Transnational Capital Challenged by Local Capital: Lack of Accountability and Black Hole Accounting Rule Privatisation in Nigeria

OWOLABI BAKRE

Transnational Capital Challenged by Local Capital: Lack of Accountability and Black Hole Accounting Rule Privatisation in Nigeria

Abstract

With the inability of the Nigerian government in 2002 to service the country's debt of over US$30 billion, Nigeria needed an accord with its Western creditors (the Paris Club, the London Club, the World Bank and the IMF), in order to pave the way for debt reschedule talks. However, the adoption of IMF-dictated structural adjustment programmes (SAPs), which included privatisation of the presumed non-performing State-Owned Enterprises (SOEs), was the pre-condition for debt reschedule talks set by the representative of the Western creditors, the International Financial Corporation (the IFC). Notwithstanding the objections of many Nigerians, the local neo-capitalist elite joined hands with the IFC to propagate the gospel of divestment of government shares in the SOEs, with a joint message that privatisation would create more wealth and generate employment opportunities for Nigerians. However, as the multinational corporations (MNCs), who were clients of the IFC, were preparing to invest in the SOEs, the local capitalist elite were also preparing to compete with the MNCs for the purchase of the SOEs. With Nigerian internal capital challenging transnational capital in the privatisation market place, the local capitalist elite, through the influence of key government functionaries, were either buying up the firms or ensuring that their friends (local and foreign) would buy the firms at give-away prices. This was, however, with scant regard for accountability, transparency and the revenue realised from the sale of most government assets being subjected to black hole accounting. This paper uses theories of neo-liberalism and neo-patrimonialism to examine the impact of transnational and local capitalism on privatisation in Nigeria. In particular, the paper tests the claim that privatisation would create more wealth and generate employment opportunities for Nigerians, the benefits of which are yet to appear in the post-privatisation era of most privatised SOEs in Nigeria.

Keywords: Privatisation, State-Owned Enterprises, IMF, World Bank, Poverty, Neo-Capitalist Elite, Corruption.

1.0 Introduction

The neo-liberal economic policy of privatisation has not been a popular reform in developed economies (Livingstone, 2009; Sikka, 2008b; Wolf, 2008). It has been responsible, for example, for the escalating prices of railway services in the UK greater than anywhere else in Europe (BBC News, February 19, 2009). Privatisation was also implicated in the collapse of companies in America in the early 2000s, rendering many Americans jobless (for example, Enron, Xerox, Tyco, and WorldCom). The 2008 collapse of Northern Rock, the Halifax Bank of Scotland, and Woolworth (in the UK) and Fannie Mae, Freddie Mac, AIG, Lehman Brothers (in the USA) provide recent evidence of events that seem to have further challenged neo-liberal privatisation as a viable economic policy (Livingstone, 2009; Sikka, 2008a).

Privatisation, a policy and a process which has been encouraged by the developed Western economic powers, has also been a disaster for most developing economies (Estache, 2004; Ereije and Rivas, 2002; Brune and Barlett, 2000; Abu Shair, 1997; Kaufmann and Siegelbaum, 1997; Cook and Kirkpatrick, 1988). It has been implicated in political chicanery and corruption in Malaysia (Nellis and Birdsall, 2005), fiscal mismanagement in Brazil (Macedo, 2000), escalating prices in Argentina (Mussa, 2002) and corruption and poverty in many African countries (Nellis, 2008).

While some scholars have claimed that the impact of privatisation on the economic welfare and growth of developing economies has been positive (Ramanadham, 1993; Macavoy, Stanbury and Zeckhauser, 1989), the criteria used for such assessment continue to attract criticism (Barclay, 2005; Uddin and Hopper, 2003). A major complaint is that, even if privatisation contributes to improved efficiency and financial performance, as some contest (Thompson, 1988), it negatively affects the distribution of wealth (Uddin and Hopper, 2003) and also income and political power (Nellis, 2003). Scholars in developing countries have argued that, while many developing countries may have been encouraged and sometimes forced to implement privatisation, the beneficial effects to these countries are yet to be seen (see Barclay, 2005).

The main objective of neo-liberal economic policy, such as privatisation, was to remove government hands from running businesses on behalf of the state (Reagan, 1983; Freidman, 1967). This was because, in matters of economic mismanagement, government was regarded as the key in the mismanagement, not part of the solution to the mismanagement (Thatcher, 1983; Hayek, 1948). As a result, over the past decade or so, many Western-controlled institutions (the World Bank, the IMF, the Inter-American Development Bank and the IFC) have become actively involved in encouraging developed and developing countries to consider privatising their state-owned enterprises (SOEs). Also actively involved in the global privatisation campaign are Western economic powers and their multinational corporations (particularly American and British). The big four accountancy firms and Western-based professional accountancy bodies have also been enlisted to give professional legitimacy globally to the campaign (ICAEW, 2002; Price Waterhouse, 1990, 1989 (now PricewaterhouseCoopers)).

Despite documented research (Abu Shair, 1997; Barclays, 2005; Uddin and Hopper, 2003) suggesting that the effect of privatisation has been to redistribute the collective wealth of developing countries into the hands of a small number of individual capitalists, developing countries continue to be encouraged to privatise. The World Bank and the IMF have encouraged countries to privatise as much and as fast as they can. Privatisation became not only one of the pillars of the 'Washington Consensus', but also a condition imposed on countries seeking economic aid and assistance (Rapley, 2004). Many poor and vulnerable developing countries, such as, Nigeria, seem to be under particular pressure to privatise.

With corruption arguably embedded in the socio-political system of Nigeria and in dire need of finances for capital projects[1] which Nigeria has consistently been unable to achieve with the US$36 billion it makes annually from the sale of petroleum (Kupolokun, 2006), Nigeria has for a long time been obtaining loans from international lending agencies (namely, the London Club, the Paris Club, the World Bank and the IMF). However, constantly available evidence shows that substantial sums from these loans have been finding their way back to the capitalist system of the Western borrowers through looting and money laundering by the borrowing Nigerian elite (Bankole, 2009; Madunagu, 2007; Okebukola, 2006). Furthermore, the sums claimed to have been invested in the various projects have yielded poor returns, due to political corruption and mismanagement by the public officials institutionally appointed to oversee the projects (Adams, 1991; Anyanwu, 2009; Okogie, 2007). Despite evidence which shows that the huge oil revenues and the loans have been used for corrupt purposes (Baker and Joly, 2009; Wolfowitz, 2006), the international financial institutions (the IFIs), in particular the World Bank and the IMF, have violated their lending policies[2] by continuing to lend more money to successive

[1] Such as the provision and maintenance of infrastructure, efficient public utilities and the wealth redistribution needed for growth and development.

[2] World Bank Article of Agreement (Article 111, clause 5, paragraph C) enjoins the World Bank to: make regulations that guarantee that each loan fund is used solely to achieve the objective in accordance with the objectives of the loan itself, by giving effect to considerations over and above economic and efficiency issues and ignoring political or other non-economic influences or considerations.

corrupt Nigerian regimes (see African Forum and Network on Debt and Development, 2007).

As the external debt, which stood at US$30 billion in 2002, continued to mount, the repayment of the debt became a problem for the Nigerian government while it was facing pressure for repayment from its Western creditors. As a consequence, the Nigerian government had to request the representative of its Western creditors, the International Financial Corporation (the IFC), to reschedule the debt. The response from the IFC was for the Nigerian government to consider the implementation of the IMF's Structural Adjustment Programmes (SAPs)[3] in order to shed some of the country's presumed unprofitable and under-funded SOEs. While the Nigerian government was weighing the different options at its disposal, it was at the same time coming under pressure from local private sector groups and some key government functionaries to adopt Western-dictated neo-liberal privatisation (Ogunde, 2002). These local elites were putting pressure on the government to adopt the IMF conditionality by privatising all the presumed inefficient and under-funded SOEs (see Mahmoud, 2006). With internal and external pressures at play, the Nigerian government in 1985 had to forcibly mend relations with the IFIs (the IMF and the World Bank) -- relations which could undermine the Nigerian Constitution and the democratic process. As a result, the Nigerian government adopted the IFC-dictated privatisation of the SOEs in 1988.

However, while the transnational capitalism ambitions of the IFC might have been to enable their MNC clients to invest heavily in the Nigerian economy through the presumed non-performing SOEs, the capital accumulation ambitions of the local capitalist elite were also to compete with the MNCs for the purchase of any SOEs. As

[3] To cut public expenditure, the public work force and to privatise all the presumed non-performing SOEs.

transnational capital became challenged by internal capital in the privatisation market place, the local elite, who supported the IFC in order to propagate the gospel of divestment of government ownership of SOEs, were using their influence to buy up the firms either by using cronies or ensuring that their friends (local and foreign) would buy into the firms at give-away prices (see Onyeka-Ben, 2006).

The major problem facing the Nigerian government in the post-privatisation era has been the inability of new local and foreign investors to achieve the pre-privatisation promises of creating more wealth for the Nigerian economy and generating employment opportunities for Nigerians. This is because only 10 out of the more than 400 companies which have been privatised since 1999 are doing well (Anyanwu, 2009). The situation is so desperate that the Nigerian government has given orders for revocation of the sale of 350 privatised companies, and has also considered renationalising some of the companies (Anyanwu, 2009). This happened in the case of Nigeria Airways, which was privatised in 2004, but which, due to post-privatisation mismanagement and poor performance, was renationalised in 2009.

The literature on neo-liberal privatisation has examined privatisation from a positive perspective (Brune and Barlett, 2000; Inter American Development Bank, 2002; Paredes, 2003; United Nations, 1999) and a critical perspective (Estache, 2004; Ereije and Rivas, 2002; Stiglitz, 2008; Rentoul, 1987; Whitfield, 1983). From a positive perspective, the major argument has been that there have been major government failures and that it is these failures which have increased the call for privatisation of the non-performing SOEs (Ramanadhan, 1993; 1989; Thompson, 1988). From a critical perspective, the argument has also been that there have been major market failures, especially in areas where market and social incentives may markedly differ (Livingstone, 2009; Sikka, 2009, 2008). Wolf (2008) notes that in these areas ensuring that the private sector acts in accordance with social needs and desires may not be easy. Rolland (2008) observes that privatisation is a more complex ideology than its advocates (including those of the Washington Consensus) thought it to be a decade or so ago. He further notes that the theoretical presumption of neo-liberal economic policy is at best much weaker than its advocates thought. Thus, the theoretical and practical problems involved in neo-liberal privatisation are greater than they thought.

In the context of positive and critical research on privatisation, there has been little research examining the impact of internal corruption on the external neo-liberal economic policy of a specific country in sub-Saharan Africa. However, conducting such research is essential, particularly in respect of a country like Nigeria where corruption, which is arguably embedded in the socio-political, economic, and cultural system of society, has become an impediment to any economic policy whether internally evolved or externally imposed.

This study therefore contributes to the existing literature by examining the influence of internal graft practices in undermining the external neo-liberal economic policy of privatisation implemented by the government of Nigeria, in order to find a solution to the problem of its presumed non-performing state-owned enterprises. In particular, the study examines the influence of socio-political and cultural corruption in redistributing the collective assets of Nigeria to a few powerful members of the Nigerian elite and their foreign collaborators under the pretext of implementing the Western-dictated neo-liberal economic policy of privatisation, and the socio-economic consequences thereof.

The paper contributes to the literature in three ways. First, it builds on the academic research already conducted on the impact of graft on privatisation globally

(Mussa, 2002; Maccido, 2000; Sutela, 1994; Cook and Kirkpatrick, 1988; Estache, 2004; Ereije and Rivas, 2002; Brune and Barlett, 2000; Abu Shair, 1997; Kaufmann and Siegelbaum; Nellis and Birdsall, 2005; Ramanadham, 1993; Macavoy, Stanbury and Zeckhauser, 1989; Uddin and Hopper, 2003). Secondly, it examines the roles of external agencies (the World Bank, the IMF and the IFC) in promoting and encouraging the government of Nigeria to privatise its presumed non-performing state-owned enterprises (SOEs). Thirdly, it examines the role of the internal agencies (*i.e.* the National Council on Privatisation (NCP) and the Bureau of Public Enterprises (BPE), the local neo-capitalists and the key government functionaries) in supporting the transnational capitalism ideology of the external agencies in order to propagate the gospel of divestment of the government shares in the SOEs. Fourthly, the paper examines the role of some external and internal accountancy professional bodies, audit firms and regulators (*i.e.* ICAEW; PricewaterhouseCoopers; the Inter-American Development Bank; the Institute of Chartered Accountants of Nigeria; the Nigerian Accounting Standards Board and the Nigerian Stock Exchange) which were enlisted to give legitimacy to the neo-liberal privatisation campaign globally and in Nigeria. It is hoped that the evidence in this paper will stimulate more interest in research into the impact of internal graft practices on the external neo-liberal economic policy of privatisation adopted or forced on individual developing countries as a solution to their presumed non-performing SOEs.

The paper proceeds as follows. Section 2 examines neo-liberalism, neo-patrimonialism and privatisation. Section 3 argues that corruption by the elite was the genesis of the failure of the state-owned enterprises (SOEs) in Nigeria in the first place. Section 4 provides evidence which suggests that a neo-liberal economic policy, such as privatisation, was put in place to enable Western-based multinationals to continue to reproduce capitalist relations at home. Section 5 provides some case studies of privatisation characterised by graft practices in Nigeria, as transnational capital became challenged by internal capital. Section 6 provides evidence of black-hole accounting, lack of accountability and lack of transparency in the proceeds and management of the privatised SOEs. Section 7 ends the paper with a discussion and summary.

Research Method

The 2008 global financial crisis orchestrated by the neo-liberal economic policy of privatisation is not peculiar to developed economies. It is in this context that this study is motivated by the need to create an awareness of the impact of neo-liberal privatisation which was forced on the poor Nigerian economy by the World Bank, the IMF, the IFC, and the Nigerian neo-colonial capitalists and key government functionaries. This study refers to and uses contributions from the academic literature, and material from reports, press cuttings and other publications to examine the issue of privatisation in Nigeria. The material used includes institutional, academic and professional literature reviews, such as those of: Aghion and Blanchard, 1998; Auriol and Picard, 2002; Boix, 2005; Brune and Barlett, 2000; Debande and Friebel, 1995; Estache, 2004; Freije and Rivas, 2002; the Inter-American Development Bank, 2002; Luders, 1991; Martimort and Straub, 2006; and McKenzie and Mookherjee, 2003. This material examines privatisation from positive, interpretive and critical perspectives, thereby giving a broad view of the issues involved..

The work also uses published works from some external agencies which promote privatisation globally and from some internal agencies charged with the responsibility of privatisation in Nigeria. The external agencies include: the World Bank; the IMF;

the International Financial Corporation; the Inter-American Development Bank; the Washington Consensus; Breton Woods; and the United Nations. The internal agencies include: the National Council on Privatisation; the Bureau for Public Enterprises; the Nigerian Stock Exchange; the Federal Ministry of Trade and Industry; and the Federal Ministry of Information. Published works from the above sources were obtained from their respective websites and from personal visits to some of the internal institutions in Nigeria.

