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PAPER TITLE

Rentierism and the Affliction of Graduate Unemployment in Africa: Evidence from Nigeria, 1999 – 2012

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INTRODUCTION

Unemployment is a state of joblessness resulting from the commoditization of labour and alienation of the wage labourer from the means of production. The International Labour Organisation (ILO) defined unemployed as numbers of the economically active population who are without work but available for and seeking work, including people who have lost their jobs and those who have voluntarily left work (World Bank cited in Anyadike, Emeh & Ukah, 2012).

Unemployment is a phenomenon engendered and sustained by the contradictions of capitalism. Thus it is a problem of every society in the contemporary global capitalist economy. Available evidence shows that the problem of unemployment is more pronounced in Africa with the youth being over-represented in the number of unemployed people having a percentage as much as 80 percent in some cases (Ake, 1989).

The unemployment situation in Nigeria is alarming, with the rate rising from 13.9% in 2000 to 23.9% in 2012 and youth unemployment standing at 54 percent in 2012 (Sun Newspaper,

2014). Considering that Nigeria is the largest black nation in the world with a population of over 160 million people, it is not inappropriate to describe it as the country with the highest number of unemployed youths in the world.

Meanwhile, Nigeria has the 6th largest gas reserves in the world, ranks as the 8th largest oil producer and one of the leading crude oil producers in Africa, accounting (in 2009) for over 3 percent of the entire global production (see Soludo, 2005; BP, 2012; Energy Information Administration (EIA), 2009). Regrettably, this abundant oil resources has neither been utilized to transform the economy nor generate gainful employment for the country's teeming population, rather the oil wealth has instilled a rent-seeking character that engenders contradictions and lack of organic unity within the productive forces of the country. Under such condition, unemployment becomes uncontrollable.

The neglect of infrastructural development and the pursuit of neo-liberal policies by successive regimes are all indications of the rent-seeking character of the state which stifles entrepreneurship and creates an enclave economy where only few Multinational Companies exist in the extractive sector of the economy carrying out exploratory activities which does not create the forward and backward linkages needed for the development of the real sector of the economy which has the potential of employing large number of graduates. In line with this, Nnoli (1993a), Nnoli, (1993b) noted that the path of capitalist development has led Nigeria to a deadend because of the superficiality in policy making which is not built around the local peculiarities of the country. In the fourth republic, the New Economic Empowerment and Development Strategy (NEEDS) stands out as the major neoliberal economic reform which laid the foundation and provided the framework for most other policies and the reforms of in the country. Although, it has been touted as the end of history (Soludo, 2005), the NEEDS and other economic reforms associated with it have failed to address the fundamental problems of the economy and only reinforces the renteir character of the state.

Studies have shown that the dearth of infrastructure in Nigeria and the pursuit of liberal policies creates harsh economic environment that thwarts the growth and survival of industries leading to the exit and collapse of existing industries especially in the real sector of the economy (see Effiom, Ubi and Okon, 2012;George and Oseni, 2012; Okwo and Ugwunta, 2012; Adawo, Essien and Ekpo, 2012; Nnoli, 1993a etc). For instance, the Manufacturing Association of Nigeria (MAN) reported that the number of toiletries and cosmetics companies in the country declined from about 155 in year 2000 to less than 25 as at 2012 (Vanguard Newspaper, 2013), similarly, in the brewery industry, the number of brewery firms was reported to have reduced from about thirty-three in the 1990s to only about four in 2012 all due to harsh business environment (Okwo & Ugwunta, 2012).

In the light of the above, unemployment has assumed an alarming rate, more worrisome is the increasing percentage of graduates who are unable to find gainful employment after many years of graduation. This study interrogates the implication of rentierism for graduate unemployment between 1999 and 2012. The central thesis of the study is that the rent-seeking character of the Nigerian state stifles entrepreneurship and industrial growth and *ipso facto* aggravates graduates unemployment.

