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Privatisation and the Quest for Sustainable Socio-Economic Development in Nigeria

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Abstract. 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 utilising 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 Privatisation and removal of government subsidies on government companies and parastatals as a strategy to enhance national development. However, with the consciousness of scholars and policy analysts about the orientation of private investors which is first tailored to profit making, the issue of privatisation has aroused several questions. Some observe that the policy on privatisation 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 privatisation 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, the paper analyses issues of debates and contestations on privatisation. Bearing in mind Nigeria's political economic history and current socio-economic challenges confronting the state, the paper advocates the need for caution and human face in the approach to privatisation.

Keywords: Economic Efficiency, Economic Growth, Privatisation, Public Enterprises, State-Owned Enterprises, Development, Sustainable Development.

1. Introduction

Development has become a conscious desire of all countries of the world. This fact is attested to by various international conferences and fora organised 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 characterised by low level of investments, low level of education and technological knowhow and remain dismally underdeveloped (Jiboku, 2015). 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 1981-1985 (Lawal and Oluwatoyin, 2011). 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 agenda (Obansa, 2005). A corollary to the Structural Adjustment Programme is privatisation of government companies and parastatals as a way of reducing government expenditures (Dibie, 2004; Ikechukwu, 2013).

Irrespective of how privatisation has been defined, it is an issue that has aroused several questions among scholars. Those who support privatisation state its benefits: reducing government bureaucracy, it increase 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 others (Bammeke, 2003; Dibie, 2004). Critics of privatisation 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 privatisation of public utilities has on the poor in society and the turn it takes on good governance (Goodman and Loveman, 1991; Filipovic, 2006; Iduh, 2012; Obugheni and Emejuru, 2018). Privatisation 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 privatisation programmes within the framework of macroeconomic reform and liberalisation, revising the earlier strategy of using public enterprises as the engine of economic development (Jerome, 2008).

Considering the fact that development is meant for the people in general and privatisation is for a few individuals who have the economic capacity to acquire the shares or invest in privatised public enterprises, the issue of concern in this paper is how privatisation 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 privatisation with development discourse in Nigeria.

2. The Concept of Privatisation

The concept of privatisation has attracted the views of different scholars, writers and analysts. Jerome (2008:10) asserts that privatisation 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 sector. Privatisation has been defined as the transfer of ownership and control of enterprise from state to private sector (Nwali, Nwokeiwu and Oganezi, 2019). It has been viewed as the practice of engaging the private sector in some aspect of the functions and responsibilities of government operations (England, 2011). The Privatisation and Commercialisation Act of 1988 as well as the Bureau of Public Enterprises Act of 1993 looked at privatisation 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" (BPE, 2000; FRN Privatisation Handbook, 2001:26). In line with the afore-mentioned definitions, privatisation, in its strictest sense, means the transfer of both ownership and management of an enterprise into private hands. In a broader definition, however, privatisation has taken many arrangements relating to either transfer of ownership (which naturally results in change of management) or management according to the Bureau of Public Enterprises (BPE) (2018). Whatever alternative is chosen, the key objectives include:

- To reduce/eliminate government's financial obligations to public enterprises
- To maximise investors' incentives to invest (BPE, 2018).

Privatisation may take any of the following forms: (i) full or partial sale or transfer of ownership (ii) sale of assets (iii) leasing arrangements (iv) contracting out, and (v) liquidation of enterprises (Obugheni and Emejuru, 2018). Akinsanya (2002:277) in another dimension, notes that there is some confusion in the usage of the terms "privatisation" and "commercialisation" which can be seen from public comments and debates on public sector disinvestment (or divestment) that uninformed commentators use the two terms interchangeably as if they mean a similar thing.

Bammeke (2003:28) clarifies that "corporations, parastatals or companies which hitherto are fully or partly owned by the government are now sold to private individuals or entities under an agreement for sale with Offer, Acceptance, Consideration and other conditions duly fulfilled for the transfer of ownership and the government's existing interest in them".

Further, the National Council on Privatisation (FGN, 2000:68) states the main objectives as:

- To restructure and rationalise the public sector in order to substantially reduce the dominance of unproductive government investment in the sector;
- To change the orientation of all public enterprises engaged in economic activities towards a new horizon of performance improvement, viability and overall efficiency;
- To raise funds for financing socially-oriented programmes in such areas as poverty eradication, health, education and infrastructure.
- To check the present absolute dependence on the treasury for funding;
- To initiate the process of gradual cession to the private sector of public enterprises which are better operated by the private sector.

