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PRIVATIZATION OF PUBLIC ENTERPRISES AND ITS IMPLICATIONS ON THE POLITICAL ECONOMY OF NIGERIA

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Abstract
The adoption and implementation of privatization policy in Nigeria has some negative impacts on Nigeria's economy. This paper examined the prinvatization of public enterprises and its implications on the political economy of Nigeria. Methodologically, the study used the qualitative method of research through the use of journals, textbooks, and monographs as means of data collection. Theoretically, the Privatization Theory was adopted as a theoretical framework for the analysis. The findings of the study showed that privatization which resulted to oil subsidy removal in Nigeria was responsible for inflation and high cost of living. It was also discovered that privatization had stifled small scale businesses while economic monopolist was on the rise exploiting the masses. Rather than having a developed economy, the study found that the economy of Nigeria was retrogressing. In the conclusion it was argued that, privatization in Nigeria turned out to be an instrument used by government to manipulate those privatized agencies and relieve itself of financial commitment to the corporations. To address this menace of privatization the study recommended that the performance of public enterprises in Nigeria should not be measured solely on the economic benefits since they were specifically established to render essential services to the people at affordable prices. Their performance should be measured on the basis of effectiveness and efficiency in rendering those services they were established.

Keywords: Privatization, Public Enterprises, Implications, Political Economy, Nigeria.

Introduction

Public enterprises came into being as a result of direct intervention measures of government in the socio-economic affairs of the citizens so as to ensure rapid economic development. The idea began immediately after the Second World War when most countries of the world felt dissatisfied with the pace at which private enterprises initiative contributed to human capital development. Successive post-independence governments in developing countries, felt it was imperative to engage public enterprises in most areas of human endeavours such as public utilities, the economy, agriculture, commerce, social service (Bello-Imam 2009). The failure of the market mechanism in the promotion of economic growth and development in Western capitalist countries resulted in the adoption of the Keynesian macro-economic model in the

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1940s which advocated government intervention in the economy to reduce unemployment and inflation rates. Keynes' thesis was conducive to State intervention in economic growth and development. The assumption of the State control of the commanding heights of the economy inevitably led to public services expansion and creation of public enterprises (Bello-Imam, 2009).

Consequently, by the mid-1970s, government intervention in the economy through the establishment of public enterprises did not meet the aspirations of economic growth and development. It is on this note that the resort to privatization/commercialization was informed by trio considerations. First, by 1985, the quantum of resources required to sustain the public enterprises had become an unbearable burden on the affected nations. Second, it was envisaged that a carefully planned privatization programme would be a required strategy for improving operational efficiency, broadening share ownership, attracting foreign investment and reducing the role of the State where the Private Sector has the capabilities to operate more effectively. Finally, since the beginning of the 1980s, privatization of public enterprises has become a major policy tool in both developed and developing countries following the apparently successful privatization programme in Britain. Privatization gained considerable momentum in developing countries given its endorsement by the multilateral financial institutions as a major plank of adjustment policies. The urge for privatization was further reinforced by the need for countries to reduce government expenditure in the face of burgeoning fiscal deficits, and was also in conformity with the resurgence of "economic liberalism" in the development literature.

Privatisation and commercialisation of public enterprises is a policy meant to relief government of its numerous liabilities and leakages. It aimed at ensuring efficiency in the running of enterprises. The Protagonists were of the opinion that privatization would enlarge (expand) the scope of operations for the private sector, stressing it was an economic strategy which could reduce the role and participation of the government in economic activities. This was anchored on the belief that public enterprises consumed a large proportion of national resources without corresponding benefits from the large investment. Proponents of privatization holds that privatization is one of the best effective instruments for reforming the economy of the overburdened post-colonial State. In Nigeria as in the global community, privatization policy is seen as one of the key instruments of transforming the Nigerian economy to a full-blown capitalist market oriented system. The strong feeling for this policy therefore rest in two main grounds thus;

