

Privatization in Nigeria, Social Welfare, and the Obligation of Social Justice

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ABSTRACT Privatization—the process of transferring control and ownership (partial or total) of an enterprise, business or agency, or the production of goods and services from the public sector (government) to the private sector—has been defended on different grounds, foremost of which is the view that it would lead to economic growth and efficiency. The Nigerian Government has aggressively embraced the concept, having been spurred on largely by creditor institutions like the World Bank and the International Monetary Fund. The privatization program in Nigeria, which came as an integral part of the country's overarching public policy of adjustment credits has been bogged down by a host of problems and controversies. At present, only 10% of the 400 public enterprises that were privatized from 1999 till date are properly functioning. In this paper I defend the view that the privatization program in Nigeria is socially unjust. I argue that by privatizing enterprises that provided a primary source of employment and income for most Nigerians, particularly in the midst of widespread bureaucrat corruption, and in the absence of social welfare programs the Nigerian Government undermines the quality of life and well-being of its citizens, and accordingly acts unjustly.

INTRODUCTION

We have been witnessing a gradual global economic paradigm shift in the last three and half decades or so. From the Americas to Europe to Africa to Asia, the movement has been away from government or public sector ownership of enterprises and control or participation in the economy towards free enterprise and increased operation of market forces. On the whole, the shift has introduced, on the one hand, a reduction in the role of the state in the economy, and on the other hand, a corresponding expansion in private sector ownership, control, and participation in the economy. The World Bank puts the figure of state-owned or public enterprises that were privatized (transferred from the public sector to the private sector) between the late 1980s and early 2000s in over 80 countries at about 8,500.¹

In Africa, privatization has often been accompanied by some form of deregulation or liberalization, even though these policies have remained highly controversial and politically risky in the home front. As Campbell-White and Bhatia (1998) have indicated, by the end of 1996 all but five countries in Africa had divested some state-owned enterprises within the framework of macroeconomic reform and liberalization.² In Nigeria, privatization came as an integral part of

the country's overarching public policy of adjustment credits and was largely aimed among other things at enhancing the efficiency of resource allocation of government. In this paper I defend the view that the privatization program in Nigeria is socially unjust. I argue that by privatizing enterprises that provided a primary source of employment and income for most Nigerians, particularly in the midst of widespread bureaucrat corruption, and in the absence of social welfare programs the Nigerian Government undermines the quality of life and well-being of its citizens, and accordingly acts unjustly.

1 Meaning of Privatization

Historically, privatization seems to have emerged as a countermovement against the growth of government in the West³ on the one hand, and a discontent with public service delivery, on the other.⁴ It is a countermovement that, according to Paul Starr (1989), has primarily given rise to two distinct meanings of privatization. In the first strand of meaning, privatization is construed as “any shift of the production of goods and services from public to private”⁵ or what Marc Bendick Jr.(1989), calls a “shifting into nongovernmental hands some or all roles in producing a good or service that was publicly produced or might be publicly

produced.”⁶ In the second strand, privatization is understood as “any shift of activities or functions from the state to the private sector,”⁷ that is the process by which control and ownership of an enterprise, business or agency is transferred from the government to the private sector. Both strands are often conflated in the literature on privatization.

Privatization is a nebulous idea that evokes sharp political (and sometimes expressive) reactions. Part of the fuzziness of the concept is perhaps due largely to both the ideological and political foundations of the concept.⁸ Reactions to privatizations and the meaning it conjures could sometimes be dictated by a nation’s political and economy position in the world economy. And as Starr rightly notes, the “more dependent a nation is on foreign investment, the greater the probability that privatization will raise the prospect of diminished sovereignty and excite the passions of nationalism.”⁹ Sometimes such passions are mixed with issues of national security as the case of DP World, a state-owned maritime company in the United Arab Emirates illustrates. DP World bowed to pressure from Congress and was forced to sell off its U.S. operations to an American owner following a furious controversy over port security.¹⁰

