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THE LEADING SECTOR APPROACH TO ECONOMIC
DEVELOPMENT: A CASE STUDY OF NIGERIA
COMPARED TO VENEZUELA 1971-1990

By

Nicholas I. Nwabueze

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ABSTRACT

THE LEADING SECTOR APPROACH TO ECONOMIC DEVELOPMENT: A CASE STUDY OF NIGERIA COMPARED TO VENEZUELA 1971-1990

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The course of economic development chosen by various countries tends to require structural transformation to achieve economic development. The means of achieving economic development for developing countries evolved into two principal methods: the leading sector approach and the balanced growth method. These two methods differ sharply in their scope and content.

This study examined the economic development path chosen by Nigeria in 1974 to achieve its economic development objectives. To understand the nature of the debate between the opposing points of view, a definition of economic development on which to base this evaluation was sought.

The debate between the leading sector approach and the balanced growth method lay in the procedure and steps for development. The leading sector scholars and the balanced growth group offered contradictory suggestions and disagreed on what constituted the centerpiece of economic development.

The balanced growth group suggested simultaneous investment in different sectors of the economy, while the leading sector approach suggested the concentration of

resources in one sector that occupies a strategic place in the production process.

Six important economic indicators were chosen and used to develop contrasting hypotheses that identified their respective positions. The intent was to measure the growth or decline of the six indicators and use the results obtained to evaluate the advantages/disadvantages of each approach.

The method adopted was a case study of the economic development efforts of Nigeria as compared with Venezuela for a 20-year (1971-1990) period. The results obtained from the analysis led the author to conclude that neither of the two theoretical testing constructs were satisfactory for more definitively testing economic development effort. The "failure" to achieve more satisfactory economic development in Nigeria and Venezuela resulted largely from the lack of a satisfactory, centrally directed implementation of the economic policies in a coherent administration. Supporting the premise is the continued dependence on the petroleum industry for foreign exchange instead of deriving it from a much broader base supported by a diversified economy.

DEDICATION

To my father, A.B. Nwabueze, my mother Regina A. Nwabueze, for unwavering inspiration and support from the very beginning of life in me to this moment and for evermore.

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CHAPTER I

INTRODUCTION

Statement of the Problem

After the colonial era, economic development in the Third World revolved around the export of agricultural products and primary raw materials to the industrial countries of Europe and North America. However, exports from Third World Countries were not enough to generate the level of economic activity necessary to spur structural transformation and lead to any substantial form of economic development. Because their populations steadily grew and demands on available amenities increased, the economic, social, and political needs of these developing countries were not met.

The need to develop a stable economic framework and to meet basic human needs by improving the standard of living necessitated the rethinking of development theories, policies, and methods applicable to the underdeveloped countries of the world. Designing specific policies to address the special needs of these underdeveloped countries was especially necessary because the circumstances of Third World Countries were substantially different from those of their successful counterparts in the developed parts of the world.

The unfamiliar circumstances of Third World Countries presented serious implementation problems. Issues related to insufficient investment capital needed to make the transfer of available methods and time tested approaches compatible with the difficult economic situations they were supposed to address was highest on the list. These difficult conditions led to the adoption of development approaches which substantially differed from each other conditioned by the economic factor that was most needed in any one underdeveloped country.

Therefore, economic development for most of these countries implied doing more than one thing. First, it implied the need to design and implement major structural changes, such as policy modifications to provide incentives for accelerated industrialization and thereby provide employment in order to change the economic bottom line. Second was the need to change the old ways of doing things, such as the lack of directed planning that hindered development in their sociopolitical frameworks. The argument was, therefore, for the threshold of economic wellness to be raised so that economic development could be viewed in its global terms and go beyond the mere enhancement of economic factors. In fact, according to Cal Clark and Jonathan Lemco:

Economic development is a catch-phrase for a number of different topics. These include the expansion of the scope of exchange, the increase in resource endowments, the organization of human, material and financial

resource flows and the application of entrepreneurship. Economic development, therefore, requires structural changes such that aggregate production of goods and services is increased.¹

This view agrees with the established principles and practices of successfully developed countries of the world, and agrees also with D. Bright Singh,² who defined economic development as:

. . . the advancement of a community along the line of evolving new and better methods of production, and raising of the levels of output through development of human skill and energy, better organization and acquisition of capital resources.

The above definitions are tempered by the policy goals of the individual countries, as well as the values they perceived as most important for development. What is implicit though is that economic development must be associated with important social, institutional, and organizational changes. The values the individual countries imposed broadened or narrowed the scope of economic development programs and introduced critical components by which their progress was measured. Among many components that defined the important pressure points for underdeveloped countries were issues of capital formation and investments, population growth that

¹Jonathan Lemco, "Economic and Political Development in Modernizing States," in International Studies in Sociology and Social Anthropology, Vol. 48, ed. Cal Clark and Jonathan Lemco (Greenwich, CN: State and Development, 1988).

²D. Bright Singh, Economics of Development (with special reference to India) (London: Asia Publishing House, 1966), p.1.

brought along health and nutrition problems, education and skills development, together with employment and labor demands.

It is, therefore, apparent that economic development that brings about improvements only in capital formation falls short of the scope of development that must address the total well being of a country. As a matter of fact, economic development is only one important piece of the solution to underdevelopment. The need existed for the adoption of a suitable indicator to serve as a measure for the overall health performance of economic development efforts. In the post-war period when much attention was being given to evolution of the economic development process, persistent growth in the economic activity of any country was understood to be accompanied by the provision of all other requirements that would assure successful economic development, such as the availability of affordable credit for both farmers and private industry.

Growth which was used by developed countries as the means of keeping in step with economic prosperity also became a measure of the intensity of economic development and progress for the underdeveloped economies of the world. That view changed in the decades of 1960 and 1970 when it became apparent that significant increases in output in some of the major underdeveloped countries of the world failed to resolve

problems of equity in income distribution, poverty, and unemployment. In fact, Hollis B. Chenery,³ in a study conducted for the World Bank in 1974 summarized his findings as follows:

. . . it is now clear that more than a decade of rapid growth in underdeveloped countries has been of little benefit to a third of their population. Although the average per capita income of the third world has increased by 50 percent since 1960. This growth has been very unequally distributed among countries, and socio-economic groups.

Several other studies conducted by the International Monetary Fund and other organizations from within these countries, especially Africa, clearly identified the economic situation of Third World Countries to be growing worse.

The general agreement was that there was a marked decline in the average income of the poor in under-developed countries. To address the difficulties presented by the decline in average income, another modification was suggested to the concept of capital formation, investment and growth, as a measure of progress in economic development. Chenery suggested that there was the need for a profound change in economic structure to introduce changes in the composition of consumption, trade, production, and so forth. By his approach, the definition of economic development was given a broader base to include in addition to growth, structural

³Hollis B. Chenery, Redistribution with Growth (London: Oxford University Press, 1974).

transformation and a strong desire established by policy modifications to achieve more income equality. C. E. Black,⁴ presenting his arguments on the problems of underdevelopment, pointed to the difference between industrialization and economic development and observed that:

It may be defined as nothing less than the upward movement of the entire social system, or it may be interpreted as the attainment of a number of the "ideals of modernization," such as a rise in productivity, social and economic equalization, modern knowledge, improved institutions and attitudes, and a rationally coordinated system of policy measures that can remove the host of undesirable conditions in the social system that perpetuated a state of underdevelopment.

That view agreed with the one expressed by another advocate of economic development, G. M. Meier.⁵ In his review of the "Objectives of Development" while discussing the unimpressive and unsatisfactory results of development efforts in the Third World over the past three decades, stated:

. . . the definition that would now gain wildest approval is one that defines economic development as the process whereby the real per capita income of a country increases over a long period of time . . . , subject to the stipulation that the number below an "absolute poverty line" does not increase, and that the distribution of income does not become more equal.

We conclude, therefore, that the elimination of poverty through the adoption of an economic development approach that

⁴C. E. Black, The Dynamics of Modernization (New York, 1966), pp. 55-60.

⁵G. M. Meier, Leading Issues in Economic Development (New York: Oxford University Press, 1989).

ensures equity in the distribution of wealth and income is the key indicator of the wellness of any economy.⁶

With the issue of a comprehensive approach to economic development as relevant to the underdeveloped economies established, the next step was to evaluate the performance of underdeveloped countries given the appropriate opportunity. Such an opportunity presented itself during the 1970s and the 1980s when several underdeveloped countries had the opportunity to reap huge returns from investment in a depletable natural resource--crude oil. This unique opportunity was substantially different from the slow approach to capital creation through savings, efficiency, education, and better infrastructure investments, as envisaged by the proponents of economic development theories.

The bounty they received from oil sales in the 1970s also placed these countries at an advantage to pursue aggressively their development programs without the normal constraints imposed by the limited availability of capital, which would otherwise have to be borrowed or generated from within their static economies. This study examined the economic development path which was chosen by Nigeria to achieve its economic development goals.

⁶W. R. Cline, "Income Distribution and Development," Journal of Development Economics (February, 1975).

The economy of Nigeria, prior to the importance of crude oil on the world's economic scene, was primarily agrarian. Contributions to the national revenue from other sources, such as mining (minerals and the hydrocarbon sector), industries and manufacturing were minor. During the colonial period (1900-1960), Nigeria was nearly totally dependent on the agricultural sector with about 80 percent of the available labor force employed in that sector. It was the major source of foreign exchange earnings, contributing about 70 percent to the national economy.

This preeminence enjoyed by the agricultural sector continued until the late 1960s. Since then, however, the importance of agriculture has been declining partly as a result of the shortage of farm labor, but most importantly, as a result of the growing importance of the oil sector and due also to the change in directed economic development policy which emphasized the concentration of investment resources in the oil sector.⁷ The relative contribution of agriculture to the national economy had also been declining.

At its peak, in 1960, the time of Nigerian independence, the agricultural sector was contributing almost 64 percent to the national output. That percentage declined to 55 percent in 1965, 44 percent in 1970, and 28 percent in

⁷Tayo Lambo, Nigerian Economy: A Textbook of Applied Economics (Ibadan, Nigeria: Evans Brothers (Nigeria Publishers Limited, 1987), p. 14.

1975. Today, agriculture's contribution to national output is almost insignificant at less than 25 percent.

As shown in Table 1, the food import bills for Nigeria showed progressive and significant increases for the period 1962 to 1979 as agriculture continued to show signs of weakness and neglect resulting from the change in the country's development priority. As Table 2 indicates, the decline in agricultural input into the national economy corresponds with the period when crude oil production was made preeminent. As can be observed, the food production index suffered its worst plunge, for the first time in 1972 at 63 and again in 1973 at 72. At the same time, food imports recorded its highest increase at 204 in 1972 and 234 in 1973, as revenues from sales in the world's oil market gathered momentum and national food production situation continued to deteriorate.

Another indication of declining activities in the agricultural sector is given by the falling percentage contribution of the agricultural sector to the value of export and hence, to the foreign exchange earnings. From a high of about 85 percent in 1960, it plunged to a mere 32 percent ten years later. By 1975, agriculture's contribution to the economy had fallen precipitously to about 5 percent share. Most of the crops that were once dominant in the export "basket" were no longer cultivated at the level that went

TABLE 1
Nigeria's Food Import Bill from 1962 - 1979

Year	Total Amount of Food and Animal Import (Million tons)	Percentage over 1962 Figure	Total Import in Million Naira*
1962	47.0	100.0	406.4
1963	43.8	93.2	415.2
1964	41.4	88.1	507.4
1965	46.1	98.1	550.1
1966	51.6	109.8	512.7
1967	46.6	90.6	447.1
1968	28.4	60.4	385.2
1969	41.8	88.9	497.4
1970	57.8	123.0	756.4
1971	88.2	187.6	1068.9
1972	95.1	202.1	990.1
1973	126.8	269.8	1224.8
1974	154.8	329.4	1737.3
1975	297.9	633.8	3721.5
1976	440.9	938.8	5148.5
1977	736.4	1566.8	7093.7
1978	1020.7	2117.7	8211.7
1979	766.5	1630.8	7472.5

Source: Tayo Lambo, Nigerian Economy: A Textbook of Applied Economics, Evans Brothers (Nigeria Publishers), Limited, 1987. Pp. 28.- Compiled from various Central Bank of Nigeria's Annual Report, Economic and Financial Reviews.

* The Naira, is a Nigerian unit of currency. Rate of exchange in 1987 dollars was 4.01 Naira to a U.S. dollar.

TABLE 2

Index Number of Food Production
and Imports in Nigeria 1960 - 1975

Year	Food Production Index 1964/65 = 100	Food Import Index 1965 = 100
1960	82	105
1961	92	106
1962	92	108
1963	103	98
1964	100	118
1965	102	100
1966	89	132
1967	89	99
1968	80	74
1969	90	115
1970	94	150
1971	87	214
1972	63	204
1973	72	234
1974	82	199
1975	79	271

Source : Ojo (1977), Food supply in Nigeria 1960 - 1975, in Central Bank of Nigeria Economic and Financial Review, 1977.

beyond subsistence needs. These included cotton, groundnut, and oil, palm kernels and oil, cocoa, and timber. As a matter of fact, most of these items now came to be imported.

As was mentioned earlier, Nigeria chose to deemphasize its already thriving agricultural sector as a major foreign exchange earner in the early 1970s, in favor of the oil sector. That choice was made because of the ability of the oil sector easily to bring in more foreign exchange.

That change in economic development policy from an economic system, based on the advancement of agriculture and the careful structural transformation of the economic base, to a new system based on the directive concepts of the leading sector approach⁸ to economic development was the basis for this study.

The analysis here was of two economic development approaches as indicated by their priorities in the examination of directed change of Nigeria. It also evaluated the merits and tested the objective standards proposed in the prolonged debate between the leading sector school of thought and their

⁸Theoretical discussions on the leading sector approach to economic development, may be found in: Albert O. Hirschman, The Strategy of Economic Development (New Haven: Yale University Press, 1958); Paul P. Streeten, Unbalanced Growth, Vol. 2 (London: Oxford Economic Papers, 1959); J. A. Hanson, The Leading Sector Development Strategy and the Importance of Institutional Reform: A Reinterpretation Journal of Economic Studies (May 1976), 3, 1; Paul A. Streeten, Development Perspectives (New York: St Martins Press, 1981).

opponents the balanced growth group.⁹ These two groups of economic development theorists differ substantially in their thoughts and methods of achieving successful economic development in an underdeveloped country.

Their disagreement over priorities clearly pointed to a fundamental difference in opinion on how to develop and what appropriate steps to take for directed change. Their positions contrasted with each other over what should be the focal point and relative priorities of development. The leading sector approach viewed underdevelopment and backwardness in the Third World as shortcomings that resulted from an inherent inability to make "forward linking" development decisions that must be dynamic and ongoing. They also believed that for development to occur in these underdeveloped countries, it was necessary that available resources be concentrated in a sector with the most strategic importance in the production process. The intent was for the sector to serve as a hub and engine to energize or shock economic development, forcing the transformation of the existing economic structure. By so doing, it would force

⁹For a more detailed discussion on the Balanced Growth Theory, see: P. N. Rosenstein-Rodan, "Problems of industrialization in Eastern and Southeastern Europe," Economic Journal (June-September 1943), 3; Ragnar Nurkse, Problems of Capital Formation in Underdeveloped Countries (Oxford: Blackwell 1953); H. D. Ellis and H. C. Wallich, eds., "Notes on the Big Push," Economic Development for Latin America (London: Macmillan, 1961).

active responses from other sectors. Their opponents, the "balanced growth" group, contended that there were existing limitations imposed by underdevelopment, such as extremely low levels of both internal and external demand that must be recognized as limiting.

Those low levels may ultimately be responsible for the failure of any positive upward spiral effect to encourage the growth of other sectors. The balanced group argued instead that to overcome any risk of failure due to negative local factors, it is necessary that development be based on simultaneous investments in several or mutually interdependent consumer good industries. That approach would ensure that interdependent industries would keep in step with each other, thereby overcoming demand problems emanating from low income.

The common opinion on the subject of development and industrialization as stated by W. W. Rostow,¹⁰ in his perspective offered a more comprehensive appraisal:

There is said to be a number of certain general preconditions or prerequisites for industrial growth, without which it could not begin. . . . Abolition of an archaic framework in agricultural organization or increase in the productivity of agriculture; creation of an influential modern elite which is materially or ideally interested in economic change; provision of what is called social-overhead capital in physical form--all these are viewed as necessary preconditions.

¹⁰W. W. Rostow, The Stages of Economic Growth (Cambridge, 1960), p. 118.

Rostow¹¹ went further and suggested some critical requirements essential to the development of the economies of present-day, underdeveloped countries. His review concluded that if their take-offs are to succeed, the underdeveloped countries:

must seek ways to tap off into the modern sector income above consumption levels hitherto sterilized by the arrangements controlling traditional agriculture. They must seek to shift men of enterprise from trade and money-lending to industry. And to these ends patterns of fiscal, monetary, and other policies (including education policies) must be applied, similar to those developed and applied in the past.

Thus Nigeria's rejection of the balanced approach to economic development in place since the days of colonialism meant the choice of an aggressive leading sector policy of directed development program firmly defined around the fortunes of the oil sector as its lead sector. That choice and its priorities were intended to comply with sharp reallocations in the observations of Rostow mentioned above. The oil sector, during the early to late 1970s, brought in huge financial and foreign exchange revenues to the Nigerian economy. The wealth was manifest in the form of ambitious national government expenditures that rose from \$1.7 billion in 1973 to a high of \$26.2 billion in 1980 and declined to just over \$12 billion from 1981-86. These investment expenditures provided the lead or spur needed for real

¹¹Ibid., p. 139.

economic development in the domestic nonhydrocarbon sector, thereby initiating the much desired economic and socio-structural transformation of the country.

Taking into consideration that it has been more than twenty-five years since Nigeria decided to cast its fate with the leading sector approach to economic development, as well as the fact that it also spent many billions of dollars in investments and infrastructural development, it is appropriate to ask the following questions:

1. What results in terms of economic development, did Nigeria achieve in the 1971 to 1990 period covered by this study?
2. To what degree was Nigeria able to achieve the desired economic goals of rapid industrialization and better living standard set forth by the planners or proponents of their new economic development policy?
3. Perhaps most important, what are the development and investment lessons learned from the Nigerian experience?

Importance of the Study

The importance of the study lay in the useful knowledge for planners of an analysis of the Nigerian experience, especially in a case where economic development was not unduly or at all hampered by limited financial resources. The period covered by the study, (1971-90), presented a sharp contrast with other underdeveloped economies

in that Nigeria's total revenue from the sale of crude oil offered the country the rare opportunity to leap into sustained, continuous growth that would otherwise have been impossible, given the static and traditional state of her economy. The period chosen for this study also provided a tool by which the development efforts of Nigeria could be compared to the development experience of another country, namely Venezuela, which also benefitted from huge wealth from the oil industry but chose to continue the balanced approach to economic development.

Efforts to plan the Nigerian economy date back to colonial times (1946) with the submission of a prioritized 10-year development plan to the British colonial office to guide it in the allocation of colonial development and welfare funds to Nigeria. Since independence in 1960, there have been five development plans up to 1990. The successive plan objectives continually identified the need for rapid development. The objectives of the various plans differed because of availability of foreign exchange that was necessary to ensure the completion of planned projects. The first and second national development plans (1962-68 and 1970-74) achieved only very modest results because of insufficient funds. The 1975-80 plan period was distinctive in that it coincided with the surplus of foreign exchange provided by the mining sector--petroleum.

The support provided by the availability of normally scarce capital from the sale of crude petroleum and the presence of a strong private sector capable of contributing to a viable development program, are some of the reasons why Nigeria was supposed to have done well in its bid for economic development. The argument that Nigeria may have faltered because of its choice of leading sector approach--forward linked-economic development model--stems from the fact that the choice to adopt the leading sector approach to development gave rise to a variety of state-owned projects and establishments that were centrally planned and therefore assumed inefficient.¹² These institutions were charged with the responsibility to oversee the redistribution of capital and benefits emanating from the growth of the petroleum industry. One example was the creation of the Nigerian Industrial Development Bank which had as its principal mandate the responsibility to cater to the financial needs of small- to medium-sized businesses and entrepreneurs.

From the viewpoint of the proponents of the leading sector approach to economic development, these types of establishments will produce, in a relatively short period of time, many of the benefits other countries achieved by a more

¹²Ola, Oni, and Bade Onimode, Economic Development of Nigeria: The Socialist Alternative (Lagos, Nigeria: The Nigerian Academy of Arts Sciences and Technology, March, 1975).

efficient use of scarce resources through the process of balanced growth. Their objective was to expand aggressively the domestic base by using the opportunities created by the petroleum sector, thereby affecting the local markets through backward linkages that would, in turn, spur multisectoral growth and employment, income, and aggregate demand of goods and services. The creation of these intervening institutions was derided by some, but cannot be dismissed as completely ineffective. They contributed, to a respectable extent, to the disbursement of the funds allocated by the central government for development efforts. Secondly, they were useful in coordinating ventures by external investors interested in participating in the development efforts of the country.

Nigeria is now an oil-based economy which depends on the oil sector for a substantial percentage of its foreign currency investments and purchases. Its funding fortunes, therefore, fluctuate with the rise and fall of oil prices in the international market which is consistent with most of the 13-member states of the Organization of Petroleum Exporting Countries (OPEC). The investment of about \$190 billion, received from the sale of crude oil over a very short period brought with it sudden increases in income levels. The disadvantage of increased wages without accompanying productivity and the increased aggregate demand accompanying

it was very quickly witnessed in the form of inflationary pressures and the issue of increased imports.

The latter caused Nigeria yet another problem--that of increasing debt and balance of payment problems arising from extensive importation of finished goods and food items.¹³ The once important agricultural sector, the mainstay of the economy before crude oil came to the scene, had been deemphasized. The result was that the country became dependent on foreign sources for its food. These problems were later exacerbated by the fluctuation of crude oil prices in the decade of the 1980s. The loss of surplus foreign exchange earnings which had permitted an aggressive investment agenda forced the economy into stagnation and even a drop of industrial production, increasing unemployment and increased balance of payment problems.

Nigeria's effort to push the limits of its oil-generating revenues capacity using a directed, accelerated, and selective investment program obviously had encountered the consequences of the "appalling opportunities" inherent in resource based economies. Efforts to spend extensively to develop infrastructure to ensure the effective absorption of oil revenue met with some initial success, but later ran into

¹³Gabriel O. Olusanya, Bassey E. Ate, and Adebayo O. Olukoshi, eds., The Nigerian Institute of International Affairs (Lagos: Economic Development and Foreign Policy in Nigeria, 1988).

jerky discontinuities when revenues dwindled. Thus, many projects were left unfinished or were delayed with the resulting increase in costs and loss of production. It is interesting to note that the experience of Nigeria in the late 1980s was similar to those of other OPEC member states such as Algeria and Venezuela which had similar domestic difficulties or were faced with the same pressing needs to pursue a course of rapid development.

An important issue at this point became: how much of the entire array of problems Nigeria encountered can be attributed to the economic development policy it adopted? How much was causal? Doubtless, the debate between the opposing schools of thought improved our knowledge base about different economic development approaches, but the analysis of the Nigerian situation will clarify a useful reference point about implementation. The appropriateness of conducting the study was underlined by the following: First, Nigeria's case is unique because it is a Third World country that is confronted not only with the problems of underdevelopment, but also with the opportunities afforded one product economies.

Second, being a member of OPEC, Nigeria overcame the limitations imposed by the availability of capital, and chose to pursue economic development outside the rigidly prescribed approach of structural transformation, based first on a successful agricultural sector, as widely recommended by

several international organizations, such as the International Monetary Fund.

Third, the sheer size of Nigeria's population (approximately 100 million) may have contributed to the need for an immediate higher level of economic performance and success because of the desire to meet the demands of improved standard of living.

In addition to addressing the questions identified earlier, this study attempted to demystify Nigeria's choice of planned change by addressing the following questions:

1. What useful results did Nigeria achieve from its development policy from 1971 to 1990 (period covered by the study)

2. To what degree was Nigeria able to achieve the desired economic goals of rapid industrialization and improved standard of living set forth by the planners or proponents of their new economic development policy

3. What were the development and investment lessons from the Nigerian experience.

Nigeria's case is unique and of considerable interest to scholars because of its position as Africa's most populous nation and one that has the means to lead by example.

The lessons learned from this analysis may aid the understanding of the limits and consequences of adopting a single focus or priority, such as the leading sector model,

for economic development. The study may also lay the groundwork to enable developing countries understand the need for some flexibility and careful tracking in their own development efforts to direct planned change that will help them correct oversights and errors in making their choices.

CHAPTER II

REVIEW OF RELATED LITERATURE

The concepts of economic growth and economic development in underdeveloped countries presented a problem which transcended the availability of finance. One very important component was the need for these countries to have understood the consequences of the choice of using one economic development model over another. That understanding on its own would have ensured benefits, to a large extent, from the forms of development projects they choose to satisfy their needs or their ability to sustain a particular model in the future. Underdeveloped countries required a defined economic development approach with needs and consequences which are amenable to management, and also which lead predictably to the much desired result. That approach would represent planned or directed change.

A clear distinction between "growth" and "development" was not possible given the base from which these countries began. For purposes of clarity, one view held that "growth" was applicable only to economically advanced countries where most of the natural resources and wealth are already known and developed. On the other hand, "development" related to the

possibility of developing and using hitherto unused natural resources.¹⁴ The problem of economic development in Nigeria as well as most Third World Countries that are members of OPEC, lay in their thoughtful choice of a development model or pathway. It also involved their ability to identify reasoned objectives ahead of time and alternative means of achieving them.

This chapter examined the debate in the literature between the proponents of the "leading" sector school of thought and that of their opponent, the "balanced" growth group. Areas of conflict and disagreement concerning economic development and the means of encouraging growth was identified. The concepts of the leading sector approach to economic development, the subject of analysis of this study was examined in its application in one product economies to achieve designated structural adjustment.

Theoretical Framework and Background

The argument between the opposing sides was clearly based on what each country defined as the best approach to economic development. The leading sector school of thought considered economic development as a series of discontinuous steps characterized by the identification and removal of constraints or the sources of stagnation, thereby creating a

¹⁴Hicks, Learning about Economic Development, 1957. p.123

suitable atmosphere for anticipated capital formation and subsequent increase in output in a particular direction. The leading sector approach bred development in some fashion in a selected, designated, and already existing developed sector of the economy, that was, the capital forming sector, through a series of complimentary effects by creating greater investment capacity.

Ordinarily, the road from investment to more investment was considered to be rather indirect: investment increases capacity and when the economy expands in such a way as to accommodate the newly created capacity, the additional income based on the increased capacity would result in additional investments. Also, according to the leading sectors doctrine of induced investment, if there was an increase in investment activity from one period to another, induced investment in capital goods industries and services would result. The complimentary or "pull" effect of investment was, therefore, the essential mechanism by which new energies were channeled towards the development process and through which the circle of stagnation and underdevelopment would be broken.

Leading Sector Approach to Economic Development

As viewed by the architects of the leading sector approach, the objective was to create a focal point to serve

as the driver for the fundamental transformation and modernization of the economy through the creation of some carefully designed investment policies and goals. One goal was to overcome the fear of change which had been largely responsible for the stationary difficulties encountered by underdeveloped countries. The intent was to foster decision making by focusing on known constraints in forward linkages and by so doing put the dynamic wheels of change in motion.

According to Hirschman:

Our diagnosis is simply that countries fail to take advantage of their development potential because, for reasons largely related to their image of change, they find it difficult to take decisions needed for development in the required number and at required speed.¹⁵

He added that,

if backwardness is due to insufficient number and speed of development decisions and to inadequate performance of development tasks, then the fundamental problem of development consists in generating and energizing human action in a certain direction.¹⁶

It, therefore, became necessary for development theory and policy to face the task of determining under what conditions development decisions could be made in spite of the difficulties imposed by inefficient decision-making processes and poor implementation of development tasks. In underdeveloped countries, development was held back not only

¹⁵Hirschman, Strategy of Economic Development, p. 56.

¹⁶Ibid., p. 61.

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by the inability to make and implement decisions, but also by the difficulties of channeling existing or potentially existing savings into available productive investment opportunities. The norm by convention was that the ability to invest was acquired and increased primarily by practice; the opportunity to practice depended generally on the size of the modern sector of the economy.

What was needed was a modern sector that could generate investment ability and force the creation of, and hence visible imbalances which would inevitably and automatically induce other investment actions. The argument was that capital accumulation was the prime mover of economic development. It had a dual role in economic development: on one hand, it generated income; on the other hand, it created productive capacity for the economy.

The strategy, as laid down by the proponents of the leading sector approach, was to encourage growth within the sector with the highest opportunity for capital formation. That sector would, in turn, through a variety of complimentary effects (linkages), pull along other sectors. The principal tool for achieving this was by a carefully chosen set of investments which would be considered as development driver(s). In fact, from Hirschman's point of view:

The ability to invest is of course more directly related to investment activity. It comprises the ability to perceive investment opportunities, and since, in an underdeveloped country, a large supply of such

opportunities presumably exists, the expanding ability to invest may be considered to supply the necessary and sufficient conditions for investment to come about.¹⁷

This principal choice of investment, such as investing in the manufacturing, industrial, or agricultural sectors, varied country by country depending on what presented the best opportunity or met their most pressing needs. The method of implementation may be through a lead industry or through the form of needs for investment in a social overhead¹⁸. These overheads of leads and lags were defined and applied in a variety of ways which included:

1. A development approach via excess capacity that implied increases in the supply of capital and investment in public utility goods, examples; highways, railway lines, public housing, etc.

2. A development approach via shortage, that implied increases in investment applied directly in the production process, examples; machinery and skilled manpower.

An important component for achieving the required inducement effect in a development program was the ability to identify economic sectors or subsectors that would receive high ratings because of their ability to generate the required forward linkage effects. The main argument for unbalanced

¹⁷Hirschman, Strategy of Economic Development, p. 74.

¹⁸Roy Harrod, ed., assisted by Douglas Hague, International Trade Theory in a Developing Country (London: Macmillan, 1963).

growth within the theory was that it would help create necessary pressures and inducements. To illustrate this point, an important question became: How does unbalanced growth create these pressures and inducements? Suppose, for example, a comparatively big investment was made in a particular industry and its output abruptly increased substantially. Then there would be a sizeable increase in the demand for those products of other industries which are used as inputs in the first industry. Thus, unbalanced growth of one activity would put pressures on other activities and it would be hoped that these other induced activities would also expand following the same pattern.

The pressures created are transmitted through what have been called "backward" linkages. By symmetry, there are also "forward" linkages. The product of the first industry was quite possibly an input of some other industry. The increased availability of this product was likely to create inducements for expansion of this forwardly linked output. According to Chenery and Watanabe,¹⁹ these linkages represented in their aggregate form the strength of the changes. They illustrate in Table 3, by the use of a comparison chart, the nature of interdependence in production, as revealed by the pattern of interindustry flows, of four

¹⁹Hollis B. Chenery and Tsunehiko Utatanabe, International Comparisons of the Structure of Production, Econometrica, 26(4) (October 1958): 485-522.

major industrial powers --Japan, Italy, U.S., and Norway--the different roles played by the various economic sectors in the total process of production. The economic significance of the pattern of interdependence was that the effects of change in final demand spread through the economy from higher to lower sectors, and that reactions in the opposite direction, resulting in a continuing series of effects, were quite limited. What was noteworthy was that the resulting patterns of interdependence could have taken an infinite form and assisted the extraction process from the lead industry thereby increasing the influence of linkage effects. Another important observation was that if the pattern of interdependence among sectors was sufficiently similar, then the results of the comparison found application in other countries where similar production processes were present.

A probable source of difficulty in the economy of an underdeveloped country is the absence of an extensive production base which would readily exchange and absorb the complimentary linkage effects that will accelerate the development program. For example, in Table 3, the forward linkage numbers for agriculture and forestry, coal mining, petroleum, natural gas and nonmetallic minerals would each be above 65 to demonstrate some reasonable level of forward linkage activity instead of what they show, namely 31, 23, 15, and 17 which are considered too low.

TABLE 3

Average Strength of Linkage Effects in Four
Industrialized Countries (Japan, Italy, U.S., and Norway)

Sector	Forward linkage	Backward linkage	Total
<u>Intermediate primary production</u>			
Agriculture and Forestry	31	72	103
Coal Mining	23	87	100
Petroleum and Natural Gas	15	97	112
NonMetallic Minerals	17	52	69
Electric Power	27	59	86
<u>Intermediate Manufacture</u>			
Iron and Steel	66	78	144
Paper and Products	57	78	135
Petroleum Products	65	68	133
Nonferrous Metals	61	81	142
Chemicals	60	69	129
Coal Products	63	67	130
Rubber Products	51	48	99
Textiles	69	57	124
Printing and Publishing	49	46	95

Source: Hollis B. Chenery and Tsunehiko Watanabe, "International Comparisons of the Structure of Production," Econometrica, 26(4) (October 1958): 485-522.

Note: Forward Linkages are shown as percentages of intermediate purchases to total production by each industry. Backward Linkages represent percentage of intermediate sales to total production by each industry.

This limitation was imposed not only by the absence of the production capacity but also by the scarcity of suitably educated manpower, appropriate technology, and adequate social and institutional arrangements. These difficulties constituted the principal areas of criticism as presented by the opponents of the leading sector approach to economic development. Their argument revolved around the issue of giving too much emphasis to an economic sector under the pretence of its importance. According to Amlan Datta, those who pleaded for it argued that it created productive capacity.²⁰

What was forgotten or given little or no attention was the extent of discord that it imposed on the other sectors of the economy such that Table 3 would also be 80 for nonferrous metal for forward linkage at the intermediate manufacture stage. Another suitable example was in the relationship between the development of agriculture and growth of heavy industry which in Table 3 would be at least 70 and not 31 for a forward linkage to show satisfactory linkage activity.

From Amlan Datta's perspective, "food is needed to support industrial workers and raw materials to feed the machines."²¹ Therefore, agriculture was at least basic to

²⁰Amlan Datta, Perspectives of Economic Development; Strategies of Economic Development (India: Macmillan Company, 1973), pp. 98-105.

²¹Datta, Perspectives of Economic Development, p. 100.

development. Also, since new skills and techniques were needed, education was equally important. It is true, however, that food, raw materials, and technicians could be imported, as well as machinery. What was useful and of immense importance for the leading sector theory was induced backward linkages (see Table 3 for petroleum products at the intermediate manufacturing level) with a strong and almost equal tendency to encourage both forms of linkages. It was also important that food and raw materials be produced at home, so as to ensure that the development process could be sustained without the risks and consequences of excessive exposure to the vagaries of external dependence and use of limited foreign exchange.

What was strongly evident, according to Meier²², with respect to the disadvantages of the leading sector approach was that:

For countries embarking on development, unbalance is inevitable, whether they want it or not. . . . All investments creates unbalances because of rigidities, indivisibilities, sluggishness of response both of supply and demand and because of miscalculations.

Meier further observed: "the theory of unbalanced growth, concentrates on stimuli to expansion, and tends to neglect resistances caused by unbalanced growth."²³

²²Meier, Leading Issues in Economic Development, p. 379.

²³Ibid., pp. 379-381.

These arguments, therefore, compelled us to examine economic development in the context of balanced growth as proposed by that opposing school of thought, the balanced growth group.

Balanced Growth Approach

The concept of balanced growth, or of the maintenance of some kind of equilibrium during the process of economic development, means different things to different people.²⁴ As applied to the underdeveloped economies of the world, the theory stressed the need for different parts of a developing economy to remain in step to avoid supply difficulties. For example, in this version, the requirement of balanced growth was derived from the demand side.²⁵ It was argued that a new venture which gets underway in an underdeveloped country was likely to turn into failure because its workers would obviously not be able to buy all of its output, while other

²⁴The areas of need may be as varied as the list presented in Table 3. For most underdeveloped countries where the source of income is, to a large extent, dependent on the availability of an elaborate natural resource base, the intermediate primary production section from Table 3, must strive to show an equally developed forward and backward linkage factors in order to meet essential needs at home. The same is not true for industrialized countries where capital formation is already well developed and the natural resource is properly utilized. The need for an across-the-board development of linkage effects is necessary in order to ensure satisfactory exchange and absorption of complimentary effects.

²⁵Hirschman, The Strategy of Economic Development, pp.70-74.

citizens of the country were caught in an underdevelopment equilibrium where they were just able to afford their own output. These developing countries, struggling with the problem of raising their standard of living, found themselves caught up in what has been termed a "vicious circle of poverty."²⁶ According to this concept, the low productivity of labor of these countries was attributable to the low income, which was in part a function of an inadequate supply of physical capital. But the shortage of capital resulted partly from the persistently low levels of savings, thus completing the circle.

The doctrine of balanced growth was proposed by Ragnar Nurkse²⁷ and R. N. Rosenstein-Rodan²⁸, as a means of breaking this vicious circle and stimulating economic development. For it to be successful, it must be applied to the production of a variety of products in accordance with income elasticities. The reason was that low income and a consequent lack of demand generally spelled failure for any heavily concentrated

²⁶Bernard Okun, and Richard W. Richardson, "The Underdeveloped Countries: Modern Approaches to Development, in Studies in Economic Development (New York: Holt, Rinehart, & Winston, Inc., 1961) pp. 123-125.

²⁷Ragnar Nurske, Problems of Capital Formation in Underdeveloped Countries (Oxford: Blackwell, 1953); Equilibrium and Growth in the World Economy (Cambridge, MA: Harvard University Press, 1961).

²⁸Rosenstein-Rodan, "Problems of Industrialization of Eastern and SouthEastern Europe," 1943.

investment in a single consumer goods industry. It was suggested that investment be diversified over a broad range of such industries. Each industry would then generate, through its factor payments, (backward linkages), a demand for the goods of the other industries sufficient to keep all of them viable.

Investment projects that might be individually unprofitable would, taken collectively, be profitable. For this reason, the approach of balanced growth was also annexed to the "theory of the big push."²⁹ Professor Allyn Young, in his celebrated discussion of the "theory of the big push," clearly stated that:

There is a minimum level of resources that must be devoted to . . . a development program if it is to have any chance of success. Launching a country into self-sustaining growth is a little like getting an airplane off the ground. There is a critical ground speed which must be passed before the craft can become airborne.³⁰

Proceeding bit by bit would not add up in its effects to the sum total of the single bits. A minimum quantum or threshold of investment was a necessary, though not sufficient, condition of success. This, in a nutshell, was the contention of the theory of the big push. A big push

²⁹R. N. Rosenstein-Rodan, "Notes on the Theory of the Big Push," paper submitted to the Rio Roundtable of the International Economic Association, 1957.

³⁰Objectives of United States Economic Assistance Programs (Washington, D.C.: MIT, Center for International Studies, 1957), p. 70.

could, of course, result from one or a few big projects or from a large number of projects of varying size that dovetail with each other.

As mentioned earlier, the need for harmony in development was important if development could be realized. According to Ragnar Nurkse, "the case for balanced growth rests on the need for a balanced diet."³¹ For developing countries, the controversy on balanced growth presented itself in what was perhaps its most challenging form on the question concerning the place of agriculture in economic development. Some recommend a policy of allowing industry to run ahead of agriculture.

Experience in a number of countries suggested that it is easier today to develop industry, in relatively backward economies than it is to initiate steady agricultural improvement. Some industrial countries in the nineteenth century were able to depend on substantial imports of food and raw materials. Others, such as the Soviet Union under Stalin, provided a classic example of what happens if heavy industry tries to take a great leap forward before the pace of agricultural development has quickened sufficiently.

