

NIGERIAN ECONOMIC CRISIS: THE WAY OUT

Communique on ASUU Conference on the State of the Nigerian Economy*

The Academic Staff Union of Universities (ASUU) held a Conference on the State of the Nigerian Economy at the University of Benin, Benin City, from 9th-13th April, 1984. The Conference was a follow-up to a detailed report on the Economy prepared by the National Executive Council (NEC) of ASUU in 1983. The Conference was attended by participants from all the Nigerian Universities, labour unions, student unions, financial institutions, and experts from different specialised fields.

The Conference was held at a time of grave economic crisis, the worst ever in Nigeria. The crisis is characterised by chronic shortages of essential goods and services, severe paralysis of industrial production, collapse of infrastructure and services, corruption, stealing, mass unemployment and retrenchment of workers, inflation, and a huge foreign and local debt bill. The Conference took a comprehensive look at the character of the Nigerian economy, the nature and roots of the crisis, attempts by governments so far to grapple with the crisis, and alternative strategies for a self-reliant development that can permanently eliminate the disasters that presently confront Nigeria.

Following is a summary of the views and recommendations on each of the sectoral divisions under which the theme was discussed.

NATURE AND ROOT OF THE CRISIS

Conference identified the roots of the crisis to be :

- (a) the incorporation of Nigeria into world capitalism by colonial imperialism,
- (b) Nigeria's dependent and weak position within a declining and crisis-ridden world capitalist system,
- (c) the exploitation and control of Nigeria's resources by foreign firms such as Shell, Mobil, Texaco, UAC, Lever Brothers, Leventis, ITT, Julius Berger, First Bank, Union Bank etc.,
- (d) the presence of a local exploiting class whose members aid the foreign firms to steal Nigeria's wealth and transfer it abroad,
- (e) government repression and oppression of Nigeria workers through decrees, labour laws and policies, wage freeze, and taxation in order to guarantee gigantic profits for the firms referred to in (c) above,
- (f) the stealing, on a massive scale, by foreign and Nigerian contractors, politicians, distributors, and commission agents who do not contribute to production.

It is clear from the above picture that the Nigerian economy is operated mainly to enrich and satisfy foreign interests and countries which see Nigeria as a source of cheap raw materials and labour, and a vast market for imported goods. Because of this, Nigeria's productive potential is impeded and underdeveloped. In short, Nigeria's economy is operated to intensify underdevelopment, rather than to promote development.

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Conference agreed that any country's economy run as described above is always plagued by severe crisis. Examples of such countries are Zaïre, Sudan, Kenya, Ghana, Brazil, Mexico, South Korea, India, Pakistan, Saudi Arabia and Israel.

Conference therefore rejected the government's claim that the crisis is due to «World-Wide Recession» and a fall in oil revenue. It was noted that the present daily revenue of about ₦ 30 million is enough to provide Nigeria's needs. Conference noted that the over ₦ 55 billion realised from oil in 25 years have not been used to improve the quality of life of the working masses. Conference further noted that in contrast to Nigeria, oil-producing countries like Algeria and Libya have used oil revenue to develop their societies and rescue their economy from the crisis that we now have.

ECONOMIC DEVELOPMENT AND PLANNING

Conference noted that the failure of development plans was due to unwillingness of government to recognize the characteristics of the economy as outlined in (a-f) above. Consequently, planners deceive themselves that Nigeria can become an industrialized capitalist country like Japan, U.K., West Germany, or France. These countries developed through slave trade and colonial conquest. Conference further noted that Nigeria cannot plan an economy which it does not control. Therefore, the objective of planning should be to free the economy from foreign domination and exploitation. Conference recommends that all development plans must be drawn up and executed with the full participation of labour unions, peasant organisations, student unions, village committees, and associations of petty traders and artisans.

ENERGY AND MINERAL RESOURCES

Conference noted the absence of comprehensive and reliable data on the country's energy and mineral resources. Vital information on these resources is available only to foreign firms which hoard and distort data to defraud Nigeria. Surveys of even sensitive minerals like uranium and columbite are contracted to foreign firms whilst departments of Geology in our institutions are idle. Mineral exploration is also confined to areas that benefit foreign industries. Energy from water is under-utilised. Millions of naira worth of natural gas is burned off daily while wood energy is wasted through bush burning and uncontrolled lumbering.

