

IMPACT OF DEREGULATION AND PRIVATIZATION ON NIGERIA'S ECONOMY

Agebah Emmanuel Mbahon

Department of History

College of Education Katsina – Ala

08033404190

Abstract

This article addresses deregulation and privatization as they affect the Nigerian economy. The article contends that deregulation and privatization are components of the liberal and neo – liberal ideology of capitalism. The article with its historical methodology, posits that the origin of deregulation and privatization in Nigeria can be traced to the conditionalities of Structural Adjustment Programme (SAP) introduced in the country in 1986 under the leadership of General Ibrahim Babandiga (1958-1993). The article shows that prior to the introduction of deregulation and privatization, the Nigerian economy was almost a command one with a wide range of government control. The introduction of SAP was aimed at salvaging the Nigerian economy following the oil glut but even after deregulation and privatization of enterprises the economy became more crunched. To this end, the Abacha regime (1993-1998), suspended SAP but when Abdulsalami Abubakar (1998-1999) took over he resumed the privatization programme with the promulgation of another privatization decree. The civilian government led by President Obasanjo which took over from 1999 also pursued deregulation with vigour. However, the article shows that in spite of the theoretical arguments in favour of deregulation and privatization, has not been able to attract the touted benefits for Nigeria. The article therefore calls for more efforts to address corruption and increased prudence in the management of the nation's resources.

Introduction

Every credible and legitimate government aims to ensure sustained improvement in the standard of living of the citizenry. Toward this end, the government usually evolves policies that will facilitate the effective mobilization, optimal allocation and efficient management of its resources. In such efforts, priority is usually given to the provision of development facilitators, such as transportation and communications as well as social overhead, such as education

and health. Drawing on the successful experience of most developed economies, all developing countries have also adopted a similar development process. To his end, social democracies are largely dominated by the public sector while liberal democracies are noted for the development process had been dominance of privately owned enterprises. With regards to Nigeria, the economy which was largely at a rudimentary stage of development before independence has continued to undergo some structural transformation though this has not resulted in any appreciable and sustained economic growth and development.

Post - independence Nigeria had adopted a mixed economic model comprising of both public and private ownership of the means of production. Indeed, up to the early 70s, agriculture was the core of the economic activities in Nigeria. During that period, manufacturing and mining activities were at a very low level of development. The country's participation in the external trade was based on the level of economic activities in agriculture. Thus, agricultural commodities dominated the country's export trade while manufactured items dominated imports. However, the period between 1972 and 1980 was a period described in the history of Nigeria economy as oil boom during which Nigeria generated fabulous revenue from the sale of crude oil. The oil boom brought a new dimension into the economic activities of the country. The sharp increases in oil revenue from N735 million in 1972 had a pervasive effect on the Nigerian economy (Peter et'al, 2013). This was because the increase in revenue led to large increases in public spending designed to expand infrastructure, non-oil productive capacity, human capital and to heal the wounds of the civil war that ravaged the country between 1967 and 1970.

To this end, many enterprises and industries were established in various parts of the country. As a result huge oil earnings, the country's resources shifted from the production of non-oil traded goods mostly agricultural to that of non-traded goods mostly public services. Thus, the emergence of the oil boom, relegated agriculture to the background and within a short period, Nigeria became a major food importer. There were about 600 public by the federal government. Many more are controlled by state governments these companies takes a sizable portion of the federal budget and account for over 5,000 appointments into their management and board – a powerful source of political patronage. Transfers to these enterprises usually ran into billions of naira (Ijaiyi, 1992). These transfers were in the form of subsidized foreign exchange, import duty, waivers, tax exemptions and / or write off of arrears, unrequited revenues, loans and guarantees and grants/ subventions. These companies were also infested with many problems which became an avoidable drag on the economy such as, abuse of monopoly power, defective capital structure and heavy dependency on treasury funding

By the 1980s, however, the world market price of crude oil came crashing with tremendous impact on the Nigerian economy which had come to depend to as much as 85% on the oil sector. Since many of the country's industries were carried out without sufficient attention to their economic viability, rising wages and an appreciating domestic currency squeezed the profitability of non-oil exports, while cheap imports competed with domestic food production. The country therefore began to face a debt crisis. In 1986, the government applied for a loan of \$2.3 billion from the international monetary Fund (IMF) to finance her ailing economy (Peter et' al, 2013). The IMF presented as set of conditionalities that had to be met before the loan could be granted. One of these conditionalities was the reduction of government expenses on public parastatals through deregulation and privatization.