The evolution of Communism in the Soviet Union in the early part of the century was characterized by the suppression

³¹Nurkse, Problems of Capital Formation in Underdeveloped Countries, pp. 4-26.

of private trade and sale of surplus farm produce by farmers. In 1921 Lenin introduced a new economic policy that partially restored the right of the peasant to sell excess farm produce after paying an agricultural tax. By 1926 the prewar level of output, both in agriculture and in industry, was more or less restored. The amount of marketed grain was, however, somewhat less than the prewar average. After the restoration of output to normal prewar level, Soviet leaders wanted to accelerate greatly the pace of industrial development with special emphasis on heavy industry. The issue became how their desire could be achieved without a concomitant increase in agricultural output?

An interesting method based on a 37-63 relation was devised by Groman, a distinguished Soviet economist.³² Groman maintained that, on the basis of an extrapolation of past tendencies, a crisis-free development of the Soviet economy must rest on a value-relationship of that order between the marketed surplus of agricultural and industrial products. While there was room for difference of opinion on this point, it was clear to all that a decisive acceleration of the pace of industrial development could not be achieved without a new strategy for agriculture. What could this strategy be?

³²Amlan Datta, Perspectives of Economic Development, pp. 102-103.

The great debate on economic policy which started at this time illuminated the alternatives before the Soviet Union. It had also a wider significance and continues to be relevant for other countries, especially the underdeveloped ones, even today. The cultural and economic impediments to the development of agriculture are often more formidable than those for industry. Indeed, from H. Myint's³³ perspective

The expansion of the industrial sector should depend on the growth rate of agriculture . . . the allocation of investments to induce growth, the production of consumer goods and the development of suitable infrastructure that will facilitate the development process, constitute the bare essentials that are needed for a sustained development.

From another perspective, the difficulties imposed by the lack of planning and directed change in underdeveloped countries made the march toward development very cumbersome. A sound administrative system, a stable government, well-organized financial agencies, a legal system that is capable of ensuring the security of person and property, efficient organization of the means of production, a simple and well-defined system of land holdings and inheritance and a favorable social attitude are usually considered, among others, as prerequisites to achieving economic development. Opponents of the balanced growth approach contended that their concern rested only with the creation of complementary

³³H. Myint, The Economics of the Developing Countries, (London: Hutchinson University Press, 1964).

domestic markets as an inducement to invest, whereas markets in the countries of the region can usually be created by import restrictions, and where possible, expansion of exports.

To aid the process of understanding, Table 4 below, presents a summary of the basic differences, as developed by the author, between the two different approaches to economic development described above. It is evident from the review that the controversies between the balanced group and their principal critics, the leading sector school of thought, are quite extensive.

The economic development process inevitably involved the search for an appropriate balance between the two major sectors of the economy, mainly industry and agriculture. This was necessary because of the need for the production of adequate levels of foodstuff and the general maintenance of the population and the economy. The complexity of the development process and the importance of the interaction between the industrial sector and growth of the agricultural sector underlined the need and importance for the examination of the main issues related to the economic development process. Within this context, the two different schools of thought have advanced conflicting methods as summarized above for achieving economic development.

TABLE 4

**Key Differences Between the Leading Sector Approach and
the Balanced School Approach to Economic Development**

<u>Leading Sector Approach</u>	<u>Balanced School Approach</u>
a. Underdeveloped countries tend to be unable to make forward linking investment decisions at the required amount speed and time.	Lack of appropriate demand levels due to poverty and deprivation are the main obstacles to a progressive investment program.
b. They suggest that investment must necessarily begin with a focus industry that occupies a place of prime importance in the production process--the engine.	They contend that the best approach lies in simultaneous investments in several or mutually interdependent industries as dictated by demand elasticities.
c. The growth process is encouraged by the unbalanced nature of investments.	Growth is the result of an orderly approach to investment along a carefully defined line with the aim of overcoming poverty and ensuring equity.
d. Unbalanced development virtually guarantees development of capacity to meet future demands.	They emphasize building demand and capacity concomitantly through simultaneous investment.
e. Assumes that their approach will be more favorable to industries with the highest potential to generate active linkage effects.	Assumes that their approach will be more favorable to primary and intermediate sectors that will benefit from the complimentary effects of development.

This study carefully examined the results presented by the experience of Nigeria and compared it with that of Venezuela, as both countries struggled to implement conflicting approaches to economic development.

CHAPTER III

METHODOLOGY

Hypotheses and Testing Procedures

To appreciate fully the consequences of the choice of method used to estimate the success of an economic development plan, it was necessary to re-examine the stated positions of the two sides to this argument. The position of the leading sector approach to economic development as summarized by Hirschman concluded that:

Our diagnosis is simply that countries fail to take advantage of their development potential because, for reasons largely related to their image of change, they find it difficult to take decisions needed for development in the required number and at the required speed.³⁴

According to Hirschman, development in the Third World was hindered not only by the unavailability of capital or the potential to generate it, but most importantly, by the apparent inability and difficulties encountered in making the necessary decisions to direct change. To spur industrial development and thereby create a viable industrial sector, the leading sector group suggested the concentration of available resources in a single sector that occupies the most strategic

³⁴Hirschman, Strategy of Economic Development, 1958, pp. 25-26.

position in the production process, and thereby, have the ability to rally other sectors to develop forward linkages.

These linkages were achieved through demand pressures and resulting imbalances created by the lead industry. This form of integration was intended to lead to the development of a network of industries that may possess some similarities to each other, but may also lead to the evolution of other industries that would serve as useful spin-offs from the development process. The desired outcome was that the process identified above would ultimately lead to the improvement of both social and economic conditions, as measured by improved standard of living and higher Gross National Product (GDP), since the increased level of industrial activities would spur greater productivity. In fact, that line of reasoning agrees with the perspective expressed earlier by Amlan Datta that "food is needed to support industrial workers and raw materials to feed the machines,"³⁵ as the Soviet Union later found after its initial revolution. This argument implied that the contributory sectors would certainly be in step with development as the effort evolved.

The opposing side, the balanced school approach to economic development, disagreed with the leading sector view on grounds that large imbalances would be created which would, in turn, destroy whatever successes may be achieved. The

³⁵Datta, Perspectives of Economic Development, p. 100.

balanced growth group countered with a suggestion that conferred assumed uniformity of investment in all sectors or many mutually interdependent consumer good industries following along lines imposed by demand elasticities. In other words, they strongly advocated a "balanced diet" approach to ensure that disharmonies were not intentionally created and that every sector was mutually in step with a focused, predictable development process.

The issue now was both to ascertain the validity of these two opposing theories by evaluating them in the history of economic development of Nigeria from 1971 to 1990 and to learn from such a review. The period chosen for the purpose of this study took into consideration the general conviction that new policies aimed at enhancing economic development must produce appreciable results within five years³⁶. The 1971-90 period of study is considered to be long enough to allow for a suitable evaluation.

The approach used for the evaluation was a comparative analysis of Nigeria's and Venezuelan economic development history. The choice of Venezuela was based simply on the fact that it shared similar economic conditions and humble beginnings with Nigeria. The make-up of Venezuela's early economy was also agricultural, and the components of its

³⁶D. Seers, "The Role of Industry in Development; Some Fallacies, Journal of Modern African Studies (December 1963): 341.

export trade were mostly coffee, cocoa, cattle, and hides. Also, a large majority of its people were poor. Finally, Venezuela, along with Nigeria, was a founding member of OPEC and like Nigeria, it was a major beneficiary of the sudden wealth from oil revenues in the 1970s.

What was different and of remarkable interest to this study was that in addition to a considerable difference in population, Venezuela arguably continued on the original path of a "balanced growth approach" it had originally adopted, even when the importance of the hydrocarbon sector became manifest. This does not assume that it did not also have, as Nigeria did, its problems with the dominance of oil as its main export. What was of interest to us was to examine the results from Venezuela's balanced investments in other sectors of the economy and their resulting relative contribution to the national output.

Also of importance was the fact that Venezuela had been producing oil since 1912 and actually became the world's largest exporter of oil in 1929 as illustrated in Table 5, with oil exports accounting for about 62 percent of its exports. This interesting point should not be taken to imply that Venezuela had no advantages over Nigeria prior to the decade of the 1970s, when the production and supply of oil to

TABLE 5

Exports of Crude Petroleum by Country -1929

Country of Origin	Crude Oil Exports long tons*	Total Percentage of Exports
Venezuela	18,916,256	61.888
United States	3,566,804	11.670
Colombia	2,536,500	8.299
Mexico	2,344,039	7.669
Persia	1,509,026	5.202
Peru	1,004,006	3.285
Russia	305,364	0.999
Trinidad	124,459	0.407
Canada	101,908	0.333
United Kingdom	48,094	0.157
N.E. Indies	22,258	0.073
Formosa	2,612	0.009
Romania	2,502	0.008
Italy	298	0.001
France	25	0.000

Source: Jose Amado Gil Ravelo, Oil Revenues, Distributional Coalitions, and Economic Development: An Analysis of the Venezuelan Case, 1990, p. 36.

*A long ton is the equivalent of 2,240 pounds.

the world market became very important following the Middle East conflict between Israel and the Arab States.³⁷

While Nigeria was relatively debt free from 1965 to 1970, Venezuela's early economy in 1902 was saddled with a national debt of more than \$50 million that was owed to Europe and the United States, a sum equal to ten times the annual income of the national government.³⁸ Venezuela, therefore, was a suitable choice to use for comparisons with Nigeria, especially noting that both share certain commonalities in terms of economic development and access to capital.

Venezuela, then, could help provide a useful comparable basis for achieving the objective of this study: an analysis of two development models, the leading sector and the balanced growth methods to economic development. It must be stated that this study was not intended to serve as a general or definitive test of the Nigerian economy. It was instead intended to be retrospective and to provide a perspective for a cautious understanding of economic development drawn from two separate methods. A definitive study would require a much

³⁷The Yom Kippur war that was fought between Israel and the Arab States gave rise to the use of the "Oil Weapon," by the Arab States in the form of an imposition of embargo on all of the industrialized nations of the world.

³⁸Fundacion John Boulton, Politica Y Economia en Venezuela: 1810-1976 (Caracas, Venezuela: Editorial Monte Avila, 1976).

greater number of experts, evidence, data, as well as more money and time.

Rather, it was to examine whether the Nigerian model, based on the leading sector approach, had brought about the useful changes that the planners and theorists had intended. The objective was to measure the consequences, or the relative success of the new economic development policy, as implemented by the proponents of the leading sector approach, testing for the positive changes the approach brought to the economy.

To achieve the above objective, it became necessary to identify a method to verify success and define the main points of agreement or otherwise, as discussed and identified in the previous chapter reviewing the theoretical concepts. Six important economic indicators, example; employment, income distribution, foreign trade, linkage effects, foreign debt, and economic growth that generally defined the level of performance of any economy were selected as a good measure for evaluating the two conflicting economic models.

These criteria represented the measurable critical variables that constituted the basis of the comparative analysis. To facilitate the process, each of these variables was used to develop a hypothesis that showed the contrasting nature of the positions taken by the respective groups to this controversy. The hypothesis for each variable was used to generate an objective function that served as a measure of

economic development. Each was evaluated for performance and conformity with the contending group position. The criteria was further used in the discussion and analysis of the data, as a determinant of success or failure, in the economic role it was supposed to play in order to foster economic development.

To aid understanding, the leading sector group was represented in the hypotheses by LS, while the balanced growth group was noted as BG.

Hypotheses

Employment

LS: Employment opportunities become greater as the reliance on the leading sector approach to development increases.

BG: Reliance on the leading sector will increase unemployment and may well reduce opportunities.

The leading sector approach to economic development suggested that the growth of the industrial sector created more responsive employment opportunities upstream and downstream of its source, through some form of inducement mechanisms. That inducement would spur investments in subsidiary service industries that would address both industry needs and the needs of the workers, thereby energizing the course of development. The result would be the development and growth of several ancillary employment opportunities

reminiscent of those found in dynamic urban areas. The economic significance of labor as a factor of production consisted in its dual aspect--its role as a consumer as well as a producer.

In combination with other factors, labor contributed to total product. But unlike the other factors, labor was also the consumer of the product. The leading sector group further argued that one of the consequences of simultaneous investment in all sectors was the slow response to the provision of employment. In several underdeveloped countries, the proportion of the labor force in industry in the decade of the 1960s increased very slowly, obviously in response to the slow growth of the industrial sector. Between 1955 and 1964, the 4 percent growth rate of manufacturing and industrial employment in all developing countries was barely able to absorb even a small proportion of the increase in the available labor force.³⁹

That argument was countered by the balanced growth group with the fact that industrialization, as it is known today, has failed to provide employment as needed. The migration of rural labor to urban areas in search of employment and better living conditions tends to exacerbate the problems of unbalanced growth. As an illustration, the

³⁹"Recent Overall Progress in industrialization Achieved by Developing Countries," United Nations Bulletin of Industrialization and Productivity, #13.

increasing divergence between urban and rural incomes had arisen both as a result of the relative stagnation of agricultural earnings (partly as a direct outgrowth of post-war bias towards industrialization at the expense of agricultural expansion) and the concomitant phenomenon of rapidly rising urban wage rates for unskilled workers.⁴⁰

For example, as observed by Arthur Lewis⁴¹,

Urban wages are typically at levels twice as high as average farm incomes. Between 1950 and 1963, prices received by farmers through marketing boards in southern Nigeria fell by 25 percent while at the same time the minimum wage scales of the Federal Government increased by 200 percent.

The balanced growth group further contended that unbalanced investments in development, practiced by some developing economies, does at its initial stages, reduce employment by displacing existing industries, through cessation of subsidies by governments and by loss of financial credit offered by commercial institutions.⁴² That backlash was shown by the growing levels of urban unemployment in developing countries, which implied that the employment creation aspect of the leading sector approach to development was unpredictable. The balanced growth group also pointed out

⁴⁰Todaro, "Income Expectations, Rural-Urban Migration and Employment in Africa," pp. 391-5, 411-13.

⁴¹Lewis, Reflections on Nigeria's Economic Growth, p.42.

⁴²Seers, The Role of Industry in Development, pp. 461-463, and Singh, Economics of Development, pp. 78-80.

that displaced workers from industries, such as above, tended to remain unemployed indefinitely because of the very low absorbing capacity of the new, often high technology industrial sector.

To test the hypothesis on employment, historical employment data (in numbers) by sector was evaluated by the author in both Nigeria and Venezuela for the period covered by this study. The purpose was to determine whether any of the anticipated changes desired and proposed by the proponents of the leading sector approach was achieved.

To accomplish this, an analysis in the following steps was presented:

- Analyzed employment figures as related to the primary (agricultural), secondary (industrial), and the tertiary (service) sectors, at the inception of the study period.

- Analyzed employment figures for the same sectors for the end of the study period.

- Compared the above analysis with Venezuela in order to identify trends in employment variations and provide possible explanations.

- Compared Nigeria's performance to that of Venezuela and draw conclusions relative to the effectiveness of the employment policies of both countries with respect to creation of jobs.

Income Distribution

LS: The leading sector approach fosters equality in income distribution.

BG: Reliance on the leading sector approach perpetuates inequality in income distribution.

The existence of huge differences in the distribution of wealth in some underdeveloped countries of the world gave rise to renewed thinking on the methods of achieving some form of equity. The recognition that large-scale transfers of income are politically unlikely in developing or developed countries made it necessary to evaluate the results of any development policy in terms of the benefits it produced for different socioeconomic groups. In this respect that benefit referred to the aggregate share of income received by each of the major groups that collectively make up the country's economic sector.

The perspective held by the leading sector approach was that the level of industrialization provided a strong connection in any political system between the growth of wealth and an improved living standard. The leading sector also argued that as the transition from very low levels of development to higher ones are realized, income distribution undergoes useful changes and redresses inequalities. Those changes are forced by the process of transformation of production functions from agricultural and primary products to

intermediate and final products. That change tended initially to aggravate the difference in income distribution, but then redressed it as the income levels increase.

This point about the leading sector approach was a source of contention with the balanced growth group. They argued that such increased differences only aggravated existing poverty levels with no guarantee of a remedy to redress losses suffered later in the cycle by others in the lowest economic levels. The balanced growth group further contended that the mere nature of investment in industrial development required large-scale capital investment, which, in turn, tended to concentrate income within a small group of people within a small geographical area, thereby aggravating the already existing inequities. This argument underlined the difference in development approach between the two groups.

Capital intensive investments in only one sector, in the opinion of the balanced growth group, also tended to deplete the much needed capital reserves of underdeveloped countries. It was also argued that the leading sector approach unfortunately ensured that several important sectors, for example agriculture or service industries that augment the process of development, such as health services, were left out or were relatively neglected. The approach was also said to perpetrate the element of income inequality between the rural poor and their urban counterparts.

From the perspective of Dharam P. Ghai⁴³:

In Kenya average earnings of African employees in the non-agricultural sector rose from approximately \$194- in 1960 to approximately \$360- in 1966, a growth rate of nearly 11 percent per annum. During the same period the small farm sector of Kenya experienced a growth of estimated family income of only 5 percent per annum, rising from \$114- in 1960 to \$154- in 1966. Consequently, urban wages rose more than twice as fast as agricultural incomes, so that in 1966 average wages in the urban sector were approximately two-and-a-half times as high as average farm family incomes.

This situation was explained by the leading sector approach as a perhaps unfortunate necessity of development. According to Hirschman, in his attempt to alleviate the fears associated with income distribution problems, "It is the experience of unbalanced growth in the past that produces, at an advanced stage of economic development, the possibility of balanced growth."⁴⁴

The most critical concern lay in the negative effects of the industrialization policy of the leading sector approach on agriculture. The desire was to increase investment in agricultural development so as to reduce considerably the problem of income inequalities, and to stem migration of manpower into the already depressed existing urban areas.

The approach used to determine income distribution was also used first to analyze sectoral distribution of income and

⁴³Dharam P. Ghai, "Incomes Policy in Kenya: Need, Criteria and Machinery," East Africa Economic Review (June 1968): 20.

⁴⁴Hirschman, The Strategy of Economic Development, July 1964.

the growth of earned income in the various sectors of the economy. It was necessary to note, in caution, that in underdeveloped countries and most Third World Countries, unreliability of acquired data and possible poor quality of information were persistent issues.

However, it is believed that the approach described above, yielded an acceptable means to test an income distribution profile of the two countries for the period under consideration.

Foreign Trade

LS: The leading sector approach ensures diversification of trade and the economic base.

BG: Reliance on the leading sector approach will increase the risk of failure and uncertainties and may permanently hamper diversification.

One of the major limitations of underdevelopment was the severe hinderance it imposed on trade. Further restriction came from the extreme low levels of income at the local level and the inability to purchase imports with the result that even trade at the national level was depressed. These problems conferred importance on the topic of trade and attracted the interest of economists. Adam Smith, presenting his arguments on the importance of international trade, noted that:

By means of it, the narrowness of the home market does not hinder the division of labor in any particular branch of art or manufacture from being carried to the highest perfection. By opening a more extensive market for whatever part of the produce of their labor may exceed the home consumption, it encourages them to improve its production powers, and to augment its annual produce to the utmost, and thereby to increase the real revenue and wealth of the society.⁴⁵

In fact, John Stuart Mill⁴⁶, went further to say,

. . . the opening of a foreign trade, by making them acquainted with new objects, or tempting them by the easier acquisition of things which they had not previously thought attainable, sometimes works a sort of industrial revolution in a country whose resources were previously underdeveloped for want of energy and ambition in the people.

The proponents of the leading sector approach to economic development further contended that underdeveloped countries may well suffer from problems of export dependence, concentration and the ever-changing pricing structure of international commerce that established poor terms of trade.

Thus fluctuation in prices of export commodities, which was often unfavorable, created balance of payment problems and perpetuated unfavorable trading terms. This followed the increase of imports, higher income levels, and the increased demand for basic industrial goods. The leading sector group suggested that a diversification of the export base and the increase of manufacturing capacity at home better served to

⁴⁵Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations, Edwin Cannan (ed.), 1937, p. 415.

⁴⁶John Stuart Mill, Principles of Political Economy, Vol. II, Book III, Sec. 5, Chap. 17 (London 1848).

satisfy local demand and also reduced the quantity of products imported. The leading sector group maintained that their approach should also mitigate the unfavorable effects of balance of payments and help move the country toward achieving stability in international commerce.

The counter argument from the balanced growth group was presented in the form of historical facts. The balanced growth group contended that events have proven that despite huge revenues earned by Third World Countries that benefitted from the high oil prices of mid- to late 1970s, their economies have simply in the long run become more dependent on their exports of crude oil with little or no diversification.

Arguably, they failed to diversify successfully their economic home base because most of their trading partners introduced restrictive import policies or competition that negated all efforts to make a profit. Secondly, the balanced growth group agreed that the development efforts of these Third World Countries were also hindered by the difficulties presented by the increasing subsidies needed from the government to reduce production costs required by the base industries.

Finally, the rapid population growth presented human problems that demanded urgent attention. Thus, most developing countries resorted to importing basic commodities as well as food because the agricultural sector and other

basic local food processing industries were neglected or forced into decline due to the fact that they were not on the priority list of the leading sector approach. That action, the balanced growth group explained, was to some extent responsible for the huge balance of payment problems found in, and the high levels of, foreign debt owed by underdeveloped countries.

This was the dismal picture of development, economic stagnation and agricultural backwardness in most of the underdeveloped countries that adapted the leading sector policy. It also represented the most important component of the leading sector economic development approach about which the balanced growth group is most critical.

In response to the above predicaments, the balanced growth group suggested a change in the export oriented strategy of the leading sector approach. According to H. Myint⁴⁷, presenting his arguments for the balanced growth group, "agricultural import substitutes will be easier for developing countries to produce than industrial import substitutes." The intent, at least, was to meet the increasing need for food at home and thereby reduce the substantial food import bills incurred by the respective countries. It was assumed also that it would simultaneously

⁴⁷Myint, The Economics of the Developing Countries, p. 130.

reinvigorate the agricultural sector. In fact, according to M. P. Todaro⁴⁸, in evaluating the effects of world trade on the Third World,

We can state almost without reservation that the principle benefits of world trade have accrued disproportionately to rich nations. Trade has been clearly harmful to the majority of the people in the Third World.

The above underlines the handicapped position of underdeveloped countries that adopted the leading sector approach of economic development. The quote also supports the case of the balanced growth group in urging a development approach that did not concentrate solely on one leading industry.

In order to evaluate the role of foreign trade on the development process, the author conducted a historical analysis of the following trade indicators for the period covered by the study:

- Imports by sectors, indicating values in dollars
- Composition of Imports in dollars
- Exports by sectors, indicating values in dollars
- Composition of Exports in dollars
- Hydrocarbon Exports, indicating values in dollars
- Food items imports, indicating values in dollars

Analysis and comparison of the above indicators assisted in observing trends in trade composition and facilitated the

⁴⁸Todaro, Economic Development in the Third World, p. 393.

identification of changes that showed evidence of satisfactory diversification. The expectation was that satisfactory changes, based on the ideas of the leading sector approach, would meet the original requirements set by Nigerian planners. Those changes should have led to a higher proportion of manufactured export goods and a corresponding reduction in the volume and monetary value of traditional export raw materials.

It should also be manifested in the form of higher foreign exchange earnings well above the level achieved by the export of raw materials. The objective effect should be a move towards a relatively more favorable balance of trade and the achievement of a positive balance of payments. For the purpose of this study, any change that failed to satisfy the above terms or showed only marginal or temporary signs of affecting the volume of export, was conditionally judged unsuccessful.

Linkages

LS: Linkage effects will result from pressures created by lack of balance.

BG: Lack of balance in investments will depress uniform growth and will hinder any useful linkage effects.

From the perspective of Meier,⁴⁹

⁴⁹Meier, Leading Issues in Economic Development, p. 368.

. . . two inducement mechanisms may be considered to be at work within the directly productive activities sector. These are first, the input provision, derived demand, or backward linkage effects, i.e., every non-primary economic activity, will induce attempts to supply through domestic production the inputs needed in that activity. Second, the output-utilization or forward linkage effects, i.e., every activity that does not by its nature cater exclusively to final demands, will induce attempts to utilize its outputs as inputs in some new activities.

The lack of interdependence and linkage was, of course, one of the most typical characteristics of underdeveloped economies. To address this issue, the leading sector approach suggested that the pressure from unbalanced investment serve as an incentive for induced investments in other sectors. The leading sector approach further argued that the creation of strategic imbalances would set up stimuli and pressures which were needed to induce investment decisions. As expressed by Hirschman⁵⁰:

. . . our aim must be to keep alive rather than eliminate the disequilibria of which profits and losses are symptoms in a competitive economy. If the economy is to be kept moving ahead, the task of development policy is to maintain tensions, disproportions, and disequilibria.

The leading sector group further maintained that the establishment of a "master industry," would almost certainly

⁵⁰Hirschman, The Strategy of Economic Development, p. 66. According to his view, the central task of a development strategy is to overcome the lack of decision-taking actions in the economy; unbalanced growth approach is therefore necessary to induce investment decisions and thereby economize on the less developed economy's principal scarce resource, namely, genuine choices by decision.

lead to the establishment of associated "satellite" industries. That, in turn, would serve as the stimulus toward the setting up of induced nonsatellite industries. Satellite industries could, therefore, be established through backward or forward linkage. A satellite industry usually had the following characteristics:

1. Its minimum economic size was smaller than that of a master industry.

2. It enjoyed a strong location advantage from proximity to the master industry.

3. It used as principal input an output or by-product of the master industry or its principal output is a minor input of the master industry.

The leading sector theorists concluded their argument by suggesting that to encourage effective linkage effects, the choice had to be in favor of industries that produced at the intermediate stages of production. They excluded investments in agriculture which were considered primary, generally characterized by the scarcity of linkage effects because a large proportion of agricultural output was destined directly for consumption or export.

The balanced growth group, disagreeing, argued that it was not realistic to expect agricultural stagnation to be broken simply by the impact of rapid growth of heavy and large

scale industry.⁵¹ What happens if it is not broken? They argued further that the rapidly growing industrial sector would require food for the growing urban population and raw materials for expanding manufactures. They suggested that disregard for increasing agricultural output would create food shortages, high food import bills, high foreign debt levels, and inflation which might ultimately negate the expected benefits of economic development. In conclusion, the balanced growth group insisted that a model of development in which industry had to depend on domestic agriculture for supply of food and raw materials embodied more accurately the constraints under which some of the underdeveloped countries had to operate than one in which free and unlimited imports of these commodities were allowed.

The argument, therefore, was how to investigate the input-output relationships of the economy which would enable one to determine the relative magnitude of linkages generated by the industrial sector in order to understand the consequences of each economic development model.

The petroleum sector generated only marginal backwards and forwards linkage effects from exploration to export of the crude oil. The Nigerian economy was no exception, since it was also dominated by the export of crude oil. Given these conditions, the author used any available sectoral growth data

⁵¹Datta, Perspectives of Economic Development, p. 101.

for the period under study to estimate intersectoral relationships that may be used as a framework for measuring linkage effects. Any reasonable increase over the time under evaluation manifested in the form of either a reduction in the import of an industrial or sectoral intermediate input, because of the production or development of a domestic substitute, was considered a positive linkage effect and, therefore, consistent with the theory of the leading sector approach. The reverse was viewed as in support of the position of the balanced growth group.

Foreign Debt

LS: Foreign debt level will be manageable under the leading sector development approach.

BG: Foreign debt level will be overwhelming and may derail the development program.

The difficulties imposed by the limited availability of capital in most underdeveloped countries was one of the major reasons for very low levels of investment and development. In fact, according to Meier,⁵² "the general rate of development was always limited by the shortage of productive factors. If any one scarce factor associated with underdevelopment should be singled out, it would be capital."

⁵²Meier, Leading Issues In Economic Development, p. 219.

The leading sector approach, pointing to the need for adequate capital and the fact that development programs need to be sustained, suggested that underdeveloped countries augment their meager domestic savings with borrowed capital from abroad. They argued that capital increases from investment necessitated more savings or foreign assistance. They recognized that foreign assistance, if not in the form of grants, meant some burden in the future, but concluded that foreign loans were necessary and that their rate of repayment would determine how much was saved at home in the future. Meier went on to explain that "capital accumulation brings along, strong entrepreneurship and training of workers and public administrators, all of which are critical components to development." The advantages of foreign capital, therefore, was to overcome the inertia imposed by lack of capital at home, and by so doing, stimulated domestic entrepreneurial skills which would, in turn, help reduce the debt payment burden while spurring development.

The balanced growth group disagreed, arguing that the consequences of excessive external debt on the fragile economies of the underdeveloped countries could literally destroy any hopes of improving those economies. They theorized that the ease by which an outside loan could be acquired may diminish the effort level at home and lead to the slowing down on investments and increase of domestic savings.

They further expressed concern over the risk of misapplication of loans or outright abuse, and dwelt at length at its consequences to these countries. In fact, according to Singh,⁵³ the efficacy of external financing as a means of fostering economic growth in an underdeveloped country depended on the following factors:

1. the volume of savings mobilized is large in relation to the strain involved in implementing and operating this technique;
2. the resources collected in this manner are productively employed so as to secure the maximum advantage;
3. that while a moderate rate of inflation arising on the wake of external financing is permissible, the practice should not lead to runaway inflation.

These conditions were applicable to all underdeveloped countries and were terms necessary for the successful use of scarce capital. They also helped to minimize the risk of misapplication and abuse which was of considerable significance in some economically dis-advantaged countries.

Nigeria and Venezuela obviously did not have to depend on external financing by virtue of their advantaged positions of wealth brought forth by the international crude oil market. Nigeria's adoption of the leading sector approach to economic development implied the pursuit of an expensive and aggressive

⁵³Singh, Economics of Development, p. 337.

development program. That approach, as dictated by the policies of the leading sector approach, led to the use of its crude oil resources as a guarantee of payment of external debt and also led to a substantial level of foreign debt which rose to slightly more than \$36 billion for Nigeria and \$26 billion for Venezuela in 1990.⁵⁴ The objective of the Nigerian external financing program was to acquire the use of foreign capital at suitable terms and to use the financial capital to attract high level expatriate manpower. They further intended to hold external debt at a maximum level of 25 percent of exports, for debt service and amortization.

The author tested the impact of foreign debt on the dynamics of economic development of these two countries under comparison, along the lines of a historical analysis of the following indicators:

--Total External Debt for the period under consideration

--Total External Debt as a percentage of G.N.P for the same period

--Total Debt Service charges

--Debt Service Ratio as a percentage of Total Exports.

⁵⁴International Monetary Fund, International Financial Statistics Yearbook, XLIII, 1990. World Tables, 1989-90 ed. Data Files of the World Bank (Baltimore and London: The John Hopkins University Press, March 1990).

The result of the analysis helped in evaluating the effectiveness of the external debt management policies of the two countries and the degree of success or failure in their utilization of loans that were acquired.

Economic Growth

LS: Adoption of the leading sector approach to economic development will ensure a relatively faster aggregate growth of the economy.

BG: The leading sector approach will ensure a relatively much slower rate of aggregate economic growth.

The issue of economic growth in underdeveloped countries of the world, as stated earlier, must be capable to address a variety of important components. The argument was that economic development should be viewed in its global form to ensure that goals achieved were sustainable as efforts toward conquering emerging new priorities continued.

Economic growth must be tied to overall improvement and should go beyond the enhancement of mere economic factors. It should also address the issue of equity in the distribution of assets, especially to the poor. According to Meier,⁵⁵ "a

⁵⁵Meier, Leading Issues in Economic Development, p. 18. He went further to distinguish between four basic approaches to the problem of raising the welfare of the low income growth as: (a) Maximizing GNP growth through raising savings and allocating resources more efficiently and equitably; (b) redirecting investment to poverty groups in the form of

more general statement will recognize that the income of any household is derived from a variety of assets: land, privately owned capital, access to public capital goods, and human capital embodying varying degrees of skills."

The leading sector approach to economic development, convinced of the need for industrial investments, concluded that such investments would spur the growth of other ancillary (satellite and nonsatellite) industries, thereby providing rapid growth as the linkage effects evolve. That suggested investments in industrial capacity without the benefit of a fully matured local demand, depressed by the lack of employment and necessary training.

The balanced growth group, sensing danger, disagreed. They argued that the most prudent approach would be to eliminate demand difficulties, thereby opening the way for a much higher level of involvement at the local level through increased employment, savings, and higher product demand. In fact, Ragnar Nurkse⁵⁶, presenting his arguments on the imposition of deficiencies, suggested that:

education, access to credit, public facilities etc.; (c) redistributing income or consumption to poverty groups through the fiscal system or through direct allocation of consumer goods; and (d) transfer of existing assets to poverty groups, as in land reform. He concluded by arguing that in some countries, most of the above was applicable, depending on their initial economic and social structure.

⁵⁶Nurkse, Equilibrium and Growth in the World Economy, p. 279.

The elimination of demand deficiencies would do much to mitigate the more potential supply deficiencies by encouraging a higher level of gross savings and encouraging more induced investments at a later stage.

The case, therefore, was for the expansion of income on a broad basis and the elimination of poverty by increasing investments in agriculture. An example was given by Sen⁵⁷ in the case of South Korea and Taiwan,

Where the method of removing poverty was one of guaranteeing employment at a tolerable wage, and this has been possible by a very fast expansion of these economies using labor-absorbing production processes.

The agricultural approach was chosen for the underdeveloped countries because of the existence of widespread nutritional deficiencies, the issue of undeveloped agricultural sector, the absence of an industrial sector capable of generating sufficient capital, and so forth. Investment in agriculture would also, in addition to addressing other inadequacies, provide the market for manufactured goods of the industrial sector, as the standard of living improved and employment in the industry became more available.

The agricultural sector must, therefore, be considered as an important contributor to the development process and may

⁵⁷Sen, "Levels of Poverty: Policy and Change," World Bank Staff Report #401 (July 1980): 53-65.

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also be a precondition for industrial growth. According to T.W. Schultz⁵⁸,

. . . in a high food drain economy where most of the income of the community is represented by food, there is little room except in agriculture for new and better production possibilities, because the productive efforts required to produce food are so large a part of the whole.

He went further to conclude that:

. . . if increase in agricultural production takes place without corresponding expansion of other sectors of the economy, the demand for agricultural products will fall short of supply, and this would lead to (assuming that export markets remain unchanged) depression in agricultural prices and fall in incomes and would thus hamper growth.

The above arguments addressed economic development from the perspective of scarcity of capital as prevalent in most underdeveloped countries. The situation of Nigeria and Venezuela was notably different. They are members of the Organization of Petroleum Exporting Countries (OPEC) and had benefitted from the sharp increase in the international price of crude oil, the availability of capital and the ability to acquire it in the form of loans with relative ease.

Their problem was rather more of the exercise of prudence and effectiveness of capital utilization in the face of their desire to implement several ambitious economic development programs. The approach used to evaluate the growth of their economies was through sectoral comparison of

⁵⁸T. W. Schultz, The Economic Organization of Agriculture (New York: McGraw-Hill, 1953), p. 273.

their two economies to enable us determine the impact of any changes during the period under study.

To accomplish this, the comparison was conducted in the following steps:

1. Conducted a detailed analysis of the various economic sectors from 1975 to 1990, to ascertain their impacts on the overall economic performance. This analysis was designed to account for the weighted, (in percentage), yearly contribution of each of the economic sectors to the national account.

2. Compared Nigeria's economic performance with that of Venezuela. It was expected that such a comparison would lead to some useful conclusions because, as noted earlier, Venezuela pursued a different economic development approach. The two countries are similar in level of development, social characteristics, and economic base. Also, both are active members of OPEC and were beneficiaries of the huge revenue returns from the oil sector in the 1970s.

Indication of reasonable achievement in any sector was accepted as a mark of growth in investment and productivity and an increased contribution to the national economy. If, on the other hand, the growth rate was marginal or insignificant as observed by comparison with available data for the period under study, or had not shown a distinguishable difference,

the economic sector was judged as having failed to produce the anticipated rapid growth rate.

CHAPTER IV

STRUCTURE OF THE NIGERIAN ECONOMY

(1900-1960)

Brief History of Nigeria

The name "Nigeria" came from the River Niger which entered the country from former French West Africa. The original colony of the British was referred to Lagos Island with an area of about 1,300 square miles on the mainland; the island was occupied by the Royal Navy in 1861 in an effort to stop the slave trade and was Nigeria's capital and principal port for several decades. The northern and southern protectorates into which Nigeria was formerly divided were not established until 1914.

For administrative purposes, the country was further divided into regions and provinces. The northern region with the most population (17 million in 1953) represented more than half the total population of Nigeria. It covered an area of 282,000 square miles or three quarters of the country's total surface land area. The eastern and western regions, together often referred to as the "South" were about equal in size. The east covered 46,000 square miles in area, with a population of 7.9 million, including the 16,581 square miles

and 760,000 inhabitants of the southern portion of the Cameroons Trust Territory, known as the Southern Cameroons. The west covered 45,000 square miles with a population of 6.5 million people. With a population of 32 million in 1953, Nigeria's average population density was 85 people per square mile.

As in any predominant agricultural economy, most of the population lived in villages and small towns. Approximately four-fifths of the population earned their livelihood as farmers, fishermen, hunters, herdsman, or lumbermen. About seven out of every 100 men were skilled craftsmen or industrial workers, while six were engaged in commerce, either as traders or employees of commercial firms. Non-agricultural employment was a significant source of income only in the port cities, inland commercial centers, the mining districts of the north and the eastern region because of the absence of sufficient arable land and migration into urban centers. The country was granted full independence from the British in 1960; the contemporary and unified Nigeria is young as are most of the countries on the West Coast of Africa.

Many African tribes, religions, and languages are represented in Nigeria. Among the main tribes are the Ibos and the Ibibios in the east; the Yorubas in the west; and the Hausas and Fulanis in the north. The north is predominantly Moslem in both religion and its customs; the south is mostly

Christian. Hausa is the lingua franca of the north, and the most widely spoken languages in the south are Ibo and Yoruba.

Exports from Nigeria at the beginning of the century were essentially naturally occurring products extracted from the southern rain forest belt--wild palm oil kernels and wild rubber which accounted for nearly 90 percent of the value of all exports.⁵⁹ The economy was rural, and a great majority of Nigerians engaged in small-scale farming, producing yams, cassava, and palm fruits in the south, but guinea corn, millet, and other grains in the north.

The expansion of trade was the primary instrument used by the British, to carry out its "Dual Mandate" doctrine in Nigeria. This doctrine required that the resources of a colony were to be developed to help the native population as well as the other nations of the world.⁶⁰ To achieve this objective, emphasis was placed on the development of transportation, communication, and the maintenance of law and order. The British relied largely on the railroad to open up the country and its construction proceeded well ahead of demand.

⁵⁹Carl K. Eicher and Carl Liedholm, eds., Growth and Development of the Nigerian Economy (East Lansing, MI: Michigan State University Press, 1970), p. 9.

⁶⁰H. A. Oluwasanmi, Agriculture and Nigerian Economic Development (Ibadan: Oxford University Press, 1966).

Between 1920-1940, the increase in Nigerian agricultural output came from small farmers who expanded export crops primarily through additional labor and land inputs. However, that was aided by a policy put in place by the colonial government that exclusively preserved the land for Nigerian farmers. That approach played a dominant role in the organization of agricultural production to date.

As illustrated in Table 6, the predominant produce were export crops, food crops for consumption and local trade, and products for interregional trade such as cattle, kola nuts, and palm oil. The annual rate of population growth increased from about 0.6 percent in 1940 to approximately 2.3 percent (32 million) by 1960. Food crop output appeared to expand about as rapidly as population growth, while food imports remained at a low level.

