

Social Relations of Production in the Nigerian Petroleum Industry: A Study of Contract Labour

Rose Okpara

This paper argues that labour in the Nigerian Petroleum Industry is not homogenous and that the employment conditions of labour are differentially determined according to the type of employment relationship labour entered into with capital. The industry has a dual system of recruitment which confers permanent employment status on one category of labour and contract employment status on another category of labour. We argue that contract labour is a divisionist strategy through which capital perpetuates its domination of labour by fractionalizing labour's bargaining power in order to weaken its resistance.

The Phenomenon of Permanent/Contract Labour and the Contradictions arising therefrom.

Employees categorized as permanent labour are directly employed by the principal employer. They enjoy higher wages, better conditions of employment, employment stability and opportunities for advancement. They are members of the National Union of Petroleum and Natural Gas Workers (NUPENG). Under the umbrella of their trade union, they enjoy higher bargaining power and their employment conditions are institutionalized through the machinery of collective bargaining. In unity they have found strength to effectively challenge unfavourable employment conditions.

The contract workers recruited through a labour contractor on the other hand, work under much less favourable conditions. Their bargaining power is fractionalized as they bargain on individual basis. They are not given the opportunity to join the trade union to which their permanent counterparts belong. Their wages are very low, conditions of employment very poor, employment stability uncertain, opportunities for advancement fringe benefits and allowances are not available.

While the contract workers work in the enterprise of the principal employer, they actually belong not to the organization that receives their labour power,

but to that of the labour contractor who recruited them. The Labour Act of 1974 Section 47 (2) describes labour contractors as "persons who undertake to provide another party with the services of workers while themselves remaining the employers of the workers in question". The contract workers are cut off from direct access to the principal employer who owns the means of production. Their problems are not directly communicated to the principal employer who receives the services of these workers but to the labour contractor who is an intermediary. The workers receive direct instructions from the principal employer but cannot channel their complaints and demands to him. Command flows from the principal employer to the contract workers, while responsibility for the workers flows in another direction. Labour contracting thus becomes a strategy of shifting conflict management away from the organization which receives the services of the workers to the labour contractor.¹ By so doing the social distance between capital and labour is increased.

This employment arrangement serves and protects the interests of the principal employer and also the labour contractor. The contract workers have less demand on the industry. Because the workers are often employed on a casual, temporary piece-rate basis, they are paid only by the hour and days worked. Unlike their counterparts employed directly by the principal employer, they are usually not paid on national holidays. Many benefits accruing to their counterparts are denied them. They are not subject to any pre-determined conditions of employment, increment of wages, promotions or benefits of whatever form. Workers continuous employment is determined by the profitability of production, and of course the vagaries of the international system and the replaceability of labour by machines.² These conditions heighten the uncertainty of tenure and indirectly weaken labour resistance to exploitation.

It should be noted that contract labour in the petroleum industry does not work in isolation. It works side by side with permanent labour directly employed by the principal employer. Through exposure, some employees in the former category have asked questions about the casual nature of their employment, about the benefits denied them and the conditions they are subjected to. These questions have culminated in struggles between the labour contractors, the workers and the principal employers. The industry has thus witnessed series of conflicts in recent times.

The petroleum industry is a conglomerate of companies which function severally and collectively for the execution of the successive phases of the industry. The phases include: exploration, production, transportation, refining and marketing.³ The research interest of this study is essentially on the

exploration and producing companies including their contractors — those companies which must use their expertise for the successful execution of the operations. There are ten oil companies including NNPC holding oil concessions in the country.⁴ These are: NNPC; Pan Ocean Oil Company (Nigeria) Limited; Mobil Producing (Nigeria) Limited; Nigerian Agip Oil Company Limited; Gulf Oil Company (Nigeria) Limited; Phillips Oil Company (Nigeria) Limited; Elf (Nigeria) Limited; Shell Petroleum Development Company of Nigeria Limited; Tenneco Oil/Mobil Company of Nigeria Limited; and Texaco Overseas Petroleum Company of Nigeria Limited.

Five out of these ten companies were chosen for study. For the purpose of this study the five companies chosen are grouped as Oil producing companies. The other companies chosen for study work for the Oil producing companies and they are known in the petroleum industry as service companies or contractors. It should be noted however that the mention of contractors here does not mean the labour contractors this study has been making reference to. The oil producing companies need their services for exploration and production.

For the purposes of this study, they are grouped as drilling companies and service companies. In the course of data collection, it was discovered that the service companies had important differences. It was therefore necessary to further divide them as "Group A" service companies and "Group B" service companies according to these differences.

Employment Conditions of Contract Workers:

1. Recruitment

Employment is based on the ability to show proof of skills or labour power. Those with skills undergo oral interviews. Procurement of certificates such as Trade Test Certificate is not necessary. The recruits are not medically examined to determine their physical and mental fitness. All employees recruited hold their appointments on temporary and contract basis irrespective of the duration of the employment. Throughout the period of employment, contract workers are not issued any written statement specifying the terms and conditions of their employment. The labour contractor however takes the personal particulars of the workers for record purposes. These particulars include, the name of the worker, residential and permanent home address, marital status, number of children and dependants, denomination, qualifications, wages paid by last employer if applicable, and passport photograph of the workman.

The Labour Act, Section 7 (1) obliges employers to give workers a written statement specifying terms and conditions of employment not later than three

months of employment. It is also obligatory that employees should be medically examined. Section 8 makes this provision.

