

Privatization and Nigeria's Quest for Sustainable Socio-Economic Development in the Twenty-First Century

'Bimbo Ogunbanjo

Department of Politics and International Relations, ISM - Adonai University, Cotonou, Republic of Benin.

Corresponding author: mbimboogunbanjo@yahoo.com

Abstract

The issue of development has become increasingly prominent since the end of World War II. However, it has been a complex and deeply controversial issue. This paper emphasizes that the issue of development is a universal phenomenon as all countries of the world aspire to make progress and to achieve self-sustaining growth by utilizing the resources of nature to make life better. Even so, the need to make life better for the present generation without creating problems for the next one led to the adoption of the concept of "sustainable development" in the academic circle. Thus, bringing the discourse of sustainable development to the Nigerian situation, it is worth identifying that the dwindling fortune of the 1980s as a result of the sharp drop in international oil prices led to the adoption of the policy on privatization and removal of government subsidies on government companies and parastatals as a strategy to enhance national development. This paper stresses that with the consciousness of scholars and policy analysts about the orientation of private investors which is first tailored to profit making, the issue of privatization has aroused several questions. Some observe that the policy on privatization is antithetical to development. Importantly too, is the concern that private investors may not be concerned with the future welfare of the society. This paper examines privatization and Nigeria's quest for sustainable development. It draws explanations from the Social Contract Theory to highlight the reciprocal relationship between the state and society and the functions and obligations of each parties. With this, this paper analyzes issues of debates and contestations on privatization. Bearing in mind Nigeria's politico-economic history and current socio-economic challenges confronting the state, this paper advocates the need for caution and human face in the approach to privatization.

Keywords: Sustainability, Economic Growth, Globalization, Privatization, Public Enterprises, State-Owned Enterprises, Development, Sustainable Development.

Introduction

When we consider the topic of development it is important to realize that all conceptions of development necessarily reflect a particular set of social and political values. Indeed, it is true to say that 'development can be conceived only within an ideological framework'¹. Since the Second World War the dominant understanding, favoured by the majority of governments and multilateral agencies, has seen development as synonymous with economic growth within the context of a free market international economy.

Development has become a conscious desire of all countries of the world. This fact is attested to by various international conferences and fora organized to discuss issues about development. On the one side, the developed countries of Europe and America that are rich, technologically advanced, and control a significant proportion of global wealth and investment still continue to invest significantly in Research and Development (R&D) for the generation of new ideas. On the other side are the developing countries of the 'global south' that are characterized by low level of investments,

low level of education and technological knowhow and remain dismally underdeveloped². Hence, the basic challenge confronting most developing countries particularly of Africa, is how to accelerate the process of achieving economic growth and development despite resource constraints especially in the post-independence period. Most of these countries have embarked on developing elaborate National Development Plans to achieve national development objectives. Planning became part of the apparatus of independence, a symbol of emancipation from colonial status to self-rule; an instrument for achieving self-determination and self-sufficiency.

Since the attainment of independence in Nigeria in 1960, therefore, the issue of development has continued to dominate the programmes of successive Administrations. In the First Republic, the idea of National Development Plans was initiated. There was the first National Development Plan 1962-1968, Second National Development Plan 1970-1974, Third Development Plan 1975-1980 and Fourth Development Plan 1981-1985³. These Plans were all aimed at socio-economic transformation of Nigeria. While the state spearheaded the implementation of the first, second and third development plans, there was downturn in the nation's resources from the period around 1981. Thus, the performance of public enterprises began to decline. Coupled with the huge task of achieving development, this condition led the Nigerian government to adopt the Structural Adjustment Programme (SAP) designed by the 'West' to assist developing countries development agenda⁴. A corollary to the Structural Adjustment Programme is privatization of government companies and parastatals as a way of reducing government expenditures⁵.

Irrespective of how privatization has been defined, it is an issue that has aroused several questions among scholars. Those who support privatization state its benefits: reducing government bureaucracy, it increases competitiveness, increases the quality of goods and services, improves market analysis, allows for improved fund allocation and reduces waste and leakages due to state ownership among others⁶. Critics of privatization identify its consequences for those who would make unwise investments; the concentration of firms on profit making to the detriment of providing essential public goods and services; the effect privatization of public utilities has on the poor in society and the turn it takes on good governance⁷.

Privatization has preoccupied the work of policy analysts particularly in the search for ways to improve the performance of State-Owned Enterprises (SOEs). Even so, several developing countries, including most African countries, have embarked upon extensive privatization programmes within the framework of macroeconomic reform and liberalization, revising the earlier strategy of using public enterprises as the engine of economic development⁸.

Considering the fact that development is meant for the people in general and privatization is for a few individuals who have the economic capacity to acquire the shares or invest in privatized public enterprises, the issue of concern in this paper is how privatization would be beneficial to the people, that is, the larger society. Another issue is whether the private investors whose primary motive is profit making would be interested in developing the society. Even so, would such private investors be concerned with protecting the interests of the future generation while making their profits? In essence, the paper attempts to link the issue of privatization with development discourse in Nigeria.

The Concept of Privatization

Although the concept of privatization is an emotive, ideological and controversial one evoking sharp political reaction, its origins, meaning and objectives are not ambiguous. Adam Smith, in his book *Wealth of Nations*, argued that: "In every great monarchy in Europe, the sale of the crown lands would

produce very large sum of money, which if applied to the payment of the public debts, would offer from mortgage a much greater revenue than any which those lands have ever afforded to crown.... When the crown lands had become private property, they would, in the course of a few years, become well improved and well cultivated"⁹. This statement is to sustain the claim that privatization is not new, rather the practice is what seems to be new. To different people and different schools of thought, privatization means different things.

Privatization as a major fallout of globalization has become a key aspect of the restructuring and adjustment programmes advocated by the World Bank and International Monetary Fund (IMF) as a consideration for lending to developing countries. When talking about privatization, one must be aware that this concept is made up of basically two notions: deregulation of the economy and denationalization. Looking back towards the experiences of World Bank programmes during the last ten years, deregulation has so far been dominating as a policy instrument compared to denationalization. Even so, the two processes are to a varying degree and with different emphasis ongoing in most developing countries. However, in the case of both dimensions of privatization, the concepts and analysis applied have had a clear bias towards economic theory and thought.

Privatization is an issue which in later years has been the subject of numerous studies and of an often-heated debate. The attention given this subject the world over took its onset in the privatization efforts undertaken by the British Conservative government in the early 1980s and accelerated with the political transformations taking place in Eastern Europe after the fall of the Berlin Wall. In the mainstream literature, privatization has often been treated as synonymous with denationalization. This approach has in recent years been complemented by a more comprehensive approach which, along with deregulation, also relates to non-divestiture options. Still, the definition of "privatization" differs widely, at times referring to denationalization and divestiture only, and at times referring to a much broader scope of instruments and reforms related to privatization. This calls for a certain caution when using different sources of information on privatization, as one source might label all types of reform of state-owned enterprises as privatization, while another source might only give outright divestitures this label.

Rapley refers to privatization as a shift from publicly to privately produced goods and services¹⁰ while Walle regards privatization as the transfer of ownership and control from the public to the private¹¹. Jerome regards privatization as a general effort to relieve the disincentives towards efficiency in public sector enterprises by subjecting them to the incentives of the market¹² while to Earle and Telegdy, it is regarded as the sale to the general public, shares in at least 50 percent of the assets and earning power of previously state-owned corporations¹³.

According to Galal, privatization involves: engaging the private sector to provide services or facilities that are usually regarded as public sector responsibilities; shifting from publicly to privately produced goods and services; transferring government functions or assets, or shifting government management and service delivery to the private sector; attempting to alleviate the disincentives towards efficiency in public organizations by subjecting them to the incentives of the private market and using the private sector in government management and delivery of public services¹⁴. Summarily it can be seen from all definitions that privatization involves ownership change from public to private. Johnsen asserts that privatization has become a generic term often employed to describe a wide range of policy initiatives designed to alter the mix in ownership and management of enterprises away from government in favour of the private sector¹⁵. Privatization has been defined as the transfer of ownership and control of enterprise from state to private sector¹⁶. It has been viewed as the practice of engaging the private sector in some aspect of the functions and responsibilities of

government operations¹⁷. The Privatization and Commercialization Act of 1988 as well as the Bureau of Public Enterprises Act of 1993 looked at privatization as the “relinquishment of part or all the equity and other interest held by the federal government or any of its agencies in enterprises whether wholly or partly owned by the Federal Government”¹⁸.

In line with the afore-mentioned definitions, privatization, in its strictest sense, means the transfer of both ownership and management of an enterprise into private hands. In a broader definition, however, privatization has taken many arrangements relating to either transfer of ownership (which naturally results in change of management) or management¹⁹.

