

GOVERNORS AND THE NEW MINIMUM WAGE ACT: IMPLICATIONS FOR STATE-LABOUR RELATIONS IN NIGERIA

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Abstract

Though the Nigeria Labour Congress, NLC's planned strike was averted, there are indications that disagreements abound over the new national minimum wage. While the tiff over the implementation of the Minimum Wage Act subsists, it seems inevitable that the issue of imbalance in fiscal pomes and responsibilities between the federal government and her sub-national units would equally come to the fore. It is not about N18, 000. It is all about the will to pay. Yet everyone knows that N18, 000 cannot pay a decent rent, cannot provide transportation to and from work in the cities of cannot pay anyone's school fees and can barely feed a family of five. So the debate is about will to pay and not N18, 000 but to pay for the necessities: to feed the hungry, heal the sick, shelter the homeless open the arteries for the city and villages for the man of labour. If this is what the populace want, then we understand that the debate is not about N18, 000. The paper examines these debates in details. It also examines the greatest threats to new minimum wage of N18, 000 and identified the rate of inflation; and the inflation itself as the great menace of the cost of living. The paper equally identifies and highlights that the battle is a battle about class disparity between the poor and the rich, the absence of institutional refuge for the ordinary worker hankering for a step above rank misery. The paper concludes by positing that for the new minimum wage to have the desired impact of improving the purchasing power of the workers and half the galloping strike of poverty there must be massive government investment in infrastructure.

Keywords: Industrial Relations, Trade Union, Strike, Minimum wage, Industrial dispute.

INTRODUCTION

On 30th June 2011, the Nigeria Labour Congress (NLC) and the Trade Union Congress (TUC) gave a two week ultimatum to states and federal government to commence the immediate implementation of the N18, 000 new national minimum wage that was signed into law by President Goodluck Jonathan in late March. The two labour unions made it clear that failure to comply will result on the common cement of a total nation wide strike at the end of the ultimatum. After the issuance of the ultimatum, the Minister of Labour, Chief Chukwuemeka Nwogu, convened a meeting of the NLC, TUC the Head of Service and the Salaries and Wages Commission, revealing that the new minimum wage table and the enabling circular are ready for circulation to government agencies for immediate payment with effect from March 2011. The Minister added that the necessary amount have been adequately accommodated in the 2011 budget but surprising by added that the new minimum wage is not a general salary increase. A meeting of the National Administrative Council (NAC) of the NLC was called shortly after the meeting with the minister of labour to deliberate on the matter. NAC rejected the GGN Salary Table because it only made marginal increases in the salaries of GL 01-06, instead of a comprehensive up ward review of the age structure of the public service. This is a major source of disagreement between Labour and Government.

Barely five weeks after President Goodluck Jonathan signed into law the new minimum wage of N18, 000, for Nigeria workers, the Governors forum asked for removal of the subsidy in down stream sector of the petroleum industry as a pre-condition for paying the new wage structure. There are immediate issues which make the position of governors very untenable. One, the negotiations that

eventually led to the agreement of N18,000, as minimum wage for the Nigerian workers took about two years during which the same Governors Forum as involved. Yet they never raised any pre-conditions for payment as they are now doing. Two, given the influence governors bear over the National assembly members from their states; why they not stall the passage of the new minimum wage bill at that level. If they genuinely believe they cannot pay it? Three, it is befuddling that the same governors who were at the Council of States meeting; where it was approved, are the most vehement in opposing sequently signed into law on the one of the April 2011 general elections, are Nigerians to assume that these governors knew what they are now telling the populace but played along so they could obtain votes of the workers under false pretence?

The facts and circumstances leading to the current situation are clear and straight forward. NLC presented a demand for a N52,000 new national minimum wage to Federal government in 2008 and negotiations began in 2009. The tripartite negotiations constituted of representatives of Labour Union (NLC and TNC), the Federal Government and the National Employers Consultative Assembly (NECA). Six representatives of State governments sat along side with the FGB team throughout the negotiations while over twenty state governments submitted memoranda, suggesting various amounts as new minimum wage. Some of them that suggested amounts higher than the N18,000 that was eventually agreed include Jigawa (N20,800), Anambra (N25,000), FCTC (N25,000), Kebbi (N30,000) Imo (N40,000), Kwara (N30,000), Abia (N46,7000) among others. The average of all the submissions amounted to N24,000, but the NLC accepted an even lower figure of N18,000 taking the capacity of the economy, prevailing revenue allocation formula and the ability of private and public employers to pay into consideration.

