

POLITICAL ECONOMY OF FUEL SUBSIDY REMOVAL IN NIGERIA:

Issues, Challenges and the way forward

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Abstract

Political economy is a term used for studying production and trade, and their relations with law, custom, and government, as well as the distribution of national income and wealth. Political economy originated in moral philosophy. Originally, political economy meant the study of the conditions under which production or consumption within limited parameters were organized in nation-states. Thus, political economy was meant to express the laws of production of wealth at the state level, just as economics was the ordering of the home. Virtually all modern independent States have, as their fundamental goals, the pursuit of the welfare and well-being of their citizens. To achieve these goals, the Nigerian State is required to harness its huge human and material resources for the development of the country. The paper examines the nature and politics of oil subsidy in Nigeria with the aim of identifying the forces behind subsidy removal. To scientifically analyze the issues raised, the study utilized political economy and public choice theories, an eclectic approach. The paper argued that the removal of fuel subsidy by the Federal Government in 2012 violates the fiduciary responsibility of the State as exposed in the preamble to the 1999 constitution. It showcases the insensitivity of the government to the social concerns of the citizenry and attempt by the oil cabal to privatize Nigeria. Given the catalogue of

challenges facing fuel subsidy. The paper concludes that, unless the government predicated its legitimacy on the peoples' support and obedience derived from better socio-economic performance, the country might experience another democratic reversal and recommends among others, that political institutions and institutional rules should be strengthened, accountable and made autonomous of cabals and individuals who might want to manipulate them for group or personal interests.

Key Words: Politics, Economy, Subsidy Removal, Nigeria, Challenges, Way forward

Introduction

Nigeria is assumed to be the most populous black nation in the World, potentially rich in human and material resources waiting to be fully harnessed for the benefit of its multifarious and multitudinous peoples brought together in a fragile unity by administrative fiat of the British colonialist in 1914. It has struggled to achieve unity in diversity. National integration has remained elusive, yet it is needed to achieve the universal goal of development, that is, the pursuit of the people's material welfare and well-being. The return to democratic rule in Nigeria after years of military interregnum, raised expectations for a possible resolution of the hydra-headed socio-political and economic crisis bedeviling the nation since its independence in 1960. The military that had little or no experience in governance

when they first took power in 1966, gradually settled down in government. Yet, this failed to translate into socio-economic and political development as the economy moved from one crisis to the other. Thus no thanks to the prolonged stay of military in government. Since the flag of independence in 1960, development has been rare and far apart. Various sectors of the society are experiencing varying degrees of neglect and rot. The citizenry are faced with dehumanizing conditions such as: disease, hunger, illiteracy, poverty, among other maladies. Poverty in the mix of plenty has been the paradoxical state of things in the country. This description has continued to be confirmed by developments and official statistics in the country. For example, the National Bureau of Statistics (NBS, 2014) recently alerted that 54 percent of Nigerian youths are unemployment. The paradox is that the poverty level in Nigeria contradicts the country's immense wealth. Among other things, the country is enormously endowed with human, agricultural, petroleum, gas, and large untapped solid mineral resources. Particularly worrisome is that the country earned over US\$300 billion from one resource petroleum during the last three decades (Oteh, 2012).

Rather than recording remarkable progress in socio-economic development, Nigeria retrogressed to become one of the 25 poorest countries at the threshold of the twenty-first century whereas she was among the richest 50 in the early 1970s (World Bank, 1996). Oil is one resource that has been given to the people of Nigeria by nature. This heritage is meant to be used for the development and corporate existence of the people inhabiting the land called Nigeria. Since the discovery of oil at Oloibiri in the present day Bayelsa State in the late 50s, oil has been exploited for sale in commercial quantity (Akahkpe, 2014). It is expected that the proceeds from its sale would be used to better the lot of the people in terms of the provision of the basic necessities of life such as: housing, motorable roads, water, education, health care facilities etc. However,

54 years after political independence, these expectations have remained a mirage. Yet, the country has had to endure a debilitating cycle of political decay and renewal due to the rent seeking behaviour of the comprador capitalist who, it would seem, are more interested in political power for material gain than promoting good governance. In the quest for material gains, rules, regulations and laws are breached as politics takes a winner takes all pattern. The immediate consequences of these actions are; flawed economic system, social dislocation and political upheaval. These developments alienate the people from their government creating in the process, legitimacy crisis. In the absence of political legitimacy, government resorts to the use of force as recently experienced during the anti-subsidy removal campaign by Organized Labour and Civil Society Coalition in 2012.

