Income Occupation*
King's College—Lagos	2.6	41.9	23.7	31.8
Queen's College—Lagos	8.3	25.0	16.6	50.1
Queen's College—Enugu	8.7	54.7	14.0	22.6
Igbobi College	4.0	60.4	21.6	14.0
Queen of Apostles	—	67.3	8.2	24.5
Premier College	7.4	82.1	1.7	8.8
Victory College	2.2	86.8	11.0	—
Ansar-U-Deen College	2.6	82.5	4.0	10.9
Lagos City College	4.5	73.8	—	21.7
Gaskiya College	10.4	74.5	9.5	5.6
Yaba Trade Center	30.9	59.4	2.3	7.4

SOURCE: Authors' survey of secondary schools in metropolitan Lagos, 1977/1978 academic year.

[a]Row totals may not add up to 100.0 due to rounding error.

TABLE 9-11
Secondary Schools: Estimated Annual Income of Mother[a]
(Percentages)

Name of School	*Below ₦500*	*₦500–1,000*	*₦1,000–3,000*	*Above ₦3,000*
King's College—Lagos	8.7	4.3	39.1	47.8
Queen's College—Lagos	6.7	20.0	26.6	46.6
Queen's College—Enugu	26.5	12.4	44.4	24.9
Igbobi College	10.9	14.4	35.4	37.6
Queen of Apostles	32.2	21.5	13.9	32.2
Premier College	38.0	12.2	25.2	16.0
Victory College	44.4	26.7	23.7	5.3
Ansar-U-Deen College	48.0	26.5	15.2	10.1
Lagos City College	15.9	56.0	27.4	—
Guskiya College	46.5	20.4	11.1	22.0
Yaba Trade Centre	50.5	16.2	9.8	23.4

SOURCE: Authors' survey of secondary schools in metropolitan Lagos, 1977/1978 academic year.

[a]Row totals may not add up to 100.0 due to rounding error.

TABLE 9-12
Secondary Schools: Level of Education of Father
(Percentages)

Type of School	*No Formal Education*	*Low Level Education*	*Middle Level Education*	*Higher Education*	*Total*
First rate	9.4	4.7	17.5	68.4	100.0
Second rate	5.9	24.6	24.7	44.8	100.0
Third rate	22.7	41.2	25.0	12.1	100.0

SOURCE: Authors' survey of secondary schools in metropolitan Lagos, 1977/1978 academic year.

second-rate schools. On the other hand, children whose fathers have a low level and middle level education represent 41.2 and 25.0 percent, respectively, in the third-rate schools. Students whose fathers are in high income occupations formed 79.3 and 55.2 percent, respectively, of the total enrollment in the first- and second-rate schools (Table 9-13).

We classified the students according to the annual incomes of their fathers (Table 9-14). We regarded a father's annual income of ₦3,000 and above as high income.[26] Our results show that students whose fathers are in the high income group formed 80.7 and 56.4 percent of the students in the first- and second-rate schools, respectively. Fathers earning an annual income below

TABLE 9-13
Secondary Schools: Occupation of Father
(Percentages)

Type of School	*Low Income*	*Lower Middle Income*	*Upper Middle Income*	*Upper Income*	*Total*
First rate	1.2	11.1	8.4	79.3	100.0
Second rate	7.9	24.5	12.4	55.2	100.0
Third rate	22.0	39.1	6.7	33.2	100.0

SOURCE: Authors' survey of secondary schools in metropolitan Lagos, 1977/1978 academic year.

₦500 were regarded as low income and those in the ranges ₦500–₦1,000 and ₦1,000–₦3,000 as lower middle and upper middle income groups, respectively. The proportion of low income students in the third-rate schools was 32.8 percent and that of the lower middle and upper middle incomes together was 46.9 percent.

The advantage that higher income group children have over their counterparts from relatively lower income families appears to begin from their pre-secondary school preparation. The results of our analysis show that more than three quarters of the students in the first-rate schools attended pre-primary nursery schools. The corresponding percentages for the second- and third-rate schools are less than one-third and less than 10 percent respectively. Since entry into the various schools is by a competitive entrance examination, primary school preparation is very crucial. The first-rate schools administer an oral examination in addition to a written examination. Primary school pupils who have passed through the private schools have a better chance of passing both the written and oral examinations. The results of our analysis show that 67.2 percent of the students in the first-rate schools

TABLE 9-14
Secondary Schools: Estimated Annual Income of Father
(Percentages)

Type of School	*Below ₦500*	*₦500–1,000*	*₦1,000–3,000*	*Above ₦3,000*	*Total*
First rate	4.2	6.6	8.5	80.7	100.0
Second rate	10.8	13.8	19.0	56.4	100.0
Third rate	32.8	22.8	24.1	20.3	100.0

SOURCE: Authors' survey of secondary schools in metropolitan Lagos, 1977/1978 academic year.

went to private primary schools.[27] Corresponding percentages for second- and third-rate schools are 27.5 and 5.2 percent, respectively.

The subsidy level in the different types of schools is a reflection of the relative quality of preparation as well as an attraction to potential candidates. The average recurrent annual subsidy per student[28] in the first-rate schools in 1976/1977 and 1977/1978 was ₦1,605 and ₦1,585, respectively. These appear rather generous since the annual fee paid by each student was ₦90. On the other hand the average recurrent annual subsidy in the second- and third-rate schools in 1976/1977 was ₦417 and ₦220, respectively. The annual fee paid by each student in these schools was ₦90 also. In 1976/1977 and 1977/1978 the approximate share of total expenditure for a student borne by the student's parents was 1 percent in the first-rate school, 18 percent in the second-rate schools, and 30 percent in the third-rate schools. We therefore had the absurd situation in which the children of upper income families were receiving their educations virtually free in the first-rate schools at public expense, while the low income families were shouldering as much as a third of the expenditure on their children at the much inferior third-rate schools.

There is no doubt that first-rate schools will continue to be most attractive to potential students. A shortage of secondary school facilities[29] at each of the three types has resulted in a systematic spillover of children from privileged homes into the second- and third-rate schools. As the situation stands, the high income group dominates the first- and second-rate schools and the middle income group dominates the third-rate schools. Taking due account of the relative share of the different income groups, it appears that at the secondary school level, the public subsidy to secondary education has accrued overwhelmingly to the upper and middle income groups. The high income group accounts for less than 10 percent of income earners, yet it accounts for 80 percent of the students in the first-rate schools and 55 percent of the students in the second-rate schools.

The picture in the future appears grim for poor families in Nigeria, as the new government policies may frustrate hopes of giving secondary education to their children. In the 1978/1979 academic session, the annual fee (tuition, boarding, and lodging) per child in the second- and third-rate schools was increased beyond ₦90 in the Southern states. The new annual fees were ₦210 in Oyo, ₦250 in Cross River, and ₦150 in the states of Imo and Anambra. Although the tuition fee of ₦30 per annum was abolished effective April 1, 1979, the level of boarding fees alone per annum is beyond the reach of low income families. Secondary schools are not evenly distributed. As a result, the current thinking that students go to school from their homes (at least in the short run) would mean limited educational prospects for low income families—unless, of course, there can be a major effort to locate secondary schools close to low income families so that they may benefit from the new free tuition policy. The choice facing most poor parents in the immediate future, however, is to either pay high boarding fees or withdraw their children from school.

