UNIVERSITY OF NIGERIA, NSUKKA
DEPARTMENT OF EDUCATION SOCIAL STUDIES

NIgerian Socio-Economic Structure

By
UGWU ROSEMARY OBY
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LECTURER: ONUOHA J. C.

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INTRODUCTION

The various processes or activities through which the natural or material resources are made available for human consumption is production. Every economic has its pattern of production and means of exchanging good and services.

In Nigeria, for instance, the structure of production in terms of composition of output includes agriculture, mining, manufacturing and craft. The first two-represent extractive activities based on land and are usually referred to as primary production.

Therefore, the question of economic structure and organization is essentially that of what resources we can derive from a given setting and how and what we can make use of them to produce the product and services required by man. A lot of crucial issues and problems are involved in the organization and structuring of any economy whether developed or less developed. It is these issues and problems as they pertain to Nigeria that we are set to discuss in this work.

UNIT 1: BASIC ECONOMIC PROBLEM OF THE SOCIETY

Human wants are insatiable and the resources with which to satisfy these wants are scarce and have alternative uses. This situation is present in all human societies, whether rich or poor. Therefore, the need for each society to take decision regarding goods and services

i. What good and services to produce;
ii. How much to produce;
iii. Whom to produce for?

i  What Goods and Services to Produce?

The resources available to every society or its various units are scarce so decisions must be made to produce what the society needs, it not the resource could not be produced if the required resources are not available.

ii  How Much to Produce?

This problem can be answered by determining the quantity to produce of good and services needed in the society. If what is produced is more than those who needed it, the resource will be wasted.

iii  How To Produce?

Here we considered the manner of production. The society has to decide how much of the factors of production should be combine in a given production for example more labour and less capital or vice-versa.
For who to Produce?

How to distribute what is produce among members of the society. The society has to decide how to distribute what is produced among member of the society. This is done in the form of wages, interest payments, rents and profit.

How Much to Save and Consumes?

Each society has to decide how much of its gross domestic product to consume. These questions bother on production, distribution and consumption. These are the basic economic problems of all societies.

ECONOMIC SYSTEM

Every society or nation at any stage of growth has a given pattern of how its resources are organized for the production of goods and services and how these goods and services are distributed. The existing pattern commonly referred to as economic system tries to answer the questions of who owns and controls the means of production, what should be used in the production, where should this production go to and so on.

A.

Capitalism is an economic ideology, which allows the means of production to be privately owned and operated for the profit of the owners. Capitalism is an economy run by the market economy. A market economy is based on the private ownership of the means of production and distribution.

In theory it is believed that the free play of supply and demand and competition in the economy among producers will drive out the less efficient firms, lead to lower price and enhance the well being of the society and its members. In capitalist system, money and financial instruments are the techniques for exchange of goods and services.

B.

Socialism is an economic ideology aiming at the collective organization of the community in the interest of the whole people through the common ownership and collective control of the means of production and exchange. In this economy, the population though the state are the owner of the means of production and distribution.

Socialism is most widely associated with the Soviet Union and other centrally planned economies of Eastern Europe. This system is based not only on the public ownership of all productive resources but also on the complete replacement of the market price mechanism by the central planning of all economic activities.

Money operates in this system but prices are only necessary to provide material incentives and to account for the flow of goods and resources. However, prices are centrally determined and not by the forces of demand and supply.
C. **Mixed Economy**

This economy is typical of most developing countries like Nigeria. It is characterized by mixed ownership of factors of production by both the public and the private individuals. Both contribute to the decisions on what to produce, distribute and consumed. The co-ordination is made by the combination of central plan of the government and the market forces determine the prices.

Mixed economy experiences combined advantage and disadvantages of the socialist and capitalist economics. In reality however, there is no pure form of socialist and capitalist economics. Rather there is combination to varying degrees.
REFERENCES


UNIT TWO: AGRICULTURAL SECTOR

THE STATE OF AGRICULTURE IN NIGERIA

Agriculture was the most vital sector of Nigeria's economy. It yielded most of the export good and employed the largest number of the labour force. Even though the position in the international trade changed after independence. The oil boom of the 1970s led Nigeria to neglect its strong agricultural and light manufacturing bases in favour of an unhealthy dependence on crude oil. In 2002 oil and gas exported accounted for more than 98% of export earnings and about 83% of federal government revenue. By 2002 Nigeria's per capital income had plunged to about one quarter of its mid - 1970s high, below the level at independence. Agriculture remains the largest employer of labour in Nigeria. Agricultural activities in Nigeria can be classified into subsistence, cash crop farming, fishing livestock and forestry.