To discuss issues raised and for ease of analysis, the paper is pigeon holed into six compartments. The first section is the introduction. The second discussed the conceptual and theoretical issues germane to the paper. The third chronicled an overview of Nigeria's oil subsidy removal, the fourth discussed the nexus between the State and its citizens. The fifth examined the Nigerian Government and Politics of Oil Subsidy Removal. The sixth section examined the challenges facing the fuel subsidy regime, the way forward and then conclusion.

Conceptualising Fuel Subsidy

A subsidy is defined as any measure that keeps prices for a good or product below market level for consumers or producers. Subsidies can take different forms like grants, tax reduction or exemption and price control (Alozie, 2009). Oxford Advanced Learners Dictionary (2001) defined subsidy as money paid by a government or an organization to reduce the cost of service or that of producing goods so that their prices can be kept low. In addition, Bakare (2012) points out that, to subsidize is to sell a product below the cost of production. Thus, when we talk of fuel subsidy within the Nigerian context it means

to sell premium motor spirit below the cost of importation. January 1, 2012 cannot be seen nor described as the best New Year's gift to Nigerians when fuel subsidy on Premium Motor Spirit (Fuel) was removed, courtesy of the new policy announced by the Petroleum Product Pricing Regulatory agency (PPPRA). As a matter of fact, the problem of fuel subsidy removal or sustaining subsidy regime had featured as a dominant topic for public debate since January 1, 2012 till date. Fuel subsidy, which was initially

Theoretical and Empirical Literature

Many theories can explain fuel subsidy in Nigeria, but for the purpose of this study, we used Rosenstein-Rodan's Thesis or Theory of the "Big Push" so as to gain more insight into the underlying logic which this study built upon to drive home its major contention. The "Big Push" theory is one associated with Professor Paul Rosenstein-Rodan. It is understood "as a large comprehensive programme which is needed in the form of a minimum amount of investment to overcome the obstacles to development in an underdeveloped economy and to launch it on the path to progress" (Jhingan, 2012). The argument championed by this theory is likened to the taking off of an airplane from the ground. The airplane must assume a critical level of ground speed before it can become airborne. Without this critical ground speed, the airplane cannot take off. Likening it to a country's economy, a high minimum amount of investment must be initiated in order to launch the economy successfully on a development path. The prerequisites here are the indivisibilities and external economies flowing from a minimum quantum of investment. For Rosenstein-Rodan, there are three kinds of indivisibilities and external economies, namely; indivisibilities in the production function, indivisibility of demand and indivisibility in the supply of savings (Jhingan, 2012). In the first kind of indivisibilities and external economies, what appears important here is the social overhead capital. To install this, the economy needs a sizeable initial lump of

investment. "The services of social overhead capital comprising basic industries like power, transport, and communications are indirectly productive and have a long gestation period. They cannot be imported" (Jhingan, 2012). These indivisibilities of supply of social overhead capital are one of the primary barriers of development in underdeveloped economies as such, "a high initial investment in social overhead capital is necessary to pave the way for quick-yielding directly productive investment" (Jhingan, 2012). The second kind is the indivisibility or complementarity of demand. This requires setting up of industries that are interdependent. The idea here is that by setting up these industries it creates a situation whereby "producers would be each other's customers and thus create market for their goods" (Jhingan, 2012). The demand for goods here becomes complementary and this helps reduce the risk of creating market and encourages the incentive to invest. In other words, the indivisibility of demand is only possible when there is a high minimum quantum of investment in interdependent industries. The last kind is the indivisibility in the supply of savings. It is for sure that investment can be done when there is a high volume of savings. However, this is not easy to achieve due to the rate of low income one finds in underdeveloped countries. This can be circumvented by ensuring that income accrued in any form of investment is saved in such a way that the marginal rate of saving is much higher than the average rate of saving. Given these three indivisibilities and the external economies to which they give rise, a big push in form of a minimum quantum of investment is required to set these underdeveloped economies on the path of sustaining growth. The big push in the Nigerian context then is, removal of the fuel subsidy which has engulfed more funds that would have been used in making investment in various sectors of the Nigerian economy. For instance, with the big push initiated and quantum investment made, more sectors of the economy will be created in a way that they are dependent on each other for market.