The third set of material used consists of published works from some external and internal accountancy professional bodies and audit firms which were enlisted to give professional support for the divestment of government shares in state-owned enterprises globally, and in Nigeria in particular. The external professional bodies and accounting firms are ICAEW, PricewaterhouseCoopers and other members of the big four accounting firms. The internal professional accounting bodies are: the Institute of Chartered Accountants of Nigeria; the Association of National Accountants of Nigeria; and the representatives of the big four accounting firms operating in Nigeria. While the published works of the external professional bodies were obtained from their websites, those of the internal professional bodies were obtained by personal visits to the respective professional bodies in Nigeria, in addition to their websites.

Also used are the reports of the various probe panels commissioned by the Federal Government of Nigeria in response to the call from many Nigerians to investigate the activities of the privatisation process. These include: the Senate Committee on Privatisation and Other Matters; the Senate Committee on Communication and Related Matters; the Senate Committee on Aviation; the House of Representatives Committee on Privatisation and Commercialisation; the House of Representatives Committee on Power and Energy; the Revenue Mobilisation and

Fiscal Commission Committee; and the Meeting of the Federal Executive Council on Privatisation. Some reports from the Economic and Financial Crimes Commission (EFCC), the Independent Corrupt Practices Commission (ICPC), the Code of Conduct Bureau (CCB) and reports of court cases (inside and outside Nigeria) on privatisation litigation were also utilised. This information was obtained by private visits and published reports of these cases from the respective organisations and the courts in Nigeria and abroad.

2.0 Neo-Liberalism, Neo-Patrimonialism and Privatisation

The wave of privatisation ushered in by neo-liberal economic policy, which is currently militating against the necessary redistribution of wealth geared towards the growth and development of all countries, particularly developing countries, has its origin in the economic crises of the 1970s (Hoogvelt, 2001; Rapley, 2004). This was the period when the industrialised economies, after three decades of steady growth, began to flounder and were beset by persistently high unemployment and inflation (see Freidman, 1967). In order to remedy the problems, the developed capitalist governments began casting around for an alternative to the Keynesian orthodoxy that had dominated economic thinking since the end of the Second World War (Abu Shair, 1997). They found the solution in a (hitherto fringe) school of thought associated with Friedrich Hayek. This school of thought was premised on the notion that, since the demand for new products almost always emerges from among the rich, who alone can afford the cost embodied in research and development, then the rate of innovation is also augmented by income inequality (Freidman, 1967). However, income inequality seems to conflict with the constitutional responsibility of any democratically elected government in a society (Wolf, 2008; Livingstone, 2009). Notwithstanding the likely conflict, in matters of economic management government was regarded as the problem, not part of the solution (Hayek, 1948). Central to the new thinking – taken up famously and with particular fervour in the 1980s by Ronald Reagan and Margaret Thatcher – was the idea that market forces work best and to everyone's benefit when government stands aside (Rentoul, 1987). Left alone, such forces would inevitably unleash waves of trade and investment, which would in turn generate a tide of growth in both developed and developing countries (see Freidman, 1967; Ramahadam, 1993). As a result, liberalisation, deregulation and privatisation became the watchwords of the day and the global instrument for integrating all economies (developed and developing) into the global capitalist camp (Hoogvelt, 2001; Rapley, 2004). Gosovic (2000) observed that:

> *Any challenge or critique of the prevailing orthodoxy or the proposal of alternatives is regarded as heretical and is simply ridiculed, dismissed or ignored and even sometimes with a threat of non-attraction of international capital.*

However, many theorists have in the last few years been expressing doubt about the validity of the thesis that inequality is good for growth (Estache, 2004; Sklair, 1994; Wallerstein, 1994), especially in poor developing countries (Abu Shair, 1997; Amin, 1980; Street and James, 1982). They have pointed out that, in poor societies inequality may speed up physical capital formation, but, on the other hand, it may inhibit human capital formation, which is an essential precursor to growth in poor countries (Ereije and Rivas, 2002), such as Nigeria (Ogunde, 2002). Despite the above argument, the developed capitalist world institutions (the World Bank and the IMF) have still seemed determined to force Western-dictated neo-liberal economic policies, such as privatisation, on many poor developing countries (Ogunde, 2002; Rentoul, 1987). Thus, Fukuyama (1992) has observed that 'the triumph of the West, western ideas and the alleged exhaustion of viable alternatives to neo-liberalism has anointed capitalism as the dominant socio-economic, political system of our time'.

This situation has become more compounded in the case of most developing nations whose economies have already been integrated into the developed capitalist economies and are therefore dependent on the developed capitalist nations for survival in the global economic system (Sklair, 1994). Thus, the dependency school emphasised that international economic relations between the centre and the periphery nations were the major factor in the development of underdevelopment (Amin, 1980). In continuing the path of dependency, therefore, developing countries may lose their endogenous technology -- because of the technological package imposed from the centre resulting in a widening of the technological gap (Street and James, 1982), as well as increased dependency (Wallestein, 1994). In what seems to be a short-term response from mostly developing countries, barriers to entry therefore operate on an international basis. Only state intervention in the form of protection, and possibly other forms of subsidy, can overcome the effects of market competition, particularly in vulnerable poor developing countries (Cook and Kirkpatrick, 1988). However, the proponents of neo-liberal economic policy have argued, on the other hand, that such measures might exclude most developing nations as viable locations for attracting international capital (*G7 Finance Ministers' Report*, 2007; World Bank, 2004).

The internal and external economic effect of such exclusion may have been further compounded by the political corruption and mismanagement of the SOEs by the ruling elite and the public officials who were institutionally appointed to manage the affairs of most SOEs in developing countries (Cook and Kirkpatrick, 1988; Ibezim, 2004). In a situation where the actions of the local neo-capitalist elite are characterised by neo-patrimonialism – in other words, a search for private capital accumulation, at the expense of any commitment to the public interest -- it may become difficult to attract foreign capital to 'jump-start' the local economy (Adams, 1991). In order to continue to protect their private capital, the local neo-capitalist elite seek the protection of, and even collaborate with, transnational capitalists to argue for the onslaught of transnational capital on local capital under the pretext of the international economic order of neo-liberalism (see Bakre, 2001). In this regard, Gill and Law (1988) have argued that:

> ***Developing countries' elites and those of developed capitalist states help to explain the limited nature and success of the New International Economic Order****: most less-developed countries are not anti-capitalist and the North-South rhetoric could serve as a 'soft option' to the elites and capitalists of many of these countries, when compared to policies promoting economic redistribution at home. (Emphasis added, p. 300.)*

Thus, it is essential to admit the existence of some local neo-capitalist internal forces, mostly in developing countries, which makes for an increasingly capitalist mode of production and for the long-term integration of the local economy into the World capitalist system (Petras, 1981). In order to continue to expand their private capital locally, the local neo-capitalist elite and the financiers of their International Financial Institutions (IFIs) have exerted pressure on national governments to adopt a neo-liberal economic policy of maximizing foreign capital inflows from the IFIs (Goldman, 2005; Girvan, 1976). The local politicians, who also rely on the local neo-capitalists to generate the revenues required to run the society that enables the politicians to remain in power and public officials to remain in office, are, in most cases, forced to adopt the policy option of their financiers (Offe, 1985). This includes the conditionality of the International Monetary Fund (IMF)-dictated Structural Adjustment Programmes (SAPs). This conditionality, among others, included: cutting public expenditure; cutting the public work force; privatisation of the presumed non-performing state owned enterprises (SOEs); and even minimising local interference in the sectoral allocation of these investments (see Girvan, 1976). In the above context, Structural Adjustment Programmes (SAPs) have tied the physical resources of many vulnerable poor developing countries more firmly into servicing the 'old' segment of neo-liberalism (Naylor, 1987). At the same time, it has oiled the financial machinery by which wealth is being transported out of most poor developing countries (Wade, 1996), thereby removing the very resources which are needed by dynamic adjustment to the new neo-liberal economic order (Naylor, 1987). The consequence has been huge debts for many developing countries, such as Nigeria, thereby giving the Western institution lenders a stranglehold on the economy and on the decision-makers of developing countries (Ogunde, 2002).

In this stranglehold, the Western institution lenders have often compelled commodity specialisation and debt to go hand in hand (Gilpin, 1987). Both the World Bank and the IMF used their leverage on indebtedness to require that production be concentrated on commodity exports (McMichael, 2004). However, the consequence of this was a flooding of the commodity markets which forced prices downwards (Avramovic, 1986). In further emphasizing that the adoption of the Western-dictated neo-liberal economic policy is the only alternative at the disposal of developing countries to boost developing economies, the G7 finance ministers reaffirmed in a statement at the end of their two-day meeting in London on 11 June 2007 that:

> *In order to make progress on social and economic development, it is essential that developing countries put in place the policies for economic growth. Among these, they must boost private sector development, and attract investment and ensure the elimination of impediments to private investment, both domestic and foreign.*

However, the commitment to the 'elimination of all trade-distorting export in agriculture' stops well short of an agreement to end subsidies to farmers in rich countries, estimated at more than US$300 billion a year (Oxfam, 2008). As (Martlew, 2009) noted:

> *It is these subsidies rather than specific programs to support exports that have created artificially low prices for Western produce that are choking exports from developing countries.*

However, SAPs, in particular forced privatisation of the presumed non-performing SOEs, has been a standard feature and a common prescription of last resort to the ailing developing economies by the World Bank and its sister company, the IMF (Sunshine, 1996). In the words of one senior World Bank manager:

> *Everything we did from 1983 onwards was based on our new sense of mission to have the south privatized or die; towards this end we ignominiously created economic bedlam in Latin America and Africa.*

In most developing countries responses to economic crisis will depend on the type of government in power, the interests of the local neo-capitalist group, the type of economic policy advisers and the degree of their commitment to the public interest (Aluko, 2008). As Abu Shair (1997: 29) noted:

> *Responses to economic crisis are shaped by a range of internal and external pressures, **but they are also strongly influenced by the intellectual lenses through which economic advisers, political leaders and certain capitalist interest groups in the society perceive the crisis and the available options**. (Emphasis added.)*

In contesting the viability of forced privatisation as a standard feature of World Bank and IMF prescription to ailing developing economies, Madunagu (2007) noted that:

> *The central issues for advocating for privatization should not be how to take assets out of the hands of the state**. But rather, how to subject those who control them, whether public or private, to effectively sanction where domestic conditions necessarily involve a significant degree of monopoly power**. (Emphasis added.)*

This could be by subjecting state structures to market forces and by challenging the traditional assumptions which few people have questioned until now, in particular about the structure of bureaucracies and the corrupt and rent-seeking attitude of the officials and other persons, who are constitutionally entrusted with the day-to-day running of SOEs, particularly in developing countries (see Olowu, 1993). In fact, the World Bank (2004), has also stated that 'the key factor determining the efficiency of an enterprise is not whether it is publicly or privately owned, but how it is managed'. Thus, Vernon-Wortzel and Wortzel (1989) observed that 'privatization is no guarantee of good performance in the enterprise; the determinants of the success or failure of an enterprise are not who owns it, but how it is managed'.

Where Weberian assumptions about the accountability and security of tenure of civil servants are accepted, and where losses emanating from SOEs will automatically be made good out of taxes, SOEs might not be subjected to pressures which confront private sector firms, which can be bankrupted by failure (Brett, 1988). However, where the SOEs are also subject to market controls, and the management is rewarded for finding new and innovative ways of providing services and organising labour and searching for customer satisfaction, then SOEs will surely be as efficient and as profit-making as any other private organisation (see Brett, 1988).

This seems therefore to suggest that the failure of some governments, mostly those in developing countries (particularly in Nigeria), to control their own public officials should not simply be seen as an economic problem to be resolved by privatisation (Watkins, 1994). Rather, it should be seen as a political problem to be resolved by improving the socio-political and administrative mechanisms which have failed, and by putting in place an effective regulatory framework and an effective National Integrity System (*Transparency International Report*, 2004). As Cook and Kirkpatrick (1988) observed, 'an indication of the lack of attention to this possibility by the international agencies can be obtained by comparing the number of economists as opposed to political scientists, which these agencies employ'.

In offering economic advice on how to jump-start and boost the 'ailing' developing economies, the IFIs have encouraged the pro-capitalist policy-makers of developing countries to adopt a developed capitalist world-dictated neo-liberal economic policy (Girvan, 1976). This is sometimes achieved by offering to give all kinds of financial aids and soft loans to boost the economic growth and development of developing economies (see Sklair, 1994). However, despite these aid and loan packages, developing economies continue to be permanently indebted to, and dependent on, the developed capitalist economies for survival in the global economic system (see Brett, 1988). Duffield (1994) has argued that 'the new aid has reversed earlier developmentalist goals of incorporation of peripheral areas into the world system, and instead now serves as a policy of management and containment of politically insecure territories on the edge of the global economy'. As Abu Shair (1997) further observed:

> *There is positive correlation between privatisation and dependency on loans from international organisations; the greater a country's dependence on loans from international financial institutions (World Bank and IMF), the greater the probability of its being forced into the Western capitalist world neo-liberal agenda, such as privatisation of non-performing state-owned enterprises.*

Thus, some Marxists and dependency writers have seen loans and financial aid 'assistantship' as a form of imperialism (Peking, 2004) – in other words, as a means of sustaining world capitalism and the dependent position of the less-developed countries (see Gill and Law, 1988). This is because loans and financial aid are always conditioned by the pro-capitalist values which dominate these institutions (Sunshine, 1996). The developed capitalist states have increasingly shown a common interest in promoting policies favourable to, and opportunities for, private enterprise and multinational investment in developing countries (Perkins, 2004). The advantage of using multilateral as well as bilateral aid for all the developed capitalist states is that it is in some ways more acceptable to, and ultimately more able to influence, the local socio-political and economic policies of the developing countries (see Sklair, 1994).

The above debate is further supported by the fact that the World Bank and its sister company, the IMF, operate with a consistent philosophy and are less subject to the short-term pressures of domestic policies (Sunshine, 1996). With bilateral aid, political strings are often attached in such a way that some spokespersons in developing countries have referred to bilateral aid donors as 'neo-colonialists' (see Sklair, 1994; Amin, 1980; Girvan, 1976; Budhoo, 1972). In other words, bilateral aid appears designed to keep developing countries in a dependent relationship with the former colonial power and other developed capitalist states (see UNCTAD IX Conference, 1996).

