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The Down-Stream Petroleum Sector And National Development: An Analysis Of The Deregulation Policy As A Strategy

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Abstract

The Nigerian economy has had a very rough ride for a long time due partly to government policy of regulation and partly to red-tape in government administrative processes. To address the challenges resulting from this, there has been some visible efforts at rapid deregulation in virtually all major economic sectors in the last five years. This paper examines the political implication of the deregulation policy in the down-stream sector of the petroleum industry as strategy for national development. The authors suggest that federal government of Nigeria should create an enabling environment for the policy to receive full support at its implementation.

Introduction

This paper sets out to examine the deregulation policy of the down-stream petroleum sector as a strategy for national development. And it is divided into six parts as follows: Introduction; Our Research Method and Current Literature; National Development; Deregulation Policy; Political Survival and Deregulation Policy and finally Conclusion.

Two vital decisions to be made in any society by its leaders are: political decisions, which have to do with the satisfaction of the needs of the people in that particular society irrespective of cost; as well as economic decisions, which have to do with what government intends to derive from the choice made in monetary terms, rather than satisfaction, ultimately though, the gain is to enhance the living standard of the people in that particular society.

In taking political decisions, leaders ought to consider the feelings and reactions of the people especially with regards to their perception of how government policy will affect them and also, the perception about government responsiveness to the yearnings and aspiration of the citizenry. In economic decisions on the other hand, government is compelled to look at the likely gain to be derived from such a policy in monetary terms. The policy on deregulation of the down-stream sector of the petroleum industry in Nigeria is a good example. The policy is based more on economic rather than political considerations.

Table below shows the pattern of petrol prices increase in Nigeria, 1966 – 2005¹. The table shows the incessant increment of petrol prices by the federal government since 1978. The

table also shows that between 1966 and 1978, fuel price stood at $8\frac{4}{5}$ kobo per litre for a period of 12 years, until 1978 when the price was increased to $15\frac{1}{2}$ kobo an increase of 73.86%.

Table 1. Increase in Petrol Pump Price in Nigeria: 1966 - 2005

S/N	Date	Price per litre	Regime	Increase in %
1.	Jan.1966-Sept.1978	$8\frac{4}{5}$ Kobo	Gen. Ironsi, Gen. Gowon, Gen. Murtala	Nil
2.	Oct. 1, 1978	$15\frac{1}{2}$ Kobo	Gen. Obasanjo	73.86%
3.	April 20, 1982	20 kobo	Alhaji Shagari	31%
4.	Mar. 31, 1986	$39\frac{1}{2}$ Kobo	Gen. Babangida	97.5%
5.	April 10, 1989	42 kobo	“	6%
6.	Jan. 1, 1989	42kobo for commercial & 60kobo for private vehicles	“	43%
7.	Dec. 19, 1989	60kobo for all	“	43%
8.	Mar. 6, 1991	70kobo	“	16.6%
9.	Nov. 8, 1993	N5	Chief Shonekan	614%
10.	Nov. 22, 1993	N3.25	Gen. Abacha	Nil
11.	Oct. 2, 1994	N15	“	361.5%
12.	Oct. 4, 1994	N11	“	Nil
13.	Dec. 20, 1998	N25	Gen. Abubakar	127%
14.	Jan. 6, 1999	N20	“	Nil
15.	June 1, 2000	N30	Chief Obasanjo	50%
16.	June 8, 2000	N25	“	Nil
17.	June 13, 2000	N22	“	Nil
18.	Jan. 1, 2002	N26	“	18.2%
19.	June 1, 2003	N40	“	53.85%
20.	June 9, 2003	N34	“	Nil
21.	Oct. 1, 2003	N39.90	“	17.35%
22.	Dec. 2003	N40.50	“	1.5%
23.	May 29, 2004	N49.00	“	20.98%
24.	Jan. 1, 2005	N51.00	“	4.08%
25.	Aug, 26, 2005	N65.00	“	27.45%

Source: Gani Fawehimi (2003) “Increases in petrol pump price in Nigeria: 1966-2002 as cited by Abifarin (2003:16) “Merchant of Venom” This Week Magazine. Vol. 19, No. 3 and Fieldwork.