For the most part, affluent and developed countries may likely treat privatization as a matter of domestic policy, but not so with less affluent and developing countries, who may possibly interpret privatization as a form of neocolonialism. The point is that generally and irrespective of a nation’s position in the global economy, privatization could be colored by nationalist sentiment, that is to say it could be seen either as denationalization, that is, a transfer of control of state-owned enterprises to foreign investors or managers, especially where the likely investors and buyers are foreign, or as a retreat from national self-assertion in the face of international pressure, “since state ownership of enterprises often originally came about in an act of national self-assertion.”¹¹ Even where the potential investors and buyers of public assets are local, privatization could be colored by racial and ethnic sentiments, and when a nation’s political, bureaucratic, economic and entrepreneurial classes of groups are different in ethnic or cultural configuration. Privatization may be interpreted as a transfer of wealth, power and resources from one class or group to another as

the case with Nigeria well illustrates. The first chapter of the privatization program in Nigeria which ran from 1988 to 1993 was truncated due in part to controversies and allegations of structural imbalance in the distribution of shares and investors for the state-owned enterprises particularly between the north and the south. This is not surprising since many policies in Nigeria are often (and sometimes always) interpreted from the prism of the north-south dichotomy and conflict.

Privatization can be total or partial as well as policy-driven or demand-driven. Privatization is total when it involves a complete transfer of public ownership and assets structures to private companies or conversion of public enterprises to private entities, and it is partial when the government retains some ownership of the privatized enterprise, which can be by management transfers, development leases, contracting-out or vouchers, operational concessions. In partial privatization, the government may continue to finance but not to operate services, or it may continue to own but not to manage assets. Privatization is policy-driven when the shift from publicly to privately produced services and good is brought about by self-conscious privatization policies, that is, a deliberate government action, such as a sale of public assets, and it is demand-driven when the shift from publicly to privately produced goods and services results from the conscious or unconscious choices and actions of individuals or firms that a government is unwilling or unable to satisfy or control, namely, the demand for goods and services for which the government has no interest in satisfying or unable to meet.

2 Nigeria’s Privatization Program

As it is with most developing countries, Nigeria began its privatization program in the late 1980s. The core objectives of its privatization policy includes but not limited to the following: opening up the nation’s economy to global market forces; attracting more investment; fostering economic growth; attaining macroeconomic stability; building a broader tax base system; delimiting the role of government in the economy; reducing the country’s fiscal deficits, public sector borrowing, subsidies, and subventions to unprofitable state-owned enterprises.

There are two chapters in Nigeria's privatization program. The legal framework for the first chapter was provided by the Privatization and Commercialization Decree No. 25 of 1988, which was introduced by the then head of state, Ibrahim Badamosi Babangida (1985 – 1993) as part of the Structural Adjustment Program. The Decree established the Technical Committee on Privatization of Public Companies (TCPC), which was made up of eleven members drawn from both the public and private sectors, and had as its first chairman Hamzad Zayyad. The committee was inaugurated on the 27th of August 1988 and was vested with wide powers to monitor and supervise the implementation of the privatization and commercialization program. Its mandate was to privatize 111 public enterprises and commercialize 34 others. The TCPC commenced actual privatization early in 1989 with the shares of Flour Mills of Nigeria, African Petroleum, National Oil and Chemical Company, and United Nigeria Insurance Company being issued in the market. And by 1993 when the privatization process was truncated the committee has succeeded in privatizing about 88 enterprises.

The second chapter, which was more or less an extension of the economic policy initiated and vigorously pursued by the Babangida administration (in the first chapter) began on the 20th of July 1998 with the signing of the Public Enterprises Privatization and Commercialization Act of 1999. Under the three-phase privatization program announced by President Olusegun Obasanjo, the goal of the Federal Government is to divest through privatization or commercialization about 100 state-owned enterprises in the (i) productive or manufacturing sector: cement, vehicle assembly, machine tools, pulp and paper, sugar mills, aluminum smelting, steel, petrochemicals, and oil refineries; (ii) services sector: hotels, oil marketing, and financial institutions and banking; and (iii) infrastructure: telecommunications, power, ports, railways, air transport, airport passenger handling and freight forwarding.¹²

The Public Enterprises Privatization and Commercialization Act of 1999 established the National Council on Privatization (NCP) with the Bureau of Public Enterprises (BPE) as its secretariat. There are three broad statutory and policy mandates of the NCP and BPE. These are: (i) the formulation of policies on privatization and commercialization; (ii) the approval

of guidelines and criteria for valuation of public enterprises slated for privatization; and (iii) the choice of strategic investors, share prices and assets of state-owned enterprises, privatization advisers and consultants, and enterprises for commercialization.