Subsistence Farming

Subsistence farming is aimed at satisfying individuals needs. It is only few member that cultivate for commercial purpose.

The method used in these system of agriculture include mixed farming, rotation of both land and crops etc.

Fishing

In the olden days, fishing in west African countries was often carried out using traditional methods of catching whatever fish could be caught in the sea and rivers. Today fish production has gone a step further, fish is now reared in fish pounds and harvested as an agricultural pursuit.

Forestry – It deals with the felling of trees and processing the ways into timber and wood. It includes the regeneration of tress, through forestation programmes, which are designed to replace what we take out of nature.

Livestock Farming – In livestock farming, we rear animals and process beef and daily products, and sheep, pig for meat etc.

Cash Crops

This involves raising agricultural products from plants. These cash crops include rice, beans, soya beans, yam, sugar-cane, cotton, mangoes melons etc.

II ROLE OF AGRICULTURE IN NIGERIA ECONOMY

1. It contributes to the primary commodity export so as to yield foreign exchange revenue for the country.

2. It increase contributions to tax revenue resulting from its continuous increase in growth.

3. It increase rural income and helps to improve the standard of living of the rural inhabitants.
It increase saving from increased income which will contribute to investment in the industrial sector and execution development projects, including provision of infrastructure.

Provision of well-balanced foodstuff for heartwarming production

III PROBLEMS OF AGRICULTURE

(1) Soil Devastation
Increasing population has brought pieces of land under intensive cultivation and greatly reduced the fertility of the soil. This is aggravated by the devastation of forest and grassland areas, which has resulted in the washing away of the top soil.

(2) Rural-Urban Drift
Agriculture has thus been losing its vital labour force without replacing it with mechanization. Aged parents now farm the fields, and coverage and reduction are of course small.

(3) Inadequate Storage Facilities
Many agricultural products are seasonal. They are harvested at the same time, which tend to give the impression of surplus. However, with a short time, they are used up through consumption or wasted away through decay because processing, preservation are not well developed.

(4) Limited Funding by landowners
Those who own land often not those who have the capital to devote to agriculture. Those who have the expertise, training and ability are quite a different group. It is not easy to harmonize ownership with easy credit, and this ownership credit gap makes development of agriculture difficult.

(5) Low price of Agriculture Products
Many farmers obtain very little income from their farm out puts. The reason is that agricultural products are seasonal and perishable and are all disposed of at the same time because of the lack of storage facilities.

IV SUGGESTED SOLUTION

(1) The government encourages farmers by offering them reasonable prices for their agricultural products. The increased income arising from the attractive prices enables them to produce more.

(2) The government encouraged farmers cooperatives to act as viable medium for introducing new input, ideas and new farming system.
(3) Extension services policy aimed at training workers at a target ratio of 1:800 farmers was envisaged.

(4) The government was to acquire better and adaptable simple agricultural implements and make them available to farmers.

(5) The government created centres for seed multiplication schemes, aiming and fish production programs and improved breeding of livestock and poultry.
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UNIT 3: MANUFACTURING SECTOR

The manufacturing sector is concerned with the formation of raw materials for agricultural and extracting industries into finished goods for direct consumption or for further production. The manufacturing sector in Nigeria is second in growth only to the mining sector and second to agriculture in employment generation. There are two major groups of the industries, the small scale with not more than N100,000 and the large industries with more than this.

ii. SMALL AND MEDIUM AND LARGE SCALE INDUSTRIES

(1) The small scale are bread, package water, block, the factories in small scale industrial produce more for consumption and less for transport. The raw materials are mainly local. Many of Nigerian has consumed local agricultural work with the petty trade but their production and income are still low due to factor such as capital, low demand of their products and training. The introduction of SAP in 1986 stimulate that demand of that sector (manufacturing) and develop drew more Nigerians to that sector some of that good are producing to substitute that foreign and imported goods i.e. import substitution, this is Nigeria then wanted to re-structure that economy and stopping and boarding e.g. of small scale industries include

(2) Leather Industry: Mainly found in Kano areas processing that local bridge and skins and dyeing them with local or imported chemicals that leathers are used by other means to produce leather wears like shoes, belt, chair, cap, bag, wrist watch.