It is interesting to know that between 1966 and 1999, Nigeria passed through twelve administrations both civil and military, and these twelve administrations combined together increased fuel price for a total of 11 times. However, between 1999 and 2005, fuel price increased 10 times, from N20 in 1999 to N65 in August 2005. This is an increase of 325 per cent.

In fact, disinvesting of government holdings from an aspect of the economy or competition between government and the private sector in a particular aspect of the economy is not new. The private sector participation in the telecommunication industry for instance, has not only made telecommunication easier but also has brought telecommunication to the doorstep of the common man in Nigeria.

In a bid to reorganize the Nigerian nation for a more enhanced living standard in all sphere of the society, the federal government put in place the National Economic Empowerment and Development Strategy (NEEDS), to reposition Nigeria to ensure better life for the populace. NEEDS focuses on

- (1) re-orienting values,
- (2) reducing poverty,
- (3) creating wealth, and
- (4) generating employment²

This paper focuses on the re-orienting values aspect of NEEDS, that is, the value of government that emphasizes a shift from a regulated to a deregulated system of the provision of social services as the basis for the nation's political survival.

To this end, NEEDS is out to restore in the minds of the people confidence in government policies as vehicle for national development. We are therefore also interested in the political implication of the deregulation policy of government in the down-stream petroleum sector, a sector that is clearly a catalyst for the development of the other sectors of the economy. We will attempt to answer the following questions-

- What is the likely long-term political implication of the deregulation policy in the down-stream petroleum sector if the policy does not receive support from the populace?
- What impact will corrupt practices by government officials have on the perception of people and the benefits otherwise derivable from the deregulation policy?

Our Research Method and Current Literature

We are depending on secondary sources of data largely from journals, relevant text books, magazines, newspapers and the Internet. Our analysis is purely qualitative in nature. However, we have presented some of our data in tabular form for easy understanding. The systems theory has been adopted as a basis of analysis. This theory in political analysis is generally associated with the work of David Easton's 'Framework for Political Analysis of 1965.' This theory was adopted to examine the implications of the deregulation policy of government in the down-stream petroleum sector to the survival of the political system. The emphasis here is not on the economic aspect but the political implication of the policy. Systems theory sees policy as an output of the political system. The output is considered as the result of various demands from the environment or the people in that society. These demands include:

Good roads, electricity, and water supply, better health care facilities, which are acted upon by the political system or the government to generate an output policy.³

As observed by Ikelegbe⁴, the political system acts as the processor of the inputs from the environment into outputs in form of actions or inactions of government, which are authoritative allocation of values; authoritative because they are binding on the members of that particular society. For instance, the government ordered the stoppage of highway toll collection and subsequent demolition of toll gates nation-wide with effect from January 1st 2004. This was done because of its authoritative ability in allocating values in form of policies and decisions.

The political system may be slow or even unable to convert demands into policies or it may out rightly be insensitive to such demands from the people, the danger is that, this could lead to the breakdown of the political system when government fails to positively respond to the demand from the environment. However, the political system has as one of its aim self preservation by satisfactorily meeting the needs and aspirations from the environment, or by resorting to coercion, which on the long run can lead to the breakdown of the political system faster than expected.¹

In systems theory, there is the concept of feedback. This enables the government to know whether people are responding to its policies positively or not. This is very vital for the survival of the political system. For if the political system must survive, then it must gauge the feelings and the reactions from the environment with regards to particular policy, this is the only way to avoid the break-down of the political system and enhance national development.

The political system harmonizes its views or policies with that coming from the environment. While the people need social amenities like good roads, water supply and so on, the government or the political system on its own part needs funds to make these amenities available to the people. Government may be justified to take economic choice of deregulation of an aspect of the economy that is more likely to generate to it the much-needed funds for the provision of these social amenities. In doing this, the government must not forget to weigh its options with the feelings and reactions coming from the environment, this aspect is so vital if the political system must get the needed support of the people that will enable it to survive. To properly situate our theme, it is in order first to clarify the concepts to be employed in this paper and these are: Public Policy, Strategy and Deregulation.