However, the guidelines laid out under the sections above are not followed by the employers.

2. Agreements as to terms and conditions of employment

Agreements are reached between the principal employer and the labour contractor as to the terms and conditions under which the contract workers are to work. The contract workers are then told verbally about the conditions under which they are to work without any written statement which is an infringement of Section 7 of the Labour Act of 1974.

3. Trade Unionism

The contract workers are not allowed to join any Trade Union. They are made to sign an undertaking that they will not engage in any form of trade union activities.

4. Complaints

Complaints arising from the terms and conditions of employment are directed to the labour contractor and not to the principal employer.

5. Strikes

Contract workers are not allowed to go on strikes. Any one who encourages the others to seek redress through strike action is instantly dismissed. Where a majority of the contract workers threaten to or go on strike, the services of the labour contractor is terminated and all the workers dismissed. However, contract workers are known to have gone on strike in order to change their dual employment system.

6. Wages

The workers are paid according to skills on the basis of daily rate. However, some are paid on monthly basis. We shall now discuss their wages as they relate to oil producing companies, drilling companies and service companies. The service companies are divided into two groups because of the differences observed in the payment system.

TABLE I
Wages of Contract Workers in the Petroleum Industry

Skills	Oil Producing Companies	Drilling Companies	Service "A" Companies	Service "B" Companies
Highly Skilled	N235,00	N187,00	N255,00	N550,00
Skilled	140,00	145,00	195,00	490,00
Unskilled	122,50	125,00	150,00	360,00

Source: Compiled from Wages Sheets and Interviews.

The calculations are based on 30 working days on the assumption that they work for 30 days. However, some companies determine theirs on monthly basis.

7. Hours of work

There are no standardized working hours for contract workers. However, they work for not less than 12 hours per day. Overtime pay is assumed to be incorporated into the wages of workers. That is the wages paid are deemed to include overtime payments. However a majority of the principal employers interviewed claim they bargain overtime rates with the labour contractors and pay them accordingly. And a majority of the workers interviewed hold that the wages paid them are not itemized as to know how they are computed. The information given them is that a special amount is their wages per day or per month as the case may be. The implication of this will surface when we compare the wages paid to permanent employees with that paid to contract employees. Some of the labour contractors interviewed hold that they make their profit from the overtime rate of their workers as the commission given them by the principal employer is not adequate to run their offices. However, a majority of them declined to discuss overtime payment.

8. Allowances

Contract workers are denied allowances. The type of allowances enjoyed by permanent employees such as bush allowance, swamp or Offshore allowances, meal allowance, out of station allowance, housing subsidy, transport allowance, leave allowance and other fringe benefits are denied contract workers. The allowances earned by permanent employees of the various companies compare favourably with the basic salaries of contract workers. In some cases the allowances are higher than basic salaries of these workers.

9. Industrial accidents and benefits

Except in cases of emergency such as industrial accidents the principal employer takes care of an injured contract worker. Under this peculiar circumstance, whatever expense is incurred, the amount is deducted from the monthly package of the labor contractor who subsequently deducts such sum from the wages of the injured workman. In effect, neither the principal employer nor the labor contractor is liable for the treatment of injuries arising from industrial accidents. Many contract workers are known to have fallen victims to serious industrial accidents without any form of help from their employers. Employers having more than ten workers are under obligation to insure their workers under a Group Insurance Scheme. The purpose of the Insurance Scheme is to protect workers in the event of industrial accidents so that in the event of any disability attracting workmen's compensation the Insurance Company will be responsible for the payment. As stated earlier, most Insurance Policies in the possession of labor contractors are fake. Even

where a case attracts disability award, before the injury has healed for an assessment to be made, the worker is dismissed. He eventually suffers his disability unaided by both employers.

10. Medical facilities

The labor contractor leaves a First Aid Box at the work site for the contract workers. A majority of the First Aid Boxes examined during my fieldwork had little or no drugs in them. Any ailment that the drugs in the First Aid Box cannot cure, the worker is made to treat himself without his employer's support. For the number of days the worker is incapacitated either through sickness or industrial injury, he receives no wages. Where incapacitation exceeds 3 days, he is automatically replaced by a new worker and thus his contract terminated.

11. Vacation leave and benefits

There is nothing like vacation leave for most contract workers. The principal employer arranges with the labour contractor for those workers who have been employed for up to one calendar year to be granted annual leave of 7 days. The contract workers however, prefer to stay on duty to accepting the 7 days leave. Reasons given are as follows: They do not receive wages during the days they are on leave. Moreover, they are not given leave allowance. And lastly, if they accept the leave, according to a majority of them, they might be replaced. The workers therefore hesitate to even ask for annual leave for fear of replacement and lost of wages.

12. Social security scheme

Owing to the temporary nature of contract work the labour contractors do not provide social security such as the National Provident Fund (NPF) to the workers. What they receive at the end of their contracts are the wages earned for the period they worked.

Termination of contract/redundancy

Usually, contract workers are dismissed or declared redundant without benefits. Notice of termination or redundancy is an issue between the principal employer and the labour contractor. The labour contractor is entitled to know why the exercise is to be taken by the principal employer. The contract worker is accordingly informed. Also, where the intention is initiated by the labour contractor, the principal employer is accordingly informed. A contract worker is mostly dismissed by the labour contractor when the latter suspects militancy from the worker, or where the worker refuses to meet up some financial demands made by the labour contractor. If a worker is lucky to be in the employment of a principal employer up to one year, the worker pays an agreed amount to the labour contractor so as to hold his job otherwise he is replaced by a new hand who pays the labour contrac-

tor employment fee. Mason⁵ made this observation in his study of labour contracting system in the northern part of Nigeria during the construction of the railways. In all cases, terminated workers have no terminal benefits from either the principal employer or the labour contractor.

