

GROWTH, TRADE AND POVERTY IN NIGERIA

AN INTERVIEW WITH PETER OZO-ESON, GENERAL SECRETARY OF THE NIGERIA LABOUR CONGRESS



PHOTO: AQUIR.

The Economic Recovery and Growth Plan (ERGP) was recently launched by Nigeria's President Buhari. What are your thoughts on the ERGP?

That the government has put together some plan targeted at recovery is commendable in the sense that many of us were getting worried that the government was not showing enough

concern in terms of attacking the recession. However, the nature and the content of the plan is something that needs investigation because it is very similar to NEEDs and NEEDs2, the National Economic Empowerment and Development Strategy introduced by President Obasanjo administration in 2004. Comprehensively, the ERGP is distinct in that it contains specific sector-based projects within which linkages between the specific projects in a particular sector and other sectors can be tracked.

We believe that at our stage of development, we require plans of this nature because the current plan is primarily a policy statement and a focus on infrastructural development. So it has an ideological base in which government appears to be divorced from direct economic activity. We continue to argue that this is a problem. There are areas that government needs to be directly involved, even as a bellwether to stimulate development. So, while looking at a body of policies to take us out of recession in the medium term is useful, we believe that increased long-term planning is required to ensure that even when there is growth, it is not the same type of growth as before. Admittedly, growth of 6%-7% was achieved in the past, but it was accompanied by unprecedented levels of unemployment. Effectively this was non-inclusive growth or jobless growth. Therefore, comprehensive planning is needed to realise investment in sectors that will promote mass employment and positively impact the poor. Unfortunately this Economic Recovery and Growth Plan has not yet moved in that direction.

It is said that the plan followed a rigorous development process that included wide consultation with stakeholders in the public and private sectors, civil society groups and organized labour. Do you agree with this assertion?

No, I don't. I think the government confuses the meaning of "consultation", and we made this point too when we were invited to comment. Government had completed its plan and was merely sharing it with stakeholders. That is not consultation. I think that there is a fundamental misunderstanding of the consultative process in planning. Properly done, a plan right from initial conception is when all stakeholders get involved so that the aims, objectives, foundation and pillars of a plan are commonly owned and commonly shared. When you have already formulated a plan and conduct a one hour presentation to stakeholders and subsequently claim you consulted widely, I don't think that is consultation. Therefore, in this particular case it cannot correctly be said that stakeholders were part and parcel of the process of evolving this plan.

The government has said that the ERGP is positioned to foster economic recovery and growth. Do you believe these objectives will be achieved?

I believe they can be achieved if, for instance, the focus on infrastructure is correctly implemented. To the extent that there is some massive expenditure outlay on infrastructure in the form of roads, railway and other types of infrastructure those, by themselves, can help create a stimulus in the economy. As we have always argued, in a recession like this what we require is a stimulus in order to get aggregate demand to expand and through that process get out of the recession. So, if properly implemented, we do believe that it is possible these objectives can be attained. Our worry is that even when we return to growth, the nature of such growth is concerning and may be the same type of growth we had before the recession, growth that was unable to create jobs, that was unable to reduce poverty, and that actually accentuated income inequality in the country. This is what again will be replicated because you know that capitalist economies go through busts and booms. Therefore, from recession we will grow again until another period of recession returns. That may not be desirable in terms of long-term development.

Do you see the ERGP as closing the loopholes of previous strategies and plans?

Really there is little difference in the direction of the ERGP when compared with previous plans such as NEEDs, NEEDs 2, etc. They all follow the same direction and the same framework. So there is no real new departure in the direction of this plan.

Is the plan capable of generating the type of employment needed to address the high rate of unemployment among our youth?

Not the way it is currently structured, no. Maybe I should just give an example. When you have a comprehensive plan that is project based you are able to look at the inputs and outputs. The input and output structure allows you to configure what level of job creation will be part of the execution of such a project. This plan does not have such capacity. Even where broad infrastructure has been identified as the area for massive investment, this plan has failed to identify how many jobs each infrastructural investment will generate.

For example, the Ibadan-Lagos rail project is one of the infrastructural investments and there will be other rail projects too. As part of a comprehensive plan what you should do is agree the number of local jobs involved in the civil works of building the infrastructure in the same way you could anticipate the local content in terms of iron and steel that will go into rolling stock.

