
NATIONAL DIRECTORATE OF EMPLOYMENT AND STATE INTERVENTION POLICY IN THE DEVELOPMENT OF THE INFORMAL SECTOR IN NIGERIA

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ABSTRACT: *The paper takes a critical look at the state intervention policy in the development of the informal sector in Nigeria with particular reference to National Directorate of Employment (NDE). This paper is of the opinion that although the state intervention policy in the development of the informal sector is well thought-out, but the implementation of such intervention policies is bedevilled by corruption, exploitation and squander mania as exemplified by the behaviour of the actors of Nigeria State. Thus, the paper contends that the anti-developmental posture of the actors of Nigeria state has ostensibly rendered superfluous the development value of the informal sector in Nigeria, thereby making the informal sector incapable of contributing enormously to the development of Nigeria. The paper recommended inter alia that the Nigerian state should initiate and implement development paradigms that are people and result oriented.*

KEY WORDS: National Directorate of Employment, state intervention policy, actors of Nigerian state, informal sectors.

INTRODUCTION

The informal sector constitutes the greater percentage of the population of Nigeria but appears to be economically handicapped and constrained in actually contributing towards the economic development of Nigeria. Interestingly these groups of energetic and productive Nigerians whose energy, productivity and creativity need not only to be harnessed but also positively redirected into more viable economic ventures in order to enable them actually play their expected roles in the process of development.

It is in apparent recognition of the role of the informal sector in development and the debilitating constraints that the Nigerian state took boldsteps by formulating and implementing development- oriented policies in a bid to provide the enabling environment for the informal sector to play its expected role in the process of development in Nigeria. It is therefore against this background that this paper assesses the efficacy of state's intervention policy for its prolific roles in the process of development.

The paper is made of introduction which gives an insight of the main gist of the paper. The section on informal sector describes the formal sector in Nigeria and the challenges. The concept of state is examined in another section. The character of the actors of Nigeria state is analysed in the next section. The section on the policy attitude of the actors of Nigerian state takes a look at the policies and programmes formulated and initiated by the actors of Nigeria state for the informal sector. The National Directorate of Employment (NDE) was described, highlighting its hiccups. Finally the paper concludes among others that the actors of Nigerian

state should adopt people-and-result-oriented policies and programmes that can strengthen the informal sector.

The Informal Sector

It should be noted that prior to the 1970s, the informal sector was not regarded as a distinct socio-economic group but as part of an assembly of traditional, backward and unproductive activities operating at the margins of developing societies (Sandbrook, 1981). The fear is that even after the 1970's, the informal sector is still backward and ravaged by poverty as it is still trapped within the web of subsistence economy. The informal sector can be described with such indices as low levels of capital and technology, the use of family labour, reliance on indigenous resources, low education, unstable employment and unemployment, low and unstable income, poor housing conditions, absence of savings and little and poor material possessions. Soyombo (1987). The implication of these indices is that informal sector is mostly made up of the poor. However, it should be known that what distinguishes the informal sector from other sectors is not only the level of informality which finds expression in the unregulated productive relations in the informal sector as distinct from the regulated production relations in the formal sector. Cohen, (1982), O' Connor (1991) Implicit in this kind of categorization is the fact that the informal sector is now seen as a 'rudderless ship' that lacks the sense of direction and 'sails' at the mercy of a 'turbulent tide' without any 'navigating equipment' to sail the informal sector ship to a safe seashore.

Another important fact that needs to be mentioned is the fact that the informal sector is predicated on low capital base which also will lead to low level of investment giving rise to low profit and, as a consequence, low savings. Thus the informal sector is circumscribed or encapsulated within the confines of vicious circle of poverty. This vicious circle of poverty is being reinforced by the need for large number of family members as a source of cheap labour and the extended family relations which uneconomically increases the number of dependents vis-a-vis the available resources or income.

However, apart from the fact that urban poor and the rural poor who majorly constitute the informal sector are constrained by such factors as low capital base, the use of family labour, reliance on indigenous resources and such negative attitude as drunkenness and lack of focus and planning, there is also the more worrisome factor which is the negative externality of the capitalist penetration of the local economy. Ley (1995). The capitalist penetration of the local economy has led to a peripheralised capitalist economy in the erstwhile colonies, thereby placing the people in a disadvantaged position of colonial capitalist exploitative relations.

It should be recalled that the outburst of industrial revolution in Europe systematically led to colonialism and subsequently neo-colonialism in a bid to satisfy the economic interest of Europe and this was demonstrated lucidly through the processes of proletarianisation and alienation. For instance, the activities of SAED (Société's Management et d'Exploitation des Terres du Delta Fleuve Sénégal), as an external agent of the French Government were aimed at modernizing agriculture in Senegal. Its target was for the rapid extension of large scale rice cultivation in Senegal and this meant intensive mechanization and heavy investment in the hydro – agricultural infrastructure. Fertilizer, seed and hired machinery were provided on credit to the individual peasant farmer, whose work was closely supervised by SAED personnel. Adams (1977).

