Political economy of development: Discussion and analysis of the Nigerian Federal Government development policies on agriculture over the period: 1975-1985

Ibrahim M. Waziri
Atlanta University

Follow this and additional works at: http://digitalcommons.auctr.edu/dissertations
Part of the Economics Commons

Recommended Citation

A THESIS
SUBMITTED TO THE FACULTY OF ATLANTA UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF ARTS

BY
IBRAHIM M. WAZIRI

ATLANTA, GEORGIA
MAY 1989
(c) 1989
Ibrahim M. Waziri
All Rights Reserved
ABSTRACT

ECONOMICS

WAZIRI, IBRAHIM M. B.S. OKLAHOMA STATE UNIVERSITY, 1983

POLITICAL ECONOMY OF DEVELOPMENT: DISCUSSION AND ANALYSIS
OF THE NIGERIAN FEDERAL GOVERNMENT DEVELOPMENT POLICIES
ON AGRICULTURE OVER THE PERIOD: 1975-1985

Advisor: Dr. Charlie Carter

Thesis dated May, 1989

What will be discussed in this study is the impacts of
the Federal Government Development Policies on agricultural
output over the period 1975-1985.

The writer attempted to examine the third and fourth
National Development Plans; the Agricultural Policy on
Marketing; the Import Policy; and the credits policy. These
policies were discussed and analyzed. After that the trends
of agricultural output were also discussed and analyzed.

The result obtained from this study is that even though
government had policy objects that addressed the need for
rapid growth of agricultural output, the policy did not
bring the growth needed for agricultural output.
# TABLE OF CONTENTS

| LIST OF TABLES | iv |
| Chapter |
| I. INTRODUCTION | 1 |
| Statement of the Problem | 11 |
| Hypotheses | 13 |
| Organization | 15 |
| II. REVIEW OF LITERATURE | 17 |
| III. METHODOLOGY | 40 |
| Data Sources | 45 |
| Objective | 45 |
| Importance of Study | 45 |
| IV. DISCUSSION AND ANALYSIS OF THE NATIONAL DEVELOPMENT PLANS | 47 |
| First National Development Plan 1962-1968 | 49 |
| Third National Development Plan 1975-1980 | 57 |
| Fourth National Development Plan 1981-1985 | 64 |
| V. ANALYSIS OF AGRICULTURAL POLICY ON MARKETING, PRICES, IMPORTS, CREDITS AND AGRICULTURAL PRODUCTION | 73 |
| Marketing Institutions and Policies | 73 |
| Import Policy | 86 |
| Agricultural Credit System and Policy | 90 |
| The Trend of Agricultural Output | 94 |
| VI. CONCLUSION | 103 |
| Intervening Variables | 109 |
| BIBLIOGRAPHY | 111 |
LIST OF TABLES

<table>
<thead>
<tr>
<th>Table No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Industrial Investments of UAC</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>Industries Owned by John Holts and Company Ltd. in Nigeria from 1948-1963</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Countries that Owned the United African Company</td>
<td>6</td>
</tr>
<tr>
<td>4</td>
<td>Composition of National Output (Percentage)</td>
<td>13</td>
</tr>
<tr>
<td>5</td>
<td>Growth of GNP Per Capita Growth (Annual Rate 1960-66)</td>
<td>30</td>
</tr>
<tr>
<td>6</td>
<td>Sectoral Distribution of Total Gainful Employment, 1975-1985</td>
<td>49</td>
</tr>
<tr>
<td>7</td>
<td>Total Public Sector Capital Investment 1970-74</td>
<td>59</td>
</tr>
<tr>
<td>8</td>
<td>Fourth Plan Disbursements, By Function: Federal Government</td>
<td>68</td>
</tr>
<tr>
<td>9</td>
<td>Marketing Institutions and Their Responsibilities</td>
<td>74</td>
</tr>
<tr>
<td>10</td>
<td>Producer Prices of Scheduled Board Crops ($/Tonne) 1975 to 1985</td>
<td>76</td>
</tr>
<tr>
<td>11</td>
<td>Guaranteed Minimum Prices of Schedule Food Crops</td>
<td>78</td>
</tr>
<tr>
<td>12</td>
<td>Guaranteed Minimum Prices of Schedule Food Crops</td>
<td>80</td>
</tr>
<tr>
<td>13</td>
<td>Major Agricultural Commodities Indices of Average Weekly Prices in London</td>
<td>81</td>
</tr>
<tr>
<td>14</td>
<td>Consumer Price Index</td>
<td>84</td>
</tr>
<tr>
<td>15</td>
<td>Nigeria Import by Commodity Sections 1975-1985</td>
<td>88</td>
</tr>
<tr>
<td>16</td>
<td>Imports of Food and Agricultural Machinery and Implements</td>
<td>89</td>
</tr>
<tr>
<td>17</td>
<td>Nigerian Agricultural and Cooperative Bank Loans by Category of Borrowers</td>
<td>91</td>
</tr>
<tr>
<td></td>
<td>Title</td>
<td>Page</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>18</td>
<td>Nigerian Agricultural and Cooperative Bank</td>
<td>93</td>
</tr>
<tr>
<td></td>
<td>Sectoral Allocation of Loans</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Central Bank Loans to Commodity Boards</td>
<td>95</td>
</tr>
<tr>
<td>20</td>
<td>Output of Major Agricultural Crops in Nigeria From 1975-1985 (Thousand Tonnes)</td>
<td>98</td>
</tr>
<tr>
<td>21</td>
<td>Output Per Hectar of Major Agricultural Crops in Nigeria from 1975-1985 (000 kg)</td>
<td>99</td>
</tr>
</tbody>
</table>
CHAPTER I
INTRODUCTION

This study discusses the impacts of the Nigerian Federal Government Development Policies on Agriculture over the period 1975-1985. Before Nigeria became a British colony, it was essentially divided into empires. Some of these empires were: the empire of Danfodio and Kanembono in the North, and the West Oyo and Benin. In the east, however, there were no defined empires; rather, the people were grouped into village settings with heads of household being members of the council of elders. The common thread passing through these empires was religion. In the north, the binding force was Islam, while in the West and East the native religion became the binding force.

Agriculture was the basic occupation of the people while tertiary trade served a secondary purpose; mixed croping with the aim of producing for cash and domestic consumption was also practiced. The implements include hoes, knives, and sticks—a very rudimentary agricultural process. There were two main social classes, the haves and

1P. Brown, "Patterns of Authority in West Africa," Africa vol. 21, no. 4 (October 1951): 261-278.
the have-nots. The have-nots are the dominant class which includes religious leaders, rich people and the ruling class. The have-nots which include slaves, peasants and others were dominated. As long as one was rich one was basically assigned a title of some kind in the city. The means of production (which was land) was owned and controlled by the ruling class, but one was free to use the land as long as the person was a native of the land. A form of attribute was given to the ruling Lords as a tax.

The system of documentation was based on Hausa Languages—Fulani and Kanuri, using arabic alphabets and figures in the two northern empires. In the west and the east however, oral history was the main source of preserving records.

When the British colonized Nigeria, the power structure was altered. The native leaders such as chiefs, emirs, obas, and kings who accepted colonization were regarded as an integral part of a machinery of government, with well defined powers and functions recognized by the government and the law.² There was a central government which controlled these native rulers. The domestic power structures were not changed but the direction of service by the leaders changed from serving the interest of their

empires to serving the interest of the foreign domination—British Governments. The pattern of ownership of the means of production was not significantly altered until towards the end of the slave trade.

Nigeria as well as other African Societies was resourcefully underdeveloped as a result of European slave trade.\(^3\) The exploitation of Nigeria by the British was chronically in human resources. The Nigerian labor force was depopulated through the process of slave trading which resulted in the organization of the social, economic, and political structures being disrupted. The introduction of commercial agriculture and private companies in Nigeria by the British government created a new economic structure—the introduction of Chartered Trading Company (CTC) by Britain is a good point of reference. The CTC was also the first British company to start slave trade. The same process of accumulation through slaves enabled the merchants to invest the accumulated surplus value in what they called legitimate trade.\(^4\) This legitimate trade was basically buying of raw materials produced in Nigeria and selling their finished product to Nigeria. This is another form of exploitation but this time is in material resources.


Nigeria has not only been exploited and under-developed in terms of human resources, but in terms of her material resources also.

Other companies were introduced in Nigeria such as the Royal Nigeria Company, and the largest of all, the United African Company (UAC) which had several subsidiaries as indicated in Table 1.

**TABLE 1**

**INDUSTRIAL INVESTMENTS OF UAC**

<table>
<thead>
<tr>
<th>Company</th>
<th>Product</th>
<th>Year Started</th>
</tr>
</thead>
<tbody>
<tr>
<td>African Timber Plywood</td>
<td>Timber &amp; Plywood</td>
<td>1948</td>
</tr>
<tr>
<td>Nigerian Breweries</td>
<td>Beer and Minerals</td>
<td>1948</td>
</tr>
<tr>
<td>Taylor Woodrow</td>
<td>Building Contractors</td>
<td>1953</td>
</tr>
<tr>
<td>Nigerian Joinery</td>
<td>Woodwork and Furniture</td>
<td>1953</td>
</tr>
<tr>
<td>Prestress</td>
<td>Prestressed concrete</td>
<td>1954</td>
</tr>
<tr>
<td>Nipol</td>
<td>Plastic Products</td>
<td>1957</td>
</tr>
<tr>
<td>Vehicle Assembly Plant</td>
<td>Bedford Lorries</td>
<td>1958</td>
</tr>
<tr>
<td>Raleigh Industries</td>
<td>Bicycle Assembly</td>
<td>1958</td>
</tr>
<tr>
<td>Mina Farm</td>
<td>Pigs</td>
<td>1959</td>
</tr>
<tr>
<td>Northern Construction Co.</td>
<td>Building contracts</td>
<td>1960</td>
</tr>
<tr>
<td>West African Trade</td>
<td>Sewing thread</td>
<td>1961</td>
</tr>
<tr>
<td>West African Poland Cement</td>
<td>Cement</td>
<td>1961</td>
</tr>
<tr>
<td>Guiness</td>
<td>Stout</td>
<td>1962</td>
</tr>
<tr>
<td>Fan Milk</td>
<td>Reconstituted milk</td>
<td>1963</td>
</tr>
<tr>
<td>The Nigerian Sugar Co.</td>
<td>Sugar and by-products</td>
<td>1963</td>
</tr>
<tr>
<td>Narspin</td>
<td>Cotton yarns</td>
<td>1963</td>
</tr>
<tr>
<td>Pye</td>
<td>Radio assembly</td>
<td>1963</td>
</tr>
<tr>
<td>Vitafoam</td>
<td>Foam rubber products</td>
<td>1963</td>
</tr>
<tr>
<td>A. J. Steward</td>
<td>Perfumery cosmetics</td>
<td>1964</td>
</tr>
<tr>
<td>Bordpak</td>
<td>Fibre board cartons</td>
<td>1964</td>
</tr>
<tr>
<td>Kwara Tobacco Company</td>
<td>Cigarettes</td>
<td>1964</td>
</tr>
<tr>
<td>Associated Battery Manufac.</td>
<td>Vehicle batteries</td>
<td>1965</td>
</tr>
<tr>
<td>Crocodile Machetes</td>
<td>Machetes</td>
<td>1965</td>
</tr>
<tr>
<td>Textile Printers</td>
<td>Printed textiles</td>
<td>1965</td>
</tr>
</tbody>
</table>

John Holts, also a subsidiary of the UCA, has several branches which are listed in Table 2 below.

**TABLE 2**

**INDUSTRIES OWNED BY JOHN HOLTS AND COMPANY LTD. IN NIGERIA FROM 1948-1963**

<table>
<thead>
<tr>
<th>Company</th>
<th>Description</th>
<th>Year Founded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastains</td>
<td>Construction</td>
<td>1948</td>
</tr>
<tr>
<td>Holts</td>
<td>Construction</td>
<td>1949</td>
</tr>
<tr>
<td>P. S. Mandailas</td>
<td>Gin Crushing</td>
<td>1960</td>
</tr>
<tr>
<td>Holts Rubber Company</td>
<td>Rubber Creping</td>
<td>1962</td>
</tr>
<tr>
<td>Thomas Wyatt</td>
<td>Stationery</td>
<td>1948</td>
</tr>
<tr>
<td>Nigeria Breweries</td>
<td>Lager Beer</td>
<td>1949</td>
</tr>
<tr>
<td>Nigerian Canning Company</td>
<td>Corned Beef</td>
<td>1956</td>
</tr>
<tr>
<td>Crital Hope</td>
<td>Metal door, etc.</td>
<td>1956</td>
</tr>
<tr>
<td>Asbestos Cement Products</td>
<td>Roofing sheets</td>
<td>1960</td>
</tr>
<tr>
<td>Nigerian Enamelware Co.</td>
<td></td>
<td>1961</td>
</tr>
<tr>
<td>Hoco</td>
<td>Perfumery &amp; Plastics</td>
<td>1963</td>
</tr>
</tbody>
</table>


All these companies were owned and controlled by the foreigners, most of them British citizens. When the oil production reached marketing level, four companies were established as follows: Shell, Mobil, Texaco and British Petroleum. Other companies such as Esso and Agip joined in
the exploration of Nigerian oil. The United African Company was owned by the countries shown in Table 3.

TABLE 3

COUNTRIES THAT OWNED THE UNITED AFRICAN COMPANY

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>136.6</td>
<td>184.1</td>
<td>181.4</td>
<td>202.9</td>
<td>53.8</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>19.4</td>
<td>24.0</td>
<td>39.0</td>
<td>57.7</td>
<td>15.3</td>
</tr>
<tr>
<td>Netherlands</td>
<td>23.4</td>
<td>26.5</td>
<td>37.9</td>
<td>39.3</td>
<td>10.4</td>
</tr>
<tr>
<td>France</td>
<td>3.8</td>
<td>14.5</td>
<td>9.5</td>
<td>13.1</td>
<td>4.5</td>
</tr>
<tr>
<td>Germany</td>
<td>1.4</td>
<td>1.9</td>
<td>2.2</td>
<td>2.1</td>
<td>0.7</td>
</tr>
<tr>
<td>Lebanon</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

Source: Other Side of the Nigerian Civil War, p. 10.

The aim of the colonial government was to get as much surplus value as they could get from their colonies. After the British government had structured the Nigerian economy to her own advantage, it is alleged that she monopolized production and consumption in Nigeria.

To exploit all the aspects of the economy which profited them most, industrial investments were aimed at developing industries that could generate mass consumption. Agriculture, which is a dominant sector, was relegated to the background. The British government promoted export oriented agriculture because they were only concerned with
raw materials for their industries. As economic activities became more commercialized, especially agriculture, the transition from African feudalism to a form of peripheral capitalism became possible.

A shift from subsistence agriculture to commercial agriculture brought large numbers of people into sustained contact with each other. The growth of towns created reservoirs of new skills, capital and labor and new opportunities for self advancement as well as dangers and difficulties for all. More people became aware of their wants and conscious of how little was previously done to satisfy them. As the situation became so tense, a movement towards emancipation of Nigeria was formed by some group of Nationalists. The following factors account for the fall of colonialism and gave rise to nationalism in Africa (Nigeria included):

1. **The change from a Subsistence to a Money Economy.** This change, consciously encouraged by colonial government and European enterprises in order to increase the export of primary products, introduced the cash nexus and economic individualism, altered the patterns of land tenure and capital accumulation in general widened the area of both individual prosperity and insecurity.

2. **Growth of a Wage-labor Force.** This development has resulted in the proletarianization of substantial numbers of Africans, which has weakened communal or lineage responsibility and

---

5 L. I. Markovitz, p. 166.
rendered those concerned vulnerable to economic exploitation and grievances.

3. **Rise of a New Middle Class.** Laissez-faire economics and Africans enterprise, coupled with opportunities for university and professional education have been factors contributing to the growth of a middle class. This class is most advanced in Senegal, the Gold Coast and the Southern Nigeria, where it had developed despite successive displacement or frustration by the intrusion of levantines and the monopolistic practices of European firms.

4. The concentration of relatively large numbers of African in Urban centers to meet the labor demand of European enterprises has loosened kinship ties, accelerated social communication between "detribalized" ethnic groups, and in general contributed to "national" integration.

5. **Social Mobility.** The European-imposed coupled with the development of communications and transport has provided the framework for travel, the growth of an internal exchange economy, and sociopolitical reintegration.

6. **Western Education.** This has provided the inhabitants of a given territory with a common linguafranca; with the knowledge tools to acquire status and prestige and to fulfil aspirations with the new social structure; and with some of the ideas and values by which alien rule and colonialism could be attacked. It has been through western education that the Africans has encountered the scientific method and the idea of progress with their activistic implications, namely, an awareness of alternatives and the conviction that man can creatively master and shape his own destiny.


7. Neglect or frustration of Western-educated element susceptibility to psychological grievance is most acute among the more acculturated Africans. Social and economic discrimination and the stigma of inferiority and backwardness have precipitated a passionate quest for equality and modernity, and latterly self-government. Rankly memories of crude, arrogant, or insulting treatment by the Europeans have frequently been the major well spring of racial bitterness and uncompromising nationalism.

8. Eclipse of Traditional Authorities. Notwithstanding the British Policy of indirect rule, the European super-structure and forces of modernity have tended to weaken the traditional powers of indigenous authorities and thereby to render less meaningful procolonial socio-political units as objects of loyalty and attachment.