The basic element from the definitions of privatisation given above is that it involves transfer of ownership and management of enterprises from the public to the private sector. It is an ideological concept that arouses reactions from different angles because of its implications on the larger society. To this end, therefore, privatisation remains a controversial issue in development discourses among policy makers, political analysts, scholars and the public.

2.1 Development

Development is a concept with multi-faceted dimensions of explanations. It involves political, economic and socio-cultural transformation (Jiboku, 2020). Like Rodney (1972:3) rightly asserts, development is a many-sided process. 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 society (Chinsman, 1995). It connotes positive trends such as improvement, progress and transformation at the level of individuals and society (Barder 2012). Development, according to Barder (2012) 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 basis.

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 distribution (see, Bellu 2011; Barder 2012). Writing from economic perspective, Todaro and Smith (2009:14) observe 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 more.

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" (Fritz 2004). 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 emphasising progress in terms of economic and social factors within a geographic setting (Fritz 2004). 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" (CUTS 2007:1). The whole essence of development is briefly summarised by Izamah (2002) as the enhancement of the quality of people's lives and livelihoods. Development must be human centred, designed to promote collective welfare (Jiboku, 2020).

2.3 Sustainable Development

The model and concept of sustainable development is of a recent origin. According to Jhingan (2002:22ii), it emanated from the Conference of International Union for the Conservation of Nature and Natural Resources in 1980, popularly referred to as the Brundtland Report titled *"Our Future"*. The Report defined sustainable development as "meeting the needs of the present generation without compromising the needs of the future generations" {Report of the World Commission on Environment and Development, 1987, (3)}. Sustainable development, in essence, presupposes a cautious approach to exploring the resources of nature for developmental purposes that will be beneficial for present and future generations.

Todaro and Smith (2009:485) 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 others. Mensah and Casadevall (2019:5-6) assert, sustainable development cautions about improvement in living standards taking into consideration that the earth's ecosystems should not be jeopardised 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 fauna. 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 penalises both the present and especially future generations which is not desirable. Mensah and Casadevall (2019:5-6) draw attention to the fact that while population increases by the day, the natural resources available to satisfy human needs and wants do not. The concern in this paper is to examine privatisation as a policy option and how it is implemented taking consideration the quest for sustainable development in Nigeria.

3. The Social Contract Theory of the State

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 citizenry (see Nbete, 2012). Smith (as quoted in Appadorai, 1975), 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 institutions (see also, Turan, 2010). Laski (1967) sees the state not as an end itself, but merely the means to an end. It exists to enable the mass of men to realise 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 realise the best in themselves. According to Laski (1967), therefore, men can be enabled to realise 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 election.

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 privatisation 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 privatisation policy (Akinsanya, 2002; Dibie, 2004; Jerome 2008). Notwithstanding, while many have argued on the benefits of privatisation, some other scholars highlight the failures in Nigeria and emphasise the different reforms necessary for privatisation to be successful. This include the need for some form of state regulation of the private sector among other reforms (Dibie, 2004; Parker and Kirkpatrick, 2005; Ojo and Fajemisin, 2010). The role of the state regulation and reforms resurface in the privatisation debate. The paper argues that the state should take caution in implementation of privatisation 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.

4. Privatisation and Economic Growth: The Nexus

The Neo-Liberal economic policy embedded in privatisation 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 privatisation, it continues to attract differing views of scholars, professionals, policy makers and analysts. Those who argue in favour of privatisation state its many objectives which it seeks to achieve. Critics highlight the consequences of privatisation on the privatising state and its citizens, emphasising 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 development (Winston, 2006). The policy of privatisation remains contentious. Parker and Kirkpatrick (2005:513) for instance, observe that the "relative roles of ownership and other structural changes such as competition and regulation in promoting economic performance remain uncertain". Notwithstanding the contending issues, scholars tend to agree that privatisation, 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 privatisation (Bammeke, 2003; Dibie, 2004; Boubakri, Smaoui and Zammiti, 2009:16-44; Nwali, Nwokeiwu and Oganezi, 2019).