Whatever the motivation, it is bad the stand the governors forum has taken on the new minimum wage as we find the theses they have advanced for their inability to pay part of the reasons proffered by anti age bill governors is that they could go bankrupt if forced to pay. Granted that some of them may have a point but where are the facts? How many genuine workers does each of these states really have and what is their total wage bill? What does the minimum wage Act Provides? Who is qualified to gain from this new wage bill?

These questions the governors have not properly addressed but unfortunately even if they did, not many Nigerians will believe them. The current perception of the people is that many of our governors have failed to plug the leakages and wastes which over the years have become institutionalized in their states. A good example is the Jumbo "Security Vote" which translates to free money with limitless, appropriation, shortly after he assumed office, for instantly the newly elected governor of Imo State, Chief Rochas Okorocha, publicly announced that he moved slash his "Security Vote" from N6 billion his predecessor budgeted to N2 billion.

From the above background, the paper seeks to address the impact and implications food stuff prices have ballooned to the rooftop, cost of medical services is daily sky rocketing, school fees and becoming unaffordable, and many more. All these are pointers to maximum trouble for minimum wage campaigners of the new minimum wage will have on state labour relations in Nigeria.

THEORETICAL UNDERPINNING OF INDUSTRIAL RELATIONS

Industrial relations emphasize the relevance of the human factor in the search for growth and efficiency, and the need to evolve appropriate policies that would ensure industrial peace. It also focuses on the nature of relationships, which exist between employers and workers in organizations, such as trade unions and the methods used in regulating jobs and conditions governing employment. Furthermore, it covers the entire gamut of relationships existing between employers and employees arising out of such employment contract.

In terms of institutions, industrial relations are concerned with trade union organization, employers association, the government or her agency involved in labour matters (such as labour courts, tribunals, and labour laws). In terms of principles, it is concerned with collective bargaining, joint consultation and grievance procedures among others. Finally, in terms of activities, it is concerned with minimizing strikes/industrial disputes and lock-outs (Eme, 1999:67).

It is obvious from the foregoing that industrial relations cover a vast range of activities. Before probing further, it is significant to note that there are two contending perspectives of industrial relations: liberal/pluralist and Marxist. A combination of these two perspectives offers one a balanced

understanding of the subject matter. To this end, one is inclined to ask how these two perspectives define industrial relations.

The Liberal-Pluralist-Institutionalist Thesis

This thesis is predominant in Anglo- Saxon countries. First, the thesis is regarded as being applied and pragmatic in nature and its research is empirically oriented, usually with an emphasis on procedural and institutional concerns towards policy relevance and problem solving. Second, this thesis recognizes three different actors in an industrial relations system. These are the labour (trade union) representing the interests of workers, employers' association (management) representing the interests of employers in the organized private sector and the state (government) representing the interests of the state/government. This perspective goes on to posit that these tripartite actors are assumed to be interacting in a cooperative way towards the realization of the objectives of the entire organization as well as those of the various actors. As Dunlop (1958) argued, each of the actors has its own ideology (interest) and the notion of a pluralist industrial relation system. It simply requires that these conflicting ideologies be sufficiently compatible and consistent to permit a common set of ideas, which recognizes an acceptable role of each.

Again, the liberal/pluralist perspective assumes that conflict amongst these actors is based on reconcilable and "bread and butter" differences which may require dialogue, concession and compromise for its resolution. Furthermore, it recognizes the need for an institutionalized mechanism for the resolution of conflicts. In other words, it recognizes the importance of the collective bargaining mechanism, which is guided by certain values such as negotiation, consensus, concession and compromise. It is based on these ideals that this thesis argues that industrial relations involve the making of rules guiding the behaviors of the tripartite actors. This implies that strike is helplessly tolerated as a means of resolving conflicts or any disagreement between and amongst actors. The pluralists believe that there must be peace in industrial relations setting because strike destabilizes the industrial relations system.

Finally, this perspective assigns non-revolutionary roles to trade unions. In other words, this thesis believes in the maintenance of existing capitalist order. As Clegg (1979) posited: "trade unions are not to concern themselves with ownership or authority question in organization for this has no relevance in good industrial relations system. Thus, Clegg concludes that trade unions are allowed to use Marxist-revolutionary construct to frighten government (see Doring, 1981, Obasi, 1997 and Eme, 1999).