9. Emphasis upon Territorial Individuality. More than any other colonial power, the British have provided the institutional and conceptual framework for the emergence of nations. Decentralization of power, budgetary autonomy, the institution of territorial legislative councils and other "national" symbols—all have facilitated the conceptualization of a "nation."

10. Neglect, Frustration and Antagonism of Educated Elite. Not only have more British Africans been exposed to higher education, the British government until recently remained relatively indifferent to the claims and aspirations of this class, which forms the core of the nationalist movements.

The factors mentioned above suggest that African nationalism was not merely a peasant revolt. In fact, as already noted above, nationalism where it is most advanced has been sparked and led by the so-called detribalized, Western-educated middle class intellectuals and professional Africans—those who in terms of improved

---

8L. I. Markovitz, p. 165.
status and material standards of living have benefited mostly from colonialism—in short those who have come closest to the Western World but have been denied entry on full terms of equality. From this comparatively affluent, psychologically aggravated group have come the organizers of tribal associations, labor unions, cooperative groups, farmers' organizations, and more recently nationalist movements. These are the same class of people who become the rulers of today, and are the subject of criticism in terms of the development of Africa, Nigeria included.

This movement gave birth to what Claude Ake described as:

Disarticulation of African economic have had a marginal effect at best. The major reason for the meagre progress is that the drive for economic development in the past colonial era has followed the line of least resistance which is generally the least desirable from the point of view of social benefits, balance development came, the colonial economy had, so to speak, matured, its structure was firmly set and could not easily be changed.

The fully formed economy that is inherited imposed a certain logic and rigidity on the course of future development, and this logic was essentially one that favoured the persistence and even the reinforcement of the syndrome of disarticulation.

Enclave development continues, particularly in the sense that development activity and social amenities are being concentrated in a few centers.

---

Statement of the Problem

Policies are generally formulated by the government to make the economy functional so as to reduce the level of poverty and improve the standard of living of the people. But the efficiency of any economy depends primarily on the level of the development of productive forces.\(^{10}\)

In Nigeria for instance, present emphasis is on integrated rural development of the farm sector as a means to a balanced development. Rural development and agricultural development are related; in fact, the interrelatedness of these two terms makes it easy for them to be used interchangeably. But agricultural development in the real sense is part of the rural development. Albert Waterston states that:

Rural development is generally conceived as a multi-sectoral activity which includes, agriculture and rural industry, the establishment or improvement of social overhead facilities or infrastructure (schools, health centers, roads communication, electricity, water and welfare services or programs).

Agricultural and infrastructural development must be present simultaneously in order to achieve the balanced rural development. Unfortunately, this has not been the


case in Nigeria. After many years of independence, the rural areas which are the main centers of agricultural production and home of about 80 percent of the population of 95 million (1985) people, witnessed severe neglect. Most of the rural areas in Nigeria lack the basic infrastructural facilities outlined above. As a result of this inadequacy, rural economy stagnated; and in the final analysis make living for the rural people too difficult. Agriculture which was the backbone of Nigeria's economy has declined during the past decade to the point where it is now the major cause of inflation, rural to urban migration, and large food deficit. The major reason for the declining agricultural production from 1968-70 is the neglect of traditional smallholder farmers who produce more than 90 percent of total farm output. Agriculture accounts for 64.1 percent of the total national output in 1960 and declined to 28.1 percent in 1975. Table 4 explains this trend in detail.

From the table below, agricultural contribution to total national output has declined while the other sectors' contribution has increased. Although this relationship did


not tell us much about the decline of agricultural output, it does tell us that other sectors grow faster than agricultural sectors. Could this declining of agricultural output be associated with the government policies in regard to agriculture?

**Hypotheses**

As a result of the foregone phenomenon, we hypothesize that the federal government development policies failed to improve agricultural production from 1975 to 1985.
Albert Waterston states that,

the objectives of agricultural development is usually increased growth of agricultural output while the primary objective of rural development is the enrichment of the material and social welfare of the rural population--always including poor farmers, and sometimes landless farm workers and others in rural areas.\textsuperscript{14}

According to the former World Bank President Robert S. McNamera,

the strategy for increasing the productivity of small holders-agriculture (peasant) includes as "essential element" land and tenancy reform better access to credit, availability of water, research facilities, access to transportation, education, health care, electrifications and finally, new forms of rural institutions and organizations which will promote potential and productivity of the poor.\textsuperscript{15}

Going back to the hypothesis, the task of this research is the development of agriculture, that is the growth of agricultural output associated with the development policies of the federal government. The dependent variable based on this hypothesis becomes the growth of agricultural output. The independent variables become the government policies on agriculture. For this study the growth of agricultural output is a function of government policies associated with marketing institutions and prices; imports of agricultural commodities; and accessibility to credit.

\textsuperscript{14} Albert Waterston, p. 234.

The method of determining the impact of the policies on agriculture is chosen due to the nature of the data. But it does not mean the only method; for example, location quotients on employment and output in the agricultural sector over the period from 1975-1985 could be used to see what has occurred with the location quotients over the years. Another method to determine the selective worth of the plans to small vs. large farms would be to work out some measure of the distribution of farm output by the size of farm overtime. These methods cannot be used due to data limitation and the problematic nature of attempting to quantifiably analyze the accessibility to credit by the large farms and small farms.

Organization

There will be six chapters in this study starting with chapter I which is an introduction. Chapter I discusses the basic historical background of Nigeria as an economy and as a society. This chapter contains the statement of the problem and also the hypotheses. Chapter II is a survey of relevant literature covering government policies as they relate to Nigerian agriculture. This is a discussion and outline of full range of theories that suggest explanations for the problem. Chapter III outlines the methodology data sources used to develop the study. Chapter IV reviews the four development plans. Chapter V
will be concerned with the analysis and discussion of the policies—marketing policy and institutions which involve prices, import policy, agricultural credit policy; and also discusses the trend of agricultural output. Conclusions of the study are presented in Chapter VI.
Economics is a social science concerned chiefly with the way society chooses to employ its limited resources, which have alternative uses, to produce goods and services for present and future consumption. It also is concerned with the production and delivery of a rising standard of living.

One should not discuss economic growth and development without going back to the past history of economic activities for the country in question. Looking back in time, attribution should be given to Aristotle whose greatest contribution to the discipline of economics was his economic theory of value.\footnote{Milton H. Spencer, 	extit{Contemporary Economics: The Meaning of Economics} (New York: Worth Publishers, Inc., 1971), p. 4.} Aristotle opposed the concept of retail trade and of interest because "they permit the accumulation of unlimited wealth by unnatural means." Money in his view was intended to be used for exchange, not to increase at interest.

When you talk of economic development one should also talk of economic growth. Economic growth will not be
possible without capital accumulation in all forms of economic systems. The credit here goes to Adam Smith who published a monumental book entitled *An Inquiry into the Nature and Causes of the Wealth of Nations*.

The topics discussed in the *Wealth of Nations* are labor; value and price determination; the theory of income distribution involving wages, rent and profit; the accumulation of capital; and the principles of public finance. Smith views economic problem as: "man struggles to conquer nature in the production of material wealth." He is therefore more concerned with increasing the productivity of labor and expanding the size of the market.

In viewing economic development there is no way one can escape the concept of population. When discussing the significance of population in the light of the development of a society, credit should be given to Thomas Robert Malthus who in 1798 published a book entitled *An Essay on Principle of Population as it Affects the Future Improvement of Society*. Malthus also revised his essay in 1903 in which he formulated his theory of population growth. He spoke of the tendency of the population to out-run the supply of food. In his essay of 1803 Malthus concluded that human beings were

\[\text{Ibid., p. 32.}\]
destined to misery and poverty unless the rate of population growth is retarded either by: (1) preventive checks such as moral restraint, late marriages, and celibacy, or if these fail then; (2) positive checks such as wars, famine, and disease. Malthus' specific outstanding contribution to economics refers to a book of 1820 entitled Principles of Political Economy, in which he defined the concept of "effective demand as the level of aggregate demand necessary to maintain continuous production."³

Before we end our historical analysis on the classical economic development we must pay a visit to David Ricardo for his formulation of theories of value, rent, and wages. He published a book entitled Principles of Political Economy and Taxation in 1817. Ricardo thinks that political economy should be viewed as an inquiry into the laws which determine the division of the produce of industry amongst the classes which occur in its formation.

On the classical view of growth we may conclude with Ricardo who says that the development of an economy depends on relative growth of two critical variables vis-à-vis population and capital. That is if population grows faster than capital, wages fall and profits rises; if capital grows faster than population, profits fall and wages rise.⁴ We must note that the portion of Ricardo's theories become

³Ibid., p. 35.
the foundation of subsequent writing by the paradigms in which Marx and Keynes became the historical leaders.

Keynes perpetuated the classical theory of development, which means here that he stays within the traditional western economic theory. Unlike the classical, Keynes did not agree with the classical notion of full employment for the fact that unemployment exists even at the level of full employment. Keynes' most celebrated work, *The General Theory of Employment, Interest, and Money* (General Theory) which was published in 1936 became the most influential book ever written in traditional western economics. In the General Theory, Keynes showed that equilibrium can be reached and maintained even at a level of output below the full employment.\(^5\) He also called for the reduction in the bank interest rate, progressive income tax and government spending through public works. A decrease in interest rate will stimulate investment and increase investment will increase output and the level of employment, increasing taxation will make income more equal and thereby increase the percentage of aggregate income that people spend on consumption. Government investment through public work and other means will keep the economy in equilibrium even when private investment expenditures


\(^5\)Spencer, p. 144.
decreases. Milton H. Spencer in his contemporary economic says today, practically all economists are "Keynesian."\(^6\) They are fundamental theoretical tools and concepts which Keynes developed.

Spencer is right at least in the traditional western economic sense. Going through the historical account of development in traditional western economics, it is time to review the most recent theories of economic development. Given the nature of this investigation, it will be more appropriate to concentrate on those theories that were applied to the developing economy.

Conventional economists measured the level of economic development in terms of the growth of national product with regard to growth in total population. Or to put it another way, growth is measured in terms of growth in per capita gross national product.

Peter Henriot's article summarized the traditional western economic development theories.\(^7\) First, he sets out his variables that are necessary for measuring the growth of GNP. The four major factors are as follows: Capital accumulation, new resources, technological progress, and

---

\(^6\)Ibid. Also see W. J. Baumol and A. S. Blinder, Economics Principles and Policy, Rev. ed. (New York: New York University, 1985), pp. 258-274.

population growth. Capital accumulation is seen as a primary factor because it permits the increase in production through investment. Henriot also describes this development process into four: increase in per capita income, increase savings, increase investment and increase production. Another way of describing the traditional western economic development processes is by Rostow's historical account of development. In the opening chapter on stages of economic growth, Rostow wrote—"it is possible to identify all societies in their economic dimension, as lying within one of five categories; the traditional society, the pre-conditions for take off, into self-sustaining growth, the drive to maturity, and the age of high mass consumption"—these stages are not merely descriptive they are not merely a way of generalizing certain factual observations about the sequence of development of modern societies. They have another logic and continuity—they constitute both a theory about economic growth and a more general, if still highly partial theory about modern history as a whole. The above quotations represent Rostow five stages of economic growth which can be also explained as follows:

---

1. Traditional society—this represents the time when method of production is at primary form. Production is not a factor because people are living at subsistence level and because of sufficient economic development technique.

2. The preconditions for take off process of leading sector integration is taking place i.e., increase in agriculture productivities result at development of other industry.

3. The take off interval when the old block and resistances to steady growth are finally overcome and growth becomes normal condition for all sectors of society, main feature is increased in ratio of savings and investment to national income a 5 percent or less to 10 percent or more; also emergence of political, social and institution framework to facilitate impulses towards expansion.

4. The maturity—this refers to the time when a study growth is sustained for extended time with long period of interval. The national income remain between 10 to 20 percent and the emergence of new leading sectors to support the old ones.

5. Age of high mass-consumption—refers to the time when stability is maintained and structure have wovlen to an equilibrium level. This is the time for mass production and mass consumption. There is a shift in production from capital goods to consumer good by the leading sectors.

In the linear stages theory, Harrod-Domar has a profound contribution to this theory. Taking investment as a leading factor for growth, Herrod-Domar's growth model seems the best. The model assumed that in order for the growth to take place, new investments representing new additions to capital stock are necessary. It follows also that there is a correlation between the size of the total capital stock and total gross national product (GNP).

---

9Henriot, p. 7.
It happens that any net additions to the capital stock in the form of new investment will bring about corresponding increases in the flow of national output (GNP). The relationship between capital stock and output is known as capital output ratio which is also defined. The model assumed that the national savings ratio defined is a fixed proportion of national output, and total new investment is determined by the level of total savings.

Growth is a function of saving and investment. In order to grow, economies must save and invest a certain proportion of GNP. The more the saving and investment, the faster the growth. The real rate at which an economy can grow depends on the productive investment. Both Rostow and Domar theories center around capital accumulation made possible by an increasing level of saving and investment.

From the linear stages theory came the neoclassical structural change model or western interpretation of underdevelopment theory. The theory of structural change focuses on the mechanism by which under development economics transform their domestic structures from traditional subsistence agriculture to industrially diverse manufacturing and service economy. The tool of analysis

---


11 Ibid., p. 67.
in this theory refer to neoclassical price and resources allocation theory and modern econometrics. The most popular theoretical model of structural dependency theory refers to empirical analysis which is known as patterns of development.

Let us look at the Lewis theory of development which is divided into two sectors: (1) the traditional or agricultural sector; and (2) the modern industrial sector.

The traditional sector is characterized by the subsistence level of production; rural, over populated, and zero marginal labor productivity. The industrial sectors is characterized by a high productivity, urban, and labor observation modern sector. Lewis also classify the overpopulation as surplus labor which can be transferred from traditional sector to urban industrial sector.

Lewis' model of growth and employment in a dual labor surplus, focuses primarily on the process of labor transfer and on the growth of output and employment in the modern sector. The labor transfer, and modern sector increasing employment, depend on the growth of output in the sector. The speed at which this increase will take place depends on the rate of industrial investment and capital accumulation in modern sector. Investment in modern sector depend on the excess of modern sector profit over wages, on the assumption that entrepreneurial reinvestment on all their profits. Lewis assumed that modern sector wages would have
to be at least 30 percent higher than average of traditional (rural) income; for worker to migrate from the rural sector to urban modern sector. The supply curve of rural labor is seen to be perfectly elastic due to the fact the level of wages in the modern industrial sector is assumed to be constant and determined as a given premium over a fixed average subsistence level of wages in the traditional sector.

In this model the growth and employment is assumed to be a continuous process until all the rural labor surplus is absorbed in urban industrial sector. This is a point where marginal physical labor in the traditional sector is greater than zero. This is also a point of equilibrium, where the structural transformation of the economy (as considered by Lewis) model has taken place.

There are other implicit assumptions that can also be very disturbing when the method of production seems to be very different in the two sectors, whereby the output of the traditional sector is a function of land and labor alone, and there is no capital accumulation, and in the industrial sector, output is a function of capital and labor alone. The flow of unemployed labor from the traditional sector to the industrial sector is the only link between the two sectors. This brings us to the notion of "Theories of Dualism" in which Keith Griffin's articles entitled "Underdevelopment in Theory" became an important
source of information. Keith Griffin said, "perhaps the most pervasive theory is that of the dual economy." There are numerous models of economic dualism, but their common feature is the division of the economy into two broad largely independent sectors. The name given to those two sectors varies. In some cases the division is between a capitalist and noncapitalist sector. In other cases it is a division between an enclave and the interland between a modern and a traditional sector of society or, more generally, between industry and agriculture. 12

The two sectors were characterized as follows: The modern capitalized industrial sector is characterized by (1) reception to change (2) market oriented, and (3) employed a profit maximizing behavior. The traditional non-capitalist sector is characterized by (1) a stagnant (2) subsistence level of production (3) little output goes to the market (4) prefer leisure over work and (5) do not employ the profit maximizing behavior.

It was assumed that there is widespread unemployment in the traditional sector, and marginal product is also zero and sometimes negative. The output seems to be a function of only two factors and there is no capital accumulation, while on the modern sector which is capitalist in character employ the above western theory of

development—such as Lewis or Hirrio and Domar theory of development. Another interesting thing observed by Keith Griffins is that the only link between the two sector is a flow of unemployed labor of homogenous quality from the traditional sector of the modern industrial sector.

Keith Griffin also wrote, "Dualistic Models of Growth sometimes explicitly but more often implicitly have until recently been such a notable feature of development policy stem directly from these two models. The concentration on large commercial farmers (who may be considered to belong to modern sector) reflects the opinion that small peasant will not respond to ordinary economic incentives. The concentration on manufactured consumer goods which use imported input and failure to take advantage of opportunities to process locally available raw materials reflects the belief that the traditional sector is incapable of supplying the modern sector with the input it requires. This article attempts to disprove the assumption on which dualistic models are constructed. After thorough examination of each assumption Keith Griffin summoned up by saying that one cannot reject the hypotheses that the traditional sector does not serve on a single study of one country but provide to create certain amount of doubts as to the validity of theories which are dependent upon this assumption. One can always maintain that the assumption of a theory are less important than its
predictions and that it is more important to foresee the development path of an economy than to describe accurately its structure and behavior patterns.

