

*Full Length Research Paper*

# The IMF and industrial relations dimension of instability in post-independent Nigeria

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**This study argues that, based on the Nigerian experience, there is a connection between IMF-type programmes and instability in some of the countries that adopted them. Structural supply- oriented policies such as reducing the size of the public sector and the removal of state resources from that sector to the private sector (privatization), creating financial intermediaries, promotion of savings, and discouragement of wasteful spending by increasing real interest rates all help to reduce the welfare of workers. Reactions of industrial workers to this deficiency, disappointment, and irritation are however smothered by the compulsion and suppression of state agencies.**

**Key word:** IMF, Industrial Relations dimension, instability, post –independent Nigeria.

## INTRODUCTION

The interest on the effects of modification of policies instigated or supported by the International Monetary Fund has increased with dynamism over the past few years. The events that occurred in Jamaica, Bolivia and other developing countries are perhaps the main sparks that set off the heated academic debate in this topic.

Nevertheless, despite the increasing attention that has been focused on this topic, astonishingly little work has been done in an attempt to systematically determine whether there is indeed a relationship between Fund-supported programmes and instability. Two works that seemed to have addressed this issue in particular are Bienen and Gersovitz (1984) and Sidell (1988) and we shall discuss them briefly.

In the latter study, an attempt was made to explore the relationship between de-stabilizing economic problems and the solicitation of the Fund for resources by examining cross sectional data on inflation and growth in real GDP from nearly 80 countries for the year 1975. The results show that nations experiencing high rates of inflation and low rates of economic growth are likely to solicit the Fund for resources under the stand- by agreements. However, in this study, like in Bienen and Gersowitz (1984), it was also found that there is no relationship bet-

between a dose of Fund recovery measures and instability.

The problem with the analysis by Sidell (1988) however is that cross-sectional data may not reveal important factors that are often considered before a Fund supported programme is sought. Such factors reside in the longitudinal trends in the economies of each of the countries concerned such as the history of Fund activities in that and other countries (suggesting that solicitation may in fact be a learning process), the specific structure of those economies, and the interests of the national leaders. Moreover, the data used for the analysis would tend to assume intrepidly that gross national products are recorded and measured similarly in all the countries included in the study, thus ignoring the important caveats that must necessarily accompany the use of such data for cross country comparative studies. It is perhaps more appropriate, at least methodologically, to approach the study of IMF and its effects on nation states on a disaggregated basis. This will enable the study of time trends, and the inclusion of country- specific factors, which are likely to influence the soliciting of Fund resources more than the so- called growth indicators. This study therefore attempts to examine the effects of Fund-supported activities on industrial relations in Nigeria with some reference to experiences of other developing countries.

The motivation for this attempt stems from the notion

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that since instability is multi-dimensional (Sidell, 1988), it would be profitable to determine the impact of Fund activities on all these elements of instability (riots, general strikes, anti-government demonstrations, assassinations of newspaper editors, deaths due to political violence, armed attacks, and coup de tats). Although it is to be appreciated that these events may be inter-linked as they are all social events, the motivation for isolating the Industrial relations dimension derives from the notion popularly espoused in the industrial relations literature that factors such as government's mismanagement of the economy and other externally instigated factors do not directly instigate conflict at the workplace. These factors are perceived merely as serving to influence orientations and attitudes, thereby allocating a latent rather than manifest function on conflict (Lockwood, 1955; Hyman, 1971).

However, events in both developed and less developed countries since the late 1980s seemed to threaten the validity of this theory. For instance, in Nigeria (April 1989), workers and students were recorded as expressing, sometimes violent, discontent at government policies, which are perceived to be directly or indirectly inspired by the Fund's adjustment policies. The labour movement carried several protest to the government on issues of continued and sustained increase in the prices of petroleum products from 8.5 kobo in 1966 to N15.00 in 1994, N34.00 in 2003 and N65.00 in 2006. In Zambia, Kaunda's withdrawal of subsidy on the country's staple grain (in compliance with the recommendations of the Fund) led to a wave of events which shook the country to its very foundation until the policy was reversed and the president apologized to the nation.

In accordance with the conclusions of Marxist Industrial Relation's theories workers 'manifest' at work, conflicts that are generated in the wider society. However, in Nigeria the low level of awareness among workers as well as the coercion of state authorities possibly smothers the open expression of externally generated conflict in attempts to control industrial and political conflicts. Marxists usually explain the overt and radical expression of societal conflicts in the workplace by recourse to the historical process to validate the claim that the origin of conflict itself is in the wider society rather than merely in the workplace. To further assist theory formulation and validation, the role of external factors such as the IMF in generating 'manifest' conflict in the workplace needs to be assessed empirically.