In order to further gain additional understanding of the liberal/pluralist-institutional perspectives of industrial relations, Dunlop (1958), Walker (1964), Flanders (1975) and (1973), Clegg (1974) and Bean (1999), Goodman et al (1975), Fashoyin (1980), Cordova (1980), Akpala (1982), Schregle (1982), Ubeku (1983), Yesufu (1984), Mills (1986), Ahiazu (1987) and Bean (1996) conceive industrial relations as a system of rules. In other words, it is a system made up of labour, employers and government, as well as the environment and ideology all interacting together to establish a web of rules governing the work place. Schregle (1982) defined industrial relations as tripartism in action, while Dunlop's definition, which is commonly used, referred to it as a web of rules, which bind the actors (government, employers and workers) in the work place. Cordova (1982) defines industrial relations as the process of interest accommodation by which conditions of work are fixed; relations are regulated and power is shared in the field of labour (see Damachi, 1988:4-5).

The Marxist Perspective

This approach stresses class relations and conflict irreconcilability, and upon the rules of industrial relations and their determinants. Specifically, the Marxists perspective to the understanding of industrial relations has a history that dates back to the Marxist conception of history and society. This thesis simply posits that society is divided into two major contending classes, namely: the bourgeoisie (that is, the haves) and the Proletariat (that is, the have nots). The Wealthy class which owns the means of production and as such constitute the capitalists class which exploits the proletariat class. With respect to organizations, the employers or owners of the organizations constitute the wealthy class.

Furthermore, this thesis holds that these two major classes are in conflictual relations. Those who are exploited are angry while those exploiting them are happy, thus, is what this perspective calls class struggle. The class struggle the thesis espouses will only end when the exploited class overthrows the exploiting class thereby taking over power in the organization in order to institute an egalitarian society.

Marxists thesis of industrial relations conceives the subject matter in a way that recognizes conflict as the main/fundamental feature of what takes place in the work place. Consequently, it does not see order, peace, stability, and consensus as essential features of industrial relations. Rather, it sees industrial relations in terms of the struggles for power between labor unions and employer of labour. In other words, this thesis sees industrial relations occurring within a dynamic conflict situation, which is permanent and unaltered as long as the structure of society remains the same.

The Marxist thesis recognizes the primacy of active political role than the bread and butter role assigned to them by the Institutionalists. According to this perspective, trade unions may at times find out that without political actions, the economic, social, and education objectives would not be realized. Thus, it welcomes the idea that unions should be politically active and conscious by supporting the struggle to reform or even overthrow an unjust government. Beyond reforming, the Marxist thesis calls for actions to restructure the existing capitalist order and replacing it with an egalitarian society.

According to Eme (1999:13):

Most radical unions do not, however, measure up to this task. Experience has shown that many constraints such as ban and death threats of the union and its leadership from government or management and inadequate resources, have reduced trade unions and their leaders to limit their own threat to using radical rhetoric to frighten governments so that their bread and butter objectives can be achieved.

Finally, this perspective calls for the democratization of the work place. Such call for democratization is believed to hold the key to improved material conditions of workers.

Several Marxist scholars have propounded on the concept of industrial relations. According to Hyman (1975, 1979, 1983, 1992), Obasi (1997) and Bangura and Beckman (1993), industrial relations is the study of processes of control of power or conflict situation. Damachi (1988) like other Marxist theorists conceived industrial relations from the functional perspective rather than from the institutional viewpoint. From the functional viewpoint, industrial relations are used to mean social relations in the production process. Industrial relations are concerned with how work rules are made and applied, and how decisions are taken to distribute amongst the producers, their shares in the rewards of the production. These can be called industrial relations systems.

According to Allen (1992), conflict arises out of the primacy of market relationship over the price of a commodity (labour power). The buyers of labour power assume that they can control the commodity they buy, since labour power cannot be separated from the person who provides them. As a result of this inseparability, employers of labour have constructed complex authority structures to ensure that the requisite amount of effort is provided at the rates and the times they required the power, they have to choose and discard labour supplemented by control they exercise over its use.

The consequences of the unbalance of power in the market are not only confined to the work situation. The ownership of the means of production provides the basis of economic and political power relations in a society. Where ownership rests in a few hands then power is used to perpetuate the system of distribution, which supports this state of affairs. The availability of opportunity for the distributions of rewards, the allocation of status and privileges and the dominant supporting ideologies all reflect the basic power position which serves to preserve it. There is no escape from the realities of the conflicts situation for those who are compelled to their labour power in order to subsist (Eme, 1999:14).