The trend and the tendencies the dual economy model would lead to are also examined in this article. Based on this model there is a tendency for real income in the traditional sector to remain constant. Income will not increase because there is surplus labor and it will not decrease because it is already at the level of subsistence. Since the model assumes that marginal product of labor is zero, it should also mean that all available land are fully utilized or otherwise, it is difficult to understand why the surplus labor does not utilize the uncultivated land. This also means that if there is surplus labor and land is fully utilized and increase in population is exactly offset by technical progress is not likely because it was assured that capital accumulation in traditional sector is not possible.

The predictions were identified from the dualistic theories (1) aggregate per capita income will rise; (2) agricultural output will increase by the same rate as the population, and (3) per capita income in rural areas will remain constant. Finally Keith Griffin disproves the foregone predictions by the following: Per capita income

\[13\] Ibid.
has declined in Africa, North of the Sahara between 1960-1967 by 0.3 percent a year.

**TABLE 5**

**GROWTH OF GNP PER CAPITA GROWTH**
**(ANNUAL RATE 1960-66)**

<table>
<thead>
<tr>
<th>Countries</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana</td>
<td>-0.1</td>
</tr>
<tr>
<td>Morocco</td>
<td>-0.5</td>
</tr>
<tr>
<td>Rhodesia</td>
<td>-0.5</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>-0.4</td>
</tr>
<tr>
<td>Uruguay</td>
<td>-1.4</td>
</tr>
</tbody>
</table>


Agricultural output and in particular, productions of food for domestic consumption growth rate is less than the rate of population growth in the following countries from 1957 to 1959; Algeria, Burindi, Congo, Liberia, Malagasy, Morocco, Bolivia, Iraqi, India, Trinidad and Tobago and many other countries in the third world.

The theories of dualism as formulated by the traditional western economist seems not to address the real issues of the third world economics problems. It seems that employing this theory may lead an economy to more problems. As Andre Gunder Frank puts it,

> I believe on the contrary the entire dual society thesis, is false, and the policy recommendations to which it leads will if acted upon, serve only to intensify and perpetuate the
very condition of underdevelopment they are supposed to remedy.——I am confident that future historical research will confirm that the expansion of the capitalist system over the past centuries effectively and entirely penetrated even the apparently most isolated sector of underdeveloped world.\(^{14}\)

1. Frank argues that, urban centers or regional cities were an instrument of conquest by the colonialist and still as the center of domination. He also confirmed from the analysis of study done at National India Institute that there is closer economic and social interdependence between the present hinterland and the regional cities or the metropolis, the metropolis became the center for exploitation.

2. The metropolis is linked with the more developed capitalist centers. The same metropolis also penetrated and structured the economic, political, and social life of the now underdeveloped world. The capital centers and provincial centers of the underdeveloped societies were highly incorporated into and serves to impose and maintain the monopolistic structure and exploitative relationship of the world capitalist system.

Using Latin Americans in his case, Frank argues that present underdevelopment of the third world countries is the result of former participation in the process of world capital. It showed in my case studies of the economic and social histories of Chile and Brazil--history suggested that the conquest not only incorporated these countries fully into the expansion and development of the world mercantile and later industrial capitalist system, but also introduced the monopolistic metropolis—satellite structure

and development of capitalism into the Chilean domestic economy and society itself.

Some of the then developed cities of Latin America became under developed simply because at a time, they were the centers of production of such commodity as Gold or other Fresh Matel. When the production of those commodities came to end those cities were no longer useful by the center; in the final analysis, they deteriorated to what is now known as under development. This argument can also apply to any nation, for example, the underdeveloped societies of Africa and Latin America were very important at the time when they can provide the western capitalist system with their needed resources; they helped build the cities of these nations. But when they no longer have control over these economies they tend to exploit them without any concern for their development.

The following article written by Bob Shenton and Mike Watts strongly supported Frank's argument. They argue that the Hausa areas of Northern Nigeria experienced food shortages due to unfavorable weather but had a variety of social mechanisms to reduce their impact. Many of those mechanisms were undermined as a result of structural arrangement imposed by colonialism on Nigeria's economy. They pointed out that several factors were presented by

western social scientist, factors such as: advancement of the Saharan and other natural disaster. This suggested that hunger can be seen as an act of God; this according to Shenton and Watts, is inseparable from the idea that peoples of the underdeveloped world suffer passively at the hands of a malevolent environment. Shenton and Watts pointed out that drought is over but hunger and starvation continue in West Africa which was once a net exporter of agricultural produce now become a major importer of food. Even though the rain fall returned to normal and adequate for agricultural production in West Africa, agricultural production continues to decline.

Shenton and Watts hypothesized that present crisis can not be analyzed by recourse for the weather, or by understanding Malthasian political economy. Hunger can not be seen as a natural phenomenon but is a social one. To the extent that there is a line between environmental fluctuations and famine it is clearly mediated by the level of the development of the means and relations of production in Nigeria. These together ameliorate, amplify the effects of drought or any disaster ban on the human environment.

The following factors were considered to be the basis of their argument.

1. Extended production/consumption unit of the household or 'gandu.' In it families of married Junior brothers, sons, clients and slaves, in addition to that of a household head, organized the greater part of production and consumption of goods and other crops. Its intergenerational
character per-producer ratio of component nuclear families which in turn reduce the level of vulnerability of those component units to a crisis of simple reproduction.

2. Agricultural system were adapted to the precarious conditions of the natural environment. The following methods were found to have greater advantage, patterns of intercropping, the selection of drought-resistant strains, and the use of crop combinations which varied with yearly environmental fluctuations.

3. The level of food storage and consumption strategies the efficiency of those traditional techniques of storage permitted grain to be stored for several years--this made possible the constitution of reserves. The techniques of storage were institutionalized by and inseparable from religion and social custom.

4. Dry season migration (chinranic) in which people (mostly men) would leave their homes and travel long distances to engage in crafts or laboring in order to conserve their domestic food supplies.

5. The patterns of redistributive and reciprocal gifts also reinforced Hausa societies' ability to withstand a crisis of food shortages. Exchanges of gifts between social equals such as 'Biki' reinforced a household ability to meet a specific consumption crisis, while 'Adashi' or revolving credit schemes were means of raising household capital for productive investment in agricultural or trade. Gayya or communal work groups were often brought together to clear new land or to aid a household stricken by illness and were important in maintaining the necessary level of food production.

Onokerhoraye of the Nigerian Institute of Social and Economic Research, University of Ibadan argues that

---

The present urban systems and transportation networks of many African countries were designed during the colonial period, to serve the economic and political interest of their respective colonial masters. Consequently, urban growth, and transportation development were restricted to certain sectors of these countries.

To prove his argument, Onokerhoraye examines the structure of the contemporary urban system in Nigeria and its implications for national integration.

The analysis also supported Frank's argument—Onokerhoraye found out that the major aims of British Colonial administration in Nigeria was to encourage export oriented productions of raw materials and provide markets for goods manufactured in Britain. To this ends, towns were needed to serve for transhipment point and distribution centers, and also for administrative purposes. The British economic policy which emphasized cash crop production also emphasized small scale farmers. One important thing to understand here is that these same small scale local farmers were once excluded in the economic development policy of the same country (Nigeria). What is important to my study is that the small scale farmers are part of (if not at the center) rural poor. The executioners of the British policy were few larger trading companies which handled the collection and dispatch of all...
goods produced for export. The same companies also controlled the importation and distribution of manufactured consumer goods to various parts of Nigeria. He also found out that, to make the economic system functional, new transport networks has to be built. Railways and roads were to be built to link export-producing areas to the major ports at the coast. As a result of this process, a central railways from the rural toward the urban centers help further develop the now urban centers of Nigeria. Another important factor as regards to my study is that, post colonial politicoeconomic development was found to have tended to consolidate the colonial urban system.

Onokerhoraye in his study of spatial aspects of urban growth in Nigeria found out that most of the industrial, commercial and educational developments since Nigeria became independent in 1960 have been concentrated in the urban centers and states capitals located along the colonial transport network. Having supported Frank's formulations, I would like to make this point clear, that is, I did not agree with the notion that metropolis satellite structures came before classes. My argument is that it was the process of class formation that brought

---

18 Ibid.

about the idea of urban and rural areas or metropolis and satellite.

It is equally important to understand the production as well as distribution in order to basically see the impacts of governing policies on agricultural output. It was understood—agriculture provides the means of living for about 80 percent of the Nigerian population; therefore, it also is important to understand market development for agricultural commodities in Nigeria.

Adekauye in his analysis of food market development pointed out six factors that have contributed to the food problems in Nigeria. These six factors are as follows: (1) improper marketing functions; (2) marketing institutions; (3) marketing channels and trade flows; (4) improper market structure; (5) costs, prices and margins; and (6) market typologies. Singh and Ijere in their study entitled "Appraisal of the market structure in Nigeria," pointed out four factors that have constrained the growth of agricultural output. The four factors are (1) marketing practice; (2) transportation; (3) storage; and (4) distribution margins and price differentials. In addition to the four factors, they also pointed out that production site away from the market resulted in a large chain of inter-

---

mediaries who sell the farm products. The factors work against the saving functions of the small holder farmers.

Additionally, Singh and Ijere's study pertaining to the appraisal of the food market structure in Nigeria exemplifies the exploitation of the small farmer by market forces. However, the study lacks a clear analysis of the impact of marketing boards vis-a-vis price determinants of inputs and outputs. Thus, by viewing producers as being indifferent to prices, Singh and Ijere have not taken into account the reality that farmers or producers have no choice to price or market for their produce. This is due to the inadequate distribution networks and imperfect market structures imposed on them.

Okello Oculi in his article entitled, "Dependent Food Policy in Nigeria 1975-1979," argues that for a genuine self-sufficient strategy involving and mobilization of the mass of farmers using domestic agricultural inputs is a necessary condition.21 It was also mentioned in that study, in an apparent attempt to become self-sufficient in food production, Nigerian government has embarked upon large-scale agricultural production involving irrigation. Oculi also pointed out that food policy can be self-dependent in intent but externally dependent in practice.

This contradiction can be unintended or may represent an intention of policymakers to link domestic economic interests with the foreign agricultural businesses. Oculi suggested that this kind of contradiction seems to exist and inform policy on food production in Nigeria. Urbanization is said to lead to out-migration of labor from rural areas and thereby reduce agricultural production. Large scale agricultural production means capital intensive which can easily translate into displacement of workers and increasing rate of rural to urban migration.
CHAPTER III
METHODOLOGY

In an attempt to examine the impacts of the Nigerian government development policies on agriculture from 1975 to 1985, the methodology known as dialectical materialism will be adopted. Dialectical materialism is a methodology that gives economic factors a central role in explaining social life. The basic justification for giving economic factors such a central role is that man's fundamental needs are the basic economic necessities of food, shelter, and clothing. Even though these needs can be achieved, it does not mean that they are not of primary importance. It follows then that economic needs are the primary needs, so economic activity is central to man's activity.

Once we understand the level of development and how production takes place to meet material needs, how the products are distributed and what is the production relation, it is only then we can understand the culture, laws, religious system, and even its political system. Take this study for example, to find out the true impacts of federal government development policies on agricultural output, we must find the level of development of the forces
of production and understand who controls the means of production, who is directly involved in the production process, who sets the prices of the commodity produced, what impact imports have on domestic production, and the credit system. This methodology has been used by many scholars; one quoted here is Claude Ake, who outlined four factors that can be found in any contemporary society. The four factors are as follows:

1. Those from the economically privileged groups tend to be better educated, to have higher social status, to be more successful professionally and politically. This means that the economic inequality is extremely important tendig to reproduce itself endlessly in a series of other inequalities.

2. Those who are economically privileged tend to be interested in preserving the existing social order and those who are disadvantaged by the social order particularly its distribution of wealth have a strong interest in changing the social order. In this way, the economic structure sets the general trend of political interests and political alignment.

3. In so far as there is economic inequality in society that society cannot have a political democracy because political power will tend to polarize around economic power. Also a society where a high degree of economic inequality exists must necessarily be repressive. This repression arises from the need to curb the inevitable demand of the have-nots for redistribution. Here, economic conditions not only setting the tone of politics but also defining the role of coercion in society.

4. The morality and values of a society tend to support the preservation of existing division of labor and distribution of wealth in the society. The autonomy of morality and social values is more apparent than real. Contemporary western morality condemns theft. And we forget that theft as a moral value is something created and dependent on a particular economic condition when there is no scarcity and private property, the idea of theft would not arise. Man's knowledge depends mainly on his activity in material production, through which he came gradually to understanding the phenomenon, the properties and the laws of nature, and the relations between himself and the nature; and through his activity in production, he also gradually comes to understand, in varying degrees, certain relations that exist between man and man. Man's social practice is not confined to activity in production, but takes many other forms such as class struggle, political life, scientific and artistic pursuits.  

Having understood the material basis of our methodology, we should now move to another aspect of it. The basic law of materialist dialectics is the law of contradiction in things, that is, the law of unity of opposites. This is the two world outlooks which says if there is rich there must be poor, if there is development there must be under development and we see poor because there is rich. If one ceases to exist the other will also do the same. This law exists in unity of things and is a dynamic process, not a static. This method encourages relating the world in terms of unity, continuity and as a complex and also problematic.

---

2Mao Tsetung, On Practice, p. 2.
Thus, to determine the impact of government policies on agriculture, the growth of output will be analyzed in relation with the Nigerian development plans, marketing institutions and policies; import policy; agricultural credit policy; and the trend of agricultural production.

To find the association between the development plans and the growth of agricultural output each plan will be analyzed individually. First national development plan will be summarized showing the primary goals of the plan and more on to the second national development plan. The primary goals of the second plan will be analysed and linked with the first to show the policy making bodies. The different institutions involved in the policy making and planning process will be identified. The third national development plan will be analysed pointing out the goals and the objectives of the plan. Policies relating to agriculture will be identified and analysed in relation to the growth of agricultural output. The policy making institution will be analysed, pointing out the parastatal responsible for the third development plan. The fourth national development plan will also be analysed in the same logic. The links between the federal government and the state government will be identified. Tables will be used in discussing the fourth plan disbursement to help us understand the basis for federal government commitment to the plan policy. In addition to the tables article related
to this study will also be used to strengthen the relevant points.

The impact of marketing institutions and policies on agricultural output will be analyzed. We outline the responsibilities of marketing institutions and marketing boards. Producer prices of the commodities purchased by marketing institution are also discussed. Another table will be used to discuss the minimum prices guaranteed for scheduled food crops. A table will be used to discuss the average retail prices of major domestic staple food crops. A table will be used to discuss the indices of average weekly prices in London of Nigerian major agricultural commodities. Two tables will be used to discuss the consumer price index for urban and rural centers.

The impacts of import policy on agricultural output will be discussed by the use of tables. A table will be used to discuss Nigeria import by commodity sections. Another table will be used to discuss imports of food and agricultural machinery and implements.

The impact of agricultural credit policy on agricultural output will be discussed using tables. Nigerian agricultural and cooperative bank loan by category of borrowers will be discussed by the use of a table. A table will be used to discuss Nigerian agricultural and cooperative bank sectoral allocations of loans. Another table will be used to analyze the central bank loans to
commodity boards.

The trend of agricultural production will be observed by the use of tables. One table will be used to discuss the output of major agricultural crops in Nigeria, and another table will be used to discuss output per hectare of major agricultural crops in Nigeria. A general observation link the find together will be in a form of a summary. Secondary data will be used for this research.

Data Sources

The following sources of data are available for analysing this problem: government publications, journals, books, newspapers, and magazines. This data can be obtained from the Department of Economic Development and Statistics; from the Central Bank of Nigeria; from the libraries and from other Nigerian research centers.

Objective

The objective of this study is to evaluate the impact of the federal government development policies on agriculture from 1975 to 1985.

Importance of Study

Agriculture provides employment for more than 65 percent of the total labor force in Nigeria, and about 80 percent of the total population of Nigeria depend on it for their day-to-day living. In light of this fact, a study of
this nature will help to inform or reinforce the policy-makers about the existing and continuous problems if any; so that government may use it in formulating future development policies. It will also help to explain the nature of dependencies and the degree of development of capitalism in Nigeria as regards to agriculture. Relativity is relative, therefore, the importance of this study is dependent on the individual; for example, one may not have any problem with declining agricultural output so long as the GNP is increasing but another person or administration may see it as a big problem. The importance outlined above are the author's opinion and views regarding this study.
CHAPTER IV
DISCUSSION AND ANALYSIS OF
THE NATIONAL DEVELOPMENT PLANS

There is no doubt that a casual class analysis is crucial to a comprehensive understanding of the Nigerian political economy. This policy oriented study implies that the nature of the post-colonial state in Nigeria (focusing on the period 1975-85) was such that "the military controlled political power but it did so as a section of the coalition of classes which had had control of political power since independence." As Ohiorhemian points out, historically this coalition has used control of state power as a base from which to transform itself into a capitalist class. However, it was the development of an indigenous capitalist class within a dependent economy.

Until the late 1960's, the primary export sector was dominated by agriculture. Since then, however, the primary sector has been dominated by the petroleum industry as Table 4 indicated.


