Capital Flight from Nigeria**

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I. Introduction

Nigeria is a debtor country with serious debt servicing problems. By 1987, her total external indebtedness was put at over 25 billion US dollars. Even with a high hope of a generous debt rescheduling agreements with her major creditors, the 1990 budget allocates 31.7% of her total projected foreign exchange earnings to external debt servicing. A debt-service ratio in excess of 20% is generally considered to be harmful to the domestic economy ⟨Levi (1970)⟩. Yet available evidences suggest that the Nigerian debt-service ratio, especially since 1984, has been greatly in excess of 20%. In fact it has been well over 30% in recent years. This level of debt-service ratio has adversely affected the rate of economic growth, development and has worsen the conditions of living of the generality of Nigerians.

It is generally believed that capital flight and public external borrowing are related. While countries that found foreign borrowing relatively very easy are more likely to be unreasonably relaxed in controlling capital flight, capital flight are generally rational responses to fundamental mis-matches among domestic and foreign macroeconomic variables, and social conditions. These mis-matches create the incentives for capital to flee whether or not stringent measures are put in place to control capital flight. In the long-run, Khan and Haque(1987) ob-

serve that:

> *Capital flight thus reduces government revenues and the abili-*
> *ty to service external public debt······ with the erosion of the*
> *tax base, there is an increased need to borrow from abroad,*
> *thereby increasing the foreign debt burden.*

Conseaquently, capital flight would intensify the shortage of foreign exchange. Also, it would widen the gap between the rich and poor, export financial intermediation, trans-nationalize domestic capital and makes the pursuit of restrictive fiscal policies inevitable ⟨Rodriquez(1987)⟩. The overall effect would be a retarded economic growth and development and the worsening of the general conditions of living for the masses. These consequences are easy to observe in Nigeria especially since the early 1980's.

In other words, capital flight could deepen Debt Crisis. As capital flight commences, the tax base is eroded and there is an increased need for external borrowing. If the required foreign borrowing is readily available, external debt would mount until a threshold is reached where more borrowings become increasingly difficult and are done at a penal rate. At this crisis level, debt servicing problems set in. These debt servicing problems compel authorities to control capital flight. However, a snowball process is set in motion as capital control often heighten capital flight.

Going by the available evidence, the Less Developed Countries (LDCs) of Africa (including Nigeria), are already in the Debt Crisis, which might have been deepened by capital flight.

There is no doubt that the resolution of the Debt Crisis must be top on the agenda of the debtor-countries of Africa. However, it appears a meaningful resolution of the African Debt Crisis might involve the arrest of capital flight from Africa. A similar view was expressed by Khan and Haque (1987) when they said:

> *Foreign bankers, for example, may be unwilling to make new*
> *loans that would merely finance future capital flight······*
> *when their own residents are unwilling to repariate capital to*
> *invest at home, the debtor countries cannot expect greater will-*
> *ingness from their foreign creditors*

Consequently, a good knowledge of the magnitudes and causes of capital flight from Africa could provide some insight into the resolution of the Debt Crisis; at least it would suggest some part solution. There is the need, therefore, to determine the magnitudes of capital flight and their causes in these debtor-countries of Africa with a view to suggesting remedial measures to policy-makers. However, as far as we are aware, most studies on capital flight have been mainly concerned with the debtor-nations of Latin America; no such study has been done for Nigeria. This is a gap in our knowledge.

The aim of this study is to determine the magnitude of capital flight from Nigeria, and determine its causes. While the study is limited to Nigeria, it is our hope that most of our findings would be applicable to other LDCs of Africa. Also, it is our hope that this study would stimulate further research on capital flight from other debtor-countries of Africa.

To achieve the objectives of this study, what follows consists of Section II Capital Flight: Meaning and Measurements; Section III Methodology; Section IV Empirical Results and Policy Implications; and Section V Conclusion.

II. Capital Flight: Meaning and Measurements

Though there is no generally accepted definition of capital flight, it is generally believed that it is a capital that is running away. The consensus is that a capital that is running away from the domestic financial market and which is in conflict with the interests, goals and objectives of the domestic society is a capital flight. Hence, if a capital outflow does not conflict with the social objectives, such a capital outflow would not be described as a capital flight but simply normal capital outflow. Walter's (1987) definition is typical:

> Correctly defined, capital flight therefore appears to consist of a subset of international asset redeployments or portfolio adjustments - undertaken in response to a significant perceived deterioration in risk-return profiles associated with assets located in a particular country - that occur in the presence of conflict between the objectives of asset holders and governments. It may or not violate the law. It is always considered by the authorities to violate an implied social contract.

