



**NUHU ABBAYO TORO**

***Financial Crises and Labour Challenges in Nigeria***

***Crises Financeiras e Desafios do Trabalho na Nigéria***

**Campinas  
2011**





**UNIVERSIDADE ESTADUAL DE CAMPINAS**

**INSTITUTO DE ECONOMIA**

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**Financial Crises and Labour Challenges in Nigeria**

**Crises Financeiras e Desafios do Trabalho na Nigéria**

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Dissertação de Mestrado apresentada ao Programa de Pós-Graduação em Desenvolvimento Econômico, área de concentração: Economia Social e do Trabalho do Instituto de Economia da Universidade Estadual de Campinas para obtenção do título de Mestre em Desenvolvimento Econômico, área de concentração: Economia Social e do Trabalho.

Master's dissertation submitted to the Institute of Economics of University of Campinas in order to obtain the Master's degree in Economic Development in the Social Economy and Labour Area.

**ESTE EXEMPLAR CORRESPONDE À VERSÃO FINAL  
DA DISSERTAÇÃO DEFENDIDA PELO ALUNO NUHU  
ABBAYO TORO E ORIENTADA PELA PROF<sup>a</sup>. DR<sup>a</sup>.  
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**CAMPINAS  
2011**

Ficha catalográfica  
Universidade Estadual de Campinas  
Biblioteca do Instituto de Economia  
Maria Teodora Buoro Albertini - CRB 8/2142

T634c Toro, Nuhu Abbayo, 1973-  
Crise financeira e desafios do trabalho na Nigéria / Nuhu Abbayo Toro. –  
Campinas, SP : [s.n.], 2011.

Orientador: Maria Alejandra Caporale Madi.  
Dissertação (mestrado) – Universidade Estadual de Campinas, Instituto de  
Economia.

1. Crise financeira. 2. Sindicatos. 3. Salário mínimo. I. Madi, Maria Alejandra  
Caporale, 1959-. II. Universidade Estadual de Campinas. Instituto de Economia. III.  
Título.

Informações para Biblioteca Digital

**Título em outro idioma:** Financial crisis and labour challenges in Nigeria

**Palavras-chave em inglês:**

Financial crisis

Trade unions

Minimum wage

**Área de concentração:** Economia Social e do Trabalho

**Titulação:** Mestre em Desenvolvimento Econômico

**Banca examinadora:**

Maria Alejandra Caporale Madi [Orientador]

Jose Ricardo Barbosa Gonçalves

Alessandro Cesar Ortuso

**Data de defesa:** 18-04-2011

**Programa de Pós-Graduação:** Desenvolvimento Econômico



**TESE DE DOUTORADO**

**NUHU ABBAYO TORO**


**Financial Crises and Labour Challenges in Nigeria**  
**Crises Financeiras e Desafios do Trabalho na Nigéria**

**Defendida em 18/04/2011**

**COMISSÃO JULGADORA**



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## **DEDICATION**

This thesis is dedicated to almighty Allah (SWT), and my beloved late Mother Princess Ikani Ayegba.





## ACKNOWLEDGEMENTS

The completion of this research work would not have been possible without the assistance of a number of people who in one way or another were supportive either morally, socially, materially and otherwise, from the start to the end.

I lack words to express my gratitude to my supervisor Professor Dr Maria Alejandra Caporale Madi, without whom this research would have been a mirage, she took the pains to go through these peace word by words, and line by line, over and over countless times. Her encouragement, support and guidance enabled me to develop and come out with clear cut improvement in the whole of this research work. I shall be forever grateful she demonstrated she is a mother- I can imagine all the pains, fatigue and stress I made you go through despite your very tight schedules, may Allah (SWT) reward you and bless you and your entire family abundantly.

Profesor Jose Ricardo Barbosa Goncalves, Professor, Dr.Marcelo, for his inputs. I would like to thank, Professor Bastian for his assistance in research methodology class which helped me to come out with a good statistical research work analysis of developing this thesis.

Three great Men I can't forget in a hurry are Professor, Dr Salas, Professor Dari and Professor Andre. Professor,Salas, whom I referred to as my mentor, his vast knowledge in development economics have opened my eyes to the reason why poor countries remain poor and the rich countries become richer, this man helped me to understand the empirical connection to development.

And to Professor Dr. Dari, no adjective could qualify the respect I have for you, you have proved that you are in deed a good leader, Industrial Relations specialist and one out of a million even in he mist of very tensed pressure, I quite appreciate all your intervention and the knowledge imparted on me on trade union strategy, and industrial relations I must remain grateful.

Professor Dr. André Luiz Martins, who inspired me even though he is not a lecturer in UNICAMP , he was quite resourceful, and caring, I shall continue to hold you in a very high esteem.

My dedicated Professors, Dr. Pulo Fracalanza, Professor, Dr. Paulo Eduardo de Andrade Balter, Professor, Dr. Anselmo Luis dos Santos, Professor Dr. Alexandre de Freitas Barbosa, Professor, Dr. Joao Paulo Veiga, Professor Kjeld Jacobsen for the good microeconomic classes, Profesora Dr. Magda Barros Biavashi, for drilling us through the legal material condition of Law. Professor, Dr. Gori, Professor Kelji whom I referred to as Comrade and the only Comrade among professors who drilled us through Trade union Strategy Professor Eugenia Troncoso Leone as our coordinator of the GLU programme and her assistance Jacqueline, Lygia, Pedro of the post graduation pavilion always provided me with journal which really helped to sustain my Muslim faith whenever I needed to pray for preparing a good environment for studies, despite a lot of disturbances, they were quite helpful resources full with academic and social day to day issues. Roberto Borghi quantitative methods class assistant who helped me to come out with nice graphs in my research.

My colleagues in class Comrade James Larzarus from the United Kingdom, Sebastian Weideman from Germany, Dina Ardiyanti from Indonesia, Paul Hecker From Germany, Anisa Thomas From Albania, Vicente Gomez Macedo Neto from Brazil, Nono Mendes Santos from Portugal for giving moral and material support for the whole year we were hanging out here and there together in Brazil.

I am also indebted to my family who were able to stay apart from me for the whole period of my studies abroad. My beloved Mother Princess Ikani , His Excellency Ambassador B.L Toro. my sister her Excellency Hajia Halima B.L Toro, my three Big Brothers, my Sister I.B in the UK, my Children Abbas, Abduljalal, Baba, Kamal, Sherif, Mariam, and Halimat.

My dearest Anty Halima Mahmood, Mai Girma Alhaji Adamu Waziri Katukan Bauchi Hakim in Kasar Toro and the entire Bauchi Emirate Council. My kingsmen in the palace of Magayakin Kasar Toro I thank you all for your kind understanding.

I am most indebted to my employer Comrade Abdulwahed Ibrahim Omar,(Garkuwan ma'aikatan da Talakawan Nigeria) Jonh E.Odah, Owei Lakemfa , Chris Uyot, Joel Odigie,James Eustace, Comrade Haruna Namo and the entire workers of the Nigeria Labour Congress for the ,encouragement and time to undertake this one year studies.

Finally I can not mention all the names of the people who helped me one way or the other, otherwise I will make another chapter, I can only Pray that Allah (SWT) will reward you bountifully and most especially those that I have not mentioned here but supported me in prayers towards the successful completion of the research work, I wont forget to mention you all during my doctorate insha Allah.



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## Acronyms

NLC	Nigeria Labour Congress
CBN	Central Bank of Nigeria
CRR.	Cash Reserve Requirement.
GCE	Computable General Equilibrium
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Syndrome
IPO	Initial Public Offering
LNG	Liquefied Natural Gas
MAN	Manufacturers Association of Nigeria
MDG	Millennium Development Goal
MPR	Monetary Policy Rate
NACCIMA	Nigeria Association of Chambers of Commerce, Industry, Manufacturing and Agriculture
NAPEP	National Poverty Eradication Programme
NBS	National Bureau of Statistics
NDE	National Directorate of Employment
NEEDS	National Economic Empowerment and Development Strategy
NEMA	National Emergency Management Agency
NEPC	Nigeria Export Promotion Council
NHIS	National Health Insurance Scheme
NIBOR	Nigeria Inter-bank Offer Rate
NID	National Immunization Day
NLP	Non-linear Programming

N	Naira Nigeria currency
NNPC	Nigeria National Petroleum Company
NPI	National Programme on immunization
NPL	Non-Performing Loan
NSE	Nigeria Stock Exchange
NSGR	Nigeria Strategic Grain Reserves
NSITF	Nigeria Social Insurance Trust Fund
OMO	Open Market Operation
OPEC	Organization of the Petroleum –Exporting Countries
PPP	Public Private Partnership
PPT	Petroleum profit Tax
ODA	Official Development Assistance
SAM	Social Accounting Matrix
SEC	Securities and Exchange Commission
SEEDS	State Economic Empowerment and Development Strategy
UNDP	United Nation Development Programme
US	United States.
UBE	Universal Basic Education
VAD	Vitamin A Deficiency
VPF	Virtual Poverty Fund
WDAS	Wholesale Dutch Auction Sale
WDI	World Development indicators
BONNY LIGTH	Name of Nigeria Petroleum product
LASCO	Labour And Civil Society Coalition Organisation
OECD	Organisation for Economic Corporation and Development

CONGRESS	Nigeria labor Congress
CME	Chief Mechanical Engineer
NTUC	Nigeria Trade Union Congress
LUF	Labour Unity Front
NWC	Nigeria Workers Council
NUPENG	National Union of Petroleum and Natural Gas Workers
PENGASSAN	Petroleum and Natural Gas Senior Staff Association of Nigeria
NUBIFIE	National Union of banks Insurance and Financial Institution Employees
PPP	Purchasing power parity
PFA	Pension Fund Administrators
PPP	Public private Partnership



## **RESUMO.**

Os impactos da crise financeira global na Nigéria ficaram evidentes no desempenho do sistema financeiro, assim como nos setores reais da economia. As organizações sindicais também foram profundamente afetadas, pois seu número foi reduzido e grande quantidade de trabalhadores nos setores público, bancário e têxtil perderam seus empregos. A tese pretende apontar as respostas do governo e dos trabalhadores após a crise. As tensões entre o governo e os trabalhadores foram aprofundadas num contexto no qual a flexibilização do trabalho colocou os sindicalistas numa posição de desvantagem para negociar de maneira efetiva. Destacamos em particular as negociações em torno do salário mínimo. De qualquer forma, a crise financeira global também representa uma oportunidade para o governo nigeriano olhar para setores não relacionados ao petróleo como pilares de crescimento e desenvolvimento e uma oportunidade para os sindicatos da Nigéria desenvolverem novas estratégias sindicais.



## **ABSTRACT**

The global financial crisis' economic impacts on Nigeria have been evident in the performance of the financial system as well as in the real sector. The trade unions were also deeply affected because their number diminished and many of the workers in the public sector, banking and textile sectors lost their jobs. The thesis is aimed at showing the responses of the government and workers after the crisis. The tensions between the government and workers were deepened in the context where labor flexibilisation put the trade unions in a more disadvantaged position to bargain effectively. We particularly analyse the negotiations around the minimum wage. However, the global financial crisis also represented an opportunity to the Nigeria Government to look at non oil sectors as pillars of growth and development and for the Nigeria trade unions to develop new union strategies.

## INTRODUCTION.

The trade union movement in Nigeria was also worried about financialisation and the global financial crisis, which was the reason why the theme for the Workers day Celebration 2008 in Nigeria was “Economic Crisis and Electoral Reforms, Mobilising for Positive Change”. On behalf of the British colonization, there is still an important inter relationship that exists between Nigeria and the US in term of trade in the oil sector and financial inflows. The credit crunch crisis generally affected the capital market, the banking sector, foreign exchange and the balance of payment, as well as the real sector growth in Nigeria. For instance market capitalization fell by 45.8% in 2008 a sharp reversal of growth from 2007 when the market grew by 74.7 % (Okereke Onyiuke,2009) The crude oil price (bonny light) declined drastically from US\$147 per barrel in July 2008 to US\$47 per barrel in January 2009 prompting the Nigeria Government to seek other source of financing for the 2009 fiscal year as it could not rely on earnings from crude oils exports. The Nigeria currency - the naira - has also depreciated against the dollar, which has implication for the Nigeria foreign reserves which dropped from \$67 billions in June 2008 to \$53 billons in December 2008. This scenario could lead to huge budget cut at all ties of government, and social spending, such as spending on education, health and other basic Millennium Development Goals (MDG).

Finance led capitalism has spread its relentless logic of free market regulations and shareholders' value maximization, from production to finance, across all corners of the world<sup>1</sup>. Changes in capitalism in the last decades have been commonly described using a technical jargons, globalization and financialization, although a lot has been written on the first two, much less attention has been given to industrial relations and financialization.

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<sup>1</sup> Ever since the world wide stagflation crisis of the 1970s and early 80s was faced by deregulating banks and letting them to reshape the working of the economy, we have lived in a system dominated by finance that represents a new accumulation regime in the sense developed first by the originators of French school (Aglietta,1976;Boyer & Salillard,1995).



Considering the above scenario, the general objective of my thesis would be, to show the role the trade union played in Nigeria in improving the welfare of the Nigeria Workers and the entire poor citizens, in their demands for minimum wages, resistance against deregulation and anti labour laws. The thesis will also enquire and examines the effects of collective bargaining in solving tensions between the workers represented by the Nigerian Labour Congress and the Federal Government, specially in the context of the 2008 crisis.

In developing the aforementioned objectives, my thesis is structured into four chapters:

(1) The first chapter explores the economic and social impacts of the financial crisis in Nigeria.

(2) Chapter two would dwell more on the government responses to the 2008 financial crisis.

(3) Chapter three will narrate the impact of the crisis on the working class and the demand for minimum wage in Nigeria.

(4) Finally the conclusion will analyze the possibilities and challenges to collective bargaining the trade union and the federal government.

# **1. CHAPTER ONE. THE ECONOMIC MIX AND SOCIAL IMPACTS OF THE FINANCIAL CRISIS IN NIGERIA**

## **1.1 Introduction**

Wolfgang Aberndroth in his book “A short history of the European working class”, noted that England saw the resumption of the struggles for electoral reforms borne both by the industrial bourgeoisies which wanted to have its say in politics and to adjust the country tariff and foreign policies to its own requirement and by the new working class in the mass demonstration of Peterloo. In 1819 the workers first added their own social and political demand marking a new phase in their struggle. For Marx the working days law under the 1847 Law marked the first great victory for the political economy of workers over that of the bourgeoisies. The workers, he said, had forced through a law which prevented from signing themselves and their families into death and slavery. These two advances, the Mining Act of 1842 and the Ten Hours Bill of 1847 won by the English workers class movement set an example to the continental proletariats. The English workers have proved, first, that they could compel the capitalist state to intervene in the economy, second, that the direct struggles of trade unions could bring about concessioning in wages policy and raising standard of living and cultural level of the working class, thus contracting the drift –inevitable without class struggle to –mass immiseration.

The Nigeria workers like the English workers had history. Beside economic issues, hours of work wages, gender issues, equality, fight against stigmatization of HIV Aids and the fight against general precarious working condition, unfair labour practices, the Nigeria Labour Congress has been used as the vehicle in Nigeria to resist Neo Liberal Policies. This was also partly due to the absence of any viral opposition political Party in Nigeria, right from independence, most of the so called opposition political parties.

This chapter explores the impacts of the 2008 financial crisis in Nigeria with an attempt to deliver the core message that “the financial crisis impacted deeply on social protection in Nigeria”. The consequences of the global financial crisis on growth and development in Nigeria

are enormous and widespread. The growth estimate has been revised down in line with the impact of the crisis. Lower growth would also mean a slowdown in the fight against poverty.

The current global financial crisis, which was triggered by the credit crunch within the US sub-prime mortgage market, spread and deepened in several countries. Countries around the world have approached this whirlwind pragmatically, prompting emergency funding support for relevant sectors, thereby mitigating the impact of the crisis on economics as well as avoiding the entire collapse of the international financial system. In spite of such support, some countries have been officially declared as in recession, owing to a monumental decline in their wealth, manifesting itself in falling productive capacity, employment and welfare.

## **1.2. Overview of the economy before the crisis.**

The integration of the globalized financial markets has increased the contagion effect of the financial crisis. In developing countries, the transmission of the effects has been hampered by the fact that these countries' (i) are at different stages of development; and (ii) have different productive structures and different socioeconomic problems and abilities to respond promptly to global shocks. The Nigeria economy prior to the crisis, in 2007, performed below project, with an estimated GDP growth of 6.2%. The set target of 10% was still higher than the 6.0% recorded in 2006. The 2007 growth was driven primarily by the non-oil sector, which grew by 9.6% (CBN, 2008a), largely attributable to the agriculture sector, which grew by 7.4%- led by crop production, livestock and fisheries. Other drivers of growth in non-oil GDP included wholesale and retail trade, building and construction and services, which recorded growth rates of 15.3%, 13.0% and 9.8%, respectively. Industrial output fell by 3.5%, attributable mainly to the 5.9% drop in crude oil production occasioned by the Niger Delta crisis. By year-end 2007, the crude

oil production shut-in stood at 0.9 million barrels a day. Official confirmation from the Nigeria National Petroleum Company (NNPC) showed that the country lost N16.9 billions to petroleum pipeline vandalism. The downstream sector of the petroleum industry remained comatose and the country relied on imported refined petroleum products for domestic and industrial operations. Official confirmation indicated that Nigeria consumed about 14.13 billion liters of refined petroleum motor spirit accounting for 9.81 billion liters. By end of September

2007, the Manufacturers Association of Nigeria (MAN) reported a drop in manufacturing capacity utilization from 44.06% in 2006 to 43.5% owing to the difficult operating environment. The industrial sector made a negative contribution of 0.78 percentage points. The agriculture sector on the other hand, contributed almost half of the GDP growth rate of 6.2%.

**Table 1: sectoral contribution to growth rates of GDP in Nigeria, 2003-2007(%)**

Sector	2003	2004	2005	2006	2007
Agriculture	2.58	2.65	2.85	2.93	2.65
Crop Production	2.42	2.36	2.56	2.64	2.67
Industry	6.12	1.22	0.47	-0.62	-0.78
Crude Petroleum	6.02	0.84	0.12	-0.93	-1.08
Building & Construction	0.12	0.14	0.18	0.2	0.21
Wholesale & Retail	0.69	1.24	1.82	2.16	2.34
Services	0.06	1.32	1.19	1.36	1.49
Communication	0.36	0.36	0.43	0.59	0.74
Total GDP	9.57	6.58	6.51	6.03	6.22
Non- Oil GDP	3.44	5.36	6.04	6.65	6.99

Source: cenbank.org 2008

Meanwhile, earning from oil export, such as finished leather products, cocoa and its products, same seeds and manufactured products like cosmetics and toiletries, rose during the year to about US\$1.38 billion. By the end of 2008, this value rose to US \$1.8 billion, the highest country's history. In addition, gross official external reserves rose by 20 % to stand at about

US\$50.75 billions by December 2007, as against US\$42.3 billions in December 2006. In 2008, estimated growth of GDP of 6.77% was highest than that of 2007 (at 6.2%). Growth was again driven by the non-oil sector, especially the agriculture sector, which contributed 39.8% out of the 80.7% total contribution of the non-oil sector to GDP in the first half of 2008. This increased to 60% by the last quarter of 2008. The improvement in its output, especially in the first half of 2008, was attributed partly to moderate weather, especially the early rains experienced in the southern and northern states of Nigeria. Other factors that helped to boost agricultural production included several government interventions, like the National Agricultural Project, irrigation projects, the National Special Programme for Food Security, Zero tariffs on imported agrochemicals, export expansion grants as well tightening of controls on illegal imports of agricultural products. The country maintained a balance of payments surplus in 2007, fuelled by the current account surplus. The 2008 half-year report indicated that the trend continued although. Judging by the performance of major drives of the current account, the latter part of the second half of 2008-especially the last quarter of 2010 likely to showed deep deficit.

Data from the NBS indicated that GDP at 1990 constant basic grew by 6.1% in the first half of 2008, from the 5.5% recorded in 2007. Aggregate growth was driven by the non-oil sector, which grew by 8.7% and contributed 80.7% of GDP, as oil sector output declined further by 3.3% and contributed grew by 13%, wholesale and retail trade 12.0%, services 10.3% and agricultural 6.3%. Agricultural remained dominant in terms of sectoral contributions accounting for 39.8% of GDP, industry, services, wholesale and retail trade and building and contribution followed it, with contributions of 22.1%, 18.1%, 17.9% and 2.1%, respectively.

The federal government commenced a comprehensive review of its agricultural policy with a focus on large-scale private agriculture as a means of increasing production and productivity. In response to the global food crisis and the concomitant increase in prices, the federal government released 53,610 tones of grains (sorghum, maize and millet) between March and May 2008 from the National strategic Grains Reserves (NSGR) to the states. The government also approved a tax holiday for importers of rice for the period May-October 2008. Moreover, credit facilities were provided to various farmers to ameliorate the food problem. The rehabilitation of infrastructure was also undertaken.