The conflict described above is caused by the structure of society, which in turn, is a derivative of the social relations to the means of production. It follows that so long as these factors remain unchanged no amount of supernatural adaptation will attain this end. On the whole, there is a broad agreement that industrial relations is concerned with employment relations and that this forms its core. Clegg (1974:104) in his comprehensive definition which is becoming more readily acceptable posits that "it is the study of all aspects of job regulations, the making and administering of the rules which regulate

employment regardless of whether these are seen as being formal or informal, structured". This definition implies that industrial relations is a distinct field of study though it must be recognized as multi-disciplinary. Its concepts and techniques, to an extent, its vocabulary, are rooted in economics, sociology, psychology, and law. It is therefore best known as interdisciplinary discipline (Damachi, 1988: 6)

Obasi (1997:4) has articulated and repackaged the definitions from these perspectives in the following words: "industrial relations refers to the respective roles of managements, labour and government in the process which relates workers to employers , workers to workers and workers to works". Against this backdrop, this paper will adopt the above definition of Obasi as its operational definition.

WAGE INCREASE AND NIGERIAN ECONOMY: THE THESIS, ANTI THESIS AND SYNTHESIS

As part of further reforming the pay regime on the public sector, the Obasanjo's Government in 2004 and 2005 respectively set up two committees, namely: the Wages, Salaries and Emolument Relativity Panel led by Prof. E.C. Edozie, and the Presidential Committee on the Consolidation of Emoluments in the Public Sector, chaired by chief Ernest Shonekan (Former Head of State). In the course of its assignment, the Relativity Panel found the existence of multiple salary structures within the public sector, prevalence of un-monetized system and implementation of unapproved allowed by many public sector agencies.

On the basis of the Edozie Panel Baseline Technical Report, the Presidential Committee on Consolidation of Emoluments in the Public Sector headed by chief Ernest-Shonekan was set up. It examined the current salaries and allowances and consolidated them into a single personal emolument. The resulting White Paper has been considered and approved by the Federal Executive Council. A major recommendation in the White Paper was the increase of salaries by 15% with effect from 1st January 2007, and with further 10% increase each year for the next 5 years for Ministries, Departments and Agencies (MDAs) that have reformed. Besides the consolidation of fringe benefits and allowances, a maximum of four non-regular allowances which should reflect job peculiarities and performance based is being instituted. Government has approved that there should be job-specific allowances, like the call Duty allowance, Risk-related allowance, Re-location allowance and Scarce skills allowance. In addition, the 17 Grade Levels will be reduced to 14 by eliminating Grade Levels 01, 02 and 11 which have become dormant and irrelevant due to outsourcing as a result of the application of the monetization policy. Self-financing agencies will henceforth be bench-marked with the private sector competitors to ascertain their efficiency [Eme, 2010].

It is such a glaring imbalance like this that made the NLC to ask the government for an upward review of the Nigerian worker's income from ~~N~~5,500 to ~~N~~52,200 so that an average worker can be able to afford more basic necessities of life. Such agitation led to the constitution of a Committee chaired by a retired Chief Justice of the Federation, Justice S.M.A. Belgore.

In 2010, at the May Day rally, President Goodluck Jonathan was applauded when he said government would pay the new minimum wage, a ploy to counter the proposed strike Labour Unions had slated for May 3, 2010. A 2009 Federal Government tri-partite committee recommended the minimum wage of N18, 000. A retired Chief Justice of the Federation, Justice S.M.A. Belgore headed the Committee. Its membership was from representatives of Federal, State governments, organized private sector, small and medium scale enterprises and trade unions.

When the report was presented to government on July 1, 2010, the committee exhibited further commitment to the assignment by including a draft new national minimum wage bill that government could send to the National Assembly.

Government sent different types of bills to the National Assembly since then, but it kept the minimum wage bill. However, the National Assembly passed the bill last March. The President signed it into law recently. Labour matters are on the Federal Exclusive Legislative area. Part 1 of the Exclusive Legislative List of the 1999 Constitution, item 34 states, labour, including trade unions, industrial relations, conditions, safety and welfare of labour, industrial disputes; prescribing a national minimum wage for the Federation or any part thereof; and industrial arbitration under the authority of the Federal

Government. State Governors, beneficiaries of the favourable provisions of the constitution, do not want to implement the minimum wage.

And, to give bite to their work, the committee recommended that the extant National Minimum Wage Act, 1981 and its subsequent amendments of 1990 and 2000 be repealed and replaced with a new Act to be enacted.

State Governor Stance

The refusal by most state governors to pay the N18,000 minimum wage is premised on the fact that the monthly allocation they receive from the federation account is inadequate to meet the current wage bill and other development project before them.

Indeed, the revenue sharing formula is such that the Federal Government gets 42.6 percent of total revenue leaving the 36 states, the Federal Capital Territory (FCT) and the 774 local governments to share the remaining 47.4 percent.