First, that the Policy becomes necessary when the expenditure profile of public enterprise is considered incompatible with available resources. Secondly the adoption of this policy has been on the view that a change of ownership will be associated with the superior management and high economic efficiency (Odusola, 2001). Privatization Programme which started in Nigeria in 1988 during the Babangida'smilitary regime, was intended to bring about a positive turn around in public enterprises that were at the verge of collapse, as a result of their inefficiency. Bakare (2011) noted that the nature of the public sectors in Nigeria before privatizationwas at the depressing picture of inefficiency, low productivity, loses, budgetary burden and poor productivity in the services rendered.Babagida's regime inaugurated a task-force, named the Technical Committee on Privatization and Commercialization (TCPC), which was later christened Bureau of Public Enterprises (BPE) on July 27, 1988, to implement Decree No. 25 of 1985 headed by late Dr. Hamza Zayyad. Since then, privatization programme has become a major policy instrument to contribute to the overall attainment of the general macroeconomic goals.

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Literature Review

The goal of every literature review is to appraise or criticize scholarly perspectives about certain concepts. This is due to the fact that in social sciences, there is no specific or universally acceptable definition of concepts as well as concentration on a perspective. Thus, this debate has led to conceptual complexity in the social sciences discipline. The goal of this chapter is also to add to the pool of existing literature on the subject matter and the complex nature and perspectives of certain significant concepts that are fundamental to this paper and such concepts include: Privatization, Public Enterprises as well as Political Economy.

Privatization

Cowan (1990), defined privatization as the transfer of function, activity, or organization from the public to private sector. To Ramandahan (1991), privatization is the marketization or submission of the public enterprises to the same conditions under which private firms operate. While Heald and steel (1986) had it that it is the dismantling of "national" state monopolies by allowing more than one enterprises in the industry, adaptation of wages and employment conditions to those of the private sector. In his own definition, Iheme (1997) cited in Atuma (2006) sees privatization as "any variety of measures adopted by government to expose a public enterprise to competition or bring in private ownership or control or management into a public enterprise and accordingly to reduce the usual weight of public ownership or control or management. When the focus is the promotion of market economies or the mutual relationship between the public and private sectors, privatization refers to both the efforts to strengthen the role of the market at the expense of the state (Standbury 1989).

According to Bienen and waterbury (1989), Privatization can be seen as one of the steps towards deregulation and the liberalization process, that is, the reduction of state's role in the economy. Thus, privatization data base has it that, it is the transfer of assets or service delivery from the government to private sector, sometimes leaving very little government involvement and other time creating partnerships between government and private service providers where government is still the dominant player. In explaining the concept of privatization, Starr (1999) defined it as a form of denationalization that is to submit domestic state firms to the participation of domestic public firms in the foreign market or to permit the take-over of state firms by foreign capital.

The above definition is further buttressed by price (1985) cited in Clark (2006) that privatization is an international phenomenon; from developed nations like the United States of America, Great Britain, France and Japan to less developed countries like, Turkey, Sri-Lanka, that states have divested of commercial enterprises and encouraged the development of competitive market economies. Thus, the UNDP guidelines on privatization (1991) defines it as the marketization of public sector activity, that is the subjection of microeconomic decision making to market forces since this is a feature of profit-oriented sector activity. In the same direction, Ezeani (2006) defined privatization as a deliberate government policy of stimulating economic growth and efficiency by reducing state interference and broadening the scope of private sector activity through one or all of the following strategies: transfer of state owned assets to private ownership through sale of shares; private control of management of state-owned assets; encouraging private sector involvement in public activity; and shifting decision making to agents operating in accordance with market conditions.

Giving further explications of privatization, Ekam (2004) cited in Anam and Antai (2005) sees privatization as an effective transfer of ownership of public enterprises to the private sector, it is a systematic and programmed withdrawal of government from those activities which private persons and/or undertakings can perform more efficiently than government enterprises. Savas (1992) unfolded three different definitions of privatization. The first definition is based on the

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philosophy by calling it a process of relying more on the private institutions of society and less on government to satisfy people's needs. The second is based on the premise that privatization is the act of reducing the role of government and increasing the role of the private sector in an activity or in the ownership of assets: the third definition sees it as the act of transferring government enterprises or assets to private sector.