Public Policy: Public policy is the formal or stated decisions of government bodies or a plan of action adopted by government. Public policy could be referred to as authoritative statements made by legitimate government actors about public problems.² Dye on his part sees public policy as whatever government chooses to do or not to do.³ Oronsaye in summing up the definition of public policy viewed it as the determination, development and crystallization of the will or ends of the society. Where this will or ends of the society may be a course of action, a decision or high-level statements of preferences by government intended to shape future decisions.⁴

Strategy: Strategy is the means by which a particular goal is attained. Marketing strategy is a game plan which management of an organization uses to stake out market position, attract and please customers, compete successfully, conduct operations and achieve organizational goals and objectives. "A winning strategy must fit the enterprise's external and internal situation, build sustainable competitive advantage and improve company performance" and "excellent execution of an excellent strategy is the best test of managerial excellence – and the most reliable recipe for winning in the marketplace."⁵ Strategy could be seen as a "set of decision-making behaviour."⁶

According to Simon and Kumar, strategy is usually based upon the factors that are identified as affecting the remote and organizational environments and the identified strategic capabilities.⁷ Hubbard et al, sees a capability as "a skill...that an organization possesses that enables it to perform activities."⁸ The "environment of the organization, the strategy and strategic capabilities of a given organization, if appropriately analyzed and applied, can lead to improvements in performance and long-term sustainable competitive advantage"⁹

Deregulation: Deregulation of a country's economy could be in form of privatisation or divestiture of the economy from government to private investors.¹⁰ Dhaji and Milanovic, points out that the objectives of deregulation of any aspect of the economy of a nation include: Introduction of market economy; increasing democracy and guaranteeing political freedom; and increasing government revenue.¹¹ When the increased revenue of government is well managed could go a long way in the provision of social amenities and job creation for the enhancement of the living standard of the people. And when jobs are created and the standard of the people is enhanced, national development would have taken place in that society.

Deregulation of an aspect of the economy could be seen as a tool for reducing undue government intervention in economic activities and providing the relevant structure of incentives that would put the economy on the path of recovery and growth.¹² On our part, deregulation can be said to be government withdrawal of control of the working of an aspect of the economy and leaving same in the hands of the private sector participants for more efficient use of resources in the society.

Deregulation is the process whereby government reduces its role and lets the natural market forces of demand and supply take over. Its effect is freedom in the market place and the best route to an efficient and growing economy.¹³ In an economy where deregulation policy is the order of the day, it brings about perfect competitive market. As observed by Clewer and Perkins, a perfect competitive market leads to a situation in which prices will be set equal to minimum average costs to the extent that no supplier will be able to make excess profits in the long run.¹⁴ For instance, the above situation is currently happening today in the Telecommunication industry in Nigeria where you have many private sector participants.

Regulation of any economy by the government, which is the opposite of deregulated economy, has its benefits, but it has been discovered that a regulated economy by government creates more problem for the nation's economy than benefits at the long - run. The emphasis now in the twenty-first century is on deregulated economy as a solution to economic problem of nations. However, for any aspect of the economy to be fully deregulated, there must be a

competitive market of many sellers. As pointed out by Stonier and Hague, that before we can say that competition exists in an economy (which is the hallmark of any deregulated economy) there must be a large number of firms in that industry. Each firm in a purely competitive industry must be making or producing a product (not importation), which is accepted by the consumers as identical or homogenous with those, made by all the other producers in the industry.¹⁵ In the case of the petroleum sector as it is today in Nigeria, her four refineries are in bad state, so the deregulation of that sector by government is solely based on importation of the commodity which not in tune with the governments local content policy and counter productive. While deregulation policy envisages the enhancement of the citizens in the area of effective and efficient services, we observe that the process in the case of Nigeria is synonymous with high price, as can be interpreted from the pronouncements of Nigerian government officials. Oduniyi noted that: *"President Olusegun Obasanjo and his officials kept on talking about increase in fuel prices in the days leading to the October 1, 2003, the Kick-off date of full deregulation and as a result, deregulation in Nigeria has come to be synonymous with fuel price increase"*¹⁶

