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EDITORIAL NOTE

In an Editorial Note to Vol. 20 (December 2006) of the UNISWA Research Journal, the following remarks were made by the Editor.

"The Editorial Board is making a determined effort to enhance the image of the Journal internationally and also improve the quanlity of published papers, thereby making the Journal competitive. Thus, besides the [internal] members of the Editorial Board indicated above, efforts are being made by the Board to appoint four additional members of the Editorial Board. They shall be appointed from Universities in Africa; one each from Northern, Southern, Western and Eastern Africa. The functions of these members will, among others, be to review manuscripts, assist in identifying reviewers, and to receive and forward manuscripts from outside Swaziland to the Secretariat of the Editorial Board. They will be appointed by the Vice Chancellor on the recommendation of the Editorial Board".

Since then, three international members of the Editorial Board have been appointed as follows:

Prof. C. B. Nzioka, University of Nairobi- representing East Africa;
Prof. N. Osarenren, University of Lagos- representing West Africa; and
Prof. M. Malaba, University of Namibia- representing Southern Africa.

The Editorial Board is still searching for a suitable candidate to represent the North African region.

Prof. Folayan Ojo
Editor, Chairman Editorial Board

UNEMRNOYMENT IN NIGERIA: AN ANALYSIS OF EXTENT, CAUSES AND POLICY IMPLICATIONS

Dr. O. I. Lawanson*

ABSTRACT

This study examined the causes and extent of unemployment in Nigeria, it empirically examined the significance of the major causes, it highlighted the policy implications and proffered solutions. The study made use of data sourced from the Central Bank of Nigeria and the Federal Office of Statistics (now National Bureau of Statistics). A co integration technique of analysis was applied to examine the relationship that exists between unemployment (dependent variable) gross domestic product, real wage, graduate turn out, inflation and population (independent variables). The findings of the study showed that there is a positive relationship between unemployment and inflation, population and graduate turn out while there is a negative relationship between unemployment and the two other variables, gross domestic product and real wage. It was highlighted that government should put in place policy measures that involve the public and private sectors in employment generation so as to tackle the problem of unemployment in Nigeria. Towards this end, specific policy measures were identified primarily in the areas of population, education, agriculture and production.

INTRODUCTION

The problem of unemployment has posed a great challenge to both developed and developing countries. In recent times, the incidence of unemployment in Nigeria has been widespread, cutting across all facets of age groups, educational strata and geographical entities.

Nigeria's unemployment problem is a post-independence phenomenon, that is, it started after 1960, when the country gained its political independence. According to the 1952/53 national census, for example, the country experienced over-employment rather than unemployment during the early 1950s. This does not imply that all the people who were willing to work were employed; it only means that the unemployed were few and mainly structurally unemployed. They were either only temporarily out of employment or in the process of changing jobs. It also implies that the total number of people gainfully employed at the time exceeded the size of the potential labour force. Such a phenomenon can be explained in terms of the prevalence of child labour – persons aged less than 15 years being gainfully employed (Ojo, 1997:11).

Since 1960, the unemployment rate has been on the upward trend. For instance, the unemployment rate was 1.7% in 1966, 4.3% in 1976 and 4.0% in 1985 (National Bureau of Statistics, NBS, 2005). By 1990, the national unemployment level was estimated at 3.2 percent (Central Bank of Nigeria, CBN, 1991). Subsequently, the rate started declining and it fell to as low as 1.8 percent in 1995, but by 2000, the rate had risen to 4.0 percent. According to the CBN (2003), the national unemployment rate was 2.3 percent in 2003. The observed decline could be attributed to increased informal sector activities, even though most of the people

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involved in such activities were heavily under employed. These declines in the unemployment rates may not truly reflect the situation in the labour market, as many of the unemployed were disenchanted and, therefore, might have no confidence in the employment exchanges to find them suitable jobs (Uniamikogbo, 1997). In other words, they might have decided not to register in the employment exchanges. However, the current unemployment rate is estimated at 14.6 percent, according to the CBN (2007), as compared with 13.7 percent in 2006.

