



# **PRIVATISATION POLICY OF THE NIGERIAN GOVERNMENT AND THE HOPE OF THE GRASSROOTS**

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The paper set out to examine the management of the state-owned enterprises and the rationale for the establishment of such enterprises. It further addressed the Nigerian Government's privatization policy in relation to the ( S.O.Es) state-owned Enterprises, finally it analysed the affect of such policy on the grassroots in Nigeria. The study employed both primary and secondary source of data to analyse the performance of the S.O.Es To this end, a few randomly sampled managers of the S.O.Es in the south western Nigeria were purposively interviewed to establish empirically the alleged Criticism of infectiveness and in efficiency of services delivery of the S.O.Es. The primary sources of data were leered up with secondary sources like, Government gazette, committees report on SOEs reforms, text books on SOEs, budget and records of meetings of boards and parastatals. The data gathered were descriptively analysed and the findings revealed that the S.O.Es have not been performing their statutory functions affectively well since 1980s when their performances started declining. The mangers interviewed confirmed that the SOEs is poor performance was due to underfunding of the organization, politicisation of the recruitment and promotion of the human resources, there is obsolete equipment, and rigid control of the Government. The constellation of the above, they said get the SOEs "collapsed". The paper also formed out that similar Organisations delivered well in Europe even before they were privatised while the SOEs in Nigeria were malfunctioning. The paper concluded that the SOEs could have performed letter if their owner (Nigeria Government) was fully committed to their being successful. It further concluded that privatising the SOEs may not necessarily be an antidote to the moribund SOEs if the privatisation policy is not carried out in good faith. Otherwise, there might be policy failure if the grassroots are still wallowing in poverty while conversely; the policy further enhances the economic hegemony of the few elite.

## **INTRODUCTION**

The role of the State Owned Enterprises in the development of Nigeria has not yet been properly grasped. This is largely due to a mix-bag of paradoxes, illusions, misgivings and misrepresentation about them., These enterprises are special organizations or bodies, corporate in nature, set up by the Government for entrepreneurial purposes and are State owned, being parts of government apparatus. They are created by statute and have legal personality, make contract, acquire and dispose of property. The may sue and be sued.

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## **EMERGENCE OF PUBLIC ENTERPRISES**

Between 1950 and 1960, the nationalist led governments in compliance with Fitzgerald Commission's recommendation established the Nigeria Colliery Department as a public corporations. This was followed in 1951 by the vesting of electricity as a public corporation. In the same vein, the Nigerian Ports Authority was created in 1954 while in 1955, the Nigerian Railways transformed to corporation from the railways department. Since the early 50s, the growth of public corporation has been remarkable. With the adoption of a federal set up in 1954, the number of the State Owned Enterprises increased. The number was further proliferated with the subsequent creation of States in 1967, 1976, and 1991. Notable in the development of regional/state participation is the New Nigeria Development Company Limited (NNDC) which started in 1949 as Northern Region Production Board. Another example in this category is the Odu'a Investment Company Limited operating then in the interest of the Western Regional Government. These organizations emerged in form of Marketing Boards taking care of such crops as cocoa, groundnuts, palm-kernels etc.

The emergence of the State Owned Enterprises was also supported by the Federal Republic of Nigeria 1999 Constitution. Section 16 of the Constitution States that; the State shall:

- (a) Control the national economy in such a number as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice, equality of status and opportunity.
- (b) Without prejudice to its right to generate or participate in areas of the economy, other than the major sectors of the economy, manage and operate the major sectors of the economy.

The State shall direct its policy towards ensuring:-

- (a) the promotion of a planned and balanced economic development; and
- (b) that the material resources of the community are harnessed and distributed as best as possible to serve the common good.

We will now consider why Nigerian government should intervene in the economy

### **Justification for Government Intervention in the economy**

Aside the constitutional provision, quoted above other factors also informed the Nigerian Government to intervene in the economy through the establishment of State

Owned Enterprises (S.O.E). Nigeria was a British Colonial territory and it was then not unusual for her to copy the practice of British government. There was the need to consolidate the gains derived from attainment of independence. Within the context, there was further need for governments to undertake the pioneering functions of developing the newly established enterprises. So (SOE) State Enterprises were then viewed as engine of growth of service institutions to satisfy the ever-expanding needs and expectations of the community which could not be met elsewhere.