To this end, the governors are calling for a review in the revenue sharing formula, arguing that the current revenue sharing formula may stall the implementation of the new wage as most states are already over burdened with financial expenditures.

When the issue of the review of the national minimum wage was raised mid last year, some state governors said that they cannot pay the national minimum wage, arguing that they are presently weighed down with workers monthly salary.

States that have consistently harped on their inability to pay the new wage include Oyo. Ekiti, Ogun, Kwara and Osun States, others include Niger, Kogi, Benue, Sokoto, Yobe, Abia, Imo, Enugu, Ebonyi, Adamawa and Borno.

For instance, Ekiti State Governor, Dr. Kayode Fayemi, had explained his administration would not be able to pay the N18,000 minimum wage, saying the finances of the state was not buoyant enough to pay for the new wage.

Also, Nigeria State Head of Service, Alhaji Ahmed Matane, has said the state government may not be able to pay the proposed national minimum wage of N18,000, noting that with 33,000 workers, the state has the highest number of civil servants in the North.

Matane said the minimum wage would affect capital projects and development in the state, adding that out of the N2.2 billion monthly statutory allocation, about N1.6 billion was used to pay salaries and pensions, while N600 million was left for capital projects and payment of overhead costs to MDAs.

"We have a challenge. We have 33.250 workers on the payroll of the state as against what is obtained in other northern states where they have an average of 22.000 civil servants. We are on the edge with this new minimum wage. For sure the new minimum wage of N18,000 will be a huge burden on the government, but we are looking into how to manage the development. According to Matane: *"Indeed, the new minimum wage will affect capital projects. That is why we are looking for ways to manage the matter because most of the monies the state receives as statutory allocation are used for payment of salaries"* (Eme and Elekwa, 2011:56).

At the Council of States meeting last year, Governors Babatunde Fashola of Lagos, Sule Lamido of Adamawa, Danjuma Goje of Gombe, Godswill Akpabio of Akwa Ibom and Ikedi Ohakim of Imo State advised President Jonathan to take cognizance of the Federal structure of the country and for a clause to be inserted into the proposed Minimum Wage Act to give room for states to negotiate how much they could pay. While explaining further on the decision on the minimum wage, Akpabio said:

We decided that the president should forward the minimum wage bill to the National assembly. The best thing will be to work on the present minimum wage bill so that states can negotiate what their minimum wage could be. That means that some states will pay more while others who do not have the ability can pay less.

Goje on his part stated that *"some states are richer than others and while some can pay, others may not be able to pay and taking into consideration that we are a federation, we can negotiate but as at now, the minimum wage is N18,000"* (Eme and Elekwa, 2011:56). He however pressed for deregulation of the fixing of wages so that states could fix and pay wages they could afford.

However, Comrade Adams Oshiomhole did not emphatically state whether his state will pay the new wage or not. Rather, he said that the minimum wage issue was not a decision which the federal government had to take unilaterally without consulting the states, stressing the need for all stakeholders to reach an agreement on it before it could receive national approval.

He explained that the states were awaiting the decision of president Goodluck Jonathan on the recommendation of the report submitted to him by the wage committee, before deciding on the next line of action. According to him: *"As a former labour leader, the interest of workers in Edo State is paramount in my mind. We cannot do a thing that will jeopardize the interest of workers; we are always sympathetic to their causes, so we are not hostile to the idea of a national minimum wage* (Eme and Elekwa, 2011:56).

While some states governors have continued to decry their inability to pay some worker friendly governors have expressed their readiness to pay the new wage when passed as eventually into law. The states that have indicated willingness to pay include Edo, Ondo, Bayelsa and Lagos State which has already commenced payment, while the states that are neutral on the wage issue include Cross Rivers, Rivers, Delta, Kaduna, Zamfara, Kano, Anambra, Bauchi and Akwa Ibom. Oshomhole had at the 10th Delegates Conference of the NLC openly declared that his government would pay the new minimum wage.

On the revenue review, Oshomhole reiterated that it is unfair that FG gets 42.6 percent of income while 36 states and the Federal Capital Territory (FCT) and the 774 Local Government gets to share 47.4 percent. He added that most of the development takes place in the states and the LGs.

Oshomhole, enlisted the support of organized labour to lend their voices to the recent demand by the Governors Forum for the review of the revenue sharing formula: else many governors would have problems implementing the recently passed Minimum wage bill. Just recently, the Governors Forum came up with a decision to pay the new minimum wage after the federal government might have removed the petroleum subsidy.

