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AN ANALYSIS OF PUBLIC ENTERPRISES' PRIVATIZATION POLICY IN NIGERIA

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ABSTRACT

The paper seeks to provide explanations for the enthusiasm with which successive administrations in Nigeria have pursued the privatization policy since 1989. The implementation of the privatization policy, unlike many other development policies that did not survive the exit of their initiators in government, has gained wide acceptance. Privatization is now a critical strategy for national development. Privatization has reduced the growth of government expenditures and raised cash to reduce public internal and external debts through equity divestment, leading to enhanced efficiency and disposition of public funds into local and physical infrastructures in the country. The policy has also turned the private sector into an alternative arena for rewards and achievement outside political office. Opponents, however, view privatization as a rolling-back of the compassionate state and the elevation of private sector over public interest. Above all, there is nothing in the policy to ensure the interests of future generations.

Keywords: Full Privatization, Partial Privatisation, Nationalization, Private Sector, Democratization

INTRODUCTION

The privatization policy has come a long way in Nigeria. The ownership and management of several public sector enterprises have been transferred to the private sector. The paper seeks to justify the enthusiasm with which successive administrations have pursued the privatization policy. The paper argues that there are both political and economic reasons for the policy in Nigeria. The privatization of public enterprises in Nigeria is a political as well as an economic strategy.

Expectations about political independence in Nigeria which have been dampened since the early 1970s finally manifested not as democracy of development, but as authoritarian rule, intense socio-economic stagnation, decline and crisis (Osaghae, 2002). The mandarins placed in charge of the apparatus and machinery of government easily appropriated state property and became schemers and willing collaborators in the manipulation of electoral processes and the perversion of democracy. They readily created a vested interest which required a herculean task to dislodge. Consequently, the Nigerian State today seeks to achieve a liberalized political climate, a socially responsible private sector, an autonomous civil realm and plural democracy. It is within this search that the utility of the public sector enterprises' privatization policy is analyzed in this work.

The privatization policy has done a lot to reduce government's direct involvement in enterprise development and management; resulting in private sector led economy and in the process turned the private sector into an alternative arena for rewards and achievement outside political office. The attractiveness of political office as the main means to secure economic gain is reduced by improved private participation and control of the economy.

CONCEPTUALIZING PUBLIC ENTERPRISES AND PRIVATIZATION

Public enterprises in Nigeria are semi-autonomous statutory bodies established by government to provide specific economic and\or social services to the people. They are created by Acts of Parliament which sets out their structures and functions. They are legal personalities. Consequently, they can sue and be sued in a court of law, and can enter into contracts. They have their own independent sources of revenue even though they get subventions from the government. They have powers to raise loans for their projects.

Employees of public enterprises are not civil servants and are therefore governed by different rules and regulations and different conditions of employment. They are recruited by their respective enterprise's Board of Directors which also promote, pay and discipline them. Public enterprises are created for services which are not suited to the civil service mode of production. The civil service work is characterized by strict compliance with rules, regulations and procedures. This results in delays and inertia in government services. Public enterprises device ensure the use of initiative and innovation by creating their own rules and methods suited to their peculiar services to ensure quick decisions and fast operations.

The public enterprise device has been used by governments in different countries to grant autonomy to various bodies managing government business in order to ensure decentralization and effective management. Such autonomy ensures that decisions are made at the appropriate levels by appropriate persons. Commercial and industrial ventures require quick decisions, which are difficult to achieve under the civil service rules and values.
Examples of public enterprises in Nigeria are Nigerian Ports Authority (NPA), Nigerian Railway Corporation (NRC) Nigerian National Petroleum Corporation (NNPC) and Power Holding Company of Nigeria (PHCN).

