

**PUBLIC POLICY AND CIVIL SOCIETY RELATIONS: A REFLECTION ON THE QUESTION ON FUEL SUBSIDY REMOVAL IN NIGERIA.**

**By**

**Akume, Albert. T.**

**Department of Public Administration, CASSS, Kaduna Polytechnic, Kaduna,  
Kaduna State- Nigeria.**

**Abstract**

The policy decision by the government to remove subsidy particular for the petroleum subsector of the economy has pitched the government and civil society in war of words built wittingly in their different arguments intended by each party to win the public to its side. The government have anchored their argument on the grounds that subsidy is taking away a significant portion of national resources which is greatly needed to develop other critical sector of national economy necessary to avoid total collapse. A review of current news daily and other extant literatures showed that the anti-subsidy removal posture of civil society is tied around i) that this policy if implemented will only add more pains to already burden general public due to a general increase in ordinary price level of goods and services; and ii) it is more of an expression of the distrust by civil society of the sincerity of the government to fulfill its promise by right utilizing the proceeds and gains of the policy for the common good. Against the backdrop of conflicting and opposing relations between the state (government) and civil society; this paper adopting the documentary and analytical research tool examined public policy making in relationship with civil society role vis-à-vis the present contending issue of fuel subsidy removal. It was therefore observed that given the present fiscal challenge of the Nigerian state the relational situation should be that of collaboration aimed at finding a viable option to mitigate the problem and stimulate economic growth and development rather than assembling arsenal to shut down the economy.

**Introduction.**

Problems are a manifestation of challenges that presents itself in every society. Societies the world over have some common problems as well as ones that are peculiarly faced by each society which to some degree is different from the other. These differences notwithstanding, some problems can be solved using the same methods utilized by one group in one part of the world by the other group in another part of the world successfully. It is also emblematic that not all challenges face by different society can equally be solved using the same tools or methodology. These challenges or problems reveal itself in different dimensions and degree which in essence defines the nature of attention to be given to such problems as they arise.

Problems when they get substantial attention of government (particularly by the magnitude of the problem, the capacity of the group pushing it forward or interested in the issue or the interest of the particular government in power) they get responded to by government; in which case solutions are sort to relief such problems. The paradox of defining public problem is that some personal problems get treated as public problems while some public problem do not make it to the agenda of government to warrant attention from government. A public problem is a state or condition of dissatisfaction or discomfort for

which a group or groups are significantly affected that warrants relief to be sought from the government. Public policy is the tool by which state action is taken to solve society's challenges. In the view of Anderson, policy decisions are decisions made by public officials that authorize or give direction and content to public action. Public policy is about means and ends for which its objectives are chosen under the influence of values. In which case, decision-makers often act on the basis of their beliefs or perceptions of the public interest concerning what is a proper or morally correct public policy (Sapru, 2006:7).

In societies where policy-makers are significantly influenced by moral action to act on the basis of the public interest for the common good, public policy-making allows the accommodation of disaggregated opinion of collective with the subsequent articulation of those differences to reflect a balance. It also ensures in the process that the right and common good of all groups are not undermined or fractured. Unfortunately, this character remains scarce in the public policy-making process of government in Nigeria. This is reflected in the fact that civil society engagement is most often not sought for in the process of policy-making on issues that concern them. This often has severe consequences for fractured and opposing relations when the outcomes or intentions of government are made public. This is the case with the present issue of fuel subsidy removal for which the relational atmosphere has been charged for which the polity will not be better with. The argument presented by each side has further widened the divide rather than help calm the polity. This has become a serious challenge as well as a problem for the government and the populace considering the huge finances needed by the government to repair failing infrastructure and also meet new public demand that subsidy is taking.

These diverging opinions on the policy issue of subsidy removal mirror visibly the great divide this decision has generated between the government and other proponents of the subsidy removal and some civil society who are doggedly rooted against the removal of subsidy on petroleum in Nigeria. With the ever-severe wave of global economic downturn which is now taking its toll on the capacity of the government to deliver on its promises to people thus places demands on the policy table for a just balancing of, accommodation and harmonization of differences rather than decide and wait for confrontation. In the light of this challenge, this paper will therefore examine the condition that birthed the necessity for the government decision for deregulation and liberalization with implications for subsidy removal vis-à-vis the present opposing stands and arguments for (government) and against (civil society) the policy of fuel subsidy removal in Nigeria.

