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Deregulation and Corruption in Nigeria: An Ethical Response

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ABSTRACT It has been widely accepted that one of the reasons for the efficient operation of capitalist economy, is deregulation and privatization. The discourse here centers on the ethical dimension of the level of corruption in Nigeria vis-à-vis deregulation. The question that looms large here is whether it is only the economy that has been deregulated or has corruption also been deregulated? This paper opines that the endemic problem that has bedeviled Nigeria over time, i.e. corruption both in low and high places, would have been appreciably reduced, if the managers of the political economy (leaders) had recognized and accepted the ethics of accountability. The paper further argues that corruption, as it seems, has been deregulated. It is the recommendation of this paper that Nigerians will only enjoy the merits of a thoroughly deregulated economy, if and only if a genuine attention is paid to the deregulated nature of corruption and leaders being made to be accountable in its all entirety.

INTRODUCTION

The character of the transition to what has been known as Nigeria's 'nascent democracy' did create considerable appreciation among various segments of the Nigerian polity. As the said 'nascent democracy' is ageing, popular apprehension regarding the economy, honest and transparent governance, and social services (education, jobs, health care delivery etc.) increased. Recently, the Nigerian public has been introduced to some terms that are relatively new both in the economic and political sectors. This gained ground especially in this present administration of President Olusegun Obasanjo. Examples of these, terms include: 'Dividends of democracy'; 'nascent democracy' 'deregulation'; 'Privatization', etc. However, deregulation in terms of definition and operation, is still very vague in the minds of the people. In basic economic terms, deregulation is capitalist oriented. It has become the major defense for the efficient operation of capitalist economy. It is based on a free market enterprise, when market forces determine prices and even wages.

The cardinal thrust of this paper is to make an ethical inquiry into the moral and social problem of corruption in Nigeria vis-à-vis deregulated economy. There exist a fundamental question that this paper puts forward and also makes attempt to answer. Thus, has corruption been deregulated too in Nigeria? The reasons for this all-important question are legion. Despite the publicized opprobrium of this privileged crime, both the agents of government and the civil society nurture it. As a matter of fact, the Nigeria leadership from the beginning has been found to be the worse culprit and to that extent, the kernel of the problem.

Our argument is that corruption can only be reduced or eliminated in a deregulated economy, through a combative political will of the leadership. The governed equally must reciprocate this will of the government. Even as much as free or liberal market system is being canversed, it will be ethically wrong that opportunities for corruption be created for our productive and distributive systems. Hence, accountability and transparency ought to be encouraged. There is need to attempt a lucid explanation of the concept deregulation. This forms our next point for discussion.

DEREGULATION

To deregulate means to do away with the regulations concerning financial markets and trades. Basically, Ernest and Young (1988) posits that deregulation and privatization are elements of economic reform programmes charged with the ultimate goal of improving the overall economy through properly spelt out ways. For example, freeing government from the bondage of continuous financing of extensive projects which are best suited for private investment by the sale of such enterprises; encouraging efficiency and effectiveness in resource utilization; reducing government borrowing while raising revenue; promoting healthy market competition in a free market environment; improving returns from investment and broadening enterprises share ownership thus engendering capital market development.

Put in its purest form, Johnston (1998) asserts that privatization means transferring public ownership interest and control in enterprises to the private sector. It is believed that private sector is more efficient in terms of resources allocation than public sector investment. The explicit desire to rid government of huge non-performing assets which have become serious national liabilities assume that the private sector would generate positive returns with the assets. Positive investment results would have positive multiplier effect on economic growth and development. Thus, it was believed that the investments to be sold by the government would be better utilized by the private sector. The policy programme objectives are laudable against the background that the public enterprises constituted a drain on the finances of the government.

The question that should be asked at this juncture is what are the gains of deregulation in Nigeria? This question cannot be convincingly answered in isolation of the objectives of the programme. Government's plan to deregulate the public sector was intended to:

(a) Restructure and rationalize the public sector in order to lessen the dominance of unproductive investment in the sector.
(b) Re-orientate the enterprises for privatization and commercialization towards a new horizon of performance improvement, viability and overall efficiency.
(c) Ensure positive returns on public sector investments in commercialized enterprises.
(d) Check the present absolute dependence on the Treasury for funding the otherwise commercially oriented parastatals and encourage their approach to the capital market and
(e) Initiate the process of gradual release to the private sector of such public enterprises, which by their nature and type of operations are best, performed by the private sector. (TCPC 1988/89).