Conference therefore calls on government to take these immediate steps to increase and conserve these resources:

- (i) a survey of all mineral resources to be conducted by departments of Geology in our institutions,
- (ii) stop gas flaring by oil companies and enforce gas re-injection regulations.

NATIONALIZE OIL SECTOR

On oil, Conference noted the monopoly of foreign companies in exploration and distribution. Conference also recognised the dangerous situation whereby foreign companies own the six terminals through which crude oil is exported. This is responsible for stealing of oil by ships, all of which are also owned by foreign countries. Since oil constitutes over 90 per cent of our revenue, Nigeria's full control over the oil sector is the first step towards economic independence. Conference recommends immediate nationalisation of the oil sector as has happened in Algeria and Libya.

O P E C

Conference supports Nigeria's membership of OPEC and urges the government to fight for increase in quota and prices. Conference also endorses government's commitment to enforce oil embargo against South Africa in accord with UN and OAU resolutions. Conference supports efforts to halt oil smuggling and urges government to publish the identity of those responsible. Conference joins with, and affirms the NLC position in its January 6 (1984) document to the FMG to treat oil smugglers as saboteurs.

ELECTRICITY AND NEPA

Conference agreed that NEPA's failures are due to: primitive administrative control, shortage of expertise, fraud and corruption in supply of equipment/parts, and collusion between Nigerian politicians/contractors, and foreign firms in importing generating plants at about ₦ 1 billion a year. Without adequate and reliable electricity supply, industrial production and scientific experiment are impossible. Conference therefore calls on government to ban importation of generating plants, purchase and supply equipment and parts directly to NEPA and use money saved from these to employ the engineers and personnel that NEPA needs. Government should pledge adequate electricity supply to all the country within 3 (three) years, i.e. by 1987.

INDUSTRIALISATION

Conference condemned the industrialisation policy whereby foreign companies dominate industrial production. This policy allows industrialised capitalist nations to bring into Nigeria discarded equipment and parts and raw materials at inflated cost. Expatriate personnel are «imported» along with the machinery. Import bills and home transfer of profits drain foreign reserves. At present this consumes over 70 per cent of external reserves. The net result is increasing debt bill and technological underdevelopment.

IRON AND STEEL

Conference welcomed the investment in this area. However, the design and execution of these projects, except the Ajaokuta plant, will not promote Nigerian steel technology. This is because the projects are of the turn-key type, i.e. one in which a foreign country sells to Nigeria the patent, design, construction, production and maintenance personnel. This arrangement benefits the foreign country and hinders indigenous technological

advancement. The Aladja Steel plant and its rolling mills at Oshogbo, Jos, and Katsina are examples of turn-key projects. Hence the steel they produce costs three times more than it is in the world market. Other turn-key projects are the Motor Vehicle assembly plants in Kaduna, Lagos, Ibadan, Bauchi, and Enugu. The oil refineries in Warri and Kaduna, cement works, breweries, textiles, electronics are other examples.

Conference calls on government to renegotiate all turn-key projects to ensure Nigeria's dominant control, compel all industries to use local raw materials where these are available, and nationalise or shut all industries which fail to comply. Government must set up heavy industries that will manufacture machinery and tools for production of basic needs, not luxuries. More pharmaceutical, textile, and fertilizer industries must be established by government. The petrochemical projects at Warri and Kaduna should be speeded up to expand the country's industrial base.

AGRICULTURE

Conference reviewed government programmes under this sector, e.g. Farm Settlement Scheme, Accelerated Food Production, Operation Feed the Nation, Integrated Rural Development, River Basin Development Authority, and Green Revolution. Conference Observed that billions of naira spent on these schemes were embezzled by contractors and past governments.