Comparative analysis of the earnings of contract labour with those of permanent labour

This section focuses on a comparative analysis of the earnings of the permanent employees with those of the contract workers in the petroleum industry. For the purposes of comparison, the earnings as documented of employees in the oil producing companies, drilling companies and service companies are concomitantly compared with those of the contract workers. Essentially the purpose of this comparative analysis is to highlight the differences between the earnings of contract labour and those of permanent labour which is used as a control group. If the contract workers work *pari passu* with the permanent employees as observed during field work investigation, one wonders why the contract workers are not in the first instance employees of the principal employer who needs their services, otherwise he would not have asked for them through a labour contractor who is an intermediary. The answer to this question will become obvious as we proceed to show that the system is a manipulative strategy of capital to fractionalize labour so as to exploit it. Capital has always found it expedient to unite with local allies in fighting a common enemy in order to survive. To this end, capital has created hierarchies in the labour market, fractionalized workers and subjugated them according to degrees by the method of categorization such as unskilled, skilled and highly skilled.

We shall now proceed in showing the earnings of the respective companies, the summaries, and graphic presentations in order to determine the extent of exploitation of labour under contract labour arrangement. In this context, exploitation is not used in the strict Marxian sense. It refers to the additional shortfall in the share of the workers product accruing to him as a result of the peculiar character of contract labour. Before each Table, we shall define what we mean by "highly skilled", "skilled" and "unskilled" labour for each group of companies.

Table 3, shows the earnings of permanent and contract labour in the oil producing companies calculated on a monthly basis; while Table 4 shows the summary of earnings of the two categories of labour. As the Table indicates, the difference between the earnings of highly skilled permanent and contract labour is N373,58. Had the contract worker been employed directly by the principal employer, the contract worker would have earned N608,58 which is the earning of highly skilled permanent labour.

TABLE 2 Definition of Skills for the Oil Producing Companies

Highly Skilled	Skilled	Unskilled
Senior Operator; Senior Draughtsman, Senior Warehouseman; Senior Electrician; Senior Fitter, Welder, Machinist, Chief Lab. Technician, Crane Operator, Foreman, River Master, Senior Mooring Assistant Mechanical Technician. etc.	Laboratory Technician, Quartermaster, Operator, Mechanic, Fitter, Electrician, Machinist, Forklift Driver, Marine Engineering Assistant, Landsman Technician. etc.	Messenger, Attendant, Deckhand, Floorman, Ganger, Driver's Assistant, Sample Washer, Operator Trainee, Labourer etc.

See TABLE 3 on page 47

TABLE 4 Summary of Earnings in the Oil Producing Companies

Level of Skill	a	b	c
	Permanent Labour	Contract Labour	Extent of Exploitation
Highly skilled	N608,58	N235,00	N373,58
Skilled	437,40	140,00	297,40
Unskilled	316,24	122,50	193,74

TABLE 5 Definition of Skills for the Drilling Companies

Highly skilled	Skilled	Unskilled
Assistant Driller, Senior Crane Operator Head/-man/foreman, Assistant Driller Trainee etc	Floorman, Nurse, Radio, Operator, Assist Maintenance/painter Foreman, Crane Operator Mechanic, Electrician Welder, Derrickman etc	Roustabout, Subsea Helper, Maintenance Assistant, Motorman, Assistant Watchstander, Sample Taker, Mudman, Mudman, Labourer, helper etc.

TABLE 3

Earnings of Labour in the Oil Producing Companies

Earnings per month	Permanent Labour			Contract Labour		
	Highly Skilled	Skilled	Unskilled	Highly Skilled	Skilled	Unskilled
Salary/Wages	N 342,50	N 227,50	N 157,50	N 235,00	N 140,00	N 122,50
Bush allowance	28,00	24,50	21,00	—	—	—
Shift allowance	21,00	17,50	14,00	—	—	—
Housing subsidy	85,00	72,50	57,50	—	—	—
Transport allowance	60,00	45,00	30,00	—	—	—
Electricity allowance	15,00	12,50	10,00	—	—	—
End of year bonus	28,54	18,95	13,12	—	—	—
Annual leave allowance	28,54	18,95	13,12	—	—	—
GROSS TOTAL =	608,58	437,40	316,24	235,00	140,00	122,50

Source: Compiled from Wage Sheets, Collective Agreements and Interviews.

TABLE 6

Earnings of Labour in the Drilling Companies

Earnings per Month	Permanent Labour			Contract Labour		
	Highly Skilled	Skilled	Unskilled	Highly Skilled	Skilled	Unskilled
Salary/Wage	N 250,00	N 182,50	N 145,00	N 187,50	N 145,00	N 125,00
Offshore Allowance	31,50	26,25	21,00	—	—	—
Shift Allowance	21,00	21,00	21,00	—	—	—
Housing Subsidy	70,00	55,00	40,00	—	—	—
Transport Allowance	30,00	25,00	20,00	—	—	—
End of year bonus	20,83	15,20	12,08	—	—	—
Annual leave Allowance	20,83	15,20	12,08	—	—	—
GROSS TOTAL =	445,16	340,15	271,16	187,50	145,00	125,00

Source: Compiled from Wage Sheets, Collective Agreements and Interviews.