2 Ibid., p. 5.

47
As Table 4 showed, agriculture accounted for almost two-thirds of national output, commerce accounted for 13 percent, whereas manufacturing and construction each accounted for less than 5 percent at independence in 1960. The contribution of the oil sector was a minute 0.3 percent.³

On the eve of the military takeover in 1965, the contribution of petroleum had risen to over 4 percent whereas the share of agriculture had declined to over 55 percent. Ten years later (1975), according to Ohiorhjemehian, agricultural value-added had fallen drastically to 28 percent whereas that of petroleum had risen to about 13 percent. The contributions of manufacturing and construction were 10 percent and 11 percent respectively.⁴

In spite of its declining relative share in national output, agriculture remains the largest employer of labor. In 1975, it provided employment for 64 percent of the gainfully employed whereas in 1985 it was 57.8 percent. As Table 6 indicates, the contribution of oil to employment is minimal due to its capital-intensivity. A brief review of the first and second, third and fourth national development plans (NDP) is, therefore, necessary to understand and evaluate government's policy objectives pertaining to agricultural production in Nigeria.

³Ibid., p. 5.
⁴See Table 5; Ibid., p. 5.
TABLE 6
SECTORAL DISTRIBUTION OF TOTAL GAINFUL EMPLOYMENT, 1975-1985

<table>
<thead>
<tr>
<th></th>
<th>1975</th>
<th></th>
<th>1985</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>Percent</td>
<td>No</td>
<td>Percent</td>
</tr>
<tr>
<td>Agriculture</td>
<td>18.70</td>
<td>64</td>
<td>20.87</td>
<td>57.8</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>1.17</td>
<td>0.4</td>
<td>0.12</td>
<td>0.4</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>4.91</td>
<td>16.8</td>
<td>6.57</td>
<td>18.2</td>
</tr>
<tr>
<td>Building and Construction</td>
<td>0.26</td>
<td>0.9</td>
<td>0.43</td>
<td>1.2</td>
</tr>
<tr>
<td>Distribution</td>
<td>3.56</td>
<td>12.2</td>
<td>5.78</td>
<td>16.0</td>
</tr>
<tr>
<td>Services</td>
<td>0.15</td>
<td>5.0</td>
<td>2.02</td>
<td>5.6</td>
</tr>
<tr>
<td>Other</td>
<td>0.21</td>
<td>0.7</td>
<td>0.29</td>
<td>0.8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>29.22</td>
<td>100</td>
<td>36.10</td>
<td>100</td>
</tr>
</tbody>
</table>


First National Development Plan 1962-1968

The primary goals of the first national development plan are as follows. 5

1. Increase in the production of export crops and the use of modern methods of agriculture.
2. Equitable distribution of income among Nigerians.
3. Investment of at least 15 percent of GDP over the plan period, and 4 percent expected rate of growth; and expected increase in per capita consumption of 1 percent per year.
4. Employment location in nonagricultural occupation.

Agricultural expenditures were to increase from 6 percent to 12 percent or at the rate of 100 percent. The industrial sector expenditure were to increase from 3 percent to 14 percent, or increase at about 360 percent. About 50 percent of the capital expenditures of the plan programme was expected from foreign aids.


The primary goals of the second development plan can be seen from the following quotation:

The basic problem facing development planning in Nigeria in the early 1970's is how to revive the post-war economy such that it grows with greater speed and more confidence in the future. That, essentially, is what the present Reconstruction and Development plan for 1970-74 is about. It starts from the position that civil war only worsened an already defective economic structure both in terms of capital formation and resource utilization. It then seeks to connect, through comprehensive planning, the various defects by a combination of policy reforms and new direct public investment programmes. Given the serious setback of 1966-69, the plan views the first half of the 1970's as one of progressive accelerating growth in output, income and employment.6

The First National Development Plan was formulated by "The National Economic Council," under the chairmanship of the Governor General. This body served as a general policy-making body for politico economic affairs. The second development plan was under the chairmanship of the Prime

Minister and was composed of four man delegations from the federal government and three others from each of the then three regions. There were two other body who were instrumental to the formulation of the plan. They were as follows: (1) The Joint Planning Committee was responsible for the studies and feasibility reports of most of the project in the plan. There were seven members in this committee, three from each of the region and four from the federal government. The economic adviser to the prime minister was the chairman of this committee. (2) Federal Ministry of Economic Development was also instrumental in the planning process. The economic planning unit of that ministry was the representative of the ministry in the plan process. Under second development plan two of the three bodies were disbanded. They were National Economic Council and Joint Planning Committee. The new National Economic Planning Advisory Group was established to advise government on the development of the national economy. There were ten members in this group chosen based on their ability, knowledge, and experience, under the chairmanship of Chief S.O. Adebo who was at that time a Nigerian permanent representative to the United Nations.

This group was also disbanded as the Supreme Military Council (SMC) took the decision making structure. The SMC was headed by the head of state and his twelve military governors was to give guidelines for economic development.
A new board was created, namely, Joint Planning Board which was made up of:

1. The permanent secretary, Federal Ministry of Economic development and Reconstruction
2. Director of Central Planning Office
3. Director of Research Central Bank of Nigeria
4. Permanent Secretaries State Ministry of Economic Planning
5. Director of Nigerian Institute of Social and Economic Research; and
6. Permanent Secretary of Federal Ministry of Finance.

Thus the Second National Development Plan, 1970-1974 declared government intentions of acquiring equity participation in some strategic industries. However, the document made it quite clear that no "indiscriminate nationalization" was envisioned and that wherever nationalization was deemed necessary, compensation would be arranged according to "internationally accepted norms of equity and fair play." In the agricultural sector, eleven river basin development authorities were established to undertake large irrigation projects and general watershed management. The size of these projects is reflected in the Bakolori concrete and earth dam which cost about $150 million. Agricultural production campaigns were launched and fertilizers imported on a large scale.

---

Conversely, land for large-scale agricultural development was also difficult to acquire either by the State especially in the South, or by private developers.

The foregoing should suffice to demonstrate that the assumption here is that the agricultural sector is required to be integrated with the industrial sector by means of the growth and development of indigenous factors of production, industrialization and the modernization of traditional agriculture. Such a process of transition will move the economy through three distinct phases, namely, import substitution, export promotion, and export substitution.9

Thus, from a policy perspective the declining agricultural growth is a function of Federal government policy towards agriculture in Nigeria. The goals of the National Development Plans were clearly laid out on paper but were not implemented because those in power (ruling class) comprised of a "cohesive" socioeconomic and political clique whose policies benefited their interests and those vested coalitions on whose "survival" they depended upon.

---

8In 1965, Nigeria became one of the first signatories to the World Bank's "Convention on the Settlement of Investment Disputes Between States and Nationals of Other States," guaranteeing twenty-third party arbitration in any investment dispute originating in Nigeria.

9Krongkaew, p. 326.
Similarly, the evidence in this study suggested that governmental policy in agriculture benefited the rich farmers more than the poor farmers. Such policy opponents are those of "modern production and dependency." As Oculi points out:

The basic fallacy of the present agricultural policy in Nigeria is the notion that rural small farmers have failed the nation, and that they have failed the nation because they are illiterate, ignorant, use primitive tools and methods of farm management, and do not have muscles that are strong enough to create plantations. This notion ignores completely the impact of colonialism; and the wisdom that the British find in using these same small holder farmers to produce the quantities of groundnuts, oil, alm, cocoa, and cotton for use in British industry. That same notion also ignored the fact that millions of pounds have been sent away by company and marketing Boards from these farmer and invested in post-war British industrial recovery but did not invest back into the villages (the home of small farmers).

The fallacy quoted above leads to the emergency strategies when the demand for food in Nigeria became a reality, the policymakers turned away from the locally produced food development to importations of some commodities. The same fallacy also allows the policymakers to turn away from the use of traditional methods of agriculture to a large scale capital intensive agriculture.

---

10 Okello Oculi, p. 65.
These socioeconomic problems in Nigeria relate to lack of employment opportunities in the urban economy to absorb the rural exodus of those replaced by tractors and large scale agriculture. The problem of urban concentration of the destitute and the rural impoverishment of small farmers, the landless, and the nomadic herdsman cannot be wished away. The main reason why these and many other problems exist together with the fact that development policy did not address the basic problem of agriculture which had a promising aspect of observing the urban and rural unemployed. The same policy did not address the needed industries for the realistic development in Nigeria; for example, another aspect of Nigerian economic ecology is the well known fact of lack of a machine-tool industry to manufacture such equipment as tractors, irrigation pipes and sprays for lack of realistic policy towards the development of productive forces. Oculi concluded his article by saying, Food policy in Nigeria has so far gone along lines that will create and intensity the dependence of Nigerian agricultural product and technology for external capitalist economics. This is because its strategy for food production is biased towards solving the urban food crisis, is capital intensive, and focuses on transferring investment into the hands of elite farmers and not mobilizing the creative powers of the millions of small farmers. It also ignores meaningful investment in that livestock sector which is in the hands of rural farmers and nomadic groups or in the bush environments. This policy is fraught with the internal contradiction of intensifying the poverty and migration of rural people into urban areas and thereby intensifying food dependency.
Oculi has done the groundwork for this paper even though his work centers around food policy while this research relates to the impact of policy on agricultural output. It is now time to review Nigerian development policy by reviewing the development plans. It has been suggested by Albert Waterson that development planning is a process of a system of choices among feasible courses of investment and development action based on a consideration of outcome.¹¹ Planning become an indispensable precondition for formulation of effective development policies and measures. Waterson also suggested that a plan can play an important part in the planning process when it makes explicit the basis and rational for planning policies and measures. If a plan is prepared before the process has begun in earnest, or if it is unable to generate the process, it is likely to have little significance for development. There were no input from the peasant farmers or from the working class in the formation process of the first and the second national development plans. Peasants or small holder farmers and also the working class are very important when it relates to who is actually involved in the production process. It is quite clear, therefore, they should be involved in the decision process regarding the improvement in production or productivities. In this

regards exclusion of them from the planning process question the possibilities of any success in the implementation of the development plan. This problem, therefore, was claimed to be corrected in the third development plan which is next in our analysis.

The Third National Development Plan 1975-1980

The Third National Development Plan initially outlined five broad national objectives similar to the Second National Development Plan. They were to establish Nigeria as:

1. A united strong and self-reliant nation
2. A just and egalitarian society
3. A great and dynamic economy
4. A land of bright and full opportunities for all citizens
5. A free and democratic society

The plan had emphasized capital-intensive projects, thus giving low priority to the creation of job opportunities in the rural areas. Secondly, social amenities had been concentrated in the urban areas—thus, compounding the rural-urban drift couples with high wage rates in the high wage rates in the cities. Additionally,

---

inflation also reduced the real incomes of urban workers and took most consumer goods out of the reach of the rural population. As a result, the increase paid to export producers proved to be minimal. Agriculture overall experienced a severe downward trend in productive terms.13

As Table 7 indicates, the plan as a whole allocated 10.5 percent of the expenditures for agriculture, the federal government allocating only 5.5 percent of its expenditures to the sector, whereas the state governments' allocations range from 11.1 percent in Lagos State to 32.1 percent in Kano State. Based on this author's analysis so far, the allocations for agriculture must be seen as insufficient and unacceptable as an indication of the government's commitment to the agricultural sector.

The following institutions are responsible for the success of the third national development plan: The Federal Ministry of agriculture Agricultural Planning Unit. This unit was established to give attention to the agricultural problems and formulate policies to insure rapid increase in agricultural production.

- Agric Bank - to provide credit for agriculture.
- Nigerian National oil supply
- National Electric Power Authority
- Federal Administrative Staff College

13Ibid., p. 136.
### TABLE 7
TOTAL PUBLIC SECTOR CAPITAL INVESTMENT 1970-74

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>TOTAL</th>
<th>Fed. Govt.</th>
<th>All States</th>
<th>Beneu-Plateau</th>
<th>East Central</th>
<th>Kano</th>
<th>Kwara</th>
<th>Lagos</th>
<th>Mid-Western</th>
<th>North-Central</th>
<th>North-Eastern</th>
<th>North-Western</th>
<th>Rivers</th>
<th>South Eastern</th>
<th>Western</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Agriculture</strong></td>
<td>10.5</td>
<td>5.5</td>
<td>16.3</td>
<td>11.0</td>
<td>20.5</td>
<td>32.1</td>
<td>10.4</td>
<td>11.1</td>
<td>10.6</td>
<td>8.5</td>
<td>11.4</td>
<td>13.2</td>
<td>12.5</td>
<td>25.9</td>
<td>16.5</td>
</tr>
<tr>
<td>Livestock, Fishing, Forestry</td>
<td>2.4</td>
<td>0.6</td>
<td>4.6</td>
<td>3.3</td>
<td>4.4</td>
<td>2.6</td>
<td>2.8</td>
<td>10.2</td>
<td>6.3</td>
<td>2.2</td>
<td>6.6</td>
<td>6.1</td>
<td>6.2</td>
<td>2.7</td>
<td>4.2</td>
</tr>
<tr>
<td><strong>Mining</strong></td>
<td>0.3</td>
<td>0.5</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Industry</strong></td>
<td>8.4</td>
<td>7.3</td>
<td>9.6</td>
<td>7.4</td>
<td>11.1</td>
<td>6.7</td>
<td>9.4</td>
<td>9.1</td>
<td>13.9</td>
<td>6.8</td>
<td>11.3</td>
<td>8.4</td>
<td>11.9</td>
<td>10.2</td>
<td>9.4</td>
</tr>
<tr>
<td>Commerce and Finance</td>
<td>1.8</td>
<td>2.0</td>
<td>1.7</td>
<td>0.4</td>
<td>3.2</td>
<td>3.0</td>
<td>7.5</td>
<td>0.7</td>
<td>1.1</td>
<td>0.7</td>
<td>0.3</td>
<td>0.7</td>
<td>0.6</td>
<td>0.3</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Fuel and Power</strong></td>
<td>4.4</td>
<td>8.2</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Transport</strong></td>
<td>23.7</td>
<td>30.1</td>
<td>16.1</td>
<td>26.5</td>
<td>9.8</td>
<td>10.6</td>
<td>14.7</td>
<td>14.7</td>
<td>23.1</td>
<td>16.8</td>
<td>27.8</td>
<td>11.0</td>
<td>22.1</td>
<td>21.0</td>
<td>9.8</td>
</tr>
<tr>
<td>Communications</td>
<td>4.2</td>
<td>7.7</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Rehabilitation</strong></td>
<td>1.0</td>
<td>1.8</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td>56.7</td>
<td>63.7</td>
<td>48.3</td>
<td>48.7</td>
<td>49.0</td>
<td>55.0</td>
<td>44.8</td>
<td>45.8</td>
<td>55.0</td>
<td>35.0</td>
<td>57.4</td>
<td>39.4</td>
<td>53.3</td>
<td>60.1</td>
<td>41.6</td>
</tr>
<tr>
<td><strong>B. SOCIAL</strong></td>
<td>27.9</td>
<td>13.0</td>
<td>45.5</td>
<td>43.0</td>
<td>42.6</td>
<td>38.8</td>
<td>47.3</td>
<td>44.9</td>
<td>42.2</td>
<td>61.0</td>
<td>35.0</td>
<td>50.3</td>
<td>39.0</td>
<td>36.7</td>
<td>54.9</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td>27.9</td>
<td>13.0</td>
<td>45.5</td>
<td>43.0</td>
<td>42.6</td>
<td>38.8</td>
<td>47.3</td>
<td>44.9</td>
<td>42.2</td>
<td>61.0</td>
<td>35.0</td>
<td>50.3</td>
<td>39.0</td>
<td>36.7</td>
<td>54.9</td>
</tr>
<tr>
<td><strong>C. ADMINISTRATION</strong></td>
<td>14.5</td>
<td>21.6</td>
<td>6.2</td>
<td>8.3</td>
<td>8.4</td>
<td>6.2</td>
<td>7.9</td>
<td>9.3</td>
<td>2.8</td>
<td>4.0</td>
<td>7.5</td>
<td>10.3</td>
<td>7.7</td>
<td>3.2</td>
<td>3.5</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td>14.5</td>
<td>21.6</td>
<td>6.2</td>
<td>8.3</td>
<td>8.4</td>
<td>6.2</td>
<td>7.9</td>
<td>9.3</td>
<td>2.8</td>
<td>4.0</td>
<td>7.5</td>
<td>10.3</td>
<td>7.7</td>
<td>3.2</td>
<td>3.5</td>
</tr>
<tr>
<td><strong>D. FINANCIAL</strong></td>
<td>0.9</td>
<td>1.7</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td>0.9</td>
<td>1.7</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>NOMINAL TOTAL</strong></td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: The Second National Plan, p. 274.
- Road construction company
- Nigerian Engineering and Construction Company
- Industrial training fund
- Nigerian standard organization
- Industrial Development Consulting Service
- National Supply Company
- Central Planning Office—a committee of about 100 professionals who are responsible for the plan
- The Joint Planning Board—boasting of officials from the federal and the state government responsible for coordination of plan policy
- National Economic Advisory Council

There are eleven institutions to help in the development process. Among the eleven River Basin Authority is quite relevant to this study and they are:14

- Sokoto River Basin Development Authority
- Lake Chad Basin Development Authority
- Ogun-Oshun River Basin Development Authority (Cgun, Lagos and Oyo State)
- Cross River Basin Development Authority (Cross River State)
- Nigeria River Basin Development Authority (Kwara, Kaduna and Niger States)
- Hadejia-Jama'are River Basin Development Authority (Kano and Bauchi States)
- Upper Benue River Basin Development Authority (Gongola and Baulin States)

---

- Lower Benue River Basin Development Authority (Plateau and Benue States)
- Benin-Owena River Basin Development Authority (Bendel and Ondo States)
- Anambra-Imo River Basin Development Authority (Anambra and Imo States)
- Niger Delta River Basin Development Authority (Rivers State)

Additionally, the guidelines for the Third National Development Plan 1975-1980 had listed as one of the most serious constraints to agricultural development, "the constraint imposed on ownership by the land tenure system in many parts of the country." (Nigerian n.d.(a):9).

