59. *Id.*, pp. 125—128.
60. *Id.*, pp.123—124.
61. *West Africa*, March 5, 1938, p. 269.
62. *Ibid.*
63. *Id.*, April 2, 1938, p.412.
64. Coleman, *op.cit.*, p.226. The Commission in its report recommended that the Government "should whole-heartedly adopt the co-operative system as the desirable method of marketing cocoa and put the whole weight of its authority behind it". *West Africa*, October 29, 1938, p.1479. *Journal of the Royal African Society*, Vol. XXXIII, No. CLI, April 1939, pp. 207—209.
65. Awolowo, *op.cit.*, pp.128—131.
66. Coleman, *op.cit.*, p.229.
67. It is significant to note that men like S.L. Akintola, Ikoli, H. O. Davies, Bode Thomas, S.O. Sonibare, Samuel Akisanya, O. A Alakija, who later played prominent roles in Nigerian politics, were all members of the NYM.
68. The *West African Pilot*, Sptember 16 and 26, 1938.
69. *Ibid.*
70. Awolowo, *op.cit.*, p.124. *West African Review*, Vol. X, No. 136, January 1919, p.37.
71. *West African*, July 14, 1980, p. 1269.
72. Arif Hussain, "The Educated Elite, Assailants, Nationalists: A Note on African Nationalists and Nationalism", in: *Journal of the Historical Society ofNigeria*, Vol. VII, No. 3 December 1974, p. 496.
73. Sklar, *op. cit.*, p. 54
74. Awolowo, *op.cit.*, p.146.
75. *Ibid.*
76. Azikiwe had saved £1,000 plus from his Gold Coast (Ghana) employment. This sum was raised to about £5,000 by contributions from his family and friends. It was on this initial capital that Zik Press Limited was founded. Jones — Quartey, op. cit., pp 145—146.
77. The *West African Pilot*, February 2, 1939.
78. Jones-Quartey, *op cit.*, pp. 145 — 146. Azikiwe, *op.cit.*, pp. 323—325.
79. Jones-Quartey, *op.cit.*, pp.145—146.
80. Eme O. Awa, *Federal Government in Nigeria* (Berkeley, U.S.A., Univerity of California Press, 1964), p.97.
81. Jones-Quartey, *op.cit.*, p. 136
82. Awolowo, *op.cit.*, pp.133—134.
83. *Id.*, p.136.
84. Babatunde, Abraham Williams, *Nationalism and Federalism in Nigeria*, unpublished dissertation for the Ph.D. Degree of the University of Illinois, 1959, p. 157.
85. Awolowo, *op.cit.*, p.131.
86. Moyibi Amoda, "Background to the Conflict: A Summary of Nigerian Political History 1914—1964" in Joseph Okpaku (ed.), Nigeria: *Dilemma of Nationhood.* (New York, Third World Press, 1972), p.18.
87. Awolowo, *op.cit.*, p.158.
88. Indeed, Awolowo had been anticipated by the Igbo who had formed their own Ibo Federal Union in 1944.
89. Awolowo, *op.cit.*, p.168.

NIGERIA'S ECONOMIC CRISIS: SOME ATTEMPTED SOLUTIONS*

*Ifeyori I. Ihimodu***

INTRODUCTION

The present economic crisis in Nigeria stems from the very sharp decline in the receipts from the sale of petroleum as a result of a fall in the demand for this commodity. With a given fall in the demand for oil, assuming a constant price, there is a fall in the foreign exchange earnings and consequently a decline in the foreign exchange reserves. These reserves were accumulated over the years mainly from the sale of petroleum oil. Between 1979 and 1981, for example, oil production fell by about 38% while oil export fell by 46%. Before the oil boom the foreign exchange reserves were quite high as a result of the proceeds of agricultural exports which were managed by the export monopolies of the marketing boards. For Nigeria, as an importer of many commodities, a fall in the foreign exchange earnings and a depleting of foreign exchange reserves imply a reduction in the ability to import goods and services and, consequently, a fall in the standard of living. A decline in the receipts from oil has implications for domestic revenues since the former constitute a large proportion of these revenues. The ability of government to maintain existing services or to create new ones would, therefore, be adversely affected.