The developed capitalist states and their controlled institutions (the World Bank and the IMF) have repeatedly tried to encourage the adoption of policies which give more scope to private enterprise and the market mechanism (see Hoogvelt, 1997). As a result, their economic policy advice has had a consistent tendency to support the activities of 'transnational capitalism' (Pekins, 2004). Thus, more generally, it can be argued that the volume and nature of aid has been influenced by the concern of leading capitalist countries to promote, rather than weaken, the position of transnational corporations (Gill and Law, 1988). In most cases, bilateral aid and other economic 'assistantship' may be given partly with a view to discouraging the nationalisation of the assets of foreign capital and to even encourage privatisation of the presumed non-performing SOEs (Sklair, 1994). This is especially so in most developing countries where socio-political corruption might have resulted in mismanagement of the SOEs built with taxpayers' money and huge foreign loans. As a consequence, developing countries with huge debts have been persuaded to adopt the IMF-dictated economic conditionality, which the Western economic powers and their controlled institutions claim would solve any ailing developing economies.

However, in a situation where a national economy is in trouble and the IMF-dictated SAPs are the only alternative prescription, it is essential that such an economy should have well-established, effective and efficient institutions (World Bank, 2004). In addition, there should be relatively honest and transparent public services and state functionaries before wholesale privatisation and kindred policies can be prescribed (the World Bank, 1993). However, the Washington consensus, promoted by the IMF and the World Bank, which included such measures as privatisation, trade liberalisation and deregulation, seems to have failed to take account of socio-political, economic and cultural corruption in Nigeria. It has equally failed to take account of the lack of institutional capacity for the implementation of privatisation in Nigeria. As Ogunde (2002) further noted:

> *The Nigerian government was forced to embrace the World Bank and IMF-dictated and forced privatisation, deregulation and liberalisation, with maximum zeal, but lacked the institutional capacities to implement them.*

Despite the constantly available evidence that Nigeria lacked the above conditions for successful privatisation, Nigerian neo-capitalists, with the support of some government functionaries, collaborated with the Western institutions (the World Bank and the IMF) to force privatisation onto the poor vulnerable and weak regulatory Nigerian economy (see Tezapsidis, 2006; Wolfowitz, 2006; United Nations, 2004). As a consequence, many SOEs, which were established with taxpayers' money and huge foreign loans to provide public goods, were often mismanaged and scrapped by the same government functionaries who had been institutionally appointed to manage the SOEs; and were later sold to friends and cronies behind closed doors and at give-away prices (Ogunde, 2002). Mismanagement has been the genesis of the failure of most Nigerian SOEs, which although were established to provide public good, but which have instead become a public burden by incurring a huge public debt, the evidence for which is considered next.

3.0 Public Good to Public Debt: The Genesis of Failure of SOEs

On the basis that Nigeria is endowed with an abundance of human and material resources, it would be unthinkable to suggest that the Nigerian economy might not be able, without external borrowing, to meet the demands of its population. This is in terms of the provision of modern infrastructures, efficient public services and a necessary distribution of wealth geared towards the growth and development of its people[4]. In fact, the head of the military government who presided over the oil boom up to July 1975, General Yakubu Gowon, was quoted to have declared that the country had no need for money, but that it did not know what to do with the money it had (*Nigeriaworld*, October 2, 2007). Another head of the military government between 1976 and 1979, General Olusegun Obasanjo, was also quoted to have said that Nigeria would use its oil-rich wealth to fight the then existing apartheid in South Africa. However, Bayley (1966) observed that:

> *In a society where corruption seems to have been institutionalised, those constitutionally entrusted with public office would see diversion of government resources to their private ends as sign of political acumen rather than political corruption, thereby creating a patrimonial society.*

Greenstone (1966) further observed that, 'in a patrimonial society, prioritising private interest over public interest has been the main obstacle in the way of meeting public expectations in terms of provision of efficient public utility, modern infrastructure and

[4] In addition to an adequate supply of technical manpower and various natural resources, Nigeria is the eighth highest exporter of petroleum in the World, producing 2.4 million barrels of oil a day and selling at over US$80 per barrel (Bakre, 2009; Bakre, 2007; Bakre, 2006).

necessary wealth redistribution towards growth and development'. In the case of Nigeria, Adujie (2007) observed:

> *Corruption explains why major Nigerian roads are impassable. It is responsible for power failure, despite all the money that has been poured into that sector. It is the reason why Nigerian hospitals lack necessary medical equipment and drugs, despite the yearly budgets that are earmarked for these purposes. It is the reason why the educational institutions are no longer reckoned with in the international fora. Nigeria is endowed with abundant human and material resources, but pillaging of the public wealth — our collective patrimony — has been our bane. We have enough resources to eliminate power failure and unemployment — more than enough resources to keep Nigerians at home, instead of running overseas. Indeed, corruption gets in the way of solutions to national challenges.*

For example, in 1996 alone, investment in the SOEs was about N100 billion (US$65 million), with only a 2 per cent rate of return (*Government Statistics*, 1996). It was further estimated that the Federal Government's investments in the state owned enterprises (SOEs), most of which had been mismanaged, stood at over US$100 billion as at May 1999 (Government Statistics, 2002).. However, available evidence indicates that more than half of this amount was stolen by successive ruling elites, who had borrowed this money from the IFIs[5] (Adams, 1991). Further available evidence shows that some SOEs, in which a huge amount was claimed to have been invested, were grossly mismanaged, scrapped and finally sold to family members, friends and cronies at give-away prices (BBC News, 2002a; BBC News, 2002b). As Ibezim (2004) noted:

> *In Nigeria, we have government corporations. The reasons that led to the conception of these corporations are noble: to make lives easier for the citizens by charging affordable bills. Regrettably, these corporations have derailed. Often government spends billions on them, yet they perform below expectations. Let us face it, even the modest bills they charge, if used prudently, are enough to sustain those corporations. The problems facing these corporations are essentially those of corruption. Because they are*

[5] Between 1988 and 1994 Ibrahim Babangida squandered US$12.4 billion (Okigbo Pannel, 1994); between 2003-2006 Olusegun Obasanjo squandered US$13.2 billion (Joint Senate Committee on Finance Appropriation and National Planning, 2006; Sanni Abacha gave a standing order to the Central Bank of Nigeria to transfer US$15 million to his Swiss bank account each day (BBC Channel 2 News, October 22, 2007).

> *government corporations, those institutionally appointed to oversee them treat them as a large warehouse, subject to plunder*

In most cases of suspected high level corruption in Nigeria, no meaningful prosecutions were made in most of the public inquiries or investigations that were claimed to have been launched to look into these high profile corruptions[6]. This may probably be due to the complicity of the public officials who were institutionally appointed to investigate most of the cases of alleged corruption. Igbinedion (2007) noted that:

> *In most African countries the different organs and agents involved in combating corruption constitute the class of public officials who have fanned the embers of economic plunder in the first place.*

This is the genesis of how many former military and civilian rulers, governors, politicians, public officials and other beneficiaries of the corrupt successive military and civilian administration became the local neo-colonial capitalist elite in post-colonial Nigeria (Ojakaminor, 2007; Oloja, 2006). Many of these rulers and their accomplices, while still in public office, looted the public treasury in order, for example, to: establish private universities (former Presidents Babangida and Obasanjo; former Vice-President Atiku); set up mechanised farming (former President Obasanjo); and run airline businesses (former Governors Marwa and Kalu). As Oloja (2006) observed:

> ***It is only in Nigeria [that] people in power can have access to public funds to run their private business and the business of governance at the same time. Nigerian rulers have enough latitude and unlimited access to public funds to set up newspapers, shipping lines, airlines, mechanized farms, universities, etc and run them openly while they are in power****. In Nigeria, public officers build or buy hundreds of millions worth of landed property even while in office. Public officers bid openly for hundreds of millions worth of government property without fearing any consequences.* (Emphasis added. *The Guardian,* January 1, 2006.)

[6] For example, see: Fawehinmi, 2004; Okigbo Panel 1993; House of Representatives Committee on Power and Energy, 2008; Senate Committee on Communication, 2007.

The consequences of the above corruption have been the creation of avoidable poverty throughout Nigeria (*USAID Report*, 2009) and an unnecessarily huge national debt to the IFIs. Adams (1991) noted that IFIs are not charitable institutions. As a consequence, although Nigeria was under pressure from the IFIs to pay off its huge loans, the corruption that was endemic in Nigeria prevented it from meeting its commitment to the IFIs, and it therefore had to approach the IFIs to negotiate for the re-scheduling of its debt. Goldman (2005) noted that:

> *World Bank's most important clients are not residents of Washington, even if their lobbyists might work there. They are multinational firms located around the world and depend on the Bank to mobilise resources for, and generate laws to promote, capital accumulation in the 'undervalued' South.*

Thus, in meeting the demand of its multinational firm clients, the condition given by the IFIs to re-schedule the Nigerian debt was for the Nigerian government to consider adopting the IMF-dictated SAPs, which creates conditions conducive to transnational capitalism. In this context, Obi (1997) noted that 'SAPs had fed political instability because of the way they removed protections for the poor and widened income distribution'.

However, as the external pressure from the IFIs became combined with internal pressure from the local neo-capitalist elite and government functionaries, who were pursuing the accumulation of their private capital, without any referendum, the Nigerian government adopted the Western neo-liberal economic policy of privatising the presumed non-performing SOEs in Nigeria. Petras,. (1981) noted that:

> *The strength of the imperial system in large part rests on the influence and control exercised by the collaborative classes and strata within imperialist society.*

Thus, with the support of the local neo-capitalist elite, the IFIs adopted a position of power to dictate to the Nigerian government how the Nigerian economy should be managed (see BBC News, 22 May 2001). This was by opening up the fragile Nigerian economy to global market forces with limited intervention by the Nigerian government in the management of its own economy through the privatisation of the presumed non-performing SOEs. In the above context, Obadina (1998) noted that:

> *Privatisation has been one of the most controversial aspects of economic liberalization that Nigeria's military rulers have wrestled with since embarking on free-market reforms in 1986. From internal and external sides, the government has been under immense pressure from local private sector groups and foreign creditor institutions to offload inefficient, under-funded and corruption-ridden state enterprises.*

As a result of combined external and internal pressures, the Privatisation and Commercialization Decree of 1988 was passed. A Technical Committee on Privatisation and Commercialisation (TCPC), under the chairmanship of Dr. Hamza Zayyad, with a mandate to privatise 111 public enterprises and commercialise 34 others was also constituted. In 1993, the TCPC concluded its assignment and submitted a final report, having privatised 88 out of the 111 enterprises listed in the decree. Based on the recommendations of the TCPC, the Federal Military Government promulgated the Bureau for Public Enterprises (BPE) Act of 1993 which repealed the 1988 Act and set up the Bureau for Public Enterprises to implement the privatisation programme.

In order to push Nigeria to privatise as much and as fast as it could, Western controlled institutions granted huge loans to foreign investors to invest in the privatised SOEs in Nigeria (*Guardian*, 22 February 2007). For example, in 2006 the private sector arm of the World Bank Group, the International Finance Corporation (IFC), committed US$266 million to 10 projects in Nigeria (BPE, 2007). This brought the committed portfolio for its own account to US$544 million, an increase of almost 30 per cent on the US$419 million of the previous year (BPE, 2007). Since its first investment in Nigeria in 1964, and as of 30 June 2006, the IFC has been committed to financing up to 62 projects amounting to US$985 million (BPE, 2007). These investments include US$872 million for the IFC’s own account and US$133 million for the accounts of banks participating in loan syndications. In its largest sub-Saharan African privatisation investment to-date, the IFC has pledged US$155 million to Indorama International Finance Plc to purchase a 75 per cent equity in Nigeria’s Eleme Petrochemical Company Limited (*Guardian*, 22 February 2007). Perkins (2004) has stated that:

> *The World Bank loan experts were doing countries a ‘favour’ by helping them to incur debts they would never be able to pay off and in that course, will remain perpetually indebted to and dependent on the developed capitalist world and their controlled institutions for their survival in the global capitalist economic system.*

At the beginning of the democratic era in 1999, the World Bank and the IMF pushed the new democratic Nigerian government to privatise as much and as fast as it could. As a result, the new civilian government enacted the Public Enterprises Privatisation and Commercialization (PEPC) Act 1999. This Act created the National Council on Privatisation (NCP) under the chairmanship of the Vice-President, with a mandate to privatise many more national assets. However, many Nigerians are of the opinion that there is nothing in Nigeria's national interest that compels the wholesale liquidation of the country's national assets through privatisation (see Aluko, 2008; Okogie, 2008; Madunagu, 2007; Ogunde, 2002). For example, a renowned economist who has advised many past Nigerian governments on economic matters, Aluko (2008), observed:

> *But after a while, Obasanjo started listening to the IMF and World Bank, the twin institutions that we kept at a distance during the previous governments. He started talking of downsizing, privatisation and free market in an economy prevailing in Nigeria then.* ***No matter how hard you work, if you follow the economic policies of IMF and World Bank, the country is going to get poorer and there would be greater crime and you will not achieve the desired goals. He set up a 12 man economic team, made up of British and Americans with only four Nigerians who were paradoxically tilted towards IMF and World Bank****.* (Emphasis added.)

Thus, Okogie (2007) noted:

> *The choice of privatisation, together with neo-liberalism whose constituent element it is, is that of Nigeria's ruling blocs, the 'international community' and the multinational corporations that control the global capitalist economy.* ***From a myriad of options available for solving Nigeria's economic problems the coalition of forces listed in the preceding sentence agreed on privatisation because it corresponds to their interests. And who caused the problems in the first place? The same coalition of forces****. (Emphasis added.)*

Through huge loans obtained from the World Bank between 1999 and 2007 Obasanjo's administration claimed to have spent US$16 billion to provide a reliable electricity supply which had been working only fitfully since independence and which had therefore been inhibiting economic progress. However, the entire sum has been used for corrupt purposes. As a consequence, the entire country still remains in darkness, with no sign of any power project having been executed anywhere in the country as at December 2009, while Obasanjo left power in May 2007 (*House of Representatives Committee on Power and Energy Report*, 2008). Without any evidence of prosecutions being brought against the indicted officials in the case of the looted US$16billion World Bank loan, the International Development Association has again granted a loan (of US$300million) to the Nigerian government for the purpose of financing the electricity transmission and distribution infrastructure of Nigeria's power sector (*Federal Executive Meeting Report*, 2009). Similar corruption exists. in the case of the railways in respect of which between 1995 and 1999, through a World Bank loan, a huge contract of US$500 million was claimed to have been awarded to a Chinese firm, China Civil Engineering Construction Corporation, to up-date the existing railway system. However, the entire sum has been frittered away in corrupt activities without any appreciable result to date (*Punch*, 15 April 2009). Without any investigations into the first contract, between 1999 and 2007 Obasanjo obtained another loan from the World Bank to re-award the contract to the same Chinese company for US$8.8 billion. However, it was discovered that the new contract had been inflated by the huge sum of US$5 billion (Arizona-Ogwu, 2008), while as at 2009 the Nigerian Railway has gone from there being a series of failures to a complete collapse. However, no investigations have been conducted into this second scandal (Arizona-Ogwu, 2008).