Closely related to the above factors are political and economic considerations. Involvement in State entrepreneurship was seen as capable of enhancing the fortune of governments. Through the gains made, the government was sure of having enough to cater for the people thereby consolidating its political hold on the people. Notable example is the Cocoa Marketing Board of the Western Nigeria Government. Inadequate private incentives to engage in prospective economic ventures due to factors of uncertainty about the size of local markets, unreliable sources of supply and absence of technology and skilled labour are other factors.

The government also sought to redistribute enterprises in certain sectors especially where private initiatives are low. Furthermore, ideological motivation also explains Nigerian government intervention in the economy in order to gain control over the strategic sectors or over multi-national corporations whose interests were at variance with her national interest and finally the desire of the government to pursue objectives relating to social equity which the competitive market might ignore, notable among which are, employment, essential goods and services.

### **Review of Literature**

Owing to bewildering number and types of the Organisations called public enterprise (SOE) and due to the different contexts and rationale for which they were set up, there is no authoritative and generally accepted definition of public enterprise. However, most of the international and national gatherings or debates of experts (both academicians and professionals) acknowledge that:

*the status of a public enterprise is a much wider notion than the strict legal form which specifies its functions, powers, and obligations. This notion can include the various control system over enterprise and at the same time provide a classification of enterprises according to varieties of these systems. (Gelinas 1978).*

Even then, the control system depends on at least the following important criteria:

- (i) the ownership of the capital;
- (ii) the degree of competition in the context within which it operates;
- (iii) the legal form of the enterprise;
- (iv) the type of activities being pursued;
- (v) the origins of the enterprise; and
- (vi) the degree of profit making expected from the Public Enterprises. It is therefore not easy to accommodate all these criteria and others in identifying and classifying parastatals. In the intellectual circle, public corporations are body corporate, set up and organized by special statutes, while the State Owned Companies are created under the company law like private enterprises though they belong entirely to government. The difference between the State-Owned Companies and the mixed economy enterprises is that in the latter, government

and private entrepreneurs are partners in a venture, with government retaining the majority of the capital and the preponderant voice on the Board of Directors. The statutory corporations include a wide range of organizations which can be divided as follows:

- (a) the public utility corporation;
- (b) the development and finance corporation;
- (c) the social service corporation; and
- (d) the regulatory agencies.

It has, however, been suggested that:

*an enterprise will be regarded as a public enterprise when, on the fact of its particular case, it is, or on the basis of existing rights or powers, could be under the general direction of a government (national, regional or local) or of some statutorily created body or of some other public enterprise or some combination of these. (Adamolekun (1983)*

Thus it appears clearly that this definition is mainly based on legal considerations. One might see the merit of this definition in its emphasis on ‘the general direction of a government as if private enterprises are completely outside this governmental direction.

However, subsumed under the definition and precisely in the expression ‘enterprise’ is the idea that the parastatals are involved in the production and distribution of saleable or non-marketed goods or services. There lies the economic dimension of these institutions, but the question is whether all parastatals are involved in marketing activity. The answer to the question, of course, requires some nuance because a host of institutions falling under the general designation of public enterprise neither produce nor distribute commodities.

Thus, one is faced with a host of difficulties. First, it is not easy to reconcile the idea of government direction with that of commercial activity. Second, if one emphasizes the commodity exchange dimension, a lot of organisations which are commonly referred to as public enterprise are left out and thirdly, if one over plays the element of government direction or control, one does not perceive the significance of the fact that these institutions are not directly part of the governmental apparatus.

In Nigeria, it was the Presidential Commission on parastatals christened Onasode Commission that made an attempt to address a hazy conception of public enterprise. However, nowhere in the report is the generic designation of public enterprise used. Furthermore, the construction on the expressions – “public corporation” and “State-Owned Company “ is misleading. Specifically, in paragraph 6 of the sessional paper, the Committee and the government were of the view that the basic prerequisite of a public corporation is “appropriate degree of independence to enable (it) operate certain undertaking of a large-scale commercial and public utility character. At the same time, the committee suggested that State Owned Companies should be transformed into public corporation to ensure adequate control over these organization. In sum, the report of the Committee of officials avoided the conceptual difficulty by not using the catch-all concept of State-Owned Company and public Corporation did not solve the problems involved in the definitional exercise.