The privatization and commercialization Decree No 25 of 1988 define privatization as the relinquishment of part or all of the equity and other interest held by the federal government or its agency in enterprises whether wholly or partly owned by the federal government. The final report of technical committee on privatization and commercialization (TCPC) 1993) reveals that, privatization is an Umbrella term used to describe a variety of policies which encourage competition and emphasize the role of market forces in place of statutory restrictions and monopoly powers.

Objectives of Privatisation

The privatization programme in Nigeria was aimed at achieving several objectives. Specifically, PrivatisationProgramme was designed to:

1. restructure and rationalize the public sector in order to lessen the dominance of the unproductive investment in that sector;
2. re-orientate the enterprise for privatization and commercialization towards a new horizon of performance improvement, viability and overall efficiency;
3. ensure positive return in public sector investment in commercialization enterprises;
4. check the present absolute reliance of commercially oriented parastatals on the treasury for funding and to encourage their approach to the Nigerian capital market;
5. initiate the process of gradual cession to the private sector of such public enterprises by the nature of their operations and other socio-economic factors are best performed by the private sector; creating a favourable investment climate for both local and foreign investors;
6. Reduce the level of internal and external debts; and
7. provide institutional arrangement and operational guidelines that would ensure the gains of privatization and commercialization are sustained

Privatization of public enterprises came to the forefront as a major component of Nigeria's economic reform process at the behest of the World Bank and other international organizations (Jerome, 2008). During the Babangida's regime, it was done under the international economic policy of the Structural Adjustment Programme (SAP), so as to provide a befitting solution to the economic crisis of Nigeria. Edozien and Adeoje (1994) stated that the whole essence of privatization is structural adjustment programme which involve redefining the role of the state by disengaging the state from those activities which are best performed by the private sector. Nevertheless,since then, privatization reform has been the only language every Nigeria's government seems to understand without resource to the enabling mix of the factors that stimulate private sector driven economy. Good governance, security, functional infrastructures, political stability are some of the enabling mix that can be of attraction to private driven sector. Nigerian business environment has become very hostile to businesses. In a diesel-driven economy, how does the government imagine the privatized public enterprises would do better than when it was not privatized (Omoankhanlen, Joseph &Ojiefo, 2010).

Public Enterprise

According to Lalaye (1985:33) the bewildering number and types of the organizations called public enterprises, their different contents in and the rationale for which they are set up accounts

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for lack of authoritative and general acceptable definition of public enterprises. The United Nations (1974:2) summarized in their reports that it appearsnot to be any agreement among experts as to the precise definition of public enterprises. Sosna (1983:27) opined that, there are many reasons why in developed countries of the capitalists there is no single standard definition of public enterprises. Public enterprises were established at different periods and each epoch naturally brought forth the types of public enterprises most clearly matching its' own conditions.

According to Obadan and Ayodele (1998:1),Public enterprise is an organization whose primary function is the production and sale of goods and/or services and in which government or other government-controlled agencies have no ownership stake that is sufficient to ensure their control over their enterprises regardless of how that control is exercised. In his own view, Efange (1987:5) defines public enterprises or parastatals as institutions or organizations which are owned by the state of which the state holds a majority interest whose activity are of a business in nature and which provides services or produce goods and have their own distinct management. To Adamolekum (2002:28), "a public enterprise is an organization that is set up as a corporate body and as part of governmental apparatus for an entrepreneurial or entrepreneurial like objectives". In a United Nations publication (1974:2) public enterprises are defined as those enterprises "in which the government has majority interest of ownership and/or management. Another United Nations source (1981:1) defines public enterprises as "industrial, agricultural and commercial concerns which are owned and controlled by central government (in a unitary state) or central government and regional government (in a federation).