Between 1999 and 2003, through another huge loan from the World Bank, Obasanjo claimed to have spent N300 billion (US$2,142,857,143) on road maintenance (*Daily Independent* Online, 12 May 2004). However, almost all the Federal roads remain death traps as at 2009. According to the *Senate Report on the Transportation Sector* (2009), despite the fact that seven former Ministers and other public officials in the transportation sector were indicted, none of them has yet faced prosecution in Nigeria.

What is more worrisome is that the international lending agencies, in particular the World Bank and the IMF, are fully aware of the fact that the loans obtained for these purposes by successive Nigerian governments are not being utilised for the very purpose for which they were granted. As the President of the World Bank, Wolfowitz, (2006) noted:

> *About 75 per cent of Nigerians now live on less than one dollar per day, yet over the past 40 years about US$300 billion of oil wealth has disappeared from the country.*

However, despite the evidence available to the World Bank, it still to this day continues to grant more loans to successive corrupt Nigerian governments (Adam, 1991). Corruption virtually characterised the management of every state-owned enterprise (SOE) being put up for auction by the government of Nigeria (see African Forum and Network on Debt and Development, 2007) . The government obtains huge loans from international financial institutions with the main objective of maintaining the SOEs, but, with corruption, it under-funds them, runs them down, and claims that no alternatives exist other than privatisation. The same view is always supported by the local neo-capitalists and the Western neo-liberalists because it serves their own capitalistic best interests (Ogunde, 2002; Okogie, 2007).

However, with internal and transnational capitalist interests at play, international good practice in economic policy reform, such as privatisation, requires that their adoption should be preceded by wide consultation involving strategic groups within the country concerned (Brittan, 1984). These include, among others, the legislature, the leading political parties, trade unions, private sector and professional groups, as well as some input from academia and the media (World Bank, 2004). Furthermore, what constitutes an acceptable degree of involvement of foreign investors in privatised enterprises and questions relating to what constitutes ’family silver’ and ‘national security’ should be topics of societal debate (Rentoul, 1987). This means that those state properties and enterprises that some would like the state to keep permanently, as being in the best interests of the public, may also constitute other factors worthy of public consideration for an acceptable privatisation of SOEs in Nigeria. Above all, the degree of accountability and transparency, particularly on the part of the organisations and public officials institutionally appointed to oversee the privatisation process, should determine the acceptability, or otherwise, of the process to Nigerian society and, indeed, to the international community (Whitfield, 1983). However, all the above factors have become controversial in the privatisation process in Nigeria. This is because, while these factors might negate the capital accumulation ambitions of the Nigerian elite, they might also be at variance with the aspiration to continue to reproduce the capitalist relations at home ambition of the international financial institutions (IFIs), the evidence for which is examined next.

4.0 IFIs: Reproducing Capitalist Relations at Home

McGrew (2000) has argued that structural adjustment programmes (SAPs) are a neo-liberal development strategy devised by international financial institutions (IFIs) to incorporate national economies into the global capitalist camp. He has further observed that:

> *The vision of a 'global market civilization' has been reinforced by the policies of the major institutions of global economic government namely up to the mid 1990s. Underlying their SAPs has been a neo-liberal development strategy – referred to as the Washington consensus. This consensus prioritises the opening up of national economies to global market forces and the requirement for limited government intervention in the management of the economy.*

In order for neo-liberalism to be accepted as an ideal and inevitable economic policy by both developed and developing countries, the proponents of neo-liberalism need some justifications for its legitimacy (Brune and Barlet, 2002). One proposition that has always been used to justify the neo-liberal development strategy, such as privatisation, and which has been used to counter the argument for equity is that private sectors are more efficiently managed (Inter-American Development Bank, 2002; Ramanadham, 1993; United Nations, 1999; World Bank, 2007). However, in the case of Nigeria, evidence from the Senior Staff Association of Statutory Corporations (SSASC) and government-owned companies in respect of the privatisation of the Nigerian Ports Authority (NPA) has shown the above proposition to be incorrect. According to SSASC:

> *The case of Roll-in Roll-out (RORO) Port when it was in private hands is still fresh in our minds as a glaring testimony of the anathema of privatization. The RORO terminal, which was for many years managed by a private company, claimed to have generated paltry monthly revenue of fifty four million naira (54,000,000.00) (US$450,000). Out of this amount, it claimed that about forty-eight million naira (N48,000,000.00) (US$400,000) (representing about 80 per cent of the total income) was used to pay salaries*

and other sundry expenses. This left a profit of six million naira (N6, 000,000.00) (US$50,000) about 50 per cent of which was paid to the NPA as profit. However, when the NPA took over operations, NPA recorded a staggering sum of sixty million naira as revenue (N60,000,000) (US$500,000). Out of this amount, only six million naira (N6,000,000) (US$50,000) was used for payment of salaries and other overhead cost leaving a total of fifty four million naira (N54, 000,000) (US$450,000) in the coffers of the government.

Drawing from the above NPA evidence, the SSASC concluded that 'anybody advocating for the privatisation or concessioning of the NPA, or any other SOEs in Nigeria, is a saboteur to the economic growth and development of Nigeria'. In the case of privatisation in Bangladesh, Uddin and Hopper (2003) have argued that:

The effect of privatisation in Bangladesh (as the case in some other developing countries) may have been a redistribution of power and wealth to the new owners in a new capitalist setting. Privatisation has not increased returns to society and that privatised companies' contributions to state revenue declined in real terms and as a proportion of value added. Internal controls may have become more commercialised, but at the cost of declining employment, wages, quality of working life, and employee rights.

Indeed, so widespread were the negative consequences of SAPs, particularly in developing countries, that even the World Bank, by the late 1990s, had come to accept that SAPs had to do a better job of sheltering the poor or assisting their transition to a new economy, as SAPs, whether or not they were economically viable, were proving to be politically unsustainable (see Rapley, 1996).

In fact, different speeches from the IFIs (the World Bank and the IMF) at various intervals suggest that Nigeria did not meet the international criteria for privatisation which were being jointly forced on the economy by the local elite; the World Bank and the IMF (*Punch*, 23 August 2007). However, the available evidence seems to suggest that it was the Western creditors of Nigeria and the MNC clients of the IFIs, in collaboration with the Nigerian neo-colonial capitalist elite, that were pushing for the privatisation of the SOEs in Nigeria (Mahmoud, 2006). As Ogunde (2002) observed:

> *It needs to be mentioned that the regime in Nigeria is merely carrying out the policy of privatisation under the dictation of the IMF. The IMF is the imperialist agency that fronts for the numerous foreign creditors of the Nigerian Government viz., the Paris Club, the London Club, among others. The agenda of the IMF is to push the Nigerian government to drastically reduce spending on the so-called 'unprofitable' social services, so that more money can be made available for the servicing of the US$30 billion foreign debts – and also to be better placed for the procurement of more loans.*

This would enable the Nigerian economy to be fully integrated into the global capitalist camp, which is paradoxically currently experiencing reversal policies in the countries of the two main proponents of neo-liberal economic policy, namely the UK and the USA (Livingstone, 2009). Sikka (2008) observes that:

> *Disabling and restructuring the state to serve the narrow interests of economic elites has long been the preoccupation of neo-conservatives. Former American President, Ronald Regan, proclaimed that the goal is to get government out of business, even though major corporations routinely lapped up huge public subsidies, tax breaks and government contracts for space, defence, education, healthcare and other industries.* ***A reality check has now been provided by the United States government's nationalisation of Fannie Mae and Freddie Mac, the two biggest players in the secondary mortgage market****.* (Emphasis added.)

Commenting on the re-nationalisation of Fannie Mae and Freddie Mac, Wolf (2008) observes that:

> *The unwillingness of the neo-liberal economic policy-preaching US government to recognise that socialised risk demands public control has created not just a scandal, but a gigantic mess. The US public has ended up with an open-ended guarantee of the liabilities created by supposedly private entities. It is a bad place to be.*

In its campaign for a neo-liberal economic policy of privatisation of SOEs globally, the World Bank (2003) has stated that privatisation is likely to be successful if the following conditions prevail in a particular country:

> *Most privatisation success stories come from high income and middle-income countries. Privatisation is easier to launch and more likely to produce positive results when the company operates in a competitive market and when the country has a market-friendly policy environment and a good capacity to regulate.* ***The poorer the country, the longer the odds against privatisation producing its anticipated benefits and the more difficult the process of preparing the terrain for sale****. (Emphasis added.)*

However, the decision of Western creditors and their controlled institutions (the World Bank and the IMF) to force privatisation on the poverty-ridden, weak regulatory regime and corrupt socio-political environment of Nigeria seems to contradict the above conditions needed for successful privatisation. The decision to force privatisation on Nigeria also contradicts the Article of Agreement for Lending of the World Bank, and also the subsequent observations and reports of the World Bank and the IMF on the Nigerian economy. For example, the World Bank Article of Agreement[7] enjoins it to:

> *Set some regulations that guarantee that each loan fund is solely used to achieve the objective in accordance with the objectives of the loan itself, by giving considerations over economic and efficiency issues and ignoring political or other non-economic influences or considerations.*

Yet, either by design or default, the World Bank seems to have ignored this article and has awarded some failed loans to successive corrupt regimes in Nigeria (*African Forum and Network on Debt and Development Report*, 2007). Thus, the World Bank cannot excuse some of its non-performing loans to Nigeria from being categorised as illegitimate. This is on the ground that it provided them to incompetent and corrupt regimes and for studies and supervision projects which lacked feasibility (Adam, 1991). For example, the *World Bank Report* (2007) noted that rent-seeking and corruption were undermining the development of Nigeria. The report concluded that Nigeria would not be able to reduce poverty if its Gross Domestic Product (GDP) continued to grow at the paltry rate of 6 per cent per annum. The *UN Report* (2003) also noted that more than 70 per cent of Nigerians still live below the poverty line, as defined by the United Nations. The *United States Agency for International Development (USAID) Report* (2009) reveals that more than 92 per cent of Nigerians live in poverty. Even the Head of Delegation of the European Commission to Nigeria,

---

[7] World Bank Article of Agreement , Article 111, clause 5, paragraph c.

Leonidas Tezapsidis, said that ‘Nigeria is ranked the third country with the highest number of poor people in the world’ (Tezapsidis, 2006). After eight years of democratic rule, in which Nigeria has made almost US$300 billion from the sale of petroleum, the World Bank still retains the oil rich Nigerian economy in the fragile state category (*World Bank Report*, 2007a). Again, at the 2006 Annual Meeting of the Breton Woods Institutions in Singapore, the World Bank group’s Director-General, Viond Thomas, said that ‘Nigeria still remains a fragile nation that risks collapse’ (*Breton Wood Report*, 14 September 2007). In fact, the September 2007 report by the World Bank and its private sector arm, the IFC, indicated that Nigeria had again failed to meet the criteria used in determining where investors put their money. The report concluded that this was in spite of reforms in the economy in the past three years (*World Bank Report*, 2007b).

The above World Bank, UN, US and EU observations, which represent the reality of the Nigerian economic situation as noted in the various reports above, suggest that the Nigerian economy may not have the socio-political and institutional capacity for a successful privatisation. Yet the World Bank and the IMF, probably acting under pressure from their MNC clients, have ignored the above indicators and have collaborated with the local elite (who have been keen to accumulate and protect their own private capital) to force privatisation onto the poor Nigerian economy. The evidence of the contradiction between the transnational capitalism ambitions of the IFIs and the local capitalism aspirations of the Nigerian elite is examined next.

5.0 Transnational Capital Challenged by Local Capital

In order for Western neo-liberal economic policy to achieve its main objective of capital accumulation for transnational and local capitalists, two inter-dependent conditions must be satisfied. One is that the transnational capitalist elite must rely on the Nigerian capitalist elite to continue to reproduce capitalist relations at home through their investment (Robertson, 1995). The other is that the legitimacy of the transnational capitalists is necessary for the private capital accumulation of the local capitalists to be achieved locally (Hobbs and Dunnigham (1998). Panitch (1996) observes that:

> *Transnational capital's interpenetration with domestic bourgeoisies may have rendered the notion of a national bourgeoisie increasingly arcane. But even an internal bourgeoisie "implicated by multiple ties of dependence in the international division of labour and in the international concentration of capital" still maintained its own economic foundation and base of capital accumulation at home (pp. 88-89).*

In the face of the transnational and local capital accumulation contradictions, the Nigerian Constitution 1999 not only provides that the state must operate in a way to prevent the concentration of wealth or the means of production and exchange in the hands of individual or groups, but it also provides that the state must also operate and manage the major sectors of the economy (Nigerian Constitution 1999, section 16). In addition, the Federal Executive Council's (FEC's) legislation, the provisions of the National Council on Privatisation (NCP) and the Bureau of Public Enterprise (BPE) on privatisation all preclude public officials from performing acts that confer on them personal benefits from the privatisation process. However, the evidence suggests that the entire privatisation exercise was carried out in violation not only of the Nigerian Constitution, but also of the FEC legislation and of the provisions of the NCP and the BPE respectively (see *House of Representatives Committee on Privatisation and Commercialisation Report*, 2009). The problems which have arisen as a result of the privatisation exercise suggest that privatisation may not, after all, create wealth and generate employment for Nigerians as had been promised (see *House of Representatives Committee on Privatisation and Commercialisation Report*, 2009).

This is because, as the transnational capital became challenged by the local capital, the privatisation process became characterised by conflicts of interest and abuses of office in the hands of government functionaries and the local elite, thereby making the whole process the subject of criticism by Nigerians and the IFIs. The empirical evidence for this is examined next on a case-by-case basis.

5.1 Nigerian Telecommunication Limited (NITEL)

Nigerian Telecommunication Limited (NITEL), a once thriving national operator with 553,471 functional lines and an income of N53.41 billion (US$452 million), gradually assumed the notorious tag of a badly run, non-profitable organisation seething with corruption, administrative inefficiency and technical deficiency. NITEL's number of fixed lines fell dramatically from more than 500,000 lines in 2002 to about 100,000 by September 2005 (*BPE Report*, 2009). Subscribers to its mobile phone subsidiary, Mtel, also fell from 1.3 million in 2002 to a few thousand in September 2005. The pre-tax income of NITEL declined from N15billion (US$127 million) in 2002 to N1.5 billion (US$10.7 million) in September 2005 (*BPE Statistics*, 2009). The total revenue dropped from N40.9 billion (US$346.2 million) in 2002 to N22.8 billion (US$193 million) in 2005. Its liabilities rose to N130 billion (US$1.1 billion) (as of October 2005) from N73.8 billion (US$624 million) in 2002 (*BPE Statistics*, 2009). The financial decline of NITEL, which was the result of mismanagement and corruption on the part of the Nigerian government and the Nigerian elite, again became a justification by the government, the elite and the international financial institutions (the World Bank and the IMF) for the privatisation of NITEL.