Because when you execute such projects on other economies it is an opportunity to employ, it is an opportunity to demand output from other sectors like the steel sector. We have left Ajaokuta Steel Company comatose so therefore most of the impact will reflate economies in China, from where we are obtaining the loan for the rail project. The Chinese will bring in their rolling stock, and even the construction workers and there is nothing in these plans that has been contracted properly to ensure that the benefits are maximized within our economy. That is why it is unfortunate that we have this type of expenditure and yet employment is not being generated.

What are the major threats to the ERGP's implementation?

One is that when you look at the way it is put forward, it is heavily dependent on borrowing and external borrowing. Of all the infrastructural directions that we are looking at, most of them are tied to foreign credit and, given the escalating debt service burden that the economy is again getting into, that constitutes a major challenge for the future. Beyond this is also the issue of implementation – not our strongest feature as a nation. On paper we put things together and we celebrate; but when it comes to implementation we find all manner of either political convenience or deviation from what was planned. The ability to ensure that this does not go the same way would be some of the challenges we need to pay attention to going forward.

Internal capacity, where it exists, needs to be fully mobilized and harnessed. The over dependence on external, borrowing I believe constitutes problems that can undermine the plan. But when you mobilize the people around the sustainability of implementation, the impact is likely to be greater.

Security is always a potential threat and security now in a broad sense, not just in the sense of the North East crisis, but the broad national insecurity is extremely troubling. Areas in which some of these infrastructural projects will be implemented and the capacity to implement them will be greatly undermined by security challenges such as kidnapping, militants and communal strife. All these threats need to be considered and clearly dealt with in order to have successful implementation.

What factor or factors are responsible for Nigeria's reluctance to sign the Economic Partnership Agreement (EPA) with the European Union? Most other ECOWAS countries have signed the Agreement bar Nigeria and one or two others.

This is one area where we have largely supported the government's position. Through the processes of preparation and discussion of the EPA, we continually emphasized that the future development of our economy has not been fully accommodated within the framework of the EPA. The free trade situation that would allow universal access to European products for our markets and our products to their markets, given the unequal present level of development, would perpetuate a situation where our economy remains the "fetches of water and hewers of wood" because our industries are not yet in place. Therefore, what we had canvassed for, and our government in Nigeria has canvassed for all along, was the need for concrete provision within the EPA for supply-side constraint remediation.

Things, for instance, such as the power to negatively influence the capacity of our industries to compete, need to be resolved before we can have a free, level playing field. The EPA as it currently stands will not do that. And because Nigeria is a country with a huge population and therefore the employment of its citizens requires definite industrialization, particularly manufacturing, it should not go into this agreement without ensuring that these concerns are taken on board. Nigeria's situation is different from countries like Senegal, and other smaller West African countries because for them agricultural export is sufficient and their mainstay, so they can benefit from the process. We can therefore understand why a number of those West African countries are willing to sign. But in the interests of Nigeria, and for the protection of our industries and our capacity to industrialise, it is important that the government holds out and we think it is doing the right thing by holding out.

Does organized labour have a position on the EPA?

Initially we worked side by side with the organised private sector, civil society and with government in looking at the issues in the EPA, so we collectively reached some agreements and unanimity in our position and shared our stance with government. Even at regional level labour, within the framework of International Trade Union Confederation African region (ITUC-Africa), was in harmony on the EPA and this informed our position before we shared our views with government.

What can government do to ensure successful implementation of the ERGP?

First, to focus on different sectors and establish implementation task forces within these sectors. We can draw some comfort from the recent renovation of the Abuja Airport in which a time frame / target was set and we achieved it. We can learn from this when it comes to specific investment projects and infrastructural projects that involve not only government but civil society organizations as integral to the task teams, to ensure that implementation happens within clearly defined targets to meet strict deadlines.

Secondly, because the annual budget is an instrument of execution of the medium-term plan itself, it is important that processes are fast tracked. For instance, the budget for this year is still trapped in the National Assembly. We need to be a little more up and doing in dealing with our budget and also, once it is passed, executing it. But it is important, within the framework of the budget, that we do not slide back into the oil dependency syndrome because what people are touting as improvements as they attempt to come out of recession is largely what is happening to the price of crude oil (that it is rising again). We need to be able to insulate the oil activity from other sources of resource mobilisation. And if we are able to do that, we then must ensure adequate implementation of the plan.

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