The oil sector has been playing a significant role in the Nigerian economy since the mid-1970s. It has provided the means for the dramatic growth witnessed in all the sectors of the economy in the parameters like the national income, consumption, government revenues, foreign exchange earnings and reserves. For example, the national income rose from about ₦5.2 billion in 1970 to ₦40.4 billion in 1979. Gross capital formation increased from about ₦0.9 billion to about ₦12.2 billion during the same period.[1] Just as oil has led to increased incomes, so also has it enabled the economy to import goods and services which have to be paid for in foreign exchange. Between 1970 and 1979, exports rose from about ₦0.89 billion to about N11.0 billion. Imports, on the other hand, increased from about ₦0.76 billion to ₦9.5 billion during the same period. It can be seen, therefore, that the oil sector has a dominant influence on the Nigerian economy.

* This paper was presented to the membersof the Kwara State branch of the Rotary Club, Ilorin in May 1983, during the Club Week, before the Army took over the Civilian Government of Nigeria in December 1983. Most of the suggestions put forward still remain as valid as they were then.

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CAUSES OF ECONOMIC CRISIS

The causes of the economic crisis in Nigeria can be viewed from two main perspectives, namely, the immediate and the remote causes. The immediate cause of the problems is attributable generally to the fall in the quantity of the country's petroleum oil purchases by the major consumers, especially those in Europe and America. Two forces can be seen at work here. First, the quantity of the oil produced is reduced because of a fall in the demand for it. Second, the price of a unit of oil falls as a result of a fall in demand. Consequently, the revenues generated from oil fall. Since Nigeria derives about 80% of its revenues and about 90% of its foreign exchange earnings from this commodity, the implications of a drastic fall in the oil market are quite obvious. It is this impact that is now being felt in the economy. The factors that led to a fall in the oil market have been attributed to the world wide recession, especially in the advanced countries. In addition, the fall in demand is associated with stockpiling of oil by the advanced countries, the discovery of North Sea oil, the vigour exerted in finding alternative sources of energy and a deliberate attempt to break the Organisation of Petroleum Exporting Countries (OPEC) cartel. Whatever these factors are, the experience of the last few years, especially from 1981, has demonstrated clearly the effect of instability in the market for primary products, and minerals in particular, on the economies of developing countries.[2]

In addition to the immediate cause of the crisis, there are many underlying remote factors. Important among these is the role that a single commodity like oil is allowed to assume in the economy. Prior to the oil era, a few primary commodities, namely, cocoa, groundnuts, palm produce and cotton, played quite a similar role. However, the dimension which petroleum has taken on seems to be a little too high. Between 1970 and 1978, petroleum oil contributed an average of 74% per year to the total export earnings. In each of the three years from 1974 to 1976, the contribution to export earnings was as high as 94%. Similarly, the share of oil revenue in the total government revenue, between 1970 and 1979 averaged 65% and reached a high of 84% in 1977. Table I shows these influences of the oil sector on the Nigerian economy. The level of import that the economy has been able to sustain within the last decade has no doubt been supported by the incomes from the oil sector. For example, import values rose from ₦1.1 billion in 1971 to about ₦8.0 billion in 1978. It is obvious, therefore, that a drastic fall in the incomes from the oil sector is capable of generating the enormous impact witnessed in the economy within the past few years. The justification of relying on single primary commodity, particularly oil, is in serious doubt. In addition to primary commodity instability[3], there are additional characteristics that make any heavy reliance on oil rather risky. Oil is an exhaustible commodity, implying that, given demand, a particular producer may run out of supply completely in the future. Secondly, the main consumers, that is, the advanced countries, are constantly exploring alternatives to oil. Therefore, the higher the price of a unit of oil is, the more attractive these alternatives become. This implies that the oil cartel (OPEC) might more quickly exhaust its power,

