

**THE IMPACT OF ADJUSTMENT REFORMS IN NIGERIA: AN
ANALYSIS OF PRIVATIZATION**

BY

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DEDICATION

This work is dedicated to the family of Dr. S.C. Ibeneme for their hospitality and innumerable support.

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ABSTRACT

The study was undertaken due to the continued implementation of the economic reforms of adjustment in Nigeria despite its untold hardship particularly on workers. Loss of jobs and economic inequality as well as the exploitation of the consumers are the problems of privatization exercise going on in Nigeria. The objectives of the research are: to examine the impact of the economic reforms of adjustment in Nigeria, to determine whether the loss of jobs in some public enterprises in Nigeria were as a result of the implementation of the reforms of adjustment such as privatization and to find out whether the poor benefited from the economic reforms. Three research questions were raised for the study. The theory of Liberalism was adopted for the analysis. Documentary was the methodology used for data collection. This implies the use of News papers articles, academic journals, seminar papers and text books that dealt with the issues of the economic reform of adjustment. Some of the findings are: that due to the limited jobs in the country which are mostly in the hands of the private sectors, the threat of job sack and wrongful termination of appointment are on the increase in Nigeria, that in the power and communication industries, exorbitant rates are paid by the consumers of the services provided by the network providers and that the main beneficiaries of the privatization exercise in Nigeria were the cronies of the governing class. Based on the findings, the conclusion reached were, that the burden of the economic reforms of adjustment are borne by the workers and their dependant (family) and that the major beneficiaries from the economic reforms are the private investors especially in the area of privatization. With the above, among the recommendations made are that the Industrial Court should be made strong in such a way that it can close down industries that terminate the appointment of workers wrongly, and that the anti-graft war should be extended to the private sectors like MTN Nigeria and power distribution companies, and that Nigeria Legislative houses should come up with legislatures that can establish more regulatory bodies to check the activities of the private sectors.

LIST OF ABBREVIATIONS

- AIRTEL-Air Telecommunications
- AIT-African Independent Television
- APC-All Progressive Congress
- ASCSN-Association of Senior Civil Servants of Nigeria
- ASUU-Academic Staff Union of Universities
- BPE-Bureau of Public Enterprise
- DISCOS-Distribution Companies
- GDP-Gross Domestic Product
- GENCOS-Generation Companies
- GLO-Globacom Limited
- HDI-Human Development Index
- IKEDC-Ikeja Electricity Distribution Company
- IMF – International Monetary Fund
- KIEOs-Keystone International Economic Organisation
- LDC-Less Developed Country
- MTN-Mobile Telephone Network
- MDGs-Millennium Development Goals
- MTEL-Mobile Telecommunications
- NAMA-Nigeria Airspace Management Agency
- NBS-National Bureau of Statistics
- NCAA-Nigeria Civil Aviation Authority
- NCC- Nigeria Communication Commission
- NCP-National Council on Privatization
- NEED- National Economic Empowerment and Development Strategy
- NERC- Nigeria Electricity Regulatory Commission
- NEXIM- Nigeria Export Import Bank
- NGO-Non Governmental Organisation

NIMET-Nigeria Metrological Agency
NIGCOMSAT- Nigeria Communication Satellite
NITEL-Nigeria Telecommunications Limited
NLC-Nigeria Labour Congress
NSE-Nigeria Stock Exchange
NTA-Nigeria Television Authority
NUT-Nigeria Union of Teachers
PDP-Peoples Democratic Party
PHCN-Power Holding Company of Nigeria
Ph.D-Doctor of Philosophy
PRSP-Poverty Reduction Strategy Paper
SAP-Structural Adjustment Programme
SFEM-Second tier Foreign Exchange Market
TCPC- Technical Committee on Privatization and Commercialization
UNDP-United Nations Development Programme
UNECA-United Nations Economic Commission for Africa
U.S –United State
WTO-World Trade Organization

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The globalists under the auspices of Reagan and Thatcher, in early 1980s under the programme of Washington Consensus launched Global Neo liberalism. The programme seeks to harmonize wide range of fiscal, monetary, industrial and commercial policies among nations. Parts of its restructuring include: Liberalization of trade, Deregulation, Privatization, Shrinking the role of the state and the Structural Adjustment Programme (SAP) promoted by International Monetary Fund(IMF) and the World Bank, Cohn (2008).

Among the above, Nigeria's share was the Structural Adjustment Programme (SAP) which was an alternative to the International Monetary Fund (IMF) loan. Structural Adjustment Programme was introduced by the former administration of General Ibrahim Babangida in 1986. The programme was an economic reform aimed at revitalizing the Nigeria economy. This programme became imperative in Nigeria in the 1980s when the fall in oil price, greedy indulgence and an unimaginable theft of the ruling class affected Nigeria's economy. To the neo-liberal ideologues, the

economic crisis in Africa was occasioned by the interventionist state model adopted

by the African governing class at independence. But most importantly, they argued that the problem was also caused by labour due to their incessant demand on the state for a wage increase and public expenditure, Bangura (1987). Therefore, to come out of the economic crisis, the role of the state must be rolled back, public expenditure cut and workers wage must also be reduced. Then, part of the ways to achieve this is through privatization of public enterprises which is a concomitant of SAP.

By and large, the logic of the Washington Consensus did not hold much ground for the then Head of State General Buhari. He accepted commercialization and cutting down of workers' wages but did not accept the idea of privatization. As a result therefore, the international creditors bunched under the London Club and Paris Club refused to do further business with Nigeria or to provide further credit cover unless Nigeria borrow from the International Monetary Fund (IMF) the equivalent of 2.8 billion Naira to settle her outstanding external debts, Onoh (1990). On the 27th of August, 1985, General Ibrahim Babangida through a military coup took over power from General Buhari. General Babangida full acceptance of the

Structural Adjustment Programme (SAP) in 1986 made International Monetary Fund (IMF) to issue Nigeria with a certificate of fitness. Since then, all the successive government has followed the economic blue print of the Structural Adjustment in one way or the other. To some, the continued implementation of SAP either through privatization, commercialization or deregulation is a testimony that SAP is a good programme. While to others, the standard of living of the people of Nigeria since 1986 till date is continually deteriorating.

In the light of the above assumptions, this study examined the extent to which the continued implementation of the second phase of the economic reforms of adjustment in terms of public enterprise reforms affected Nigerians.

1.2 Statement of the Problem

Loss of jobs in most of the privatized public enterprises in Nigeria such as the Power Holding Company of Nigeria (PHCN), Daily Times, Ports Authority and Nigeria Telecommunication (NITEL) has placed a question mark on the rationale behind the continued implementation of the second phase of the economic reforms of adjustment in Nigeria. As loss of jobs and unemployment is continually growing, so is poverty and the gap between the rich and the poor in Nigeria. In 2015, National Bureau of Statistics

(NBS) put the figure of the unemployed Nigerians at 23.9 % about 40 Million of the population. Punch ;(March,2015). Consequently, at the advert of any vacancy in Nigeria, the magnitude of applicants that will show up usually depict a national embarrassment. For instance, when the Nigerian Immigration Service advertized for only 4000 vacant positions, about 6.5 Million Nigerians applied. Many of the applicants were both old and young graduates and the rest were people who have been in the labour market for long but were latter disengaged in some privatized enterprises in Nigeria. Vanguard (November 14, 2015). Privatization and Commercialization are the main causes of loss of jobs. When public properties are sold to private investors, it not only leads to loss of jobs but it as well make the cost of accessing the services of those public enterprise accessible only to the rich. At the end, the consequence becomes an economic disempowerment both to the workers and the poor citizens.

Considering the above, one way of proffering solution to the problem of Nigeria's economic reforms is to examine the impacts of the economic reform of adjustment on the citizens of Nigeria.

1.3 Research Questions

For the purpose of this study, the following research questions were posed:

- i. In what significant way has the reforms of adjustment affected Nigerians?
- ii. Has the adjustment reforms in terms of privatization benefited the poor?
- iii. To what extent has the implementation of the adjustment reforms especially privatization affected jobs in Nigeria ?

1.4 Objectives of the Study

In this study, the specific objectives are:

- i. To examine the impact of the economic reform of adjustment in Nigeria.
- ii. To determine whether loss of jobs in some public enterprises in Nigeria are as a result the implementation of the economic reforms of adjustment such as privatization.
- iii. To determine the class of people who benefited from the privatization exercise under the adjustment reforms in Nigeria.

1.5 Justification of the Research

The benefit of this research work is that it will first illuminate the policy makers in Nigeria to see how the neo-liberal

idea of Structural Adjustment through which Privatization is been promoted can put the legitimacy of the state in question when neither the state nor the private individuals to whom public enterprises are sold to can provide. It will also make the advocates of neo-liberalism due to the freedom it offers the market forces to note that even though that economic freedom is good, yet the freedom could be to the detriment of the poor who are in majority and cannot afford to buy the privatized public assets. Again, this study will bring about caution in the sale of some strategic public assets to foreign investors because foreign investors does not really have any nationalistic flair for the country it purchased its public assets and as a result can hold the country in ransom especially for some political gains. Finally, it will make Nigerians in the yet to be privatized public sectors to develop an entrepreneurial mind and a savings culture so as to be able to provide themselves with job in case they lose their job through the economic reforms.

1.6 Scope and Limitation of the Study

The study concentrated on the implications of the implementations of the reforms of adjustment such as privatization in Nigeria from 2004 to 2014. Money was the major problem of the researcher in carrying out this work.

1.7 Method of Data Collection

The researcher used documentary source as the method for data collection which entails the use of text books, academic journals from various Universities, previous research works like P.hD Dissertation on Structural Adjustment Programme , seminar papers , and news paper publications were all used to provide answers to the research questions. The researcher adopted documentary in the research because there are a lot of scholarly materials available. Again, this method is found more useful because a lot of scholarly works done on the economic reforms of adjustment are deemed more objective than any other method like interview or questionnaire that may be subjective especially when they are administered to those whose lives the economic reforms impacted more severely. Therefore, academic journals from both political science and other of social science were examined, World Bank documents, books on democracy in Africa, Global Political economy, seminars on Structural Adjustment and globalization related texts were utilized for this work.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAME WORK

A lot of scholarly works have been done on the Economic Reforms of Structural Adjustment Programme. Therefore this chapter consists of two parts. The first part is an analysis of Structural Adjustment and privatization while the second part dwelt on the theoretical framework adopted for the research.