Presently around the globe, privatization occupies a critical place in the efforts of many developing countries including Nigeria who are working towards economic restructuring. It is estimated that since the 1990s, more than 4000 privatization transactions have been completed in Africa with a combined sale of over US\$10 billion²⁰. This implies that an estimation of over US\$14 billion of Public-Private partnership transactions have been undertaken in Africa between 2000 – 2009 due to impotency of the public sector in creating wealth arising from factors like poor management/sporadic maintenance, high costs, inefficiency, heavy losses, multiple and conflicting objectives determined by politicians, lack of residual claimant to profits amongst others. The issue of privatization then rotates on a financial principle that suggests the government striving towards providing services without creating an undue burden on taxpayers and another principle that suggests free market process offering benefits that are not easily identified within the public sector. Hence the political economy of privatization depends on the available coalitions. In other words, right-wing coalitions will be more prone to favour market economy and privatization than the leftist governments. This implies that political preferences help in shaping privatization process.

Various objectives for privatization are found in the lexicon and in policy statements. In short, privatization is related to the fulfillment of two sets of basic objectives: public finance rationalization and the improvement of economic efficiency. Public finance rationalization implies that privatization is seen as a way of reducing government spending and net budgetary transfers, as the budget will no longer be burdened with expenditures related to the state enterprises. Further, the sale of enterprises to private investors is expected to generate state revenue, thus allowing for the state's resources to be used in other areas or to reduce deficit spending. This objective is most pertinent in countries where the state enterprises are heavily subsidized. In order for this objective to be fulfilled, the sales price of the public enterprise must exceed the capitalized value of future net resource flows lost by the sale of the assets; otherwise the sale will only yield short term gains for the state budget. Improving economic efficiency by means of privatization is an objective which is based on the hypothesis that the production of goods and services will be achieved more efficiently under private ownership than under public ownership. Other objectives often formulated include divestiture seen as a means of getting the private sector more involved in the economy; a way of developing local capital markets; a means of attracting foreign investment capital, and; freeing government administrative capacity from the management of enterprises towards other activities that only governments can perform. The extent to which these different objectives might be met through privatization is still widely dilated upon in the literature.

To sum up this discussion, it might be said that the theories on the subject leaves us with no definite answers to the question of whether these objectives will be fulfilled by means of privatization, whereas empirical studies have shown that the objectives might be met in some cases and not in other cases, depending on a number of economic, institutional and political factors related to each

privatization. It should be stressed that (at least in economic terms) privatization is not a goal in itself, but a means to improve the functioning of a given economy.

Privatization is a dynamic process which is related to various types of changes within an economy. Thus, privatization should not be seen within the context of denationalization/ globalization alone, but within a broader framework including different forms of marketization of enterprise operations. The question of ownership is central to any analyses of privatization, but more than, this privatization is related to numerous changes in the relations between the state, the market and the enterprise in a given economy. Such changes can be divided into four: changes in the overall functioning of the economy (deregulation), ownership changes (denationalization/divestiture), organizational changes and operational changes. The former two set of changes have been dominant in the literature, while the latter two types have often been the options which in practice have actually been given most attention, not least in many developing countries.

Model, mode or form of privatization has been observed to depend largely on the objectives of the government and the particular need of the country. Also, different political institutions matter in explaining one country's ability of implementing policies with significant distributional consequences such as privatization, with majoritarian political systems as opposed to proportional systems more likely to privatize. The mode of divestiture chosen for a particular enterprise necessarily depends on a blend of political, commercial and strategic objectives.

The number of empirical studies of privatization has been on the increase, reflecting the rise in the number of countries where privatization programmes have been implemented. In the cross-country conclusion of case-studies undertaken in nine developing countries, Bakan states that the options for and value of privatization as an active adjustment policy has been found to be severely limited by a number of constraints, such as: lack of capacity for efficient and credible regulation, small capital markets with little absorptive capacity, and attempts by governments to gain political capital from privatization in countries characterized by narrowly-based private sectors with high levels of effective production and widespread domination of many sectors by state-owned enterprises²¹.

Development

Development is a concept with multi-faceted dimensions of explanations. It involves political, economic and socio-cultural transformation²². Like Rodney rightly asserts, development is a many-sided process²³. Development is a process of societal advancement wherein improvements in the well-being of the people are generated through strong partnership between all sectors of the population, public and private sectors, corporate bodies and other groups in the society²⁴. It connotes positive trends such as improvement, progress and transformation at the level of individuals and society²⁵. Development consists of more than improvements in the wellbeing of citizens, even broadly defined: It also conveys something about the capacity of economic, political and social systems to provide circumstances for the wellbeing of a person on a sustainable, long term basis²⁶. The concept of development has been defined by scholars in different fields from different perspectives. Economic development is concerned with improvements in material living standards and therefore improvement in income, consumption, employment, savings and investments. It also relates to how resources, goods and services are distributed between different people and the processes that influence this distribution²⁷. Writing from economic perspective, Stiglitz observes that development, in strictly economic terms, has traditionally meant the capacity of a national economy, whose initial economic condition has been more or less static for a long time, to generate and sustain an annual increase in its gross national income (GNI) at rates of 5% to 7% or more²⁸.

Social development focuses on “the social concerns of the people as objectives of development and people-centered participatory approaches to development. Indicators of social development provide comparative information about areas such as income, poverty, employment, employment security, education, health, crime, and civic participation”²⁹. In some cases, the environment is included in the list of social development indicators. It is a common belief that economic development will lead to social or human development. As such, socio-economic development implies the link between social and economic development emphasizing progress in terms of economic and social factors within a geographic setting. Socio-economic development, in its comprehensive sense, entails “the attainment of equitable conditions in society where individuals have guaranteed respectable outcomes in income, health, food, personal security and participation in policy making processes in a democratic process”³⁰. The whole essence of development is briefly summarized by Isamah as the enhancement of the quality of people’s lives and livelihoods³¹. Development must be human centred, designed to promote collective welfare³².

Perspectives on development generally fall into two broad categories which are called ‘orthodox’ and ‘alternative’. The orthodox view of development is rooted in economic liberalism. In this view, poverty is defined squarely in economic terms, as a failure, through a lack of income or resources, to satisfy basic material needs. The reduction or even elimination of poverty is therefore clearly linked to the ability to stimulate economic growth, traditionally calculated on the basis of gross domestic product (GDP) per head of population. Development, in effect, is synonymous with economic growth. But how is economic growth best stimulated? The central mechanism, from this perspective, is the free-market system. The virtues of the free market are that it gives full rein for individuals to pursue self-interest, providing incentives for people to work, engage in trade, set up business and so on, and that it ensures long-term economic equilibrium, helping to bring the forces of demand and supply (market forces) into line with one another. The market is thus the only reliable means of generating wealth, providing, indeed, the possibility of unlimited economic growth. ‘Backward’ or ‘under-developed’ societies are therefore destined to be transformed into ‘modern’ or ‘developed’ ones. This view of development is reflected in modernization theory, which is evident, for example, in Rostow’s theory of the stages of economic growth³³. Rostow outlined five stages of economic growth, as follows:

- Traditional societies – such societies are characterized by rudimentary technology, pre-scientific values and norms and a subsistence economy.
- Preconditions for take-off – at this stage societies exhibit a degree of capital mobilization (banks and currency) and start to develop an entrepreneurial class.
- Take-off – this happens when the norms of economic growth are well established and sector-led growth becomes common.
- Drive to maturity – this is characterized by growing economic diversification, greatly reduced poverty and rising living standards.
- High mass consumption – at this stage the economy is increasingly orientated around the production of modern consumer goods, with affluence becoming widespread.

The orthodox view has dominated thinking on matters related to development since 1945. Its influence expanded in the 1970s and 1980s through the rise of neoliberalism and the conversion of the institutions of global economic governance and a growing number of states, led by the USA, to pro-market economic philosophy, and again in the 1990s through the widespread introduction of market reforms by former communist states. Nevertheless, the pro-growth and pro-market view of

development has attracted growing criticism in recent years. Opponents have argued that economic reforms that expose countries to the vagaries of the market and the international trading system may be counter-productive, leading to economic and social dislocation rather than steady growth and the reduction of poverty. In the 1990s, such criticisms have focused in particular on the impact of 'structural adjustment programmes' (SAPs), imposed by the International Monetary Fund (IMF) and the World Bank. Opponents have, furthermore, questioned whether market-based solutions attend equally to the interests of all states and all regions of the world. Neo-Marxist critics, for instance, argue that the global capitalist system is characterized by deep structural imbalances. The alternative view of development has become more prominent since the 1980s as disillusionment has grown with technocratic, top-down, pro-growth strategies. They have stemmed from various sources, including resistance movements in the 'global South'³⁴, such as the Zapatista movement in Chiapas in Mexico and peasant protests in the southern Indian state of Karnataka, UN agencies, development NGOs and their various forums, including the World Social Forum, and the broader anti-capitalist or anti-globalization movement. However, there is no single or coherent 'alternative' package of ideas about development. While radical elements are strongly anti-western, anti-corporate and place a heavy emphasis on self-management and environmentalism, reformist elements may do little more than modify the application of orthodox liberal principles, seeking merely to rebalance the priorities of major states and the institutions of global economic governance. Nevertheless, certain general themes can be identified, the most important of which are as follows:

- A humanistic view of poverty that emphasizes opportunity, freedom and empowerment (thus meeting material and non-material needs).
- Self-reliance rather than reliance on wealthy states, international bodies or the market.
- Ecological balance, sustainability and conservation of the 'global commons' (water, land, air, forest).
- Social and cultural inclusion through respect for cultural diversity and the interests of marginalized groups such as women and indigenous groups.
- Local control achieved through community action and democratic participation.
- The view that poverty has a structural character, stemming from disparities in the global trading system and elsewhere.