It is generally believed that, when privatisation is embarked upon to salvage an ailing company, particularly one in a poor developing country, that it is only a multinational company that can procure the huge capital base to purchase such a company. In the privatisation of ailing NITEL in Nigeria the capital power-base of the multinationals became challenged by the person who championed the course of privatisation in Nigeria, former President Obasanjo, by resorting to a patrimonial system in a democratic system of governance. This was done by withdrawing N200 million (US$1.3 million) from the public treasury to buy N200 million (US$1.3 million) shares in Transcorp on behalf of Obasanjo Holdings Limited, President Obasanjo's private company, without the withdrawal being approved through the relevant constitutional process (*Report of the Senate Committee on the Petroleum Trust Development Fund*, 2007). Heidenheimer (1970) observed that:

> *Under a patrimonial system, a ruler could legitimately engage in a self or family-centred distribution of the national income and assets to the detriment of the whole nation, but whether or not he tried to do so, no one could seek to challenge his decision-making as illegitimate or corrupt. For the patrimonial ruler knew no distinction between his authority over his household and that over the rest of his realm. He wielded his power at his own discretion, unencumbered by rules, insofar as he was not limited by tradition or by competing powers.*

Transcorp was a company in which Obasanjo had a vested interest. It was floated in 2005 with stakes in energy, telecommunications and hospitality. However, on investigation, the Senate Committee on Privatisation described this act as unconstitutional, and as a conflict of interest and an abuse of office by the former President (*Report of the Senate Committee on Privatisation*, 2007).

Since its operation in 2005, Transcorp, through the influence of Obasanjo, has acquired four oil production blocks and has taken over the government's interest in the prestigious Abuja Hilton Hotel, all at give-away prices, and under the pretext of privatisation (*Report of the Senate Committee on Privatisation*, 2007). Ojakaminor (2007) observed that:

> *What has become clear to Nigerians is that Transcorp serves as the opposite arm of the Bureau for Public Enterprises, BPE. Thus, while the BPE acts as the sole seller of government enterprises, Transcorp is positioned as the sole buyer. Both enterprises have already concluded deals with respect to the Hilton Hotel, Le Meridien, NITEL, oil companies and will no doubt conclude several others on offer now and in the future.*

In 2006, Transcorp bought Nigerian International Telecommunications (NITEL) for US$750 million, representing a fraction of its real worth (*Report of the Senate Committee on Privatisation,* 2007). However, it was alleged that Investment International London Limited (IILL) had, in 2001, offered to buy more than half of NITEL's equity for US$1.25 billion (see *Vanguard*, 25 July 2006). The likely political, economic or national security reasons why the Bureau of Public Enterprises (BPE) would prefer US$750 million to the US$1.25 billion offered earlier remains to be explained to Nigerians. When a Lagos lawyer, Gani Fawahenmi, accused Obasanjo of abusing his office and acting in gross violation of the Nigerian Constitution, and of the FEC legislation and the NCP and BPE provisions, the representatives of Obasanjo Holdings insisted that there was no conflict of interest. The reason given was that the President's Transcorp shares were held on a blind trust (see Da Costa, 2006).

Although the Nigerian government, the World Bank and the IMF had argued that NITEL could only be rescued by being privatised, after privatisation NITEL has again assumed the notorious tag of being a badly run, non-profitable organisation which is seething with corruption, administrative inefficiency, and which has failed to generate wealth and employment (see *EFCC Report*, 2009). For example, the EFCC has arrested three senior managers of the privatized Transcorp on the allegation of using different companies owned by friends and cronies, mostly based in the USA, as fronts to siphon the company's monies (estimated at N15 billion (US$127 million) by inflating and duplicating sums for consultancy projects and contracts (*EFCC Report*, 2009). The non-transparent sale of NITEL to Transcorp in 2006 and the corruption and gross mismanagement of the affairs of NITEL after privatisation led the Nigerian government to make a decision to revoke the sale of NITEL to Transcorp and to re-sell it to another core investor. However, many Nigerians are in favour of re-nationalising NITEL as against re-selling it to private individuals or their foreign collaborators who are suspected of having illegitimately acquired their wealth. (see Okogie, 2007; Ogunde, 2002; *Sunday Independent*, October 10, 2009). Stiglitz (2008) observed that:

> *For markets to work well there must be confidence in the legitimacy of property. If there is a widespread belief that those with wealth have obtained their wealth illegitimately, then there will be pressures for re-nationalisation or recapturing in some other way wealth that is viewed as having been stolen from society.*

However, instead of the public's favoured re-nationalisation option, at a meeting in December, 2007, the new government of Umaru Yar'Adua made clear to Transcorp its intention to find another investor to salvage the telecommunication company in order to redress the company's worsening financial position. The government position, according to the Information and Communication Minister, Odey (2008), was that:

> *The sale was reversed because of Transcorp's failure to achieve the objectives of the privatisation guidelines. The dwindling fortunes of NITEL and Mtel, since acquired by Transcorp, made the government's new position on the sale tenable. Additionally, the government, in considering this position, has directed that investigation be carried out in the management contract of NITEL/Mtel by Pentascop.* (See *Sunday Tribune,* February 17, 2008.*)*

As plans are ongoing for the re-sale of NITEL to a new core investor, the consortium of banks, which had lent Transcorp about $500 million, met with the Vice-President Good Luck Jonathan, and the Bureau of Public Enterprises (BPE) to lay claim to the ownership of NITEL and its mobile subsidiary. This was as a result of the alleged inability of Transcorp to fulfil the loan obligation and its failure to manage the company after privatisation (see *Punch*, August 15, 2008).

While the government has promised the Nigerian people that NITEL will only be re-sold to a new credible buyer by means of a competitive bidding process, even though the public is in favour of re-nationalisation, there is again a move by the BPE to sell NITEL at a give-away price to a former military head of state who is suspected by most Nigerians of having acquired his wealth illegitimately (see *Sunday Independent*, October 10, 2009). The former head of state is said to be bent on acquiring NITEL for less than US$500 million, despite it being valued at between US$1.3 and $2 billion by different investment evaluation companies (see *Saturday Independent*, October 10, 2009). Roland (2008) observed that:

> *The privatisation process has been marked by enormous abuses: in many countries a few individuals managed to grab hold of previously state-owned resources for a pittance and become millionaires or billionaires.*

However, the Nigerian people, and also the international community, are waiting to see whether the corruption embedded in the socio-political and economic environment of Nigeria will again influence the BPE to sell NITEL to a powerful individual (local or foreign) at a price below its real valuation and against the public interest.

5.2 Nigeria Airways Limited (NAL)

The sale of Nigeria Airways, popularly dubbed as 'Nigeria Air Waste' (because of its abysmal maintenance record and its swelling bad debts which had seen its fleet of jetliners dwindle from 20 two decades ago to only one operable aircraft as at 2002) is another example of a privatisation disaster in Nigeria (BBC News, August 26, 2002). Between 1983 and 1999 a huge sum of US$400 million disappeared from the company (BBC News, August 26, 2002). The former Information Minister, Jerry Gana, noted that the airline was treated as a 'cash cow' by a succession of military governments in which several highly placed Nigerians were party to the theft.

With pressure from the World Bank, the democratic government, which assumed power in 1999, decided to sell off the airline to private investors. In this exercise, a 49 per cent stake was sold to a UK leasing company, Airwing, without going through the proper channels or without any consultation with the BPE (*Senate Committee on Aviation*, 2002). However, it was subsequently found that the Aviation Minister, Kema Chikwe, had agreed the deal only after receiving the approval of former President Obasanjo (*Senate Committee on Aviation*, 2002). As a consequence of the criticisms from the World Bank, the Chairman of Nigeria's Senate Committee on Aviation, Idris Ibrahim Kuta, called on the Ministry of Aviation to explain why it had sold 49 per cent of the airline to the leasing company, Airwing Aerospace, without going through due process (see *London Financial Times*, August 2002). Consequent upon another scandal arising in respect to the sale of Nigeria Airways to Airwing of UK, which had neither a solid capital base nor the required experience to merit taking over the national carrier, the sale was later aborted (BBC News, December 12, 2002). In May 2001, the World Bank's body advising on the process quit, on the basis that its advice was not being heeded, which resulted in the Nigerian government being forced to search for new investors. Johnson (1986) noted that:

> *In a society where corruption is already embedded into the fabric of socio-political, economic and cultural life of the entire society, every ambition to search for new ways of growth and development will continue to open new avenue for further corrupt activities.*

Thus, in 2004, some companies, including South African Airways, went through all the bidding process involving the BPE, in which South African Airways was claimed to have emerged as the winner of the bid (see *Punch*, 14 January 2009). However, at the last minute, when former President Obasanjo was to append his approval, the Virgin Group was brought in from nowhere to take over everything (see *Punch*, 14 January 2009). In an interview, a former Minister of Aviation, Felix Hayat, confessed that ‘the process of privatisation of Nigeria Airways was not transparent’ and that due process was not followed. However, the new Airways, re-named Virgin Nigeria, was established in 2004 from the ashes of the controversially liquidated Nigeria Airways. The Chairman of the Virgin Group, Sir Richard Branson, and Nigerian institutional investors controlled 49 per cent and 51 per cent of the shares respectively. The original intention was to name the privatised Airways ‘Nigeria Eagle’ so as to become the national carrier servicing international routes. At the beginning, this objective was at variance with the intention of the Virgin Group that bought Nigeria Airways without any competitive bidding. As Virgin already had a huge investment in Virgin Atlantic, an international airline, Sir Richard Branson seemed to devise a plan to create a strong domestic and regional carrier and not an international flag-carrier for Nigeria (Aligbe, 2009). According to Aligbe (2009) ‘the main purpose of Branson’s investment is to get what the Virgin Group could not get – the Cabotage right. It was created to feed Virgin Atlantic’.

As a consequence of the conflict of interest, administrative inefficiency, technical deficiency and other mismanagement, Virgin Nigeria has been making a zero profit since the beginning of its operation as a privatised entity. In the recent restructuring of Virgin Nigeria, about 200 workers were laid off from the airline, thereby increasing unemployment which privatisation had sought to reduce in Nigeria. As Sir Richard Branson may not be interested in rescuing the airline, which probably conflicts with his own business interests, the airline has finally announced to Nigerians, particularly its customers that it intends to suspend its long-haul flights. It was further revealed that Virgin Nigeria was returning its two long-haul aircraft to the firms that had leased them, which indicates that all may not be well with Virgin

Nigeria just less than five years after privatisation. In respect of privatisation of the SOEs in the UK and the USA, Wolf (2008) noted that:

> *As the neo-liberal privatisation-preaching USA and UK governments confront an unprecedented financial crisis with the privatised companies, such as Fannie Mae, Freddie Mac and Northern Rock, the re-nationalisation option became revisited.*

Following in the UK and the USA footsteps, re-nationalisation has again been suggested as a viable option to rescue the airline from total collapse. According to Mr. Chris Aligbe, the Chief Executive Officer of Belujane Konzault, an aviation consulting firm:

> *The government should consult the International Finance Corporation to carry out a due diligence on the airline, by conducting an investment audit into it with a view to determining the level of investment and the actual investors and the quantum of investments.* ***Furthermore, the government should pay off all the investors, acquire it, and invite a technical partner to rebuild or set up the airline.*** (Emphasis added.)

However, this suggestion might be problematic for the transnational capitalism-driven ambitions of the IFC and even the local capitalism-driven aspirations of the Nigerian elite. However, the Nigerian government eventually decided that Virgin Nigeria should be re-nationalised, a decision that was probably influenced by the fact that the air-line was non-profitable and had administrative and technical problems and had failed to generate wealth and employment. Thus, on 7 September 2009 the Nigerian government took the bold step of re-nationalising the airline, which was re-named Nigeria Eagle Airline.

5.3 Aluminium Smelter Company of Nigeria (ALSCON)

The privatisation of the Aluminium Smelter Company of Nigeria (ALSCON), based in Akwa Ibom State, involving two American companies (the BFI Group and the RUSAL Group), became the subject of litigation in the US and in the Nigerian courts. Hoogvelt and Tinker (1978) observed that:

> *After exhausting competition for capital accumulation at home, the colonialist, their capitalist and multinational corporations turn their former colonies and other developing economies into a battle ground for the main purpose of reproducing capitalist relations at home.*

It was alleged that the US-based BFI Group won the public bidding conducted in 2004 by the Bureau of Public Enterprises (BPE) and was legally declared the 'preferred bidder' for the total sum of US$410 million. The BFI group deposited US$1 million in the Nigerian Federal government's coffers (see *Guardian*, 26 December 2006). It was further alleged that, after sealing the bidding, in February 2006 both the BPE and ALSCON had again agreed to a share purchase agreement with another US-based company, RUSAL. This agreement was for RUSAL to pay US$250 million for ALSCON majority shares, which had already been agreed to be purchased at US$410 million. On receiving this information, the BFI Group filed a case against the purchase in the Nigerian Federal High Court in Abuja. In its submission to the court, the BPE claimed that the BFI Group had defaulted in its payment obligation after initially winning the bidding. However, Justice Stephen of the Federal High Court Abuja dismissed the submission by insisting that the BFI Group was the legal winner of the bid (Federal High Court, Abuja, Ruling, 2 March 2006). The BFI group also filed another lawsuit (for US$2.8 billion) against RUSAL/Dayson Holdings Ltd in the US District Court in New York, where RUSAL has a representative office. The suit warned the BPE against what the District Court believed to be an imminent hand-over of ASCON to RUSAL by BPE, despite pending national and international litigation over the bidding process. The US District Court warned that:

> *Anyone, be it international or domestic and by whatever name called, who chooses to interfere with the sale/purchase contract, business advantage, the use of unfair competitive means including corruption, fraudulent conspiracy to acquire by way of blind-trust, purchase, invest, finance or take-control of ALSCON is doing so at its own risk*

The question arises as to why the BPE should have preferred a bidder who had offered US$210 million rather than one who had already offered US$410 million for the same company and who had paid US$1 million by way of deposit into the government's coffers. The claim by the BPE that the BFI Group had defaulted in its payment obligation after initially winning the bid, which of course was immediately dismissed by the Nigeria Federal High Court in Abuja, was an inadequate reason for justifying the action of the BPE. Nigerians at home and abroad have been demanding a valid explanation from the Federal government, the NCP and BPE for this yet another controversial give-away of the collective wealth of Nigerian taxpayers to some friends and cronies of the ruling elite, and which has attracted internal and external attention and litigation.

5.4 Ajaokuta Steel Company of Nigeria (ASCON)

The Federal government of Nigeria claimed to have invested over US$6 billion in the Ajaokuta Steel Company before it was privatised (see *Vanguard*, 25 May 2007). However, the same company was sold to Global Infrastructure Holdings Limited (GIHL) owned by Indian businessman, Pramod Mittal, for the sum of US$525 million (Minister of State for Mines and Steel Development, 2008). As the Federal government claimed that this amount represented its 60 per cent share in the company, this meant that 100 per cent of government equity would have been sold for a paltry US$875 million, which is still far less than 25 per cent of the amount of investment already made in the company.