The above enumerated objectives were geared towards meeting some specific goals, e.g. improved management efficiency and performance of affected enterprises; reduced government financial burden; increased funding of infrastructure and other facilities. Others are, enhanced economic growth and development; installment of market discipline; capital market development and popular capitalism through widespread ownership of corporate shares.

One may make haste to ask following from the multiplicity of objectives which of them is primer to the programme initiators? As it appears, it seems to suggest the order of their priority i.e. efficiency improvement in the management and operations of these public enterprises take precedence. This is quickly followed by the intention to reduce government financial commitment to these enterprises. It is revealing to note that the essence of deregulation as conceived by the government is a laudable one. Suffice it to say that the bane of this implementation, we would find out in the next segment – corruption-.

CORRUPTION: MEANING AND FORMS

There is no universally accepted definition of corruption. However, so many definitions abound. Wehmeir (2000), defined corruption as any dishonest or illegal behaviour, especially of people in authority. It is that act or effect of making some body change from moral to immoral standards of behaviour. The Independent Corrupt Practices and Other Related offences Act, 2000, simply defined corruption thus: "Corruption includes bribery, fraud and other related offences". This definition is unsatisfactory to us. We shall instead adopt the longer and emotionally more satisfactory definition given by Osoba (2000), which reads thus:

Corruption in my view is a form of anti-social behaviour by an individual or social group which, confers unjust or fraudulent benefits on its perpetrators (and) is inconsistent with the established legal norms and prescribed moral ethos of the land and is likely to subvert or diminish the capacity of the legitimate authorities to provide fully for the material and spiritual well being of all members of society in a just and equitable manner.

In the context and scope of this paper, the definition above is satisfactory, principally because of its emotional import when it goes beyond simple definition into describing the social and moral consequences of corruption. We chose to amplify the more, the ethical aspect of deregulation and corruption in Nigeria.

Having gotten a clear picture of what corruption as it is used in this paper stands for, the question that comes to mind easily is, and do corrupt acts take one form all the time? Could corruption be classified? Attempts have been made by scholars to bifurcate corruption into classes. For example, Heidenheimer (1978), classified corruption into three categories:

(a) The public office – centered type, which is basically concerned with the abuse of public trust and official positions and responsibilities for selfish objectives. He opined that this type or form of corruption might not result in monetary gains.

(b) The market – centered corruption in which public office is converted to an avenue for the maximization of income and property. Examples of issues in market – centered corruption include: the creation of "ghost" workers, kick – backs and commissions on government projects and purchases, illegal oil sales like creating scarcity of products and cheap auctioning of public property ranging from cars to seized goods, etc. Most recent is the case of fuel tax, which Nigerian Labour Congress (NLC) resisted vehemently.

(c) The public – interest centered corruption. This concerns the populace whose interest those in leadership position ought to protect. It emphasizes the abuse of public trust to serve cliental cleavages, communal and other group interests, as for instance, the citing of economic project in an unviable town simply because it favours the boss. This is exemplified in the citing of a Refinery in Kaduna, steel complex in Ajaokuta, Local government headquarters location, etc.

In the interest of this paper, two categories of corrupt practices are outlined and discussed. They are materialistic corruption and non-materialistic corruption. The first type is well captured by our earlier adopted definition, which focuses on the unjust and fraudulent enjoyment of some material benefit due to an inordinate acquisitive drive. The second type is not material, but is also a service or benefit unjustly received, such as is exemplified when a university lecturer requires an unfortunate female student of his, to provide him with sexual gratification and or certain amount of money, as a condition for her passing his course. This indeed is a morally torpid phenomenon. A combination of these (especially bureaucratic corruption and political corruption) has had its firm root in the Nigeria nation and has robbed her not only of its honour but also its very future as a viable state.

Bureaucratic corruption is often a result of political corruption. Political corruption, is the fraudulent and/or forceful acquisition of power over a group of people. This could be done through various means. In recent times, this is craftily done through rigging of election. The after-math of political corruption is usually imposition, which is mainly for the purpose of exploiting the populace, materially. More often than not, the usurper sets up institutions and coin terminologies vaguely or otherwise, that facilitate this eventual exploitation.