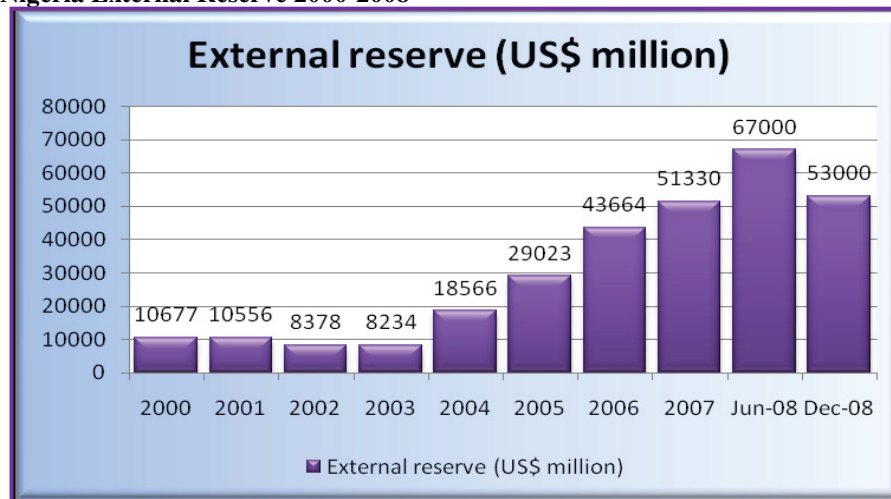
The index of agricultural production increased by 4.8% in the first half of 2008, compared with 7.4% recorded in the first half of 2007. All agriculture sub-sectors contributed to this growth. The output from staples rose by 4.9% in 2008, compared with 10.7% in 2007. The output from the livestock, fishery and forestry sub-sector rose by 5.8%, 4.1% and 1.2% in 2008, respectively compared with 4.0%, 9.3% and 1.1% achieved in 2007. Furthermore, the composite index rose by 0.9% in January 2009. The rise in this index, higher than that of the previous year was caused by the increase in the price of staple foods like maize, millet, vegetables fruits and meat.

The average capacity utilized rate, estimated at 52.6% in 2008, fell by 3.1% and 0.2% below the level in the preceding half year and the corresponding period of 2007, respectively. The decline in manufacturing production could be attributed to poor facilities, especially electric power supply, which remains sporadic, as well as increases in the pump price of diesel and the poor road network. Other constraints to increased production include unfair competition from imported finished products, which constrained the demand for locally produced goods.

### **1.3. The global financial crisis shocks in the Nigerian economy.**

The impact of the crisis on the Nigerian economy has different ramifications for the capital market, the banking sector, foreign exchange and the balance of payment, as well as the real sector.

**Graph 2: Nigeria External Reserve 2000-2008**



Source: cbn.org 2006.

#### **1.4. Balance of Payment.**

The balance of payment position remains impressive, with an increase of 8.2% in the current account surplus and a reduction by 61.1% in the capital and financial account deficit in 2007. The surplus in the current account was driven by a robust account, occasioned by the positive development on the international oil markets, as the average price of the Nigeria's reference crude oil Bonny light 370,API rose from US\$66.39 per barrel in 2006 to \$74.96.

Nigeria's external sector remained relatively viable in the past three years, with an impressive balance of payment surplus of N999.0 billion in 2008 compared with N41.6 billion and N1073.3 period in the corresponding period and in 2007 respectively. This development reflected a favorable trade balance occasioned by high oil prices and huge capital inflows in the form of diasporas remittances as well as foreign direct and portfolio investments. The current account surplus represented 17.3% of the GDP, while the deficit in the capital and financial account narrowed from 2.4% and 4.6% of GDP in the first and second half of 2007 to 1.1% in 2008.

The current account surplus for the first half of 2008 was N2335.9 billion compared with N1269.5 billion and N2371.4 billion in the corresponding and second half of 2007, respectively. Although the surplus in the current account narrowed slightly by 0.7% from the level in the second half of 2007, the huge net inward transfer overwhelmed the deficit in the

services and income accounts, which was reduced by 34.6% and 19.1% respectively, when compared with their level in the corresponding period of 2007.(CBN2008a,2008).

#### **(a) External trade and financial flows**

The international monetary fund (IMF) estimated a reduction of global economic growth down from 5% in 2007 to 3.7% in 2008 and 2009, the expected growth rate would be only 2.2%. it is estimated that industrialized countries, for the first time after World War II, will experience negative growth (0.3%) in 2009.Growth which slew down considerably particularly in emerging and developing countries from 7% during 2004 to 2007 to only 4.5% in 2008/09.

In this same period of crisis the prices of crude oil fell from its pick of US\$147 per barrel in July 2008 to US\$47, and US\$64.59 in 2009 and US\$78.67 as at August 2010, this means reduced foreign reserves as well reduction in capital expenditures by government. The oil sector in Nigeria currently contributes about 80% of foreign earnings and provides about 85% of government revenues.

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2 N is the sign for Nigeria Currency Naira.

Thus, a number of factors have affected Nigeria. The key one, is the reduction in the demand for crude oil, which alone generates more than 80% of Nigeria's foreign earnings, this impact is evident in volume of sales which went down from 1.69 million barrel a day to 1.49 million on a half year basis between 2007 and 2008, and value, because of the considerable fall in prices.

Official flows, private flows from both capital and current accounts remittances have also been affected. Regarding impacts on private capital flows and ODA pledges, FDI as well as private equity flows to Sub-Saharan Africa have increased considerably since the busting of the dotcom bubble in 2001.Additional capital inflows can be an indicator for the progressing establishment of Africa as an emerging destination for investment and can contribute to providing urgently required capital for additional investment on the continent. In principle, the



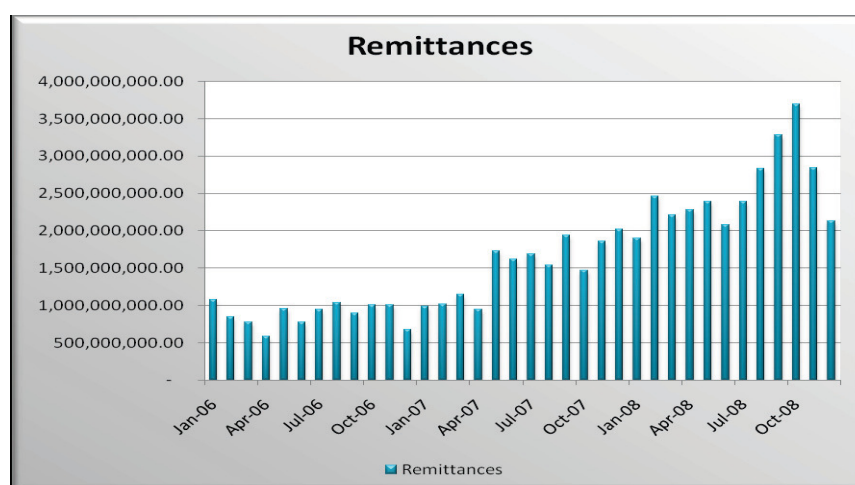
financial crisis could also provide opportunities for rising financial capital inflows into Africa, as investors might strategies to diversify their risk and to explore opportunities for higher returns. In 2007, average returns of FDI in Africa were 12% higher than average return of FDI for all developing countries together, which were around 10%.

It is important to note, however, that bulk of the FDI coming to Nigeria still goes into the primary resource extraction and communication sectors. An alternative investment opportunity remains limited owing to the high cost of doing business in Nigeria, most especially with regards to the availability of infrastructure. Therefore, high returns on FDI were also linked to hikes in commodity prices.

#### **(b) Remittances.**

The crisis could have negative impacts on remittances from Nigerians working abroad. On average Africans working abroad transfer about US\$9 billions back to Africa yearly, remittances from Africans increased considerably from US\$5 billions in 2002 to US\$17 billions in 2007. Figure of the remittances from Nigeria shows a relative stable trend in 2006 and an increasingly progressive trends afterwards until late 2008, when unemployment outsourcing, and flexibilisation. Remittances from the later quarter of 2008 as showed in the figures below.

**Graph 2: Monthly Remittance to Nigeria 2006-2008 Naira**

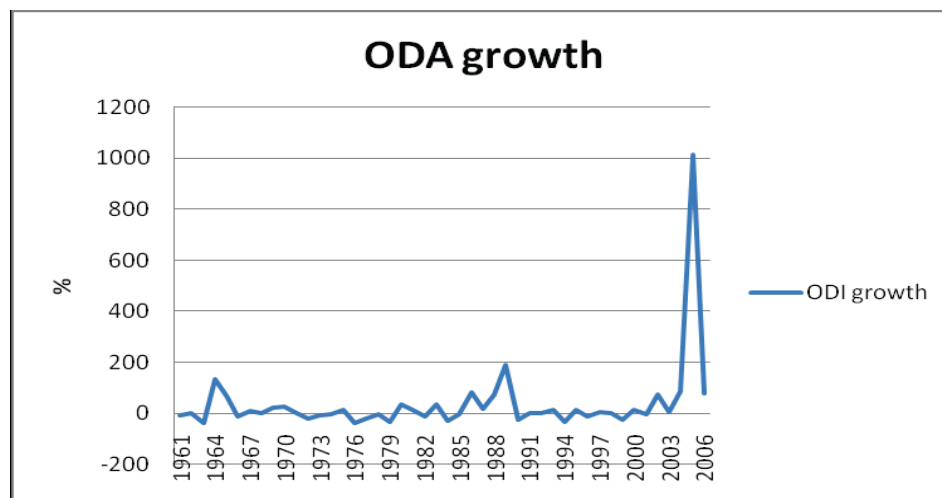


Source: cbn.org 2009

### (c) Official development assistance. (ODA)

Although ODA accounts for less than 2% of the total budget in the country, it could be very important in the social sector and particularly in the lower tiers of government. Since the last quarter of 2008, donor agencies reduced their ODA pledges because of the financial crisis and its budgetary effects. The future development of ODA flows depends on a range of factors, such as the extent of the economic impact of the financial crisis on donor countries. Most countries' budget deficit increase considerably because of the rescue packages for banks and, in some cases, the real sector. This could also limit countries' scope to receive development assistance. At the same time, the major donor countries pledged to increase their ODA quotas to 0.7% of GDP, and to support achieving the MDGs by 2015. It is very likely that donors' promises might not be honored in their entirety.

**Graph 3: ODA Growth for Nigeria 1961-2006 %**



Source WDI Omnibus CD-ROM 2007.

### (d) exchange rates

The impact on inflation depends on degree of changes of commodity prices and the accompanying changes in the terms of trade. Owing to the commodity price boom, inflation rates rose strongly. Officially Nigeria started experiencing two digit inflation from the third quarter of 2008, and 14.6% in January 2009 and 13.6% as at September 2010, with falling commodity price,

inflationary pressure should subside to some extent as well. A strong and extended downward movement of exchange rates will keep inflation levels high, most especially since Nigeria is import dependant and has no more foreign earnings to maintain this flair.

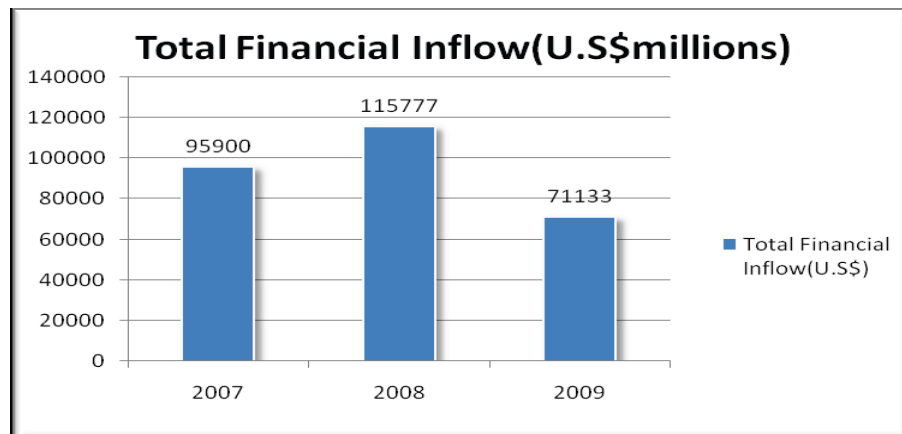
### **1.5.The Financial Market.**

#### **(a) the capital market.**

The all share index and market capitalization of the 233 listed equities capture activities and performance on the Nigeria stock Exchange Market (NSE). The index grew over the years from a value of 12,137 in 2002 to 66,371 in March 2008, with a market capitalization of about N12.640 trillions, after which value fell precipitously to 22,349 points in January 2009, with a market capitalization of 4998 trillion because of the melt down. By the end of the first week of March 2009, values have declined to 21,893 points, with a market capitalization of N4900 trillions. This value had further declined to 21,608 points, with a market capitalization of N4836 trillions, by the end of the second week of March 2009. The all share index has lost a total share of 67%, while market capitalization had lost 62% of its value.

There are concerns regarding how rapidly the global financial crisis penetrated the Nigeria capital market, especially given that there is any thriving domestic mortgage market. The decline of indicators of activities on the NSE, before the escalation of the crisis on the global scene in July 2008 became a source of concern for many. Emerging facts revealed that the crisis may have been made evident in the capital market through various channels. Foreign portfolio investment withdrawals and withholding in order to service financial problem at foreign investors home, as well as prospect of reduced FDI crisis in the Niger delta region are bound to affect investors confidence in the economic health of Nigeria. Evident on the foreign portfolio withdrawals shows that the total financial inflows to Nigeria between 2007 and 2008 is predicted to reduce by 21%, while that between 2008 and 2009 is predicted to reduce by 38.6%.the adoption of a public private partnership (PPP) public platform to implement huge investment plans such as oil and gas (liquefied natural gas LNG projects), power plants, railways, housing and roads, therefore exposed the country more to FDI uncertainties and vagaries.

**Graph 4: Total financial inflows to Nigeria, 2007-2009(US\$M)**

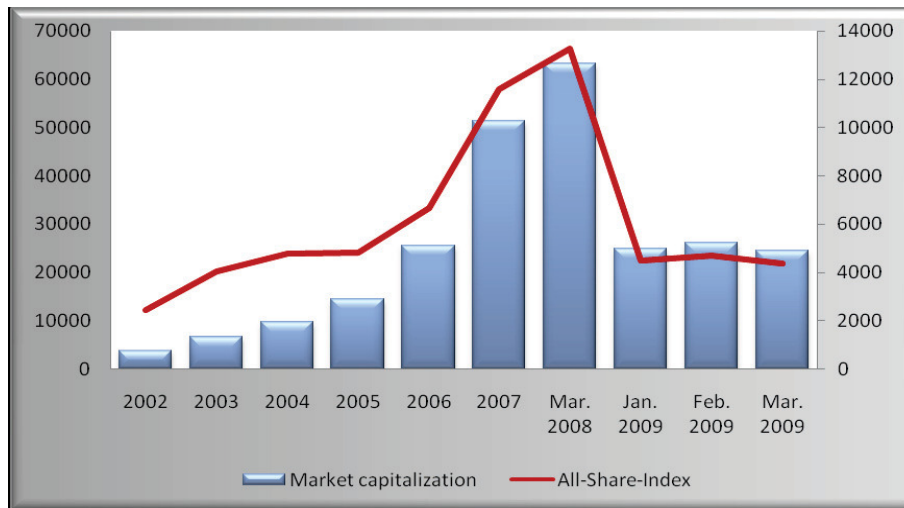


**Source:Action Aid 2009.**

The credit experienced by lending (particularly banks) institution affects business that requires short and long term money, including banks lending to cooperative organizations as well as interbanks short time lending. In a country like Nigeria, where mortgage and credit cards purchases are not much developed, this credit crunch became manifest in weakened risk assets of banks that have given out loans to some investors to invest in some other financial instruments (particularly secondary market purchase and initial public offerings IPOs), in the hope of making quick returns through a quick turnover of their portfolio. This was what termed otherwise “margin lending”. This may also be termed Nigeria’s own version of the Sub-prime problem, resulting in an exploding domestic stock market and stock prices and outstanding returns to both the speculators and providers of the marginal funds (the banks).

Other factors that had a serious impact on the stock market are what could be termed the “intensifiers”. These include policy interpretation by the markets, which might have been induced by the slow government initial stand on the economy. This also includes interpretation of the announcements, speculations, proclamations and rumours by the market. Examples include the proposed recapitalization of the stock market players (Stock broking firms), as well as rumour on the termination of margin lending by banks.

**Graph: 5. Nigeria Stock market performance 2000-2009**



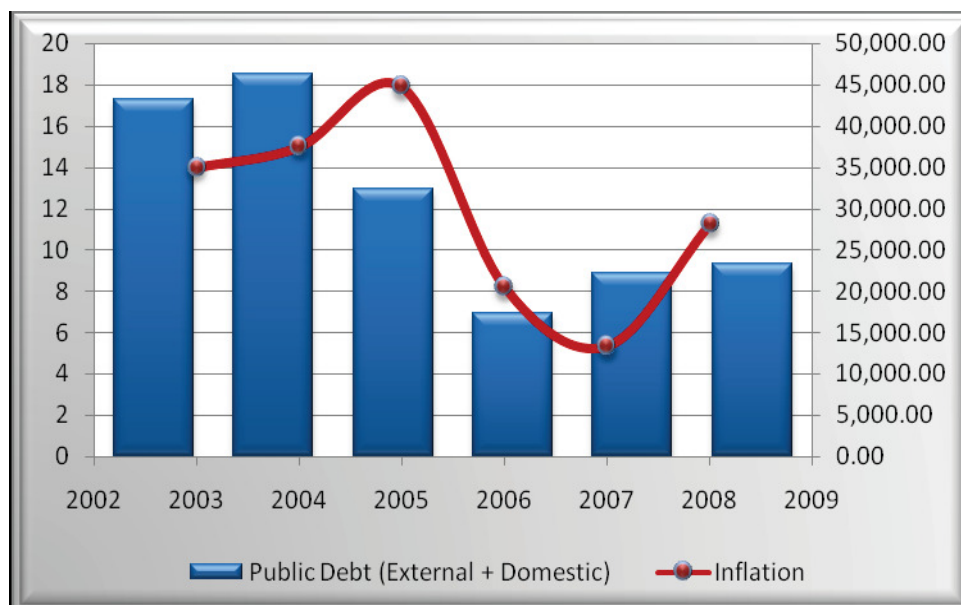
**Source: NSE 2002-2007**

**(b) The federal government medium-long term bonds.**

Current budget plans will be affected in a major way. The 2009 budget proposals had an inbuilt deficit of N1.09 trillion, a figure that many critics consider unsustainable. Government was optimistic that it would be able to finance these deficits through taxation and accruals from signature bonuses, from the sale of certain privatised companies, divestment from some private sector activities and issuance of federal government bonds, as well as ploughing back some unspent previous year's budget allocations.

However, there were major fears that the disbursement to the lower tiers of government was not achieved at the planned level. The information filtering from discussion with some selected states (Ogun, Ekiti and Niger) indicated that disbursement to states and local government was at about 33% below planned budget, for the first two months of 2009 because of scarcity of funds. The trend continued, because there was no significant change in the international oil market.

**Graph: 6. Nigeria public debt profile and inflation 2003-2008 (Naira)**



Source: cenbank.org 2009

The debt profile of Nigeria gradually increased from US\$17,349.69 billions in 2006 (after repayment of the substantial debt owed by the country to the Paris Club) to US\$22,229.88 billions in 2007 and US\$23,383.98 billions in 2008. The domestic debt share which is in the range of 78-84% has driven this increases which rose further in 2009 and 2010 as the government promised to meet the budget target through loans (external /domestic).

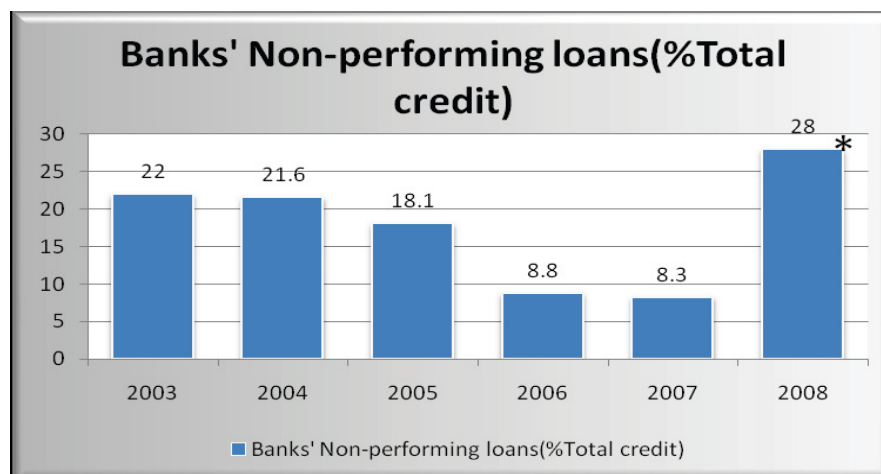
The federal government issued 14 bonds between January and December 2007, with a total volume of N504.8 billions. The maturity profile of instruments in the portfolio were mainly of three-years and five-years tenor, in November 2008. The total volume of bonds issued in 2008 was around N95 billions. Towards the last quarter of 2008 and first quarter of 2009 to date, the yield curve of the bonds appeared to be affected by the global financial crisis. Prices for three- and five bonds were falling, while the yield curve was rising. The long-run impact of the crisis appeared negligible, which seems to suggest confidence in the bond market in Nigeria until 2010.

### (c) The banking system.

In the globalised world, transactions are carried out in different countries in integrated markets. The world has over the past two decades headed towards liberalization and deregulation, with the goal of integrating world markets, although not well integrated into the world market, have been facing serious destabilizing effects since the emergence of the global financial crisis in 2008: the capital market shrunk, major international hedge funds were withdrawn, and the international credit line faded out of loadable funds for domestic industry. The gravity and debt of international credit line faded out of loadable funds for domestic industry. The gravity and debt of the crisis in the banking sector, the banks were battling to recover and they stopped borrowing, therefore the following indicators point to its direction.