One benefit of privatisation, according to Filipovic (2006:5) is that it would reduce the size of the existing government, based on the idea that many governments have become too large and over extended. The process of privatisation can be an effective way to improve overall economic efficiency (Awadalla, 2003; Oji, Nwachukwu and Eme, 2014). Privatisation is widely promoted as a means of improving performance in developing countries (Parker and Kirkpatrick, 2005). According to Jerome (2008:1), countries embrace the privatisation 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 enterprises. For Filipovic (2006:6), privatisation 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 growth (see also, Blomstrom and Kokko, 2001; Nwali, Nwokeiwu and Oganezi, 2019). This explains why countries continue to pursue privatisation. The strategy of privatisation 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 globalisation (Jerome, 2008; Filipovic, 2006; Oji, Nwachukwu and Eme, 2014).

Considering the different theoretical benefits which have been attached to privatisation, 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 privatisation and evaluate its impact on different nation's economies using different indices. For instance, Filipovic (2006) conducted a study with the purpose of examining how effective privatisation as a policy is in promoting growth in developing countries using a cross-country regression to estimate the effects of privatisation on economic growth. The data for this study included all developing countries for which there was privatisation data during the period between 1990 and 1999. The results of the study, the scholar suggests, do not lead to a generalisation of whether or not privatisation is a policy that would promote growth in developing countries.

Boubakri, Smaoui and Zammiti (2009), investigated the impact of privatisation on economic growth for a sample of 56 developed and developing countries over the period 1980-2004. Part of their results showed that "privatisation measured by privatisation proceeds over GDP plays an important role in stimulating economic growth". Other findings from the work of Boubakri, Smaoui and Zammitti (2009:16-44) revealed that:

…Privatisation through public offerings on the stock market contribute to economic growth. 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 (2010), in their paper *Nigeria's privisation programme: Structure, strategies and shortcomings,* write that privatisation 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 privatised enterprises, overconcentration of income and wealth in a few hands, and corrupt practices among others". On the other side, England (2011) observe that empirical evidence exist of established and successful privatisation programmes around the world. As Estrin and Pelletier (2015:1), emphasised, "evidence on the impact of privatisation is contested and sometimes ambiguous". This is as a result of the fact that there is a number of factors that should be considered with regards to privatisation. For instance, the form and method of privatisation 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 privatisation process is also an issue considered by writers (Estrin and Pelletier, 2015:1; Filipovic, 2006; Parker and Kirkpatrick, 2005). For Ehiorobo (2018:72), it is not generally accepted that privatisation is the only policy option that could improve the performance of state enterprises. More so, there are examples of state owned enterprises in Malaysia and France that have been performing excellently.

Jerome (2008:2) states pointedly that "while the underlying causes of privatisation are shared globally, the relevance and benefits of privatisation programmes are perceived differently in different countries". It means that each country is expected to develop a privatisation programme that takes into consideration its socioeconomic conditions and industrial ethos in order to achieve maximum benefits (Jerome, 2008; see also, Ojo and Fajemisin, 2010; Nwali, Nwokeiwu and Oganezi (2019). Privatisation, according to Obugheni and Emejuru (2018:51), 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 sectors. As Filipovic (2006:27) remarks, "privatisation alone will not be the magical solution to the elusive quest for growth" Privatisation 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.

5. Privatisation 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 background (Onwioduokit, 1999; Obansa, 2005; Jerome 2008; Effoduh, 2015; BPE, 2018). 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 1970s (Onwioduokit, 1999; Supplement to Official Gazette Extraordinary, 1972). It was estimated that the Federal Government of Nigeria had invested more than $100 billion in public enterprises between 1975 and 1995 (BPE, 2018).

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 privatisation of state owned enterprises (Obansa, 2005). Consequently, the Federal Government under General Ibrahim Babangida in 1988 promulgated the Privatisation and Commercialisation Decree No. 25 of 1988 as the legal framework for the implementation of its privatisation programme (Asaolu, 2015). The Decree defined privatisation 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 privatised shall be construed accordingly" (FGN, 2000).

Privatisation in the Nigerian context according to this definition implies that it could be partial or full. Partial privatisation implies divestiture of part of government shareholding in an enterprise while Full privatisation implies total divestiture of government holding in the designated enterprises (FGN, 2000:55; Nwali, Nwokeiwu and Oganezi, 2019). The Decree provided for the establishment of Technical Committee on Privatisation and Commercialisation vested with the responsibility of implementing the programme. By 1993, out of one hundred and ten enterprises slated for privatisation, only fifty-five of them had been privatised (Jerome, 2008). According to the Bureau of Public Enterprises (2018), the programme was a huge success even though it focused on only the competitive sectors of the economy.