Implicit in this modernised agriculture was the fact that not only was the work done by the peasant farmers drastically reduced, but also the high cost of SAED services, the peasants' low productivity, and their tendency, in the absence of subsistence crops, to consume much of their harvest, combined with technical difficulties to draw the peasants ever deeper into debt Adams (1977).

Again, it should be noted that the establishment of marketing boards was a clear attempt of monopolistic manipulation and to rob the peasants of the product of their labour. Through these manipulations, the developed countries have come to exert considerable control over third world agriculture. The price levels of most tropical and sub-tropical crops such as rubber, tea, coffee or cocoa have always been determined by the developed world consumers. Another fact is that since 1978 the EEC has restricted imports of third world Cassava and maize in order to protect the interests of southern European producers of low grade grain. On a wider scale, since the early 1970s, world wheat prices have moved largely in parallel with the United State's domestic price support policy. Harvest conditions and level of demand have had minimal impact on price Dixon (1990).

Consequent upon the above fact is that traditional agricultural practices have been incorporated into the world economy. This process has centered on the 'commodification' of agricultural products. What this means is that the value of crops, as determined by their localized use for food or raw materials is replaced by a value determined by market forces. Once this new (capitalist) form of production is established, those dependent on agriculture lose control over the determination of the value of their products. The process of incorporation into capitalist economy thus introduces a new form of production, as well as new crop complexes and methods of cultivation. Meagher and Mohammed-Bello (1991), Simpson (1992).

The above condition has been made possible by the gigantic technological and industrial advancement of the western countries which has made it possible for them to not only energise and integrate their informal sector into the production of capital and intermediate good, and up-market goods but also it places the western countries on a vantage position to extrapolate exogenous development paradigm to third world social formation through the instrumentalities of neo-colonial manipulations and exploitation. This situation leads to crisis of development thereby pauperizing the third world social formations Ake (1996).

The informal sector is mostly affected as the indicators of poverty are clearly visible in the informal sector. It follows therefore that the massive presence of the urban poor and the rural poor in the third world social formations is a consequence of the unequal and exploitative exchange relations between the countries of the West and third world social formations and this has grossly affected the effectiveness of the informal sector in the process of development. The unregulated posture of the informal sector appears to reflect the capitalist market economy which emphasizes the unfettered interplay of the market forces (demand and supply) to determine price and quantity. The proponents of the market economy have argued that if the allocation of resources is left in the invisible hands of the market forces, it will definitely lead to increased output which will in turn lead to surplus value, and the ploughing back of the surplus value will lead to the expansion of the productive capacity of the economy. The expansion of the productive capacity of the economy guarantees increased surplus value.

Although, there is concomitant effect of increased cost of production, and this is where capitalist manipulation takes place as the capitalist makes conscious efforts to drastically reduce the cost of production. One of the ways of doing this is to constantly keep the variable cost of production under surveillance by merely paying pittance to the workers. The expansion of the productive base of the economy infuses the multiplier effect in the economy.

This of course explains the self-augmenting and expansionary nature of capital as a factor of production which operates within the purview of capital as a factor of production and operates within the ambit of a capitalist economy. However, the question that boggles the mind is, who appropriates the surplus value and for whose benefit? At the level of international division of labour promoted by the capitalist penetration of the third world economies, the peripheries are made to be primary producers while the metro pole are secondary producers in an unequal exchange.

The point is that what is produced in the peripheries is not ploughed back into their economy but is siphoned to the metropole where the multiplier effect is being felt, thereby pauperizing the economies of the peripheries and at the same time enriching the economies of the metropole. This ostensibly creates two diametrically opposed world-the rich and the poor. In an attempt to get rid of constraints in the informal sector preparatory to its effective performance in the quest for development, two distinct approaches have been suggested. First is the approach represented by the World Bank and popularized by Hernando de Soto's book, *The Other Path*. The book forms the basis of the structural adjustment view of the informal sector. It argues that the development of the informal sector has not been impeded by any weakness within the sector itself, but by the unfavourable legal and institutional framework within which the informal sector is forced to operate. It added that the key to informal sector growth is seen as deregulation rather than supportive intervention. Deregulation which is the dismantling of state controls and restrictions protects a small and inefficient formal sector at the expense of the masses. Sandbrook (1981).

In as much as we agree with the view of the World Bank to an extent, the market economy via deregulation can only yield fruitful results in advanced capitalist economies, such may not be applicable in third world economies. Besides, the unfavourable legal and institutional framework can only be appreciated from the perspective of the character of those who man these institutions as emphasis appears to have shifted from mere institutional analysis to behaviouralism.