The main objectives of deregulation and privatization as averred by the IMF are usually touted as being aimed at introducing a market economy and to increase economic efficiency owing to the inefficiency and redundancy of the public owned corporations. Deregulation and privatization was also intended to establish democracy and guarantee political freedom and increase government revenue. It is also assumed that economics based on private prosperity are better institutions for preserving individual freedoms than economies where the productive apparatus is socially owned (Ijaiyi, 1992). Moreover, for government to be effective, it has to restrict itself surely to the areas of governance and within that duty provide guidelines for the operation of economic activities which can be performed better by private individuals. This is needed the situation under which deregulation of the economy is introduced in Nigeria.

Thus, deregulation and privatization were adopted in Nigeria on the basis that they would augur well for the promotion of a private sector- led economy. This was informed by the assumption that the private sector is more efficient in the allocation of resources, and that this level of efficiency will be enhanced in a competitive environment emanating from the deregulation of the economy. This implies that the reliance on the market rather than the state is considered as the antidote against the problem of under development in economies facing development challenges. Thus the privatization of state- owned enterprises, according to the capitalist frameworks of the IMF and the World bank, is the major strategy for obliterating the culture of public sector domination of the economy. In spite of these arguments, the implementation of deregulation and privatization in Nigeria which began in the 1980s has not been able to achieve the results it was meant to achieve when the same policies yielded tremendous results in other parts of the world and south East Asia. To this end, this article sets out to examine the nature of implementation of the policies of deregulation and privatization. To this end, we shall herein consider the theoretical postulations of deregulation and

privatization and the nature of their implementation in Nigeria. We shall also consider the other variables that have been responsible for the failure of these policies in Nigeria.

Conceptual Clarification

Deregulation

There are indications that deregulation is aimed at ensuring a competitive economic system devoid of monopoly in order to allow the price mechanism of demand and supply's principle of economy to prevail. According to Ahmed (1993), deregulation of an economy entails according greater weight to the private sector as the prime mover of the economy as opposed to the emphasis on the dominance of public sector. To achieve this objective, a greater role is assigned to market factors as against the use of pervasive administrative controls. This is aimed at stabilizing and fundamentally restructuring the economy in order to place it on a durable and suitable growth path.

In the words of Ekundayo and Ajayi;

Deregulation can be described as an economic reform, a fiscal and monetary policy measure in which laws or rules of entry and exit into market are weakened, relaxed or totally removed in order to enhance the competitiveness of economic actors it is the simplification or dismantling of the legal and governmental restrictions in the operation of market forces especially in relation of price fixing (Ekundayo & Ajayi, 2008:21-28).

These definitions are indicative of the fact that deregulation is an essential aspect of price and market reforms which involves the promotion of private sector development through the removal of government restrictions on private economic activities and divestiture of the state assets particularly state owned enterprises. It essentially pertains to the loosening of hitherto established control mechanisms to stimulate competition and a self - regulating price mechanism

Privatization

It has been argued that the concept of privatization is an emotive concept which is controversial and ambiguous. The Nigerian Privatization and Commercialization Act of 1988 and the Bureau of Public Enterprises Act of 1993 define privatization as the relinquishment of part or all of the equity and other interests held by the Federal Government or any of its agencies in enterprises whether wholly or partly owned by the federal government. This definition may be considered as lopsided because it tends to ignore the fact that other tiers of government like the state and local governments can also embark on privatization.

Theme cited in Jerome (2008) on his part defines privatization as; any of a variety measures adopted by government to expose a public enterprise to competition or to bring in private ownership or control or management into a public enterprise and accordingly to reduce the usual weight of public control or management. Starr defines privatization as a shift from the public to the private sector, not shift within sector According to him, the conversion of state agency into an autonomous public authority or state owned enterprise is not privatization, neither is conversion of private non-profit into a profit making firm.