In this study, the adopted method includes an examination of the effect of the macro social and economic policies associated with the Fund on the Industrial relations system of Nigeria. The nature of the effect (latent or manifest) is especially of interest. The main argument is that the Fund exerts some significant effects on the amount and largely the type of conflicts in Nigerian Industries. By adopting a dynamic 'before and after' design, the economic environment and the reactions of industrial relations parties are examined. In the next section experien-

tial and theoretic issues pertaining to the mode of operation of the Fund are briefly reviewed.

## **ARCHIVAL INFORMATION ON FUND ACTIVITIES AND EFFECTS**

The term conditionality is associated with the Fund. It was initially aimed at encouraging policies that would make it more likely for a member country to be able to cope with its balance of payments problem and to repay the Fund within three to five years. The origin of Fund conditionality could perhaps be traced to the Fund's inception in 1945. Its charter called on the Fund to make financial resources available to members on a temporary basis with adequate safeguards, permitting them to correct payments imbalances. However, the principle of conditionality was not incorporated into the Fund's lending policies until 1952 (Hooke, 1982; Sidell, 1988).

At its inception, this practice was accompanied by the idea of 'stand-by arrangement'. This device was a precaution to ensure that members who do not have immediate need for balancing credits could have access to such resources in the future. However, the stand-by agreement quickly metamorphosed into a means of linking economic policies to financial assistance. Thus, Guitian (1981) described the stand-by agreement very appropriately as a 'line of credit outlining the circumstances under which a member can make drawings on the Fund'.

In 1968, the Fund took a more definite step regarding conditionality by incorporating it explicitly in its charter, thus removing the cloud of confusion, which had greeted the idea since its inception. Until the mid-1970s, the typical conditions imposed on the deployment of Fund's resources involved policies that influenced the level and composition of aggregate demand. Though excess demand was perceived as the single most important cause of inflation, currency over-valuation, and ultimately payment difficult-ties. Thus, it was thought (monetaristically), that a removal of excess demand would essentially restore payments homeostasis. Monetarist policies however generally call for: contractionary control of the money supply, reduction of the government deficit, exchange rate devaluation, de-regulation of prices and reduction of consumer subsidies, and elimination of tariff and non-tariff trade barriers.

Be that as it may in the mid-1970s, monetarist strategies became less popular as longer-term structural adjustment became requisite consequent upon the growing recognition that payment imbalances could no longer be corrected within one year. For instance, in 1974, the Fund established the 'extended Fund facility', which gave room for member's financial support for up to three years. In 1979, the Fund decided to extend stand-by agreements to up to three years. This became necessary to allow comprehensive programmes designed to effect balance of payments through both the supply and the demand sides. These programmes however continued to use monetarist instruments, though in a more gradual

manner. However in addition, they called for structural supply oriented policies such as reducing the size of the public sector (resulting in redundancy and layoff in the public sector), the removal of state resources from the public sector to the private sector (privatization), creating financial intermediaries, promoting savings, and discouraging wasteful spending by increasing real interest rates (Hooke, 1982; Sidell, 1988). To allow members to reap the benefits of this enhanced programme, the Fund increased the amount borrowable by six times (The Enlarged Access Policy, 1981). This means that the amount a member could borrow consequently became 600% of their annual donation to the Fund.

The above historical excursion of Funds' conditionality served to illustrate the possible link between the implementation of a Fund-sponsored programme and an overabundance of disruptive economic problems including inflation, overvalued currency, current and capital accounts imbalances, and economic stagnation. However in Africa, it would appear that these problems already existed before the invitation of the Fund; the question therefore remains whether the effects of Fund-supported programmes could not as well have caused or at least accentuated these problems.

In recent times, the negative effects of Fund-sponsored programmes began to discourage member nations from taking the financial leverage offered, specifically because of the conditionality; IMF adjustment measures (rather than the loan itself) became adoptable, as was the experience in some African countries. For example in Nigeria, the payment imbalances of the early 1980s and the prospects of taking the IMF loan caused a ripple of debates which culminated in adopting the discipline often recommended by the Fund without really plunging into its peoning debt trap.

In other words what are these serious effects that deterred Nigeria from taking the IMF loan? The impacts of Fund activities on the economies of member countries that patronized it, have been studied by Hayter (1971), Payer (1975), Weissman (1976) and Girvin and Bernal (1982). Payer (1975) pointed out the regression of real wages in response to cutbacks in government sponsored consumer subsidy programmes and the decelerations in nominal wage indices as well as unemployment. Similarly, studies that had concentrated on South American economies corroborated Payer's findings (Diaz-Alejandro, 1981, Foxley and Whitehead, 1980). Though, other studies tended to raise issues that question the theoretical validity of these claims.

For instance, Ahluwalia and Lysy (1981) argued that whether or not income distribution is equitable after an IMF dose would depend on the conditions of several external factors. Among these factors is price elasticity and supply elasticity of exports. Nevertheless they argued that variations in this elasticity could produce distributional movements ranging from the progressive to regressive.

