

## The Politics of Removal of Petroleum Subsidy, National Security and Legal Issues

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**Abstract.** The Executive Secretary Petroleum Products Pricing Regulatory Agency (PPRA) had in a statement on the 1<sup>st</sup> January 2012, said that following extensive consultation with stakeholders across the nation, the subsidy on Premium Motor Spirit (PMS) is hereby removed. By this announcement, the downstream sector of the petroleum industry had been deregulated. In the wake of this announcement, some filling stations had already started hoarding the fuel with a view to cause artificial scarcity. This decision by the government would negatively affect every sector of the economy as it would affect people's purchasing power, cost of living, and cost of running business, inflation, currency devaluation, and increase in electricity tariffs, job losses, insecurity and deepening poverty.

The implication was the insincerity of those elected to govern the country in the interest of Nigerians and to deliver the dividends of democracy to the Nigeria's populace. While the government claimed to be consulting on the fuel subsidy removal, the security operatives have vowed to smash any Nigerian who may publicly protest their feelings against the removal. The Nigeria Labour Congress and Trade Union Congress jointly issued and organized nationwide strikes, street demonstrations and mass protests. Consequently, this paper seeks to examine the implicative nature of the removal of the petroleum subsidy on national security in view of the present security challenges facing the nation, and constitutional safeguards and human rights issues. Increased awareness, public enlightenment, subsidy reinvestment and

empowerment programmes are some of the recommendations put forward.

**Keywords:** Subsidy, Petroleum Product, Removal, Security, De-regulation, Fuel, Regime.

### 1. Introduction

On the 1<sup>st</sup> of January, 2010, the new year, Nigerians got a taste of the full deregulation of the downstream sector of the oil industry as pump price differentiation was the order of the day in filling stations across the country. Also, condemnation and commendation continued to trail the government's decision to remove the subsidy on petrol.

Meanwhile, a coalition of Labour, Civil society groups started a nationwide strike over the removal of the fuel subsidy that has pushed the price of petrol to at least ₦138 per litre from ₦65 initial price. Apparently, as a way of profiting from the sudden inauguration of the regime, petroleum marketers at first shut their outlets to motorists which engendered queues at filling stations.

Sensing kill exasperation inflicted on the public, the filling stations began to open one after the other, hiking their pump price to between ₦139 and ₦185 per litre. However, if the filling stations had hoped to have a field day, they were mistaken as the queues soon dried up with motorists choosing to buy products where the price was lowest. There were hikes in transportation cost of up to 100%, some diesel powered commercial vehicles tried to beat the

competition by keeping up to their usual fares, though the development had caused a soaring of public transport costs. For example, in the Abuja Capital Territory from the Kubwa city centre which hitherto attracted ₦100 now costs ₦200, while fare from Lugbe area on the Airport Road was ₦250 from the initial ₦100. This same goes for inter -state transport fares. For instance, passengers from Dutse Jigawa State capital to kano paid ₦1,000 as against ₦400.

It is rather unfortunate that the current administration is not sensitive to the plight of the common man. Opinions were divided on the appropriateness or otherwise of the petrol subsidy removal. To some, government decision was hasty and callous. The Government does not have the feelings of the masses at heart; the government is just being wicked. However, the National President of Indigbo Democratic Forum (IDF) welcomed the removal saying that the removal will boost the industries.

The Federal Government has said that the deregulation of the downstream Sector of the oil industry is not aimed at causing hardship on Nigerians, but opening up the sector for growth and investments. It noted that even though the take-off of the deregulation policy has brought about an initial hike in the price of fuel, government is taking measures to check the trend through the active participation of Nigeria National Petroleum Corporation (NNPC) in the sale of fuel to guard against profiteering. The government spoke as accusations of non-adherence to the rules guiding how prices of petroleum products should be conducted by the Petroleum Products Pricing Regulatory (PPPRA) by other stakeholders.

While the coalition of Labour, Civil Society Groups and others embarked on a nationwide strike over the removal of fuel subsidy that has pushed the price of petrol to at least ₦138 a litre from ₦65. The Minister of Information Labaran Maku remarked that the Federal Government had entered into partnership with the original builders of the nation's refineries to turn them around for production at installed capacity between 18 to 24 months. According to Maku, the move is in addition to three new refineries to be built in Lagos, Kogi, and Bayelsa states by the private sector with the government equity

participation, to refine 400,000 barrels of crude oil per day. Maku assured further that in the next two years, all petroleum products consumed in this country would be produced locally. He however expressed regret that price control of petrol had stifled the growth of the downstream sector and prevented private sector investment in the refining of petroleum products.