Figure 1, overleaf shows a bar chart of the respective remuneration of permanent and contract labour. The bar chart shows a pictorial presentation of the remuneration gap. More details are discussed in the summary of all the companies under reference.

Table 6 shows the earnings of permanent and contract labour in the oil drilling companies calculated on a monthly basis. Table 7 shows the summary of earnings of the two categories of labour, that is permanent and contract labour. As the Table shows, the difference between the earnings of highly skilled permanent and contract labour is N257,66. As explained in the case of oil producing companies, the drilling principal employer would have paid N445,16 to a contract worker had the latter been employed by the former. But for the fact that the contract worker is employed through a labour contractor who is an intermediary, a difference of N257,66 is denied the contract worker who receives N187,50. The skilled permanent labour receives N340,15 while the contract labour receives N145. The difference is N195,15. The unskilled permanent labour receives N271,16 while the unskilled contract labour receives N125.

FIGURE 2 on page 51 shows a bar chart of the respective remunerations of permanent and contract labour. This shows a pictorial manifestation of the remuneration gap. Details of employees in the drilling companies in their relationship with the employees in the oil producing and service companies are discussed later.

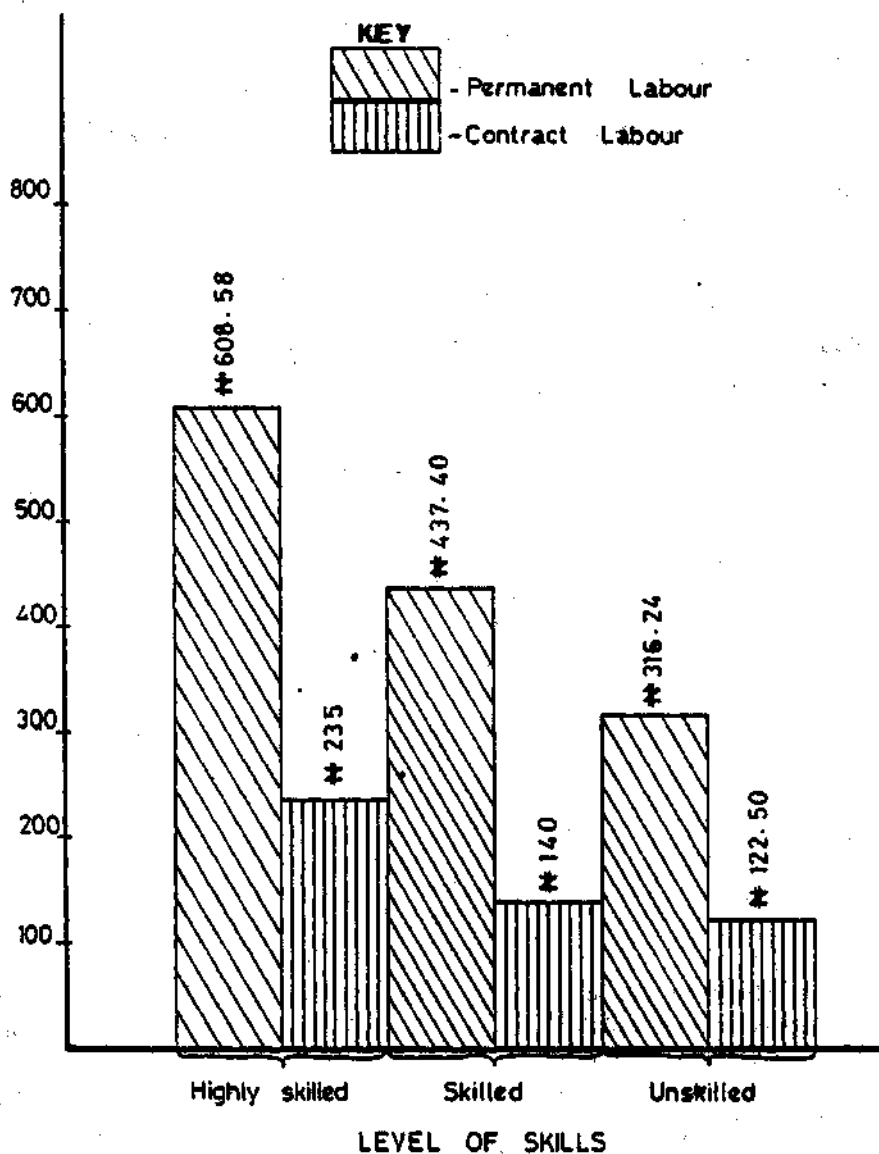
TABLE 7: Summary of Earnings in the Drilling Companies

Level of Skill	a	b	c
	Permanent Labour	Contract Labour	remuneration gap
Highly Skilled	N445,16	N187,50	N257,66
Skilled	340,15	145,00	195,15
Unskilled	271,16	125,00	146,16

Table 9 shows the earnings of permanent and contract labour in the Group 'A' service companies calculated on a monthly basis. Table 10 shows the summary of earnings of the two categories of labour. As the Table indicates, a highly skilled permanent labour receives N565,66, while the counterpart contract labour earns N255. The difference between the two categories is N310,66. As earlier explained had the principal employer engaged the ser-

FIGURE 1

Bar chart of the remuneration of employees in the oil producing companies showing the remuneration gap.



services of the contract labour directly instead of going through a labour contractor, he would have paid the contract labour as his permanent labour.