Hence, this theory lends support to the contention of this study in that, as the study champions, a removal of fuel subsidy can create huge financial resources that will engender a minimum quantum of investment required to positively turn around the Nigerian economy.

Empirical Literature

Atoyebi, Kadiri, Adekuyo, Ogundeji and Ademola (2012) carried out a research on the impact of fuel subsidy removal on agricultural sector output. The study employed spearman's rank correlation and observed the existence of positive correlation between fuel subsidy removal and prices of agricultural output. This then implies that the removal of fuel subsidy would increase the budgetary allocation to the agricultural sector thereby increasing agricultural products. The researchers thereby recommended that a cushioned effect should be introduced by the government through the use of savings from the fuel subsidy removal on agricultural sector and to fast track the maintenance of the nation's refineries.

Opeyemi (2016) carried out a research on the existence of a long run effect of fuel subsidy reform on environmental quality in Nigeria for the period of 1970 – 2012 using the Johansen and the Granger Two step co-integration procedure techniques. The study developed a three case scenario including (i) a case of subsidy payment (ii) a case of effective subsidy and (iii) a case of no subsidy payment. The estimation result showed that the first and the last case scenario do not significantly influence environmental quality.

Balouga (2012) assessed the political economy of the subsidy removal and found out that the fuel subsidies have not being significantly felt by an average Nigerian whom the subsidy was actually initiated for. Adagunodo (2013) in his study, examined the removal of fuel subsidies in Nigeria as an economic necessity and a political dilemma. In his research, he concluded that if implemented correctly, the subsidy funds could lead to major development gains for the

country. It will also create the space for Nigeria to finally develop refinery capacity and consequently increase its potential revenue from the oil sector and create jobs

An Overview of the Politics behind the Removal of Fuel Subsidy

The rationale behind fuel subsidy removal according to some government officials is that, the cost of the fuel subsidy has continued to grow exponentially. This is partly due to the rising cost of fuel which meant that the government had to spend even more to keep domestic prices low and also due to Nigeria's increasing population which resulted in increased fuel consumption; together these pressures made the cost of the fuel subsidy unsustainable. The price of crude oil increased from 30.4 dollars per barrel in 2000 to 94.9 in 2010 over the same period Nigeria's population increased from about 123 million to 158 million. By 2011, the fuel subsidy accounted for 30 percent of the Nigerian government's expenditure and it was about 4 percent of GDP and 118 percent of the capital budget. Nigeria's fuel subsidy continues to crowd out other development spending. By comparison, Nigeria's total allocation for education is about \$2.2 billion and it is not much higher for health care. Infant mortality in Nigeria remains unacceptably high at 90.4 per 1,000 live births. In 2004, it was estimated that only 15 percent of the country's roads were paved. The \$8 billion from the fuel subsidy could help to address some of these issues (Bakare, 2012).

In addition, keeping the domestic price of oil artificially low with the fuel subsidy has discouraged additional investment in Nigeria's oil sector. This is especially problematic given that the oil sector is the lifeblood of the Nigerian economy. Since 2000, Nigeria has issued at least 20 refinery licenses to private companies. However, not one refinery has been built because investors could not recoup their investment under the artificially low price structure. In debating the merits of Nigeria's fuel subsidy it is important to understand who benefits the

most from the program. Contrary to popular belief, it is the rich not the poor who disproportionately benefit from Nigeria's fuel subsidy. With the government subsidizing the market to keep domestic fuel prices artificially low, it is those who consume the most that have a greater benefit from the subsidy. Nigeria's poor rely primarily on public transportation as such their per capita fuel consumption is significantly less than the country's rich, who generally use private vehicles. Neighboring countries also benefit significantly from Nigeria's fuel subsidy through smuggling (Bakare, 2012).

