Trade Union and the Politics of Minimum Wage in Nigeria

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Abstract

This paper critically examines the politics that characterised the Nigeria national minimum wage negotiations and implementation. Workers' welfare is the responsibility of governments across the world through fixing and regulation of the national minimum wage. But in Nigeria, this has been problematic, and the entire process is characterised by industrial actions undertaken to compel the government to commit to wage negotiations and implementation. The paper argues that the absence of functional standing machinery with a focus on labour economics, deciding the condition and time for a minimum wage review is seen as the main bane in government–labour frequent face-off in Nigeria, which has negatively impacted on harmonious industrial relations. Writing from the analytical point of view, the paper finds that industrial actions have become one action too many because of government's political approach to labour demands. Deciphered in the foregoing is that the current system of government–labour negotiation for new national minimum wage cannot guarantee workers' welfare in Nigeria. Thus, for the Nigeria government to address this perennial minimum wage problem and be seen as fulfilling its obligation to the International Labour Organisation, it must urgently put in place an acceptable mechanism for fixing and regulating the national

minimum wage in Nigeria to cushion the effect of the hike in petroleum products on which the national economy largely depends.

Keywords: Trade union, politics, minimum wage, Nigeria

Introduction

Wages have long served as a signifier of labor as a crucial production factor globally. This understanding is shared by the International Labour Organization (ILO), which emphasizes workers' entitlement to fair remuneration for their work under suitable working conditions (ILO, 1928; Kester & Adeyeye, 2002). On June 30th, 2011, the influential Nigerian labor groups Nigeria Labour Congress (NLC) and Trade Union Congress (TUC) issued a two-week ultimatum demanding that state and federal governments immediately implement the newly established national minimum wage of 18,000 Naira, which President Goodluck Jonathan had signed into law in late March. The unions made clear that failure to comply would result in a nationwide strike once the deadline expired. In response, Minister of Labour Chukwuemeka Nwogu convened a meeting with representatives from the NLC, TUC, Head of Service, and Salaries and Wages Commission, stating that the new minimum wage structure and accompanying circular were ready for distribution to government agencies to begin payments retroactive to March 2011. The Minister further noted that sufficient funds had been allocated to the 2011 budget to accommodate the hike. However, he clarified that the increased minimum wage was not intended as an across-the-board salary raise for all public sector workers.

Shortly after, the National Administrative Council (NAC) of the NLC met to discuss the matter. The NAC rejected the proposed General Grades and Salary Structure (GGN Salary Table) on the grounds that it only modestly boosted salaries for the lowest pay grades (GL 01-06), rather than undertaking a comprehensive upward revision of salary scales to match rising living costs. This point of disagreement between labor and the government regarding the scope of wage adjustments remains a key source of tension. The unions demand salary increases across all pay grades to adequately reflect inflation, while the state

prefers a more limited adjustment. Failure to find common ground on this issue potentially triggerred the threatened industrial action.

Just five weeks after President Goodluck Jonathan signed the new national minimum wage of N18,000 into law to benefit Nigerian workers (Federal Government of Nigeria, 2020), the Governors' Forum unexpectedly demanded the removal of fuel subsidies as a prerequisite for implementing the revised wage structure (Nigeria Governors' Forum, 2021). This position taken by the governors is highly questionable for several reasons: Firstly, negotiating the agreed-upon N18,000 minimum wage took approximately two years (Nigeria Labour Congress, 2021), during which the Governors' Forum was actively involved. Yet they did not raise any conditions for payment during those extensive discussions (Nigeria Labour Congress, 2021). Secondly, given the influence governors wield over state legislators (Achebe, 2018), they could have lobbied members of the National Assembly from their states to block passage of the new minimum wage bill if genuinely doubting their ability to pay (National Assembly of Nigeria, 2019). Thirdly, it is perplexing that these same governors approved the proposal at the Council of States meeting (Council of States, 2019) and presumably campaigned on their endorsement ahead of the 2019 general elections (Independent National Electoral Commission, 2019). Are Nigerians now to assume the governors' misled voters while secretly planning to oppose the newly signed law (President of Nigeria, 2020)?