Figure 3 on page 54 shows a bar chart of the respective remuneration of permanent and contract labour. More details about this group in its relationship with the other categories in the various companies are discussed in the summary of all the companies.

FIGURE . 2

Bar chart of the remuneration of employees in the drilling companies showing the remuneration gap.

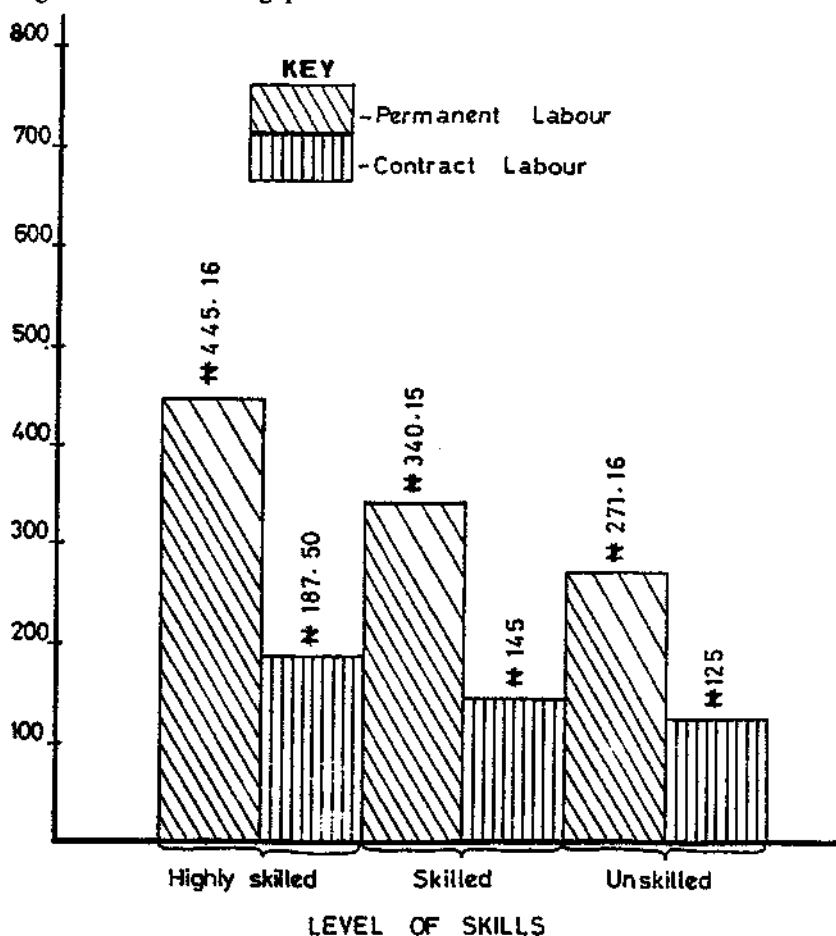


TABLE 8 **Definition of Skills for Group 'A'**
Service Companies

Highly Skilled	Skilled	Unskilled
Senior Equipment Operator/Driver, Foreman, Electrician, Foreman, Mechanic, Foreman, Machinist Foreman Radio Technician, Assistant Beachmaster, Senior River Master, Maintenance Supervisor etc.	Radio Operator, Crane Driver Radio Technician, Electrician, Welder, Plumber, Fitter, Mechanic, Bricklayer, Mooring Technician, Machine Operator, River Master, Truck/Trailer driver, Machinist, Mason, etc.	Field Helper, Mechanic helper, Deckhand, Greaser, Messenger, Cleaners, General Labour, helpers etc.

See TABLE 9 on page 53

Table 10 **Summary of Earnings in the Service Companies**
Group 'A'

Level of	a	b	c
	Permanent Labour	Contract Labour	Remuneration Gap
Highly skilled	N565,66	N255,00	N310,66
Skilled	411,10	195,00	216,10
Unskilled	317,74	150,00	167,74

Table 12 shows the earnings of permanent and contract labour in the Group 'B' service companies calculated on a monthly basis. Table 13 shows the summary of earnings of the two classes of labour. As the Table indicates, the highly skilled permanent labour earns N803 while his counterpart contract labour earns N550.

The skilled permanent labour earns N676,74 while the contract labour receives N495. The unskilled permanent labour earns N556,32 while the unskilled contract labour receives N360.

TABLE 9

Earnings of Labour in Group 'A' Service Companies

Earnings per month	Permanent Labour			Contract Labour		
	Highly Skilled	Skilled	Unskilled	Highly Skilled	Skilled	Unskilled
Salary/Wages	N 325	N 207.50	N 142.50	N 255	N 195	N 150
Out of station allowance	35	35	35	—	—	—
Shift allowance	14	14	14	—	—	—
Bush/Sea allowance	35	35	35	—	—	—
Housing subsidy	67.50	52.50	37.50	—	—	—
Transport allowance	20	20	20	—	—	—
Electricity allowance	15	12.50	10	—	—	—
End-of-year bonus	27.08	17.30	11.87	—	—	—
Annual leave allowance	27.08	17.30	11.87	—	—	—
Gross Total	565.66	411.10	317.74	255	195	150

Source: Compiled from Wages Sheets, Collective Agreements and Interviews.