### **Public Policy: Meaning, Process and Issues.**

Not tying this paper to the polemics inherent in the plethora of public policy definitions, we will anchor on the definition of Dye, (1981) who sees policy as what governments choose to do or not to do. Although, very broad, whichever way the pendulum of choice goes, it reflects a standing decision requiring consistency of character and behaviours by both the state and the citizenry in abiding by that decision to

enforce successful action. The policy making process subsumes problem identification and formulation, legitimization, implementation and evaluation. Public policy has been viewed within the framework of the institutional, group, elite, incremental, rational, game, mixed-scanning, normative-optimum and system models. It is from these approaches that the process, focus and ends of policy outcomes are defined, explained and understood. These approaches are useful in studying the interaction between government which produces policies and its people for whom the policies are intended (Sapru, 2006). This knowledge enriches contending parties to agree on the right alternative policy option based on the considered judgement of people who have come to acquire a sensitive feel for the way the economy (Killick, 1986) and government work. This engagement enables policy outcome to reflected differences and to avoid mirroring a single ideological leaning. Going beyond making public choices on the bases of ordinary scale of economics

policy-making implies politics and politics implies that problems-even what seems to be purely economic – will not be viewed as if through the eyes of the economist...Policy-making which implies decision making presupposes that in making its decision the government will be influenced by all these considerations, by its own philosophical inclinations, and the arguments and pressures of interested parties. To be able to offer practical contribution to policy issues we have to be sensitive to the political context, and the non-economic factors that will contribute to a final decision (Killick, 1981:3).

From the above observation it is agreeable that the public policy table anchors divergent interests with different perspectives, some of those interests are aggressively pursued while others are subtly pushed forward intended that action be taken by government. All these differing interest at all times test the strength of the policy table with differing consequence on the political process. The strength of the policy table is reflected in how well its negotiative character accommodates and balances those conflicting and differing interest without infringing on the right of any one group in the polity. This process is quite challenging especially in a heterogeneous society that is political, socially and economical divided, as the government tries to use public policy to effectively impact positively the living conditions of all groups and sectors of the society.

A policy is arrived at when one alternative course of action is chosen over and above others which also includes acceptable measures that have the potency of guaranteeing successful and practical implementation of the chosen course of action (Okolie, 2008:5). However, how effective the impact of the chosen choice depends critically on the level of rationality infused into the public policy making process (Okoli and Onuigbo, 2010). By this process one can infer that innovation is generated and guaranteed by discerning what is rational in the progression of the will (Mclean and McMillan, 2003:81) through the meditative process between interested parties and the government at the policy table. Albeit, in infusing rationality into the public policy-making process requires operating under the following general rules which are;

- i) choose powerful instruments that will need only modest manipulation to achieve desired result;
- ii) prefer those instruments most likely to achieve their intended results, and to do so quickly;
- iii) to prefer measures which act upon causes;
- iv) adopt the least cost way of achieving a desired result;
- v) choose instruments which hit their targets in a selective manner; prefer flexibility over inflexibility;
- vi) choose instruments to maximize the excess (or minimize the short fall) of favourable over unfavourable indirect economic effect, and
- vii) to select those instruments which will bring the maximum socio-political benefits or minimum socio-political cost, all judged in terms of the values of the society and the objectives of the government (Killick, 1981:46).

Following these rules, Killick, (1981:43) beliefs will help government avoid evolving policies that result in the pursuit of inconsistent ends by inappropriate means.

Regrettably, in Nigeria, rather than reflect this rationality and innovation in fiscal issues with expressed diversification of the economy and proper resource utilization, the fundamental malaise is that public policy has been misled into viewing the desirable, dominant linkage as established through contributions to government revenue in the form of economic rents, i.e the so-called “fiscal linkage” rather than through real linkages -inter-industrial, direct reinvestment and diversification, transmission of knowledge including management-with the domestic economy (Okongwu, 1986:275). The latter forms of linkages are fundamental for poverty reduction, growth and development. The resultant outcome of this skewed public policy focus is that the political struggle among groups has become impatient with order and has imbibed the character of violence with placed focus on sharing the rent rather than on production. Drawing from this character of the political system noted above, the public interest for which the policy table and process should reflect at all times is neglected and fractured. That notwithstanding, serving the public interest makes the public policy table a point of continuous interaction between the state and civil society in an open and free manner that enables compromises and consensus to made willing by all interested parties.

Thus, reclining behind public policy initiation lays future innovation for a better society for which every stage of the policy process should not be taken lightly. All effort should be made to ensure that it is enriched with the right personnel and resources to rubricate and allow the process to narrow itself willingly to the right rational option that seem not to compromise to the will of uninformed selfish demand. Nevertheless, it should be empathic to passing momentary pains of the people and temporary cost inconvenience necessary for the right change to occur. The policy process should always be selflessly

reinforcing in a manner that it is amenable to the necessity of flexibility and adjustments that its original intention and focus of bettering society is not compromised even though the policy choice may be subject to some adjustments. The link between policy making and promoting innovation has been clearly reflected in Pacey, (1983) observation that

the nexus between public policy and innovation/technology is found in the technological practice...the role of public policy in promoting innovation and effective knowledge management for economic growth lies essentially in aggregating, articulating and packaging sound plans to stimulate innovation diffusion, knowledge acquisition, storage and dissemination, and sustainable economic growth within the contexts of politico-organizational and socio-cultural settings (Okoli and Onuigbo, 2010:5).