The idea was that new refineries if established would compete in production to bring down the price of petrol in the near future and create more job opportunities for Nigerians. The Minister (Maku) observed that for any meaningful development to take place in the country, decisive measures have to be taken in order to correct the wrong policies of the past, he however appealed to Nigerians to disregard those calling for mass protest over deregulation of the downstream sector of the oil industry.

What was at stake was whether the government followed due process in the deregulation exercise. The national Publicity Secretary of PENGASSAN (Petroleum and Natural Gas Association of Nigeria) Zaid Kolawole, said that no time did the Board, which PEGANSSAN was a member met and approved the step taken by the Federal Government. Kolawole said further that the Petroleum Products Pricing Regulatory Agency (PPRA) Executive Secretary should tell Nigerians when the Board of the Agency of which PENGASSAN is a statutory member met to decide on this policy knowing fully well that all the Boards of government parastatals, agencies, and departments have been dissolved, and the new Board is yet to be reconstituted. It appeared that there was no adherence to the rule governing and guiding the operations of the PPRA in the removal bid, and PENGASSAN rejected the move by the government and described it as a gross display of bad faith and unilateral increase in the pump price of petrol by the government in the guise of subsidy removal; the removal is a reinforcement of the government's huge credibility deficit.

Added to this saga, is the fact that political parties were not left out of this subsidy removal politicking. For instance, the Action Congress of Nigeria (ACN) also criticized the decision of the Federal Government to remove fuel subsidy, and called on the National Assembly as the true representatives of the people not to betray those

who elected them by stopping the subsidy removal. The party said further that the fuel subsidy removal at a time the country was facing its most potent internal security threat ever; had exposed the limitation and weaknesses of President GoodLuck Jonathan as a leader and heightened need for elder statesmen to come to his rescue, before he brings the house crashing down on all. Describing the situation further, the National Publicity Secretary of the party Lai Mohammed, the party needs no soothsayer to know that the removal of fuel subsidy and the lingering Boko-Haram threat are a potent mix that can push the country to the abyss in this new year.

Removing the non-existent fuel subsidy at a time the majority of the population are barely surviving and the ranks of jobless youths swelling, negates the adage that when you are in a hole, you stop digging. The dislocation in social order that the fuel subsidy removal will endanger will definitely strengthen the hands of the Boko Haram end gamers and worsen the country's plight as it was capable of inflaming further violence and insecurity. Lamenting further, the Trade Union Congress (TCU) said the policy which sent petrol price up by more than 100 per cent would worsen the security situation and create anarchy in the country. In a statement jointly signed Nigeria Labour Congress acting Secretary General Owei Lakemfa and that of the TUC John Kolawole, they described it as a new year gift by the Presidency which is callous, insensitive and is intended to cause anarchy in the country; it is tragic that the Jonathan's administration has become the greatest source of insecurity and the spring of danger to the Nigeria nation.

In the same vein, Former Minister of Petroleum Professor Tom David West, described the government as deceptive because it had told Nigerians that the increase in the price of petroleum products would not take effect till April this year as it was still consulting with various stakeholders. Perhaps, the government could best be described as insensitive to public opinion, the government to have increased the price of petrol under the euphemism of subsidy, was irresponsible, anti-people, anti- God.

Jonathan's administration had told Nigerians that it was consulting on removal of fuel subsidy

and that if any was contemplated, it would be with effect from April, 2012. The NLC and TUC however, warned Nigerians that this Government thrives on falsehood and therefore cannot be trusted as the removal of the fuel subsidy is a clear demonstration of the fact that the administration cannot be trusted. The Labour Movement also called on the police, armed forces, and other security personnel not to accept any order to shoot Nigerians or attack them for publicly resisting this evil hike in fuel price. We warned that any officer who does so will be brought to justice, and a claim that he was obeying orders, will not be an excuse for committing such crimes.

## 2. Theoretical Framework

In a popular parlance, to deregulate means to do away with the regulations concerning financial market and trades. It posits that deregulation and privatization are elements of economic reform programmes charged with the ultimate goal of improving the overall economy through properly spelt out ways. In order words, according to Izibilli and Aiya, it is freeing government from the bondage of continuous financing of extensive projects which are best suited for private investment by sale of such enterprise; encouraging efficiency and effectiveness in resources utilization.; reducing government borrowing while raising revenue; promoting healthy market competition in a free market environment; improving returns from investment and broadening enterprises share ownership thus endangering capital market development.

Put differently, deregulation in the economic sense means freedom from government control. Deregulation is the removal of government interference in the running of a system. This means that government rules and regulations governing the operations of the system are relaxed or held constant in order for the system to decide its own optimum level through the forces of supply and demand.