2.1 The Impact of the Adjustment Reforms in Nigeria: An Analysis of Privatization

The economic reforms of Structural Adjustment since 1986 have continued to generate a lot of debates both from scholars and non scholars. While some argued that it is a home grown agenda of the Nigeria government to revitalize the economy, many argued in disfavor of such views. Egonu (2005) for instance, posits that SAP was an inward looking policy of the Nigerian government to overhaul the entire socio-economic system of the nation. Against this background, Toyo (1990) affirmed that structural Adjustment Programme was not really a design of the Nigeria policy makers. As an IMF design according to him, has merely exploited the crisis of

world capitalism and the chronic indebtedness of third world countries for twisting the arms of these countries to get them accept the neo-classical structural adjustment programme as the purported road to their salvation. The IMF does not advocate policies that contradict with the economic interest of its principal financiers, namely the U.S and other North Atlantic Powers. SAP must therefore be seen for what they are i.e. tools of neo-colonial global and domestic economic management. Hippler (1995) in support of Toyo's view observed that the policy of structural adjustment is really a way of forcing a market orientation on the Third World. He equally noted that economic liberalization, privatization, opening to the world market access to international corporations, reduction and weakening of the state sector as policy decisions are not taken by countries themselves but rather are imposed from outside by the IMF and World Bank. Vaughan (1990) while concurring with the views which suggests that SAP was an external imposition states that it was the impact of the neo-liberal economic reform policies imposed on African states by Bretton Woods institutions and the popular pressure for democracy following the collapse of communism in Eastern Europe that set the stage for the political crisis of the 1990s. For Aremu (1990), SAP is the solution of the

creditors and the ruling class to Nigerians eternal debt problem. With a little diversion , Toye (1995:1) observes that SAP in the original sense, was a ploy by economically advanced countries to hands-off responsibility on those state-owned industries that were no longer capable of competing with the new industrial capacity in developing countries. While accepting his position that SAP was a ploy from the economically advanced countries, this work debunks the claim that the states in the economically advanced countries are removing hands from the state owned industries because it can no longer compete with the new industries in the developing counties. Because up-till now, Nigeria's greatest challenge is on weak pace of industrialization. Therefore the issue of the inability to compete with the new industrial capacity does not need to arise in this argument. Again, taking Nigeria as a study, the general believe is that SAP among many other reasons leading to its introduction came as a result of Nigeria's indebtedness and lack of credit worthiness.

By and large, the structural adjustment programme is the brain child of the IMF and the World Bank, even though government functionaries and sympathetic opinion formulators continue to deny this. Bangura (1987) and Khor (2000) equally posit that the countries requiring debt rescheduling are to adopt Structural

Adjustment Programmes that are mainly drawn up in Washington institutions. Olukoshi (1991) in his contribution states that one error is to assume that SAP is home grown. What is often forgotten is the fact that SAP is part of a worldwide capitalist movement which started in 1970's following the collapse of Bretton wood system and global decline of Keynesianism. The consequence or outcome of this movement is the belief in IMF and World Bank that the economic challenge facing the third world will be solved with orthodox SAP.

While stating that SAP was carried out in some African countries like Nigeria, Amin (2002) observes that the main target of SAP is the subordination of the economies of Africa example Nigeria, to the constraint of servicing the high external debt. Amin (1997) further pointed out that SAP which was the gospel of Ronald Reagan was first applied to the Third World countries considered to be in crisis (as if the capitalist countries were not), it compelled them to adjust-unilaterally to new conditions. Little wonder he opined that “the development of the periphery has always, entailed a never ending adjustment to the demands and constraints of the center. The center is restructured to respond to the crisis, the periphery is adjusted to restructuring” Amin (1990).

According to Gai (1992), structural adjustment was therefore a radical response to promote market forces and curb the role of the state. In like manner SAP was not a people oriented programme. In Nigeria, it created more problem of hunger, starvation and economic down turn. This failure was as a result of structural imperfections and corruption prevalent in the system, Onu (2005). This view may be what made Olukoshi (1991) refer to SAP as a bourgeois class project whose burden is borne mainly by the working people as the basis of accumulation is restructured at the national and international level. This might have been what informed Amale's (1991) view when he opined that there is a class bias of adjustment programme. As the price of everything increased, that of labour remained stagnant.

Herbst (1993:61) in line with the above, observes that urban workers are the chief targets of economic reform programmes that hope to bring about fundamental changes in Africa economies like Nigeria. Faruquee and Hussaine (1994) added that while the wages of urban dwellers declined and remained stagnant since 1986, the real income of rural dwellers increased by up-to 40 percent in the same period. Going by the current administration of Goodluck Jonathan, this research tends to believe that the income of the urban

dwellers is no longer stagnant due to the eighteen thousand Naira minimum wage of the Jonathan's administration. Therefore the main issue of concern here is on the increasing loss of jobs occasioned by economic reforms of adjustment.

Egonu (2005) equally affirms that ever since the regime of Babangida that introduced SAP, other succeeding administrations in Nigeria have consistently followed the prescriptions of SAP in the management of the economy. To this end therefore, Egeonu opines that, this is a practical testimony of the importance of SAP as an economic reform policy for growth and development. In support of this view, Frauquee and Husain (1996) affirmed that there have been some improvements in the overall policy environment in about twenty nine countries that embarked on adjustment programs in the mid 1980s. For instance, there was a positive per capital GDP growth between 1980-1991 in Burundi, Ghana, Kenya, Nigeria, Senegal and Tanzania except Cote d'Ivoire in about seven countries studied. According to Ghana (1990), one of the spokesmen of SAP in the private sector says that SAP and particular SFEM, signifies victory for economic common-sense.

The World Bank, IMF and the state according to Olukoshi (1991) equally claimed that SAP is an attempt to break away from the

Urban-centered development so that emphasis will go to the rural areas. And again that SAP is a way to check the problem of corruption in Nigeria. But can we say that SAP addressed the problem of corruption in Nigeria? Or has the rural area experienced a real development? Infact, the removal of fuel subsidy on January 2012 to some extent, adds to the production costs of the peasantry who dwell in the rural areas. To prove the level of devastation experienced in urban and rural areas where the large number of the poor dwell, the Nigerian vanguard of October 5, 1987 described SAP as “War Against the Poor.” The former head of state chief Olusegun Obasanjo while advocating for a SAP with human face affirms that “it appears to him that we now have a structural adjustment programme which seems to drastically reduce the living standard of all classes of productive workers except speculators and commission agents”. Amale (1991).

In his contribution, Loxley (1987) observed that SAP revamped the culture of unending accumulation from the third world countries. He equally noted that the sub Saharan Africa nations have had their economic policies shaped by IMF SAP conditionalities and there is also a favourable treatment giving to

countries that are of strategic important to U.S in making the loan available.

Other scholars like Bangura, Gibbon, Ofstad, Hippler, Hutchful and Ake are all of the opinion that SAP and democracy is a badmix. In particular, Hutchful (1986) observed that the economic liberalization advocated by IMF and the Bank is rarely ever accompanied by political liberalization. Claude Ake described the democratization aspect of SAP as the democratization of disempowerment, Ake (1995). Nnoli (2000) observed that in SAP era that political mobilization was virtually impossible in the fluidity and anonymity of a new global political space. The outcome is political disorientation and popular disempowerment. In Ake's (1994) view, it is a euphemism for ruthlessness. In essence, SAP has been put beyond democratic legitimacy and introduced an imposition. Thus, democratization does not include the right to decide whether SAP is to be adopted or not. Consequently, under SAP, the instrument of coercion and authoritarianism grew, Etemike (2007).

By way of departure, it is pertinent to state that the economic reform of adjustment was never a home grown programme of the

Nigeria government. Its main target is the disempowerment of the working class in Nigeria in order for the Nigerian state able to pay back the loans from the advocates of SAP. As Nwagbara (2004) observed, the officials of the World Bank and IMF cannot deny the selective and discriminate use of data and statistics to advance and support “the success” of the programme of adjustment designed by them to save Africa. When the United Nations Economic Commission for Africa (UNECA) was led by professor Adebayo Adedeji the scientific authority of the Bank and IMF was undermined and UNECA even confirmed that there was a manipulation of statistics in the Bank-UNDP report on the success of the economic reforms of SAP by not taking into consideration of its social cost especially on the vulnerable groups in the society (children, women and the aged) who constitute two-third of the population.

The Economic Character of SAP:

Among other scholars, Gana in Olaniyan and Nwoke (eds) (1990) outlined the following as the economic features of SAP.

- i. Adoption of a realistic exchange rate policy;
- ii. Rationalization and restructuring of tariffs;
- iii. Strengthening of demand management policies:

- iv. Adoption of measures to stimulate domestic production and to broaden the supply base of the economy;
- v. adoption of appropriate pricing policies;
- vi. commercialization and or privatization of government parastatals;
- vii. de-regulation of the economy through the reduction/elimination of complex administrative controls, with greater reliance on market forces; and
- viii. increased trade and payment liberalization.

Other economic characteristics of SAP include:

- a. **Labour Market Flexibility:** This simply implies a code name for lower wages and less job protection. IMF fought to bring it to reality. Stiglitz (2002).
- b. **Absence of Safety Net:** The IMF and World Bank Market Fundamentalists did not care about putting measures that can reduce the effects of their reform rather they say simply move as quickly to a market economy as you can.
- c. **Hypocrisy of the West in Subsidy:** Stiglitz observed that in the West, they continued to subsidize agriculture, making it difficult for developing countries to compete while insisting that the developing countries should eliminate their subsidies.