Privatisation refers to the process of public sector disengagement from the ownership and management of public sector enterprises. Two types of privatization (i.e. full and partial privatization) have been implemented in Nigeria. Fully privatised enterprises are owned 100% by the private sector i.e. by institutional or core group investors, or a combination of the various types of investors. Government having disgorged its entire holdings would have no hand in the running of the enterprises or in the decision making affecting the enterprise, except in the provision of the general infrastructure, the legal framework and conducive political and economic environments for business to operate. Management decisions affecting the enterprise would derive from policy decisions reached by the Board constituted by the private sector owners. Fully privatized enterprises in Nigeria are those, which produce goods, which are more 'private" (consumptive) than 'public" (essential) in nature. They are expected to yield reasonable dividends to the owners and or shareholders.

Enterprises considered strategic, because of the greater public nature of their goods are the ones to be partially privatised. The government would still exercise some influence to the extent of its representation on the Board. Managers would however, be made to be accountable to the Board, even when government has substantial interest. Ministerial control as had been the case in the past would be scaled out, as Boards would be expected to operate autonomously. Partially privatised enterprises would be expected to operate like the fully privatised enterprises in terms of accountability, management, profit motivation, expansion and diversification of production.

GENESIS OF PUBLIC ENTERPRISES IN NIGERIA

The state, for historical reasons, has had to play a vital and dominant role in the economy of many independent African states including Nigeria. They were expected to carry out all the functions of an interventionist state. These functions include not only the provision of goods and services, but also regulating the economy in order to prevent market failures. Consequently, when Nigeria became independent in 1960, both the Regional and Federal governments and much later, the states and Federal governments began to invest in enterprises such as the iron and steel industries, railway, and shipping etc. Some of these industries were considered strategic to the nation and the large capital outlay required to operate them was beyond the reach of the private sector. The private sector was not developing fast enough and there was need to speed up industrialisation in order to catch up with the rest of the world. The public sector therefore had to step in. In the course of time, the public sector also began to invest either as full owner or part owner in enterprises such as the banking, insurance, iron and steel, construction, agriculture, brewery, distributive and retail trades, cement industries, aluminium industries, textile, hotel business, fishing, etc. Nigeria was in this wise influenced to a large extent by the economic policies of the Labour Party of the United Kingdom (Thornhill,1975). It is important to note here that it was the Labour government that canvassed for the political independence of the colonies. It was between 1945 (end of World War II) and 1960 that many African countries became independent. The Labour government was in power for most of this period. The Labour government's policy of nationalization of private enterprises and the setting up of new enterprises in addition won the appeal of the young independent former British Colonies including Nigeria.

There are also some essential services for the general public which if put in private hands will be above the reach of the poor people because their prices would be so costly that they cannot obtain them. Such services include water supply, electricity etc. The government therefore saw the need to provide such services for the people through public enterprises at moderate costs.

Another factor which informed Nigerian government involvement in the commanding height of the economy was the lack of expertise by indigenous Nigerians to occupy those heights especially with the indigenisation of the economy in the 70s. A very important factor in the growth of Nigeria's public sector is the indigenisation policy that was promulgated by the Nigerian Enterprises Promotion Decree (NEPD) of 1972 and further extended and strengthened by a similar decree in 1977, based on the government's expressed policy to exercise the legal foundation for extensive government participation in the ownership and control of significant sectors of the economy. The establishment of the Nigerian National Petroleum Corporation (NNPC), for example, was designed to give Nigeria control of the vital petroleum sector (Bierteker 1987; Ugorji 1995). Thomas Bierteker (1987) contends that, as a result of the Nigerian Enterprises Promotion Decree, the public sector began to play an increasingly dominant role in the economy. There was also the need to create more job places for the growing secondary and university graduates and political loyalists.