One of the major flaws of the third definition is that it undermines the issue of control. While the fourth and fifth definitions are very narrowly conceived and reflect only commercially oriented public enterprises. But to Ezeani (2006:213), public enterprises are defined here as legally constituted bodies operating services of an economic or social character or both on behalf of government. Though largely autonomous in their management, they are subjected to different types of government control, and are also characterized by different degrees of public financial support. The definition seems to be comprehensive because it encompasses the different types of public enterprises be it commercially oriented, social services oriented or both. However, a more precise definition is captured in the privatization and commercialization Decree of 1988. The Decree states that, public enterprises include any corporation, board, company or parastatal established by or under any enactment in which the federal government, or any of its departments, ministries or agencies has ownership or equity interest. It also included all partnership joint ventures and any other form of business arrangement or organization in which the government is involved.

Political Economy

The concept of Political economy has become a comprehensive interdisciplinary framework that is largely based on Marxist Social Theory (MST). It deals with the interrelationships between economics and politics and the interconnections between the various levels of social interaction, from the local through the national to the global.Political economy seeks to explain the causes of the asymmetrical relations between developed and developing nations in the international division of labor and exchange. It locates the root causes of third world underdevelopment on issues of imperialism, colonialism and neo-colonialism on the one hand and also draws from the internal contradictions peculiar to the third world countries as fundamental causes of their underdevelopment. Interestingly, both bourgeois and Marxian political economists proffer separate approaches to emancipation and development. Finally, knowledge of political economy helps the oppressed and exploited to understand their reality and ways out of their contradictions.

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The fundamental objective of political economy is to know how societies are, and can be transformed. Political economy approach makes it possible for us to develop a critical attitude towards organizing power and understanding the challenges and opportunities we face in building dynamic and democratic alternatives in an increasingly globalized world. Youngman (2000:3) asserts that the political economy approach deliberately move the focus of analysis from individual choice and behavior to a consideration of the historical and structural context within which individual action takes place. This approach entails a number of basic concepts. First, social phenomena exist within a historical and structural context shaped by the mode of production and its class relations. Second, the manner and extent of the influence of the economic foundation on particular aspects of society is a matter for specific investigation in each case. Third, the dominance of the capitalist mode of production at the world level means that country level studies must situate their analysis within the context of the global political economy. Fourth, the different classes pursue their own interests and these interests are conflictual. Fifth, although class relations are the main determinant of social phenomena, they are not the sole determinant-other inequalities such as gender, ethnicity and race have significant effects. Sixth, the conflicts in society are reflected in the state, which institutionally serves the interests of capitalist accumulation and reproduction. Seventh, intellectual and cultural lives are shaped by the capitalist mode of production and by the contestation between different classes and groups in society. And eighth, opposition to the existing capitalist socio-economic order is expressed not only by political parties but also by social movements and other organizations in civil society that articulate alternative conceptions of society and how it should develop (Youngman, 2000:29-30).

Addressing the shortcomings of political economy has kept the framework dynamic, robust, and contemporary. It has a growing relevance to interdisciplinary concepts, such as globalization and governance, and to a wide range of academic fields, including sociology, geography, and education (Summer, 2008). To date, however, it has not been used to analyse the complex connections among the rise of terms like governance, the spread of globalization, and changes in adult education. As a lens for examining society, political economy can generate new insights regarding these interrelated phenomena. It can also continue to evolve as a tool to analyse both past and present and to imagine alternative futures.

Theoretical Framework

For the purpose of this study, the theory of privatization was adopted as a theoretical framework of its analysis. A privatization theory was propounded by Maxim Boycko, Andrei Shleifer and Robert W. Vishny (1996). The theorists held that public enterprises around the world have proved to be highly inefficient, primarily because they pursue strategies, such as excess employment, that satisfy the political objectives of politicians who control them. Privatization of public enterprises can raise the cost to politicians of influencing them, since subsidies to private firms necessary to force them to remain inefficient are politically harder to sustain than wasted profits of the state firms. In this way, privatization leads to efficient restructuring of firms. Moreover, privatization is more effective when combined with a tight monetary policy, and when the new owners of firms are profit maximizing investors, rather than their employees or even managers.