OBJECTIVES OF THE STUDY

The objectives of this study are as follows:

1. To examine the extent and causes of unemployment in Nigeria;
2. To empirically examine the significance of the various causes of unemployment in the country; and
3. To highlight the policy implications of the study and proffer solutions to the unemployment problem.

RESEARCH HYPOTHESES

The following hypotheses are formulated for the purpose of this study:-

Hypothesis 1

H0: Increase in real wage will not lead to a reduction in unemployment rate
H1: Increase in real wage will lead to a reduction in unemployment rate

Hypothesis 2

H0: Increase in real gross domestic product will not lead to a reduction in unemployment rate
H1: Increase in real gross domestic product will lead to a reduction in unemployment rate

Hypothesis 3

H0: Increase in graduate turn out will not lead to an increase in unemployment rate
H1: Increase in graduate turn out will lead to an increase in unemployment rate.

RESEARCH QUESTIONS

The following research questions are examined in relation to the unemployment situation in Nigeria.

1. Does an increase in real wage lead to a fall in unemployment rate?
2. Does an increase in gross domestic product lead to a reduction in unemployment rate?
3. Does an increase in graduate turn out lead to a reduction in unemployment rate?
4. Does an increase in population lead to an increase in unemployment rate?
5. Does an increase in inflation rate lead to an increase in unemployment rate?

LITERATURE REVIEW

The Concept of Unemployment

Unemployment is the state of joblessness experienced by persons who as members of the labour force perceive themselves and are perceived by others as being able and willing to work but cannot find any work (Beveridge, 1931:3). They are actively looking for paid employment without success under the prevailing economic circumstances (NMB,1979:11) The

International Labour Organization (ILO, 2000) defined the concept of unemployment as the proportion of the labour force who are available for work, but did not do any work for at least one hour in the week preceding the survey period.

The Federal Office of Statistics (FOS,1996) defines the unemployed persons as including those that are aged 15 and over, who are actively looking for work but fail to find one during a particular reference period. According to Nafzigar (2006: 205) open unemployment is a situation in which a person without a job actively seeks employment.

Causes of Unemployment

Generally, labour unemployment is a disequilibrium phenomenon, which may arise because labour supply is in excess of its optimal level or because demand for labour is lower than it ought to be. Diejomah and Orimalade (1971) were of the opinion that in the situation of limited labour demand, the acceleration in the growth of the labour force led to increased unemployment problem in Nigeria and would continue to do so unless corrective measures were taken. Another factor responsible for excessive labour supply is the rapidly growing urban labour force. This arises from rural-urban migration which generally transforms rural underemployment into open-unemployment in the urban centres.

Bairoch (1976) argues that excessive supply of labour cannot be dissociated from the issue of the rate of growth of the population in that the size and growth rate of the labour force is said to depend primarily on the size and growth rate of the population. He further added that both have been growing too rapidly in developing countries, to the extent that employment expansion could not keep pace, thus resulting in growing unemployment. Edwards (1979) explains the rural-urban migration in terms of push - pull factors although the dividing line is quite thin. The push factors are said to include the pressure resulting from a rising man-land ratio in the rural areas

Ojegbile (1986) reveals that the more cogent explanation of the growing unemployment especially in Nigeria is the neglect of the agricultural sector, which could have provided gainful employment for job seekers. Inadequate educational facilities such as non provision for thorough vocational training in the schools academic curricula and the entrepreneur's preference for capital intensive rather than labour intensive techniques of production have also contributed to growing unemployment.