The 'alternative' view rejects the 'one size fits all' implications of orthodox thinking and, in particular, the idea of a linear transition from a 'traditional' society to a 'developed' society, in which Latin American, Asian and African states are destined, sooner or later, to go through the same process of modernization as states in the 'global North'. In other words, developing world states are not playing catch up. Indeed, to a significant extent, their plight can be blamed on external factors and the often-self-interested impact of western states and transnational corporations (TNCs), through, for example, aid regimes that are structured around the needs of donor countries and the demand for across-the-board integration into the international economy. On the other hand, few of those who support 'alternative' stances advocate separating developing world economies from the global economy or seeking to develop a qualitatively different alternative to capitalism. Instead, they seek to combine growth-orientated economic policies with a sensitivity to local and regional needs and interests, placing stress on cultural diversity, ecological balance and self-reliance. What is sometimes called the 'Southern consensus' on development therefore usually allows for a greater role for state intervention than would be acceptable to supporters of economic liberalism. Adopting a neo-mercantilist approach to development, the East Asian 'tiger' economies thus relied less on the free market than on the capacity of the state to pursue strategies for international competitiveness,

especially through a heavy emphasis on education and training. The most impressive Southern model of development has nevertheless been found in China's mixture of market economics and Stalinist political control.

It is quintessential to stress that there is no realist theory of development as such. Nevertheless, in explaining the phenomenon of economic development, realists have generally drawn heavily on the ideas of mercantilism. Mercantilism stresses the interplay between economics and politics, particularly through the extent to which healthy and stable domestic economies rely on a strong dose of state intervention, especially in order to manage external trade relations (implying protectionism). Such a view is highly sceptical of liberal claims about the natural tendency of market economies towards equilibrium and growth, believing, always, that markets need to be managed.

The liberal approach to development is firmly rooted in the ideas of economic liberalism. Classical liberal economics draws heavily on individualist and rationalist assumptions about human nature, placing a strong emphasis on the idea that human beings are primarily motivated by the desire for material consumption. Liberalism therefore provides the basis for the orthodox notion of 'development as growth'. From the liberal perspective, the central mechanism for generating wealth is the market, which operates according to the wishes and decisions of free individuals. The attraction of the market is that it is a self-regulating mechanism, which tends naturally to promote economic prosperity and well-being. However, individual acquisitiveness and market forces are not always in themselves powerful enough to deliver economic development. For liberals, 'development failures' stem from factors that are internal to the society itself. These include cultural or religious norms that inhibit individual self-seeking, rigid and authoritarian state institutions, chronic corruption, and ethnic and tribal rivalries that subvert civil order. The best way to overcome these obstacles is through market reform (privatization, financial deregulation, labour flexibility, tax cuts and so on) and the integration of the national economy into the global capitalist economy (free trade and an open economy).

Critical approaches to development have been dominated by neo-Marxists theories. These shift attention away from internal obstacles to development, to external ones, particularly those that stem from the structural dynamics of the global capitalist system. Neo-Marxist thinking about development has been shaped by two main theoretical sub-traditions. Dependency theory highlights the extent to which, in the post-1945 period, traditional imperialism gave way to neo-colonialism, sometimes viewed as 'economic imperialism' or, more specifically, 'dollar imperialism'.

Despite enjoying formal independence and sovereignty, developing world states continued to be subject to economic dependency through, for instance, unequal trade relations, the impact of TNCs and biases within bodies such as the IMF and the World Bank that favour the interests of industrially advanced states. The other key neo-Marxist sub-tradition is world-system theory, which portrays the world economy as an interlocking whole, composed of core, peripheral and semi-peripheral areas. In this, economically advanced and politically stable core areas dominate and exploit peripheral areas that are characterized by low wages, rudimentary technology and a dependence on agriculture or primary production. Amongst other critical approaches to development, green politics has challenged the conventional emphasis on economic growth by championing the notion of 'development as sustainability', usually linked to the concept of sustainable development. In this view, economic growth must be balanced against its ecological costs, a healthy environment being vital for meaningful development. For cosmopolitan theorists, development should be understood in terms of the larger project of advancing global justice.

Feminism has been associated with various views about development. Some feminists argue that overturning gender inequality must be seen as a key component of development, thereby highlighting the need to change social structures, institutions and cultural practices in the developing world. However, other feminists stress the extent to which 'development as growth' is constructed on the basis of masculinist assumptions, or the degree to which women already play an important, if usually ignored, role in bringing about development. Post-colonialists, for their part, have sometimes challenged the very idea of development, advancing instead the notion of 'post-development'. While conventional models of development involve the imposition of western institutions and values on non-western societies, 'post-development' allows each society to embrace its own model of economic and social progress, based on aspirations and a cultural heritage that are authentic to the society itself.

Sustainable Development

After several decades of emphasis on rapid economic growth, there is now a growing awareness in Nigeria that development is not just higher and higher growth of national income. Rather there is a shift which sees economic successes as a means of achieving basic human needs and development, particularly those related to collective and individual well-being. Indeed, the vast scale and rapid growth of the Nigerian economy within her sixty-one years of nationhood need be saluted as a major achievement. However, rapid economic growth has also increased the pace of population growth, social dislocation, moral decay, and environmental deterioration in the country. In parts of the country, environmental threats and other social and human problems are beginning to act as constraints to some economic activities as well as the well-being of the people. In spite of the expanded economic output and the high hopes for a better economic future expressed daily in public pronouncements by influential and powerful Nigerians, studies of the state of the Nigerian environment tend to indicate that the environmental conditions are worsening.

These trends are rooted in the structure and pattern of our national development process and the development models which we have adopted up till now. They are also embedded in our collective perception and utilization of development as separate from, or antagonistic to the environment.

So far, there has been lodged within the choice of our national development strategies vested interests that, either through ignorance or because of a misperception of more fundamental goals and ultimate development objectives, often work against environmental protection and sustainable development. The dominant philosophy and ideology of "progress" that have guided economic development in Nigeria's recent history have often seen "development" in terms of the conquest or exploitation of nature and natural forces. Environmental protection and conservation which define a different relationship with nature and natural forces are often seen as not being in harmony with "progress" and economic growth as perceived by these interests.

However, some events in our recent history along with world-wide trends have brought out the need for a strategy of sustainable development which involves the articulation of environmental and other elements of human needs and rights with the economic growth and development objectives. On sustainable development, the Nigerian Environmental Study/Action Team (NEST) in its 1991 *National Profile* had this to say: "Sustainable development is a notion, a movement, and an approach which has developed into a global wave of concerns, study, political mobilization, and organization around the twin issues of environmental protection and economic development"³⁵.

Perhaps the popularization of the notion of "sustainable development" can be found in the report of the World Commission on Environment and Development (WCED) titled *Our Common Future*³⁶. The

Report, also known as the *Brundtland Report*, elevated the notion of sustainable development to the level of an operational concept which embodies the principles, ideals, and values seen as desirable and necessary if the world is to deal effectively with current global problems of the environment and the development process. The approach embodies the notion and ideal of a development process that is equitable and socially responsive, recognizing the extensive nature of poverty, deprivation, and inequality between and within nations, classes, and communities. It also seriously advocates that the world be seen as one ecosystem and advocates that the economic development process should include ecological and environmental issues as an essential component.

According to the report, "Sustainable development seeks to meet the needs and aspirations of the present without compromising the ability to meet those of the future ... it is a process in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspiration"³⁷.

Todaro and Smith see sustainability as the need for a cautious balance between economic growth and environmental protection bearing in mind that the livelihood of more than half of economically active population in developing countries depends on environment where they survive through agriculture, fishing, hunting, animal husbandry, and others³⁸. Mensah and Casadevall assert, sustainable development cautions about improvement in living standards taking into consideration that the earth's ecosystems should not be jeopardized or affected by environmental problems such as deforestation and water and air pollution that could lead to issues such as climate change and extinction of flora and fauna³⁹. The implication is that any negative reaction of the environment will have destructive consequences on the lives and livelihood of these proportions of the population. There is thus, the consensus that the environment should be better managed for present and future generations through the adoption of sound environmental practices.

Also, the future growth and overall quality of life are critically dependent on the quality of the environment. The natural resource base of a country and the quality of its air, water, and land represent a common heritage for all generations. Hence, to destroy the environment indiscriminately in the pursuit of short-term economic goals penalizes both the present and especially future generations which is not desirable. Akinola and Zain draw attention to the fact that while population increases by the day, the natural resources available to satisfy human needs and wants do not⁴⁰.

For our purposes, certain key elements of sustainable development are important. These are:

- Ecological integrity and sustainability.
- Equity and distributive justice at all levels (global, national, community, household and intergenerational).
- Socially-relevant economic productivity and technological development.
- Popular participation and collective autonomy.
- Prevalence and institutionalization of human and democratic rights.