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 privatisation programme but subtly suspended further sales of shares in public enterprises while the government introduced contract leasing to replace sale of shares in public enterprises (BPE, 2018). 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 government (FGN, 2000, BPE, 2020).

The first set of enterprises slated for leasing were:

- Sugar companies
- Steel Rolling Companies
- Paper and Newsprint Companies
- Refineries
- Petrochemical Plants
- Fertilizer Companies
- Nigerian Airways (FGN, 2000; BPE, 2020).

The afore-mentioned proposals did not proceed beyond the formulation stage until 1998 when government again affirmed its belief and readiness to commence the privatisation 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 economy (FGN, 2000; BPE, 2018). The government followed up with the introduction of guided privatisation in which one enterprise was to be privatised at a time for lessons and experiences to be applied in subsequent enterprises. With the guided privatisation, 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%) (FGN, 2000:36-38; Obugheni and Emejuru, 2018). 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 privatisation, the Abdulsalami Administration promulgated the Privatisation and Commercialisation Decree No. 28 of 1999 which provided for reorganisation of the institutional framework with the establishment of National Council on Privatisation (NCP) and re-establishment of Bureau of Public Enterprises. With this arrangement, upon full privatisation, government equity becomes zero while a maximum of forty percent (40%) is retained for partial privatisation (BPE, 2018; Jerome, 2008). 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 privatisation 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 organisations that were not performing (Business Report/International, 2 August, 1999). The second stage of the privatisation programme began and a number of enterprises were privatised (Iduh, 2012).

6. Privatisation and the Quest for Sustainable Development in Nigeria

Nigeria has been confronted by several socio-economic 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 privatisation 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 projects (Dibie, 2004; Filipovic, 2006; Nwali, Nwokeiwu and Oganezi, 2019). In granting financial loans to Nigeria therefore, these international agencies propose reforms such as privatisation to enable the country to make progress (see, David et al, 2000; Obansa, 2005). Ayodele (1999) as well as other scholars, Filipovic (2006); Jerome (2008) and Iduh (2012) write in this direction, that one of the justifications of privatisation is international in dimension highlighting the need to reduce the size of government's involvement in economic activities especially recognising that the country is heavily burdened by external debt. This objective as well as other benefits which have been associated with privatisation, 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 privatisation has not yet achieved the expected objectives in Nigeria and that the process of implementation of the programme is confronted with political and socioeconomic challenges (Dibie, 2004; Ojo and Fajemisin, 2010; Ikechukwu, 2013; Nwali, Nwokeiwu and Oganezi, 2019). Nwali, Nwokeiwu and Oganezi (2019), for instance, in their work *Privatisation of public enterprises in Nigeria: Challenges and prospects* showed a number of challenges attributed to the programme of privatisation in Nigeria. 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, privatising to political allies could not be contested.

In justifying the policy of privatisation, 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 privatisation programme which was on-going in the country would contribute in developing the nation's democracy (Quoted in Bammeke, 2003:31). While this statement presents some form of logic, after two decades of the implementation of privatisation, the governance challenges in Nigeria are clear indicators that the dividends of democracy are yet to be realised. For former Nigeria's President, Olusegun Obasanjo, the position which he has often maintained is that privatisation is the only way forward and the shortest route to economic recovery (Business Report/International, 2 August, 1999). On the statements made by these past leaders concerning privatisation, 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 privatisation contributed to development in Nigeria after almost two decades since the commencement of the privatisation exercise? With the results so far achieved with privatisation and with the evidence on ground presently in the country, has private ownership translated into improved efficiency of the privatised enterprises in Nigeria?

A number of state owned enterprises in Nigeria have gone into the hands of individuals and organisations 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 segment of the population who have the wherewithal have become very wealthy as a result of privatisation to the detriment of the large majority in the society. This partly informs why a number of interest groups have continually protested against privatisation of enterprises (Goodman and Loveman, 1991; Ojo and Fajemisin, 2010). Ehiorobo (2018:70) observes that in Nigeria, the privatisation 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".