- d. **Fiscal Austerity:** SAP in Nigerialike Aremu (1990) noted, did not start in 1986 rather it started with Shehu Shagari's austerity in 1982. And fiscal austerity if pursued blindly as observed by Stiglitz (2002) in the wrong circumstances can lead to high unemployment and a shredding of the social contract.
- e. SAPs imposed by IMF and World Bank never acknowledged that development requires a transformation of society. As a result, its proponents (Washington Consensus) advice that school fees should be charged.
- f. **Trade Liberalization:** Trade liberalization have more support from the elites but it can destroy jobs. Though IMF always claim it will attract foreign investors. But the impact is that trade liberalization can make local manufacturers unable to compete with foreign companies. And after the international firms drive out the local competitors, it uses its monopoly power to raise prices. Stiglitz used Coca-Cola, Pepsi and Unilever ice cream products to buttress this point.
- g. **Currency Devaluation:** In line with free market Economic origins, an archetypal SAP prescribed the devaluation of country's currency to reflect its real value and to promote

exports. Ajayi (2005). In Nigeria, Onoh (1990) observed that Second – tier Foreign Exchange Market (SFEM) as core element of SAP not only devalued the naira but also the standard of living of the average Nigerians by over 400 percent.

- h. As Bangura (1992) put it, under SAP, the price of every thing increased and find their level in the market except labour. The industrial relation under SAP is the tendency of employers (including government) to gamble with workers fate and their families, (Aremu 1990 in Olukoshi 1990).
- i. Drastic Cut in government expenditure through budget discipline is also another economic character of SAP.
- j. **Monetarism:** Monetarism today is associated with Milton Friedman who criticized the Keyne’s theory of gluts using fiscal policy (governments spending).Monetarism emphasis on the role of government in controlling the amount of money in circulation. The argument is that excessive expansion of money supply is inherently inflationary. In Nigeria context, structural adjustment believes that if the economic crisis can be overcome, that public expenditure must be cut, the frontiers of the state rolled back , the forces

of market must be given free rein in matters of exchange rate determination and a tight monetary policy must be articulated to curtail inflation, Bangura (1991).

The Post-Colonial Economic Condition of Nigeria Before SAP.

Prior to Colonialism, the area called Nigeria had viable economic resources, which no doubt attracted British invasion and occupation. With the discovery of oil in 1956 and political independence in 1960. it was glaring that Nigeria has the potential of being a prosperous nation, Obi (2005)

However, the nationalists that took over the reins of government from the colonialists decided to intervene in the economy in order to empower themselves economically and also place themselves in a position to control the economy. Obikeze and Obi (2004). According to Myong (1997), in the 1950s and up to early 1970s, the dominant paradigm was that market failed to work efficiently in less developed countries (LDSs). This therefore became their justification for setting up public enterprise and likewise the indigenization Act as reversed in 1977.

Privatization in Nigeria

Now, on privatization which Wilson III (1988) defines as selling of state owned assets to private buyers, Nwanegbo, (2005).Thirty years after the first attempt by the federal government to sell off its national assets in Nigeria, the debate still ranges on the expediency for the privatization which is a key component of SAP.

Most of the progressive elements, especially in labour and academia had argued that the Federal government needed to have taken a leading role in managing the critical sectors of the economy by providing social infrastructure like roads, transportation, telecommunication, health, education etc that has direct impact on the lives of ordinary citizens.

They argued that if the commanding heights of the economy were left in the hands of the private sector in a free market and neo classical economy, the few rich in the society would continue to take advantage of the majority poor. The same line of argument trailed the proper implementation of the privatization programme by president Olusegun Obasanjo in 1999, when he reinvigorated the National Council for Privatization (NCP) and appointed Mallam Nasir El-Rufai to head the Bureau of Public Enterprises (BPE), Ajibola (2015 in Daily Trust, 11th May).

The bold step taken by the government to continue with this neo liberal agenda of privatization was widely condemned, especially in the North with the melting point at Ahmadu Bello University, Zaria where the convergence of radical views on government policies was constantly expressed. The question on the lips of every one was: why should the government abdicate its responsibilities and allow the private sector to take over its economic assets? What would be the costs of infrastructural services to the ordinary people in the society? The palpable fear was that privatization of government enterprises was anti-thesis to welfarism and not in the best interest of the large number of the large number of the Nigerian public.

Consequent of the foregoing, Professor Ode Ojukwu in Markudi Forum where he was a guest speaker at his lecture cautioned that privatization must be redefined by government and implemented with human face, Daily Trust,(May 11, 2015).

However, the protagonist of private sector led economy have argued that it was free markets economy and liberalism that spurred successful economies to great heights and Nigeria must continue to promote private sector led economy in order to attain the level of infrastructural development in those other countries it has been

ranked with. Taking the argument further, protagonist of privatization have said that government is not efficient and most national assets have been mismanaged due to corruption, nepotism, red-tapism and lack of commitment.

On the opposite wing of the argument, Hippler (1995) posits that SAP is aimed at using privatization to weaken the state apparatus in the Third World countries like Nigeria. What is happening in reality is that the important functions are being taken away from the state and what the state is being left with are the instruments of repression (the police, army and SSS) because by their nature, they cannot be privatized or transferred to the North (Developed nations). Hippler's perspective is virtually not unconnected with the view of Nwanegbo (2005) who sees privatization to run against the interest of a national security especially when state assets are sold to foreign investors. According to Dhanji and Milanovic (1991), the main objective of privatization include: introducing a market economy, increasing economic efficiency establishing democracy and increasing government revenue. The basic idea in Dhanji and Milanovic's perspective is that the spread of ownership will reduce the tendency to destroy political institutions of democracy and make destruction new

economic system (neo liberalism) more difficult. Ayaji (1990) states that privatization of public enterprise is another ideological tool which has nothing to do with the countries debt problem but which is carried out in Nigeria so as to transfer publicly owned resources to the hands of a few individuals and interest groups. And instead of promoting the working class and creating the middle class, would rather make the rich richer and the poor poorer, Ijaiya (1999).

Against the above, General Babangida (1991) states that privatization is a critical element of economic recovery and development strategy, which would lead to reduction of government subventions to otherwise commercially unviable enterprises. He thus argues that allowing private sectors and individuals to participate in public enterprise by sale of shares will allow government focus more attention on those priority areas of economic development such as infrastructure where general public interest cannot adequately be met by private capital, Onu (2005). Looking at this assumption critically, it will be pertinent to state that it is the politics of nepotism, incompetence and financial recklessness of those who took over the mantle of leadership from 1966 that made the so called “unviable public enterprises unviable”. Infact, the railway men strike of 1942 in Nigeria is a confirmation to the point that the public

enterprises were viable then if not they wouldn't have gone on strike to strike to demand for better wages. Yahaya (1993) unequivocally affirms that the Ebitu Ukiwe's claim on inefficiency and unprofitability as the basis for privatization were not factual because most of the privatized public enterprises were actually the ones that were making fabulous profits. Olukoshi (1990) also affirms the public enterprises in the past played a significant role in the formation and consolidation of the domestic bourgeoisie class in Nigeria. Furthermore, he argues that the domestic bourgeoisie, tied closely to its foreign class allies sees itself as not only capable of running the enterprises owned by the state but also demands for privatization in order to be able to strengthen itself as the process of restructuring continues. Onu (2005) attributed the collapse of state owned enterprises to the attitudes of the political elites who used them as instruments for servicing loyalty and patronage to loyalists and members of ethnic group. Nwanolue (2008), equally affirms that the beneficiaries of the privatization exercise under Obasanjo and Atiku were their political friends and relatives. Then for the workers in Nigeria, their position is that Nigeria is not for sale and that privatization is destroying jobs and leading to foreign domination, Aremu (1990). He as well maintains that privatization in Nigeria

was not borne out of genuine commitment to growth and development.

By way of departure, this research maintains that in the process of implementing the adjustment reform especially privatization, that private managers are really better managers than public managers due to the negative attitude of the some public managers, however the most vulnerable groups are more likely to have their share of the suffering when the men, (husbands, father or sons) are dismissed and displaced out of jobs through which they cater for their families in name of public service reforms.

2.2 Theoretical Framework

As pointed out in the literature review, the privatization exercise going on in Nigeria due to the adjustment reforms is leading to an incessant loss of jobs and the burden is borne by the working class and their dependents.

Therefore the theory of liberalism would suit the analysis of this study. The reason is that Structural Adjustment according to Yusuf (2012), was the starting agenda of neo-liberalism in Africa. Again, privatization which is a concomitant of SAP cannot be removed in a debate of neo liberalism. And, the IMF and World

Bank that introduced neo liberalism in Nigeria according to Bangura (1987) are the guardians of international capitalism.

The theory of liberalism emphasizes the importance of free market and private property and seek to limit the government's role in economic affairs. However, in dissimilarity, some economic liberals favour a little government involvement as possible, others believe that some government intervention is necessary for the effective functioning of markets. Adam Smith and David Ricardo are mostly the advocates of orthodox liberalism which does not favour governments serious involvement in the market.

In considering or analyzing loss of jobs in Nigeria due to privatization, John Keynes influence in liberalism is worthy of note. Being an interventionist liberal, Keynes noted that economic adjustment often results in unemployment and that the state should intervene regularly in the economy by greater willingness to accept public sector deficits in order to finance public works or other spending programs designed to lower unemployment, Cohn (2008).

However, by 1970, writings of Hayek and Friedman culminated into what is called neo liberalism or Washington Consensus. Neoliberal is a return to orthodox liberalism which is merciless to the vulnerable groups in the society. It rejects any state

policy that attempt to ease the effects of liberalism on the vulnerable groups. In 1980s, world leaders like British Prime Minister Margaret Thatcher and U.S President Ronald Reagan launched Neo liberalism after the program of Washington Consensus, Williamson (1993). Part of the restructuring that came as a result of neo liberalism in which Nigeria adjustment reforms such as privatization is hinged upon include liberalization of trade and finance, deregulation and privatization.