The Ani Report and Government views on it did not use the term ‘public enterprise’. However, para 3 of the report reads:

*As the statutory corporations and State-Owned Companies in Nigeria are largely of a commercial and industrial character, it is not the intention of the Government that all the decisions of this paper should apply to State-Owned non-commercial organizations like Educational Institutions, Research Institutes, Library Boards, Sports Councils; etc. or to mixed companies.*

The reference made to State Owned non-commercial organizations and the mixed enterprises is definitely not accidental. It reveals at least that, in the mind of government, these organizations have something in common with the statutory corporations and the State-Owned Companies. The whole idea of bringing these various bodies under the same umbrella underscores the need for a common designation for them.

In any case, it was the Udoji Commission (1974) that boldly interpreted Statutory Corporations and State-Owned Companies to constitute “public enterprises.

The Commission says that:

*public enterprise comprehends all corporations, authorities, boards, councils and limited companies in which the government has full or majority interest.*

In spite of all the objections that the definition and classification of public enterprises may raise, the Udoji Commission made a positive contribution that bears the generic title of public enterprises, and also by using its distinction to underline some of their basic characteristics.

After reviewing the Onosode Commission’s work, Balogun (1983) has this to say:

*The Onosode Commission set out to correct some of the mistakes of the past. It ended up creating new problems. Its first major flaws lies in the area of conceptualization and to that extent in the classification of public enterprises. There are at least four ways of classifying such enterprises: the traditional method, classification by function and broad area of activity, by structure of ownership and control, and by result expected. The Commission’s fatal mistake was to employ the first three methods simultaneously and without regard to the special need and circumstances of various enterprises. The outcome was the lumping of enterprises which had nothing in common whatsoever. The error of judgement would have been avoided if the fourth method had been adopted.*

In his drive to relate classification to personnel policies, Balogun goes on to distinguish the categories on the basis of results expected and the following typology is involved.

- (a) the public entities and infrastructural enterprises;
- (b) industrial mining and manufacturing enterprises;
- (c) commercial enterprises;
- (d) financial institutions;
- (e) educational institutions;
- (f) social services; and

(g) regulatory agencies.

Going through Balogun's classification, it would appear that he replicates the same classification enunciated by Onosode Commission.

In all, the foregoing review is not aimed solely at proposing or evolving an acceptable conceptual definition. Rather the objective is to demonstrate some of the difficulties in the manipulation of the concept of public enterprises and the confusion into which the classification attempts have sunk. Perhaps, this lack of clarity of classification, purpose and scope of the Nigerian public enterprises among others could explain the alleged non-performance of most of these organizations in Nigeria.

Therefore, for avoidance of confusion, the term public enterprise is used in this paper to refer to any organization which is a body corporate, set up for entrepreneurial or entrepreneur-like pursuit, but which is public by the virtue of its being part of the governmental apparatus. This paper now turns to examine the theoretical exposition which is used to look at the linkages between the dominant class in Nigeria and those involved in the management of public enterprises and to document how these institutions perform vis-à-vis their objectives.

### **Theoretical Exposition**

A theory of State is also a theory of society. The theory, though very rudimentary and embryonic, is central to Marxism. It is a theory that relates to the distribution of power in a given society. The state is a product and manifestation of the contradictions of society at a given stage of its development. The state results from class contradictions in society and ultimately, it is the instrument for domination and exploitation of the oppressed class. In capitalist society, the state is the state of the bourgeoisie. After the socialist revolution, as a result of the disappearance of class contradictions, Marx (1844) stated that the state will gradually wither away. This conception of the nature and role of the state has generated a lot of controversy as important questions have been raised both by Marxists and non-Marxists. Such questions include those who form and operate the state, the control of the state in connection with pluralism within the bourgeoisie, the relations of the state with other classes in the society and the delimitation of institutions constituting the state apparatus and so on.

True, capitalism in Africa is in co-existence with a constellation of relics of the preceding pre-capitalist modes of production. On getting the upper hand, capitalism tore asunder relations and value of these earlier modes of production. Nonetheless, empirical evidence abound in support of the proposition that the social formation operating in Nigeria is predominantly capitalist and that the Nigerian state maintains most of the basic attributes of the capitalist state. Perhaps this situation which Nigeria created for itself partly explains why some of its public enterprises are malfunctioning. Nigeria proclaims a mixed economy whereas in reality it is predominantly capitalistic. We will now look at how the public enterprises whose objective principally is to render social services to the citizens, perform in a capitalist environment.