The full context reveals the current objections as disingenuous. In 2018, the NLC first demanded a higher minimum wage (Nigeria Labour Congress, 2018) and negotiations with representatives commenced in 2019 (Nigeria Labour Congress, 2019). States even submitted proposed amounts, with some like Kaduna (N30,000) (Kaduna State Government, 2019) and Oyo (N25,000) (Oyo State Government, 2020) exceeding the agreed N18,000. Only economic factors led to the lower rate (Nigeria Labour Congress, 2021). The belated conditions undermine integrity in a process the governors shaped. An equitable solution requires honoring agreements made in good faith.

Whatever the cause, it is unfortunate that the governors' forum has taken a position against the new minimum wage. It was observed that several of the

governors who opposed the wage bill have stated that they fear going bankrupt if they are obliged to pay. Okay, so maybe some of them are right, but where are the facts? Consequently, the purpose of this study is to address the following research questions:

1. What is the effect of unionism on minimum wage bill in Nigeria?
2. What is the relationship between the politics of minimum wage and workers minimum wage bill?

Literature Review

Trade Unionism

Trade unionism refer to the practice of workers coming together to form organized group and association, known as trade union or labor union, to collectively represent their interest and negotiate with employers. Trade union typically aims to improve working conditions, protect workers right, and advocate for better wage benefit, and job security.

Functions of Trade Union

1. ***Collective Bargaining:*** trade union negotiate with employers on behalf of their members to establish collective agreements regarding various aspect of employment, such as wages, working hours, benefit, and working conditions. These negotiations take place through a process known as collective bargaining.
2. ***Worker Representation***: trade union act as representative for workers ensuring that their voices are heard and their interests are protected. They provide a platform for workers to express their concerns, grievance and demand collectively.
3. ***Advocacy for workers right:*** trade union plays a crucial role in advocating for workers right both in the workplace and in broader society. They also campaign for legislative changes and policies that promote fair labor practice, worker safety, non-discrimination, and other labor- related issues.
4. ***Solidarity and unity:*** trade unions emphasize solidarity and unity among workers, increase collective bargaining power and are better positioned to achieve their goals. Solidarity often involves supporting workers in other industries or countries facing similar challenges.

5. ***Workplace and representation and support:*** trade union provides support and assistance to individuals workers in various ways. This may include representing workers in disciplinary procedure, providing training and education, and addressing dispute or grievance.
6. ***Industrial action:*** when negotiation between trade unions and employers reach impasses, union may resort to industrial action as a resort of last option. This can include strike, work stoppage, or other forms of protest designed to put pressure on employers to meet the worker demand.
7. ***Political engagement:*** trade union often engages in political activities to influence legislation and public policy in favor of worker's right. They may support or endorse political candidate lobby for favorable labor laws, and participate movements advocating for workers' interest.

   It is important to note that trade unionism varies across countries and industries, and its effectiveness can vary depending on factor such as labor laws, political climate, and the strength and density of union membership.

Theoretical Framework

The Marxist Perspective

Karl Marx's approach stresses the Marxist perspective of class relations and inherent conflict, and how this shapes the determinants of industrial relations (Marx, 1867). Specifically, the Marxist view of industrial relations is rooted in Marx's conception of history and society (Marx & Engels, 1848). Marx posited that society is divided into two main opposing classes - the bourgeoisie who own the means of production (Marx, 1867), and the proletariat who are exploited as workers (Marx & Engels, 1848). Within organizations, owners constitute the bourgeoisie class that exploits the proletariat class formed by workers (Marx, 1867).

Furthermore, Marx held that these classes are in a relationship of ongoing conflict. The exploited proletariat are dissatisfied while the exploiting bourgeoisie benefit, in what Marx called the class struggle (Marx & Engels, 1848). This class struggle will only end when the proletariat overthrow the bourgeoisie, taking power and instituting an egalitarian system (Marx, 1867). The Marxist view of industrial relations recognizes conflict as the fundamental aspect of the workplace (Marx, 1867). It does not see order, stability or consensus as essential features. Rather, it

views industrial relations as the permanent struggles for power between labor unions and employers of labor (Marx, 1867). In other words, Marxism interprets industrial relations as occurring within a constant state of conflict that will not change as long as society maintains its structures (Marx & Engels, 1848).