While reacting to the way the government is implementing the deregulation policy of the down-stream petroleum sector as touching fuel price hike, the President of the Nigerian Labour Congress (NLC), Comrade Adams Oshiomole, observed that: *"The federal government through the NNPC has continued to blackmail the Nigerian people by manipulating supply, inducing scarcity and thereby forcing up prices in most parts of the country in order to compel Nigerians to accept unjustified increases in the price of petroleum products"*¹⁷

When government deregulate any aspect of the economy, it means that private or individual now determines what takes place in the market and not government anymore, in the case of the "deregulated" down-stream petroleum sector in Nigeria, government keep manipulating the process to push prices up. As observed by Ekelund and Tollison, free competitive markets entail two important conditions: a large number of buyers and sellers; free entry and exit in the market.¹⁸ This enables buyers to get the benefits of competitive market. However, the Nigerian situation is different. In Nigeria, it means price increase of petroleum products to enable government to generate more revenue for use, not necessarily on the provision of social amenities, but on frivolous items for the benefit of government officials. It is the high level of poverty in the country today that made Oduniyi, to suggest that: *"Deregulating such a strategic sector as the down-stream oil industry requires that government itself be actually alive to its responsibilities to the teeming masses that solely depend on fuel for economic survival. In a country that cannot boast of efficient mass transit system and electricity supply, poor road networks and the burden of market-priced fuel is surely excruciating"*¹⁹

Perfect competition in any economy has been discovered to be a major tool for economic survival. Iyoha et al, observed that in the market system, private individuals decide on what to buy and hence determine what society should produce and when this happens, there is bound to be economic boom, which will invariably lead to development in that society²⁰

Reacting to the deregulation policy of government in the down-stream petroleum sector in Nigeria; Kuye suggested that: *"Nigerian government should look at the earning capacity of*

*Nigerians before plunging into the deregulation menace. The earning of Nigerian best paid worker at N2 million a year is less than \$17,000 at today's Naira exchange rate. An average worker in Europe earns some \$25,000 to \$30,000. An unemployed European earns more than the best paid Nigerian from unemployment benefits...many Nigerians spends about 40% of their take home pay on transportation to work"*²¹

The Nigerian situation is not that of lack of funds per say, but on how to effectively and judiciously manage the funds available to achieve the best for all in the society. As pointed out by Oyeleye, "when funds are not well spent, obviously future generation will be adversely affected."²² He argued that government must spend wisely rather than create hardship for the people by its incessant increase in petroleum products prices

While sourcing for funds to provide social amenities, it is very vital that government realizes that if the people do not support the mode and operations of the funds generation by government, and their disaffection is not well managed their could be a state of anarchy and a total break-down of law and order. It is very important therefore that government weighs its options with the needs and aspirations coming from the environment to produce an acceptable output (policies) for all.

National Development

Scholars have defined the concept of development differently. Development to the economist is based on such aspects as per capita income, while the political scientists stress democracy in their focus. On the other hand, the sociologists believe that cultural development has to do with the building of individual outreach to others¹⁴ Binder et al, suggested that development is the capacity of the political system to make decisions and implement policies to meet new demands and goals such as equality of opportunity, social justice and involvement while sustaining continuous change.²³ National development in any nation entails development in every sphere of the society. These include the economic, social, political, cultural and technological spheres. Where these various spheres of the society are fully or relatively developed, then we can boldly speak of national development in such a society. National development therefore is a combination of: *Economic development and all the affairs of political and cultural life, institutions for modernization of the society, participation in international, political and cultural affairs and the overall process of creating the concepts, symbols and... identity to a modern nation-state.*²⁴

What this means is that national development is wider in scope than sub-sector development in any society. From Nigeria's second national development plan, the main features of national development include: a united strong and self reliant nation; a great and dynamic economy; a just and egalitarian society; a land of bright and full opportunities for all citizens; and a free and democratic society.²⁵ These are very laudable objectives. The challenge is seeing evidence of the political will and determination to pursue the objectives to the extent that they positively impact society.