Williams (1988) posits that Nigeria's early development planners focused on maximum growth as being essential to full employment. They assumed that if all efforts were devoted to production, then unemployment could take care of itself. Consequently, employment oriented programmes were not formulated. On the demand side of the labour market, conventional explanations of low demand for labour and unemployment in less developed countries include shortage of complementary factors of production e.g. capital and raw materials. Others are technical rigidity arising from low factor substitution possibility, deficiency of aggregate demand and excessive capital intensity of the production process. Todaro (1989) attributes rural-urban migration to the relative unattractiveness of rural life due to lack of basic amenities. He asserts that the pull factors include a constantly widening rural-urban income gap in favour of urban dwellers and a presumed higher probability of securing wage employment in the cities. Thus, rural-urban migration eventually results in urban unemployment.

Rama (1998) shows that cultural factors also increase the length of time that job seekers spend on the job queue. Many first time job seekers take advantage of family support to wait

for the suitable job opening thus rejecting existing work opportunities that are as at then unattractive to them – a case of voluntary unemployment. Todaro and Smith (2006) assert that one of the major consequences of urbanization in most developing countries is that the supply of workers far exceeds the demand, thereby resulting in extremely high rates of unemployment and underemployment in the urban areas.

Yesufu (2000) discovered that a new and profound cause of unemployment also derives from attempt to manage the economy with policy instruments that are irrelevant, ill advised and/or far in advance of the stage of development. Curiously, these policy instruments are fashioned and insisted upon by some international organizations notably the International Monetary Fund (IMF) and the World Bank. The enforcement of the type of Structural Adjustment Programme (SAP) that was imposed upon Nigerian in 1986 is typical. The insistence, for example, on rationalization of employment levels in the public service (i.e. a massive reduction in staff strength) without first addressing the issue of alternative job possibilities caused tremendous unemployment in the most important employment sector and threw into the entire national job market, the nation's most educated and most articulated manpower. The failure to pay their due retrenchment benefits for upward of three or more years greatly pauperized this class of the unemployed to the extreme and also deprived them of the little they would have invested to build up their own businesses.

Unemployment Situation in Nigeria

There has been no consistent trend in unemployment rates in Nigeria. An increase in one or two years is sometimes followed by a decline in the subsequent years. For instance, in 1976, the unemployment rate was 4.3% and it rose to 6.4% in 1980. By 1983, it declined to 3.4% and by 1986 and 1987, it had risen again to 5.6% and 6.2% respectively (FOS, 1996). After the introduction of SAP in 1986, labour statistics recorded that the unemployment rate declined compared with the pre-SAP era. Evidence shows that unemployment rate fell from 6.2% in 1987 to a minimal level of 3.2% in 1990 and 1993. Between 1994 and 1995 the unemployment

Table 1. National Unemployment Rates, Nigeria: 1985 – 2005

Year	Urban	Rural	Composite
1990	5.73	2.85	3.38
1991	5.18	3.20	3.58
1992	4.83	2.98	3.50
1993	4.03	3.23	3.37
1994	3.03	1.83	1.95
1995	3.35	1.60	1.90
1996	5.90	3.40	3.80
1997	3.80	2.40	2.60
1998	5.50	3.50	3.90
1999	10.80	13.40	13.00
2000	14.20	19.80	18.10
2001	10.30	15.10	13.70
2002	9.50	13.30	12.20
2003	17.10	13.80	14.80
2004	11.00	12.10	11.80
2005	10.10	12.60	11.90

Source: Federal Office of Statistics (FOS), Lagos.

rate fell drastically below 2% but rose up again to 3.8% in 1996 and continued on the upward trend. Available data suggest that unemployment rates vary by urban-rural residence, age, education and state of residence of the labour force participants (FOS, 1996).Table 1 below shows the average annual rates of unemployment for the years 1985 – 2005 by rural – urban place of residence.

The table shows that the average annual rate of unemployment was higher in the urban areas than in the rural areas for each year between 1990 and 1999, but between 2000 and 2002, the rate was higher in the rural areas and the trend continued except for 2003 when the rate was higher again in the urban area.