When the Land Use Panel submitted its report, it rejected the idea of nationalizing land, which was hardly surprising considering the composition of the panel.\textsuperscript{15} It proposed instead, a continuation of the two tenure system "no matter the inappropriate nature in some areas of our customary tenure." There was, however, a minority report which argued strongly for nationalization of land in the interest of "development and social justice." Accepting the minority report, the government promulgated the Land Use Decree in 1978.

By this decree the state took over proprietary rights in land, Usufruct rights, however, continued to be vested

\textsuperscript{15} The author of the minority report complained about the "emotionalism" of the panel over the issue of land nationalization, which he agreed was due to the fact that most of the panelists had very strong interests in landed property.
in individuals. Thus, the decree immediately created the basis for an "Agricultural Capitalist Class." This becomes quite clear when the decree is considered in the light of the measures for agricultural development introduced in the 1978 budget. More significantly, however, the decree encouraged and enclosure and a further concentration of property by making the land available very cheaply to those classes of Nigerians who already owned or had access to complementary imports in its generalized money form. It is hardly surprising that on handing over government to civilians in 1979, at least seven senior military officers, including the former military head of state, Gen. Obasajo himself, had retired from the army to become large production farmer.

The issue, therefore, is that federal government policy pertaining to agriculture during 1975-1985 was such that the government's strategy for food production in Nigeria was "biased towards solving the urban food crisis, was capital-intensive, and focused on transferring investment into the hands of elite farmers and not mobilizing the creative powers of the millions of small farmers. (It is common knowledge that the former military Head of State, General Obasanjo, retired into large scale farming on estates acquired while in office.)\(^{16}\) As Oculi

points out:

It also ignores meaningful investment in that livestock sector which is in the hands of rural farmers and nomadic groups or in the bush environment. This policy is fraught with the internal contradiction of intensifying the poverty and migration of rural peoples in urban areas and thereby intensifying internal food dependency.

Put another way, the third national development plan, in this author's viewpoint, does not really address the agricultural issue. Five, in absolute monetary terms, larger allocations have been made to agriculture. But this does not ensure any medical transformation of the sector. Besides, in terms of percentages, allocations in the third plan have fallen when compared to past plans. Perhaps of vitality, however, is the whole contradiction pertaining to the agricultural question. Although, there was rhetoric about the importance of the agricultural sector, only 5 percent of the total public sector funds were allocated to the sector (see Table 7). Policy proposals were basically the same as discussed under the second national development plan. These included the provision of fertilizers, irrigation schemes, the expansion of extension services, the provision of technological implements, farmer education, etc. On another level, the plan calls for the development of rural areas vis-a-vis provision of social services, agricultural credit, increased high-level manpower labor in the agricultural sector and a pledge to begin to examine the land tenure system. These are all
laudable schemes whose objectives were to raise productivity in absolute terms. In reality, however, these were "cosmetic" schemes which did not solve the basic inequities and inequalities which exist between the rural and urban sectors. In this author's view, any serious attempt to overhaul the sector should involve a fundamental social and economic change and this author's experience of the course of capitalist development in Nigeria does not suggest in any possibility of such a change. Thus, nothing less than a revolution in the sector based on socialized agrarian structures will solve such an imbalance, and the third national development plan did not meet this criteria.


The Fourth National Development Plan also was basically carried on by the same institutions as the Third National Development Plan. In April 1980 the federal government launched an agricultural programme called "Green Revolution." It was designed to modernize agricultural sector and to achieve self-sufficiency in food production by the end of 1985, which is also the end of the plan period. The federal government has allocated a substantial amount of money for the resuscitation of areas of food crops, livestock and fish production.

Two bodies were set up at the federal level to implement the programme as follows: The National Council on the Green Revolution, and the National Committee on Green Revolution. The council had 21 members drawn from the agriculture related ministries whose responsibilities have a bearing on agricultural production, processing and research, under the chairmanship of the president. The function of this council was to coordinate the activities of all the effected ministries and give directive on issues relating to the execution of the Green Revolution programme. The National Committee was headed by the presidential adviser on agriculture and security. This committee was made up of experts on agriculture and its function is to render clinical advice to the National Council. The committee periodically examines the development programmes prepared by all ministries concerned and advise the council on the adequacy or inadequacy of the programme for the achievements of the objectives of the Green Revolution programme. In addition to the two national bodies a committee was set up in each state to perform functions similar to those of the national committees.

The plan was implemented through the River Basin Authority, and in addition various project such as land clearing schemes, farm mechanization centers, agro-service centers, the national accelerated food production
programme, and tractor services were to be promoted.18 Those were all part of the objective of the River Basin authority whose specific objectives is to assist the state in the implementation of rural development projects in the following ways:

1. Large-scale mechanized clearing and cultivation of land for farming;
2. Construction of small dams and bore holes for rural water supplies and clearing of feeder roads for the evacuation of produce;
3. Supply of electricity to rural areas from large irrigation dams;
4. Establishment of agro-service centers with workshops and tractor hire services;
5. Large-scale multiplication of improved seeds for distribution to farmers;
6. Large-scale rearing of improved livestock and poultry for distribution to farmers as breeding stock;
7. The establishment of grazing reserves for nomadic stock breeders;
8. Large-scale forestation schemes; and
9. Training of Junior staff for the running and maintenance of rural development projects at the village level.

In spite of its minimal growth rate over the years, agriculture continued to play a vital role in Nigeria's economy as an employer of more than one-half of the labor force and a supplier of food for the rapidly growing urban

population. Thus, the Nigerian government was aware that to improve the performance of the agricultural sector, it had to invest a substantial share of its revenues from oil, a depleting resource, in programs to expand and diversify farm production and to upgrade the rural infrastructure. To that end, the government, with assistance from the World Bank, launched a Green Revolution program in 1980 as the basis for Nigeria's Fourth National Development Plan (1981-85) for agriculture. The principal objective of the Green Revolution was aimed at solving Nigeria's chronic food problems, primarily by stimulating small holders' farm productivity through increased use of inputs, increased availability of water resources, improved access to credit and technical assistance.

As Table 8 indicates the plan was overly optimistic as the Nigerian government invested a substantial share of its revenues from oil in programs to expand and diversify farm production and to foster integrated rural development. According to the government outlined five ways in which agriculture would contribute to economic development:

1. Agriculture would meet the demand for food, which if unfilled would impede development

2. Agricultural exports would provide badly needed foreign exchange

3. Agriculture would contribute to the provision of significant part of the expanding labor needs of the industrial sector

4. Agriculture would provide capital for industry and social overhead investment; and
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Economic Sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Livestock</td>
<td>252.784</td>
<td>75.333</td>
<td>29.80</td>
<td>72.374</td>
<td>28.63</td>
<td>58.584</td>
<td>23.18</td>
</tr>
<tr>
<td>3. Forestry</td>
<td>97.230</td>
<td>17.829</td>
<td>18.34</td>
<td>15.676</td>
<td>16.12</td>
<td>18.545</td>
<td>19.07</td>
</tr>
<tr>
<td>4. Fishery</td>
<td>87.330</td>
<td>15.032</td>
<td>17.21</td>
<td>13.580</td>
<td>15.55</td>
<td>30.050</td>
<td>34.41</td>
</tr>
<tr>
<td>5. Mining and Quarrying</td>
<td>5,409.000</td>
<td>520.771</td>
<td>9.63</td>
<td>295.558</td>
<td>5.46</td>
<td>323.735</td>
<td>5.99</td>
</tr>
<tr>
<td>6. Manufacturing and Craft</td>
<td>6,368.000</td>
<td>2,080.892</td>
<td>32.68</td>
<td>2,163.437</td>
<td>33.97</td>
<td>1,635.565</td>
<td>25.68</td>
</tr>
<tr>
<td>9. Power</td>
<td>2,000.000</td>
<td>277.481</td>
<td>11.56</td>
<td>375.404</td>
<td>15.64</td>
<td>112.000</td>
<td>4.67</td>
</tr>
<tr>
<td>10. Transport</td>
<td>6,790.500</td>
<td>1,728.784</td>
<td>25.46</td>
<td>986.576</td>
<td>14.53</td>
<td>1,130.810</td>
<td>16.65</td>
</tr>
<tr>
<td>11. Communication</td>
<td>2,000.000</td>
<td>419.338</td>
<td>20.97</td>
<td>287.594</td>
<td>14.38</td>
<td>180.000</td>
<td>9.00</td>
</tr>
<tr>
<td>12. Science and Technology</td>
<td>600.000</td>
<td>123.500</td>
<td>20.58</td>
<td>100.315</td>
<td>16.72</td>
<td>91.618</td>
<td>15.27</td>
</tr>
<tr>
<td><strong>Total Economic Sector</strong></td>
<td>27,586.000</td>
<td>5,893.711</td>
<td>21.36</td>
<td>4,910.120</td>
<td>17.80</td>
<td>4,106.441</td>
<td>14.89</td>
</tr>
<tr>
<td>B. Total Social Services</td>
<td>4,174.500</td>
<td>872.132</td>
<td>20.89</td>
<td>756.899</td>
<td>18.13</td>
<td>697.301</td>
<td>16.70</td>
</tr>
<tr>
<td>C. Total Environmental Development</td>
<td>6,265.000</td>
<td>1,480.859</td>
<td>23.64</td>
<td>1,092.066</td>
<td>17.43</td>
<td>1,390.560</td>
<td>22.20</td>
</tr>
<tr>
<td>D. Total Administration</td>
<td>4,474.000</td>
<td>912.198</td>
<td>20.39</td>
<td>874.607</td>
<td>19.55</td>
<td>1,356.188</td>
<td>30.31</td>
</tr>
</tbody>
</table>

5. Rising incomes in agriculture would or could be a vital source of demand

In practical terms, however, the changing fortunes of the agricultural sector are reflected in the pattern of output of the sector. For instance, from 1968 to 1973 the average annual rate of growth was 1.3 percent and from 1973 to 1979 it was 4.2 percent. Due to the relatively higher levels of population growth, per capita agricultural production registered a negative average annual growth of 1.8 percent between 1968 and 1973 and 0.8 percent between 1973 and 1979.

The food sector displayed similar trends. Interestingly, the trend in the output of agricultural export crops showed the opposite tendency, suggesting that the production of cash crops was a constraint on food crop production.

Production of cocoa between 1960 and 1970 grew at an average annual rate of 4.4 percent but declined thereafter, growing at an average annual of minus 1.2 percent. Cotton seed production grew at 9.4 percent between 1960 and 1970 and at a negative rate of 7.5 percent up to 1976. Groundnuts declined slightly between 1960 and 1970 but showed a substantial negative growth at 23.4 percent on an average annual basis. Palm kernels and associated palm oil

---

declined in the earlier period; by an average annual of 3.6 percent and 17.5 percent respectively and only managed very marginal growth rates in the subsequent period, not reaching even an average annual of 1 percent.

Demand for food has been growing at 3.5 percent per annum. The supply of crops is estimated in the Fourth Plan to be growing at 1 percent per annum and that of livestock production by 0.75 percent per annum. This necessitated the importation of 2.6 million tons of grain equivalent in 1980. To meet the projected demand to 1986, supply would have to increase at 6.5 percent for crops and 11.25 percent for livestock. As following tables show, this has not been the case. This as of mid-1987, food imports seems, therefore, set to remain a feature of the economic sense for some time.

The reality, however, was that in the name of fostering self-sufficiency in food production, Nigerian government agricultural policy was misguided in that the mass of the farmers using domestic agricultural imports was lacking. Thus, the government embarked on large scale agricultural production involving irrigation. Such a policy resulted in benefiting only the rich farmers. This is because large agricultural schemes required the importation of agricultural inputs which put the programme in the hands of the multinational agribusiness whose interests center around the maximization of profits.
It should be pointed out that the Federal Ministry of Agriculture through which the policy was to be implemented consisted of eight (8) departments, the department of agriculture being one of them. The major activities of the department were: the National Accelerated Food Production Programme (NAFPP); the Grow More Food Campaign; Speed Multiplication Programme; Agro-Service Programme; Extensive Fertilizer Use Campaign; Tree Crops Rehabilitation Programme; Agricultural Mechanization; Plant quarantine and Land Resources.

The rural marketing structure is characterized by numerous middlemen linking small producers to consumers in local markets. Food commodities in Nigeria are priced in accordance with national supply and demand factors. Cash commodities, however, are purchased at predetermined support prices and handled for export by government controlled boards. Due to poor market information, short-lived seasonal price variations often occur between markets. Nigeria's marketing problems, mainly caused by poor roads and inadequate storage facilities, have been adding a hefty margin to food prices, especially in the cities. The cities often find it easier to secure food supplies through imports rather than dealing with rural areas.20

20Nigeria: Agricultural and Trade Policies, p. 3.
The first NDP was set out on the same line with the preindependent policy; which can be identified by production of export crops, and dependence on foreign aid. The second NDP was set out as a reconstruction policy aimed at reviving the post war economy. The third NDP was set out to improve Nigerian economy in general. Agriculture was a top priority with emphasis on capital-intensive projects. The fourth NDP's priority was to create self sufficiency in food production; to achieve that OFN programme was implemented. Having discussed and analyzed the NDPs, the next chapter will be a discussion and analysis of agricultural marketing policies, imports policies; credit policies; and a discussion and observation of the trend of agricultural output.
CHAPTER V

ANALYSIS OF AGRICULTURAL POLICY ON MARKETING, PRICES, IMPORTS, CREDITS AND AGRICULTURAL PRODUCTION

The analysis of the development plans accorded us a general perspective of the Nigerian economic development policies as well as a compartilized set of policy issues pertaining to agriculture. Indeed, the plans scantly touched on the marketing aspects but did not address the marketing policies inherent in the federal government's agricultural policy. Thus, four aspects of the development plans will be analyzed and deduce how they affect agricultural output. These aspects are: (1) marketing institutions and policies regarding pricing; (2) Import policy; (3) credit policy; and (4) the trend of agricultural production.

Marketing Institutions and Policies

The primary goal of a marketing board and or institution was to stimulate production and provide markets for the farm produce. Hence, as Table 9 indicates, each marketing institution has a specific responsibility. For instance, the cocoa board was responsible for marketing cocoa, coffee and tea whereas the rubber board was
### TABLE 9
MARKETING INSTITUTIONS AND THEIR RESPONSIBILITIES

<table>
<thead>
<tr>
<th>BOARD</th>
<th>CROP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cocoa</td>
<td>Cocoa, Coffee, Tea</td>
</tr>
<tr>
<td>Cotton</td>
<td>Cotton, Tobacco</td>
</tr>
<tr>
<td>Groundnuts</td>
<td>Groundnuts, Soybeans, Benniseed, Skarnuts, Ginger</td>
</tr>
<tr>
<td>Grains</td>
<td>Sorghum, Millet, Maize, Milled Rice, Paddy</td>
</tr>
<tr>
<td>Palm Produce</td>
<td>Palm Oil, Palm Kernels, Copra</td>
</tr>
<tr>
<td>Rubber</td>
<td>Rubber</td>
</tr>
<tr>
<td>Tubers and Root Crops</td>
<td>Yams, Cassava</td>
</tr>
</tbody>
</table>


responsible for rubber only. Thus, there were seven marketing boards whose activities, as elaborated earlier on, was to foster production and provision of markets for farm products.

These institutions operated and controlled the marketing of the export crops and some major staple crops. A case in point were Nigeria's Grain Board (NGB) and Rootcrops Production Company (NRPC).

Additionally, the Boards set the prices of commodities produced by the small farmers and in most cases distributed
the needed inputs. Moreover, the explanation of the producer prices of scheduled board crops from 1975-1985 will be discussed in terms of the increase in prices in monetary terms.

As Table 10 indicates the pattern of producer price of the following scheduled board crops from 1975-1985 showed the following:

1. Benniseed: in addition to fixed price fixing for three years (1981 to 1983), there was a noted increase in producer price from 1975-79, in 1981 and 1984.

2. Cocoa: unlike Benniseed, cocoa experienced a continuous increase in producer price. For example, there was an increase in the price of cocoa from $660 per tonne in 1975 to $1300 per tonne in 1985.

3. Coffee: Coupled with a three year price fixing, coffee prices more than doubled between 1975 and 1985.


5. Ginger: In as much as ginger had experienced some fixed price fixing in 1979-80; 1981-83 and 1984-85 its price more than doubled from $350 per tonne in 1975 to $850 per tonne in 1985.

6. Groundnuts: Price fixing also took place from 1982-84 and its price increased four times from $165 per tonne in 1975 to $650 per tonne in 1985.