- **Prudential Indicators:** This indicator shows declined level of quality of risk assets. The main component considered in non-performing loans (NPLs) as a percentage of total commercial banks loans, this ratio increased in 2008 as the maturity of the loans granted in 2008 fall due.

**Graph: 7.NPLs 2003-2008 (% of Commercial Bank loans)**



**Source: cbn.org 2008**

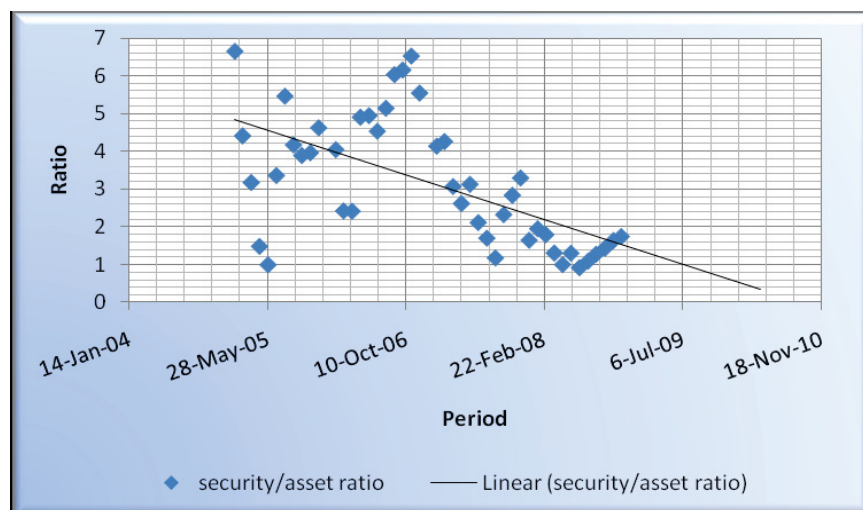
Some of these are consequent to the activities of stock brokers in the use of margin loans in funding their capital market activities, as well as those who received loans to finance share purchases when their prices were still high. These became problematic

when prices tumbled. Margin lending allows money to be borrowed using existing shares, managed funds or cash as security.

- **Capitalised value of quoted banks:** These have been seriously eroded since the crisis, owing to the decline in the quoted values of these institutions at the stock exchange. This has seriously endangered their tier one and two capital.

- **Activity indicator:** The activity indicator is captured by the ratio of security investment to total commercial banks assets. Available data showed a continuous decline in the ratio from its pick in 2007. figure four indicates that such a decline continued for the rest of 2009 and extended until 2010.

**Graph: 8. Securities investment to total assets of commercial banks, 2004-2010**



Source:cbn.org.

According to CBN, initial bank lending witnessed growth of about 60.9%, which was an indication that Nigerian banks were doing well, first of all in the face of financial crisis. However, the situation on the inter-bank market, which holds weekly, has since indicated otherwise, that banks experiences reduced liquidity. For instance as at 31 December 2008, the Nigeria inter-bank offer rate (NIBOR) went up from 13.8% to 14.6% on all segment of the lending market, with the seven-day NIBOR rising from 14.8% to 15.3%, 30 days NIBOR from 16.7% to 17.0% and 60 days NIBOR up from 16.7% to 17.0%.



The 90-days NIBOR from 16.9% to 17.2%, the 180-days NIBOR from 16.7% to 17.4% and the 360-days NIBOR from 16.9% to 17.8%.the rising interest rates is an indication of fewer funds available for lending. This might have occurred as a result of exposures of banks to the margin loan and other capital funding activities already discussed above.

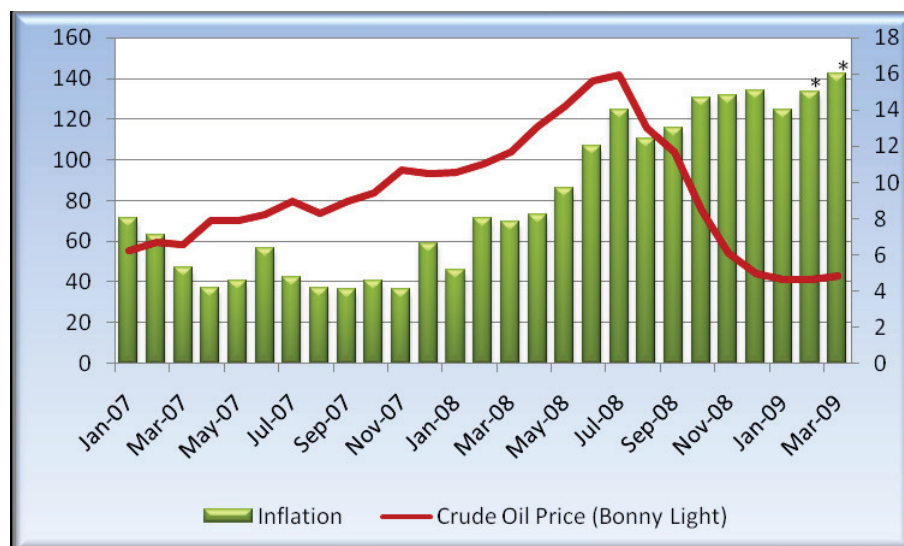
## **1.6. The Real Sector**

### **(a) The oil sector in Nigeria.**

The changing international oil market posed grave concern for Nigeria's fiscal outlook. The global financial crises have led to slow growth across the world's economies, resulting in lower demand for commodities, especially oil. This impact has been transmitted through several sources to the Nigerian economy, especially through (i) impact earnings and revenue (ii) falls in the naira exchange rate (iii) the balance of payment through narrowing of the surplus on the current account balance (iv) the capital account through reduction in the capital flows because of re appraisals of planned investment of complete stoppage of previously committed programs of investment and (v) contraction of fiscal space for the policy.

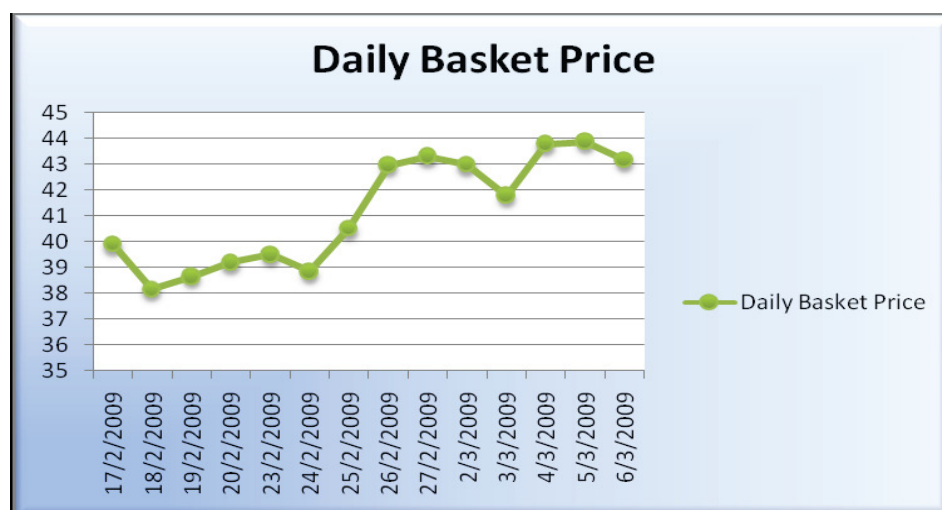
While speculative behavior and investment activities helped put up crude oil prices internationally, the reality of the global recession is beginning to be fully appreciated across the globe. The adverse impact of the crisis is more evident and direct on international prices of oil. The movement of oil prices, the movement is apparent in their unprecedented decline from record heights about US\$ 147 per barrel in July 2008 to about US\$50 per barrel in January 2009.The figures on the daily basket price hovered between US\$38 and US\$44 in the third week of February and March 2009

**Graph:9. Oil price and Inflation in Nigeria jan 2007-Mar 2009 (Naira)**



Source cbn.org 2009.

**Graph: 10. Daily movement of oil price Feb.-mar 2009**



Source: opec.org2009.

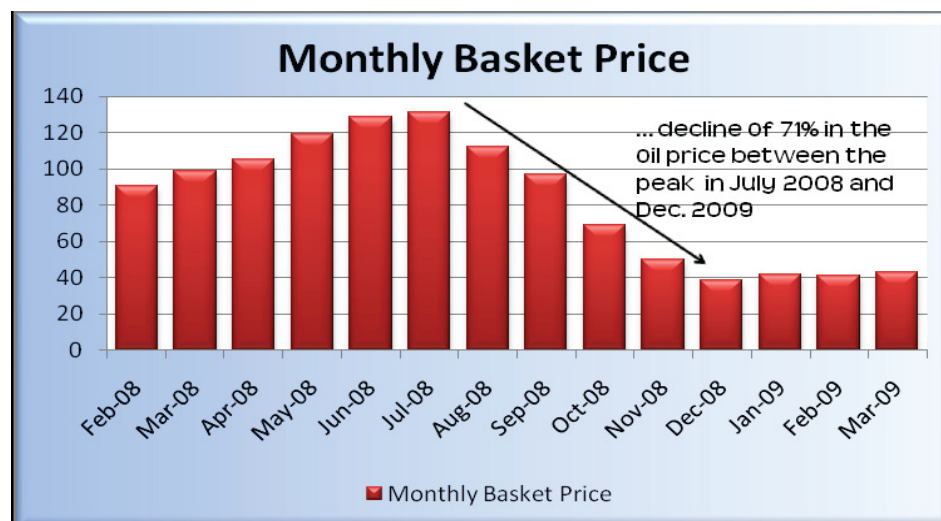
The global economic crisis has resulted in about a 71% decline in the basket price of crude oil prices as shown above. Accordingly, Nigerian policy makers have adjusted the benchmark price on which the 2009 budget was based. Demand for crude oil in the US and Europe dropped in 2009 and might not grow rapidly. As a country whose earnings and expenditures are tied to

the prospect from oil, how could we assume that financial crisis will not and did not affect Nigeria? As a matter of fact the financial crisis might likely intensify the search by many developed countries for alternative and cheaper sources of energy, especially for a country like Nigeria where there is epileptic power supply.

Usually oil shocks are defined in terms of price fluctuations, but these may in turn emanates from changes in either the supply or of demand for oil. In the practice, it is unlikely that demand will grow rapidly enough to cause a price shock, unless it is motivated by fears of supply shortages. The supply has been primarily responsible for observed oil price shock, at least as an initial trigger. Moreover, expectations and speculations about future demand and especially supply conditions play a large part in the determination of crude oil prices on the future and spot markets, particularly when inventories are low.

The Federal government finances the annual budget largely through the sale of crude oil, consequently, oil revenues drives economic activities and hence inflation in Nigeria. During the crisis the Nations foreign reserve was about US\$56 billions, against US\$64 billions recorded in 20008.the decline in the prices of crude oil will affect federal and state government spending if the crisis persisted. Several reasons account for this development the implication is that Nigeria's economy is based on only one commodity, crude oil, and negative development on the global oil market will have similar impact on government this. Simply put, a persistent drop in crude oil prices means that the government will have less to spend for capital project in the years ahead.

**Graph: 11 Monthly movement of oil Feb.-Mar 2009(%)**



**Source: opec.org 2009.**

Oil revenue is driven from three basic areas: export volume, price per barrel and petroleum profit tax (PPT) and royalties. Nigeria has no control over the first two factors: the organization of petroleum exporting countries (OPEC) and the intake capacity of the international market can dictate the volume, the price of crude oil produced. Similarly the price of crude oil is dictated largely by the market forces hence Nigeria has no control over the activities of speculators to determine the direction of its budget. Government has control over the PPT as it can determine how and when to channel the proceeds from the tax for economic growth.

### **1.7. Household welfare and poverty.**

On the impact of oil price shock on poverty and household income and consumption volume (expenditure) are used in this study to assess the impact of the global financial crisis transmitted through a decreased in oil price, and the result showed that oil shock have led to a significant poverty.

Household income is made up of wages, profits transfers and other incomes. The result shows an overall decrease in household income in Nigeria. In 2008, a 12.2% adverse oil shock deteriorated the income of Nigeria house hold by 0.93% on average, which led to the fall on

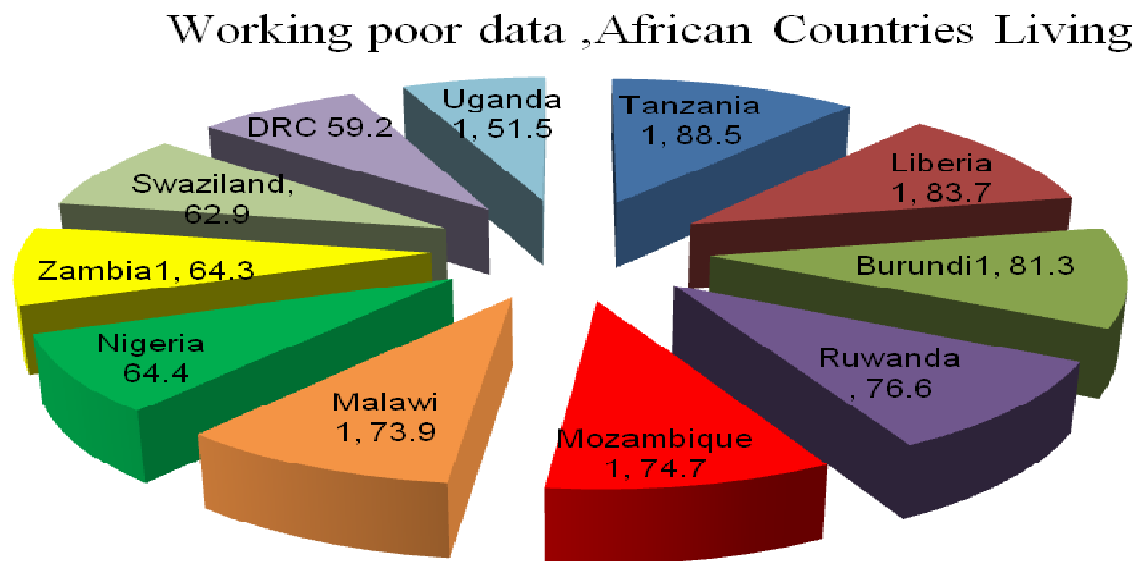
average income in Nigeria by 5.07% in July- December 2009 under the cumulative 63.5% oil shock scenario, and decreased by 5.60% in 2010.

**Table 2. Working Poor Data African Countries Living Below US\$2 as at 2009 % of Total Population.**

Serial Number	Countries Living below US\$2	Total % of population
1	Tanzania	88.5
2	Liberia	83.7
3	Burundi	81.3
4	Rwanda	76.6
5	Mozambique	74.7
6	Malawi	73.9
7	Nigeria	64.4
8	Zambia	64.3
9	Swaziland	62.9
10	DRC	59.2
11	Uganda	51.5

Source: US Bureau of Statistics, 2009

**Graph: 12. Working poor, African Countries living below US\$2 as at 2009 of total % of population.**



**source: US bureau of statistics data base,2009.**



## **2. CHAPTER TWO. THE GOVERNMENT RESPONSES**

### **2.1. Introduction.**

This chapter aims at exploring the Nigeria government responses in form of monetary and social policies to cushion the effect of the financial crisis. Within this context, many stakeholder in the Nigeria economy were deeply concerned about the social and economic implication of the instability of financial markets around the globe for the country, these concerns were rooted in the Nigeria economy in the past three decades. A review of the Nigeria's economy between 2000 and 2010 reveals that overall macroeconomic policies and developments strategies have failed to provide an enabling environment that could alter the structure of production and consumption activities in order to diversify the economic base. The country has continued to be a mono-cultural economy, depending on oil, indicating that the export base is yet to be diversified. A widening saving-investment gap, high rates of inflation, chronic balance of payment problem, low governmental spending on social service sector, massive unemployment and underutilization of resources have continued to be the order of the day. In spite of the several decades of economic reforms and adjustment in Nigeria, all relevant indices of human development are embarrassingly low. For instance, the human development index, which is a composite measure of three dimensions of human development- living a long and healthy life (measured by life expectancy) being educated (measured by adult literacy and enrolment, at primary, secondary and tertiary levels) and having good wages and decent standard of living (measured by purchasing power parity PPP), income has not showed any remarkable improvement since 1970, the human development index for Nigeria in 2006 stood at 0.499 which gave Nigeria a ranking of 154 out of 177 countries, in 2010 with human development index at 0.423, and a ranking of 142 out of the 169 countries.

The government responses point out the need to promote macro-prudential policies to diminish the deleterious effects of financialization on Nigeria. Nevertheless, the social policies did not turn out to face the social challenges. According to Dr. Festus Iyayi of the department of Business Administration University of Benin, the response by the government to the crisis was baffling. It has operated as if Nigeria is not part of the capitalist world economy. Thus while the advanced capitalist economies were moderating and reversing major elements in the neo-liberal



framework, the Nigeria government continued full scale with the neo-liberal policies: a) expanding the frontiers of privatization and deregulation, and sale of our only refineries; b) reducing public expenditures as against overhead expenses; c) increasing interest rates; d) devaluing the naira. (Iyayi, 2009).

## **2.2 Monetary and macro-prudential policies.**

One of the set of initiatives within the CBN was related to Monetary and macro-prudential policies. The CBN will strengthen the **Financial Stability Committee (FSC)** whose focus will be on maintaining systemic stability; this committee will be supported by a strong technical working group. In recent years excessive credit and financial asset growth went unchecked. Academic literature has shown Nigeria - as a developing open economy, with a relatively small financial system and a dependence on oil - is particularly prone to asset price bubbles. Banking reforms are a necessary but not sufficient condition to ensure this does not happen again - there is need for additional macro-prudential oversight. There is an emerging international consensus that price stability should be supplemented by a robust macroprudential regulatory framework, which monitors and acts on signs of systemic risk. Warning signs are easy to miss without an organisation in place with specific remit to monitor systemic risk and act on signs of distress. Although the CBN has for years now had an FSSC, it is surprising that it did not function when it was most needed and in fact did not meet at all for most of the period of the global economic crisis. The MPC and the FSC would be at the core of the new macroprudential framework; The MPC and FSC would work together to ensure that monetary policy is shaped by systemic risk trends and consistent with the expanded hybrid goals for asset price stability. Informed decision-making by the MPC and the FSC will be possible with better data and analysis following investment in the CBN's analytical function. We expect a number of members of the FSC to also sit on the MPC to ensure Committees are working in unison.

CBN will communicate regularly with the Ministry of Finance to ensure that monetary and fiscal policies are consistent.

Macroprudential guidelines regulate the system as a whole, and the risk of collective behavior by institutions for example, by creating confidence, busting foreign investment.

As regarding the Monetary Policy Committee (MPC), it will continue with its focus on price stability. However, we will now task it further with the goal of avoiding asset bubbles. There is an emerging international consensus that price stability should be supplemented by a robust macroprudential regulatory framework including a function that monitors asset price bubbles and acts to eliminate them. Asset price bubbles have been a major source of instability and introducing an explicit asset price remit for the MPC is one way to reduce these destabilising bubbles. Nigeria as a developing open economy with a relatively small financial system dependent on oil is particularly prone to asset price bubbles, which have caused real growth volatility. Volatility lowers growth, especially for low income countries like Nigeria. A study has shown that a one percentage point increase in real GDP growth volatility reduces a country's average growth rate by 0.31 percentage points. Central Bank of Nigeria Governor's Speech

The CBN introduced **new macro-prudential rules** to address several of the specific causes of the crisis. An oversight function such as the FSC will be ineffective without tools with which to affect policy. It is important to have well-specified policy tools so as not to adversely affect the real economy. Dynamic provisioning can be one such tool; however it is difficult to implement and needs to be considered with care. Due to the Nigeria's unique economic situation, it makes it more appropriate to have some form of oil price linked provisioning regime. Potential levers could include:

- Limiting capital market lending to a set proportion of a bank's balance sheets;
- Prohibiting banks from using depositors funds for proprietary trading, private equity or venture capital investments (the "Volcker rule" or some version of Glass-Steagall);
- Adjusting capital adequacy ratios depending on the perceived riskiness of the bank or financial institution;
- Adjusting capital adequacy depending on the perceived point in cycle ;
- Forward looking capital requirement driven by stress tests conducted by CBN.

Some form of an oil price-linked provisioning regime, augmented by consideration of other macroeconomic indicators, need to be adopted for Nigeria. Furthermore, the current managed exchange rate regime needs to be developed to ensure policies and reserves are in place to

credibly defend the currency in times of distress. Exchange rate policies are being designed to limit exchange rate volatility which has been shown to reduce growth.

**Capital control approaches** to prevent foreign ‘hot money’ from destabilising the capital markets and the real economy is another initiative under consideration. Evidence suggests that external capital flows are highly pro-cyclical and are a source of financial instability. Many believe foreign capital flows contributed to the recent credit bubble, as they were increasingly channeled into non-priority sectors of the Nigerian economy.

**Further development of Nigeria’s capital markets** is yet another initiative under development within the CBN. Individuals and most private sector companies are dependent on banks for funding, but there has been a timing mismatch between lending and borrowing in the Nigerian financial system. There is little long term lending available, which reduces long term investment and growth. Nurturing other ways to raise funds could increase competition thus reducing costs, encourage best practice lending and encourage better, longer term investment. A diverse capital market is a necessary step to becoming a financially developed economy. Improving capital market depth and accessibility by **promoting alternative forms of raising finance** for priority sectors is therefore very much on our agenda. This can be achieved through developing an infrastructure for a **corporate bond market**, more accessible **equity markets**, supporting deeper **venture capital and micro-financing** of new businesses and establishing a sustainable **private equity** environment, potentially with government seed capital.