(3) Fiber Industries: This includes those in that business in processing local dyeing weaving textile because of the artistic nature of our craftsmen the end products are very much in demands of overseas but the production is small and process crude raffia and also fibre popularly used for rope, mat and chair.

(4) Metal Industries: This include the brass silver and a work popular in Awka, Kano, Benin. Their products include flower vessels, ornament, farm implement like hoes matchets, gate, diggers and so on.

(5) Wood Work Industry: These include the furniture makers and the carvers. Others include poultry, soap making, palm oil processing abattoirs local brewery etc. (kalai, burikutu, palm wine tappers).

Medium and Large Scale Industries

The medium scale industry generally engage in the production of goods that substitute importation mainly consumers household goods such as beverages, beer drugs (pharmaceutical) etc. They use to be the area of heavy foreign investments before the 1974 indigenization policy, which gave greater
control of equity capital for Nigeria. The policy gave the Nigerian citizens chance to have 60% problems benefits of 1974 indegination policy to Nigeria of the profit made in the industries. With this foreigners now find it difficult to invest in Nigeria. When there is much investment. There will be employment for the citizens of the nation. The large scale industries usually require very large capital and technology which only the multinational companies can afford for e.g. coca cola company Eket drilling site Mobil, shell and Sharon drilling company.

Most of their input including personal and raw materials are imported so they have little or no background linkages such industries include car ascending cars, electrical and electronics, steel plants and other engineering works. These make very little contributions to G. D. P and even less to G. N. P to G. D. P when the foreign owned capital is considered.

**Distribution Industries in Nigeria**

We have four major industrial zones in Nigeria.

(1) Western industrial zone, which includes towns like Lagos, Age, Agege, Ilorin and ewekoro

(2) South east zone towns like Nkalagu, Onitsha, Port Harcourt, Oji River, Enugu, Aba, Umuahia, Calabar and Nwevi.

(3) South South

(4) Mid west zone Benin, Sapalite, and Warri.

(5) North central industrial zone Kano, Kaduna, Jos, Zaria, Makerri and Kaura.

In the west there are industries like the textile (muslin, Ikeja, Apapa etc). industries like cigarette and tobacco (Ibadan) wood and rubber processing industry Engineering works (motor assembling plant in Apapa). Ship repair in Lagos boat at Ape. Air craft in Ikeja. Chemical industries (industrial glasses in Lagos, cosmetics and soap in Lagos). Mental works (in Lagos, Ajaokuta steel plants) power plant (in Lagos oil in Ibadan).

**The South East Zone:** Textile industries (Onitsha, Lagos, Aba, Ibadan) cigarette in Port Harcourt cement in Ewekoro and Nkalagu. Beverages in Aba, Umuahia, Enugu, and Onitsha palm processing Aba, Umuahia, Nsukka motor parts in Nnewi chemical industries soap making at Aba etc.

**III ROLES IN NIGERIA ECONOMY**

(1) Engagement of foreign skilled manpower has helped in the development of skilled indigenous manpower.

(2) Manufacturing sector has also induced growth of the agricultural sector by buying new materials from the agricultural sector and providing cheap manufactured good for the industry.
(3) The sector provides from import substitutes and therefore helps to conserve foreign exchange.

(4) It helped to diversify Nigeria economy rather than over-dependence on agriculture and petroleum.

(5) Industries provide employment to a vast number of Nigerians.

IV PROBLEMS OF THE MANUFACTURING SECTOR

(1) Political instability leading to economic and social insecurity, frequent changes in government is associated with frequent changes in polices.

(2) Dominance of light industries that use low technology and low number of the engineering sector and inter-mediate goods sector.