Retrospectively, it will not be out of place to posit that corruption is not a Nigerian invention on one hand and on the other hand, that corruption has been greatly encouraged by the privatization of economic and social relations. This becomes truer when the arguments of scholars like Ekeh (1998), Price (1975) etc, that colonialism bred two distinct publics; the colonial and the indigenous publics of the colonized, which were disconnected from each other, is any thing to go by. In this light, Osoba (2000), asserts that corruption is understandable only in the total social, economic and by extension, the moral context in which it is found. Hence, it is said to be rational as well as moral consequences of the power, wealth and poverty distributions in a society. It seems, however that corruption though it is a worldwide phenomenon, yet it thrives more where it is tolerated, and where the possibility of detection and consequent punishment is slim. Chinua Achebe's No Longer at Ease (1975), for example, the character Obi Okonkwo,was blamed, by his Kinsmen, not for bribery, after all that was what they sent him there to do, but because he was not tactful enough to avoid detection. Izibili, (1996), posits with regrets that since independence, it is pathetic that the middle name for average Nigerian is corruption. This is due to the negative catalytic effects of this phenomenon, and as such, industrial development has been in its lowest ebb.

Deregulation and Corruption in Nigeria: An Ethical Overview

That the present administration of President Olusegun Obasanjo has been pursuing vigorously the policies of privatization and deregulation since its inception, even with the continuous resistance and objection to them by the general public, is a known fact. This part of the paper is aimed at giving an ethical overview of the programme of deregulation and corruption in Nigeria.

As we have explained earlier, to deregulate means to do away with the regulations concerning financial markets and trades. No doubt, the establishment of state – funded enterprises is not an accident; it reflects the needs of a backward, "third" world, underdeveloped country to rise to the challenge of enhancing the well being of its people. The essence of state - enterprises therefore, is to cater for the needs of the people. It is revealing to note that under the pressure from the World Bank and the IMF, successive Nigerian governments have made attempts to hand over these state-owned enterprises to private interests.

To this end, the dangers of this attempt to deregulate and privatize the state-owned enterprises both in economic terms, social wise, and its moral worthiness, has been variously articulated. Several patriotic Nigerians (individuals and organizations), including the Nigeria Labour Congress (NLC), Academic Staff Union of Universities (ASUU) and National Association of Nigerian Students (NANS), have lead a national campaign from 1979 against the privatization programme of the government. The cardinal reason as it has always been advanced, is that Nigeria is not for sale

Meanwhile, it has been observed here and abroad that the Nigerian economy is already under the firm control of IMF, World Bank, American Military and the governments of Britain and the United States of America. It has become very obvious that the World Bank and IMF officials have taken over the process of preparing and supervising budget preparation and approval in Nigeria. This is the height of deregulated corruption. This becomes truer when viewed against the backdrop of the process of re-colonisation of the country via privatization and deregulation programmes.

It becomes morally, socially and economically worrisome if one takes a critical look at the ostensible reason being brandished for privatization and deregulation: That public enterprises are not efficient. This is quite untrue. The fact of the matter in our considered opinion is that the public enterprises are deliberately made inefficient so that they could be sold out as willed; most often, to themselves who are still in government. This, in no small way, increases the mass poverty of our already impoverished people. This in fact, is ethically disturbing because it makes access to basic facilities and resources impossible and unaffordable for over ninety percent of the Nigeria population.

The phenomenon of massive corruption and its institutionalization as key elements of state-craft have attracted considerable attention. This becomes prominent at about this time when it takes a deregulated form. It goes far back into Nigeria's history spanning pre-independence and post independence periods. The Nigerian public has with lots of skepticism, taken the administration of President Obasanjo's seriousness about eradication of corruption. More of the skeptics arose from the victims of government by looters right from the beginning.

The evidence that various public officers have looted public treasury is manifested in the unprecedented private wealth which individuals are openly associated with, private estates, private jets, palatial living quarters, extensive private business (farms, firms, airlines, shipping lines, banks, etc). It is, therefore, not surprising that the Nigerian ruling class (under President Obasanjo's government) is so fanatical about buying up all the public properties, which they could not steal, while in power. Through the instrumentality of the Bureau of Public Enterprises, the ruling class is virtually stealing public property. Example, NITEL, the Nigerian Security Printing and Minting Corporation – NSPMC. (See the Guardian, March 17, 2002: 11). This is presently taken care of through what they call, deregulation and privatization. Consequently, Privatization and deregulation have become another type of corrupt practice.

Every ethically minded/conscious leader ought to call to mind always the call to duty which he/she has received. This follows the Kantian Categorical imperative –Duty for Duty sake-. To this end, the ideology of SAP from which the economic policy of President Obasanjo derives, is the fallacy called "less government". This policy makes room for government to divest itself of any social contract with the Nigerian people and insists that social services must be fully paid for, through privatization and deregulation, even in the face of increased revenue derived from natural resources.