**Capital requirements** will vary with the range and complexity of mandate as rapid financialisation in Nigeria did not benefit the real economy as much as had been anticipated. Development financial institutions set up for specific purposes such as housing finance, trade finance, urban development have not fulfilled their mandates.

## 2.3 Social protection and social policies

Total MDG spending in Nigeria was affected by the economic downturn from two sides (i) reduced allocation in 2009 budget by both the Federal and the State government, and (ii) reduced allocation and commitment by donor agencies.

Worsening poverty removes further the prospect of attaining the internationally agreed targets for halving the number of the poor within the framework of the MDGs by the year 2015. In Nigeria. Although ODA represent 2% of total budgetary allocations, it represents a major factor in the drive towards achieving the MDGs at the lower tiers of government, as well as in development of good governance at state and local government levels.

**Graph: 13. Millennium development goals chart.**



Source: imf.com 2009.

In some cases there were strong commitment by several donor agencies and their countries towards attainment MDGs, but there are still many hurdles to overcome, efforts are still required

or needed to be expanded on various areas of the MDGs, particularly on reducing child mortality, prevention and treatment of HIV AIDS among other diseases etc. In order areas such as maternal newborn mortality, there has been little change; to halve the population that has no access to adequate sanitation or essential medicine etc.

It also important to bring to light the crisis in the Nigeria delta region where Nigeria oil comes from, lately militant groups have either vandalized or kidnapped those expatriates they perceive as their enemies, in the midst of all these comes the global financial crisis, with its untoward effects on the commitment towards achieving. Some donor have adopted a “Wait and see approach “or have implemented an outright reduction in budgetary commitment in the face of bad news from home.

The social relation status in Nigeria remained poor when compared with other developing countries, for instance the cheapest drug you can buy is paracetamol this is not provided to any patient in Nigeria for free. As at 2006 it was estimated that about 43.1% of urban residence are poor, while 63.8% of rural household are poor. In terms of vulnerability, a rough estimate claims that 87% of household in the country are vulnerable to poverty. Social protection helps to ameliorate the damage of human capital development and labour productivity. In the past five, the government have introduced various reforms and initiatives aimed at improving Nigeria social security system. Some of these initiatives include pension reforms, health Insurance, virtually poverty (VPFs), micro-credit, conditional cash transfer etc. With the exception of the VPFs, these initiatives cover predominantly public sector workers, leaving a large segment of Nigerians and workers who are poor unprotected.

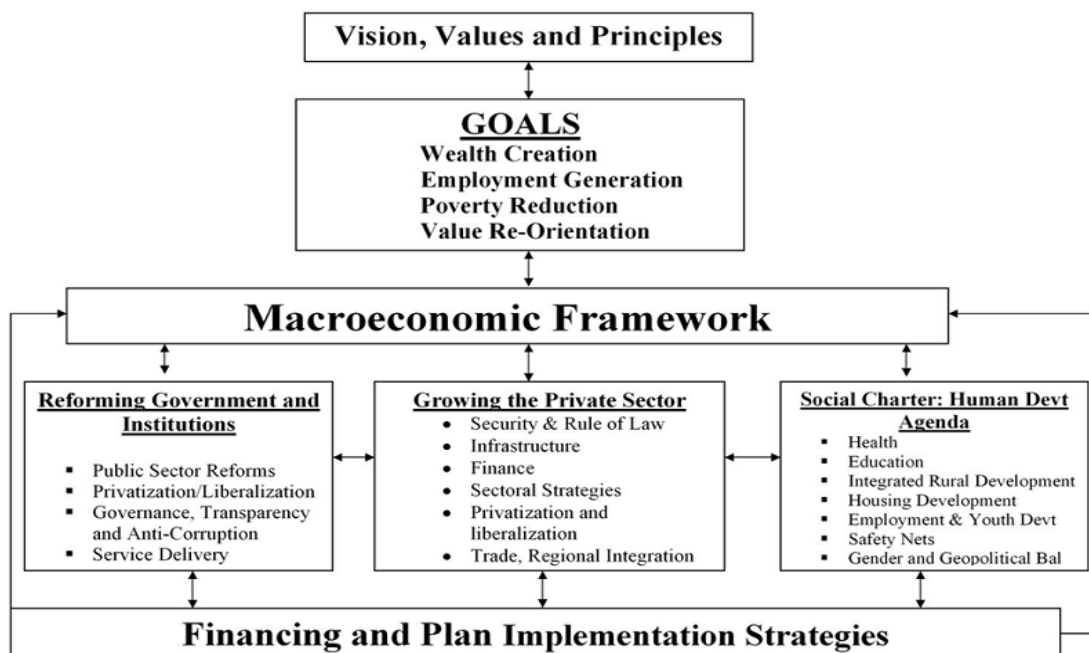
Before the crisis, efforts of government were committed to deepening social protection that dealt with vulnerability and risk of the poor and the non-poor in the face of shock at different stages of lifecycle, from birth to old age, the challenges remained formidable and included the pervading poverty and high and growing unemployment, which has worsened with the retrenchments that followed the public sector reforms at different levels of government, in particular, the programme of reforms undertaken under the National and state Economic Empowerment and Development Strategies (NEEDS) and (SEEDS) including the following objectives.

- Increase security, through helping household and communities to sustain their livelihood in the face of economic, political, environmental, health or other shock as well as reducing the likelihood of such shocks occurring.

- Contribute to equality through (i) promoting levels of livelihood sufficient to ensure enhanced equality of opportunity by allowing for all household to achieve basic education for their children, as well as standard of health and nutrition necessary for human development; (ii) raising the level of consumption and livelihood of the poorest.

- Promote people growth through (i) ensuring that all house hold have the ability to provide for basic human development thus ensuring a skilled productive work force; (ii) reinforcing values of social solidarity, thereby contributing to the levels of social cohesion necessary for long-term economic development and (iii) providing an environment where individuals and household are able to adapt and change livelihood strategies without fear of calamity, should such strategies fail.

**Graph: 14. NEEDS diagram.**



Source: [www.nggov.org](http://www.nggov.org), 2010.

Social protection policies focused on income security, employment and income generation, were more targeted at the public sector. This implies that Nigeria's social insurance cover only a minute fraction of the population, with the advent of liberalization and deregulation of employment it became even worse because a lot of workers in the public sector were laid off as a result of neo liberal policies. However some of the policies and programmes to protect the poor and vulnerable in the country include the following:

**(a)Early childhood ages (0-5):** Nigeria has a young population structure with 29.6% falling within the 0-5 bracket. For this age group, some public intervention programmes are on ground currently to help mitigate the risk facing these age group which include-

❖ **Vitamin A supplementation programme:** This was aimed at controlling vitamin A deficiency (VAD). Average coverage of vitamin A distribution in the country is about 70% of children aged 6-59 months. The programme was targeted at all children, but still yet some children in the remote areas like Kayauri village In Bauchi state and Ibado Akpacha in Kogi State don't even have a clinic talk less of assessing the vitamin A supplement, with no allowance available for the poor and vulnerable.

❖ **National programme on immunization (NPI):** The aim of this programme was to achieve universal child immunization in Nigeria, which is implemented in all the 774 local government areas of the 36 states of the federation and federal capital territory, mainly through national immunization days (NIDs). Distribution and administration of the vaccines are carried out under the auspices of the NPI, which is supervised by the Federal Ministry of Health.

**(b)Social protection activities for ages (6-15):** The proportion of Nigerians within this age group is around 25.3%, with 66.7% of them poor, while 30.1% are core poor, and 36.3% are moderately poor. Some of the intervention programmes for these age groups include-

❖ **Universal Basic Education UBE:** This programme was aimed at ensuring that every Nigerian child has access to qualitative basic education. The strategy was to make basic education compulsory and Universal up to junior Secondary level. However the Nation has not been able to achieve this universal education owing to a number of

gaps in the operational modalities of the educational programmes, among which are infrastructures, equipment and inadequate Teachers to pupil ratio. But it would be sad to note that pupils in some remote villages in Nigeria don't have four walls of classrooms, some of these pupils still learn under the tree, while seating on the stone.

❖ **Education Tax Fund:** The educational tax fund ETF, was meant for all level of education and was designed to improve the financing of infrastructures and resources that would lead to improvement in the quality of education in the country, presently the fund has no mechanism for targeting the poor, or the school they attend, which makes it regressive.

**(c)Social Protection activities for ages (25-64):** There are more than 31 million Nigerians within the age of 15-24, and 23.4 million people within the age group 25-64 years, representing 19.1% and 32.7% of the population, respectively. Within these group, the poor account for about 63.1% and 67%, respectively. The major problem with these groups is gainful employment.

❖ **National Directorate of Employment NDE:** This was created and mandated to design and implement programmes to combat mass unemployment, through the articulation of policies aimed at developing programmes with labour-intensive content. The NDE was a laudable programme but the major obstacle was its full realization in the shortage of loanable funds, as well as the high rate of default by icon beneficiaries. The sustainability of the programmes depended on the commitment of the Federal government in terms of finance and outcome of NDE. In addition, most of the activities of the NDE were being duplicated by the National Poverty Eradication Programmes (NAPEP).

❖ **National Poverty Eradication Programme NAPEP:** The main objective of the programme was to oversee, monitor and coordinate all government initiatives aimed at eradicating poverty, and to periodically extend intervention project to complement the efforts of the implementing ministries, departments and relevant parastatals throughout the country. Although some successes were recorded in the implementation of NAPEP programmes, performance remains below the optimal level expected by Nigerians.



**(d) Social protection for over 65s (protection against old age)**

❖ **Government Pension scheme:** The public pension scheme was reformed, and now being handled by private firms called private fund administrators PFAs, to make the scheme according to government more effective and ameliorate the situation of public workers suffering in retirement. The Nigeria Labour Congress has N100, 000.00 million share capital in one of the PFAs Trust fund.

❖ **Nigeria social insurance Trust fund:** The main objective of NSITF was to help in the sustenance of Workers after retirement, disability, or loss of jobs. In addition, it provides employment income protection against hazards of old age, invalidity and death as a result of injury associated with employment. As a risk management agency, NSITF targets people working in the private sector, by age and type of occupation. The risks that are of paramount importance to the scheme were job insecurity, income insecurity, life insecurity (including death) and physical disability.

**(e) Other Social protection for the general public.**

❖ **National Emergency Management Agency NEMA:** These agency was mandated to formulate policies relating to emergency management activities as well as coordinate programmes and plans directed as responding to disaster in Nigeria. NEMA over the years has been able to respond appropriately in the event of emergency and disaster situation in Nigeria.

❖ **National Health Insurance Scheme:** The objective of the NHIS was to ensure in theory to protect families from the financial hardship of huge medical bills ,to limit the rise in the cost of health care services that every, to ensure equitable distribution of health care cost among different income groups, to maintain high standard of health care delivery service within the scheme, to ensure efficiency in health care services, to ensure the availability of funds to the health sector for improved services etc some of the problems confronting the scheme are poor health care facilities, low quality infrastructure and violence and natural disaster.

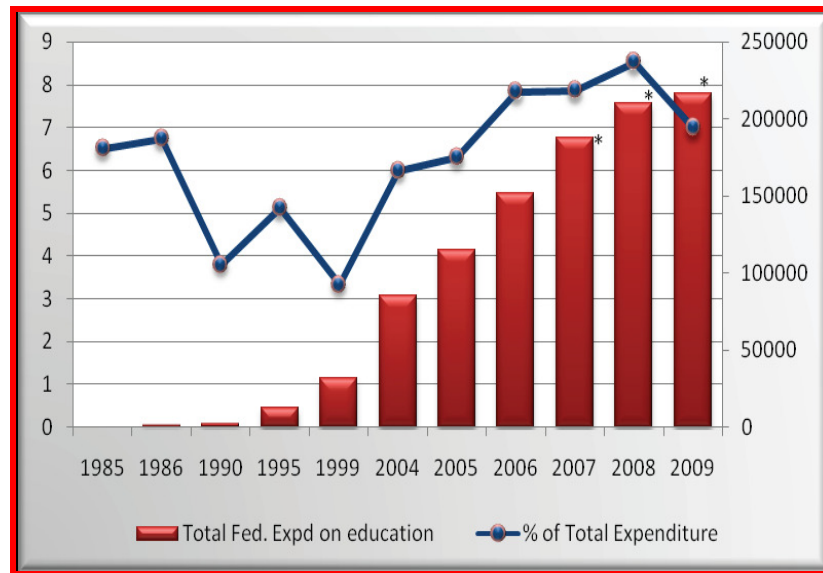
❖

### **2.3.1 Impact of the global financial crisis on budgetary allocations in Nigeria.**

A detailed examination of the federal government budget of 2005 to 2007, showed a gradual increase which might not be unconnected to the crude oil earnings over the period - such increases were maintained between 2008 and 2009. However, a decline in crude oil production from 2.5 million barrels a day in 2007 to 2.45 million barrels and 2.21 in 2008 and 2009, respectively was observed because of the Niger delta crisis. While these were ongoing, the global financial crisis was ravaging the entire global economy. This led to the fall in demand for oil and hence the oil price crashed. This threatened the implementation of the 2009 budget, which led to a deficit in the same budget of over N1.09 trillion.

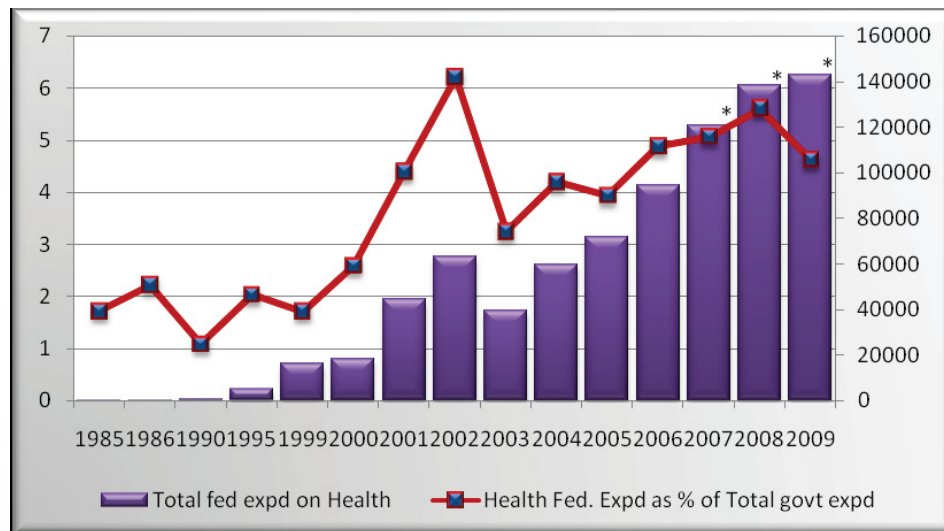
Considering the fact that the percentage of the annual federal government budget devoted to social and community services, including education and health sector, has been consistently low over time, in the wake of the global financial crisis salient questions were being raised, what were the budgetary and social protection policy implication of the global financial crisis? What were the implications of the financial crisis on development policies in a developing country like Nigeria? My thesis provides answers to these question by reviewing the current status of public expenditure on social and community services in order to ascertain whether there were any planned changes in response to the crisis, within the Nigeria context, social and community services including education, health, housing, environment and other social services that could enhance human development.

**Graph:15. Expenditure on Education1985-2009**



Source: cenbank.org 2009

**Graph: 16. Expenditure on health 1985-2009**

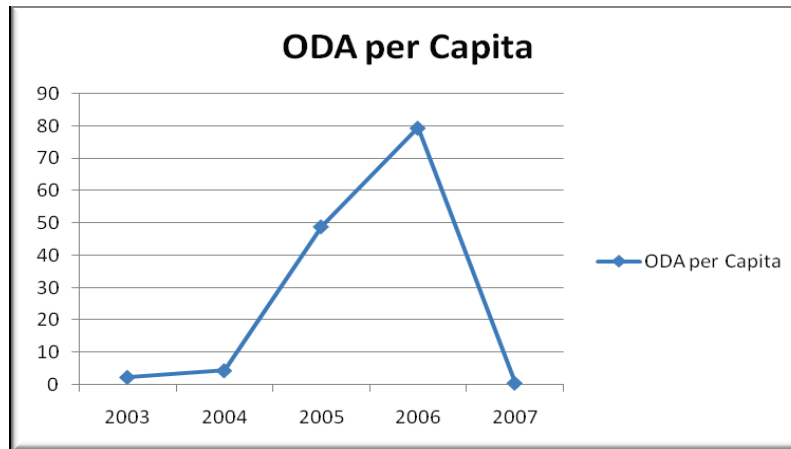


Source: cenbank.org 2009.

A detailed examination of the graph below showed that, in the early years after Nigeria's independence, ODA per capita level were low, averaging US\$0.65 between 1960 and, 1963, these rose more or less steadily to US\$2 in 1970. Thereafter, aid per capita fell

steadily reaching as low as US\$1.2 in 1999. Aid per capita rose in the millennium and amounted to US\$2.33 in 2003. Nigeria has received foreign Aid from a wide range of countries.

**Graph: 17 ODA per capita 2003-2007 (Naira)**



**Source: cbn.org 2007.**



### **3. CHAPTER THREE. IMPACT OF THE CRISIS ON WORKING CLASS AND DEMAND FOR MINIMUM WAGES IN NIGERIA.**

#### **3.1. Introduction.**

It is against the financial crisis background that chapter three of my thesis intend to explore the reactions of trade Unions in Nigeria and their impact on collective Bargaining. This last chapter is aimed at exploring the impact of the financial crisis on the working class in Nigeria and the responses of workers, considering the background of the trade unions negotiations in the context of the neo-liberal policies.

Oil-rich Nigeria has been hobbled by political instability, corruption, inadequate infrastructure, and poor macroeconomic management but in 2008 began pursuing economic reforms. Nigeria's former military rulers failed to diversify the economy away from its overdependence on the capital-intensive oil sector, which provides 95% of foreign exchange earnings and about 80% of budgetary revenues. Following the signing of an IMF stand-by agreement in August 2000, Nigeria received a debt-restructuring deal from the Paris Club and a \$1 billion credit from the IMF, both contingent on economic reforms. Nigeria pulled out of its IMF program in April 2002, after failing to meet spending and exchange rate targets, making it ineligible for additional debt forgiveness from the Paris Club. In November 2005, Abuja won Paris Club approval for a debt-relief deal that eliminated \$18 billion of debt in exchange for \$12 billion in payments - a total package worth \$30 billion of Nigeria's total \$37 billion external debt. Since 2008 the government has begun to show the political will to implement the market-oriented reforms urged by the IMF, such as modernizing the banking system, curbing inflation by blocking excessive wage demands, and resolving regional disputes over the distribution of earnings from the oil industry. GDP rose strongly in 2007-10 because of increased oil exports and high global crude prices in 2010. President Jonathan Ebele Goodluck has pledged to continue the economic reforms of his predecessor with emphasis on infrastructure improvements. Infrastructure is the main impediment to growth and in August 2010 President Jonathan unveiled a power sector blueprint that includes privatization of the state-run electricity generation and distribution facilities. The government also is working toward developing stronger public-private partnerships for roads. Nigeria's financial sector was hurt by the global financial and economic

crises and the Central Bank governor has taken measures to strengthen that sector, the workers were also hit by the crisis, as well as the trade Union Movement.

What has been the impact of this social and political process on the economy and the Trade Unions? Although several studies have examined this issue, none has focused on the specific case of Nigeria. In industrialized countries, labour market flexibilisation was part of the strategy proposed by the OECD in its 1994 jobs study-which regarded higher job creation in the US compared with Europe as due to greater flexibility in the former-and both the IMF and the World bank has often taken similar view (Rodgers, 2007). Under the neo-liberal perspective, labour market rigidities were detrimental to job creation, growth and innovation, and therefore reforms of labour market institutions was needed to increase labour market flexibility to provide incentives for job creation, the pressure of making labour market more flexible has been reinforced by the transfer of production and jobs to emerging economies (Jomo, 2007). .

After the financial crisis, the Nigeria Labour Congress and the strength of the trade union movement in Nigeria was reduced occasioned by the mass purge in the civil service, textile industry as well as the banking sector. However it is also important to note that those who benefited from neo liberal globalization and financialization of our economy show no inclination to take any responsibility for the current state of global economy. Indeed, they lobby vigorously against any attempt to protect societies against casino capitalism, and they benefit greatly from the support of an army of think tank and so-called independent academic researches.

Trade unions thus faced a tremendous challenge, the pressure on wages and employment required immediate response and solutions. Often unions have no choice but to negotiate the sharing of pains during the crisis. Nevertheless, just focusing on defensive measures means steady further retreat. Without policy changes, working condition will deteriorate, and trade unions will face increasing difficulties with organizing workers, strengthening bargaining power and advancing progressive policies.

Today, Nigerians who are lucky to have jobs are finding it increasingly difficult, if not impossible, to survive on their monthly pay .the major reason for this is that the pay of the Nigeria Worker is not only one of the lowest in the world, but it has not also improved as it

should in the face of changes in the market conditions. Workers in the public sector are particularly worse off. Therefore this chapter will attempt to focus on the minimum wage, and talk about the impact of the crisis on the working class in Nigeria.