Conference therefore recommends the following urgent measures :

- (i) ban importation of food items (rice, milk, beef, chicken),
- (ii) ban importation of fertilizers and mass produce them locally,
- (iii) abrogate laws that enable firms and individuals to steal peasant land,
- (iv) confiscate the property of all those who obtained loans without engaging in food production,
- (v) establish producer-cooperatives for farmers and distribute fertilizer and loans through them only,
- (vi) establish government agro-allied industries,
- (vii) construct conservation and preservation facilities to eliminate waste of farm products,
- (viii) disband all River Basin Authorities and turn their assets over to peasant cooperatives,
- (ix) compensate all farmers who lost cattle during the recent rinderpest epidemic,
- (x) compel all private firms and companies to pay a levy of 10 per cent of profit into an Agriculture Revival Fund.

INFRASTRUCTURE AND CONSTRUCTION

Conference noted that foreign contractors dominate this sector. Examples are Julius Berger, Dumez, Strabag, D'Alberto, Sonel Boneh, ITT, Dave, General Electric. Even sensitive structures like barracks, airports, naval bases, and telecommunications are constructed by companies from imperialist countries. This endangers national security. The contractor sys-

tem also gulps up huge finances through inflated cost, stealing, and abandonment of projects. Conference therefore calls for immediate nationalisation of this sector.

LABOUR

The problem in this area are a consequence of the exploitative capitalist economy and the repressive and undemocratic character of government. Government labour policy is a continuation of the colonial one which viewed the worker as an object to be exploited in order to increase profit. Unemployment, retrenchment, and non-payment of wages have worsened as a result. It is workers who create the wealth that sustains the country. A government that supports exploitation and oppresses the workers politically is an anti-people government. Therefore, conference calls on the workers and oppressed classes in Nigeria to intensify their struggle to establish a government that will banish exploitation and guarantee political and democratic freedom.

RETRENCHMENT

Conference strongly condemned and rejected the current retrenchment exercise because it :

- (i) is a wrong solution to the present economic crisis,
- (ii) will increase mass unemployment and aggravate shortage of manpower,
- (iii) is a disguise for enforcing I.M.F. conditions which the generality of the populace have rejected,
- (iv) will demoralise workers and consequently lower productivity,
- (v) will increase hunger and poverty, break homes through divorces, and worsen social insecurity.

Conference calls on the military administration to halt forthwith the retrenchment in public and private sectors. Rather than retrench, government should expand the labour force to employ all able-bodied persons and thereby accelerate production of goods and services. Conference urges government to immediately arrange a meeting with the NLC to work out a comprehensive programme on how to mobilize Nigeria's enormous manpower resources to revive the depressed economy in order to ward off the impending I.M.F. disaster.

SALARIES AND WAGES BILL

Conference also rejected government claim that salaries and wages are a drain on the economy. Conference produced abundant evidence to show that stealing, embezzlement, contract inflation, rents, and illegal transfer of company and private wealth were responsible for depleted treasuries.

ANTI - LABOUR DECREES

Conference calls on government to repeal all anti-labour decrees and acts because they violate the principle of collective bargaining in a free

enterprise economy. In particular, conference demands the full restoration of the trade union rights of workers in Central Bank, Mining Corporation and all other parastatals referred to as essential services. Conference urges the government to enact a decree making it mandatory on all employers to pay full benefits to any worker before retirement. Conference also affirms support for NLC demand that minimum pension should be equal to minimum wage.

EDUCATION AND SOCIAL DEVELOPMENT

Conference identified education as the strongest weapon in the struggle for Nigeria's economic, political, and cultural independence. It was agreed that the present 70 per cent rate of illiteracy is a major obstacle to the rapid development of the economy. Conference was convinced that any government which is opposed to a speedy elimination of illiteracy is an enemy of the Nigerian people. On funding, Conference affirmed that this must be borne by the state (government). Conference therefore rejected the wrong notion that government funding of education is an act of grace, because the wealth of the country is collectively produced by the working people. No government therefore has a right to deny the people the use of their wealth to provide education. Conference further affirmed that the economy, though in crisis, is capable of providing education for all. Conference therefore rejects the claim by the military administration that there are not enough resources for educating the people. It was proved that the current high cost of education is due to reliance on corrupt contractors and officials.