Deregulation of the Down-Stream Petroleum Sector in Nigeria

The down-stream petroleum sector of the nation's oil and gas industry covers the refining, distribution and dispensing of petroleum products to consumers. The importance of the

deregulation policy of this sector is based on the fact that there was low capacity utilization of the nation's owned refineries and petro-chemical plants.²⁶ The low capacity utilization of the local refineries in the country necessitated the federal government to import finished petroleum products for local consumption when indeed as a nation that produces 2.8 million barrels of oil a day with a capacity to produce far more than that, it should be exporting rather than importing petroleum products.

According to Adidu and Oghene, the total capacity of all the nation's four refineries put together is 445,000 barrel of crude per day, and the estimated domestic consumption is put at 300,000 barrel per day of crude, which means that there is a short fall of 145,000 barrel per day of crude.²⁷ Due to the low capacity utilization of the local refineries producing at 50 per cent production capacity makes it impossible to meet the domestic needs of petroleum supply. In the circumstance, the option is to import the finished petroleum products to supplement locally refined products, but at a very high cost.

The importation of petroleum products has a negative effect on the nation's economy. This is because once the price of crude oil rises in the international market, it automatically affects the price the government pays for its importation and hence affects the local prices. In order to maintain lower prices at the home front, government had to subsidize the cost of the importation of petroleum products. The subsidies had affected the nation's economy negatively by preventing the government from having enough funds with which to provide the people the much needed social amenities that would have enhanced their standard of living and create an atmosphere of political, social and economic stability in the country.

The deregulation of the down-stream petroleum sector finally took off on 1st October 2003. According to the government, huge amount spent on subsidy of petroleum products importation, could be used for the provision of social amenities to enhance the living standard of the people. It was in this wise that Mobil argued that one fact which has not been disputed is that full deregulation of the down-stream sector of the oil and gas industry will not only guarantee constant supply of petroleum products but would significantly nourish economic growth in the country.²⁸

Ogundiya and Baba, point out that the assumption of the deregulation policy of the down-stream petroleum sector by the government is that it will generate employment for the unemployed in the society, reduce wastage and hence bring about national development.²⁹ However, whether this assumption will materialize is yet to be seen. Onobun and Obadan, observed that the transfer of business ownership from the public to the private sector, which is what deregulation policy is all about, releases the strangulation hands of the politicians off the enterprise, thereby leading to improved economic performance of the enterprise, and that when this happens, national development would have taken place, which is a catalyst for political survival in any society.³⁰

The Deregulation and the Nigerian People.

The main tenet of the deregulation policy of the down-stream petroleum sector includes: transition to a liberalized market – the active involvement of the private sector participants

in the refining, distribution and dispensing of the petroleum product in the country hitherto carried out solely by the Nigerian National Petroleum Corporations (NNPC) which is a government own enterprise. This was done to ensure cost recovery and reasonable margin for each business unit; promote competition and efficiency; and to ensure arms length transaction among business units in the oil and gas industry.³¹

It was in a bid to successfully implement the policy of the deregulation of the oil sector that made the government to set-up the Petroleum Products Pricing Regulatory Agency (PPPRA). The importance of the PPPRA in the implementation of the deregulation policy of government of the oil sector includes: To establish an information and data bank through liaison with all relevant agencies to facilitate informed decisions on pricing policies; moderate volatility in petroleum products pricing, while ensuring reasonable returns to operators; oversee the implementation of relevant recommendations and programmes of the federal government; establish parameters and codes of conduct for all operators; maintain constant surveillance over all petroleum products; identifying macro-economic factors in relation to pricing of petroleum products and advising the government on appropriate strategies for dealing with them; establish linkages with key segments of the Nigerian society and ensure that their expectation enjoy the widest possible understanding and support; prevent conspiracy and restrictive trade practices that are harmful to the sector; and playing a mediating role for all stakeholders in the sector.³²