**Table: 3 Nigeria Unemployment Rate 2003- 2010**

Year	Unemployment Rate	Rank	Percent Change	Date of Information
2003	2.80%	30		1992 est.
2006	2.90%	27	-89.64%	2005 est.
2007	5.80%	65	100.00%	2006 est.
2008	4.90%	65	-15.52%	2007 est.
2009	4.90%	60	0.00%	2007 est.
2010	4.90%	45	0.00%	2007 est.

**Source: US Bureau of Statistics 2010**

The crisis consequences had been massive for the working class in Nigeria: a) ranging from job losses, all industries were bleeding jobs, in February 2009 alone we noted many companies shed thousand of jobs, the textile industry in Nigeria laid off 5,000 employees, Dunlop which eventually relocated to Ghana laid off 400 employees, PAN laid off 565 of its 753 employees while Cadbury laid off 300 employees (Adewale, 2009; Nwokocha, 2009).; attack on workers wages and working conditions; increased poverty; attack by government on social services such as health and education with the attendant increase in infant mortality rates (in the case of health) and fewer children in schools (in the case of education); use of the crisis by employers to threaten Workers with unemployment; weakened workers right to demand for unionisation in non unionised trades and occupation.



In Nigeria the difference in pay between the Managers and Workers is not only one of the highest in the world, out of every one N1 paid as wages, managers collect more than 80 kobo while workers receive less than 20kobo, the difference has been increasing over the years. At the same time owners and managers of banks, top government officials and members of the political class have seen their pay and wealth swell astronomically while workers have had to survive on starvation wages. Nigeria workers could no longer survive on what they earn, the situation was made worse by the fact that those who work also have to support family members, who form part of a huge army of unemployed.

It became crystal clear that there was an urgent need for an upward review of the Nigeria National Minimum wage, and an upward review of wages and salaries

### **Labour in politics in Nigeria.**

Nigeria Labour Congress (NLC) like its counterpart (CUT) has not fully taken advantage of being a mean in itself, until 1946 the Nigeria Trade Unions were not involved in politics, there are two main reasons for this aloofness, First the Colonial Government was vehemently opposed

to the idea. It was feared that Trade Unions might 'fall under the domination of disaffected persons by which their activities might be diverted to improper and mischievous ends'.

Secondly few politicians or political parties existing had given serious thought to the immense power of the organised Labour in the

Until 1964, trade unions in Nigeria were not involved in politics. There are two main reasons for this aloofness. First the colonial Government was vehemently opposed to the idea. It was feared that trade unions might "fall under the domination of disaffected persons by which their activities might be diverted to improper and mischievous ends". Secondly few politicians or political parties then existing had given nationalist struggles, let alone to the idea of going all out to utilise that power. The arrival of Sir Arthur Richards as Governor turned the scale. Sir Arthur was perhaps the most controversial governor Nigeria ever had, and many people attributed the great political consciousness of most Nigeria to his doggedness in pushing through

unpopular measures, which he believed to be right or expedient. For precisely the same reason he was disliked, if not hated, by leading politicians and nationalist.

Sir Arthur first stamped himself on the Nigerian mind by his swift action in dealing with the strike of King's College students in 1944. the students had been complaining about bad food and unhealthy accommodation brought about partly.

They decided to go on 'strike' by refusing to eat their meals and to attend classes. Students' protest strikes are normal occurrences in the educational institutions, and when they occur, school authorities usually try to restore normal relations by listening to students' grievances and making earnest efforts to ameliorate them. This is not what happened in the King's college strike. Rather than consider the students' complaints with sympathy, the governor ordered the ringleaders of the strike to be conscripted into the army and others to be prosecuted for conduct likely to cause a breach of peace. One of the conscripted boys died a few days later.

Sir Arthur's action on the King's college strike outraged the country. For the first time in the contemporary events, leaders of the various political parties forgot their differences and found a common ground for united action. The Nigerian Bar came all out in defense of the boys by sending its leading members to defend those standing trial, who were eventually bound over to keep the peace.

The results of the King's College strike determined a group of former students of the college to organize a conference of all organizations, to found a body which will unite the people and give leadership to the country. The conference was held at the Glover Memorial Hall on August 26, 1944, and resolved to found the Nigerian Council of Nigeria and the Cameroons. The Congress later applied for formal affiliation and the application was accepted.

If the aftermath of the King's College strike was bitter pill to many Nigerian, what followed a few months later drove them mad.

In March 1945, Sir Arthur laid on the table of the Legislative Council his proposals for constitutional reform, which nationalists of all shades of political opinion had been demanding. It was the first indication to the country that a new constitution was in the offing, no attempt had

been made to discuss the proposals with political parties and the people's chosen representatives. Before his retirement in 1943 the former Governor, Sir Bernard Bourdillon, had announced that after the war Nigerians will be given an ample opportunity to discuss the draft of their future constitution. Yet in spite of that promise, Sir Arthur urged a quick removal of his proposals so that they could be considered by the British Parliament before the June 1945 general elections, which brought into power the all labour government in Britain. The members of the Legislative Council were true to type, and the constitutional proposals were passed into law with slight amendments.

Apart from the cavalier treatment thus meted out to the people and their leaders, there were several features of the new constitution which nationalists opposed. The first was the concept of regionalism as a working basis, but the NCNC leaders rejected it as divide and rule instrument. The second objectionable feature was its introduction of unofficial majorities in the legislature. Under the new constitution regional assemblies were to be established at Enugu, Ibadan, and Kaduna. These assemblies would merely discuss proposed legislature and make recommendations, but they had the right to pass their own budgets. Most unofficial members of the regional assemblies were to be elected by native authorities, which were themselves created as executive organs of government. Each regional assembly was to have a ratio of official to unofficial members as follows: North 19:20, West 14:15 and East 13:14. In the legislature Council the ratio was to be 20:29. Among the unofficial members of the regional assemblies were to be four or more persons (Europeans or African) who were to be appointed by the Governor to represent special interests. In the legislature council, 10 of the 29 unofficial members were to be chiefs or Europeans also nominated by the Governor. Thus, while ostensibly the intention was to give unofficial members majority representation, the composition of that majority was such as to guarantee an official majority at all times, since persons nominated by the Governor could hardly be expected to vote against Government measures.

The inclusion of Chiefs and Emirs as unofficial members was a third objectionable feature. Nationalists argued, and with some justification, that these dignitaries were part and parcel of the official framework, since they owed their position to the Government. Indeed, a statement credited to the oni of Ife on the functions of chiefs is proof positive. On November 4, 1946, in the Daily Service, the oni was reported as saying that 'we Chiefs are part and parcel of the

Government, and we must support the Government as well as serve our people. Furthermore, nationalists argued that assembling natural rulers to discuss on the same platform with their subjects was derogatory to their traditional position.

The property franchise was another objectionable feature. Indeed, it was this provision, more than anything else, which forced Obafemi Awolowo, then a law student in the United Kingdom, to remark in his path to Nigerian freedom that “the new constitution retains some of the objectionable features of the old, contains unsavory characteristics of its own, and falls short of expectation”. Under the constitution, only persons with an income or property valued at £100 per annum in Lagos and Calabar could elect four representatives to the legislative council. The vast majority of the people of Nigeria were denied the right to vote, a situation which dates back to the first constitution of 1923. Nationalist attacked the denial of universal franchise as a calculated attempt to exclude all those who were ‘sufficiently conscious of their rights’ from playing an effective role in the country’s affairs.

Apart from the Richards constitution, four Ordinances passed by the Legislative Council in Budget Session of 1945—the so-called ‘obnoxious bills’—also annoyed the nationalists. Coleman describes three of them (the Minerals Ordinance, the public lands Acquisition Ordinance, and the Crown land (Amendment) Ordinance as giving the impression that ‘the British administration was seeking to arrogate to the crown (by implication the British people) the title to Nigerian minerals and lands’. Indeed, this was also precisely the impression created in the public mind by articles and editorial opinions in the nationalist press. Press opinion seem to have built on the categorical statement in one of the ordinances that ‘the entire property in and control of all minerals and mineral oils, in, under or upon any lands in Nigeria, and of all rivers, streams and water courses throughout Nigeria, is and shall be vested in, the crown’. Since, the ‘crown’ was understood to mean the British sovereign, the interpretation given in the press stunk with the people. The challenges before them was, therefore whether they should sit unconcerned and allow their lands and mineral resources to be expropriated by foreigners, or fight to retain what was theirs.

The fourth of the ‘obnoxious bills’ empowered the Governor to appoint and depose chiefs. Strictly speaking it was not a new law, but an attempt to consolidate existing legislations. But

because the relationship between the Governor and the nationalists was strained and his actions were therefore suspect, the law was interpreted as empowering the Governor to impose any person he liked as a chief on the people, and to remove out of hand anybody he did not like and who would not do his bidding.

Both the NCNC and the NYM were opposed to the Richards constitution and the obnoxious bills, but they differed in their strategy to fight them. The NYM felt that the constitution and the obnoxious bills could be effectively fought at home, while the NCNC felt that salvation could be found by sending delegation to London. Sending a delegation to London would not come of mere wishful thinking, money must be found to finance the journey. In April 1946, the NCNC announced its intention of sending a delegation to tour Nigeria to educate the people on the Richards constitution and the obnoxious bills. The delegation was also to collect funds and a mandate with which a pan-Nigeria to London Delegation was to be sent. The delegation was composed of the National president, Herbert Heelas Macaulay, the General Secretary, Nnamdi Azikiwe, and three others. One of the three was M.A.O Imoudu. The delegation toured the country from April to December except for a brief period, when the tour was suspended because of Macaulay's death.

Imoudu's selection as one of the delegates brought organised labour into the vanguard of nationalist struggles for independence. Two months earlier, individual union leaders and members had in their own way, identified themselves with politics through their membership of the Zikist Movement, a mass youth organisation which became the militant wing of the NCNC. The Zikist Movement spread rapidly throughout the country, and did a good job in preparing the ground for the rousing receptions and handsome donations made to the pan-Nigeria to London Delegation Fund.

Imoudu's selection was apt and in keeping with Zik's desire that organised labour should be closely identified with the struggles for independence, despite official opposition. If it were to be so identified, and could submit to party discipline, then its immense power could be gainfully employed to hasten the dawn of independence. For the NCNC, working in close collaboration with Labour meant at least having a popular labour leader as an associate. By many considerations, no other labour leader at the time was better qualified than Imoudu. For over

twelve months, the Group of Newspaper had parading him as 'Labour Leader No.1', and the impression has been entrenched in the public mind that he was indeed labour Leader No. 1 in name and in substance. His arrest and detention made him a hero, and the leading role he played in the general strike showed him to be an undisputed champion of the working class.

The pan-nigeria to London Delegation left Lagos in June, 1947 and on the August 13<sup>th</sup> held its historic meeting with Arthur Creech-jones, the secretary of states for the Colonies. Apart, from demanding a radical change in the Richards constitution, the delegation submitted a memorandum containing many grievances ameliorated. Replying, the Colonial Secretary added that the constitution would not be amended or repeated without first giving it a fair trial, and concluded by urging the delegation to return home and co-operate in trying it.

The outcome of the interview was given a wide publicity in the British and Nigerian press. 'Go Home and Co-operate, read a banner headline in one British newspaper and Nigerian, and this was echoed with avidity and relish by The Nigerian Daily Times, which represented an opposite line of political thinking. The alleged failure of the pan-Nigeria to London delegation provided powerful ammunition in the hands of the Nigerian Youth Movement and its leaders with which to ridicule the NCNC and its leadership. In this campaign of denigration, the zeal of The Daily Service sometimes outran its judgment as a responsible public organ; in an attempt to play down the NCNC and its supporters it frequently published false and misleading stories, which provoked bitter controversy and cost it a sizeable readership

In official quarters there was a great rejoicing that the inveterate opponents of the regime and of the new constitution had been beaten hollow. The impression had been created in the colonial office that the NCNC represented vocal minority in Lagos which could not, therefore, and partly in order to demonstrate its continued opposition to the Richards constitution, the NCNC launched a big membership drive aimed at winning almost all organized bodies in the country. A representative meeting was organized shortly after the return of the Pan-Nigeria to London Delegation to enable the NCNC to report to the nation and appeal for support in meeting the challenges of the future. Invitations were issued to affiliated and unaffiliated organizations. The TUC was represented at this meeting by two delegates.

The delegates later reported to the TUC General Council. Their report raised again the question whether the TUC should or should not report affiliate to a political party. The annual delegates' conference held at Ibadan the previous year had decided against affiliation, but for some unexplained reason that decision was not implemented. A probable reason is that the decision was unpopular with the rank and file membership of the various unions affiliated to the TUC; this conclusion is supported by H.P. Adebola in an article published in *The West Pilot* of December 9, 1947. Adebola said in defence of affiliation that 'before the General Council meeting of November 29, most of the member unions had decided to secede from the TUC if the congress should sever its connection with the NCNC. The provincial members refused to attend and, as in the case of the Dakar Conference delegation incident, the text of telegrams had been prepared ready for dispatch to the Congress Secretariat and the press. It was only left to the TUC to decide whether to sever connection with the NCNC and lose an overwhelming majority of the member unions or to remain in the NCNC and retain its member unions'.

There might have been little dissension in the intervention period between 1946 and 1947 had two things not happened. In an effort to advertise its strength, the NCNC continued to claim the TUC as a member, having not received a formal letter of resignation. On the other hand *The Daily Service* continued to assert that the TUC was not an affiliate. These claims and counter claims forced the leaders of the TUC to include the question of affiliation in the agenda of the General Council meeting of November 29, 1947. The Council decided by 11 votes to 7 in favour of affiliation. A TUC release announcing the decision said that 'having made a thorough and impartial examination of previous discussion on the relation of the TUC and the NCNC in the lights of facts available in the Congress Secretariat, the General Council resolved by a majority of votes that the TUC has been within the NCNC and that it should continue as such until the formation of its proposed Labour Party'.

The affiliation decision raised a storm in labour and political circles. Behind the storm was a political rivalry between the NCNC and the Nigerian Youth Movement. To the NCNC the decision was a major political victory; to the NYM it was a humiliating defeat, which was not taken in a good spirit. In a desperate attempt to find a scapegoat, *The Daily Service*, the NYM's official organ, blamed the Ibos in the TUC. It attacked the decision and poured venom on the Ibos. 'Down with Ibos in TUC', 'TUC in Distress' and they that have turned the world upside-

down have come hither unto us 'these were some of the slogans that it published with relish. But were the Ibos really responsible for the decision? The West Africa Pilot examined the accusation and reported that Ibos were 'numerically an inconsequential minority' in the General Council when the decision was taken.

Two incidents would appear to explain other developments. On June 17, 1948, Chalres Daddy Onyeama, an Ibo lawyer and member of the Legislative Council, predicted that 'Ibo domination of Nigeria is a matter of time'. That unfortunate statement provoked the Ibo\_Yoruba feud of 1948, which had a disastrous effect on many trade unions,. To ensure that Onyeama's prediction did not come to pass, members of the newly formed Egbe Omo Oduduwa, a cultural organization catering for Yoruba hegemony, infiltrated many unions and contrived arrangements to remove jobs holding key positions and replace them with Yoruba men. Efforts were concentrated on important unions of UAC African Workers. Thus for the first time tribalism was introduced into the labour movement.

About this Adeleke Adedoyiin and Ibuyinka Olorun- Nimbe were expelled from the NCNC for alleged subversive activities. Attempts by both men to spilt the NCNC-Democratic Party Alliance, which had a predominantly Yoruba membership failed, and proved the futility of trying to build a mass movement by playing one tribe against another. To members of the Egbe the experiences of Adedoyin and Olorun-Nimbe in trying to spilt the NCNC-Democratic Party Alliance made plain the amount of work that would be required to dislodge the NCNC. While NCNC supporters in the trade unions retired to rejoice at their victory, members of the Egbe set to work. They worked silently and tirelessly, and succeeded in getting the question of affiliation included in the agenda of the Sixth Annual Delegates' Conference of the TUC, which opened at the CMS Grammer School, Lagos on December 27, 1948.

When the matter came up for consideration, anti-affiliation elements led by O.Olatunde, Secretary of Public utility, Technical and General Workers Union, said they were not just opposed to affiliation of NCNC, they were opposed to affiliation to any political party. Olatunde suggested that the matter be deferred until the Workers have formed a Labour Party which, like the TUC, would show an identical interest in the workers and the welfare of the country.



Nduka Eze, Secretary of the Amalgamated Union of UAC Africa Workers, leading the pro-affiliation group, said that four distinct changes had taken place since the TUC reaffirms its affiliation to NCNC in 1947. These changes were:

- I. More applications for membership of the congress;
- II. the co-operative attitude towards the congress of the once apathetic Railway Workers` Union;
- III. more funds coming into confers of the TUC through affiliation fees and dues, as revealed in the report on activities; and
- IV. greater recognition of the TUC and the cause of the working-class movement.

He pointed out that the union that was proposing disaffiliation from the NCNC (The Federal Union of Local Authority Staff) was in default of its dues payment and was indebted to the tune of £140 and asked: “why do we worry with the vituperations of a debtor union whose balances in the ledger book of the Congress are anything but enviable?”

Michael Imoudu, another affiliation supporter, asked the advocates of the workers` party whether the NCNC had prevented the TUC was out to fight. The TUC should found its own political organization because politicians were using the workers as instruments to further their political ambition. Eze then moved a formal motion for continued affiliation, which read, which read:

Whereas in the ideals of the NCNC, as Contained in their freedom Charter and Constitution, the right of a Nigerian worker to a free labour association, decent wages and economic and social security is guaranteed.

And whereas in the realization of these ideals of the NCNC set out on a country-wide tour of Nigeria and the Cameroons in 1946 in preparation for a pan-nigeria to London Delegation.

And whereas the said NCNC in their memorandum to his Britannic Majesty's Secretary of state for the Colonies did state all those things that would normally guarantee to the average worker all the good things of life.

And whereas there is a semblance of unity in diversity in the said NCNC which makes possible the union of the many conglomerations of tribes, trades, and association in Nigeria for the purpose of a united forward March to freedom.

And whereas the workers of Nigeria share the same common suffering- political serfdom and national humiliations at the hands of the British Government- with the farmers, the traders, the middle-class people, the businessman, the professionals, the peasants and the general public who have found hope in the God-sent national canopy called the NCNC.

And whereas the voice of the NCNC is world-famed, it's organisation most exemplary and representative and its leadership locally and internationally accepted.

And whereas the NCNC today reveals itself to be the harbinger of Nigerian freedom and the spearhead of a movement that will unlock the iron gate of Africa's might in international relations, now therefore I move that the bogey of `unholy wedlock` of the TUC with the NCNC be not countenanced.

That the TUC now throws it's full weight into the NCNC because the Nigerian proletariat and masses desire the continued affiliation of the TUC with the NCNC.

The motion was voted upon and defeated. Commenting on the defeat of the motion, the West African Pilot recalled of January 12<sup>th</sup>, 1949 recalled how opponents of the NCNC had been trying to get the TUC to withdrawn from the NCNC. It recalled the campaigns of The Daily Service and its tirades against the Ibos and declared: `The TUC depends on the working masses for bare existence to pursue its plans. It cannot browbeat the whole of them, however righteous it may consider its cause to be, and hope still to exist with their support. This is the view not of trade union academicians but of practical realities in a material world. The TUC certainly needs even bare existence in order to practicalise its ideals, however noble the latter. Let time tell who is correct` Replying, the TUC said expressions like `Ibos in the TUC` quoted in

the editorial were repugnant and repulsive to the ideals of the TUC and could never come from it. The TUC could rightly claim that it has never pursued a tribal policy. The statement appealed to `all responsible men and all men of goodwill with a sincere wish for the good of this country and the working class not to sow this baneful seed of tribalism in our movement`. Explaining the reason for disaffiliation, the statement said that the withdrawal of membership did not necessarily mean withdrawal of support or co-operation. Affiliation had considerably weakened the TUC. As an organisation grouping people with diverse political sympathies, the Congress felt it should maintain a stand independent of all political or tribal groups in order to avoid an obvious clash of interests. The statement expressed the hope that `you would, as a responsible organ, see the sanity of this policy...and true to your motto you would show the light for the people to find a way`.

The effect of disaffiliation was felt three days after. The Domestic Workers` Union resigned from the TUC and was followed in quick succession by the Public Utility Technical and General Workers` Union. The Nigerian Union of Nurses gave their General Secretary, N.A. Cole, who was the President of TUC, an ultimatum to choose between leaving the TUC and retaining his job or remaining in the TUC and losing it. He chose the former. The Elder Dempster Lines Africa Workers` Union followed and urged all other unions to emulate the examples of others who had withdrawn.

On January 20 the Amalgamated Union of UAC African Workers, one of the latest unions in TUC, left the organisation. Seven days later, Imoudu and `Secret Document` Coker organised a mass meeting at which a resolution was adopted urging the complete overhaul of the TUC or its liquidation. Twelve leading trade unionists, among them M.A.O. Imoudu, F.O. Coker, Nduka Eze, P.O. Balonwu, Ralph Aniedobi and Richard Aghedo, constituted themselves into a committee of Trade Unionists and began to prepare the ground for launching a new national centre. The stage was therefore set for the first split in the central labour organisation.

At the inaugural meeting of the Nigerian National Federation of Labour (NNFL) in March 1949, speaker after speaker leveled charges against the TUC. They said that since the `questionable displacement` of `Secret Document` Coker as President of the TUC the Congress had fallen into the hands of weak and repudiated union leaders.