The other approach which is represented by the International Labour Organization (ILO) maintains that informal sector development depends on enlightened state intervention. It also advocates the economic efficiency of the informal sector. The ILO position recognizes that the current base line of poverty and low productivity can only be overcome by supportive state intervention in the areas of infrastructure, credit and technical, managerial and marketing assistance.

Again, we agree with the view of ILO but what must be considered uppermost is the character and nature of the state that will be involved in this intervention. This is because if the character of the actors of the state is antithetical to the objectives of the intervention policies, then the state will be playing insignificant role and maybe seen as an agent of exploitation. It is therefore the realization of not only the role the state can play in activating the informal sector

but also in actually understanding the character of the actors of the state as it concerns their policy attitude, especially in the third world countries like Nigeria. There is therefore the need for our understanding of the concept of state.

The Concept of State

The state in this context is seen as the “machine” that transforms political inputs into output. In other words, it is the expressive means through which the ruling elites govern society and includes the entire arrangement of governance in order to maintain peace and harmonious relationship for the self-actualization of man. Hobbes (1994) sees state as an umpire for the self-preservation of man but this is entrusted into one man the leviathan who regulates the ever conflicting desire for felicity in man. Locke’s perspective of the state is that the state regulates the conflicting desire of man for self-preservation. But this state is placed on a group of persons with the consent of the people. Locke (1978). This means that the state in both Hobbes and Locke’s state of nature is primarily concerned to achieve the ‘greatest good for the greatest number’. In fact it is not exploitative but protects the interest of the people based on natural laws. The state operates with its apparatuses in order to perform effectively. It therefore follows that the character of the state operators (Actors) reflects on the governance of society and indeed the achievement of self-actualization.

However, Marx (1969) sees the state in a capitalist society as an expression, and means of protecting the interest of the dominant class. This means that the state does not protect the interest of everybody in the society and uses state coercive apparatuses for repression of the rest of the people. According to Marx (1969), the state is equivalent to political domination in that each dominant class constructs a state according to its own interest. In that sense, every state is merely a class dictatorship.

To further buttress this point, Therborn (1978) said “A state apparatus operates simultaneously as an expression of class domination (that is, as a particular form of the class division of labour in society), and the execution of the supreme rule-making, rule-applying, rule-adjudicating, rule-enforcing and rule-defending tasks of society”. It should be noted that the state power of the ruling class is exercised within a contradictory and complex totality which is in constant flux and development. The class struggle is pursued in and through these contradictions and development. While the latter function in and through the class struggle, a social revolution occurs when these contradictions and disarticulating processes of uneven development reach the point at which dominant aspect turn into revolutionary mechanism of a new ruling class. Therborn (1978).

According to Poulantza (1978) “by repression should be understood first and foremost as organized physical violence in the most material sense of the term, violence to the body. One essential condition of the establishment and maintenance of power is the coercion of bodies and the threat of violence or death. To be sure, the body is not simply a biological entity, but a political institution. Poulantza (1978) went further to say that these threats are actualized by institutions such as the prison, army, police and so on. Poulantza (1978) did not forget to mention that the state can also be seen in a positive fashion, creating, transforming and making reality.

From the foregoing, it is evident that from the Marxian point of view the state is seen as an instrument of domination and repression and this is a reflection of the character of the actors

of the state. We have taken time, although briefly to look into the concept of state because we believe that the state will help us to understand the subject matter. We will look at the character of the actors of Nigerian state and by extension the state, and see how this has influenced their policy attitude and how this has affected their efforts towards making the informal sector a veritable instrument for development.

The Character of the Actors of Nigerian State

Nigeria was colonized by Britain. This was in an attempt to satisfy primarily British economic interests by way of extracting and exporting economic cash crops to feed the British industries. In order to satisfy British economic interests, various policies were initiated and implemented. For instance there was massive promotion of the production of cash crops by Nigerian farmers. The farmers were given improved varieties of the seedlings and the cash crops were produced in large quantities, which were evacuated to their home countries. The evacuation was made possible by means of a network of railway which was constructed from the sources of the raw materials to the ports. Other policies such as forced labour, imposition of tax which must be paid in their own currency and the fashioning of Nigerians consumption pattern to suit the finished products which they sold to Nigerians at high prices. And the pacifying effects of Christianity not only helped to exploit us but equally distorted our existing mode of production, thereby, injecting new values and norms into Nigerian society which were readily internalized.

Little wonder why at the dawn of independence, the nationalists-turned politicians wanted to be like the British in all mannerisms. The manner in which they relinquished power to the governing elites seemed to have exacerbated this issue. The elites now became white men in black skin. They occupied the G.R.As and were chauffeur-driven. They were intoxicated and carried away by power and would not let it go even when they were no longer acceptable by the people. In order to do this, they started consolidating their influence, prestige and office by extensively amassing wealth. Much premium, therefore, was placed on the state, and he who controls the state, seems to control the various facets of society and individuals (Ake 1996).