Development

Development as a concept also defies a universal definition. To some scholars like Walter Rodney, development is a normative concept which relates to time, place and circumstances hence it cannot be reduced to a universally accepted formula (Walter Rodney, 2007). Rodney therefore considers development as man's mastery of his environment as a result of the interactions which exist between humans and their social and physical environment. In his opinion, development is a universal phenomenon because the economic features leading to economic expansion were also universal. To this end development being the interplay between man and nature is not absent in any human society rather it has gradations as a result of the extent to which the various human societies have been able to master their environment. According to Rodney (2007), certain human societies have been able to advance more than others due to their ability to exploit other parts of the world. To this end, development is considered as a relative concept because various societies across the world have varying levels of endowment (Rodney, 2007)

Rodney (2007) also contends that development is multi-faceted and as such it has to be viewed at three levels which are namely; individual, group and societal levels. Rodney explains that at the level of individual, development refers to increased skills, creativity and capacity, greater freedom, self-discipline and responsibility as well as improved material well – being. According to Rodney, development at the group level implies a greater capacity to regulate internal and external relations while at the societal level, the concept implies the ability of a society to tap its natural resources for use by the people in that society.

The variations in the definitions of development seem to be representations of ideological inclinations. For instance, classical materialists conceive development as the accumulation of wealth. This school of thought interprets the concept as the ability of a state to generate wealth from the economic perspective in a manner which transforms the state from an agricultural or subsistence status to

a point where the bulk of the state's wealth is obtained from the production of manufactured goods and services.

The most common definition of economic development is that it represents a growth in average income usually defined as per capita income. A closely related idea is that economic development occurs when output per worker increases (Jerome, 2008).

According to Goulet (1971);

Economic development must be conceived as a multi-dimensional process involving changes in structure, attitudes and institution as well as acceleration of economic growth, the reduction of inequality and eradication of absolute poverty (Goulet, 1971:36).

There is often the tendency for people to interchange the concepts of growth and development as if they mean the same thing. This is probably because theoretically, having an increasing output should mean greater material welfare but this does not always translate into improved standards of living. Although economic growth and development tend to be similar in meaning, they have some essential differences. While economic growth refers to the increasing ability of a unit to produce more goods and services, economic development basically implies improved living conditions by taking into account changes in economic and social structures that will reduce or eliminate poverty.

This perhaps may be the reason why economic growth is sometimes considered as an indicator of development even as growth refers to quantitative improvement while development is a qualitative expression. Kindleberger however acknowledges the entwined nature of the two concepts which warrants their being used in tandem but he goes further to explain that;

Growth without development leads nowhere, it is also impossible to contemplate development without growth because change in function requires change in size..... That is, until an economy can produce enough to feed its population ... self-sufficiency in food production through growth, it will be unable to allocate a portion of its resources to other types of activity in order to enhance development. (Kindleberger, 1965:62)

Growth here can therefore be referred to as increased productivity or more output as a result of the increased efficiency or enhanced exploitation of the factors of production. By extension growth means quantitative increase in output which is proportional to the output within a given economy. Thus, it is an increase in capacity utilization especially of the factors of production. Development on the other hand refers to both increase in output and changes in the technical and institutional arrangement by which it is production takes place and this should lead

to enhanced living conditions which should include improvements in human capacity.