The Nigeria Labour movement responses to the challenges posed by the crisis, which revealed that at the onset of the crisis Labour Movement generally responded with vigour to lay-offs and cooperate restructuring, the rise of unemployment, as well as attempt by government to cut into the safety net and weaken labour Laws as evident in the 2005 labour Laws Amendment in Nigeria.

While Trade Unions were wholly successful in each of their battles, in all instances they did secure some gains through mobilization and negotiations with employers and government, often in the improvement in the social protection programmes or in labour laws reforms on the rights to organise. In some cases labour proceeded to improve its own organisation.

### **3.2 Trade unions in Nigeria and their impacts on collective bargaining.**

Unionisation is one reaction of workers to employers' actions (Fajana 1995). Workers of different interests and needs come together in a trade union to negotiate the price of labour. The employers may see this as creating a monopoly. Individual workers lack power, however, and may not be able to seek improvement in wages and other working conditions. This is the logic of trade unionism (Fashoyin 1988). Trade unions are the main power resource of the work force. This power can promote the resolution of problems faced by the workers in an organisation. The union as a pressure group and its action or inaction may result in conflict with the employer. Conflict in the workplace cannot be ruled out, even with the existence of a trade union. The benefits of organised labour are often sought by those in non-union workplaces. Many of the wage increases in Nigeria and the allowances and bonuses are products of union activities. The union serves as a platform for social interaction among members by organising seminars, lectures, conferences, and symposia. The union members learn and develop educationally. (Fashoyin, 1981).

However if the mission of the Nigeria Labour Congress ( see appendix 2) is to organise, unionise and educate all categories of Nigerian workers; defend and advance the political, economic, social and cultural rights of Nigerian workers; emancipate and unite Nigerian workers and people from all forms of exploitation and discrimination; achieve gender justice in the work place and in NLC; strengthen and deepen the ties and connections between Nigerian workers and

the mutual/natural allies in and outside Nigeria and; lead the struggle for the transformation of Nigeria into a just, humane and democratic society, then the challenges that comes with this task cannot be over emphasised

According to Peter B. Abu in Nigeria, the federal government, as the largest single employer of labour, plays a dual role in the industrial relations practice in the country. The government plays conflicting role of employing the largest labour as well as prescribing policies to gain labour management relations. Thus, the industrial relations practice was bad the unfortunate experience of various government transformations and interventions since the advent of the colonial rule.

The enactment of the new trade Union amendment Act of 2005 is just one out of the events that have occurred in the history of labour management relation in Nigeria. Therefore before the critical appraisal of the New Trade union Amendment Act of 2005 can be done, there is a need to examine and analyze objectively government transformation and intervention in industrial relations practice in Nigeria from the advent of colonial rule to the antecedent that led to the enactment of the 2005 New Trade Union Amendment Act. Some of the national policies and laws enacted by the government to regulate the formation, administration and operation of trade Unions in Nigeria include Trade Union Ordinance 1938, Trade Disputes (arbitration and inquiry) Act- 1941, the Wage Board Act 1958, Trade Union Act 1969, Trade Union Act 1973, Labour policy 1975, Trade Dispute Act 1976 including Decree No.43 of 1978, Decrees n° 4, 24 and 29 of 1996 and the current Trade Union Act (Amendment) 2005 which is under review. Most of these acts /decrees were either promulgated or enacted at various time by the military and civilian administration in Nigeria without due consultations of labour. They were imposed by the government and labour dissatisfied with the various interventions.

Government further established its firm control of industrial relations practice in Nigeria. In 1996, another trade union (Amendment) Decree 4 was enacted to restructure affiliates of Nigeria Labour Congress (NLC). This reduced the number to twenty-nine while decree 22 structured the trade unions along industrial line (Fajana. 2002). One of the main clauses of 1996 Amendment Act was to identify the Nigerian Labour Congress as the only labour central Organisation. The

decree allowed for ten percent of all monies to be remitted to the central labour organization. The responsibilities imposed on the Nigeria Labour Congress by the 1996 Act are as follows:

1. To represent the general interest of its members on any international advisory body set up by the government of the federation;
2. Collection and dissemination to its member's information and advice on economic and social matters.
3. Render advice, encouragement and financial assistance to member.
4. Promote education of members of trade union in the field of labour relations and related field; and
5. To render any other any other assistance as provided for in the article of affiliation (Egbewole, 2005)

The decree spelt out the qualification for Union member and a modified process of check-off due deduction was established. During the interventionist policy, government set up some commissions/ tribunal to recommend befitting wages and condition of service for public servants. They made valuable contributions to the sustenance and stabilization of the conditions of the service of the civil servants in Nigeria. Some of these commissions were Mbanefo (1959), Morgan (1964), Elwood (1966), Adobe (1971) and Udoji (1975), etc.

Prior to the enactment of the **New Trade Union Amendment Act of 2005**, many reasons have been advanced that justify its promulgation. Past labour laws were made by the military despots and their regimes and as such are not in accordance with the present democratic dispensation embarked upon since 1999. The labour laws have to be reformed in accordance with the nascent democracy in Nigeria. Therefore, the main objective of the new labour law reforms is to allow for democratization and liberalization of the union and permit freedom of association by allowing each to belong to any union instead of the only one central organization, the Nigeria Labour congress. Federal Government saw the NLC as a clog in a wheel of progress and so it decided to stop its monopoly and its arrogance. The breaking of the

NLC monopoly as the only central Labour organization might have been seen by Obasanjo's regime as the part of on-going democratization, deregulation and liberalization exercise. It is insinuated in some quarters that the Government decided to deal with NLC because of this alleged militancy and confrontational approach to government policies. Government argued that the New Trade Union Amendment Act of 2005 is in line with the provision of the constitution which guarantees the freedom of association which is fundamental human right. Government saw NLC as its employee; it could not therefore be watching its employees becoming an obstacle to government's interest, so its decided to break its backbone through the Acts.

The 2005 Trade Union Amendment Act amended the Trade union of Act of 1978 and 1996. The It brought about among other things, the democratization and liberation of labour movement and trade unionism in Nigeria and through the expansion of opportunities such as the registration of Central labour Organisation and the granting to employees to decide which unions they wish to join.

The NLC advance some reasons for government enactment of the 2005 Trade Union Amendment Act:

1. NLC argued that the government was not comfortable with it hence government saw it as a clog in the wheel of "progress" and so it decided to put a stop to its monopoly.
2. NLC further argued that the government was afraid of the alleged militancy and confrontational attitude of NLC leader against some government policies and decisions. For example NLC was opposed to the constant increases in fuel prices, privatization policies, sales of central government houses and offices to some powerful individual in the society. On increase in fuel prices, NLC always went on strike and the Federal government was not comfortable with the situation.
3. The Federal government and indeed some government Functionaries must have been thinking that the NLC constituted itself to an opposition party for which the constitution does not provide for and as such it must be crushed.

4. The prevailing as at the time the amendment was proposed and presented to the National Assembly by the President coincides with the time the NLC was making a vehement and strong agitation against the increase in pump price of fuel.

5. NLC further argued that the purpose of the New Trade Union Amendment Act of 2005 was perhaps to enable the government apply the divide and rule policy or to play one union or congress against the other or to create conflicting interest among the workers in the organizations.

6. Also there was the thinking in quarters that Amendment act of 2005 was informed by politics rather than any empirical, scientific or democratic considerations as proposed by its proponents.

7. The NLC also argued that the organization was Obasanjo creation in 1978 when it was convenient for him as a military dictator to manipulate one central labour Organisation to his advantage and in 2005 it dumped the NLC to create one additional central Labour organization to weaken the NLC.

The principal Act has fifty-fourth (54) Sections but only eight (8) Sections were affected by 2005 Amendment Act. Those affected are Section 12, 16a, 17, 24, 30, 33, 34 and 42. However, it is pertinent to mention here that the trade union Amendment act of 2005 does not replace the principal act which is known as the trade Union Act. The affected areas of voluntarism, payment of due, collective bargaining, representation, ban on strike or lock-out, registration of more central labour organizations and personal freedom (non-compelling Act) they are briefly explained below:

1. **Voluntarism:** Section 2 of the new Act explains that membership of a trade union by employee shall be voluntary and no employee shall be forced to join any trade union or be for refusing to join or remain a member.

2. **Payment of Due:** Section 4 of the new Act expresses the Trade unions out of the contributions received from their members, such sum as may, from time to time, be specified in the constitution of the registered federation of trade union concerned.



3. **Collective Bargaining:** Section 5 of the new act points out that for the purpose of collective bargaining, all registered unions in the employment of an employer shall constitute an electoral college to elect members who will represent them in negotiations with the employer.

4. **On Representation:** Section 5 states that for the representation of tripartite bodies or any other body, the Federation of Trade Unions shall constitute an electoral college, taking into account the size of each registered Federation.

5. **Ban on Strike and Lockout:** Section 6 of the Amendment Act which bans strike and lock-out unless: the union is not involved in the provision of essential services; the strike is a labour dispute and a ballot has been conducted and a single majority of all registered members voted to embark on the strike. The person or Trade Union or employer is not engaged in the provision of essential services;

6. **Registration of more central labour Organisations:** Section 8 of the (2005) points out that a federation of trade unions may be registered by the Minister of Labour and Productivity if: a) Its main objectives is to represent the interest of its employees; b) it is made up of 12 or more trade unions none of which shall have been members of another registered federation of trade unions; c) It has been established by resolution of the National delegates conference of the trade; d) It has adopted a name that does not resemble the name of another federation of trade unions; e) It has adopted a constitution and or rules in accordance with the first schedule of this Act; f) It has head office in the federal Republic of Nigeria, and g) It has submitted to the Minister of Labour and Productivity an application in the prescribed form signed by at least two trade unions wishing to become its members.

At present, two such Federations exist. They are Nigeria Labour Congress (NLC) and Trade Union Congress (TUC).

The new trade Union Amendment Act of 2005 affected labour Management Relations in Nigeria. The Nigeria Labour Congress which was hitherto the only central Labour Organisation in the country opposed vehemently to the new 2005 Amendment Act. It was argued that the law was principally enacted to deregister the NLC, reduce its powers and control on labour as well as check the rising profile of labour as a stiff opposition to the Federal government most,

especially, when it takes an unpopular labour policies. The Amendment Act out-lawed strikes and lock-outs of Workers and it empowered the minister of labour and productivity to register and de-register any union or central labour organisation. The Minister being a political appointee of the President is duty bound to listen to the dictates from the president and will not be in a position to deal with the labour issues dispassionately and devoid of any emotion.

Since the labor Unions are no longer affiliated to one central labour organisation, there is the tendency to envisage the problem of leadership and factionalism, as currently being faced .The trade union Amendment Act 2005 led to multiple unionism and future formation of more central labour organisation, which is capable of leading to the formation of mushroom union as we currently have today.

The 2005 Trade Union Amendment Act made trade unionism voluntary in Nigeria. It broke the monopoly of the Nigeria Labour Congress. The Nigeria Labour Congress and Trade Union Congress are now the only parallel central labour organisations in Nigeria and they are to represent the Workers at the tripartite bodies. Availability of wide options for Workers to join either NLC or TUC and other CLO were opened, it did not ban strike and lock-out completely but it made clarifications on how strikes and lock-outs could be legitimately carried out. Emphasis was laid on prompt and quick remittance of members check-off dues to their registered Unions.

It has now widen the negotiation table and scope of collective bargaining since it has allowed the newly registered Federation of Trade Unions as well as other Central Labour Organisations to co-exist with the Nigeria Labour Congress. Since it is no longer compulsory to join trade Unions, workers were free to leave the Union, and once they happens their check-off dues are automatically stopped. There are possibilities or regular inter-Union crisis and inter-federation of Union feud in the Industrial Relations practice in Nigeria. The 2005 Labour Amendment Act foster a new development period in the labour-management relations in Nigeria and fueled new dimensions to industrial relations practice. Government instead of dealing with one central labour organisation would have to deal with various labour organisations and the consequences might be expensive and cumbersome for the Government.

### **3.3 Mobilization /strikes as resistance against neoliberalism (1980 – 2007)**

This can be better discussed under the six different regimes/administrations that were in charge of the affairs of the country during the period under review. © Journal of Economics and Engineering, ISSN: 2078-0346, №4, December, 2010 Baku, Azerbaijan /47.

**1. Trade unions under the Shagari regime - 1<sup>st</sup> October 1979 – 1983** By 1980, there were 70 trade union organisations and associations in Nigeria. These were the trade unions that were inherited by Alhaji Shehu Usman Aliyu Shagari administration of 1979-1983. Trade unions before the Shagari regime had already become militant and forceful in their activities and demands as a result of their experience during the years of military rule characterised by strangulation of labour unions and proscription and deproscription of trade union activities.

However, with a civilian regime in power, the leadership of the Nigerian Labour Congress thought that they were going to fare better than they did under the military. To their dismay, that was not to be. The government of Shagari introduced new challenges of recklessness in resource management. According to Komolafe (2008), “There was recklessness to the extent that States were failing in their basic responsibilities: paying salary and wages as and when due”. Trade unions were forced to embark on prolonged strikes with the situation very severe in Imo and Benue states where teachers were owed salaries for over one year. The civilian administration found itself increasingly unable to control organised labour, culminating in a two-day strike involving more than a million workers, mobilized by the NLC (Snelling, 2002). The Shagari government which promptly gave huge salaries to politicians and political office holders was unwilling to consider granting workers a minimum wage until the NLC threatened to call out workers on a national strike. Thus, trade unions under Shagari had to be radical and militant to secure the regular payment of their members’ salaries.

#### **2. Trade unions under the Muhammadu Buhari regime -31 Dec. 1983 - 27 Aug. 1985.**

Buhari-Idiagbon Military rule, as it is popularly called, toppled the civilian administration of Alhaji Shehu Shagari in a bloodless coup on 31st December, 1983. With the return of the military, the little fortunes of trade unions in the country turned from light gray to pitch black. The government went from non-payment of salaries to large scale retrenchment (Komolafe,

2008). From non-payment of salaries to non-retention of jobs, labour unions' attention was diverted to safeguarding jobs. As Okome (1993) noted, "the Buhari regime was typified by high-level authoritarianism. Mass retrenchment of Nigerian workers in the public service of the federation was carried out with impunity and a Decree No 17 of 1984 ousted the courts' jurisdiction to enquire into the validity or legality of the whole exercise." The breakdown of human rights of Nigerians due to the militarism of that regime led to the strengthening of key non-State unions such as Academic Staff Union of Universities (ASUU), National Association

of Nigerian Students (NANS), Nigerian Bar Association (NBA), Nigerian Union of Journalists (NUJ), Nigerian Labour Congress (NLC), Women in Nigeria (WIN), etc. These unions and associations were primarily driven by a combination of sectoral agitations for a more qualitative living of their members and demands for more robust democratization process. For them, the former would be intelligible only as an integral part of the latter (Amuwo 1995). Labour unions in this era increased their agitation and militancy thus engaging the Buhari-Idiagbon regime in robust and intellectual confrontations.

### **3. Trade unions under the Ibrahim Badamasi Babangida-27 Aug. 1985 - 4 Jan. 1993**

The Babangida era slowed down the growth of trade unions and decimated what was left of them after the Buhari administration. According to Comrade Abdulwahed Omar, the current NLC President, the Babangida regime brought the NLC, the umbrella body for trade unions into serious setbacks and reverses (Soji-Eze, 2008). As Iyayi (2008) noted, "a radical wing of the Nigerian Labour Congress, led by Mallam Ciroma, was in control of labour affairs when Babangida came to power. Well-informed about the role of Labour in pre- and post independent Nigeria, Babangida's overall strategy was to replace the radical wing with a moderate, if not conservative, faction. The killing of four students of the Ahmadu Bello University (ABU) Zaria in May 1986 and the subsequent solidarity march against the murder provided an alibi for the first attack. NLC headquarters in Lagos was sealed up; it was accused of provocation and insensitivity to the national economic emergency.

An administrator was appointed to oversee the affairs of the NLC for 10 months before the election of Comrade Paschal Bayfau as the new NLC helmsman. The Babangida administration

also went ahead to annul the results of June 12, 1993 Presidential election believed to have been won by Chief M.K.O. Abiola. The annulment attracted widespread condemnation and protests from pro-democracy groups including labour unions. The oil unions -National Union of Petroleum and Natural Gas Workers (NUPENG) and Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) in particular fought for the recovery of Abiola's presidential mandate between July and September 1994. Another repressive policy introduced by the Babangida administration was the Structural Adjustment Programme (SAP) during which dissident voices like trade unions and the NLC were clamped down, arrested and muzzled by the military president (Komolafe, 2008). In spite these challenges/repressions, organised labour was

getting stronger and more resilient in its activities at that time. The public resentment to a dictatorial regime and self democratic structures under Babangida administration made the General to 'step aside' for an interim government headed by Chief Ernest Adekunle Shonekan. The Shonekan administration was short-lived as it was toppled barely after three months into office in a palace coup led by General Sanni Abacha.

#### **4. Trade unions under General Sani Abacha - 17 Nov. 1993 - 8 Jun. 1998 .**

Like his predecessors, late, Abacha assaulted NLC when it dissolved it and placed it under a sole administrator for four years (Komolafe, 2008). Nigeria under Abacha government gradually slipped into a police and closed state. It was during his time that Nigeria also became a pariah state. Immediately on assumption of power in November 1993, Abacha dissolved all democratically elected structures of government from the National Assembly to the local government councils. Interim military administrators were deployed to the states to take over from the sacked

civilian governors while a total ban was placed on all political and labour activity. However, his immediate concern was how to deal with the renewed clamour for the revalidation of the June 12 election results and though such calls © Journal of Economics and Engineering, ISSN: 2078-0346, №4, December, 201048 w w w . i j a r . l i t . a z were initially ignored, the new military strongman had to take matters in his own hands when the clamour grew intense and desperate. In July 1994, two key union leaders of oil and gas workers, Frank Kokori and Milton

Dabibi led their unions, the National Union of Petroleum and Natural Gas Workers (NUPENG) and Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) respectively, on a strike to demand that Chief MKO Abiola's poll victory be recognised. General Abacha moved quickly to suppress the strike, emasculating the labour movement by replacing

the leaders of the militant oil unions and NLC with state-appointed administrators (Snelling, 2002). Moving swiftly, Abacha clamped most of the pro-democracy activists into jail while other lucky ones escaped via the 'NADECO route' through Seme border (Isah, 2006). A number of trade unions like ASUU and professional associations were proscribed. Activities of trade unions and the NLC under Abacha were restrained as Abacha had zero tolerance for the opposition and was not used to accommodating any voice of dissent. After the sudden death of General Sanni Abacha in June 1998, General Abdulsalam Abubakar took over as the new Head of State.

#### **5. Trade unions under Abdulsalam Abubakar - 9 Jun. 1998 - 29 May 1999.**

The Abdulsalami regime was a child of circumstance. The military Provisional Ruling Council (PRC) under Abubakar commuted the sentences of those accused in the alleged coup during the Abacha regime and released almost all known civilian political detainees. Two top union leaders, Frank Kokori and Milton Dabibi, who had been detained without trial under Abacha, along with many labour officials, were released (Snelling, 2002). It was also during this regime that the NLC was un-proscribed and the ban on political, labour and other associational activities

was lifted. Even though General Abdulsalam successfully transited the country into the Fourth republic, his government failed to improve the economic fortunes of Nigerian workers and to strengthen the activities of labour union organisations (Komolafe, 2008).

#### **6. Trade unions under Olusegun Obasanjo- 29 May 1999 – 29 May 2007.**

Following the return to civilian rule under President Obasanjo in 1999, trade unions staged several protests culminating in a massive strike in 2000, which brought the country to a standstill. The strike forced the government to abandon an attempt to increase fuel prices.

Following the arrest of NLC leader Adams Oshiomhole, the government showed strong willingness not to give in to union pressure (Snelling, 2002). To further put labour in disarray, the Obasanjo government introduced measures to create more central labour organisations (Iyayi, 2008). Now the Trade Union Congress (TUC) has been empowered as a Labour Centre with Senior Staff Associations being affiliated to it. Also, membership of trade unions is no longer compulsory for workers as the new Trade Union (Amended) Act 2005 is built on the concept of voluntarism. All this was done by the Obasanjo administration to weaken labour, make it docile and divided internally so as not to be able to disrupt the ruling class or industrial relations system. At this juncture, it is important to say that trade unions in Nigeria are alive to the pursuit and realization of their objectives to their members. And one of the tools used to force employers or a group of employers and even the state to accede to their demands or come to the bargaining table is strikes.

### **3.4. The Workers and the Crisis: The Demand for Minimum Wage.**

The 2009/2010 minimum wage demand was not the first time that the Nigeria Workers would be asking for a general upward review of wages and increase in the National minimum Wage. Between 1945 when the Nigeria Workers staged the famous 45 days general strike for cost of living allowance (COLA) and 2007, when the demand won by Workers for a 25% general wage through the Ernest Shonekan Wage consolidation Committee was arbitrarily cut down to 15% by former President Obasanjo, Workers have struggled at 15 times to have wages improved and a National minimum wage legislated upon. But the struggles produced notable victories for Workers and the NLC, it was usually the case that:

- The National Minimum wage was always set below the Minimum wage needed by Workers to survive. Because of the inadequacy of the Wage, some States government elected on their own to pay more. Even then, there were also some State government that pays less than the stipulated National wage. The result was that Workers always could not cope.
- The wage review were largely unstructured, sometimes negotiated wage were changed by government through circulars, at other times, government effected unilateral wage increases.