Exports of palm products, cocoa, and groundnuts roughly doubled from 1940 to 1960, while cotton exports increased 300 percent and rubber increased twentyfold. Although the primary expansion of export crops came about during this period from bringing more land under cultivation, important productivity gains in cocoa and groundnuts can be attributed to the opening of the biological research process which was started in the late 1940s. Nigeria emerged as the world's largest groundnut exporter, with exports increasing from 169,480 tons in 1940 to 332,916 tons in 1960.

TABLE 6
Principal Exports from Nigeria

Year	Cocoa		Palm Kernels		Palm Oil		Peanuts	
	(L/tons)	£ 000	(L/tons)	£ 000	(L/tons)	£ 000	(L/tons)	£ 000
1900	202	9	85,624	834	45,508	681	599	4
1905	470	17	108,822	1090	50,562	858	790	7
1910	2,932	101	172,907	2,451	76,851	1,742	995	9
1915	9,105	314	153,319	1,693	72,994	1,462	8,910	72
1920	17,155	1,238	207,010	5,718	84,856	4,677	45,409	1,1120
1925	44,705	1,484	272,925	4,937	128,113	4,166	127,226	2,394
1930	52,331	1,756	260,022	3,679	135,801	3,250	146,371	2,196
1935	88,143	1,584	312,746	2,245	142,628	1,656	183,993	2,093
1940	89,737	1,583	235,521	1,500	132,723	1,099	169,480	1,476
1945	77,004	2,150	292,588	3,496	114,199	1,894	176,242	2,696
1950	99,949	18,984	415,906	16,694	173,010	12,072	311,221	15,237
1955	88,413	26,187	433,234	19,196	182,143	13,151	396,904	23,134
1960	154,176	36,772	418,176	26,062	183,360	13,982	332,916	22,878

Source: Carl K. Eicher and Carl LIEDHOLM, Growth and Development of the Nigerian Economy, Michigan State University, PRESS, 1970. p. 11.

This success in export crop production led to major reforms in the administrative approach of the colonial government in the 1940s, and gave birth to the establishment of the marketing boards between 1939-40 to control the foreign sale of all major export crops except rubber. It also gave rise to a sustained effort by the government to introduce and maintain research centers for all of the major export crops and a few of the food crops, such as maize. The Colonial Development and Welfare Act of 1940 provided for sustained British personnel and financing to expand the Cocoa Research Institute in Ghana, which was started in 1938, and the Oil Palm Research Station, which was opened in Nigeria in 1939.

Later in 1951, these institutions were expanded to serve the entire West African coast, and gave rise to several other institutes for various forms of export crops. Introduction of colonial land policy also played a major role in the organization of agricultural production. The Land and Native Ordinances of 1910 and 1917 confined investment in agricultural production in the hands of Nigerians.⁶¹ Foreign firms were initially allowed to invest only in trading activities since very little manufacturing was in process.

The passage of the 1945 Colonial Development and Welfare Act, cleared the way for the colonial government to

⁶¹Oluwasanmi, Agriculture and Nigerian Economic Development, p. 146.

allow some form of development planning in the colonies. In 1954 a World Bank Mission, which had visited Nigeria earlier, proposed an "integrated development program" for long-run economic expansion in Nigeria. It failed to recommend a major structural change during the decade of the 1950s, even though it recommended a doubling of public expenditure between 1952-53 and 1959-60. Instead, it stressed the need for development, through the expansion of educational facilities, as well as a pool of Nigerian manpower which would become the basis for Nigeria's future economic growth.

Development of Education in Nigeria

Following the increase of administrative powers granted to the regional governments of Nigeria by the 1954 colonial constitution, the Eastern and Western regional governments moved forward strongly to commit to the development of primary education. Their aim was to achieve universal free primary education for their respective region. As shown in Table 7, government expenditure for education grew fourfold between 1952 and 1962 in eastern Nigeria with enrollment in primary education doubling in the same period. In the western region, government expenditure in education for the same level increased more than 600 percent with enrollment increasing 300 percent.

TABLE 7

Expenditures* on Primary Education and Primary School
Enrollment in Eastern and Western Nigeria, 1952-1962

Year	Eastern Expenditure (£000)	Nigeria Enrollment	Western Expenditure (£000)	Nigeria Enrollment
1952	1,059	519	1,034	400
1953	1,225	573	1,201	429
1954	1,283	665	3,668	457
1955	1,304	743	4,096	811
1956	3,893	904	4,082	908
1957	4,251	1,209	4,630	983
1958	3,201	1,221	4,612	1,037
1959	4,177	1,378	5,676	1,080
1960	4,912	1,430	7,281	1,125
1961	4,684	1,274	6,506	1,131
1962	4,168	1,267	6,200	1,109

Source: A.Callaway and A. Musone, Financing of Education in Nigeria, (Paris: UNESCO, International Institute for Educational Planning, 1968) pp. 15, 133.

Note:- *Expenditures include both recurrent and capital outlays.

Between 1955 and 1962, the eastern region devoted between 37 and 49 percent of its annual recurrent budget to education; in the west the range was from 36 to about 47 percent for the same period. In the north recurrent expenditure on education stayed below 25 percent and enrollment in schools showed the same remarkable trend, not following closely to the levels of enrollment in the south. The lack of interest in education in the north is probably because the policymakers of the region saw no need for increased investment in education at that period or else because of the scarcity of trained teachers which also greatly reduced the developmental benefits from education in the south. The quality of education was very low, even though the improved education sector provided considerable employment for teachers and ancillary staff.

Development of Industrial/Manufacturing Sector

The industrial sector, prior to 1950, fared no better. Industrial development was not among the priorities nor the interests of the colonial government. Although the official policy of the colonial government with respect to the manufacturing sector was not explicit, there is evidence to indicate that certain types of manufacturing activities were actively discouraged. One might speculate that the colonial government's actions with respect to manufacturing were traceable to an important keystone of British colonial policy,

the desire to secure and preserve markets for British-made goods.⁶²

As Joseph Chamberlain, a former British Colonial Minister in the early part of the twentieth century noted "the Foreign Office and the Colonial Office are chiefly engaged in finding new markets and defending old ones."⁶³ It should be noted also that it was a widely held opinion in the Colonial Office that the establishment of manufacturing firms in the colonies should be retarded, because these competing firms would reduce the market for British made goods. Lord Lugard, then the Colonial Governor General of Nigeria, also felt that "a Government would not be wise to hasten the advent of the factory in Africa."⁶⁴

Lugard's position was derived from his concern about disruptive social effects that would likely accompany attempts to industrialize populations based on agricultural economies. He further stated, for example, that "when trade is slack, with consequent unemployment, discontent will be rife, and

⁶²Carl K. Eicher and Carl Liedholm, Growth and Development of the Nigerian Economy, pp 57.

⁶³Walter Rodney, How Europe Under-Developed Africa (Dares Salaam: Tanzania Publishing House),p. ; Carl Liedholm, "The Influence of Colonial Policy on the Growth and Development of Nigeria's Industrial Sector," in "Growth and Development of the Nigerian Economy," ed.: Carl K. Eicher and Carl Liedholm (East Lansing: Michigan State University Press, 1970), pp. 57-58.

⁶⁴Eicher and Liedholm, Growth and Development of the Nigerian Economy, p. 58.

there will be no lack of labor leaders eager to organize agitation on the worst models of the West."⁶⁵

The instability accompanying industrial development was thus felt to interfere with the colonial government's aim of maintaining law and order, and served as one of the many reasons for discouraging need for or retarding development.

One of the domestic manufacturing industries that appeared to have been actively discouraged by the British Colonial Government was cotton textiles. In the 1930's, for example, the United African Company was dissuaded by the British Colonial Government from establishing a spinning and weaving mill near the cotton growing belt in Nigeria and a garment factory in Lagos. In fact, the desire of the colonial government to discourage industrial growth might partially explain why there was so little manufacturing industry in Nigeria.⁶⁶

⁶⁵Ibid., p. 58.

⁶⁶It is important to note that there were other important reasons for the lack of manufacturing activity in Nigeria prior to World War II. The lack of profitable investment opportunities in the manufacturing sector was undoubtedly an important contributing factor. Another was the lack of a skilled and disciplined labor force that necessitated the importation of skilled and expensive expatriate labor force. Moreover, the small size of the Nigerian markets in relation to the minimum size of plant required for economic viability and the technical constraints on production imposed by the tropical climate could also have limited investment opportunities.

The largest forms of industrial activity that enjoyed colonial office support were the tin and mineral mines of the northern region and the Sapele timber and Plywood Sawmill in the south that employed about 3,000 people in 1953.⁶⁷ These industries were relatively small in capacity and significantly below economics of scale in size. Other forms of industrial activity that existed included large-scale mechanized production of cigarettes, beer, soap, metal drums, mills for processing groundnuts and palm oil, small textile mills, bottling plants, and soap factories.

There is no doubt that the development and growth of industries in Nigeria was conducted and strictly controlled by British colonial policy from 1900-1960. During this period, the colonial government owned all the mineral rights in Nigeria and possessed the authority to regulate and administer almost all of Nigeria's land. Most of these rights were obtained from the Royal Niger Company in 1899 when its charter was revoked.⁶⁸ The colonial government thus gained at an

⁶⁷Report of a Mission to Nigeria, Economic Development of Nigeria, Organized by the International Bank for Reconstruction and Development at the request of the governments of Nigeria and the United Kingdom (1953), p. 5.

⁶⁸To obtain the rights, the Colonial Government paid the Royal Niger Co. £150,000 as well as half the royalties from its former operating area. The duration of the agreement to retain the rights was to be 99 years. That arrangement was abolished in 1950 when the rights were redeemed by the Nigerian Government by a payment to the United African Co. (U.A.C), that bought over the assets of the Royal Niger Company.

early stage the rights to collect rents and royalties and the legal power to control the development of the Nigerian mineral industry.

Their authority was formalized through a series of Land Ordinances and Proclamations in both the Northern and Southern regions of Nigeria. Moreover, in a series of Mineral Ordinances, the first of which was introduced in 1902, the Colonial Government laid down regulations concerning the disposal of prospecting and mining concessions in Nigeria. By manipulating these laws and regulations, the British Colonial Government was able to implement its policies with respect to the development of Nigeria's mineral resources. But the Nigerian economy, unlike the economies of many of its African neighbors within that period, was not built on a mineral base. Although it was the fourth largest mineral exporter among Britain's African colonies prior to World War II, Nigeria's economy was sufficiently diversified that it was not dependent on its mineral sector. Indeed, minerals accounted for only 16 percent of Nigeria's export earnings in 1935.⁶⁹

As illustrated in Table 8, the Nigerian minerals of commercial significance prior to World War II were tin, coal, gold, columbite, silver, and wolfram. Tin was by far the most important mineral, followed by coal and gold.

⁶⁹S. H. Frankel, Capital Investment in Africa (London: Oxford University Press, 1938), pp. 231-321.

The mining of tin in Nigeria dated back to ancient times. In 1884 the Niger Company discovered that the tin used by the Hausas of the north for tinning their brassware was not brought from across the Sahara, but was being mined by Nigerians on the Bauchi Plateau of northern Nigeria. The development of the Bauchi tin fields was conducted largely by non-Nigerian mining firms on an extensive scale from 1910 because of the promotional efforts of both the colonial government and the Champion Tin Fields Company.

Indeed, in 1923 the indigenous Nigerian tin industry that managed to be involved in the mining operation disappeared. The boom that followed was assisted by the extension of the railway system to the Bauchi area in 1914, as the Nigerian tin mining industry reached its pre-World War II peak in 1929. At that time, Nigeria, with an output of 15,335 tons, was the fourth largest tin producing nation in the world.⁷⁰

Another important mineral of Nigeria during the period of 1900 to 1940 was coal. It was discovered at Enugu, capital of the eastern region in 1909 and West Africa's only colliery that was owned by the government, was opened in that city in 1915. About 400,000 tons of coal were produced per year by the mines under very strict government control, and most of it

⁷⁰Lord Hailey, An African Survey (London: Oxford University Press, 1938), p. 1501.

TABLE 8
Value of Mineral Production in Nigeria, 1936

	<u>Value (f)</u>	<u>Percent</u>
Tin	1,880,465	76.5
Coal	269,880	11.0
Gold	233,825	9.5
Columbite	49,531	2.0
Silver	25,499	1.0
Wolfram	636	-
Total	<u>£2,459,786</u>	<u>100.0</u>

Source: Carl K. Eicher and Carl Liedholm, Growth and Development of the Nigerian Economy (East Lansing, MI. Michigan State University Press, 1970), p.53.

was sold to the Nigerian railways or to other government departments.

Gold also was another important Nigerian mineral of commercial significance and contributed about 9.5 percent of the total mineral value in 1936. Its role was limited because the deposits were sparse and often uneconomical to mine. That was responsible for the limited investment capital that was attracted to the industry, and development was confined to a few small foreign owned enterprises.

The colonial policy toward the development of mineral deposits in Nigeria was substantially different from their policy toward agriculture. The desire of the colonial office to preserve the land for Nigerian farmers saw the active use of their control mechanism to prevent foreign involvement in the development of agriculture. In the mining sector, however, they were willing to permit foreign investors to develop Nigeria's mineral resources. That willingness to admit foreign investors is underlined by the fact that in 1929, for example, there were 144 foreign mining firms prospecting for tin and other important minerals in Nigeria.

The colonial government was thus evidently implementing its doctrine of "Dual Mandate." In fact, Lord Lugard, the first Colonial Governor General of Nigeria, in an attempt to explain the ambivalence of the Colonial Mineral Policy in Nigeria stated, "such a mineral policy, would not deprive the

natives of any customary rights or profits".⁷¹ He went on to add that "their discovery is generally due to the technical knowledge of alien prospectors, and the possibility of their exploitation usually depended on the scientific methods, and the use of machinery imported by Europeans."⁷² This statement was meant to give credence to the implementation of a discriminatory mineral policy that literally excluded the participation of Nigerians. That exclusionary approach was further made more apparent by explicit use of legislation.

For example, the mining legislation stipulated that an applicant for a mining lease should have sufficient working capital "to ensure the proper development and working of the mines" and might be required to supply the Governor with "reports on the matter made by competent engineers."⁷³ The regulations went further to require that "if the owner of the mining lease were to be absent from Nigeria, the agent, representative, or engineer left in charge should be European."

⁷¹Cark K. Eicher and Carl Liedholm, "The Influence of Colonial Policy on the Growth and Development of Nigeria's industrial Sector," in Growth and Development of the Nigerian Economy, pp. 52-58 (East Lansing, MI: Michigan State University Press, 1970).

⁷²Ibid., Pp. 52-58.

⁷³Ibid., Pp. 56.

These statements point to the fact that the intention of the many legislative ordinances on the exploitation of Nigerian Mineral resources were designed to exclude indigenous participation. Exclusion was achieved either through the imposition of capital requirements, capital not being readily available to local entrepreneurs, or through blatant limitations based on skin color. The ambivalent "Dual Mandate" Mineral Policy of the Colonial Government did not, however, extend to all the mineral resources of Nigeria.

An exception was the energy mineral coal industry, which was considered a monopoly of the government in Nigeria for a variety of reasons. First, the timing of the discovery and development of the coal industry in Nigeria coincided with the prosecution of World War I. Coal being a source of energy and power was, therefore, considered a strategic industry. Secondly, since coal was to be used only within Nigeria and the government was the chief consumer, the participation of foreign capital and expertise were not essential.

Thirdly, the bulky nature of coal presented transportation problems to the available international methods of transportation. Added to that was the fact that the industrial machinery in Europe and the rest of the industrialized world did not need an external source of fuel, partly because of local abundance but also because of the uncertainty of international supplies especially during a war.

These factors, collectively, contributed to the virtual exclusion of foreigners from the development of the coal reserves of Nigeria. However, the mineral policies of the Colonial Government in Nigeria ensured that the Nigerian mining industry was developed, not by Nigerians as was the case with agriculture, but by foreign capital, expertise, or the government.

Global Characteristics of the Nigerian
Economy After Independence
(1960-1974)

Post-independent Nigeria, from 1960 to 1974, was marked by the central government's efforts to achieve a successful political transition from British rule. One important issue was that of charting a suitable economic path, based on a fairly considered approach to all the sectors of the economy. That effort was marked by the introduction of the First National Development Plan for the period 1962 to 1968.

The plan aimed at achieving, among other things, a savings of 15 percent of the GDP by 1975; an annual increase in government expenditure of 15 percent of the Gross Domestic Product for the plan period; a GDP minimum growth rate of 4 percent for the economy; greater development in agriculture, industry and manpower; and a fixed investment of over 2.5 billion naira (approximately \$4.03 billion). The rate of

exchange was of the naira to the dollar was 0.62 naira to the dollar in 1975.⁷⁴

It is against this backdrop that Nigeria marched into the fight for economic prosperity, saddled with development difficulties and bottlenecks stemming from the implementation of the colonial Dual Mandate policy. The transition period and necessary adjustments resulted in the temporary decline of the existing economic activity levels, partly because of the flight of foreign capital, purchasing power and expertise, in anticipation of a crisis or civil war.

Nigeria's dawn of independence began with an economic structure primarily defined around a minerals mining industry that was starting to experience some curtailment due to international price fluctuations. Nigeria's manufacturing industry was restrained from growth and expansion by former colonialists who used Nigeria's raw materials for their home industries while maintaining Nigeria as an outlet for export goods produced in the home country.

The agricultural industry had been left to the natives as a gesture to participation, but without the benefit of foreign capital and know-how. The mineral industry was confined to the northern region of the country, while the agricultural and manufacturing industries were distributed

⁷⁴International Monetary Fund, Government Finance Statistics Year Book, V, 1981.

around the country. Nigeria, therefore, effectively inherited two sectors--the poorly developed modern sector and the unevolved traditional sector.

The dual nature of the economy and society became important to Nigeria since the modern sector employed less than 5 percent of the population at the time of independence but made a substantial contribution to the economy. The traditional or agricultural sector, which employed about 90 percent of the available labor force was not encouraged to diversify its production and balance out its export crop production with staple food items, such as cassava, millet, and yams and other essential home consumption necessities.

The result was that these other valuable food items were imported following the trend initiated during the colonial regime. As illustrated in Table 9, which points to the start of the decline of agriculture in Nigeria, the value of food items imported doubled in 1960 from the 1954 level. This represented an average annual growth rate of more than 12 percent, a rate far in excess of the growth rates of the gross domestic product (GDP) and the value of domestic agricultural production in both real and money terms.⁷⁵ The rate of growth of food imports continued to show increases from the

⁷⁵Godwin E. Okurume, Foreign Trade and the Subsistence Sector in Nigeria (The Impact of Agricultural Exports on Domestic Food Supplies in a Peasant Economy) (New York: Praeger Publishers, 1973), pp. 94-95.

late 50's. The same trend continued till 1966 with a minor downwards adjustment of about 7% from 1954-66.

The decline of food imports in 1962-64 is explained to a large extent by the fall in wheat flour imports following the establishment of some flour mills in Nigeria during 1962. The most important foodstuffs imported were fish, wheat, and wheat flour, sugar, and milk. These items accounted for about 75 percent of the value of total food imports over the period 1954-1967 as shown by Table 10. It is evident that most of the imported food items were processed foodstuffs that are not, except for perhaps wheat and wheat flour, perfect substitutes for the major domestic staple food items like cassava, millet, and yams.

It can be argued that these imports were made to augment domestic shortfalls. The likelihood of that becomes more pronounced when attention is focused on imports of wheat and wheat flour. It is quite clear from the table that wheat and wheat flour imports increased much faster than other major food import category during the period. Their combined share in the value of total food imports rose from 14.5 percent in 1954 to 22.0 percent in 1966. It seems reasonable to expect that, if food imports are induced as a result of short-falls in domestic production, the greatest impact would be felt in those commodities that are the closest substitutes for the domestic product.

TABLE 9

Value of Food Imports

(value c.i.f. in millions of pounds, (£));
(ratios in percentages)

Year	Food Imports	Total Imports	Total Imports	Food	Imports
				Agricultural GDP ^a	GDP ^b
1954	12.0	114.1	10.5	-	-
1955	13.0	136.1	9.5	-	-
1956	16.0	152.8	10.5	-	-
1957	18.3	152.5	12.0	-	-
1958	18.2	166.3	10.9	3.7	2.0
1959	20.8	178.4	11.7	4.2	2.1
1960	23.9	215.9	11.1	4.2	2.1
1961	22.7	222.5	10.2	3.9	1.9
1962	23.5	203.2	11.6	3.6	1.8
1963	21.9	207.6	10.5	3.2	1.6
1964	20.6	253.9	8.1	3.1	1.4
1965	23.0	275.1	8.4	3.5	1.5
1966	25.8	256.4	10.1	3.7	1.6

Source: Godwin E. Okurume, Foreign Trade and the Subsistence Sector in Nigeria. The Impact of Agricultural exports on Domestic Food Supplies in a Peasant Economy. Praeger Publishers, 1973. Pp. 95.

^a Agriculture includes land development but excludes livestock, fishing, and forest products.

^b These ratios are only indicative and should be used with care since import figures are for calendar years while GDP figures are for fiscal years (April - March).

- = not available.

Nonetheless, its effect should also show in total expenditures on food imports. Although that breakdown is not provided in the context of this study, the impact on total expenditures is evident in Table 9. Food imports doubled from 1954 to 1966, while the value for total imports showed a 125 percent increase for the same period. This increase in the value of imports was of critical consequence for a country such as Nigeria where agriculture was the most important sector during that period and employed more than 70 percent of the population while contributing with livestock, forestry, and fisheries, more than 60 percent of the national income.⁷⁶

The overall decline in the production of food crops resulted in a food shortage. That, in turn, was exacerbated by the continuous stream of rural labor to the urban areas in search of paid employment. Available data indicates that in the early 1960s and 1970s the growth in food demand estimated at 3.4 percent annually far exceeded that of supply estimated at 2.2 percent per year.

The reason for that is related to the steady increase in the growth rate of the population from 2.5 percent per year in 1960 to an estimated 3.5 percent in 1970.⁷⁷ The above

⁷⁶H. A. Oluwasanmi, Agriculture and Nigerian Economic Development (Ibadan: Oxford University Press, 1966, pp. 3-5.

⁷⁷Tayo Lambo, Nigerian Economy: A Textbook of Applied Economics (Ibadan, Nigeria: Evans Brothers Nigeria Publishers Limited, 1987), pp. 24-27.

TABLE 10
Principal Food Imports
(Values c.i.f. in millions of pounds)

Year	Sugar	Wheat and Wheat Flour*	Fish	Milk	Value	Total Percent of Total Imports
1954	2.11	1.74	5.66	-	9.51	79.3
1955	2.44	1.77	4.84	-	9.05	69.6
1956	3.05	2.00	6.76	-	11.81	73.8
1957	2.58	2.33	8.48	0.96	14.35	78.4
1958	3.35	2.11	7.48	1.09	14.03	77.1
1959	3.22	2.64	8.72	1.34	15.92	76.5
1960	3.82	3.16	8.83	1.93	17.74	74.2
1961	3.11	3.23	8.52	1.88	16.74	73.7
1962	3.39	4.51	7.99	2.28	18.17	77.3
1963	3.48	3.57	7.25	2.38	16.68	76.2
1964	3.05	2.41	6.88	2.99	15.33	74.4
1965	2.62	3.51	7.32	3.64	17.09	74.3
1966	2.68	5.87	7.46	4.02	20.03	77.6
1967	3.03	4.64	4.90	3.61	16.18	76.0

Source: Godwin E. Okurume, Foreign Trade and the Subsistence Sector in Nigeria; The impact of Agricultural Exports on the Domestic Food Supplies in a Peasant Economy. Praeger Publishers, New York 1973. Pp.97

* Wheat flour is included only up to 1962; figures thereafter refer to nearly all wheat.

- = not available

also pointed to the fact that population growth rate was greater than the growth rate of food supply in the same period. That position is further supported by Table 11 below, which indicates that the demand for food had consistently outstripped supply for a very long time, in most of the major food types.

In 1972, a Food Balance Sheet for Nigeria⁷⁸ estimated that in 1968 to 69 about 61.2 grams of crude protein and 2203 kilo calories of energy per day were available to the population. Minimum requirements, according to the Food and Agricultural Organization of the United Nations (FAO) for meeting the food and nutritional needs of the population, were 2420 kilo calories and 65 grams of crude protein per day for every individual. Thus, the nutrients from available food supply in Nigeria in 1968 to 1969 were on average below the minimum needed.

In 1974 to 1975, the position had deteriorated further as only 56 grams of protein and 2023 kilo-calories of energy were being derived from available food supply. This was the condition in spite of a sustained annual increase of nearly 25 percent of food imports between 1970 and 1977. Another, and perhaps the most appropriate indicator of the poor food situation in Nigeria during the period, was the price of

⁷⁸S. O. Olayide, A Quantitative Analysis of Food Requirement Supplies and Demand in Nigeria, 1968-1985.

domestic food prices. Generally, a rise in domestic food price implies an increase in demand although prices can also be influenced by supply bottlenecks and speculation.

On balance, however, the continuous rise in domestic food prices in this respect appeared to be another indicator of the inadequate supply. Increased food prices had been the result of a decline in growth rate of domestic food supply in the face of increasing population, a declining agricultural sector, and increasing urban income. A look at the consumer price index from 1960 to 1977, as contained in Table 12 below, shows the extent of the shortage and the resultant price increases.

In the period 1960 to 1965, the general price level, based on available urban consumers price index, showed only a small increase of about 3 percent per year. The food component of the index rose by only about 10 percent during the entire period, underlining an effort by the agricultural sector to provide the bulk of the domestic food requirements.

However, on closer examination, it is observed that between 1960 and 1977, the food price index increased at a yearly rate of about 12 percentage points.

However, the above does not fully provide an accurate picture of the food situation in Nigeria, since a 12 percent annual increase for most Third World Countries is considered normal. This view takes into consideration the poor state of

TABLE 11
Annual Rate of Growth in Food Supply
and Demand in Nigeria

<u>Food Items</u>	Percentage rate of growth in Food Supply per year.	Percentage rate of growth in Food Demand per year.
<u>Food Crops</u>	1.8	2.7
Cassava	1.0	1.8
Yams	1.0	1.8
Potatoes	2.5	1.8
Plantains	1.5	1.8
Maize	2.5	3.7
Millet	2.5	3.7
Sorghum	2.5	3.7
Rice	10.0	5.5
Cowpeas	6.0	2.8
Palm Oil	1.0	4.6
Groundnut Oil	1.0	4.6
Vegetables	3.5	5.5
Oil seeds and Nuts	2.5	2.8
Local Wine	2.5	3.7
Others	6.5	8.5
<u>Livestock products</u>	3.5	7.5
<u>Fish</u>	6.5	9.2
<u>Aggregate</u>	2.2	3.4

Source: Tayo Lambo, Nigerian Economy: A Textbook of Applied Economics, Evans Brothers Nigeria Publishers Limited, 1987. Pp. 26. (Adapted from data published by the Federal Department of Agriculture and the Third National Development Plan, FMED, Lagos, Nigeria).

agriculture in these countries and the unresolved efforts of their respective governments towards the allocation of revenue for the development of agriculture.

To understand the food situation in Nigeria for the period of 1960 to 1977, it is necessary to make a useful modification and avoid analyzing the data together. If the entire period of 1960 to 1977 is broken into two periods of 1960 to 1968 and 1969 to 1977, respectively, it will be observed that the food price index showed a modest increase of only 1.9 percent per year for the period 1960 to 1968.

The 1969 to 1977 period, on the other hand, showed a different picture. It actually recorded an increase of about 19.2 percent and accounted for most of the jump in the price index for food items. In 1975 alone, the food price index recorded an unprecedented increase of more than 40 percent, the same year that the Federal Government of Nigeria implemented the Udoji salary adjustment awards for federal and state workers.

It should also be noted that 1975 was the first year the government received huge foreign exchange revenue from the petroleum industry following the Arab-Israeli war. There are other important reasons, in addition to the state of the agricultural sector and the inflationary market response to the issue of new wealth from the petroleum industry, that can

TABLE 12
Consumer's Price Index
1960-1977 (1960 = 100)

<u>Year</u>	<u>All Items</u>	<u>Food</u>
1960	100.0	100.0
1961	106.4	109.8
1962	112.0	118.0
1963	108.9	106.7
1964	110.1	105.7
1965	114.4	110.5
1966	125.5	133.1
1967	120.8	119.3
1968	120.3	112.6
1969	132.3	133.9
1970	150.6	164.4
1971	174.1	211.4
1972	179.6	216.6
1973	189.3	223.6
1974	214.7	258.7
1975	287.4	367.2
1976	348.2	465.7
1977	423.1	592.2

Source: Tayo Lambo, Nigerian Economy, A Textbook of Applied Economics, Evans Brothers (Nigeria Publishers), Limited, 1987. Pp. 30-31, and Central Bank of Nigeria, Economic and Financial Review, several copies.

provide a plausible explanation for the continued spiral of food prices in Nigeria, during the decade of the 1970s.

The political and military crisis of 1966 to 1970 had a devastating effect on the economic performance of the country that had just won independence in 1960. Apart from the fact that a large amount of labor was lost to the war effort on both sides, considerable resources and time were put into its prosecution, reconciliation, rehabilitation and reconstruction. These events had some adverse effects on food production on the country as a whole, and especially on the eastern region of the country, that was responsible for producing more than 40 percent of the nations root crops, mostly used for food, as well as 70 percent of its palm oil supply. These production levels dropped to 29 and 33 percent, respectively, by the end of the first post-war year. Other factors also contributed to the production loss, such as prolonged periods of unfavorable weather, poor transportation, shortage of adequate storage facilities, and declining prices.

The most significant of the above adverse factors was the effect of the Sahelian drought in 1972-73 that resulted from low rainfall, the encroachment of the Sahara desert, and other changes in the weather. It was estimated that in 1973, the worst year of the drought, production levels of such crops as millet, guinea corn, groundnuts, cowpeas, maize and rice were reduced by between 25 to 40 percent. It was also estimated

that about 300,000 head of cattle died because of starvation and many thousands more were slaughtered prematurely.

Another difficulty encountered by the agricultural sector during this period was the lack of improved agricultural inputs. Procurement and distribution of seeds, fertilizers, chemicals and other agricultural necessities were handled by government agencies. Inefficiencies were thereby imposed on an agricultural system already suffering from production setbacks. Quantities of available chemical inputs were also limited, with the result that most of the farmers received none, or when they did, it was late for timely application.

Affordable labor supply for farmers was also limited. The young men and women who were vital to the supply of cheap farm labor were more attracted to urban centers where they searched for viable employment, leaving the old and feeble to toil on the farms often resulting in decreased productivity.

The inadequacy of capital capable of providing sufficient loans to farmers was also one of the most severe difficulties encountered by the Nigerian farmer during 1960-1977. The establishment of the Nigerian Agricultural Bank during the Second Development Plan period in 1973 was a welcome relief for farmers. The bank was charged with making loans to farmers on terms that otherwise would be considered soft by commercial banks and other financial institutions. Although it did not solve all the farm related financial problems in

Nigeria, the Bank's impact was largely felt by farming cooperatives who had access to loans for purchase of machinery and labor.

The marketing system, especially for staple food crops, for some reason, was largely unorganized, inefficient, and served to discourage large-scale producers. In the decade of the sixties, Regional Marketing Boards constituted exclusive purchasers of cocoa, groundnuts, palm produce, and a number of minor commercial crops. They were not successful in putting together an effective market network to serve the production system. Commodity Boards and Grains Boards that were later formed to replace the Regional Marketing Boards had the responsibility to provide adequate storage for products, such as maize and guinea corn, but were also unable to address these assigned problems. In addition, the farmers were unwilling to participate in any form of controlled purchase program for domestic foodstuff, either because of fear of regulation or more likely because the farmgate prices paid by government agencies for grains and commodities were uncompetitive and lower than market prices.

Other support services, for example storage facilities, that were necessary for the proper evolution of agriculture were also noticeably absent. The result of scarce storage facilities was that Nigeria's entire farm output was brought to market at harvest, resulting in low prices that did not

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give the farmers sufficient incentive to increase output.⁷⁹ The distribution and marketing of staple foodstuffs were also hampered by the absence of a planned network of rural transportation, a problem that plagued Nigeria since the days of colonialism, and the generally poor state of infrastructure in rural areas.⁸⁰ The deficient transportation network also meant that foodstuff produced in remote farm areas did not get to market, with the resulting loss of farm produce.

Land use, and access to it, was also a factor of importance. The land ownership system and the native laws governing its use varied from one ethnic group to another. However, there was one uniform characteristic--the absence of individual land ownership. Before the promulgation of the Land Use Decree of 1978, land was owned collectively by the community, and consequently, individual holdings were often very small. Such a system unfortunately discouraged individual investment in conservation and improvement of land, and made it difficult, if not impossible, for a farmer to obtain loans using land for security. The Land Use Decree of 1978 was therefore an effort to reform the agricultural sector.

⁷⁹Agricultural Development in Nigeria 1965-80 (Rome: Food and Agriculture Organization of the United Nations, 1966).

⁸⁰W. O. Jones, "The Food and Agricultural Economics of Tropical Africa," Food Research Institute Studies 2 (February 1961).

The essence of the decree in the rural areas was basically to facilitate large-scale farming by making land available to the farmers who needed it. However, the beneficial effect of the decree was lacking because of inefficient enforcement. This made the new laws ineffective and also meant that land was still administered as it was before, with right of ownership still in the hands of communities and a few privileged people, despite the decree itself which vested ownership of all undeveloped land in the government.

Industrial Development

Industrial development in Nigeria from 1960 to 1965, for example, grew at an annual rate of 15 percent. That level of growth was not sustained due to the civil war with the result that the annual growth rate was only 6 percent from 1966 to 1969, the period of the war. The pace picked up again to an annual rate of 14.5 percent after the war in 1970. The contribution of the industrial sector to national output, which was at 4.8 percent in 1960, showed an increase to 7 percent in 1965. By 1970 its contribution was marginal at only 7.6 percent due to the effects of the war but it improved by 1975 to 10.2 percent.

The manufacturing sector in Nigeria, during the period of 1960 to 1974, was despite the First National Development Plan, (1962-68), substantially similar to that of any

developing country that had pursued import substitution industrialization models behind high protective barriers. A sectoral breakdown of manufacturing output into consumer, intermediate, and capital goods industries would help understanding of the pattern of development in this sector.

Consumer goods made up mostly of food, beverages, tobacco and textile industries dominated this category, although its share showed some decline from 59 percent in 1963 to 49 percent in 1976. The intermediate goods category showed impressive growth from 30 percent in 1963 to 45 percent in 1976, following the increase of manufacturing activities in the country, while the share of capital goods declined. This performance had some understandable impact on imports as the years progressed. As an illustration, the share of consumer goods in total imports fell from 50 percent in 1963 to 32 percent in 1976; that of intermediate goods remained unchanged; while the share of imported capital goods increased significantly from 26 percent to 44 percent as the country sought to develop and build more industrial capacity.

The manufacturing sector in Nigeria during the period 1960 to 1974 was characterized by industries with low value added.⁸¹ Their input structure was highly import intensive as illustrated by Table 13 for the period up to 1968, which also implied very low or minimal linkage effects with the rest of

⁸¹Lewis, Reflections on Nigeria's Economic Growth, 1967.

the economy. These industries were principally assembly operations that put finishing touches to imported components. As Table 13 illustrates, imports of agricultural inputs, for example fertilizers, produced grains with higher yield ratios, while imports of tractors and ancillary machinery grew to 67.4 percent, pointing to the very high level of import dependence. Other industries concentrated on low, light consumer technologies that processed agricultural produce or imported consumer machinery components.

This situation of high dependence on imports, as Nigeria struggled to implement its balanced growth approach, prevailed through to the end of the First Development Plan in 1968. The Second National Development Plan for the period 1970 to 1974, which was designed to continue the process of equal allocation of resources to all the sectors of the economy, was introduced in 1970 with the intent of addressing some of the deficiencies of the 1962 to '68 plan. More specifically, some key objectives of the new industrial policies in the 1970-74 Plan were to ensure a rapid expansion and diversification of the industrial sector; to promote the establishment of industries which cater to overseas markets; to continue the program of import substitution, as well as raise the level of intermediate and capital goods production; and to initiate schemes designed to promote indigenous manpower

TABLE 13

Import Content of the Intermediate Inputs
of Nigerian Industries (1962-73)
(Thousands of Naira)

Industry	Total	Imported	Import Total Inputs (%)
Agriculture	6,141.6	4,141.2	67.4
Livestock, Fishing & Forestry	12,197.6	9,687.0	79.4
Agricultural Processing	89,230.8	4,270.6	4.8
Textiles	6,782.6	1,239.4	18.3
Clothing	31,147.6	9,135.8	29.3
Drink & Tobacco	9,990.0	7,560.4	75.7
Food	31,078.6	6,954.6	22.4
Metal mining	2,037.6	795.6	39.0
Non-metal mining	7,758.8	6,228.4	80.3
Chemicals	4,200.6	1,653.4	39.4
Transport	48,435.6	23,735.6	49.0
Utilities	4,552.4	1,476.8	32.4
Trade	11,852.2	1,640.0	13.8
Construction	104,692.0	41,346.0	39.5
Service	24,652.0	6,423.2	26.1
Transport equipment	7,520.8	5,119.0	68.1
Non-metallic mineral	2,911.8	1,250.8	43.0
Metal manufacturing	12,544.2	9,014.0	71.9
Wood, leather, etc.	21,760.6	6,954.2	32.0
Miscellaneous Manuf.	2,248.2	1,473.8	65.6
Total	441,735.6	150,009.8	34.0

Source: W.F. Stolper, Planning Without Facts: Lessons in Resource Allocation from Nigeria's Development (Cambridge: Harvard University Press, 1966); O.Teriba, and M.O. Kayode, Industrial Development in Nigeria: Patterns, Problems and Prospects (Ibadan University Press, 1977), p. 26.

development in the industrial sector and to raise the proportion of indigenous ownership of industrial investments.

Overall, the focal point and priority of industrial policy for the 1970 to 1974 Plan was to maximize value added to the gross domestic product rather than the mere increase in the range of products manufactured locally. The Plan also put some key industries, such as, iron and steel, petro-chemical industries, fertilizer production, and petroleum products (especially for local distribution), under public sector control. More specifically, the government assumed 55 percent equity and for other large and medium sized industries ownership were to be on a joint venture basis with the government and private indigenous participation at a minimum level of 35 percent of their equities.

Examples of such ventures are plantation production of traditional crops and of basic raw materials for processing industry, such as wheat and sugar, food industries, forest product industries, building materials and construction industries. It is important to mention that during this plan period, especially its later years, the oil boom brought about budgetary and foreign exchange resources that were greater than expected and this helped to remove the financial constraints towards achieving development objectives.

The absorptive capacity of the economy did not, however, expand simultaneously, and hence, there were delays

in project completions because of shortages in construction materials. There were also severe weaknesses in manpower planning and development. After fourteen years of independence, marked by two planned periods of steady progress on the economic front, Nigeria witnessed a sudden and welcomed change of its financial strength from the sale of crude oil.

This situation made the government of Nigeria to decide to change its development policy from the equitable allocation of resources to all sectors of the economy to concentration on the petroleum sector as the leading sector of the economy. This approach gave the Nigerian decision makers an opportunity to put the country on a fast pace of economic development firmly defined around the performance of the petroleum sector that had the highest propensity to earn foreign exchange at the required level to satisfy national development plans.