Proceeding from these elements, it is clear that Nigeria's development history does not totally lack a recognition of some of these. Although, implementation might have failed, there is some evidence of a recognition of this direction as can be found in the Five National Objectives of Nigeria as declared in The Second National Development Plan, 1970-74. These objectives are to establish Nigeria as:

- A united, strong and self-reliant nation
- A great and dynamic economy

- A just and egalitarian society
- A land of bright and full opportunities for all
- A free and democratic society for all.

If these objectives still hold today, and we believe they do, their realization from the point of view of the key elements of sustainable development listed above constitutes the core of our contemporary development challenge. Attaining these objectives within the context of a changing world that emphasizes ecological integrity and sustainability, distributive justice and equity, popular participation, socially-relevant economic productivity and the institutionalization of human rights will in essence open the door to the transformation of Nigeria, something that has remained an elusive but worthy dream of all our patriotic and committed citizens since we attained Independence in 1960.

The task here is to meet this challenge by providing an examination of privatization as a policy option and how it is implemented taking consideration the quest for sustainable development in Nigeria. The examination presents a balance sheet from the point of view of the core elements of what we understand sustainable development to be from an essentially Nigerian point of view.

The challenge of building a greater and sustainable Nigeria is a challenge common to all of us—governments, business, voluntary organizations, communities, households and individuals. It is a challenge that we can meet by being totally committed and involved whatever our calling, creed, ethnic group and gender might be. Our responses and initiatives can take many directions. Through policy and legislative inputs, community and household earth watches, grassroots advocacy and mobilization, professional and scientific involvement and generally through the possession of a consciousness and awareness of sustainable development objectives and outcomes for our great nation.

The Social Contract Theory of the State

Social contract, in political philosophy, an actual or hypothetical compact, or agreement, between the ruled and their rulers, defining the rights and duties of each. In primeval times, according to the theory, individuals were born into an anarchic state of nature, which was happy or unhappy according to the particular version. They then, by exercising natural reason, formed a society (and a government) by means of a contract among themselves.

Although similar ideas can be traced to the Greek Sophists, social-contract theories had their greatest currency in the 17th and 18th centuries and are associated with such philosophers as the Englishmen Thomas Hobbes and John Locke and the Frenchman Jean Jacques Rousseau. What distinguished these theories of political obligation from other doctrines of the period was their attempt to justify and delimit political authority on the grounds of individual self-interest and rational consent. By comparing the advantages of organized government with the disadvantages of the state of nature, they showed why and under what conditions government is useful and ought therefore to be accepted by all reasonable people as a voluntary obligation. These conclusions were then reduced to the form of a social contract, from which it was supposed that all the essential rights and duties of citizens could be logically deduced.

Theories of the social contract differed according to their purpose: some were designed to justify the power of the sovereign, while others were intended to safeguard the individual from oppression by a sovereign who was all too powerful.

According to Thomas Hobbes in his *Leviathan* of 1651, the state of nature was one in which there were no enforceable criteria of right and wrong. People took for themselves all that they could, and human life was "solitary, poor, nasty, brutish and short"⁴¹. The state of nature was therefore a state of war, which could be ended only if individuals agreed (in a social contract) to give their liberty into the hands of a sovereign, who was thenceforward absolute, on the sole condition that their lives were safeguarded by sovereign power.

John Locke, in the second of the *Two Treatise of Government* of 1690, differed from Hobbes insofar as he described the state of nature as one in which the rights of life and property were generally recognized under natural law, the inconveniences of the situation arising from insecurity in the enforcement of those rights⁴². He therefore argued that the obligation to obey civil government under the social contract was conditional upon the protection not only of the person but also of private property. Sovereigns who violated these terms could be justifiably overthrown.

Jean-Jacques Rousseau, in *Du Contrat Social* of 1762, held that in the state of nature humans were unwarlike and somewhat undeveloped in their reasoning powers and sense of morality and responsibility⁴³. When, however, people agreed for mutual protection to surrender individual freedom of action and establish laws and government, they then acquired a sense of moral and civic obligation. In order to retain its essentially moral character, government must thus rest on the consent of the governed, the *volonté générale* ("general will")⁴⁴.

The more perceptive social-contract theorists, including Hobbes, invariably recognized that their concepts of the social contract and the state of nature were unhistorical and that they could be justified only as hypotheses useful for the clarification of timeless political problems.

Indeed, the idea of a "social contract" presupposes a situation whereby the state and the civil society have a "mutual" and "reciprocal" relationship. The civil society submits their individual freedom and liberty to the state, while the state offers protection. In essence, therefore, as long as the civil society remains committed to the state, the state offers protection from every forms of arbitrariness. This mutual respect for the roles of each other helps in sustaining the contract.

In modern society, the idea of contractual relationship can be subsumed under the well-being of the state and welfare of the citizenry⁴⁵. Turan identifies three purposes of the state as follows: the duty of protecting society from the violence and invasion of other independent societies; the duty of protecting subjects from injustice, that is, the duty of enabling a system of justice; the duty of erecting and maintaining certain public works and public institutions⁴⁶. Laski sees the state not as an end itself, but merely the means to an end⁴⁷. It exists to enable the mass of men to realize social good on the largest possible scale. The state is a means to the enrichment of individual personality. It exists to enable men at least, to realize the best in themselves. Therefore, men can be enabled to realize the best in themselves only if the state provides rights, such as the right to work, right to education, right to basic freedoms – speech, press, association and religion; the right to vote and the right to stand as candidate for election⁴⁸.

The implication of the assertions above, therefore, is that all states are expected to perform the said functions, and to the extent that a state does not effectively carry out expected functions, that state is seen as having failed in its own part of the social contract, as such, the citizens have a moral right to withdraw their loyalty to the dictates of the social contract. To what extent therefore is the social contract valid with the programme of privatization in Nigeria? Is the Nigerian state not failing in performing its own part of the contract? How has this situation affected the development process in Nigeria?

In order to achieve its objectives, this paper advances the argument of scholars on how public enterprises failed in promoting development from the 1990s providing the various rationales for pursuing the privatization policy⁴⁹. Notwithstanding, while many have argued on the benefits of privatization, some other scholars highlight the failures in Nigeria and emphasize the different reforms necessary for privatization to be successful. This include the need for some form of state regulation of the private sector among other reforms⁵⁰.

The role of the state regulation and reforms resurface in the privatization debate. The paper argues that the state should take caution in implementation of privatization policy and put in place structures that will enable the achievement of its objectives bearing in mind the political and socio-economic challenges confronting Nigeria. The emphasis is that the state should occupy its place in fostering development which would be in the interest of society.

Privatization and Economic Growth: The Nexus

The Neo-Liberal economic policy embedded in privatization gained momentum in different parts of the world with wide acceptance and progress in developed countries such as the United States, France and other European countries. While a number of developing countries including Nigeria have also embraced privatization, it continues to attract differing views of scholars, professionals, policy makers and analysts. Those who argue in favour of privatization state its many objectives which it seeks to achieve. Critics highlight the consequences of privatization on the privatizing state and its citizens, emphasizing the important role which the state should play in fostering development and the weaknesses of the market system in managing and equitably allocating resources for national development⁵¹. The policy of privatization remains contentious. The relative roles of ownership and other structural changes such as competition and regulation in promoting economic performance remain uncertain⁵². Notwithstanding the contending issues, scholars tend to agree that privatization, if it is well implemented, could lead to economic growth and development of nations as there are many theoretical benefits attached to the process of privatisation⁵³.

One benefit of privatization is that it would reduce the size of the existing government, based on the idea that many governments have become too large and over extended⁵⁴. The process of privatization can be an effective way to improve overall economic efficiency⁵⁵. Privatization is widely promoted as a means of improving performance in developing countries. Countries embrace the privatization policy as a means of promoting economic growth, achieving macroeconomic stability and reducing public sector borrowing quests arising from corruption, subsidies and subventions to unprofitable state-owned enterprises⁵⁶. Privatization affords a larger percentage of population to own property; it causes an increase in investment and leads to an increase in foreign direct investment which can potentially play a significant role in promoting economic growth⁵⁷. This explains why countries continue to pursue privatization. The strategy of privatization of state-owned enterprises has turned out to be a main element embraced by different countries as part of their structural reform process and in line with the demands of globalization⁵⁸.

Considering the different theoretical benefits which have been attached to privatization, it is not surprising that there is a growing literature on the subject matter as different scholars conduct empirical studies to understand the dynamics of privatization and evaluate its impact on different nation's economies using different indices. For instance, Filipovic conducted a study with the purpose of examining how effective privatization as a policy is in promoting growth in developing countries using a cross-country regression to estimate the effects of privatization on economic growth⁵⁹. The data for this study included all developing countries for which there was privatization data during the

period between 1990 and 1999. The results of the study, the scholar suggests, do not lead to a generalization of whether or not privatization is a policy that would promote growth in developing countries. Boubakri, Smaoui and Zammiti investigated the impact of privatization on economic growth for a sample of 56 developed and developing countries over the period 1980-2004⁶⁰. Part of their results showed that privatization measured by privatization proceeds over GDP plays an important role in stimulating economic growth.