Statement of the Problem

Unemployment has remained a major socio-economic challenge in Nigeria. The unemployment rate in the country has remained high and has continued to increase. For instance, the unemployment rate rose from 13.9% in 2000 to 23.9% in 2012 while the rate of youth unemployment stood at 54% in 2012 with an annual addition of 1.8million Nigerians to the labour market (see Sun, 2014).

More worrisome is the fact that there is an increasing number of graduates who cannot find employment despite their qualification and skills. As at 2010, the graduate unemployment rate stood at 23.1% (National Bureau of Statistics, 2010). Despite its huge oil wealth, the country has not been able to transform the economy to generate employment for its teeming graduates. Nigeria depends on rents of crude oil for significant portion of its revenue, proceeds from the sale of crude oil accounts for 95% of the country's foreign exchange earnings and about one-fourth of its GDP (Okonta and Douglas, 2001). The dependence on oil has created a rentier mentality which leads to the neglect of other sectors of the economy, lack of attention to infrastructural and entrepreneurial development resulting to the existence of an enclave economy dominated by the oil companies indulging mainly in the extraction of primary products without any linkage to the real sectors of the economy. This creates contradictions in the productive forces and engenders the high level graduate unemployment in the country.

Successive regimes have made efforts to address the problem of unemployment through economic reforms, policy instruments and intervention programmes. However, graduate unemployment remains endemic and pervasive in Nigeria because of the inadequacies of these reforms which fail to address the fundamental issues in the economy.

The rate of unemployment in the midst of abundant oil wealth has drawn attention of scholars who attempt to investigate the causes of unemployment in the country. Most of these writers see the youth as a homogenous group without analyzing the youth as a heterogeneous whole and how the menace of unemployment affects the various social segments of the youth (see Anyadike, Emeh & Ukah, 2012; Salami, 2013;). Again, scholars such as Ogege (2011); Ajayi, Adediji and Adu (2008); Akhuemonkham, Raimi & Sofoluwe (2013); Oladele, Akeke & Oladunyoye (2011) have linked unemployment to the education system in the country which churns out more manpower than required and fails to inculcate entrepreneurial skills in the graduates. Yet some other scholars have noted that lack of infrastructure stifles growth of industries and therefore engenders unemployment (see George & Oseni, 2012; Okwo & Ugwunta, 2012; Adawo, Essien & Ekpo 2012; Udah 2010; Egbetokun et al. 2011). Most other scholars have advocated entrepreneurship as a panacea to graduate unemployment in Nigeria (see Akhuemonkhan, Raimi & Sofoluwe, 2013; Oladele, Akeke, & Oladunjoye, 2011; Duru, 2011 etc)

Altogether, these scholars ignore the rentier character of the Nigerian state, they focus on the superficial causes of unemployment and fail to explicate the nexus between the rentier character of the Nigerian state and the rate of unemployment in the country. This forms the gap which this study intends to address. Hence, the study provokes the following research questions:

- Does the rentier character of the Nigerian state undermine the growth of industries and entrepreneurial activities in the real sector of the economy?

- Has the dearth of industries engendered graduate unemployment in Nigeria between 1999 and 2012?

Theoretical Perspective

The study is predicated on the rentier state theory. A rentier state, as articulated by Beblawi and Luciani (1987) is used to classify those states that earned all or substantial portion of their revenues from rent paid by external clients and which creates, in the same process, a rentier mentality and a rentier class in these states.

Mandavy (1970) characterizes the rentier states as "those countries that receive on a regular basis substantial amounts of external rent. External rents are in turn defined as rentals paid by foreign individuals, concerns or government to individuals, concerns or governments of a given country". Based on his study of Middle Eastern oil rich states, Mahdavy identifies the importance of economic situations where "oil revenues received by the governments of the oil exporting countries have little to do with the production processes of their domestic economies" and, "the inputs from the local economies other than the raw materials are insignificant".

Ross (in Shaw 2013) identifies three key ways in which rentierism manifests, these are, the "rentier effect", the "repression effect" and the "modernization effect". The "rentier effect" implies that oil revenues are often used by states to relieve social pressures that might otherwise form the basis of opposition". The "repression effect" implies that oil wealth enables governments to invest in security apparatus to either protect their own positions or the extraction of resources.