From the above definition put forward by Walter (1987), it appears that there is a distinction between *capital flight* and *normal* capital outflow. Some have suggested that all illegal capital outflows are flight capital while all legal capital outflows are normal ⟨Lessard and Williamson (1987)⟩.

We reject such suggestions because not all illegal transactions are done with the sole aim of avoiding the domestic financial market, *per se* and not all legal capital transactions are in line with the social goals. For instance, false invoicing, which are illegal and have capital account dimensions, might have as their sole objectives the evasion of tariffs and quotas. So also, some legal capital outflows might be in conflict with social goals. This would be more so if tariffs and quotas are arbitrary and contrary to social interests or/and if the laws of the land only reflect the interests of the ruling class in a situation when the interests of the ruling class are diametrically opposed.

Based on the above considerations, the only amendment we make to Walter's(1987) definition is to substitute *societies* for *governments*. Thus we define capital flight as a subset of international asset redeployments or portfolio adjustments that occur in the presence of conflict between the objectives of asset holders and those of the domestic society. It may or may not violate the law. But it is always considered by the generality of the members of the domestic society to violate an implied social contract. We have underlined the words we have substituted into Walter's (1987) definition in place of *governments* and *authorities* respectively.

We have emphasized those words because in the context of the LDCs of Africa, it appears to us as insiders that, the interests of the *authorities* in the LDCs and those of the society are diametrically opposed. This is because most holders of positions of *authority* in the LDCs are primitive capital accumulators. They accumulate monetary capital, though primitively, through smuggling, financial fraud, bribery, kick-backs, racketeering, corruption, looking other way, supplier-and-remover contracting, over-valued contracts, etc. But these immoral, and sometimes criminal, acts on the parts of *authorities* are in conflict with the interests of the generality of the larger society. These probably explains why these societies have not moved forward many years after political independence.

Hence, in the context of the LDCs of Africa, we would insist that the above amendments be made to Walter's (1987) definition when defining capital flight.

At this point, a question that readily comes to mind is: How does one operationalize the above definition of capital flight in measuring it? This question applies equally to Walter's (1987) definition and ours.

Some have said all private capital outflows from the LDCs, who are capital poor, are capital flight. Thus all private capital outflows, be it long-term or short -term, portfolio or equity investments are flight capital ⟨Khan and Haque (1987)⟩.

Some others have measured capital flight as all capital outflows that do not generate benefits to the domestic economy (in form of taxes and investment incomes) that could have eased debt servicing problems ⟨Khan and Haque (1987)⟩.

However, a commonly adopted measure of capital flight (CF) is that proposed by the World Bank (1985) and Erbe (1985). They believe that a country's CF is equal to the change in the level of External Debt ($CEXDET$) plus Net Direct Foreign Investment ($NDFI$) less Current Account Deficit (CAD) and Foreign Reserves build-up ($CFER$). Thus, the World Bank's (1985) and Erbe's (1985) definition of Capital Flight, $CFWB$, is given by:

$$CFWB = CEXDET + NDFI - CAD - CFER \tag{1}$$

This implies that in absence of capital flight the domestic economy would only have to borrow the amount by which Current Account deficit plus the increase in foreign reserves exceed the net direct foreign investment in the domestic economy. Others believe that the World Bank's (1985) and Erbe's (1985) method should be adjusted for the increase in the banking system foreign asset ($CBFA$) ⟨Morgan Guaranty Trust Company (1986)⟩. Thus capital flight as defined by Morgan Guaranty Trust Company (CFM) is given as:

$$CFM = CEXDET + NDFI - CAD - CFER - CBFA \tag{2}$$

This implies that the banking system cannot be involved in capital flight. This appears wrong because the firms in the banking industries, like other firms, could and indeed are well placed, to participate in capital flight.