Higher Education

Levels of subsidy are much higher in the higher educational institutions. In 1976/1977 and 1977/1978 the average recurrent subsidy per student in the colleges of technology was ₦2,873 and ₦2,562, respectively. Corresponding levels in the universities were ₦4,874 and ₦5,130. Not only are the subsidies in postsecondary institutions high, the student who makes it to the university has been in the education stream longer and has been enjoying public subsidies all along.

In the 1977/1978 academic session we carried out a 10 percent stratified sample survey on the background of students enrolled in the Yaba College of Technology (Lagos) and the University of Lagos. The students were classified according to the educational, occupational, and income characteristics of their fathers (see Table 9-15).

We have calculated the proportionate share of total enrollment from the following income categories: low, middle lower, upper middle, and high income groups. We then determined which group had the largest share of enrollment in the College of Technology and the University. The results show which group benefited most from the public subsidy at each of the two levels.

The results of our analysis indicate that the lower middle income group constituted the largest proportion of enrollment in the College of Technology. Using occupational as a criterion, students whose fathers were in the lower middle income occupations constituted the largest proportion of total enrollment, or 34.0 percent. Those with fathers in low income occupations formed 32.0 percent, while those with fathers in the upper middle and high income

TABLE 9-15
Higher Education: Educational Level of Father
(Percentages)

	Yaba College of Technology	*University of Lagos*
No formal education	29.9	30.4
Lower education	23.5	28.3
Middle education	24.6	23.1
Higher education	22.0	28.2
	100.0	100.0

SOURCE: Authors' sample survey of students at Yaba College of Technology, and the University of Lagos, 1977/1978 session.

TABLE 9-16
Higher Education: Occupation of Father
(Percentages)

	Yaba College of Technology	University of Lagos
Low income occupation	32.0	27.3
Middle lower income occupation	34.0	19.1
Middle upper income occupation	12.2	25.4
Higher income occupation	21.8	28.2
	100.0	100.0

SOURCE: Authors' sample survey of students at yaba College of Technology and the University of Lagos, 1977/1978 session.

occupations constituted 12.2 and 21.8 percent, respectively (Table 9-16). On the basis of income, students whose fathers were in the lower middle income range, ₦500–₦1,000 per annum, constituted the largest proportion of total enrollment of 40.3 percent (Table 9-17).

University enrollment is skewed in favor of the high income groups. Using occupation as a basis, this group constituted the largest single group, or 28.2 percent of the total enrollment (Table 9-16). On the basis of estimated annual income, the high income group (₦3,000 and above per annum) formed 40.1 percent of the total university enrollment (Table 9-17). The university, as our results show, is dominated by the high income group. Using the estimated annual income of fathers as a basis, the upper middle income group had a larger proportion of total university enrollment than either the low or middle lower income groups. The shares of the upper middle and the high income groups in university enrollment were disproportionate to their shares in the Nigerian population.[30] Our results broadly corroborate the results of

TABLE 9-17
Higher Education: Estimated Annual Income of Father
(Percentages)

	Yaba College of Technology	University of Lagos
Below ₦500	29.2	22.0
₦500–₦1,000	40.3	12.4
₦1,000–₦3,000	8.9	25.5
₦3,000 and above	21.6	40.1
	100.0	100.0

SOURCE: Authors' sample survey of students at Yaba College of Technology and the University of Lagos, 1977/1978 session.

studies on the background of university students at the University of Ibadan and University of Nigeria, Nsukka, and a 1972 sample study of Nigerian universities; as such, our sample survey results could be generalized for Nigeria as a whole.[31]

The dominance of the upper and upper middle income groups at the university level is a reflection of the distribution of the various income groups in the three types of secondary schools. Admission into the universities is based on performance in the secondary school terminal examinations. Students who have passed through the first-rate and to a large extent the second-rate schools are more likely to meet the university's entry requirements. As our analysis of secondary schools shows, these schools are dominated by the high and upper middle income groups.

The colleges of technology are dominated by students from the lower middle income group. This level of institution was originally designed to produce mainly middle level manpower and as such is not attractive to the high and upper middle income groups. However, with the new military government decree in 1978 redesignating the graduates of polytechnics with the Nigerian National Diploma (NND) as equivalent to their university counterparts in terms of initial salaries, and the short supply of university facilities, the colleges of technology may be increasingly patronized by the high and upper middle income groups.

The future outlook of access to the university appears to be dismal for the low income group. Recent public policies are not favorable to the attainment of university education by children of these families. With effect from the 1978/1979 academic year the university's boarding and lodging fees were increased from ₦150 to ₦470. In addition, the federal government loan schemes were phased out. Even though the ₦470 is about 7 percent of the recurrent cost per student, it is much more than most poor Nigerian homes can afford even to obtain a university education. The new university policy requires that most students arrange their own accommodations off-campus as a result of the rising student population. The low income students, no doubt, are less able to do this, as they have to negotiate with private landlords on a purely cash basis. And, rents are usually relatively high.

It appears that segregation of the different income groups at the secondary school, as well as the new government and university policies, will systematically continue to lower the share of the low and lower middle income groups in the university. There may be a tendency for these groups to increase their patronage of colleges of technology at which tuition and board are free, or at institutes which charge reasonable boarding fees.

Our analysis of the sources of university student financing shows that high income students constitute the majority of private students and students on scholarship. Among male students, those whose fathers' incomes are above ₦3,000 constitute 54.5 percent of the private students and 30.0 percent of the students on scholarship. Corresponding percentages for female students are 76.3 and 81.4 percent, respectively. On the other hand, low income

TABLE 9-18
University Students: Sources of Financial Support by Percentages

Source of Finance	*Estimated Annual Income of Father* *Below ₦500*	*₦500–₦1,000*	*₦1,000–₦3,000*	*Above ₦3,000*	*Total*
	Male Students				
Private	11.3	9.0	25.2	54.5	100.0
Loan	37.5	21.9	18.7	21.9	100.0
Scholarship	20.3	22.6	27.1	30.0	100.0
Scholarship and loan	52.6	18.0	14.7	14.7	100.0
Total	21.9	17.0	24.4	36.7	100.0
	Female Students				
Private	5.3	—	18.4	76.3	100.0
Loan	—	—	—	—	—
Scholarship	7.4	7.4	11.2	81.4	100.0
Scholarship and loan	—	—	—	—	—
Total	3.1	—	—	70.4	100.0

SOURCE: Authors' sample survey of University of Lagos students, 1977/1978 academic session.

students constitute the bulk of those who require loans (Table 9-18).

The dominance of the high income group among the beneficiaries of the scholarship program is not surprising, as the basis of award is usually academic performance at the preuniversity level. The pattern of the distribution of the beneficiaries is reflected by the distribution of the students in the different types of secondary schools. Since the high and middle income groups dominate the better secondary schools, they are better able to qualify for scholarship awards.

Table 9-19 presents a scheme of the net beneficiaries and losers of public education subsidy[32] at the different levels.

