FREEDOM WATCH

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BUDGET 1998: THE SUFFERING CONTINUES

There are only two good things about the 1998 budget. The first is that it was not read in Washington DC by the President of the World Bank. Secondly, General Sani Abacha did not use the occasion of its presentation to pour abuses on Nigerian people as he usually does.

In terms of possibilities of improving the living conditions of Nigerians, the budget offers very little. It also does not provide for any serious measures to improve the very poor productive capacity of the economy. Rather, it signals worse things to come especially as far as the rates paid for certain utilities are concerned.

The budget is not meant to bring relief to the people. As is well known, life has become painful for most Nigerian households. The basic things that make life worth living are no longer available to a majority. People feed once or twice daily. In most urban families, the breakfast is usually **gari** soaked in water. The day is rounded off with **gari** again or **eba**, for the lucky few. Children are sent off to school or to work on empty stomach while they return home to battle with miserable food rations. It is well known that many families can no longer afford to send their children to school. These days, children have to work to support their families because the men are jobless while government bulldozers have destroyed the shops or counters of the mothers. Orthodox drugs have been replaced by herbal medicine for common ailments such as tuberculosis, malaria and typhoid. Serious cases of ill-health are usually not taken to hospitals because of the high rates they charge. Pregnant women are forced to have their babies at home or in slum or rural-based outfits maintained by unqualified hands.

Jobs are now for the very lucky and privileged ones. In 1997, more than 150,000 workers were sacked in both private and public sectors. The police, armed forces and para-military establishments like the customs were also affected by the gale of retrenchment. Even oil companies like Shell, Mobil and NNPC which cannot complain of 'not doing well' retrenched their staff.

1998 budget was not aimed at solving these problems. Indeed, the budget denies the very existence of any problems. The aim of the budget is essentially to seek debt relief from Nigeria's foreign creditors. The creditors insist that before new loans could be obtained, the government must satisfy some conditions dictated by the World Bank and International Monetary Fund. They also insist that SAP does not meet the conditions. Thus, the Abacha regime put on the ground the Medium Term Economic Adjustment Programme. The programme among others is aimed at;

i. Privatisation of **all** government enterprises including NEPA, NITEL, Nigeria Airways and the refineries;
ii. Permission of foreign interests to invest in **all** sectors of the economy;
iii. Abolition of expatriate quota and the permission of foreign companies to bring in any number of foreign nationals they wish to work for them;
iv. Repatriation of profits abroad without any restriction;
v. Withdrawal of government from provision of **all** services;
vi. **Full** privatisation of all social services;
vii. Curtailment of trade union militancy to protect foreign investments from workers' demands for higher pay;
viii. Increased allocations to settle external debts;
ix. Lifting of import restrictions on **all** goods including those produced locally;
x. Intensified measures to curtail opposition to the 'new' economic package (this is usually described as 'good governance');
xi. A stop to government intervention measures such as economic relief or salary increases;

xii. 'Realistic value' for the Naira (with a projection of N100 to a dollar);
xiii. Reduction of public service personnel.

The debts for which relief is being sought were not incurred to improve the welfare of the people. They were spent largely on unproductive ventures and went into the private pockets of local and foreign contractors as well as government officials through over-inflated contracts. In most government agencies, the practice has been to take loans to import items that could be obtained locally. Government officials prefer the loans because they make more money from foreign denominated contracts than from those valued in the Naira. Yet, Nigerian people are being called upon to 'make sacrifices' to solve a problem they did not cause in the first place. In other words, our country must be sold while we must endure all manner of hardships so that more foreign debts can be taken by the rulers. This is the long and short of Budget 1998.

Paying More for Less

NEPA and NITEL have been slated for privatisation, a process expected to be completed this year. The implication is that the common people will pay more for electricity, communication and **other** utilities. This is because privatised services are expected to cost more because they will operate on the principle of absolute profiteering, which would be realised by charging the maximum possible prices. When this principle was applied to petroleum prices, Nigerians began to see hell. The price of petrol rose from N3.75 to N11.00. A point of electricity attract as much as N50 if NEPA is privatised.

The arguments for privatisation are entirely fraudulent. Apostles of privatisation believe that NEPA etc. are inefficient because they are government owned. They also insist that the practice all over the world is privatisation above all, they argue that the private sector is the more reliable and sustainably viable agent of development. It is true that these enterprises are inefficient and corrupt. But they are not in that state because they are government owned. Corruption is a serious problem even in the private sector. The truth is that Nigeria operates an armed (army) robbery economy in which Nigerian wealth is looted through government and government parastatals by those who run them. The private sector is a major partner in this armed robbery economic regime as it also survives and thrives on the stealing that goes on in the private sector. The late release of Federal government capital allocations last year exposed the private sector for what it truly is. It showed that the so-called captains of industry and their industry are parasites living on our common wealth through over-inflated contracts award by government. Most of the government officials who award these contracts are directors or consultants to the private sector enterprises. In some cases, they actually own these enterprises.