Also, Cuddington (1986) suggested that capital flight, being a short-term event, should be the sum of the total short-term capital outflows by the non-bank

public (*SCONB*) plus errors and omissions (*E&O*) which represents capital outflow not recorded. Thus Cuddingtion's measures of Capital Flight (*CFC*) is:

$$CFC = SCONB + E\&O \tag{3}$$

However, if Walter's (1987) observation that:

> *Flight Capital may be held in a variety of forms, covering a broad spectrum of real and financial asset. This includes bank accounts, certificates of deposit, stocks, bonds and other financial instruments, real estate, precious metal, jewelry and other collectibles*

is true, then, measuring capital flight as Cuddington (1986) did might involve a gross underestimation of capital flight.

Based on the above consideraitons and the general belief by the Nigerian insiders that false invoicing is a conduit for capital flight in Nigeria, we add import over-invocing (*OVINV*) to the World Bank's (1985) and Erbe's (1985) measure of capital flight. Thus our measure of capital flight (*CFJ*) is given by:

$$CFJ = CEXDET + NDFI - CAD - CFER + OVINV \tag{4}$$

Thus the World Bank's (1985) and Erbe's (1985) measure, denoted *CFWB*, is given by equation (1) while those of Morgan Guaranty Trust Company (1986) and Cuddington (1986) are given by equations (2) and (3) respectively. Our own measure, donated *CFJ*, is given by equation (4). *OVINV* is computed by comparing the home-source data on import with those in the Direction of Trade. A similar examination of export figures suggests that there was no significant false invoicing with respect to export.

Ⅲ. Methodology

We shall estimate capital flight in Nigeria by employing equation (4) above. However, for the purpose of comparison, we shall employ equations (1), (2) and (3). Thereafter, we shall conduct an econometric analysis of capital flight in Nigeria.

Lessard and Williamson (1987) identified the major determinants of capital flight when they said:

> ...... *Where inflation had eroded real returns or real wealth, it is normal to expect investors to seek other markets or units of account that preserve purchasing power. When substantial exchange rate changes are expected, we expect to find investors positioning themselves in advance to make the best of the situation. Whenever markets are highly integrated and transaction costs are low, private individuals will have strong incentives to circumvent what appear to be arbitrary barriers to their own utility maximization.*

Thus, the inflation rate in the domestic economy relative to the rate of inflation in the rest of the world, transaction costs and the extent of currency over-valuation are the major determinants of capital flight identified by Lessard and Williamson (1987). However, in Nigeria the integration of the financial markets and low costs of transaction appear to play no role. Rather, the nature and structure of primitive capital accumulation seems to be more relevant. Well connected individuals and people holding high offices often use their privileged positions to amass wealth. Those who amass wealth through illegal or/and immoral means are often in dare need of extra security and confidentiality. These requirements are better met in the foreign banks than in the domestic banks. This was the view expressed by Walter (1987) when he said:

> *Beyond this, flight capital may also involve assets that have themselves been illegally obtained domestically. Assets accumulated through criminal activities such as smuggling, financial fraud, bribery, racketeering, and corruption are obvious candidates for capital flight if shifting them abroad yields perceived reductions in the probability of disclosure, asset recapture, and possibly serious legal sanctions applied to the institutions or individuals involved.*

Hence, the extent of primitive capital accumulation (*PCA*), which would vary directly and positively with economic prosperity and affluence, should be added to interest rate, domestic currency over-valuation and inflation rate, identified earlier as the major determinants of capital flight.

However, in specifying the role of *PCA*, measurement problems would have to be addressed. How does one measure *PCA*? Two measures that readily come to mind are the real national output (*RGDP*) and number of persons convicted and sentenced to prison for offences related to *PCA*.

While *PCA* would vary directly and positively with economic prosperity and affluence, the use of *RGDP* as a proxy for *PCA* could result in an empirical estimate that would be difficult to interpret since its implication for policy will be at variance with reason. Consequently, we favour the use of the alternative measure (i. e., number of persons convicted and sentenced to prison for offences related to *PCA*). Examining the available data on convictions and prison sentences, we selected the offences of fraud, forgery and altering, currency offences, smuggling and bribery/official corruption as offences related to *PCA*. These offences in Nigeria, often carry prison sentences on conviction. In adopting this as a measure of *PCA*, we have implicitly assumed that convictions and prison sentences have a constant relationship with the total number of such offences that are actually committed. This total would include offences that were not discovered or for which conviction could not be obtained by the public prosecutor. This implicit assumption might not be too restrictive, since it only presumes a constant level of efficiency on the part of the police/public investigators of criminal cases.