CHAPTER V

STRUCTURAL DEVELOPMENT OF VENEZUELA'S ECONOMY

(1498 - 1974)

General Background

Venezuela is located at the northern end of South America on the Caribbean Sea between approximate latitudes 1 to 12 degrees north of the equator and longitudes 60 to 73 degrees west of Greenwich meridian.⁸² Until the 1930s when the development of the petroleum industry started to exert influence, the economy of Venezuela was based on agriculture. During the colonial period, which began in Venezuela in the sixteenth century, production for local consumption and export was based solely on agriculture and livestock products, unlike Nigeria which had substantial input from minerals such as tin, gold, columbite, silver, wolfram, and so forth. Cocoa and tobacco were the mainstay of the Venezuelan export trade to the Caribbean islands and Spain, in the seventeenth century. Live cattle and hides were also important export items from Venezuela to several other parts of the world within the same period.

⁸²Louis E. Heaton, The Agricultural Development of Venezuela (New York: Praeger Publishers, 1969), p. 5.

Coffee production began in the eighteenth century and during the nineteenth century, it became the most important export commodity. Indigo for dye material also was an important export component beginning with the latter part of the eighteenth century. For the first two decades of this century, the principal Venezuelan exports, in an order of importance or level of contribution to foreign exchange receipts, were coffee, cocoa, live cattle, and hides.

The level of the Venezuelan economy at this point was comparable to that economy of Nigeria in that both were primarily agrarian and essentially self-sufficient in food production. Both economies were characterized by low per capita income levels, resulting in poverty, and the absence of a strong capital formation base from which any form of development could have begun. Both countries were also dominated by the interest of colonial masters, with the result that economic development was either impaired or strictly controlled and channelled only to areas where foreign interests were best served.

Crude oil was discovered in Venezuela in 1912. By the late 1920s, oil had become an important sector of the economy in terms of foreign exchange receipts. In the 1930s, its contribution to the Venezuelan economy had grown extensively so that by the 1940s, it had outpaced the combination of all other sectors. As shown in Table 14 foreign exchange receipts

from the petroleum sector in 1945 had risen to 92.6 percent of total exports of Venezuela,⁸³ and earned 93.9 percent of the total foreign exchange receipts.

In 1965, the rate of contribution from the petroleum sector still remained at 92.8 percent, showing a slight increase from the 1945 level, while in Nigeria, the petroleum sector was contributing less than 5 percent of the nation's foreign exchange earnings from 1962 to 1965, when oil was first discovered in a commercial quantity. The petroleum sector continued to play a very important role in the economic picture of Venezuela even when Nigeria was still under colonial domination and dependent on agricultural exports and the mineral ore mining industry.

When income from the petroleum industry is compared against the total fiscal income of the Venezuelan government for the period 1945-65 the influence of the oil industry as a generator of government income, becomes more apparent. As illustrated by Table 15 as early as 1945 the oil industry was already contributing as much as 69.6 percent of the total annual income. That continued above 58 percent through to 1965 and conferred on Venezuela a guaranteed access to enormous wealth and capital with which to embark on extensive economic development programs.

⁸³Annual Reports, Central Bank of Venezuela for 1945 to 1965.

TABLE 14

Oil Exports and Inflow of Foreign Exchange
Attributable to the Petroleum Industry in
Venezuela, 1945-65.

Year	Oil Exports as percent of Total Exports.	Percent of Total Foreign Exchange Income from the Petroleum Industry.
1945	92.6	93.9
1950	96.6	97.7
1955	96.1	96.3
1960	87.7	93.4
1965	92.8	90.7

Source: Annual reports of the central bank of Venezuela for 1945-65: Louis E. Heaton, The agricultural development of Venezuela, Praeger Publishers, New York, 1969, Pp. 7.

Meanwhile, the situation in Nigeria, as stated earlier, was remarkably different. Capital formation was deterred by the presence and objectives of foreign rule, and the economic development of any industry was restricted to the choice of the British Foreign Office. That predicament imposed limited choices on Nigerians, since most of the available labor was applied to the agricultural sector that was characterized by very low wages.

However, in Venezuela the growth of the oil industry soon became the stimulus for the nation's economic growth. Principally it provided relatively high wage labor, was a

TABLE 15

Income of the Venezuelan Petroleum
Industry in Relation to the Total Fiscal Income
of the Venezuelan Government, 1945-65.

Year	Total Fiscal Income (Million Bs.*)	Income from the Industry. (Million Bs.)	Percent of total Income.
1945	660	458	69.6
1950	1,917	1,124	58.6
1955	2,992	1,973	65.9
1960	4,968	3,002	61.2
1965	7,264	4,830	66.5

Source: Annual reports of the Central bank of Venezuela for 1945-65: Louis E. Heaton, The Agricultural Development of Venezuela. Praeger Publishers, New York, 1969, Pp.7.

* - Venezuelan unit of currency is the Bolivares.

- Rate of exchange between 1961-65 was 4.50 bolivares to U.S. \$.

generating force for government fiscal income, and was the preponderant source of very significant foreign exchange that gave Venezuela an extraordinary capacity for imports and foreign payments.

It must be noted that this occurred before the formation of OPEC at which time the price of crude oil in the this was not distributed to a large proportion of the total population. The increased purchasing power available to some of the populace could not be supplied immediately by the other

sectors of the economy; so, as would be expected, there was a large increase in imports of consumer goods to meet the increased demand.

In addition, the large fiscal income of the government brought a drastic reorientation of traditional government services that formerly had been limited to minor road building and repairs, together with the erection of certain other transportation systems. Government services were increased in areas of economic development, public health and education, and national public works.⁸⁴

As shown in Table 16, several observations can be made from the gross territorial product (GTP), sometimes referred to as the gross domestic product, shown for the three main sectors and nine subsectors of the economy, for the period 1961-65. First is the across-the-table increase in production of all the major sectors of the economy with some minor adjustments with respect to contribution to the GTP during the period.

The primary sector tended to diminish in its influence on the total contribution, principally because of a minor adjustment of less than 1 percent in the relative contribution of the petroleum sector between 1964 and 1965, although agriculture increased its contribution slightly from 6.8

⁸⁴Fred D. Levy, Jr., Economic Planning in Venezuela (New York: Praeger Special Series in International Economics and Development, 1968), pp. 53-56.

TABLE 16

Gross Territorial Product of Venezuela
by Principal Economic Sectors, 1961-65

Sectors	Gross Territorial Product (Million Bs. at 1957 Prices)				
	1961	1962	1963	1964	1965
Total GTP	26,881	28,586	29,764	32,135	33,766
Primary sector	9,742	10,574	10,759	11,434	11,781
Agriculture	1,845	1,979	2,084	2,264	2,395
Mining	343	316	272	364	402
Petroleum	7,554	8,279	8,403	8,806	8,984
Secondary sector	4,968	5,384	5,855	6,643	7,151
Manufacturing ^a	3,454	3,741	4,002	4,527	4,921
Construction	1,097	1,156	1,280	1,472	1,527
Water & Electricity	417	487	573	644	703
Tertiary sector	12,171	12,628	13,150	14,058	14,834
Transportation & Communication	1,032	1,060	1,113	1,234	1,358
Commerce	3,927	4,045	4,160	4,544	4,730
Other Services	7,212	7,523	7,877	8,280	8,746
Total Per Capita Production (Bs.)	3,464	3,558	3,580	3,724	3,770
Agricultural Sector (Bs.) ^b	749	789	817	873	907

TABLE 16 (cont.)

Sectors	Percentage Distribution of GTP				
	1961	1962	1963	1964	1965
Total GTP	100.0	100.0	100.0	100.0	100.0
Primary sector	36.2	37.0	36.1	35.6	34.9
Agriculture	6.8	6.9	7.0	7.1	7.1
Mining	1.3	1.1	0.9	1.1	1.2
Petroleum	28.1	29.0	28.2	27.4	26.6
Secondary sector	18.5	18.8	19.7	20.7	21.2
Manufacturing ^a	12.8	13.1	13.5	14.1	14.6
Construction	4.1	4.0	4.3	4.6	4.5
Water & Electricity	1.6	1.7	1.9	2.0	2.1
Tertiary sector	45.3	44.2	44.2	43.7	43.9
Transportation & communication	3.9	3.7	3.7	3.9	4.0
Commerce	14.6	14.2	14.0	14.1	14.0
Other Services	26.8	26.3	26.5	25.7	25.9
Total Per Capita Production (Bs.)					
Agricultural Sector (Bs.) ^b					

Source: Louis E. Heaton, The Agricultural Development of Venezuela. Praeger Publishers, New York, 1969, Pp.12-13.

^a Includes oil-refining industries.

^b Calculation based on 1961 census summary figures.

percent to 7.1 percent. In the secondary sector, the relative contribution to the GTP increased slightly due to increases in light manufacturing industries. The tertiary sector remained relatively steady with a few negative adjustments. The service industries constituted a relatively high proportion of the GTP (43.9 percent in 1965), probably in response to the growing petroleum industry and its work force. Its growth could also be attributed to increased income and the improved facilities for economic development put in place by huge investments in infrastructure.

Meanwhile, the agricultural front intended as the mainstay of the economy was about to experience a major reform. As expected from an economy that depended on agriculture for its foreign exchange earnings, for example Nigeria, the discovery of large deposits of crude oil and the subsequent growth of the petroleum industry as a more powerful generator of earnings brought along greater employment opportunities for the people of Venezuela. That event initiated a wave of urban migration in search of employment in the oil industry.

The tradition had been that most of the people lived in the countryside, provided the much needed labor for the farms.⁸⁵ Capital also transferred from agriculture into

⁸⁵Loring Allen, Venezuelan Economic Development: A Politico-Economic Analysis (Greenwich, CN: Jai Press, 1977), p. 193.

industrial, commercial, and service sectors which also benefitted from the petroleum industry. The loss of productive factors in the agricultural sector and increasing food imports permitted by revenue from petroleum exports helped limit the expansion of agriculture. As the importance of agriculture declined it began to lose its ability to meet the increasing food demands of the growing population and the increasing purchasing capacity of oil and service sector employees. The substantial difference in the productivity per person in the agricultural sector, shown at the bottom of Table 16, is an indication of the effects of labor migration to urban areas. This is further emphasized by the reduced rate of increase in agricultural productivity per capita, only reaching 907 bolivars in 1965, which was less than one-fourth of the per capita product (3,770 bolivars) of Venezuela for that year. The reduction in productivity per capita, however, cannot be entirely attributed to the scaling down of investments in agriculture, even though as shown in Table 17 below, gross fixed investments in agriculture showed no appreciable increase over the 1961-65 period.

Between 1962-63, investments in agriculture increased by 1.1 percent over the 1961 level. From 1964-65 the investment level did not reach the 1961 level, even though the net monetary value was higher. The 14.8 percent proportion of investment in agriculture in 1965, 718 million bolivares in

value, indicated a reduction in agricultural investment and may have been a measure aimed at compensating for an adverse international exchange rate which rose from 3.35 to 4.50 bolivares per U.S. dollar. Another plausible explanation for the reduction in productivity may be in the small number of people actually engaged in agriculture following the exodus of farm labor to urban areas in search of better employment opportunities.

The decline in importance of agriculture was a signal that emphasis was shifting from it, and that Venezuela was responding to the need to concentrate on a sector with the greatest propensity to earn foreign exchange. This argument is based on the observation that the petroleum sector supplied more than 70 percent of the total per capita production for the 1961-65 period, while contribution from agriculture remained steady or showed only a minimum increase as shown in Table 16 above.

The relatively uniform growth of all major and secondary sectors of the economy may be reasonably assumed to be the result of a balanced government investment policy. This was possible because of the use of what was termed "rolling" planning put in place by the 1958 interim military regime which also established in 1959, the Central Office of

TABLE 17

Gross Fixed Investment in the Agricultural and
other Sectors of the Venezuelan Economy, 1961-65.

Year	Agriculture Sector		Other Sectors		Total
	Amount (Mil.Bs)	Percent of Total	Amt. (Mil.Bs)	Percent of Total	Fixed Invest (Mil.Bs)
1961	674	16.8	3,345	83.2	4,019
1962	767	18.3	3,429	81.7	4,196
1963	765	17.5	3,606	82.5	4,371
1964 ^a	696	16.1	3,630	83.9	4,326
1965 ^a	718	14.8	4,136	85.2	4,854

Source: Louis E. Heaton, The Agricultural Development of Venezuela, Praeger Special Studies in International Economics and Development, New York, 1969. Pp. 23.

^a Figures were adjusted downwards by 17.5 percent for 1964 and 1965 to account for fluctuation in international exchange from 3.35 to 4.50 per U.S. dollar. It was assumed that over 50 percent of annual investment in equipment, materials and funds came from foreign sources and that the amount of foreign funds actually was reduced in the last two years, 1964 and 1965, even though the bolivar amounts were higher.

Coordination and Planning (CORDIPLAN).⁸⁶ This office was charged with the constant planning and revision of national development plan, as implementation occurred.⁸⁷

It can be reasonably argued that CORDIPLAN succeeded to improve economic decisions in Venezuela, especially from the point of view of encouraging equitable investments in the various sectors of the economy. Attempts by the government in 1945 and thereafter to reform the land tenure system neither succeeded in redistributing land to the poor which could have helped subsistence agriculture, nor increase land engaged in farming. It also was not able to stem capital flight from agriculture and as such did not help increase agricultural productivity. By 1950, the total contribution of agriculture to gross territorial product had dropped to less than 10 percent as dependence on imports of food items increased. Production of food for local consumption also decreased with the result that nutritional problems resulted from the inadequacy of food. Venezuela was thus, on the path to continued loss of its agricultural production capacity.

⁸⁶Ibid., pp. 93-95.

⁸⁷The Venezuelan government had published four major plans overseen by the Central Office of Coordination and Planning (CORDIPLAN). These were the 1960-64, 1963-66, 1965-68 and 1970-74 plans. The real essence of CORDIPLAN's work rested in the coordination of public expenditures as expressed in the annual budgets.

The average diet per person in Venezuela within the 1961-65 period provided a total of 2,300 to 2,500 calories per day,⁸⁸ which was considered barely adequate. Although there was a great deal of variation by areas and income levels, nutritional deficiencies were considered a major cause of illness in Venezuela during that period and beyond. The quantities of animal protein, fresh fruits, and vegetables consumed were much below desirable dietary standards. The issue of insufficient food and inadequate nutrition are problems that even today, still affects the underdeveloped countries of the world.

Venezuela and Nigeria share in that poor nutritional fate, and both have for decades been dealing with the difficulties presented by the decline in agricultural productivity imposed by the shifting of government policy toward the sector that yields more foreign exchange.

Development of Education in Venezuela

Venezuela's educational policy in the decades of the 1940s and 1950s was similar to that of Nigeria during the same period. Education in Venezuela within that period was not well suited to fully benefit the labor force nor provide help to directed planning. That was partly due to the inadequacy of funding, inappropriate institutional arrangements, and

⁸⁸Heaton, The Agricultural Development of Venezuela, pp. 66-67.

policies that did not enhance the value of education. Improvements in educational policy of the 1960s and 1970s was aimed at generating new skills and increasing productivity, leading to the improvement of the general level of economic, social, political, and cultural awareness.

Venezuela made considerable progress in the decades of the 1960s and 1970s in increasing its educational facilities for regular primary, secondary, and superior education, as well as its technical schools and training facilities.⁸⁹ Between 1955 and 1965 university enrollment increased by 320 percent, while the number of university and college professors increased by 210 percent. The period of 1961-65 witnessed a commitment by the government to change the course and quality of education in Venezuela, and by so doing, it increased the number of schools, teachers, and students generally.

As illustrated in Table 18, since 1957-65 investment in education in Venezuela increased by 266 percent, while the GTP increased only by 56 percent, pointing to the level of work still needed to improve the GTP. The effort of increasing investment in education compares favorably with that of the eastern and western regions of Nigeria between 1952-62, following the 1954 colonial constitutional amendment that granted increased administrative powers to the regional

⁸⁹Heaton, The Agricultural Development of Venezuela, p. 39.

governments. As mentioned earlier, enrollment in primary education in the eastern region of Nigeria doubled, while in the western region, government expenditure in education for the same level increased more than 600 percent with enrollment increasing 300 percent.

The success enjoyed by Venezuela in improving the quality and content of its educational programs during the 1961-65 period was partly due to a change in educational policy which resulted in a special campaign to reduce illiteracy among its people. The campaign was responsible for boosting Venezuela's literacy ranking among other Latin American speaking countries. The cost of public school education in relation to total national budgets from 1961-65 showed a considerable increase. For example, in 1961 12 percent of the national budget was allocated to education. That value for 1962 was 13 percent; 1963, 18 percent; 1964, 15 percent; and 1965, 17 percent. On the average, the fifth year (1965) indicated a 3 percent increase of budgetary allocation to education, over the base year (1961).⁹⁰

It must be noted that the consistent increase in the educational budget for five consecutive years for an underdeveloped country represented an unreserved willingness by the government to address a serious deficiency in the

⁹⁰George I. Sanchez, The Development of Education in Venezuela (Washington, D.C.: U. S. Department of Health, Education, and Welfare, 1963).

TABLE 18

Comparison of Total Educational Costs and Increases in
Gross Territorial Product in Venezuela, 1957-65.

Years	Total Educational Costs		Gross Territorial Product	
	Amount (Million Bs.)	% Variation from 1957	Amount in Current Bolivars (Million Bs.)	% Variation from 1957
1957	434.6 ^a	100	23,847	100
1961	1,006.1 ^a	232	26,641	112
1962	1,071.9	247	28,506	120
1963	1,415.1	326	30,657	129
1964	1,323.3	305	35,001	147
1965	1,590.3	366	37,001 ^b	156

Source: The Agricultural Development of Venezuela, Louis E. Heaton, Praeger Special Studies in International Economics and Development, Praeger Publishers, New York 1969, Pp. 40.

- ^a The fiscal year budgets were adjusted to calendar year.
^b Estimated figure.

quality of manpower. It can also be argued that the need for higher quality manpower became apparent when the Venezuelan government decided to change the course of economic development and, instead, concentrate on the petroleum industry which demanded a more sophisticated workforce than agriculture. It was, therefore, in preparation for that quantum leap that certain steps, for example, educational priority and mass literacy campaigns, were undertaken to ensure that the population benefitted from the change in economic development strategy.

That change of development policy was certainly forced by the impressive performance of the petroleum sector. As shown in Table 19, government share of total income from the petroleum sector rose from 52 percent, or 818 million bolivars in 1947 to more than 98 percent, or 42,799 billion bolivars, in 1974. This enormous increase in revenue underlined the need for a change in economic development policy to one directed at enhancing the economic well being of the country and overcoming the economic development inertia, as well as the limitations imposed by the scarcity of capital.

The need for Venezuela to respond to the riches provided by the petroleum sector was summarized by the famous slogan of Arturo Uslar Pietri, Venezuela's former ambassador to the United Nations Economic, Social, and Cultural Organization, (UNESCO), and underlines the need for a change

TABLE 19

Venezuelan Petroleum Financial Indicators, 1947-1974
(Millions of bolivares)

Year	Total Income	Income Tax	Royalties	Total to Gov't	Profits After Taxes	Gov't Share of Total Income
1947	2,394	297	397	818	745	52
1948	3,534	479	640	1,290	1,060	55
1949	3,124	272	627	1,055	704	60
1950	3,748	394	519	1,021	970	51
1951	4,405	525	727	1,448	1,201	55
1952	4,677	594	751	1,544	1,262	55
1953	4,892	507	786	1,502	1,261	54
1954	5,337	585	874	1,576	1,412	53
1955	5,875	712	1,003	1,841	1,710	52
1956	6,829	931	1,188	2,281	2,115	52
1957	8,463	1,199	1,550	2,990	2,774	52
1958	7,662	1,465	1,415	3,067	1,616	65
1959	7,284	1,260	1,444	2,860	1,335	68

TABLE 19 (cont.)

1960	7,287	1,070	1,503	2,711	1,282	68
1961	7,477	1,216	1,552	2,899	1,477	66
1962	7,703	1,462	1,703	3,225	1,694	66
1963	7,701	1,544	1,731	3,331	1,679	66
1964	10,693	2,251	2,557	4,862	2,457	66
1965	10,725	2,323	2,564	4,937	2,638	65
1966	10,419	2,260	2,531	4,836	2,504	66
1967	10,964	2,752	2,663	5,460	2,514	68
1968	11,119	2,754	2,715	5,513	2,653	68
1969	10,906	2,751	2,722	5,526	2,264	71
1970	11,384	3,270	2,875	6,207	1,739	78
1971	13,720	4,653	2,836	7,546	2,247	77
1972	13,566	5,558	2,797	8,411	1,266	87
1973	19,178	8,828	3,496	12,410	2,812	82
1974	45,354	28,730				

Source: Loring Allen, Venezuelan Economic Development, A Politico-Economic Analysis, Jai Press, Greenwich Connecticut, 1977. Pp. 305.

in economic policy. Venezuela must "sow the petroleum," he said in 1936.⁹¹ He went on to add,

. . . that the petroleum money must be spent to eliminate the need for petroleum money. Roads, sewers, hospitals, industrial parks, schools, houses, airlines, factories, irrigation, banks, social services, ports, telephones - these and many other capital improvements were lacking. Bit by bit over the last forty years many have appeared. And more will appear as the petroleum money rolls in.

Summary

The story of Venezuela is essentially that of the worldwide growth of the petroleum industry. From 1975, when it nationalized the petroleum industry, the structure of its economic outlook changed. The economic transformation stemmed from petroleum plus innovative, nationalistic petroleum policies, coupled with economic policies that helped to develop and diversify the economy and distribute its benefits more equitably. Another important component to Venezuelan story was the political transformation that tamed the military and installed a party-based political system that tried to resolve conflicts more amicably.

The nature of economic change introduced by the petroleum sector can be easily understood when we recall that in 1935 Venezuela was a backward agricultural country with a petroleum enclave that primarily benefitted foreigners. Most

⁹¹Allen, Venezuelan Economic Development, A Politico-Economic Analysis, p. 254.

Venezuelans eked out a living in the farm that yielded very low income, with the result, that Per capita income on the national level was less than \$150. The country had made little, if any, change from the colonial days. Based on the increasing influence of the petroleum industry in the early 1950's, the economy of Venezuela witnessed real growth of about 7 percent per year for the forty years up to 1974.⁹²

As an illustration, Per capita income in 1974 was more than \$2,000, which was several folds over its value in 1935. The 1973-74 quadrupling of petroleum prices in the international market brought in more money than the economy could absorb. The economy was booming; Venezuela was on the march to achieving some form of economic development. To appreciate the progress made by Venezuela, one only has to remember that in the early 1950s, industrial production consisting of manufacturing, construction, and water and electricity, claimed an increasing share of gross territorial product as Venezuela struggled to face the issue of development. Also in 1950, contribution to total product from the industrial sector was only 17 percent in 1957 prices, with manufacturing in the lead with 10 percent, construction with less than 7 percent, and electricity with only a fraction.

⁹²Enrique A. Baloyra, "Oil Policies and Budgets in Venezuela," Latin American Research Review, IX, (2) (Summer 1974): 28-72; Allen, Venezuelan Economic Development, A Politico-Economic Analysis, pp. 248-249.

By 1969 on the same price base industry had edged up to 20 percent, with manufacturing up to 13 percent. The rapid electrification of the country raised that sector's contribution to just below 3 percent, but construction was down to a little more than 4 percent. In the 1970s industrial growth outpaced the rest of the economy. The industrial share was up to 23 percent by 1974, measured in 1968 prices, and manufacturing was up to 16 percent. Power and water was now consistently more than 2 percent, while construction was not quite 5 percent. While this record may not represent a great leap forward, it is, nonetheless, an impressive demonstration of the gradual diversification of the economic base.⁹³

While Venezuela did not become an industrial country, it did build the foundation for the industrialization process. Industry grew more rapidly than the rest of the economy in productivity and employment. A new government policy for industrial growth was defined around the virtues of the petroleum industry. That policy also included a favorable approach to international trade with some elements of protectionism, as well as financial incentives and other useful measures, for example, a stable political climate based on democracy, and the establishment of suitable infrastructure which promoted industrial growth.

⁹³Allen, Venezuelan Economic Development, A Politico-Economic Analysis, pp. 230-231.

These arrangements gave Venezuela a clear advantage over Nigeria and helped define a basis for Venezuela to continue its promotion of balanced growth in all the sectors of her economy.

CHAPTER VI

NIGERIAN AND VENEZUELAN APPROACH TO
ECONOMIC DEVELOPMENT

Nigeria's desire for accelerated economic development following independence in 1960 was underlined by the First National Development Plan introduced for the period 1962 to 1968. The plan sought to establish a set of national economic targets that included a savings of 15 percent of the GDP by 1975; a 15 percent increase in government expenditure for the planned period; a 4 percent minimum growth rate of the GDP; greater development in agriculture, industry and manpower; and a fixed investment of more than 2.5 billion naira.

The objectives set by Nigeria's First National Development Plan were further improved upon by other National Development Plans that had evolved since 1968. Common among these objectives, as stated by the plans, was the need for economic development. The means of achieving it, in terms of the availability of capital, however, changed with the incidence of the Arab oil embargo of 1974, following the start of the Yom Kippur war between Israel and its Arab neighbors. However, each of Nigeria's Development Plans clearly pointed

in the direction of a long term development strategy, defined in four explicit steps.

The first step was industrialization. The first and second development plans emphasized the growth of export-based agriculture as the source of foreign exchange to meet the development needs of the country. It was widely agreed among the various political interests within Nigeria that efforts to achieve economic development had to begin with an explicit plan aimed at steady growth and a properly diversified economic base. The benefits of such process would be obvious in the form of increased employment opportunities in the new economic sectors.

The second step was a process of structural reform that would open up new opportunities for indigenous entrepreneurs and by so doing, transfer the control of Nigeria's economic future into the hands of its citizens. That step was intended to increase awareness and interest in sectors from which the citizens of Nigeria were excluded during the colonial regime. It was also intended to spur investment and increase productivity. Third was the need for suitable manpower to lead the expanding economic base, which was to be accomplished through federal programs to encourage education and training by the use of subsidies and educational grants to the various regions, for application to literacy campaigns and scholarship programs. Fourth, was the need to implement import

substitution programs, a measure seen as the only means to encourage local industries heeding the need for development.

To accomplish this, import levels for various finished products, especially processed food items, were cut back, while stock orders for intermediate products were reduced sharply to encourage the process of developing local substitutes. Nigeria stayed the course of its plans except for the fact that the original financial means of achieving goals changed considerably following the 1974 Israeli-Arab war that had such a profound impact on the energy markets and championed the cause of the petroleum industry.

Further, it is necessary to note that Nigeria's approach to economic development through 1973 did not differ substantially from the approach employed by most industrialized countries. That approach was defined around a viable agricultural sector from which an orderly structural transformation process was expected to begin as the economy evolved into a balanced growth.

The Venezuelan approach to economic development since 1912, when oil was first discovered, presented an entirely different picture. First, the direction of its economic policy was plagued by military regimes, starting with General Gomez, which took power in 1908. That preceded the production of the first commercial crude oil reservoir in 1913. Venezuela thus entered the era of growth of the petroleum

industry because of the absence of moderating regulations that would have balanced out the economic sectors. This was demonstrated by the fact that in 1928 Venezuela was the largest petroleum exporter in the world, and the second largest producer after the United States.

Between 1925 and 1929 exports increased almost seven times, and foreign exchange receipts more than doubled. The fiscal income of the government rose from 21 million to 51 million bolivars. In 1925 petroleum exports were 28 percent of total exports and the corresponding figure for 1929 was 45 percent and rising for each successive year.⁹⁴ Despite the trappings of a modern democracy presented in the form of a written constitution, an elected congress, a functional judiciary, Venezuela was run like the personal fiefdom of General Gomez until he died in 1935.

As the rush to acquire concessions grew, chicanery and influence peddling became rampant. Even the chief executive engaged in a series of concession transactions for his own profit.⁹⁵ Royalties and taxes payable to the government and wealthy land owners were low; no income tax existed. Foreign interests and exploration companies used their legations to

⁹⁴Allen, Venezuelan Economic Development, A Politico-Economic Analysis, pp 36-37.

⁹⁵Edwin Lieuwin and Anibal Martinez, Petroleum in Venezuela: A History, 1955; Anibal Martinez, Cronologia del petroleo venezolano, 1970. History of State Subsoil ownership in Venezuela.

influence the government, which in turn, sold concessions for the personal profit of officials. Venezuela, therefore, had only what could be marginally called an economic opportunity, but never quite benefitted from it because of the conditions noted above.

Ever since petroleum has played a predominant role in the foreign trade of Venezuela, even though agriculture contributed substantially, between 1930-45, to the receipt of foreign exchange. The nationalization of the petroleum industry by Venezuela in August, 1975, marked the beginning of change and the assumption of responsibilities by the government to steer the country into economic development using petroleum as the principal sector.

Prior to that Venezuela played an important role in upgrading the value of crude oil in the world market by combating the abuses of international oil companies, who were infamous in their business practices in Third World Countries. Venezuela was also considered to be one of the architects of the present-day increased value of crude oil and a founding member of the Organization of Petroleum Exporting Countries (OPEC).

The formation of OPEC in 1960 was aimed at protecting the interests of the oil-producing countries and was also a response to the control of international oil companies. The decision to nationalize the oil sector in Venezuela was aided

by the outbreak of war in the Middle East in 1974 between Israel and the Arab States. It was also helped by the presence of intense nationalistic pressures resulting from dissatisfaction with the conduct of foreign oil companies.

Prior to 1974 Venezuela had taken steps to restrict foreign domination of the petroleum industry. Two major moves came in the early 1940s. The government passed a progressive income tax law, the first of its kind among less developed, petroleum exporting countries. In addition, in 1943 a new petroleum law cancelled all previous concessions that were considered very generous to the oil companies and were sanctioned under a dozen previous laws. These were replaced by a strict 40-year, nonrenewable concession having uniform conditions and higher royalties. These two measures were key elements in the plan to convert petroleum into the engine of Venezuelan economic growth.⁹⁶

Furthermore, the war in the Middle East and the embargo that followed, in conjunction with OPEC's new found authority over oil prices, helped Venezuela realize its dreams of securing the highest value for its crude oil, which resulted in quadrupling oil prices in 1974-75 that ushered in an era of high energy prices. Venezuelan petroleum policy was finally in place with the formation of a nonpolitical holding company,

⁹⁶Abercrombie Thomas, "Venezuela Builds on Oil," National Geographic (March 1963): 344-387.

Petroleos de Venezuela (Petroven). Venezuela had achieved its purpose, and had the financial and material resources to show for it. It also had a secure world market, that is, a network of capable international cooperation put in place by the oil companies and a sound economy. Its efforts paid off, and the move was on to apply the enormous potentials of the petroleum sector on the rest of the economy.

There was then the need for an economic policy to meet the demand for development. The wealth of Venezuela must be applied to its areas of need. The wealth from the growing oil industry had to be spent efficiently and productively, requiring difficult choices among competing uses. The introduction of a systematic planning framework in the late 1960s, punctuated by a conservative fiscal policy and strict cost-benefit studies to guide public expenditures, seemed to be the most prudent approach. That thoughtful, directed approach to change was soon to be overcome in the early 1970s by the abundant foreign exchange made available by the petroleum industry.

Venezuela thus had to review its economic development approach and move to implement completely the delphic statement of their former ambassador to UNESCO, Arturo Usler Pietri. "Venezuela must sow the petroleum," he said in 1936, in order to benefit fully from their good fortune. The seed was thus sowed for implementing economic development programs

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and achieving industrialization, using the strong arm of the petroleum industry to provide the needed capital.

Nigeria and Venezuela are quite similar in their experience of underdevelopment and the inability to create capital forming investments prior to the advent of petroleum. Their similarity continued in that both depended largely on an agrarian economy during the first half of this century, although Venezuela started to produce and export crude oil much earlier. When petroleum became king and events changed for the better following the political events of the 1970s, both countries became active members of OPEC and benefitted correspondingly from the price increases that followed the Arab-Israeli war of 1974.

Foundation of the Nigerian and Venezuelan Economic Development Models

The Nigerian and Venezuelan models of economic development consisted of efforts to set up a useful industrialized economic system capable of responding to the needs of its peoples. That effort was aimed at the transformation of the existing socioeconomic structure through an industrialization program that would take advantage of the rich natural resource base. In fact, both countries had depended on agriculture for foreign exchange for more than half a century. In Nigeria, for example, after independence in 1960, the growth rate of agriculture started to show

noticeable weakness because of unfavorable price fluctuations of agricultural exports in the world market. During this period and for several years the agricultural sector grew at a meager 4-4.5 percent per year.⁹⁷

In Nigeria, as in every developing country, the role of industrialization is crucial if satisfactory economic growth is to be achieved. This spirit guided the government and people of Nigeria in deciding to pursue the primary objective of rapid economic development. It also was the same spirit which led to the three National Development Plans that preceded the 1974 Arab-Israeli war, that changed the course of events, giving credence to the petroleum industry as a major foreign exchange earner for petroleum exporting underdeveloped countries.

Nigeria's desire to pursue the virtues of industrialization in the decade of the 1970s when it had the means, corresponded with Venezuela's own line of thinking, although both countries had travelled different routes to reach that decision. The developmental needs of both countries was the principal reason for their change in development strategy from the conventional balanced sector approach, in which all sectors of the economy received approximate equal revenue allocation, to the leading sector

⁹⁷The Nigerian Journal of Economic and Social Studies, 9(2) (July 1967): 161-174.

approach where emphasis was placed on the economic sector that had the highest propensity to generate the most revenue. The approach and method of implementation which both countries chose was in complete agreement too. What was important here was that the principles of the Hirschmanian leading sector approach to economic development were adopted and that the national state, in both cases, were to oversee the process.”⁹

This line of thinking, and other situations in each country prior to 1974, for example Venezuela, was the intense nationalistic pressure to curb the activities of the international oil companies and increase revenue. While in Nigeria, the political pressures brought to bear on the government to cut back on foreign domination of businesses and give Nigerians an opportunity to participate in the economic affairs of their country gave rise to the April 1, 1974, Nigerian Enterprises Promotion Decree that eventually nationalized major industries.

Another objective of the decree was to reverse the observed gap growing between the gross domestic product and the gross national product by reducing the increasing dependence of the national economy on foreign capital ownership, control, and management. It must also achieve the needed alignment in investment priorities of the nation by

⁹P. C. Asiodu, "Industrial Policy and Incentives in Nigeria"; Teriba and Kayode, Industrial Development in Nigeria, Patterns, Problems and Prospects, pp. 224- 229.

pursuing aggressively the potentials of the petroleum sector and applying the foreign exchange revenue generated from the sale of crude oil to other sectors of the economy."⁹ This is in line with the principle of self-reliance, which represents an important component of the leading sector approach to economic development.

Nigeria had made its choice and its economic development policy identified three active sectors of the economy for emphasis because of their importance to the development process and also because of their ability to provide more employment. The first and principal sector, was the energy production sector which was then coming of age and showed the highest propensity for generating the required foreign exchange and positively influencing the industrialization program. Second, was the chemical industry, including petrochemicals, organic, and nonorganic products industry which were considered spin-offs of the petroleum industry.

This sequence of development was considered appropriate because of the interchangeability of intermediate products between industries in this category. Third, was the

⁹O. Aboyade, "Indigenizing Foreign Enterprises: Some lessons From The Nigerian Enterprises Promotion Decree"; Teriba and Kayode, Industrial Development in Nigeria, Patterns, Problems and Prospects, pp. 379-380.

metallurgical, electrical, and mechanical industries which were considered important components of a developing economy.

The three stages of development detailed above, were to be implemented in the following order:

1. An initial and primary industrialization stage provided the basic intermediate and final products, such as electrical energy for urban and remote areas, hydrocarbon and products for export and local use, fertilizers for farmers to increase agricultural productivity, steel and steel products for industries and private consumption, and so forth.

2. The second stage led to the development of petrochemical, mechanical, and electrical industries that were to feed off the base industries and provide extensive employment opportunities because of its ability to ramificate easily. Another reason that was given was that these industries are lighter and, therefore, easier to locate in remote areas where they would provide more service to the population.

3. The third stage was the creation of miscellaneous industries to serve the needs of the population and produce consumption goods. They also fed off the rest of the industries and have the capacity to use more manpower, thereby creating extensive employment opportunities.¹⁰⁰

¹⁰⁰Asiodu, "Industrial Policy and Incentives in Nigeria"; Teriba and Kayode, Industrial Development in Nigeria, Patterns, Problems and Prospects, pp. 224-232.

The expectation was that these three development stages would interface smoothly, since they would constitute the structural pillars of the Nigerian industrialization effort and were fundamental to the success of its economic development program. The petroleum industry, which was the lead industry of choice, was to champion the march to economic development and provide the foreign exchange needed to ensure success.

It must be noted that this set of policy and priority changes were designed to overcome the state of underdevelopment in which Nigeria found itself after independence, and by so doing, meet the development needs of its people. Nigeria's choice of the hydrocarbon sector as a lead industry underlined its desire to overcome capital formation difficulties, surmount the internal disequilibriums in the growth of its economy, and make a decisive bid to join the ranks of the industrialized nations of the world.

The Venezuelan situation does not present a marked contrast that can be sharply distinguished from the Nigerian developmental approach. The economic intent of Venezuela was amply stated in 1936 by their former ambassador to UNESCO, Arturo Uslar Pietri. Venezuela has been steadfast in the pursuit of the goals stated by Ambassador Arturo. Venezuela's level of economic development prior to 1974-75 was comparable to that of Nigeria, even though revenue, from the largely

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foreign owned petroleum industry, had been on the increase, following increased taxes and royalties.

**Role of the Petroleum Sector in the
Economies of Nigeria and Venezuela**

Nigeria was initially drawn into the petroleum industry scene at a time when she was a British colony. Oil exploration services were conducted by the Royal Dutch/Shell and British Petroleum companies which were given an exclusive invitation by the colonial government to search for oil in Nigeria. As was noted earlier about the activities of the British Foreign Office, colonial mining legislation in Nigeria was formulated with overriding British priorities. With the discovery of oil in the mid-1950s, the foreign interest-oriented legislation became an incentive to new entrants. Within a decade from the date of first crude oil export in 1958, all international majors, and several independent oil companies, were represented in Nigeria.

There were several factors that served to attract foreign interests to the Nigerian petroleum industry. The most essential ones included the favorable legislative approach of the Nigerian government relative to other producing countries, the location and proximity of Nigeria to the world market, the political conflict in the major producing regions of the Middle East, the quality of Nigerian crude oil and its advantages to the control of air pollution

in importing countries, were all advantages that more than compensated for the problems arising from oil exploration and production in a tropical country.¹⁰¹ After independence, Nigeria instituted several new policies that defined the level of state participation in the oil industry which had major repercussions on the oil companies and the future of their activities in the country.

A review of the history of the international oil companies policy on concessions, production, and profit sharing in their worldwide operations points to the use of business practices to reduce the role or revenue accruing to their host states. These practices, led to a succession of policy changes culminating in the nationalization of the petroleum industry in several producer countries. An example in the case of Nigeria is the activities of the Royal Dutch/Shell and British Petroleum (Shell/BP). When they first obtained exploration licenses, they covered almost the entire territory of Nigeria and were to last for a duration of thirty years, with a clause guaranteeing an automatic entitlement to renewal for another thirty years.¹⁰²

¹⁰¹L. H. Schatzl, Petroleum in Nigeria (Ibadan, Nigeria, 1967); Scott R. Pearson, Petroleum and the Nigerian Economy (California: Stanford University Press, 1970).

¹⁰²Eno J. Usoro, "Foreign Companies and Recent Nigerian Petroleum Oil Policies"; Teriba and Kayode, Industrial Development in Nigeria, pp. 119-124.