Theoretical Postulations of Deregulation and Privatization

Deregulation and privatization are neo-liberal development strategies designed by the capitalist – backed international financial institutions to incorporate national economies into the global market. To this end, the theoretical foundation of deregulation draws largely from the general equilibrium theory which among other things indicates the relevance of efficient pricing in ensuring optimal allocation of society's limited resources for efficient production of the various needs of society and efficient distribution of the commodities and services among various consumers (Peter et' al, 2013). Thus, the concept of perfect competition and free market imply that the general equilibrium analysis will tend to yield an optimal allocation of resources since competitive equilibrium prices ensures that supply and demand are equal and in the long-run, all firms which can produce profitably will enter the industry to ensure long-run stable and sustainable growth. It is obvious that such optimality results cannot be achieved under centralized planning or command economies which depend on elaborate control. This is because such system is hardly able to arrive at a set of efficient prices which will ensure that all firms maximize their profits by covering their costs and earning reasonable margins, while consumers maximize their utility. And even in recent times, there has been some ferment in economics about the role of the state in economic life (Killick, 1989). Government's argument on deregulation of the downstream oil sector is premised on the expectation that it will improve the efficient use of scarce economic resources by subjecting decisions in the sector to the operations of the forces of demand and supply.

It has also been argued that privatization has several benefits such as a reduced government bureaucracy, reduced state monopolies and financial structures, increased competitiveness, increase in quality of goods and services, reduced corruption and control by government, increased staff quality and supervision, improved market analysis, the freeing up of government funds for more pressing problems, creation of employment and the re-invigoration of the local economy as well as the expansion of local businesses. Others include the attraction of direct foreign investments, expanded capital market, redistribute wealth, improved technological transfer and enhanced trade regulations. To this end, it is argued that privatization is likely to instill accountability in the management of privatization enterprises. They are no longer dependent on the government for financial subvention, rather the shareholders look up to them for their dividends annually and this will make them to become more profit conscious in order to be able to satisfy the yearnings of their numerous shareholders.

Privatization is an instrument for economic mass mobilization and democratic control of the economy. This is because with privatization, shares of the enterprise will be sold to numerous investors across the whole country and the control of enterprise will now be in the hands of many owners rather than in the hands of the government appointed nominees into governing boards which is nothing more than state monopoly. The scheme is a means of encouraging productive efficiency. A number of factors can make this possible. First, the veil of state monopoly would have been lifted and competitive pressure would have set in. Secondly, the regular financial subvention from the government coffer would cease and the enterprises will have to provide for themselves alone without further assistance from the government. Thirdly, their activities will now become more open to public scrutiny and the colane of secrecy formerly enjoyed will be a thing of the past (Peter et'al, 2013). This will stimulate innovation rather than apathy from the shareholders and consumers alike. This would make them to be more cost conscious and consumer oriented.

Privatization will lead to a positive enhancement of allocation efficiency in the economy. In the past when government was financially buoyant, it engaged itself in many businesses, a large number of which are quit inefficient and still the scarce resources of the economy were being allocated to maintain these ceiling enterprises on the premise that they performed some welfare functions. For the citizens, privatization allows the allocation of government resources to efficient projects in the economy. The privatized enterprises if successful will be a source of revenue to the government when it pay taxes of various types to the government. At a time of declining government revenue and inadequate funding, these enterprises may not have the capability to expand. With privatization, however a new source of capital through shares subscription will enhance motives which in the long run will culminate into a vigorous drive for employment of more personnel.

It can therefore be argued that, privatization gives ownership to a large percentage of the population. Given the level of established property rights, individuals become more motivated and driven to work on and invest in their property since they are directly compensated for their efforts. Therefore, privatization will cause an increase in vest for yet another reason. Furthermore, state ownership leads to crowding out of investment from the private sector. In order to retain a monopoly in a particular industry, state enterprises prevent the private sector from getting to credit. Additionally, privatization leads to an increase in foreign direct investment which can potentially play a significant factor in the quest for growth. Foreign investment has “positive spillovers of proved technology, better management sills, and eases to international production networks.” (World

Bank, Country Report on Nigeria, 2002). Easterly stresses the importance of the possible benefits from technological improvements as well as the spillover effect created from new innovations. In fact, Easterly presents the theory and examples of how underdeveloped countries might have an advantage over developed countries have less invested in old technology, and are therefore, more willing to invest in new technology. Thus, foreign direct investment could potentially have multiple positive effects on the growth of underdeveloped countries.