Ondo State Governor, Dr Olusegun Mimiko has described the current revenue allocation formula in Nigeria as crippling of development and subversive of the federal arrangement and oppressive to the constituting states. The immediate antidote to this development, the Governor said, was for the in-coming members of the National Assembly to enact legislation on forced compliance with the principles of true federalism. Mimiko, who made this call recently while declaring open an Induction workshop for members-elect of the National Assembly in Akure, insisted that a review of the current revenue allocation formula becomes compelling in consonance with the fiscal federalism that ought to underpin the distribution of resources in a multi-ethnic federation like Nigeria. His words: *"A situation where a disproportionate percentage of national revenue goes to the Federal Government is crippling of development, subversive of the federal arrangement and oppressive to the constituting states"* (Eme and Elekwa, 2011:57).

According to the Governor, the revamping of the energy sector was a major route out of the unemployment market as its stability will make the current alarming rate to take a plunge downward. He specifically cautioned the members elect to creatively devote greater time in revamping the energy sector as well as resuscitating our moribund industries as a way of creating more new jobs and possibly mopping-up the army of unemployed youths in the country. According to him:

Nigeria is a federation of states. You must make laws that will make the component states to harness their own national resources and develop at their own paces. Ondo State is naturally blessed with the largest bitumen deposit in West Africa and it is crying for exploitation which falls within the exclusive list of the Federal Government. He also charged the NASS members-elect to facilitate the process of bitumen exploitation in the State to serve as a viable alternative to petroleum as the mainstay of the nation's economy (Eme and Elekwa, 2011:56).

Labour, Rights Groups Reactions

Responding to the refusal by some state to pay the new wage, the leadership of the two labour centres has affirmed their preparedness to embark upon strike action if the minimum wage is not implemented by the governors.

There are allegations that some state governments set aside huge funds to finance last April election hence their inability to pay the new wage.

President of the Congress, Comrade Abdulwaheed Omaar, shortly after his swearing in recently in Abuja said the congress would employ everything at its disposal to ensure that all state government and employers pay the new wage.

Omar, in his acceptance speech, said the new leadership of the union would not rest until the right and welfare of years would witness tremendous change in the labour movement with the crop of new leaders. According to the labour leader:

We will press for and sustain the struggle for the implantation of the new minimum wage at the federal, state and local government levels. Our team will strive to improve on the gains recorded on the minimum wage by making sure that employers in the private sector implement the new national wage. We shall ensure that workers earn pay commensurate to work done and standard of living in the country at every given moment (Eme and Ugwu, 2009:15).

Corroborating the NLC President, President General of TUC, Comrade Peter Esele maintained that the new wage bill is binding on all employers of labour, whether federal, states or private sector employers to pay and as such it would be impossible for any employer to refuse to pay. He faulted the statement by some state governors to pay the new wage noting that some states in the country are richer than some of the countries in West Africa, and as such they can pay. According to him:

I do not want a situation whereby we threaten strike before you get wage increase. What we have done is to institutionlise the minimum wage. For the first time, we want to make it a law that any minimum wage decided at the federal level will be binding for every employer of labour in Nigeria. We want to make a law so that we can use it in holding erring states, companies and establishments liable for defaulting to pay. However, we are battle ready to confront and shut down government activities in states that refuse to implement the new wage, and therefore warn any governor that has the plan not to implement the new wage to shelve such or face mass action from the workers. Nigerian workers deserve more than N18,000 and it will be unrealistic for some state governments to claim that they cannot pay the new wage (Eme and Elekwa, 2011:56).

Also, Lagos lawyer, Mr. Fred Agbaje, said the governors are left with no choice than to pay the new wage. He said workers have the right to challenge any governor that fails to pay the new wage. The governors have no option but to pay the money approved by the National assembly as minimum wage for Nigerian workers. Their refusal to pay the amount can now empower any aggrieved workers to go to court to seek redress and challenge the non-payment of the N18, 000. If any state fails in that regard, it has violated an existing law. Meanwhile, what happens to the jumbo pay being earnings to accommodate the payment of the minimum wage? However, if any of the state refuses to pay, the alternative for them is to embark on aggressive internal revenue generation. All of them must go and look for the money and pay without delay (Eme and Elekwa, 2011:56).

His learned colleague, Mr. Bamidele Aturu, faulted the statement by Governor Amechi, noting that it was an indication that the state governors do not have the interest of workers at hand. The statement shows that level of lack of respect for the workers by these governors. It is very unfortunate that they are talking about disparity about what they earned as states. They did not talk or complain when all of them earned same salaries.