This, with the lop-sided profit sharing formula covering the period, was sealed by the "Deeds of Covenant," which among other things stipulated that the assessment and profit sharing of the Petroleum Tax Ordinance of 1959 be applicable for the entire thirty-year term, beginning in 1960. Further evidence of the discriminatory international oil companies policy that adversely influenced government profits was the high proportion of depreciation allowance that was assessed at the source of extraction of the oil rather than on the posted prices. This practice was used also for the reduction of royalties that were due the government and several interest owners. Output by the international majors in Nigeria were also regulated through intra-company decisions made by the foreign head office of each company.¹⁰³

These questionable policies of the international oil companies to oil legislation available in the host countries suggested the possibility of a disharmony between the host countries and the oil companies, and would later affect the oil companies' freedom of operation and profits.

Nigeria's desire to direct major economic activity rested on policy with the following essential elements:¹⁰⁴

¹⁰³Peterson, Petroleum and the Nigerian Economy, pp. 56-57.

¹⁰⁴Edith T. Penrose, The Large International Firm in Developing Countries (London: George Allen & Unwin Ltd., 1968), pp. 76-78; P. R. Odell, Oil and World Power (New York: Penguin, 1970), pp.13-15.

1. that oil is too fundamental a part of natural resources to be entrusted in the hands of mistrusted private foreign enterprises.

2. nationalist pressures and the need to ensure participation by its citizens.

3. the desire to obtain a greater share of the proceeds from foreign companies whose activities in the industry were closed to Nigerian nationals.

Unlike other oil-producing countries, Venezuela's main concern was output proration which was intended to influence prices and thus revenue.¹⁰⁵ On the other hand, Nigeria's short-term policy was to increase output in order to raise government revenue and solve balance of payment problems. These goals conflict and points to the short term needs of each country.

With the new state participating policy, the long-term dimension was introduced--the ideology of political nationalism and the aspiration for future economic independence. The Venezuelan and Nigerian approach, with respect to the petroleum industry, was split into short- and long-term goals, which nonetheless, centered around the revenue issue. The Nigerian government's policy on mining, with particular reference to petroleum,¹⁰⁶ no longer

¹⁰⁵Ibid., pp. 78, 200.

¹⁰⁶Second National Development Plan 1970-74, Chapter 15.

restricted the country to concessionary arrangements geared only to the receipt of rents and royalties in exploration and production.

New arrangements aimed at maximizing revenue earnings involved partnerships in exploration, production and even downstream operations. This change in policy was restricted to new oil companies, such as Agip, Occidental, and Safrap Deminex that joined in the Nigerian oil exploration and production venture. By introducing this change, two strands of exploration and production policies then operated simultaneously in Nigeria--concessions for the international majors and partnership between new entrants and the independent Nigerian National Oil Company (NNOC). This arrangement clearly fitted into the short-term and long-term objectives of the government.

Production and revenue would, in the short run, continue to increase under the concessionary arrangements made with the international majors while the new partnership arrangements would ensure the future "development of mineral resources so as to contribute to the overall national development effort."¹⁰⁷

These policy changes by the Nigerian government improved oil revenues and established the importance of the petroleum industry to the Nigerian economy. Crude oil's

¹⁰⁷Ibid., pp. 135-145.

increased importance in its contribution to the national gross product, government's revenue and export shares, quickly caught the attention of both individuals and the government. For example, during the 1950s, the industry's contribution to the Nigerian GNP was negligible, but in 1966 it rose to 17.7 percent.¹⁰⁸

Also in 1963 the percentage contribution of the industry to government current revenue was only 4.3 percent; four years later, it rose to 16.1 percent. The petroleum industry's percentage contribution to total exports showed similar substantial increases during 1960. In that year its percentage share of total Nigerian exports was only 2.7 percent, but by 1970 it had risen to 58.1 percent.¹⁰⁹ By 1974 its percentage share of total exports had risen to 95.3 percent, contributing about \$11 billion to the national economy and remaining around the 90 percent level well into the 1980s. During this period of crude oil production in Nigeria, no other industry contributed as much to the development process in the country or at such a rapid rate.

This performance by the oil sector was thought to be the result of at least three related factors. First, the

¹⁰⁸Usoro, "Foreign Oil Companies and Recent Nigerian Petroleum Oil Policies"; Teriba and Kayode, Industrial Development in Nigeria, Patterns, Problems and Prospects, pp. 113-117.

¹⁰⁹Annual Abstract of Statistics (Lagos: Federal Republic of Nigeria, 1970), pp. 73, 113.

petroleum industry was on the threshold of becoming the largest industry in the world, and this was partly a function of its yet unverified but suspected high profit rate. Second, it was the only industry operating in underdeveloped countries in which negotiations between the producing countries and the multinational oil companies resulted in substantial financial benefits to the producing countries. Third, the world energy demand, especially in the industrialized countries, witnessed a phenomenal increase in the decade of the 1970s and early 1980s which, in conjunction with the political unrest in the Middle East, gave rise to production cutbacks, embargoes and eventual price increases.

The Venezuelan experience was not similar to that of Nigeria, even though oil was discovered in Venezuela since 1912. The oil sector became a major contributor to the Venezuelan economy by 1920. The petroleum sector continued to grow rapidly, and by 1929, as illustrated in Table 20, Venezuela had become the leading exporter of crude oil and the largest producer in the world. Crude oil exports had risen to about 62 percent of total exports, clearly transforming the fragile and traditional Venezuelan agrarian economy to being the leading oil exporting country in the world.

The discovery of oil also brought about major changes in the political, as well as the economic structure of Venezuela and enabled the country to discharge its huge

international debt owed to Britain and Italy since 1930. Yet Venezuela was not without the problems brought about by the wealth from oil. In addition to being constantly under the domination of a ruthless military regime, the international oil majors exerted its influence on the economic benefits of oil to the Venezuelan economy through its various business practices as was the case with Nigeria.

From 1912, when oil was first discovered, the large number and size of the international majors posed a problem to the small government of Venezuela under Juan Vincente Gomez, who governed Venezuela from 1908 to 1935. In 1929, there were 107 foreign companies engaged in the exploration and production of crude oil in Venezuela. The dominating influence of the international majors presented an opportunity for foreign companies as evidenced by favorable early legislation that regulated the petroleum industry. Their influence was further helped by the venality of the Gomez administration whose members strived to enrich themselves before taking care of the nation's economy.¹¹⁰ The government's venality helped perpetuate the exploitative influence of the international majors and resulted in the consequent loss of revenue to the people and government of Venezuela.

¹¹⁰Lieuwin, Petroleum in Venezuela: A History, 1955; Martinez, Cronologia del petroleo venezolano, 1970.

TABLE 20
World-Wide Exports of Crude Petroleum
by Country - 1929
(long tons)*

Country	Crude Petroleum Exports	Percentage of Total Exports
Venezuela	18,916,256	61.888
United States	3,566,804	11.670
Colombia	2,536,500	8.299
Mexico	2,344,039	7.669
Persia	1,590,026	5.202
Peru	1,004,006	3.285
Russia	305,364	0.999
Trinidad	124,459	0.407
Canada	101,908	0.333
United Kingdom	48,094	0.157
N.East Indies	22,258	0.073
Formosa	2,612	0.009
Romania	2,502	0.008
Italy	298	0.001
France	25	0.000

Source: Jose Amado Gil Ravelo, Oil Revenues, Distributional Coalitions, and Economic Development: An Analysis of the Venezuelan Case (Tallahassee: Florida State University, 1990).

* A long ton is a unit of measure used in the United Kingdom prior to 1974. It is equivalent to 2,240 pounds.

The first effort to address this shortcoming came in 1940 when increased taxation and direct participation in the management of the petroleum industry was introduced by the government. Also in 1943 the government renegotiated all existing petroleum concessions and revalidated all agreements for a period of 40 years. According to the terms of the new concessions, all property and rights of the international majors and private foreign companies, were to revert to the government when the concession agreements expired in 1983.

The government also sought to receive a higher percentage of annual profits from petroleum by implementing the principle of 50/50 split in 1945¹¹¹, using an addendum, to the existing tax law, which required that the annual profit received by oil companies must not exceed that of the government.¹¹² In 1950 following a change in government and

¹¹¹This new approach by the government of Venezuela set the stage for many other governments to demand such profit levels. Similar agreements of the same nature have been made between the international oil companies and the governments of Saudi Arabia, Iraq, Nigeria, Kuwait, Qatar, and Bahrain. It is important to note that the precedent set by Venezuela will continue to have a resounding influence on the world's crude oil market since presently, two-third's of the world's crude is produced under the 50/50 arrangement. In 1951, Great Britain and Iran failed to reach such an agreement, and the Anglo-Iranian oil crisis developed, the first such since the producing states started to demand a higher share in the profits. The rest (1/3), is produced under arrangements that are mostly internal to the producer countries.

¹¹²Romulo Betancourt, Venezuela: Politica y Petroleo, 1956, Chapter V; Lieuwin, Petroleum in Venezuela: A History, pp. 37-39.

the need to increase government revenue, about 1.5 million acres of new oil territory was granted to fourteen companies as concessions.

The new government of Perez Jimenez, provided Venezuela with a period of rapid economic expansion. The Gross Domestic Product grew at an average annual rate of 9.4 percent between 1950 and 1957. Exports were dominated by the petroleum industry, which contributed more than 80 percent. On the other hand, imports of goods and services grew at the rate of 11.4 percent yearly to about \$1.5 billion, thereby overshadowing the growth rate of product and real income. The government changed hands again in 1958 following a coup d'etat.¹¹³

Table 21 shows the share of oil, manufacturing, and agricultural sectors in the Gross Domestic Product from 1950, demonstrating how Venezuela has been partially able to diversify progressively its output and economy. This effort was remarkable in the level of change shown in the activities of the manufacturing sector rising from 10 percent in 1950 to 16.9 percent in 1985. Also of interest is the reduction of the difference in contribution to the GDP, from 19.8 percent

¹¹³Betancourt, Venezuela: Politica y Petroleo; Lieuwin, Petroleum in Venezuela: A History, pp. 37-39.

TABLE 21

**Venezuela Gross Domestic Product
by Kind of Economic Activity
by Selected Years**

Year	Economic Activity	Percentage Breakdown
1985	Oil	24.7
	Manufacturing	16.9
	Agriculture	5.5
1980	Oil	24.0
	Manufacturing	16.2
	Agriculture	5.7
1975	Oil	28.7
	Manufacturing	14.1
	Agriculture	5.7
1970	Oil	21.2
	Manufacturing	7.6
	Agriculture	6.9
1960	Oil	27.0
	Manufacturing	12.2
	Agriculture	7.0
1950	Oil	29.8
	Manufacturing	10.0
	Agriculture	7.9

Source: Economic Survey of Latin American and the Caribbean 1987. Venezuela: Business Problems & Opportunities, New York; BIC, 1968.

in 1950 to 7.8 percent in 1985, between the petroleum sector and the manufacturing sector.

This indicated that the diversification process was in progress and that Venezuela's goal of balanced development was taking effect. The agricultural sector did not register any positive change. Instead, it experienced a decline in growth from 7.9 percent in 1950 to 5.5 percent in 1985, reflecting the changes it had to contend with, such as migration into urban areas and loss of farm labor that came into effect when the petroleum industry assumed its prominence in Venezuela's economy.

The new regime of Romulo Betancourt brought a variety of changes aimed at tightening Venezuela's hold on the petroleum sector. Among the several changes introduced were:

1. No more concessions would be granted to foreign companies.
2. High oil prices would be defended at all costs.
3. A national oil company would be created.
4. Venezuela would promote the creation of an organization of petroleum exporting countries.

Despite enormous political opposition from outside interests and the international majors, the administration implemented its plans and radically transformed the evolution of the external sector of the Venezuelan economy. In the short term however, the effect of this move by the Venezuelan

government was considerable outflow of foreign capital from 1959-61, resulting from disinvestment in the petroleum industry and capital flight from other parts of the economy. The volume of export trade was severely impacted and its annual growth rate dropped sharply to 0.4 percent from 1958-64, while export unit value declined by nearly 22 percent.

This persistent and reduced export earnings from 1958-64 had a depressive effect on the levels of industrial activity and income growth, as illustrated in Table 22, especially in the construction and heavy equipment industry, that plunged -15.4 percent for the period. With the loss of demand in construction, equipment, and affiliated services, total consumption was also affected. By 1970 economic growth had resumed mostly due to the activities of the consumer goods industries which registered an increase of 5.9 percent. The GDP rose by an impressive 6.1 percent, a clear 3.6 percent over 1969 at 3.5 percent and over the average of 3.9 percent obtained from 1965-68. Other sectors also showed some marginal growth: manufacturing at 7.5 percent, mining at 4.1 percent, and construction at 14.4 percent.

It should be emphasized that the external sector, with the increase in demand and higher prices paid for crude oil export in the international market, played the lead role in the growth of both the Nigerian and Venezuelan economies. This role ensured an improvement in the balance of payments,

an improvement in the availability of revenue and foreign exchange to build production factors and increase domestic demand for goods and services. This was particularly true in the beginning of 1973 when the price of petroleum increased from \$1.62 per barrel to \$8.50 at the end of the year as the oil embargo continued following the escalation of hostilities in the Middle East. This trend of increasing energy prices helped by several contributory political events around the world, continued into the early 1980s with only a minimal reduction in oil prices, until the late 1980s when the first signs of a global economic recession were felt in the industrialized world.

The evolution of the international petroleum market, from the mid-1970s, gave Nigeria and Venezuela the capacity to make impressive progress on their economic development programs. The development strategy for both countries from that point was geared toward an aggressive pursuit of economic development without the limiting effects generally imposed by the shortage of capital. It consisted in principle in the use of economic surpluses generated by the petroleum industry to respond to the pressing need to develop, and progress from a one product--a petroleum industry dominated economy--to a modern industrial economy with all the benefits of diversification.

TABLE 22

Venezuela
Gross Domestic Product, Real Income, Consumption and
Investment: Annual Growth Rates for Selected Periods.

	1950-58	1958-61	1961-64
Gross Domestic Prod.	8.3	3.6	3.6
Real Income	7.7	2.2	4.8
Total Investment	7.9	-11.4	7.6
Fixed	7.7	-12.0	9.8
Machinery and Equipment	7.1	-15.4	11.8
Construction	8.0	-9.9	9.0
Public	11.6	-14.8	2.4
Private	5.5	-9.4	12.1
Total Consumption	9.2	3.3	5.1
Public	9.5	2.0	3.8
Private	9.0	3.6	5.3
Exports of Goods and Services	7.8	3.6	5.5
Imports of Goods and Services	9.3	-11.1	-0.5

Source: Economic Survey of Latin American and the Caribbean
ECLAC, 1987.

This chapter demonstrated that developing countries with the means of overcoming the obstacle presented by the scarcity of capital is able to initiate economic development programs to help their economies. It also pointed to the limitations imposed by venal governments and their agents, which in turn, enabled the international majors to keep the advantage of influencing legislation that was made to check their activities.

This conduct, as well as other prevalent elements of corruption, negated the effectiveness of the host governments and could be reasonably assumed to be responsible for their inability to use fully the windfall from the sale of crude oil for economic development. It can be said with certainty that corruption is rampant in most of the developing countries of the world, and is generally used to characterize moral laxity, lack of discipline, and bourgeois euphoria, associated with the decay of the socioeconomic system. Nigeria has not been an exception.

CHAPTER VII
COMPARATIVE DATA ANALYSIS AND TESTING
OF THE HYPOTHESES

The objective of this chapter was to test the hypotheses as presented in Chapter III, and present the results of the analysis of testing the economic indicators. The format of the discussion followed the arrangement in Chapter III, based on the six economic indicators, each of which was discussed in the identified steps.

The focus was on the results of the leading sector approach to economic development as related to the Nigerian economy with appropriate comparisons to the Venezuelan balanced growth experience. The evolution of the overall performance and impact of the petroleum industry in both countries, the development of agriculture, trade (export and import), income distribution, foreign debt, and employment were also presented.

At this point an important observation needs to be made about the quality of data and statistical information obtained from developing countries. Because of the difficulty of acquiring data, situations leading to discontinuities arose during the course of this analysis. The author strove to provide interpretations based on available information so that

interruptions, or breaks in sequence were not disruptive to understanding.

Sectoral Analysis of the Nigerian Economy

The analysis focused on the interpretation of data developed from the structure and evolution of the Gross Domestic Product (GDP) from both the resource and uses perspectives. The method of presentation follows.

1. Present an analysis of the different components of Nigeria's Gross Domestic product and evaluate their performance for the period under study.

2. Determine if there were any significant changes in Nigeria's economic structure during the 1970-1990 period under study.

3. Compare Nigeria's economic performance and any possible gains achieved with that of Venezuela, a country with similar background to Nigeria in colonial heritage and income from crude oil, but which nonetheless, used different development approaches to cope with similar problems of development.

Evolution of Nigeria's Economic Structure (1971-90)

The evolution of the Nigerian economy as summarized by Table 23 below, (see also Appendix A-3), was evaluated by looking at the Gross Domestic Product (GDP) from 1971 to 1990.

Nigeria's GDP at current prices from 1971-1990 showed a growth rate of 17.12 percent with two periods of fluctuating growth between 1976-1980 and 1986-1990. If we consider growth within more specific periods, the Nigerian GDP fell from 22.06 percent between 1971-1975 to 14.41 percent between 1976-1980. The fall continued in the 1981-1985 to 10.40 percent and in the 1986-1990 period, the GDP rose to 21.61 percent. It was necessary to review the contribution of the different components of the GDP to facilitate understanding of the Nigerian situation.

As shown in Table 23 in the 1971-90 period, the component with the highest contribution (26.24%) to the GDP was the mining and quarrying sector which included hydrocarbons. This was followed by manufacturing (17.54%); electricity, gas, and water at 16.87 percent; agriculture, hunting, forestry, and fishing at 16.10 percent; and construction at 13.27 percent. From an interperiod perspective, GDP growth in the different sectors of the economy fluctuated substantially, following, to a large extent, fluctuations in the production and export of hydrocarbons and events in the oil industry.

The agricultural sector also showed the same unsteady trend and fell from 13.43 percent in 1971-75 to 11.66 percent

TABLE 23

**Nigeria's Gross Domestic Product by Industrial Origin
at Current Prices
Millions of Naira (1971-1990)
Periodic Growth Rate Averages (%)**

	1971-75	1976-80	1981-85	1986-90
Agriculture, Hunting, Forestry & Fishing	13.43	11.66	19.32	20.00
Mining & Quarrying Incl. Hydrocarbons	34.69	20.39	-8.03	31.66
Electricity, Gas & Water	11.66	20.83	19.14	15.83
Manufacturing	23.03	12.93	19.59	14.60
Construction	27.55	12.54	-18.50	18.23
SUBTOTAL Industry	33.24	18.00	-1.31	30.15
Transportation, Storage & Communications	24.22	17.47	17.60	7.11
Wholesale & Retail Trade, Restaurants & Hotels	27.48	14.49	0.98	22.19
Non-Government Services	26.20	9.14	14.14	19.60
SUBTOTAL Services	30.37	13.85	7.52	19.78
Total Value Added (excl. Govt. Services)				
Gross Domestic Production	22.97	14.79	9.76	22.16
PLUS				
Government Services	14.24	8.71	17.56	11.21
EQUALS				
Gross Domestic Product	22.06	14.41	10.40	21.61

Source: United Nations Conference on Trade and Development,
Yearbook of International Commodity Statistics, 1971-90.

between 1976-1980, but jumped to 19.32 percent between 1981-1985, holding about steady at 20.00 percent between 1986-1990. Conversely, the manufacturing sector did not fare as well. Between 1971-1975, it contributed 23 percentage points to the GDP, but dropped sharply to 12.93 percent between 1976-80, a loss of about 10 percent. In the 1981-85 period, it again underwent some resurgence, and regained some of its losses at 19.59 percent. This gain was again lost in the 1986-1990 period at 14.60 percent, resulting in a net loss of about 8.5 percent for the 20-year period under study.

Along the same lines, the service sector also witnessed some fluctuation. Within a ten-year period, 1971-75 and 1976-1980, it fluctuated from 30.37 percent to 13.85 percent, a loss of 16.52 percent. The trend in fluctuation also continued into the 1981-1985 and 1986-1990, ten-year period with a net increase of 12.26 percent, from a low 7.52 percent between 1981-1985 to 19.78 percent in 1986-1990. Overall, the service sector lost a high 10.59 percentage points for the 20-year period under consideration. Finally, the industrial sector over the 20-year period fluctuated from 33.24 percent in the 1971-75 period to 30.15 percent between 1986-1990, a loss of 3.09 percentage points.

These fluctuations at first sight appeared minor and in line with what is generally expected. That perspective began to change when it became evident that in the 1981-85 period,

the industrial sector witnessed a negative growth rate of -1.31 percent, and then jumped to a 30.15 percent growth rate in the 1986-1990 period, pointing to the wide fluctuations associated with economies tied mostly to the domination of only one export item--crude oil. The evolution of the Nigerian economy was also looked at from the perspective of growth of domestic investment.

As shown in Table 24, gross domestic investment (constant Market prices) fell from 60.19 percent between the 1970-75 period to 32.85 percent in 1975-80, a loss of 27.34 percent. In the 1981-85 period, it registered a negative growth rate of -69.17 percent when compared to the previous period of 1981-80 and later in the 1986-90 period rebounded to a 23.15 percent increase. This fluctuation followed very closely the trend shown by the growth of GDP from 1971 to 1990. On the average, gross domestic investment grew for only 15.67 percent within the 20-year period under study, a growth pattern that tended to respond to the fluctuations of the international crude oil market. This pattern showed its strongest influence in the 1970-80 ten-year period, when the price of crude oil registered several hundred percent increase in the international market and demand was high. However, between 1981-1985 unfavorable trade imbalances with reduced demand for oil in the world market cut back foreign exchange

TABLE 24

Nigeria's Gross Domestic Investment
(Constant prices)
Millions of U.S. Dollars.

Year	Amount (Million \$)	Growth Rate (%)	Average G/Rate 20 yrs. (%)
1970	4973	-	
1975	12491	60.19	
1980	18602	32.85	15.67
1985	5735	(69.17)	
1990	7463	23.15	

Source: The African Bank, African Development Fund: Economic and Social Statistics on Africa, African Development Report 1993; page A-7.

earnings resulting in reduced domestic investments and the attendant negative growth rate.

This pattern of growth, tied to the fortunes of the hydrocarbon industry, had a pronounced impact on the sectoral distribution of GDP, by industrial origin, over a five-year cycle as illustrated by Table 25 (see also Appendix A-5). As can be observed the second largest contributor to GDP from 1971 to 1990, five-year cycles, was the industrial sector. Its contributions ranged from a high of 41.37 percent between 1976-1980 to 34.46 percent in the 1986-1990 cycle recording an overall loss of 6.91 percentage points. This is worthwhile because of the effect of the oil sector which alone accounted for 27.08 percent between 1976-1980 and 25.37 percent of GDP

in the 1986-1990 cycle, and played the role of the principal foreign exchange earner for Nigeria.

The agricultural sector, for the period of study, also showed remarkable growth levels, registering a 32.44 percent growth rate between 1971-1975 and a 35.48 percent rate in the 1986-1990 cycles, an overall gain of just above 3 percent. This substantial effort was, nevertheless, stymied by the growing population with the result that increased food importation (average of 25% of imports between 1971-1990) became necessary especially during the 1976-1985 ten-year period. This shortfall in food production and the need for the importation of food items to meet increased demand, particularly when Nigeria was once a major exporter of agricultural products including foodstuffs, underlined the significant position of the hydrocarbon sector. The dominating relationship of the hydrocarbon sector to the growth of the Nigerian economy defined the need for a shift of emphasis and the choice of a new economic development approach.

Evolution of Nigeria's Economic Structure with Respect to Venezuela (1971-1990)

The approach was to compare the performance of the Nigerian economy on equal terms with that of Venezuela by comparing GDP contributions by industrial origin. It is important to mention that although these two countries belong

TABLE 25

Nigeria's Gross Domestic Product By Industrial Origin
at Current Prices
Millions of Naira (1971-1990)
Periodic (5 year) Sectoral (%) Distribution

	1971- 75	1976- 80	1981- 85	1986- 90
Agriculture, Hunting, Forestry & Fishing	32.44	22.16	33.58	35.48
Mining & Quarrying Incl. Hydrocarbons	19.72	27.08	17.95	25.37
Electricity, Gas & Water	0.48	0.36	0.80	0.48
Manufacturing	5.69	5.14	8.15	6.67
Construction	7.65	8.79	4.30	1.94
SUBTOTAL Industry	33.54	41.37	31.20	34.46
Transportation, Storage & Communications	3.09	3.48	4.83	3.42
Wholesale & Retail Trade, Restaurants & Hotels	15.14	21.17	15.33	14.19
Non-Government Services	5.76	5.76	7.42	6.58
SUBTOTAL Services	23.99	30.40	27.58	24.19
Total Value Added (excl. Govt. Services)				
Gross Domestic Production	89.90	93.93	91.56	94.14
PLUS				
Government Services	10.10	6.07	8.44	5.86
EQUALS				
Gross Domestic Product	100	100	100	100

Source: United Nations Conference on Trade and Development,
Yearbook of International Commodity Statistics, 1971-90.

to the category of underdeveloped countries of the world, obvious differences abound. One of those was the huge difference in population, in the case of Nigeria, which had a direct impact on the contribution of the agricultural sector to GDP and also its ability to play a significant role in the export trade. Another important issue was the relative experience factor, defined here as the period of time the country had been in existence and what advantages it offered to the consolidation of the necessary infrastructure relevant to economic development.

As shown in Table 26 the performance of the Nigerian economy very closely paralleled that of Venezuela, even though both economies were considered to be fundamentally different in their approaches with respect to the theoretical concept by which they were executed within the period (1971-1990) under study. A brief review of the component sectors listed above indicated that the net GDP growth rate for both countries within the period 1971-1990 showed no appreciable difference.

Average GDP growth rate for Nigeria within the period was 17.12 percent while that of Venezuela was 17.02 percent. Nigeria fared remarkably better by 2-3 percentage points in the mining and quarrying (including hydrocarbons) and transportation sectors of the economy. A further review of Appendices A-3 and B-4 for the entire period under study pointed to the fact that the mining industry in Nigeria

TABLE 26

Average Growth Rates of GDP by Industrial Origin
(Current Prices) Nigeria-Venezuela
(1971-90), Percentages

	NIGERIA	VENEZUELA
Agriculture, Hunting, Forestry & Fishing	16.10	15.68
Mining & Quarrying (incl. Hydrocarbons)	26.24	23.20
Electricity, Gas & Water	16.87	16.34
Manufacturing	17.54	17.95
Construction	13.27	19.21
Transpt. & Commun.	16.60	13.42
Trade (Wholesale & Retail)	16.28	18.19
Non-Govt. Services	17.27	16.03
Gross Domestic Product	17.12	17.02

Source: Appendices A-3 and B-4

between the period 1971-1980 (2 cycles) registered an average 9.49 percent growth rate over that of Venezuela.

Venezuela was ahead of Nigeria in the construction sector by as much as 5.94 percent and also in trade (wholesale and retail) by about 2 percentage points for the entire period under study. Growth in the manufacturing, agricultural, electricity, gas, and water (other energy sources), and nongovernment services sectors showed minimum differences. An examination of the growth cycle of the construction industry for both countries indicated the effects of a balanced growth approach to economic development. In the period 1981-1985 Nigeria registered a negative growth rate of -18.50 percent for the construction industry as shown in Table 23 (see also Appendix A-3), which also points to the wide swings and fluctuating growth pattern of the Nigerian economy.

The construction industry in Venezuela for the same period, suffered only a mere 1.27 percent reduction from the previous cycle, (1976-1980), growth rate of 18.47 percent, therefore, ensuring a steady growth rate of 17.20 percent, similar to the trend in the industry from 1971 to 1985, as observed from Table 27 (see also Appendix B-4). This growth pattern of the Venezuelan economy, as evidenced from the appendices mentioned above, showed a much more diversified and balanced economy with GDP growth rate fluctuations that tended to avoid the extremities.

The Nigerian economy, although not steady in the growth pattern of the industrial and other sectors of the economy, was able substantially to avoid negative growth rates, except for the 1981-1985 cycle when the industrial sector recorded a net 1.31 percent loss following substantial negative results in the mining and construction industries. This negative result, as discussed earlier, was tied to the fluctuating international crude oil market as prevalent with mono-crop economies.

Overall Performance of the Mining and Quarrying
Industry (Hydrocarbon Industry)

The adoption of the leading sector approach to economic development by Nigeria in the early 1970s assigned a position of extreme importance to the mining and quarrying industry. The task of providing the foreign exchange requirements for financing the development of other sectors of the economy through export revenues made the mining and quarrying sector the single most important industrial sector in Nigeria. From this perspective, the goal in this section was to evaluate the role of the mining and quarrying (oil and hydrocarbons) sector in the Nigerian economy. The approach used was to review its growth within the 20-year period covered by this study with respect to its contribution to the export trade in value and percentages.

TABLE 27

Venezuela's Gross Domestic Product by Industrial Origin
at Current Prices
Million Venezuelan Bolivares (1971-1990)
Periodic Growth Rate Averages (%)

	1971- 75	1976- 80	1981- 85	1986- 90
Agriculture, Hunting, Forestry & Fishing	11.51	13.39	11.64	26.18
Mining & Quarrying Incl. Hydrocarbons	21.12	14.98	(2.56)	36.07
Electricity, Gas & Water	9.55	11.29	17.22	27.31
Manufacturing	16.86	14.25	15.61	25.08
Construction	18.81	18.47	17.20	22.36
SUBTOTAL Industry	19.94	13.59	14.60	34.20
Transportation, Storage & Communications	12.83	14.90	0.79	25.14
Wholesale & Retail Trade, Restaurants & Hotels	12.50	11.58	20.78	27.89
Non-Government Services	12.93	15.89	10.17	25.12
SUBTOTAL Services	12.82	14.73	12.19	26.36
Total Value Added (excl. Govt. Services)				
Gross Domestic Production	14.73	14.16	10.55	27.14
PLUS				
Government Services	10.17	13.64	16.56	24.55
EQUALS				
Gross Domestic Product	14.23	14.12	13.63	26.09

Source: United Nations Conference on Trade and Development,
Yearbook of International Commodity Statistics, 1971-90.

As illustrated by Table 25, between 1971 to 1980 the hydrocarbon sector increased its contribution to GDP from 19.72 percent between 1971-75 to 27.08 percent from 1976-1980. For the 1981-1985 cycle it increased by 17.95 percent and 25.37 percent from 1986-1990. Also, its share in the total export revenue earned by Nigeria jumped from 73.7 percent in 1971 to more than 97.5 percent in 1982, and in 1990 stood at 92 percent of the export revenue as listed in Table 28 below. On the average, it maintained a level of 91.84 percent of the earnings of the central government of Nigeria from exports for the period under study.

Since the growing importance of the hydrocarbon sector was tied directly to the combined effect of prices in the international market, the desire of the Nigerian government was to take advantage of the positive economic situation by rapidly increasing production and exports of crude oil. Even though the average annual growth of crude oil production remained within the range of 3-4 percentage points, except for the period prior to the escalation of prices, production reached its peak in 1974 at 2246.2 million barrels, but then declined to just 1804.0 million barrels in 1990. Natural gas production and the export of processed petroleum products remained relatively of medium economic significance through the period of the study. It was expected that these components were going to make substantial contributions to the

GDP and growth of the hydrocarbon industry in the future, as the export of crude oil slowed down and Nigeria acquired both the know-how and technology to facilitate bringing them on stream.

The increase in production from 1526.3 million barrels in 1971 to 2057.5 barrels in 1980 (25.81% increase) and 1804.0 barrels in 1990, a 15.39 percent increase over the 1971 level, was paralleled by an equal increase in the price of oil. This increase was helped by the quality of the Nigerian crude oil which was much desired by the international market because of the ease of refining and the relative high ratio of the much needed gasoline and light petroleum products. This advantage, enjoyed by the Nigerian "Bonny Light" and most other Nigerian crude-oil types that were comparable in quality to the "Saudi Arabian light," implied the benefit of the highest price in the market.

The growth in oil production, exports, and prices of hydrocarbons over the 20-year period of this study had a few beneficial effects, such as increased revenues to the central government and improved balance of payments, but it also had the negative influence of pushing the country into reckless borrowing which resulted in an enormous foreign debt burden of about \$36 billion in 1990.

A conclusive review of the role of the petroleum industry in Nigeria must recognize the strength of its

TABLE 28
Nigeria - Crude Oil Exports/Revenue
(1971-1990)

Year	Crude Oil Production (Thousand Barrels per day)	Revenue from Oil (Million U.S. \$)	Total Annual Export Revenue (Million U.S. \$)	Oil as Percentage of Revenue (%)
1971	1526.3	1342.25	1821.13	73.7
1972	1816.9	1781.82	2172.73	82.0
1973	2043.7	2869.70	3451.52	83.1
1974	2246.2	8517.46	9198.41	92.6
1975	1777.8	7467.74	7788.71	95.9
1976	2060.3	9834.92	10512.70	93.6
1977	2089.5	11067.19	11923.44	92.8
1978	1916.3	8834.38	9887.50	89.3
1979	2307.0	16176.67	17330.00	93.3
1980	2057.5	24785.45	25816.36	96.0

TABLE 28
(cont.)

1981	1436.7	17509.84	18070.49	96.9
1982	1289.7	11944.78	12247.76	97.5
1983	1233.8	10001.39	10420.83	96.0
1984	1418.8	11635.53	11957.89	97.3
1985	1481.7	12197.92	12560.80	97.1
1986	1465.0	6199.26	6702.22	92.5
1987	1242.0	7034.66	7376.06	95.4
1988	1390.0	6141.47	6901.73	89.0
1989	1616.7	7505.73	8265.62	90.8
1990	1804.0	13221.80	14371.00	92.0

Source: (a) International Monetary Fund, Government Finance Statistics Year Book, Volume V, 1981.

(b) International Monetary Fund, International Financial Statistics Year Book, 1990, Volume XLIII.

revenue-creating capacity with which the government set forth to transform the nation's economy, or at least build the necessary infrastructure to facilitate the transformation from an agrarian to an industrial economy. Given the initial scope of the Nigerian industrialization program as stated in the various National Development Plans, that is, the First National Development Plan, 1962-68; Second National Development Plan, 1970-74; Third National Development Plan, 1975-80; Fourth National Development Plan, 1981-85; Fifth National Development Plan, 1986-90; the hydrocarbon sector, along with other viable sectors that were supposed to have come into existence over time, such as steel, machinery, and chemicals would have collectively stimulated the development of other ancillary sectors through its various backward and forward linkages.

Theoretically, this was to have been accomplished through the creation of complementarities between different sectors, as they used the intermediate products of other industries as their raw material. Generally, these multiplier effects were determined by the use of input-output tables of the various sectors which with respect to Nigeria are unavailable.

Venezuela, on the other hand, shared the same fate with Nigeria. As illustrated in Table 29, Venezuela also

benefitted from the bounty of the oil industry in the 20-year period of this study.

As illustrated in Table 30 (see also Appendix B-5), the hydrocarbon sector in Venezuela contributed 22.94 percent to

TABLE 29

Venezuela Crude Oil Exports/Revenue
(1971-1990)

Year	Crude Oil Production (Thousand Barrels per day)	Revenue from Oil (Million U.S. \$)	Total Annual Export Revenue (Million U.S. \$)	Oil as Percentage of Total Revenue (%)
1971	3542.9	2986.95	3139.16	95.2
1972	3218.6	2930.30	3211.89	91.2
1973	3355.3	4343.12	4686.01	92.7
1974	2968.3	10536.13	11057.11	95.3
1975	2348.3	8314.22	8789.98	94.6
1976	2293.4	8762.94	9299.53	94.2
1977	2233.3	9115.62	9556.41	95.4
1978	2141.8	8745.22	9193.01	95.1
1979	2387.0	13640.79	14325.41	95.2
1980	2157.2	18258.28	19232.40	94.9

TABLE 29
(cont.)

1981	2108.6	19049.65	20137.06	94.6
1982	1889.0	15633.57	16508.39	94.7
1983	1775.8	11776.83	12900.20	91.3
1984	1710.3	13192.88	15048.61	87.7
1985	1645.8	11012.62	13338.44	82.6
1986	1642.0	6118.43	8912.40	68.7
1987	1586.0	7197.50	8741.30	82.3
1988	1649.0	7124.92	9313.85	76.5
1989	1727.6	10020.70	13383.51	74.9
1990	2107.0	13954.00	20988.00	66.5

Source: (a) International Monetary Fund, Government Finance Statistics Year Book, Volume V, 1981.

(b) International Monetary Fund, International Financial Statistics Year Book, 1990, Volume XLIII.

TABLE 30

Venezuela's Gross Domestic Product by Industrial Origin
 at Current Prices
 Million Venezuelan Bolivares (1971-1990)
 Periodic (5 year) Sectoral (%) Distribution

	1971- 75	1976- 80	1981- 85	1986- 90
Agriculture, Hunting, Forestry & Fishing	6.14	5.78	6.31	6.20
Mining & Quarrying Incl. Hydrocarbons	22.94	21.71	18.70	14.70
Electricity, Gas & Water	1.37	1.16	1.63	1.54
Manufacturing	16.52	16.28	18.06	21.08
Construction	4.69	6.95	5.06	5.88
SUBTOTAL Industry	45.53	46.10	43.46	43.20
Transportation, Storage & Communications	9.73	11.05	10.27	5.49
Wholesale & Retail Trade, Restaurants & Hotels	9.52	9.61	11.15	18.13
Non-Government Services	17.65	17.70	20.44	17.68
SUBTOTAL Services	36.90	38.36	41.85	41.29
Total Value Added (excl. Govt. Services)				
Gross Domestic Production	88.57	90.24	89.74	90.69
PLUS				
Government Services	11.43	9.76	10.26	9.31
EQUALS				
Gross Domestic Product	100	100	100	100

Source: United Nations Conference on Trade and Development,
Yearbook of International Commodity Statistics, 1971-90.

the GDP in the 1971-75 cycle. That level remained almost the same for the 1976-80 cycle at 21.71 percent with only a minor adjustment of 1.23 percent. The ten-year period covering two distinct cycles (1981-85 and 1986-90), however, showed a lesser contribution to the GDP of 18.70 and 14.70 percentage points, respectively. This represented a net loss of 5.63 percent from the average of the two previous cycles (1971-1980). This loss placed the hydrocarbon sector on the same level of contribution with the manufacturing sector at an average of 17.98 percent with only a 1.53 percent difference between them.

This was in sharp contrast to Nigeria, as shown in Table 25, where the difference in the next best sector other than agriculture, the manufacturing industry, was as much as 16.12 percent averaged over the 20-year period of this study. Also, the oil sector's share in the total export revenue of Venezuela has shown some impressive signs of diversification.

The share of oil in the total annual export revenue was at 95.2 percent in 1971 and continued to be more than 90 percent from 1971 to 1984, when it declined to 87.7 percent and stood at 66.49 percent in 1990. This decline marked an emphasis on the slow, but consistent, growth of other sectors which pointed to a strong effort by Venezuela to diversify its economic base.

From the perspective of total revenue contributed by the oil industry from 1971, Table 29 indicated that the increase may have been related to increased prices obtained in the world market, since there was a decline of about 40.52 percent in the total volume of export sales of crude oil. On the average, crude oil exports maintained an 88.18 percent level of revenue contribution to the central government for the 20-year period covered by this study.

These high levels of contribution of the hydrocarbon sector to the GDP and total export revenues of both countries clearly pointed to its importance to their economic well being.

Development of Agriculture

The objective here was to analyze the evolution of agriculture from 1971 to 1990 and identify any changes or trends that may have affected this important sector during the study period.