Rent-seeking is an attribute of rentier state. Hence, rentierism increases the capacity of the state to both buy off and to repress opposition, it also alters the class structure of society which can stymie democracy. The political consequences of such behavior include the prevalence of corruption, lack of democracy and so on (Herb, 2003). The theory therefore posits that the more leaders can finance state activities via rent, the more likely predatory behavior will follow (Dijohn, 2003).

According to Obi (2009), the rentier thesis characterizes states that receive external economic rent or unearned income that is not related to entrepreneurial, innovative or meritorious activities. Such states are defined by being part of an enclave of externally-oriented oil industry that alienates the state from the society, making her aloof from the people, and also because the externally earned rents are concentrated in a few hands (the political class), making for a particular kind of political economy that feeds corruption and subverts democracy and development. Hence, in a rentier state, the infrastructural development and growth of local industries are neglected and undermined.

The relationship between unemployment and the rent-seeking character of the Nigerian state between 1999 and 2012 is explained in the light of the theory of the rentier state in this study.

Propositions

The following propositions shall be verified in the study:

- The rentier character of the Nigerian state undermines the growth of industries and entrepreneurial activities in the real sector of the economy.
- The dearth of industries engenders graduate unemployment in Nigeria between 1999 and 2012?

Rentierism and Industries/Entrepreneurial activities in the Economy, 1999 - 2012

The rentier character of the Nigerian state is expressed in its dependence on oil as the major source of revenue for the country and formulation of policies that are influenced and determined by the dynamics in the oil sector.

With the discovery of oil in commercial quantity in Nigeria in the 1950s, oil has remained the mainstay of Nigeria's economy to the detriment of other sectors of the economy especially with the oil boom experienced in the 1970s. As a result of the dependence on oil revenue, most reforms of the Nigerian government have continued to be determined by rents collected from the sale of oil to external clients and effort to retain such rents.

The Nigerian oil industry is divided into two sectors: the upstream and the downstream sectors. While the upstream sector deals with oil exploration and production, the downstream deals with refining, importation and distribution of the crude oil for domestic consumption. The upstream is an enclave economy dominated by Multinational Companies, at present there are about seventeen oil companies producing from about 150 oil fields, ninety percent of which are located in the Niger-Delta area of Nigeria (see Egonu, 2013)

Both production and revenue from crude oil have continued to increase since the discovery. For instance, crude oil production increased from 395.7 million barrels in 1970 to 776.01 million barrels in 1998, and 777.5 million barrels in 2009. In the same way, oil revenue increased from N166.6million in 1970 to N1,591,675 million and N6,530,430 million in 2000 and 2008 respectively. Cumulatively, oil production increased from 20,575,881 million barrels in 2000 to 27,052,067 million barrels in 2009 (see Akinlo, 2012).

Evidently, the volume of crude oil produced by Nigeria and the rent earned is so high that the country ranks as the 8th largest oil producer in the world and one of the leading crude oil producers in Africa, accounting (in 2009) for over 3 percent of the entire global production (Soludo, 2005, Energy Information Administration (EIA), 2009). Empirical data shows that over the years, oil has continued to displace other products as a major source of revenue and export earning for the country. For instance, in 2010 oil accounted for over 96% of total export, similarly oil as a percentage of total government revenue was 78.7% in 2009 while oil as a percentage of GDP increased from 0.9% in the 1960s to over 37% in 1990 (See Tables 1 and 2).