Another consequence of privatisation is that the workers and mass of the people lose out from the privatisation programme. Privatisation is anti-labour because as Ojo and Fajemisin (2010:17) observe, the private sector is profit driven. When companies are privatised, it tends to affect the workers of the company who lose their jobs as a result of the change of ownership, control and re-organisation 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 privatised would have sent a number of workers of these organisations to join the unemployment market but for the intervention of the Federal Government (Bammeke, 2003). 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 privatisation, the amount and prices of the services provided by some of the privatised organisations 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 utilisation of such services by the poor declines (Ojo and Fajemisin, 2010; Nwali, Oji, Nwachukwu and Eme, 2014; Nwokeiwu and Oganezi, 2019). Like Bammeke (2003:31) and Obugheni and Emejuru (2018) and others observe, there is also the contentious question unanswered as to whether the privatisation 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 citizen.

Bammeke (2003:31) poses the question: "if public utilities and organisations 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?" 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 advantage (Nwali, Nwokeiwu and Oganezi, 2019; Ojo and Fajemisin, 2010). Hence, considering the aforementioned instances, Oji, Nwachukwu and Eme (2014:184) state pointedly that the privatisation process does not enhance the rule of law as enshrined in the constitution. 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 privatisation is that of the introduction of the 'core investor' who is to have controlling shares in privatised enterprises (Asaolu, 2015). 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 problem (Filipovic, 2006). 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 (1972:22) 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 continent…

When hitherto public enterprises are privatised 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 privatisation 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, privatisation appears to be anti-labour and anti-poor. It furthers the widening gap between the rich and the poor (see Bakan, 2004). It therefore becomes imperative for the government and policy makers to be cautious in the pursuit of economic reforms such as privatisation, taking cognisance of the level of our economic power at individual level.

7. Conclusion

This paper examined the policy of privatisation of public enterprises in order to ascertain the extent to which it addresses the quest for sustainable development in Nigeria taking cognisance of the doctrines outlined in the Social Contract Theory of the state. It presented various arguments and issues of contestation on privatisation and highlighed the findings of empirical studies on privatisation. The paper draws the conclusion that the privatisation 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, privatisation fails to promote sustainable development in Nigeria. While developmental policies should emphasise 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, privatisation 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 privatisation 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 authors drew insights from the work of a renowned scholar titled *Privatisation in Nigeria: Regulation,* *deregulation, corruption and the way forward* that: "the Report of the 2011 Senate Committee investigating privatisation of public enterprises since the return of civil rule shows that the programme has failed to produce the desired results" 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 privatised companies in the country, only 10 are performing well" (www.proshareng.com; Ehiorobo, 2018), it shows that privatisation in Nigeria has performed less than satisfactory. The Bureau of Public Enterprises (2018) also noted that between 1994 and 1998, the privatisation programme went through a great lull. Privatisation, 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 privatisation process.

8. Recommendations

Many scholars, policy analysts and professionals have identified critical issues bothering on privatisation -- 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:

8.1 Re-defining privatisation to cater for pro-poor policies which takes into consideration the welfare of the mass of the people:

It is to be emphasised 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 mobilise 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 privatisation and its implementation? This issue needs to be addressed.

8.2 National interest should be put into consideration in the approach to privatisation:

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 privatisation, in the phase of global changes, the national interest should be put into consideration in the approach to privatisation such that the vast majority of Nigerians will be truly part owners of privatised enterprises and not the few elites who currently monopolise these companies. In addition, the employees of privatised organisations also need to be put into consideration because in a situation where privatised 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 privatised 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.

8.3 Education for the concerned Unions, stake holders and civil society in the country on the subject matter of privatisation:

This is essential in sensitising them on the methods, stages and processes of privatisation; 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 privatisation. Members of the civil society also need to be carried along on issues concerning public policies such as that of privatisation.

8.4 Effective regulation framework should be put in place to ensure fair play:

Nigerian government should ensure the transparency of the privatisation process and ensure that measures are put in place to achieve the focused objectives. This include also ensuring that the profits realised from the sale of government assets are properly utilised 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.

8.5 The need for government to apply caution and wisdom in privatising:

While the Nigerian government has embraced the policy of privatisation 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-emphasised. 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 privatisation may be inevitable, this paper argues that national interest must take pre-eminence in decision making.

8.6 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, organisation or society hinges on leadership. The concept 'good governance' has been variously defined by scholars as embodying several positive characteristics. Good governance, according to Srivastava (2009) 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, recognising 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.

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