Building innovation for the betterment of society through the policy process is essential as Abdulsalami noted

in most developing countries where so much is expected of government and where government actions transcends virtually all aspects of life of the population, the range of public policies is usually very broad and almost unlimited (in Ozor, 2004:227).

Hence,

by their actions and inactions government can induce prosperity or suffering. They can raise the pace of modernization or brake the economy to a halt. They can bring hope or despair. There is scarcely any aspect of economic life which does not lie within the ambit of the state (Killick, 1981:1).

This is quite true with the now pressing issue of subsidy discontinuity for which there is the likelihood of things getting either bad or good for the Nigerian economy and the living condition of the people remain real depending on how the situation is managed. Thus, the necessity of not playing politics with what is of national importance is weaved around the need to help government act rationally for the good of society even though there are immediate signs of pain and sacrifice.

The public interest should at all time serves as the primary premise for the convergence of the will (public policy) by the government, civil society and the people. Although difficult to define, the public interest should suggest that in the trios search for a point of agreement on policy ends, the policy option finally decided on should guarantee that each person is to have an equal right to the most extensive basic liberty compatible with similar liberty for others. Or social and economic inequalities are to be arranged so that they are both (a) reasonably expected to be to everyone's advantage, (b) attached to position or office open to all (Mohit, 2006:10). Thus, the public interest reflects a search for the general welfare of the citizenry and there can be no dispute to consider it as a general guide for their action (Sapru, 2008). On the contrarily, in Nigeria the public interest has been so skewedly defined to reflect only the interest of the governing elites. This twist in definition and action has created a fundamental problem of distrust of the

government in Nigeria even if in some situation the government is acting in the interest of the common good.

### **Civil Society: Meaning and Utility.**

As a way of escaping the conflicting reflections of varied definition of the concept civil society, this paper has anchored on the definition of civil society by Mclean and McMillan, Thomson and Diamond. For Mclean and McMillan, (2003:81) it is the set of intermediate associations which are neither the state nor the (extended) family; civil society therefore includes voluntary association and firms and other corporate bodies. For Thomson,

it is the organization that arises out of voluntary association within society, found between the extended family and the state. Examples of these include professional organization, labour unions, trade associations, women's group, church assemblies, businesses, special interest campaigns, community groups, and so on, right down to sports and social clubs. In this respect, any group organized beyond the family, but not part of the state apparatus, can be defined as part of civil society (Thomson, 2007:5).

According to Diamond, civil society is that

realm of organized social life that is voluntary, self generating, self supporting autonomous from the state, and bound by the legal order or set of shared rules ... it involves citizens acting collectively in a public spheres to express their interests, passion, and ideas, exchange ideas, exchange information, achieve mutual goals, make demands on the state, and hold state officials accountable. It is an intermediary entity, standing between the private sphere and the state (in Kukah, 2003:44).

From this definition has evolved these identified five characteristics and benefits of civil society which are; i) it serves to check the excesses of the government and any likely abuses of the rule of law; ii) it serves to improve citizens participation; iii) it serves as an alternative to political party and offers a refuge to those that are shut out from their rights; iv) it serves to enhance the bargaining power of interest groups; and v) it serves as recruiting grounds for and training of political and economic class to enhance the quality of participation (Kukah, 2003:44-45)

A polity with robust civil society does not only provide the polity with an enriched policy making but stand as a reference points for challenging government arbitrariness in society. The process of agreement and disagreement on public policy issue between the government and civil society helps in balancing the public policy process in a way that most often reflect the public interest. Accordingly, Hegel had argued that it is through these mediating moments that a particular will comes into contact with other wills such interaction leads to the creation of institutions that attempt to bring universal will into a contradictory unity, for only then can people be truly free (Fraser, 2003:239). The interest civil society generates in, and from the populace on policy issue offers the best potentials for mobilizing the people for popular participation in the meditative process with the aim of building generally acceptable consensus. By this

involvement, civil society evokes an ethical ideal of the social order...that harmonizes the conflicting demands of individual's interest and social good (Seligman in Kukah, 2003).

### **Deregulation and the Question of Fuel Subsidy Removal.**

There is no doubt that the challenges that had undermined and incapacitated the productive efficiency of public enterprises had necessitated privatization, deregulation and liberalization with the now dragging question of removal of subsidies in Nigeria are many. However, the problems were not beyond solution in the form of reorganization with a greater bottom-line focus for the SOE and the transfer of ownership and control from the public to the private sector (Todaro and Smith, 2005:796). A careful look at the governance dimension will reveal that the real problems of public enterprises in Nigeria emanated significantly from government itself for which it was not willing to take responsibility for (Ozor, 2004).