7. Palm Oil: Its price increased and there was price fixing in 1979-80 and 1982-84.

8. Rubber: Not only was there continuous price increase except in 1983-84 which showed price fixing and the price of rubber increased by about three times from $285 per tonne in 1975 to $750 per tonne in 1985.
9. Soya Beans: It experienced a slight rate of increase in price and it increased from $66 per tonne in 1975 to $300 per tonne in 1985.

10. Tea: It experienced the lowest rate of price increase and continuous price fixing and its price increased from $600 per tonne in 1975 to $700 per tonne in 1979.

Similarly, Table 11 shows the guaranteed minimum prices of scheduled food crops from 1975-1985 in terms of monetary increase as shown by the following crops:

1. Millet: Not only did price fixing take place in 1979-80 and 1982-84, the price of millet increased by $250: from $110 in 1978 to $360 in 1985.

2. Gonnea Corn: Price fixing in 1979-81 and 1982-83 took place and its price increased three times from $110 per tonne in 1978 to $360 per tonne in 1985.


5. Yam: The pattern of price fixing in 1979-81 and 1983-84 took place and the price of yam increased from $500 per tonne in 1978 to $700 per tonne in 1985.


<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Millet</td>
<td>110</td>
<td>200</td>
<td>200</td>
<td>220</td>
<td>231</td>
<td>231</td>
<td>231</td>
<td>360</td>
</tr>
<tr>
<td>G. Corn</td>
<td>110</td>
<td>210</td>
<td>210</td>
<td>210</td>
<td>220</td>
<td>220</td>
<td>220</td>
<td>360</td>
</tr>
<tr>
<td>Groundnuts</td>
<td>(400)</td>
<td>(420)</td>
<td>(420)</td>
<td>(420)</td>
<td>450</td>
<td>450</td>
<td>450</td>
<td>650</td>
</tr>
<tr>
<td>Beans</td>
<td>180</td>
<td>385</td>
<td>345</td>
<td>345</td>
<td>362</td>
<td>362</td>
<td>362</td>
<td>600</td>
</tr>
<tr>
<td>*Yam</td>
<td>(500)</td>
<td>(520)</td>
<td>570</td>
<td>570</td>
<td>580</td>
<td>(600)</td>
<td>600</td>
<td>700</td>
</tr>
<tr>
<td>Cotton</td>
<td>365</td>
<td>400</td>
<td>400</td>
<td>400</td>
<td>465</td>
<td>510</td>
<td>510</td>
<td>510</td>
</tr>
<tr>
<td>Maize (Corn)</td>
<td>130</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>210</td>
<td>210</td>
<td>210</td>
<td>350</td>
</tr>
<tr>
<td>*Cassava</td>
<td>400</td>
<td>420</td>
<td>420</td>
<td>420</td>
<td>430</td>
<td>430</td>
<td>430</td>
<td>450</td>
</tr>
<tr>
<td>Rice</td>
<td>400</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>596</td>
<td>596</td>
<td>596</td>
<td>596</td>
</tr>
<tr>
<td>*Cocoyam</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>620</td>
<td>400</td>
<td>450</td>
<td>450</td>
<td>450</td>
</tr>
</tbody>
</table>

Source: Complete from CBN Annual Report and Statement of Accounts for the years ended 31st December 1980, 82, 83 and 84.

10. Cocoyam: Conversely, there was a decreasing price from $620 per tonne in 1981 to $450 per tonne in 1985 and there was a distortion in the price of cocoyam.

The average retail prices of major domestic staple food crops, as shown in Table 12 from 1975–85, is outlined in regard to the trend as well as comparing them by state with guaranteed prices of scheduled commodity as indicated in Table 13.

1. Mullet: Its price increased from $365 in 1980 to $1,000 in 1985 and it displayed continued growth of prices.

2. Buinea Corn: There was a decrease in price from $532 per tonne in 1982 to $362 per tonne in 1983 and an increase in prices from $270 per tonne in 1980 to $1,400 per tonne in 1985.

3. Groundnut: Its trend showed continued growth price and increased from $608 per tonne in 1890 to $2,000 per tonne in 1985.

4. Beans: It increased from $674 per tonne in 1980 to $2,000 per tonne in 1985 and its trend also showed continued growth increase in price.

5. Yam: Its price increased from $558 per tonne in 1980 to $1,550 per tonne in 1985 and its trend growth showed a decrease from $906 per tonne in 1981 to $851 per tonne in 1982 and $783 per tonne in 1983.

6. Cotton: Data not available.

7. Maize (Corn): Its price increased from $537 per tonne in 1980 to $1,500 per tonne in 1985 and its trend growth also showed a decrease from $537 per tonne in 1980 to $496 per tonne in 1981 and $502 per tonne in 1982.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Millet</td>
<td>100</td>
<td>365</td>
<td>440</td>
<td>563</td>
<td>444</td>
<td>995</td>
<td>1,000</td>
</tr>
<tr>
<td>G. Corn</td>
<td>100</td>
<td>270</td>
<td>412</td>
<td>532</td>
<td>362</td>
<td>1,235</td>
<td>1,400</td>
</tr>
<tr>
<td>Groundnuts</td>
<td>100</td>
<td>608</td>
<td>642</td>
<td>642</td>
<td>783</td>
<td>1,909</td>
<td>2,000</td>
</tr>
<tr>
<td>Beans</td>
<td>100</td>
<td>674</td>
<td>999</td>
<td>1,032</td>
<td>1,156</td>
<td>1,816</td>
<td>2,000</td>
</tr>
<tr>
<td>Yam</td>
<td>100</td>
<td>558</td>
<td>906</td>
<td>851</td>
<td>(783)</td>
<td>1,217</td>
<td>1,550</td>
</tr>
<tr>
<td>Cotton</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maize (Corn)</td>
<td>100</td>
<td>537</td>
<td>496</td>
<td>1,502</td>
<td>1,570</td>
<td>1,090</td>
<td>1,500</td>
</tr>
<tr>
<td>Cassava</td>
<td>100</td>
<td>505</td>
<td>768</td>
<td>744</td>
<td>910</td>
<td>1,131</td>
<td>1,500</td>
</tr>
<tr>
<td>Rice</td>
<td>100</td>
<td>961</td>
<td>1,238</td>
<td>1,071</td>
<td>1,109</td>
<td>1,865</td>
<td>2,500</td>
</tr>
<tr>
<td>Cocoym</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Complete from CBN Annual Report and Statement of Accounts for the years ended 31st December 1980, 82, 83 and 84.
### TABLE 13

**MAJOR AGRICULTURAL COMMODITIES**

**INDICES OF AVERAGE WEEKLY PRICES IN LONDON (1975=100)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Benniseed</td>
<td>100</td>
<td>99.5</td>
<td>126.2</td>
<td>159.3</td>
<td>152.2</td>
<td>138.8</td>
<td>139.5</td>
<td>112.6</td>
<td>130</td>
<td>135.5</td>
</tr>
<tr>
<td>Cocoa</td>
<td>100</td>
<td>172.0</td>
<td>327.10</td>
<td>252.90</td>
<td>239.20</td>
<td>173.60</td>
<td>153.60</td>
<td>143.20</td>
<td>197.20</td>
<td>229.80</td>
</tr>
<tr>
<td>Coffee</td>
<td>100</td>
<td>219.60</td>
<td>415.20</td>
<td>212.80</td>
<td>264.80</td>
<td>218.80</td>
<td>159.00</td>
<td>187.50</td>
<td>229.50</td>
<td>287.70</td>
</tr>
<tr>
<td>Cotton</td>
<td>100</td>
<td>145.80</td>
<td>134.40</td>
<td>139.60</td>
<td>145.10</td>
<td>173.20</td>
<td>153.70</td>
<td>139.70</td>
<td>142.5</td>
<td>145</td>
</tr>
<tr>
<td>Ginger</td>
<td>100</td>
<td>89.60</td>
<td>193.30</td>
<td>201.30</td>
<td>272.20</td>
<td>108.80</td>
<td>83.20</td>
<td>90.20</td>
<td>183.30</td>
<td>149.40</td>
</tr>
<tr>
<td>Groundnuts</td>
<td>100</td>
<td>89.30</td>
<td>111.90</td>
<td>124.00</td>
<td>89.70</td>
<td>80.90</td>
<td>110.60</td>
<td>68.10</td>
<td>179.70</td>
<td>308.00</td>
</tr>
<tr>
<td>Palm Oil</td>
<td>100</td>
<td>90.50</td>
<td>124.40</td>
<td>139.80</td>
<td>145.40</td>
<td>118.20</td>
<td>125.70</td>
<td>110.60</td>
<td>143.00</td>
<td>174.20</td>
</tr>
<tr>
<td>Rubber</td>
<td>100</td>
<td>161.10</td>
<td>172.80</td>
<td>182.50</td>
<td>167.50</td>
<td>172.00</td>
<td>150.30</td>
<td>122.90</td>
<td>166.10</td>
<td>192.20</td>
</tr>
<tr>
<td>Soybeans</td>
<td>100</td>
<td>103.50</td>
<td>143.10</td>
<td>139.50</td>
<td>144.80</td>
<td>130.20</td>
<td>142.10</td>
<td>132.10</td>
<td>168.70</td>
<td>161.3</td>
</tr>
</tbody>
</table>

82

8. Cassava: Its price increased from $505 per tonne in 1980 to $1,500 per tonne in 1985 and showed continuous growth of price.

9. Rice: It also showed continuous growth of price and an increase in price from $961 per tonne in 1980 to $2,500 per tonne in 1985.

Conversely, the indices of average weekly prices in London of Nigeria's major agricultural commodities from 1982-1984, as Table 13 shows, analyzes the producer prices of scheduled commodity, the changes and differences between commodities as shown below.

1. Benniseed: The prices of benniseed increased from 1975 to 1985 except in 1976 when it decreased by 0.5 percent and the pricing fluctuated with 159.3 percent as the highest and 99.5 percent as the lowest.

2. Cocoa: There was continuous increase in the price of cocoa with the highest increase of 327.10 percent in 1977 and the lowest increase of 143.20 percent in 1982.

3. Coffee: There was a reasonable increase in the price of coffee with the highest increase of 415.20 percent in 1977 and the lowest increase of 187.5 percent in 1982.

4. Cotton: The price of cotton had a positive increase from the base year of 1975 to 1984 with the highest increase of 173.20 percent in 1980 and the lowest decrease of 134.4 percent in 1977.

5. Ginger: The price of ginger fluctuated from 100 percent in the base year of 1975 to the highest increase of 272.20 percent in 1979 and the decrease of 6.8 percent in 1981.


7. Palm Oil: Its price decreased by 9.50 percent in 1976 and the highest increase of 74.20 percent in 1984 took place.
8. Rubber: Unlike the price of palm oil, the price of rubber increased continuously with the highest increase of 92.20 percent in 1984.

9. Soyabeans: The price of soyabeans increased by 68.7 percent in 1982 and the lowest decrease of 3.50 percent in 1976.

As Table 14 shows the prices of all consumer commodities in both the urban and rural areas showed a rapid growth rate. The following is a brief analysis of the consumer price index as portrayed in the urban and rural areas.

1. Urban areas: There was a progressive increase in price of all commodities between 1975 and 1985 as shown in Table 13. Furthermore, the prices of all items increased by 310 percent in 1984 from the base year of 1975. The price of food increased by 456 percent from 1975 to 1984 with a minimum increase of 133.50 percent in 1980 and the highest increase of 456 percent in 1984. The price of drinks increased simultaneously with food prices and had a lowest increase of 102.7 percent in 1980 and highest increase of 456 percent in 1984. The price of tobacco and kola nuts increased by 239 percent from 1975 to 1984— with the lowest increase of 80.30 percent in 1980 and the highest increase of 239 percent in 1984. The price of housing also increased by 245 percent in 1984 as compared to that of 1975 with the lowest increases of 99.7 percent in 1980. Household goods and other purchases had a price increase of 331 percent in 1984 with the lowest increase of
### TABLE 14

CONSUMER PRICE INDEX [BASE: 1975=100]

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All Items</td>
<td>100</td>
<td>217.90</td>
<td>263.50</td>
<td>283.20</td>
<td>340</td>
<td>480</td>
<td>203.00</td>
<td>245.20</td>
<td>264.20</td>
<td>327</td>
<td>456</td>
</tr>
<tr>
<td>1 Food</td>
<td>100</td>
<td>233.50</td>
<td>303.00</td>
<td>327.70</td>
<td>384</td>
<td>556</td>
<td>195.20</td>
<td>242.90</td>
<td>264.60</td>
<td>323</td>
<td>456</td>
</tr>
<tr>
<td>2 Drinks</td>
<td>100</td>
<td>202.70</td>
<td>220.10</td>
<td>227.70</td>
<td>384</td>
<td>556</td>
<td>185.90</td>
<td>189.10</td>
<td>204.40</td>
<td>323</td>
<td>456</td>
</tr>
<tr>
<td>Tobacco SK/nuts</td>
<td>100</td>
<td>180.30</td>
<td>184.40</td>
<td>196.10</td>
<td>236</td>
<td>339</td>
<td>236.10</td>
<td>276.00</td>
<td>290.10</td>
<td>330</td>
<td>450</td>
</tr>
<tr>
<td>3 Housing</td>
<td>100</td>
<td>199.70</td>
<td>219.70</td>
<td>232.20</td>
<td>271</td>
<td>345</td>
<td>166.40</td>
<td>166.70</td>
<td>172.70</td>
<td>235</td>
<td>260</td>
</tr>
<tr>
<td>4 Household Goods and other Purchases</td>
<td>100</td>
<td>179.90</td>
<td>194.50</td>
<td>206.90</td>
<td>281</td>
<td>431</td>
<td>181.70</td>
<td>194.60</td>
<td>214.30</td>
<td>335</td>
<td>528</td>
</tr>
<tr>
<td>5 Clothing</td>
<td>100</td>
<td>204.90</td>
<td>219.50</td>
<td>231.80</td>
<td>267</td>
<td>352</td>
<td>279.40</td>
<td>326.90</td>
<td>349.00</td>
<td>416</td>
<td>589</td>
</tr>
<tr>
<td>Transportation</td>
<td>100</td>
<td>193.20</td>
<td>194.90</td>
<td>206.80</td>
<td>235</td>
<td>278</td>
<td>197.90</td>
<td>202.90</td>
<td>226.60</td>
<td>276</td>
<td>321</td>
</tr>
<tr>
<td>Other Services</td>
<td>100</td>
<td>214.40</td>
<td>239.50</td>
<td>255.10</td>
<td>304</td>
<td>406</td>
<td>238.20</td>
<td>288.80</td>
<td>301.90</td>
<td>365</td>
<td>509</td>
</tr>
<tr>
<td>TOTAL of 1-5</td>
<td>100</td>
<td>1019.80</td>
<td>1156.80</td>
<td>1226.3</td>
<td>1587.0</td>
<td>2240</td>
<td>1008.60</td>
<td>1120.20</td>
<td>1205</td>
<td>1632</td>
<td>2289</td>
</tr>
</tbody>
</table>

126.95% increased

79.9 percent in 1980. The price of clothing increased by 252 percent in 1984 with the lowest increase of 104.9 percent in 1980. The price of transportation increased by 178 percent in 1984 with the lowest increase of 93.20 percent in 1980. The prices of other services increased by 306 percent in 1984 with the lowest increase of 114.4 percent in 1980.

2. Rural Areas: The prices of all consumer commodities in the rural areas also had a rapid growth rate with the highest rate of increase of 356 percent in 1984 and the lowest increase of 103 percent in 1980. This is slightly lower than that of the urban areas which had an increase of 380 percent in 1984. Additionally, the price of food items increased 356 percent in 1984 with the lowest increase of 95.2 percent in 1980. The price of drinks had a growth rate of 356 percent in 1984 and 85.9 percent in 1980. The rate of price increases for tobacco and kola nuts were 350 percent in 1984 and 136.10 percent in 1980. The price of housing increased by 160 percent in 1984 and 66.4 percent in 1980. The price of household goods and other purchases had a rate increase of 428 percent in 1984 and 81.70 percent in 1980. The price of clothing increased by 489 percent in 1984 and 79.4 percent in 1980. The price of transportation increased by 221 percent in 1984 and 97.9 percent in 1980. The prices of all other services increased by 409 percent in 1984 and the lowest increase of
138.20 percent in 1980.

Import Policy

Another important variable found is import policy which entails import of agricultural commodities. Such import policies encompass (1) import promotion policy and (2) import restriction policy.

1. Import Promotion Policy: Nigeria's tariff rates were moderate by African standards. They favored imports of capital goods for agricultural development such as farm machinery as well as imports of food commodities for which domestic production is small, such as wheat. Import of rice and frozen meat was unrestricted until 1978 when it was restricted.

2. Import restriction policy: In order to protect the local producer and improve the level of foreign exchange, Nigerian had to restrict the importation of rice, corn and wheat. A ban by the government on the importation of rice, corn and wheat took place in October 1978. Six months later the government instituted rice import licensing and in September 1979, rice importation was banned completely. In December 1979, the Nigerian government ordered that licenses be issued for imports of at least 200,000 metric tonnes of rice. Additional licences were issued in late 1980 for 350 metric tons and in 1981, licences were restricted to only government agencies. Importation of corn was restricted from June
1978 to September 1979 but by late 1979, corn import was permitted to the present day. While importation of other food commodities were restricted, chilled and frozen beef and poultry, tobacco, nonalcoholic beverages, cornflakes, cereals, tomato puree and paste, salted or dried meat, soups, spices, brandy, gins, and wines. Special restrictions were imposed on all commodities from South Africa and Namibia.