(3) Inability of the industrialist to meet their demands for imported inputs due to regulation restricting the use of foreign currency.

(4) Lack of market for manufactured goods. This is due to low real income of the populace.

(5) Lack of capital or insufficient capital and low savings.

(6) Inadequate skilled manpower.

(7) Insufficient raw materials.

(8) Inadequate road construction.

(9) Restrictive government policies and administrative beaurocracy.

(10) Inadequate infrastructure

(11) Technical backwardness

IV SUGGESTIONS FOR IMPROVEMENT

(1) Protectionary measures to support accredited industries, eliminated large trade deficits and reduce unemployment to a tolerable level.

(2) An over valued exchange rate, which generally make products of import substitution industries uncompetitive on the world market.

(3) Complex administrative controls such as import licensing, credit and foreign exchange rationing.

(4) High tariffs on competing imports and qualitative import restrictions.

(5) Industrial incentive administered under a complex bureaucracy.
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UNIT 4: MINING AND QUARRYING

Nigeria's mineral development has been highly focused on its oil industry. Nigeria is Africa's largest oil producer and contributes 3% to global production. As a result, the mining industry has been neglected and has only been rekindled by the ministry of solid mineral development, aiming at increasing the role of its sector of Nigeria's economy.

Currently mining contributes just 1% to Nigeria's GDP. Nigeria's has significant coal and iron ore resource as well several gold, uranium and REE showings throughout the country uranium is founding 6 of the 36 states in Nigeria.

In Nov. 2002, the Dutch firm Geotess International Corp established the country's first diamond cutting and polishing at Jos. The same company, Geotess, also exports tantalite to China.

In 2004, the federal government of Nigeria and the World Bank announced that they will spend a sum of N11 billion to fund the solid minerals sector through the establishment of a project for sustainable management of mineral resources in an attempt to address issue of artisan and small-scale mining as a poverty reduction strategy. The project will also assist government in drafting a new minerals Act to replace the 1999 minerals Act known as sustainable management of mineral resources project, the credit is repayable over 35 years including a 10 year grace period with no interest charged.

(1) Coal
Coal deposit were fire discovered in Enugu in the 19th century and other were later discovered in Laikabo and Okaba and surrounding of Enugu and Enyim.

(2) Columbite
Columbite is a by-product of tin ore found in Jos. It is removed with magnetic separators and war initially regarded as impurities.

(3) Gold
Gold is washed out of alluvial soil in Ilesha, Kaba, Ilorin, Sokoto and mainly used locally.

(4) Limestone
Some of the location are in Nkalagu, Calabar, Ewekoro, Ukpilla and near Sokoto. The products are used by cement factories as raw material.

(5) Mineral Oil
Mineral oil is the greatest foreign exchange earner and the decisive factor in government financing.

Some of the location include Port Harcourt and later at Kaduna, oil was exported crude. Today Nigeria exports more than 90% of her total production as refined oil.
(6) **Natural Gas**  
Natural gas is found together with crude oil and mostly used by homes and industries as fuel, and NEPA for electricity generation. Only recent was a gas plant commissioned in River State.

**II CONTRIBUTIONS TO NIGERIA ECONOMY**

(1) Mineral resources yield foreign exchange for many African nations. In Nigeria, for instance petroleum oil accounted for over ninety – five percent of her earnings from export in 1974. (NTI 1991:18) thus mineral resources have brought great wealth to many African nation.

(2) Mineral resources played an important role in the development of industries in many African country such as Nigeria etc as a result of discovery and exploitation of minerals in these countries. Many industries which utilize mineral products have also been established in these country.

(3) They have also contributed in manpower development and the creation of greater employment opportunities. Nigeria have embarked on manpower development polices to meet the needs of their industries as well as for the over all national development. In Nigeria, the federal government established petroleum training institute, Warri for the purpose of producing necessary technical manpower for the oil industry,

(4) The exploitation of mineral resources has given rise to the development of modern infrastructure. Such as electricity, pipe-borne water, telephone service and GSM etc are often providing in mineral towns. This is the case in Jos, Enugu, Kinshasha etc.