It has been observed that unemployment rate is usually highest among secondary school leavers, irrespective of place of residence. For instance, the Labour Force Survey of June 1996 indicated that the unemployment rate was 65% among secondary school leavers. Among non-educated people, primary school leavers and post-secondary school graduates, the rates were 16, 9.6 and 9.3% respectively (FOS, 1996).

Table 2. Percentage Distribution of Unemployed Persons by Educational Level in the Urban Sector

Year	No Schooling	Primary	Secondary	Post Secondary	All Persons
1990	12.2	22.9	60.9	4.0	100.0
1991	15.1	15.5	65.0	4.4	100.0
1992	19.1	10.4	60.6	4.9	100.0
1993	15.3	17.7	60.0	7.0	100.0
1994	16.3	17.2	71.8	4.7	100.0
1995	4.2	14.9	68.1	12.8	100.0
1996	16.1	9.6	65.0	9.3	100.0
1997	18.1	11.0	64.7	2.2	100.0
1998	8.6	9.9	64.0	17.5	100.0
1999	16.1	8.4	65.3	10.2	100.0
2000	10.2	8.6	69.4	11.8	100.0

Source: *Federal Office of Statistics, Lagos.*

Table 2 reveals that the level of unemployment is highest among secondary school leavers while it is lowest among post secondary school (i.e. tertiary institutions) graduates. Persons with no schooling have relatively lower levels of unemployment than primary school leavers. It is assumed that persons with no schooling can easily take up apprenticeship in some artisan jobs that require no formal education. They can also be engaged in menial jobs.

The high rate of unemployment among secondary school leavers may be attributed to the fact that many of them may be aspiring to further their education and in the process may be temporarily unemployed. In addition, having had education to that level, they may not want to take up artisan jobs. Most of them may be searching for white-collar jobs, which are not readily available. Relatively low levels of unemployment observed among post secondary school graduates may be due to the fact that they possess enough skills that can make them qualify for employment in the urban areas.

Table 3 demonstrates the extent of unemployment in the rural sector of the economy. Just as it was in the urban sector, the level of unemployment was highest among secondary school leavers. The proportion of unemployed secondary school leavers was 47.8% of the total

Table 3. Percentage Distribution of Unemployed by Educational Level in the Rural Sector

Year	Educational Level				
	No Schooling	Primary	Secondary	Post Secondary	All Persons
1990	24.1	27.6	47.8	0.5	100.0
1991	19.5	26.4	52.4	1.7	100.0
1992	19.0	16.0	57.8	7.2	100.0
1993	17.6	17.9	61.1	3.4	100.0
1994	14.8	12.3	68.0	14.9	100.0
1995	21.8	41.4	31.0	5.8	100.0
1996	23.0	11.9	48.4	16.7	100.0
1997	21.1	11.8	46.2	20.9	100.0
1998	28.2	15.8	49.5	6.5	100.0
1999	20.7	12.9	59.4	7.0	100.0
2000	11.9	26.2	52.8	9.1	100.0

Source: Federal Office of Statistics, Lagos.

unemployed in 1990 and 68% in 1994. The proportion fell to 31.0% in 1995 but rose again to 59.4% in 1999 and slightly declined to 52.8% in the year 2000. It increased again in 2002 to 64.9% and by 2005, it had increased further to 70.5%.

On the average, half of the unemployed persons were secondary school leavers. The striking feature of the unemployed in the rural sector is the increasing proportion of unemployed graduates. The proportion was quite high in 1994, 1996 and 1997. This may be due to increasing number of higher institutions in the rural areas where most of their turn-out consist of rural dwellers with no jobs in the rural areas to cater for them after leaving school.

METHODOLOGY

This study is based on secondary data. The data, which span between 1985 and 2005 were obtained from the Central Bank of Nigeria, *Annual Report and Statement of Accounts* (various issues), Statistical Bulletin Vol.16, 2005;-and the Federal Office of Statistics (now National Bureau of Statistics) *Annual Abstract of Statistics*- various issues. These references are the most reliable and most regularly published sources of data on unemployment in Nigeria.