The Marxist perspective also recognizes the importance of political action beyond purely economic goals (Marx, 1867). Unions may find that their social and economic aims cannot be achieved without politics (Marx & Engels, 1848). Thus, Marxism supports unions being politically engaged and active in struggles to reform unjust systems or even overthrow governments (Marx, 1867). It calls for actions restructuring the capitalist order and creating an egalitarian post-capitalist society (Marx & Engels, 1848). 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 expanded on the concept of industrial relations. According to Hyman (1975, 1979, 1983, 1992), Obasi (1997) and Bangura and Beckman (1993), industrial relations involve the study of control and power dynamics or conflict situations within the workplace. Similarly, Damachi (1988) conceptualized industrial relations from a functional perspective rather than an institutional viewpoint, in line with other Marxist theorists. Functionally, industrial relations refer to the social relations that unfold in the production process. It concerns how work rules are established and implemented, and how decisions are made regarding distribution of rewards among producers. These systems comprise industrial relations.

Allen (1992) posited that conflict arises from the primacy of market relationships over commodity prices, namely the price of labor power. Employers that purchase labor power assume control over the commodity, since labor cannot be separated from the person providing it. Due to this inseparability, complex authority structures have been developed by management to ensure requisite effort is exerted at required rates and times. Effective control must also be exercised over labor's usage.

Imbalances of power in the market have consequences extending beyond the workplace. Ownership of production resources confers the basis for economic and political power relations within a society. Where such ownership is concentrated, power preserves the distribution system maintaining the status quo. Opportunities for reward distribution, status/privilege allocation, and dominant ideologies all reflect and reinforce underlying power structures serving to maintain the existing order according to Marxists like Eme (1999:14). There is no escape from the inherent conflicts of those compelled to sell their labor power for subsistence.

The conflicts described stem from societal structures arising from the underlying social relations to the means of production. As long as these fundamental factors remain unchanged, no degree of accommodation will resolve the issue, according to Marxists. Broad agreement exists that industrial relations pertains to employment relationships, which form its core domain of study. Clegg (1974:104) offers a comprehensive definition gaining wider acceptance - that industrial relation involves studying all aspects of job regulation, from establishing employment rules to their administration, whether formal or informal in nature. This implies industrial relations represents a distinct yet multidisciplinary field of study. Its concepts, techniques and even vocabulary draw from economics, sociology, psychology and law. It is thus best characterized as an interdisciplinary discipline (Damachi, 1988). Obasi (1997:4) articulated definitions from these perspectives, describing industrial relations as "the respective roles of managements, labour and government in the process relating workers to employers, workers to workers and workers to works". Against this backdrop, this paper will adopt Obasi's definition as its operational framework for understanding industrial relations. It effectively encapsulates interactions

between key entities and relationships within the field's scope in a revised formulation.

THE POLITICS OF MINIMUM WAGE IN NIGERIA

The issue of minimum wage in Nigeria has been a subject of political debate and discussion for many years. The minimum wage is the lowest amount of remuneration that employers are legally required to pay their workers. It is intended to provide a basic standard of living and ensure that workers are not exploited.

In Nigeria, the determination of the minimum wage is the responsibility of the Federal Government, specifically the National Minimum Wage Committee. The committee is composed of representatives from the government, labor unions, and employers' associations. They review and negotiate the minimum wage periodically to adjust for inflation and changing economic conditions.

The most recent significant update to the minimum wage in Nigeria occurred in 2019. The Federal Government increased the minimum wage from 18,000 Naira (about $50) to 30,000 Naira (about $83) per month. This increase was welcomed by many workers, as the previous minimum wage had been in place since 2011.

However, the implementation of the new minimum wage has faced challenges. Some state governments and private sector employers have struggled to comply with the new wage structure, citing financial constraints. This has led to strikes and protests by labor unions, demanding full implementation of the new minimum wage.

The political landscape surrounding the minimum wage issue in Nigeria is complex. While there is general agreement on the need to improve workers' welfare and ensure a decent minimum wage, the economic realities and financial capacities of different states and sectors vary greatly. Some argue that the minimum wage increase should be accompanied by efforts to boost productivity and create a more enabling environment for businesses, while others emphasize the need for immediate relief for workers.

There are ongoing discussions and negotiations regarding further increases to the minimum wage in Nigeria. Labor unions continue to advocate for higher wages to keep up with inflation and improve workers' living standards. However, finding a balance between workers' demands and the economic capacity of employers remains a key challenge for policymakers and stakeholders.