Although the BPE has privatized about 400 state-owned enterprises thus far, the program has been dogged by one problem and controversy after another—some of which I have highlighted elsewhere.¹³ Some of these problems and controversies have fueled the public perception that the exercise is a fraud. To add to this perception, the Director-General of the BPE, Chris Anyanwu admitted in a recent interview that only 10% out of 400 privatized public enterprises in Nigeria are properly functioning, and that the bureau has been given a presidential mandate to revoke over 350 of the privatized enterprises which have failed to perform to expectation since 1999.¹⁴

3 Privatization, Social Welfare, and the Obligation of Social Justice

It cannot be overemphasized that it is counterproductive for a country to embark on privatization for sake of privatization. While the market may prove to be an extremely effective mechanism for economic growth, it is important that other non-market variables are considered in evaluating whether a country should private its public enterprises and as to how far it should go. The characterizations and principles of privatization must not assume away many of the peculiar social and political problems of developing economies like Nigeria. To this extent the Nigerian Government needs to proceed with great caution in divesting its public enterprises. I have argued elsewhere that although privatization may in general be a “good” policy there is a strong case that could be made for the moral inappropriateness of the Nigerian Government to privatize some (and perhaps most) of its public enterprises given the nation's socio-economic environment.¹⁵ I now want to argue here that the privatization of public enterprises that provided a primary source of employment and income for most Nigerians, particularly in the midst of widespread bureaucrat corruption, and in the absence of social welfare programs, was (and is) socially unjust.

By socially unjust (or social injustice) I mean

the privatization program violated the norm or principle of social justice, and consequently undermined social welfare. I take social justice to mean the application of justice on a social level. On this interpretation, social justice is concerned with equal justice for all, not just in the law courts, but in all aspects of society. That is to say that the principle of social justice requires that the distribution of advantages and disadvantages in society be egalitarian and as fair as possible. It demands that there be a level playing field for everyone (from the poorest person to the wealthiest) and that every member of society has equal rights and opportunities. And by social welfare I mean social services and programs such as social security, healthcare benefits, social safety net, unemployment benefits, income support, etc that are provided by the government for the benefit of its citizens. And for the purpose of this paper, I take social welfare to cover broadly any public initiative (including state-owned enterprises) that has the potential to benefit the entire citizenry (either narrowly in terms of employment and employment opportunities or broadly in terms of the goods and services that are offered).

The concept of social justice has been widely discussed by philosophers ever since Plato argued in *The Republic* that an ideal state rest on four cardinal virtues: wisdom, courage, moderation, and justice.¹⁶ Of course on this conception of justice *qua* virtue, justice arises from a harmony of all the other three virtues. John Rawls provides one of the most forceful formulations and defense of social justice both in *A theory of justice* (1971 and revised in 1999) and in *Political liberalism* (1993). Drawing on the social contract tradition¹⁷ and Immanuel Kant's moral ontology, Rawls addresses the problem of political legitimacy and describes society "as a fair system of co-operation over time, from one generation to the next."¹⁸

Rawls' conception of justice has two principles of justice, both of which constitutes his special formulation of what he calls a more general conception of justice, which states: "All social values [social primary goods¹⁹—liberty and opportunity, income and wealth and the social bases of self-respect—are to be distributed equally, unless an unequal distribution of any, or all, of these values [goods] is to everyone's advantage [or the advantage of the least favored]."²⁰ The first principle, the liberty principle takes the view that individuals possess

an inviolability founded on justice. It states that each person should have the same indefeasible claim to a fully adequate scheme of equal basic liberties, which scheme is compatible with the same scheme of liberties for all. The second principle, the principle of social and economic inequalities, from which the principle of social justice (the difference principle and the principle of fair opportunity principle) is derived states that social and economic inequalities are to be (a) attached to offices and positions open to all under conditions of fair equality of opportunity (b) to the greatest benefit of the least advantaged member of society. Both the liberty principle and the principle of social and economic inequalities are justified by the fact that they constitute a political conception of justice that aims to resolve the problem of political legitimacy that arises because of the fact of reasonable pluralism. That is, the principles of justice that arise from the hypothetical device of the social contract are what any reasonable member of society will accept because they model the idea of justice as fairness.

