Season of Revelations

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This must be the season of revelations. In the crowded courtroom in Lagos, Major Hamza al-Mustapha is spewing information which, before now, would have been classified as prejudicial to the political aspect of national security. The lawyers on both sides must now work overtime to digest the sheer quantum of information, while the press is full of comments, most of them questioning the veracity of what is said or simply pouring vitriol on the former chief security officer. Whatever the truth or otherwise, there is enough to chew on for many weeks. In the Senate committee room in Abuja, there is another set of revelations which relate to the economic aspect of national security. The dramatis personae here comprise the Senate Committee chaired by Ahmed Lawan and the sales managers of the Bureau of Public Enterprises, BPE. The Lawan committee was empanelled to examine the murky issue of privatisation and how the various deals were struck. The brief of the panel includes the process of how 122 companies, previously collectively owned by the Nigeria people, went under the auctioneer’s hammer. The panel will also examine the post-privatisation performance over which there is already some debate. For Senator Lawan, only 20 percent of sold enterprises are performing well, with the majority 80 percent a colossal failure. The current BPE boss, Bola Onagoruwa, awards much more generous marks: 66 percent are performing well and only 33 percent needs to buckle up. In this age of evidence-based pronouncement, Nigerians would want the necessary data about which 66 percent (which ones exactly, location, sector of the economy, employment figures before and after privatisation) are performing well, or indeed what performing well means. Performance is only but the point of departure as the mind boggling revelations relate to the prices paid for the companies to change hands. It has been disclosed that several of the sales were for amounts which are only a miserable minutiae of the original costs. The Aluminum Smelting Company of Nigeria built at $3.2 billion was sold for $130 million, while the Delta Steel established at a cost of $1.5 billion went for only $30 million. As the hearing continues, Nigerians probably ain’t heard nothing yet. These sales disclosures reveal the privatisation scheme for what it has become—a monumental scam for passing public property to private individuals. The sales, to put it in popular parlance, indicate a huge Na wa, e get as e be. Are the sales figures value for the Nigerian people? Or is there more than meets the eye—possibly suggesting under the table payment in some undisclosed quid pro quo? These and many more questions are the challenges before Senate or Lawan and the Committee he chairs. As if the rock bottom, bargain basement or gwunjo prices are not bad enough, the new owners are not pulling their weight and thus raising more questions about their true motives. If the purpose of the sales was to advance prod-uction and keep the wheels of industry grinding, what now should happen that this hope is betrayed? Rather than performance, workers were sacked and some machinery pilfered. In the privatisation probe, Senate is at once carrying out an assignment which meets the expectations of the Nigerian people who elected them and also fits snugly into the transformation agenda. Until the privatised businesses begin to produce more positive results, the hope for employment creation and income generation would continue to be frustrated. The current failure of the entire scheme can be reversed, if the government musters enough political will. Political will is required because invariably, the new owners of these companies are the well heeled and well connected. The litmus test is the extent to which the Lawan panel can—and the federal government— truly reverse the gross injustices to the Nigerian people. This is an opportune moment to retable the entire privatisation logic. Privatisation is a follow up from the structural adjustment experiment. At the onset, the objective was to reduce government spending through removal of subsidies, downsizing the public sector, etc; now the SAP experiment is replaced by privatisation which will putatively lead to the enthronement of a private sector-led development. In it, people in government professed a new creed: the sudden realisation that government has no business in business. Government’s role is reduced to creating an enabling environment and to watch market forces from the sidelines. This creed raises an important question about the purpose of government which includes protecting the interests (material and physical) of the people. If business is about people whom the government has sworn to protect, why the curious handing over of this vital role to nebulous market forces? Before now, government was a major business partner. Foreign investors wooed government, state and federal, to save the former the challenge of running up and down in search of local investors who can mobilise capital. It was the question of convincing the government to buy-in and funds were made available from the annual budgets. True, many of the enterprises owned wholly by government or where it had majority shares ran poorly. Privatisation was then touted as the solution and subsequently became the mechanism for the transfer of public enterprise to private hands. Other options were not canvassed, let alone explored. But selling these enterprises because of poor management is akin to throwing out the baby with the bath water. Perhaps, Senator Lawan’s Commitee should go the whole hog to examine the logic of privatisation. Economic structuring is never short of initiatives, among which is the new refrain called public-private partnership. This new partnership, complete with options such as build and transfer, built operate and transfer, etc is already leading to major public facilities being rented out or concessioned to private businesses. Rather than keeping businesses idle, the concessioning option should be explored in order to render service, provide needed employment and generate revenue.