Other findings from the work of Boubakri, Smaoui and Zammitti revealed that privatization through public offerings on the stock market contribute to economic growth⁶¹. Further, population growth, government consumption and inflation are negatively correlated with economic growth, whereas the savings ratio, stock market development and foreign direct investment are positively related to growth.

Ojo and Fajemisin write that privatization of public enterprises in Nigeria led to a number of unplanned socio-economic outcomes such as "unemployment, due to mass retrenchment of staff, low standard of living resulting from exorbitant prices of products and/or services from privatized enterprises, overconcentration of income and wealth in a few hands, and corrupt practices among others"⁶². On the other side, Jhingan observes that empirical evidence exists of established and successful privatization programmes around the world⁶³.

As Estrin and Pelletier emphasized, "evidence on the impact of privatization is contested and sometimes ambiguous"⁶⁴. This is as a result of the fact that there is a number of factors that should be considered with regards to privatization. For instance, the form and method of privatization and process of implementation of the programme vis-a-vis the knowledge of the public about the programme are critical factors to be considered. The legal and regulatory reforms with regards to the process of privatization process is also an issue considered by writers⁶⁵. For Ehiorobo, it is not generally accepted that privatization is the only policy option that could improve the performance of state enterprises⁶⁶. More so, there are examples of state-owned enterprises in Malaysia and France that have been performing excellently.

While the underlying causes of privatization are shared globally, the relevance and benefits of privatization programmes are perceived differently in different countries⁶⁷. It means that each country is expected to develop a privatization programme that takes into consideration its socio-economic conditions and industrial ethos in order to achieve maximum benefits⁶⁸. Privatization, according to Clarke and Pifelis, should be viewed as a strategy to bring the government into developing interest in promoting a new partnership between the public and private sectors with the objective to contributing to development of both sectors⁶⁹. As FekruDebebe remarks, "privatization alone will not be the magical solution to the elusive quest for growth"⁷⁰. Privatization should not be seen as an end in itself but rather as a means to an end, as such, its process should be transparent and shared by both the state and its civil society.

Privatization in Nigeria

The oil boom era in the 1970s led to massive investment of the state in a number of enterprises to the extent that the public sector became the engine room of growth in Nigeria. Public enterprises cut across almost all sectors of the economy relegating the private sector to the background⁷¹. The Nigerian Enterprises Promotion Decree of 1972 which took effect on 1 April 1974 with its subsequent amendment in 1976 provided the ground for the government's extensive involvement in the ownership and management of banking, insurance and industry as the public sector played a leading

role in the economy. The public sector accounted for almost half of the GDP and two thirds of modern sector employment in the 1970s⁷². It was estimated that the Federal Government of Nigeria had invested more than \$100 billion in public enterprises between 1975 and 1995⁷³.

Instructively, the declining wealth of the country as a result of crumbling oil prices from the 1980s had devastating effects on the country's economy necessitating reform from the Shagari Administration. Nigeria's rejection of the International Monetary Fund (IMF) loan and subsequent packaging of Structural Adjustment Programme had as its main thrust, the privatization of state owned enterprises⁷⁴. Consequently, the Federal Government under General Ibrahim Babangida in 1988 promulgated the Privatization and Commercialization Decree No. 25 of 1988 as the legal framework for the implementation of its privatization programme⁷⁵. The Decree defined privatization as: "The relinquishing of part or all the equity and other interest held by the federal government or its agency in enterprises whether wholly or partly owned by the federal government and privatized shall be construed accordingly"⁷⁶.

Privatization in the Nigerian context according to this definition implies that it could be partial or full. Partial privatization implies divestiture of part of government shareholding in an enterprise while Full privatization implies total divestiture of government holding in the designated enterprises⁷⁷. The Decree provided for the establishment of Technical Committee on Privatization and Commercialization vested with the responsibility of implementing the programme. By 1993, out of one hundred and ten enterprises slated for privatization, only fifty-five of them had been privatised⁷⁸. According to Smao, the programme was a huge success even though it focused on only the competitive sectors of the economy⁷⁹.

The period 1994-1997 were inactive years partly due to the political crises that engulfed the country as a result of the Annulment of the June 12 Elections. The Abacha Regime was more preoccupied with restoring political stability than pursuing economic reforms of the Structural Adjustment Programme. However, in the 1995 Budget Speech the Federal Government affirmed its commitment to privatization programme but subtly suspended further sales of shares in public enterprises while the government introduced contract leasing to replace sale of shares in public enterprises⁸⁰. Thus, entrepreneurs both local and foreign with track records were to be engaged with contract leasing agreement for a period of ten years during which they will be responsible for the management of such enterprises while paying royalty to the government⁸¹.

The first set of enterprises slated for leasing were:

- Paper and Newsprint Companies
- Sugar Companies
- Steel Rolling Companies
- Refineries
- Petrochemical Plants
- Fertilizer Companies
- Nigerian Airways⁸².

The afore-mentioned proposals did not proceed beyond the formulation stage until 1998 when government again affirmed its belief and readiness to commence the privatization programme as one of its strategies to achieve the objectives of the Vision 2010 Programme which aimed at the development of the private sector led economy⁸³. The government followed up with the introduction of guided privatization in which one enterprise was to be privatized at a time for lessons and experiences to be applied in subsequent enterprises. With the guided privatization, a core or strategic

investor was to acquire forty per cent (40%) equity, government would retain a maximum of forty per cent (40%) equity while the investing public will own twenty per cent (20%)⁸⁴. All sectors of the economy were to be opened up for the private sector to compete with government.

For the implementation of this programme on privatization, the Abdulsalami Administration promulgated the Privatization and Commercialization Decree No. 28 of 1999 which provided for reorganization of the institutional framework with the establishment of National Council on Privatization (NCP) and re-establishment of Bureau of Public Enterprises. With this arrangement, upon full privatization, government equity becomes zero while a maximum of forty percent (40%) is retained for partial privatization⁸⁵. These were the modalities for implementation of the programme before democratic rule was achieved in 1999.

When the Olusegun Obasanjo's Regime took charge of the country's administration from May 1999, the President reaffirmed his belief in privatization as a strategy to integrate the Nigerian economy into the global economy with the view of ensuring technological transfer and management competence to turn around organizations that were not performing⁸⁶. The second stage of the privatization programme began and a number of enterprises were privatized⁸⁷.

Privatization and the Quest for Sustainable Development in Nigeria

Nigeria has been confronted by several socioeconomic challenges: poverty, poor health facilities, unemployment, civil strife and conflicts, economic underdevelopment, environmental degradation and resource depletion among others. These problems have persisted despite several development initiatives which have been formulated and implemented by successive Nigerian governments at the national, state and local government levels. This section of the paper examines the extent to which the policy of privatization addresses the quest for sustainable development in the country.

The proponents of the reform agenda - the World Bank and the IMF have argued that development has continually eluded Nigeria because of the burden the state is shouldering and that by relieving itself of business functions better for the private sector, the state will be able to concentrate on developmental projects⁸⁸. In granting financial loans to Nigeria therefore, these international agencies propose reforms such as privatization to enable the country to make progress⁸⁹. Hirst and Nwabueze write in this direction, that one of the justifications of privatization is international in dimension highlighting the need to reduce the size of government's involvement in economic activities especially recognizing that the country is heavily burdened by external debt⁹⁰. This objective as well as other benefits which have been associated with privatization, motivated many governments including that of Nigeria to pursue this policy as a strategy to achieve growth and development.

Notwithstanding its laudable goals, however, there appears to be agreement among scholars that privatization has not yet achieved the expected objectives in Nigeria and that the process of implementation of the programme is confronted with political and socio-economic challenges⁹¹. Nweke, Abatan and Iwayemi, for instance, in their work showed a number of challenges attributed to the programme of privatization in Nigeria⁹². Their findings revealed that corruption, indiscipline and suspicion were associated with the process of implementation; transparency could be doubted and national sovereignty is an issue to consider in its implementation; more so, privatizing to political allies could not be contested.

In justifying the policy of privatization, however, former Nigeria's Vice President Atiku Abubakar, at the Launching of the World Business Forum on Investment Project in Nigeria on Tuesday July 9 2002,

noted that the privatization programme which was on-going in the country would contribute in developing the nation's democracy⁹³. While this statement presents some form of logic, after two decades of the implementation of privatization, the governance challenges in Nigeria are clear indicators that the dividends of democracy are yet to be realized. For former Nigeria's President, Olusegun Obasanjo, the position which he has often maintained is that privatization is the only way forward and the shortest route to economic recovery⁹⁴. On the statements made by these past leaders concerning privatization, therefore, the democracy-development debate is critical in Nigeria considering the level of political and socio-economic problems confronting the country after its democratic experiments. More so, one is inclined to ask the question: to what extent has privatization contributed to development in Nigeria after almost two decades since the commencement of the privatization exercise? With the results so far achieved with privatization and with the evidence on ground presently in the country, has private ownership translated into improved efficiency of the privatized enterprises in Nigeria?