The question that readily comes to mind at this juncture is why deregulation? Why the removal of the subsidy on petroleum products? What are the pros and cons of deregulation in Nigeria? In order words, the effects on Nigerians.

The most contentious issue in Nigeria is arguably the question of deregulation of the oil sector, which have been generated heated debates from its protagonists and antagonists. The protagonists posit that the liberalization and deregulation of the downstream sector of the petroleum industry would finally actualize the objective of ending perennial fuel scarcity and maintaining sustainable fuel supply across the polity. It is also added that liberalization and deregulation of the sector would open it up for foreign investment, and the incidents of petroleum products smuggling and inefficiencies in the sector. Besides, the arguments hold that petroleum products in Nigeria were the lowest in the world and with deregulation; the government would be able to channel funds to other sectors of the economy.

Furthermore, the protagonists equally posit that deregulation would break the monopoly of fuel supply by the Nigeria National Petroleum Corporation (NNPC). As the refineries were not working, the liberalization and deregulation would enable either stakeholders, including major and independent marketers, to import and market products.

The antagonists believes that the Nigeria Petroleum industry must not be liberalized, or deregulated, or privatized completely for whatever reason and that the status-quo must remain, at best may be with minor fine tuning to improve efficiency as appropriate, in the overall interests of the nation. The low capacity utilization of Nigeria's state owned refineries and petrochemical plants in Kaduna, Warri, and Port-Harcourt, the sordid state of despair, neglect and repeated vandalization of the state run petroleum product pipelines and oil movement infrastructures nationwide, the collateral damage of institutionalized corruption, with the frightening emergence of oil cabals and mafias that controls, and coordinate crude oil, pipeline sabotage, illegal bunkering, the insatiable corrupt Task Force Operatives that assist diversion of both crude oil and petroleum products, large scale cross border smuggling: all these are the root causes of protracted and seemingly intractable fuel crises, insecurity and utter violations of the due processes of the law in the subsidy removal.

The approach of the Writer in this work is mainly analytical.

### 3. The Fuel Subsidy and Opportunism

One of the major challenges confronting the government of Goodluck Jonathan is the unmistakable decision to remove fuel subsidy on petroleum products. It is a major challenge in the sense that the policy itself is bad, but because it is difficult to sell even to those who are fully aware of the benefits. This may be likened to human nature to be resistant to change especially in the upward swing of the price of any goods, especially we Nigerians. We have over the years grown to have a sense of entitlement to cheap petroleum products, thus making the arguments for the removal of the subsidy hard to sell to Nigerians.

Given this reality, the posture adopted by some members of the National Assembly on the subsidy issue was not good enough for the nation, because Nigerians have come to believe that if there are any goods that should go for next to nothing in our country, those commodities should be petroleum products because it is a free gift of nature.

As at the time government announced that as from January the government will remove the subsidy, some members of the National Assembly have behaved funny by distancing themselves from the stand of the government by making statements and moving Motions which sounded as if they were not members of the government. These members wanted the President to take the condemnation while they will look good as a people who care more for the poor masses of Nigeria.

According to Adamu, government is a collective responsibility, though it is divided into arms and tiers for smooth administration, the compartmentalization do not suggest that when benefits come it is only one tier which initiated a policy that would benefit from it. In a chaotic situation like this, it is not the right time for one to posture and grandstand; the subsidy issue is at the heart of our desire to make progress as a people. If it is removed and we are able to save a Trillion Naira a year, then we will be in position to develop our socio-economic infrastructures

that are in a state of dilapidation across the country.

The removal of the fuel subsidy is a national issue that requires careful and rational handling devoid of political pretensions designed to impress the electorates. It is a national challenge that required statesmen and women through an established democracy to be resolved. There must be a common front not that of the government alone. Given the challenges facing the nation, no one needs to play politics no matter how slight over the subsidy removal. The politics of personal survival should not be at the detriment of the survival of the country. This time calls for rational men and not emotional politicians.

The removal of fuel subsidy is a severe indictment against the entire ruling class that at a time when everybody should be swimming in some opulence because our oil is doing well in the international market, the country still relies on some deficit to finance some of her expenditures.