The Relationships between the State and Society

At this juncture, it is imperative to interrogate the nexus between the state and the citizenry. The essence of the state is to provide the people with the basic necessities of life while the people on their part are to perform certain duties and obligations. This is well captured in the apt question by Williams (1980) what do we really want for Nigerians? The answer is almost obvious to enhance the welfare of the individual through providing better educational facilities, housing, health facilities, more jobs and a rising standard of living for the people as a whole (Williams, 1980). These could aptly be regarded as the universal goals of development which every human society should ascribe to and pursue it with all earnestness of purpose. While governments are quick to acknowledge these goals, however they have failed woefully in practice to allow the value of human welfare to mediate or be the guiding values of public policy. In the light of these developments, one could argue that political ideals about public goals and values need to be separated and protected from politics so that they can be to the advantage of all. In a political society where private interests engulf and dominate state institutions, development cannot easily be pursued and realized. In the Nigerian context, subsidy on oil is to help achieve the universal goals of development by progressively seeking better human welfare. But the pervasive greed of the ruling

bourgeois class and the lack of effective counter-veiling force within civil society, give the power elite too much latitude to perpetuate misrule and authoritarianism. Oil being the collective heritage of Nigerians at this phase of the nation's existence, ought to be used for the benefit of all. Through judicious disbursement of its benefits, it could create a platform for development that could endure even after oil dries up or become irrelevant in the scheme of things (Opeyemi, 2016).

The Nature and Politics of Fuel Subsidy Removal in Nigeria

Today, Nigeria imports oil to meet its domestic consumption for the product. Yet, it is the largest producer of oil in Africa and 10th among the world oil rich nations. Oil subsidy could be defined as the money government pays as the differential between the international price of petroleum products and the local price in Nigeria. Since the early 60s, enormous revenues have been generated from this natural endowment. It is in the public domain that the government of General Yakubu Gowon had so much money that it had problems deciding what to do with it. A large proportion of these resources however, went into private pocket as witnessed in the recent subsidy scan while the remaining was filtered away on white elephant projects exemplified by the number of abandoned projects across the country. Major fuel consuming nations are assiduously working on alternative sources of fuel. It is imperative to note that oil is a finite resource that may be exhausted sooner than expected. Some by-products derived from oil include: kerosene, aviation fuel, premium motor spirit (PMS) otherwise known as petroleum, among others (Bakare, 2012).

As a major oil producing country, a situation where some non-oil producing countries import crude oil from Nigeria, refine and sale same to Nigeria is an indication that something is fundamentally wrong with the political leadership in the country. The four refineries in the country are at different levels of disrepair, therefore

cannot meet local demands. It is not accidental that the four refineries in the country are not in good shape or are made to be so. It appears the oil cabal makes more money through importation and distribution of oil than its production. The economy and political institutions which have become woven around this system, would take quite an effort to extricate them from it. A distributive economy based on a weak ideological framework cannot engender development in a polity. In spite of the enormous resources gotten from oil over the years, oil producing areas in particular and Nigerians in general have nothing concrete to show for them. Rather the goose that lays the golden eggs is allowed to die slowly. These developments throw up very germane questions. Who and what are the forces behind the removal of fuel subsidy? Who benefits from such exercise? How can government sustain its authority and legitimacy to regulate the industry without recourse to force? We shall at this juncture address these questions. The removal of petroleum subsidy has been in the front burner of debate in Nigeria. However, it has taken a worrisome dimension since the return to civil rule in 1999 given the frequency with which they are carried out and the constant public outcry over its management. In other clime, where monies removed from subsidy are well expended, those in the lower strata of society still kicked against such exercise. The government announcement of fuel subsidy removal on the first day of January, 2012 when most Nigerians were still in their towns and villages for Charismas and New Year celebrations took many by surprise because consultations were going on and consensus on some aspects of it have not been concluded. It became an unpleasant new year present to Nigerians. Yet, it has become a recurrent exercise by a parasitic class whose stuck in trade is to appropriate the nation's wealth for distribution to members of the ruling elite, their relatives, friends and cronies in the precinct and corridors of power.

The accumulation of state resources by the ruling elite started rearing its ugly head. The fuel price was first increased from 5 kobo to 9.5 kobo per liter (Daily Independence, 2012). Since then, it has become a recurring decimal in the Nigerian polity. Consequently, on October 2nd, 1994. The pump price of fuel increased from N3.25k to N15. On October 4, 1995 the pump price dropped from N15 to N11. Again, in 1998, General Abubakar increased fuel price from N11 to N25 and reduced it to N20 on January 6th, 1999. By the time he left office in 2007, Obasanjo's civilian administration took the pump price of fuel from N20 in 1999 to N75. But President Yar'Adua, felt it wise to reduce the price of fuel per liter to N65 (Daily Independence, 2012). On coming to power, President Jonathan increased the price to N143 and later N97 per liter of fuel after many days of protest, killings and destruction of properties. Buhari's administration increased the price to N140 and presently N165 at the same time planning to double it to N340. There are all indication that we have not seen the last of the fuel price hike in Nigeria. With these increases in the prices of petroleum products, more money has entered into the coffers of the federal government which is yet to reflect in the life of the people in any concrete way.