However, the Federal government has accused GIHL of mismanaging the affairs of Ajaokuta Steel Company (ASC) and another company sold to GIHL, the National Iron Ore Mining Company (NIOMCO), after privatisation. The continued deterioration in the affairs of both companies (ASC and NIOMCO) after privatisation resulted in the Federal Executive Council (FEC), at a meeting held on 2 April 2008, rescinding the concession agreements between the Federal government and GIHL. Instead of investing external funds on the completion of both projects, as was expected, GIHL was accused of embarking on massive borrowing from local banks, and pledging the assets of Ajaokuta Steel Company as collateral. GIHL was further accused of non-compliance and asset-stripping. As at the time of the Federal government's decision to rescind the concession agreements, the statutory obligation outstanding against GIHL was put at N350 million (US$2.4 million). Stiglitz (2008) observed that:

> *In a situation where investors believe that there is a significant risk of recapture (either through taxes or some other mechanism), incentives for investing will be attenuated, and incentives for asset stripping will be increased. But that in turn, will mean that society will not reap many of the benefits that advocates of privatisation promise; and as that happens, support for privatisation and the market will wane.*

Despite what seems to be the failure of the neo-liberal privatisation of ASC and NIOMCO, the Nigerian government still believe that further privatisation is still the way forward for ASC and NIOMCO. As a result, 14 months after the termination of the concession of the Aja-Okuta Steel Company to GIHL, the Federal government is again looking in the direction of the older brother of Pramod Mittal, Lakshmi Mittal, to salvage the steel complex (*This Day*, 20 June 2009). The Nigerian authority, represented by the Attorney General of the Federation and the Minister of Justice, Michael Aondoakaa, on 7 March 2009, met with officials of ArcelorMittal Limited. At the meeting both parties discussed the way forward for the Aja-Okuta steel plant which has failed to operate at optimal capacity since its construction by the Russians in the 1980s and its sale to GIHL under the privatisation exercise has also become a failure.

5.5 Niger Delta Steel Company (NDSC)

In a petition to the House of Representatives by BUA International Limited (a Nigerian company which had taken part in the privatisation of the Delta Steel Company) BUA appealed to the Nigerian House of Representatives Committee on Privatisation to reverse the sale on the grounds of justice, equity; fairness and due process (see *This Day*, 22 November 2007). The petitioner complained to the Nigerian House of Representative Committee on Privatisation that the BPE had in a letter dated 19 August 2004 conveyed approval of the then President Obasanjo to his company, on its emergence as the preferred bidder among three companies which had participated in the bid. The other two companies were Niger Benue Transport Company and Osaka Steel Limited of Japan. It was further complained that, after BUA had won the bid, that the company was mandated to pay the agreed price of US$25 million and bring the transaction to a close. On 3 August 2004 BUA was said to have issued a cheque receipt with No. 0118474 for N324 million (US$2.2 million), payable through the United Bank for Africa (UBA), to BPE as part payment for the acquisition. However, BPE finally sold Delta Steel Company to an Indian Company, Global Steel Holdings, which had not even participated in the bidding, and at a much lower price (see *This Day*, 22 November 2007). Despite the outcry from BUA International Limited and the Nigerian public, no investigation has yet been conducted into this case in Nigeria.

5.6 Port Harcourt Refinery (PHR)

Perhaps the most controversial of the privatisation exercises by the government of Nigeria was the outcry over the last minute privatisation of the oil refineries (see Okogie, 2007). At the tail end of its departure from office, the administration of former President Obasanjo hurriedly sold 51 per cent of the equity holding of the Port-Harcourt Refinery to Bluestar Oil Services Limited for US$ 561 million without any evidence of any competitive bidding (see *Vanguard*, 25 May 2007). The buyer was a consortium jointly owned by a group which included two Nigerian business elite, Alhaji Aliko Dangote and Femi Otedola's Zenon Oil. The Benue Cement Company was also sold to Aliko Dangote at what was alleged to be a give-away price. However, it was revealed that Alhaji Dangote had contributed to the 1999 political campaign fund of former President Obasanjo, which seems to suggest that some abuse of office, or at the very least a conflict of interest, might have occurred in the privatisation process.

The last minute privatisations, especially of the Port-Harcourt Refinery, have been criticised by eminent Nigerians and organised labour groups, who have alleged that the privatisation exercises lacked transparency and accountability (see the *Guardian*, July 25, 2007). For example, the Archbishop of Lagos, His Eminence Olubunmi Okogie, asked: 'How can you sell the Port-Harcourt Refinery, a whole refinery belonging to the whole nation at a give-away price as against a rough estimate of more than a billion Naira?' (see Okogie, 2007). However, despite public outrage about this case, and an allegation of conflict of interest by the Senate Committee on Privatisation and Related Matters, no person has yet been indicted to give account of what many Nigerians believe to be an abuse of office and a gross violation of the FEC, NCP, BPE and the Nigerian Constitution of 1999.

5.7 National Fertiliser Company of Nigeria (NAFCON)

Former Governor James Ibori of Delta State, who in the opinion of many Nigerians is believed to have acquired his wealth illegitimately, has been mentioned in connection with the less than open and non-transparent sale of the National Fertilizer Company of Nigeria (NAFCON). The controversial purchase, estimated to have cost about US$153 million, was believed to have been far less than the estimated market value of NAFCON at the time of the sale (see *Nigerian Tribune*, 27 August 2007). The purchase of NAFCON, which was believed to have been carried out through a bidding process that was tele-guided and predetermined to favour Ibori, is one of the privatisation sales conducted by the BPE which is now being investigated by the Senate Committee on Privatisation and Commercialisation and the Economic and Financial Crimes Commission (EFCC). Ibori has also been implicated in money laundering and other financial crimes in which the Nigerian and British Governments have claimed that Ibori was facing investigation by the courts in Nigeria and London (*EFCC Report*, 2009a). Da Costa (2006) observed that:

> *In the socio-political and economic environment of Nigeria, privatisation has been hijacked by powerful individual Nigerian elite who are suspected to have acquired their wealth illegitimately and have strong connection with the ruling elite and government functionaries and therefore strongly believe that they can always use their power, resources, influence and connection to achieve their desired goals, even if it means against the public interest.*

Thus, it has subsequently been revealed that while the investigations in London are continuing, Nigerian government and the EFCC may have tactically discontinued all investigations of money laundering and other financial corruption against Ibori, thereby suggesting Ibori's powerful connection with the ruling elite in Nigeria (see *Punch*, 11 April 2009)..

5.8 Egbin Power Station (EPS) and State Complexes in Lagos

The law that set up the then Nigerian Electricity Power Authority (NEPA), of which the biggest power station in Nigeria, Egbin Power Station, is a component, prohibits private ownership of the electricity company in Nigeria. In violation of this law, Egbin Power Station was sold to Korea Electric Power Corporation Energy Resources Limited (KEPCO) for what the Senate Committee on Privatisation and Other Matters (2008) described as a paltry US$280 million. This amount represented what the Nigerian government claimed was its 51 per cent equity holding in the company, but which the Senate Committee on Privatisation and Other Matters believed was far below the market-value at the time of the sale (see *Vanguard*, 25 May 2007).

However, due to post-privatisation mismanagement and corruption, Egbin Power Station has been shut down, which indicates that the privatisation exercise may not be yielding the desired result for the Nigerian people in terms of providing a steady electricity supply and stimulating economic growth and development as was promised. Rather, the shut-down has guaranteed more darkness in Nigeria and has consequently slowed down economic activity, as a regular power-supply holds the key to the growth and development of other sectors of the economy (see *The Punch*, 1 September 2007).

The National Arts Theatre, Tafawa Balewa Square, and the International Trade Fair Complex, all in Lagos, were sold for N5.84 billion (US$41,428,571), N9.56 billion (US$67,857,142) and N40 billion (US$285,714,285) respectively and were bought by Infrastructica, BHS International and Aulic Nig. Ltd. in that order (see *Vanguard*, 25 May 2007). However, it was alleged that the BPE provisions that all assets must be transparently valued before determining their final sales price to the highest bidder were not followed in the sale of these assets (see *Guardian*, 8 June

2007). As a result, the sales of those assets lacked transparency and accountability and the amounts realised from the sales were far below their market-values at the time of sale (*House of Representatives Committee on Privatisation and Commercialisation Report*, 2009; *Senate Committee on Privatisation and Other Matters Report*, 2008).

5.9 Sofitel and Abuja Sheraton Hotels

Sofitel Hotel, which was built in 1990 for US$130 million, had 90 per cent of its shares sold for only US$50 million (Director-General, BPE, 2008). Abuja Sheraton Hotel and Towers, built with a huge US$300 million loan obtained from a German bank in 1986, was also sold for a paltry US$34 million, representing a Federal government 51 per cent equity (Director-General, BPE, 2008).

The sale of these two hotels built with Nigerian taxpayers' money was conducted without proper evidence of any valid valuations being carried out before their sale, which was not only in breach of the privatisation provisions of the BPE but was also in breach of the Nigerian Constitution 1999 and was contrary to the best interests of the Nigerian people. In what he observed to be a lack of accountability and transparency in the sale of the two hotels and giving away of other public assets, Senator Obiorah, Chairman of the Senate Committee responsible for investigating privatisation and other related matters, noted that the BPE might have been under pressure by the Presidency when the process was being conducted. Senator Obiorah (2008) wondered that:

> *Why when bidders were not offering enough, the BPE did not suspend the sale and wait for such a time when the market was conducive for the sale and that means that if you had sold government's 100 equity in Sofitel Hotel and Abuja Sheraton Hotel, these sales would have fetched only US$56 million and US$67 million respectively.*

Igbuzor (2003) observed that:

> *The implementers of privatisation are in a hurry to sell off all SOEs even without adequate preparation and taking into cognisance labour, gender and equity issues. Both the political leadership and the implementers of privatisation are carrying on as if privatisation is the only solution to poorly performing SOEs, smuggling and effective distribution of goods and services. Due processes are not followed in many of the cases.*

As a consequence of the allegation of selling the public assets at give-away prices, many assets built with Nigerian taxpayers' money might have ended up in the private hands of the local elite and their foreign collaborators, with lack of accountability, transparency and black hole accounting in the proceeds from the sale of the public assets, the evidence for which I now turn.

6.0 Black Hole Accounting, Accountability and Transparency

In emphasising the statutory responsibility of accountants to create and foster trust in the Nigerian financial system, the Minister of Finance, Mansur Muhtar, noted that:

> *Accountants and auditors remain critical change drivers of reforms such as privatisation. Accountants and auditors should ensure the integrity of the internal control mechanisms that can guarantee the needed transparency and accountability in the public financial management. Thus, the vices of corruption, frauds, wastage and inefficiency can be checkmated by effective and committed accountants and auditors.*(*Daily Independent*, 29 October 2009.*)*

However, Mitchell *et al* (1998) observed that:

> *Accountants and auditors whom the governments of every country have entrusted with the responsibility of creating and fostering 'trust' in the financial system have found themselves in the contradictory position of protecting their private interests under the pretext of protecting the public interest.*

In order to create and foster trust in the privatisation financial system, the provisions contained in the privatisation legislation require that the proceeds of sale of all assets must be remitted to the Privatisation Proceed Account at the Central Bank of Nigeria (CBN). However, the evidence shows that there has been a failure on the part of the BPE and the CBN and also the Accountant-General of the Federation to provide full disclosure, of the total amount realised from the sale of the public assets (*Revenue Mobilisation and Fiscal Commission Committee Report*, 2008).

Furthermore, there has been a lack of transparency and accountability in the privatisation process and a gross mismanagement of the companies after privatisation (*Senate Committee on Privatisation and Commercialisation Report*, 2008). One of the BPE conditions for privatisation stipulates that before being sold any asset must be properly valued to determine its market value. However, most public assets were sold at much less than half of their real market value and without proper evidence of any credible valuation (*House of Representatives on Commercialisation and Privatisation Report*, 2008). In respect of the proceeds of sale, substantial sums were stolen, misused or directed to personal accounts by the public officials institutionally appointed to oversee the privatisation process (*Revenue Mobilisation and Fiscal Commission Committee Report*, 2008 (*RMFCC Report*). For example, in the 2009 budget, the Federal government had conservatively projected that Nigeria would realise N100 billion (US$65 million) from privatised state-owned enterprises. Despite the fact that almost all the national assets allocated for sale in 2009 were actually sold in that year, only N8 billion (US$5.2 million) was traceable to the BPE Privatisation Proceed Account at the CBN, leaving a huge gap of N92 billion (US$59.8 million) unaccounted for by the NCP, the BPE and even the Accountant-General of the Federation (*RMFCC Report*, 2008).

The BPE failed to remit a substantial part of the privatisation proceeds to the Federation account as was statutorily required (*RMFCC Report*, 2008). Facing questions from the House of Representatives Committee on Privatisation and Commercialisation, the Director-General of BPE, Mrs Irene Chigbue, maintained that the money could be found in the Privatisation Proceed Account with the CBN.

However, efforts to trace the money to the account at the CBN by the Revenue Mobilisation and Fiscal Commission Committee (RMFCC) have been unsuccessful. The CBN had referred the RMFCC to the Office of the Accountant-General of the Federation, but it was also unable to provide any clue as to the whereabouts of the huge sums of money obtained as a result of the privatisation process (*RMFCC Report*, 2008). Even with the intervention of the National Assembly, the whereabouts of almost US$60 million of the privatisation proceeds is yet to be ascertained in Nigeria.

Furthermore, the Nigerian government was expected to generate US$25-30 million a month by way of revenue from the concessioning of the nation's seaports (*House of Representatives Committee of Privatisation and Commercialisation Report*, 2008). However, an estimated US$700 million royalties paid by the concessionaires to the BPE between 2006 and 2008 could not be traced to the BPE Privatisation Proceed Account with the CBN (*RMFCC Report*, 2008). There is a lack of harmony, proper accounting, and accountability and transparency between the records of BPE and those of the Central Bank of Nigeria (CBN) and the Accountant-General of the Federation (*RMFCC Report*, 2008).

In addition to black hole accounting, the privatised companies have also been characterised by gross mismanagement on the part of investors, both local and foreign. For example, the House of Representatives Committee on Privatisation and Commercialisation (HRCPC), which carried out an investigation into the performance of the privatised companies in the different geo-political zones of Nigeria, reported that:

> *Most of the privatised companies have either remained moribund or were being poorly managed due to the poor capacity of those who bought the companies. Most of the companies had abandoned the Share Purchase Agreement they had with the Federal Government and had deviated from the original plan of action.* ***Most of the privatised companies are not creating wealth and generating employment opportunities for Nigerians as promised.*** (Emphasis added, *HRCPC Report*, 2009.)

One of the reasons why the privatised companies have failed to create wealth and generate employment for Nigerians is that the whole exercise was carried out without the necessary corporate reforms and institutional capacities (Ogunde, 2002). Shkolnikov (2002) observed that:

> *A privatisation process not supported by corporate governance reforms and institutional capacities usually ends up happening behind closed doors, among a 'few' close to the decision-makers and influenced by them.*

Obiorah (2008) states that the Nigerian privatisation exercise has been characterised by lack of proper accounting, accountability and transparency, by conflicts of interest, abuses of office, and by fraud and bribery on the part of those who are close to power and who may have had an influence in sales being made to cronies and friends both local and foreign.