The adoption of SAP policy with specific emphasis on privatization, commercialization and deregulation all culminating in the removal of subsidies by government in Nigeria was not only occasioned by the necessity to improve the efficiency of public enterprises alone, although, public enterprises had come under sustained attack for wasting resources (Todaro and Smith, (2005:795). The need to re-channel the resources of the state to areas of 'critical developmental needs' as well as reduce the cost of governance arising from the visible signs of an already ailing government finances held a strong case on the part of government and her external aid donors. This is fuelled by the belief that the removal of subsidies by the government will eliminate the existing distortions that tend to hinder the smooth operation of the free market system.

According to the neo-classical economist government intervention in the economy is considered unnecessary and harmful to the economy, since it seeks to act as a brake on economic progress. It is within this framework that privatization was developed by the neo-classical economic theorist who advocated for the liberalization of the economy and the circumscription of the role of the state in the economy (Onah, 2008:253). Supporting this frame of thought Kallick, (1981:4) noted that the role of the state in a pure form of a market economy is the restricted one of providing the framework of law and order essential to the working of markets and of intervening to ensure that the system works as it ought to. This is evident in the IMF conditionalities capsuled in SAP requiring that Nigeria must, among other things, rationalize (i.e. restructure and reduce) the size of the public personnel; liberalize market price system, i.e. abolish price controls; and remove subsidies from the proliferate government Parastatals (Ozor, 2004:50). Inferring from the above view it is noticeable that the removal of subsidies defines the very essence of the SAP regime. Thus, it is hard to dismiss the fact that reclining behind the SAP agenda was the real intention for the total removal of subsidies in every area of public life.

The beginning of the real implementation of the SAP regime in 1988 was evidently marked by public service reforms with consequence for the rationalization of public service employees. It was then

followed by partial commercialization to full commercialization. Despite the vacillating decision of government to privatize public enterprises or not, the process of privatization was finally embarked upon as defined by Decree No. 25 of 1988 and Decree No. 28 of 1999. Relating to deregulation, the process began rather on low ebb, requiring care and caution particularly for a government that needed a peaceful polity and legitimacy, the Abacha regime decided to operate what his regime termed “guided deregulation” policy. This is because the deregulation dimension of SAP anchored and promoted unambiguously the agenda of withdrawal of government control with implication for subsidy removal. Visibly, the removal of subsidy of any kind had the capacity to heat up the polity due to the rise in the market price regimes. This abrupt change it was reasoned will worsen the already tensed political atmosphere occasion by the annulment of a presumed free and fair election won by Chief MKO, Abiola and the accompanying schemes that outplayed the presumed winner from occupying the presidency.

Deregulation of the downstream oil sector was occasion by the crisis in the petroleum industry in Nigeria. Equally important to fuelling the crisis was the prevalence of corruption and other sharp practices like, hoarding, smuggling, black-marketing which occasioned supply-price crisis in Nigeria. Furthermore, these illegal activities combined to cause a significant petroleum product supply-shortfall with severe consequence on the prices of goods and services in the economy despite government bearing the cost of supplying petroleum via subsidy to ensure product affordability and availability to the average Nigerian. The implication of government subsidy is that the economic rates which reflect the cost of production, overheads, and marginal profits are not charged and hence costs are not recoverable (Sankey, 2001). Deregulation was part of Babangida administration’s tough choices to restructure and liberalize the Nigerian economy aimed at full cost recovery, ensuring with it product availability and prompt response to changing (Shala, 2006:76) and challenging fiscal pressure on government which have persisted to date. Deregulation is in part a response to the general SAP policy requiring non-government involvement in the economy. Deregulation is a long term goal which should mature gradually (Eke, 2008). According to Okolie, (2008) deregulation and liberalization will diminish governmental control and attract private sector investment through competition.

The relinquishing of control by government occasioned by the liberalization of this sector therefore means the application of real market price regimes for all petroleum products. It was therefore necessary to also remove subsidy which apart from been a necessary outfall of liberalization, it was a significant burden on governments meager and deflate revenue. Subsidy relates to the

provision of finance and other resources to support a business activity or persons by the government. Subsidies can be direct or indirect and can be used for a variety of purposes, including: a) production, the objective may be to expand production of some product at a low price deemed to be essential...thereby subsidizing consumers; b) export subsidies; c) employment (wages aimed at reducing unemployment; and d) income subsidies. Subsidies encourage increased output of favoured product but distort domestic resource

allocation processes in general and can adversely affect international trade (Pass, et. al. 2005:491-2).