The principle of social justice places an obligation on government to promote a level playing field for every member of society and to maintain a social minimum for its citizens. It requires that the government promote social welfare programs, that is, to pursue those social and economic policies that promote the quality of life and well-being of every member of society. This obligation is so extensive that it places a limit on what the government can do with public resources and funds and to its citizens. One straightforward interpretation of this obligation is that the government is required and must use public resources and funds not only judiciously but also justly and fairly, namely, for the benefits of its citizens. Given that the obligation places a limit on certain actions such as the use of public resources and funds by the government it follows that the government is prohibited from initiating, embarking and carrying out any program that both works against public interests and fails to benefit the citizenry. Simply put, the principle of social justice forbids the government from divesting state-owned enterprises insofar as this undermines the overall well-being of its citizens. Or put in another way, it permits the government to privatize only if that is necessary to maintain or increase the well-being of its citizens.

My contention is that this obligation was violated (and is being violated) by the privatization program in Nigeria. There are two ways that this is being done. First, the privatization is being used to promote and further the interests of government officials and their partners. That is to say that government officials used (or are using) the program to extract corrupt political rents both for themselves and for their cronies. Second, the program has short-changed Nigerians and is trampling on general public interests. In both ways, the similarity is obvious—the well-being of Nigerians is being undermined. Whereas the well-being of Nigerians is being undermined directly by the second way, the first way undermines it indirectly. Let me now spell out fully both ways.

1. *Privatization Served (and is serving) as an Efficient Way of Extracting Corrupt Political Rents.* That there was widespread nepotism and corruption in the sale of public enterprises is a fact acknowledged by many observers of the privatization program. This should not be surprising given the level of corruption, especially bureaucrat corruption in Nigeria. Many of the enterprises were hurriedly sold, without due diligence, and to buyers and investors who had no financial and technical competence to manage them. Some of the privatized enterprises were underhandedly undervalued and divested to investors who made quick profits off them by aggressive asset stripping.²¹

The level of corruption in Nigeria, especially bureaucrat corruption is well known and documented, both in and outside of the country. The formation in 2003 of the law enforcement agency in Nigeria, the Economic Financial Crimes Commission and the work it has done so far is indeed a testament to the magnitude of corruption in the country. Nigeria has consistently ranked among the most corrupt countries in the world in the last couple of decades or so. The 2009 report by Transparency International places the country in the one-sixth bracket (in the corruption perception index) of the most corrupt countries in the world.

Without privatization, corrupt officials would have to extract corrupt political rents slowly and over time, perhaps from borrowing extensively to engaging in spending on overly favorable contracts with their backers (or on tax shelters, subsidies or other give-ways). But with privatization, corrupt officials and their back-

ers have been handed a key to the money vault—they are now more efficiently able to extract illegal political rents. It is like having Dracula guide the blood bank. Privatization allows them to enrich investors and buyers (of their liking) of public enterprises and to secretly siphon and put away a large portion of the entire net present value of assets of these enterprises from the public into either personal accounts or those of their favored power brokers. In addition, because of the widespread bureaucrat corruption in Nigeria, privatization simply made a substantial part of the annual funds and resources required to keep in existence and to maintain state-owned enterprises available for corrupt officials to misappropriate.

The massive extraction of illegal political rents means that present Nigerians and future generations are burdened with the task and responsibility of paying back the debts incurred for these rents and corrupt transfers. These debts will be financed in two ways: one, from the gross national income, a part of which includes taxes (and earnings from oil) and, two, from external borrowings from the World Bank, the IMF, other creditors, and foreign nations. Funds diverted to pay these debts means less funds available for the promotion of social welfare programs, basic social services, education, and for capital projects and infrastructural development.

2. *Privatization Short-changed Nigerians and is Trampling on General Public Interests.* Public enterprises constitute a primary source of employment for Nigerians. As late as 1997 the estimated 1,500 state-owned enterprises accounted for about 66% of formal sector employment for Nigerians. With privatization the percentage of those employed in the public sector and by the privatized enterprises is expected to drop considerably. This appears to be the case with the privatized enterprises in Nigeria where there has been a significant loss in employment.²² With the loss of employment comes the loss of income, and with the loss of income comes a lessened quality of life and well-being. Furthermore, because many goods and services were provided by public enterprises, albeit with less quality and quantity, the prices were reasonably and relatively well within reach for the average citizen. One could assume that the fact that most Nigerians were able to access these goods and services raised their level

of wellbeing compared to post-privatization when they couldn't access the same goods and services either because they are beyond reach (for example, too expensive) or unavailable because the privatized enterprises are not performing properly.