In the study of political economy at global level, the following are the assumptions of the liberals. Firstly, that if international economic relations do not result in growth and efficient allocation of resources, the problem is not with global economic system or the policies of the KIEOs-IMF, World Bank and WTO, but with government unwillingness to pursue liberal economic policies. Secondly, liberals assume that international economic interactions can be zero sum game if they operate freely.

Liberals are less concerned with distributional issues and less likely to differentiate between the rich versus the poor. In other words, if Pascal Edozie and, Aliko Dangote or any of the Nigerian capitalist is benefiting from privatization, liberals believed that the poor and the jobless are benefiting from privatization. Liberals also

believed that international economic system functions best if it ultimately depends on the market. Furthermore, liberals believed that less developed countries today face basically the same challenges faced by the developed countries faced in the nineteenth century. To the liberals, integration with developed countries will spur the economic growth of the less developed countries whereas isolation from the centers results in LDC backwardness, Cohn, (2008).

In relation to Nigeria, General Babangida (1991) states that privatization is a critical element of economic recovery and development strategy which would lead to reduction of government subventions to otherwise commercially unviable enterprises. The conditions recommended for Nigeria to come out of her economic crunch by neo liberal institutions (IMF and World Bank) was that the economy should be liberalized, abolition of consumer subsidies on food ,fuel and energy, that the currency should be devalued and that there should be reforms in the public enterprises, Onoh (1990). It is therefore at this juncture pertinent to say that Nigerian leaders from Babangida era till now took the part of neo liberalism and privatization to integrate with the developed countries and spur the economic growth of Nigeria. Whereas the isolation of Nigeria by

way of rejecting the IMF and World Bank conditionalities for loan will lead to Nigeria's economic backwardness.

Like every other theory, liberal theory is not without any criticism. Among the major critics of liberalism are the realist and the historical structuralists. Both criticized liberals for not giving priority to the influence of political power in distributional issues. Putting this criticism in Nigeria context, liberalism did not care about the fact that the poor in Nigeria are not likely to benefit from the privatization exercise going on in Nigeria because of the lack of both political influence and economic power.

Historical Structuralists accuse liberals of seeking to legitimize inequalities and exploitation by misleading the working class into believing that it will benefit from economic prosperity along with the capitalist class. A good example of this deception in Nigeria is found in the communication sector. As NITEL was privatized, Nigerian working class believed that using their handsets will bring them closer to enjoy good things like the under poor network and unsubscribed service. Critics also question the liberal view that advances in technology, transportation and communication rather than global redistribution can solve the world's most urgent economics problems. Furthermore, technological advances may in

fact contribute to greater inequalities. Although this instances was used in relation to North-South gap (developed and underdeveloped countries) the case is still applicable to Nigeria were computers today is doing most of the works done by human beings in the past. The consequence of such is loss of job and unanticipated poverty. Liberals are also criticized for putting too much faith in the market and disregarding the role of the state. In Nigeria for instance, the believe in the private sector driving economy is responsible for the license of too many glorified secondary schools under the guise of private universities. To compound the matter, lecturers in those private universities prefer to give first class to graduate of those institutions due to the prohibitive fees they pay than to students in public or government owned universities. The idea behind this is to prove that markets (private sectors) works better than the state. Thus, realist argues that we should bring back the state in to our research because of its central role in policy making, Cohn (2008). Other manifestations of liberal approach in Nigeria are seen in unemployment, privatization of power domination of Naira by Dollar and the merger of government agencies like NAMA, NCAA and NIMET .

CHAPTER THREE

3.1 THE CAUSES AND DIMENSIONS OF NIGERIAN ECONOMIC CRISIS

The experience of the Nigerian workers in the adoption of IMF and World Bank economic reforms of Structural Adjustment has given rise to both theoretical and non theoretical explanations to why the adoption of SAP was necessary and the root causes of Nigeria economic crisis. The Monetarists and the Dependency theorists have occupied the centre stage in this issue.

According to the monetarist, the main cause of the Third World economic crisis in which Nigeria belong lies in the fact that the expansion of the interventionist state and public expenditure have led to the problems of inflation, balance of payment deficits, unemployment, and negative growth rates among others, Olukoshi (1991). The monetarist claimed that the states in Africa like Nigeria allowed labour to be so powerful by demanding too much on public expenditure. Bangura (1987). Therefore, to come out of the economic crisis, the role of state must be rolled back, public expenditure cut and workers wages must also be reduced. The monetarist explanation was what informed the IMF and World Bank

adoption of adjustment as solution to the economic crisis of Third World Countries including Nigeria.

On the contrary, the dependency theorists came up with another explanation to the economic crisis of Africa including Nigeria that led to the adoption of SAP. To the dependency theorists, the genesis of the on going crisis in the Third World cannot be separated from the long standing transfer of surplus from the periphery of the capitalist world economy to its metropole. For the dependency, policy measures which seek to overcome the third world crisis without tackling its structural roots by delinking the economies of the developing countries from the international capitalist system are bound to fail, Olukoshi (1991). For Chilcote (1984), it is the international trade that perpetuates and strengthens the structural advantages of the developed world that brought the economic woes in the underdeveloped worlds (eg. Nigeria). The stronger the economic, political and socio-cultural ties, the greater the degree of domination and exploitation. In other words, Nigeria's economic crisis can better be understood as external causations. Nigeria economic crisis going by the dependency theorists therefore encapsulates the attempts to explain the global economy of a system of asymmetrical relationships, Ebo (1999).

Apart from the above theoretical explanations, some scholars have also posited their views on the root causes of Nigeria's economic crisis and the necessity of SAP. Ghana (1990) for instance, maintained that managerial incompetence of the ruling class, oil glut, low productivity, excessive government expenditure, low savings and low investment coupled with sector disarticulations can adequately account for the deepening crisis. To him, to understand this, we need to understand the workings of the world economy, which is capitalist in character. Therefore the root causes of the crisis can be located in the three sources of crisis in capitalism. They are: The contradiction between social production and consumption .Second is the inherent tendency of the rate of profit to fall and finally the contradiction between national and international accumulation which has intensified in the epoch of the hegemony of finance capital. The fortunes of peripheral economies have, by and large, been determined by the extent of their integration into the global network of production and finances. Olaniyan and Nwoke (1990).

According to Olukoshi, (1991) the root cause of the Nigerian economic crises that led to the adoption of SAP are: First, was the reversal of the monetarist approach used by the colonial state, by the

nationalists who took over the reins of power. Secondly, much of the surplus generated in the economy does not go back into direct reproduction but rather is spent on overseas consumption. Thirdly, the financial bourgeoisie presides over, participates in and acts as a conduit for the repatriation of profits, service fees, dividends and all kinds of charges. Fourthly, the emerging productive bourgeoisie controlling the import substitution industries expends part of the surplus which it generates on foreign raw materials, spare parts and other inputs crucial to the structure of the operations.

While tracing the root causes of Nigeria's economic crisis, Aremu (1990) maintained that SAP is the solution of the creditors and ruling class to Nigeria's external debt problem. He believed that the economic crisis was as a result of the looting and squandermania of the ruling class. According to Aremu, there is no ruling class in Africa (and perhaps elsewhere) that surpassed Nigerian successive rulers in greedy indulgence and brazen thefts. As far back as 1981, external payment arrears had started to accumulate. Obasanjo regime incurred the first "jumbo-loans" from the Euro-American dollar market in post-war Nigeria in 1978. The creditors, especially those under the canopy of the London Club, insisted on the International Monetary Fund (IMF) Structural Adjustment

Programme before allowing for a rescheduling request. Olaniyan and Nwoke (1990).

In explaining the reason for the adoption of IMF and World Bank SAP, Onoh (1990) observed that Nigeria lack the capacity to settle both trade debt arrears and matured medium-term loans it borrowed in the 1970s. Due to this, credit cover was denied Nigeria. Machineries, spare parts and raw materials could no longer be imported. Nigeria foreign creditors bunched under the London Club and Paris Club refused to do further business with Nigeria or to provide further credit cover unless Nigeria borrowed from the international Monetary Fund (IMF) the dollar equivalent of 2.8 billion in 1985 to settle outstanding external debts. IMF suggested that Nigeria economy had to undergo a very serious reform before the IMF could issue Nigeria with a certificate of fitness to enable Nigeria reschedule already matured debts and those due to mature with the London and Paris Clubs of uninsured and insured creditors respectively.

In his key note address on 30th June 1987, Abdulkadir Ahmed the then Governor of the Central Bank of Nigeria at the Nigeria Institute of International Affairs, Lagos noted that SAP was necessary in Nigeria due to the following reasons: Over-

concentration of exports in one commodity – crude petroleum; the import syndrome which resulted in a high dependence on imports for both consumer and producer goods; a highly over-valued currency and the neglect of agriculture. As a result of the sharp decline in the demand for crude oil, the country started to default in settling its import bills. Olaniyan and Nwoke (ed) (1990).

3.2 The Political and Economic Character of SAP

As a neo-liberal agenda, the structural adjustment imposed on Africa and indeed Nigeria has both political and economic character through which it operate. But let's start with the political character of SAP.

The Political Character of SAP:

- a. **Conditionality:** According to Stiglitz (2002), the conditions that the international lenders imposed in return for their assistance undermined national sovereignty. For the purpose of clarity, conditionality refers to more forceful conditions, one that often turn loan into a policy tool. He equally noted that the conditions went beyond economics into the areas that properly belong in the realm of politics. Furthermore, in some cases they stipulate what laws that the parliament would

have to pass to meet IMF requirements and by when. Stiglitz (2002).