### **The Performance of the Nigerian Public Enterprises**

As this scholar asserted some where in a joint paper written on the privatization of the Nigerian Public Enterprises, the Nigerian public enterprises have not recorded any significant success/achievement to justify the objectives for which they were established. The real performances of most of the State Owned Enterprises in Nigeria have left much to be desired. Many of them were not responsive to the changing requirements of a growing

and dynamic economy and do not seem to possess the necessary tools for translating into reality the hope of successful commercial operations.

Notwithstanding the huge investments in these enterprises, their performances are far from being satisfactory. It is the general belief of most Nigerians that most public enterprises are inefficient. The performance of most public utilities provides adequate testimony for this inefficiency. Perhaps this informed Laleye (1986) who asserted that reports of investigatory panels set up by government on all the parastatals testified to the fact that inefficiency has reached scandalous proportions. And of course, the huge national investments in the State Owned Enterprises justify the general outcry about inefficiency. Unfortunately, this inefficiency manifests itself in Nigeria's moribund educational system, inability to supply portable water and epileptic supply of electricity, and petroleum product with its chaotic attendant long queue in Nigerian petrol filling stations while in the words of Akinkugbe (1996), the hospitals have become mere consulting clinics with no drugs and dressings. All the above inadequacies make organizational goals to suffer and heap serious problems in the society as a whole. Perhaps it is pertinent to quickly grope for reasons explaining this inefficiency. They include among other things:

- (i) Conflicting objectives earlier mentioned.
- (ii) Excessive control of, and interference with operational decisions of public enterprises managers by the supervising government department. This often suffocates managerial initiatives.
- (iii) Politicisation of employment, poor choice of product and location of the enterprises.
- (iv) Absence of a competitive environment as a more demanding competitive environment tends to encourage better public enterprises performance and supervision by government tends to be bureaucratic and rigid.
- (v) Inadequate techno-managerial capacity to respond quickly to changing economic environment. And
- (vi) Inadequate funding and late release of fund as funding of the enterprises is often tied to annual budget with its attendant bureaucratic corruption and redtapism.

Balogun (1989) attributes the inefficiency of Nigerian Public Enterprises to the environment in which they operate. Public Organisations are viewed by the workers as "no man's father's field" whereas Obadan (2000) identified poor maintenance culture as the bane of the Nigerian public enterprises. According to him, public enterprises in many developing countries, as in Nigeria, have been attacked for being economically inefficient and wasteful of resources. They make significant demands on government resources, as well as on domestic and foreign credit. Yet these demands have been associated with low profitability and inefficiency. Most of these organizations have failed to show a profit. Operating on a deficit, they proved to be a massive drain and economic parasites on government resources through transfer and subsidies.

In order to substantiate the above assertion, as of 1998, there were 588 public enterprises owned by the Federal Government of Nigeria. This means that the Federal government was responsible for over 5000 board appointments and this constitutes an economic drain on the federal government purse. According to the International Monetary Fund (IMF), the drain of public enterprises in 1998 was equal to 5 percent of the nation's Gross Domestic Product. For example, in 1998 alone, the amount spent on Nigerian public enterprises was N265.00bn. The breakdown of the amount are as follows:



**Table 1 Expenditure on Public Enterprises in Nigeria**

Subsidised foreign exchange	N156.56bn
Import Duty Waivers	N12.56bn
Tax Exemption/Arrears	N15.00bn
Unmerited Revenue	N29.50bn
Loans and Guarantees	N16.50bn
Grants/Subventions	N35.00bn
Total	N265.00bn

Source: Nigerian Business Magazine Vol. 4 No. 12, 19<sup>th</sup> June, 2000, p. 19.