As illustrated by Table 25, the contribution of the agricultural sector to the GDP in the case of Nigeria stayed at almost the same level except for the 1976-80 five-year cycle, when it declined to 22.16 percent from 32.44 percent between 1971-1985. This decline was due to both the rapid increase in hydrocarbon production and the traditional slow growth process associated with the agricultural sector. In

fact, it grew at only 2 to 4 percentage points for the 20-year period.

In addition, the combination of rapid population growth rate of between 2.5 and 3 percent with an annual growth in food demand of 3.5 percent, as shown in Table 31, and rising per capita income (3.2 percent per year), resulted in food shortage. Thus, from a position of self-sufficiency in food production of the late 1960s and early 1970s, Nigeria declined to the level of being a major food importer; by 1979, food imports accounted for 17 percent of total imports, twice the level of 1971.

Production of both food and export crops declined progressively, especially in the 1970s. This resulted from the decline of land area (hectarage) actively engaged in agriculture as indicated in Table 32. The estimated areas planted with maize declined from 1,050 thousand hectares in the 1972/73 planting season to 519,000 hectares in the 1981/82 season. In the same period hectarage for groundnut declined from 2,032 thousand to 650; cotton went down from 236 to 45 hectares. Virtually all crops witnessed decline, and are still declining, from the prolonged period of underinvestment in agriculture.

This loss in production was manifested in the foreign trade (imports) of Nigeria where, as illustrated by Table 33 (see also Appendix C-4), an average of the 5 year periodic

cycle ending in 1985, showed a persistent 24.99 percent contribution of food imports to the food requirements of Nigeria. The importation of food in Nigeria accounted for 20.51 percent of the total import bill between 1971-1975. That value increased to 27.86 percent for the 1976-1980 cycle, posting a net increase of 7.35 percent, the highest for the 20-year study period.

The 1981-1985 cycle recorded a 26.60 percent increase indicating that the trend was still going to rise. Attempts by the central government to encourage the resurgence of export agriculture through its structural adjustment program of 1986 produced only limited results. The use of more liberal incentive programs, such as short-term loans, and the abolition of the Marketing, Commodity and Grains Boards failed to re-energize and sustain the agricultural sector, because of the inability of the system to enforce accountability and reform the Land Use Act.

The minor growth experienced by the agricultural sector from 33.58 percent in the 1981-1985 cycle to 35.48 percentage points in the 1986-1990 period, as illustrated by Table 25, was not a strong evidence that would lead one to conclude that the structural adjustment program was beneficial to the sector. As can be observed from Table 32, the hope for solving the food shortage problems of Nigeria was not bright,

TABLE 31

Annual Rate of Growth in Food Supply and Demand
in Nigeria.

Food items	Percentage rate of growth in food Supply per year.	Percentage rate of growth in food Demand per year.
Food Crops	1.8	2.7
Cassava	1.0	1.8
Potatoes	1.0	1.8
Plantains	1.5	1.8
Maize	2.5	3.7
Millet	2.5	3.7
Sorghum	2.5	3.7
Rice	10.0	5.5
Cowpeas	6.0	2.8
Palm Oil	1.0	4.6
Groundnut Oil	1.0	4.6
Vegetables	3.5	5.5
Oil seeds and Nuts	2.5	2.8
Local Wine	2.5	3.7
Others	6.5	8.5
Livestock Products	3.5	7.5
Fish	6.5	9.2
Aggregate	2.2	3.4

Source: 'Tayo Lambo, Nigerian Economy; A Textbook of Applied Economics, Evans Brothers (Nigeria Publishers) Limited, 1987, Pp 26.

TABLE 32

Estimated Land Area Planted with
Major Crops in Nigeria.
(Thousand Hectares)

Crop	1972- 73	1973- 74	1974- 75	1975- 76	1976- 77
Millet	3692	5651	4787	5476	3930
Guinea Corn	1792	5516	4653	5721	4842
Groundnut	2032	2076	1796	1472	684
Beans	2468	3256	2937	3035	2721
Yam	788	833	671	776	679
Cotton	236	121	478	403	384
Maize	1050	1130	579	971	892
Cassava (Old)	344	361	415	313	308
Rice	237	373	269	261	193
Melon	326	427	91	236	184
Beniseed	11	17	2	43	32
Cocoyam	268	167	108	113	102

TABLE 32 (cont.)

Crop	1977- 78	1978- 79	1979- 80	1980- 81	1981- 82
Millet	3089	2377	2544	2811	3122
Guinea Corn	3479	3008	2641	2275	3175
Groundnut	755	810	565	631	650
Beans	1652	1472	1398	1304	1173
Yam	577	470	493	498	434
Cotton	278	201	136	116	45
Maize	610	631	425	465	519
Cassava (Old)	197	181	124	87	90
Rice	244	152	70	69	91
Melon	167	131	113	76	62
Beniseed	13	16	4	2	1
Cocoyam	79	37	38	49	63

Source: Efiong Essien, Nigeria Under Structural Adjustment, Fountain Publications, Ibadan Nigeria, 1990. Pp. 22.

TABLE 33

Nigeria

Sectoral Distribution Averages for Imports in Percentage
by Major Groups and Values
(5 Year Periodic Cycles)

	1971-75	1976-80	1981-85	1986-90
Foodstuffs				
Value	20.51	27.86	26.60	-----
Oil & Oil Products				
Value	3.96	5.05	1.59	-----
Raw Materials				
Value	2.03	1.67	1.51	-----
Semi-Manufactured Goods				
Value	24.09	20.81	19.44	-----
Capital Goods for Agriculture				
Value	3.55	3.79	3.83	-----
Capital Goods for Industry				
Value	29.11	31.52	40.87	-----
Consumer Goods				
Value	16.75	16.69	6.47	-----

Source: United Nations Conference on Trade and Development, Yearbook of International Commodity Statistics, 1970-90 (see also Appendix C4).

given the persistent loss of arable land and cutbacks in food production. This pattern of events did not hold well for the long term. In Table 32, it was also observed that major staple food items such as yams, cassava, rice, cocoyam, and the like, lost 44.92, 73.84, 61.60 and 76.49 percentage points of their normal level of land use.

The food situation, in the case of Venezuela as illustrated by Table 34 (see also Appendix D-1), was even worse than that of Nigeria as evidenced by higher food imports. In the 1971-1975 period, food imports accounted for 21.37 percent of all imports. The trend changed to 23.93 percent in the 1976-1980 five-year period with a small difference of 2.56 percent increase over the previous cycle. However, the 1981-1985 cycle saw the food import component of total import jump to 37.68 percent and even to 64.82 percent for the 1986-1990 cycle, registering an approximate 175 percent increase just over a 15-year period.

In conclusion, the agricultural sector in these two countries was at a point where contrary to the period before the advent of oil production, the continued loss of land due to inadequate production incentives and change of government policy may have led to a permanent dependence on imported food and the eventual loss of the input from subsistence farm lands.

TABLE 34

Venezuela

Sectoral Distribution Averages for Imports
by Major Groups and Value
(5 Year Periodic Cycles)

	1971-75	1976-80	1981-85	1986-90
Foodstuffs				
Value	21.37	24.93	37.68	64.82
Oil & Oil Products				
Value	0.84	2.10	5.71	15.02
Raw Materials				
Value	-----	-----	-----	-----
Semi-Manufactured Goods				
Value	28.92	27.19	25.92	-----
Capital Goods for Agriculture				
Value	8.87	6.20	4.64	8.95
Capital Goods for Industry				
Value	22.21	19.32	16.02	-----
Consumer Goods				
Value	17.78	20.25	26.87	11.19

Source: United Nations Conference on Trade and Development, Yearbook of International Commodity Statistics, 1970-90 (see also Appendix D1).

Development of Trade

The approach that was adopted here was to interpret data as shown in Appendices C-1 to C-3 and Table 28, export trade for Nigeria, and compare those with data shown in Appendices D-6 to D-8 and Table 29 for Venezuela as it related to the evolution and structure of exports. Our evaluation focused on the analysis of exports by major groups, volume and value, including the export of hydrocarbons.

As was observed from Appendix C-1 for Nigeria, the growth rate of major export groups fluctuated widely during the period of study. In the 1971-1975 cycle, consumer goods exports and raw materials exports showed the only positive growth rates of 32.75 percent and 13.95 percent, respectively. In the same cycle, crude oil exports recorded an average of 38.86 percent growth.

As illustrated by the figures in Appendices C-1 and Table 28, the growth pattern of exports was dictated by the events in the hydrocarbon sector. The first large increase in exports took place in 1974 because of the increase in export prices of hydrocarbons. This was followed by several years of high export revenue that peaked in 1980 when Nigeria earned the largest export revenue of \$25816.36 billion, with 96 percent of that coming from crude oil export sale.

As indicated in Table 28, crude oil export had consistently contributed more than 90 percent of Nigeria's

total export revenue since 1974. This demonstrated Nigeria's total dependence on oil exports and the well-being of the hydrocarbon sector. Prior to 1974 the oil sector contributed approximately 65 percent of the export revenue, with agricultural and mineral ores export playing significant roles.

The expansion of hydrocarbon exports was followed by the absolute decline of nonpetroleum sectors, primarily because of neglect by the government. Traditionally strong export components, such as cotton, groundnut, and palm produce lost their contribution to exports and even declined to a point where land areas usually used for their production was lost or abandoned, as illustrated in Table 32. Export revenue from such important sources, such as tropical beverages made from cocoa, declined to insignificant levels. Even mineral ores exports, such as tin and other mineral raw materials, declined precipitously. As an illustration from Appendix C-1, the 10-year period from 1981 to 1990 which comprised two five-year cycles, recorded a negative growth rate for 1981-1985 at -54.23 percent and a minor positive 3.82 percentage points between 1986-1990.

The only sector that was visibly strong in Nigeria and had been responsible for more than 90 percent of total export revenue since 1974 was the oil sector, a fact that pointed to its continued dominance of the economic activity of Nigeria.

Venezuela did not present a different picture, even though there was evidence of a more diverse export activity as demonstrated in Table 29, by the decreasing revenue receipts from crude oil sales from 1986. Some components of the export market, for example, semimanufactured goods, capital goods for industry, and even export of some foodstuff, as evidenced in Appendix D-8, showed active participation in the export trade from 1983, corresponding with the drop in crude oil exports from 94.7 to 91.3 percentage points in 1982. Nonetheless, the hydrocarbon sector in Venezuela remained dominant at 66.49 percent of total government revenue in 1990.

Evolution of Imports

Our analysis was based on the evaluation of data presented in Table 33 and Appendices C-4 through C-8 for Nigeria and Table 34, D-1 through D-5 for Venezuela, for imports by major groups, value, and volume.

Imports of goods into Nigeria for the 20-year period covered by this study as shown in Appendix C-8 fluctuated from just over \$561 million in 1971 to about \$2.5 billion in 1986. The highest level of imports was in 1981 with a total of about \$12.3 billion. The export sale of crude oil was also at its peak in 1981 with a contribution of \$19.0 billion from the previous year. A striking observation from the reference on imports listed above is that changes in the growth pattern of

imports largely depended on the revenue from the export of crude oil and the priorities of the government, in terms of investments, levels of consumption, and the desire to maintain an acceptable balance of trade.

In that same year, 1981, the import bill was just over \$12 billion. The same is true for the next two years, which leads one to conclude that large import bills followed closely on the heels of a successful world crude oil market characterized by high energy costs. A review of the simple growth rate of some of the major groups of economic activity, as shown in Appendix C-7, indicated that the highest beneficiaries of these high import volumes were those sectors that had some form of production capacity. This reflected the intent to encourage the growth of other sectors of the economy other than oil through an increase in the importation of investment goods. On the average, imports of semimanufactured goods and goods for industries, as seen in Table 33, enjoyed 5-year growth rates of 29.11 percent in 1971-1975, 31.52 percent in 1976-1980 and 40.87 percent in 1981-1985, the last five-year period for which data were available.

Imports of foodstuff also continued to rise, as shown in the data presented in Table 33, to an average of approximately 25 percent following continued signs of stagnation and loss of productive capacity by the agricultural sector and the influence of increasing population. An

important observation from the data table was the very reduced level of raw material imports. This may have been because most of the imports were in the form of semimanufactured products because of the absence of industrial capacity to process raw materials. The oil and oil products sector also showed very reduced import levels which reflected the country's self-sufficiency in petroleum and its products.

Venezuela's imports presented an identical picture. Although the 5-year cyclical averages might have been different, its pattern of imports followed the trend set by Nigeria in the areas of foodstuff, semimanufactured goods, capital goods for industry, and consumer goods. As presented in Table 34, the import of foodstuffs rose from 21.37 percent in 1971-75 to 24.93 percent in 1976-1980, 37.68 percent in 1981-1985, and 64.82 percent between 1986-1990. This reflected a strong dependence on imported food to meet the pressing needs of a growing population.

What appeared clear in the trade development of Nigeria and Venezuela was that the strong oil sector was only able to increase the volume of import commerce between these countries and their trading partners. The stated benefit of the choice of the leading sector approach to economic development was to facilitate the restructuring of trade and increase exports, while decreasing the importation of traditional goods. This effect, with respect to Nigeria, was not observed during this

study to have been explicit enough as to lead to a decisive support for the adopted economic development approach. Instead, imports increased although not in instances where the capacity for local production existed. The consequence of increased imports were seen in the form of increased debt, and unfavorable balance of payments by the two countries.

The result of all this was higher dependence on the oil sector and the vagaries of the international energy market conferred on Nigeria by the failure of the leading sector approach to economic development to restructure the Nigerian export trade.

Foreign Debt

Our analysis focused on the interpretation of the data presented in Table 35 for Nigeria and Table 36 for Venezuela. The objective, as stated earlier, was to evaluate the evolution of foreign debt for the 20-year period (1971-1990), and identify any changes or trends during this period.

As shown in Table 35, Nigeria's total debt rose from \$1.4 billion in 1975 to \$36.4 billion in 1990. Debt service jumped from \$402 million in 1975 to \$2.5 billion in 1990, an increase of 83.95 percent over 15 years. A break down of the debt service charges indicated that amortization rose from \$131 million in 1975 to \$1.05 billion in 1990, while interest charges rose from \$271 million in 1975 to \$1.45 billion in 1990. This placed an enormous burden on the economy of

Nigeria, as evidenced from debt service ratios as percentage of exports that soared from 5.16 percent in 1975, to as much as 44.24 percent in 1988, declining to just under 39 percent in 1989 and eventually settling at 17.43 percent in 1990. With respect to total debt as a percentage of GNP, it jumped from 3.50 percent in 1975 to 41.47 percent in 1986, and continued to soar to 122.10 percent in 1989 as the GNP declined.

The economy of Venezuela, as illustrated in Table 36, was also under the same crushing effect of a bloated foreign debt situation. Its foreign debt load jumped from \$2.26 billion in 1975 to a high of \$30.66 billion in 1988, finally settling at \$26.10 billions. Total external debt, as a percentage of GNP, rose from 6.94 percent in 1975 to 70.10 percent in 1989. These figures highlighted the magnitude and seriousness of the foreign debt situation. It also pointed to the devastating effects it brought to bear on the fragile economies of debtor countries. The data presented pointed to the case of choking off any development effort made by Nigeria and Venezuela.

The effect of an enormous debt load was very apparent for Nigeria. The established intent of holding external debt at a level that would have required the use of only 25 percent of export revenue for debt service and amortization failed

TABLE 35

Nigeria External Debt
Million U.S. Dollars (1975, 1981-1990)
(Percentages)

	1975	1981	1982	1983	1984	1985
Total External Debt of which:	1399	5248	14101	15629	15837	17904
--Long Term	1399	4712	9816	12262	12342	13016
--Short Term	--	536	4285	3367	3494	4888
Total External Debt as % of GNP	3.50	5.57	15.29	17.56	17.14	20.28
Debt Service of which:	402	1189	2461	2343	3415	4444
--Interest	271	837	1621	1273	1387	1553
--Amortization	131	352	840	1070	2028	2891
Debt Service Ratio	5.16	6.58	20.10	22.48	28.56	35.38

	1986	1987	1988	1989	1990
Total External Debt of which:	24564	31431	30993	33754	36423
--Long Term	18672	25085	25750	28224	30205
--Short Term	5892	6346	5243	5530	6218
Total External Debt as % of GNP	41.47	134.39	111.96	122.10	
Debt Service of which:	2038	1845	3053	3190	2505
--Interest	923	1317	2418	2695	1453
--Amortization	1115	528	635	495	1052
Debt Service Ratio	30.41	25.01	44.24	38.59	17.43

Source: Organization for Economic Cooperation and Development, (OECD), Paris. Financing and External Debt of Developing Countries, 1975-1990.

TABLE 36

Venezuela External Debt
 Million U.S. Dollars (1975, 1981-1990)
 (Percentages)

	1975	1981	1982	1983	1984	1985
Total External Debt of which:	2257	13832	33233	31117	29001	29326
--Long Term	2257	9652	17507	16021	17857	17203
--Short Term	---	4180	15725	15096	11144	12123
Total External Debt as % of GNP	6.94	15.72	42.73	46.22	47.36	46.09
Debt Service of which:	500	4707	6045	4666	4469	3559
--Interest	410	3215	3919	3346	3184	2735
--Amortization	90	1492	2126	1320	1285	824
Debt Service Ratio	5.69	23.37	36.62	36.17	29.70	26.68

	1986	1987	1988	1989	1990
Total External Debt of which:	28897	28598	30656	29066	26099
--Long Term	19318	22759	23691	22688	21468
--Short Term	9579	5839	6965	6378	4631
Total External Debt as % of GNP	52.74	57.32	56.81	70.10	
Debt Service of which:	4437	3966	4746	3488	3250
--Interest	2482	1873	2336	2708	2125
--Amortization	1955	2092	2410	740	1125
Debt Service Ratio	49.78	45.37	50.96	26.06	15.49

Source: Organization for Economic Cooperation and Development (OECD), Paris. Financing and External Debt of Developing Countries. 1975-90.

following the stagnation of export revenue and increasing debt load.

Employment and Income Distribution

Our analysis turned out to be threefold: first, analysis of the trend in employment as it relates to the various economic sectors. Second, establish whether there were any significant changes in the employment structure for the 20-year period (1971-1990) covered by this study. Third, relate the data to income distribution as it related to the economic sectors.

Evolution of Nigeria's Employment Structure (1971-90)

According to estimates by the World Bank, the population of Nigeria in 1970 was in the neighborhood of 55 million. That number jumped to about 108 million in 1990,¹¹⁴ as shown in Table 37. This literally amounted to doubling of the population in just twenty years because of high birth rates--3-4 percent annually. Projections beyond 1990 pointed to a very frightening picture of a population growth rate of about 5 percent.

This very worrisome demographic picture established the lowest limit for the growth in Gross Domestic Product. It also posed a very serious problem of population shifts. For

¹¹⁴Economic Integration and Structural Adjustment in Africa (The African Development Bank, African Development Report 1993), p. A-3.

example, the growth rate of population in the urban areas of Nigeria before 1975 was just 1.5 to 2 percent per year. After 1975 and because of the availability of employment opportunities in the petroleum sector, urban population growth surged to near record levels of 6.4 to 7 percent. At the same time, the rural population grew much more slowly at 1.5 percent or less, and its share of total population fell in 1975 to just under 63 percent.

As illustrated in Table 37, most of the future labor force in Nigeria were all in the age group of 0-50 years. Those make up the urban labor force and represented the group with the highest risk of unemployment. This risk of unemployment was higher with the youth than it was with those near-50-years old. Even in this group, the main concentration (69.5 percent) was in the 15-30 years age group, leading one to conclude that unemployment was going to be severe in the future as the ranks of these unemployed youths increased with newborns.

If the trend of migration into urban areas continued, a very severe shortage of rural labor would develop, leading to decreasing agricultural output and worsening food problems in Nigeria. Presently, the level of unemployment in the urban areas is worsened by the increasing demand on existing urban infrastructure, such as shelter, social services, health, and education. The increasing cost of foodstuff in the urban

TABLE 37
Population Statistics for Nigeria

	1970	1975	1980	1985	1988	1989	1990
Resid Pop. (Millions)	57	66	78	92	102	105	109
<u>Age Dist.</u> <u>(percentage)</u>							
0-5 yrs.	26	27	27	29	28	31	34
6-14yrs	26	27	21	24	26	28	31
15-50yrs	39	42	45	47	47	48	48
51yrs & over	11	13	14	13	16	15	13
<u>Sex Distr.</u>							
Male	54	51	52	56	49	57	62
Female	23	24	34	36	36	34	35

Source: International labor organization, World Employment Program, African Employment Report, Jobs and Skills Program for Africa, Addis Ababa, 1991.

areas, especially for the unemployed, added to the existing misery and hardship.

As is illustrated in Table 38, a spot sampling of urban unemployment by gender showed that the highest level of urban unemployment was found among very young and able-bodied youths. On closer review, the highest risk was more with the 18-23 year-old group, where 52.3 percent were unemployed. The next two groups who presented difficulties were the 15-17 and the 24-29 year-old age groups, with total unemployment at 20.1 and 15.6 percents. An important observation to be made here is that these age groups constitute the prime supply of farm labor that migrated to urban areas.

It can also be observed from Table 38 that the total rate of unemployment decreased as the age grades increased toward 50 years and dropped to 0.5 percent for those 51-55-year olds. Table 39 presented the available labor market in Nigeria for the period 1970 through 1985 for both agriculture and nonagricultural sectors and pointed to some important trends in the labor market.

Although the agricultural sector was still the leading sector for employment, it experienced a continuous decline from about 70 percentage points in 1970 to just 58 percent in 1985. This loss of 12 percentage points to the nonagricultural sector also pointed to one of the causes of the food shortage problem in Nigeria. The nonagricultural

TABLE 38

Percentage Distribution of Urban Unemployed
Persons, by Age and Gender

Age Group	Males	Females	Percentage Total
15-17	18.6	25.3	20.1
18-23	50.9	27.5	52.3
24-29	16.6	12.5	15.6
30-35	7.4	2.0	6.3
36-40	2.4	2.3	2.4
42-45	2.0	0.0	1.6
46-50	1.4	0.3	1.2
51-55	0.6	0.1	0.5
Total	99.8	100.0	100.0

Source: A.E. Okoroafor and E.C. Iwuji, "Urbanization and Nigerian Economic Development"; paper presented at the Annual Conference of the Nigerian Economic Society, Kaduna, September, 1977, p. 4.

sector, on the other hand, increased its relative share of the labor force from just more than 30 percent in 1970 to 42 percent in 1985. On closer observation, one can easily see that small-scale establishments were the most important sources of employment in the nonagricultural sector. They accounted for at least 80 percent of the employment in this sector between 1970 and 1985.

It must be noted that the data shown for unemployment gap defined as the difference between the number of people in the labor force and those gainfully employed was misleading. As can be observed from the table under reference, it indicated that the level of unemployment declined from 7.8 percent in 1970 to 4.0 percent in 1985. This could not have been correct given that the last time Nigeria had an acceptable census data was in 1960 and that population statistics ever since then have been based on estimates.

Venezuela did not present a different picture. According to the International Labor Organization, unemployment in Venezuela rose from 6.3 percent in 1968 to 6.4 percent in 1973 and even declined to 4.8 percent in 1978. That was essentially helped by the oil boom which started to falter in the early 1980s and the rate of unemployment jumped from 7.1 percent in 1982 to 13.4 percent in 1984. Correspondingly, employment in the agricultural sector declined from 19.5

TABLE 39
The Labor Market

Category	1970		1975	
	No (Million)	%	No (Million)	%
Labour Force	26.080	---	29.22	---
Unemployment Gap	2.030	7.8	1.31	4.5
Gainful Occupation	24.054	---	27.91	---
Agriculture	16.790	69.8	17.86	64.0
Non-Agriculture	7.264	30.2	10.05	36.0
Medium/Large Scale	0.695	9.6	1.40	14.2
Small Scale	6.569	90.4	8.45	85.8
Wage Employment by Sector	1.389	5.8	2.18	7.8
Agriculture	0.170	12.2	0.21	9.5
Large/Medium	---	---	0.10	47.6
Small Scale	---	---	0.11	52.4
Non-Agriculture	1.215	87.8	1.97	90.5
Large/Medium	---	---	1.40	71.1
Small Scale	---	---	0.57	28.9
Self Account, Unpaid housewasher & Apprentices	22.669	94.2	25.73	92.2
Agriculture	16.620	73.3	17.83	69.3
Non-Agriculture	6.049	26.7	7.90	30.7

TABLE 39 (cont.)

Category	1980		1985	
	No (Million)	%	No (Million)	%
Labour Force	32.20	---	36.08	---
Unemployment Gap	1.40	4.4	1.48	4.0
Gainful Occupation	30.30	---	34.60	---
Agriculture	18.48	60.0	20.07	58.0
Non-Agriculture	12.32	40.0	14.53	42.0
Medium/Large Scale	2.25	18.3	2.9	20.0
Small Scale	10.07	81.7	12.28	80.0
Wage Employment by Sector	3.0	9.7	3.75	10.8
Agriculture	0.26	8.7	0.30	8.0
Large/Medium	0.12	46.2	0.14	46.7
Small Scale	0.14	53.8	0.16	53.3
Non-Agriculture	2.74	91.3	3.45	92.0
Large/Medium	2.01	73.4	2.55	74.0
Small Scale	0.73	26.6	0.90	26.0
Self Account, Unpaid Housewasher & Apprentices	27.80	90.3	30.85	89.2
Agriculture	18.30	66.0	19.13	62.0
Non-Agriculture	9.50	34.0	11.72	38.0

Source: 'Tayo Lambo, Nigerian Economy; A Textbook of Applied Economics, Evans Brothers (Nig. Publishers) Limited, 1987, Pp. 268.

percent of total available labor force in 1973 to 13.4 percent in 1984.

A striking similarity between Nigeria and Venezuela was in the make up of the unemployed and the difficulties imposed on existing urban facilities by the influx of employment seekers from the rural areas. Those need not be repeated in the context of this text, since one can reasonably conclude that the problems of developing countries seemed to stem from a common base of poverty and deprivation. These two factors underlined the need for migration to urban areas in search of employment, especially in developing countries where the hydrocarbon sector had been of significance.

Nigeria's Income Distribution Pattern

One of the major goals of diversification of the industrial base was to achieve a fair distribution of income across sectors and ensure an improvement in living standard. This had to be accomplished with minimum shortfalls caused by large differentials that arose from the specifics of a sector of employment or the location of the employment.

As illustrated in Table 40, real minimum wages in Nigeria fell (1980 = 100) from a high of 148 in 1981 to 79 in 1985. This represented an across-the-board loss of 46.62 percent in just five years and suggested a disappointing and difficult economic performance. It can be assumed that most of the loss in wages came from small-scale establishments,

noting that they constituted the highest employers and were essentially cottage firms with the least resistance to adverse economic times.

Table 39 presented some very interesting data on income distribution in Nigeria. As can be observed, the proportion of wage earners grew from 5.8 percent of 24.054 million gainfully employed people in 1970 to only 10.8 percent in 1985. This implied that most of the working population were self-employed or unpaid houseworkers and apprentices. Their proportion fell from 94.2 percent in 1970 to 89.2 percent in 1985. Most of the self employed were in the agricultural sector. The proportion of people in the sector fell from 73.3 percent in 1970 to 62 percent in 1985.

For those in the nonagricultural sector, their proportion rose from 26.7 percent in 1970 to 38 percent in 1985, indicating the slow but steady growth of entrepreneurship and self employment. Another important component was the growth of the proportion of large and medium-scale workers in the nonagricultural sector. The large/medium nonagricultural sector grew from 71.1 percent in 1975 to 74 percent in 1985, posting a growth rate of about 3 percentage points.

An analysis of the sharp fluctuation of the per capita revenue of Nigerians during the period covered by this study would enable us to understand the seriousness of the

TABLE 40
Real Minimum Wages for Nigeria

'80	'81	'82	'83	'84	'85	'86	'87	'88	'90
100	148	138	115	81	79	na	na	na	na

Source: International Labor Organization, (ILO), Governing Body Committee on Employment: Wages, Labor cost and their impact on adjustment employment and growth. ILO. Geneva, Nov. 1990.

situation. In addition, it would also enable us overcome the problems presented by the unavailability of data covering urban and rural income profiles that would have enabled us to understand the trend in income distribution. Nigeria's per capita revenue rose from \$219.07 in 1971, to a high of \$1120 in 1982, but quickly dropped to \$250 in 1989, posting a 77.68 percent decline during a 7-year period.

This confirmed an earlier observation by the International Labor Organization, as shown in Table 40, that pointed to the precipitous decline of income in Nigeria. Venezuela, on the other hand, did not lose as much ground as Nigeria did, even though its per capita income declined substantially too. Available data indicated that at its peak in 1980, Venezuela's per capita revenue was \$4070. This declined to \$2450 in 1989, a drop of 39.8 percent, but still substantially high when compared to that of Nigeria.

An important observation made here was the huge difference in population between the two countries. World Bank estimates for Nigeria in 1990 stood at approximately 108 million people, while Venezuela was at 19.25 million. These figures obviously affected the growth of per capita revenue and tended to emphasize the disadvantage of an uncontrolled population growth rate.

In conclusion, it must be recognized that regardless of increases in population, income distribution in Nigeria and Venezuela varied widely. Those variations arose from the broad differences between earnings in the agricultural sector and the major industrial sectors. In other words, there were wide margins in income between rural farmers and their employed urban counterparts. In general, those margins were always in favor of employed urban residents, who retained the edge over their rural counterparts.

CHAPTER VIII

CONCLUSION

Summary of Findings

The purpose of the study was to examine the impact of Nigeria's choice of the leading sector approach for achieving economic development over the 1971 to 1990 period. This was to be achieved by comparison between the development methods proposed by the leading sector approach to economic development used by Nigeria and the balanced growth method used by Venezuela.

These two countries, as stated earlier, are OPEC member states, reasonably equal in their development standards prior to the 1974 increases in the price of the world's energy market for crude oil, and its consequent effect on the financial strength of the members of OPEC. Nigeria, prior to 1974, had demonstrated the ability to pursue a carefully directed plan of development based on encouraging the growth of all sectors of the economy. This fact earned her a place in the list of the world's major export producers of agricultural products. She continued to hold on to the principles of balanced growth development in all sectors of the economy until the Middle East crisis of 1974. Following

that event, OPEC appeared on the scene as a uniting force that bound together most of the major oil producing countries, clearing the way for huge foreign exchange revenue receipts from the petroleum industry. Crude oil, therefore, became the principal foreign exchange earner, and Nigeria switched its development approach from the balanced growth method to dependence on the hydrocarbon sector and the leading sector approach to economic development. By doing so, Nigeria intended to bring about an accelerated transformation of the fragile economic structure inherited from the colonial period. Its intent was to overcome the bottleneck imposed by the scarcity of foreign exchange, usually earned by the sale of agricultural products, and rationed out to the various economic sectors. The rapid build-up of a strongly integrated industrial base around the hydrocarbon sector was viewed as the best way to foster diversified economic, social and political growth. This approach was to facilitate the achievement of economic independence and the improvement of living standards.

Nigeria's Third Development Plan that began in 1975 envisaged that the oil sector would primarily serve as a base for restructuring the Nigerian economy through backward linkages and later through forward linkages as the industrial sector developed. It also looked up to the oil sector to provide the necessary financing for the development of other

sectors through increased export earnings. An analysis of this strategy showed that revenue from the oil sector was used to set up an industrial sector with several major attainments:

1. Estimates of GDP at 1977-78 factor cost grew from a level of about 27,365 million naira in 1975-76 to 35,196 million naira in 1979-80. This represented an average growth rate of about 5 percent per year.

2. The fastest growing sector over the plan period was manufacturing which recorded an average growth rate of 18.1 percent per year. Agriculture recorded a negative growth rate of -2.1 percent as against the projected 5 percent increase.

3. Structurally, agriculture, mining, and manufacturing were projected to account for 22.6 percent, 44.2 percent and 5.5 percent, respectively, of the constant price GDP in 1975-76. However, actual estimates indicated that the shares of these sectors were 27.3, 22.5, and 5.6 percent, respectively, during the year.

The main reason for this unexpected distribution pattern was traced to the decline experienced by the oil sector between the last quarter of 1976 and the end of 1978.

4. The Plan initially envisaged that the gross capital formation would rise from 3.5 million naira in 1975-76 to 9.08 million in 1979-80, and also that a total of 30 billion naira would be invested over the 5-year-plan period. Available information showed, however, that these figures were exceeded.

In all, total capital formation for the plan period amounted to more than 42 billion naira.

Dependence on the oil sector soon brought problems of enormous proportions. The manufacturing sector was doing relatively well as the exodus of rural farm labor reached its peak. Employment across the various economic sectors, except agriculture, were at their highest, while the agricultural sector that was teetering on the verge of collapse due to neglect and the change of policy by the government eventually gave way as the tempo of food importation escalated.

There were other plausible, although, important reasons why the agricultural sector fared very poorly. The first was identified by Moyart as the psychological resistance¹¹⁵ exhibited by Nigerian investors toward new investments in agriculture. His review discussed the trade spirit as the first mental barrier towards new investments in agriculture. By that he meant that it was much easier to make large and quick profits on trade rather than on agriculture. The expression "quick money" was very symptomatic of this phenomenon, and the situation was considerably aggravated by the oil boom of 1973 when large profits were made easily by entrepreneurs who simply bought and sold imported goods. It

¹¹⁵M. G. Moyart, "An approach to the Problems of Nigerian Agriculture", in The Development of Nigerian Agriculture, Proceedings of a Symposium Sponsored by Societe Generale Bank (Nig) Limited, edited by Adeniyi Osutogun, Lagos: Philippie Chasse and Rex Ugorji, 1982, pp.12-14.

was, therefore, logical that people resisted investing in agriculture which, by its nature, yielded a relatively slow return on investment over an extended period of time.

The second reason was the acquired consumer stereotyped food habits. The need to change from the consumption of traditional Nigerian food toward import-generating foods and drinks increased in importance during the 1974-90 period and impressed on Nigerian minds new eating habits which had an adverse effect on the balance of trade. The final reason was described as the lack of respect for the farmer and the overinvolvement of government in the agricultural sector leading to the withdrawal of investment capital by entrepreneurs fearing excessive government regulation.

As the above factors interplayed, population problems intensified because of the excessive flow of wealth from surplus government coffers, and the availability of lavish government programs that gave the indication that the good times were indeed there to stay. The dominance of the oil sector spurred a host of other related problems that eventually frustrated the development efforts of Nigeria. In fact, Nigeria's total dependence on a nonrenewable resource became evident when the flow of financial resources from the sale of crude oil was reduced later in the 1980s. Its problems became manifest in the form of huge external debt and negative balance of payments which quickly was felt in Nigeria

as austere economic times when the government tightened its belt.

In turn, the undesirable changes forced upon Nigeria by the resultant shortfalls in foreign exchange resulted in substantial economic and social imbalances which adversely affected the overall performance of the country. This is not to say that Nigeria did not make enormous strides with the bounty from the petroleum sector. Evidence abounds that indicated that for whatever it was worth, Nigeria benefitted immensely from the change of development policy from the balanced growth method to the leading sector approach which they chose to adopt in 1974 in response to the changes of the world's energy market.

In the bid to maximize benefits, the agricultural sector became an eventual loser, although it must be noted that its slide did not begin with the adoption of the new development policy. Within this context, and evaluating Nigeria's performance with Venezuela, one can ask whether Nigeria would have been better off without the hydrocarbon sector as the leading sector in the economy. The response would not have been far-fetched. It would simply be that it would have been difficult even to contemplate development of any kind without the support provided by the hydrocarbon sector. The march would have been excruciatingly slow and

tedious and even worse should have been the level of foreign indebtedness.

Nigeria made mistakes that were principally administrative that may have emanated from lack of quality experience, directed planning, or a thorough understanding of the development process. Those mistakes may be defined as the inability to make forward linking decisions that meant the aggressive pursuit of a diversification program as the hydrocarbon sector led the way with huge foreign exchange receipts. Venezuela, on the other hand, made the same mistakes because they also failed fully to encourage the simultaneous growth of all sectors of their economy, even though their development approach was firmly defined around the balanced sector approach. The above conclusion agreed with Hirschman's observation stated earlier in the text, as a limitation faced by developing countries:

Our diagnosis is simply that countries fail to take advantage of their development potential because, for reasons largely related to their image of change, they find it difficult to take decisions needed for development in the required number and at required speed.¹¹⁶

What happened in both Nigeria and Venezuela could be described as a "leap of faith," undertaken for the best interest of both countries without the necessary knowledge and experience on how to get best results. The intended outcome,

¹¹⁶Hirschman, The Strategy of Economic Development, p. 25.

although reasonably successful, was tempered by the vagaries generally associated with the lack of directed change, which in turn, created more difficulties for the respective countries.

It may be worthwhile to view the lack of attention to all the economic sectors, especially agriculture, as an underestimation of the consequences of unbalanced growth from the standpoint of adequate food supplies and the maintenance of suitable nutritional levels. On the other hand, even the balanced growth approach adopted by Venezuela did not give adequate attention to agriculture. All of this may lead one to conclude that the adoption of either one of the two approaches to economic development did not make much difference after all.

For developing countries such as Nigeria and Venezuela, the failure to capture fully the benefits of capital provided by the hydrocarbon sector may also be attributed to a host of other factors, some of which were discussed here, and the lack of experience in pursuing successful economic development programs may have led to an unpleasant learning curve. An exhaustive study of the weighted contribution of these factors as relevant to Nigeria, could certainly be the subject of another study. There is no doubt that Nigeria and Venezuela constitutes another example of an economic development venture

that stumbled because of inadequate planning, lack of directed change, experience and so forth.

Science generally requires a clear-cut conclusion based on a thoughtful analysis and interpretation of the data used for a study. Given the above, a suitable conclusion to this study should be one based only on the performance of the Nigerian economy over the period of the study. Therefore, based on the data presented, one can arguably conclude that Nigeria scored reasonably well in economic development, considering where it started, although not on the level it would have if it had the benefit of directed planning and experience. An example is the agricultural sector which grew at 2-4 percentage points from 1971 to 1990. If the planning process had been directed with appropriate projections for high population growth rates resulting from the economic boom, investment in the agricultural sector would have kept pace with demand for food, thereby offsetting the high food import bills while maintaining a healthy balance of payments and a viable agricultural sector. That would have meant a higher growth rate of about 6-8 percentage points for the agricultural sector. The above observation also recognized that Venezuela did not present a better picture than Nigeria with respect to the food situation and the agricultural sector and that the same recommendation would apply.

My conclusion based on the analysis conducted in Chapter VII is that it did not matter what theoretical construct was adopted to address economic development needs. The failure to achieve satisfactory economic development as related to Nigeria and Venezuela was mostly defined by the lack of directed implementation of their economic policies. This was borne out by the fact that neither country achieved its desired goal of a diversified economic base during the period covered by the study.

Development Prospects for Nigeria

Today, Nigeria's development prospects are highly dependent on its ability to restore the role of agriculture as the sector of prime importance. In doing so, it will overcome the enormous food import bills that have served to deplete her foreign exchange reserves. It also should attempt to reverse the tide of urban migration that became the order of the day since crude oil became the principal foreign exchange earner. One plausible approach will be to review its practise of locating industries and manufacturing centers in urban areas. The need for Nigeria to diversify its export base is essential to its economic success for a variety of reasons among which are, first, it will mitigate the risk of external vulnerability to foreign exchange fluctuations; and second, it will remove the dependency on the oil sector and the negative effects of the unstable world energy market.

Implementing these recommendations will restore equitable resource allocation to all the sectors of the economy and ensure that the economic system will be able to absorb an ever growing and younger population. It will also restore social equity among the various sections of the society and across economic sectors.