Due to the non-performance of over 90 per cent of the privatised companies since 1999 and because of the conflicts of interest, abuses of office, lack of transparency and accountability reported by the Senate and House of Representatives Committees on the privatised companies, President Umaru Yaradua has ordered the revocation of 350 of the 400 companies sold since 1999. Nellis (2008) noted that:

> *When there is actual or suspected fraud or bribery in the granting of a concession or in a privatisation (suspected because the terms are so unfavourable to the country that it is hard to believe that they are simply a matter of incompetence), successor governments may be under political pressure to rectify the agreement. In some cases, they may have firm legal grounds; for instance the agreement may not have satisfied certain constitutional provisions.*

According to the Director of the Bureau for Public Enterprises (BPE), Anyanwu:

> *The biggest challenges facing the BPE at the moment is that out of over 400 governments owned companies privatised since 1999, less than 10 of them are performing well. The privatisation of most companies was carried out in a hurry and lacked effective regulation.* ***We are particularly worried that some of the privatised companies now owned by foreigners are defrauding Nigerians by repatriating their***

> ***earnings to their countries while failing to file returns to the Nigerian government***. (Emphasis added, *Daily Independent*, 27 September 2009.)

The non-performance of over 90 per cent of the privatised companies, the predatory enterprise culture of some of the new foreign owners and the massive revision of the privatised companies suggests that the Western institutions, which encouraged or forced privatisation on Nigeria, may have ended up re-allocating the collective assets of Nigerians into the hands of some members of the Nigerian elite and their MNC collaborators. However, in addition to causing unemployment and creating poverty for more than 92 per cent of Nigerians (*USAID Report*, 2009), both of which privatisation sought to address, privatisation in Nigeria also contradicts the imperatives of the Western economic powers and their controlled institutions, namely those of democracy, transparency, accountability and good governance. This is because privatisation in Nigeria contravenes section 16 of the Nigerian Constitution 1999, which prohibits the concentration of the collective wealth of Nigeria into the hands of a few.

7.0 Summary and Discussion

This paper has provided evidence which shows that the neo-liberal economic policy of the International Financial Institutions (IFIs) which, on account of the huge debt owed to IFIs, compelled the Nigerian government to embark on the privatisation of the state-owned enterprises (SOEs) is currently facing competition from the privatisation-drives of the Nigerian neo-capitalist elite. Neo-liberalism theory and the evidence provided in this paper suggests that in developing countries, such as Nigeria, neo-liberal reforms were often implemented under external pressures, in particular from Western capitalist governments and their controlled institutions (the World Bank and the IMF). As a result, the neo-liberal model can be seen as more global than national. The evidence provided in this paper therefore suggests that the polemical vision sometimes put forward, namely that neo-liberal policies were foisted on unwilling developing countries' governments that had no power to refuse them, is seldom held true (Hoogvelt, 2001). Rapley's (2004) observation that all the key players shared a common global vision, which often emerged from their membership, in what have been called international 'epistemic communities', is relevant to understanding the case of Nigeria, which has been analysed in this paper. As a result, the desire of the IFIs to continue to reproduce capitalist relations at home, and the Nigerian neo-capitalist elite to continue to accumulate their private capital, continues to put the Nigerian state and its economy in huge debt. Such external and internal capitalistic relationships continue to further push the Nigerian economy into the global capitalist camp.

Nigeria's huge debt to the IFIs has come about as a consequence of endemic corruption by the ruling elite, which was encouraged, and sometimes supported, by the IFIs (particularly the World Bank and the IMF) and the Nigerian neo-capitalist elite in the first place (Adams, 1991). There is a wealth of evidence to show that the huge amount of money lent to successive corrupt Nigerian governments by the IFIs was not always used for the purpose for which it was granted, which was against the rules of lending by the IFIs (see African Forum and Network on Debt and Development, 2007). However, instead of denying further loans to the Nigerian government, probably as a result of being under pressure for capital accumulation by their MNC clients, the IFIs chose to continue to grant more loans to successive corrupt Nigerian regimes (Adams, 1991).

As internal and external debts and interest continue to rise, the IFIs have called on the Nigerian government to meet its financial obligations by paying off its debts and interest. However, as the huge sum of money realised from the sale of petroleum is being looted and laundered into private bank accounts abroad[8], Nigeria has consistently been unable to meet its financial obligations to the IFIs. However, as corruption leaves little or nothing in the public treasury to service the interest, let alone to pay the principal, this suggests that the Nigerian government still needs the support of the IFIs to reschedule its debt in order to place Nigeria in a position to be able to borrow more money (Ogunde, 2002). As a result, the Nigerian government approached the IFIs to reschedule the Nigerian debt. While the IFIs, for their own capitalistic interests, are still prepared to lend more money to Nigeria, these institutions have imposed a condition on Nigeria which would enable the weak, vulnerable and poverty-ridden Nigerian economy to become fully integrated into the global capitalist camp. The condition that was imposed was that the IFIs would only continue to support Nigeria if it implemented Western-dictated neo-liberal economic policies, which included IMF-dictated Structural Adjustment Programmes (SAPs) and the privatisation of the presumed non-performing SOEs.

Privatisation would require huge sums of capital to be invested in the allocated companies for privatisation. The general assumption is that such huge sums of capital may only be procured by MNCs, many of whom are clients of the IFIs. As a result, the thinking within the Nigerian Government is that any privatisation option may automatically provide an opportunity for the MNC clients of the IFIs to dominate the Nigerian economy. But, as the MNCs were gearing up to invest in the Nigerian economy, the Nigerian neo-capitalists, who collaborated with the IFIs to propagate

[8] General Sanni Abacha instructed the Central Bank of Nigeria to transfer US$15 million to his Swiss Bank Account daily (see *Tax Justice*, 2007).

the gospel of privatisation of the presumed non-performing SOEs, were also preparing to challenge the capital-base of the MNCs by competing for the purchase of the privatised SOEs, such as NITEL and the Nigeria Airways.

As internal capital challenges external capital in the privatisation market place, conflicts of interest and abuses of office have ruled the privatisation process (see BBC News, 2002a). Thus, some of these companies, such as, Nigeria Telecommunication Limited, Nigeria Airways and Ajaokuta Steel Company, were sold off at give-away prices to the ruling elite, their friends and cronies (BBC News, 2002b). Furthermore, some MNCs also collaborated with some members of the Nigerian neo-capitalist elite to 'cut corners' in order to buy some of these companies at give-away prices, resulting in internal and external legal tussles and litigation.

The most questionable aspect of the privatisation process in Nigeria, however, has been the blatant violation of the Nigerian Constitution 1999 and other laws and regulations which govern the privatisation process. Section 16 of the Constitution forbids the concentration of Nigerian wealth into the hands of a few, which seems to contradict any privatisation policy in the first place. The law establishing the National Council on Privatisation (NCP) and the Bureau of Privatisation Enterprise (BPE) precludes public officials (namely the President, the Vice-President and Ministers) from acts that confer on them personal benefits from the privatisation process. However, the President, the Vice-President, and the Minister responsible for the privatisation process, and even the Director General of the BPE, and many other members of the ruling government have been implicated in conflicts of interest and abuses of office during the privatisation process (see Ojakaminor, 2007).

What seems to be worrisome for many Nigerians, and indeed the international community as a whole, is that the activities of the NCP and the BPE throughout the entire privatisation exercise have lacked proper accounting, accountability and transparency (see BBC, 2002a; BBC News, 2002b). For example, the NCP and the BPE did not produce any evidence of: how much was invested into some of the assets before privatisation; what were the market values of some of the assets before privatisation; who valued the assets for the purpose of privatisation; and what relationships existed between the valuers, members of the NCP, the BPE and the purchasers. Moreover, why were some of these privatisations hurriedly carried out at the last minute just before former President Obasanjo and his officials vacated office?

When the main champion of privatisation, former President Obasanjo, was himself accused of conflict of interest and abuse of office in relation to the privatisation exercise, he was unlikely to investigate or prosecute other implicated politicians and public officials (see Ojakaminor, 2007). Thus, privatisation in Nigeria has resulted in the collective assets of Nigeria being transferred to a few members of the political elite, their friends and cronies, including former President Obasanjo and former Vice-President Atiku. What is more worrisome, however, in respect of the privatisation exercise in Nigeria is that, despite evidence of abuses of office and conflicts of interest, particularly by former President Obasanjo, that the Western economic powers and their controlled institutions (the World Bank and the IMF) still continue to give financial support (see Barozo, 2005; London Metropolitan Police, 2007). Bakre (2008b) noted that:

> *Despite the evidence of the involvement of rulers of some developing countries in corruption, financial crimes, money laundering, support of terrorism, drug and arms trafficking and their gross abuse of human rights, some Western economic powers still shore up support for such erring rulers*[9]. *This is especially the case where these erring rulers are seen as the best 'protectors' of Western interests locally.*

[9] Despite glaring evidence of the looting of the Nigerian treasury and gross human rights abuses by former President Abacha between 1993 and 1998, the Commonwealth, led by Britain, could not impose a total sanction on Abacha's administration. Also, Halliburton, a US-based oil company led by former US Vice-President Dick Cheney, was busy exploiting Nigerian oil reserves

The immediate challenges facing both local companies and the MNCs, who were able to cut corners to purchase these companies, relate to the criticisms now being made by Nigerians, and even the NCP and the BPE, that some of the new owners have not been able to turn around these companies after privatisation (see *House of Representatives Committee on Privatisation and Commercialisation Report*, 2009). Another concern is that the privatised companies have failed to generate wealth and employment for Nigerians as was promised in the privatisation campaign promoted by both the IFIs and the Nigerian government (see *House of Representatives Committee on Privatisation and Commercialisation Report*, 2009). For example, the Senate panel set up to investigate the activities of Global Infrastructure Nigeria Limited, which bought Ajaokuta Steel Company Limited (ASCL) and the National Iron Ore Mining Company (NIOMCO), found that GIHL had embarked on massive borrowing from local banks, and that this loan now stands at US$192 million. The general impression is that GIHL has been diminishing the values of ASC and NIOMCO to buoy up its fortune. As a result of the problems which have occurred in the privatisation process, the current government, which came into power in May 2007, has ordered the revocation of 350 of the 400 SOEs which were privatised after 1999.

Among the tenets of neo-classical economic theory are beliefs that markets are efficient and clear, that individuals are rational utility-maximisers, and that the price-mechanisms offer the best means of distilling all the information available in an economy (Friedman, 1968). However, the belief that a stable macroeconomic environment characterised by low inflation, secure property rights, and restrained government will attract private investment and lead to growth is in question (see Abu

Shir, 1997). The generally held belief that political considerations typically interfere with economic logic, such that greater government involvement in the economy tends to lead to less growth, is under scrutiny (see Sikka, 2008b). The argument that a government should withdraw as much as possible from management of the economy and leave its operations to relatively unconstrained entrepreneurs, with market logic governing their activities, is also currently under re-examination (see Livingstone, 2009). All these beliefs have been challenged by the same proponents of neo-liberal economic policies in the case of the 2008 global financial crisis and the subsequent nationalisation of Northern Rock, Fannie Mae and Freddie Mac by the UK and US governments respectively (see Wolf, 2008). The policy of the UK and US governments further serve to give credence to the above theory that it might be the capitalistic interests of the Western economic powers and their controlled institutions that might have motivated the IFIs' forced privatisation in Nigeria, rather than any market imperatives as claimed.

References

Abu Shair, O., (1997) *Privatization and Development*, Palgrave Publisher Ltd.

Adams, P. (1991), *Loose Lending, Corruption and the Third World's Environmental* Legacy (London: Earth Scan, p.165.

Adujie, P., (2007) "Between Corruption and Terrorism", *Punch*, October 29.

African Forum and Network on Debt and Development, (2007), Nigeria: Foreign Debts, Stolen Wealth, IFIs and the West, A Case Study.

Africa Recovery, Volume 12 No. 3, December, p.4.

Aligbe, C. (2009), "Why Branson Cannot Rescue Virgin Nigeria", *Punch*, January 14.

Aluko, S. (2008), "1997 Phantom Coup, what Abacha told me about OBJ", *Daily Sun*, December 22.

Annan, K (2004), "Globalisation against Developing Nations", *Vanguard*, September 22.

Anyanwu, C (2009) "Presidency orders BPE to Revoke Sale of 350 Firms", *Daily Independent*, September 27.

Arizona-Ogwu, L C. (2008), Rail Modernization Project: Viewing the Collapse from the Lapses. http://www.nigeriansinamerica.com/articles/2441/1/Rail-Modernization-Project-View.

Avramovic, D., (1986), "Depression of Export Commodity Prices", *Third World Quarterly*, July.

Barclay, L A., (2005), "The Competitiveness of Trinidad and Tobago and Manufacturing Firms in an Increasingly Liberalised Trading Environment", *Journal of Eastern Caribbean Studies*, Volume 30, No. 2, pp. 41-74.

Bakre, O M. (2008a) "Financial Reporting as Technology that Supports and Sustains Imperial Expansion and Control in the Colonial and Post Colonial Globalisation: the Case of the Jamaican Economy", *Critical Perspectives on Accounting, Special Issue on Accounting for Global Warming*, pp. 431-486.

Bakre, O M (2008b) Globalisation, Elite and Profession Connections in Money Laundering and Trans-Organised Financial Crimes: Evidence from Nigeria. Paper Presented at the Critical Perspectives on Accounting Conference, New York, April 26-28.

Bakre, O M. 2006. “The Spoils of Oil: How Multinationals and their Professional Advisers Drain Nigeria of much Needed Resources”, *Tax Justice Focus*, third quarter, Volume 2, No. 3, pp.4-5.

Baran, P. (1967), the Political Economy of Growth (New York: Monthly Review Press.

Banfield, E.C. (1963), the Moral Basis of a Backward Society, New York: The Free.

Barozo, J M (2005) European Commission not aware of any bank account in any foreign country harbouring Obasanjo’s money, This Day October 18.

BBC News (2009) Railway Fares most Expensive in the UK more than anywhere in Europe, February 19.

BBC News (2002), Politicians Probe Nigeria Airways ‘Sale’, August 26.

BBC News (2002), Fresh Fraud Probe for Nigeria Airways, December 12.

Beckford, G. (1972), Persistent Poverty: Underdevelopment in Plantation Economies of the Third World, London: Oxford University Press.

Biersteker, T.J. (1981), Distortion or Development?: Contending Perspectives on the Multinational Corporation, Cambridge, Massachusetts: MIT Press.

Brett, E A., (1988) States, Market and Private Power: Problems and Possibilities, in Cook, P. and Kirkpatrick, C., (1988) Privatisation in less Developed Countries, Harvester Wheatsheaf.

Brittan, S (1984) The Politics and Economics of Privatisation, Political Quarterly, 55, 109-28.