A number of state-owned enterprises in Nigeria have gone into the hands of individuals and organizations and while a lot of profits and dividends are declared, only a few segments of society benefit. This, certainly, is not development. The issue of concern is that a few segments of the population who have the wherewithal have become very wealthy as a result of privatization to the detriment of the large majority in the society. This partly informs why a number of interest groups have continually protested against privatization of enterprises⁹⁵. Nweke, Abatan and Iwayemi observe that in Nigeria, the privatization process is not transparent: "it is shrouded in questionable deals as most public assets are sold for peanuts to people that are alleged to have pillaged the treasury"⁹⁶.

Another consequence of privatization is that the workers and mass of the people lose out from the privatization programme. Privatization is anti-labour because as Nweke, Abatan and Iwayemi observe, the private sector is profit driven⁹⁷. When companies are privatized, it tends to affect the workers of the company who lose their jobs as a result of the change of ownership, control and re-organization of the companies. This brings about a lot of hardship both for the affected workers and their family members. For instance, the issue of retrenchment in NITEL, MTEL and Transnational Corporation of Nigeria Plc. (Transcorp) after they were privatized would have sent a number of workers of these organizations to join the unemployment market but for the intervention of the Federal Government⁹⁸.

This situation depicts retrogression and not development. Joblessness is unarguably not desirable for members of the society and the government is neither comfortable with increasing unemployment as it portend danger for the wellbeing of society at large.

In addition, with privatization, the amount and prices of the services provided by some of the privatized organizations have increased sharply making it out to be out of reach for the majority of the people. It is notable that each time user charges are introduced in the provision of social services, the utilization of such services by the poor declines⁹⁹. There is also the contentious question unanswered as to whether the privatization exercise is not a breach of section (6) (c) and other similar provisions in chapter two of the 1999 Constitution which states inter-alia that it shall be the goal of the government to provide social amenities, education and economic welfare for the citizen¹⁰⁰.

Nwankwo poses the question: "if public utilities and organizations like NEPA, NITEL, NPA, MINT, Universities, Polytechnics, and others are transferred to people who now dictate the price, how will government discharge its obligations effectively to the citizenry?"¹⁰¹. This question is germane in this paper as it is in line with the position provided in the Social Contract Theory which has been discussed

in the previous section. Again, due to poor salaries and inaccessibility to credit facilities, many people could not participate in share acquisition and the few individuals with the wherewithal took advantage¹⁰². Hence, considering the aforementioned instances, Chase-Dunn and Nwachukwu state pointedly that the privatization process does not enhance the rule of law as enshrined in the constitution¹⁰³. The 1999 Constitution (section 16) makes it clear that the state should not only operate in a way to prevent the concentration of wealth or the means of production and exchange in the hands of a few individuals or group but also that the state should operate and manage the major sectors of the economy.

Importantly, another issue worthy of note with privatization is that of the introduction of the "core investor" who is to have controlling shares in privatized enterprises¹⁰⁴. This point rather empowers such core investor to take decisions which he or she considers to be wise. More so, the case of a foreign investor who enjoys some concession in employment and could as well bring in some expatriates at the expense of the local job seekers is another problem¹⁰⁵. It must not be lost to our memories the Yoruba saying that "even when you give a hoe to a mad man, he weeds towards his side". Will a core investor who wants adequate returns on his investment work in the interest of the host or home country? Will a core investor be concerned with promoting sustainable development in the host country while carrying out his business operations? Rodney cautions in his masterpiece *How Europe Underdeveloped Africa* that: ...more far reaching than just trade is the actual ownership of the means of production of one country by the citizens of another. When citizens of Europe own the land and mines of Africa, this is the most direct way of sucking the African continent.... So long as foreigners own land, mines, factories, banks, insurance companies, etc., then will the wealth of Africa flow outwards. In the absence of direct political control, foreign investment ensures that the natural resources and labour of Africa produce economic values that is lost to the continent¹⁰⁶.

When hitherto public enterprises are privatized and have their profits repatriated abroad, or in the alternative indigenous capitalists continually amassed wealth through acquisition of public enterprises to the detriment of the vast majority, this, in essence, does not demonstrate that development is achieved. Development, as the concept has been defined in the previous section, connotes increasing capacity and welfare of the majority in the society and not a few. Invariably, therefore, the pursuit of privatization is counter-productive to the issue of sustainable development as individual capitalists with profit motive who are not concerned with the welfare of the majority today cannot be serious in their pursuit of profit making while protecting the interest of future generation. Hence, privatization appears to be anti-labour and anti-poor. It furthers the widening gap between the rich and the poor¹⁰⁷. It therefore becomes imperative for the government and policy makers to be cautious in the pursuit of economic reforms such as privatization, taking cognizance of the level of our economic power at individual level.

Conclusion

This paper examined the policy of privatization of public enterprises in order to ascertain the extent to which it addresses the quest for sustainable development in Nigeria taking cognizance of the doctrines outlined in the Social Contract Theory of the state. It presented various arguments and issues of contestation on privatization and highlighted the findings of empirical studies on privatization. The paper draws the conclusion that the privatization programme, as it is implemented in Nigeria, has not lived up to expectation in achieving its objectives. With the socio-economic consequences on the mass of the Nigerian people, privatization fails to promote sustainable

development in Nigeria. While developmental policies should emphasize pro-poor policies aimed at lifting the mass of the people out of poverty, and offering pro-poor policies that will promote employment and address other human security and human capital development concerns, privatization in Nigeria proves to be anti-poor and anti-labour despite its laudable goals.

The paper also notes that while there are success stories with regards to privatization in some other countries, the Nigerian experience shows that the process has been confronted with a lot of challenges which need to be urgently addressed for the policy not to be resisted by Nigerians. Moreover, the author drew insights from the work of renowned scholars titled *The Politics of Trade, Finance and Investment in Sub-Saharan Africa: Fragments of Evidence from Nigeria* that: "the Report of the 2011 Senate Committee investigating privatization of public enterprises since the return of civil rule shows that the programme has failed to produce the desired results"¹⁰⁸. This has been due to most of the factors which have already been highlighted in this paper. Taking another cue from the statement of the Director General of the Bureau of Public Enterprises, Dr. Christopher Anyanwu in May, 2017 that "of the 400 privatized companies in the country, only 10 are performing well"¹⁰⁹, it shows that privatization in Nigeria has performed less than satisfactorily. The Bureau of Public Enterprises also noted that between 1994 and 1998, the privatization programme went through a great lull¹¹⁰. Privatization, therefore, should take into consideration the nature of the Nigerian state and the peculiarities of its circumstances. As such, certain measures would need to be effectively enforced to enhance the privatization process.

Recommendations

Many scholars, policy analysts and professionals have identified critical issues bothering on privatization - the methods and techniques, challenges, success stories and failures and have proffered recommendations for way forward, in order to correct the mistakes of the past. This paper furthers the following recommendations:

- **Re-defining Privatization to Cater for Pro-Poor Policies Which Takes into Consideration the Welfare of the Mass of the People:**

It is to be emphasized that people are the means and the end of development and should be in the foreground of developmental projects in Nigeria. On the available evidence, this has not been the case. One of the major factors that contribute to the failures of many projects in Africa as a whole is the failure to mobilize and enable citizen participation and ownership of the projects. For instance, what segments and what percentage of the Nigerian people are connected with the discourse of privatization and its implementation? This issue needs to be addressed.

- **National Interest Should be Put into Consideration in the Approach to Privatization:**

It is instructive to note that individuals who acquire public enterprises will manage them in their own interest and not in the interest of the vast majority. However, in as much as Nigeria cannot wish away privatization, in the phase of global changes, the national interest should be put into consideration in the approach to privatization such that the vast majority of Nigerians will be truly part owners of privatized enterprises and not the few elites who currently monopolize these companies. In addition, the employees of privatized organizations also need to be put into consideration because in a situation where privatized companies engage in some kind of "restructuring" with massive job cuts is definitely not in the national interest.

In addition, the state should devise ways of ensuring that national interest is protected in privatized companies in that the companies work in accord with national objectives so that the core investor does not engage in activities that are inimical to the development of host country.

- **Education for the Concerned Unions, Stakeholders and Civil Society in the Country on the Subject Matter of Privatization:**

This is essential in sensitizing them on the methods, stages and processes of privatization; the protection which they stand to enjoy and the safety measures taken to cater for different interests for instance, in the case of loss of jobs as a result of privatization. Members of the civil society also need to be carried along on issues concerning public policies such as that of privatization.

- **Effective Regulation Framework Should be Put in Place to Ensure Fair-Play:**

Nigerian government should ensure the transparency of the privatization process and ensure that measures are put in place to achieve the focused objectives. This include also ensuring that the profits realized from the sale of government assets are properly utilized for projects that would benefit the country's economy. Proper regulation of the process should be enforced by government. In addition, there is need for measures to be put in place to prevent individuals that have the wherewithal from dominating Nigeria's economy.

- **The Need for Government to Apply Caution and Wisdom in Privatizing:**

While the Nigerian government has embraced the policy of privatization as part of its economic growth and recovery process, it is essential that it still provides subsidies on education, health, agriculture, and others as is done in the West. This is particularly important because there are many indigent, poor and disabled children that require government's consideration in particular areas. Government should not completely relinquish its enterprises to the private sector because the role of the state in performing strategic functions cannot be over-emphasized. It is also worth mentioning that there are developed countries such as United States of America and other European countries that still maintain some enterprises for particular purposes. In all sense, therefore, while privatization may be inevitable, this paper argues that national interest must take pre-eminence in decision making.