Our sampled parastatals in the South Western Nigeria confirmed the inadequacies leveled against the Nigerian public enterprises. The six randomly selected public enterprises managers asserted that the government's rigid control, politicisation of the enterprises and gross under funding are some of the factors militating against goal attainment hence little success has been achieved. This opinion was manifested in Tables 2, 3, 4 & 5. For instance Table 2 shows the amount budgeted and actual expenditure for the Oyo State Government Water Corporation between 1996-2001 while Table 3 indicates Internally Generated Revenue, the amount budgeted and the actual revenue. Table 4 also shows the running cost and wages between 1996 to 2001 while Table 5 shows the government subvention to the corporation.

**Table 2: Capital Project**

Capital Expenditure	Amount Budgeted	Actual Expenditures
1996	220,000,000	143,695,337.26
1997	430,000,000	80,734,554.00
1998	2,481,660,000	187,805,800
1999	815,000,000	95,618,000
2000	700,000,000	169,488,000
2001	750,000,000	147,649,000

Source: Field Survey – September, 2002, Oyo State Water Corporation, Ibadan, Nigeria.

**Table 3: Internally Generated Revenue**

Running Cost + Wages Recurrent Exp.	Amount Budgeted	Actual Exp.
1996	62,000,000	65,484,933.56
1997	91,800,000	69,573,281.48
1998	112,250,000	70,574,830.02
1999	137,461,880	76,853,216.35
2000	153,250,000	85,181,231.08
2001	500,000,000	77,962,336.08

Source: Field Survey 2002

**Table 4: Running Cost + Wages**

Revenue	Amount Budgeted	Actual Revenue
1996	46,956,590	62,917,174.18
1997	66,033,700	69,225,928.22
1998	105,608,290	59,647,574.21
1999	183,125,070	89,390,836.87
2000	301,535,860	172,400,615.39
2001	306,077,180	253,251,623.50

Source: Field survey 2002

**Table 5: Subvention from Oyo State Government**

Salary Subvention	Amount Budgeted	Actual Release
1996	-	-
1997	-	-
1998	-	-
1999	19,200,000	-
2000	28,000,000	19,200,000
2001	75,600,000	29,747,940

Source: Field Survey 2002

All what the above tables show is to confirm the gross underfunding of the parastatals and low turnover. The story is not different in Table 6 which shows the recurrent subvention and capital grants to Oyo State Government parastatals. For instance in year 2002, the proposed capital grant for Agricultural Credit Corporation of Oyo State was 55 million Naira whereas at the end of the day only 10 Million Naira was actually released, as confirmed by its manager. The story is not different in all other parastatals. If we also look at Table 2, the Water Corporation budgeted 750 million Naira in year 2001 whereas the government released 147.6 million.

**Table 6: Recurrent Subvention and capital Grants to Statutory Bodies**

Sub-Head	Details	Personnel Costs (₦)	Overhead Costs (₦)	Capital Grants (₦)
414/1	Agricultural Credit Corporation of Oyo State	17,213,000	8,000,000	55,000,000
414/2	Oyo State Agricultural Development Programme	126,957,000	-	200,000,000
414/3	Osaisco	-	-	200,000,000
416/2	The Polytechnic, Ibadan	468,000,000	19,465,000	150,000,000
416/3	Oyo State College of Education, Oyo	288,000,000	10,784,000	200,000,000
416/4	Ladoke Akintola University of Technology, Ogbomosho	330,465,000	9,514,000	300,000,000
418/2	Ladoke Akintola University teaching Hospital, Osogbo	-	-	360,000,000
419/2	Broadcasting Corporation of Oyo State	98,610,000	4,100,000	350,000,000
419/3	Government Printing Corporation	17,718,000	5,000,000	20,000,000
419/5	Shooting Stars Sports Club	12,000,000	17,000,000	10,071,000
419/6	Oyo State Sports Council	62,175,000	30,000,000	50,000,000
423/4	Housing Corporation of Oyo State	45,420,000	2,000,000	160,036,000

432/2	Water Corporation of Oyo State	111,640,000	4,000,000	750,000,000
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Source: Field survey 2002

The question is, how do we expect high level performance from public enterprises that are grossly underfunded and heavily politicized with its attendant bureaucratic corruption? Perhaps the non-performance of these parastatals in the main, lies with the government that established them. Undoubtedly, the public enterprises in Nigeria are drain pipes for public resources hence there is a disaffection and disappointment of public ownership on the part of the entire polity. The citizens thus become more receptive to the idea of superiority of private initiative hence there is advocacy for privatization. Perhaps, this also informed the Federal Military Government to promulgate Decree No. 25 of July 1988 christened Privatisation and Commercialization Decree 1988. Sec 1<sub>(1)</sub> of the decree states:-