Despite these challenges, some Elder statesmen gave credence to Goodluck Jonathan's policy on removal of the subsidy. For instance former Head of State General Yakubu Gowon (rtd) and former President Shehu Shagari have commended President Goodluck Jonathan over his handling of the protests that trailed the removal of the petroleum subsidy and the incessant insecurity across the country. The protests that erupted across the country after the removal of the subsidy shot up the pump price of petrol. The two Leaders after their meeting with President Jonathan told the press that the president has handled the subsidy issue in a correct way in order for things to be able to return to normal. Further that, there is need for cooperation from all the people themselves. No stone would be left unturned in getting to the bottom of the problem and resolving it; our trust and believe in this country and the goodness of all Nigerians to be able to resolve their problems themselves the way we did after fighting each other for so many years. It is only in Nigeria, that the impossible becomes possible.

The then Minister of Defence (Alhaji Bello Halliru Mohammed) said that he regretted the death of some persons across the country during the week long nationwide strike over the

removal of the subsidy. Lamenting further, the Minister of Interior (Comrade Patrick Abba Moro) while condoling with the families of those who lost their lives in the course of the protest, describing the deaths of the protesters as unfortunate and regrettable, said their deaths would have been averted with proper orientation. The Minister also admitted that men of the Nigeria Civil Defence, Immigration, Fire Service and Prison Service, were over stretched during the nationwide protest.

The Minister however advised all the relevant committees set up by the government to provide immediate and lasting solutions to the issue of fuel subsidy removal, as well as militate against the problems associated with it. In the words of Okorie, the arguments for or against deregulation are mainly from the high, mighty, and the privileged Nigerians who are the only beneficiaries of the fuel subsidy. The youths are the most affected by government policies, it was hence important to deregulate the sector to fund education, provide jobs and secure their lives, provide good transportation and other infrastructure to alleviate the sufferings of the people.

#### **4. The Contentions Behind The Subsidy Removal**

The government was allegedly said to have spent millions of Naira in the campaign and advertisement for the removal of the fuel subsidy in order to convince the citizens. It could be likened to making Nigerians swallow a bitter pill, but before that it should be sweetened. The contention could be said to be emotive. This might have arisen from the polarized position held by both the Government and the organized Labour Congress. One side was of the view that the crude oil is Nigerian's God-given natural resources and the citizens should simply and cheaply get access to products refined from it.

This view may not be far-fetched when one compares Nigeria's position among the committee of nations that produces crude oil too and have subsidies in place for the domestic consumption of the refined products; i. e Saudi Arabia. Further, that subsidy had been in place since crude oil was discovered in Nigeria, replacing agriculture as the nation's biggest

revenue earner. With subsidy, huge capital development were undertaken, it was pointed out that wages were reasonably good and labour interest low as a result.

On the contrary, the government side claimed that the huge ₦1.2 Trillion subsidy regime is so corruption riddled that it no longer benefitted the section of the community it was meant for. Government officials in the subsequent few months mounted a massive publicity to buttress its side of argument across to the already skeptical Nigeria populace. The government argued that the savings from the removal of the subsidy would be spent on more productive areas of the economy, like schools, health care, transport, and power supply. The point is that this so called productive areas are misnomer and misdirection, and areas that were neglected, abused, and marred with full large scale corruption by successive governments in Nigeria history. How Nigerians would be convinced that there would a difference this time around?

The problem with this line of publicity by the government is that such arguments come from similar trajectories flown by previous administrations. The bitter truth has always been that savings from subsidy reduction over the years by successive governments were never felt by the populace. The setting up of the Petroleum Trust Fund (PTF) by the defunct late General Sanni Abacha regime was never felt in critical areas, but rather it became a conduit pipe for siphoning tax payer's money.

Furthermore, since the return to civil rule in 1999, efforts at removing the fuel subsidy through increase in the price of petroleum products have not made any meaningful impression. Indeed, the subsidy regime has become a veritable source of corruption among those involved in it. Up till date no new refineries have been built thus making promises by the successive governments fake and empty ones; a mere rhetoric and part of electioneering strategy. Even then, the current refining capacity of the present refineries (built since independence decades ago) is low; as a result importation to meet local demands became inevitable.

Contracts/license for such importation has now become lucrative and dream land for Nigeria young millionaires; so much so that there have

been active efforts to sabotage local refining in order to force the authorities to increase imports of refined products. The level of corruption is so alarming and pervasive that there are reports (some documented in courts and in EFCC records) showing Nigeria's crude oil being taken out by the so called 'Oil Cabals' from the oil wells for refining in overseas being switched, poorly and cheaply refined that cannot even legally meet the standard being sold in Europe or America; being sent back to Nigeria for consumption at the same cost as high grade fuel, with serious environmental consequences and health hazards to the populace.