The discovery of crude oil in large quantities in the 60s and 70s in Nigeria and the astronomic oil revenue derived by Nigeria needed to be invested in the economy. Traditional private sector industries became more and more attractive to both the states and Federal Governments especially in the 70s. By the 1980s, there were 70 non-commercial and 110 commercial federal enterprises and parastatals in Nigeria. Estimates of the Vision 2010 Committee indicate that the Federal Government's investments in public enterprises stood at over $100 billion in 1996. The government controlled most of the petroleum, minerals development, banking, telecommunications (fixed line), power and steel sectors of the economy. These sectors alone constituted at least 40 percent of the entire National GDP.

Government investments in Nigeria cut across all sectors of the national economy. Public enterprises are created to ensure effective utilization of staff and funds. All the public sector enterprises have attracted government financial outlay either in the form of equity, loans or guaranteed loans, subventions or grants. Staff and materials are rationalized in public enterprises to ensure high productivity. Unlike the civil service, public enterprises are expected to make gains, at least to pay their bills. Users of their services pay for services rendered to them.

During the military era, many public enterprises in Nigeria were under sole administrators. Thus except in such exceptional cases, public enterprises are expected to have Governing Board of Directors, that are responsible for policy-making, direction and control. Members of the Board of Directors are appointed by government and a minister of a government ministry is charged with the responsibility of supervising the enterprise as well as serving as a link between the enterprise and the government. The minister represents the interest of the enterprise in the cabinet or executive council; and ensures that the enterprise's broad policies do not conflict with the overall government objectives and principles. Below the Board of Directors is a corps of permanent officials headed by the Chief Executive of the enterprise who is usually called the General Manager or given any other title. The chief executive of the enterprise ensures that the policies of the enterprise are faithfully executed by the staff. He gives leadership to the enterprise, directs action and co-ordinate activities of its various divisions, units and sections for efficient implementation of its goals and objectives.

Public enterprises in Nigeria have been subjected to many interventions by governments due mainly to the concern to ensure that these large undertakings, whether measured in terms of workers employed or capital invested, pursue their business in a manner which does not rock the government boat. Successively, governments have extended and improved the controls which they exercise over the capital borrowing, investment, pricing policies and, more recently, wages policies of public enterprises in Nigeria.

In terms of accountability, public sector enterprises in Nigeria have not been able to satisfy the government, parliament and the public that they are being run efficiently and progressively. Rather, they tend to capitalize on the monopolistic position they enjoy to exploit consumers. Consequently, they were continuously involved in trade disputes resulting in work stoppage.

Most of the public sector enterprises in Nigeria were not well managed. Their resources were not rationally applied to achieve their objectives. Commercial and industrial ventures were not run along business principles and methods. Board Members and staff regarded public enterprises as no man's business which they could plunder to enriching themselves. Findings of public Commissions and study groups on the performances of public sector enterprises shows that they were infested with problems such as: abuse of monopoly-powers; bureaucratic bottlenecks; mismanagement, corruption and defective capital structures, resulting in heavy dependence on the treasury for funding.

Above all, the appointment of members of Boards of Directors of public enterprises is often based on political considerations and not on the competence of the individuals. Political leaders view appointment to Boards of public enterprises as a reward for politicians who campaigned strongly for the party during elections or for party loyalists who are unable to win elections. Consequently, incompetent and corrupt individuals are sometimes appointed as members of Boards of enterprises, resulting in poor management of such enterprises.

Public enterprises require autonomy from the government in order to perform effectively. In Nigeria it is observed that the required autonomy is often not given. Ministers interfere in their affairs, issue occasional directives which conflict with their principles, mode of operations and objectives. Supervising ministers imposed policies which are not in the best interest of the enterprises. At the same time, within the parameters set by these controls, the managing boards have been continually pressed to act in a normal commercial manner in those matters of trading which are still left to them.