- b. **A Ruling Class Project:** “The world is an unfair place”. For instance, Russia and Africa were not treated the- same way. Stiglitz (2002). Aremu (1990) have already pointed out that SAP is a solution of the creditors and the ruling class to Nigeria’s external debt problem. To Aremu, for the government to regulate wages, but allow profits and prices of goods to rise shows the partisan and class character of SAP. Chief Obasanjo was quoted to have said this about SAP “the people recommending SAP for you, do not recommend it elsewhere....there is a bit of racism in this thing and if we don’t see it, then we are stupid.....our economy has grossly been undervalued. And ramification of that is on the low income people.....whoever feeds you can hold you to ransom. They can enslave you”. Newswatch (1990:7).
- c. **Weakening of State Power:** Hippler (1995) observed that the structural adjustment programme aims at reducing and weakening the state apparatus in the third world. For in Africa, the state has the responsibility of social spending. And this is their source of legitimacy according to Bangura

(1987). But for some ideological reasons, the IMF and the World Bank are dismantling the state and removing from it some of its most important functions.

- d. **Democratization of Authoritarianism:** Nigeria is one of the countries in Africa whose leaders have tried to link democracy with structural adjustment. Gibbon, Bangura and Ofstad (1992).

However, with the military implementing the economic reform of SAP and supervising the transition to democracy has brought into question the kind of democratization taking place in Africa. Bangura (1992) has asked *...Is Liberal democracy the political shell of structural adjustment ?*. And what accounts for military keen interest in democracy? According to Olukoshi (1991), there is the view that canvassed that the implementation of adjustment policies needs a strong state that is willing to impose measures that are unpopular and able to resist attacks on its authority for doing so. This can account for the support the international institutions indirectly gave to the authoritarian regimes that facilitated the implementation of SAP in the Third World. But such thinking betrays just how undemocratic structural adjustment and its proponents can be. Olukoshi (1991). This development made

Bangura to describe authoritarianism not democracy as the flip side of adjustment.

Due to the greedy indulgence, short-sightedness and squandermania of the rulers that emerged particularly from 1966, agricultural production which contributed over 70% of the total Gross Domestic Product (GDP) of the Nigerian Economy and over 60% of the total export earnings was neglected. By 1979, agricultural output contributed only 48.5% of total GDP and fetched only 20.7% of total export earnings in that year. Onoh (1990).

Agriculture as an important source of revenue began to experience inhibitions through poor financial support, lack of infrastructural facilities, communication gap between government and farmers, supply of essential input such as seeds, fertilizer, herbicides and credit facilities in the middle of the farming seasons, expensive agricultural equipment and lack of agricultural research that will benefit the rural farmers.

In the industrial sector, the Nigerian industrial sector has a weak base because of the policy of import substitution which developing nations were encouraged to pursue by their former colonial masters. By this policy, machineries made in other countries were imported, raw materials for the industries were also

imported and, in a good number of cases, the manpower required for getting the industries running were also imported, under the Expatriate Quota arrangement. No efforts were made to develop indigenous technology to process such raw materials. There was virtually no policy to ensure that available Nigerian raw materials were processed up to an intermediate stage before they are exported. There was also no policy by the government to shift industries to the rural areas as a result of the lack of infrastructural facilities such as power supply, water supply, motorable roads and communications. Onoh (1990).

In the financial sector, money supply continued to grow. The credit by the Central Bank and the commercial banks to the government and private sectors rose from ₦8.9 billion by September 1985. But in the external sector, due to the mono-cultural and externally dependent nature of Nigeria's economy, the world economic recession affected the nation seriously. For instance, with the continuous fall in the world price of oil, most of Nigeria's economic plans that were based on an optimistic forecast of world oil demand and higher oil prices have been frustrated. For this, export began to dwindle. The export of non-oil goods whose proceeds could probably have compensated Nigeria for the loss in

oil revenue also decreased. Onoh (1990). As Ahmed (1987) the then Governor of Central Bank of Nigeria observed, external reserves fell sharply, but as imports were not correspondingly reduced, the country started to default in settling its import bills. Consequently, external debt became very unmanageable and the pressure on balance of payment increased. Because of the external liquidity crisis and Nigerian inability to service her external debts, foreign creditors (London Club and Paris Club) refused to do further business with Nigeria unless Nigeria borrow from the International Monetary Fund (IMF) the dollar equivalent of ₦2.8 billion in 1985 to settle outstanding external debts. Onoh (1990). The main condition for accessing loan from IMF is that the Nigeria's Economy should be liberalized, market forces should determine the prices, import license had to be abolished, the naira is to be devalued. The whole package was to be called the structural adjustment programme.

3.3 The Economic Condition of Nigeria under SAP

With the full adoption of structural adjustment programme in 1986 by General Babangida Military government, Nigeria finalized her entry into the bandwagon of neo-liberalism. The capitalist world believed that market performs better than the state, and therefore

that the state should roll back its role in the economy. This view, brought series of market reforms in the Nigerian political economy. The reforms are both economical as well as political. The following are the economic conditions in the country under the adjustment reforms:

Privatization and Commercialization of Public Enterprise:

Privatization is the relinquishment or divestment of government shares in enterprises thereby allow the control or ownership to be in the private hands. In 1988, the Babangida administration through Decree No. 25 set up the Technical Committee on Privatization and Commercialization (TCPC). The committee was given the mandate to be in charge of privatizing and commercializing some selected government enterprises in Nigeria. The Act contained two schedules of enterprises. The first schedule contained those to be fully or partially privatized. The second schedule contained enterprises that were slated for commercialization. The TCPC worked for 6 years before it was replaced with the Bureau for Public Enterprises (BPE) in 1994. Obikeze and Obi (2004). While Citing Bamidele and Olumide (2003:91), Nwanolue (2008) affirmed that there are about 590 Public Enterprises at the end of 2000. And about \$100 billion was

spent by the Federal Government of Nigeria between 1973 and 1999 to establish them.

To Nwanolue, the pertinent question is this – to whom are the public enterprises privatized, who benefits from the exercise and what are the socio-economic and political position of the working class? Ogunde (1999). Opines that the privatization policy under Obasanjo in 1999 was under the dictates of the IMF. The agenda of IMF is for government to reduce public spending so that more money can be available for the servicing of \$30 billion foreign debts and also to procure more loans.

The sacking of several hundreds of workers in the Aviation Sector, Nigeria Civil Aviation and Nigeria Air Space Management Agency. With over 2000 workers who were retrenched in the Ports Authority just in 2004 under Chief Obasanjo is an indication of how anti humanistic the implementers of the economic reforms of SAP could be. No wonder Aremu (1990) term it an anti workers programme.

On the area of commercialization which Onu (2005) in Obikeze and Obi (2005) defined as the re-organization and restructuring of the selected state owned enterprises in such a way as to make them more efficient, more commercially viable and more

profit – oriented Has, meant that in the pursuit of the policy, enterprises will be forced to increase prices making it impossible for those who need their goods and services but do not have enough money to go with out it. Many families today cannot afford pipe borne water as a result of inflation. As a result, prostitution, child trafficking, kidnapping, and suicide will increase in the country.

Currently, the full privatization of the power sector has not changed anything remarkable. Erratic power supply in the country has been blamed on the vandilists, Nigerians are still hoping that the GENCOS and DICOS will deliver their mandate in electricity supply.

Liberalization of trade: The idea of Liberalization is that there should be no barriers to the activities of market forces in the distribution of goods and services. According to Stiglitz (2002) the emerging markets are not forced open under the threat of the use of military might, but through economic power, through the threat of sanctions or the withholding of needed assistance in a time of crisis. The IMF insists on faster pace of liberalization as a condition for assistance and no choice but to accede to the funds demand.

The result of trade liberalization today is what Khor (2000) referred to as liberalization and marginalization. Today, Nigerians

complain of no job, when only rice production if really taken very serious by the government can solve 40% of the problem of unemployment. But due to liberalization of trade, the government only pays lip service to the ban on the importation of rice in the country. The consequence of this is beyond unemployment but also it encourages the smuggling into the country of banned goods, arms and ammunition and insecurity in the country.

De-Industrialization:

De-industrialization was a concept used by Bangura to explain how SAP is closing down industries in the country without showing any capability of replacing them. In his assessment on the impact of SAP on Nigeria industries, Olukoshi (1991) and Kolade (1990) confirmed that the effect of SFEM on manufacturing industry was to raise the cost of imported raw materials and machinery by about 200 percent. The producers that have managed to remain in business inspite of the very high cost of production caused by SAP are faced with a situation in which the market for their products is diminishing by day. This is not a question of consumer's resistance to highly priced consumer goods in an inflationary economy. It is also a result of the devaluation of the naira which has led to a massive decline in the real income of Nigerians and therefore the

purchasing power of the citizenry. It also had the effect of exposing local manufacturers to major competition with more powerful foreign transnational corporations. Olukoshi (1991).

Urban Unemployment and Labour market Flexibility:

“Unemployment is desired by the capitalist state as a necessary means to destroy the achievements, of the workers movement.....There is no reason to believe the speeches of those in power as they lament unemployment... In order to work, capitalism required the intervention of collective authority representing capital as a whole. Therefore the state cannot be separated from capitalism”. Samir Amin(1997)

Central to liberal circle is that the workers are the main causes of economic crisis. Bangura (1987) in Olukoshi (1991). The liberal with their monetarist perspective were of the view that the state in the Third World allowed labour to be so strong as to cause excess public/government spending. As a result the economic crisis set in, in the third world. Labour market flexibility was therefore the solution. Labour Market Flexibility is not a good package for the workers rather it aims at promoting unemployment through casualization of workers, dismantling of union activities such as strike and reduction of salaries and wages. The impact of SAP on

Nigeria workers from Gen. Buhari era (1985) to Gen. Babangida era (1993) has gained for it by workers the name “*Stomach Adjustment Programme*”.

The logic of the ruling class was to have a stronger control of the working class, especially through checking their strikes and wage demands. The suffering of the working class seems unabated even under the current President Goodluck regime. An 18,000 naira minimum wage was introduced in 2011, only to be destroyed with an increase in the pump price of petrol in 2012. Also government has been paying lip service to unemployment. In March 15, 2014. The Nigerian immigration service advertised for 4000 vacancies but AIT and other news agencies carried it that about 750,000 applicants purchased the form for the job. The outcome of the exercise was very disastrous and appalling.