In opposition to these corrupt practices in the fuel subsidy removal, it has been argued that dealing with the corruption and tightening controls over such transaction would have been enough to save for investments rather than imposing more hardship on Nigerians in the form of subsidy removal. The Federal Government though keenly aware of this, but chose to ignore these facts and adopted the unpopular policy of removing the fuel subsidy.

The President Goodluck Jonathan instead of catching the bull by the horn and face the problems bewildering the country, chose to be prophetic, as he was quoted in some Daily Newspapers thus:-

"the budget I took over from in 2011 was a transitional budget. This is the first budget that will be built on our vision and commitment for this country and God's willing, we will follow it to the later and with your cooperation and prayers this country will begin to witness things differently...the journey will be tough, it's not going to be too painful anyway because I also know that leaders who bring pain on the people always end up badly...and no leader will grant to be reckoned with as one who brings pain to the people. We are all writing our history, whatever you sow as a leader even if you are dead and gone, the story will be told how you brought pain on the people, so nobody will bring pains on Nigerians."

Up till today, these sermons remained a mirage as Nigerians continue to wallow in abject poverty. All savings realized from the withdrawal of the subsidy over a period of months running to trillions of Naira was being

misappropriated. Equally, the year 2012 with her prohibitive increase in petrol price promised to further entrench despair and hopelessness as evident in the president's sermonizes which engendered the crisis of confidence and trust in governance.

### **5. Corruption and the Fuel Subsidy Regime**

During the committee hearing by the House of Representative on 'Petrol Imports and Subsidy Payments' on the 17<sup>th</sup> January, 2012, the Petroleum Minister (Diezani Madueke) and the Comptroller General of Customs (Abdullahi Dikko) gave contradictory and conflicting testimonies on the extent of alleged multi-billion Naira corruption on the fuel subsidy regime. The Minister spoke saying that Nigeria National Petroleum Corporation (NNPC) no longer import fuel only private importer were involved; further that part of the fraud in the system was the smuggling out of petrol on which government had already paid subsidy.

On the contrary to the Minister's assertion, the Comptroller General said that NNPC was still importing petrol because he had possession of manifest that showed that the corporation brought petrol into the country in December, 2011 which was discharge at Calabar Port and was solely imported by NNPC, but the country of manifest was through Cotonou off shore.

In reality however, what was obtainable was not smuggling as claimed by the Minister, but rather diversion of the country's 'black-gold'. Large vessels importing fuel supposedly to Nigeria do not reach the country's shores, but were kept in territorial waters of Benin or Togo while smaller vessels ferry only a fraction of the fuel to Nigeria.

The Customs Chief said further that apart from petrol, the NNPC also imports crude oil to the refinery in Kaduna. The question one may be prompted to ask is what has become of the nation's vast deposit of crude oil in Niger Delta Belt/Axis? It is thus apparent that the Kaduna refinery runs on imported crude oil and not domestic's and no duty is paid on that till date. NNPC imports it through Warri Port and it will be moved straight to Kaduna refinery.

According to the Customs Chief, the problem started during the regime of President Olusegun Obasanjo, he gave presidential fiat and granted import waivers on all petroleum products since 2002, as a result all imported fuel are exempted from taxes. This made it easy for importers of fuel including NNPC to perpetrate fraud by keeping the mother vessel on Benin or Togo territorial waters and using smaller vessels to bring in the product.

These developments gave birth to the emergence of a group of oil importers who constitute themselves into a cabal, the existence of which the President acknowledged in his maiden speech to the nation on the removal of the fuel subsidy. The Minister for Petroleum also conceded to the fact that her Ministry could not arrive at exact amount of money spent on subsidizing petrol as the government was still grasping with the figure and it will take up to four months to compute. What a government indeed!

Many economists say the fuel subsidies were hugely corrupt, wasteful and bled money from the treasury into pockets of rich fuel importers. Some Nigerians see sense in ending them, but the unpopular policy of removing subsidies remains a political bombshell, as most Nigerians see the subsidies as the only benefits they derive from living in an oil rich country.

Months after the removal of the fuel subsidy on petrol, the promises made by government to improve the lives of ordinary Nigerians using the subsidy fund is just a mirage since corruption in government is still very much alive. Some of these funds realized from the subsidy removal are missing, they never reach their target projects, obviously, the outcome of this new policy will be to push Nigerians to a serious hardship.

PMnews revealed that the KPMG in a forensic analysis of the operations of the Nigeria National Petroleum Corporation in 2010, unveiled startling revelations about corruption in the Company. The report showed that the NNPC is a rotten egg from which stench oozes to the detriment of the Nigeria government and the Nigeria people. In one of the findings of KPMG; NNPC does not even have the data of crude oil production in a centralized manner as it is stored in the computer of staff. NNPC approves oil

lifting to companies not on the government approved list; there are delays in billing the oil lifters and variants between the invoice value and the LC value.