While the dictionary of business and management (2006:505) mirrors subsidy as a payment by government to producers of certain goods to enable to sell the goods to the public at a low price, to compete with foreign completion, to avoid redundancies and creating unemployment, in general, subsidies distort international trade and are unpopular. In Nigeria's case, subsidy have created a favourable environment for redundancies and unemployment due to sharp practices (hoarding, smuggling and product diversion) in the downstream sector of the economy with both the government and the people guilty for the sector's present challenges. In Nigeria context,

subsidy applies when the landing cost of a petroleum product based on the import parity is in excess of the approved Petroleum product Regulatory Agency (PPRA) ex-deport price for the product; its estimated annual cost is put at annual twice the federal government capital expenditure (Eke, 2008:71).

The core area of contestation and contending debate is on the issue of government decision to completely remove or discontinue fuel subsidies.

According to Okonjo-Iwala the minister of finance from 2006-2011, Nigeria spent #3,655.17 trillion to subsidize fuel. The amount is 30 percent of the total expenditure, 118 percent of the capital expenditure and 4.18 percent of the GDP. The saddening side of this huge expenditure is that subsidy does not get to the actual poor in the Nigerian society. True as this observation is and even as critics of subsidy removal agree, the contending issue is however as Pat Utomi, noted the problem is not that Nigerians would not want to pay for what they are consuming, it is just that Nigerians do not trust their government that the money will be used in the interest of the Nigerian people (in Newswatch, 2011:19). These fears Utomi further noted is derived from the way the Nigerian government has used money has impoverished the Nigerian people rather than making their quality of life better.

The arguments of the government for and civil society opposing position coupled with the fears of the latter against subsidy removal have been captured aptly below

The imperative of overcoming the perennial problem of petroleum product scarcity underlies the authority's romance with the privatization option. This option if wholeheartedly implemented, expectedly, should about the much desired changes in both the management and operations of the refineries, since it will make possible the flow of investment desperately needed for the maintenance, rehabilitation, expansion and repositioning of the refineries, for improved performance in a liberalized environment. But how sincere and wholehearted the administration has been in the pursuit of the option in its true sense remains questionable. Thus, until the foremost evidence of the successful management of the downstream sector of the industry, via, permanently containing the bogey of the perennial problems of petroleum product shortages and the associated long queues of most motorist searching for fuel is in place it becomes difficult to score the administration high in the management of the downstream end of the industry (Oaikhenan, 2004:117).

Equally significant is the fact that the complete deregulation of the economy, (of which the Nigerian economy is not only highly dependent but tied to oil (petroleum) for which the removal of subsidies in this sector) will result in astronomical increase in the ordinary price level for which there is the likelihood of a harsh reaction from the populace that the government cannot control. Avoiding the likelihood of a state of anarchy did inform the various governments' decision to proceed carefully with the issue of absolute deregulation thus invoking a corresponding character of gradual subsidy removal. The arguments of the proponents and critics of the government policy for the removal of subsidies are pretty interesting as they are equally opposing. For the proponent of the policy their argument mirrors a new hope and promise of a better and efficient functioning of government by using the proceeds to meet the needs of the people. It is presumed that the successful discontinuation of the subsidy on fuel will allow a revenue inflow of #1,134 trillion naira that will be reinvestment to stimulate economic growth and development.

Anchoring on the SURE document

the total projected subsidy reinvestible funds per annum is #1.134 trillion based on average crude oil price of US\$90 per barrel. Out of this, #478.49 billion accrues to the Federal Government, #411.03 billion to the State Governments, #203.23 billion to Local governments, #9.86 to the Federal Capital Territory and #31.37 billion as transfers to Derivation and \ecology, Development of Natural resources and Stabilization Funds (SURE, 2011:4).

Specifically the SURE document noted that

the federal government has decided to channel its own share of the resources into a combination of programmes to stimulate the economy and alleviate poverty through critical infrastructure and safety net projects. In order to transform the economy, in line with the vision 20:2020 objectives, critical infrastructure projects in the power, roads, transportation, water and downstream petroleum sector will be executed. Thus, the impact of the discontinuation of subsidy regime on the poor can be mitigated (SURE, 2011:4 and Okonjo-Iweala, 2011:15-16).

While for the critics of the policy is an expression of the prevailing fear that the process and proceeds will be hijacked by a few powerful cabal as it was with the earlier privatization policy of public enterprises in Nigeria. To this as Kamil, (2011) noted aptly that, the hopes and aspirations of the people have been dashed by the insincerity of those at the corridors of power and as such, it will be difficult to persuade the people of their sincerity in the fuel subsidy removal debates. In all the twist and turns that has accompanied the privatization debates is the picture been held by the people that they are been made to pay for government's inefficiency and misuse of public resources via the removal of subsidies. In response to this fear the SURE, (2011:5) noted that a robust programme structure has been developed to ensure adequate oversight, accountability and implementation of the various projects.