At the macro social level, the living standard of the people has grown from bad to worst. While liberal democracy and its correlate capitalism have become the only games in town, Nigerians have been at the receiving end. As Olukoshi, (1998) rightly observed, the neo-liberal monetarist thrust of the adjustment model, with its emphasis on a zero-sum market approach is one in which from the onset, carried huge social cost. The social cost of the adjustment regime has continued to create unequal impact on various sectors of the society. As Osaghae (1994:13) argued, the neo-classical reform measures which include education, subsidy removal from oil and other essential public goods and services, rather than better the life of the people, government after government slipped deeper and deeper into decay and

stagnation, unable to improve on the situation bequeathed to them by the colonial administration. The state of decay and stagnation are found virtually in all sectors of the Nigerian society: health facilities, employment, education and basic infrastructures including: housing, public transportation, roads, electricity, water etc. These are all in a state of comatose. While resources from oil have increased geometrically, social services have declined intolerably. It would seem that primitive accumulation of resources from oil has been more for personal and group benefits than the common good. Supporting the above, is a recent revelation that one out of the oil bloc owners in the country earn about N 4 billion monthly and is richer than seven states of the North East put together (Punch, 2013). Yet, oil has become powerful in the political calculation among the country's leaders - individually or as a group. Even ethnic nationalities go to war over issues arising from oil.

Pearson (1970) contends that the existence of petroleum may not have been responsible for the schism in the country that culminated in the July 1967 civil war, but oil may very well have been the extra ingredient that finally precipitated the military conflict. Over the years, the revenue sharing formula for federally collected revenue has been in constant dispute. The bane of dispute is the procedure for redistributing oil revenue. States outside the oil producing areas are pressing for change in the existing revenue sharing formula while those within oil producing areas are not satisfied with 13 percent they are being given after a protracted struggle with the federal government. The ruling elite in the country have been mismanaging the proceeds from oil, a position recently confirmed by Bill Clinton, former US President. Before now, both Ayo Irikife and Pius Okigbo panels of inquiry into the management of oil revenue indicted Generals Obasanjo and Babangida military government of mismanaging N2.8 billion and N12.2 billion respectively (Okigbo, 1987). As the country battles with the colossal waste

of oil monies, another problem has since emerged in the area of crude oil theft. Nigeria lost N 58.2 billion to crude oil theft (Daily News Watch, 2013). Under such comprador capitalism, the ultimate goal is profit for self and groups. In this scenario, the oil triumvirates – political heads, middlemen and bureaucrats are all at work. As succinctly argued: It is possible to get rich very quickly by being the intermediary in crude oil sales deals, or in illegal product exporting, and the government officers who allow the allocation of crude oil to such intermediaries or their partners would be hard put to account for this practice of crude oil middlemen-ship (Turner & Badru, 1985:11) An examination of the above submission suggests that it is this group of men that are behind government removal of subsidy on petroleum products, sabotage attempts to fix the country's refineries and favour fuel importation and price hike so that they, in connivance with the metropolitan bourgeoisie, can engage in primitive accumulation. In all these, the state still remains fragile in its regulatory roles. It appears all these are part of the game plan to acquire, retain and expand their material base at the expense of the people. Two years after the last removal of fuel subsidy was carried out by government, the people are yet to fully recover from its effects. Yet, all the promised palliatives from the fuel subsidy removal as contained in the SURE-P document are yet to register their presence in the life of the people in areas of increased standard of living. While arguments by government propagandists are increasing in the most cacophonous voices, we are of the view that going by experiences of previous programs; the so called putative benefits may never be seen in the peoples' life.