The four refineries in the year 2008 and 2009 recorded capacity utilization of 18 percent; the process of importing fuel is murky. NNPC also incurred average demurrage of 31 days for oil cargoes, subsidy claimed based on volume of products imported, not on what was actually imported out of the deposit for sale to Nigerians.

## 6. The Security Challenges

Speaking on the rising profile of violent crimes in the country, the Nigeria Labour Congress President Abdulwaheed Omar said, as a people we scored measure of success in the amnesty programme that brought a large measure of peace to the Niger Delta region. On the other hand, armed robbers hold sway in many parts of the East and West Nigeria, the Sectarian strife is still common in the Central areas, while Boko-Haram Sect hold parts of the North in a firm grip.

The government rather living up to her desires and expected responsibility, has decided to treat the spate of insecurities in the country as religious/tribal and political rivalries rather than an as a threat that can be defeated if the security agencies are really focused, united and mobilized to provide vital information and support to the government.

There are awakening calls on the government to redirect the country's attention from the so-called fuel subsidy debate to a united action against an increasing sophisticated wave of crimes and insecurity. Also to meet the security challenges, the government needs to provide mass employment for the large army of unemployed youths; pay unemployment allowances so that every Nigerian citizen can be guaranteed at least a meal a day, increase rather than reduce social spending and provide mass education and enlightenment for the citizenry.

The government needs to change her modus operandi too by motivating the security forces who have along with the populace have borne the brunt of terrorists attack by promoting the use of the intellect and intelligence rather than a reliance on arms and show of strength that has

not yielded any positive result in the face of the daunting security challenges. Also the Action Congress of Nigeria (CAN) National Publicity Secretary Alhaji Lai Mohammed lamented that the Boko Haram crisis as a clear and present danger to Nigeria and Jonathan's administration shock fuel subsidy removal, despite opposition from most Nigerians. Lai Mohammed lamented further that, it is like pouring fuel on naked fire the end of which will definitely not be pleasant for anyone; there is no need for any soothsayer to know that the subsidy removal and lingering Boko Haram threats are potential mix that can destroy the country.

To an average Nigeria the problem of Boko Haram, kidnappings and other social vices being perpetrated across the country, are there staring us in the face without any positive step from Mr. President to end these crimes, yet, he decided to inflict more injury on we Nigerians by increasing the pump price of petroleum products. This is daunting in a country that has about 54 percent poverty ratio and unemployment rate of 23 percent; the new policy would further broadened dependency ratio. Hence, therefore, the Boko Haram Sect presents an increasing widespread terrorist threat that is refocusing Nigeria's government on stability and security.

The Nigeria government will have to aggressively pursue the unemployment problem facing the teaming youths in order to combat the Boko-Haram instead of removal of fuel subsidy that will further compound the already tensed atmosphere. According to Soyode, one of the main problems facing President Jonathan is the removal of the fuel subsidy. Very little warning was given that the subsidy was being removed, and people felt resentful that it was announced during the New Year holiday period. The people have lost confidence in government and so do not feel that they would gain any benefits from the money saved from removing the subsidy.

A more focused perspective analyzing the effect of removal of fuel subsidy and security issues can be seen in the ongoing resentment fostered by the Boko Haram sect in the Northern Nigeria. The statements made by some of the Sect Leaders reflect local grievances, poverty, unemployment, neglect; nevertheless, the poor economic conditions in the Northern part of the

country make fertile ground for Boko Haram Sect to thrive. The breakdown in trust between the rulers and the ruled, a classic phenomenon of oil rich states and both the fuel protests led to the reality that, only the few ordinary Nigerians have benefitted from the subsidy. The protests are symptoms of a broader anger of the poor against the subsidized rich.

It is against this background that the removal of the fuel subsidy was introduced in Nigeria, at a time when trust and faith in the government were at their lowest ebb. Most experts contend that even if the fuel subsidy removal is a fiscal necessity as presented by Jonathan's administration, its timing was wrong.

### **7. Legal Issues Involved**

The emerging legal issues under this heading are: which authority or person is vested with power to announce or increase the pump price of petroleum subsidy? Which authority or person has the power to withdraw or remove the subsidy on petroleum products? Can the President in His capacity announce the removal of the subsidy on petroleum products without approval from the National Assembly, particularly when the House was on recess? What is the position in law of party manifestos and electioneering promises made before coming to power? What are the Constitutional issues or safeguards i. e the fundamental objectives and directive principles of state policy? Does the electorate have any mandate recognized and enforceable in Law?