A cursory look at the program of subsidy in Nigeria especially in the petroleum sector will reveal that the policy had only promoted in government and Nigerians the spirit of consumption at the detriment of production with such monies used for consumption not benefiting the local economy. A reflection on the arguments of Eke, (2008:71-84) it is noticeable that it had ignored the fact that a good subsidy policy on the contrary is one that should promote local production with good consequence for employment, investment and savings for the local economy; although not neglecting the importance of consumption in the development circle. In the circle, production give rise to consumption that generate income which leads to further investment necessitating expansion of the production process with positive impact on employment generation and with consequence for savings, investment and consumption. This is the basis for growth and self sustainability of national economy thus; consumption is not an end in itself but a means to an end. Even more abhorring is the fact that the Nigeria pattern of petroleum subsidy has been skewed with restricted entry and that accommodate only a few benefactors to the detriment of a majority of the Nigerian citizen.

On the other hand, even if the position of proponents of subsidy removal is true yet one fundamental unresolved issue that hangs in the balance is that of policy discontinuity that have played prominently to the failure of past policy to achieve their desired goal.

These discontinuities, it will be recalled that, arise from lack of relative continuity of economic policy as between successive political-administrative regimes, and in the main introduce disruptions of and confusion in implementation, with associated delays and cost. Since it appears that this failure of relative continuity of policy is characteristic of economic backwardness and no one can really predict or preclude the changes, which may be rather frequent and abrupt – some changes may in fact be progressive in the sense that they release the energies and imagination of the populace towards greater productivity, especially if they promote general welfare and a sense of justice (Okongwu, 1986:310).

Unfortunately promoting general welfare and building the sense of justice in state policy that provoke in all groups the desire to pursue progressive ends remain the critical bane of governance in Nigeria. Despite these fears, the diplomatic instrument embedded in this policy seems to raise a ray of hope that its continuity is assured. This is because of the strong backing of the Western World and their affiliate institutions support for the policy in the first place and it will also serve as a veritable tool for negotiating and receiving future foreign assistance from them.

This is built on the premise that Nigerian foreign policy with the West is tied to some degree around economic diplomacy which has always been influenced by domestic economic diplomacy. This focus and drive however has in the process become the primary tool for actualizing the vision and mission of IMF-foisted structural Adjustment Programme (Okolie, 2008). Unfortunately, by the mid 1980s the condition of the Nigeria state had become even more dire due to the exclusive dependence on oil revenue (depleted

by misuse) which had over the resulted in the unwillingness of the government to search for other viable alternative commodity of exchange and income generation. With the changing harsh financial weather against the Nigerian state, things were no longer at easy even as the state could not hold its own both internally and externally thus leading to dependence. A reflection of this companion ailment, public policy viewed crude oil as the only natural resource which it can employ in barter in international commercial relations. But any attempt to employ crude oil in barter trade not only has obvious limitations; even if it were successful, it cannot lead via secondary effects to real domestic growth because of missing linkages (Okongwu, 1986:275). This oil ace held by Nigeria proved to be a disastrous risk for which the West and their affiliate international institutions (especially the IMF) became indispensable as they finally held the winning ace via the manipulation of the international oil price.

As such, their interest and focus had primacy over the public interest of the Nigerian people and the government. Thus, even under the most conservative military regimes and irrespective of the public outcry and stands against the whole reform package, successive governments have over the years implanted methodologically, piecemeal and incrementally with the mastery of its inherent difficulties and challenges (Okolie, 2008) the IMF agenda of subsidy removal in Nigeria. The vulnerable position of the Nigerian state was strengthened by the inability of the leadership to evolve participatory development strategy and their unquenching thirst to remain in power as “good boys” of international capital drove the leadership into personalizing the structure and process of foreign policy making and implementation even at the detriment of the survival of Nigerian state (Okolie, 2008:3). Hence, the strategy of gradual and incremental application of subsidy withdrawal is symbolic of the knowledge by government of the outright civil society resistance to the policy of subsidy removal. As a counter to the government stands on the withdraw subsidy, the strategy of the organized labour to shut down Nigeria (Sunday Sun, October 9, 2011 and Newswatch, December 19, 2011) may not be in the interest of the very average Nigerians they are trying to protect taking cognizance of the deepening social, political and economic crises confronting the Nigerian state. On the contrary, the organized labour and the civil societies will be better off if they seek dialogue to chart clear programme which will have a positive impact on the lives of the common man through further improvement in the energy sector (Shala, 2006:80).