Nigerians are always humoured by the notion that the private sector is the engine of growth. We all know that in Nigeria, this is not true. The private sector is the younger brother and accomplice of the rogues in the public sector. The private sector is interested only in areas of quick and fantastic profits such as merchant banking. For more than ten years, the sector could not meet the 5% of the equity participation reserved for it in the Nigeria liquefied Natural Gas Project.

The services and sectors slated for privatisation were developed as part of a well conceived policy of state investment in infrastructure and economic production. It was a process meant to attain development in many areas and was financed through public money. The principle of state funding to develop infrastructure and utilities is indeed a correct one. Without the minimal investment in these services, the Nigerian people would have been worse off.

The solution as far as Nigerians are concerned is the democratisation of the management of these enterprises. The workers, managements, government and the public must be involved in the supervision of the enterprises. This is the only viable strategy to address corruption which civilised countries have adopted. Importantly too, these utilities should be open to litigation by aggrieved members of the public.

However, for those captains of industry who are interested in generating and distributing electricity, they should be told that NEPA is not up for grab. They should dam their own rivers, erect their poles, install their metres and supply electricity power to those who can afford it. They should not pawn NEPA or NITEL to themselves. In essence, the point must be made that Nigerians have a right to efficient and affordable services. It is also their right to ask government to provide these services; It is their right to participate in managing enterprises which provide these services since they are the beneficiary of the services and their taxes and wealth is used to maintain

them. Privatisation of utilities is, therefore, an assault on the rights of our people.

Operation Kill Local Industries

"Operation Kill Local Industries" appears to be the new battle cry of the regime and its foreign collaborators. The opening of the borders to all kinds of imports will further ruin local enterprises especially small and medium scale ones. This is especially so with respect to those which produce common items such as soap and detergents, paints, biscuits and beverages. Not only that, the little progress made in the area of import-substitution will easily disappear. For instance, the reduced duty on barley will force breweries to import since it will be cheaper. But those of them which invested in large scale agriculture in order to produce their raw materials will invariably abandon such projects. It is estimated that more than 20,000 jobs will be lost in the agricultural sector as a result of this. The flood gate of "Tokunbo" (imported, second-hand) cars, clothes and other items will also kill local production and send many Nigerians to the unemployment market. Anybody that expects the budget to create jobs will be disappointed. Some of the measures outlined in the budget will actually send people out of jobs. The kind of interaction measures required to absorb unengaged labour is absent in the budget. A good strategy would have been massive investment in labour-intensive public works. Measures such as graduate-loans schemes and mass-based retraining undertaken by the National Directorate of Employment had been scrapped.

Take-home pay can't take people home

For the past four years, there has been no increase in public sector salaries and allowances. But early in 1997, the out-of-station allowance was increased. Ministers were expected to earn N20,000 per night but workers on the lower scales still get little. In the Federal Civil Services, a graduate on level 08 earns a little below N3,000 ($ 38) including basic salary, housing and transport allowances per month. In the state civil service, people earn even less. Non-cash benefits such as staff quarters, buses, schools and clinics are gradually being withdrawn, leaving workers to fend for themselves. In small and medium scale enterprises, employees earn far less and have to work for very long periods. Inspite of the poor wage structure, there is a riot of fees and taxes which eat very deep into salaries, Nowadays, incomes are evaluated by tax consultants engaged by state governments.

The tax exemption granted in the budget is not meaningful in the formal sector because a majority of the workers earn more than that. But the issue really is not tax exemption.

According to a construction worker who spoke on one of the private TV Stations, Nigerian workers will be happy to pay tax as other decent citizens but their salary is 'just hopeless'. He also thinks that the tax exemption is a trap. According to him, "they (government) will accuse you of tax evasion when the time comes for politics". It is well known that the tax clearance certificate issued upon payment of tax is a condition for contesting election into **all** public offices. Besides there is still the value-added tax (VAT) paid on all goods and services.

Worse still, it is not likely that public sector wages will be increased since government is committed to the Medium Term Economic Strategy which preaches 'wage stability'. Economists think that this condition makes no sense at all. This is because the current purchasing power cannot stimulate demand for goods and services.

Thus, local industries will continue to groan under the weight of low demands, meaning that they cannot expand production.

The thinking that the economy can be related without substantial wage adjustment is also hollow. Economies are related (injected with cash) by increasing wages. Workers can then spend so that industries can keep selling. Such spending cannot be inflationary in the current Nigeria situation.