The weakest aspect of the statutes of most public enterprises in Nigeria is their failure to provide a clear allocation of responsibilities between supervisory Ministers and Boards. Ministers have various duties in respect of the industries for which they are responsible. These commonly extend to power over subsidiary bodies in those industries. Ministers usually exercise the power to approve capital expenditure programmes and the raising of loans for capital expenditure; the approval of pensions arrangements for employees; the power to approve programmes of research and schemes of education and training for staff; the duty to take decisions on matters raised by consumers, the power to call for returns, accounts and information; the appointment of auditors; the prescription of the form of the annual accounts and matters to be included in the annual report, and the duty to prescribe the manner of repayment of capital loans.

Ministers exercise two other general powers: that of appointing the members of the Board, and the ability to give directions to a board on the exercise and performance of its functions in relation to matters which appear to the Minister, to affect the national interest. These are indeed great powers. They are generally regarded as the most significant of ministerial powers.

The absence of any accepted doctrine on public enterprises would seem to have encouraged the general assumption that apart from the statutorily prescribed duties of Ministers, the Board of the enterprise was free to run the industry in its own way. Many analysts also regard the ability of the Minister to issue a general direction in the national interest as his reserve power to ensure that the industry was conducted in a manner which was politically acceptable. Events have disproved these early beliefs. Yes on paper, there is division of functions between Ministers and the Boards. What is however, clear in practice is that the political environment inhibits the growth of any extensive area of independence for the Boards.

WHY PRIVATIZATION?

There is deep distrust of the Nigeria state and it governments as leading participants in economic activities. The pressure on the state to withdraw from the provision of certain services is massive. Consequently, most of the public sector enterprises have been fully or partially privatized. The global economic recession of the 1980s resulted in serious socio-economic difficulties in Nigeria as in many other African countries. The World Bank and the International Monetary Fund (IMF) as part of the conditions for loan (Aids.) advised them to divest their public enterprises. They were told that privatization as an economic reform will help cut public sector inefficiency and provide greater scope to the private sector to attract more investments and hence revive the economy. Thus as far back as 1988 the federal government of Nigeria promulgated the Decree No. 25 of 1988 on privatization and commercialization to regulate the Nigerian economy for better performance. The current privatization programme in Nigeria is however, anchored on the privatization Act of 1999. The National Council on Privatization (NCP) is the lead agency which formulates the policy while the Bureau of Public Enterprises (BPE) serves as the implementation agency.

The public sector in Nigeria has long been criticized generally for its inefficiency, politicisation, corruption and poor output. These dilemmas increased exponentially with the proliferation of public sector enterprises. Public sector efforts in industry produced extraordinary waste, growing deficits and scant production. Massive capital projects in agriculture offered no relief to a stagnant rural sector. Public enterprises presented a growing liability to the government budget, and their faltering performance constituted a central factor in Nigeria’s economic decline since independence. By the end of the boom era, the nation possessed huge wasteful and unwieldy public sector. The investments of billions of naira in public enterprises yielded few dividends and enormous burdens. Basic utilities and infrastructure did not function properly in the nation.

The performances of public sector enterprises in Nigerian have been very problematic. It is instructive to note that over one-third of the money the country realized from the sale of oil since 1973 had been expended on public sector enterprises. It was also estimated that about 55 percent of Nigeria's external debts with the Paris Club of Creditors were due to funds sourced to establish these public enterprises. However, the return on these investments averaged less than

0.5 per cent per annum. According to the Technical Committee on Privatization and Commercialization survey, public enterprises accounted for between 30 and 40 per cent of fixed capital investments and nearly 50 per cent of normal sector employment. Yet, the private enterprises engaged in economic activities employing only about 400,000 people.

The inefficiency of public sector enterprises in Nigeria is more glaring in terms of the quality of service rendered when measured against the funds they draw, directly, or indirectly from the Federal Treasury. It is estimated that about $4 billion was saved in 2004 alone in terms of funds which would have been drawn by the already privatized enterprises, if they were not yet privatized. During the 8 years of President Obasanjo, the Power Holding Company of Nigeria (PHCN) collected 13 billion naira from the government to improve its services, yet power supply remained epileptic. It is conservatively estimated that the nation may have lost over $800 million due to unreliable power supply by PHCN. NITEL attracted operating subsidies of at least N30billion between 1975 and 1999 to provide Nigerians with the world's most expensive phone-network-a paltry 400,000 lines.