Brune, N. and Barlett, G (2000) The Diffusion of Privatisation in the Developing World. Yale University, Mimeo.

Budhoo, D.L. (1972), trends and Perspective in Commonwealth Caribbean, St Augustine: Institute of International Relations.

Bureau of Public Enterprises (BPE) Report (2009) Federal Government’s Projections on Privatisation fail, This Day October 16

Common Dream News Centre (2007), Privatisation Hangs over Debt Relief, Tuesday, June 14.

Cook P. and Kirkpatrick, C., (1988) "Privatisation in less Developed Countries", Harvester Wheatsheaf.

Csaba, L., (1994) "Privatization, Liberalization and Destruction: Recreating the Market in Central and Eastern Europe", Dartmouth Publishing Company, England.

Da Costa, G., (2006) "Nigerian Leaders Linked to Privatisation Deals", Abuja, Oct. 26.

Duffield, M., (1994), "Complex Political Emergencies", An Explanatory Report for UNICEF (School of Public Policy, University of Birmingham.

EFCC Report (2009a) List of Governors Under Investigations for Money Laundering and Other Financial Corruption, EFCC Headquarters, Abuja.

EFCC Report (2009b), "We are Investigating Three Topflight Managers of Transcorp over an allegation of N15billion fraud at Transcorp", Daily Independent, May 17.

EFFC Report (2007) Ibori under Investigation, EFCC Headquarters, Abuja.

Egom, A., (2007), "What Sap Did to the Naira", This Day, October 22.

Estche, A. (2004), Argentina Privatisation: A Cure or a Disease, In Trends in Infrastructure Regulation and Financing: International Experience and Case Studies from Germany, ed. C. Hirschhausen, T. Beckers and K Mirusch, Northampton, M A Edward Elgar.

Ereije, S and Rivas L (2002) Privatisation, Inequality and Welfare: Evidence from Nicaragua, Unpublished paper presented at the Universidad de las Americas in Puebla, Mexico, May.

Freidman, M. (1968), "The Role of Monetary Policy" American Economic Review 58, pp1-7.

Freidman, M. (1967), "The Monetary Theory and Policy of Henry Simons", Journal of Law and Economics, Vol. 10, 1-13.

Fukuyama, F. (1992), The End of History and the last man, Free Press, New York.

Hayek, F A. (1960), "The Constitution of Liberty (London: Routledge and Kegan Paul.

Heidenheimer, A J. (1970), Political Corruption, Reading in Comparative Analysis, Holt, Rinehart and Winston, Inc. Washington.

House of Representatives Committee on Privatisation and Commercialisation Report, 2009, Nigerian National Assembly, Abuja.

House of Representatives Committee on Power and Energy Report (2008), Nigerian National Assembly, Abuja.

Hoogvelt, A. (2001; 1997), "Globalisation and the Post-Colonial World: The New Political Economy of Development", Palgrave.

Hoogvelt, M M. and Tinker, A., (1978), "The Role of Colonial and Post-Colonial States in Imperialism-a Case Study of the Sierra Leone Development Company", the Journal of Modern African Studies, 16, 1, pp. 67-79.

G7 Finance Ministers Report (2007) Meeting in London, June 11.

Gill, S. and Law, D., (1988), The Global Political Economy; Perspectives, Problems and Policies, Hertfordshire: Harvester Hemstead, pp. 291-301

Goldman. M., (2005), "Imperial Nature", the World Bank and Struggles for Social Justice in the Age of Globalisation, Yale University Press, New Haven and London.

Girvan, N., (1976), Corporate Imperialism: Conflict and Expropriation, New York: Monthly Review Press.

Government Statistics (2002) Privatisation of State-Owned Enterprises, BPE, Abuja.

Government Statistics (1996) Privatisation of State-Owned Enterprises, BPE, Abuja.

Ibezim, K., (2004) As Obasanjo Battles Corruption, This Day Online, November 16.

Igbuzor, O., (2003) Privatisation in Nigeria: Critical issues of concern to civil society, paper presented at a power mapping roundtable discussion on the privatisation programme in Nigeria organised by socio-economic rights initiative held at Niger links Hotel, Abuja, September 3.

London Metropolitan Police (2007), Obasanjo did not own any Foreign Account, This Day February 15.

Luders, R (1991) Massive Divestiture and Privatisation: Lessons from Chile, Contemporary Policy Issues 9:1-19.
Inter-American Development Bank (2002) The Privatisation Paradox, Latin American Economic Policies 18: 8.

Johnston, M., (1986), Systemic Origins of Fraud, Waste and Abuse in McKinney and Johnston (ed. 1986, pp. 13-29), Fraud, Waste and Abuse in Government, Causes, Consequence and Cures, ISHI Publications, Philadelphia.

Kalu, I. K., (2006), "Idika Kalu faults Devaluation of Naira", the Guardian, Tuesday, November 21.

Kaufmann, D and Siegelbaum, P. (1997) Privatisation and Corruption in Transition Economies, Journal of International Affairs 50(2): 419-464.

Kwamina, M., (1988) Privatisation and National Crisis, Pegasus Publishing.

Lall, S. (1981), Developing Countries in the International Economy: Selected Papers, London: Macmillan.

Livingstone, K (2009), Neo-liberalism has failed, now nationalise the banks, London Tribune, February 6, p.19.

MacAvoy, P W., Yarrow, G., Zeckhauser, R J., (1989) Privatization and State-Owned Enterprises, Lessons from the USA, Great Britain and Canada, Kluwer Academic Publishers.

Maccedo, R (2000) Privatisation and the Distribution of Assets and Income in Brazil, Carnegie Endowment for International Peace Working Paper 14. Washington, DC. Carnegie Endowment for International Peace.

Madunagu, E., (2007) Privatisation as a Class Choice, the Guardian, October 18.

Mahmoud, D., (2006) Privatization and Poverty Reduction in Nigeria, The Nigerian Economic Summit Group Ltd., Paper presented at a two-day meeting on pro-poor growth in Nigeria Overseas Development Institute, 111 Westminster Bridge Road, London.

Martlew, N (2009), Africa and Trade: The Ground Hypocrisy, Global Politics Magazine – Africa and Trade.http://www.global-politics.co.uk/Archive/Africa%20and%20Trade.htm

McMichael, P., (2004), "Development and Social Change: A Global Perspective, 3rd ed. Sociology for a New Century. Thousand Oaks, California: Pine Forge Press.

Mussa, M (2002) Argentina and the Fund: From Triumph to Tragedy. Policy Analysis in International Economics 67, Washington Institute of International Economics.

Naylor, R T., (1987), Hot Money and the Politics of Debt (Toronto: McClelland &Stewart).

Nellis, J and Birdsall, N (2005) Reality Check: The Distributional Impact of Privatisation in Developing Countries, Centre for Global Development, Washington.

Nellis, J (2008) Privatisation in Africa: What has Happened? What Is to Be Done? Working Paper 25, Washington: Centre for Global Development.

Obadina, T., (1998) The IMF is pleased, but critics worry about job losses and social inequalities, Africa Recovery, Volume 12 No. 3, December, p.4.

Obi, C.I. (1997), Structural Adjustment, Oil and Popular Struggles: The Deepening Crisis of State Legitimacy in Nigeria, Monograph Series No. 1/97 (Dakar: Codesria).

O'Connor, J. (1987), The Meaning of Crisis: A Theoretical Introduction, Oxford, Blackwell.

Ogunde, O., (2002) The rich profit from Obasanjo's privatisation plans as the workers get poorer, Editorial of the Nigerian Marxist Journal, the Workers' Alternative, September.

Ojakaminor E A (2007), Aso Rock and the Arrogance of Power: Sequel to Nigeria's Ghana-Must-Go Republic: Happenings, Ambassador Publications, Nigeria.

Olaleye, Y., (2002), "Nigerian Debt and Her Future", *ThisDay News*, 9th December.

Olowu, D., (1993), "Ethical Violation in Nigeria's Public Service: Pattern, Explanation and Remedies' in S. Rasheed and D. Olowu (eds), Ethics and Accountability in African Public Services. Nairobi: ICIPE Science Press.

Okebukola, P., (2006) Why NUC rejected $102m World Bank Grant, Daily Independent, July 24.

Okogie, O., (2007) Okogie tasks EFCC on illegal sales of Refineries, government quarters, Daily Sun, July 23.

Onyeka-Ben, V., (2006) Mixed feelings over privatisation at year's end, The Guardian, December 25.

Opara, A., (2008), How globalization has enhanced unethical practices in banks – Union boss, Daily Sun, July 24.

Oxfam (2008), Oxfam: Outline WTO Deal has major flaws for poor countries, July, 28.

Panitch L (1996) Rethinking the Role of the State in Mittelman J (eds) Globalisation: Critical Reflections, Lynne Rienner Publishers, Boulder, London.

Paredes, R (2003) Privatisation and Regulation Challenges in Jamaica, IADB Economic and Sector Study Series 4. Washington, DC: Inter-American Development Bank.

Peter M B (1964), Exchange and Power in Social Life. New York: Wiley, p. 258.

Perkins, J., (2004), "Confession of an Economic Hit Man", Berrett – Koehler Publishers Inc, San Francisco

Phillip, T. (2002), Nigeria Should Embrace IMF, *Daily Independent*, November 16.

Price Waterhouse (1990) Privatisation: The Facts. London, Price Waterhouse.

Price Waterhouse (1989) Privatisation: The Facts. London, Price Waterhouse.

Ramanadham, V V., (1989) Privatisation in Developing Countries, Routledge.

Ramanadham, V V., (1993) Privatization – A global perspective, Routledge.

Rapley, J. (2004), Globalisation and Inequality: Neo-liberalism's Downward Spiral Boulder: Lynne Rienner Publishers Inc.

Rapley, J. (1996), Understanding Development (Boulder: Lynne Rienner Publishers Inc., pp. 119-121)

Rena, R., (2005), Globalization still hurting poor nations, African Economic Analysis, 2005.

Rentoul, J. (1987) Privatisation: The Case Against, in J. Neuberger (ed), Privatisation: Fair Shares for All or Selling Family Silver? London, Papermac.

Revenue Mobilisation and Fiscal Commission Committee (RMFCC) Report, (2008) Privatisation Proceeds: The Big Questions, Daily Trust, December 28.

Riley, B. (1994), Funds Pour into New Growth Regions, The Economist, February 7.

Roland, G (2008), Privatisation in Africa: What has Happened? When is it be done (in Stiglitz J E 2008eds, Privatisation Successes and Failures, Columbia University Press.

Schumpeter, J., (1943) Capitalism, Socialism and Democracy, London: Unwin.

Senate Committee on Petroleum Trust Development Fund Report, 2007, Abuja.

Senate Committee on Privatisation and Other Matters Report, 2008, Abuja.

Senate Committee on Communication and Related Matters Report, 2007, Abuja.

Senate Committee on Aviation Report, 2002, Abuja.

Sikka, P (2008a), Privates on Parade, UK Guardian, June 10.

Sikka, P. (2008b), Neo-Conservative Policies Have Failed, Guardian, September 19.

Sikka, P. (2008c), Enterprise Culture and Accountancy Firms: New Masters of the Universe, Paper Presented at the University of Essex Seminar, February 15.

Sikka, P. (2003), The role of offshore financial centres in globalisation, Accounting Forum, Volume 27, No. 4, pp365-398.

Sklair, L., (1994) Capitalism and Development: Global Perspectives, London: Routledge.

Stiglitz, J E. (2008) Privatisation: Success and Failures, Columbia University Press.

Street, J H. and James, D. D., (1982), Institutionalism, Structuralism and Dependency, Journal of Economic Issues, xvi, 673-89.

Sunshine, C.A. (1996), The Caribbean: Survival, Struggle and Sovereignty. Washington D C; EPICA.

Taire, M., (2006) Speaking Out: Transcorp, NITEL and Neo-Colonialism, Vanguard, July 25.

Tax Justice Network (2006), Tax Justice Focus, Third Quarters, Volume 2, Number 3.

Thompson D (1988) Privatisation: Introducing Competition, Opportunities and Constraints, in V Ramanadham (ed.) Privatisation in the UK, London Routledge.

Third All-African People's Conference (1961), Official Declaration, Cairo, Egypt.

Tezapsidis, L. (2006), "Nigeria Ranks Third Poorest Country in World", This Day, Friday, June 30.

Transparency International Report (2004) National Integrity Systems: Transparency International Country Study Report, Nigeria.

Torero, M and Pasco-Front A (2003) The Social Impact of Privatisation and the Regulation of Utilities, In Utility Privatisation and Regulation: A Fair Deal for Consumers? Ed. Ugaz, C and Waddams C Price 257-288. Northampton, MA: Edward Elgar.

Uddin, S. and Hopper, T., (2003) Accounting for Privatisation in Bangladesh: Testing World Bank Claims, Critical Perspectives on Accounting, 14, 739-774.

Ugaz, C and Waddams C (2003) Utility Privatisation and Regulation: A Fair Deal for Consumers?. Northampton, MA: Edward Elgar.

Usman, S., (2007) Finance Minister makes case for fresh foreign loans, Vanguard, September 25.

UNCTAD IX Conference (1996), Joint Declaration by the African NGOs, Midrand, South Africa.

United Nations (2004), "70 million Poor People in Nigeria". *The Guardian*, February 16

United Nations (1999) Privatisation in Latin America in the Early 1990s. New York: United Nations.

Wallerstein, I., (1994) Development: Lodestar or Illusion? Capitalism and Development, London: Routledge.

Waters, M. (1995), Globalisation, London, Routledge.

Watkins, K., (1994), Debt Relief for Africa, Review of African Political Economy, 62, pp.117-27.

Webster, A., (1990), Introduction to the Sociology of Development (Second Edition), London: the Macmillan Press Ltd.

Whitfield, D (1983) Making it Public: Evidence and Action Against Privatisation, London, Pluto Press.

Williams, I., (2007) Why Yar'Adua can't fight corruption, Punch, October 7.

Wolf, M. (2008), No Alternative to Nationalisation, London Financial Times, September 9, p.2.

Wolfowitz, P., (2006), “Nigeria has lost US$300billion to corruption”, This Day, October 17.

World Bank Report (2007a) Nigeria Competitiveness and Growth: Country Economic Memorandum, May 30.

World Bank Report (2007b), Nigeria failed to meet investors Choice, Daily Independent, September 26.

World Bank (2004) Operational Guidance for World Bank Group Staff: Public and Private Sector Roles in the Supply of Electricity Services. Washington, DC: Energy and Mining Sector Board, World Bank.

World Bank Report, (1997), Global Development Finance, Washington DC . PP. 120-1.
Wolfowitz, P., (2006), “Nigeria has lost US$300 billion to corruption”, This Day,

October 17.
Vernon-Wortzel H and Wortzel L (1989) Privatization Not the Only Answer, World Development 17(5): 633-641.

Yarrow G (1989) Does Ownership Matter? In C. Veijanovski (ed), Privatisation and Competition, London, Institute of Economic Affairs.