The following tables will help us determine the impact of import policies on agricultural output. Table 15 shows the trend of food import from 1975 to 1985 as compared with other commodity sections. Import in food items increased from $297,869 thousand in 1975 to the highest import of $1,820,215 thousand in 1981. Food import became the third largest commodity imported to Nigeria from 1976 to 1985 except in 1984 when the import decreased to its fourth position of 1975. Similarly another commodity associated with agriculture is annual husbandry, vegetable oil and fats which showed significant increase from $8,922 thousand in 1975 to $151,366 thousand in 1982. However, from 1982 to 1985, the import of these commodities increased at a minimal rate.

As Table 16 indicates, the import of food commodities was higher than the import of agricultural machinery and implements. Import of agricultural machinery and implements increased at a slow pace from $58,952 thousand
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Millet</td>
<td>297,869</td>
<td>440,929</td>
<td>736,456</td>
<td>1,027,108</td>
<td>952,398</td>
<td>1,049,048</td>
<td>1,820,215</td>
<td>1,642,245</td>
<td>1,296,714</td>
<td>843,246</td>
<td>940,597</td>
</tr>
<tr>
<td>G. Corn</td>
<td>42,012</td>
<td>63,997</td>
<td>13,357</td>
<td>52,344</td>
<td>8,115</td>
<td>12,845</td>
<td>16,496</td>
<td>16,403</td>
<td>13,130</td>
<td>19,446</td>
<td>7,402</td>
</tr>
<tr>
<td>Groundnut</td>
<td>73,663</td>
<td>78,894</td>
<td>78,488</td>
<td>108,813</td>
<td>117,353</td>
<td>164,052</td>
<td>218,908</td>
<td>207,229</td>
<td>204,373</td>
<td>187,521</td>
<td>274,805</td>
</tr>
<tr>
<td>Beans</td>
<td>100,205</td>
<td>174,948</td>
<td>128,597</td>
<td>157,021</td>
<td>126,776</td>
<td>118,778</td>
<td>151,102</td>
<td>115,466</td>
<td>52,987</td>
<td>52,053</td>
<td>47,948</td>
</tr>
<tr>
<td>Yam</td>
<td>8,922</td>
<td>24,691</td>
<td>47,011</td>
<td>81,258</td>
<td>97,988</td>
<td>96,322</td>
<td>128,736</td>
<td>151,366</td>
<td>105,556</td>
<td>101,759</td>
<td>55,674</td>
</tr>
<tr>
<td>Cotton</td>
<td>1,333,199</td>
<td>397,038</td>
<td>498,458</td>
<td>640,200</td>
<td>647,030</td>
<td>881,040</td>
<td>1,220,402</td>
<td>981,620</td>
<td>713,969</td>
<td>656,402</td>
<td>868,943</td>
</tr>
<tr>
<td>Maize (Corn)</td>
<td>1,007,983</td>
<td>1,136,201</td>
<td>1,561,197</td>
<td>1,873,582</td>
<td>1,424,589</td>
<td>1,929,353</td>
<td>2,540,731</td>
<td>2,137,059</td>
<td>1,477,078</td>
<td>845,956</td>
<td>1,263,527</td>
</tr>
<tr>
<td>Cassava</td>
<td>1,561,950</td>
<td>2,444,719</td>
<td>3,386,755</td>
<td>3,562,801</td>
<td>2,401,830</td>
<td>3,363,089</td>
<td>5,548,058</td>
<td>4,169,866</td>
<td>2,365,990</td>
<td>1,604,405</td>
<td>1,892,807</td>
</tr>
<tr>
<td>Rice</td>
<td>278,152</td>
<td>371,814</td>
<td>510,296</td>
<td>624,179</td>
<td>349,632</td>
<td>589,854</td>
<td>947,748</td>
<td>642,319</td>
<td>316,643</td>
<td>171,120</td>
<td>176,006</td>
</tr>
<tr>
<td>Cocoyam</td>
<td>11,721</td>
<td>15,244</td>
<td>9,103</td>
<td>13,482</td>
<td>25,503</td>
<td>12,744</td>
<td>25,997</td>
<td>36,569</td>
<td>41,076</td>
<td>11,567</td>
<td>9,165</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,721,476</td>
<td>5,148,475</td>
<td>7,089,718</td>
<td>8,140,788</td>
<td>6,169,214</td>
<td>8,217,125</td>
<td>12,618,393</td>
<td>10,100,142</td>
<td>6,587,516</td>
<td>4,484,525</td>
<td>5,536,874</td>
</tr>
</tbody>
</table>

TABLE 16

IMPORTS OF FOOD AND AGRICULTURAL MACHINERY AND IMPLEMENTS
(Consumer & Capital Goods) 1975–1983 ($ 000)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk and Cream¹</td>
<td>58,871</td>
<td>63,296</td>
<td>97,821</td>
<td>112,361</td>
<td>134,493</td>
<td>189,389</td>
<td>199,400</td>
<td>90,556</td>
<td>136,863</td>
</tr>
<tr>
<td>Wheat and Spelt²</td>
<td>97,383</td>
<td>97,838</td>
<td>96,359</td>
<td>76,861</td>
<td>124,612</td>
<td>82,392</td>
<td>159,422</td>
<td>79,629</td>
<td>255,717</td>
</tr>
<tr>
<td>Rice³</td>
<td>2,377</td>
<td>20,136</td>
<td>154,136</td>
<td>194,762</td>
<td>152,873</td>
<td>79,346</td>
<td>250,160</td>
<td>195,340</td>
<td>172,064</td>
</tr>
<tr>
<td>Sugar⁴</td>
<td>73,977</td>
<td>78,559</td>
<td>125,600</td>
<td>173,803</td>
<td>174,989</td>
<td>214,444</td>
<td>490,274</td>
<td>319,095</td>
<td>191,858</td>
</tr>
<tr>
<td>Agricultural,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery and Implements⁵</td>
<td>58,952</td>
<td>61,320</td>
<td>73,903</td>
<td>73,623</td>
<td>50,805</td>
<td>76,246</td>
<td>182,953</td>
<td>132,772</td>
<td>48,332</td>
</tr>
</tbody>
</table>

Total of 1, 2, 3 & 4       | 233,064| 259,829| 473,916| 557,787| 586,967| 565,571| 1,099,256| 684,620| 756,802|

= 93.61%

in 1975 to the highest increase of $182,953 thousand in 1982. There were decreases in 1979 and 1983 whereby import decreases were 50,805 thousand and 48,332 thousand respectively.

Agricultural Credit System and Policy

Nigerian government policy pertaining to agriculture was directly associated with loans given to the rural areas. The banks were required to lend not less than 30 percent of the total deposits collected in rural areas to customers in the rural areas. This was aimed at fostering the enhancement of the contribution to an ongoing rural banking scheme for the development of the rural areas.

Interest on saving remained between 1 1/2 to 2 percentage points, and lending rate remained at 7 percent for agriculture. [The maximum lending rate of 13 percent was allowed for all purposes.] The interest on agricultural loans range between 7 to 11 percent in the Nigerian Agricultural and Cooperative Board (NACB). The collateral for loan was generally fixed assets such as land, houses etc. but since land was generally owned by the community, and individual had no title of ownership which the banks required. The impact of credit policy on output is elaborated by the following tables.

Table 17 indicates that the people with the highest access to credit (for agricultural production) was only 171 in 1983. This number increased to 2,342 in 1984 but the
<table>
<thead>
<tr>
<th>Category of Borrowers</th>
<th>December 1983</th>
<th></th>
<th>September 1984</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of</td>
<td>Amount</td>
<td>% of Total</td>
<td>No. of</td>
</tr>
<tr>
<td></td>
<td>Borrowers</td>
<td>(N Million)</td>
<td></td>
<td>Borrowers</td>
</tr>
<tr>
<td>Individuals</td>
<td>171</td>
<td>43.5</td>
<td>16.5</td>
<td>2,342</td>
</tr>
<tr>
<td>Co-operatives</td>
<td>91</td>
<td>43.6</td>
<td>16.5</td>
<td>76</td>
</tr>
<tr>
<td>Companies</td>
<td>88</td>
<td>45.7</td>
<td>17.3</td>
<td>108</td>
</tr>
<tr>
<td>Statutory Corporation</td>
<td>76</td>
<td>44.0</td>
<td>16.7</td>
<td>120</td>
</tr>
<tr>
<td>State Governments</td>
<td>95</td>
<td>45.6</td>
<td>17.3</td>
<td>19</td>
</tr>
<tr>
<td>Others</td>
<td>2,407</td>
<td>41.4</td>
<td>15.7</td>
<td>347</td>
</tr>
<tr>
<td>Total</td>
<td>2,928</td>
<td>263.8</td>
<td>100.0</td>
<td>3,012</td>
</tr>
</tbody>
</table>

amount loaned to individuals decreased, given the size of the borrowers and the amount for that category. Although there were only 171 borrowers in 1983, $43.5 million was loaned to them but only $49.9 million was loaned to the 2,342 borrowers in 1984. Similarly, cooperative agricultural business borrowed $43.6 million in 1983 even though there were only 91 borrowers as compared to 171. The number of cooperative agri-businesses who borrowed in 1984 decreased to 76 but the amount given to them was 49.8 million dollars about the same amount given to the individual borrowers who were about 2.3 thousand in number. The agricultural business companies who numbered 88 were given the highest loan of $45.7 million in 1983. The amount given to the companies was about the same in 1984 as that given to them in 1983 although the number of borrowers increased to 108. Statutory corporations numbered 76 in 1983 and 120 in 1984 and were loaned $44 in 1983 and $47.8 million in 1984. State government projects which numbered 1985 in 1983 and 19 in 1984 were loaned $45.6 million. State governments were loaned $53.9 million in 1984—the highest loans in that year. Finally, miscellaneous borrowers who numbered 2,407 in 1983 and 347 in 1984, were loaned $41.4 million in 1983 and $39.9 million in 1984.

According to Table 18, poultry had the largest number of projects and borrowed $23.4 million in 1983. Food crops
TABLE 18

NIGERIAN AGRICULTURAL AND COOPERATIVE BANK
SECTORAL ALLOCATION OF LOANS

<table>
<thead>
<tr>
<th>Sectors</th>
<th>December 1983</th>
<th></th>
<th></th>
<th>September 1984</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Projects</td>
<td>Amount (N Million)</td>
<td>% of Total</td>
<td>No. of Projects</td>
<td>Amount (N Million)</td>
<td>% of Total</td>
</tr>
<tr>
<td>Animal Husbandry</td>
<td>67</td>
<td>12.9</td>
<td>4.9</td>
<td>68</td>
<td>15.8</td>
<td>5.5</td>
</tr>
<tr>
<td>Food Crops</td>
<td>159</td>
<td>115.5</td>
<td>43.8</td>
<td>196</td>
<td>131.6</td>
<td>45.8</td>
</tr>
<tr>
<td>Other Crops</td>
<td>26</td>
<td>49.0</td>
<td>18.6</td>
<td>29</td>
<td>49.9</td>
<td>17.4</td>
</tr>
<tr>
<td>Fishery</td>
<td>8</td>
<td>14.5</td>
<td>5.5</td>
<td>8</td>
<td>14.6</td>
<td>5.1</td>
</tr>
<tr>
<td>Poultry</td>
<td>222</td>
<td>23.4</td>
<td>8.9</td>
<td>222</td>
<td>27.1</td>
<td>9.4</td>
</tr>
<tr>
<td>Others</td>
<td>2,358</td>
<td>48.5</td>
<td>18.3</td>
<td>2,489</td>
<td>48.1</td>
<td>16.8</td>
</tr>
<tr>
<td>Total</td>
<td>2,840</td>
<td>263.8</td>
<td>100.0</td>
<td>3,012</td>
<td>287.1</td>
<td>100.0</td>
</tr>
</tbody>
</table>

sector with half the number of projects borrowed 115.5 million dollars in the same year. The number of food crops projects, however, increased from 159 in 1983 to 196 projects in 1984 and the amount borrowed by this sector increased to $131.6 million in 1984. Other crops were leaned $49 million in 1983 and $49.9 million in 1984. Crop production was given the highest loan as compared to other sectors. Food crops got 45.8 percent of the loan in 1984 and 43.8 percent in 1983 whereas other crops were given 18.6 percent of the loan in 1983 and 17.4 percent of the loan in 1984. Fishery sector received the lowest loan(s) of 5.5 percent in 1983 and 5.1 percent in 1984.

Table 19 shows the Central Bank loans given to the commodity board. The Cocoa Board received the highest loan of $180 million in 1890 and $130 million in 1983. Conversely, Nigerian Grains Board and Rubber Board received the lowest loans of $9 million and $3.5 million in 1980 respectively. Nigerian Groundnut Board received the lowest loans of $2 million in 1983. The total amount loaned to the Commodity Board increased from $316.7 million in 1980 to $484.4 million in 1982.

The Trend of Agricultural Output

In the context of the outlined variables, the growth of agricultural output can be easily analyzed. Thus, the Nigerian governments agricultural production policies, even
### TABLE 19

**CENTRAL BANK LOANS TO COMMODITY BOARDS**  
1980-83

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigerian Cocoa</td>
<td>180.0</td>
<td>300.0</td>
<td>285.0</td>
<td>130.0</td>
</tr>
<tr>
<td>Nigerian Cotton</td>
<td>37.0</td>
<td>40.0</td>
<td>50.0</td>
<td>51.5</td>
</tr>
<tr>
<td>Nigerian Grains</td>
<td>9.0</td>
<td>-</td>
<td>30.0</td>
<td>40.0</td>
</tr>
<tr>
<td>Nigerian Groundnut</td>
<td>72.0</td>
<td>16.0</td>
<td>-</td>
<td>2.00</td>
</tr>
<tr>
<td>Nigerian Palm Produce</td>
<td>15.2</td>
<td>72.30</td>
<td>85.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Nigerian Rubber Board</td>
<td>3.5</td>
<td>20.8</td>
<td>34.4</td>
<td>37.5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>316.7</td>
<td>449.1</td>
<td>484.4</td>
<td>351.0</td>
</tr>
</tbody>
</table>


though they have never been consistently followed, can be summarized as follows:

1. Significantly improved and guaranteed price supports especially for grains;
2. Equity holding in commercial joint ventures seeking to establish large-scale farms;
3. Significant tax preferences and tariff benefits for private investment in agricultural production and processing, such as income and excise tax relief and duty free importation of farm machinery;
4. Increase availability of short and medium-term agricultural credit to induce farmers to increase their use of farm imports;
5. Increased processing and storage capacity, especially for export crops;

6. Significant subsidies for land clearing and for key farm inputs such as fertilizers, pesticides and seeds;

7. Devising new ways to improve the use of farm machinery;

8. Increase the number of extension workers; and

9. Formation of agricultural cooperative which have proved successful in the past in introducing new farming methods.

To achieve the preceding outlined policies, three "Production Development Programs" were introduced and these are summarized as follows:

1. The National Accelerated Food Production Program (NAFPP) was introduced in 1970. Its goal was to promote the production of subsistence crops, thereby achieving increased food supplies, higher farm income, and affordable consumer prices. This was to be achieved through use of farm inputs and improved marketing systems.

2. Operation Feed the Nation (OFN) was started in 1977, essentially a publicity drive designed to heighten people's awareness of Nigeria's food problems and the need for the country to become self-sufficient in food. Media programs and youth work projects were undertaken. The government focused was an increasing producer. Prices and price subsidies for fertilizer.

3. The Green Revolution which was introduced in April 1981 was aimed to bridge the gap between the high yield achievable on research station and the poor yields recorded on the farmer's yields.