Obviously, by privatizing public enterprises the government saves approximately US\$5 billion required annually for their maintenance. If it is assumed that a large percentage of these funds are spent on capital projects, infrastructural development, contracts, and salaries, and if social justice places an obligation on the government to pursue social and economic policies that promote the quality of life and well-being of its citizens, then the government is prohibited from privatizing public enterprises given that they constitute the primary source of employment for Nigerians. This is especially more important given the fact that it is not just that most of the privatized enterprises are not performing well, but that there is no indication that among the very few that may be performing properly, their delivery of goods and services is more efficient than the delivery of goods and services by public enterprises.²³

Notwithstanding the debate concerning the performance or non-performance of privatized enterprises, the larger point is that if we are to make a choice between privatizing public enterprises, which will save the government US\$5 billion annually, but consequently make a substantial part of it available for corrupt officials to embezzle and spending US\$5 billion annually to keep in existence and to maintain state-owned enterprises, which will keep more people employed and guarantee them a level of income, the principle of social justice and concern for social welfare dictates and specifies that we choose the latter. If we consider that the government has a social obligation to promote social welfare programs for the benefits of its citizens, and since these programs are egregiously absent in Nigeria it is socially unjust for the government to privatize those enterprises that guarantee some level of employment and income for many of its citizens, that for the most part most of the privatized enterprises have failed in the delivery of goods and services.

Given the corruption level and the history of embezzlement of public monies in Nigeria the privatization program turned out to be (and is becoming) another kind of "economic feudal-

ism," a transfer of public funds into the accounts of private and already wealthy folks. A government that chooses to privatize its public enterprises in the midst of widespread bureaucrat corruption and in the absence of social welfare programs, and a social minimum or safety net for its citizenry is a socially unjust government. It is socially unjust because enriches the already corrupt government officials and the wealthy; gravely exacerbates social and economic inequalities; widens the divide between the poor and the rich; and lessens the quality of life and well-being of its citizens.

CONCLUSION

In this paper I have not discussed the issue of whether privatization is a good or bad policy, or neither. I have done that elsewhere. Rather, my concern had a specific target, a target that is unconnected with the issue of the morality of privatization in general and the implementation of the program in Nigeria in particular. My specific target was to make the case that privatization violated the principle of social justice and the obligation that the principle imposes on government to promote social welfare. I have argued that by privatizing its public enterprises in an environment of widespread bureaucrat corruption, and in the absence of social welfare programs the Nigerian Government acts unjustly. It acts socially unjust because it embarks on a privatization program that in practice undermines the quality of life and well-being of its citizenry. The privatization program in Nigeria enriched government officials and their cronies, made wealthy folks wealthier, deprived many Nigerians the primary source of employment and income, in addition to imposing on them and future generations a huge burden—the burden of paying back the debt incurred for these rents and corrupt transfers.

NOTES

- 1 World Bank 2003. *Report on Privatization*, Washington, D.C.
- 2 Campbell-White O, Bhatia O 1998. *Privatization in Africa*, Washington, D.C., The World Bank.
- 3 Starr Paul 1989. The meaning of privatization, P.15.
- 4 For a discussion of antigovernment attitudes and discontentment with public sector delivery with specific reference to the United States of America