This is informed by the fact the removal of subsidy especially on petroleum will increase the already sorry situation of the largely poor population. The inaccessibility of these essential product in many Nigerian homes given the high level of prevailing poverty amongst Nigerian which is pejoratively described as the fourth world in terms of economic indices and real development (Eke, 2008). The cumulative increase in the prices of cooking gas and kerosene will have implication for the environment as most Nigerian who cannot afford the exorbitant price of these products will resort to fire wood (tree falling for firewood) as alternative means of cooking. The impact of the relocation of demand and

resource will be felt in the areas of desertification and global warming which even at this level is a serious problem. Unlike the developed world that have evolved buffers to take care of the devastating consequences of these climatic condition Nigeria is significantly lagging behind in the capacity to adequately take care of such negative occurrences for which the majority of the defined poor are the ones to bear the brunt of such harsh ecological conditions.

Equally painful for citizens and civil society to accept this policy is the general knowledge that the deteriorating economic conditions that occasioned the policy of privatization and deregulation with resultant removal of subsidies are intricately tied to political problem created by government (political leadership). This based on the previous sink-in-belief the government had hitherto made the populace to expect that the earlier phases of privatization would reduce government expenditure and subsequently stimulate the socio-economic and political development of Nigeria which was not so to be (Onah, 2008). The mismanage process and poor outcome of the earlier privatization process despite the convincing arguments and promise by government that privatization will result in better economic and living conditions of all Nigerians is a strong factor that is significantly influencing and propelling the present anti-subsidy removal fear held by the populace. In a capsule,

It is difficult to convince people whose standard of living is not that high, to acquiesce to programmes that transfer resources from themselves if those resources are then wasted or end up in the hands of people in recipient countries who are richer than themselves. The major reasons for the waste and misuse of resources in the past have been inefficiency and corruption on the part of the recipient government (Thirwall, 2003:590).

Honing on the above observation, it is visible that the peoples and civil society opposition to the removal of oil subsidies is tie to the cost which they are forced to bear; this raises the question of why must they pay for government inefficiency and misuse of public resources for which they were not privy to. Nonetheless is the fear that the removal of subsidies will only contribute in enriching the very few privileged groups who were part of the problem (cartel, smuggling and embezzlement) that the government could not break. Equally not dismissing this fact is the insufficient transparency in the petroleum industry operation in Nigeria (Sunday Punch, 2011:5) which has continued to breed corruption and inefficient working of the existing refineries. Summing up the arguments of the anti-subsidy removal, the core issue of concern is that of a basic distrust of government by civil society and the general public to actually fulfill its obligation to the people by faithfully utilizing the proceeds realized from subsidy removal to better the living condition of the people as the government is now promising. This basic distrust of government calls to question the essence and relevance of government by the Nigerian people. The real challenge for government then is for government to be wise and take proven steps to cut the wastages in order to regain public confidence (Utomi in Newswatch, December 19, 2011).

### **Concluding Summary.**

The dynamic force and impact of changing circumstances coupled with the interplay of internal and external forces have combine to act in a manner that is disadvantageous to the Nigerian state and its people. Significant among the internal forces is the poor decisions and misuse of public resources. The external factor on the other hand rest primarily on the push by the West and their allied institutions that third world countries in need of aids must restructure their political, administrative and economic institutions in line with their defined standard. These standards and conditionalities for accessing foreign aids were capsuled neatly around the Structural Adjustment Programme (SAP). Thus, Nigeria tied to the stake with no other option to avert the legitimation crisis due to financial downturn, coupled with the telling reality that the home grown austerity measure had failed woefully to stand as the last real defense for a faltering economy against the towering storm of economic collapse the Nigerian government bowed to the demands of the IMF. Hard as it was, the government had no option but to adopt and apply those standards on the local economy despite public outcry. The process of implementation began in 1986 and dragged on to this time as it became clear that the government could no longer play pranks with the reality of fully implementing deregulation and liberalization components of SAP with consequence for the removal of subsidy. This is based on the revealing fiscal shortfall occasioned by the harsh reality of global economic crunch with its significant implication on our local economy.

The policy decision by the government to remove subsidy particular for the petroleum subsector of the economy has pitched the government and civil society in war of words built wittingly intended by each party to win the public to its side. The government have anchored their argument on the grounds that subsidy is taking away a significant portion of national resources needed to develop other critical sector of national economy to avoid total collapse. A review of extant literatures and current news daily showed that the anti-subsidy removal posture of civil society is tied around i) that this policy if implemented will only add more pains to already burden general public due to a general increase in ordinary price level of goods and services; and ii) it is more of an expression of the distrust by civil society of the sincerity of the government to fill its promise by right utilizing the proceeds and gains of the policy for the common good. These positions are equally strong views that are expressed by all the parties and cannot be flimsily dismissed; however, the issue of national interest should override self and the accompanying temporary inconvenience that will be felt by all. It therefore imposes upon all to collaborate in challenging the harsh face of changing global realities for the betterment of Nigeria. This paper therefore holds that the present Nigerian faltering economic situation requires collaboration between the government and civil society to find a lasting solution to our real national economic problems by whatever means and sacrifice necessary rather building arsenals to shut down the economy.