However, PPPRA method of implementing the deregulation policy of the down-stream petroleum sector has been the periodic and constant increase in the price of petroleum products for the local market. And this has led to exploitative tendencies of the oil marketers. Reacting to this exploitative tendencies and its negative effect on the aviation industry, Ogunmakin observed that all known subsidies were removed from Jet. A 1 (that is, aviation fuel) in 2000, which resulted in price rise from N20 per litre to N22 in 2000; N26 in 2002 and N40 in June 2003. He contended that Jet. A 1, is supposed to be the cheapest by-product of Crude oil, but at present cost as much as between N48 and N50 per litre ranging from one airport to another. He went further to state that the world average price of aviation fuel is put at about N26.97. In Ghana, aviation fuel costs just N38.40; Cote de Voire and Gambia, it costs N39.68 per litre.

It is important to know that these countries do not produce crude oil like Nigeria, yet they sell at the lower prices than Nigeria. And in New York, Los Angeles and Singapore, it costs just N30 per litre.³³ Abdulahi pointed out that at present the deregulation policy of government that was meant to be of value to Nigerians from the federal government stand point, is turning out to be a pain as Nigerians are beginning to express their anguish and outrage at a policy that is fleecing the people.³⁴ To the African Centre for Democratic Governance: *"Deregulation is nothing more, than the diversion of the national wealth into the pockets of the ruling clique with consequence of consolidating the opulence of the state officials as partly evidenced in the new culture of acquisition of exotic cars to which BMW cars has been added"*³⁵

The Deregulation Policy and Political Survival.

The political system survives to the extent that it is able to adjust itself to the demands from

the environment and processes it to produce an acceptable output in the form of government policy, which can bring about support or further demand on the political system from the environment. The political environment is made up of the people. While some people believe strongly in favour of the deregulation policy of the down-stream petroleum sector as strategy by which government could generate funds to provide the people with social amenities and hence lead to the sustainability of the political system, others think otherwise. According to Aturu, deregulation policies of government are nothing but a smoke screen for the abdication of its responsibility to provide for the welfare of the people.³⁶ However, when it is support from the environment, the political system is bound to survive. On the contrary, the political system breaks-down fast when the system fails to respond to the needs or demands from the environment either on time or not responding at all.

Political decisions of government are based on the realization that the people voted the government into power and hence the decisions of government must reflect the wish of the people if it must remain relevant in the society it governs. The major weaknesses of past policies are based on the fact that people were not carried along by the government in the formulation of such policies that would affect the generality of the people. According to Kwanashie, the quality of policy outcome is dependent on the institutional base as well as the ability to consider public wants, perceptions, opinions and interests, and not the dictates of a few in society that control power.³⁷ While it is true that the people voted the government into power and hence demands better services from the government, the government on its own part requires funds to provide the services needed by the people.

Therefore deregulating an aspect of the economy like the petroleum sector that is capable of generating the much-needed funds for government to carry out these services could be a strategy for a nation's political survival. However, in order for the government to earn the confidence of the people in its policies, there is need for constant interaction with and involvement of the people in decision-making particularly in a democracy like Nigeria. Failure to involve people in decision-making in a democracy could lead to problem during implementation of the policy in question.

In reacting to the attitude of the government in not involving people in decision-making and not providing incentives to cushion the short term negative effect the deregulation policy, the NLC President, Oshiomole said that "*The federal government has decided to treat Nigerians shabbily, not worth talking to after being used, nobody is talking about the cushioning effects of the increase, and nobody is explaining anything. I do not know of any military ruler that has done this kind of thing without explanation. So I can't understand why this is happening in a democracy*"³⁸

Corruption and the Benefits of The Deregulation.