There is virtually no public enterprise in Nigeria today that function well. While they were created to alleviate the problems of inadequacy of investment funds for starting them and shortcomings of the private sector in order to accelerate the growth of the Nigerian economy, many of them have stifled entrepreneurial development and fostered economic stagnation. Most of the enterprises have served as platforms for the promotion of selfish political objectives and consequently suffered from operational interference by civil servants and political appointees. They have also contributed to income redistribution in favour of the rich over the poor, who generally lacked the connections to obtain the jobs, contract or the goods and services the public enterprises were supposed to provide. The estimated annual burden the public enterprises imposed on the economy is unsustainable and unjust.

Data obtained from various government departments and estimates revealed that in 1998, Nigerian public sector enterprises enjoyed about N265billion in transfers, subsidies and waivers, which could have been better invested in the country's educational, health and other social sectors. This, no doubt, made the privatization of the enterprise inevitable so that the funds, which were being pumped to pay for services not rendered, could be ploughed into other areas of national need. It is against this background that one can understand why the deregulation of the Nigerian economy became a highly desirable proposition. In this regard Nigeria would seem to have also followed the investment patterns of her erstwhile colonial master, the British government which in 1979, began to retract from the policy of public ownership of enterprises.

The privatization of enterprises as scheduled under the first phase has been completed. These were commercial and merchant banks and cement companies that were already quoted on the Stock Exchange. Enterprises which were divested through public offers or a combination of public offer and core investor sale are:

1. NAL Merchant Bank
2. International Merchant Bank (1MB)
3. FSB International Bank
4. Unipetrol
5. African Petroleum (AP)
6. Assurance Bank
7. National Oil and Chemical Company Plc. (NOLCHEM)
8. West African Portland Cement Co (WAPCO)
9. Ashaka Cement Co. Plc.
10. Northern Nigerian Cement Company Plc. (NNCC)
11. Benue Cement Company (BCC)

The second phase is concerned with public enterprises engaged in sectors where the prices of their respective output/services are largely market-determined. A number of enterprises in this phase have either been fully privatized or partially privatized through sales to strategic/core investor groups and offer to the investment public on the floor of the Nigerian Stock Exchange. These included:

1. Festac 77 Hotel
2. Nigerdock Limited
3. Assurance Bank Nigerian Ltd
4. Electric Meter Company of Nigeria (EMCON)
5. Calabar Cement Company Ltd. (CALCEMCO)
6. Nigeria Cement Company Plc. (NIGERCEM)
7. Savannah Sugar Company Ltd.
8. National Truck Manufacturers, Kano
9. Nigerian Re-insurance Enterprise
10. Niger Insurance Plc.
11. Capital Hotel Plc. (Owners of Sheraton Hotel and Towers, Abuja) Daily Times of Nigeria Plc.
12. Ode-Irele Oil Palm
13. Leyland Nigeria
14. Ihechiowa Oil Palm
15. Central Packages Company Ltd
16. Afribank Plc.
17. 4 nos. Bricks and Clay Companies (Subsidiaries of Nigerian Mining Enterprise)
18. Concession of Nigerian Ports (Lagos and Port-Harcourt Terminals)
19. NICON Insurance Enterprise
20. NICON Hilton Hotel
21. Nigerian Aviation Company
22. Nigeria Unity Line
23. Ayip Eku Oil Palm
24. Steyr Nigeria Limited
25. Eleme Petrochemicals Company Limited
26. Federal Superphospate Fertilizer Company
27. Kuru Quarry, Jos
28. Volkswagen Nigeria Limited

The privatization of some of the major enterprises in the monopoly sector of the economy (NITEL and PHCN), is near completion. PHCN successor companies were handed over to private investors on November 1, 2013.