Fuel Subsidy Removal in Nigeria: Challenges and the way forward

In Nigeria, there is lack of ethical and moral imperative in governance. That virtually all sectors of the Nigerian society are in crisis is not an over statement. It is along this line of thought that Osborn and Gaebler (1993) argued that, we don't need

more government, we need better government. To be more precise, we need better governance. The challenges are multi-faceted and complex. Thus, the hydra-headed monster called corruption is a repugnant virus that should be cleared. It is a bug that has eaten deep into institutions of government at all levels. The National Assembly members, the NNPC, Security and Exchange Commission (SEC), the Nigeria Pension Board, among others are some of the state institutions at the federal level which have been entangled in the mucky waters of corruption in recent times. The judiciary is not left out of this pernicious phenomenon (Guardian, 2012).

The level of corruption and its attendant poverty in Nigeria has made corruption an endemic phenomenon, the socio-economic and political scourge has eaten deep into the entire fabric of both the public and private sector. Corruption has arrested development in the country and made public interest a second priority. This is supported by Ake (in Akhakpe, 2007:126) when he contends that: Public administrators do not believe they are serving anybody else but themselves and exploit their position for personal gains. They generally arrive to work late and leave early. They take extra-long lunch recesses. They steal public property. They accept bribe for performance of duties that are contractually part of the responsibilities. When they work, they work slowly. They stymie the public by losing their files through excessive review of the issues at hand, or by simply pretending that they have not heard of the matter before. For all these, they acknowledge no wrong doing for they do not believe that what they are doing is wrong. In Nigeria today, fiscal indiscipline appears to be the hallmark of government and all state institutions. Since the return to democratic rule in 1999, experience shows that government has not demonstrated enough discipline in its budgetary processes and implementation. Therefore, fuel subsidy cannot be blamed for non-effective implementation of its annual budgets which are supposed to be the instruments for jump-

starting and subsequently launch the country into the club of developed nations.

Another impediment worthy of mentioning is the oil-development nexus and the volatility of the international oil market that fails to maintain oil prices over a long period of time. Oil speculators or what Turner and Badru (1983) called the commercial triangle involve foreign partners who join with allies in the Nigerian private sector and the state in the business of such commercial triangle(s) to organize the outflow of Nigerian oil money in foreign exchange to international banks, with local middlemen known as oil cabals and state compradors taking their cuts. According to Tell Magazine (2012), the House of Representatives Ad-hoc Committee's report on the fuel subsidy regime established that the actual subsidy money paid by the federal government as at December 2011 was N 2.587 trillion as against N 245 billion appropriated in 2011 budget. Yet, out of this amount, N 1 trillion was paid to fake and non-existing companies.

In fact, many of the so called oil firms which got the contract and money merely existed in the suite cases of their owners. That the oil cabals were paid subsidy on fuel they did not supply/confirms their position in the country's political economy. All these could not have been possible without the connivance of some government officers. Yet, the crisis that the fuel subsidy removal elicits has once again thrown up the poverty of leadership that has become an endemic phenomenon in the nation's public and private life (Guardian, 2012). A democratic leader should be able to put himself in the follower's position at all times and look for a meeting point of resolving issues of national interest and relevance. Where their views diverge, it is only wise that the leader seeks other avenues to constructively get his position met. But as Achebe (1983) contends, the trouble with Nigeria is essentially leadership. The sage, Awolowo (1966:34), takes a broader view of this challenge and came up with the position that: What we very much lack (as a people) is a sufficient number

of powerful leaders with the caliber, characters and qualities requisite for uniting and keeping happily together the diverse elements in our nation and for the multitudinous and intractable looking problems which beset us. The politics of impunity and wanton destruction of lives and properties are all signposts of the state of mal-development, misrule and lack of relative autonomy of the state. The foregoing has demonstrated how oil has underdeveloped rather than developed the country. However, as overwhelmingly and complex as the challenges may appear, they are not insurmountable. Indeed, they can be managed and possibly be ameliorated.