Rather than dismiss the possibility of a regression in income, Foxley for example outlined some ways by which

adjustment policies might promote regressive income movements. These policies are - that deregulation of prices affect the amount of money held by the people such that prices would increase. This increase would amount to an effective tax on the low-income people who are more prone to holding money than the rich.

Other possible effects are that:

- i.) Deregulation of interest rate constrains the access of small and medium firms to credit, thus limiting the access of credit to large and multinational firms, which have access to foreign capital markets where interest rates might be lower.
- ii.) Freezing of nominal wage increases and devaluation of the currency can lead to a decrease in the real wage as the price of traded goods approaches the price of non-traded goods, raising the overall price level.
- iii.) Reduction of subsidies on housing, education, health, and consumption can disproportionately hurt middle and lower income earners.

Reduction of state investment in projects can lead to unemployment of poor and less-skilled labour. Foxley furthermore concluded that the distributional effect of Fund-supported programmes depends on the type of instrument used. For instance, an export tax is more likely to yield progressive effect on income as this may affect wealthier commodity exporters. In spite of this attraction to this instrument, Foxley noted that it has not won the attraction of states in Southern America, who had favored more often, regressive-type policies in the hope that these are perceived as long-term development strategies by the regime in power.

Johnson and Salop (1980) however, corroborated this argument and additionally pointed out that some other factors are also important. Devaluation for example can be significant but this depends on a number of factors. If for example, the asset structure of the economy is concentrated in the hands of a few, then the effect of devaluation will be a concentration of profits in the hands of the few members who operate in the industries where there are new price incentives. This situation is exemplified by the case of Bolivia where only a few producers handle 85% of the mineral exports. Conversely, a decentralization of assets in the industries affected by new prices might be expected to yield an egalitarian distribution of income. However, the example of Ghana cited by Johnson and Salop to prove this point does not seem to be very good one as Ghana's post devaluation experience cannot be said to be anything near egalitarianism.

Johnson and Salop (1980) also identified the pattern of consumption as another factor capable of influencing the outcome of devaluation. In an import-oriented economy, with basic and non-compressible consumer goods imported, an increase in import prices is more likely to adversely affect income distribution. Most importantly, they pointed out that the deployment of policy instruments in LDCs are constrained by the political power of various income

groups as well as the perception of the state authorities pertaining to the causes of the payments imbalance and the effects of different policy instruments.

The above argument is usually illustrated in Marxist analyses of the autonomy of the state especially in post-colonial territories. It is not unusual to suggest that state policy would almost certainly be exercised in favor of the upper classes because of the power that they exert over the state apparatus.

The state is (erroneously) merely the executive committee of the ruling class. If at all the state in post-colonial territories are autonomous, it must be to the extent that they have monopoly over the legitimate use of coercion and its cohesion among the interests of state bureaucrats, and private capital.

In fact, states that have tended to oppose the hegemony of international forces have had the fundamental basis of their support eroded. Hence the survival of the state is dependent on the systematic avoidance of policies that undermine the financial position of the bureaucratic and the ruling elites as well as the multinational companies. Fiscal policies are prone to affect some sectors of the economy than other sectors.

However, the acknowledgement of the effect and process of policies have ultimately buttressed the fact that conflict is inevitable in the industrial relations system. Thus, it is this policy area of Fund recommendations that record more agitation left out in the cold, notably the least powerful groups in the society.

Thus, Olson (1982) contends that various groups must continually vie for a greater share of state resources, and that they will express grievances when they are deprived of the share of state resources, which they believe are their legitimate rights.

In summary, the existing literature tends to support the inevitability of distributional effects although there is no inherent economic reason to suggest the direction of such effects, that is, whether progressive or regressive. Non-economic factors such as the relative political power of various interest groups and the ideology of the various state regimes will affect the distributional effects of Fund-sponsored programmes.

Notably, the resulting conflict are also more likely to come from groups that are more affected by the reduction in welfare, although the state itself will fear the more threatening interests of the elite groups, who for example could engineer the overthrow of the rule of a government that is non-conformist.

The emphasis of this present analysis is primarily on the grievances coming from those who by their position in the structure of power in their society are unable to affect a radical overthrow of the political authorities in their societies. Nevertheless, their expression of grievances at the workplace could create discomfort for the ruling elites. Examples of such groups are workers. Next we consider the process and the extent which societal (external) conflicts are collectively expressed in industry by workers.

## **The correlates of industrial conflicts**

The literature on industrial conflicts perhaps illustrates more on the distributional impact of Fund supported programmes to the extent that variables such as changes in real wages and unemployment can be seen as influencing collective political behaviour over time (Griffin, 1939; Yoder, 1940; Rees, 1952; Edwards, 1981). Industrial conflicts are either expressed openly say through strikes or suppressed voluntarily or involuntarily through frustrating bureaucratic delays or poorly and ineffectively expressed, and therefore remained unexpressed. Industrial peace is therefore more apparent than real, as the absence of strikes does not suggest that other forms of protest activities are not going on. However, the correlates of Industrial conflicts can be itemized as external factors exemplified by governments policies, environmental (social, economic and political) factors, and psychological ones as suggested by frustration and aggression theories by Doob and Sears (1939), Ahmed and Mapletoft (1989), Berkowitz's (1978), Alexandra (1999) and Maire (2004). A cursory look at some of the external factors shall be considered next.