Table 1: Oil As Percentage of Total Export in Nigeria, 1999 - 2010

Year	Total Export (N)	Oil Export (Nm)	Oil as a % of total Export
1999	1,88,969.8	1,169,476.9	98.36
2000	1,945,723.3	1,920,900.4	98.72
2001	1,867,953.9	1,839,945.3	98.50
2002	1,744,177.7	1,649,445.8	94.57
2003	3,087,886.4	2,993,110.0	96.93
2004	4,602,781.5	4,489,472.2	97.54
2005	7,246,534.8	7,140,578.9	98.54
2006	7,324,680.6	7,191,085.6	98.18
2007	8,309,758.3	8,110,500.4	97.60
2008	10,161,490.1	9,913,651.1	97.56
2009	8,356,385.6	8,067,233.0	96.54
2010	11,035,794.5	10,639,417.4	96.41

Source: CBN Statistical Bulletin, 2010 in Adesoji & Sotubo, (2013)

Table 2: Oil Output, As A Percentage of Total Revenue and GDP, 1961 - 2009

Year	Production (bm)	Oil/Total Revenue (%)	Oil/GDP (%)
1961	16.80	Nil	0.9
1965	150.3	Nil	3.43
1970	395.7	26.3	9.27
1975	660.1	77.5	19.37
1980	760.1	81.1	28.48
1985	507.5	72.6	16.75
1990	660.6	73.3	37.46
1995	712.3	70.6	39.65
2000	797.9	83.5	47.72
2005	919.3	85.8	38.87
2009	759.2	78.7	37.44

Source: Central Bank of Nigeria Statistical Bulletin, Various Years in Akinlo, (2012) Despite the huge earning from oil, Nigeria lacks the capacity to refine crude oil needed for local consumption. It exports unprocessed crude oil and imports processed crude oil for domestic uses. What emerges is an enclave economy characterized by the dominance of few Multinational Companies extracting crude oil for external economy. The exploration of crude oil in the country has to led to the growth of other industries that the petrochemical industries in the countries. The existing refineries are moribund and cannot met the local demand for petroleum products in the country. The extractive activities of these external clients have no linkages with other sectors of the economy and therefore cannot stimulate economic activities in the real sector of the economy.

Rentierism and Neo-Liberal Economic Policies in Nigeria, 1999 - 2012

The pursuit of liberal economic policies is not new in Nigeria, past military regimes have implemented various liberal economic reforms including the Structural Adjustment Programmes of the International Monetary Fund (IMF).

With return to civil rule in 1999, the pursuit of neoliberal economic policies was intensified. Successive regimes have enunciated various economic reforms and policies, from the National Economic Empowerment and Development Strategy (NEEDS) of President Olusegun Obasanjo's regime (1999 – 2007), to the Seven Points Agenda of President Yar'adua (2007 -2011) and the Transformation Agenda of President Goodluck Jonathan (2011 – date). Altogether, these programmes of the successive regimes have one thing in common which is evolving a private sector led economy. Meanwhile, the NEEDS stands out as one of the most comprehensive economic reform programme in the country during the fourth republic, it provided the pivot around which most other policies and programmes revolve. NEEDS was adopted in 2004 to be used as a nationally coordinated framework of action, in close collaboration with state governments and other stakeholders to consolidate the economic programmes of the past four years (1999 – 2003) and to build foundation for the attainment of Nigeria's long-term vision of becoming one of the 20 top economies in the world by the year 2020 (NPC, 2004).

The NEEDS has four (4) major goals which it hopes to achieve, viz:

- Wealth creation;
- Employment generation
- Poverty Reduction
- Value Reorientation

To achieve the above goals, NEEDS employs the following strategies:

- Promoting Private Enterprise through privatization, deregulation, liberalization amongst others;
- Changing the way the government does its work through public sector reforms, privatization and liberalization, anticorruption and transparency amongst others.
- Empowering the people through education, employment, youth and rural development etc (NPC, 2004).

The private sector led development remains the major thrust of the NEEDS. Specifically, the NEEDS document states that:

> *The private sector will be the engine of economic growth under NEEDS. It will be the executor, investor and manager of businesses…deregulation and liberalization will diminish governmental control and attract private sector investment.* (NPC, 2004:xi)

Evidently, the government aims to use privatization, deregulation and liberalization as strategies to encourage private sector participation in the economy which will eventually lead to private sector led growth. Consequently, the government embarked on reform of all sectors of the economy including the power sector, the pension scheme, telecommunication and the downstream oil sector to mention a few. In all, the deregulation of the downstream sector of the oil industry has received continuous and accelerated attention by successive regime from 1999 – 2012.