In the last decade, privatization of state enterprises has swept the world. Thousands of state firms from Africa, Asia, Latin America, Western and Eastern Europe have gone private (Kikeri et al. I992). A critical factor behind this move to privatization is the well-documented poor performance of public enterprises. Donahue (I989) surveys multiple studies showing the

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significantly higher cost of public relative to private provision of municipal services in the United States. Lopez de Silanes (I993) documents the inferior profitability of state relative to private firms in Mexico in the I980s. Mueller (I989) and Vining and Boardman (I992) survey dozens of studies of public and private firms around the world, most of which show that private firms are more efficient. More studies have actually shown that efficiency improves after privatization (World Bank, I992; Megginson et al., I994). Therefore, this paper adopts a theory of privatization that explains the relative inefficiency of public firms and the improvements of efficiency after privatization, as well as several other empirical findings concerning privatization.

Thus, the relevance of the theory to this study is the commonplace observation that public enterprises are inefficient because they address the objectives of politicians rather than maximize efficiency. One key objective of politicians is employment: they care about votes of the people whose jobs are in danger and, in many cases, unions have significant influence on political parties. For example, Donahue (I989) describes evidence showing higher employment per unit of output in publicly provided municipal services. The British government for a long time refused to close grossly inefficient coal mines to preserve mining jobs. While excess employment is not the only politically demanded inefficiency of state firms (for example, Credit Lyonnais, the money losing French state bank, made its worst loans to the friends of the governing socialist party),it is surely the most commonly noted one.

Overview of Privatization of Public Enterprises in Nigeria

The Nigerian economy is largely private-sector based prior to colonialism. The public sector came into existence in Nigeria as a result of the need to harness rationally the scarce resources for the production of goods and services for economic development in order to improve the welfare of the citizens of Nigeria. For example, the railways were probably the first major public sector or enterprises in Nigeria. At first, conceived mainly as a colonial strategic and administrative needs, they quickly acquired spaces and built rail lines as economic utility for the purpose of transporting goods of international commerce, like cocoa, groundnut, and palm kernels to their countries (the colonialists) for the development of their lands. The colonial administration was the nucleus of necessary economic and social infrastructural facilities such as railways, roads, bridges, electricity, ports and harbours, waterworks, and telecommunications that private enterprise could not provide. While social services like education and health were substantially left in the hands of the Christian Missionaries.

However, the beginning of socioeconomic challenge could be traced to the global economic recession of the 1980s which forced the Federal Government, under President Shehu Shagari, to embark on an economic stabilization program (Aboyade, 1974). The problems of performance of the public sector enterprises in Nigeria were further complicated by the downturn in socioeconomic development of the country due to the global economic recession and the collapse of the price of crude oil in the international market. Thus, Nigeria's precarious fiscal and monetary posture could no longer sustain the requirements of its public sector enterprises, particularly due to its abysmal performance in terms of their returns on investments and quality of services. Towards the end of 1980s, the public enterprises, which had grown too large, began to suffer from fundamental problems of defective capital structures, excessive bureaucratic control and intervention, inappropriate technologies, gross incompetence, and blatant corruption.

With deep internal crises which included high rates of inflation and unemployment, external debt obligations, and foreign exchange misalignment, Nigeria and many other African countries were strongly advised by the worldwide lending agencies, particularly the IMF and World Bank, to divest their public enterprises as one of the conditions for economic assistance. With the

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intensified push for economic liberalization, Nigerian and other African leaders were told that privatization as an economic reform would help cut public sector inefficiency and waste, provide greater scope to the private sector, attract more investments, bring in new technologies, and hence revive economic growth. Thus, many countries including Nigeria, embarked on privatization and other market-oriented reforms to pull them out of the structural imbalances (Nwoye, 1997).

However, it is against this background that the Structural Adjustment Programmes (SAP) proposed a kind of reform which would affect the goals, administration, and management of most of the public sector enterprises for purposes of efficiency (FRN, 1986). One of the main objectives of SAP was therefore, to pursue deregulation and privatization leading to removal of subsidies, reduction in wage expenses, and retrenchment in the public sector ostensibly to trim the state down to size. Under the reformation scheme, public sector enterprises were expected to be classified into three broad categories: 1. fully privatized or partially privatized, 2. fully commercialized or partially commercialized, or 3. retained as public sector institutions.