## **Bibliography**

- Anderson, J. E (1975) *Public Policy-Making*. New York: Preager.
- Dye, T. R (1981) *Understanding Public Policy*. New Jersey: Englewood Cliffs.
- Eke, O. A. M (2008) *Deregulation of Downstream Sectors of the Nigerian Oil and Gas Industry: A Lessens of Imperialism*. In: *Journal of International Politics and Development Studies*, Vol. 2 (1&2). Pp. 60-88.
- Fraser, I (2003) *Hegel, Georg Wilhelm Frieddrich (1770-1831)*. In: McLean, I and McMillan (eds) *Oxford Concise Dictionary of Politics*. Oxford: Oxford University Press.
- Kamil, A (2011) *Newswatch Magazine*, December 19, 2011.
- Killick, T (1981) *Policy Economics: A Textbook of Applied Economics on Developing Countries*. London: Heinemann Educational Books Limited.
- Kukah, H. M (2003) *Democracy and Civil Society in Nigeria*. Ibadan: Spectrum Books Limited.
- Mohit, B (2006) *New Horizons of Public Administration*. New Delhi: Jawahar Publishers & Distributors.
- Okongwu, C. S. P (1986) *The Nigeria Economy: Anatomy of a Traumatized Economy with some Proposal for Stabilization*. Enugu: Fourth Dimension Publishers.
- Oaikhena, H. E (2004) *Petroleum Resources: Development, Distribution and Marketing*. In: Bello-Imam, I. B and M. I, Obadan (eds) *Democracy Government and Development Management in Nigeria's Fourth Republic. 1999-2003*. Ibadan: CLGARDS.
- Okoli, F. C and R. A, Onuigbo (2010) *The Role of Public Policy in Promoting Innovation and Effective Knowledge Management for Economic Growth*. In: *International Journal of Studies in the Humanities*, Vol. 7, (8). Pp. 1-
- Okolie, A. M (2008) *Economic Diplomacy and Conduct of Foreign Policy in Nigeria, 1999-2007*. In: *Journal of International Politics and Development Studies*, Vol. 2 (1&2). Pp.1-15.
- Okonjo-Iweala, N (2011) *Brief on Fuel Subsidy*. Abuja: FMF/BOF/CEA.
- Onah, V. C (2008) *Implication of Privatization of Public Enterprises on the Living Conditions of Nigerians in 2010 and Beyond: A Prognostic Analysis*. In: *Journal of International Politics and Development Studies*, Vol. 2 (1&2). Pp.253-267.
- Oxford Concise Dictionary Business and Management* (4<sup>th</sup> ed). Oxford; Oxford University Press.
- Ozor, E (2004) *Public Enterprises in Nigeria: A Study in Public Policy-Making in a Changing political Economy*. Ibadan: University Press PLC.
- Pass, C., B. Lowes and L, Davies (2005) *Collins Dictionary of Economics* (4<sup>th</sup> ed). Glasgow: Harper Collins Publishers.
- Shala, D (2006) *Nigeria not Business as Usual: The Obasanjo Reforms*. Abuja: D.S. Research & Publishing Co. Ltd.
- Sankey, Y. S (2001) *The Effect of Structural Adjustment Programmes (SAP) on Nigerian Public Enterprises. Being a PhD Dissertation Submitted to the Post Graduate School Ahmadu Bello University Zaria. Kaduna, Nigeria*.
- Sapru, R. K (2006) *Public Policy: Formulation, Implementation and Evaluation* (2<sup>nd</sup> ed). New Delhi: Sterling Publishers Private Limited.
- Sapru, R. K (2008) *Administrative Theories and Management Thoughts* (2<sup>nd</sup> ed). New Delhi: Prentice Hall of India.
- Sunday Punch, November 27, 2011.
- Subsidy Reinvestment and Empowerment Programme (SURE)* (2011). Abuja: Federal Government of Nigeria.
- Thirwall, A. P (2003) *Growth and Development: With Special Reference to Developing Economies* (7<sup>th</sup> ed). London: Palgrave Macmillan.
- Thomson, A (2007) *A Introduction to African Politics* (2<sup>nd</sup> ed). London: Routledge.
- Todaro, M. P and S. C, Smith (2005) *Economic Development* (8<sup>th</sup> ed). New Delhi: Pearson Education.