Agreement reached with government were sometimes distorted at implementation or not implemented at all by government. For example, the 2000 minimum wage review Agreement provided for a further 25percent wage increase with effect from may,1 2002.This is not implemented. Following the industrial dispute over this a 12 percent increase rather than the 35 per cent agreement in 2000, was signed in 2003.But in the end, only an increase of between 4 and 12 per cent was implemented by the federal Government. Although the Shonekan committee was set up against this background and recommended 25% increase in salaries, Obasanjo unilaterally implemented a 15% increase in 2007. Government also failed to abide by the timeframes set out for subsequent negotiations with workers:

- Workers always had to fight to get government to agree to collective bargaining even when the procedure was agreed in previous negotiations. Today, workers find that they have to fight yet again to get government to agree to negotiate a new National Minimum wage and general upward review of wages. There are several reasons why there must be an upward review of workers wages today.
- The consequence of the abdication of the agreed approach to the implementation of the phased-wage increases has been that wages and salaries are today sharply depressed and incapable of meeting the basic needs of most workers.
- In the last one year, inflation has intensified with the cost of living index in the urban sector increasing by over 14 percent. The disproportionate increase (20.9 percent) in the cost of food means that the erosion in the real wages and salaries of workers is alarmingly severe.
- The process of monetizing and consolidating in-kind benefits which were hitherto not taxed has resulted in an escalation of the tax paid by workers .this has further depressed the real take home pay of workers.
- All over the world salary increase in the public sector is underlined by principles of equity and the need to bridge social inequalities in the face of widening economic and social gaps amongst citizens of a country.
- In Nigeria while workers salary increased by 15% between 2006 and 2007, those of political office holder increased by over 800%. The 2008 increase in the compensation



of political office holders, has further aggravated the disparity. On average their compensation package were doubled.

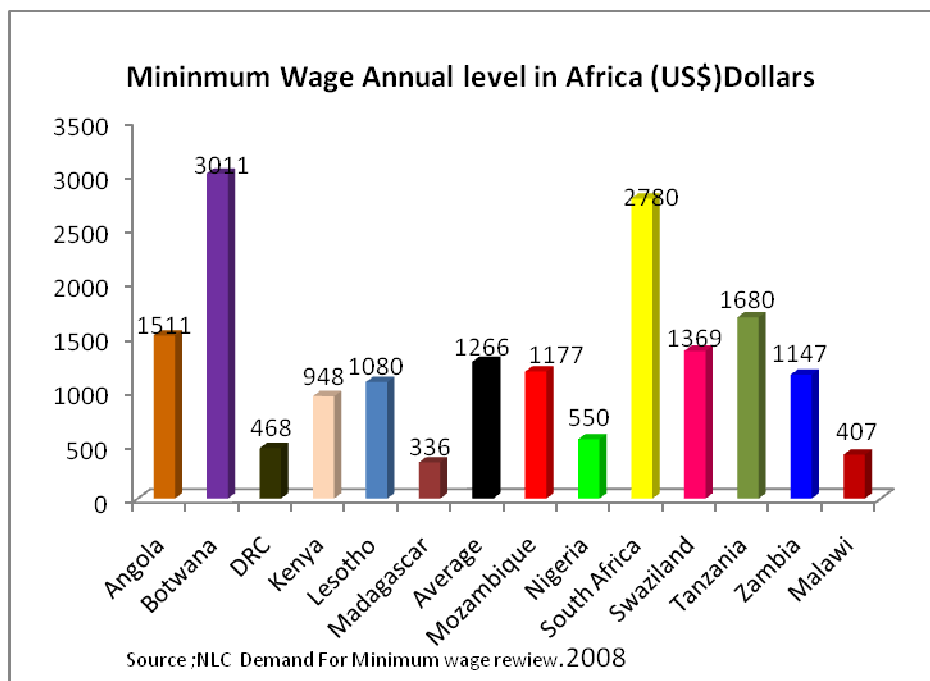
**Table 4. Salaries of Public office Holders in Nigeria (Pre and Post Consolidation as at 2009.**

<b>S/NO</b>	<b>Categories</b>	<b>HASS (Basic) ₦</b>	<b>CONSS ₦</b>
1.	S A to the President; Chief Speech Writer to the President; Chief Press Secretary to the President.	626,700.00	4,392,021.00
2.	Members, House of Representatives; Deputy Chief of Staff to the President; Senior Special Assistant to the President.	865,200.00	13,102,402.00
3.	Minister of State; Senators; Principal officers of the House of Reps; Special Advisers to the president.	1,015,700.00	13,374,240.00
4.	Deputy Speaker House of Representatives; Ministers; Secretary to the Federal Government; Head of Civil Service of the Federation; Chief of Staff to the president; National Security Adviser to the president; Chief Economic Adviser to the president; Inspector General of Police; Chairmen Federal Civil Service Comm, Federal Character Commission; National Salaries income & Wages Comm; Revenue Mobilization Allocation and Fiscal Comm.	1,194,600.00	15,094,426
5.	Deputy President of the Senate; Justice of the Supreme Court; President Court of Appeal	1,403,700.00	15,240,500.00
6.	Speaker of House of Representatives	1,649,400.00	16,348,926.00
7.	Vice President of the Federal Republic; President of the Senate; Chief Justice of Nigeria.	1,938,000	21,524,164.00
8.	President and Commander-in-Chief of the Nigeria Armed Forces.	2,506,000.00	24,954,405.00

**Source: Nigeria Salaries, Income and Wages Commission, Revenue Mobilization Allocation and Fiscal Commission Abuja. NLC Demand for Minimum wage, Demand journal 2009, p. 3.**

- In Sub-Saharan Africa (SSA), Nigeria ought to be paying one of the highest minimum wages, given its resources and level of development. The reality, however, is that the existing minimum wage in Nigeria is one of the lowest in Africa.

**Graph: 18 Minimum Wage Annual level in Africa (US\$D)**



The table below takes adequate account of the need to adjust the wages to differences in the cost of living or what is called purchasing power Parity (PPP).

**Table 5. Minimum Wage Level in African Countries as at 2009 in US\$**

<b>Country</b>	<b>Minimum Wage (\$USD)</b>	<b>PPP Factor</b>	<b>PPP-Based Minimum Wage</b>	<b>Special Notes</b>
Angola	1511	1,975	2984.23	
Botswana	3011	2,106	6341.17	
DRC	468	2,077	972.04	
Kenya	948	2,534	242.23	
Lesotho	1080	1,847	1994.76	For manufacturing
Madagascar	336	3,107	1043.93	
Malawi	407	3	1221.00	
Mozambique	1177	2,129	2505.83	
Nigeria	550	2,274	1250.70	
South Africa	2780	1,651	4589.78	Farm Minimum Wage \$975
Swaziland	1369	1,958	2680.50	
Tanzania	1680	2.8	4704.00	
Zambia	1147	1.81	2076.07	
Average	1266		2674.33	

**Source : NLC Minimum Wage Demand journal 2009, p. 4.**

The Minimum wage of N 7,500.0 about 50 US\$ dollars as at 2010 was far below the Minimum cost of providing basic needs for the worker and his/her immediate family. The NLC survey shows that today, the minimum cost of providing for the basic needs is N 58,200. Additionally, it should be noted that N 18,000.00 is allegedly spent on the feeding of one prison inmate monthly, while the estimate here is merely N 20,000.00 for the feeding of a family of 6 per month. An examination of the cost of living since the enactment of the National Minimum wage in Act in 2000, shows clearly that the cost of living index has risen so much that the real value of the Minimum wage set by the Law has virtually been wiped out. Employing published

data on the consumer in the overall Nigeria Economy and compensation adjustment since 2000, the minimum wage of Workers in 2008 can be computed. This computation shows that in real terms, the minimum wage of Workers would have to be adjusted upward by a minimum factor of 4 in order to maintain the relative position of the least paid Worker in the national structure established in 2000.

**Table 6. Estimated Monthly Cost of Meeting Basic needs for representative Family in Nigeria.**

<b>Item</b>	<b>Cost ₦</b>
Accommodation	6,000.00
Utilities; Electricity	1,000.00
a. Water	1,000.00
b. Kerosene	4,000.00
c. Communication	2,000.00
Food	20,000.00
Clothing	4,000.00
Medical	5,500.00
Education	6,000.00
Cleaners Soap and Detergent	1,300.00
Entertainment, Recreation and	1,000.00
Miscellaneous	1,500.00
<b>Total</b>	<b>₦ 52,800.00</b>

Source :NLC Minimum Wage Demand journal 2009 page 5.

A new national Minimum Wage of N 52,800.00 is approximate the minimum cost of providing basic needs for the worker and his/her immediate family and the cost of living data.

Is the minimum wage proposed by the Nigeria labor Congress reasonably, sustainable and affordable? Can the nation pay the new national minimum wage? The answers to both and related question is positive. An increase in the purchasing power and effective demand of workers would increase the demand for goods and services and translate into growth for the

economy. The morale, and therefore, productivity of Workers would be greatly enhanced by the wage review.

I. Nigeria earns enough revenues, even with the downward slide in oil prices, to be able to pay. The problem in Nigeria is massive corruption by members of the political and administrative elite and not lack of resources. To be sure, paying the new minimum wage would require that members of the political class cut their level of stealing of public funds. This would not be a bad thing; in fact it would be good for the economy.

II. If the economy can accommodate the huge sums spent on political office holders, it can accommodate a general upward review of wages and a National minimum wage as proposed. In any case, more resources should be devoted to the productive workers in the economy. Apart from political office holders, the profits declared in most areas of private sector, continue to be massive. Even sectors which were contracting their operations continue to declare huge profits. Therefore, the public and private sectors of the economy are capable of paying higher wages.

The NLC proposed that the National Minimum wage negotiations should be carried out within the tripartite framework, with workers, NECA and government represented. The emerging agreement from this negotiations should then be forwarded to the National assembly as a Draft Amendment to the national Minimum wage Act, 2000. At the conclusion of the minimum wage negotiations, the public service wage review negotiation should commence between labour and representatives of government, both Federal and States. Private sector negotiations should subsequently take place within the existing sectoral framework of collective bargaining, with representatives of all public sector employers, whether Federal or State government, as employers, not as governments.

The NLC called on government to set up the necessary structure for the negotiations without further delay. To delay will further compound the living condition of workers of Nigeria in the face of poverty already destroying their lives.

## **CHAPTER FOUR. CONCLUSION**

The crisis of global capitalism impacted upon all areas of social, political and the economic life in different part of the world including Nigeria. These impacts were more severe in some countries than others depending upon their role and relationship to the world economy. In Nigeria the impact has been deep because of the integration within the global capitalist economy. Nigeria's economy in 2009 was like a structurally-compromised ship in a storm. This is partly due to inherent economic weaknesses such as insufficient diversification of the economy, corruption, high social security risks, a complex business operating environment and inadequate infrastructure, lack of steady power supply.

The NLC was faced with enormous challenges ranging from mass loss of membership, organising of the informal economy, diminished bargaining power occasioned by the flexibilization of the labour laws in 2005. Despite these challenges, the Nigeria labour movement have the opportunity to be a means in itself, and compel the Nigeria state to the idea of freedom of speech, freedom to elect, freedom of security and freedom of entitlement.

However my contribution and an attempt to deliver the core message to the foregoing would be to return to the theme of my thesis Financial Crisis and the Labour Challenges in Nigeria. I am of the opinion that the crisis led to massive job losses in Nigeria which by extension affected the working class and the strength of the trade Union in Nigeria. Nevertheless, it is worth noting the fact that economics and the industrial relations system are thus partially overlapping. Economics centre its attention on the national product (output) and its variance over time. While industrial relations centres its attention on the rules of the system and their variation over time the crisis was not triggered primarily by macroeconomic policy. But the crisis has made clear that policymakers have to watch many targets, including the composition of output, the behavior of asset prices, and the leverage of different agents. It has also made clear that they have potentially many more instruments at their disposal than they used before the crisis. The challenge is to learn how to use these instruments in the best way. The combination of traditional monetary policy and regulation tools, and the design of better automatic stabilizers for fiscal policy, are two promising routes.

Financial sector and overall economic success will require the CBN and Nigeria to do a lot of heavy lifting in many policy areas. A sustainable growth path can be achieved only through substantial and fundamental economic reform. This includes ensuring that physical and institutional infrastructure is of a scale and quality required. It also calls for political will to act to reduce corruption and uphold the rule of law.

The continued agitation for deregulation of the downstream sector of the petroleum economy, and enactment of the 2005 Trade Unions Amendment Act in Nigeria was politically motivated by the Federal Government under President Olusegun Obasanjo, because he considered the NLC as constituting itself into an opposition party that must be crushed since there was no such provision in the 1999 constitution. Furthermore, the federal Government was not comfortable with the NLC for its alleged militancy and confrontational approach against some obnoxious and anti-people government policies. For instance the NLC was always calling its members on strike whenever there was arbitrary increases in fuel prices, privatization/monetization policies, sales of Government houses/offices and refineries to top and influential politicians. The Government therefore under the camouflage of its democratization, deregulation and liberalization policies, decided to break the NLC's monopoly as the only central labour organisation by recognizing the TUC as another central labour organisation. This will again take us back to my preliminary comments of the need for the NLC to become a means in itself and take advantage of the Labour Party. The setting up of anti-casualisation committee in 2000, which was charged it with the responsibility of fighting against the evils. The President of the Nigeria Labour Congress (NLC) Abdulwaheed Ibrahim Omar, has declared total war on employers of labour which are directly or indirectly involved in casualisation and outsourcing of workers in the nation's economy. He made the declaration at the 9th Quadrennial National Delegates Conference of the National Union of Banks, Insurance and Financial Institutions Employees (NUBIFIE) in Kaduna State, and at the 9<sup>th</sup> delegates conference of the NLC on 3 March 2010.

He said: *"The NLC congress has planned to declare total war on employers of labour in the country directly or indirectly involved in casualisation and out-sourcing of workers in the nation's economy. He said: "The Congress has re-invigorated its anti-casualisation and*

*unionisation committee to launch the onslaught on recalcitrant employers of labour in the country that do not recognise the importance of decent work policy to the Nigerian economy,”*

It is also important to note that the crisis has also reinforced lessons that we were always aware of, but with greater experience now internalize more strongly. Low public debt in good times creates room to act forcefully when needed. Good plumbing, in terms of prudential regulation, and transparent data in the monetary, financial, and fiscal areas are critical to our economic system functioning well. Capitalizing on the experience of the crisis, our job will be not only to come up with creative policy innovations, but also to help make the case with the public at large for the difficult but necessary adjustment and reforms that stem from those lessons., and ensure equitable job creation to deal with the loss on membership of the Nigeria Trade Union Movement and come up with new trade union strategies to help deepen democracy revive the Nigeria Economy, and strengthen the movement.

Going by the foregoing, the role the trade union played in Nigeria in improving the welfare of the Nigeria workers and the entire poor citizens became crystal clear, in their demands for minimum wages, resistance against deregulation and anti labour laws, which was the general objective of this thesis.

Thus, the responses to the crisis revealed the tensions in the negotiation process in the context of a reorganization of the industrial relations in Nigeria.





## **CAPÍTULO QUATRO. CONCLUSÃO**

A crise do capitalismo global impactou sobre todas as áreas da vida social, política e da vida econômica em diferentes partes do mundo, incluindo a Nigéria. Esses impactos foram mais severos em alguns países do que outros, dependendo de seu papel e relação com a economia mundial. Na Nigéria, o impacto foi profundo por causa da integração na economia capitalista global. A economia da Nigéria em 2009 foi como um navio estruturalmente comprometido em uma tempestade. Isto é em parte devido à inerentes fraquezas econômicas, como a diversificação insuficiente da economia, a corrupção, altos riscos de segurança social, um ambiente operacional complexo empresarial e infra-estrutura inadequada, falta de fornecimento de energia constante.

O NLC foi confrontada com enormes desafios que vão desde a perda de massa de adesão, a organização da economia informal, a diminuição do poder de negociação devido à flexibilização das leis trabalhistas em 2005. Apesar destes desafios, o movimento operário da Nigéria têm a oportunidade de ser um meio em si mesmo, e impelir o Estado da Nigéria à idéia de liberdade de expressão, liberdade de eleger, a liberdade de segurança e liberdade de direito.

No entanto, a minha contribuição é uma tentativa de entregar a mensagem central do exposto requer que eu volte ao tema da minha tese de Crise Financeira e os Desafios do Trabalho na Nigéria. Eu tenho a opinião que a crise levou à perdas massivas de emprego na Nigéria, que, por extensão, afetou a classe trabalhadora e a força do sindicato na Nigéria. Entretanto, é digno de nota o fato de que a economia e o sistema de relações industriais são, portanto, sobrepostos parcialmente. O centro da economia é sua atenção no produto nacional (oferta) e sua variância ao longo do tempo. Enquanto as relações industriais focam sua atenção nas regras do sistema e sua variação ao longo do tempo, a crise não foi provocada principalmente pela política macroeconômica. Mas a crise deixou claro que os elaboradores de políticas têm que atentar à muitos alvos, incluindo a composição do produto, o comportamento dos preços dos ativos, e a alavancagem de diferentes agentes. Ela também deixou claro que eles têm potencialmente muitos mais instrumentos à sua disposição do que costumavam antes da crise. O desafio é aprender a usar esses instrumentos da melhor maneira. A combinação de política monetária tradicional e instrumentos de regulação, e a concepção de melhores estabilizadores automáticos para a política fiscal, são duas rotas promissoras.

O setor financeiro e o sucesso econômico global exigirá que a CBN e a Nigéria realizem um trabalho pesado em muitos domínios políticos. Um caminho de crescimento sustentável só pode ser alcançado através de importantes e fundamentais reformas econômicas. Isto inclui assegurar que a infra-estrutura física e institucional seja de escala e qualidade necessárias. Isso também apela à vontade política de agir para reduzir a corrupção e defender o Estado de Direito.

A contínua agitação por desregulamentação do setor a jusante da economia do petróleo, e a promulgação da Lei de Acordo para os Sindicatos na Nigéria em 2005 foi politicamente motivada pelo Governo Federal no governo do presidente Olusegun Obasanjo, porque ele considerou a NLC como constituindo-se em um partido de oposição que devem ser esmagado já que não houve tal cláusula na Constituição de 1999. Além disso, o Governo Federal não estava confortável com a CNT por sua militância devido à abordagem de confronto contra algumas políticas do governo que não favoreciam o povo. Por exemplo, o NLC foi sempre chamando seus membros em greve, sempre que houve aumentos arbitrários dos preços dos combustíveis, a privatização / monetização políticas, as vendas de casas Governo / escritórios e refinarias para políticos de alto escalão e influentes. O Governo, portanto, sob a camuflagem das suas políticas de desregulamentação, democratização e liberalização, decidiu quebrar o monopólio da NLC como a única organização central de trabalho, reconhecendo o TUC como uma outra organização do trabalho central. Isso nos leva de volta aos meus comentários preliminares da necessidade da NLC se tornar um meio em si mesmo e tirar vantagem do Partido Trabalhista. O Comitê de anti-precariedade em 2000 foi criado com a responsabilidade de lutar contra os males. O Presidente da Nigéria Congresso do Trabalho (NLC) Abdulwaheed Ibrahim Omar, declarou guerra total aos empregadores de trabalho que estão direta ou indiretamente envolvidos na precarização e terceirização de trabalhadores na economia. Ele fez a declaração na 9<sup>a</sup> Conferência Nacional de Delegados Quadrienal da União Nacional dos Bancos, Seguros e Empregados das Instituições Financeiras (NUBIFIE) no estado de Kaduna, e na nona conferência os delegados do NLC em 3 de Março de 2011.

Ele disse: *"O congresso do NLC tem planejado declarar guerra total aos empregadores de trabalho no país, direta ou indiretamente envolvidos na precarização e terceirização de trabalhadores na economia da nação.* Ele disse: *"O Congresso tem revitalizado o seu comitê anti-precariedade e de sindicalização para iniciar o ataque aos empregadores recalcitrantes do*

*trabalho no país que não reconhecem a importância da política de trabalho decente para a economia da Nigéria.”*

Também é importante notar que a crise reforçou lições das quais estávamos sempre conscientes, mas que com maior experiência agora podemos internalizar mais fortemente. Baixa dívida pública nos bons tempos cria espaço para agir com força, quando necessário. Um bom encanamento, em termos da regulamentação prudencial, e transparente de dados nas áreas monetária, financeira e fiscal são fundamentais para o bom funcionamento do sistema econômico também. Capitalizando a experiência da crise, o nosso trabalho não será apenas chegar à inovações políticas criativas, mas também ajudar a tornar o caso com o público em geral para a adaptação difícil, mas necessária e as reformas que decorrem dessas lições, e assegurar a criação de emprego equitativa para lidar com a perda na participação do Movimento Sindical da Nigéria e chegar a novas estratégias sindicais para ajudar a aprofundar a democracia reavivar a economia da Nigéria, e fortalecer o movimento.

Passando pelo acima exposto, o papel desempenhado pelo sindicato na Nigéria, de melhorar o bem-estar dos trabalhadores e dos cidadãos de baixa renda da Nigéria tornou-se claro, em suas exigências de salários mínimos, na resistência contra a desregulamentação e leis anti-trabalhistas, que foi o objectivo geral desta tese.

Assim, as respostas para a crise revelaram as tensões no processo de negociação no contexto de uma reorganização das relações industriais na Nigéria.