According to a Lagos based human rights activist Lawyer Femi Falana, the subsidy removal was illegal because such decision would only be lawful when taken by the Board of PPRA and that there was no such board in existence at that moment, as they were being dissolved. The Deputy Minority Leader House of Reps Abdulrahman Kawu lamented further that the House will use the law to stop this inhuman act. It is another form of terrorism against Nigerians that are already impoverished; that the House had already voted to reject subsidy removal since November, 2011, why the issues again? And why did Mr President took such a unilateral decision? Although, the Deputy Minority Leader, did not disclose in specific

terms what action the lower legislative chambers will take, but it may not be far from inserting the subsidy fund in the 2012 Appropriation Bill currently undergoing legislative debate before the National Assembly.

It will be recalled that the President during the 2012 budget presentation before the House, it was evident that there was no provision for fuel subsidy. At that point in time a diligent House should have probed why, instead of keeping mute over the issue, in fact it was a sellout of the mandate given by the electorates to the so called Senators and House Representative members; indeed it was a big surprise to the citizens of Nigeria that the government could proceed to implement the removal of the subsidy without recourse to the National Assembly whom all available indices indicated that they had not given it any legislative backing and neither was it mentioned in the 2012 national budget. Since the subsidy issue was left out of the 2012 budget, which was not voted for by both houses; to restore it, the Lawmakers would have to add them to the budget and find some way of paying for it probably by cutting expenditure elsewhere. In the words of Ekundayo and Shosanya, this action by President Jonathan is therefore dictatorial, undemocratic and a total declaration of war on the poor masses of this country that are being punished by inefficient system that is anchored on a few corrupt oil thieves who are major sponsors and backers of government.

Perhaps, this explained why the government cannot muster enough political will to arrest and prosecute the so called oil thieves (the Cabal). It was expected that what the Federal government ought to have done was to tackle the corruption in the oil sector first before embarking on the subsidy removal. No wonder, the Trade Union Congress insisted that until new refineries are built and the old ones are made to function optimally, there cannot be a removal of the oil subsidy. Unfortunately, it is the ordinary people that are being made to bear the brunt of irresponsible governance, otherwise, which responsible government in the whole wide world would preside over the six largest producer of crude oil and end up depending on imported refined fuel at a price it cannot sustained for domestic consumption, just as it cannot determine the price of crude oil.

Accordingly, a Political party named Congress for progressive Change (CPC), the PDP led regime has done considerable damage to the Constitution. Undoubtedly, the action and decision of the PDP led government by President Jonathan clearly negates the provision of Section 14(2)(b) of the 1999 Constitution (as amended) which provides that: “the security and welfare of the people shall be the primary purpose of government”

For one, a far reaching policy measure such as removal of petroleum subsidy cannot be so causally delegated to a discredited agency like the PPPRA which was part of the chain of distortions of the price of imported products over the years. It should be borne in mind too that the President and notable members of his so-called economic team while negotiation was still on, though inconclusively with notable stake holders on the issue of subsidy removal, was wrong to have hijacked the process of policy dialogue through a crude price dictatorship by PPPRA.

Secondly too, there was a subsisting agreement between the Nigeria Labour Congress and the Federal Government that legitimizes the product price at ₦65 per litre. Thus any arbitrary price increases that fuel price riot and inflation remains arbitrary and is not welcomed by Nigerians. It will also be recalled that not quite long, the same President announced a bold emergency measures to curb the spate of violence in some parts of the country what is clear was that these measures raised the hope that the president was poised to guarantee physical security of lives and property, but these efforts came to naught because they were undermined with economic insecurity measures such as probative petrol price increase. Up till date the security challenges being experienced in the Northern part of the country have not improved a bit.

The 2012 may well go down in the history of this country as a year of hyper-inflation, more job losses, insecurity, growing government intolerance, and deepening poverty. However the Nigeria Labour Congress has emphasized on reliance on dialogue, negotiations and using peaceful means in the industrial relations

system. No doubt, a peaceful industrial relation system in the new year can be jeopardized if public and private employers do not obey Labour Laws including the Minimum Wage Act, the Pension Act, the Fundamental Rights to Collective bargaining, unionization, job security, and the implementation of freely signed agreement.

The justification for the removal of the subsidy and deductions of subsidy funds from source by the Nigeria National Petroleum Corporation (NNPC) was put on Section 80 (3) of the 1999 Constitution (as amended) and the Appropriation Act.