### **External factors exemplified by government policies**

Industrial conflict is not usually thought to directly influence the wider collective political conflicts since labour-management disagreements cannot be easily traced to the actions and inactions of the national government. Although strikes and other forms of industrial conflict are not always explicit or unambiguous expressions of collective political unrest, they can serve as a relatively good proxy for collective protests, as they require collective action, organization and focus on a set of specific but not necessarily mutually exclusive grievances. To the extent that the strike is illegal in some countries, the mere deployment of strikes is seen as a form of protest not necessarily against the employers, but the state authorities whose labour and economic policies might be perceived as anti-labour.

Moreover, like collective political protests, industrial strikes have goals and methods as well as costs and benefits. The objective of a national or general strike is possibly to cause the state to change its policies in the favor of the labour movement; that is an attempt to obtain a better share of national resources and some socio-economic factors that needs to be considered below .

### **Socio-economic factors**

Economic models of strikes activity posit a positive relationship between economic prosperity and industrial disputes (Griffin, 1939; Yoder, 1940; Rees, 1952). However the attempt of the union will be successful depending on the condition of each of the following labour market factors.

- i.) The level of economic prosperity.
- ii.) The demand for labour by the employer, employment levels.
- iii.) Changes in real wages relative to historical trends in real wages.
- iv.) Trade union membership.
- v.) The degree to which industrial relations are institutionalized.

Notwithstanding the apparent robustness of these findings the extents to which they can be generalized to Less Developed Countries (LDC) still have to be examined. For instance, the non-economic factor of unionization is thought to affect industrial conflict by political-organizational theorists, whereas studies' concentrating on LDCs concludes that the link between union membership militancy and industrial conflict is not a very good one. Deyo (1983) for instance posit that: "... high levels of unionization may often be associated with government preemptive organizational efforts, especially under corporatist regimes, in which case high levels of unionization may reflect tight government controls over labour rather than strong, independent union organization ...."

The records of government's attempts at channeling labour protests into safer channels are indeed very well documented. For instance Otopo (1988) traced this trend in Nigeria from colonial times to the present time. In the past, labour discontents were regarded as politically motivated and effectively controlled by recourse to armed police. In the present time, such unrests are controlled through anti-labour legislation such as the ban or hedging of strikes and deregistration of unions that contravene essential services law for example. On the whole it would appear that the link between union membership, union militancy and industrial conflict is not necessarily a strong one, especially coupled with the fact that the strike is just one form of industrial protests.

Thus, the effects of demographic variables of the relevant social group have to be considered. In this wise, population growth, urbanization, education, and social awareness levels are also factors which may affect the amount of political instability that a country can experience through expressions of industrial discontents.

However, the former is often thought to exert more statistical significance over political instability than the later (Hibbs, 1973). Nevertheless, it appears that none of these findings can be generalized across countries because they are often based on cross sectional data. Yet, they are not usually collected in the same way in all countries, and moreover, panel data would seem to better express trends rather than a one-time survey of the issues. We shall at this point, discuss the psychological effects of discontent which usually leads to frustration and later, aggression from individual to group.

### **Psychological theoretic factors**

Theories of instability exist in the literatures that help to

illustrate the diversity of the issues involved. For instance the frustration-aggression theory will be readily referenced here. In discussing issues of frustration and aggression, individual or group's response to frustration is often exhibited by anger as noted by Dollard et al. (1939) classic literature on psychology of behaviour (Homans, 1965). However, Adam (1965) and later Mowday (1979) posit that there is inequity when a worker perceives an obverse relationship between his inputs and outputs relative to that of relevant others which can also be linked to equity and other motivation theories. For instance, the gains made by academic staff in Nigerian universities in the early 1980s was based on the differential contributions of legislators vis-à-vis university lecturers that made the latter insist on comparability of remuneration with the former.

However, relative deprivation theory emerged to explain how the perceptions of inequality and inequity are reached. Relative deprivation as conceived by Merton and Rossi (1957) occurs when equity, has been aggravated and frustrated. The relatively deprived unit (individual, group) feels that it has been frustrated in attaining an outcome or goal to which it feels legitimately entitled and as such, gets aggressive and antagonistic. Ted Gurr (1968) tried to distinguish between four different forms of deprivation viz: decremental, aspirational, progressive, and persisting deprivations. However, it is still unclear whether such anger or frustration will generally be translated to collective political violence. However, anger is a first-order condition for violence, though violence is not necessarily a second-order (that is, sufficient) condition. For frustrations of this sort to be converted to political violence, three conditions have to be met. According to Cooper (1974), anger must be felt collectively as intolerable and the group must feel an amount of social and legitimate support for their action and secondly, such a collectivity must have enough resources to be able to translate its discontent into viable action. Lastly, the benefits of violence must be commensurate or outweigh its costs (Cooper, 1974). Be that as it may, with this theoretical background on frustration-aggression and violence, we shall examine how the state in Nigeria has not only deprived but also, frustrated her workforce using funds supported programmes on industrial relations activities to the point of violence and aggression.