It is an act of wickedness in a nation where lawmakers or politicians earn big salaries. I have to believe that what Governor Amechi said was misquoted. The money is there for them to pay. The statement is unacceptable. Illegal, null and void. The NLC can go to court to challenge that illegality, since it has become the Act of the National Assembly. I am sure they were part of the meetings and the public debate leading to this amount. They also intervened when the workers went on strike to protest the increment of their salary. The money is there, they have to pay.

From the above theses it is axiomatic to posit that the sharing of revenue among the tiers of government have continued to attract hot debates. These debates center on the issue of who gets the

largest share of the revenue among the three tiers of government, hence Ndongko (1985:3) was not happy with that part of the constitution that allocates more power over finance to the government at the centre. To resolve the conflict of revenue allocation in Nigeria, Ndongko (1981:3) advocated for reduction of the power of Federal Government and decentralization in revenue sharing.

In the same vein, Sabowale (1997) argued that the Federal Government continues to hold on to the lion share of the federation account. According to Eme and Elekwa (2011), the Federal Government between 1999 and 2009 fiscal years collected a total sum of N30 trillion naira accruing to the Federation Account. According to them only 3.921trillion naira was spent on capital expenditure. Civil and Public Servants' wages gulp 8.307trillion naira. Sabowale (1997) was equally not happy with the imbalance in the sharing formula as depicted above and advised both the State and the Local Governments to intensify their drive efforts for internally generated revenue. He stated that until the two tiers become serious about this issue of revenue generation internally, the perennial trips to Aso Rock to solicit for funds will continue. He regretted that most States and Local Governments truly have very few sources of revenue, hence the inequitable sharing of the funds has pushed some of these lower tiers of government to imposing illegal levies and taxes on the masses.

Egede (2002:7) shares the same view with Sabowale when he observed that the current revenue formula is characterized by obvious imbalances which placed the States and Local Governments in a disadvantaged position. According to him, some States and Local Governments do not receive enough funds to meet their monthly needs while the Federal Government has more than enough stressing more on the domination of the federal revenue by the Federal Government.

Umoh (2002:6) was equally a strong critic of the imbalance in the revenue sharing system in Nigeria. He was so disturbed that he did not mince words to describe the revenue allocation Act, cap. 16 as amended in 1990 by Decree 106, as unconstitutional. Giving reasons why the Act should be discarded, Umoh maintained that the continued reliance on the law for the purpose of sharing revenue among the federating units was a flagrant disregard of the Supreme Court Judgment on resource control and a breach of the 1999 Nigerian Constitution. Umoh said that the Revenue act was repugnant because in the past, it provided a minimum of one percent. He argued that the one percent fixed by the decree was in conflict with section 162 of the constitution. He went further to condemn the provision of Special Fund in the act because it is not provided for in the constitution. That is to say that allocation to Special Fund is unconstitutional. For Nigeria to get out of the deadlock, Umoh suggested an enactment of legislation with a new formula in accordance with section 162 of the constitution.

In pursuit of appropriate revenue sharing formula in Nigeria, the association of Governors in Nigeria, joined in the fight against the imbalances in the allocation formula. In their own argument, the Governors, during their sixth summit in March 2001 called for a new revenue formula that would give more money to the States and Local Governments than to the Federal Government (Debo, 2002:22). In reaction to the governors' agitation, the Federal Government directed Revenue Mobilization, Allocation and Fiscal Commission (RMAFC) to propose a new revenue formula for the country. According to Omale and Eloagu (2002:1), the Commission quietly increased States allocation to 31 percent from 24 percent while the Federal and Local Governments shares were slashed to 41.3 percent and 16 percent respectively. In response, the Governors rejected the proposed formula outrightly and went ahead to propose one which they termed more realistic, and equitable. According to their proposal, the Federal and State Governments should receive 36 percent each, while 25 percent should go to Local Government.

The National Union of Local Government Employee (NULGE) was not left out in the pursuit for appropriate sharing formula. In their own reaction, the union nationwide condemned the proposed 16 percent allocation to Local Governments by RMAFC. They described the recommended formula as anti grass-root development (Ademola, 2002:4)

The Agreement

Workers pulled the brakes on Tuesday 20th July 2011, on their plan to go on Strike. They shelved the action with the Federal Government and governors. The last of the talks ended just before midnight when the government, the Nigeria Labour Congress and the Trade Union Congress issued a communiqué. The six point communiqué reads:

- That the Federal Government agree to comply with the National Minimum Wage 2011 Act:
- Federal Government shall complete negotiation with Labour not later than July 31.
- Detailed negotiation on the relativity of the implementation of the minimum wage will be completed not later than July.
- Arrears of the new wage will take effect from March. It shall be paid not from March. It shall be paid not later than August.
- No worker shall be victimised in any manner.
- In line with the agreement earlier reached, Labour resolved to suspend the three day warning strike (Ofikhenua and Olaoye-Osinkolu, 2011:1)

The communiqué was signed by the NLC president Abdul Waheed Omar, NUC President General Peter Esde, Secretary to the Government of the Federation (SGF), Anyim Pius Anyim, Labour Minister Emeke Nwogu and Head of Service Professor Oladapo Afolabi, signed for the Labour and the Government respectively.