## 8. Conclusion

Nigerians are quite confident that as a united nation that takes her destiny into hands and asserts sovereignty, we can overcome all obstacles and reclaim our beloved country. One thing that is apparent is the inherent contradictions and fundamental disagreement in the philosophy and policies of the Goodluck Jonathan administration. Nigerians do not wish to subscribe to style of governance that takes a decision before consulting the citizenry.

There is no gainsaying with the tactics of a government that is not inclined to or refuse to implement agreements it freely enters into with its people and their institutions. According to the Nigeria Labour Congress, there is something fundamentally wrong in government allowing the World Bank and the International Monetary Fund (IMF) agents to run the economy and co-ordinate Ministers. Furthermore, according to the Labour Congress the fact that the dictates of Bretton Woods Institutions run the entire economy and determine the policy direction of the Nigeria government, there is little initiative left to run the government in the best interest of Nigerians.

Comrade Omar of the Nigeria Labour Congress once recalled that the World Bank which is primarily run by the United States was partly responsible for the underdevelopment of Africa. This was seen over the decades, when it decided on development models for the Continent and provided loans to execute projects it imposed on

Africa. The loans often times ended in the private pockets of consultants and the creditors. Equally, the International Monetary Fund had forced on Nigeria and other African countries, crippling structural adjustment programmes (SAP) under which drastic cuts in social spending, currency devaluation, high fuel prices and trade liberalization were imposed.

The unfolding tragedy as visible in our midst today is that years after the World Bank had discarded its ruinous policies and programmes; the Jonathan's administration decided to embrace and adopt them as its binding religion to run the country. It is this uncritical and subservient acceptance of the oppressive World Bank and International Monetary Fund policies that is responsible for the on-going divorce of the Jonathan's administration from the Nigeria people, and has further deepened the yawning gap within the populace which had largely supported the administration's emergency.

In the guise of diversionary debate on the fuel subsidy removal, the government has diverted huge sums of money to fictitious groups who produced colorful and expensive adverts published by faceless persons who cannot openly identify with the scheme. It will be recalled that apart from the diversion of public funds, the Jonathan led government promised to use the proceeds of the subsidy to build or complete projects like the East-West road for which money had been appropriated and spent since the Obasanjo administration (the original awardee of the contract).

Also while the government claimed to be negotiating and consulting with on the fuel subsidy removal, its commissioner of police in various states are threatening that are armed and battle ready to smash any Nigerian who may publicly lead a protest against the subsidy removal. Why taking up arms against a defenseless civilian trying to protect his rights? It thus appeared that the whole concept of consultation by the Federal government is nebulous and there are no objective criteria to determine its outcome, the Labour Congress challenged the government to conduct a referendum on the issue to determine the will of

Nigeria people, this the government did not do, but rather elected to impose its will on the citizenry to further buttress its already battered image as an insincere government. The Nigerian Labour Congress said it was consulting with other mass organizations in the country including professional bodies, pro-people civil society organizations, market associations and other sections of the populace to remain steadfast. The Congress also called on the national Assembly to be proactive in its probe of corrupt practices especially in the oil sector and the privatization scam and commended its patriotic stand against the removal of the subsidy.

In the same vein, an appeal was made to Jonathan led administration to rethink its anti-people policies such as its to remove oil subsidy, and concentrate in delivering the dividends of democracy to the populace. As a nation under one destiny, numerous challenges confront Nigerians, we therefore need to brace up and tackle these challenges in our collective interests and those of our children.

A way out of the subsidy removal quagmire, has been suggested is to facilitate the speedy passage of the Petroleum Industry Bill pending before the National Assembly. The passage of the Bill is hoped will make the operations in the downstream sector of the oil industry favourable. The PIB Bill will urge transparency and ensure a conducive environment for transforming the downstream oil sector.

In order to alleviate some of the sufferings that might be occasioned by the subsidy removal and ensure prudent management of resources, the President set up the Subsidy Reinvestment and Empowerment Programme Board headed by one Dr. Christopher Kolade as the Chairman to oversee and ensure the effective and timely implementation of projects to be funded with the savings accruing to the Federal Government from subsidy removal. Major Mamman Kontagora will serve as Deputy Chairman of the Board.

Furthermore, the government should facilitate the building of new refineries by interested

investors. The existing refineries should be appropriately priced and sold to investors who will make them work. The government should muster the courage and political will to deal with the racketeering, which it knows exists in fuel importation.

The Petroleum Industry Bill (PIB) and the Local Content Bill (LCB), which are pending before the National Assembly who will give legal backing to the oil and gas reform in the industry, should be considered quickly. When passed into law, the Bills will form the foundation of oil and gas business in Nigeria.

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