Abacha's reflationary measures are anchored on big contractors and parasites who will spend on useless items such as fancy cars. It is such spending that usually put undue pressure on the foreign exchange market, usually accounting for the reckless drop in the value of the Naira. It works simply: When money that is not deployed into production and rational consumption is available, it is usually put in the banks or spent to buy Italian marbles and such symbols of vain opulence. The banks rush to buy foreign exchange which they will sell while the Italian Marble-addict buys foreign currencies with which to order his marble. The result is that too much Naira is chasing a very little amount of foreign currencies available in the economy. The rate of exchange then goes crazy. The victims are those genuine operators who need foreign exchange to buy raw materials and spare parts. But workers' wages cannot cause such negative

effects. Indeed, a good wage structure can only enhance the productive capacity of the economy.

Human develoment or under-development

Human development was touted as one of the objectives of the budget. Educational and health institutions were allocated some special amounts for their rehabilitation. But the funds still fall far short of the requirements, especially in the areas of health and education. One only has to consult General (then Brigadier) Sanni Abacha's coup broadcast on December 31, 1983 to appreciate the depth of the crisis in Nigeria's health and educational institutions. They are uniformly underfunded, badly and undemocratically managed and charge rates that have gone beyond the means of a majority. Like universities and other higher institutions, hospitals are also being drained of qualified personnel, including the para-medical professionals such as radiologists and laboratory technologists. Even the so-called 'book people' (educated urban-based elements) now patronise itinerant herbal medicine sellers who have expanded their 'expertise' to more serious ailments like ulcer, asthma and sickle cell anaemia. The schools now graduate certificated illiterates compared to the high-profile products of the last decades.

Transparent stealing!

Nigeria's leaders pledge to maintain transparent honesty in the management of the country's resources, meaning that they will not steal again. With the exception of the very stupid, nobody expects the current regime to live up to basic standards of accountability. Like the Babangida regime, the current one also thrives on parallel government, (PTF, OMPADEC, FEAP) that are not accountable to anybody. The FEAP is especially scandalous in that the fund allocated to it (N7.8 billion in 1998) could be spent without recourse to any established standards or structures other than the office of the "first Lady". The 'real' government is as corrupt. Tax payers money and oil sales' proceeds are diverted to private pocket through inflated contracts, 'security votes', 'special duties allocations' and directly to such satanic groups like Youths Earnestly Ask for Abacha. There are licences issued to the regimes functionaries and their friends for the lifting of presidential oil; Land seizure (Maroko, Osborne Road, Kwara Golf Course, Ikeja Stadium) takes place on a regular basis; the beneficiaries are government officials and their friends. So much sleaze and corruption take place in government, especially at the highest level, that the public finds it impossible to believe that the current band of military usurpers can ever be transparent or accountable.

Indeed, the very reason for the continued reign of the military is that governance affords its top officer-cadre unrestrained access to sensational fortunes. Increasingly, even the junior officers prefer (and openly lobby for) political jobs over regimental appointments. The non-officer cadre is also being corrupted with non-regimental duties like the various task-forces on crime-control, petroleum-distribution and environmental sanitation. The civilian wing of the ruling elites is also in the game for most of them, their occupation is 'government'. Unlike their counterparts in Europe and America, they are completely unproductive in the sense that they do not invest. They are content with contracts and outright theft of public funds. This 'army robbery' economy is incompatible with accountability.

Infact the very mode of preparation of the budget makes utter nonsense of the principle of accountability. Budgets are supposed to flow from basic needs of the people expressed through democratically elected representatives and organised interests within society. Budget go through various parliamentary processes and it is the eventual outcome that is normally read. Even after the reading before a parliament (and not on TV), it is still discussed and amended before implementation. Still, implementation is seriously monitored by parliament. Thus, a budget prepared and supervised by soldiers is a bastadisation of the very concept of national budgeting.

Abacha's budget is silent on critical political issues which should have been addressed. Winner of a presidential election still suffers in **illegal detention**, without any justification, Dr. Beko Ransome-Kuti, CD chairman and former President of CDHR, with other leaders of labour and pro-democracy organisation as well as many journalists are being held hostage by a regime which relishes inflicting horror on the people. The NLC and two trade unions are still being occupied by government-appointed administrators. Apart from lacking any shred of international respectability, Nigeria currently gropes towards dis-integration and total mayhem. The military government pretends that these are not weighty problems and that economic programming can take place in a political and social place in which bonfire is being made of basic order and popular consensus.

For CDHR, the resolution of the current political impasse in favour of the electoral preference of the people as expressed on June 12 is central not only to political reconciliation and stability, it remains the only context in which economic reconstruction can take place.

MILITARY RULE IS A CRIME AGAINST HUMANITY !

WE MUST CHASE OUT THE ENEMY OF THE PEOPLE AND FIGHT FOR THE IMMEDIATE RESTORATION OF DEMOCRACY !!

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