- see Bendick, Marc Jr. 1989. Privatizing the delivery of social welfare services: An idea to be taken seriously, pp. 100-102.
- 5 Starr Paul 1989. The meaning of privatization, P.21
 - 6 Bendick Marc Jr. 1989. Privatizing the delivery of social welfare services: An idea to be taken seriously, P.98
 - 7 Starr Paul 1989. The meaning of privatization, P. 21
 - 8 For an examination of the theoretical underpinning of privatization see Adeyemo's discussion of the four schools of thought that explain the variations of policies applicable to privatization in Adeyemo DO 2005. Public enterprises reform in Nigeria. A review.
 - 9 Starr Paul 1989. The meaning of privatization, P.37.
 - 10 See Weisman Jonathan, Graham Bradley 2006. Dubai firm to sell U.S. port operations.
 - 11 Starr Paul 1989. The meaning of privatization, P.37.
 - 12 *Some of the cardinal public enterprises earmarked for privatization include: the information group which has the Daily Times of Nigeria, Federal Radio Corporation of Nigeria, New Nigerian Newspapers, News Agency of Nigeria and Nigeria Television Authority; the petroleum sector comprising of the Nigerian National Petroleum Corporation, Eleme Petrochemicals, Kaduna, Port Harcourt, Warri refineries, Nigerian Gas Company, Petroleum and Pipelines Marketing Company, African Petroleum, UniPetrol, National Oil, Dresser Nigeria Limited, Baker Nigeria Limited; the financial enterprises made up of NICON Insurance, Nigerian Reinsurance, Nigerian Bank for Commerce and Industry, Assurance Bank, FSB Bank, Afribank BIAO shares; airlines and airports sector consisting of Nigeria Airways, FAAN, NEMA; the natural resources sector made up of all 12 Water River Basin Development Authorities; the agriculture sector which has the National Park Board, Ore Oil Palm, and Ihechi-owa Oil Palm; the solid minerals sector comprising of the Nigerian Mining Corporation, Nigerian Coal Corporation, Nigeria Uranium Company Limited; the transport sector consisting of the Nigeria Ports Authority, Nigeria Railways, Nigerdock, NAHCO; state-owned Industries which are made up of NAFCON, Federal Super Phosphate Fertilizer Company, Nigerian Machine Tools, Nigerian Paper Manufacturing Company Limited, Nigerian Sugar Company, Bachita, Ashaka Cement, Sunti Sugar Company, Benue Cement Company, Calaber Cement, Leyland, Peugeot Automobile Nigeria Limited, Volkswagen Nigeria Limited; the housing sector made up of Federal Mortgage Bank, Federal Mortgage Finance Limited, Federal Housing Authority; telecoms and postal services sector which has NITEL, MTEL and NIPOST; power sector comprising of NEPA and its subsidiaries; the power and steel group which consist of Oshogbo Steel Rolling Mills, Jos Steel Rolling Mill, Delta Steel Rolling Mill, Ajaokuta Steel Rolling Mill, Aluminum Smelter Company Limited, National Iron Ore Mining Company Limited; the hotel and recreation sector which has the Nigeria Hotels Limited and Festac 77 Hotels.*
 - 13 See Etieyibo Edwin 2010. Privatization and social welfare: The Nigerian experience. see also Adeyemo DO 2005. Public enterprises reform in Nigeria: A review, pp.229, 230.
 - 14 See Anyanwu C 2009. Presidency orders BPE to revoke sale of 350 firms.
 - 15 Etieyibo Edwin 2010. Privatization and social welfare.
 - 16 Plato, *The Republic*. See especially Bk. V.
 - 17 In simple terms the social contract theory is a hypothetical device that describes a broad class of theories that try to explain and justify morality or politics; it holds that moral or political obligations are derived from the contract or agreement made between rational persons to form societies.
 - 18 Rawls John 1993. *Political Liberalism*.
 - 19 John Rawls defines social primary goods as 'things that every rational person is presumed to want' independent of his or her special or particular conception of the good life.' Rawls 1999 *A theory of justice*, p.54
 - 20 John Rawls 1999. *A Theory of Justice*. P.54.
 - 21 Etieyibo Edwin 2010. Privatization and social welfare. See Adoga Onjefu 2008. A critical appraisal of privatization in Nigeria.
 - 22 Even though data is a bit limited here, some studies show a significant loss of employment with privatized enterprises. For example, out of the three firms that Afeikhena studied two of them showed extensive layoffs after government divestiture. See Afeikhena Jerome 2008. Privatization and enterprise performance in Nigeria: Case study of some privatized enterprises, P.43. A study by Uzochukwu also shows a similar trend. See Uzochukwu AS 2003. Productivity and efficiency of some privatized public enterprises in Nigeria.
 - 23 A 1997 study by Nwoye which compared the effectiveness of public and private service delivery in Nigeria shows that there is "no clear evidence that private service delivery is inherently more effective or less effective than public service delivery." May I. Nwoye 1997. Management practices and performance determinants of public and private sector enterprises in Anambra, Edo and Delta States of Nigeria: A factor analysis. And as Sam Aluko has argued that much of private sector profits in Nigeria "are not always the result of efficient operation and increased productivity but rather often represent money that private contractors make through" corrupt or illegal political rents, namely, public sector connections and influence, inflated contracts, patronage., Sam Aluko cited in Adeyemo DO. 2005. Public enterprises reform in Nigeria, P. 225.

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