Weak Currency:

From the time of the Second tier Foreign Exchange Market (SFEM), naira has continued to witness a decline in its purchasing power in the market. SFEM devalued the naira as well as the standard of living of the average Nigerian by over 400 percent. Onoh (1990). In 1986, it was four naira to one dollar. As of 14th of December 2015, it is 198 naira for one dollar. As the value of

naira is coming down daily, so is the living standard of Nigerians. Because their money does not have much value or purchasing power to buy their consumer needs. The reason for the weakness of naira is because of Nigeria's low level of production, Import /Export dichotomy and the desire of politicians to have more dollar to spend.

Mono- Cultural Economy:

In the objective of SAP, it was claimed by various proponents of SAP like Egeonu (2003) that SAP has made the government to place much emphasis on the diversification of the economy through the promotion of non-oil exports. But there is a difference between a mere emphasis and practicality. Evidence has shown that even in the 2014 budget, that the major financier of the budget was oil.

Nigeria has relinquished her position as the major producer and exporter of palm oil to Malaysia. Cocoa, groundnut and millet production are gradually on the decline every day due to government neglect. With the problem of urban unemployment rate. Like believed in some quarters, it is not the youths that is neglecting agriculture, rather it is the problem of visionless and purposeless leadership that took over the country since 1970s.

Now in the arena of politics, authoritarianism started with SAP because of the believe that unpopular economic reforms needed

a strong state that can withstand any resistance in the implementation of SAP. But such thinking according to Olukoshi (1991) only betrays just how undemocratic structural adjustment and its proponents can be. In the June 12, 1993 election, the impunity with which electoral victory of Chief M.K.O. Abiola was denied is a further credit to Bangura's (1987) assertion that authoritarianism is the lip side of SAP not democracy.

Another discovery in the political terrain especially since 1999 in Nigeria is the dominance of one political party despite an avalanche of political parties in the country. The People's Democratic Party believed that they have been in government from 1999 till date as a result of the preference of Nigerians over the party. While critics

especially in the wing of opposition believed that it was as a result of their state craft in electoral fraud. But in the view of this work, the dominance of one party is as a result of their commitment to neo liberalism and the support they drive from the Western Worlds where the ideas of market has been converted to an ideology in the form of democracy.

3.4 Current Implementation of Adjustment Reforms Through NEEDS and Transformation Agenda

National Economic Empowerment and Development Strategy (NEEDS) like Structural Adjustment was claimed at its launch in Abuja on 15th of March, 2004 by the then President chief Olusegun Obasanjo as a federal government programme fully owned by Nigerians. The then president (Obasanjo), his cabinet, the National Assembly and the 36 state governors endorsed the programme with the stake holders in the private sector, civil society organizations and Non Governmental Organizations (NGOs).NEEDS is an attempt to coordinate the economic policies of the three tiers of government in Nigeria. Obasanjo, (2004).

The main aim of NEEDS as claimed by Obsanjo is to bring about a plan for development through reforms in the seven core sectors of Transportation, Water, Agriculture, Manufacturing, Oil and Gas Education and Health, Usaman (2004). NEEDS is based on state policies to achieve wealth creation, employment generation ,poverty reduction, corruption elimination and general value reorientation. Other principles that underpin the NEEDS are: an incentive structure that rewards and celebrates private enterprises, entrepreneurial spirit and excellence and new forms of partnership among all stakeholders in the economy to promote property among all arms of government. Any critical study of the NEEDS document

can easily discover that NEEDS is a continuation of adjustment reforms. Infact, it is an official document for the implementation of the second phase of Structural Adjustment Programme. The emphasis on private sector led development strategy is a proof that it is part of the ideas that free market economy works better than state led economy.

A scholar like Ciscupe (2004) observes that the inability of the Poverty Reduction Strategy Paper (PRSP) to improve the standard of living and alleviate poverty created from SAP, the poverty alleviation became fused into NEEDS. According to Ciscupe, NEEDS just like SAP, is a brainchild of the World Bank built on four goals and strategies. The goals are poverty reduction, employment generation, wealth creation and value reorientation. The strategies are: growing the private sector, reforming government institutions and implementing social charter and value orientation. Nweke, (2005). In his letter to chief Obasanjo, Bala Usman after criticizing the NEEDS document on the ground of incoherence, inconsistence misuse of concepts, he equally noted that Obasanjo and his officials swallowed hook-line –ad sinker the IMF/World Bankdogma that only a private sector led economy can grow and develop in the world today, Usman (2004).

TRANSFORMATION AGENDA

Another policy having its bearing from the root of adjustment reforms is the Transformation Agenda of President Goodluck Jonathan. In 2011, the Seven Point Agenda of his predecessor President Umaru Musa Yar'adua metamorphosed into Transformation Agenda. According to former military head of state, General Babangida, while many Nigerians are yet to fully come to terms with the fundamental objectives and policy thrust, those of us that are in privileged positions cannot possibly feign ignorance of the dynamics of government and its direction, Babangida, (2011). While acknowledging that after the structural adjustment that the first economic reform was introduced in 2003 as NEEDS, that other policies like 7 Point Agenda, Transformation Agenda, Millenium Development Goals (MDGs) and Vision 2020 are all aimed at propelling Nigeria from its present status of a developing country to a developed country affirms that the empowerment of youths through education is paramount. He equally opines that the review of Nigeria's education curricular to match our current aspiration as a nation is important.

In his contribution as one of the seminar presenters in the paper titled the Transformation Agenda: An Instrument for

Promoting Democratic Culture in Nigeria, Mr. Lekan Odugbemi noted that to the understanding of most people, Transformation represents a process that alters the culture of institutions and businesses by changing the underlying assumptions and overt institutional behaviours, processes and structures. He said that the purpose of the seminar is to address the question about how the Transformation Agenda could be used to make the country more democratic. Professor Ben Nwabueze on his view believed that Transformation Agenda of Jonathan is inadequate because its core area is on the economy. Therefore to Nwabueze, what the nation need is a social transformation which to him is a spiritual or mental transformation in the attitudes and behavioural patterns. This will bring a radical change away from moral decadence manifesting in examination malpractice, certificate racketeering, money laundering, sexual immorality, juvenile delinquency etc .Nwabueze , (2015).

The managing Director, Nigeria Export-Import Bank (NEXIM) Robert Orya whose financial institution is the principal instrumentality for the implementation of Transformation Agenda states that against the Structural Adjustment Programme imposed by International Monetary Fund (IMF), which emphasis the need to restructure the fabrics of the Nigerian economy, what Jonathan's

Transformation Agenda has done perhaps more than any previous administration is to combine commitment with practical actions in diversifying away from sole reliance on crude oil for external revenue.

Beginning from the NEEDS programme to the current Transformation Agenda therefore, it is pertinent to submit that from 2004 when NEEDS was launched till now (2015), that the policies of government are indeed a carry-over of the World Bank and International Monetary Fund adjustment reforms of which privatization is a major instrument. This was why General Babangida in commending Transformation Agenda affirms that those of them who have been privileged to be in positions of leadership in this country cannot feign to be ignorant of the dynamics of government and its direction. The only difference between Transformation Agenda and NEEDS is one on the political administrator that introduced each. Secondly on the commitment with which each is pursued. To Robert, (2015) the more than any other government, What Jonathan's administration did was to combine commitment with practical action.

CHAPTER FOUR

4.0 SAP AND PRIVATIZATION IN NIGERIA :AN ANALYSIS

The economic recovery programme implemented throughout Africa in the neo-liberal approach as recommended by IMF and World Bank has continued to generate debates among scholars from different perspectives. In Nigeria, it was known as Structural Adjustment Programme. It started with the Shehu Shagari's austerity in 1982 as argued by Aremu(1990) but came into full force in 1986 under General Babangida. Since its inception, many Nigerians have held it responsible for their economic woes. While others in the minority believed that it was a good programme for Nigerians economic recovery.

There are also those who believed that the era of SAP is over while many were also of the view that the era is not over. In fact, in the view of this work, like observed by Dr. Chu Okongwu, the then Minister of Finance, who categorically stated that SAP has come to stay. SAP has really come to stay. (Oluyemikusa 1988 in Olukoshi 1988). In support of this view, the position of this work is that SAP was not just an economic policy packaged for a particular period. But it is an economic policy strategically and ideologically, prepared to mark the final triumph of World Globalization. Therefore, SAP

should not be seen as an economic recovery programme of a particular era but as the final triumph of neo-liberalism, monetarism and capitalism in the global scene. Consequent of this, the work believed that the legacy of SAP is strongly felt in the Nation's economic policy till now but most especially, the second phase of adjustment which deals with economic reforms such as privatization and commercialization.

For this reason, this section will examine the impact of SAP on social, economic, political and labour relations in Nigeria. But before that it is pertinent to start with one of the views that defends SAP on a positive note.

According to Egeonu (2005), the following are the positive effects of SAP in Nigeria:

- i. SAP has changed drastically the consumption pattern of Nigerians.
- ii. There is total re-orientation of Nigerians towards inward-looking and productivity.
- iii. Foreign investments have been boosted due to structural reforms in the economy.
- iv. There is now much interest and confidence by investors and the international community on the Nigerian economy.

- v. Wasteful public spending have been curtailed
- vi. The economy now focuses on exports promotion than imports or rely on import substitution
- vii. The nation now emphasizes on the diversification of the economy through the promotion of non-oil exports.
- viii. There is interest on locally made goods by Nigerians.
- ix. The agricultural sector which hitherto was abandoned has been rejuvenated.
- x. Nigerian now think of job creation instead of unavailable employment opportunities
- xi. There is much emphasis on due process in project execution and public spending.

4.1 The Social Impact of SAP

The social impact of the economic reforms of adjustment cut across a lot of social dimensions of the society and therefore can be discussed under the following headings:

- a. **Education:** Olukoshi (1991) observed that schools were closed down; while Toyo (1990) posits that the cost of education has risen phenomenally with SAP and SFEM. So is the cost of acquiring books, journals, scientific equipment and chemicals from foreign countries. For instance, Anambra

State University students paid the some of forty thousand Naira in the year 2000 to 2009 but as from 2010 the cost of the same education skyrocketed to the sum of two hundred thousand Naira.