Concluding Remarks;

It is the position of this paper that the Nigerian state has failed to control the social and centrifugal forces within the society competing for supremacy with it. This is a signpost of a failing state because it cannot meet its responsibility to its citizens. Despite the huge amount of money Nigerian government spends on fuel subsidy, the situation in the oil sector has not been promising and Nigerians still experience scarcity of premium motor spirit. There have been dearth of infrastructural investments in the oil sector due to the enormous funds sunk into fuel subsidization, and as it is now, the government is yet to fix her refineries. As a result, there has been little or no significant improvement in the quality of life for the majority of Nigerians, 54 percent of who still lives below the national poverty line. Yet, the state is not an unbiased umpire in managing the conflict among social forces making it difficult for the state to realize meaningful development. Little wonder, it lacks the regulatory power to bite where and when necessary. Its inability to fish-out and deal with the so called oil cabal brings to question its relative autonomy and legitimacy to enforce its laws and regulatory functions. It is in this regard, we should view with a pinch of salt, the much talked about palliatives encapsulated in the SURE-P document. While the document contains some of the

yearnings and aspirations of Nigerians, the political will and executive capacity to realize them appear to be lacking. In all these, the people's interests become secondary thereby defeating the pursuit of the common good which is the very essence of government.

The Way Forward

The Nigeria state has for too long failed to employ its regulatory mechanism in running the affairs of the State. For example, while there are extant laws to regulate the oil and gas industry, they often remain inactivated or are circumvented for personal and group reasons. Instead of having strong institutions, we have strong men and groups. Thus, institutions and institutional rules should be strengthened and made accountable as well as being autonomous of any cabal or individual who might want to manipulate them for group or personal interests. The so called oil cartel or cabals are powerful because of the absence of enforceable rules and regulations guiding their activities. In other climes, they exist but are closely monitored by regulatory authorities.

As a matter of urgent national importance, government at all levels should explore other sources of generating funds in the country. Agriculture can still be the hub of the Nigerian economy. So much is left undone in this sector that if properly leveraged would launch the country back to its former position as a major exporter of some agricultural produce. Ivory Coast, Malaysia among others, have become investors' destination due to the export of and revenue accruing from cocoa and palm produce respectively. With proper re-orientation, the groundnut pyramid, cocoa, rubber and palm produce could be brought back as drivers of the economy. The growing number of unemployed youths could be gainfully engaged in these areas. It therefore, means that democracy cannot flourish under the condition of material shortage in which Nigerians found themselves.

One legitimate criticism against the Nigerian government is that it has done a poor job in planning for the subsidy removal and in communicating the huge costs of the fuel subsidy and the benefits of its removal to the population. In a country where there is already a lack of trust between the people and government, communications is critical. Otherwise the protesters will continue to believe that this is just another plan by Nigeria's elite to further capture the country's resources. The real challenge the government faces is winning the trust of the people. Working Nigerians are hurting and their livelihoods are in danger with the doubling of petrol prices. They want to know that the government has a credible plan and the protests represent a call for the government to quickly implement post-subsidy programs. Some form of social protection must be launched immediately to protect the most vulnerable. This could include measures to reduce the cost of public transportation in the near term.

The Nigerian government must implement a transparent system for redirecting and monitoring the use of funds from the fuel subsidy program so that its citizens can review and scrutinize the expenditure. The government has announced its intention to redirect the funds from the subsidy into infrastructure, support for small businesses and safety net programs. This is a step in the right direction, but the success of these programs rests on having proper oversight and participation of civil society. The government should assemble a committee of key civil society organizations to oversee the investment of these funds. Unlike the fuel subsidy itself, these programs should be targeted toward helping the poor including programs to reduce maternal and infant mortality and improve road quality and access. Most importantly, the programs must be tied to Nigeria's overall development goals. The government and the proposed civil society oversight committee must prioritize sustainable investments that will have a long-term development impact.

Transformation of the polity is what is needed to set in motion a people driven development under a populist framework. It remains the solution to the hydra-headed challenges besetting the Nigerian state. A leader that will reverse this trend should of necessity pursue this goal because at this juncture of the country's existence, it needs to draw from its inner strength to advance in the realm of development. Political power if left unchecked could be abused by even the most honest of men; for power corrupts and absolute power corrupts absolutely. Thus, the National Assembly should be alive to its oversight functions. Civil Society Organizations (CSOs) have to join the fray to serve as bulwark against the total influence of holders of state powers. However, it appears the CSOs in Nigeria lack the staying power to resist the state and its demagogic influence in the pursuit of the general will. The never die approach as witnessed in the 2012 fuel subsidy protest is imperative if the people are to be liberated from the draconian and obnoxious government policy and hydra-headed socio-economic penury in Nigeria.

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