(5) It also stimulated urbanization in Nigeria. This often leads to the influx of large number of people to the cities with its attendant social and economic consequences. The discovery and exploitation often attract large number of people far beyond the countries where the mineral deposits are found.

**III PROBLEMS**

(1) Lack of skilled manpower

(2) Lack of transport facilities for evacuation from sites

(3) Constant prince fluctuation of some mineral like tin and oil in the international market.

**IV SUGGESTION FOR IMPROVEMENT**

(1) In terms of skilled manpower there should be increased in the process of training citizens of a country to develop tier capacity, knowledge, competence and skills for productive work.
(2) There should be reduction in the companies profits tax from 35% to 30%.

(3) Capital gains tax from 20% to 10%

(4) 3 years tax building for new mining companies

(5) Increase of the initial and annual capital allowances from 20% and 10% to 30% and 20%.

These can be considering as strong incentives for any prospective investor into the Nigeria mining industry.
UNIT 5: ENERGY SOURCES AND UTILIZATION

Energy crises is a world wide problem, many nations are conscious of this problem and planning how to make efficiency use of them while effort are been made to develop new ones. The source of energy in Nigeria are petroleum, coal, fuel wood, natural gas, biomass and electricity.

(I) ENERGY AVAILABILITY AND THEIR UTILIZATION

A. Wood Fuel: For wood fuel the sources are fire wood, charcoal, animal residence of all this wood is the most commonly used in Nigeria. In north, they are use cow dull. The use of wood fuel together with other comparative us of wood is a treat to their environment as a result reforestation. Fuel uses in the industry include break baking, pottery production, baking cooking in restaurant and street food vendors. The primary sources of wood fuel are:-

(1) Forest
(2) Farm land
(3) Trees within our living environment

Households in urban towns collect wood fuel from brown trees, forest and farm lands in the outskirts of the towns. They also buy from traders and wood dust from wood shades.

(II) CONTRIBUTIONS OF USES OF WOOD FUEL

(1) The availability C for instance if it is scarce we are bound to used it.

(2) Convenience and efficiency are factors that cannot be offered by wood fuel.

(3) Income level of he people. If your income level changes hen you change, you look for alternative. If the income is high you find people using stove.

(4) The size of the family.

(5) The type of food we cook.

(6) The price of the substitutes. C if the price of other sources of energy is cheaper, people will go for that one.

B. Electricity

Two Sources:

(1) Hydro from water eg. Kainji, Fedba

(2) Thermal from fuel burning eg. Ijora, Kaduna, Afam
Impacts of Electricity/Problems

(1) The price is high.
(2) The areas of incessant outage many not be good to run it.
(3) The cost of few manufacturing things are high.
(4) Break down of industrial machine C for instance, electricity would get problem which may burn some of the parts of the electricity.
(5) It also discouraging people from acquiring information and communication technology.

(C) ENERGY RESOURCES
There are two main groups

(1) Renewable resources
(2) Non-renewable resources

Example of renewable resources are:

(i) Solar: The sun shines on solar calls to produce electric energy. Light energy is also used for the synthesis of sugars in plants.
(ii) Wind: This is used to operate wind mills and also to produce electricity energy for farm work.
(iii) Hydro: The force following a water fall turns the dynamo in a dam thus, generating electricity. The Kainji dam is an example of lake and other sea ocean, waves and tides.

Example of non-renewable resources are:

(a) Petroleum: The petroluem gas us used in the production of electric energy. In Nigeria, we have the Afam power station as an eg. Petrol and diesel are used in drawing vehicles and for the operation of generators. The fuel is burnt and there is a transformation of chemical energy to mechanical energy. The petroleum gas is now popularly used for cooking.
(b) Coal: Burning of coal produces much heat which is used in turbines to drove some ships. Trains and aircrafts. Coal is also used as fuel for cooking.

How to Improve Energy Utilization

(1) Rural Electrification: All rural energy should be connected to Kainji dam.
(2) Laws regulating the forest and forestry resources
(3) Petroleum requires efficiency and effective distribution
(4) Gas plant that can export gas
(5) There is a small but growing RE market
(6) Incentives for greater market penetration are before.
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