- b. **Health:** According to Aremu (1990), SAP brought about an increase in mental illness. Olukoshi observed that the hospitals in the rural areas were closed down. Nigerians suffered not only a deteriorating health condition, but as well as malnutrition. Like education, hospital fees equally increased in Nigeria as a result of SAP. Olukoshi, (1991).
- c. **Decline in Value:** As Ekekwe (1991) observed, due to the inability of the young men to get job and marry, the young females resort to prostitution which is a money making profession under capitalism. Herald is lead story of May 30, 1987 carried the news that a jobless man set self ablaze. In addition, SAP worsened the social basis of crime. Olukoshi (1991). And as observed by Khor (2000), conditionalities attached to SAP loans rescheduling hampered the recovery of many countries and led to further deterioration in social services.

4.2 The Economic Impact of SAP

The economic impact of SAP in Nigeria can be discussed under the following headings:

SFEM: Second tier Foreign Exchange Market: According to Ghana (1990), the consequences of SFEM are:

- i. Rapid increase of price level as market forces of demand and supply determine the exchange value of naira.
- ii. Capital flight as owners of block naira can purchase foreign exchange.
- iii. Thriving of black market for banned goods
- iv. SFEM is a threat to small and medium size companies.
- v. The most frightening aspect of SFEM is its impact on our foreign debt. This is the process of debt peonage into which Brazil and most Latin American countries have been plunged. The end result is the re-colonization of the Nigerian Economy. In addition while quoting Cheryl Payer in Loxely (2005), 13 and ½ billion dollars leave Africa every year for debt servicing. Loxely (2005) further believed that SFEM devalued Naira as well as the living standard of Nigerian by over 400 percent.

Industry: In the area of industry, Olukoshi (1991) outlined the followings as the impact of SAP:

- i. Firms that can find local substitutes for imported raw materials did better than those that solely depend on imported inputs.
- ii. The massive almost eight fold devaluation of naira has resulted in a considerable increase in the cost of production for all industries.
- iii. In a climate in which borrowing has become very exorbitant, many manufacturers have found themselves unable to compete for loans needed to develop a local raw material base or pay for the foreign exchange needed to bring in foreign inputs.
- iv. Producers who despite the high cost of production managed to remain in business are faced with a situation in which the market for their products is diminishing by day due to high price and inflation.
- v. it also exposed local manufacturers to major competition with more powerful foreign transnational corporations by foreign based producers who are taking advantage of Nigerians trade liberalization.

- vi. In the case of automobile industry, Bangura Kayode and Mogaha have shown how the tariff system failed to protect local plants by making it more profitable to import fully finished vehicles. Olukoshi,(1991:102).
- vii. Proponents of SAP had argued that small scale industries will benefit from SAP because of their reliance on domestic sources of raw materials. This optimism rested on the false assumption that all small scale industries in Nigeria source their raw material locally.
- viii. Since 1986 when SAP was introduced, SAP has severely undermined the old structure of manufacturing in the country without appearing capable of replacing it with new inward-looking firms on a scale that will enable manufacturing sector return its share of the Nigerian gross domestic product (GDP). It is in the light of this that scholars like Bangura have spoken of a process of de-industrialization in Nigeria under SAP.

Privatization: The following are the effects of Privatization under the economic reforms of SAP:

- i. Unregulated monopoly leads to the suffering of consumers. Stiglitz, (2002).

- ii. Privatization often destroy jobs rather than creating new ones. For instance, 150 staff of Daily Times were sacked in 2005 after the company was privatized.Nwanegbo,(2005).
- iii. In the third World where there are no unemployment insurance scheme, lost of jobs leads to worst forms of urban violence, increased crime, social and political unrest.
- iv. Additional Financial burden on the family members who managed to remain employed.
- v. Corruption /rent seeking is the worst problem of privatization according to Stiglitz, (2002).A good example is the case of NITEL and Transcorp.In the case of NITEL, Alhaji Atiku Abubakar preferred that Mallam El-Rufai should allow Ericsson to take NITEL job contract to which Motorola gave Nigeria a lower price. Again,s was the case of Transcorp Hilton Hotel which a Swiss Tycoon Mr Nessim Gaon used his long standing relations with Nigerian Ruling class like Alhaji Ibrahim Dasuki and Atiku Abubakar claimed 25% ownership of the Nicon Hotels and also increased the cost of refurbishing the Hotel with about 200 Million Dollars.

In the light of the above Olukoshi (1990), states that privatization has been a way of strengthening the hands of Nigerian domestic bourgeoisie.

Liberalization:

- i. Western hypocrisy is noted by Stiglitz (2002) as the first problem of liberalization. According to him while they (West) continue to subsidize agriculture, they insist that the developing nations eliminate subsidies, thereby making it difficult for developing countries to compete. The result is that poor countries were made worse off.
- ii. The IMF insistence on developing countries maintaining tight monetary policies has led to interest rate that would make job creation impossible even in the best circumstances. Advanced countries like USA has suffered due to financial deregulation but IMF is carrying Reagan - Thatcher message to developing nations ill equipped to manage it.
- ii. Khor (2003) confirmed that depreciations multiplied the burden of servicing foreign debt which had been built up in a

relatively short period, especially by local companies and banks.

4.3 Impact of the Economic Reforms of Adjustment on Labour (Workers)

According to Toyo (1990), the imperialist mode of accumulation is largely through the profits extracted by transnational through the exploitation of the workers and peasants of the third world countries. In Nigeria, there was a conscious move to shift the burden of economic crises created by the greedy indulgence and brazen thefts of the ruling class to the workers. The neo-liberals (monetarists) told the African state that their economic crisis was because they allowed labour to be too powerful through union activities and demand for wage increment. Aremu (1990). As a result therefore, the logic of the ruling class was to have a stronger control of the working class, especially through checking their strikes and wage demands. Consequently, austerity, rationalization, retrenchment and borrowing became the battle cries of the ruling class.

The first heat that came to Nigerian workers started in the May 1984 speech of the then head of state General Buhari

when he announced for cuts in government spending. Other measure introduced by Gen. Buhari are:

- i. Unilateral wage freeze for workers in all sectors of the economy.
- ii. Unilateral slashing of teachers wages by 5 percent.
- iii. No work no pay system.

As he was pushed out of office on 27th August 1985, by General Ibrahim Babangida, Nigerian workers, and indeed the general public swung into a full experience of hardship with his final deal with the international financial institutions to introduce a market reform system under the name of structural adjustment programme.

As a result of the above therefore, scholars like Amale (1991), Olukoshi (1990), Bangura (1992), Beckman and Sachikonye (2001), Aremu (1990) among others have outlined the following as the effect of SAP on Nigerian workers:

1. SAP has meant reduced food, pay packets, standard of living and reduced human rights for the working class and their dependants.
2. According to Van, liberty and deregulation both apply in a selective way. While capital gain freedom and becomes

unrestrained by the state, the same can not be said of labour whose regulation by the state becomes even more reinforced.

State does not only use instruments of force to keep labour in check and exploitable but actually embarks on policies which channel surplus produced by labour in new forms and through adjustment programme from the laboring class to the propertied class. Van observed that SAP also brought repression to labour, under which freedom of organization and associations are fragile. Amale, (1991).

3. Retrenchment and unemployment was high. Even those that still retain their employment are victims of the negative fall outs of SAP and therefore work in fear.
4. According to Bangura, (1986) Voluntary retirements before the retirement age was also on the increase due to the repressive and oppressive working environment and workers seek other forms of employment. After the immigration saga where many young Nigerians who went for the aptitude test died, the president of Nigeria Union of Teachers (NUT) affirmed that many teachers who left their jobs to participate in the immigration recruitment exercise left because of the total neglect of teachers by the government and promised to

join ASUU on their strike if government fails to do something about ASUU's demand. Daily Sun (August 4,2013).

5. Hashim (2001), affirmed that State intervened in the activities of the union (Nigeria Labour Congress) in 1988 and appointed an administrator in the person of Mr Michael Ogunkoya to run the affairs of the union for six months in order to further weaken the already weak union due to leadership crisis between the progressive led by Chiroma and the democrats led by Takai Shammang.
6. Olukoshi (1993) states that government established labour intelligence monitoring unit to stand as an anti-strike division. In addition, eleven union leaders of the Senior Staff Association of Nigeria Electricity Power Authority were served life sentence for organizing strike.
7. Bangura (1986) also affirmed that SAP led to the loss of jobs and closure of a total 101 companies between seven and twelve weeks. As a result of this, he posits that SAP is causing a de-industrialization in Nigeria without appearing to be capable of creating new ones.

4.4 Data Analysis

The aim of this research is to assess the impact of adjustment reforms in Nigeria particularly on the area of privatization. The research tried to provide answers to the following research questions:

- i. In what significant way has the reforms of adjustment affected Nigerians?
- ii. Has the adjustment reforms in terms of privatization benefited the poor?
- iii. To what extent has the implementation of the adjustment reforms especially privatization affected jobs in Nigeria?

The above questions were addressed through the data collected from various academic works and official documents used in the course of this study. The data is therefore analyzed in three units based on the research questions.

4.4 Unit 1

On whether the reforms of adjustment affected Nigerians, the study revealed that despite the claims of NEEDS document over priority attention to education, that the cost of accessing quality education has risen phenomenally. For instance, the school fees of an undergraduate student of Anambra State University rose from forty thousand Naira in the year 2000 to two hundred thousand

Naira in the year 2014. The increase was witnessed almost the time Nigerian Government launched NEEDS and Transformation Agenda that provided more federal universities. As primary and post primary schools in Nigeria resumed for new academic session in September 2015, most parents in Jos, Plateau State lamented over the increase in school fees, Daily Trust (September 14, 2015). This exorbitant school fees in the country may be what gave rise to the warning of the Senior Civil Servants of Nigeria (ASCSN) to President Buhari to shun the plan to sell 104 Federal Government Colleges to private interests, Daily Sun (October 8, 2015). The cost of typing student's projects and assignment equally increased from fifty Naira to eighty Naira in the popular Bata-Round – About were most Post Graduate Students type their work between the year 2011 and 2014 due to erratic power supply.