Privatization in Nigeria was formally introduced by the Privatization and Commercialization Act of 1988, which later set up the Technical Committee on Privatization and Commercialization (TCPC) chaired by late Dr. Hamza Zayyad with a mandate to privatize 111 public enterprises and commercialize 34 others. In 1993, having privatized 88 out of the 111 enterprises listed in the decree, the TCPC concluded its assignment and submitted a final report. Based on the recommendations of the TCPC, the Federal Military Government promulgated the Bureau for Public Enterprises Act of 1993, which repealed the 1988 Act and set up the Bureau for Public Enterprises (BPE) to implement the privatization program in Nigeria. In 1999, the Federal Government enacted the Public Enterprise (Privatization and Commercialization) Act, which created the National Council on Privatization chaired by the then Vice President, Alhaji Atiku Abubakar. The 1999 Act also established the Bureau of Public Enterprises (BPE) as the Secretariat of the National Council on Privatization. The functions of the bureau include the following:

- implement the council's policies on privatization and commercialization;
- prepare public enterprises approved by the council for privatization and commercialization;
- advise the council on capital restructuring needs of enterprises to be privatized;
- ensure financial discipline and accountability of commercialized enterprises;
- make recommendations to the council in the appointment of consultants, advisers, investment bankers, issuing houses, stockbrokers, solicitors, trustees, accountants, and other professionals required for the purpose of either privatization or commercialization; and
- Ensure the success of privatization and commercialization implementation through monitoring and evaluation.

The subsequent exercise brought with it controversies that are still raging on. Western countries, and in particular the IMF and World Bank have been blamed for forcing the privatization of public services and natural resources in Africa as a condition for development assistance (Nwoye, 1995). They are accused of telling the impoverished countries to turn their public services over to private owners and to sell off their oil, gas, mining, electricity, telecommunications, transportation, and water companies, which were also said to be conditions for debt relief as many African countries were neck deep in debt and begging for debt relief or forgiveness.

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Implications of Privatization of Public Enterprises on Nigerian Political Economy

Based on the fact that the initial impetus for privatisation in Africa came from creditor institutions, especially the IMF and World Bank, as part of the push for Structural Adjustment, many believed that there must be a hidden agenda in the form of economic exploitation. It is principally the conditionality that was attached to privatisation, debt relief and financial assistance that provoked resentment from the public view, especially labour, which viewed privatisation as creditors' initiative. As in some of the other African countries, resentment was intensified because a good number of the larger corporations being privatised were bought by foreign interests. By implication, privatisation programme in Nigeria has created rise in prices of commodities, such that the private sector exploits consumers where there is monopoly or oligopoly power by raising the prices of goods and services. The issue of higher tariff is actually hurting the poor in Nigeria as a result of privatisation programme. With the removal of subsidy, privatised corporations are compelled to charge full cost recovery, or economic prices for their goods and services. The current instability in the prices of petroleum products in Nigeria today is as a result of the partial removal of subsidy in the downstream oil sector in Nigeria,(Obadan, 2000).

Ogundiya, Olutayo and Amzat (2011) further argue that privatisation programme in Nigeria has led to loss of jobs in virtually all the sectors of the economy arising from inability of some staff to fit into the new structural arrangements based on privatisation. Similarly, privatisation programme affects staffing in Public Corporations which has always been used as veritable instrument for political patronage and an effective tool for attaining some balancing in the national geo-polity. Right from *ab initio*, the labour unions in Nigeria have always opposed the privatization of some public enterprises which had led to incessant strike actions. Sometimes workers block or slowdown the privatisation of specific corporations such as the privatisation of the Power Holding Company of Nigeria before its eventual privatization in November, 2013. The recent partial privatization of the Nigeria National Petroleum Corporation by the current administration has received a lot of criticisms from the public due to its implication of job loss and other possible benefits that might be threatened or jeopardized.