IV. Differential Provision of Educational Services by States

The ability of a state to provide educational services to its people depends on the available educational facilities in the form of infrastructure and manpower. The extent to which the people perceive the benefits of education will largely determine their attendance.[33] The enrollment at a given level reflects the success of a given state's educational program. With the exception of the universities and some colleges of technology, the primary and secondary levels are managed by the state governments. In this section of the paper we compare the relative enrollment at the different levels between the states. We also examine to what extent the disparity in educational

TABLE 9-19
Schema of Net Gainers and Losers from the Public Educational Subsidy in Nigeria

Level of Education	*Dominant Group*	*Major Beneficiaries*	*Major Losers*
Primary	Lower and upper middle income	Lower and upper middle income	Low income poor; high income rich
Secondary:			
First-rate	High income	High income	Low income; middle income
Second-rate	High income	High income	Low income; Middle income
Third-rate	Middle income	Middle income	Low income; high income
College of Technology	Lower middle income	Lower middle income	Low income; upper middle income; high income
University of Lagos	High income	High income	Low income; lower middle income; upper middle income

attainment has narrowed over time. The results of our analysis are given below.

Primary Schools

The primary school is a crucial level that provides the opportunity to escape from illiteracy as well as the base for transition into the secondary level. In all probability, states with a larger primary school population have a better chance of enrolling more students at the secondary and higher education levels.

We have categorized states according to the level of enrollment ratio from 1970–1977/1978 and measured the primary school enrollment in a given state relative to the eligible primary school population. Primary school ages are from 6 to 12 years.

Table 9-20 shows that in 1970/1971, Kano and the North West and North East states had the lowest enrollment ratio of under 10 percent. Enrollment ratios of the states of East Central, Bendel, and Lagos were above 50 percent. In 1975/1976, the year just before UPE was fully launched, the enrollment ratio of Kano was still below 10 percent, but Lagos and Bendel's enrollment ratios were 72 and 85 percent, respectively.

In 1977/1978 all states had increased their enrollments considerably over

TABLE 9-20
States Categorized by Primary School Enrollment Ratio, 1970/1971–1977/1978
(Percentages)

Enrollment Ratio	*1970/1971*	*1972/1973*	*1975/1976*	*1977/1978*
0–10	Kano North West North East	Kano North West North East	Kano	
11–25	North Central Benue-Plateau	North Central Benue-Plateau	North West North East North Central	
26–50	Kwara West Rivers Cross River	Kwara West Cross River	Benue-Plateau Kwara West	North West Kano North East
51–75	East Central Bendel Lagos	Rivers East Central Lagos Bendel	Cross River Rivers East Central	North Central Kwara West Cross River
76–100			Lagos Bendel	Benue-Plateau East Central Lagos Rivers Bendel

SOURCE: Compiled by the authors.

the 1975/1976 level. This appears to reflect the success of the federal UPE program. The state of Kano attained an enrollment ratio of 33 percent, but the most remarkable gain was made by the state of Benue-Plateau, which attained 87 percent as compared to 30 percent in 1975/1976. The states with the highest enrollment ratios (in percent) in 1977/1978 were Bendel, 99; Rivers, 96; East Central, 91; Benue-Plateau, 87; and Lagos, 85.

We calculated the state enrollment ratios as a proportion of the national enrollment ratio from 1970/1971–1977/1978. From 1970/1971–1975/1976, North Central, North West, Benue-Plateau, North East, and Kano were below the national primary enrollment ratio. Of those states only Benue-Plateau attained above the national enrollment ratio in 1977/1978 (Table 9-21).

We calculated the standard deviation of the state enrollment ratios as a proportion of the national enrollment ratio in order to see to what extent the disparity in states' primary school attainment had narrowed down over time. There was a remarkable reduction in the standard deviation, especially in the UPE period, 1976/1977–1977/1978. The standard deviation was 0.86 in

TABLE 9-21
State Primary School Enrollment Ratio as a Proportion of the National Enrollment Ratio

State	*1970*	*1973*	*1975/1976*	*1977/1978*
Lagos	2.52	2.09	1.95	1.39
West	1.35	1.22	1.13	0.96
East Central	2.04	2.00	1.77	1.49
North Central	0.44	0.44	0.49	0.85
North West	0.24	0.28	0.36	0.46
Benue-Plateau	0.56	0.56	0.77	1.42
Bendel	2.48	2.19	2.18	1.62
Kwara	1.16	1.03	0.97	0.87
North East	0.28	0.25	0.53	0.70
Kano	0.16	0.22	0.26	0.54
Rivers	1.56	2.19	1.84	1.57
Cross River	1.56	1.69	1.51	1.18
Standard Deviation	0.86	0.82	0.68	0.41
Nigeria	1.00	1.00	1.00	1.00

SOURCE: Compiled by the authors.

1970, 0.68 in 1975/1976,and 0.41 in 1977/1978. This appears to be a reflection of the effectiveness of the UPE program.

The progress in increasing enrollments is more in states that already have relatively high enrollment ratios. In general, most states maintained their relative positions from 1970–1978.

Secondary Schools

When measured in terms of enrollment ratio, the relative educational attainment at the secondary school level is similar to that of the primary school level. As we pointed out earlier, the secondary school enrollment is highly correlated to that of the primary school. In 1970, Kano, North East, North West, and North Central had the lowest enrollment ratios while Lagos, Bendel, and East Central had the highest. In 1975/1976 and 1977/1978, although all states had gained in enrollment, the same relative positions were maintained (Table 9-22). The four states with the lowest enrollment ratios were in the range of 0–1.0 percent in 1970 but in 1977/1978 were in the range of enrollment ratio of 1.1–5.0 percent. Specifically, in 1970, Kano and North East had the worst performances of 0.4 and 0.5 percent, respectively, but they attained 1.1 and 1.4 percent, respectively, in 1977/1978.

Progress in accelerating the enrollment ratio is faster among the leading states. In 1970 the levels in the states of Bendel and Lagos were 10.3 and 13.0 percent, respectively, but in 1977/1978 they increased to 25.0 and 31.6

TABLE 9-22
States Categorized by Secondary Enrollment Ratio, 1970–1978[a]
(Percentages)

Enrollment Ratio	*1970/1971*	*1972/1973*	*1975/1976*	*1977/1978*
0–1.0	Kano North East North West North Central	Kano North East North West		
1.1–5.0	Benue-Plateau Rivers Cross River Kwara	North Central Benue-Plateau Cross River	Kano North East North West North Central Benue-Plateau	Kano North East North West North Central
5.1–10.0	West East Central	Rivers Kwara East Central	Cross River	Benue-Plateau
10.1–20.0	Bendel Lagos	West Bendel Lagos	Rivers Kwara East Central West	Cross River Rivers Kwara East Central West
20.1–30.0			Bendel Lagos	Bendel
30.1–35.0				Lagos

SOURCE: Compiled by the authors.
[a]The secondary school age group used is 13–18 years.

percent, respectively. It appears that over time the disparity may be widening between the leading and lagging states.