Deregulation pre-supposes the determination, by market forces, of prices instead of government fixing them by administrative fiat. Deregulating the downstream oil sector in Nigeria therefore implies the process of freeing the federal government of its control and involvement in the business of refining, importation and distribution of refined petroleum products in the Nigerian market (Okpaga et al., 2012). It is the government position that the deregulation of the downstream sector of the petroleum industry will lead to rapid private sector investment in refineries and petrochemicals, which will generate millions of jobs and lead to increased prosperity (see www.sure-p.gov.org). Thus, beginning from 1999, deregulation of the downstream oil sector was pursued vigorously by successive regimes such that by 2007, the price of premium motor spirit (PMS) also known as petrol, diesel and kerosene had been variously increased as shown in Table 4 below.

Table 4: Increase in Price of Premium Motor Spirit (PMS) from 1999 – 2012

Year	Price (Naira)	Fluctuation	Increase (%)
1999	20.00	Increase	33.33
2000	22.00	Increase	10.00
2001	26.00	Increase	18.08
2002	30.00	Increase	15.39
2003	40.00	Increase	33.36
2004	49.00	Increase	22.50
2005	52.00	Increase	6.12
2006	64.50	Increase	24.04
2007	75.00	Increase	16.28
2008	65.00	Decrease	-
2009	65.00	-	-
2010	65.00	-	-
2011	65.00	-	-
2012	97.00	Increase	49.23

Sources: The Petroleum Products Pricing Regulatory Agency (PPPRA) Pricing Template (in CPPA and HSDGSI, 2012)

The table reveals that in a bid to deregulate the downstream oil sector, the pump price of petrol has been increased nine (9) times between 1999 and 2012. In fact, the current pump price of N97 was arrived at after days of resistance by organized labour which forced the current administration to adjust the price of N140 announced by the government to N97.

Similarly, subsidy was totally withdrawn from diesel in 2006 after the pump price was increased four times between 1999 and 2005 while pump price of kerosene was increased three times within same period before the suspension of the subsidy on kerosene in 2009 (see Table 5).

Table 5: Pump Prices (in Naira) of Diesel and Kerosene, 1999 - 2012

Year	Diesel	Kerosene
1999	-	17
2000	19	17
2001	19	17
2002	26	24
2003	38	38
2004	50	50
2005	90	50
2006	Total withdrawal of subsidy (sold between N140 and	50

	N200)	
2007	-do-	50
2008	-do-	50
2009	-do-	Suspension of subsidy
2010	-do-	
2011	-do-	
2012	-do-	50*

* Kerosene is sold at over N100 in the market as against the official price of N50

Sources: Vanguard Wednesday 23rd June, 2004 and The Petroleum Products Pricing Regulatory Agency (PPPRA) Pricing Template (in CPPA and HSDGSI, 2012)

Meanwhile, the Subsidy Reinvestment and Empowerment Programme (SURE-P) was introduced in 2012 by the government to ensure the proper management of the funds that would accrue to the government from the partial withdrawal of subsidy from PMS. The SURE-P has a life span of four years (2012 – 2015) with the following specific objectives:

- To mitigate the immediate impact of the partial petroleum subsidy removal on the population by laying a foundation for the successful development of a national safety net programme that targets the poor and vulnerable on a continuous basis. This applies to both the direct and indirect effects of subsidy withdrawal.
- To accelerate economic transformation through investments in critical infrastructural projects, so as to drive economic growth and achieve the Vision 20:2020.
- To promote investment in the petroleum downstream sector (see www.sure-p.gov.org retrieved 03/07/2014)

Two years into the life of SURE-P, Nigeria still suffers gross infrastructural decay in all sectors especially electricity despite the billions of naira spent annually on SURE-P.