As a result of this, the governing elites now use the state and its apparatuses to enrich themselves. This led to brazen embezzlement of public fund and overt corruption which invariably dovetailed into economic crisis. The interests of the people, especially economic were slaughtered on the altar of whims and caprices of the governing elites. Such things as necessary infrastructural facilities were denied the people while the accounts of the elites now grow fatter.

The above condition ostensibly portrayed the state and its apparatuses as the quickest and surest means of enrichment. To this, ascendancy to public office was seen as a do-or-die affair and politics was seen as a zero –sum game (Ake 1996). In order to hold on tenaciously to public offices, our political elites resorted to political thuggery and all forms of electoral malpractices, knowing very well that the people can vote them out of office.

Political thuggery and electoral malpractices obviously rendered superfluous the political sovereignty of the people, by allowing candidates who are not the popular choice of the people emerge as winners at the polls. Such people, if eventually they assume office may not bother themselves about the interests of the people, and may not subject themselves to the dictates of

the people. This unavoidably, infuses bitterness, rancor, and acrimony into the political system and political instability will be an offshoot and can be detrimental to meaningful development.

Policy Attitude of the Actors of Nigerian State

It is not in doubt that Actors of Nigerian State have taken conscious efforts to better the lots of a greater percentage of Nigerians who constitute the informal sector and make them more economically viable through their well thought-out intervention policies and programmes. But what is actually in doubt is the sincerity of purpose in the execution of these intervention policies and programmes.

From the above historical antecedent of Nigeria, it is evident that the actors of the state and indeed the state are infested with corruption syndrome and they consequently see the state and its apparatuses as means of enriching themselves without considering the interest of the people. For instance such creations of the state like Oil Mineral Producing Areas Development Commission (OMPADEC) (NOW Niger Delta Development Commission NDDC) Directorate of Food, Road and Rural Infrastructure (DFRRI), Better Life for Rural Women were used as vents through which public funds were siphoned. Another example is the mass Transit Programme of the Odili regime in Rivers State which was targeted at alleviating the problem of transportation of Urban poor in Port Harcourt metropolis and its environs only lasted for few months as the buses and Cars were actually meant to compensate political supporters, cronies and loyalists, who now use the buses and cars for private interests. These creations and programmes were mere facades created to serve the parochial and selfish interests of the actors of the state.

They (the policies and programmes) were unable to solve the problems for which they were formulated and established. And due to this dubious character of the state via its actors, such bodies die a natural death, or sometimes it is restructured when there is new crop of leaders because they merely serve the interest of those that created them.

National Directorate of Employment

It should be noted that the primary purpose of state's intervention in the informal sector is to reposition the informal sector in the quest for economic growth and development. The National Directorate of Employment (NDE) is one of those conscious efforts made by the state in this regard. Launched in January, 1987 with the aim of solving the increasing problem of mass unemployment, particularly among youth, it has by September, 1990 managed to place 757,000 out of 30,000,000 unemployed. While a few of its programmes provided loans and training to graduates and other unemployed youth to enter into self-employment, the bulk of the planning of NDE has been in agriculture.

Although, NDE has made efforts in giving jobs to some unemployed persons, our fear and concern is that the majority who are in agriculture are not actually assisted with the right farm implements and materials, for instance, they lack the required machines that can support large scale farming. There is also the problem of dearth of required technical man power and the commercialization of the fertilizers needed to boost production. Those who are responsible for the distribution of fertilizers hoard them and sell to farmers at exorbitant prices. Again most of the people who are given jobs by NDE are the relations, friends or loyalists of those actors of the state.

In another perspective, the loan meant to assist those who have been recruited is either selfishly given to brothers, sisters and relatives of those actors of state or are given out under stringent conditions. Furthermore, those who have acquired the necessary training and skills are not properly monitored to ensure that they are actually established. The implication of these problems is that NDE is seen as a toothless bulldog and merely serves the interest of those actors of the state who created it.

CONCLUSION

It is quite evident from the foregoing that the fact that the informal sector when totally exposed to the whims and caprices of a peripheralised market economy cannot guarantee the repositioning of the informal sector for national development. There is therefore the need for the state to intervene by creating the enabling environment through its policy formulation and implementation which can serve as a compass for the informal sector in its march towards national development. However, in doing this, the state and its actors must be alive to their responsibilities by being sincerely committed towards the development of the informal sector. In order to achieve this goal, the state should adopt and implement development strategies that must be people-and-result-oriented by embarking on endogenous development paradigms. Again, the democratic process must reflect the yearnings and aspirations of the people who must through their ballot papers determine those who become their leaders (Actors of the state) and these actors of the state must be stripped of any compradorial linkages with the agents of neo-colonial manipulations and exploitation.

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