### **Effects of state-sponsored repression and coercion**

The capacity of political authorities to exert coercive control is a factor that may influence the amount of political instability that a country can experience (Ake, 1969). Empirical attempts at measuring this link have failed to yield any statistically strong relationship which is probably, because the measures adopted are not the appropriate ones. This is in agreement with the views of several scholars when for instance, indicators such as defense spending is seen as a percentage of the GDP, military manpower per 10,000 population, and internal security forces

per 10,000 population are usually adopted in studies (e.g. Gurr, 1968; Gurr and Rottenberg, 1967; Hibbs, 1973).

It is very doubtful whether these variables really measure actual acts of coercion. Though, a large army for example may not prevent benevolence on the part of a 'democratic' military regime; which may tend to discourage coup attempts by the military personnel. The extent to which the acceptance or otherwise of the leadership by the military affects the desire or otherwise for coups have not been systematically studied as intuition gives a possible lead that the acceptance by the rank and file of the military will further depress the desire for counter-coups. Although, this will not necessarily remove grievances that may come from civilians administration, the deployment of state coercive actions notwithstanding tend to suppress it. Furthermore, if the state has a history of coercive response to political agitations as known in Nigeria, then we need to serve some notes of warning to supporters of coups, other internal wars, and other collective protest activities. Some of the consideration for coups d'etat requires further discussion. Three factors which are often identified as predictors of successful or unsuccessful take over of governments are:

- i.) The degree of political institutionalization in the country.
- ii.) The size of the military relative to the rest of the population.
- iii.) The history of such incidence in the country; that is, if it happened before, then it could happen again.

These studies give the impression that political instability especially strikes and other forms of industrial protests are correlated with a variety of social, economic and political factors. It is the validity of this impression that we shall empirically assess next in Nigeria using IMF programmes and instability.

### **Some evidence from Nigeria**

The record of IMF- type adjustment programme in Nigeria dates back to the early 1980s when it was found that payment imbalances had started to emerge. But then, only budgetary expenditure, interest rates, credit ceiling, debt management and prices were the policy areas focused (ECA, 1984). The Fund was invited to intervene in Nigeria's economy around September 1986. It was at this time that foreign exchange management was introduced. As if to corroborate the claim made by the Fund itself, the reasons for the invitation centered on decelerations in the Nigerian economy. However, in explaining this deceleration, the Balance of Payment (BOP) shall be used as it indicates the current account balance, exchange rate, direct investment, import and export as well as trade balance as at 1985. From the data available in the table below, the current account balance was only marginally positive and largely negative in 1986, 1988, 1994, and 1995 respectively while it moved back to been positive

from 1996 - 2005.

Furthermore, in the face of mounting foreign debts and declining oil revenue from exports, sequel to the big crash in the 1973- 75 oil market, the nation was faced with serious economic problems, which perhaps necessitated the intervention of the IMF. The increasing trend of prices in the Nigerian economy from the 1975 base year was coupled with unemployment, which was on the high level of about 6 per cent. It seems that the situation was indeed already at a crisis level, thus the motivation to invite the Fund and similarly, this position seemed to be supported by the trend in industrial production. This is because, for most industries, there was the shortage of foreign ex-change as Nigeria's creditors were no longer willing to honour letters of credit during 1985- 86 suggests that less than installed capacities were being used. This had implications for employment. The levels of unemployment already showed serious signs of increase in 1985 before the Fund were approached (Table 2). Similarly, real wages decline on account of stagnant money wage, and dwindling industrial production noted below.

From the analysis of the data in table 2, there is little doubt that the pinch of the crunching economic situation was felt by the poorest of the poor due to the failure of wages to move with corresponding increase in prices. However, given this type of economic situation, it would not be inconceivable that workers, whose incomes are fixed, are very likely to react to the hardship being experienced as we shall discuss later in this study. The economic situation of Nigeria workers did not change after the Funds were accepted due to the conditionality and rather than the industrial relations activities to be less turbulent, it witnessed more crisis and violence due to perceived to inequity and inequality in the wealth distribution by the state. This resulted in trade disputes and work stoppages as seen in the table 3 below. Though theoretical literatures have concluded that strikes may not be the only form of protests in industry, they nevertheless are perhaps the most visible evidence of discontent in Nigeria.