Policy Recommendations

Among the several relevant policy changes that need to be made are the following:

1. Reorientation of the investment program with greater emphasis on agriculture.
2. Diversification of exports and reduction in the dependency on the hydrocarbon sector to earn foreign exchange to finance food imports.
3. Allocation of scarce resources through a realistic and meaningful method that will assure equity between the various economic sectors.
4. Creation of appropriate conditions that will enhance efficiency in both the manufacturing and industrial sectors.
5. Reduction in the level of foreign debt.
6. Slowing down of the demographic movement to urban areas.
7. Introduction of fiscal policies that will increase productivity and assure the elimination of sectoral inequalities.
8. A cessation of the present import oriented policy with the aim of curbing preference to imported food and consumer goods.

The above policy changes will sharpen the focus of the Nigerian economic development approach and ensure the realization of the desired benefits resulting from capital made available by the hydrocarbon sector.

RECOMMENDATION FOR FURTHER RESEARCH

This study focused on the use of some economic indicators to measure the success of economic development between Nigeria and Venezuela that essentially adopted different economic development approaches. In the process of conducting the study, it became evident that several other factors outside its scope may have also played significant roles.

To facilitate a better understanding of the success of economic development programs in underdeveloped countries, it is recommended that the effect of the following be considered in future studies:

- policy formation methods at the cabinet level and the difficulties of implementation at the lower levels of government

- revenue allocation policies that tend to guide sectoral growth of the economy

- the effect of corruption on the economic development process

- the effect of low absorptive capacities of the economies of underdeveloped countries on the overall development process.

APPENDICES

APPENDIX
SOURCES OF DATA

- UN Year Book of National Account Statistics, various issues.
- The African Bank, African Development Report 1993
- UN Survey of Economic and Social Conditions in Africa, 1985-1989.
- World Bank Tables, various issues.
- IMF International Financial Statistics, various issues.
- IMF World Debt Tables, various issues.
- The World Bank - African Development Indicators 1992.
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- United Nations Development Program. The World Bank, African Economic and Financial Data, September 1989.
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APPENDIX A1

NIGERIA
GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN AT CURRENT PRICES
MILLIONS OF NAIRA (1971-1990)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Agriculture, Hunting, Forestry & Fishing	2495	3004.4	3138.6	4588.2	5354.7	6121.8	7305.3	8053.9	9025.9	8831.6
Mining & Quarrying Incl. Hydrocarbons	541	1224.6	2020.6	6087.3	4668.4	6797.3	7905.0	8415.5	11339.5	15072.4
Electricity, Gas & Water	38	48.4	54.2	54.0	63.4	76.0	98.7	127.9	161.2	204.3
Manufacturing	378	511.5	662.4	661.1	1170.4	1464.3	1555.0	1785.0	2037.1	2354.4
Construction	305	548.4	1123.2	1315.7	1814.6	2605.8	2990.8	3077.2	3192.3	3671.2
SUBTOTAL Industry	1262	2332.9	3860.4	8118.1	7716.8	10943.4	12549.5	13405.6	16730.1	21302.3
Transportation, Storage & Communications	147	223.7	444.9	511.2	673.5	852.2	1039.2	1211.1	1447.0	1762.6
Wholesale & Retail Trade, Restaurants & Hotels	674	804.4	2229.6	3056.8	4378.6	5564.8	6838.5	7104.1	8821.4	9722.9
Non-Government Services	221	273.8	932.9	1125.9	1480.5	1681.1	1874.2	2042.1	2211.7	2393
SUBTOTAL Services	1042	1028.1	3607.4	4693.9	6532.6	8098.1	9751.9	10357.3	12480.1	13878.5
Total Value Added (excl. Govt. Services)										
Gross Domestic Production	4799	6365.4	10606.4	17400.2	19604.1	25163.3	29606.7	31816.8	38236.1	44012.4
PLUS										
Government Services	822	1064	872	1114.8	1603.2	1828.4	2044.3	2044.3	2276.5	2543.4
EQUALS										
Gross Domestic Product	5621	7429.4	11478.4	18515	21207.3	26991.7	31651	33861.1	40512.6	46555.8

APPENDIX A1 (cont..)

NIGERIA
GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN AT CURRENT PRICES
MILLIONS OF NAIRA (1971-1990)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Agriculture, Hunting, Forestry & Fishing	13580	15906	18837	23799	26625	27887	39204	57924	69713	84345
Mining & Quarrying Incl. Hydrocarbons	12400	9294	8451	10155	12539	10071	25709	30243	79379	86854
Electricity, Gas & Water	310	483	544	515	519	467	496	547	1067	1178
Manufacturing	2648	4925	5612	4926	6238	6296	7224	10727	11775	14297
Construction	4002	2488	2256	1906	1532	1920	2175	2467	3854	4351
SUBTOTAL Industry	19360	17190	16863	17502	20828	18754	35604	43984	96075	106680
Transportation, Storage & Communications	2129	2771	2712	2897	3904	4061	4325	4655	4923	5662
Wholesale & Retail Trade, Restaurants & Hotels	10565	7017	8721	9089	9661	9980	15306	21243	32890	36390
Non-Government Services	2560	4319	4694	5113	5515	6419	7128	8457	11868	16844
SUBTOTAL Services	15254	14107	16127	17099	19080	20460	26759	34355	49681	58896
Total Value Added (excl. Govt. Services)										
Gross Domestic Production	48194	47203	51827	58400	66533	67101	101567	136263	215469	249921
PLUS										
Government Services	4167	4505	5316	5208	5823	5961	7316	8979	9326	10717
EQUALS										
Gross Domestic Product	52361	51708	57143	63608	72356	73062	108883	145242	224795	260638

APPENDIX A2

NIGERIA
GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN AT CURRENT PRICES
MILLIONS OF NAIRA (1971-1990)

SIMPLE ANNUAL GROWTH RATES (%)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Agriculture, Hunting, Forestry & Fishing	16.95	4.28	31.59	14.31	12.53	16.20	9.29	10.77	(2.15)	
Mining & Quarrying Incl. Hydrocarbons	55.85	39.39	66.81	(23.31)	31.32	14.01	6.07	25.79	24.77	
Electricity, Gas & Water	21.49	10.70	(0.37)	14.83	16.58	23.0	22.83	20.66	21.10	
Manufacturing	26.02	22.78	(0.20)	43.52	20.07	5.83	12.89	12.38	13.48	
Construction	44.47	51.18	14.63	27.49	30.36	12.87	2.81	3.61	13.04	
SUBTOTAL Industry	45.90	39.57	52.44	(4.94)	29.48	12.80	6.39	19.87	21.46	
Transportation, Storage & Communications	34.29	49.72	12.97	24.10	20.97	18.0	14.19	16.30	17.91	
Wholesale & Retail Trade, Restaurants & Hotels	16.21	63.92	27.06	30.19	21.32	18.63	3.74	19.47	9.27	
Non-Government Services	19.28	70.65	17.14	23.95	11.93	10.30	8.22	7.67	7.58	
SUBTOTAL Services	(1.33)	71.5	23.15	28.15	19.33	16.96	5.85	17.01	10.08	
Total Value Added (excl. Govt. Services)										
Gross Domestic Production	24.61	39.98	39.04	11.24	22.1	15.00	6.94	16.79	13.12	
PLUS										
Government Services	22.74	(18.04)	21.78	30.46	12.32	10.56	0	10.20	10.49	
EQUALS										
Gross Domestic Product	24.34	35.28	38.00	12.70	21.43	14.72	6.52	16.42	12.98	

APPENDIX A2 (cont.)

NIGERIA
GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN AT CURRENT PRICES
MILLIONS OF NAIRA (1971-1990)

SIMPLE ANNUAL GROWTH RATES (%)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Agriculture, Hunting, Forestry & Fishing	34.97	14.62	15.50	20.84	10.61	4.53	28.86	32.31	16.91	17.35
Mining & Quarrying Incl. Hydrocarbons	(17.73)	(25.04)	(9.07)	16.78	19.01	(19.68)	60.82	14.99	61.90	8.61
Electricity, Gas & Water	34.10	35.81	11.21	(5.33)	0.77	(10.02)	5.85	9.32	48.73	9.42
Manufacturing	11.08	46.23	12.24	(12.22)	21.03	0.92	12.85	32.65	8.90	17.64
Construction	8.27	(37.83)	(9.32)	(15.51)	(19.62)	20.20	11.72	11.83	35.98	11.42
SUBTOTAL Industry	(9.12)	(11.21)	(1.90)	3.65	15.97	(9.96)	47.33	19.05	54.22	9.94
Transportation, Storage & Communications	17.21	23.16	(2.13)	6.38	25.79	3.87	6.10	7.08	5.44	13.05
Wholesale & Retail Trade, Restaurants & Hotels	7.97	(33.58)	19.54	4.05	5.92	3.20	34.79	27.94	35.41	9.61
Non-Government Services	6.52	40.72	7.99	8.19	7.28	14.08	9.95	15.71	28.74	29.54
SUBTOTAL Services	9.02	(7.52)	12.52	5.68	10.38	6.74	23.54	22.11	30.84	15.65
Total Value Added (excl. Govt. Services)										
Gross Domestic Production	8.68	(2.05)	8.92	11.26	12.22	0.85	33.93	25.46	36.76	13.79
PLUS										
Government Services	38.96	7.50	15.26	(2.03)	10.56	2.32	18.52	18.52	3.72	12.98
EQUALS										
Gross Domestic Product	11.09	(1.25)	9.51	10.16	12.09	0.97	32.90	25.03	35.39	13.75

APPENDIX A3

NIGERIA
GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN AT CURRENT PRICES
MILLIONS OF NAIRA (1971-1990)

PERIODIC GROWTH RATE AVERAGES (%)

	1971-75	1976-80	1981-85	1986-90
Agriculture, Hunting, Forestry & Fishing	13.43	11.66	19.32	20.00
Mining & Quarrying Incl. Hydrocarbons	34.69	20.39	(8.03)	31.66
Electricity, Gas & Water	11.66	20.83	19.14	15.83
Manufacturing	23.03	12.93	19.59	14.60
Construction	27.55	12.54	(18.50)	18.23
SUBTOTAL Industry	33.24	18.00	(1.31)	30.15
Transportation, Storage & Communications	24.22	17.47	17.60	7.11
Wholesale & Retail Trade, Restaurants & Hotels	27.48	14.49	0.98	22.19
Non-Government Services	26.20	9.14	14.14	19.60
SUBTOTAL Services	30.37	13.85	7.52	19.78
Total Value Added (excl. Govt. Services)				
Gross Domestic Production	22.97	14.79	9.76	22.16
PLUS				
Government Services	14.24	8.71	17.56	11.21
EQUALS				
Gross Domestic Product	22.06	14.41	10.40	21.61

**GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN AT CURRENT PRICES
NIGERIA
MILLIONS OF NAIRA (1971-1990)**

[illegible]

**GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN AT CURRENT PRICES
MILLIONS OF NAIRA (1971-1990)**

[illegible]

APPENDIX A5

NIGERIA
GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN AT CURRENT PRICES
MILLIONS OF NAIRA (1971-1990)
PERIODIC (5 YEAR) SECTORAL (%) DISTRIBUTION

	1971-75	1976-80	1981-85	1986-90
Agriculture, Hunting, Forestry & Fishing	32.44	22.16	33.58	35.48
Mining & Quarrying Incl. Hydrocarbons	19.72	27.08	17.95	25.37
Electricity, Gas & Water	0.48	0.36	0.80	0.48
Manufacturing	5.69	5.14	8.15	6.67
Construction	7.65	8.79	4.30	1.94
SUBTOTAL Industry	33.54	41.37	31.20	34.46
Transportation, Storage & Communications	3.09	3.48	4.83	3.42
Wholesale & Retail Trade, Restaurants & Hotels	15.14	21.17	15.33	14.19
Non-Government Services	5.76	5.76	7.42	6.58
SUBTOTAL Services	23.99	30.40	27.58	24.19
Total Value Added (excl. Govt. Services)				
Gross Domestic Production	89.90	93.93	91.56	94.14
PLUS				
Government Services	10.10	6.07	8.44	5.86
EQUALS				
Gross Domestic Product	100	100	100	100

APPENDIX B1

VENEZUELA
GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN AT CURRENT PRICES
MILLION VENEZUELAN BOLIVARES (1971-1990)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Agriculture, Hunting, Forestry & Fishing	3714	3905	4578	5651	6974	7445	9270	10137	11940	14436
Mining & Quarrying Incl. Hydrocarbons	9293	10483	15532	36814	30486	31148	32862	30430	45507	62188
Electricity, Gas & Water	845	949	1041	1193	1407	1540	1829	2124	2499	2579
Manufacturing	8319	10003	12019	20184	18851	22750	24794	26544	34743	41197
Construction	2084	3092	3819	4449	6201	8273	11488	14316	14753	14479
SUBTOTAL Industry	20541	24527	32411	62640	56945	63711	70973	73414	97502	120443
Transportation, Storage & Communications	5458	6774	7363	8676	11063	13599	17130	21923	23452	25184
Wholesale & Retail Trade, Restaurants & Hotels	5625	6275	6960	8532	11205	13737	15780	17461	19192	20834
Non-Government Services	9745	12152	13729	16003	19795	22870	27382	30811	35546	47462
SUBTOTAL Services	20828	25201	28052	33211	42063	50206	60292	70195	78190	93480
Total Value Added (excl. Govt. Services)										
Gross Domestic Production	45083	53633	65041	101502	105982	121362	140535	153746	187632	228359
PLUS										
Government Services	6942	7869	8212	10732	12116	13742	15171	15314	20105	25842
EQUALS										
Gross Domestic Product	52025	61502	73253	112234	118098	135104	155706	169060	207737	254201

APPENDIX B1 (cont.)

VENEZUELA
GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN AT CURRENT PRICES
MILLION VENEZUELAN BOLIVARES (1971-1990)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Agriculture, Hunting, Forestry & Fishing	16413	17676	19536	23886	26927	32454	42574	57881	92044	125279
Mining & Quarrying Incl. Hydrocarbons	66944	54389	46922	69662	62810	44373	83273	95805	271136	533381
Electricity, Gas & Water	3977	4900	5398	5773	6907	7627	10822	12867	22622	36836
Manufacturing	43089	46784	49293	67675	101796	113812	143315	179412	314339	457211
Construction	15683	15657	14317	10335	28119	32447	44641	62238	71060	102207
SUBTOTAL Industry	129693	121730	115930	153445	199632	198259	282051	350322	679157	1129635
Transportation, Storage & Communications	30769	35631	33266	37725	24673	30557	40187	51358	73285	105970
Wholesale & Retail Trade, Restaurants & Hotels	23245	25704	33339	38292	73860	87366	124012	170859	275780	388294
Non-Government Services	57258	61119	63241	71196	81735	95425	125815	166232	244286	353280
SUBTOTAL Services	111272	122454	129846	147213	180268	213348	290014	388449	593351	847544
Total Value Added (excl. Govt. Services)										
Gross Domestic Production	257378	261860	265312	324544	406827	444061	614639	796652	1364552	2102458
PLUS										
Government Services	27830	29408	25180	37304	57914	45111	81782	76631	145809	161581
EQUALS										
Gross Domestic Product	285208	291268	290492	361848	464741	489172	696421	873283	1510361	2264039

APPENDIX B2

VENEZUELA
GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN AT CURRENT PRICES
MILLION VENEZUELAN BOLIVARES (1971-1990)

SIMPLE ANNUAL GROWTH RATES (%)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Agriculture, Hunting, Forestry & Fishing		4.89	14.70	19.00	18.97	6.33	19.69	8.55	15.10	17.29
Mining & Quarrying Incl. Hydrocarbons		11.35	32.51	57.81	(17.19)	2.13	5.22	(7.40)	33.13	26.82
Electricity, Gas & Water		10.96	8.84	12.74	15.21	8.64	15.80	13.89	15.01	3.10
Manufacturing		16.83	16.77	40.45	(6.60)	17.14	8.24	6.59	23.60	15.67
Construction		32.60	19.04	14.16	28.25	25.05	27.98	19.75	2.96	(1.86)
SUBTOTAL Industry		16.25	24.33	48.26	(9.09)	10.62	10.23	3.32	24.71	19.05
Transportation, Storage & Communications		19.43	8.00	15.13	21.58	18.65	20.61	21.86	6.52	6.88
Wholesale & Retail Trade, Restaurants & Hotels		10.36	9.84	18.42	23.86	18.43	12.95	9.63	9.02	7.88
Non-Government Services		19.80	11.49	14.21	19.16	13.44	16.47	11.13	13.32	25.10
SUBTOTAL Services		17.35	10.16	15.53	21.04	16.22	16.72	14.11	10.22	16.36
Total Value Added (excl. Govt. Services)										
Gross Domestic Production		15.94	17.54	35.92	4.23	12.67	13.64	8.59	18.06	17.83
PLUS										
Government Services		11.78	4.18	23.48	11.42	11.83	9.42	0.93	23.83	22.20
EQUALS										
Gross Domestic Product		15.41	16.04	34.73	4.97	12.59	13.23	7.90	18.62	18.28

APPENDIX B2 (cont.)

VENEZUELA
GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN AT CURRENT PRICES
MILLION VENEZUELAN BOLIVARES (1971-1990)

SIMPLE ANNUAL GROWTH RATES (%)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Agriculture, Hunting, Forestry & Fishing	12.04	7.15	9.52	18.21	11.29	17.04	23.77	26.45	37.11	26.53
Mining & Quarrying Incl. Hydrocarbons	7.10	(18.75)	(13.72)	32.64	(9.83)	(29.35)	46.71	13.08	64.66	49.17
Electricity, Gas & Water	35.15	18.84	9.22	6.49	16.41	9.44	29.52	15.89	43.12	38.58
Manufacturing	4.39	7.89	5.08	27.16	33.51	10.55	20.58	20.11	42.92	31.24
Construction	7.67	(0.16)	(8.56)	(27.81)	63.25	13.33	27.31	28.27	12.41	30.47
SUBTOTAL Industry	7.13	(6.13)	(4.76)	24.44	23.13	(0.68)	29.70	19.48	48.41	39.88
Transportation, Storage & Communications	18.15	13.64	(6.64)	11.82	(34.59)	19.25	23.96	21.75	29.92	30.84
Wholesale & Retail Trade, Restaurants & Hotels	10.37	9.57	22.90	12.93	48.15	15.46	29.55	27.42	38.04	28.98
Non-Government Services	17.10	6.32	3.35	11.17	12.89	14.34	24.15	24.31	31.95	30.85
SUBTOTAL Services	15.99	9.13	5.69	11.80	18.34	15.51	26.43	25.34	34.53	30.00
Total Value Added (excl. Govt. Services)										
Gross Domestic Production	11.27	1.71	1.30	18.25	20.22	8.38	27.75	22.84	41.62	35.09
PLUS										
Government Services	7.14	5.36	(14.37)	32.50	35.59	(22.10)	44.83	(6.29)	47.44	9.76
EQUALS										
Gross Domestic Product	10.87	2.08	(0.27)	19.72	22.13	4.99	29.76	20.25	42.18	33.29

APPENDIX B3

VENEZUELA
GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN AT CURRENT PRICES
MILLION VENEZUELAN BOLIVARES (1971-1990)

SECTORAL DISTRIBUTION (%)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Agriculture, Hunting, Forestry & Fishing	7.14	6.35	6.25	5.04	5.91	5.51	5.95	6.00	5.75	5.68
Mining & Quarrying Incl. Hydrocarbons	17.86	17.04	21.20	32.80	25.81	23.05	21.11	18.00	21.91	24.46
Electricity, Gas & Water	1.62	1.54	1.42	1.06	1.19	1.14	1.17	1.26	1.20	1.01
Manufacturing	16.00	16.26	16.41	17.98	15.96	16.84	15.92	15.70	16.72	16.21
Construction	4.00	5.03	5.21	3.96	5.25	6.12	7.38	8.47	7.10	5.70
SUBTOTAL Industry	39.48	39.88	44.24	55.81	48.22	47.16	45.58	43.42	46.94	47.38
Transportation, Storage & Communications	10.49	11.01	10.05	7.73	9.37	10.07	11.00	12.97	11.29	9.91
Wholesale & Retail Trade, Restaurants & Hotels	10.81	10.20	9.50	7.60	9.49	10.17	10.13	10.33	9.24	8.20
Non-Government Services	18.73	19.76	18.74	14.26	16.76	16.93	17.59	18.22	17.11	18.67
SUBTOTAL Services	40.03	40.98	38.29	29.59	35.62	37.16	38.72	41.52	37.64	36.77
Total Value Added (excl. Govt. Services)										
Gross Domestic Production	86.66	87.20	88.79	90.44	89.74	89.83	90.26	90.94	90.32	89.83
PLUS										
Government Services	13.34	12.80	11.21	9.56	10.26	10.17	9.74	9.06	9.68	10.17
EQUALS										
Gross Domestic Product	100	100	100	100	100	100	100	100	100	100

VENEZUELA
GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN AT CURRENT PRICES
MILLION VENEZUELAN BOLIVARES (1971-1990)

[illegible]

APPENDIX B4

VENEZUELA
GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN AT CURRENT PRICES
MILLION VENEZUELAN BOLIVARES (1971-1990)

	<u>PERIODIC GROWTH RATE AVERAGES (%)</u>			
	1971-75	1976-80	1981-85	1986-90
Agriculture, Hunting, Forestry & Fishing	11.51	13.39	11.64	26.18
Mining & Quarrying Incl. Hydrocarbons	21.12	14.98	(2.56)	36.07
Electricity, Gas & Water	9.55	11.29	17.22	27.31
Manufacturing	16.86	14.25	15.61	25.08
Construction	18.81	18.47	17.20	22.36
SUBTOTAL Industry	19.94	13.59	14.60	34.20
Transportation, Storage & Communications	12.83	14.90	0.79	25.14
Wholesale & Retail Trade, Restaurants & Hotels	12.50	11.58	20.78	27.89
Non-Government Services	12.93	15.89	10.17	25.12
SUBTOTAL Services	12.82	14.73	12.19	26.36
Total Value Added (excl. Govt. Services)				
Gross Domestic Production	14.73	14.16	10.55	27.14
PLUS				
Government Services	10.17	13.64	16.56	24.55
EQUALS				
Gross Domestic Product	14.23	14.12	13.63	26.09

APPENDIX 85

VENEZUELA
GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN AT CURRENT PRICES
MILLION VENEZUELAN BOLIVARES (1971-1990)

	PERIODIC (5 YEAR) SECTORAL (%) DISTRIBUTION				
	1971-75	1976-80	1981-85	1986-90	
Agriculture, Hunting, Forestry & Fishing	6.14	5.78	6.31	6.20	
Mining & Quarrying Incl. Hydrocarbons	22.94	21.71	18.70	14.70	
Electricity, Gas & Water	1.37	1.16	1.63	1.54	
Manufacturing	16.52	16.28	18.06	21.08	
Construction	4.69	6.95	5.06	5.88	
SUBTOTAL Industry	45.53	46.10	43.46	43.20	
Transportation, Storage & Communications	9.73	11.05	10.27	5.49	
Wholesale & Retail Trade, Restaurants & Hotels	9.52	9.61	11.15	18.13	
Non-Government Services	17.65	17.70	20.44	17.68	
SUBTOTAL Services	36.90	38.36	41.85	41.29	
Total Value Added (excl. Govt. Services)					
Gross Domestic Production	88.57	90.24	89.74	90.69	
PLUS					
Government Services	11.43	9.76	10.26	9.31	
EQUALS					
Gross Domestic Product	100	100	100	100	

APPENDIX C1

NIGERIA SIMPLE GROWTH RATE PERIODIC AVERAGES FOR EXPORTS BY MAJOR GROUPS AND VALUES

	1971-75	1976-80	1981-85	1986-90
Foodstuffs				
Value	(14.00)	8.15	(0.86)	12.97
Raw Materials				
Value	13.95	17.73	(39.37)	(8.84)
Consumer Goods				
Value	32.75	6.12	(1.04)	(17.62)
Capital Goods for Industry				
Value	(1.69)	13.45	(12.96)	17.31
Capital Goods for Agriculture				
Value	-----	-----	-----	-----
Semi-Manufactured Goods				
Value	(9.51)	35.32	-----	-----

APPENDIX C2

NIGERIA
SIMPLE GROWTH RATES FOR EXPORTS
(EXCLUDING CRUDE OIL)
BY MAJOR GROUPS AND VALUES (PERCENTAGES)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Foodstuffs										
Value		(26.48)	39.47	13.56	(54.54)	12.04	7.63	(16.76)	31.15	(9.61)
Raw Materials										
Value		(21.87)	20.62	34.79	(5.64)	12.81	25.18	24.95	15.45	10.27
Consumer Goods										
Value		(12.30)	56.61	45.35	8.60	6.20	9.48	(4.60)	10.62	2.79
Capital Goods for Industry										
Value		-----	(11.68)	11.07	(2.77)	(23.84)	14.4	18.03	(0.98)	32.73
Capital Goods for Agriculture										
Value		-----	-----	-----	-----	-----	-----	-----	-----	-----
Semi-Manufactured Goods										
Value		(5.41)	59.17	(19.03)	(63.25)	51.95	(11.90)	(44.20)	74.79	-----

APPENDIX C2 (cont.)

NIGERIA
SIMPLE GROWTH RATES FOR EXPORTS
(EXCLUDING CRUDE OIL)
BY MAJOR GROUPS AND VALUES (PERCENTAGES)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Foodstuffs										
Value	(31.05)	(32.92)	59.72	(7.94)	9.61	12.10	11.51	20.93	(1.08)	(4.56)
Raw Materials										
Value	(32.63)	23.52	(72.24)	2.09	0.53	25.10	(32.39)	43.64	(54.27)	0.24
Consumer Goods										
Value	16.61	(20.28)	29.21	(18.32)	(10.33)	16.45	(38.62)	43.12	(57.31)	1.13
Capital Goods for Industry										
Value	(27.83)	(27.16)	15.41	3.79	(3.10)	-----	4.11	40.04	14.11	10.98
Capital Goods for Agriculture										
Value	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Semi-Manufactured Goods										
Value	-----	-----	-----	(3.77)	58.87	(5.65)	(55.55)	(55.76)	-----	-----
Total Export Merchandise			32.1	(24.15)	55.58	48.0	(110.94)	91.97	(98.55)	7.79

APPENDIX C3

NIGERIA EXPORTS BY MAJOR GROUPS,
VOLUMES AND VALUES (EXCLUDING CRUDE OIL)
(MILLIONS OF U.S. DOLLARS)
(THOUSANDS OF METRIC TONS)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Foodstuffs										
Value	153.3	112.70	186.20	215.40	97.90	111.30	120.50	100.30	145.70	131.7
Volume	613	518	476.70	384	329	438	299	228	149	243
Raw Materials										
Value	235	183.6	231.3	354.7	334.7	383.80	513.00	683.50	808.40	900.90
Volume	298	262	254	235	216	236	254	271	349	307
Consumer Goods										
Value	52	45.6	105.1	192.3	210.4	224.3	247.8	236.4	264.5	272.1
Volume										
Capital Goods for Industry										
Value	-----	29.1	25.7	28.9	28.1	21.4	25.0	30.5	30.2	44.9
Volume	-----	6.9	5.7	5.3	5.0	3.2	3.0	3.1	2.6	2.7
Capital Goods for Agriculture										
Value	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Volume	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Semi-Manufactured Goods										
Value	25.7	11.8	28.9	23.4	8.6	17.9	15.77	8.8	34.9	0.7
Volume										
Total Export Merchandise	466.0	382.8	577.2	814.7	679.7	758.7	922.07	1059.5	1283.7	1350.30

APPENDIX C3 (cont.)

NIGERIA EXPORTS BY MAJOR GROUPS,
VOLUMES AND VALUES (EXCLUDING CRUDE OIL)
(MILLIONS OF U.S. DOLLARS)
(THOUSANDS OF METRIC TONS)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Foodstuffs										
Value	90.8	60.9	151.2	139.2	154	175.2	198	250.4	247.7	236.4
Volume	175	132	1105	1087	1125	1278	1230	1294	1381	1489
Raw Materials										
Value	606.90	793.50	220.2	224.9	226.1	301.9	204.1	362.2	165.6	166
Volume	156	165								
Consumer Goods										
Value	326.3	260.1	367.4	300.1	269.1	322.1	197.7	347.6	148.4	150.1
Volume										
Capital Goods for Industry										
Value	32.4	23.6	27.9	29.0	28.1	28.0	29.2	48.7	56.7	63.7
Volume	2.4	1.9								
Capital Goods for Agriculture										
Value	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Volume	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Semi-Manufactured Goods										
Value	0.7	0.7	5.3	5.1	12.4	11.7	5.2	2.3	2.1	1.9
Volume										
Total Export Merchandise	1057.1	1138.80	772.0	698.30	689.7	838.90	634.2	1011.2	620.5	618.1

APPENDIX C4

NIGERIA
 SECTORAL DISTRIBUTION AVERAGES FOR IMPORTS IN PERCENTAGE
 BY MAJOR GROUPS AND VALUES
(5 YEAR PERIODIC CYCLES)

	1971-75	1976-80	1981-85	1986-90
Foodstuffs				
Value	20.51	27.86	26.60	-----
Oil & Oil Products				
Value	3.96	5.05	1.59	-----
Raw Materials				
Value	2.03	1.67	1.51	-----
Semi-Manufactured Goods				
Value	24.09	20.81	19.44	-----
Capital Goods for Agriculture				
Value	3.55	3.79	3.83	-----
Capital Goods for Industry				
Value	29.11	31.52	40.87	-----
Consumer Goods				
Value	16.75	16.69	6.47	-----

APPENDIX C5

NIGERIA
PERCENTAGES FOR IMPORTS
BY MAJOR GROUPS AND VALUE

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Foodstuffs										
Value	21.90	20.84	21.89	19.54	18.40	21.62	27.08	23.92	26.93	39.76
Oil & Oil Products										
Value	2.23	2.14	2.35	6.95	6.14	8.56	4.62	3.59	4.00	4.50
Raw Materials										
Value	2.71	1.89	1.70	1.75	2.08	1.75	1.74	1.50	1.67	-----
Semi-Manufactured Goods										
Value	30.38	22.48	23.12	23.89	20.58	19.49	18.06	14.82	18.29	33.39
Capital Goods for Agriculture										
Value	3.38	3.41	2.51	2.02	6.44	5.37	4.61	2.88	2.31	-----
Capital Goods for Industry										
Value	21.79	31.01	32.10	31.47	29.18	24.94	25.39	38.82	36.91	-----
Consumer Goods										
Value	17.61	18.22	16.33	14.39	17.18	18.26	18.50	14.44	9.89	22.35

APPENDIX C5 (cont.)

NIGERIA
PERCENTAGES FOR IMPORTS
BY MAJOR GROUPS AND VALUE

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Foodstuffs										
Value	24.21	22.07	20.56	32.07	34.10	22.45	-----	-----	-----	-----
Oil & Oil Products										
Value	1.97	1.52	0.81	1.95	1.69	0.88	-----	-----	-----	-----
Raw Materials										
Value	1.29	-----	0.95	1.54	2.25	1.24	-----	-----	-----	-----
Semi-Manufactured Goods										
Value	16.23	13.19	11.32	24.97	31.50	29.09	-----	-----	-----	-----
Capital Goods for Agriculture										
Value	4.06	1.78	3.90	3.70	5.69	8.46	-----	-----	-----	-----
Capital Goods for Industry										
Value	39.64	52.80	57.44	32.74	21.71	35.20	-----	-----	-----	-----
Consumer Goods										
Value	12.60	8.63	5.02	3.03	3.06	2.68	-----	-----	-----	-----

APPENDIX C6

NIGERIA
SIMPLE GROWTH RATE PERIODIC AVERAGE FOR IMPORTS
BY MAJOR GROUPS, VALUES AND VOLUME (1971-1990)

	1971-75	1976-80	1981-85	1986-90
Foodstuffs				
Value	27.71	28.56	(12.95)	(12.18)
Volume	8.45	34.57	-----	-----
Oil & Oil Products				
Value	41.42	10.41	(26.89)	-----
Volume	-----	-----	-----	-----
Raw Materials				
Value	30.09	16.99	-----	-----
Volume	31.59	18.63	-----	-----
Semi-Manufactured Goods				
Value	30.50	19.12	(13.74)	-----
Volume	-----	-----	-----	-----
Capital Goods for Agriculture				
Value	37.24	(8.41)	6.46	-----
Volume	35.06	(38.54)	-----	-----
Capital Goods for Industry				
Value	36.02	18.23	(19.95)	-----
Volume	-----	37.13	-----	-----
Consumer Goods				
Value	28.64	18.39	(23.90)	-----
Volume				

NIGERIA
SIMPLE GROWTH RATES FOR IMPORTS
BY MAJOR GROUPS, VALUE AND VOLUME (PERCENTAGES)

[illegible]

APPENDIX C8

NIGERIA

PRINCIPAL IMPORTS BY MAJOR GROUPS,
VALUE AND VOLUME (MILLIONS OF U.S. DOLLARS)
(THOUSANDS OF METRIC TONS)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Foodstuffs										
Value	123052	144558	191916	247754	483543	701756	1157803	1617938	1583700	1918215
Volume	813.49	961.66	1323.41	710.75	999.57	1602.72	1741.03	4159.2	n/a	n/a
Oil & Oil Products										
Value	12524	148.65	20610	88106	161474	277894	197471	243091	234969	217189
Volume	n/a	n/a	n/a	528.56	954.19	1502.04	570.16	n/a	n/a	n/a
Raw Materials										
Value	15255	13112	14896	22209	54708	56778	74257	101560	98411	n/a
Volume	63.07	49.76	45.13	86.38	159.43	165.64	312.39	270.29	n/a	n/a
Semi-Manufactured Goods										
Value	170741	155957	202760	302922	540897	632533	772152	1002340	1075902	1611007
Volume	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Capital Goods for Agriculture										
Value	18973	23659	21981	25605	169128	174324	197211	195278	135867	n/a
Volume	8.24	9.73	11.62	9.05	211.6	53.88	48.98	52.42	n/a	n/a
Capital Goods for Industry										
Value	122484	215173	281411	399145	766804	809392	1085157	2625597	2170756	n/a
Volume	1100.87	n/a	n/a	1156.28	1256.96	1176.80	1467.83	14602.38	n/a	n/a
Consumer Goods										
Value	98960	126374	143145	182474	451536	592695	790658	977256	581380	1078565
Volume	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Merchandise Imports	561989	693698	876719	1268215	2628090	3245372	4274709	6763060	5880985	4824976

APPENDIX C8 (cont.)

NIGERIA
 PRINCIPAL IMPORTS BY MAJOR GROUPS,
 VALUE AND VOLUME (MILLIONS OF U.S. DOLLARS)
 (THOUSANDS OF METRIC TONS)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Foodstuffs										
Value	2954041	2439391	1792448	1103387	1054033	540689	n/a	n/a	n/a	n/a
Volume	3159.03	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Oil & Oil Products										
Value	240093	167454	704461	67142	52213	21121	n/a	n/a	n/a	n/a
Volume	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Raw Materials										
Value	157422	n/a	83046	52924	69517	30089	n/a	n/a	n/a	n/a
Volume	306.27	n/a	287.49	159.77	117.76	49.83	n/a	n/a	n/a	n/a
Semi-Manufactured Goods										
Value	1980600	1458098	986919	858902	973737	700510	n/a	n/a	n/a	n/a
Volume	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Capital Goods for Agriculture										
Value	495432	197220	339956	127313	175756	203662	n/a	n/a	n/a	n/a
Volume	157.64	n/a	n/a	48.04	34.44	38.19	n/a	n/a	n/a	n/a
Capital Goods for Industry										
Value	4837496	5835333	5008638	1126292	671134	847541	n/a	n/a	n/a	n/a
Volume	7054.70	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Consumer Goods										
Value	1538108	954101	437696	104234	94589	64464	n/a	n/a	n/a	n/a
Volume	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Merchandise Imports	12203192	11051597	8719149	3440194	3090979	2408076	n/a	n/a	n/a	n/a

APPENDIX C9

NIGERIA CRUDE OIL EXPORTS AND REVENUE
(1971-1990)

YEAR	Crude Oil Production (Thousand Barrels/day)	Revenue from Oil (Million U.S. \$)	Total Annual Export Revenue (Million U.S. \$)	Oil as Percentage of Revenue (%)
1971	1526.3	1342.25	1821.13	73.7
1972	1816.9	1781.82	2172.73	82.0
1973	2043.7	2869.70	3451.52	83.1
1974	2246.2	8517.46	9198.41	92.6
1975	1777.8	7467.74	7788.71	95.9
1976	2060.3	9834.92	10512.70	93.6
1977	2089.5	11067.19	11923.44	92.8
1978	1916.3	8834.38	9887.50	89.3
1979	2307.0	16176.67	17330.00	93.3
1980	2057.5	24785.45	25816.36	96.0
1981	1436.7	17509.84	18070.49	96.9
1982	1289.7	11944.78	12247.76	97.5
1983	1233.8	10001.39	10420.83	96.0
1984	1418.8	11635.53	11957.89	97.3
1985	1481.7	12197.92	12560.80	97.1
1986	1465.0	6199.26	6702.22	92.5
1987	1242.0	7034.66	7376.06	95.4
1988	1390.0	6141.47	6901.73	89.0
1989	1616.7	7505.73	8265.62	90.8
1990	1804.0	13221.80	14371.00	92.0

APPENDIX D1

VENEZUELA SECTORAL DISTRIBUTION AVERAGES FOR IMPORTS BY MAJOR GROUPS AND VALUE (5 YEAR PERIODIC CYCLES)

	1971-75	1976-80	1981-85	1986-90
Foodstuffs				
Value	21.37	24.93	37.68	64.82
Oil & Oil Products				
Value	0.84	2.10	5.71	15.02
Raw Materials				
Value	-----	-----	-----	-----
Semi-Manufactured Goods				
Value	28.92	27.19	25.92	-----
Capital Goods for Agriculture				
Value	8.87	6.20	4.64	8.95
Capital Goods for Industry				
Value	22.21	19.32	16.02	-----
Consumer Goods				
Value	17.78	20.25	26.87	11.19

APPENDIX D2

VENEZUELA
SIMPLE GROWTH RATE PERIODIC AVERAGES FOR IMPORTS
BY MAJOR GROUPS AND VALUE

	1971-75	1976-80	1981-85	1986-90
Foodstuffs				
Value	27.31	34.20	(13.42)	(5.28)
Oil & Oil Products				
Value	16.40	38.31	1.12	2.92
Raw Materials				
Value	24.94	36.49	1.51	14.19
Semi-Manufactured Goods				
Value	21.13	20.57	15.16	(1.76)
Capital Goods for Agriculture				
Value	31.00	(22.24)	3.06	(26.48)
Capital Goods for Industry				
Value	29.65	4.57	14.78	21.32
Consumer Goods				
Value	27.73	23.21	1.61	3.17

APPENDIX D3

VENEZUELA
PERCENTAGE FOR IMPORTS
BY MAJOR GROUPS AND VALUE

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Foodstuffs										
Value	20.10	19.71	25.86	20.22	20.98	23.17	-----	24.89	24.16	27.50
Oil & Oil Products										
Value	1.17	1.04	0.89	0.49	0.63	0.69	-----	1.54	2.66	3.52
Raw Materials										
Value	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Semi-Manufactured Goods										
Value	30.92	29.66	27.60	31.28	25.15	26.37	-----	24.87	28.85	28.65
Capital Goods for Agriculture										
Value	9.81	10.30	5.82	4.83	13.60	11.55	-----	6.08	3.81	3.37
Capital Goods for Industry										
Value	17.81	17.17	22.59	29.49	23.98	20.31	-----	21.66	19.35	15.96
Consumer Goods										
Value	20.18	22.12	17.24	13.69	15.66	17.91	-----	20.95	21.16	20.98

APPENDIX D3 (cont.)