Nigeria is blessed with abundance of natural resources including oil and gas, which are vital to her economy and the world at large. Oil accounts for about 40% of the Gross Domestic Product (GDP), 70% of government revenues, and 90% of government receipts. For instance, in 2003 alone, the federal government earned about N998.4billion or (US\$8.183billion) from external crude oil sales. Oil and gas alone accounted for 80.6% of the total federal government receipts in 2003³⁹

It is interesting to note that between 1970 and 1990, the country received receipts of about US \$300 billion from oil. And in spite of this huge revenue, which accrued to the nation, the standard of living of the people had not meaningfully improved.⁴⁰ Obadina, believes that the greatest threat to the success of public policy is most probably corrupt practices by public officials, which has stalled Nigeria's quest for national development.⁴¹

According to the World Bank, Nigeria presents a paradox; the paradox of poverty in the midst of plenty. The country is rich and the people are poor. "Per capita income today is around the same level as in 1970, and in between, over \$200 billion has been earned from exploitation of the country's oil resources"⁴²

To Wells, corruption falls into two basic categories: (a) Internal corruption, which is committed by employees and officers of an organization, and (b) External corruption, which is committed by individuals against organizations, organizations against the individuals, and organizations against organizations. He argued further that in the United States of America, corruption is equal to about 6 percent of the USA Gross Domestic Product (GDP) – more than \$400 billion, if the USA with a CPI of 7.7, one of the least corrupt nations of the world loses 6 percent of her GDP to corruption, then Nigeria with a rating of 1.6 would have lost a very substantial part of her GDP to corrupt practices⁴³ Aijede, posits that "*The massive corruption that took place in the last three decades of Nigeria's independence can be attributed to the greedy and selfish nature of political leaders. The effect of this on the economy is structural imbalances and massive waste in public investments. While foreign debt stands at over \$30 billion, the income per capita remained at less than \$350 as against \$1,230 at the threshold of economic crisis*"⁴⁴

The selfish personal interest of the average public official in the country, results in corrupt practices in their dealings. Loans obtained by the government from foreign financial institutions ends up in the private bank account of these corrupt public officials. The lack of both infrastructures and human development in a country could further impoverish the people. Corruption robs the children of today of the resources they will need to survive and enhance their standard of living in the future. In the developed societies like the USA, France and Britain where corruption is confronted with vigour because of its negative consequences on the people, cost of social services could be high, not as a result of corrupt practices, but on account of social welfare programmes like unemployment benefits embarked upon by these nations to enhance the living standard of the people. This cannot be said of African nations, particularly Nigeria. Aziz, posits that: *Corruption continues to deny the poor, the marginalized and the least educated members of the society, the social, economic and political benefits that should accrue to them, benefits that are taken for granted in societies that have managed to shake off the yoke of corruption.*⁴⁵

In a situation where high level of corrupt practices takes place in government, the tendency is for the people not to enjoy the benefits that deregulation policy of the petroleum sector offers. When this happens, there is bound to be resistance on the part of the people against further increases in the price of petroleum products occasioned by high prices of crude oil in the international market. And when the government fails to address the situation can lead to a state of anarchy, which could lead to the break down of the political system and at that

point, political survival is at risk, and hence hinders national development in the society.

Conclusion

Fears are expressed about the ability of the deregulation policy of the down-stream petroleum sector to make available to government funds to provide the people with social amenities, which will guarantee the political, social and economic stability in the society. This explains the argument in support of the policy as a strategy for national development. However, the incessant increases in the price of petroleum products as it is currently witnessed by Nigerians without a corresponding improvement in the standard of living of the people calls for the attention of the government to avoid anarchy that could lead to the break-down of the political system.

While the policy as it is now may seem hard on the people, there is no doubt that the policy has the ability to enhance the living standard of the people by making funds available to government to provide the people with social amenities in the country. However, corruption amongst government officials has been identified as a major hindrance to the benefits to be derived from the implementation of the policy. We therefore make the following suggestions as possible solution to the problem.

- In a democracy, government must realize that the people voted it into power, it is therefore expected that every form of anti-people policies must be done away with;
- Government must intensify its fight against corrupt practices in the public sector so that funds available to it from the deregulation of the down-stream petroleum sector could be used judiciously to meet the maximum needs of the people; and
- Government should create the enabling environment to make the deregulation policy of the down-stream petroleum sector a success by providing incentives to cushion the short-term negative effect that may affect Nigerians in the area of general living standard.

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