TABLE I

EXPORT, IMPORT, GOVERNMENT REVENUE AND OIL IN THE NIGERIAN ECONOMY

Year	Total Export	Oil Export (Nm)	Total Govt. Revenue (Nm)	Oil Revenue (Nm)	Total Import (Nm)	Oil Export as % of total Export (%)	Oil Revenue as % of total Govt. Revenue (%)
1961	346.9	21.1	223.6	17.1	444.8	6.7	7.6
1962	334.2	33.5	238.8	16.9	406.5	10.0	7.1
1963	371.5	40.4	249.0	10.1	413.8	10.9	4.1
1964	429.2	64.1	277.6	16.4	507.6	14.9	5.9
1965	536.8	136.2	321.0	27.1	550.6	25.4	8.4
1966	568.2	183.9	339.2	37.7	512.7	32.4	11.1
1967	483.6	144.8	300.0	41.2	447.1	30.0	13.7
1968	422.2	74.0	299.9	23.3	385.2	17.5	7.8
1969	636.3	261.9	435.9	72.5	497.4	41.2	16.6
1970	885.4	510.0	758.1	196.4	756.4	57.6	25.9
1971	1293.3	953.0	1410.9	740.1	1079.0	73.7	52.5
1972	1434.2	1176.2	1389.9	576.2	990.1	82.0	41.5
1973	2277.4	1893.5	2171.3	1461.3	1224.8	83.1	67.3
1974	5794.8	5365.7	5177.1	4183.8	1737.3	92.6	80.8
1975	4925.5	4563.1	5861.6	4175.0	3721.5	92.6	71.2
1976	6751.1	6321.6	7070.3	5548.5	5148.5	93.6	78.5
1977	7976.6	7072.8	7652.5	6436.7	6933.6	88.7	84.1
1978	6632.6	5401.6	6825.2	5006.1	7982.0	81.4	73.5
1979		10166.8	11809.1	8931.1	—	—	75.6

Sources:

1. Federal Ministry of Finance (1979). "Declining Government Revenue, and Measures for Mobilization of Internal Resources for Development and Self Reliance", in NISER (1979).
2. Central Bank of Nigeria: *Annual Report and Statement of Accounts.*

given the technology that is now being committed to finding these alternatives. Given the trend in the price of oil, especially from 1974, there is no doubt that the major consumers will intensify efforts to seek alternative sources of enegy. The price of Nigerian light crude was 3.6 dollars per barrel. By January, 1974, the price had jumped to 14.7 dollars, and in December, 1979 it was 33 dollars per barrel. The Nigerian median, which was 3.4 dollars per barrel in January, 1973, rose to 14.5 dollars in January, 1974, and 15.1 dollars in January, 1979[4].

The reliance on the oil sector would seem to have been to the detriment of other sectors of the economy, particularly agriculture. Hitherto, agricultural exports were the main revenue earners to the government as well as the main foreign exchange earners. In the early 1960s, agriculture contributed about 89% of the total exports and 66% of the foreign exchange. The contribution of the sector to the food needs was about 90% in the 1950s. Upo to the mid- 1960s, Nigeria was the world's largest exporter of palm kernels as well as a major world exporter of cocoa and groundnuts. It also had a substantial share in the world market of cotton and palm oil.[5] From the mid - 1070s, however, the situation changed drastically: the country's share in the market of all agricultural products fell sharply, while some of the commodities ceased to be exported, more because of a decline in production than increased domestic consumption. The picture of neglect of the agricultural sector is clearly revealed in Table 2, showing the composite index of output of the major agricultural exports between 1960 and 1976. The commodities included in the index are cocoa, groundnuts, palm produce, cotton and rubber. There is a declining trend which became exacerbated in the 1970s, particularly from 1973. As can be seen, by 1976 these exports had fallen by about 30% from their 1960 sizes.