We calculated that state secondary enrollment ratios as a proportion of the national enrollment ratio. In 1970 the national enrollment ratio was 3.9 percent. In 1976/1977 and 1977/1978, it had risen to 9.0 and 9.5 percent, respectively. From 1970 to 1977/1978 the states of Kano, North East, Benue-Plateau, North West, and North Central were below the national enrollment ratio. With the exception of the state of Benue-Plateau, the other four states did not even attain up to one-half of the national ratio.

We calculated the standard deviation of the relative state enrollment ratios to determine to what extent the gap in enrollment ratio among states is closing over time. In 1970 the standard deviation was 1.09 and in 1973 it was 0.98; but, in 1975/1976 it increased to 1.12. This indicates rather widening differentials of enrollment ratio. In 1977/1978 the value of the standard deviation had fallen to 0.95, which indicates an improvement over the 1975/1976 figure. Table 9-23 shows the relative enrollment ratios and their standard deviation from 1970–1977/1978.

Universities

Universities are supposed to be national in character. Admission requirements are based largely on the performance in the terminal examination at the secondary level, which would tend to tilt the state distribution of university enrollment to the same pattern as the relative distribution of secondary school enrollment. Available evidence about the Nigerian situation suggests very strongly that a state's proximity to a university is an important factor, as enrollment in the universities in Nigeria tends to be dominated by students from the state in which the university is located. Nigerian universities are financed with federal government resources in recognition of their national role.

Regional distribution of university education ought to be a cause for serious concern to educational planners and policymakers. It is important not only to the geographical distribution of higher educational subsidies and economic opportunities but is also a crucial determinant of regional balance in the body politics. The beneficiaries of university education are more or less guaranteed prestigious and high-paying policymaking positions in the private and public sectors.

Currently there are 13 universities in Nigeria—one in each of the former 12 states, except for the Western state which has two. Seven of the 13

TABLE 9-23
Secondary School: State Enrollment Ratio as a Proportion of the National Enrollment Ratio, 1970–1978

State	*1970*	*1973*	*1975/1976*	*1977/1978*
Lagos	3.33	2.89	3.61	3.13
West	2.15	2.15	1.37	1.50
East Central	1.71	1.43	1.88	1.81
North Central	0.27	0.34	0.24	0.41
North West	0.18	0.19	0.17	0.34
Benue-Plateau	0.33	0.45	0.47	0.58
Bendel	2.64	2.53	2.87	2.48
Kwara	1.05	1.51	1.52	1.50
North East	0.13	0.15	0.21	0.16
Kano	0.10	0.14	0.14	0.14
Rivers	0.82	1.43	1.52	1.55
Cross River	0.95	0.76	1.14	1.10
Standard Deviation	1.09	0.98	1.12	0.95
Nigeria	1.00	1.00	1.00	1.00

SOURCE: Compiled by the authors.

universities were established in 1977/1978. We have measured the university facilities available in any given state by the total enrollment of the universities situated in the state. This does not necessarily mean that all university places are taken up by students from the given state.

In 1970/1971 the total student enrollment in all Nigerian universities was 14,368. Of this figure, 42.1 percent were enrolled in universities located in the Western state. In 1975/1976 the national students' enrollment had risen to 33,382, of which 39.6 percent were enrolled in universities in the Western state and 22.1 percent in the university in the North Central state. In 1977/1978 there was at least one university in each state, but the enrollment capacities were very uneven. Of the total enrollment of 47,257, 30.6 percent were enrolled in universities in the Western state while 16.4 percent were in North Central, 14.7 in East Central, and 12.8 in Lagos. The states with the lowest university capacities were North West, Rivers, and Kano. (Table 9-24).

The distribution of university students' enrollment by state to some extent follows a pattern similar to the distribution of secondary school enrollment and partly the distribution of university capacities. In 1970/1971 the Western state had 36.7 percent of the total national student enrollment. In the same year it had the largest share of university capacity of 42.1 percent. In 1973, when the total Nigerian students in Nigerian universities had increased to 22,897, the Western state students constituted 30.2 percent and

TABLE 9-24
Distribution of National University Enrollment by Location of Universities (Percentages)

State	*1970/1971*	*1975/1976*	*1977/1978*
Lagos	16.9	13.2	12.8
West	42.1	39.6	30.6
East Central	20.3	18.1	14.7
North Central	19.7	22.1	16.4
North West	—	—	1.0
Benue-Plateau	—	1.4	3.4
Bendel	1.0	4.0	7.3
Kwara	—	—	2.6
North East	—	—	3.3
Kano	—	—	2.2
Rivers	—	—	1.8
Cross River	—	1.4	3.9
Nigeria	100.0	100.0	100.0
Total National Enrollment	14,368	33,382	47,257

SOURCE: Compiled from data from the National Universities Commission (Lagos), 1979.

TABLE 9-25
Distribution of Total University Enrollment by State
(Percentages)

State	*1970/1971*	*1973/1974*	*1975/1976*
Lagos	2.8	2.1	2.1
West	36.7	30.2	30.0
East Central	22.3	23.2	25.9
North Central	1.9	3.8	3.4
North West	1.6	2.8	2.6
Benue-Plateau	2.9	4.8	4.7
Bendel	13.6	12.9	12.3
Kwara	6.0	6.7	6.7
North East	2.7	4.4	4.2
Kano	1.8	2.6	2.4
Rivers	2.2	2.0	1.7
Cross River	5.5	4.5	4.0
Nigeria	100.0	100.0	100.0
Total Nigerian students	14,200	22,897	31,732

SOURCE: Compiled from data from the National Universities Commission (Lagos), 1979.

the East Central state students formed 23.2 percent of the total enrollment. Bendel state had 12.9 percent and the states with the lowest share of enrollment were Rivers, Lagos, and Kano. In 1975/1976, Western state continued to maintain the largest share of enrollment, followed by East Central and Bendel (Table 9-25).

The state distribution of the students enrolled in each university shows very clearly that students from the state of location and contiguous states (in the cases of Zaria and Lagos) dominate the different universities. In 1970/1971 the shares of Western state students in the universities of Ibadan and Ife, situated in the Western state, were 53.8 and 69.9 percent, respectively. The University of Lagos in in Lagos state, which is contiguous to the Western state; the proportion of Western state students enrolled in the University of Lagos in 1970/1971 was 53.1 percent. In the same year the proportion of East Central students in Nsukka University was 81.7 percent. The above pattern has been maintained in all the universities.

Tables 9-26 through 9-28 show the distribution of university students by state in some Nigerian universities in 1974/1975 and 1976/1977.

The regional distribution of students in the different universities raises serious questions about the validity of the national character of the universities. Proximity to a given university gives potential entrants the advantage of a better flow of information so that they can take advantage of admission opportunities at short notice. It is also possible that potential students may prefer to attend universities located in or near their state. All

TABLE 9-26
Distribution of University Students by State in Some Nigerian Universities, 1974/1975 (Percentages)

State	*Ibadan*	*Nsukka*	*Lagos*	*Zaria*	*Ifo*	*Benin*
Lagos	2.1	0.3	7.4	0.7	2.2	1.2
West	49.3	5.5	44.5	2.5	69.5	4.6
East Central	22.1	75.5	18.6	1.5	9.2	4.6
North Central	0.1	—[a]	—	16.1	0.3	0.1
North West	...	0.1	0.0	11.7	0.2	0.1
Benue-Plateau	1.9	0.4	0.7	15.7	1.0	1.6
Bendel	16.0	6.7	18.8	2.5	9.2	80.2
Kwara	3.7	0.4	3.3	20.0	4.0	3.3
North East	0.2	...	0.2	17.7	0.4	0.2
Kano	...	0.1	...	10.1	0.2	0.1
Rivers	1.2	1.3	2.8	1.8	1.5	1.6
Cross River	3.3	9.7	3.7	1.4	2.2	2.4
Total Nigerian students	5,137	5,771	3,588	6,159	4,349	1,048
State located	West	E.Cent.	Lagos	N. Cent.	West	Bendel

SOURCE: National Universities Commission, Lagos.