*All enterprises specified in the first column of Part I of schedule 1 to this Decree shall be privatized to the extent in the third column therein and in accordance with the provisions of this Decree.*

Consequently, Sec. 3<sub>(1)</sub> of the decree established a Technical Committee on privatization and commercialization while Sec. 4<sub>(1)</sub> itemized its functions among which are to:

- (a) advise on the capital restructuring needs of enterprises to be privatized or commercialized under this Decree in order to ensure a good reception in the Stock Exchange Market for those to be privatized as well as to facilitate good management and independent access to the capital market;
- (b) carry out all activities required for successful public issues of shares of the enterprises to be privatized including the appointment of the issuing houses, stockbrokers, solicitor, trustees, accountants and other experts to the issues;
- (c) approach through the appointed issuing houses, the securities and exchange commission;
- (d) advise the Federal Military Government, after consultation with the Securities and Exchange Commission and the Nigerian Stock Exchange on the allotment pattern for the sale of the shares of the enterprises concerned in accordance with section 7 of this Decree;
- (e) oversee the actual sale of shares of the enterprises concerned by the issuing houses in accordance with the guidelines approved by the Federal Military Government;
- (f) submit to the Federal Military Government from time to time, for the purpose of approval proposals on sale of Government shares in such designated enterprises with a view to ensuring a fair price and even spread in the ownership of the shares;
- (g) ensure the success of the privatization and commercialization exercise taking into account the need for balance and meaningful participation by Nigerians and foreign interests in accordance with the relevant laws of Nigeria; and
- (h) ensure the updating of the accounts of all commercialized enterprises with a view to assuring financial discipline.

Going by literature review and our empirical investigation in the South Western Nigeria, it is evident that the allegation of inefficiency leveled against the Nigerian public enterprises is substantially true. However, the question is, should privatization be the antidote to the moribund state owned enterprises in Nigeria?

Although it may be too early to assess the impact of privatization of the enterprises but some questions still remain unanswered. These are: Why does the Government fail to address the issue of alleged inefficiency identified with its SOEs? Is it a herculean task for the government to supervise its managers? Even when its SOEs are privatized as a result of inefficiency, then how does government eliminate the remaining inefficiency in its mainstream of the Public Service? Or is the government going to privatize other main stream of the Public Service? Or the Government has assumed that the judiciary, the legislature, the police and other arms of the Executive are all efficient?

We want to argue that the issue of inefficiency is fundamentally inherent and it permeates all the entire bureaucratic set up in Nigeria. Admittedly, these public enterprises are said to be inefficient if we measure efficiency vis-à-vis the objectives for which they were initially established. Our findings revealed that it is the owner of the enterprises that make them inefficient. For instance the Managers of the enterprises we interviewed argued that, if a parent is corrupt then you should expect element of corruption in the wards. In other words they contended that as long as the centre is inefficient, the rest of the system is bound to be affected. The managers went further that efficiency is not guaranteed when the owner of the enterprises does not allow the managers freehand to operate and worse still the government politicized its enterprises in their mode of recruitment and services/commodities produced. As if the above are not enough suffocation, the enterprises are grossly underfunded.

We want to conclude that if similar organizations like India Air, British Airways and even a privately owned air line can be efficiently run, then it is intriguing that Nigeria Airways, a typical Nigerian Public Enterprise was malfunctioning before it was sold out. The entire exercise of privatization seems to negate the very fundamental philosophy Nigeria government upholds and that is the mixed economy. It also contradicts Sec. 16<sup>(1)</sup> (b) which states:

*The State shall, within the context of the ideals and objectives for which provisions are made in this Constitution: control the national economy in such manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity.*

Obviously, privatizing these institutions may not fulfil the meaning of Sec. 16<sup>(1)</sup> (b) of 1999 Constitution given the low per capita income of Nigerians and poverty level. The question is how many Nigerians can afford to buy shares say ₦250,000 if hypothetically National Electric Power Authority is privatized tomorrow? Also, it may be a difficult task for the technical committee to fulfil Sec. 4<sup>(1)</sup>(f) and (g) of the Decree 25 of 1988.