TABLE 2

INDEX OF OUTPUT OF AGRICULTURAL EXPORT COMMODITIES (1960 = 100%)

Year	Percentage
1960	100
1964	123
1965	108
1966	120
1967	104
1968	104
1969	90
1970	100
1971	80
1972	82
1973	69
1974	69
1975	70
1976	71

Source: Computed from Central Bank of Nigeria: *Annual Report and Statement of Accounts*

Another important indirect cause of the present problems may be found in the level of imports into the country, particularly beginning from the oil boom era in 1975. Between 1974 and 1975 total import rose from ₦1,737.3 million to ₦3,721.5 million, or an increase of 114% within two years. By 1981, the total import bill had grown to N12,013.2 million, an increase of 592% over that of 1974. Some of the growth in imports may be explained by the neglect of the agricultural sector. In the 1950s, food import accounted for only about 6% of the total import value. By the 1970s, this had risen to over 10%. In 1971, for example, the food import share was 16.4%. But this fell to about 13% in 1981. These proportions are very significant, especially in the 1970s, given the large amount of imports made available by the oil revenue. The price index seems to have exhibited the reverse of the agricultural output trend, apparently because the weight of food in the index is high. Using 1975 as a base year, prices had risen by about 80% in 1978. Conversely, prices in 1960 were only 35% of those in 1975 (Table 3).

TABLE 3

CONSUMER PRICE INDICES 1960—1978 (1975 = 100%)

Year	Consumer Price Index	% Increase
1960	35.0	
1961	37.3	6.1
1962	39.2	6.6
1963	38.2	5.1
1964	38.5	-2.1
1965	40.1	0.8
1966	44.0	4.2
1967	42.3	9.7
1968	42.1	-3.9
1969	46.4	-0.5
1970	52.8	10.2
1971	61.3	13.8
1972	62.9	16.1
1973	66.5	2.6
1974	74.8	5.7
1975	100.0	12.5
1976	122.0	33.7
1977	148.0	22.0
1978	184.3	21.3
		21.3

Source: *International Financial Statistics*, 1978, Supplement May, 1978

Another adverse effect of reliance on the oil sector is in the area of alternative sources of revenues. These have been either not sought or vigorously exploited. As indicated in Table 4, sources, other than oil, have been contributing relatively little to government revenues and are likely to continue to do so in the future. Import duties, which had been the major source of revenue before petroleum, contributing 50.5% of revenue in 1966, contributed only 10% in 1982. During growth processes, import duties are

TABLE 4

COMPOSITION OF GOVERNMENT CURRENT REVENUES, 1974—82 (N million)

	1970	1975	1976	1977	1978	1979	1980	1981[1]	1982[2]
OIL REVENUES									
Petroleum Profit Tax	**3724.0**	**4271.0**	**5365.2**	**6080.5**	**4555.8**	**8880.8**	**12353.8**	**8564.4**	**8168.4**
Rents and Royalties	2870.1	2707.5	3624.9	4330.7	3415.7	5164.1	8564.3	6325.8	5364.4
(%)	(81.1)	(77.5)	(79.3)	(75.7)	(61.8)	(81.4)	(81.1)	(70.2)	(70.2)
NON-OIL TAX REVENUE	**660.7**	**1043.4**	**1110.3**	**1650.9**	**2244.9**	**1733.5**	**2406.5**	**2865.2**	**2610.6**
Import Duties	328.3	629.4	724.3	902.2	1436.3	870.6	1403.3	1748.6	1137.0
Excise Duties	164.4	125.5	152.4	236.0	259.2	273.1	406.2	577.1	893.6
Company Income Tax	148.8	261.9	222.8	176.8	527.4	575.1	579.2	508.2	550.0
Other Taxes[3]	19.2	26.6	11.4	25.9	22.0	14.7	17.7	31.3	30.0
NON-TAX REVENUE[4] (excluding mining rents and Royalties)	**152.7**	**199.8**	**290.4**	**307.6**	**570.4**	**290.1**	**469.9,**	**753.3**	**852.0**
Total Current Revenues	**4537.4**	**5514.7**	**6765.9**	**8039.0**	**7371.1**	**10912.4**	**15230.1**	**12182.9**	**11631.0**

Source: Based on the Official Gazettes and Approved Estimates of the Federal Government