A co integration technique of analysis is adopted for the study. It is used to examine the relationship that exists between the dependent variable (unemployment rate) and the independent variables (gross domestic product, real wage rate, graduate turn out, inflation rate and population).

Specification of the Model

High rate of unemployment in Nigeria has been attributed to educational expansion, increasing number of graduate turn out from various educational institutions and failure of the economy to absorb all the graduates who have made the labour market to be over-saturated, thus culminating into the unemployment problem.

A model showing the relationship between the level of unemployment and factors influencing the level is specified. In order to avoid spurious inferences, the simple log-linear regression model is employed. The variables are expressed in logarithm to generate elasticities. Thus, the model is specified as:

$$\log U = a_0 + a_1 \log RGDP + a_2 \log RW + a_3 \log GT + a_4 \log CPI_t + a_5 \log POP + E_t \text{———(1)}$$

Where;

a_1 to a_5= Coefficients of the independent variables
log= Natural logarithm
RGDP = Real Gross Domestic Product at 1984 current price
RW = Real Minimum Wage
GT = Graduate turn-out from various higher institutions
POP = Active Population
CPI_t = Consumer Price Index with 1985 as base year
E_t = Stochastic Term.

Equation (1) shows that various factors affecting unemployment are inflation rate, real gross domestic product, active population, real wage and graduate turn-out. Real Gross Domestic Product (Y) being one of the major economic indicators is included to capture the effect of unemployment on the economy. The inflation term (P_t) is used to capture the unanticipated inflation effects on unemployment, while population and graduate turn-out (POP & GOT) are used to capture the intensity of the unemployment problem in the economy. Real wage (price in the labour market) is also expected to give significant information about unemployment.

Theoretical Expectations

Theoretical expectations of the parameter estimates are as follows:

$a_1 < 0;\ a_2 > 0;\ a_3 > 0;\ a_4 < 0;\ a_5 > 0$

Real Gross Domestic Product is expected to have a negative relationship with the level of unemployment. If real GDP increases, there is a tendency that more people will be employed, thus reducing the level of unemployment. Real wage, graduate turn-out and population are expected to have positive relationship with unemployment. As population increases, the labour force is expected to rise, but if jobs are not available to match this increase in the labour force, then the level of unemployment rises. Increase in graduate turn-out can also expand the labour force and if the absorptive capacity of the economy is too low to absorb these graduates, then the level of unemployment will increase. As the real wage rises, demand for labour falls hence the level of unemployment increases. Inverse relationship is expected between inflation rate and unemployment. If inflation is maintained at a low level, unemployment cannot be simultaneously kept at such a low level.

Empirical Analysis

This section investigates the magnitude of unemployment in Nigeria, using the following factors as parameters; real wage rate, inflation rate, graduate turnout, population and real gross domestic product.

The Significance of the Variables

The individual significance of the explanatory variables (which includes Real Wages, Real Gross Domestic Product, Population, Graduate Turnout and Consumer Price Index) reveal that in the long run, population and consumer price index are not relevant to explain the unemployment situation in Nigeria.

At 5% significance level, 100% increase in the real wage will reduce unemployment rate

Result of Equation 1

Dependent Variable: LUM
Method: Least Squares
Sample: 1985 - 2005

Variable	Coefficient	Std. Error	t-Statistic	Prob.
lnRW	-1.567863	0.621162	-2.524081	0.0450
lnRGDP	-0.368237	0.138925	-2.650625	0.0380
lnPOP	5.867303	3.023111	1.940817	0.1003
lnGT	0.331357	0.107063	3.094979	0.0213
lnCPI	0.009336	0.268098	0.034822	0.9734
C	-3.819291	10.50455	-0.363585	0.7286
R-Squared	0.728693	Mean dependent var ——>		11.68949
Adjusted R-Squared	0.502603	S.D. dependent var ——>		0.224751
S.E. of regression	0.158509	Akaike info criterion ——>		-0.53916
Sum squared resid	0.15075	Schwarz criterion ——>		-0.296706
Log likelihood	9.234959	F-statistic ——>		3.22303
Durbin-Watson stat	2.93983	Prob (F-statistic) ——>		0.093315