- **The Imperative of Good Governance, Democracy and Effective Leadership in Nigeria:**

Governments are put in place in order to attend to the needs of the citizenry, resolve conflicts and chart the direction for development. However, the priorities and policies of governments can themselves amount to serious problems for citizens and may negatively affect socio-economic development. This is the situation in Nigeria as in other African countries where the concept of governance is still evolving and as a result the process of socio-economic development in the continent remains slow. Nigeria is in dire need of effective political leadership that will promote good governance both at the state and local levels as the success or failure of any group, organization or society hinges on leadership. The concept "good governance" has been variously defined by scholars as embodying several positive characteristics. Good governance is linked with efficient and effective administration in a democratic framework. It is equivalent to purposive and development-oriented administration that is committed to improvement in the quality of life of the people. Where good governance exists, government is responsive, recognizing the role of individuals as instruments of change and as such, promotes people-centred policies. This would ensure peace and stability, reduce potentials for internal strife and conflicts as well as promote national integration.

Notes and References

1. Robert Rupert, *Globalization: Development, Social Theory and Global Culture* (Sage Publications Inc. 2014) 7.
2. Sen Adroff, *Development as Freedom* (Oxford University Press 2017) 112.

3. Tade Lawal and Ahmed Oluwatoyin, "National Development in Nigeria: Issues, Challenges and Prospects", *Journal of Public Administration and Policy Research*, Vol. 3, No. 9. 2011: 237-241.
4. Samuel Obansa, "Impact of the Structural Adjustment Programme on the Nigerian Economy", *Africa Update Newsletter*, Vol. XII, Issue 2, March 2015: 143.
5. See Ric Dibie, "Privatization Policy: Challenges and Prospect(s) for Sustainable Development in Nigeria", in Kalu A. Kalu (ed.), *Agenda Setting and Public Policy in Africa* (Ashgate Publishers 2004): 67; and Anthony Ikechukwu, "Privatization of Public Enterprises in Nigeria", *Developing Country Studies*, Vol. 3, No. 3, December 2013: 98-104.
6. Ade Bammeke, "Who is Afraid of Privatization in Nigeria?" *The Nigerian Accountant*, April/June 2013.
7. Joseph Goodman and Wilkert Loveman, "Does Privatization Serve the Public Interest?", *Harvard Business Review*, Vol. 69, No. 2, November-December 1991: 6-28; and Albert Obugheni and Cecilia Emejuru, "Legal Appraisal of Privatization of Government-Owned Enterprises in Nigeria", *Ife Business Law Review*, November 2018: 134-151.
8. Andrew Jerome, *Privatisation and Enterprise Performance in Nigeria* (African Economic Research Consortium 2017) 218.
9. Cited in Moses Todaro and Sylvester Smith, *Economic Development and the Changing World* (Pearson Education Limited 2019) 232.
10. Starr Rapley, *Global Political Economy* (Oxford University Press 2016) 231.
11. Nkoliamaka Walle, *The Global Politics of Privatization and Development* (Macmillan Press 2019) 342.
12. Joseph Jerome, "Restructuring Economies through Privatization: A Comparative Analysis", *Central Bank Bullion*, Vol. 23, No. 3, July 2009: 176.
13. Samuel Earle and Veronica Telegdy, *Two Waves of Globalization: Superficial Similarities, Fundamental Differences* (W.W. Norton and Co. Inc. 2012) 59.
14. Alfred Galal, *Does Privatization Deliver?* (World Bank 2019) 35.
15. Vilfredo Johnsen, *Globalization and Privatization: Understanding the Nexus* (Versace Press 2018) 273.
16. Charles Nwali, John Nwokeiwu and Beatrice Oganezi, B. (2019). "Privatisation of Public Enterprises in Nigeria: Challenges and Prospects on Economic Development", *Mediterranean Journal of Social Sciences*, Vol. 10, No. 4, June 2019: 188.
17. Olan Ehiorobo, "Privatisation of Public Enterprises in Nigeria: Recipe for Sleaze or National Development", *Academic Journal of Economic Studies*, Vol. 4, No. 1, September 2019: 68-73.
18. See Federal Republic of Nigeria, *Privatisation Handbook* (The Presidency, Bureau of Public Enterprises 2001) 26.
19. Aderemi Dada, *Guidelines on Privatisation and Commercialisation in Nigeria: A Critical Appraisal* (Gladstone Publications 2020) 34-36.
20. Gregory Frank, *Privatization and Underdevelopment in Africa* (Monthly Review Press 2019) 156-158.
21. Jessica Bakan, *The Corporation: The Pathological Pursuit of Profit and Power* (Constable and Robinson Limited 2019) 265.
22. Nicholas Hawker and 'Bimbo Ogunbanjo, "Poverty, Development and Hunger", *WAUU Journal of International Affairs and Contemporary Studies*, Vol. 1, No. 1, July-October 2021: 135.
23. Walter Rodney, *How Europe Underdeveloped Africa*, (Bogle-L'Ouverture Publications 1972) 3.
24. Barry Chinsman, "The Role of UNDP in the Organization of Sustainable Human Development". A Paper Presented at the *Nigerian Geographical Association Conference* held in University of Benin, Nigeria. 28 – 31 May, 1995.
25. Orlando Barder, *What is Development?* (Centre for Global Studies 2019) 165.
26. Carl Thomas and Frank Adekoya, *Development and Human Society* (Pluto Press 2017) 188.
27. Martin Blomstrom, "Foreign Direct Investment, Human Capital and Development in Developing Countries", *OECD Technical Paper* (OECD Development Centre 2018) 27.
28. James Stiglitz, *Fair Trade for All: How Trade Can Promote Development* (Oxford University Press 2015) 254.
29. Gay Thomas, *Global Governance, Development and Human Security* (Pluto Press 2018) 277.

30. Osita Ogiva, *The Ethics of Development* (Yale University Press 2017) 56-57.
31. Austin Isamah, "New Dimensions in the Sociology of Development", in U.C. Isiugo-Abanihe, A.M. Isamah and J.O. Adesina (eds.), *Currents and Perspectives in Sociology* (Malthouse Press 2012) 89.
32. Ola Jiboku, "The Arts, Artistes and the Theatre in Development Discourse", in S.O. Oyewo, S.O. Okpadah and T.O. Afolabi (ed.), *Committed Theatre in Nigeria: Perspectives in Teaching and Practice* (Hopeland Publications 2020) 21-33.
33. Cited in Daniel Oxfam, *The Borderless World: Power and Strategy in the Interlinked Economy* (Fontana Publishing Company 2013) 106-107.
34. Oluwatoyin Davies and John Afris, *Challenging Global Inequality: Development Theory and Practice in the 21st Century* (Cambridge University Press 2020) 321.
35. Cited in Chidi Bernard and Adebisi Salami, *Restructuring Development Theory: International Inequality, Institutional Reform and Social Emancipation* (St. Martin Press 2021) 362.
36. See World Commission on Environment and Development (WCED), *Our Common Future: Report of the World Commission on Environment and Development* (Oxford University Press 1987).
37. Nigerian Environmental Study Action Team, *Nigeria's Threatened Environment: A National Profile* (NEST 1991) 282-283.
38. Peter Todaro and Cyril Smith, *Economic Development* (Pearson Education Ltd 2019) 485.
39. Jerry Mensah and Sarah Casadevall, "Sustainable Development: Meaning, History, Principles, Pillars and Implications for Human Action – Literature Review", *Cogent Social Sciences*, Vol. 5, Issue 1, March 2019: 5-6.
40. Akin Akinola and Amin Zain, *The New Political Economy of Development: Globalization, Imperialism and Hegemony* (Macmillan Publishing Company 2021) 284.
41. See Christopher Morris, *The Social Contract Theorists: Critical Essays on Hobbes, Locke, and Rousseau* (Rowman and Littlefield Publishers 2009) 277.
42. Albert Weale, *Modern Social Contract Theory* (Oxford University Press 2020) 312.
43. Morris, *The Social Contract Theorists: Critical Essays on Hobbes, Locke, and Rousseau*, 279.
44. Catherine Frost, *Language, Democracy, and the Paradox of Constituent Power: Declarations of Independence in Comparative Perspective* (Routledge Publishing Company 2021) 34-35.
45. See Doval Nbeta, "The Social Contract Theory: A Model for Reconstructing a true Nigerian Nation-State", *International Journal of Humanities and Social Science*, Vol. 2, No. 2, December 2012: 33-49.
46. Yaz Turan, (2010). "The Role of the State in Adam Smith's Thought System and Modern Public Finance Theory: A Comparative Evaluation", *International Journal of Economics and Finance Studies*, Vol 2, No. 2. June 2010: 87-94.
47. Harold Laski, *A Grammar of Politics* (Allen and Unwin 1967).
48. Basil Adams, *Worlds Apart: The North-South Divide and the International System* (Zed Books 2018) 168-169.
49. Adesola Akinsanya, "Public Policy, Privatization and/or Commercialization of Public Enterprises in Nigeria", in Charles Ikeji and Ekem Ekot (eds.), *Essays in Policy and Administration* (Comgrous and Pexman Inc. 2016) 155-157.
50. David Parker and Carl Kirkpatrick, "Privatization in Developing Countries: A Review of the Evidence and Policy Lessons", *Journal of Development Studies*, Vol. 41, Issue 4, March 2015: 513- 541.
51. Carlson Winston, *Government Failure versus Market Failure: Macroeconomics Policy Research and Government Performance* (AEI-Brookings Joint Center for Regulatory Studies 2016) 68-69.
52. Wilson Obugheni and Thomas Emejuru, "Legal Appraisal of Privatization of Government-Owned Enterprises in Nigeria", *Ife Business Law Review*, Vol. 2, No. 2, November 2018: 105.
53. Lawrence Enweze, *Globalization, Privatization and Liberalization* (Collier Macmillan Publishing Company Inc. 2019) 232-233.
54. Daracella Fried, *Understanding Globalization and Privatization in a Changing World* (Hope Publishers 2019) 112.