Table 3 reports, the trend in the reporting of disputes and deployment of strike and its consequences. The data tend to support a view that industrial conflicts are likely to be more prevalent in a boom because the years before 1982 witnessed considerable accounts of disputes reported and strike activities. The rate of filing disputes and use of strike weapon however declined rapidly after 1982, that is, during the recession years. This would be explained by recourse to theory suggesting the infeasibility of the strike action as a method of furthering the purpose of labour during a period of recession (Kassalow, 1983). Most labour-management relationships were more cooperative than distributive and conflictual as there was the desire on the part of both labour and management parties to vanquish their common enemy, viz the recessed economy. There was the deployment of concession bargaining and other cooperative forms of relations.

However, sequel to the introduction of the recommend-

**Table 1.** Nigeria, balance of payments (1985-2002) (in \$Million).

	1985	1986	1987	1988	1994	1995	1996	1997	1998	1999	2000	2001	2002
Exports (FOB)	12570	6780	6750	6900	206059.2	82569.6	1125690.6	1091131.4	N/A	1188969.8	1945723.3	2001230.8	1874874.2
Oil	12200	6400	6200	6200	200710.2	805566.8	1105631.1	1065502.1	N/A	1169476.9	1920900.4	1973222.2	1780221.6
Others	370	380	550	700	5349.0	20102.8	20059.5	25629.3	N/A	19492.9	24822.9	28008.6	94652.7
Imports	8280	6740	5750	6000	-144727.3	-578491.9	-4496.91.1	-681723.0	N/A	-792997.5	-886520.1	-1234268.2	-1168744.9
Trade Balance	4290	40	1000	900	43270.4	195533.7	746916.8	395946.1	N/A	326499.2	1595167.5	766257.6	844161.8
Current Account Balance	310	-3550	1700	-1600	-52304.3	-186084.6	240180.0	268899.3	N/A	46336.2	5713023.9	242901.3	231891.1
Foreign Debt (year end)	18000	19000	23500	25000	91494.0	1960700.0	2740577.0	595931.6	N/A	2,577,383.4	3,097,383.8	3,176,291.0	3,780,208.9
Exchange Rate(\$/N)	\$1.12	\$0.74	\$0.24	\$0.20	N/A	N/A	N/A	N/A	N/A	\$92.34	\$100.80	\$111.49	\$120.47
Direct Investment	350	368	386	500	22229.2	75940.6	11295.0	N/A	110452.7	92792.5	115952.2	132433.7	225036.5
Petroleum Price (/barrel)	26.83	14.10	18.15	18.15	16.17	16.60	21.21	N/A	19.52	18.42	24.14	20.14	19.84
Vol. of exports (mbd)	1.25	1.24	1.04	1.04	206.1	950.7	1309.5	N/A	1241.7	1188.9	1945.7	2001.2	1882.6

**Sources:** (i) Aluko-Olokun (1988) "Foreign Exchange, Trade and Debt Management" in Phillips and Ndekun (1988, p. 39).(ii) CBN (2002), Statistical Bulletin Vol. 13.

ed in respect of foreign exchange management in 1986, reports of disputes and strikes increased considerably. In 1988, strikes were 156 cases and in 1990 they were 174. 1993 recorded 160 cases of disputes and in 1995 there was a decline. Given the experience with the Fund's conditionality and the response of workers, it would not be a mere co-incidence that conflict activities recorded during 1988 - 1994 increased significantly and from the year 1995 - 2002, there was a decrease in conflict activities. Rather it becomes very probable that the effects of the Fund conditionalities must have accentuated the rate of Industrial disputes, as was the experience of countries that had similarly taken IMF supported programmes in the past. The Nigerian government has consistently hedged the right of workers to strike. Some of the relevant legislations are: The Trade dispute Act of 1969, 1976, 1996 and 2005 (Fajana, 2006).

This hunch for a connection between Fund programme and industrial instability is endemic when the nature and causes of conflicts are examined during period after the imposition of Fund's conditionality. Largely there were retrenchments in the public sector because the Fund had recom-

mended that commercialization, liberalization, deregulation, privatization etc were requisite if the nation was to be meaningfully bailed out of economic mess. This trend has remained contemporary hence; there were serious objections in the public sector from workers who feared job loss. Private sector workers also faced serious threat of job loss because employers were operating at less than their installed capacities.

Similarly during the period after the introduction of structural adjustment, which was among the recommendations of the Fund, prices continued to soar to the high heavens. This is evident in the recurrent increases in the price of fuel. This also arose largely because contractionary monetary policies meant that there was inadequate cash in the economy to purchase the output of industries. The industries had produced with considerable imported inputs, procured at the very high market-determined foreign exchange rates; hence the high prices of products. A study of the end use of imports for 1982-88 showed that the very expensive foreign exchange is now in the form of raw materials (1982 = 16.7%; 1987 = 37.5%; Ajakaiye, 1988).