Despite the vigour with which the neoliberal economic reforms are being pursued, there is no evidence to show that there has been growth in industries and entrepreneurial activities in Nigeria. The goal of evolving a private sector led economy has not been achieved. For example, between 1999 and 2007 alone, the Bureau for Public Enterprise (BPE) privatized 147 public enterprises (Okpanachi & Obutte, 2011). Meanwhile, a look at most of the privatized companies shows that they have not performed better than before. The President Goodluck Jonathan aptly noted that apart from one or two public enterprises, most others have not done very well indicating that considerations other than competence and capacity guided the investment decision (Okpanachi & Obutte, 2011). Similarly, foreign direct investment (FDI) has not significantly grown in the real sector of the economy. Available data indicates that most of the FDI in the country are in form of portfolio investment which dropped from $9.3billion in 2006 to $4.5billion in 2010. Meanwhile, equity investment topped the list of portfolio investment, followed by bonds and money market in a descending order (National Bureau of Statistics, 2010).

The failure of government neoliberal economic reforms to stimulate entrepreneurship and industrial growth in the real sectors of the economy is an indication that the major interest of the government is to reinforce rent collection without attention in developing the real sectors of the economy.

Infrastructural Deficit and the Dearth of Industries/Entrepreneurship, 1999 - 2012

The state of infrastructure in Nigeria is appalling and the deterioration of infrastructure has continued unabated. Although the government in its various policy documents acknowledged that Nigeria's infrastructure does not meet the needs of the average investor, inhibiting investment and increasing the cost of doing business, there is no evidence to show that serious attention has been given to infrastructural development in the country.

Infrastructures include good transportation, communication network, water supply, power supply among others. Of all these, power has been identified as being very critical for industrial growth and development, power alone account for about 5% of new business start-up cost (NPC, 2004; Effiom, Ubi & Okon, 2012; Chete, Adeoti, Adeyinka & Ogundele 2014). Unfortunately, power supply remains a problematic sector in Nigeria. This epileptic power supply has contributed to the collapse and exit of most industries from the country because of the high cost of using alternative source of energy to operate businesses.

Available data shows that only about one third of Nigerians or approximately 40% of the population has access to electricity (Effiom, Ubi & Okon 2012). Although, the nominal generation capacity of PHCN is on the average 4550 megawatt, which exceeds the average peak load demand of about 2000 megawatt, transmission and distribution bottlenecks have created a gulf between demand requirement and actual supply of electricity leading to inadequacy in the electricity requirement in the country (see table 6).

Table 6: Electricity Generation and Supply, 1999 – 2008

Year	Generation in Mw	Supply in Mw	Loss in Transmission Mw	Percentage Loss
1999	1859.8	883.70	976.1	52.5
2000	1738.3	1,017.30	721	41.5
2001	1689.9	1,104.70	585.2	34.6
2002	2237.3	1,271.60	965.7	43.2
2003	6180	1,519.50	4660.5	28.5
2004	2763.6	1,825.80	937.8	33.9
2005	2779.3	1,873.10	906.2	32.6
2006	2771.5	1,739.47*	1031.9	37.2
2007	2775.4	1,812.79*	962.6	34.7
2008	2773.4	1,808.45*	964.9	34.8

*Provisional figures

Source: CBN 2010 in Effiom, Ubi & Okon, 2012

As a result of poor power supply, Nigeria ranked 118 in electricity supply out of 150 countries polled, translating into a further dip from its 109 position in 2006, 108 in 2007 (Atser 2008 cited in Effiom, Ubi & Okon 2012), this is an indication that the situation is worsening. The World Bank Report (1995) rates Nigeria as the worst performer in the power sector out of 20 developing nations showing Nigeria as having the highest percentage system loss, lowest generation capacity factor and average collected revenue.