In specifying the role of currency over-valuation, we considered similar specifications in earlier studies. In particular, we considered Cuddington (1987) which specifies capital flight as a function of current Real Effective Exchange Rate (*REER*), among other explanatory variables. This was possible because he defines exchange rate over-valuation as the excess of *REER* over an equilibrium *REER* that is chosen in an appropriate equilibrium year and constant over the study period.

However, Cuddington's (1987) assumption of a constant equilibrium REER might be too restrictive. Consequently we prerfer to define an equilibrium nominal effective exchange rate (*TEER*) as the trend value of *EER* over the period of study. Hence, we shall measure exchange rate over-valuation (*EXOVAL*) in nominal term as:

$$EXOVAL = EER - TEER \tag{5}$$

Thus, we specify Capital Flight (*CFJ*) as:

$$CFJ = CFJ(EXOVAL, DR, DINF, PCA) \tag{6}$$

where *CFJ*: capital flight as defined by equation (4);

   EXOVAL: exchange rate over-valuation defined as *EER-TEER;*

   EER: effective nominal exchange rate (defined as the effective domes-
   tic currency price of a unit of foreign exchange);

   TEER: trend value of *EER*;

   DR: $r-r^*$;

   r^*: interest rate in the rest of the world (proxied by the rate of dis-
   count in the USA);

   r: interest rate in Nigeria (proxied by the CBN's rate of discount);

   DINT: $INF - INF^*$;

   INF: inflation rate in Nigeria (measured by CPI rate of inflation);

   INF^*: inflation in the rest of the world (measured by CPI rate of in-
   flation in the USA); and

   PCA: the level of primitive capital accumulation (proxied by the total
   number of persons convicted and sentenced to various jail
   terms for either fraud and forgery, currency offences, smug-
   gling or bribery and official corruption).

The effective nominal exchange rate is the import-weighted nominal exchange
rate (domestic currency per the US dollar) of Nigeria and all the OECD countries
excluding the U.S.A. For a detailed treatment of this see Jimoh (1989).

We expect:

$$\frac{\partial CFJ}{\partial EXOVAL} > 0$$

$$\frac{\partial CFJ}{\partial DR} > 0$$

$$\frac{\partial CFJ}{\partial DINF} > 0$$

$$\frac{\partial CFJ}{\partial PCA} > 0$$

We will add a Structural Adjustment Programme Dummy (*SAPD*) and All
Military Administration Dummy (*AMD*) to see if there were differences in the

level of capital flight during the SAP in Nigeria and during military regimes in Nigeria. Also, we shall try Oil Boom Dummy (*OBD*), Shagari Dummy (*SAD*), and Civil War Dummy (*CMD*) to see if any of them plays any significant role.

Data required for this study were obtained from the International Financial Statistics (IFS, various issues), the Direction of Trade (DOT, various issues), Central Bank of Nigeria (CBN, various issues), and Federal Office of Statistics (FOS, Digest of Statistics, various issues).

IV. Empirical Results and Policy Implications

In *Table 1* below, we report the magnitudes of capital flight from Nigeria between 1960 and 1988 using four alternative measures. The figures are in millions US dollars. Positive figures represent capital flight while negative ones imply repatriation. The results indicate that the total capital flight from Nigeria between 1960 and 1988 is about 53,774 million US dollars, an average of 1,854 million US dollars per year. Adopting the World Bank's (1985) measure, we found capital flight to be about 37,492 million US dollars, an average of 1,293 million US dollars per year, while Margan Guaranty Trust Company's and Cuddington's (1986) measures are 31,176 million US dollars and 35,503 million US dollars respectively, implying yearly average of 1,075 million US dollars and 1,224 million US dollars respectively. Our measure is on the high side because we included false invoicing which is not included in other measures.

Notwithstanding the measures of capital flight employed, *Table 1* suggests that capital flight from Nigeria reached a worrisome level rather very recently. In particular, it was becoming problematic only in the late 1970's and by the early 1980's capital flight problem had become real and pressing.

Table 2 presents the estimates of capital flight in 1960 US dollar prices for the four alternative measures of capital flight discussed earlier. The figures are in millions of the US dollars and cover 1960-1988. As in *Table 1* above, negative figures are repatriations while positive ones are flight capital.