[1]Estimates based on oil company payments, receipts of import, excise & export duties by the Dept. of Customs and Approved Budget Estimates of hte Federal Government

[2] Approved Budget Estimates of the Federal Government

[3] Personal income tax, other direct taxes and export duties

[4] Interests and repayments, licences and fees, earnings and sale of government property rent on government property

known to be an unreliable source of government revenue since the pattern and composition of imports ultimately change. Intermediate and capital goods which usually do not attract high rates of duties are likely to replace consumer goods. However, since consumer durable and luxury goods are still being imported they can, and should, attract high duty rates, given proper machinery. Other likely taxes which have not been explored include sales taxes, property tax, wealth tax, etc. Perhaps one of the major neglected sources of revenue is tax on contracts. The oil boom has brought with it the are of contracts, where everything that is doen by government has to be done through award of contracts. Most of these contracts are untaxed and the contractors themselves hardly pay any income tax.

The administration has been relatively ineffective, especially as regards taxes on non-wage earners and non-oil incomes. The incomes made by the self-employed and businessmen are either untaxed or undertaxed, particularly as a result of tax evasion. In the circumstances, very few tax-payers can claim to be paying the appropriate taxes. However, despite the fact that little revenue is accruing from non-oil sources, the trend of expenditure has been upward. For instance, government expenditure which stood at ₦1,053.7 million in 1970 rose to ₦17,617.5 million in 1980, an increase of 1,572.0% As a proportion of Gross Domestic Product, government expenditure, which was only 20% in 1970, rose fast until it hit the 52% mark in 1977.[6] The combination of high expenditure and dwindling incomes from non-oil sources implies a heavy reliance on the oil sector for financing these expenditures. There is little doubt, then, that if the incomes from the main source fail, this would spell catastrophe for the economy.

An additional cause of the present problems has been the high rate of waste in the

TABLE 5

ALLOWANCES FOR OVERSEAS TRIPS (ESTACODE)

Categories	Rate Per Day (₦)
Ministers, Commissioners, Advisers	150.00
GL 15—17	112.00
GL 10—14	90.00
GL 07—09	75.00
GL 01—06	30.00

Source: I.I. Ihimodu, S.O. Onakomaiya, era. 'The Present Economic Crisis in Nigeria And the Case of University Staff' unpublished paper submitted to Academic Staff Union of Universities, Ilorin Chapter, 1981.

economy. This occurs in almost all sectors of the economy. Only a few of these will be briefly discussed. The foreign travel allowance, or estacode, has constituted a huge drain to the foreign exchange. These allowances, which were high already, have been increased even more over the last three years. Table 5 shows these rates for the different categories of government officials. It would, therefore, not be diffucult to understand the rate at which government officials engage in foreign travels and tours, either for courses, meetings or conferences. It is also important to note that these allowances are paid in

Most of the fringe benefits introduced by the colonial administration are still being maintained for political office holders and top civil servants. These benefits range from free housing to huge furniture allowances, security guards, cooks, maids, cars, drivers, etc. Thus, the salary of a political office-holder becomes a small fraction of his total earnings. During the colonial administration, though these benefits were paid, they did not have the same effect on the economy because the number of those entitled to the allowances was relatively small. However, with the large number of top civil servants, the executive and the legislative arms of the twenty governments, the effects have become more marked on the economy.

The practice of recruiting personnel from abroad on contract basis, and especially when the contract and other allowances are high, no doubt constitutes a further drain on the resources of the country. The allowances paid to foreign employees include passages and housing, in addition to the contract allowances which are as high as 25% of the basic salary. Apart from constituting a drain on resources, and in particular on foreign exchange, it has adverse effects on the training of indigenous expertise. Thus, it is important to engage in the training of indigenous staff in order to reduce the amount expended on foreign recruitment.