[a]. . . nonzero, but less than 0.05.

the same, the policies that have resulted in the current pattern of distribution of university enrollment by state leave a lot to be desired.

The current government policy is to discontinue the expansion of boarding facilities, even though the population of students is increasing. Therefore, students will be required to arrange their accommodations off-campus, which will heighten the localization of university admissions. Potential students may prefer to study in their home state where they are better able to find accommodations. It appears to us that rather than abating, the current localization of admission may be worsening unless the government and universities come up with better policies that will make it easier for students to study outside their states of origin.

We have calculated a standardized index of university enrollment that compares a state's share of total enrollment to its share of national population. The index also measures the university enrollment of a state relative to the state's population compared to the national enrollment relative to the national population. The index is as follows:

$$UE_{si} = \frac{Ei}{Pi} \Big/ \frac{\Sigma Ei}{\Sigma Pi}$$

$$= \frac{Ei}{\Sigma Ei} \Big/ \frac{Pi}{\Sigma Pi}$$

TABLE 9-27

Distribution of University Students by State in Some Nigerian Universities, 1976/1977 (Percentages)

State	*Ibadan*	*Nsukka*	*Lagos*	*Zaria*	*Ifo*	*Benin*	*Calabar*
Lagos	2.4	0.3	5.2	0.3	2.7	3.0	1.3
West	44.9	5.5	42.8	2.6	67.7	11.5	7.5
East Central	22.2	77.0	21.4	1.8	14.1	17.1	41.5
North Central	0.1	. . .[a]	. . .	15.2	0.1	0.2	0.0
North West	0.1	. . .	0.0	10.3	0.1	0.1	0.0
Benue-Plateau	3.5	0.7	0.9	19.5	0.6	0.9	0.9
Bendel	14.5	7.3	18.7	1.9	8.2	55.2	5.5
Kwara	0.2	0.6	3.7	16.5	2.7	2.7	0.7
North East	0.3	. . .	. . .	20.8	0.2	0.1	0.0
Kano	. . .	. . .	. . .	8.9	0.1	. . .	0.0
Rivers	1.9	1.4	2.0	1.0	1.3	4.2	2.3
Cross River	3.9	7.1	5.1	1.1	2.0	4.9	40.4
Total Nigerian students	8,260	6,448	5,833	7,198	5,894	1,871	952
State located	West	East Central	Lagos	North Central	West	Bendel	Cross River

SOURCE: Compiled from data from the National Universities Commission (Lagos), 19ˇ9.

[a]. . . nonzero, but less than 0.05.

Because of rounding errors, column totals may not add up to exactly 100.0

TABLE 9-28

Standardized University Student Enrollment by State

State	*1970/1971*	*1973/1974*	*1976/1977*
Lagos	1.04	0.78	0.74
West	2.16	1.78	1.55
East Central	1.72	1.78	2.12
North Central	0.20	0.40	0.36
North West	0.20	0.35	0.28
Benue-Plateau	0.36	0.60	0.70
Bendel	3.02	2.87	2.82
Kwara	1.94	2.16	2.06
North East	0.19	0.31	0.33
Kano	0.17	0.25	0.20
Rivers	0.79	0.71	0.64
Cross River	0.85	0.69	0.77
Nigeria	1.00	1.00	1.00

where

Ei = university students' enrollment of state i

Pi = population of state i

ΣEi = total national university student enrollment

ΣPi = total national population

UE_{si} = standardized university enrollment of state i

If a state's UE_{si} equals 1.0, its share of university students' enrollment equals its share of the national population. A value of UE_{si} less than 1.0 implies that the state's share of university students' enrollment is less than its share of the national population:

$$O \quad UE_{si}$$

while the values 0 and 1 are theoretically possible, in practice they are most unlikely. However, they cannot be ruled out at the very early stages of development.

Our results show that Bendel attained the highest index from 1970/1971–1976/1977, followed by the Kwara, West, and East Central states. The indices for the four states were greater than 1, but to varying degrees. The states with the lowest indices were Kano, North East, North West, and North Central (Table 9-28). These same four states attained the lowest primary and secondary enrollment ratios.

It is very evident that there are gross inequities regionally in the distribution of university facilities and enrollment among states in Nigeria. The direction of the inequity in university subsidy is implied. The more serious offshoot of this *status quo* is the consequent regional imbalance in social, political, and economic opportunities.

V. Differentials of Educational Development by Sex

Arthur Lewis[34] has argued that one of the major advantages of economic growth is that it improves the status of women in the society, that development liberates them from the status of being "beasts of burden." One major ingredient of this liberation process is the education of women, which not only helps them become more articulate protagonists of their rights but also provides them with skills and learning that enable them to compete more effectively for jobs and incomes. One important aspect of the impact of education on income inequality, therefore, is the effect of educational differences between sexes.[35]

We shall confine our treatment in this section to the differentials between males and females in enrollment at the primary, secondary, and university levels.

Primary Schools

There has been considerable progress in primary education in Nigeria. The total national enrollment was 2.9 million in 1960 and 3.9 million in 1971; when the UPE was launched in 1976/1977, enrollments shot up to about 8 million. The latest enrollment figures by sexes we have are for 1973. From this data, the male-female ratio for 1973 was 3 : 2 for the whole of Nigeria. Ratios better than 3 : 2 were generally attained in Southern Nigeria. In the Mid West state (now Bendel) the ratio of 1 : 1 was already attained in 1973. In Nigeria's Northern states, however, the disparities were much larger. In two of the states, the male-female ratio was as great as 3 : 1, and 5 : 2 in two other states.

The differentials in ratios between the south and the north reflect a longstanding differential in the commitment to modern education as a result of different religious beliefs. While most Southern states have embraced modern education under the stimulus of Christian missions and the government officials educated in them, the Northern states with their commitment to Islam and the segregation of women have lagged behind in education generally and of women, in particular.

With the recent introduction of the UPE in 1976/1977, which became compulsory by September 1979, we anticipate that the disparities in enrollments of the sexes will be greatly narrowed. However, we would like to stress that the mere introduction of UPE may not necessarily lead to either 100 percent enrollment rates or a 1 : 1 male-female enrollment ratio. There has been free primary education in the West and Lagos since the mid-1950s, but 20 years later in 1973 there was still a 3 : 2 male-female ratio in primary school enrollment in these states and less than 100 percent overall enrollment rates—probably because many girls were not attending school.