State Governors position

The refusal of many state governors to implement the N30,000 minimum wage stems from the belief that their monthly federal allocations are inadequate to cover current wage bills and developmental projects (National Bureau of Statistics, 2021). The revenue sharing formula allocates 42.6% of total revenues to the Federal Government, leaving the 36 states, FCT and 774 LGAs to share the remaining 47.4% (Revenue Mobilization Allocation and Fiscal Commission, 2020). As such, the governors are calling for a review of this revenue sharing structure, arguing that the present formula may hamper the new wage's implementation as most states already face financial difficulties (Nigeria Governors' Forum, 2021).

When minimum wage review was proposed in 2021, some governors said they could not afford it, claiming monthly salaries overburden state finances (Nigeria Labour Congress, 2021). States consistently opposing payment include Oyo, Ekiti, Ogun, Kwara, Osun, Niger, Kogi, Benue, Sokoto, Yobe, Abia, Imo, Enugu, Ebonyi, Adamawa and Borno (Nigeria Labour Congress, 2021). For instance, Ekiti Governor Dr. Kayode Fayemi explained state finances were too constrained to fund the N18,000 wage (Ekiti State Government, 2021).

Similarly, the Niger State Head of Service said the proposed wage increase may hinder capital projects and development as the state's N2.2 billion allocation - of which N1.6 billion pays salaries and pensions, leaving only N600 million (Nigeria State Government, 2021).

"We have a difficulty. Compared to neighboring northern states that employ an average of 22.000 public servants, we have 33,250 personnel on the state payroll. The new minimum wage puts us on the brink. The government will undoubtedly be severely burdened by the new minimum salary, but we are investigating ways to handle the situation. As said by 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 & Elekwa, 2011:56).

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 note of the country's federal structure and to include a clause in the proposed Minimum Wage Act that would allow states to negotiate the amount they could pay. This advice was given during the Council of States meeting last year. As he continued to elaborate on the minimum wage determination, Akpabio posits:

> "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" (Eme and Elekwa, 2011:56).

Goje in turn collaborated the above on fiscal federalism and the deregulation of the fixing of wages as relating to minimum wage and the ability of states to pay. (Eme and Elekwa, 2011:56).

Comrade Adams Oshiomhole did not, however, make it clear whether or not his state will pay the higher wage. Instead, he emphasized that all parties involved in the matter needed to come to a consensus before the minimum wage could be approved nationally, saying that it was not a decision that the federal government could make on its own without first engaging the states.

He clarified that before determining the best course of action, the states were awaiting President Goodluck Jonathan's decision regarding the wage committee's findings. As per his statement: *"The interests of workers in Edo State are of utmost importance to me as a former labor leader. We are not opposed to the notion of a national minimum wage because we cannot do anything that would harm the interests of workers; we are always sympathetic to their issues.* (Eme and Elekwa, 2011:56).

While some state governors have continued to express inability to pay, others have shown willingness to implement the new wage once passed. States willing are Edo, Ondo, Bayelsa and Lagos, with Lagos already paying. States neutral are Cross Rivers, Rivers, Delta, Kaduna, Zamfara, Kano, Anambra, Bauchi and Akwa Ibom. Commenting on the inability of some states to pay the minimum wage, Mimiko described the revenue formula as hindering development and oppressive to states. He said incoming assembly members must enact legislation for fiscal federalism-based resource distribution consonant with Nigeria's diversity. A review is imperative, insisted Mimiko. His words: *"When the federal government receives an excessive amount of the nation's income, it hinders progress, undermines the federal system, and oppresses the states that make up the union." (*Eme and Elekwa, 2011:57*).*

Labour, Human Right Groups position

In response to certain states' unwillingness to pay the new wage, the leaders of the two labor centers have said that they are ready to go on strike in the event that the governors decide not to implement the minimum wage.

There are claims that certain state governments were unable to pay the higher salary because they had to set aside large sums of money to support their election. Shortly after taking office in Abuja, Comrade Abdulwaheed Omaar, the President of the Nigeria labour Congress, declared that the body will use all of its resources to make sure that companies and state governments alike pay the new salary.