The way forward

It is obvious that the governments have not solutions to this minimum wage palaver. They only governments that have so far crossed the volatile handle are Ondo and Edo States where the workers recently went on strike for three days. The negotiations that produced N14,000 and N18,000 34 as mutually agreed minimum wage with the prospect of gradual increase until the N18,000 is achieved unfortunately, rather than applied this break through, some governors and even the NLC have criticized this pact by descending it as a betrayal. What various governments need to do is to lay bare their revenue and expenditure portfolio to allow their workforce to appraise the situation. If the workers show understanding, they can give the governor some breathing space like they did in Ondo and Edo States.

Another way is for the federal government to increase revenue allocation to the states. The states too need to cut down on the many frivolous expenses in the annual budgets, especially the security votes which are conducts through which tax payers money end up in private pockets. The security votes even in some relatively peaceful states are very scandalous. So also is the bloated workforce which in most cases, comprises idle workers getting paid for jobs not done. Therefore, the workforce needs to be tinkered with to make it more compact and efficient.

Another related strategy is for the governors at the moment to reorder their priorities to be able to implement the new age bill. Such a step therefore would eliminate difficulty in paying the N18, 000 minimum wages.

The over-bloated cabinet of the governors can be appropriately stream lined and the huge salaries and allowances of public office holders, including that of the governors, brought down to save more money for the states.

Furthermore, it is a known fact that Nigerian governments at levels lack the discipline to control and prioritise spending and they turn a blind eye on wasteful spending and outright mismanagement: At the indecorous current level of spending on recurrent matters, paying the new minimum wage could indeed constitute an additional financial burden that may readily worsen the financial positions of governments. Governments would be better off if they seize the opportunity to figure out how to prioritise spending, and identify areas where they can either cut or eliminate unnecessary expenditure. Pruning down the number of political personnel, structures and their pay would be a good starting point.

In obedience to the new minimum wage law, the organised private sector will soon align its on wages to maintain existing salary differential. Although public sectors contribution to job creation is vital, the private sectors decision to hire, retain or terminate, if companies are to remain profitable and competitive. Unless there is an incentive from government to keep up employment, some will retrench or freeze hiring to counter the burden imposed by the new national minimum wage. Maintaining a low unemployment rate is also a key to government objective.

Rising prices is unavoidable when minimum wage is increased. Inflation, therefore, becomes inevitable. If left untamed, the value of the national minimum wage soon begins to dwindle. As inflation exerts upward pressure on the exchange rate imports become more expensive, so also would be life. As a hedging tool, many workers have had to find other makeshift jobs (second job), which they do on

the side to supplement the diminishing value of their income. Corruption also becomes difficult to resist. This unethical practice can be minimized by ensuring that the minimum wage has value; and that inflation never gets the upper hand. Perhaps it would be fair to summarize that encouraging a system whereby an indexed to the annual rate of inflation would help to preserve the value of wages.

Finally, the Central Bank of Nigeria has the responsibility to manage inflation. The extent to which it succeeds determines ultimately what value the new national minimum wage has.

Conclusion

Since President Goodluck Jonathan signed the Minimum Wage Bill into law, there has been disquiet in the land. For labour, it is a major victory that the president signed the bill approving N18, 000 as the minimum wage. But the state governments that are also going to pay just like the Federal Government are not happy. Many of them are saying they do not have the financial muscle to pay. They contend that in a true federal structure, the national government cannot fix the wage bill of states. As true as their position is, there seems to be little they can do about the matter. All the states participated in the negotiation in the negotiation that led to the fixing of the N18, 000 minimum wage. If they know they cannot pay the wage why did they agree to it?

The bad news about this minimum wage is that even if the N18, 000 is paid the current rate of inflation in the polity and the anticipated new price regime for goods and services that will follow will reduce it to nothingness. Petrol prices are threatening to go up, cement prices are still up there, and house rents are obscene, kerosene prices are out of reach of the common man, the cost of "unavailable" electricity has already been jerked up.

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