The implication of this poor electricity supply is the high cost of business for industries in the country who have to seek alternative source of power supply and incur costs of damages to plants and machineries caused by constant interruptions in power supply. Consequently, a number of industries in the country have collapsed while some others have relocated their factories and plants to neighbouring countries like Ghana, leaving only the sales/distribution section in Nigeria. The poor power supply has been the major reason cited by many of the manufacturing companies (example, Michelin, Dunlop Plc, Volkswagen Plc, PZ, Unilever etc) for closing down their factories in Nigeria (see George & Oseni, 2012). Again, in 2009, Coca cola Nigeria shut its concentrate plant in Otta, Ogun state, citing harsh economic conditions as reasons why it could no longer continue operations in the country. In 2008, Dunlop Nigeria Plc shut down its plants and moved to a more conducive Ghanaian economy few years after Michelin Nigeria Ltd left Nigeria for Ghana all citing harsh economic conditions as reasons for their exit (see Nigeria Today, 2014; Businessday, 2009 in Effiom, Ubi & Okon 2012).

The high cost of business resulting from poor infrastructure affects all business in every sector of the economy. In the brewery sector for instance, the number of breweries reduced from about 33 in the 1990s to only about 4 in 2012 (Okwo & Ugwunta, 2012). In toiletries and cosmetics industries, the number of industries reduced from over 155 in year 2000 to less than 25 in 2012 (see Vanguard Newspaper, 2013). The textile industry is not left out, in the 21st century, no fewer than 65 textile industries were shut down and over 150,000 textile workers and more than one million other entrepreneurs such as traders and cotton farmers whose jobs were linked to the textile industry lost their means of livelihood due to the closures (Olori, 2005).

It is against this backdrop that we can appreciate the contradiction in productive forces of the economy expressed in the following ways:

- Absence of indigenous technology (means of labour) needed to exploit indigenous resources (objects of labour);
- Inability of indigenous labour to use or understand foreign technology (means of labour) used by multinational clients in the enclave economy.

The two conditions above further results in the following contradictions:

- A disconnect between the available manpower and means of production in the enclave oil economy;
- A disconnect between activities in the enclave oil economy and real sectors of the economy

It these contradictions in the productive forces of the economy that manifests directly in the huge graduate unemployment in the country that will be analyzed in the next section.

Rentierism and Affliction of Unemployment on Nigerian Graduates, 1999- 2012

The result of the above crisis is a disconnection between the graduates and the economic activities in the country leading to joblessness for the teeming graduates. A situation where the graduates cannot find employers for their labour and cannot use their skills to create jobs for themselves. In 1982, about 70% of 35,000 job seeking graduates could not find job after their National Youth Service Corps (NYSC) (Nnoli, 1993a). Evidently, graduate unemployment has remained endemic and pervasive in the country with only few industries struggling for survival in the face of downsizing and retrenchment of the workforce in the public sectors emanating from the implementation of neoliberal reforms informed by the rent-seeking character of the Nigerian state. As at 2010, graduate unemployment stood at 23.1% for graduates with B.Sc degree and equivalent, 20.1% for M.Sc and equivalent and 19.6% for Ph.D holders (see Table 9)

Currently, available data indicates that the rate of unemployment is alarming and increasing. Table 7 shows that unemployment rate increased from 13.7% in 1999 to 23.9% in 2011. Similarly, table 8 reveals that the number of unemployed people rose from over 7 million people in 2006 to over 16 million in 2011

Table 7: Unemployment Rate 1999 - 2011

Year	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Unemployment Rate	13.7	13.1	13.6	12.6	14.8	13.4	11.9	12.3	12.7	14.9	19.7	21.1	23.9

Source: culled from Akhuemonkhan, Raimi & Sofoluwe, 2013

Table 8: Incidence of Unemployment in Nigeria, 2006 - 2011

Nigeria	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Population	140,431,790	144,925,607	149,563,227	154,349,250	159,288,426	164,385,656
Economically Active	78,922,666	81,448,191	84,054,533	86,744,278	89,520,095	92,384,738
Labour Force	57,455,701	59,294,283	61,191,700	63,149,835	65,170,629	67,256,090
Employed	50,388,650	51,763,909	52,074,137	50,709,317	51,224,115	51,181,884
Unemployed	7,067,051	7,530,374	9,117,563	12,440,517	13,946,515	16,074,205
New Unemployed		463,323	1,587,189	3,322,954	1,505,997	2,127,691