55. Barcolli Bortolotti and Jivonic Pinotti, *Privatization in the Age of Globalization* (Harcourt Bruce Jovanovich 2015) 423.
56. Vicker Boycko and Cecil Vishny, *Globalization, Privatization and Quality of Government in Sub-Saharan Africa* (University of Chicago Press 2017) 267-268.
57. Paol Connet, *Fundamentals of International Political Economy* (Flinders University Press 2017) 345.
58. Bakunin Bailey, *Globalization and Appropriate Governance* (Free Press 2016).
59. Andric Filipovic, "Impact of Privatisation on Economic Growth", *Undergraduate Economic Review*, Vol. 2, Issue 1, March 2006.
60. Noni Boubakri, Herter Smaoui and Mavert Zammiti, "Privatisation Dynamics and Economic Growth", *Journal of Business and Policy Research*, Vol. 4. No. 2. June 2009: 16-44.
61. Boubakri, Smaoui and Zammiti, "Privatisation Dynamics and Economic Growth", *Journal of Business and Policy Research*, 16-44.
62. Oladipo Ojo and Duro Fajemisin, "Nigeria's Privatisation Programme: Structure, Strategies and Shortcomings", *Petroleum-Gas University of Ploiesti Bulletin*, Vol. LXII, No. 1. (Economic Sciences Series 2010) 12-20.
63. Larrence Jhingan, *The Economics of Development and Planning* (Urinda Publications Ltd 2019) 176-180.
64. Sert Estrin and Aversel Pelletier, "Privatization in Developing Countries: What Are the Lessons of Recent Experience?" *IZA Discussion Papers* (Institute for the Study of Labour (IZA) 2019) 1-3.
65. Jil Sachs, Javier Dane and Timothy Sievers, *Globalization, Privatization, Economic Freedom and Growth: New Evidence from Africa* (Holt Rinehart and Winston 2020) 233-235.
66. Antah Ehiorobo, "Privatization of Public Enterprises in Nigeria: Recipe for Sleaze or National Development", *Academic Journal of Economic Studies*, Vol. 4, No. 1, 2018: 68-73.
67. Peter Mosley and Alfred Alder, *Globalization, Privatization, Foreign Direct Investment and Growth in Africa* (University of Toronto Press 2019) 172.
68. Herbert Nellis, *Privatization and Globalization in Africa: What Has Happened? What Is To Be Done?* (Centre for Global Development 2021) 198-199.
69. Banke Clarke and Victoria Pifelis, *The Global System: Privatization, Economics and Politics* (Polity Press 2021) 413.
70. Rilwan FekruDebebe, *Privatisation, Trade Openness and Economic Growth* (Wiley Press 2019) 256-257.
71. Consult Modupeola Granovetter, "Economic Action and Social Structure in Nigeria: The Problem of Embeddedness", *American Journal of Sociology*, Vol. 98, No.3, December 2016: 167-169.
72. Victor Becker, *Globalization, Privatization and Quality of Government in Sub-Saharan Africa* (University of Chicago Press 2016) 212.
73. Bayo Adekoya, *Public Enterprises in Nigeria* (Vicar Publications 2019) 67-69.
74. Samuel Obansa, "Impact of the Structural Adjustment Programme on the Nigerian Economy", *Africa Update Newsletter*, Vol. XII, Issue 2. 2005: 15-16.
75. Ayinke Asaolu, *The Substance of Privatisation and Commercialisation Policies and Programmes in Nigeria* (Oxford University Press 2017) 65-67.
76. Asaolu, *The Substance of Privatisation and Commercialisation Policies in Nigeria*, 65.
77. Mosley and Alder, *Globalization, Privatization, Foreign Direct Investment and Growth in Africa*, 178.
78. Mosley and Alder, *Globalization, Privatization, Foreign Direct Investment and Growth in Africa*, 178.
79. Albert Smao, *Privatization Dynamics and Economic Growth in Nigeria* (Kings Publications 2018) 45.
80. Chidi Anwulorah, *Trade and Finance in Contemporary Nigeria* (Blexy Publications 2019) 344-346.
81. Anwulorah, *Trade and Finance in Contemporary Nigeria*, 346.
82. Anwulorah, *Trade and Finance in Contemporary Nigeria*, 347.
83. Anwulorah, *Trade and Finance in Contemporary Nigeria*, 347.
84. Anwulorah, *Trade and Finance in Contemporary Nigeria*, 347.
85. See Robert O'Brien and Akin Williams, *Understanding Globalization, Privatization and Investment in Nigeria* (Printer Publishers 2020) 286.

86. Ebere Ngaire, *The Economics of Privatization* (Clarendon Press 2017) 121.
87. See Ngaire, *The Economics of Privatization*, 121-122.
88. Henry Milner, *The Politics of Trade and Finance in Africa* (Free Press 2019) 456-458.
89. Milner, *The Politics of Trade and Finance in Africa* (Free Press 2019) 466.
90. Peter Hirst and Emeka Nwabueze, *Globalization in Question: The International Economy and the Possibilities of Governance* (Polity Press 2019) 121-122.
91. Hirst and Nwabueze, *Globalization in Question: The International Economy and the Possibilities of Governance*, 125.
92. See Ngozi Nweke, Cecilia Abatan and Bimpe Iwayemi, *The Dynamics of Privatization and Commercialization in Nigeria* (Westview Press 2021) 285-296.
93. See Charles Nussbaum and Olajide Akinbobola, *The Politics of Trade, Finance and Investment in Sub-Saharan Africa: Fragments of Evidence from Nigeria* (University of Chicago Press 2018) 306.
94. Nussbaum and Akinbobola, *The Politics of Trade, Finance and Investment in Sub-Saharan Africa: Fragments of Evidence from Nigeria*, 307.
95. Nussbaum and Akinbobola, *The Politics of Trade, Finance and Investment in Sub-Saharan Africa: Fragments of Evidence from Nigeria*, 307.
96. Nweke, Abatan and Iwayemi, *The Dynamics of Privatization and Commercialization in Nigeria*, 290.
97. Nweke, Abatan and Iwayemi, *The Dynamics of Privatization and Commercialization in Nigeria*, 293.
98. Nussbaum and Akinbobola, *The Politics of Trade, Finance and Investment in Sub-Saharan Africa: Fragments of Evidence from Nigeria*, 309.
99. Adeola Roberts, "Fictitious Capital, Fictitious Spaces: The Geography of Privatization and Offshore Financial Flows in Developing Countries", in Samuel Coleridge, et al. (eds.), *Money, Power and Space* (Blackwell Publishing Company 2018) 238.
100. Roberts, "Fictitious Capital, Fictitious Spaces: The Geography of Privatization and Offshore Financial Flows in Developing Countries", 239.
101. Chukwuemeka Nwankwo, *Worlds in Collision: Terror and the Future of Trade and Investment in Africa* (Cambridge University Press 2018) 311.
102. Nwankwo, *Worlds in Collision: Terror and the Future of Trade and Investment in Africa*, 311.
103. Collins Chase-Dunn and Obi Nwachukwu, "Technology and the Logic of Financial System in Democratic Nigeria", in Rapoport Palan and Becky Gills (eds.), *Transcending the State-Global Divide: A Neo-Structuralist Agenda in International Economic Relations* (Macmillan Press 2018) 453.
104. Chase-Dunn and Nwachukwu, "Technology and the Logic of Financial System in Democratic Nigeria", 456.
105. Chase-Dunn and Nwachukwu, "Technology and the Logic of Financial System in Democratic Nigeria", 456.
106. Rodney, *How Europe Underdeveloped Africa*, 22.
107. Chase-Dunn and Nwachukwu, "Technology and the Logic of Financial System in Democratic Nigeria", 456.
108. Nussbaum and Akinbobola, *The Politics of Trade, Finance and Investment in Sub-Saharan Africa: Fragments of Evidence from Nigeria*, 308.
109. Cited in James Saurin, *Globalization and the Promises of Privatization Programmes in Africa* (Oxford University Press 2018) 441.
110. Saurin, *Globalization and the Promises of Privatization Programmes in Africa*, 442.