Consequently, conference condemned the introduction of fees and levies by various governments. Conference therefore expresses full solidarity with the National Association of Nigerian Students (NANS) in its efforts to defend the people's right to education. Conference urges the military administration to arrange an urgent dialogue with NANS, NLC, ASUU, POSSAN and Association of ATC teachers to work out a programme of funding universal education and a review of educational system to make it relevant to the national needs of Nigeria.

WOMEN AND ECONOMIC DEVELOPMENT

Conference observed that women who make up more than half of the population are always neglected, exploited, and discriminated against. Conference noted that women are crucial in economic and social development. The denial of educational and political opportunities to women is a major obstacle to the full realization of the country's productive potential. Conference further noted that sex discrimination in terms of wages, bonuses, leisure, and responsibilities frustrate women workers. The absence of government-run day care centres and nurseries impose further burdens on women. Conference therefore calls on government to remove all the obstacles in order to free women from the backward and oppressive socio-economic conditions. Conference also calls on women to struggle, through unions, village associations, and patriotic organisations, for a just and non-exploitative society which alone can guarantee the rights presently denied women.

HEALTH, HOUSING AND TRANSPORT

Conference noted the unjustifiable lack of adequate medical care, housing, and social welfare facilities. On health, conference noted that the present ratio of 1 doctor to about 15,000 persons constitutes a major setback to the rapid economic recovery being pursued by the military administration. Conference further noted the worsening of this situation by the introduction of health fees and levies. Conference therefore calls on the military administration to provide free medical services to all.

On housing, conference urges the government to work out (in collaboration with the NLC, professional associations, and village/rural committees) a massive programme that can provide cheap and hygienic housing for all citizens. The use of contractors for constructing houses should be discontinued immediately. Houses should be constructed through voluntary, direct labour, and the allocation of completed houses should be based on participation in the building programme.

TRANSPORT

Conference noted that for the economy to improve rapidly, the free and cheap movement of goods and persons should be given priority. Conference therefore calls on the Federal Government to develop modern water and rail transportation throughout the country. The Federal, State and Local governments should also establish subsidized public transport systems for inter-city, intra-city, and inter-village movement.

COMMERCIAL BANKS AND FINANCIAL INSTITUTIONS

Conference noted the dominance of this sector by foreign interests and countries. Conference further observed that banks, insurance corporations, and other financial houses aid the illegal transfer to foreign countries of wealth and monies stolen or embezzled by foreign and indigenous contractor/politicians. It was also noted that extension of banking facilities to rural areas is an additional avenue for the urban rich to divert for their use the savings of the rural poor. Conference also observed that banks and financial institutions which contribute nothing to real Production reap gigantic profits even in these times of depression. In view of the above-named counter-productive activities of these institutions, conference recommends immediate Nationalisation of this sector.

DEBT TRAP AND IMF

Conference noted that the present mounting debt bill and the impending IMF loan are a consequence of Nigeria's enslavement to foreign economic interests. These loans have worsened our economic condition and thereby undermined the independence of the country. By present reckoning, about 50 per cent of annual revenue will be consumed by loan servicing in the next few years.

IMF DANGER

Conference condemned the proposed ₦ 1.78 billion loan from the International Monetary Fund (IMF). Conference noted that in addition to workers, students, and professional bodies, all conferences and seminars

held by even imperialist multinational firms have unequivocally rejected the IMF loan as a way out of our balance of payments crisis. Conference was also shocked at the apparent determination of the military administration to accept the loan in total disregard for the universal opinions of the Nigerian people. Conference therefore calls on the government to reject the loan because of these dangerous consequences:

- devaluation of the naira and escalation of inflation
- severe curtailment of education, health, water, electricity and other public facilities
- mass retrenchment of workers
- ban on employment
- freeze on wages and benefits
- interference of imperialist countries in planning ministries, Central Bank, defence and security, and ports
- flooding the country with useless foreign goods through relaxing of import control measures
- reduction of subsidy on petroleum products and consequently increase in transport fares, goods haulage, and vehicle maintenance.