Consequently, increased demand is being made on the Nigerian people to pay for various services, which they have hitherto taken for granted. This takes different forms; either through direct cost increment or simply through complete or partial abandonment of these services by government, for example, education, health care delivery, transportation, postal services and

Telecommunication. It become ethically worrisome for the alliance (unholy) IMF and President Obasanjo's government are exchanging. This becomes the case when the moral principle of honesty is thrown away and deceit becomes the order of the day. Honesty as a moral principle is manifested in trustworthiness, truthfulness, sincerity, integrity and fairness. IMF and the Nigeria ruling class agreed on the exploitative and oppressive economic programmes such as SAP and all its consequences, (debts, debt servicing, withdrawal of funds for education and health care delivery, higher prices of petrol, medicine etc).

Meanwhile, the level of open corruption questions both the credibility of IMF, the World Bank and their Nigerian agents from Obasanjo (1978) to Obasanjo till date. This is one of the reasons why IMF is shouting about corruption in this present administration of Obasanjo. (See the Guardian, 13 March 2002: 33; 14 August, 2001: 21-23). It is note worthy that Western imperialism through IMF wants all the loot. But the successive rulers want some of the loot too so they can participate in disinheriting the Nigerian people. Here comes the fundamental question: why should we be ethical?

It is expedient at this point to justify why we must be ethical. Objectively, deregulated economy as it is seen in the West, has its merits especially when the operators are genuinely committed. This brings to mind the ethical maxim of Kantian Categorical imperative. The said imperative is the core of Kant's ethical teaching as it portrays a law, which does not depend on our desire for particular consequences and does not in itself even prescribe any particular actions. An act is objectively necessary in itself that it does not require an end. Its own character is derived from the concept of law. The important truth Kant states is that as rational beings, we can act only because it is our duty to do so. To be ethical in a deregulated economy ought to be seen and accepted as an imperative that is categorical-duty for duty sake. This increases with the rise of responsibilities; encourages hard work, efficiency and productivity, (Dzurgba 2000).

CONCLUDING REMARKS

It is so sad to note that no matter how beautifully conceived policies are in Nigeria; its execution is always poorly done. This is the case with deregulation of the various sectors in Nigerian Economy. Corruption has become such a monster in Nigeria that fighting it is an exception to the rule. No doubt, corruption thrives where it is tolerated and where the possibility of detection and consequent punishment is slim. This underscores Nigeria special problems with the wide-world phenomenon. It is perhaps very clear from the discussion so far, that we shall never have a better world until there are better persons in it. No amount of economic or social planning, however important that may be, will ever succeed unless the plans are implemented by people with the right spirit. Every production of any value begins within, though it does not end there. The best social or economic system we can imagine is bound to fail unless the persons who participate in it are not only compassionate, but also self-disciplined and ethically upright and humble. In the words of William Penn, (1970) "we must be changed men ourselves before we set out to change others. We cannot be changed in the right direction without the cultivation of reverence born out of moral consciousness.

Consequently, in spite of voluble rhetoric, it is difficult to disassociate corruption from governance and economic policy of the present government. Certainly, we have no evidence of any break from the recent past in which pillage of the treasury is a routine aspect of governance. It must be stated that the litmus test of the effectiveness of divestment as is being canversed in Nigeria by the present President Obasanjo's administration, does not necessarily lie on government passing of ownership title of management and control to private investors. It rather lies on the addition to value of the nation's economy by the companies. Criteria and measurement techniques on how to evaluate post privatization and deregulation performance and contribution to national economy that has been ravaged by corruption both in low and high places, will have to be taught through and put in place immediately.

The war against corruption in a deregulated economy like ours can only be won if there is a political will to combat it head long. The ethical responsibility of all to be transparent and accountable cannot be over emphasized. The earlier the citizens accept the fact that we are all entrusted with the responsibility of ensuring the survival of the state, either as leaders or and as subjects, each playing his/her roles and enjoying the benefits and privileges as well, the better for Nigeria as a country and its democratic drive. The re-organisation of the society will only result in its perfection when the morals constitute itself into autonomous science which is the positivist thinking of Auguste Comte, corresponding to a practical art, the art of good and accountable governance. The advocates of deregulation need to be cautioned that honesty if not appreciated and rewarded, corruption will indeed be promoted. Africa in general and Nigeria in particular should embrace globalization in an authentic sense, if Africa is to survive at all.

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