FIGURE 3

Bar chart of the remuneration of employees in service companies under Group A showing the remuneration gap.

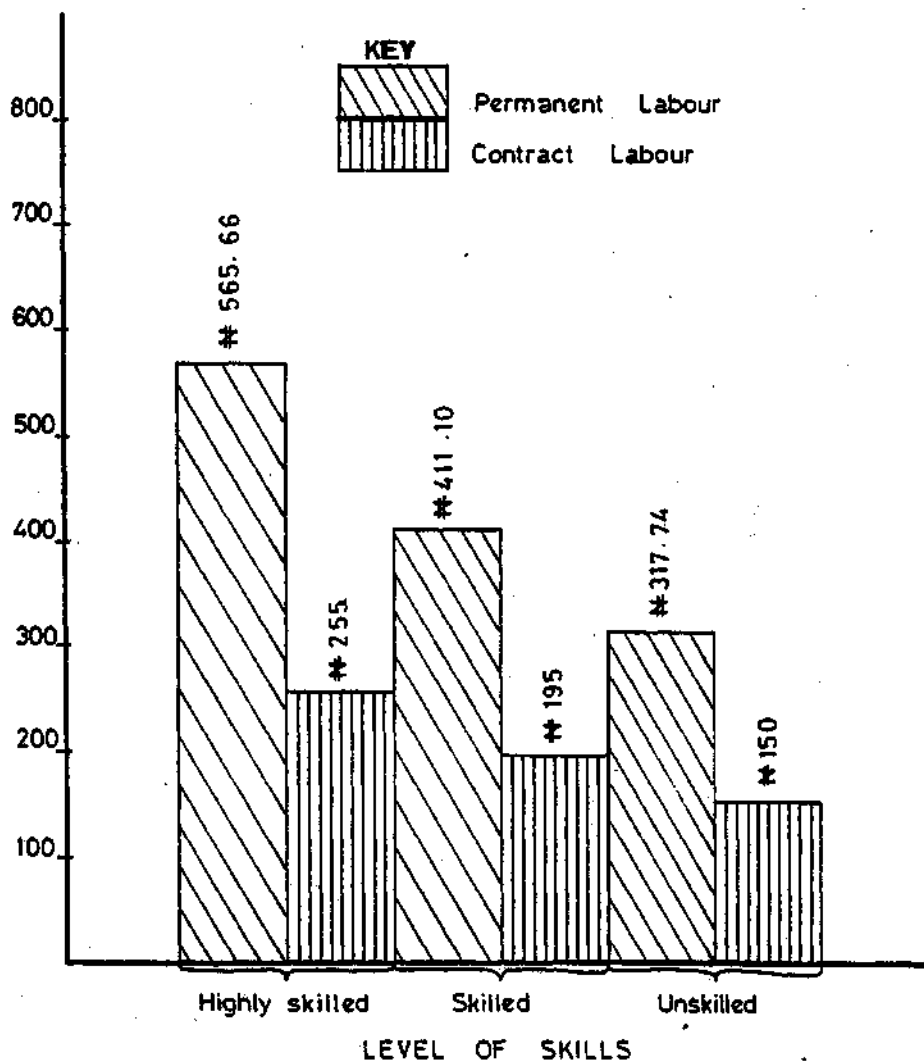


Table 11 **Definition of Skills for Group 'B'**
Service Companies

Highly Skilled	Skilled	Unskilled
Senior Equipment operator Senior equipment Driver Bulk plant Supervisor Assistant Maintenance Supervisor, Foreman Mechanic Foreman Machinist, Senior Warehouseman, Driver etc.	Lead Welder Mechanic Electrician, Equipment Operator/Driver; Tool Dresser, Driver Class 'E', Plant Operator, Radio Technician, Fitter, Welder, Divers, Driver Mechanic etc.	Fitter helper, Messenger, Gateman, Boiler Attendant, Greaser, General Labour, Helper, etc.

See TABLE 12 overleaf

TABLE 13 **Summary of earnings in the Service Companies Group 'B'**

Level of	Permanent Labour	Contract Labour	Extent of Exploitation
Highly Skilled	N803,00	N550,00	N253,00
Skilled	676,74	495,00	181,74
Unskilled	556,32	360,00	196,32

Source: Compiled from Wages Sheets, Collective Agreements and Interviews.

Figure 4 on page 57 shows a bar chart of the respective remunerations of permanent and contract labour. The chart is a pictorial manifestation of the remuneration gap. As could be seen in the remuneration gap in the Group B service companies, the exploitation percentage is much reduced. This observation has great implication for the validation of two of our hypotheses tested. This is however highlighted in the summary discussion of all the companies so as to portray the peculiarity of this particular group.

Summary

A glance at the summaries of the respective groups of companies reveals particularly the percentage of exploitation; the position in which each group is placed in the exploitation galore is manifest. The oil producing companies are the highest exploiters for both the highly skilled, skilled and unskilled labour.