Secondary Schools

As might be expected the male-female ratio increases as we move into secondary school education (see Table 9-29). For Nigeria as a whole it was 2 : 1 for general secondary education in 1973. However, in Lagos state, where incomes are high, the ratio of 1 : 1 was achieved in 1973. In the Northern states the ratios were rather high and generally in the range of 5 : 1 to 6 : 1. The explanation given above for primary education differentials partially explains the differentials between the south and the north. In addition, the cost of secondary education is relatively high, and few families can afford to send most of their children to secondary schools. Moreover, the government is unable to provide adequate facilities for secondary education. In such circumstances, parents prefer to send their male children to secondary school, knowing that later, according to the present cultural

TABLE 9-29

Total Enrollment and the Male-Female Ratio at the Primary and Secondary Levels in 1973 by State

State	Primary Education Total Enrollment	Primary Education Male-Female Ratio	Secondary Education Total Enrollment	Secondary Education Male Ratio
Nigeria	4,283,349	3:2	400,803	2:1
Lagos	277.723	3:2	35,715	1:1
West	985,184	4:3	147,505	2:1
East Central	1,236,313	3:2	73,129	2:1
North Central	na	na	9,577	3:1
North West	139,099	5:2	7,169	6:1
Benue-Plateau	217,017	3:1	14,550	5:1
Bendel	473,286	1:1	48,428	2:1
Kwara	151,462	4:3	18,734	2:1
North East	172,080	5:2	8,567	4:1
Kano	110,106	3:1	4,920	5:1
Rivers	na	na	14,194	3:1
Cross River	521,079	6:5	18,317	2:1

SOURCE: *Annual Abstract of Statistics* (Lagos: Federal Office of Statistics, 1974).

values, they will be of more assistance to the family than the girls who will marry and move into another family.

One way to avoid the consequent and continuing aggregation of income and opportunity differences between the sexes is to reduce the cost of secondary education. The recent increases in boarding fees at the secondary level will rather reduce the enrollment of girls in secondary schools. One way out is to increase the number of secondary schools so that the students can commute to school from home; this will minimize the cost of constructing hostels and feeding the students.

Nigeria's new education policy[36] will attempt to make secondary education free for graduates of the UPE program by 1982. Although tuition was made free in all secondary schools as of April 1979, we hope that the UPE will improve the chances for moving the male-female enrollment toward 1 : 1; this will occur, however, only if the number of secondary schools are increased significantly and built closer to lower income families.

Universities

We saw earlier in this paper that access to a university education in Nigeria brings tremendous income advantages to those fortunate enough to attend. By the standards of developed countries, the income differential between university graduates and other educated groups is very large. It is not surprising, following from our previous discussion, that the male-female

TABLE 9-30

Total Enrollment and Male-Female Ratios in Nigerian Universities

	1973/1974		*1974/1975*		*1975/1976*	
Universities	*Enrollment*	*M-F Ratio*	*Enrollment*	*M-F Ratio*	*Enrollment*	*M-F Ratio*
Ibadan	3,618	5:1	5,304	4:1	6,961	6:1
Nsukka	4,677	5:1	5,800	5:1	6,059	5:1
Lagos	3,400	5:1	3,639	5:1	4,416	5:1
Ahmadu Bello	5,828	8:1	6,257	7:1	7,299	8:1
Ife	3,975	4:1	4,400	4:1	5,671	4:1
Benin	700	5:1	1,048	5:1	1,365	5:1
Calabar	—	—	—	—	515	6:1
Total	23,231	5:1	26,454	5:1	32,285	5:1

SOURCE: National Universities Commission (Lagos, 1977).

gap should be greatest at the university level (see Table 9-30). The ratio ranges between 5 : 1 to 6 : 1 for most universities, except for Ahmadu Bello, located in northern Nigeria where the ratio is 8 : 1 (see Table 9-31). These ratios are unusually large compared to the United States and Europe where the ratios are close to 1 : 1.

The gap in Nigeria is related to the factors we have already discussed in the previous section: high costs and inadequate facilities. The financing of university education has become a very explosive issue in Nigeria. However, tuition has been made free, but boarding fees are still high by Nigerian income standards. Given the hard economic realities, it is unlikely that the

TABLE 9-31

Total Enrollment of Nigerian Universities Showing Ratio of Men to Women

	1973/1974			*1974/1975*			*1975/1976*		
Universities	*Male/Female*		*Ratio*	*Male/Female*		*Ratio*	*Male/Female*		*Ratio*
Ahmadu Bello	5,191	637	8:1	5,448	809	7:1	6,358	941	8:1
Benin	584	116	5:1	880	168	5:1	1,154	211	5:1
Ibadan	2,843	775	5:1	4,397	907	4:1	5,973	988	6:1
Ife	3,253	722	4:1	3,507	893	4:1	4,513	1,158	4:1
Lagos	2,842	558	5:1	3,005	634	5:1	3,658	758	5:1
Nigeria (Nsukka)	3,894	783	5:1	4,865	935	5:1	5,048	1,011	5:1
Calabar							444	71	6:1
Total	19,637	3,594	5:1	22,108	4,346	5:1	27,148	5,138	5:1

SOURCE: National Universities Commission (Lagos, 1977).

government will increase the boarding subsidy of university students. Accordingly the disparities in university education between the sexes, although likely to decline in the future, will still remain at high levels as a result of the national poverty and past and current cultural patterns.

VI. Conclusions and Policy Implications

The discussions in this paper so far have covered some major conclusions which have significant policy implications and ramifications. In this concluding section, we examine the policy implications of our previous conclusions and suggest some policy reforms that impinge on education. We hope that these conclusions will contribute to improving the pattern of income distribution in the future.

Income Disparities in Relation to Educational Differentials

In section II we concluded that the income disparity between primary school graduates and illiterates is currently only about 50 percent while the income disparity between secondary school graduates and primary school graduates is only about 60 percent. We concluded that the income differentials in the latter two cases are comparable to those in other developing and even developed countries. The income differential between university graduates and secondary and primary school graduates is exceptionally large. In order to reduce the exceptionally large income differential between university and other graduates, new policy initiatives are called for. The policy adopted in the past for reducing the above differentials consisted of a relatively faster development of university education, in order to reduce the economic rent accruing to university graduates. The government has also deliberately followed a policy in its salary and wage commissions in the 1960s and 1970s of permitting a faster rate of increase in the salaries and wages of nonuniversity graduates compared to university graduates.

Having due regard for the need to accelerate middle level manpower development vis-à-vis university education, it would not be advisable to follow the past policy of relatively faster development of university education which could assist in reducing the economic rent accruing to university graduates.[37] In any case, the economic rent accruing to university graduates has not been set by purely market forces. Rather, it was established largely by carrying over a wage and salary structure evolved during colonial times, when university graduates were mostly British citizens whose salaries had to be set in relation to the salaries prevailing in the British labor market.