## APPENDIX 1. NIGERIA: GEOGRAPHY AND DEMOGRAPHY

Nigeria, the most populous country in Africa, with a population of close to 150 million inhabitants, is situated on the Gulf of Guinea in West Africa. Its neighbors are Benin, Niger, Cameroon, and Chad. The lower course of the Niger River flows south through the western part of the country into the Gulf of Guinea. Swamps and mangrove forests border the southern coast; inland are hardwood forests.

**Graph: 1 Map of Africa showing Nigeria in the middle**

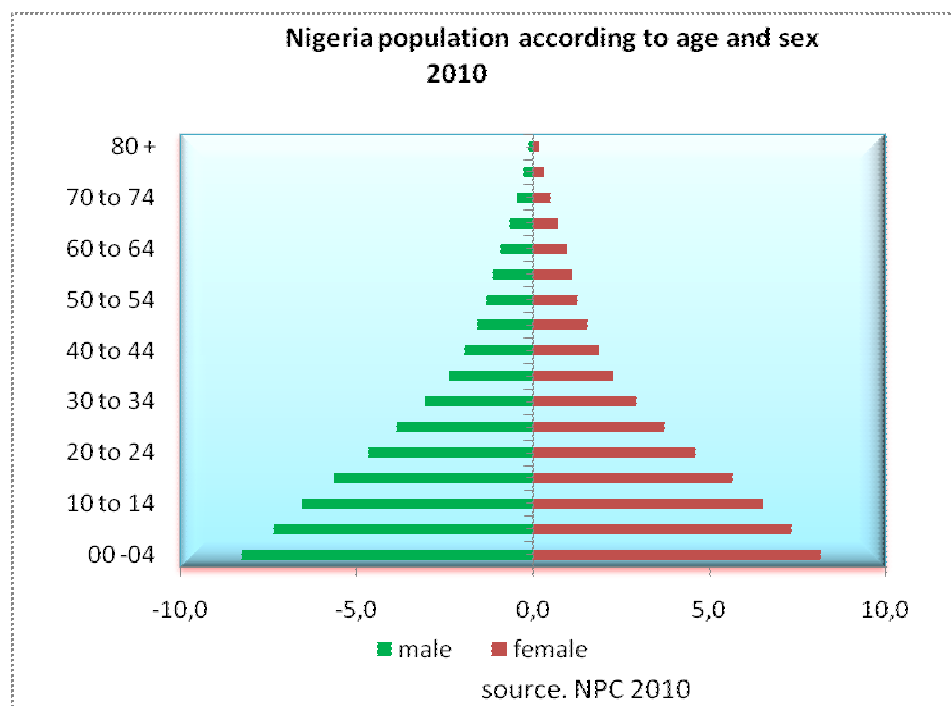


Source [www.govt.org](http://www.govt.org).2010

The first inhabitants of what is now Nigeria were thought to have been the Nok people (500 BC –c. AD 200). The Kanuri, Hausa, and Fulani peoples subsequently migrated there. Islam was introduced in the 13th century, and the empire of Kanem controlled the area from the end of the 11th century to the 14th. The Fulani empire ruled the region from the beginning of the 19th century until the British annexed Lagos in 1851 and seized control of the rest of the region by

1886. It formally became the Colony and Protectorate of Nigeria in 1914. During World War I, native troops of the West African frontier force joined with French forces to defeat the German garrison in Cameroon.

**Graph: 2.**



Nigeria pyramid explicitly took into account the effect of excess mortality due to AIDS, which could result to lower live expectancy, higher infant mortality, higher death rates, lower population growth rates and changes in the distribution of population of age and sex that would otherwise be expected in 2011.

**Table: 1. Nigeria population according to age and sex as at 2010**

Age structure	% combined	Male	Female	Total combined
0-14 Years	41.5%	31,624,050	30,242,637	61,866,687
15-65Years	55.5%	42,240,641	40,566,672	82,807,313
65& above	3.0%	2,211,840	2,343,250	4,555,090
Total	100	76,076,531	73,152,559	149,229,090

**Source: index mundi 2009**

Although Nigeria is one of the countries that have embarked on pursuing democratic market institutions. However, the political process in pursuit of such institutions has been turbulent. Since independence in 1960, Nigeria has been ruled mostly by military regimes. During its 50 years of independence (1960-2011), the country has experienced 29 years of military rule and 22 years of civilian rule.





## **APPENDIX 2. THE NIGERIA LABOUR MOVEMENT AND THE EMERGENCE OF THE NIGERIA LABOUR CONGRESS (NLC).**

### **2.1. From 1910 to 1950**

The first trade Union in Nigeria was Southern Nigeria Civil Service Union which was inaugurated on August 19, 1912, the Union later changed its name to the Nigeria Civil Service Union after the creation of modern Nigeria in 1914, by the amalgamation of the Northern and Southern protectorates of Nigeria. Other Unions were the Railway Workers Union, which was formally inaugurated in 1932, but the incident leading to its formation took place the previous year.

The railway management has posted a notice announcing the date of commencement of hourly system of calculating wages. It is important to note that both the Civil Service Union of Nigeria and Railway Workers Union of Nigeria are all affiliates of the Nigeria Labour Congress up till today. The Trade Unions in Nigeria had the rights to collective bargaining with the legislation of the Trade Union Ordinance of 1938, and wage review in Nigeria could be dated back to August 1914 Salary Revision Committee. For some unexplained reason the result was not published which clearly shows the insensitivity on honoring of collective agreement in Nigeria as far back as colonial era.

### **2.2. Decade of 1960**

Military rule in Nigeria began with a coup d'etat led by Major Chukwuma Nzeogwu in January 1966. This coup led to the demise of the first parliamentary government in the country. A couple of perspectives have been advanced as the *raison d'etre* for the coup. First is the position that the coup plotters were disillusioned with the level of corruption and inefficiency of political elites.

Second, it was alleged that the coup was designed to overthrow the dominant northern political elites. Despite these reasons, the coup was not successful, because few military officers of eastern descent, along with a highly respected major general, Aguiyi Ironsi, thwarted the

coup attempt. However, the civilian political elites yielded power to the military because it appeared that a civil war was eminent if political power remained with a civilian government.

The primary demand of the June 22 – August 4 General Strike, was for improved Cost of Living Allowance (COLA) in the public sector. Its successful mobilization left the colonial masters shocked. For over two months the nation was virtually at a standstill as workers in the private sector, informal economy as well as several professionals and farmers all off work. The government complied with the payment of the increment in wages which the workers demanded and the report of the Tudor Commission set up in its wake also laid the basis of Nigeria's industrial relations system till date. The stature of Michael Imoudu, Labour Leader Number 1 rose with the strike. He had taken charge of prosecuting the strike following the mass resignation of the trade union federation's executives as the rank and file took over the strike.

The greatest beneficiaries of the strike, in a sense were however the nationalist elites and particularly Nnamdi "Zik" Azikiwe. Zik's newspapers West Africa Pilot and Comet, the leading mouthpieces of nationalism at this period, were banned by the strike. He became a folk hero after that. The following year, saw Zik as the arrow head of nationalist opposition to the Richards' constitution, within Nigeria and abroad. The Richards' constitution was a sign that things could not be the same again, while at the same time they were meant to still remain so. It was the clearest sign of the beginning of de colonization. Amongst other things, the sole powers of the Governor to legislate over Northern Nigeria was rescinded and the unofficial component of the National Legislative Council, expanded. It also introduced regionalism into the country's body polity (Nwabueze, 1982). This is very significant for understanding the ethno-regional character of elite-politics in Nigeria. At a speech that year, Zik pointed out that this created a tendency towards "Pakistanization" and the powers that still rested with the status quo since the "majority of the unofficial members" at both national and regional levels were "Chiefs and Native Authorities" (Azikiwe, 1961).

The Macpherson Constitution of 1951 was "rather curious" but also "a major advance" towards independence by amongst other things, introducing "elected majorities into the central legislature and in the regional house of assembly" (Nwabueze, 1982). Like the Lyttleton and subsequent independence constitution after it, despite modifications and advancements they had

borne out of negotiations at conferences between the out-going colonial masters and their incoming surrogates, the regionalization which the Richard's constitution had introduced was maintained. The importance of this is to point out the fragmented nature of the structural hegemony of Nigeria's elites. Smythe and Smythe (1960) in their research, *The New Nigerian Elites*, show them as "a variable group of people" and that there existed "obvious cleavage between the elites and the uneducated masses". "In short", they aver: "the Nigerian social structure has evolved an elite social group who react to the vast majority of Nigerians in much the same way that the British reacted in the past to all Nigerians" (p. 100). Falola (2004: 42) gives an insight into how "ethnicity became a major issue", by pointing out that these elites "did not pursue a radical ideology, but very quickly regarded independence as an opportunity to promote self-interest". With regionalism being constitutionally entrenched, the elites who had more in common with each other than with the masses in their respective regions, manipulated ethno regional sentiments, in the pursuit and defence of their "self-interest".

The cost of this accursed accumulation strategy of the Nigerian bourgeoisie is however, for it, the loss of an internal coherence in the elite classes especially in the absence of any of its ethno-regional sections having either the might or the foresight as a fraction to wield state power for developmentalism and for the nation, a perpetuity of socioeconomic crises. Related to this, in understanding the present dynamics of Nigeria is the issue of the ethnic minorities, especially those of the Niger Delta. The ethnic minorities were the section of society systematically marginalized.

A more thorough-going attack was unleashed on communists. Tijani aptly describes this "McCarthyism" with a rich repertoire of primary sources (see Falola, 2003: 647-668). The key features of this onslaught were: denial of employment in the public and private sector; prevention in some cases from labour-management negotiations particularly Wahab Goodluck); explicit collaboration of the colonial office, Nigerian government, British TUC, ICFTU; anti-Communist propaganda by nationalist newspapers, especially Zik's Comet and; infiltration of the trade union centres to smash communist influence, contributing immensely to the continued dis-unity of the working class movement. Several efforts at organizing were however embarked upon by the left, particularly after independence. The most notable of these was the formation the Socialist Workers and Farmers Party in August 1963. It amongst other things drew together leading

elements within the popular sectors which were rising against the status quo of perennial crisis borne by visionless rulers that were supposedly steering the ship of a supposedly sovereign nation-state. That crisis of an elite-class which from the start was disadvantaged by its weak structural position and which never rose to the challenge of overcoming this within the limited possibilities of its power location has been the bane of Nigeria for half a century. Udogu avers that, “the elections of 1959 served as a prologue to the political turmoil that has been the bane of Nigerian politics for over four decades” (2005: 167). The expectations of Nigerians across the country for the fruits of independence were high; the elites as described earlier, were however more concerned with their own access to power. The regionalization of the State had given a perfect structure for its different sections to dig into sectionalized power, from 1952 when power was devolved to the indigenous elites at the regional level. This was exactly what happened with the 1959 elections, in which each of the three major parties controlled the majority of seats in each of the three regional. The centre was constituted by a fragile alliance of the larger two; Northern Peoples’ Congress (NPC) and National Council of Nigerian Citizens (NCNC) and the third, Action Group (AG), with its base in the Western region was in opposition. At the heart of the problem of the First Republic was the simple fact that “no single group or coalition could dominate the national political and economic system” (Lewis, 2007: 132). The clashes between the different parties in the 1964/65 elections merely played this out, throwing the whole country into a state of crisis.

### **2.3. Decade of 1970**

The Nigeria Labour Congress (NLC) is the central trade union organization for the 37 industrial unions in the country and therefore provided a common platform for its affiliates. It is a symbol of unity and strength of the country’s trade union movement. It was formally constituted as the only national federation of trade unions in the country in 1978. Before then, four labour centers existed. These were the Nigeria Trade Union Congress [NTUC], Labour Unity Front [LUF], United Labour Congress [ULC] and Nigeria Workers Council [NWC]. The emergence of the NLC ended decades of rivalry and rancor involving the four centers and unions affiliated to them. The unions, numbering over 1,000 were also restructured into 42 industrial unions. There is no space to go into the consequent tensions, and efforts at resolving these which failed. It might suffice to say that a civil war was waged between July 1967 and January 1970,

when the Ibos in the Eastern Region seceded after pogroms against Ibos in the Northern region. The period of the war also witnessed the Agbekoya revolt; the country's most severe peasants uprising. This was in the Western Region and it was in protest against the practices of the marketing boards earlier discussed (Adeniran, 1974). The end of the war marked the beginning of oil as important revenue for Nigeria. By the mid-1970s, oil generated 90% of foreign exchange receipts (Ake, 1977). The 1970s was also the closest the Nigerian state got to being developmentalist. Awash with the petrodollars of the oil boom, the 3rd National Development Plan for 1974-78 was very optimistic. A series of decrees were also passed by the military government for indigenization as the comprador bourgeois in Nigeria "strengthened its base" (Ake, 1977: 47). The most important of these was the Nigerian Enterprises Promotion Decree of 1972 which was amended in 1976. The decree distinguished two broad categories of enterprises in the country, one of which was exclusively for the indigenous capitalists. However, "apart from the retail trade and road transport, the category of enterprises reserved exclusively for Nigerians relates to almost marginalized sectors of the economy" (Ake, 1977). Finance development institutions were established and all banks had to have 40% indigenous equities. Interestingly though, corruption only got worse as the indigenous entrepreneurs had gotten used to quick and easy money. This period of boom, was thus basically one of "pirate capitalism" (Shatz, 1984). This was the context in which the prebendalist Second Republic emerged. The period was one of mixed blessings for the labour movement. After three decades of splits, it formed the Nigeria Labour Congress in December, 1975. Two weeks before the inaugural Conference, the military government rolled out a new labour policy with which it banned the new federation. Subsequently eleven of its leaders were banned for life from trade unionism. It reconstituted the NLC, sponsoring a candidate who lost in, 1978 (Umoh and AdeAyo 1980). The last two decades of the 20<sup>th</sup> Century would see NLC being a popular rallying force...at least, most times.

## **2.4. Decade of 1980**

The organization has had a checkered history, surviving three instances of dissolution of its national organs and consequent appointment of sole administrators. The first was in 1988 under the military regime of General Ibrahim Babangida. Congress' opposition to the anti-people Structural Adjustment Programme incensed the military administration to take over the NLC. Nigeria's political elites showed they had learnt nothing from the past throughout the 1979-84,

Second Republic. While the commoners were made to tighten their belts as austerity measures followed the 1981 Economic Stabilization Act, top politicians celebrated their becoming billionaires with fiestas. NLC's 1980 Charter of Demands, was the popular platform against the pathway the capitalists took. It affirmed that "it is a well known fact that the laissez faire formula of development has created growing and unacceptable inequalities". The politicians only dug into their trenches and the 1983 electoral violence paved the way for fifteen years of a deluge of three military administrations. General Muhammadu Buhari, the first of these, seized on the "indiscipline" of the civilians; War Against Indiscipline was his credo, but it was just a fig-leaf to cover scandalous rabid corruption by his cronies (Olukoshi and Abdulraheem 1985). Ibrahim Babangida, the self-acclaimed "evil genius", who overthrew him is central to Nigeria's recent history, in ways as evil as his ingenuity. He garnered consent at the beginning with a referendum on IMF conditionalities, and a Political Reforms Commission, which toured the nation. The referendum's outcome was a resounding "NO". Babangida then presented the Structural Adjustment Programme (SAP) as an home-grown alternative, while it was no different from all other SAPs.

The Political Commission reported that Nigerians wanted a socialist system. While he never stopped pretending that the political transition programme he subsequently unfurled stemmed from the Commission's report, he heeded it only in abeyance and had News watch, a magazine that got and published the report, banned (Goldstein, 2001: 502). Illusions of military vanguardism were however sown in some quarters of the left by his initial abracadabra (see Beckman 1986). The trade union movement's continued independence was a problem for his agenda though. He sponsored a splinter faction in 1988, and then banned the NLC as a body for a year. Babangida's two programmes of SAP and political transition ended as huge cesspools. "The implementation of the SAP led to decreased spending on social programs" (Mathews: 2002).

This was while the state owned enterprises were being sold and the labour market flooded with retrenched workers from public and private sectors alike.

## **2.5. Since the decade of 1990**

The second military intervention was in 1994 during the regime of General Sani Abacha, whose government also became fed up with the labour movement's agitation for the restoration of democracy. Like the initial case, the military government dissolved NLC's National Executive

Council and appointed a Sole Administrator. The same treatment was meted to the two unions in the oil and gas industry – National Union of Petroleum and Natural Gas Workers [NUPENG] and Petroleum and Natural Gas Senior Staff Association of Nigeria [PENGASSAN].

However, the administrators apparently added a further brief – they plundered the finances of Congress and the two unions. The dissolution exemplified the travails of Congress, its leadership, affiliates and state councils, under military rule. Arbitration, prolonged and unlawful detention of labour leaders, invasion and disruption of union meetings, seminars and other activities of Congress and its components by security agents and a vicious anti-labour campaign by the state generally marked the period. The military also invoked its legislative prerogatives to unleash all manner of legislation to check the activities of unions. For instance, under General Abacha, a decree that banned a section of the movement from holding leadership position in Congress came into effect. However, with the death of General Abacha, the unions reclaimed Congress, culminating in a National Delegates Conference held on January 29, 1999, and saw the emergence of comrade Adams Oshiomhole as the President, comrade Adams came from the Nigeria Textile Workers Union where he served as general Secretary, he served in that capacity for eight years, he is now the executive governor of Edo state Nigeria. Third was in 2004 and 2007 respectively. After the Delegates Conference in 2004, when President Olusegun Obasanjo

felt that the Nigeria Labour Congress was becoming too powerful, in 2005 he however decided to check it by decentralization and not outright dissolution or ban as witnessed under military regimes. At another delegate conference, which was held on February 2007, the current leadership was elected. The affiliates of Nigeria Labour Congress are; Amalgamated Union of Public Corporation, Civil Service Technical and Recreational Services Employees; Maritime Workers Union of Nigeria; Medical and Health Workers Union of Nigeria; National Association of Nigeria Nurses and Midwives; National Union of Air Transport Employees; National Union



of Banks, Insurance and Financial Institution Employees; National Union of Chemical, Footwear, Rubber, Leather and Non-Metallic Employees; National Union of Civil Engineering, Construction, Furniture and Wood Workers; National Union of Electricity Employees; National Union of Food, Beverage and Tobacco Employees; National Union of Hotels and Personal Services Employees; National Union of Petroleum and Natural Gas; National Union of Posts and Telecommunication Employees; National Union of Printing, Publishing and Paper Products Workers; National Union of Shop and Distributive Employees; National Union of Textile, Garment and Tailoring Workers of Nigeria; Nigeria Civil Service Union; Nigeria Union of Civil Service Secretariat Stenographic Workers; Nigeria Union of Journalists; Nigeria Union of Local Government employees; Nigeria Union of Mine Workers; Nigeria Union of Pensioners; Nigeria Union of Railway men; Non-Academic Staff Union of Educational and Associated Institutions; Radio, Television and Theater Workers; Steel & Engineering Workers Union of Nigeria; National Union of Road Transport Workers; and Nigeria Union of Teachers.

The mission of the Nigeria Labour Congress is to organize, unionize and educate all categories of Nigerian workers; defend and advance the political, economic, social and cultural rights of Nigerian workers; emancipate and unite Nigerian workers and people from all forms of exploitation and discrimination; achieve gender justice in the work place and in NLC; strengthen and deepen the ties and connections between Nigerian workers and the mutual/natural allies in and outside Nigeria and; lead the struggle for the transformation of Nigeria into a just, humane and democratic society.

## **2.6 The NLC: characterization, aims and objectives**

The fundamental aims and objective of Congress are to protect, defend and promote the rights, well-being and the interests of all workers, pensioners and the trade unions; to promote and defend a Nigerian nation that would be just, democratic, transparent and prosperous and to advance the cause of the working class generally through the attainment of the following: i. To continually promote, defend and advance the economic, political and social well-being of Nigerian workers; ii. To promote and defend the rights, well-being and interests of workers in the work-place and society; iii. To promote and defend the rights, well-being and interest of pensioners and ensure their recognition by the Society; iv. To continually enhance the quality of

life and improve the income and other working conditions of workers; v. To promote and sustain the unity of Nigerian trade unions, ensure total unionization of all workers irrespective of their creed, state of origin, gender and their political beliefs; vi. To ensure the existence of one trade union and one federation of trade unions in every industry; vii. To promote and defend trade union and human rights, the rule of law and democratic governance; viii. To promote and defend democracy; probity and transparency in the trade unions and in civil governance; ix. To work for the industrialization and prosperity of the Nigerian nation and ensure protection of jobs, full employment and humane working environment; x. To continually strive to influence public corporate policies and legislation on all issues at all levels, in the interest of workers, disadvantaged social groups and trade unions; xi. To establish relationship and co-operation with labour movements the world over; xii. To continually promote workers education, principally for developing their trade union and social consciousness and for the empowerment of workers in the Nigerian society; xiii. To promote and sustain positive industrial relations practice in Nigeria, by strengthening collective bargaining in all sectors of the economy and internalizing appropriate work culture among workers; xiv. To ensure viable financial base for the congress and the trade unions by engaging in profitable business ventures, etc., jointly or severally owned with other establishments and these include , right to own property, mortgage and disposal of same for the purpose of the attainment of the aims and objectives of the Congress and the trade unions; xv. To print and publish literature for the purposes of enhancing and achieving the aims and objectives of Congress and its affiliates; xvi. To co-operate with other organisations with whom the trade unions may share common or specific interests for the attainment of common objectives.



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