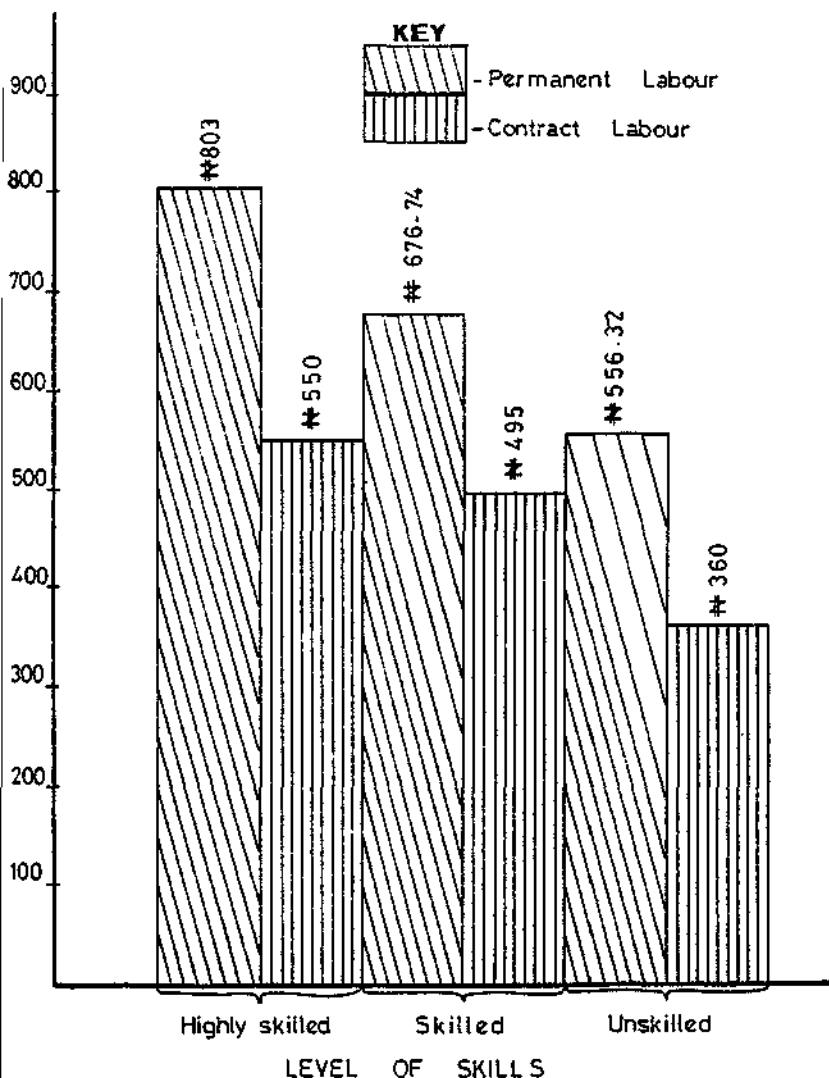
Table 12

Earnings of Labour in Group 'B' Service Companies

Earnings per month	Permanent Labour			Contract Labour		
	Highly Skilled	Skilled	Unskilled	Highly Skilled	Skilled	Unskilled
Salary/Wages	540,00	442,50	350,00	550,00	490,00	360,00
Subsistence/job Allowance	18,00	18,00	18,00	—	—	—
Rent Subsidy	120,00	110,00	100,00	—	—	—
Transport allowance	35,00	32,50	30,00	—	—	—
End of year bonus	45,00	36,87	29,16	—	—	—
Annual leave Allowance	45,00	36,87	29,16	—	—	—
Gross Total	803,00	676,74	556,32	550,00	495,00	360,00

FIGURE 4

Bar chart of the remuneration of employees in the service companies under Group B showing the remuneration gap.



On the whole, service companies pay contract labour much more than the drilling and oil producing companies. This is more so in the Group B service companies. Here as explained earlier the differences between permanent and contract labour are closer and the fringe benefits to the permanent workers are enormous. Here too, such benefits as overtime allowance are consolidated in the basic salary. Moreover contract labour in Group B service companies are paid directly by the principal employers and not through the labour contractors. The reason given by this group of principal employers is that they were always faced with complaints from their contract workers who either worried about delayed payment of wages or receipt of wages they (the principal employers) knew were less than what the labour contractor was given to pay the workers. These complaints affected the productivity level of the workers. According to the principal employers, they were afraid to lose the specialist contract workers to other competitors, hence they decided to take over the payment of their wages. In this group of companies, the labour contractor receives 10 percent of the equivalent of the total wages of the contract workers per month. For example, if the contract workers receive N10,000 as wages for the month, the labour contractor is paid N1,000 as commission. This amount is not deducted from the wages of the contract workers, but paid by the principal employer as services for the supply of labour. This amount is expected to take care of the services and meet up other expenses incidental to labour which as explained earlier are never met.

In Group A service companies as well as the oil producing and drilling companies contract labour is paid by the labour contractor. The relative affluence of the wages of Group B contract labour over Group A and the other companies therefore is explained by this difference in the method of payment of wages as well as the other remote competition to maintain a good image and hence retain contract position by the principal employer who is a contractor to the oil producing companies. This in a lay person's language means that labour contractors underpay contract workers.

Furthermore, contract workers are not issued with any written statement specifying the terms and conditions of their employment. Labour Act 1974 Section 7, Subsection 1 makes it obligatory for employers not later than three months of employment to give the worker a written statement specifying the terms and conditions of employment. For the fact that the dual employers of contract labour do not comply with this provision, the contract workers are not given the opportunity to know the conditions of their employment as reached between the principal employer and the labour contractor. This makes room for further exploitation of contract labour. If the workers have the knowledge of the terms reached on their behalf, they will be in a better position to know when the labour contractor fails to meet the terms of their

employment. Moreover, for the fact that the contract workers are made to understand that their employment is temporary and can be terminated at any point in time, they are thus subjugated and too intimidated to ask for their rights.