Origin of Deregulation and Privatization in Nigeria

Privatization in Nigeria was formally introduced by the Privatization and Commercialization Decree of 1988 as part of the Structural Adjustment Programme implementation policy of the government (Tamuno - Omi & Dagogo, 2013). We have observed in our introduction that the Oil Glut had led to build up of large fiscal and external deficits and other macroeconomic imbalances in Nigeria. In order to address this problem, the government introduced several policy measures which started with the Stabilization Act of 1982, budget-tightening measure of 1984 and finally the 'Structural Adjustment Programme (SAP) of late 1986. SAP was aimed at laying the foundation for a self-reliant and dynamic economy through deregulation and privatization. It is important to point out here that the implementation of deregulation and privatization was part of the conditions handed down to Nigeria to implement before it could be granted an IMF loan to address its balance of trade challenges. The rationale behind this was that the public corporations were inefficient and government could no longer meet up with their wage demands.

The Privatization and Commercialization Decree of 1988 set up the Technical Committee on Privatization and Commercialization (TCPC) under the Chairmanship of Dr. Hamza Zayyad to privatize 111 public enterprises and commercialize 34 others. In 1993, the TCPC concluded its assignment and submitted a final report having privatized 88 out of the 111 enterprises listed in the Decree (Peter et'al, 2013). Based on the recommendation 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 programs in Nigeria. The overall objectives of the privatization exercise were:

1. To improve on the operational efficiency and reliability of our public enterprises.
2. To minimize their dependence on the national treasury for the funding of their operational.

3. To roll back the frontiers of state capitalist and emphasize private sector initiative as the engine of growth.
4. To encourage share ownership by Nigeria citizens in productive investments hither to owned wholly or partially by the Nigeria Government and, in the process, to broaden and deepen the Nigerian market.

The Bureau of Public Enterprises was to monitor the performance of the enterprises privatized in the previous exercise and plan for the future phases. However, the Abacha regime suspended the privatization exercise and it was until 1999 that the General Adulsalam Abubakar led government promulgated the Bureau of Public Enterprises (Privatization and Commercialization) Decree No.28 1999 shortly before the handover to a democratically elected government. The Decree empowered the BPE to alter, add, delete or amend the provisions in the document in the best interest of the country. Initially, sixty-one (61) enterprises were slated for privatization (36 partial and 25 full privatization) but because of the new powers granted BPE, it increased the list by 37 extra enterprises (some of which were originally meant for commercialization). Some of the companies privatized during the exercise were; National Insurance Corporation of Nigeria (NICON), Niger Dock PLC, National Aviation Handling Company (NAHCO), Nigeria Railways Corporation (NRC), Nigerian Postal Services (NIPOST) and Savannah Sugar Company. Other companies that were affected by the commercialization and privatization process were NEPA or PHCN, the power sector reforms, the oil sector reforms which particularly affected NNPC and Nigerian LNG reforms, Other deals were the sale of the Ajaokuta Steel and Delta Steel Companies, Daily Times, ALSCON, NAFCON, the revocation of private refineries licenses, the propose and ill-advised privatization of Unity Schools, the sale of the Trade Fair Complex, and the controversial auction of African petroleum.

In December 1999, the democratically elected government under Olusegun Obasanjo reaffirmed its interest in the privatization exercise and gave it a boost by establishing the National Council on Privatization (NCP) with the vice-president, Atiku Abubakar, as its chairman. The Bureau of public Enterprises (BPE) was named as the secretariat of the National Council on Privatization. The council was empowered among other things:

1. To determine the political, economic and social objectives of the privatization and commercialization program.
2. Approve guidelines and criteria for valuation of enterprises marked out for privatization including choice of strategic investors.
3. Identification of enterprises to be privatized or commercialized.

4. Approve the price for shares or assets of the public enterprise to be offered for sale.
5. Determining the timing of privatization of particular enterprise.
6. Interfacing with the public enterprises, together with the supervising ministries, in order to ensure effective monitoring and safeguard the managerial autonomy of the public enterprises.

