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AGRICULTURAL DEVELOPMENT AND EMPLOYMENT GENERATION IN

NIGERIA: THE IMPACT OF PUBLIC POLICIES

A Research Proposal

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The Problem: An important characteristic of the post civil war Nigerian economy is the coexistence of rising prices of essential commodities with increasing rural underemployment and urban unemployment. Such is the gravity of the unemployment problem that government officials and their advisers can no longer shrug off this problem as was the case in the early sixties. The current Four Year Plan specifically mentions the creation of jobs as one of the objectives of the plan. Federal and state governments spokesmen come up with suggestions which emphasise industrialisation and mechanization of agriculture as the panaceas.

With respect to industrialisation, the Nigerian experience and the evidence from other less developed nations point to the inability of the industrial sector to contribute significantly to the solution of unemployment problems. Among the reasons cited in the literature are the tendency towards capital intensity, the small industrial base, the lack of competitiveness and consequent inability to develop export capacity and the commercial policy of the advanced industrial nations such as the use of tariffs and quotas against imports from the less

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developed nations. Quite apart from all these, the logic of the Todaro model of rural - urban migration is that as a means of solving unemployment problem, single-minded concentration on industrialisation in urban areas is at best a palliative, at worse self defeating, given the very high probability of rural - urban migrants increasing the rank of the urban unemployed.

Since the industrial urban sector cannot cope with unemployment problems, policy makers are turning increasingly to the agricultural sector as the labour absorber of the last resort. In Nigeria, the very large size of the agricultural sector and the fact that it is possible to generate employment in agriculture at a lower opportunity cost make the agricultural sector an attractive candidate for employment generation.

It is, however, one thing to recognise the importance of the agricultural sector as an employment generator and quite another thing to have a clear idea of what sort of agricultural development strategies can best maximise the objective of employment creation. The interviews which this writer held with high ranking officials in the Ministries of Economic Development and Agriculture in most of the States and Lagos reveal that policy makers are as yet not clear about how agriculture can be made to contribute to employment expansion. For a good many, the mere expansion of agricultural output is a guarantee of increasing employment. For others, employment can be raised by large scale mechanization. Yet for a few, there is a conflict between output and employment such that, it would be preferable to sacrifice the latter in order to get the former. Many officials look upon large scale agriculture under

government entrepreneurship as a means of making agriculture contribute to both employment and increased food and raw material production. Accordingly, a number of state governments have launched or are about to launch into direct production of food through the use of corporations, the experiences of the existing public corporations not withstanding.

Given the now undisputed role of agriculture as an employer of labour, the lack of clear idea regarding what strategies are needed and of the consequences of alternative government policies on the capacity of agriculture to generate employment, it is essential that a study be mounted primarily to provide the policy makers with data on the role of past and current government and private agricultural investments as well as governments fiscal policies in increasing the capacity of agriculture to generate employment.

2. Objectives of the Study

The overall objective is to analyse the impact of government agricultural investments and fiscal policies on the capacity of the agricultural sector to generate employment. Under this comprehensive objective, are the following sub-objectives:

- (a) To investigate the contribution of government agricultural investments (plantations, estates, farm settlements) to employment generation.
- (b) To investigate the contribution of private plantation and estates to employment generation with emphasis on effects of such policies as subsidies on machinery, wage legislation,

sources of capital, government pricing policy, etc.

- (o) To formulate from the result of the study certain principles which should guide public policy which seeks to make agriculture contribute to employment.

3. Methodology.

(i) The study will be preceded by a detailed survey of the literature on the output/employment relationship in agricultural production. It will draw upon and review case studies from Asia, Latin America and some African countries as far as possible. It is hoped that such a review will provide a theoretical frame-work for analysing some of the problems which will be raised. In addition, the literature review should yield propositions or hypotheses which can be tested with a Nigerian set of data. Most important, the proposed literature survey will provide information to fill possible and, indeed, inevitable gaps in a situation where some farms are unlikely to have comprehensive time series data of reasonably long period.

(ii) There will be a pilot survey designed to find out the nature of the statistical and methodological questions likely to come up in the course of the study.

(iii) The pilot survey will be followed by detailed field investigation.

(iv) The study will last approximately two years and proceed in ^{two} ~~three~~ stages (phases) as follows.

Phase I

A study of Government plantations, Farm Settlements and Estates. The following data will be looked for and collected as far as possible.

- (a) Gross Fixed Investments in time series
- (b) Labour employment
- (c) Capital investment including depreciation
- (d) Factor prices, - wages, interest, neat.
- (e) Crop mix or pattern.
- (f) Import content of total investment
- (g) Government subsidies.
- (h) Entrepreneurial and administrative personnel.
- (i) Size of agricultural projects: and changes in size.

These data will be analysed and preliminary findings published within twelve calender months.

Phase II

In the second year, data will be collected on private large scale farms or plantation. The same set of data as in phase one will be collected. In addition, data will be obtained on changes in wage rates, in tax-rates, in prices of agricultural products, in foreign exchange rates, depreciation allowances all of which theoretically influence employment. Data will also be sought on elements of government subsidies on tractor services etc.

These will be analysed and findings published at the end of the second year. At the end of the third year, this should be completed and ready for publication.

4. Estimated Cost of the Study

It is proposed to make the project an integral part of the graduate and research programme of the Department of Agricultural

Economics and Extension of the Ibadan University. The estimated cost of the study below is predicated on this proposal.

	£	s	d
4 Junior Research fellows at £500 each per annum.	2,000	-	-
12 Enumerators for 1 year at 240 per annum	2,880	-	-
Transport claims of enumerators fellow/supervisor.	1,800	-	-
1 Stenographer/Typist £460	460	-	-
Stationary and office supplies	600	-	-
1 Research Assistant at £960 per annum.	960	-	-
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Total	£8,700	-s.	-d.
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