Countries like Brazil, Mexico, Argentina, Jamaica, Zaïre, Ghana, have been ruined by the IMF. In short the IMF loan will lead to a recolonisation of Nigeria and make nonsense of our twenty four years of independence. Conference was convinced that this disaster can be averted, and therefore calls on the military administration to summon the political courage to call off the IMF bluff.

TAXATION AND INCREASED REVENUE

Conference condemned the introduction of head tax, cattle tax, and development levies because they will further worsen the impoverished condition of the poor and oppressed masses. Conference recalled the gallant struggles of Nigerian peoples against colonial oppressors over these taxes, struggles which forced past governments to cancel the taxes.

These financial burdens are economically and politically unjustified. Conference therefore calls on the military administration to cancel these taxes nation-wide. In their place, the government should introduce immediately Property Tax in all states. An estimated annual revenue of ₦ 2 billion can be derived from Property Tax in the over 50 cities and towns in Nigeria. This alone will more than compensate for the IMF loan of ₦ 1.78 billion.

TRIBUNALS AND RECOVERY OF LOOT

Conference examined the measures being taken to recover wealth looted by politicians and contractors. Conference recommends that:

- the tribunals be composed of representatives of labour unions, students unions, the Bar Association, and representatives of the rank and file of police and the armed forces;
- the trials be made public so that the principles of justice and fair play can be best guaranteed;

- banks, firms of contractors who aided and abetted the loot be nationalised.
- Nigeria should nationalise the assets of any country which fails to deport any of the wanted fugitives in foreign countries.

WAI : WASTEFUL DIVERSION

Conference considers the current War Against Indiscipline (WAI) as a deliberate attempt to divert the attention of the people from the fundamental problems of the society. Conference commends the patriotism and self-control of the masses despite the provocation by various governments who collaborate with exploiters to deny the masses the basic necessities that make for orderly and dignified existence. Conference further noted that the WAI programme is part of a design to promote the culture of fear and silence so that the masses can accept the harsh and brutal economic and social measures being demanded by the I.M.F. Conference therefore calls on the military administration to abandon the War Against Indiscipline and in its place declare the following urgent wars :

- (a) War Against Illiteracy (WAI)
- (b) War Against Exploitation (WAE)
- (c) War Against Poverty (WAP)
- (d) War Against Hunger (WAH)
- (e) War Against Retrenchment (WAR)

SELF-RELIANCE OR PERMANENT CRISIS

From the above, conference is convinced that Nigeria has only two choices :

- (a) Continue with the present economic arrangement which has caused the present crisis.

OR

- (b) Disengage Nigeria from capitalist and imperialist control and embark on a programme of self-reliance in economic, political, and cultural matters. In addition to recommendations already made above this option calls for the following :
 - abandonment of import-substitution industrial policy which prolongs and worsens the technological backwardness of the country. This will ensure political and economic independence from multinationals.
 - adopt an inward-looking strategy of industrial production to focus not on exports, but on satisfying the essential needs of the masses. Nigeria is gifted with abundant natural resources and large population to achieve this in a short time.
 - the state (government) to exercise monopoly over planning, finance, foreign trade, heavy industries, and agriculture. Contractor system to be phased out in favour of direct labour in executing major projects.

Finally, Conference affirms that no ex-colonial capitalist country has attained economic independence without first undergoing a thorough anti-imperialist and democratic revolution. Nigeria cannot and *will not* be an exception to this rule. Conference therefore calls on the Nigerian working and oppressed people to struggle for the constant deepening of the democratic content and patriotic consciousness of the society so that a system can be created that ensures just and equitable distribution of power and resources. Conference further affirms that this is not a civilian *versus* military affair. Rather it is a struggle between *Democracy* and *Oppression*, between true *Independence* and *Neo-colonial Slavery*. Conference therefore calls on the military to once again demonstrate its patriotic spirit of the civil war days by identifying *fully* with the Nigerian people in their *Struggle* to overcome exploitation, backwardness, and economic crisis. Conference further recommends that members of the armed and police forces should be made to attend NLC – organised education courses in order to acquire the necessary patriotic and ideological *consciousness to participate* in this *Struggle*.

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