The Bureau of Public Enterprises recorded only one deal worth \$32.5m (about N4.27BN) within the few years that former president Yar' Adua was in office (Jerome, 2008). This contrasts sharply with the speed of privatization under from president, chief Obasanjo, when many public companies and enterprises that had been poorly managed were sold to private sector operators. In 2006, for instance, the privatization agency handled 39 transactions that fetched 134.74bn while in 2005, it handled 45 deals that fetched N98.08bn. in 2004, the agency succeeded in selling seven companies that brought in N50.11bn. In 2000, Obasanjo marked his first year in office, the BPE handled six (6) major transactions that raked in N14.65bn into the treasury and got rid of ailing organizations that continued to drain the federal government's purse. It followed this up with 11 transactions in 2011 that brought N12.14bn into the government. The single deal that had been recorded under the Yar' Adua presidency was the sale of the Nigerian Newsprint Manufacturing Company Oku - Bokun, Akwa - Ibom state, which was sold to Negri's Holdings for \$ 32.5m on August 12, 2008. The Yar' Adua administration even reversed the sale of the Nigerian Telecommunications Limited (NITEL) to Transcorp (Jerome, 2008). The administration also reversed a number of policies and actions like the privatization of the refineries, projects and appointments undertaken at the last hour by the OBJ administration among others.

Deregulation, Privatization and Economic Development in Nigeria

We have already argued here that deregulation and privatization can have a positive secondary effect on a country's fiscal situation more so as it can be used to finance new government expenditures and pay off future debts. It also enhances efficiency and profitability but the deregulation and privatization programme ended up creating a lot of anxiety, suspicion and disappointment among Nigerians as the economy did not seem to perform better after the introduction of deregulation and privatization. It has been argued that only a few enterprises such as, Flour Mills, Africa Petroleum, National Oil and Chemical Company Limited (NOLCHEM) that were partially privatized seemed to do well. The commercialization of enterprises such as National Electric Power Authority (NEPA) and Nigerian Telecommunications Company (NITEL) showed any significant improvement in their operational and economic performance (Peter et'al, 2013).

It has been shown that privatization had improved the performance of some of the privatized companies especially in the efficiency of resource utilization hence, a higher profit to capital ratio was witnessed. However, employment levels tended to be adversely affected by privatization. Between 1989 and 1993, the public sector accounted for a large number of job losses more than in private companies. This led to loss of income and decreased spending as well as purchasing power. The rise in commodity prices between 1992 and 1994 therefore did not create sufficient increase in gross earnings. Profits actually increased but the extent to which this increase can be attributed to a reduction in government involvement is not clear.

It is clear that privatization itself has complex problems with each country having its own peculiar solutions. For instance, private corporations are profit driven and as they find it difficult to render public services such as water, public health and transportation services at rates that are affordable hence privatization usually creates wealth for the rich while making the poor poorer while the process reduces public accountability as private companies replace public corruption with state corruption. To this end, the expected trajectory of the entire deregulation and privatization exercise in Nigeria immediately took a dangerous derailment after the first five years of implementation. Many Nigerians alleged that the privatization process was biased such that some companies were sold out to incompetent people for selfish gains or for patronage.

It had also been alleged that only 10% of 400 privatized firms in Nigeria were properly functioning a situation that can be attributed to several technical complications inherent in the gamut of the exercise (Ayodele, 1994). This can be attributed to the lopsided asset acquisition and share purchase agreements, non-enforceable clauses and breach of share purchase agreements. Some of the problems that characterized the privatization exercise were, government enterprise and the acquiring firm operating and competing in the same market, the lack of capacity of the acquiring private firm, lack of technical knowledge or experience of the particular industry by the acquiring firm, inability of the competing firms to meet the financial benchmarks, creation of an industrial monopoly, unnecessary retrenchment public officers by the acquiring firm inexplicable or unfair assignment of the properties of the state agencies or subsidiaries and favouritism. For instance, a labour strike was called to compel the government to reverse the sale of the nation's refineries which the labour union saw as a way of out of public assets to Obasanjo's friends under the guise of privatization. Obasanjo had earlier been accused of selling African petroleum, to his business stooge, Femi Otedola's Zenon Oil at a cost many considered as a giveaway price. This is because AP was first sold to Global Group through a near due process at the cost of N17.5billion

but Obasanjo was accused of having overruled the transaction and single handedly offered the prime shares of the federal government in AP to Zennon Oil at a value far below its actual value (Ayodele, 1994).