VENEZUELA
PERCENTAGE FOR IMPORTS
BY MAJOR GROUPS AND VALUE

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Foodstuffs										
Value	33.72	28.19	37.83	49.85	38.82	-----	69.69	71.56	61.03	57.00
Oil & Oil Products										
Value	1.81	1.29	5.36	9.96	10.14	-----	15.06	9.65	16.42	18.95
Raw Materials										
Value	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Semi-Manufactured Goods										
Value	25.28	21.48	31.00	-----	-----	-----	-----	-----	-----	-----
Capital Goods for Agriculture										
Value	4.45	3.34	2.72	3.49	9.20	-----	12.69	16.79	3.60	2.73
Capital Goods for Industry										
Value	14.36	24.53	9.17	-----	-----	-----	-----	-----	-----	-----
Consumer Goods										
Value	20.37	21.15	14.35	36.68	41.81	-----	2.54	1.97	18.92	21.31

APPENDIX D4

VENEZUELA
SIMPLE GROWTH RATES FOR IMPORTS
BY MAJOR GROUPS, VALUE AND VOLUME

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Foodstuffs										
Value	12.14	37.01	27.20	32.90	3.00	-----	-----	42.56	(5.25)	28.09
Volume	24.80	(8.54)	4.07	(1.91)	23.39	-----	-----	17.76	(8.53)	(2.40)
Oil & Oil Products										
Value	2.98	2.89	(1.97)	45.30	2.22	-----	-----	72.46	40.54	38.03
Volume	39.78	(24.33)	(35.00)	42.18	(19.95)	-----	-----	56.00	73.70	2.05
Raw Materials										
Value	-----	13.51	69.42	(33.05)	45.27	1.33	-----	55.75	61.30	18.81
Volume	-----	20.00	63.17	(34.81)	49.21	37.54	-----	12.20	62.58	12.22
Semi-Manufactured Goods										
Value	10.15	11.21	49.78	13.40	(2.12)	-----	-----	34.53	11.71	17.60
Volume	5.11	17.96	8.14	(0.21)	52.64	-----	-----	(6.55)	29.00	12.07
Capital Goods for Agriculture										
Value	17.94	(31.60)	31.33	75.29	(20.73)	-----	-----	(14.75)	(38.85)	7.61
Volume	3.48	(27.96)	16.03	67.00	(8.25)	-----	-----	(33.75)	(40.57)	(11.50)
Capital Goods for Industry										
Value	10.65	37.20	56.39	14.36	(20.91)	-----	-----	42.12	(12.79)	0.72
Volume	12.80	36.73	38.47	(5.22)	28.21	-----	-----	15.43	(31.73)	(1.62)
Consumer Goods										
Value	21.40	(5.66)	28.31	39.14	6.32	-----	-----	47.23	(1.42)	17.49
Volume	15.24	(1.05)	17.04	84.97	8.68	-----	-----	37.90	(1.51)	12.36

APPENDIX D4 (cont.)

VENEZUELA
SIMPLE GROWTH RATES FOR IMPORTS
BY MAJOR GROUPS, VALUE AND VOLUME

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Foodstuffs										
Value	28.76	(4.98)	(35.63)	(21.65)	(20.16)	-----	9.64	39.06	(44.18)	(15.08)
Volume	35.80	4.93	(6.90)	10.18	11.25	-----	4.72	34.01	(42.20)	(38.39)
Oil & Oil Products										
Value	(41.08)	(19.14)	49.96	9.48	4.14	-----	(8.48)	2.30	10.21	4.73
Volume	(9.50)	(26.00)	(22.28)	59.66	(9.82)	-----	6.13	(17.01)	46.19	(5.20)
Raw Materials										
Value	30.52	(6.95)	20.21	(54.11)	14.85	9.94	7.28	34.26	5.26	-----
Volume	15.69	4.13	3.93	41.41	(1.14)	14.75	6.91	1.66	0.34	-----
Semi-Manufactured Goods										
Value	0.97	(3.43)	(30.75)	6.47	72.73	(53.00)	18.13	17.64	11.95	-----
Volume	16.36	(53.19)	(8.64)	46.51	43.23	(4.85)	(4.88)	10.22	(5.01)	-----
Capital Goods for Agriculture										
Value	33.86	(14.78)	(67.37)	(8.59)	63.00	-----	(15.03)	52.71	(85.96)	(31.17)
Volume	31.71	(32.86)	(44.56)	(45.74)	57.06	-----	88.20	(80.81)	(87.23)	(10.42)
Capital Goods for Industry										
Value	2.95	48.49	(82.07)	(32.09)	25.00	0.90	54.41	74.46	(65.81)	-----
Volume	(38.17)	(10.11)	(68.64)	(5.94)	25.00	33.91	57.25	19.21	(30.93)	-----
Consumer Goods										
Value	9.98	15.28	(67.47)	34.23	14.41	-----	(96.26)	19.25	84.13	2.38
Volume	7.79	(33.52)	(49.00)	(3.15)	7.77	-----	(55.53)	9.16	55.45	21.97

APPENDIX D5

VENEZUELA
PRINCIPAL IMPORTS BY MAJOR GROUPS,
VALUE AND VOLUME (MILLIONS OF U.S. DOLLARS)
(THOUSANDS OF METRIC TONS)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Foodstuffs										
Value	133789	152276	241753	332059	494836	510113	n/a	888024	841400	1170147
Volume	1641.14	2182.29	1995.86	2080.58	2040.93	2663.90	n/a	3239.0	2962.57	2891.49
Oil & Oil Products										
Value	7805	8045	8284	8121	14846	15183	n/a	55139	92729	149647
Volume	45.39	75.38	57.04	37.08	64.13	51.33	n/a	116.68	443.58	452.86
Raw Materials										
Value	3.2	3.2	3.7	12.1	8.1	14.8	15.0	33.90	87.60	107.90
Volume	16.10	16.0	20.0	54.30	35.40	69.70	111.60	127.10	339.70	387.0
Semi-Manufactured Goods										
Value	205845	229096	258016	513802	593330	580737	n/a	886977	1004575	1219275
Volume	666.81	702.69	856.54	932.40	930.44	1964.47	n/a	1835.80	2585.47	2940.36
Capital Goods for Agriculture										
Value	65320	79601	54449	79302	320870	254333	n/a	216814	132572	143499
Volume	42.10	43.62	31.42	37.42	113.17	103.83	n/a	68.79	40.88	36.18
Capital Goods for Industry										
Value	118518	132643	211216	484373	565585	447318	n/a	772792	673932	678838
Volume	1127.48	1293.08	2043.86	3321.54	3148.09	4385.29	n/a	5185.45	3539.95	3482.46
Consumer Goods										
Value	134280	170840	161177	224820	369415	394344	n/a	747335	736736	892876
Volume	8.84	10.43	10.31	12.44	82.75	90.62	n/a	145.93	143.72	163.99
Total Merchandise Imports	665560	772504	934898	1642489	2358890	2202042	n/a	3567114	3482031	4254389

APPENDIX D5 (cont.)

VENEZUELA
PRINCIPAL IMPORTS BY MAJOR GROUPS,
VALUE AND VOLUME (MILLIONS OF U.S. DOLLARS)
(THOUSANDS OF METRIC TONS)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Foodstuffs										
Value	1642463	1560614	1004583	787120	628390	n/a	695428	1141077	636978	540928
Volume	4503.66	4737.07	4410.24	4910.02	5332.34	n/a	5806.53	8799.22	5085.61	3133.48
Oil & Oil Products										
Value	88166	71293	142493	157429	164222	n/a	150296	153846	171340	179845
Volume	409.83	303.32	235.74	584.46	527.09	n/a	561.52	465.95	865.96	820.93
Raw Materials										
Value	155.30	144.50	181.10	83.1	97.6	87.9	94.8	144.2	152.20	n/a
Volume	459.0	478.80	1498.40	2557.50	2528.30	2965.9	3186.1	3239.9	3251.10	n/a
Semi-Manufactured Goods										
Value	1231230	1188960	823381	8.8	31.7	14.9	18.2	22.10	25.10	n/a
Volume	3515.44	1645.48	1503.28	28.1	49.5	47.1	44.8	49.90	47.40	n/a
Capital Goods for Agriculture										
Value	216958	184893	60332	55152	149045	n/a	126643	267815	37598	25880
Volume	52.98	35.57	19.72	10.70	24.92	n/a	211.29	40.55	5.18	4.64
Capital Goods for Industry										
Value	699465	1357908	243432	16.5	22.0	22.2	48.7	190.7	65.2	n/a
Volume	2152.87	1935.27	606.79	5.7	7.6	11.5	26.9	33.3	23.0	n/a
Consumer Goods										
Value	991899	1170807	380910	579240	676739	n/a	25302	31334	197388	202210
Volume	177.85	118.22	60.31	58.41	63.33	n/a	28.16	31.00	69.58	89.17
Total Merchandise Imports	4870336.3	5534619.5	2655312.1	1579049.4	1618547.3	125	997830.7	1594429	1043546.5	948863

APPENDIX D6

VENEZUELA SIMPLE GROWTH RATE PERIODIC AVERAGES FOR EXPORTS BY MAJOR GROUPS AND VALUES

	1971-75	1976-80	1981-85	1986-90
Foodstuffs				
Value	15.85	(28.81)	37.97	1.06
Raw Materials				
Value	24.79	2.22	15.08	4.46
Consumer Goods				
Value	-----	-----	22.50	15.96
Capital Goods for Industry				
Value	-----	-----	11.85	6.71
Capital Goods for Agriculture				
Value	22.65	23.68	(22.50)	-----
Semi-Manufactured Goods				
Value	-----	-----	5.1	12.41

APPENDIX D7 (cont.)

VENEZUELA
SIMPLE GROWTH RATES FOR EXPORTS (EXCLUDING CRUDE OIL)
BY MAJOR GROUPS AND VALUE (PERCENTAGES)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Foodstuffs										
Value	(55.15)	64.76	81.70	28.82	31.73	36.03	(68.00)	(19.37)	59.00	(5.51)
Raw Materials										
Value	(7.73)	(27.91)	73.27	2.68	4.94	(8.29)	(10.53)	26.52	(18.72)	(6.81)
Consumer Goods										
Value	n/a	n/a	-----	25.0	20.0	(40.0)	33.33	30.76	35.00	4.76
Capital Goods for Industry										
Value	n/a	n/a	-----	17.96	5.74	7.92	15.92	(18.85)	18.85	(3.70)
Capital Goods for Agriculture										
Value	12.29	(34.79)	0	0	0	0	0	0	0	0
Semi-Manufactured Goods										
Value	n/a	n/a	---	1.88	14.74	(21.72)	18.88	34.62	16.58	1.27

APPENDIX D8

VENEZUELA
EXPORTS BY MAJOR GROUPS, VOLUMES & VALUES
(EXCLUDING CRUDE OIL)
(MILLIONS OF U.S. DOLLARS)
(THOUSANDS OF METRIC TONS)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Foodstuffs										
Value	35.9	59.7	35.1	54.5	53.1	54.1	42.2	52.22	35.6	16.5
Volume	75	190	65	94	57	59	43.7	49	42	25
Raw Materials										
Value	6.4	6.6	10.4	20.1	17.4	13.4	36.3	23.2	24	23.3
Volume	12	12	14	17	15	9	9	7	7	8
Consumer Goods										
Value										
Volume										
Capital Goods for Industry										
Value	161	143.7	185.1	295.5	284.6	240.8	179.3	168.4	281.8	614.4
Volume	19110.6	16508	21710.5	26314.3	19410.4	15711.3	11906.3	12817	130787	11932.1
Capital Goods for Agriculture										
Value										
Volume										
Semi-Manufactured Goods										
Value	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Volume	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Merchandise Exports	203.30	210.0	230.6	370.1	355.1	308.3	257.8	243.82	341.40	654.20

APPENDIX D8 (cont.)

VENEZUELA
EXPORTS BY MAJOR GROUPS, VOLUMES & VALUES
(EXCLUDING CRUDE OIL)
(MILLIONS OF U.S. DOLLARS)
(THOUSANDS OF METRIC TONS)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Foodstuffs										
Value	7.4	21	114.8	161.3	236.3	369.4	118.2	95.3	232.4	219.6
Volume	8	12								
Raw Materials										
Value	21.5	15.5	58.0	59.6	62.7	57.9	51.8	70.5	57.3	53.4
Volume	11	7	202.0	216.0	227.5	248.1	215.0	184.6	76.0	41.8
Consumer Goods										
Value		-	0.6	0.8	1.0	0.6	0.9	1.3	2.0	2.1
Volume		-	0.5	0.5	0.6	0.3	0.2	0.6	0.9	0.8
Capital Goods for Industry										
Value	700.5	456.8	161.6	197.0	209.0	227.0	270.0	219.1	270.0	260.0
Volume	12639	6790.6	-	-	-	-	-	-	-	-
Capital Goods for Agriculture										
Value										
Volume										
Semi-Manufactured Goods										
Value	-----	-----	333.8	340.2	399.0	312.3	385.0	588.9	706.0	715.1
Volume	-	-	292.4	262.1	382.9	275.5	302.8	287.9	379.6	452.2
Total Value of Exports	729.40	493.30	668.8	758.9	908.0	967.20	825.9	975.1	1267.70	1250.2

APPENDIX D9

VENEZUELA CRUDE OIL EXPORTS/REVENUE
(1971-1990)

YEAR	Crude Oil Production (Thousand Barrels/day)	Revenue from Oil (Million U.S. \$)	Total Annual Export Revenue (Million U.S. \$)	Oil as Percentage of Total Revenue (%)
1971	3542.9	2986.95	3139.16	95.2
1972	3218.6	2930.30	3211.89	91.2
1973	3355.3	4343.12	4686.01	92.7
1974	2968.3	10536.13	11057.11	95.3
1975	2348.3	8314.22	8789.98	94.6
1976	2293.4	8762.94	9299.53	94.2
1977	2233.3	9115.62	9556.41	95.4
1978	2141.8	8745.22	9193.01	95.1
1979	2387.0	13640.79	14325.41	95.2
1980	2157.2	18258.28	19232.40	94.9
1981	2108.6	19049.65	20137.06	94.6
1982	1889.0	15633.57	16508.39	94.7
1983	1775.8	11776.83	12900.20	91.3
1984	1710.3	13192.88	15048.61	87.7
1985	1645.8	11012.62	13338.44	82.6
1986	1642.0	6118.43	8912.40	68.7
1987	1586.0	7197.50	8741.30	82.3
1988	1649.0	7124.92	9313.85	76.5
1989	1727.6	10020.70	13383.51	74.9
1990	2107.0	13954.00	20988.00	66.5

APPENDIX E1

VENEZUELA SECTORAL DISTRIBUTION AVERAGES FOR IMPORTS BY MAJOR GROUPS AND VALUE (5 YEAR PERIODIC CYCLES)

	1971-75	1976-80	1981-85	1986-90
Foodstuffs				
Value	21.37	24.93	37.68	64.82
Oil & Oil Products				
Value	0.84	2.10	5.71	15.02
Raw Materials				
Value	-----	-----	-----	-----
Semi-Manufactured Goods				
Value	28.92	27.19	25.92	-----
Capital Goods for Agriculture				
Value	8.87	6.20	4.64	8.95
Capital Goods for Industry				
Value	22.21	19.32	16.02	-----
Consumer Goods				
Value	17.78	20.25	26.87	11.19

APPENDIX E2

VENEZUELA SIMPLE GROWTH RATE PERIOD AVERAGES FOR IMPORTS BY MAJOR GROUPS AND VALUE

	1971-75	1976-80	1981-85	1986-90
Foodstuffs				
Value	27.31	34.20	(13.42)	(5.28)
Oil & Oil Products				
Value	16.40	38.31	1.12	2.92
Raw Materials				
Value	24.94	36.49	1.51	14.19
Semi-Manufactured Goods				
Value	21.13	20.57	15.16	(1.76)
Capital Goods for Agriculture				
Value	31.00	(22.24)	3.06	(26.48)
Capital Goods for Industry				
Value	29.65	4.57	14.78	21.32
Consumer Goods				
Value	27.73	23.21	1.61	3.17

APPENDIX E3

VENEZUELA PERCENTAGE FOR IMPORTS
BY MAJOR GROUPS AND VALUE

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Foodstuffs										
Value	20.10	19.71	25.86	20.22	20.98	23.17	-----	24.89	24.16	27.50
Oil & Oil Products										
Value	1.17	1.04	0.89	0.49	0.63	0.69	-----	1.54	2.66	3.52
Raw Materials										
Value	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Semi-Manufactured Goods										
Value	30.92	29.66	27.60	31.28	25.15	26.37	-----	24.87	28.85	28.65
Capital Goods for Agriculture										
Value	9.81	10.30	5.82	4.83	13.60	11.55	-----	6.08	3.81	3.37
Capital Goods for Industry										
Value	17.81	17.17	22.59	29.49	23.98	20.31	-----	21.66	19.35	15.96
Consumer Goods										
Value	20.18	22.12	17.24	13.69	15.66	17.91	-----	20.95	21.16	20.98

APPENDIX E3 (cont.)

VENEZUELA PERCENTAGE FOR IMPORTS
BY MAJOR GROUPS AND VALUE

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Foodstuffs										
Value	33.72	28.19	37.83	49.85	38.82	-----	69.69	71.56	61.03	57.00
Oil & Oil Products										
Value	1.81	1.81	5.36	9.96	10.14	-----	15.06	9.65	16.42	18.95
Raw Materials										
Value	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Semi-Manufactured Goods										
Value	25.28	21.48	31.00	-----	-----	-----	-----	-----	-----	-----
Capital Goods for Agriculture										
Value	4.45	3.34	2.72	3.49	9.20	-----	12.69	16.79	3.60	2.73
Capital Goods for Industry										
Value	14.36	24.53	9.17	-----	-----	-----	-----	-----	-----	-----
Consumer Goods										
Value	20.37	21.15	14.35	36.68	41.81	-----	2.54	1.97	18.92	21.31

APPENDIX E4

VENEZUELA SIMPLE GROWTH RATES FOR IMPORTS
BY MAJOR GROUPS, VALUE AND VOLUME

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Foodstuffs										
Value		12.14	37.01	27.20	32.90	3.00	-----	42.56	(5.25)	28.09
Volume		24.80	(8.54)	4.07	(1.91)	23.39	-----	17.76	(8.53)	(2.40)
Oil & Oil Products										
Value		2.98	2.89	(1.97)	45.30	2.22	-----	72.46	40.54	38.03
Volume		39.78	(24.33)	(35.00)	42.18	(19.95)	-----	56.00	73.70	2.05
Raw Materials										
Value		-----	13.51	69.42	(33.05)	45.27	1.33	55.75	61.30	18.81
Volume		-----	20.00	63.17	(34.81)	49.21	37.54	12.20	62.58	12.22
Semi-Manufactured Goods										
Value		10.15	11.21	49.78	13.40	(2.12)	-----	34.53	11.71	17.60
Volume		5.11	17.96	8.14	(0.21)	52.64	-----	(6.55)	29.00	12.07
Capital Goods for Agriculture										
Value		17.94	(31.60)	31.33	75.29	(20.73)	-----	(14.75)	(38.85)	7.61
Volume		3.48	(27.96)	16.03	67.00	(8.25)	-----	(33.75)	(40.57)	(11.50)
Capital Goods for Industry										
Value		10.65	37.20	56.39	14.36	(20.91)	-----	42.12	(12.79)	0.72
Volume		12.80	36.73	38.47	(5.22)	28.21	-----	15.43	(31.73)	(1.62)
Consumer Goods										
Value		21.40	(5.66)	28.31	39.14	6.32	-----	47.23	(1.42)	17.49
Volume		15.24	(1.05)	17.04	84.97	8.68	-----	37.90	(1.51)	12.36

APPENDIX E4 (cont.)

VENEZUELA SIMPLE GROWTH RATES FOR IMPORTS
BY MAJOR GROUPS, VALUE AND VOLUME

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Foodstuffs										
Value	28.76	(4.98)	(35.63)	(21.65)	(20.16)	-----	9.64	39.06	(44.18)	(15.08)
Volume	35.80	4.93	(6.90)	10.18	11.25	-----	4.72	34.01	(42.20)	(38.39)
Oil & Oil Products										
Value	(41.08)	(19.14)	49.96	9.48	4.14	-----	(8.48)	2.30	10.21	4.73
Volume	(9.50)	(26.00)	(22.28)	59.66	(9.82)	-----	6.13	(17.01)	46.19	(5.20)
Raw Materials										
Value	30.52	(6.95)	20.21	(54.11)	14.85	9.94	7.28	34.26	5.26	-----
Volume	15.69	4.13	3.93	41.41	(1.14)	14.75	6.91	1.66	0.34	-----
Semi-Manufactured Goods										
Value	0.97	(3.43)	(30.75)	6.47	72.73	(53.00)	18.13	17.64	11.95	-----
Volume	16.36	(53.19)	(8.64)	46.51	43.23	(4.85)	(4.88)	10.22	(5.01)	-----
Capital Goods for Agriculture										
Value	33.86	(14.78)	(67.37)	(8.59)	63.00	-----	(15.03)	52.71	(85.96)	(31.17)
Volume	31.71	(32.86)	(44.56)	(45.74)	57.06	-----	88.20	(80.81)	(87.23)	(10.42)
Capital Goods for Industry										
Value	2.95	48.49	(82.07)	(32.09)	25.00	0.90	54.41	74.46	(65.81)	-----
Volume	(38.17)	(10.11)	(68.64)	(5.94)	25.00	33.91	57.25	19.21	(30.93)	-----
Consumer Goods										
Value	9.98	15.28	(67.47)	34.23	14.41	-----	(96.26)	19.25	84.13	2.38
Volume	7.79	(33.52)	(49.00)	(3.15)	7.77	-----	(55.53)	9.16	55.45	21.97

APPENDIX E5

VENEZUELA
PRINCIPAL IMPORTS BY MAJOR GROUPS,
VALUE AND VOLUME (MILLIONS OF U.S. DOLLARS)
(THOUSANDS OF METRIC TONS)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Foodstuffs										
Value	133789	152276	241753	332059	494836	510113	n/a	888024	841400	1170147
Volume	1641.14	2182.29	1995.86	2080.58	2040.93	2663.90	n/a	3239.0	2962.57	2891.49
Oil & Oil Products										
Value	7805	8045	8284	8121	14846	15183	n/a	55139	92729	149647
Volume	45.39	75.38	57.04	37.08	64.13	51.33	n/a	116.68	443.58	452.86
Raw Materials										
Value	3.2	3.2	3.7	12.1	8.1	14.8	15.0	33.90	87.60	107.90
Volume	16.10	16.0	20.0	54.30	35.40	69.70	111.60	127.10	339.70	387.0
Semi-Manufactured Goods										
Value	205845	229096	258016	513802	593330	580737	n/a	886977	1004575	1219275
Volume	666.81	702.69	856.54	932.40	930.44	1964.47	n/a	1835.80	2585.47	2940.36
Capital Goods for Agriculture										
Value	65320	79601	54449	79302	320870	254333	n/a	216814	132572	143499
Volume	42.10	43.62	31.42	37.42	113.17	103.83	n/a	68.79	40.88	36.18
Capital Goods for Industry										
Value	118518	132643	211216	484373	565585	447318	n/a	772792	673932	678838
Volume	1127.48	1293.08	2043.86	3321.54	3148.09	4385.29	n/a	5185.45	3539.95	3482.46
Consumer Goods										
Value	134280	170840	161177	224820	369415	394344	n/a	747335	736736	892876
Volume	8.84	10.43	10.31	12.44	82.75	90.62	n/a	145.93	143.72	163.99
Total Merchandise Imports	665560.2	772504.2	934898.7	1642489.1	2358890.1	2202042.8	n/a	3567114.9	3482031.6	4254389.9

APPENDIX E5 (cont.)

VENEZUELA
PRINCIPAL IMPORTS BY MAJOR GROUPS,
VALUE AND VOLUME (MILLIONS OF U.S. DOLLARS)
(THOUSANDS OF METRIC TONS)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Foodstuffs										
Value	1642463	1560614	1004583	787120	628390	n/a	695428	1141077	636978	540928
Volume	4503.66	4737.07	4410.24	4910.02	5532.34	n/a	5806.53	8799.22	5085.61	3133.48
Oil & Oil Products										
Value	88166	71293	142493	157429	164222	n/a	150296	153846	171340	179845
Volume	409.83	303.32	235.74	584.46	527.09	n/a	561.52	465.95	865.96	820.93
Raw Materials										
Value	155.30	144.50	181.10	83.1	97.6	87.9	94.8	144.2	152.20	n/a
Volume	459.0	478.80	1498.40	2557.50	2528.30	2965.9	3186.1	3239.9	3251.10	n/a
Semi-Manufactured Goods										
Value	1231230	1188960	823381	8.8	31.7	14.9	18.2	22.10	25.10	n/a
Volume	3515.44	1645.48	1503.28	28.1	49.5	47.1	44.8	49.90	47.40	n/a
Capital Goods for Agriculture										
Value	216958	184893	60332	55152	149045	n/a	126643	267815	37598	25880
Volume	52.98	35.57	19.72	10.70	24.92	n/a	211.29	40.55	5.18	4.64
Capital Goods for Industry										
Value	699465	1357908	243432	16.5	22.0	22.2	48.7	190.7	65.2	n/a
Volume	2152.87	1935.27	606.79	5.7	7.6	11.5	26.9	33.3	23.0	n/a
Consumer Goods										
Value	991899	1170807	380910	579240	676739	n/a	25302	31334	197388	202210
Volume	177.85	118.22	60.31	58.41	63.33	n/a	28.16	31.00	69.58	89.17
Total Merchandise Imports	4870336.3	5534619.5	2655312.1	1579049.4	1618547.3	125	997830.7	1594429	1043546.5	948863

APPENDIX F1

NIGERIA SIMPLE GROWTH RATE PERIODIC AVERAGES FOR EXPORTS BY MAJOR GROUPS AND VALUES

	1971-1975	1976-1980	1981-1985	1986-1990
Foodstuffs				
Value	(14.00)	8.15	(0.86)	12.97
Raw Materials				
Value	13.95	17.73	(39.37)	(8.84)
Consumer Goods				
Value	32.75	6.12	(1.04)	(17.62)
Capital Goods for Industry				
Value	(1.69)	13.45	(12.96)	17.31
Capital Goods for Agriculture				
Value	-----	-----	-----	-----
Semi-Manufactured Goods				
Value	(9.51)	35.32	-----	-----

APPENDIX F2 (cont.)

**NIGERIA SIMPLE GROWTH RATES FOR EXPORTS
(EXCLUDING CRUDE OIL)
BY MAJOR GROUPS AND VALUES (PERCENTAGES)**

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Foodstuffs										
Value	(31.05)	(32.92)	59.72	(7.94)	9.61	12.10	11.51	20.93	(1.08)	(4.56)
Raw Materials										
Value	(32.63)	23.52	(72.24)	2.09	0.53	25.10	(32.39)	43.64	(54.27)	0.24
Consumer Goods										
Value	16.61	(20.28)	29.21	(18.32)	(10.33)	16.45	(38.62)	43.12	(57.31)	1.13
Capital Goods for Industry										
Value	(27.83)	(27.16)	15.41	3.79	(3.10)	-----	4.11	40.04	14.11	10.98
Capital Goods for Agriculture										
Value	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Semi-Manufactured Goods										
Value	-----	-----	-----	(3.77)	58.87	(5.65)	(55.55)	(55.76)	-----	-----
Total Export Merchandise			32.1	(24.15)	55.58	48.0	(110.94)	91.97	(98.55)	7.79

APPENDIX F3

NIGERIA EXPORTS BY MAJOR GROUPS, VOLUMES AND VALUES (EXCLUDING CRUDE OIL) (MILLIONS OF U.S. DOLLARS) (THOUSANDS OF METRIC TONS)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Foodstuffs										
Value	153.3	112.70	186.20	215.40	97.90	111.30	120.50	100.30	145.70	131.7
Volume	613	518	476.70	384	329	438	299	228	149	243
Raw Materials										
Value	235	183.6	231.3	354.7	334.7	383.80	513.00	683.50	808.40	900.90
Volume	298	262	254	235	216	236	254	271	349	307
Consumer Goods										
Value	52	45.6	105.1	192.3	210.4	224.3	247.8	236.4	264.5	272.1
Volume										
Capital Goods for Industry										
Value	-----	29.1	25.7	28.9	28.1	21.4	25.0	30.5	30.2	44.9
Volume	-----	6.9	5.7	5.3	5.0	3.2	3.0	3.1	2.6	2.7
Capital Goods for Agriculture										
Value	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Volume	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Semi-Manufactured Goods										
Value	25.7	11.8	28.9	23.4	8.6	17.9	15.77	8.8	34.9	0.7
Volume										

APPENDIX F4

NIGERIA SECTORAL DISTRIBUTION AVERAGES FOR IMPORTS BY MAJOR GROUPS AND VALUES (5 YEAR PERIODIC CYCLES)

	1971-75	1976-80	1981-85	1986-90
Foodstuffs				
Value	20.51	27.86	26.60	-----
Oil & Oil Products				
Value	3.96	5.05	1.59	-----
Raw Materials				
Value	2.03	1.67	1.51	-----
Semi-Manufactured Goods				
Value	24.09	20.81	19.44	-----
Capital Goods for Agriculture				
Value	3.55	3.79	3.83	-----
Capital Goods for Industry				
Value	29.11	31.52	40.87	-----
Consumer Goods				
Value	16.75	16.69	6.47	-----

APPENDIX F5

NIGERIA PERCENTAGES FOR IMPORTS
BY MAJOR GROUPS AND VALUE

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Foodstuffs										
Value	21.90	20.84	21.89	19.54	18.40	21.62	27.08	23.92	26.93	39.76
Oil & Oil Products										
Value	2.23	2.14	2.35	6.95	6.14	8.56	4.67	3.59	4.00	4.50
Raw Materials										
Value	2.71	1.89	1.70	1.75	2.08	1.75	1.74	1.50	1.67	-----
Semi-Manufactured Goods										
Value	30.38	22.48	23.12	23.89	20.58	19.49	18.06	14.82	18.29	33.39
Capital Goods for Agriculture										
Value	3.38	3.41	2.51	2.02	6.44	5.37	4.61	2.88	2.31	-----
Capital Goods for Industry										
Value	21.79	31.01	32.10	31.47	29.18	24.94	25.39	38.82	36.91	-----
Consumer Goods										
Value	17.61	18.22	16.33	14.39	17.18	18.26	18.50	14.44	9.89	22.35

APPENDIX F5 (cont.)

NIGERIA PERCENTAGES FOR IMPORTS
BY MAJOR GROUPS AND VALUE

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Foodstuffs										
Value	24.21	22.07	20.56	32.07	34.10	22.45	-----	-----	-----	-----
Oil & Oil Products										
Value	1.97	1.52	0.81	1.95	1.69	0.88	-----	-----	-----	-----
Raw Materials										
Value	1.29	-----	0.95	1.54	2.25	1.24	-----	-----	-----	-----
Semi-Manufactured Goods										
Value	16.23	13.19	11.32	24.97	31.50	29.09	-----	-----	-----	-----
Capital Goods for Agriculture										
Value	4.06	1.78	3.90	3.70	5.69	8.46	-----	-----	-----	-----
Capital Goods for Industry										
Value	39.64	52.80	57.44	32.74	21.71	35.20	-----	-----	-----	-----
Consumer Goods										
Value	12.60	8.63	5.02	3.03	3.06	2.68	-----	-----	-----	-----

APPENDIX F6

**NIGERIA SIMPLE GROWTH RATE PERIODIC AVERAGE FOR IMPORTS
BY MAJOR GROUPS, VALUES AND VOLUME (1971-1990)**

	1971-75	1976-80	1981-85	1986-90
Foodstuffs				
Value	27.71	28.56	(12.95)	
Volume	8.45	34.57	-----	-----
Oil & Oil Products				
Value	41.42	10.41	(26.89)	-----
Volume	-----	-----	-----	-----
Raw Materials				
Value	30.09	16.99	-----	-----
Volume	31.59	18.63	-----	-----
Semi-Manufactured Goods				
Value	30.50	19.12	(13.74)	-----
Volume	-----	-----	-----	-----
Capital Goods for Agriculture				
Value	37.24	(8.41)	6.46	-----
Volume	35.06	(38.54)	-----	-----
Capital Goods for Industry				
Value	36.02	18.23	(19.95)	-----
Volume	-----	37.13	-----	-----
Consumer Goods				
Value	28.64	18.39	(23.90)	-----
Volume				-----

APPENDIX F7

NIGERIA SIMPLE GROWTH RATES FOR IMPORTS
BY MAJOR GROUPS, VALUE AND VOLUME (PERCENTAGES)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Foodstuffs										
Value	14.87	24.68	22.54	48.76	31.10	39.39	28.44	(2.12)	17.44	
Volume	15.41	27.33	(46.29)	28.89	37.63	7.94	58.14	-----	-----	
Oil & Oil Products										
Value	15.75	27.87	76.61	45.44	41.89	(28.94)	18.77	(3.34)	(7.57)	
Volume	n/a	n/a	-----	44.61	36.47	(62.04)	n/a	n/a	n/a	
Raw Materials										
Value	(14.04)	11.97	32.93	59.40	3.65	23.54	26.88	(3.10)	n/a	
Volume	(21.20)	(9.30)	47.75	45.82	3.75	46.98	(13.48)	n/a	n/a	
Semi-Manufactured Goods										
Value	(8.66)	23.08	33.07	44.00	14.49	18.08	22.97	6.84	33.21	
Volume	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Capital Goods for Agriculture										
Value	19.81	(7.09)	14.15	84.86	2.98	11.61	(0.98)	(30.42)	-----	
Volume	15.31	16.27	(22.11)	95.72	(74.54)	(9.09)	6.56	-----	-----	
Capital Goods for Industry										
Value	43.08	23.54	29.50	47.95	5.26	25.41	58.67	(17.32)	(17.32)	
Volume	-----	-----	-----	8.00	(6.38)	19.83	89.94	-----	-----	
Consumer Goods										
Value	21.69	11.72	21.55	59.59	23.82	25.04	19.09	(40.51)	46.10	
Volume	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Total Merchandise Imports										

APPENDIX F7 (cont.)

**NIGERIA SIMPLE GROWTH RATES FOR IMPORTS
BY MAJOR GROUPS, VALUE AND VOLUME (PERCENTAGES)**

[illegible]

APPENDIX F8

NIGERIA PRINCIPAL IMPORTS
BY MAJOR GROUPS, VALUE AND VOLUME
(MILLIONS OF U.S. DOLLARS)
(THOUSANDS OF METRIC TONS)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Foodstuffs										
Value	123052	144558	191916	247754	483543	701756	1157803	1617938	1583700	1918215
Volume	813.49	961.66	1323.41	710.75	999.57	1602.72	1741.03	4159.2	n/a	n/a
Oil & Oil Products										
Value	12524	148.65	20610	88106	161474	277894	197471	243091	234969	217189
Volume	n/a	n/a	n/a	528.56	954.19	1502.04	570.16	n/a	n/a	n/a
Raw Materials										
Value	15255	13112	14896	22209	54708	56778	74257	101560	98411	n/a
Volume	63.07	49.76	45.13	86.38	159.43	165.64	312.39	270.29	n/a	n/a
Semi-Manufactured Goods										
Value	170741	155957	202760	302922	540897	632533	772152	1002340	1075902	1611007
Volume	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Capital Goods for Agriculture										
Value	18973	23659	21981	25605	169128	174324	197211	195278	135867	n/a
Volume	8.24	9.73	11.62	9.05	211.6	53.88	48.98	52.42	n/a	n/a
Capital Goods for Industry										
Value	122484	215173	281411	399145	766804	809392	1085157	2625597	2170756	n/a
Volume	1100.87	n/a	n/a	1156.28	1256.96	1176.80	1467.83	14602.38	n/a	n/a
Consumer Goods										
Value	98960	126374	143145	182474	451536	592695	790658	977256	581380	1078565
Volume	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Merchandise Imports	561989	693698	876719	1268215	2628090	3245372	4274709	6763060	5880985	4824976

APPENDIX F8 (cont.)

NIGERIA PRINCIPAL IMPORTS
BY MAJOR GROUPS, VALUE AND VOLUME
(MILLIONS OF U.S. DOLLARS)
(THOUSANDS OF METRIC TONS)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Foodstuffs										
Value	2954041	2439391	1792448	1103387	1054033	540689	n/a	n/a	n/a	n/a
Volume	3159.03	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Oil & Oil Products										
Value	240093	167454	704461	67142	52213	21121	n/a	n/a	n/a	n/a
Volume	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Raw Materials										
Value	157422	n/a	83046	52924	69517	30089	n/a	n/a	n/a	n/a
Volume	306.27	n/a	287.49	159.77	117.76	49.83	n/a	n/a	n/a	n/a
Semi-Manufactured Goods										
Value	1980600	1458098	986919	858902	973737	700510	n/a	n/a	n/a	n/a
Volume	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Capital Goods for Agriculture										
Value	495432	197220	339956	127313	175756	203662	n/a	n/a	n/a	n/a
Volume	157.64	n/a	n/a	48.04	34.44	38.19	n/a	n/a	n/a	n/a
Capital Goods for Industry										
Value	4837496	5835333	5008638	1126292	671134	847541	n/a	n/a	n/a	n/a
Volume	7054.70	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Consumer Goods										
Value	1538108	954101	437696	104234	94589	64464	n/a	n/a	n/a	n/a
Volume	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Merchandise Imports	12203192	11051597	8719149	3440194	3090979	2408076	n/a	n/a	n/a	n/a

APPENDIX G1

VENEZUELA EXTERNAL DEBT MILLION U.S. DOLLARS (1975, 1981-1990) (PERCENTAGES)

	1975	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Total External Debt	2257	13832	33233	31117	29001	29326	28897	28598	30656	29066	26099
of which:											
--Long Term	2257	9652	17507	16021	17857	17203	19318	22759	23691	22688	21468
--Short Term	---	4180	15725	15096	11144	12123	9579	5839	6965	6378	4631
Total External Debt	6.94	15.72	42.73	46.22	47.36	46.09	52.74	57.32	56.81	70.10	
as % of GNP											304
Debt Service	500	4707	6045	4666	4469	3559	4437	3966	4746	3488	3250
of which:											
--Interest	410	3215	3919	3346	3184	2735	2482	1873	2336	2708	2125
--Amortization	90	1492	2126	1320	1285	824	1955	2092	2410	740	1125
Debt Service Ratio	5.69	23.37	36.62	36.17	29.70	26.68	49.78	45.37	50.96	26.06	15.49

APPENDIX H1

NIGERIA EXTERNAL DEBT
MILLION U.S. DOLLARS (1975, 1981-1990)
(PERCENTAGES)

	1975	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Total External Debt	1399	5248	14101	15629	15837	17904	24564	31431	30993	33754	36423
of which:											
--Long Term	1399	4712	9816	12262	12342	13016	18672	25085	25750	28224	30205
--Short Term	--	536	4285	3367	3494	4888	5892	6346	5243	5530	6218
Total External Debt as % of GNP	3.50	5.57	15.29	17.56	17.14	20.28	41.47	134.39	111.96	122.10	
Debt Service of which:	402	1189	2461	2343	3415	4444	2038	1845	3053	3190	2505
--Interest	271	837	1621	1273	1387	1553	923	1317	2418	2695	1453
--Amortization	131	352	840	1070	2028	2891	1115	528	635	495	1052
Debt Service Ratio	5.16	6.58	20.10	22.48	28.56	35.38	30.41	25.01	44.24	38.59	17.43

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