The Chief Executive officer of the Print-best Enterprises Kwara State, has lamented that poor power supply is the major challenge confronting printing industries and other businesses in Nigeria, Daily Trust (April 30, 2015).

Network providers equally used the same opportunity provided by the reform to exploit Nigerians who use their network. For example, Mrs. Omobala Johnson the Minister of

Communication and Technology in her 2014 summit with network providers and Nigeria Communication Commission (NCC) confirmed the consumers of MTN services have severally reported that their firm (MTN) charge customers for unsubscribed services, NTA News (2014).

On a similar note, exploitation has also been noticed in the power privatization in Nigeria by the activities of the power distribution companies. For example, the residents of Oke-Aro in Ogun State has cried out for what they describe as fraud by the Ikeja Electricity Distribution Company (IKEDC). According to the residents, nobody would believe that the company which had continually thrown them in the dark would still be interested in swindling their poor community through exorbitant and outrageous bills. To compound the issue, the cards bought from the company which they were asked to load through their mobile phones unlike before, did not credit the bills to their meter account, Daily Sun (May 7th, 2015). As a further confirmation to this claims, on the 5th of October, 2015, Nigerian Electricity Regulatory Commission (NERC) fined Ikeja Disco a sum of 131.4 Million Naira for not supplying paid meters to the customers who paid for the meters, Daily Trust, (October 5, 2015). According to Okechukwu Nnodim,

the reason the Discos doesn't want to meter, is in order to fleece customers with crazy bills. Sunday Punch (October 4,2015).

This practices in the view of the work , is what made Nelson Uwaga to advice that Government must extend anti-graft war to private sector, Sunday Punch (October 18, 2015).

4.4 Unit2

On whether the adjustment reforms in terms of privatization benefited the poor, it is important to note that in 2003, before the launching of NEEDS document that chief Obasanjo seeks to justify his economic reforms on the ground that Human Development Indicators of Nigeria in 1999 confirmed that Nigeria was below average in comparison with other developing economies. Now who are the prime beneficiaries of the privatization exercise? Is it the poor? To provide an answer to this question, it is pertinent to expose some major shareholders in some of the privatized public enterprise in Nigeria. In the privatization of Benue cement, the richest business man in Africa and Nigeria Alhaji Aliko Dangote had a merger of Benue cement and Dangote cement which finally led to the ascendancy of Dangote cement in cement industry in Nigeria. For instance, the president of Dangote Group, Aliko Dangote during the Kaduna International Trade Fair states that his cement production

across Africa stands in the region of 30 million metric tons and that Dangote Cement in Nigeria controls about 65 percent market share ,and about 30 percent of the Nigerian Stock Exchange (NSE), Daily Trust (May 4, 2015).

In communication, through the privatization of NITEL/MTEL Mr. Mike Adenuga benefited in Globacom. Oba Otudeko had 14 percent equity stake in Airtel as well as Marine Transport. Pascal Edozie benefited both from MTN Nigeria as well as ADIC Insurance. Orji Uzor Kalu the former Governor of Abia state during Chief Obasanjo civilian regim benefited in tourism and Insurance. His Daily Sun Newspaper became a leading Newspaper due to the fallouts that followed the privatization of Daily Times Newspaper. (www.worldrichpeople.com/richest-man-in-nigeria.com). The same was the case in the sale of the Mint Company when the National Assembly in 2003 confirmed that Gbenga Obasanjo, the son of chief Obasanjo was a major contender for the purchase of the company, Nwanolue (2008). Now, going by the Human Development Index (HDI), used to justify the idea of economic reform by Chief Obasanjo it is clear that to Obasanjo that the HDI is for measuring the financial status of the political friends and the relations of the ruling class in Nigeria in order to further

create more avenues for them to further advance their financial fortunes while the poor are confiscated with economic inequality. Now, after the World Bank in their report claimed that the power sector reform launched in 2005 is beginning to yield result as revitalized in August 2010 through the 2010 Road map, there has been mounting evidences that the DISCOS and the GENCOS have not improved the supply of electricity in the country. The All Progressive Congress utilized this misfortune for political advantage over the Peoples Democratic Party during 2015 presidential campaigns in Nigeria. Infact, the Minister of Power Professor Chinedu Nebo did not deny the fact that those who power was privatized to did not improve the economic activities of Nigerians who desperately need electricity for their business. He blamed the vandalizers of electric cables for the failure in privatization exercise carried out under Transformation Agenda, NTA News (2014). The World Bank in their report now, has come to agree that despite strong economic track record in the implementation of the adjustment reforms that poverty is still very high in Nigeria and can be reduced by a focus on human development, (www.worldbank.org).

4.4 Unit 3

On whether the implementation of adjustment reforms especially privatization affected jobs in Nigeria, empirical facts have proved that employment generation claimed by both the National Economic Empowerment and Development Strategy (NEEDS) and Transformation Agenda were both illusive because jobs were only created inside those documents not outside the documents. In fact, instead of creating jobs, what privatization did was to destroy the available jobs. For instance, in 2004 over 2000 workers were retrenched in Ports Authority due to the privatization of the Ports Authority. Similarly, in 2005, a total of 150 staff of Daily Times were sacked after the company was privatized, Nwanolue (2005). The workers of NITEL who were sacked in 2011 were seen in the streets of Abuja in 2014 protesting over the non-payment of their terminal entitlement, (African Independent News, 5th February, 2014).

Highly appalling is the situation where the private sectors due to the limited jobs in the country, are wrongfully terminating the appointment of workers after using them. For instance, on the 28th of April, the National Industrial Court summoned the ex MTN CEO Mr Adrian Wood for wrongfully terminating the appointment of Mr Paul Odunewu a chief Technical Officer of MTN Nigeria and

deceiving other workers. Odunewu a telecom engineer based in abroad was promised to work for MTN in Nigeria on the ground that he will be made a shareholder and that his position would be key, only to end up withdrawing the offer, Daily Trust (April 29 ,2015). Again the former workers of the defunct Power Holding Company of Nigeria after been retrenched in 2013 when the DISCOS and the GENCOS took over the company revealed recently that they have not received their terminal benefits in a protest march in Abuja,(Channels Television News,25th January,2015).More pathetic is the case of Mr. Ferdinand who set himself ablaze on the 31st of December 2013 because he could no longer take care of his family after losing his job, AIT News (2013).

Furthermore, the issue of sack threats has been on the increase both in the public and private sectors. A good example was the sack threat issued to the 150 staff of Nigeria Communication Satellite (NIGCOMSAT) due to the ongoing privatization of the company. The National Identity Management Commission Director General Chris Onyemenam received a strike warning from the Association of Senior Civil Servants of Nigeria (ASCSN), over his threat to issue one thousand employees a sack letter for no just cause, Daily Trust (May 11th,2015).

4.5 The Findings

- i. Because the jobs in the country are mostly provided by the private sectors, the threat of job sack and wrongful termination of appointment is on the increase in Nigeria.(See 4.4 Unit 3 under Data Analysis for more details).Even the sacked workers hardly receive their entitlements.
- ii. Privatization in the telecommunication industry has brought about exorbitant rates for services and in some cases, poor service network due to the power of private monopoly.
- iii. The cronies of the governing class in Nigeria were the major beneficiaries of the privatization exercise in Nigeria. For instance, as stated in the data analysis, Aliko Dangote benefited from the merger of Benue Cement and Dangote Cement.
- iv. In the area of power, exploitation has been on the increase. This is done by not supplying the customers the pre-paid meters duly paid for in order to fleece them with outrageous bills. And in some cases, the recharge cards bought by customers cannot be credited to their accounts. See 4.4 Unit 1 under Data Analysis.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

There is an increasing loss of jobs due to the implementation of the second phase of adjustment reform in Nigeria. Privatization is the main instrument for job destruction despite the way the government glorified it in the National Economic Empowerment and Development Strategy (NEEDS) document as well as the Transformation Agenda. Apart from destroying jobs, privatization has created room for private sector exploitation of the citizens of Nigeria who desperately need their services through the power of monopoly. The main objective of the research is to determine whether the poor and the workers benefited from the privatization exercise under adjustment reforms in Nigeria. The research came up with some interesting findings enumerated in chapter four on which basis three recommendations were made. The methodology used is documentary. This implies that the research utilized the works done in various academic journals to answer the research questions. In addition to this, news reports from African Independent Television, Nigeria Television Authority and Channels Television were used to support and answer the research questions.

5.2 Conclusion

The study has examined the role of implementing adjustment reforms with emphasis on privatization exercise done in Nigeria between Chief Obasanjo civilian regime and Dr. Goodluck's regime. During the course of the study, it was observed that the economic reform launched under the name of National Economic and Development Strategy (NEEDS) and Transformation Agenda centered there instrumentality for job creation on the private sector. As a result, privatization became the battle cry of the two administrations.

However, the study revealed that instead of creating jobs in the country, privatization destroyed jobs and made more people jobless while the friends of the governing class took the opportunity of privatization to advance their financial fortunes. It is against this background that the research noted that the privatization exercise going on in the name of economic reforms of adjustment is being carried out at the detriment of the working class and their dependants by the propertied class in Nigeria.

5.3 Recommendations

The following recommendations have been made based on the findings of this work:

- i. In order to reduce the cases of loss of jobs and wrongful termination of appointment in the country, government should make the Industrial Court strong enough to close down any enterprises that wrongfully terminate appointment of its workers.
- ii. Again, the anti-graft fight should be extended to private sectors like MTN and Power Distribution companies in order to forestall the exploitation and other negative practices going on in them against their customers.
- iii. Further, the Nigeria legislative chambers should come up with legislations that will establish more regulatory bodies to check the activities of the private sectors. The already established ones like Nigeria Communication Commission Should be strengthened to function optimally.

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