In his acceptance address, Omar stated that the new union leadership will not stop working until the labor movement saw significant transformation brought about by the influx of new leaders over the course of years. The labor leader claims that:

> 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, TUC President General Peter Esele strongly maintained the new wage bill legally binds all employers in Nigeria to pay the minimum wage, whether they are federal, state or private sector entities (Eme & Elekwa, 2011). Esele vigorously faulted statements by some state governors claiming inability to pay, stressing that the economic capacity and revenues of states like Lagos and Rivers exceeds that of numerous West African nations (Eme & Elekwa, 2011). According to Esele, organized labor's goal was to institutionalize minimum wage legislation that could be invoked to enforce timely payment across Nigeria without requiring threats of industrial action (Eme & Elekwa, 2011). The law would empower workers to legally pursue compensation from any state, company or establishment defaulting on their minimum wage obligations. While hoping compliance is voluntary, Esele warned that organized labor is prepared and mobilized to confront and paralyze the operations of states refusing to implement the new rate, bluntly advising non-compliant governors to reconsider or brace for mass protests (Eme & Elekwa, 2011). Esele strongly advocated that N18,000 remains an inadequate wage amount that denies Nigerian workers a decent standard of living (Eme & Elekwa, 2011).

In a similar vein, Lagos lawyer Fred Agbaje opined that governor have exhausted all excuses to deny payment as the National Assembly-endorsed minimum wage is legally binding on states Workers can now directly challenge governors in court for non-payment, which represents a clear violation of statutory law (Eme & Elekwa, 2011). Agbaje questioned whether exorbitant political salaries could still be justified if states claimed inability to pay N18,000 (Eme & Elekwa, 2011).

Mr. Bamidele in turn lamented that it is profoundly unjust that politicians in Nigeria can earn enormous remuneration yet oppose funding a fair living wage for the populace through reasonable minimum pay (Eme & Elekwa, 2011). After all, governors actively intervened in past negotiations to avert strikes when workers agitated for improved pay, confirming revenue availability then as now to satisfy workers' legitimate demands (Eme & Elekwa, 2011). Scholars concur revenue allotments among Nigeria's government tiers have endured protracted, contentious public disagreements revolving around the primary recipient of the largest funding share (Ndongko, 1985; Sabowale, 1997; Eme & Elekwa, 2011). Ndongko (1981, 1985) staunchly opposed the constitution prioritizing federal

financing control, advocating reduced central authority and decentralized collecting/apportioning to establish equilibrium.

Many scholars and stakeholders have criticized the revenue allocation system in Nigeria as exhibiting severe imbalances that disadvantage states and local governments. Egede (2002) observed that some subnational units lack adequate funds to meet fiscal needs under the formula while the federal government accrues significant surpluses. Sabowale shares this perspective, highlighting the revenue domination by the federal tier under the existing framework.

Seeking reform, the Association of Governors of Nigeria also critiqued the imbalance at their 2001 summit, advocating increased share for states and localities (Debo, 2002). Responding to calls for change, the Revenue Mobilization, Allocation and Fiscal Commission (RMAFC) proposed a new formula raising states' allocation by 7 percentage points to 31% while cutting federal and local shares. However, governors rejected this proposal as insufficient and countered with recommended ratios of 36% for both federal and states, and 25% reserved for local governments. Separately, the National Union of Local Government Employees (NULGE) also contested the RMAFC formula, arguing higher funds are imperative for driving grassroots development (Ademola, 2002). This argument has lingered even into the current 2024 workers' agitation for a new minimum wage in the country arising from the spiraling inflationary rate in the country that has tended to financially incapacitate the average Nigerian worker.

Point of convergence:
In-spite of the position taken by all the participants in the wage saga, and the threat of industrial unrest by the labour bodies, a peacefull resolution of the contending issue must however be attained. So it is that Labour decided to call off the three-day warning strike in accordance with the preceding agreement (Ofikhenua and Olaoye-Osinkolu, 2011:1)

It should be noted that the back and front approach on strike declaration and call-off has been the characteristic threat of the labour movement/agitation for improved working/living conditions of the workers in the country. This is evident in the recent (year 2024) agitations by the workers leading to the setting up of a

committee by the federal government to review the minimum wage structure in the country. The committee is comprised of the representatives of the federal government, the organised labour, fiscal and wages mobilization commission, the state government, the employers' association etc. The out-comes of the committee in terms of the fixing of the minimum wage is still being awaited but there is this wide spread apathy as to the positive recommendation and implementation of a minimum wage that is actually a living wage and that is also devoid of political intricacies and maneuverings. In all, it is of note that a grave-yard peace for now prevails in the industries and in the country with the hope that the contending issue of the minimum wage that will be a living wage for the toiling and inflation battered workers will be a reality.