Figures in *Table 2* suggests that the total capital flight from Nigeria between 1960-1988 was about 15,168 million in 1960 US dollars prices (i.e., in real terms). This represents a yearly average of about 539 million US dollars at 1960 constant prices. These figures confirm our earlier observation that capital flight

Table 1

Estimates of Capital Flight from Nigeria by Using Alternative Methods

(1960-1988)

(in million US dollars)

	KFWB	KFM	KFC	KFJ
1960	−135	−129	−13	−148
1961	−78	−107	−13	−91
1962	−24	5	3	−21
1963	69	59	76	145
1964	−51	−32	30	−21
1965	−24	−32	−22	−46
1966	−107	−114	−59	−166
1967	74	93	115	189
1968	−56	−29	8	−48
1969	−171	−174	−10	−260
1970	−255	−255	64	−356
1971	−321	−331	−441	−404
1972	137	141	822	132
1973	180	153	1040	340
1974	183	158	819	106
1975	522	475	115	684
1976	429	379	−14	1290
1977	354	282	87	1225
1978	142	185	−137	1316
1979	−1341	−1409	−141	−1174
1980	148	126	1624	1262
1981	2479	2469	1457	4702
1982	−5168	−5178	168	−401
1983	7296	7147	863	10529
1984	4739	4662	617	6629
1985	5821	5831	2523	7016
1986	8435	7068	2500	8313
1987	15204	12792	15823	14567
1988	−988	−3059	6710	−1536

Source: Computed in this study

Table 2
Estimates of Capital Flight from Nigeria at 1960 US Dollar Prices
by Using Four Alternative Methods

(in millions of US dollars)

	KFJ	KFM	KFC	KFWB
1960	−148	−129	−13	−135
1961	−90	−106	−13	−77
1962	−20	5	3	−23
1963	140	57	73	67
1964	−20	−31	29	−49
1965	−43	−30	−21	−23
1966	−151	−104	−54	−97
1967	168	83	102	66
1968	−41	−24	7	−47
1969	−210	−141	−8	−138
1970	−272	−195	49	−195
1971	−295	−242	323	−235
1972	93	100	581	97
1973	226	102	692	120
1974	63	95	492	110
1975	376	261	63	287
1976	671	197	−7	223
1977	599	138	43	173
1978	597	84	−62	65
1979	−478	−574	−57	−546
1980	453	45	583	53
1981	1530	804	474	807
1982	−123	1588	52	−1585
1983	3127	2123	256	2167
1984	1887	1327	176	1349
1985	1930	1604	694	1601
1986	2244	1907	675	2276
1987	3790	3328	4118	3596
1988	−384	−766	1679	−247

Source: Computed in this study

Table 3

Estimates of Capital Flight through False Invoicing

(1960-1988)

(in millions of US dollars)

	False Invoicing at Current Prices	False Invoicing at 1960 Constant Price
1960	−13	−13
1961	−13	−13
1962	3	3
1963	76	73
1964	30	29
1965	−22	−21
1966	−59	−54
1967	115	102
1968	8	7
1969	−89	−72
1970	−101	−77
1971	−83	−61
1972	−5	−4
1973	160	106
1974	−78	−47
1975	162	89
1976	861	447
1977	872	426
1978	1174	533
1979	167	68
1980	2224	400
1981	2223	724
1982	4768	1462
1983	3233	960
1984	1890	538
1985	1195	329
1986	−121	−33
1987	−637	−166
1988	−548	−137

Source: Computed in this study

from Nigeria is a rather recent phenomenon. In particular, the figures suggest that it became a thing of worry in the 1980's.

Finally, *Table 3* presents estimates of capital flight (both in real terms and in current prices), that are channelled through false invoicing between 1960-1988. As with *Table 1* and *2*, negative figures are repatriations while positive figures represent flight capital; all the figures are in millions of US dollars.

Figures in *Table 3* suggest that false invoicing became a clear conduit for flight capital after 1976. In particular, in 1978 and 1980-1985, false invoicing was at levels that should attract the attention of the Nigerian governments.

Next we report the result of equation (6) estimated. Equation (6) was estimated by the method of OLS. The residuals were examined by methods of model identification set out in Box and Jenkins (1976). This examination revealed that the OLS residuals are typical white noise. Consequently, the OLS estimates would be optimal.