A major area of waste is the use of contractors for the execution of almost all jobs by governments. For example, even the supply of exercise books to government schools from the government-owned paper mills is done via contract award. It is difficult to understand why expertise from the Ministry of Works and Housing cannot be engaged to design roadsor build houses. All the houses under the LowCost Housing Scheme at both the federal and state government levels since 1979 have been contracted out instead of being executed by the Ministry of Housing and the Housing Corporations. One problem with the use of contractors is that the jobs end up costing many times more than they would have, otherwise. Mobilisation fees, which are paid to get contractors started, have been abused. It is reported that many of those who get the fees, which are as high as 10% of the contract values, do not execute the jobs. In addition, the types of contracts awarded are sometimes costly. The federal government, for example, engages in the awarding of "turnkey" or "design and contruct" contracts where contractors are required to design the projects as well as construct them on agreed terms with little government control on costs and quality. This form of contracts is found to be extremely expensive compared to other forms and is generally of low quality.

The recent civilian administration at both state and federal levels have taken up new responsibilities which, though perhaps politically expedient, are very expensive. For example, between October, 1979, and the middle of 1981, the number of Local Government Councils rose from 301 to 710, and increase of 140%. There is no doubt that it is costly to run these councils. Similarly, during the period from October 1979 to March 1983, in additon to the efforts made to establish the National Open University, seven Federal Universities of Technology have been established, pushing the number of federally funded universities up to 20. The Federal Government has also established at least one Polytechnic and one College of Education in each state. Similarly, each state of the federation is trying to establish a university of its own, in addition to the state-owned Colleges of Education and Colleges of Technology. Realising that funds were not

available to execute these projects, many states have resorted to contracting foreign loans. The amount of loans contracted by states for which the Federal Government guarantee has been obtained between October 1979 and 1981 is 3.54 billion. The question of how the loans for the initial take-off of the institutions will be repaid or where funds to maintain them will come from is given little, if any, consideration. Although no attempt is made here to oppose the establishment of new institutions, it is clear that a lot of funds have been expended on these programmes. Other areas where large sums of money have been spent include the new federal capital at Abuja and some other capital projects.

In effect, therefore, the present problems being experienced in the economy are caused, among other things, by over-reliance on a single commodity, fiscal irresponsibility, economic waste of resources and commitment to too many projects. The solutions to these problems are by no means easy. However, efforts ought to be made to approach the problems from various directions.

SOLUTIONS HITHERTO ADOPTED BY GOVERNMENTS

The Nigerian authorities have attempted to solve the economic crisis by implementing various measures. Only a few of these are discussed here while some attempt is made to highlight some of their internal contradictions. It is pertinent to note that efforts that, by themselves, are capable of solving particular problems may be rendered ineffective when mixed with politics.

The Green Revolution Programme is aimed at making Nigeria self-sufficient in food production, thereby reducing the high prices of food and raising the living standard of the people. No doubt, very huge resources have been committed to the programme. However, it is difficult to reconcile such a programme with the increasing rate of food imports in general, and rice in particular, of the past few years. Although importing rice is aimed at solving the immediate problem of the food gap, it may have adverse effects on domestic food production and self-sufficiency. Unless the rate of importation can gradually be reduced and finally stopped, the Green Revolution Programme will be difficult to execute succesfully. The authorities would be assumed to understand this but the powers behind rice importation are so strong that importation is not likely to be stopped soon.

The Economic Stabilization Act, the austerity measures, contains a whole array of instruments for dealing with the present crisis. Many of these measures, however, may prove counter-productive or ineffective. For example, abolition of importation of essential commodities where there are no domestic alternatives, and no attempt is made to provide these commodities locally, can only lead to problems. Illegal access by some people to banned goods is likely to turn these people into millionaires overnight. Similarly, by having access to scarce, regulated commodities, some people can make fortunes at the expense of the masses. In addition, the few local manufacturers tend to profit disproportionately, sheltering behind a strong wall of protection. Therefore, not only will these goods become more expensive, their quality may also be expected to fall.

The various governments have promised to reduce expenditure on capital projects. This would be reasonable, especially as regards non-essential projects. Similarly, all governments have attempted to reduce recurrent expenditures, particularly fringe benefits for top government officials and political appointees. The major problem with regard to this measure is whether the will to execute it really exists.