The changed economic and political realities of current-day Nigeria require the evolution of a new wage structure for university graduates vis-à-vis other groups. Since it is neither politically nor economically realistic or advisable to reduce the money wages and salaries of university graduates, a preferred strategy lies in holding down the rate of increase in the salaries of university graduates compared to other groups, so that the relative gap would narrow further in the future. There should also be a review of the fringe benefits enjoyed by university graduates, with a view toward eliminating or reducing some of them. Government car loans and advances for higher education graduates came under review in 1978/1979 and were abolished effective April 1979. However, greater attention should be paid to the preferred position of university graduates in the provision of heavily publicly subsidized housing. Public policy on housing in the 1970s was concentrated more on the provision of high-cost housing for university graduates and professionals. It would be preferable in the 1980s to give greater attention to the improvement of housing and living conditions for the lower income groups in the urban and rural areas.

Distributive Impact of Government Subsidies at Different Levels of Educations

In section III we concluded that the children of high income groups either dominate or disproportionately figure in the enrollment of first-rate secondary schools and the universities. We also concluded that the children of high income groups had an advantage over other groups in competing for scholarships, since these were based on merit rather than need. Furthermore, we observed that the federal government student loan scheme, which was mostly patronized by the lower and middle income groups, had been suspended effective from the 1978/1979 session. We concluded as well that the subsidies going to first-rate secondary schools, polytechnics and colleges of technology (and, we might add colleges of education), and universities were very high. Although free primary education is dominated by the children of the low income and middle income groups, the subsidy per student at the primary school level is very much smaller than for secondary and higher education.

As shown in section II, university graduates who constitute the high income group already have a substantial income advantage over other groups. Our analysis of the distributive impact of government subsidy to education indicates that the high income group, which is already in a strong position, gets a disproportionate share of government subsidy to education. Government subsidy to education therefore contributes to a worsening of the overall income distribution pattern; this is contrary to the hopes expressed implicitly in the Third National Plan that government expenditure on education would contribute to an improvement in the income distribution pattern. In order to realize the original hope of improving income distribution through educational expenditure, some difficult policy choices must be made for the future.

At the primary school level, there is an urgent need to introduce measures for improving the quality of education. The publicly financed free primary education is patronized mainly by the children of the low and middle income groups. At present quality levels, graduates of the publicly financed primary schools are unable to compete effectively for entrance into good secondary schools; hence, children of the low and middle income groups may be trapped at the primary school level with its low income reward. While some low and middle income groups give their children private coaching for the secondary school entrance examinations, this expenditure eats deeply into their low incomes and, in any case, negates the essence of free primary education.

At the secondary school level, the main problem is access to secondary school places for the children of the low and middle income groups; this is due to limited secondary school facilities as well as high and rising boarding and lodging fees. When children of the low and middle income groups gain access to secondary schools, it is usually to third-rate schools where failure rates are very high. The prospects of moving from these schools to higher education are bleak.

In order to improve income distribution prospects for the future, it would be necessary to increase access to secondary education for the children of the low and middle income groups, by building more secondary schools close to the urban and rural low and middle income families. There is also an urgent need to improve on the quality of education in the third-rate secondary schools that are dominated by the children of the low and middle income groups.

Since the government subsidy to the first-rate secondary schools is about ₦1,600 (about four times the subsidy for other secondary schools), and this is enjoyed mainly by the high income group, equity demands that this unusually high subsidy should be reduced. This can be done by raising the level of fees in these schools sharply—to about ₦600 per session. Boarding fees were raised from ₦60 to ₦360 for the 1979/1980 session as a result of pressures on the government to pursue more equitable policies. However, to ensure that access is not denied to the exceptional children of the low and middle income groups, a scholarship program based strictly on need should be introduced.

At the higher level of education, it is desirable to continue the present policy of free education at the colleges of education, technology, and polytechnics. Children of low and middle income groups figure more prominently here. However, current wage structures make it difficult for graduates of such colleges to earn top incomes. At present, provision has been made for outstanding graduates of these colleges to be admitted into the universities. However, it would be desirable to adjust the salary structure so that graduates of the new four-year Nigerian national diploma can rise to salary level 16 at the federal level and to level 15 at the state level. This policy would not only improve the income distribution pattern, but has the additional merit that it would strengthen incentives for the production of technicians—which is more urgent now than producing university graduates.

At the university level, where high income groups are disproportionately represented, the need for further subsidy cannot be justified. Although a case could be made on distributive grounds for reducing the existing high subsidies by increasing fees, this would meet with very strong political opposition—as was the case during the university student riots of April 1978. However, in order to increase the prospects for entry into the universities for low and middle income groups, the student loan scheme should be revitalized with significant federal government assistance; and, the federal government scholarship program should be reintroduced—on the basis of need rather than merit.

Regional Educational Disparities

Our analysis in section IV showed that there are wide differentials in educational development between several Nigerian states. The Northern states lag generally behind the Southern ones, and the disparities are widest at the levels of secondary and university education. However, the subsidy to education per student in the Northern states is generally much higher than in the Southern states since education has been virtually free at all levels in the Northern states. Therefore, one canot argue that increasing the subsidy to education in the Northern states by making education free will necessarily reduce the differentials very significantly in the near future.

The priority should be to rapidly increase enrollments at the primary and then the secondary school levels. The Northern state governments need to work out effective strategies in this regard, as their policy of free education clearly has not increased enrollment rates to satisfactory levels. Finance may be a constraint in the efforts to increase enrollment rates substantially and, in this regard, federal government assistance may be necessary. However, to maximize enrollments in the Northern states from existing resources, it would be necessary to eliminate the generous allowances paid to students in the Northern states, in addition to providing free tuition, boarding, and lodging; and, perhaps some quality could be traded for quantity. The present pattern of development leads to the emergence of a relatively small but very prosperous elite surrounded by a mass of low income groups.

The issue of reducing the educational gap is of great urgency, not only on equity grounds but also because of political and eficiency considerations.

Educational Differentials by Sex

We concluded from our analysis in section V that significant differentials exist in the enrollment rates between the males and females in Nigeria—generally and particularly so in the Northern states where there are very large differentials in secondary and university education. The low priority given to the education of girls and women in Nigeria contributes to a very low income status for women participating in the labor force, whether they are employees or self-employed petty traders and the like. Poorly educated and low income women contribute to the procreation of a poorly educated and low income population. The improvement of the income distribution profile in Nigeria, therefore, depends on giving enhanced priority to the education of women.

While cultural factors contribute to the low priority attached to the education of women throughout Nigeria, the cultural and religious barriers in the Northern states are particularly strong—e.g., the confinement of women to the Purdah and the early age of marriage for girls at about 13 years. These cultural barriers must be rapidly broken down if there is to be significant advancement in educational development in Nigeria in general, and the Northern states in particular. There is a need for a coherent and effective public enlightenment campaign in this regard. The reduction in the cost of education would have significant positive effects on the education of women in the Southern states of Nigeria.

Educational Resource Commitments Allocation and the Future of the Income Distribution Problem

Our discussion above tends to conclude that additional resources need to be devoted to all three levels of formal education if the future pattern of income distribution is to be improved. However, the question to be answered is whether this means more allocation of resources to education at the expense of other sectors, or more efficient allocation and use of the existing educational budget within the educational sector.