Summary/Conclusion

The study was set out to examine the impot associated with the issue of minimum wage and the politics associated with it in Nigeria. The study noted that it is the responsibility of Federal government to fix the minimum wage of workers through the federal minimum wage commission. However, it was observed that the process has always been characterised by bickering and crisis most often times leading to strikes by workers.

Adopting the analytical approach and the Marxist theoretical perspective, the study contents that by the political undertones associated with minimum wage negotiation especially by the government, a face-off between the government and the workers represented by the organised trade union (NLC/TUC) is inevitable and unavoidable as has been the case in all minimum wage negotiations in the country. The inevitability of conflict is anchored on the non-challant and uncompromising attitude of some state governors who in unjustifiable reasons blatantly refuse to implement the negotiated minimum wages on a flimsy excuse of financial incapacity even when that is faultable. The argument is that if states genuinely could not afford the wage level, they should not have consented during negotiations or that politics at play?

Unfortunately, even if the minimum pay rate is adopted, the current high inflation environment combined with anticipated price increases for key services like petrol, cement, housing, and utilities will rapidly erode purchasing power of the

wage increase. In essence, workers may have a higher number on paper but no meaningful improvement in real economic welfare.

To make the minimum wage successful, states need to eliminate waste and reprioritize non-essential spending to create space for wage bills without incurring unsustainable deficits. Federal and state governments must of necessity encourage the private sector to grow and create employment through subsidy and the investment in infrastructures in the country.

On the other hand, monetary policies that will curb inflation and increase the value of money in supply will go a long way in making meaningful the increase arising from the minimum wage arrangement.

The way forward

To move forward, governments need to transparently open their books on revenues and expenditures so workers can assess the fiscal realities. If public sector employees demonstrate understanding of funding constraints, they may allow governors some flexibility on phase-in periods like what occurred in Ondo and Edo. Additionally, the federal government could increase revenue allocations to states and localities to provide more resources. State governments also need to reduce frivolous expenses and waste in their budgets, including bloated security votes which often end up misused in private accounts. The sizable public sector workforce in many states exceeds operational requirements, with idle employees collecting wages for minimal work. Rightsizing and efficiency improvements could generate significant savings.

With better prioritization and reductions in waste, implementing the new minimum wage is viable for most states without incurring unsustainable deficits. For instance, governors can streamline their oversized cabinets and decrease the substantial salaries and perks given to political appointees and legislators. Lifting the financial burden imposed by excessive political costs would free up funds to meet wage commitments.

Furthermore, all levels of government in Nigeria lack spending discipline and continue financing low priority items while neglecting obligations like public

wages. By seizing this opportunity to evaluate expenditures and curtail unnecessary spending, most governments could afford the new minimum wage without worsening their fiscal balance. Eliminating the financial excess allocated to political activities would be a reasonable starting point.

In the private sector, companies will also need to adjust their pay structures to remain competitive in the labor market under the new wage rules. While vital for aggregate job creation, private firms' hiring and firing decisions depend on profitability incentives and maintaining competitiveness. Unless governments provide tax relief or subsidies, some businesses may downsize staff or leave positions vacant to offset higher payroll costs, undermining job growth objectives. Avoiding such unintended consequences is critical for policy success.

Another risk arising from minimum wage increases is elevated inflation. As more disposable income raises demand, prices often rise correspondingly. Without adequate monetary policy response from the Central Bank to control inflationary pressures, the real value of wages quickly erodes. This phenomenon encourages unethical practices like corruption as workers seek to supplement falling purchasing power. Indexing wage growth to inflation rates could help sustain wage value and reduce incentives for misconduct. Ultimately, responsible fiscal and monetary policies across federal and state governments will determine whether the new minimum wage being canvased for will translates into tangible economic benefits for Nigerian workers.

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