REASONS FOR PRIVATIZATION

Cook and Kirk Patrick (1998:3) identified the following reasons for privatization:

1. Privatization curbs the growth of government expenditure and raises cash to reduce public internal and external debt through equity divestment.
2. It promotes individual initiative while rewarding entrepreneurship.
3. It is a way to broaden the base of ownership and participation in the economy, thereby encouraging the individual to feel like they have a direct stake in the system. To this end, the sale of public sector assets can be made attractive to small investors.
4. Through privatization, an enterprise can have access to private sector financing and private owners may be exposed to new market.
5. It develops competitive real sector and offering relatively better service and products.
6. It broadens and deepens the domestic capital market.

The broad objectives of the privatization programme in Nigeria include:

1. To restructure and nationalize the public sector in order to lessen the dominance of unproductive investment in the sector.

2 To raise fund for financing socio-economic development in such areas as health, education and infrastructure.

3 To re-orientate the enterprise for privatization towards a new horizon of performance, improvement, viability and overall efficiency.

4 To initiate the process of gradual cession to the private sector of such public sector which are better operated by the private sector.

5 To create more jobs, acquire new knowledge and technology and expose the country to international competition.

6 To ensure positive returns on public sector investments in commercial enterprises.

7 To create a favourable investment climate for both local and foreign investors. (FRN, 1988, NCP,2000).

PRIVATIZATION AS A POLITICAL STRATEGY

While market failure provided the basis for the welfare state, political failure and administrative incapacity constitute one of the bases for the current movement for the disengagement of the state. The major policy instrument that highlights this bias towards a private sector strategy of development is privatization. In Nigeria, this policy is being implemented with so much enthusiasm. Privatization is seen from the angle of public finance considerations as well as a mechanism for the control of an extravagant and self-serving state.

Until very recently, electoral victories and attendant positions of power were widely recognized to be the quickest, safest and only way to the acquisition of wealth in Nigeria. In most cases, peoples' aspiration for political power was determined solely by the desire to illegitimately agglutinate wealth through the process of authoritatively allocating the values of society. Victory in electoral politics literally means winner takes all. Consequently, the willingness to give up power even after a free and fair election was naturally absent in Nigeria's political culture. In the same vein, those wishing to unseat incumbent elected government did not hesitate to use all means fair and foul to attain their objective.

It is now generally accepted that, that craving which might lead to do or die battle over the electoral process would be assuaged if good or better avenues without the political risk of sudden termination of one's existence, abound outside in the private sector. The result has been an adoption of measures designed to encourage the development of vibrant private sector and the diversion of the energies of budding executives to that sector. The logic here is that electoral victories and attendant positions of power need no longer be the quickest, safest and only way to the acquisition of wealth.

Several African states have taken cautious steps to address this issue and where it has been addressed the degree of success has been related to the vigour with which it is tackled. It would seem that Nigerian political leaders have taken the position that terrible struggle for power by aspirants will be reduced or minimized if a greater number of avenues for wealth acquisition were created in sectors other than the public domain and government removed from large chunks of the lucrative economy. To lay the foundation for a free and fair atmosphere in which elections to public posts can be held without rancour and violence coupled with massive manipulation of votes, it is important that significant numbers of the members of the elite, accept that financial salvation does not lie in political power only.

Thus, in addition to the attainment of the general macro-economic goals, privatisation has become a major policy instrument expected to contribute to the overall political development of the country by helping to expand the private sector into an alternative arena for rewards and achievement outside political office. Until very recently there was nothing for political losers in government and outside of government in Nigeria. The private sector as an alternative arena for rewards and achievement was limited. Under that situation party competition easily polarize into ethnic conflict, accompanied by violence and probably slide back into authoritarian rule and military dictatorship. It is unlikely that the group that lost political power will play the electoral game; the alternative is to turn to less benign, often violent strategies. It is against this back ground that several African countries including Nigeria have since the 1980s embarked on privatization of public enterprises as a political strategy to expand the private sector as an alternative arena for rewards and achievement (Imuetinyan, 2015). “There is low incentive for sharing and high reward for not sharing when public office is the only game in town.” (Harvey, 1995).