In the same vein, Ezeani (2014) points to the fact that many Nigerians see privatisation process as a form of relinquishing of wealth held in trust for all Nigerians by government to few affluent individuals. At the heart of the criticism of privatisation process in Nigeria is the perception that it has not been fair to the poor and the vulnerable workforce, while benefiting the rich, the powerful, and the privileged thereby perpetrating poverty. This was the case of the privatisation of the Transcorp Hilton Hotel, NICON insurance, and privatization of telecommunication sector (NITEL) which brought about MTN and ECONET mobile networks in 2000, and later GLOBACOM among others.

However, the Bureau of Public Enterprises is weak in its skills disposition which makes the success of the privatisation of some corporations seriously compromised. Privatisation programme in Nigeria is faced with a number of challenges especially that of system change. Oji, Eme and Nwachukwu (2014) posit that result from people's resistance to change because the future is unknown, and hence feared a change from public sector ownership to private sector ownership and control from highly subsidised public sector enterprise to privatized enterprises, from economic management that must reflect socio-political balancing to one that has to be guided by the interplay of market forces placed on efficient consideration.

The above position informed the withdrawal of the privatisation of Kaduna refinery by the late Yar'adua's administration in 2007. Some of the problems facing the implementation of privatisation programme in Nigeria are summarized by Onah (2018) as follows: (a) job losses,

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exploitation of consumers through price hike and low quality of goods and services; (b) concentration of public assets in the hands of small elite groups and worsening of income health distribution; (c) subjugation of social objectives, monopoly of the privatisation process by ethnic and other interest groups with easy access to capital; and (d) lack of transparency and hence, corruption and nepotism as well as foreign domination.

Conclusion

One of the fundamental areas of concern as observed in this paper is that, privatization policy in Nigeria turned out to be an instrument used by government to manipulate those privatized agencies and relieve itself of financial commitment to the corporations. The inefficiency of Nigerian public enterprises stems from the political instability which is inherent in the history of Nigerian political economy. It should be noted that externalization of policy is one of the major problems of Nigerian public enterprises. This is done through the activities of the multinational corporations in dictating the prices of goods and services as well as supplies of equipment and spare parts used in running those corporations. Nevertheless, over dependence of these enterprises on foreign firms has generated contradictions that manifested in corruption, mismanagement and embezzlement of public funds and inflation of contract sums.

This study also found that the key reason for embarking on privatization of public enterprises in Nigeria by those who control the machinery of government is that they see it as opportunity to acquire and own their private companies. Therefore, privatization policy in Nigeria could be said to be an avenue through which the privileged few in Nigeria uses to enrich themselves at the expense of the general populace and decomposition of capital,without realising that it will intensify their relationship with foreign firms thereby leading to further distortion of the economic and social spheres of the nation.

Recommendations

In view of the findings exposed by several scholars whose works were reviewed in this study, the following recommendations can be made:

First, the performance of public enterprises in Nigeria should not be measured solely on the economic benefits since they were specifically established to render essential services to the people at affordable prices. Their performance should be measured on the basis of effectiveness and efficiency in rendering those services they were established for.

There is the need for government to review the idea of wholesale privatization and to be meticulous in selecting those enterprises to be privatized according to the significance of their services to the citizens. In this regard, those enterprises that have no positive direct bearing on the lives of the people should be privatized to the public through open bidding, and ensure that purchases are equally spread among interested citizens irrespective of profession, state of origin or educational qualification.

As privatization allows foreign investments in order to expand local markets, there is the need for political and economic stability in Nigeria for privatization exercise to attract foreign investors. Suffice it to say that conducive environment be provided so as to guarantee the security of investment and even the investors for smooth operation.

Bureau of Public Enterprises (BPE) and National Council on Privatization (NCP) should put in place possible mechanisms to see that public enterprises marked for privatization are not deliberately and corruptly undervalued. This should be done by contracting the job to more reputable property value firms for proper value of assets or enterprises marked for privatization. This process must also be transparent as much as possible.

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Government should do away with all the failed policies advocated and imposed on her by the Bretton Woods Institutions if privatisation programme in Nigeria must yield positive results as expected. The common strand is that only public corporations which are economically viable and efficient are being privatised, while inefficient and dead corporations not sold are scheduled for future exercise.

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