Source: NBS (2011) 2011 Annual Socio-Economic Report, Abuja: National Bureau of Statistics

Table 9: Unemployment Rate by Educational Level As At 2010

Educational Level	Never Attended	Below Primary	Primary	JSS	Vocational/ Commercial	SSS	NCE/ OND/ Nursing	B.Sc/BA and Equivalent	M.Sc and Equivalent	Ph.D	Others
Unemployment Rate	17.9	23.5	21.8	23.1	25.7	23.9	21.5	23.1	20.1	19.6	22.8

Source: National Bureau of Statistics, 2010

The rate of graduate unemployment is so alarming that most Nigerian graduates are now objects of ridicule. Some of them in the face of frustration have had to hide their certificates so as to secure other menial jobs as a means of survival. It is apposite to mention here that the graduates are mostly afflicted by unemployment because unlike the other youths who are still struggling to complete their education up to graduate (at least B.Sc/BA/B.Ed/HND) level, the full fledged graduate becomes absolutely idle as soon as he graduates from the University/Polytechnic, finishes the one year mandatory National Youth Service Corps (NYSC) and cannot find any employment.

Again, most of the graduates stops getting financial assistances and supports from families and relatives, in most cases they have to face the challenge of leaving their parents' home to search for non existing jobs. Except for those who drop out from school for one reason or the other, most youths are never available for full employment until they graduate from the university/polytechnics or colleges of education and can therefore not experience the pains and frustrations of unemployment like their graduate counterpart who have completed their education and are fully available for employment. With an unemployment rate of over 23%, the condition of Nigerian graduates with regards to unemployment is pathetic.

Meanwhile, most companies and even government agencies in the country now take advantage of the situation to enrich themselves by collecting fees from graduate applicants before they can be shortlisted for job interviews. For example, in 2014, the Nigerian Immigration Service (NIS) collected about six billion naira (N6,000,000,000) from applicants who were asked to pay N1,000 each as processing fee for 4,500 advertised job positions in the NIS. The applicants shortlisted were so much that on the date of the job test, the crowd could not be controlled leading stampede in the various stadia used as the test centers because the applicants out numbered the seating capacity of the various stadia. In Lagos, Abuja and Port Harcourt for instance, it was reported that the number of applicants that trooped out for the test were over 56,000, 69,000 and 23, 000 respectively (see Vanguard Newspaper, 2014).

Conclusion/Prognosis

The study set out to investigate the causes of unemployment in Africa with focus on Nigeria, we noted the causes of unemployment in Nigeria are multifaceted and cannot be taken *sui generis* without appreciating the character of the state. More so, we argued that the youth is a heterogeneous group made of various social strata including the graduates. Hence, the study implicated rentierism for afflicting graduates with unemployment which has become endemic and pervasive in Nigeria.

On the basis of the above, we argued that the Nigerian state is preoccupied by rent-collection which is appropriated by the political class. The study found that the neoliberal economic reforms and policies informed by the rent-seeking character of the state have not led to growth of industries and entrepreneurship in the real sectors of the economy. Again, the neglect of infrastructural development by the rentier state stifles entrepreneurship and industrial growth in the economy. Under such circumstance, graduate unemployment continues to skyrocket.

Contrary to the claim of the government and some scholars that skills acquisition and entrepreneurship training for the teeming graduates will reduce graduate unemployment, this study posits that entrepreneurship will not thrive until the gross infrastructural deficit in the country is addressed. Infrastructural development will encourage growth of indigenous technology, create a linkage between the enclave upstream sector of the oil industry and the real sectors of the economy, stimulate profitable private sectors in the economy especially in the area of manufacturing, reduce ratio of oil revenue to other sources of revenue especially internally generated revenue (IGRs) and assist in creating enabling environment for the much needed private sector led economy which will create jobs for Nigerian graduates.

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