The deregulation and privatization of the Nigerian economy reveals the capitalist undertone with the notion that capitalism produced colonialism and imperialism. Indeed, right from the time the Nigerian economy began to be deregulated as part of SAP in 1986, it only succeeded in pauperizing a larger population of the country. This explains why the material condition of the citizens is yet to improve in spite of the process. The efficiency of the power sector has not improved in spite of rising tariffs. This goes to show that the privatization is based on maximization of profit and further opening the economy up to plunder. The whole process has been corruption – ridden and lacks transparency such that, majority of Nigerians who are also below the poverty line might not be able to afford those deregulated and privatized goods and services. Given the fact that the initial impetus for privatization in Africa came from creditor institutions especially the IMF and the World Bank, as part of the push for there is no surprise that deregulation and privatization in Nigeria process in Nigeria has neither been able to improve in terms of efficiency nor transform the economy of the country into a better one.

Conclusion

This discourse shows that the desire to meet the conditions for loan facilities from the Bretton Woods institutions had combined with the mismanagement and under-utilization of government - owned corporations leading to wastage of resources and manpower potential informed government's decision to embark on deregulation and privatization. Although, the deregulation and privatization of other economies have been successful in developed countries, it has been a failure in developing countries due mainly to differences in socio-political environment. This discourse shows that the process lacked credibility and transparency as it could not yield the touted benefits. If the policy had been implemented with sincerity, it would have worked as workers could have become shareholders. Consumers would have also been better off as a result of better services. Graduates and the unemployed would have also become employed due to expanded opportunities as government too would have been relieved of the burden of subsidies. Investors would have also gained in terms of increased investment opportunities. To this end, the process should be reviewed to make it more transparent and it should be based on competency rather than ethnicity and patronage more so an economic system that cannot not improve the material condition of the majority of the citizens does not deserve to endure for long.

References

- Ahmed, A, (1993) *Central Bank of Nigeria: Perspectives of Economic Policy Reforms in Nigeria*, Lagos: Page Publishers Services Ltd.
- Ayodele, A. S. (1994) "Elements of the Structural Adjustment Programme: Privatization and Commercialization" in *The Nigerian Journal Economics and Social Studies*, Vol. 36, No. 1.
- Ekunndayo A.& Ajayi, A. I. (2008) "The Deregulation of University Education Nigeria: Implications on Quality Assurance" *Nebuta*, 5 (4), 21 - 28
- Goulet, D. (1971), *The Cruel choice A New Concept In The Theory Of Development* New York Arthenum Book Company, 1971, P.36
- Ijaiyi, G. T (1992), "Privatization and Commercialization of Public Enterprises in Nigeria" in E. J. Misham, *Introduction to Political Economy*, London: Hutchinson., 28 - 43
- Jerome, A (2008) "Privatization and Enterprise Performance in Nigeria: Case Study of Some Privatized Enterprises", *African Economic Research Consortium*, Research Article 175 Nairobi 2008
- Killick, T. (1989) "Economic Development and the Adoptive Economy". *Overseas Development Institute Working Article*, No. 31.
- Kindleberger, C. P. (1965) *Economic Development*, New York: McGraw-Hill Book Company, 1965, P.23
- Peter G. et'al, (2013) "Deregulation and Privatization in Nigeria: The Advantages and Disadvantages So Far" *African Journal of Business*, 2013, 7 (25).
- Rodney, W., (2007) *How Europe Underdeveloped Africa* Abuja: Panaf Publishing Ltd. 2007
- Tamuno - Omi D. G. & Dagogo D., (2013) "Deregulation of the Nigerian Economy: The Theoretical Milieu" *Proceedings of the 1st International Technology, Education and Environment Conference African Society for Scientific Research (ASSR) and Human Resource Management Academic Research Society*
- The Nigerian Privatization and Commercialization Act of 1988 and the Bureau of Enterprises Act of 1993.
- World Bank, Country Report on Nigeria, (2002)