The upward trend in prices explained the in-

creased cost of production arising from imported inflation which necessarily passed on to prices as well as the consequences of unrepentant increase in fuel prices, detrimental to prices. The response to unsold goods and services has been to reduce capacity utilization and increase layoff. Though layoffs, further weakens effective demand necessitating additional layoffs, and further depression in workers' welfare. The growth implications of the structural/recovery programmes are yet to be evaluated. Nevertheless, this point cannot be expected to seriously invalidate the trend that has been identified from the preceding analysis; that is the emerging trend is a continuous deceleration in the welfare of workers, a pressure, influenced by political leaders at both the state and federal levels, and indeed suffers from corruption and inefficiency. The government's human rights record is poor; although there are some improvements in several areas. The national police, army, and security forces continued to commit extrajudicial killings and use excessive force to quell civil unrest and ethnic violence, negation of whatever gains have been targeted achievable as from the Fund prescriptions. Thus, some expressions of industrial conflict indicative of industrial and poli-

**Table 2.** Economic indicators in Nigeria, (1976 – 2003).

Year	Annual Average Consumer Price Index (1985 = 100)	Industrial Production	Crude Oil Production	Money Wage	Registered Unemployed persons	Price of petroleum product (PPMS)
1976	25.1	71.80	758,058	344	20860	
1977	30.4	74.40	766,055	344	14683	
1978	34.5	75.30	696,324	344	18661	
1979	38.5	101.00	845,463	344	-	0.153
1980	42.4	100.00	760,117	573	256623	
1981	51.4	97.20	525,291	716	188438	
1982	55.1	98.70	470,638	716	106496	
1983	97.9	87.00	450,961	716	112588	
1984	95.6	77.00	507,487	716	120945	
1985	100.0	79.00	547,088	716	96580	
1986	105.4	80.00	535,929	716	85158	0.395
1987	116.2	83.20	483,269	716	145084	
1988	181.2	88.50	529,602	716	116162	
1989	272.7	87.97	625,908	N/A	96055	
1990	293.2	91.91	660,559	N/A	89752	0.51
1991	330.4	98.86	689,850	N/A	110513	0.60
1992	478.4	98.51	711,340	N/A	75143	
1993	751.9	92.68	691,400	N/A	75387	3.25
1994	1180.7	90.92	696,190	N/A	72277	11.00
1995	2040.9	90.64	715,400	N/A	81730	
1996	2638.1	93.24	740,190	N/A	85441	
1997	2863.2	93.88	759,710	N/A	85832	
1998	3149.2	94.02	776,190	N/A	84727	20.00
1999	3357.6	91.27	778,900	N/A	86024	
2000	3923.8	100.00	797,880	N/A	85368	22.00
2001	4268.1	101.43	817,150	N/A	85928	
2002	5151.5	102.64	675,773	N/A	85648	

**Sources:** (i) ILO (1983-89) Yearbook of Labour Statistics, Geneva(ii) Federal Ministry of Employment labour and Productivity, Lagos (iii) CBN (2002), Statistical Bulletin Vol. 13.

tical instability (Fajana, 2006) are inevitable. The state's response to workers agitation shall be briefly discussed before we conclude this study

### **Response of the state to the agitation of workers in Nigeria**

The Constitution of Nigeria provides for an independent judiciary; however, in practice, the judicial branch remains susceptible to executive and legislative branch although less was implemented than under previous military government of Abdusalam Abubakar. Army, po-lice, and security force officers regularly beat protesters. The Government in Nigeria has continued to infringe on citizens' privacy rights; however, there were no official reports of members of the armed forces looting property, destroying buildings, or driving persons away from their homes. The Government generally, had disrespect for the freedom of speech and the press as security force

beat journalists, while government seize newspaper print runs, harass newspaper printers, editors, advertisers, and distributors. Though this trend had continued to decline after the installment of a civilian government (Human Rights Reports, 2004). Nevertheless, the described scenario created chaotic and frenzied industrial relations environment with grave implications for the system as we shall note below.

### **Implications and concluding remarks**

Having explained some of the problems hauled on workers as a result of the adjustment programme recommended by the Fund, the reactions of workers are not unexpected. However, the reaction of labour is particularly smothered by the lack of power to pursue its interest with vigor. It is therefore possible that the method, which is being largely used to register industrial protest, is other than the strike. This view is more likely

**Table 3.** Trends in industrial conflicts, Nigeria 1976 – 2002.

Year	Trade dispute	Work stoppages	Workers involved	Man-days lost
1976	230	125	52242	148141
1977	172	93	59270	136349
1978	142	78	105525	875137
1979	155	755	204742	2038855
1980	355	265	221088	2350998
1981	258	234	323700	2218223
1982	341	253	2874721	9652400
1983	184	131	629177	404822
1984	100	49	42046	301809
1985	77	40	19907	118693
1986	87	53	157165	461345
1987	65	38	57097	142506
1988	156	124	55620	230613
1989	144	80	157342	579968
1990	174	102	254540	1339105
1991	204	117	460471	2257382
1992	221	90	238324	966611
1993	160	110	880224	6192167
1994	199	26	1541146	234307748
1995	46	24	193944	2269037
1996	29	31	19826	94664
1997	31	11	59897	359801
1998	16	27	9494	47631
1999	52	47	173858	3158087
2000	49	47	344722	6287733
2001	51	37	259290	4722910
2002	50	42	302006	5505322