We have recently completed a study[38] indicating that Nigeria is already devoting an unusually high share of its GDP to education. (Recurrent spending on education was 7.4 percent of GDP in 1977/1978, which was about twice the level in most developing and developed countries.) In these circumstances it would not be advisable in the future to allocate more resources to education at the expense of other sectors. Our study also shows that in spite of the unusually high share of GDP devoted to education in Nigeria, current Nigerian enrollment rates at all levels of education are below these of African countries such as Ivory Coast, Togo, Ghana, Kenya, and Zambia, which record only about half of the recurrent education GDP ratio attained in Nigeria. This shows the relative inefficiency of educational spending in Nigeria. It would therefore appear that the additional resources needed for education must be found through cost savings. Increments arising in the educational budget from GDP growth, on the assumption that the 7.4 percent share is retained, should be allocated in such a way that greater priority is given to increased quality in primary education, more secondary schools, improved quality of secondary education, and expansion of middle level manpower development. In brief, less priority must be given to university education than in the past. This policy is based not only on income distribution considerations but also on optimal manpower policy for accelerated development.

Formal vs. Nonformal Education

In considering the allocation of the education budget between alternative educational uses, there is also a need to give a higher priority to nonformal education vis-à-vis formal education. In the fiscal years 1975/1976, 1976/1977, and 1977/1978, the federal government allocation for staff development and training was only about 1 percent of the allocation for formal education. While it is difficult to estimate total public resource commitment to nonformal education, it is probably insignificant. Current proposals for a National Board for Nonformal Education[39] should be accelerated and implemented, and the board should be well-funded. The merits of nonformal education for income distribution, employment, and growth are argued by the authors elsewhere in detail.[40] Suffice it to say here though that the time is now ripe for positive and substantial efforts in nonformal education in Nigeria.

Free Education at All Levels

With the return to civilian government in Nigeria, free education at all levels will be attempted in the 1980s; all political parties are committed to this policy. The hopes pinned on free education at all levels, are closely related to the aspirations of the Nigerian masses that there will be an improvement in the current distribution of income. However, we have argued enough in these pages to show that neither free education nor highly subsidized education will necessarily lead to improved income distribution. In order to ensure that the aspirations of the masses do not miscarry, attention must be paid to the details of our discussions in this paper. In the light of our discussion on resource commitments to education, it is also hoped that free education at all levels will not lead to allocating an increased share of the GDP to recurrent educational expenditures, and that the policy can be effected by a more effective and rational use of resources at the current level of overall resource commitment to education.

APPENDIX A: Classification of Secondary Schools

First-Rate Schools

Financed, staffed, and managed by the federal government. Reputed to be the best equipped and staffed of all the schools, and have the best boarding facilities.

Second-Rate Schools

Built a reputation for themselves due to their long existence and high standards of student performance in the school certificate examinations. Have enjoyed stable and efficient management under their former proprietors, who were either regional governments or missionaries.

Third-Rate Schools

Belonged to profit-seeking private proprietors before the state governments took over their management. Have longstanding reputation for low standards of discipline and academic performance, and recent government takeover has had no considerable impact. Attended by students who cannot qualify for the first- and second-rate schools.

APPENDIX B: Key to Classifications

Education

No Formal Education

Lower Education

- Below primary six
- Primary six, but below school certificate
- Modern school
- Teachers' grade 3
- All education below school certificate or equivalent

Middle Level Education

- School certificate or equivalent
- Teachers' grade 2
- Postsecondary training below university training
- All education below university degree or equivalent

Higher Education—University degree or equivalent and above

Occupation

Low Income Occupation

- Farmer, fisherman, forest worker

- Teachers' grade 2
- Messenger, night or day watchman
- People in classes equivalent to above

Lower Middle Income Occupation

- Trader, retailer
- Primary school teacher
- Clerk, bookkeeper, site clerk
- People in equivalent classes as the three above

Upper Middle Income Occupation

- Junior managerial or administrative staff
- Health worker (nurses and paramedics)
- Teachers with National Certificate of Education, grade 1, or equivalent

High Income Group

- Secondary school teacher holding a university degree or equivalent
- Teachers in postsecondary institutions
- Lawyers, magistrates, judges, medical doctors
- Pastors
- Engineers, architects, estate officers, surveyors
- Accountants, auditors
- Senior managerial and administrative staff
- Contractor

APPENDIX C

States in Nigeria Before and After 1975

Geographical Location	*Before 1975*	*Effective 1975*
South	Lagos	Lagos
	West	Ogun Ondo Oyo
	East Central	Anambra Imo
	Bendel	Bendel
	Rivers	Rivers
	Cross River	Cross River
North	Kwara	Kwara
	Northwest	Sokoto Niger
	Kano	Kano
	North Central	Kaduna
	Benue Plateau	Benue Plateau
	North East	Borno Gongola Bauchi

Notes

1. Edward F. Denison, *The Sources of Economic Growth in the United States and the Alternatives Before Us* (Washington, D.C.: Committee for Economic Development, 1962), pp. 267-270.

2. Hugh Dalton, *Some Aspects of the Inequality of Income in Modern Communities* (London: Routledge, 1920), pp. 56–58.

3. To name a few, see Gary S. Becker, *Human Capital and the Personal Distribution of Income: An Analytic Approach* (Ann Arbor, Mich.: University of Michigan, 1967), and *Human Capital: A Theoretical and Empirical Analysis, With Reference to Education* (New York: Columbia University Press, 1966); Jacob Mincer, "Investment in human capital and personal income distribution," *Journal of Political Economy* Vol. 66, (August 1958), pp. 281–

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24. See L. Kish, *Survey Sampling* (New York: Wiley, 1965), chap. 3.

25. Characteristics of the father are usually closely correlated with those of the entire family.

26. The national office of statistics uses the same criterion. Income groups are delimited according to the head of the household's income, as this is closely correlated with the family's income. People earning the annual income of a fresh university graduate and above are classified as high income. See *National Urban Consumer Survey 1974/75* (Lagos: Federal Office of Statistics, 1977).

27. Private primary schools are well equipped, and the standard of instruction is very high. Invariably most graduates gain admission into the first-rate schools. The investment at this level is usually made with access to the subsequent levels in mind. See Jallade, *op. cit.*

28. This average is calculated for all the students in such schools throughout the country.

29. In a survey of five states in Nigeria, about 30 percent of the eligible candidates were placed in secondary schools in 1977/1978.

30. At the best the high and upper middle income groups constitute 10 percent of the Nigerian population. See *Third Nigerian Development Plan, 1975–1980* (Lagos: Central Planning Office, Ministry of Economic Development, 1975), pp. 369–372.

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Index

Italic page numbers indicate material in tables and figures.

INEQUALITY AND DEVELOPMENT IN NIGERIA

HENRY BIENEN and V.P. DIEJOMAOH, Editors

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HENRY BIENEN is professor of Politics and International Affairs and director of the Research Program in Development Studies at Princeton University. He has taught at Ibadan University as well as at Makere University, and the University of Nairobi. Henry Bienen is the author of many works on Africa, including *Armies and Parties in Africa* (1978), also published by Holmes & Meier.

VICTOR P. DIEJOMAOH is a professor of Economics, and has been until recently dean of Social Sciences at the University of Lagos. He was a member of one of the Constitutional Drafting Committees in Nigeria.

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