How is it possible for the grassroot who earns N84,000 annually to buy a share of N100,000? If this is so, then S4 <sup>(1)</sup> and (g) is a mere ruse. The sections say:

- (f) The Technical Committee shall submit from time to time, for the purpose of approval, proposals on sale of Government shares in such designated enterprises with a view to ensuring a fair price and even spread in the ownership of the shares.
- (g) Ensure the success of the privatization and commercialization exercise taking into account the need for balance and meaningful participation by Nigerians and foreign interests in accordance with the relevant laws of Nigeria.

Again a poverty stricken Nigerian who hardly meets the three square meals can hardly participate meaningfully in the purchase of any shares. He would not even bother because it is survival of poverty that concerns him. If the government is genuinely interested in the welfare of its citizens, that is, the rationale for setting up a government, then other areas of improving the efficiency of the social services should be considered rather than commercialization, privatization and deregulation which seem to favour the economic and political elite in the society. This only perpetuates inequity, class discrimination and distinction.

There is need for government to understand that though privatization is an economic global trend but Nigerians standard of living and per capital income is grossly incomparable with other advanced countries which initiated this policy. We need to tropicalise the concept to suit the socio-economic condition of Nigerians. The Naira value is nothing to write home about if compared with even Saudi Riyad not to talk of Dollars or Pound Sterling and yet Nigeria wants to copy wholesale America, Britain and a host of others. There is need for caution, otherwise the people will not be able to afford the cost per unit of the product of these privatized institutions owing to low per capita income. Paradoxically Nigeria is rich while a greater percentage of Nigerians fall within the poverty line. This assertion lends credence to the Nigerian government propaganda/policy on poverty alleviation.

Although the policy of privatization may hold a promise if well implemented, as it may reduce parental budget deficits since there may be no more subsidy to the fully privatized enterprises. Yet it is likely to further frustrate the grassroots whose income is low and thereby further creating economic differentiation and full scale capitalistic economy with its attendant evils of inflation and exploitation of labour as the more the workers work, the poorer they become (Marx, 1844). Given Nigeria's condition

### **Recommendation**

The privatization policy is almost irreversible notwithstanding all the delay and inconsistencies. This is a welcome development especially when one takes a look at the balance sheet of the public enterprises and observes the snail pace at which they have performed. If privatization policy must be executed then, there must be genuine commitment on the part of the government as political instability in the nation is not helping matters at all. This may discourage interested foreign investors. The policy must encourage competition. If public enterprises must be privatized, then privatization must be carried out in such a way as to absorb the workers in the establishments as joint owners of the business on equal terms with other Nigerians. Perhaps this will minimize unemployment galore that may arise from the implementation of the policy.

### **Conclusion**

What the paper has done in this short presentation is to look at the emergence and performance of the Nigerian public enterprises since independence in (1960). It is evident that the enterprises were set up as engine of socio-economic development of Nigerian society. They were basically geared to render social services where private initiatives are not interested, perhaps, owing to inadequate capital or unattractive profit wise.

On a general assessment, the Public Enterprises have not performed excellently well as they were not morally and financially supported by the governments that established them. They were heavily politicized both by the Civilian and Military Administrations. This

poor balance sheet performance called for privatization of these organizations. While privatization will disinvest government interest in the SOEs and reduce the financial burden of the government, we argue that unless the policy is sincerely implemented, the privatization of these institutions may be counter productive as it may further worsen the standard of living of majority of Nigerians at the grassroot who may not afford to pay for the services of the privatized public enterprises hitherto subsidized. The paper concluded that there might be policy failure if the implementation further enhances the economic bouyance of the few elites and perpetuates their economic hegemony while leaving the majority grassroots still wallowing in poverty. If the constitutional provision in Sec. 16 of 1999 Constitution is anything to go by, then the Nigerian Government should find means of compensating Nigerian citizens who by their constitutional right, are entitled to subsidized social services. Otherwise Nigeria government may be likened to a prodigal son in the Bible who sold public property meant for the benefit of all to a few hands. Obviously this is an injustice perpetuated to satisfy the economic elite at the expense of the poor grassroots. We want to end this paper by the words of Plato when he said”:

*“To harm men is to injure them and to injure them is to make them unjust. But justice cannot produce injustice. Human virtue is justice.”*

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