The output of major agricultural crops in Nigeria declined from 25,719 thousand tonnes in 1975 to 16,758 thousand tonnes in 1985. The lowest agricultural output occurred in 1980 when production decreased to 13,860

As Table 21 shows, the output per hectar of major agricultural crops in Nigeria fluctuated from 31,232 thousand kilograms in 1975 to 34,732 thousand kilograms in 1983 down to 30,875 thousand in 1985. Per hectar output of millet decreased from 1,160 thousand in 1975 to 850 thousand in 1985. The Guinea corn per hectar output increased from 1,013 thousand in 1975 to 1,165 thousand in 1983 and decreased to .995 in 1985. The per hectar output
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Millet</td>
<td>5,554</td>
<td>2,550</td>
<td>2,893</td>
<td>2,579</td>
<td>2,431</td>
<td>2,357</td>
<td>2,450</td>
<td>2,792</td>
<td>2,772</td>
<td>3,339</td>
<td>3,390</td>
</tr>
<tr>
<td>G. Corn</td>
<td>4,738</td>
<td>2,920</td>
<td>2,950</td>
<td>3,286</td>
<td>2,396</td>
<td>2,792</td>
<td>3,690</td>
<td>3,698</td>
<td>4,081</td>
<td>4,231</td>
<td>4,200</td>
</tr>
<tr>
<td>Groundnuts</td>
<td>1,946</td>
<td>449</td>
<td>459</td>
<td>567</td>
<td>701</td>
<td>507</td>
<td>421</td>
<td>419</td>
<td>396</td>
<td>591</td>
<td>550</td>
</tr>
<tr>
<td>Beans</td>
<td>1,099</td>
<td>858</td>
<td>727</td>
<td>408</td>
<td>339</td>
<td>722</td>
<td>529</td>
<td>615</td>
<td>741</td>
<td>475</td>
<td>500</td>
</tr>
<tr>
<td>Yam</td>
<td>7,160</td>
<td>8,621</td>
<td>6,470</td>
<td>6,376</td>
<td>5,780</td>
<td>5,069</td>
<td>5,140</td>
<td>5,369</td>
<td>5,909</td>
<td>4,987</td>
<td>560</td>
</tr>
<tr>
<td>Cotton</td>
<td>481</td>
<td>313</td>
<td>294</td>
<td>269</td>
<td>212</td>
<td>125</td>
<td>87</td>
<td>39</td>
<td>120</td>
<td>108</td>
<td>15</td>
</tr>
<tr>
<td>Maize (Corn)</td>
<td>528</td>
<td>1,332</td>
<td>1,068</td>
<td>651</td>
<td>478</td>
<td>491</td>
<td>653</td>
<td>744</td>
<td>626</td>
<td>1,027</td>
<td>1,925</td>
</tr>
<tr>
<td>Cassava</td>
<td>3,582</td>
<td>2,324</td>
<td>1,786</td>
<td>1,696</td>
<td>1,578</td>
<td>1,506</td>
<td>872</td>
<td>581</td>
<td>909</td>
<td>1,174</td>
<td>2,000</td>
</tr>
<tr>
<td>Rice</td>
<td>525</td>
<td>515</td>
<td>218</td>
<td>411</td>
<td>270</td>
<td>150</td>
<td>92</td>
<td>180</td>
<td>203</td>
<td>99</td>
<td>1,410</td>
</tr>
<tr>
<td>Cocoyam</td>
<td>1,106</td>
<td>504</td>
<td>532</td>
<td>346</td>
<td>198</td>
<td>136</td>
<td>250</td>
<td>283</td>
<td>224</td>
<td>205</td>
<td>2,200</td>
</tr>
<tr>
<td>Total</td>
<td>26,719</td>
<td>20,386</td>
<td>17,397</td>
<td>16,589</td>
<td>14,383</td>
<td>13,860</td>
<td>16,684</td>
<td>14,720</td>
<td>15,981</td>
<td>16,236</td>
<td>16,750</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Millet</td>
<td>1,160</td>
<td>465</td>
<td>736</td>
<td>835</td>
<td>1,070</td>
<td>919</td>
<td>868</td>
<td>894</td>
<td>806</td>
<td>838</td>
<td>850</td>
</tr>
<tr>
<td>G. Corn</td>
<td>1,013</td>
<td>511</td>
<td>609</td>
<td>945</td>
<td>698</td>
<td>1,041</td>
<td>1,123</td>
<td>1,165</td>
<td>1,008</td>
<td>989</td>
<td>995</td>
</tr>
<tr>
<td>Groundnuts</td>
<td>1,084</td>
<td>305</td>
<td>671</td>
<td>751</td>
<td>987</td>
<td>1,006</td>
<td>837</td>
<td>685</td>
<td>797</td>
<td>909</td>
<td>900</td>
</tr>
<tr>
<td>Beans</td>
<td>374</td>
<td>283</td>
<td>267</td>
<td>247</td>
<td>241</td>
<td>514</td>
<td>362</td>
<td>525</td>
<td>488</td>
<td>402</td>
<td>400</td>
</tr>
<tr>
<td>Yam</td>
<td>10,656</td>
<td>11,110</td>
<td>9,529</td>
<td>11,050</td>
<td>12,272</td>
<td>10,538</td>
<td>10,526</td>
<td>11,303</td>
<td>11,024</td>
<td>9,517</td>
<td>9,600</td>
</tr>
<tr>
<td>Cotton</td>
<td>1,006</td>
<td>777</td>
<td>766</td>
<td>968</td>
<td>1,050</td>
<td>919</td>
<td>664</td>
<td>848</td>
<td>1,412</td>
<td>1,161</td>
<td>1,000</td>
</tr>
<tr>
<td>Maize (Corn)</td>
<td>912</td>
<td>1,372</td>
<td>1,197</td>
<td>1,067</td>
<td>1,921</td>
<td>1,155</td>
<td>1,405</td>
<td>1,456</td>
<td>1,126</td>
<td>971</td>
<td>1,000</td>
</tr>
<tr>
<td>Cassava</td>
<td>8,631</td>
<td>7,973</td>
<td>5,799</td>
<td>8,609</td>
<td>9,017</td>
<td>11,074</td>
<td>9,241</td>
<td>8,183</td>
<td>11,363</td>
<td>10,870</td>
<td>10,950</td>
</tr>
<tr>
<td>Rice</td>
<td>1,952</td>
<td>1,973</td>
<td>1,130</td>
<td>1,684</td>
<td>1,478</td>
<td>2,083</td>
<td>1,483</td>
<td>1,957</td>
<td>2,137</td>
<td>1,868</td>
<td>1,905</td>
</tr>
<tr>
<td>Cocoyam</td>
<td>4,444</td>
<td>4,460</td>
<td>5,216</td>
<td>4,360</td>
<td>5,351</td>
<td>3,778</td>
<td>5,093</td>
<td>4,493</td>
<td>4,571</td>
<td>5,694</td>
<td>5,225</td>
</tr>
<tr>
<td>Total</td>
<td>31,232</td>
<td>29,229</td>
<td>25,920</td>
<td>30,536</td>
<td>34,085</td>
<td>33,027</td>
<td>31,602</td>
<td>31,469</td>
<td>34,732</td>
<td>33,219</td>
<td>30,875</td>
</tr>
</tbody>
</table>

Source:
of groundnut decreased from 1,084 thousand in 1975 to 900 thousand in 1985. Per hectare output of beans increased from 374 thousand in 1975 to 400 thousand in 1985. Per hectare output of yam increased from 10,656 thousand in 1975 to 12,272 thousand in 1979 and decreased to 9,600 thousand in 1985. Per hectare output of cotton fluctuated from 1,006 thousand in 1975 and 664 thousand in 1981 and back to 1000 thousand in 1985. The per hectare output of maize (corn) increased from 912 thousand in 1975 to 1921 thousand in 1979 and increased at a decreasing rate in 1980. The per hectare output of cassava decreased from 8,631 thousand to 5,799 thousand in 1977 and increased thereafter to 10,950 in 1985. The per hectare output of cocoyam increased from 4,444 thousand in 1975 to 5,225 thousand in 1985. There was a general decrease in per hectare output of most crops in 1980.

In summary, one of the major objectives of marketing boards was to stimulate production as well as provide markets for the farm produce. As the preceding analysis and presentation of the tables has shown, price fixing policy was evident throughout, leading to disincentives for small farmers. Similarly, prices of essential commodities were increasing at a faster rate in rural areas than in urban areas. This contributed to the deterioration of the standard of living of rural dwellers, thus diminishing agricultural output. Thus, the price of commodities vis-a-
vis growth of agricultural output were contradictory as the
Pricing policy was not working at all.

Additionally, the analysis shows an alarming
dependency by Nigeria on external food supply, especially
the United States. The importation of agricultural
commodities competed against domestic food items working
against agricultural production. Another related issue is
the discrepancy between the Guaranteed Minimum Prices and
Average Retail Prices whereby prices of same commodities
were set at minimum level to the producer but doubled when
the same commodities were sold by the retailer. This led
to lowered agricultural output by small farmers leading to
increased food imports of 224.6 percent during 1975-1983
period whereas agricultural machinery was only 6.3 percent
of total agricultural output. In short, as the preceding
tables indicate, import policy worked against the same
national agricultural goals and objectives to which the
government had outlined eloquently.

Similarly, agricultural credit policy was biased in
that the whole credit system favored large scale farmers
and an "elite class" at the expense of the majority of
small farmers. Moreover, marketing boards received more
money than the small farmers--implying that the markets
were more favored than the producers themselves.

Lastly, all the objectives articulated in the National
Accelerated Food Production Program (NAFPP), Operation Feed
the Nation (OFN) and the Green Revolution—did not lead to increased food supplies, higher farm incomes, increasing producer prices or affordable consumer prices as the aforesaid tables show. Although maize (corn), increased 264 percent, rice 167 percent and cocoyam 98 percent, overall agricultural output decreased by 37 percent during 1975-1980 period.
CHAPTER VI
CONCLUSION

In 1978 agricultural production per capita in Nigeria was 11 percent less than in the period 1969-1971. As a result Nigeria spent about $1 billion a year (about 8 percent of its oil reserve) importing food. The government did acknowledge the problem and declared agriculture the "priority" in the Fourth Plan. During its Fourth Plan Period (1987-85), Nigeria's food and policy objectives were

1. Increased production of food to meet the needs of a growing population, mainly through increased productivity and multiple cropping by small holders (As this study attempted to show Nigeria did not achieve self-sufficiency in food production by 1985);

2. Increased production of livestock to meet domestic needs and for exports;

3. Increased production and processing of export crops to expand and diversify the country's foreign exchange earnings;

4. Expansion of employment opportunities in rural areas to absorb part of the growing labor force; and

5. Development of an institutional and administrative framework in such areas as farm credit, extension services, farm inputs, food processing, farm mechanization, and rural infrastructure, all of which will help Nigeria to tap its agricultural potential more successfully.

103
These ambitious policies, essentially the same as those in the Third National Development Plan, did not tackle Nigeria's chronic farm problems of rising food prices, a growing food deficit, stagnant productivity, and a lack of supporting physical infrastructure for two basic reasons. First, the government did not coordinate its agricultural policy efforts better at all levels of government. Secondly, it did not seek to coordinate agriculture better with other sectors of the economy whose performance has tended to depress rather than complement performance in the agricultural sector.

The point here is that in every new plan for more than 25 years, there has been a RHETORICAL emphasis on agriculture that in practice had little effect. In fact, just before the new Green Revolution there was Operation Feed the Nation; to some it was known as "Operation Fool the Nation."

There is no doubt that the pricing policy was not working at all; it adversely affected agricultural output. For example, producer prices of agricultural commodities were based upon the Central Bank's recommendation(s). The Bank recommended minimum prices to be paid to producers (farmers) based on the advice from the technical committee on producer prices. This committee was headed by the Ministry of Finance and relied on the Central Bank for research and analysis. The committee drew their membership
from the Federal Ministry of Agriculture, the Ministry of Industry, the Ministry of Trade and Economic Development, the Central Bank and the chairmanship from the Ministry of Finance. Furthermore, the export right of cash crops was the prerogative of the Central Bank whereas for domestic markets, the Central Bank purchased commodities and shared the market with other commercial enterprises. Put another way, the people within the pricing committee included (a) technocrats and (b) bureaucrats. Secondly, market structures had never been competitive in areas where commercial enterprises existed. Thirdly, the price and sale of commodities by farmers took place at harvesting time and there were lack of storage facilities. Lastly, major decisions did not involve local farmers as well as their interests pertaining to prices.

Similarly, agricultural policy favors the local bourgeoisie class and mechanized large scale products, contributing little to the creation of local employment, income and national market in Nigeria. This is not an accident; it results from the way "nurture capitalism" operates in Nigeria in which private enterprise has a free hand.

As pointed out earlier, the government placed emphasis upon an agro-industrial development strategy with large-scale mechanization of farming and substantial foreign investment. Experience of both of other West African
countries and of other oil producers (like Iran before the fall of the Shah) suggest that this approach did not accord with real development needs, particularly with expanded output of staple foods.

Thus, agricultural output decreased by 37 percent during 1975-1980. The tragedy of this stagnant agriculture was that, unlike oil, agriculture had strong links with the rest of the economy and its stagnation served to block development as a whole. That is, rising food prices pushed up wages and industrial costs; stagnant output blocked rural incomes limiting domestic demand and fueled the migrant to the cities, etc.

In his conclusion Oculi finds out that the large scale agricultural policy push forward by Nigerian government benefited only the rich farmers. It benefited only the rich farmers because this type of large schemes agriculture requires inputs from the multinational agricultural businesses. It is capital intensive which means only the rich farmer can afford it, and in the final analysis the rich and the multinational colovorate with the ruling class for the control of such a project. In conclusion Bates pointed out that the key to agricultural progress in Africa (Nigeria included) is for farmers to gain power and use it to their favor.¹ Once an agricultural faction has gained a

107

foothold in the government, the resulting improvement in cultural incentives will be readily accessible to most producers.

Findings from many writers concluded that the history of European settlers political strategies and their impact on agricultural policies in Kenya, Rhodesia, and South Africa suggests that agricultural price supports and subsidies do not automatically trickle down to the mass of small farmers.\(^2\) This supported our finding on the negative impact of the government policy towards agriculture on the small farmers. It is quite clear in this paper that the small holder farmer's cost of living increases even though agricultural output (the only major source of their income) declined substantially. This can be seen from the tables above for the consumer price index, and agricultural output. The impacts of state policies toward agriculture were shaped by the structure of social relationships between farmers and others, and between them and state agencies and personnel. In Nigeria for example, marking boards were an instrument for extracting surplus from farmers and mobilized these agricultural surpluses among the internal bourgeoisie and international bourgeoisie. This was done through their pricing policies which farmers who produce export crops such as cocoa, cotton etc. have no control

over. This same pricing policy leads to declining purchases as farmers sought refuge in a production of different crops whose cost of production is high as a result of imported commodity.

This was an aspect of contemporary Nigeria governments frequent attempt to exploit the producers by the means of State farms, Parastatal enterprises, and Joint Government Private Venture in Large Scale Farming. The expenditure allocated to agriculture is shared among the rich and the ruling class by the means of generous loans, subsidies, infrastructure, and technical assistance given to small number of large scale private farms. This can be seen from the loan given for the agricultural production where small farmers were basically excluded. Contemporary studies show that rich farmers are often clients or members of the state and receive access to credit, inputs, extension services, and market opportunities on much more favorable terms than do the majority of the small farmers. But the small farmers produce the bulk part of agricultural output.

There is not much to recommend to the policy makers beside involving the producers in the decision process. For the farm sector of the economy political awareness is needed; there is a need for the farmers to take control and ownership of the means of producing agricultural output. This of course can not be done in isolation, it can only be done by the dictatorship of the producers over the
bourgeois and their accomplices. It is unfortunate that whenever needs arise people turn to the state for the solution forgetting that state came to exist as a result of social antagonisms created by the exploitation of one class by the other. Pierre Jalee stated that, as soon as one group or class within a society had successfully used force to dominate another, and appropriate its labor, social antagonisms made it impossible to achieve a general consensus, and it became necessary to create the institutions and instruments capable of giving permanence to a society which engenders and maintains internal conflicts. Institutions are necessarily restrictive and oppressive, organizational and administrative, and as soon as the new type of society develops, they soon constitute the state. The state became necessary to maintain the dominance of one human group over another, and so cannot be for benefit of all, exploiters and exploited alike, but only an instrument in the hands of the oppressors. So it is only when people free themselves from exploitation and become partners in the decision that involved everyone of them development will take the shape of underdevelopment.

**Intervening Variables**

This research is never conclusive because of the fact that other variables could have influenced the trend of agricultural output. The following variables may be considered as those other variables:
1. Migration out of the rural area to the urban centers by the farmer who could be better off working in the urban job which is not agriculture related;

2. Lack of the development of infrastructure in the rural areas—such as rural feeder roads; improve seeds; irrigation facilities, etc.; and

3. Natural happenings such as shortage of rainfall; expansion of the Sahara Desert, etc.

These variables may have a strong impact on the trend of agricultural output rather than the variables investigated in this research. Let us assume that the three variables outlined above have strongly influenced the trend of agricultural output. Another researcher may find that the outlined variables could have resulted in greater declining of agricultural output had it been the government policy was not enforced. These do not invalidate the finding that the federal government policy related to agriculture did not improve the agricultural output, nor did it improve the productivity in general. One thing which is clear is that there is a need for more research in regard to the causes of declining agricultural output in Nigeria. Some of the variables needing investigation are the ones outlined above. One possible area of research is finding the impacts of the integrated rural development on the peoples' life in the rural areas of Nigeria.
BIBLIOGRAPHY


Business Times, Lagos, Nigeria,


The Daily Times, Lagos, Nigeria,


The Guardian, Lagos, Nigeria.


The Herald (Ilorin)


Markovitz, L. I. *African Politics and Society*


National Concord. Lagos, Nigeria.


The New Nigerian (Lagos/Kaduna)


The Nigerian Observer. Benin City, Nigeria.


Okpala, I. "The Land Use Decree of 1978: If the Past
Should Be Prologue...!" Journal of Administration


Onimode, Bade. Imperialism and Underdevelopment in Nigeria:

. Economic Development in Nigeria: The Socialist
Alternative. Ibadan: Nigerian Academy of Arts,
Sciences and Technology, 1975.

. "Economic Development and Class Struggle in
Nigeria." Nigerian Journal of Economic and Social

. "Imperialism and Multinational Corporations: A
Case Study of Nigeria." Journal of Black Studies

. An Introduction to Marxist Political Economy.

. Ohiorhenuan, J., and Adeniran, T. Multinational
Corporations in Nigeria. Ibadan, Nigeria: Les

Onoh, J. K., ed. The Foundations of Nigeria's Financial


Waller, Derek J. "Revolutionary Intellectuals and Managerial Modernizers." Political Quarterly XLV (1974): 5-12.