In addition to these various measures, some politicians have indicated their willingness to embark on a number of sacrifices in an attempt to salvage the economy. By the middle of 1982, some legislators had promised to give up a certain proportion of their salaries, usually between 5% and 10%, for a few months. Public reactions to this move tend to suggest that the sacrifice is seen to be too small. In particular, what seems to be important is not the salaries of politicians but their total earnings of which salaries are a relatively small proportion.

SUGGESTED SOLUTIONS

From the trend of events in the economy, it appears that many of the solutions embarked upon have not been effective. Therefore, one would endeavour to suggest some alternatives. Some of the suggested alternatives may have been applied before; in that case more vigorous efforts would need to be made in order to make them achieve their goals. It is important to distinguish between short term and long term solutions. The short term solutions are designed to handle the immediate problems while the long term ones are expected to prevent a repeat of the crisis in the future.

Short Term Solutions

(a) Efforts to reduce recurrent expenditures should be vigorously pursued, especially in the areas of fringe benefits like cooks, cars, drivers, maids, etc, for political office holders and top government officials. The question of how to go about this is no doubt important. In the case of official cars, much saving can be made if vehicles are not used for private purposes, like conveying officers' children to school. An alternative is to purchase buses for ministries to perform such services while officers who benefit from such services are made to contribute towards the purchase and upkeep of the vehicles.

(b) There is an urgent need to cut down on overseas trips by government officials and political appointees. This may be done in two major ways. Firstly, trips should be physically reduced. For instance, courses that are available in Nigeria shoudl be attended in Nigeria and consultations that can be made locally should not be sought for overseas. Secondly, the allowances for these trips should be drastically reduced. In addition, only a fraction of the estacode should be paid in foreign exchange, the rest should be given in Naira.

(c) All non-essential capital projects should be shelved, at least till the end of the economic crisis. The problem of distinguishing between essential and non-essential projects will be enormous. However, efforts should be made to solve it.

(d) In order to maintain some standard of credibility, the proliferation of universities will need to be halted and efforts made to strengthen and expand the existing ones.

(e) Viability will need to be taken into account when states and local councils are being created. If not, units will be created for which the salaries of personnel are guaranteed while the desired development may not accompany such an exercise. The costs of maintaining staff of these units may eat deeply into the nation's resources.

Long Term Solutions

(1) Diversification of the economy is immediately called for. Adequate attention needs to be paid now to the non-oil sectors like agriculture, other minerals and industries. In addition, the country needs to look for the most favourable markets for its goods, including oil, constantly.

(2) Less of our projects, especially construction, should be done through contracts; rather, staff of the various ministries should be engaged in such jobs. One adverse effect of using contracts for the various jobs is the premature retirement of civil servants in a bid to set up their own contracting firms. Immediately after retirement, the officers are back in the market to supply expertise to the ministries they have just left. In addition, there is a need to scrap mobilisation fees for contractors, even if these fees may help local contractors to compete with their foreign counterparts. Empirical evidence had shown that most of the fees are paid to foreigners while the local contractors receive only the crumbs. Contractors should be encouraged to use financial houses to execute their jobs.

(3) The presidential system of government is no doubt an expensive one but it seems it is being made more expensive than necessary, given the present circumstances. Suggestions towards cost savings in the system include the following.

Legislators should not receive salaries; rather, they should be entitled to "sitting allowances" which are calculated on the number of days members are present in the legislative houses. This will not only save money for the country, it will also reduce the number of absentees and, therefore, cut down on the number of days when no work can be done because of lack of quorum. In addition, this approach means that states or the Federal Government would not need to provide residential houses for lawmakers, which would mean a substantial reduction in the cost of running the present system.

Similarly, the state executives should receive what their state can afford. This, in effect, means differential salaries and allowances for governors, commissioners, special advisers, etc, based on the ability of the various states to afford them. This approach will enhance efforts of the states to generate funds internally, since what the officials earn depends on what the states can generate.