The overwhelming feeling of insecurity produces a state of "powerlessness, meaninglessness, isolation and self-estrangement" on the part of contract worker.⁶

The alienative effect this type of employment relationship has on the contract workers renders them impotent. The contract workers are not part of the organization in which they sell their labour power. They are not part of the seemingly permanent workers; neither do they receive anything significant as reward for their labour power expended in exchange for wages. During periods of recession, the contract workers are eliminated first.

They even act as buffers for the protection of permanent employees. According to Wright⁷ "because the company had few obligations to contract workers, their members varied much more in response of fluctuations in output than did those of directly hired workers. During periods of depression, inside workers (permanent workers) kept their jobs." The permanent workers therefore look at the less fortunate contract workers as outsiders and most of the time are insensitive to their plight. This observation was transparent during my interviews with a majority of the permanent employees. Thus the contract workers are socially isolated from the rest of the group — the permanent workers, the principal employer and even the labour contractor. As such, they are unable to find satisfaction and fulfilment in performing their duty. Even the products of their labour are not within their reach. Unlike the permanent workers whose jobs relatively "offer higher wages, better conditions of work, employment stability and opportunities for advancement".⁸ Even the contract workers having equivalent skills with their permanent counterparts are so reduced that they look at themselves as unskilled. According to Braverman,⁹ the costs of labour are reduced because the de-skilled worker can be easily replaced and he no longer has the bargaining power which scarce skills provide. Control over the workforce is therefore strengthened and in terms of the relationship of dominance and subordination, the gulf between the classes grows wider. Braverman further contends that these workers are forced to sell their labour power in order to subsist. Their work has undergone a process of degradation which involves the removal of skills, responsibility and control. The cheapening of labour power by de-skilling has thus resulted in low returns for their labour. As Karl Marx observes, "within the capitalist system all methods for raising the social productivity of labour are put into effect at the cost of the individual worker;

that all means for the development of production undergo a dialectical inversion so that they become means of domination and exploitation of the producers; that they distort the workers into a fragment of a man, they degrade him into the level of an appendage of a machine, they destroy the actual content of his labour by turning it into a torment, they alienate from him the intellectual potentialities of the labour process. . .".¹⁰

The more the use of contract labour by capital, the more the exploitation of labour and the greater its alienation. The permanent employees are alienated also, but they have reduced the degree of their alienation by at least belonging to the organization which receives their services. They have been able to reduce the exploitation gap as shown from the Tables and graphs showing the earnings of permanent and contract labour. This is in line with Taylor's view that this type of employment arrangement has kept down costs for capital. Wright¹² in support of Taylor's observation holds that contract labour system performs useful function for capital.

Capital uses contract labour in order to increase the level of profit accumulation. This accumulation is generated from two levels of market situation — the primary market belongs to permanent labour and the secondary market belonging to contract labour. Kerr¹³, Doeringer and Piore¹⁴ and others have written on "balkanized", "internal", "stratified" or "segmented" labour market. It has become conventional among them to draw a dichotomous distinction between a primary market consisting of jobs which offer high wages, good working conditions, employment stability and opportunities for advancement; and a separate secondary market in which the overall conditions are far less desirable.¹⁵ The persistence of this dual structure according to Gagliani is normally explained by referring to a combination of factors related to technology, the market power of firms and the interaction between job characteristics and worker traits¹⁶. However, Gagliani rightly observes that these authors have normally tended to shy away from the implications of their analysis in terms of class distinctions. Edwards, Reich and Gordon¹⁷ Edwards, Reich and Weisskopf¹⁸ and Edwards¹⁹ have argued that capitalists have always attempted to divide the working class the better to conquer it. According to Gagliani, the working class may well be divided into factions but at the same time it is reaffirmed that the true common enemy of all the factions is the capitalist employer and what may appear as privileges are in reality no such thing. Wallerstein²⁰ contends that sharing an enemy does not automatically imply being friends. The equalization of the market conditions of labour will lead to the increase of the power of contract labour.

This equalization can be effected however only when contract workers develop their level of consciousness by realizing that their condition is not

as a result of impersonal market forces as the economists would argue but "from relationships between men"²¹. An end to alienation of contract labour and its more intense exploitation in relation to its permanent counterparts will come only with a radical change in property relations.

It should be noted at this juncture that contract labour through its interaction with permanent labour, through exposure and experience does not always seem docile. In certain situations, capital has unknowingly given contract labour opportunity to resolve the contradictions between their consciousness and objective reality by way of getting organized and seeking redress through industrial action in general and strike action in particular. For example, when capital has many contract workers in its employment supplied by one labour contractor, the homogenized condition unites them given the proper combination of resentment and militant leadership. At other times contract workers have teamed up with the permanent workers in one company to flex muscles with the principal employer.

Conclusion

It has been shown that the principal employers enter into an unholy alliance with labour contractors to doubly exploit contract workers. We considered the collective agreement reached between the unionized permanent workers with their management and we have showed that they were able to bargain with their employers because they are unionized because in unity they have found strength to minimize the exploitative propensity of capital. We further showed that capital in its bid to exploit labour to the fullest, fractionalizes labour so as to sow the seed of disunity amongst them. As such capital ensures that contract workers are not given the opportunity to organize and become members of the trade union they are supposed to belong.

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