Privatization as a policy action should not be seen as an unequivocal endorsement of the private sector superior performance. However, following the end of the great ideological debate on economic options, liberalization or deregulation, privatization has come to be accepted around the world. Any country that is not willing to operate by the rules of the game, risks being sidelined in the global floor of foreign investment – a powerful force fuelling growth in the global economy. The major problem with the privatization policy with respect to Nigeria is the issue of whether the voices and interests of future generations are taken into consideration in its formulation and implementation. To be sure, there is indeed, widespread cynicism about the economic direction and content of the privatization policy in Nigeria. It should however, be said that its political objective has started to manifest in Nigeria. A common denominator in sustainable development is that living standards for human beings must improve without jeopardizing the possibilities for future generation to enjoy equally good conditions. The attractiveness of political office as the main means to secure economic gain in Nigeria seem to be reducing in recent times and this in my view can be attributed to the privatization policy which has made available other sources of safe and legitimate wealth. As demonstrated by the recent decision by President Jonathan to concede victory to the opposition in the 2015 Presidential elections, Nigerian political elites now see other possibilities outside political offices. The terrible struggle for power by aspirants will be reduced or minimized if a great number of avenues for legitimate wealth were created.

CONCLUSION

In line with the philosophy of global liberalism, Nigeria like several other African countries has been forced to abandon the philosophy of planned economy in favour of free market economic management. The economic and social policies of the federal and many state governments since 1989 have been influenced by this liberal philosophy which seeks to put up all public enterprises for sale. The changing role of the state is considered necessary in order to enable the state to carry out tasks of economic recovery and political reconstruction. Privatization has helped to curb the growth of government expenditures and raised cash to reduce public internal and external debts through equity divestment, leading to enhanced efficiency and disposition of public funds into local and physical infrastructures in the country. It is however, very important to ensure that the ability of future generations to meet their needs is not compromised by the current policy of privatization. This is the bedrock for sustainable development; a process of change which recognizes that the problems of underdevelopment cannot be solved unless a country plays an open and large role to satisfy all her citizens without creating domestic conflicts. Sustainable development is a delicate balance between the need to improve life style and feeling of well-being on the one hand and preserving the resources on which the present and the future generation depend on the other. (Blewitt, 2015).

Economic adjustment policies such as privatization have shot up inflation, increased unemployment and underemployment, magnified crime, prostitution, malnutrition and poverty in Nigeria. It is therefore not surprising that the privatization of public enterprises is viewed by the civil society organizations as an attempt by the government to reduce its commitments to social welfare for it citizens. Opponents, see privatization as a rolling-back of the compassionate and humane state and the elevation of private sector over public interest. They argue that instead of privatization, which in most cases are dictated by the International Monetary Fund (IMF) and the World Bank to further their economic interest in Africa, the State should be assisted to ensure that its economic responsibilities and activities are performed more effectively.

It is important to recognize that, despite the strong case for a diminishing role of the state in the economy, there exists considerable controversy as to the extent of its diminished role as well as the specific activities which the public sector should surrender. While accepting that a reduced role of the state which the privatization policy represents will provide larger gains, the state in our opinion should still have active promotional role even in a private-sector oriented development strategy. What needs to be added to the above strategy is accountability. It is very important to ensure that accountability is enforced, such that misappropriation of public funds is prevented and punished. Where there is not much to be gained materially from holding a political office, the temptation to damn all, throw caution to the wind and rubbish the democratic process is weak. This will further reduce the attractiveness of political office as the main means to secure economic gain.

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