In addition, there is a need for a reduction in the size of the Federal Cabinet. Most federal ministries now have two ministers in addition to a large number of special advisers. Each ministry should have only one minister while additional assistance should be sought from the special adviser responsible for such ministry. Unless some control can be applied to the expansion of the Federal Cabinet, the states are likely to engage in similar expansion practices which would constitute a huge drain on the nation's resources.

(4) A brake needs to be applied to the speed with which states are contracting foreign loans. As is obvious, it is easy for politicians to acquire debts since the burden will mostly fall on another generation. One needs to beware of transferring present problems to the coming generations.

(5) Most consultancy jobs which are now awarded to foreigners can be done successfully in Nigeria, especially in the various universities and other institutions of higher learning. It is ironical that the governments which are so eager to establish more

universities are at the same time more interested in using experts from similar institutions abroad in prefenence to those at home. At the end of the day, the staff of the local institutions execute the jobs for the foreign consultant, but at a small fraction of the actual costs to governments.

(6) Finally, other sources of revenue need to be explored while better management of existing sources be evolved. In particular, a system where the rich can be made to bear a relatively higher burden is advocated. Therefore, attention should be paid to the self-employed, businessmen and professionals, many of who do not pay any taxes. Many contracts which are awarded by governments are not subject to taxation. Here, a withholding tax ranging between 5% and 10% is suggested. In addition, there are avenues of generating incomes at state and local government levels. These include sales and property taxes, among others. These should be vigorously explored.

FOOTNOTES

1. See A. Iwayemi, "The Revenue Implications of Recent Development in the World Oil Market for the Nigeria Economy in the Medium Term" paper presented at hte National Conference on Alternative Sources of Government Revenue, NISER, Ibadan, 1983.
2. Ibid.
3. O. Knudsen and Parnes A., *Trade Instability and Economic Development*, Lexington Books, London, 1972.
4. Iwayemi, ibid.
5. I.I. Ihimodu, "The Impact of Government Taxation and Control of the Marketing of Five Major Agricultural Exports of Nigeria", an unpublished Ph.D. Thesis submitted to the University of Pennsylvania, Philadephia, 1977.
6. Central Bank of Nigeria, *Annual Report and Statement of Accounts*.

THE 1983 NYAYO ELECTIONS IN KENYA: A QUEST FOR LEGITIMACY.

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INTRODUCTION

The significance and role of elections in single-party systems has been the subject of a contentious debate among academics. Many assert that such elections provide little meaningful change and thus the study of such elections is only peripheral to the mainstream of politics in a particular country.[1] However, it is our view that the 1983 elections in Kenya, popularly known as the Nyayo elections, are highly significant in determining the general direction of politics Kenya constitutionally became a *dejure* one party state in July 1982. The elections mark the beginning of a new era in the evolution of politics in that country.

In September 1983, Kenya held its fifth national election since the granting of independence by Britain on December 12, 1963. The first four were held in 1963, 1969, 1974 and 1979. Also in 1966, following a critical KANU (Kenya African National Union) delegates conference at Limuru where Tom Mboya and the conservative elements of the party isolated the then Vice-President Oginga Odinga and the radicals, a Little General Election was called. A new mandate was required for all those who had defected to Odinga's political party, the KPU (Kenya Peoples Union).[2]

Kenya's political institutions have been radically altered since independence when, as in the case of former British colonies, the newly-independent Kenyatta regime inherited the Westminster model of government. On the legislative side, this included an elected parliament with a cabinet drawn from among its members by the leader heading the dominant political party.

It was expected that a competitive political process would be maintained featuring party competition, political debate and the formation of new political associations. However, this representative and responsible system of government was a strikingly recent phenomenon for indigenous people who had been governed under a colonial system of rule. Importantly, there was another dimension to the colonial inheritance which tended to be ignored at independence. The striking features of the colonial political world were its non-participatory character and its untrammelled executive authority. The highly centralised, hierarchical and authoritarian state had a long historical grounding in the colonial experience. At independence, then, the new political leadership were the beneficiaries of two diverse and competing political traditions — the one, democratic and the other, authoritarian. One should not have been too sur-

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