by 157% in the long run. We therefore reject the null hypothesis and conclude that real wage is significant to explain unemployment rate in Nigeria. At 5% significance level, 1% increase in national income will reduce unemployment rate by 0.37% in the long run. The null hypothesis is rejected in favour of the alternative hypothesis which indicates the impact of national income on unemployment. At 5% significance level on the other hand, 100% increase in graduate turnout will lead to an increase in unemployment rate by 33.1% in the long run. The null hypothesis is rejected and we conclude that graduate turnout is significant to explain unemployment rate in Nigeria.

Considering the R^2 (Co-efficient of determination), this indicates that 73% of the variations in unemployment is actually explained by Real Wages, Real Gross Domestic Product, Population, Graduate Turnout and Consumer Price Index, this is a good fit. R^2 (Adjusted Co-efficient of determination) shows that even if all the missing variables are included, 50.2% of the variations in unemployment rate will still be explained by Real Wages, Real Gross Domestic Product, Population, Graduate Turnout and Consumer Price Index, this is also a good fit. The D.W. statistic on the other hand, which is above 2, shows the existence of negative autocorrelation among the variables. This indicates that there is no correlation among the error terms, therefore the power of forecasting of the model is increased. The results of Akaike and Schwarz criterion reveal that the model is a good one, the lower the value of these criteria the better the model. The significance of the model using the indicators reveal that it is not a spurious model, another evidence of non spuriousity of the regression will be captured in the co-integration. The longrun relationship among the variables can be revealed in the regression written below:

$$\ln UM = -3.82 - 1.57\ln RW - 0.37\ln RGDP + 5.87\ln POP + 0.33\ln GT + 0.009\ln CPI$$

MAJOR FINDINGS

The empirical analysis examines the significance of various causes of unemployment in the Nigerian economy. The following findings emerge:

First, there is an inverse relationship between unemployment and real gross domestic product. This means that as unemployment increases, gross domestic product decreases. The result shows that reduction in real gross domestic product in the previous year will lead to an increase in unemployment in the current year.

Second, there is a direct relationship between unemployment and inflation rate. This means that an increase in the inflation rate will increase unemployment; that is, increase in the inflation rate in the previous year will lead to an increase in the unemployment rate in the current year.

Third, population has been established to have a positive relationship with unemployment. Therefore, an increase in population will lead to an increase in the level of unemployment.

Real wage has been found to have a negative relationship with unemployment but in the case of the Nigerian economy, increase in real wage may not necessarily increase the level of unemployment while reduction in real wage may also not be able to reduce unemployment.

It was also discovered that there is a positive relationship between graduate out-turn and unemployment. Although, this relationship is not statistically significant, yet the positive relationship shows that graduate out-turn and unemployment in Nigeria move towards the same direction.

DISCUSSION OF FINDINGS

The findings of the study which indicate that there is an inverse relationship between unemployment and gross domestic product is consistent with the existing literature, which says that the higher the unemployment rate, the lower the gross domestic product of that economy, particularly developing countries.

The study also shows that there is a direct relationship between unemployment and inflation rate, which is consistent with existing literature and is evident in a growing economy like Nigeria.

Another finding of the study is that population has a positive relationship with unemployment, that is, an increase in population will lead to an increase in unemployment, which is consistent with existing literature.

The study also found out that there is a positive relationship between graduate turn out and unemployment, which has been the reality in Nigeria.

What the findings of this study portend for a developing country like Nigeria is that there is an urgent need for government to take necessary steps to curtail the rapid growth rate of unemployment in the country.