This estimated equation is reported below:

$$CFJ = \underset{(-0.997)}{-556.531} + \underset{(2.346)}{1093.815} \ EXOVAL + \underset{(0.202)}{32.564} \ DR + \underset{(2.669)}{4183.700} \ DINF$$

$$+ \underset{(7.132)}{1.777} \ PCA + \underset{(7.975)}{90613.190 SAPD} - \underset{(-1.065)}{688.597} \ AMD - \underset{(-8.555)}{16.598} \ SAPDPCA$$

$$R^2 = 0.881; \ DW = 2.130; \ F = 22.147.$$

Figures in parentheses are the t-ratios; DW is the Durbin-Waston statistics, R^2 is the conventional measure of *goodness* of fit; t-ratios above 2 are statistically significant at 95% confidence level.

The Civil War Dummy, Oil Boom Dummy and Shagari Dummy were dropped because they were extremely insignificant. Finally, we tried *SAPDPCA* = *SAPD* multiplied by *PCA*. The coefficient of *SAPDPCA* would reflect the change in the role of *PCA* in capital flight during the *SAP* period. A significant negative coefficient would imply that the *SAP* has significantly reduced the rate at which wealths from *PCA* are exported through the conduits of capital flight. It turns out that the coefficient of *SAPDPCA* is significantly negative. Consequently, the importance of *PCA* in explaining the level of capital flight has been reduced by the introduction of the *SAP*. The signs of the coefficients of *EXOVAL*, *DINF* and *PCA* are positive as expected. However, the coefficient of *DR* that is

wrongly signed is not significantly different from zero. Consequently, no significant coefficient is wrongly signed. The coefficient for *AMD* is negative but insignificant while that of *SAPD* is significantly positive. Therefore, the estimated equation reported above have the desirable statistical properties. Also, it meets the *apriori* signs expectations. Consequently valid interpretations could be made from it. It appears, from this result, that there were less capital flight during military regimes, though the difference is not statistically significant.

Also, from the above results, it appears that primitive capital accumulation (*PCA*), the excess of the domestic inflation rate over that of the rest of the world (*DINF*) and the level of currency over-valuation (*EXOVAL*) in that order, are the most important determinants of capital flight from Nigeria.

The implication of our findings is that the monetary authorities should put their watchful eyes on exchange rate over-valuation, domestic inflation and primitive capital accumulation since these are the only factors that are within their control. The major highlights of this study are that:

(i)   A one-Naira reduction in the level of over-valuation of the Nigerian Naira would reduce capital flight by about 1,093 million US dollars;

(ii)   A one percentage point increase in the domestic inflation rate relative to that of the rest of the world would increase capital flight from Nigeria by 4,184 million US dollars;

(iii) For every one preson that is convicted for primitive capital accumulation 2 million US dollars is exported as capital fleeing;

(iv)   The Structural Adjustment programme (*SAP*) in Nigeria has reduced the proportion of the illegally acquired wealth that is fleeing. However, the positive coefficient for *SAPD* suggests that after due account had been taken of the changes in the *EXOVAL*, *DINF* and the level of *PCA* fleeing in search of security and confidentiality, because they are illegally acquired, *SAP* period witnessed an increase in capital flight when compared with other periods; and

(v)   Finally, relative rates of return are not important in explaining capital flight from Nigeria.

V. Conclusion

This study measures the magnitude of capital flight in Nigeria. It found that between 1960 and 1988 the total capital flight from Nigeria was about 53.8 billion US dollars which is an average of about 1.9 billion US dollars per a year. To this, we must add the interest on this sum to arrive at the total capital owned by Nigerians but which had escaped into foreign markets.

Also, of all factors that are theoretically relevant, we found that the extent of exchange rate over-valuation, foreign-domestic inflation rate differentials and the pace of primitive capital accumulation are the most important determinants of capital flight in Nigeria. In addition we found that though the net effects of the Naira devaluation, and more assured environment for the wealth of primitive capital accumulators could have led to a reduction in the level of capital flight from Nigeria in the *SAP* period, capital flight was higher in this time than what the levels of all other determinants would predict hitherto because of a significant structural break in the capital flight equation, higher inflation rate and increased level of *PCA*.

Finally, since exchange rates, inflation rate and the pace of primitive capital accumulation are the only variables that are under the control of the Nigerian authorities, the study recommends that the authorities should put their watchful eyes on those variables.

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