**Sources:** (i) ILO (1983-89) Yearbook of Labour Statistics, Geneva (ii) Federal Ministry of Labour, Employment and Productivity, Lagos. (iii) CBN, (2002), Statistical Bulletin Vol. 13.

to hold in Nigeria because of the nature of the political environment, and the experience of previous strikers. With the deployment of armed troops of policemen invited in the event of strikes, it usually is risky, adventure for organized labour to embark upon strike actions (Fajana, 1990, 2006).

Instead of deploying the strike action, the labour movement, constrained by the state repression within the environment, is left with the choice of deploying other forms of conflict. Unfortunately these other forms of conflict are usually neither well recorded nor effective. Thus the use of such conflict pursuing goals during the recession might have increased considerably. What is evident in the available data however is the fact that the use of strikes has increased significantly from 156 in 1988 to 174 in 1990. By 1993, there were 160 cases and a decline was experienced from 946 in 1995). Of course, what is expected is that strikes will not occur massively or frequently. It is thus surprising that some increase was recorded in the frequency of strikes during the period, and up to the early 2000.

One implication of this finding is the tendency for other pressure or interest groups within the economy to utilize the weakness of the efforts of labour to instigate other forms of political conflicts. Given the coercion and repression that are required if the Fund supported programmes are to succeed, it would take groups with equal countervailing power to challenge the policies and trends in the economy. Thus, actions like coup d'etats, assassination of newspaper editors, internal wars or threats of cessation, public demonstrations, deaths from political violence, armed attacks, and riots, which have wider implications for political instability might gain increased attraction to groups who are actually or perceived capable of deploying such actions. Thus, the anti-SAP riots of 1989 was met on the part of the state by the adoption of relief measures which were intended to give the adjustment programme a human face. The action of the state is perhaps to prevent political instability, which might be generated by aggrieved lower participants in the economy. Groups who perceive them as alienated to forcefully remove the administration that is

perceived as oppressive may make the attempt. Such groups might want to appeal to the labour movement to give its support.

The assumption in the main is that labour is already laden with serious discontent with the situation, and would readily offer the support, which might give such illegal executive transfer more success and legitimacy. This assertion seemed evident in the experience of Nigeria with two coup attempts of the 1980s. In 1985 and 1990, the administration of General Babangida was attacked forcefully but the two attempts were unsuccessful. Nevertheless, the plotters on each occasion had relied on the support of civilians especially workers to come out and demonstrate openly solidarity with the rebels. Major Orka in 1990 specifically included "the spate of unacceptable strike actions" in the reason for attempting to take over government.

This study recommends that the peculiarities of the Nigerian environment be analyzed and appreciated before the introduction of policies, which ought to be inclusive of the various stakeholders as the case may be. Also, the alternative to strike needs to be exploited and in so doing, the dispute settlement machineries should be reviewed, granted some form of autonomy such that the procedure is made faster, free and fair for confidence to be established in the judgment and awards of the machineries. However, the issue of violation of labour leaders by the state needs to be addressed and resolved accordingly. Nevertheless, we recommend that there should be the provision of basic amenities like electricity, water and good roads so that jobs can be created and the rate of unemployment reduced.

In conclusion, the study has argued that, based on the Nigerian experience, there is a connection between IMF-type programmes and instability in some of the countries that adopt them. Structural supply oriented policies such as reducing the size of the public sector and the removal of state resources from that sector to the private sector (privatization), creating financial intermediaries, promotion of savings, and discouragement of wasteful spending by increasing real interest rates all help to reduce the welfare of workers.

Reactions to this deprivation, frustration, anger and the coercion and repression of state agencies has shaped the choice of conflict strategy, by limiting this to other forms of conflict activities, although some strike actions were used in spite of the risks involved. While other forms of conflict activities continue, such as rumours, reduction of output, and self-withdrawal for instance, a frustrated and coerced labour movement is potentially a political risk as disgruntled military or civilian dissidents could capitalize on such situations to call for support in respect of an illegal take-over of the executive. Thus, there is undoubtedly a link between IMF activities and industrial actions, although the latter is merely a dimension of instability. Moreover, it may be very difficult in some cases to separate the purely industrial from other forms

of instability like political instability. It might be fruitful therefore to explore this relationship further. Moreover, the connection that emerged between Fund programmes and industrial protest activities must be examined in the experience of other countries before a meaningful causality can be established in the IMF-instability equation.

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