CONCLUSION

Based on the theoretical presentations and findings of this study, the following conclusions can be drawn.

First, there is an obvious relationship between unemployment as a dependent variable and gross domestic product, real wage, graduate turn out, inflation and population as explanatory variables.

Second, the rising level of unemployment is not conducive to human resource management in the country.

Third, the rising rate of unemployment in the country is one of the constraints militating against economic development, and thus, there is a need to urgently find ways of reducing the

rate of unemployment.

Lastly, the government should put in place policy measures to involve the public and private sectors in employment generation so as to reduce the level of human resource under-utilization.

POLICY IMPLICATIONS

Based on the findings and conclusions of the study as highlighted above, the following policy implications are outlined. They are various means of tackling the problem of unemployment in Nigeria.

Population Policy

The study reveals that population has a significant influence on unemployment. The unemployment nightmare has been traced to high population growth rate. There is, therefore, the need to intensify efforts on population control policy so as to prevent the population from growing beyond the absorptive capacity of the economy. A situation where the labour force has been growing at 2.5% - 3% per annum calls for due attention by the government. The role of the Planned Parenthood Federation of Nigeria (PPFN) should be strengthened to enhance the acceptability of family planning as a part of population policy implementation strategy.

Educational Policy

The educational policy measure that was introduced to address the defect in educational planning was the 6-3-3-4 educational system. A critical analysis of the system reveals that since it's inception in 1982, it has placed a lot of emphasis on academic-oriented education. There is the need to re-orient the system towards technical and vocational education as well as towards self-employment as against its current bias towards academic (university) education. This will promote the labour market goals of the economic system.

The view that technical and vocational education is for "drop-outs" should be corrected through public enlightenment, adequate funding, appropriate reward and enhanced prospects for technicians. It is expected that this will minimize the undue emphasis currently placed on academic credentials. Moreover, the vocational and technical schools, Universities of Agriculture and Technology should be properly staffed, equipped and funded.

Emphasis should be placed on facilitating the acquisition of skills, competence and abilities which are required by employers of labour and which are likely to stand the graduates of Nigerian Universities in good stead in terms of self employment.

Also, there is the need for curricular reforms to cope with the challenges of graduate unemployment. It is essential to produce graduates who are able to monitor technological trends, assess their relevance to the country's prospects and help develop an appropriate national technology strategy towards effectively harnessing the country's human and material resources for the establishment and maintenance of national economic prosperity.

Agricultural Policy

A well managed agricultural sector will assist in solving the nation's unemployment problem. This can be achieved by proper collaboration between employment agencies such as the National Directorate of Employment (NDE) which has a range of rural employment training schemes targeted at graduates and school leavers. This will increase and improve the participation of youths and graduates in the agricultural sector and will serve as catalyst in reversing the declining interest of youths and graduates in agriculture.

Production Policy

There is need for direct policy to increase the domestic output in order to stimulate employment. Since more people are employed as the domestic output is increased, an increase in government public expenditure will also stimulate aggregate demand thereby stimulating employment.

Other Policy Options

Other policy options include: payment of unemployment benefits, stemming the trend of inflation so as to enhance the real wage of workers, re-awakening of labour exchanges to yield a more realistic estimate of unemployed persons and a reversal of the uncoordinated trend towards more labour intensive rather than capital-intensive techniques of production.

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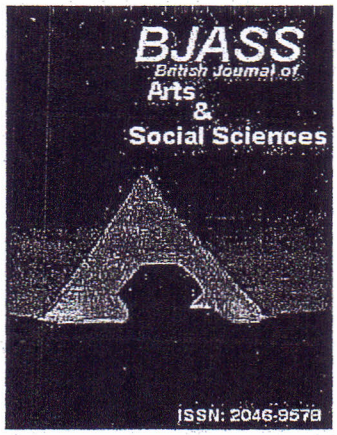

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