

GOVERNANCE DEVOID OF EMPATHY: CASE-STUDY OF THE REMOVAL OF FUEL SUBSIDY IN NIGERIA

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Abstract

This study examines Governance devoid of empathy: Case-study of the removal of fuel subsidy in Nigeria. Nigerians have enjoyed fuel subsidy over the years. The subsidy has helped the down-trodden quite enormously to actually procure what would have ordinarily gone beyond their reach. However, it was argued then that only a handful of burgoise were pocketing the largesse. The removal of subsidy has brought about unbearable hardship on the populace. Many can hardly feed. Transport fare is on the high side, just as fees of schools have been hiked. Removal of subsidy has pauperized the upper class, impoverished the middle class and pushed the lower class to utter penury and ruin. Those with two cars have sold one, some with just a car have disposed what they have to procure motorcycle. Life itself have become unbearable for quite a considerable percentage of the populace. There are several cases of attempted and real suicide, ostensibly because of financial straits that have succeeded in making life unbearable for them. Cost of goods and services have gone hay-wire, far beyond the possible reach of the “commoners”.

Introduction

Monday, May 29, 2023 would remain indelible in the memory of many Nigerian adults, especially the down-trodden. This is because this was the day that a new president, Senator Bola Ahmed Tinubu was sworn-in as the president and Commander-in-Chief of the Nigerian Armed Forces. In his inaugural speech, the new president announced the sudden and immediate removal of fuel subsidy which Nigerians over the years, have been enjoying. It was more or less like a dream to many Nigerians. This was because by the time they started going to procure Premium Motor Spirit (PMS) which is popularly known as petrol, they could neither believe what their eyes saw nor what their ears heard. The pump prune of petrol had gone up to five hundred naira per litre, as against ₦95 or ₦200, hitherto, which they were even

complaining about then. There was ballyhoo on the part of the consumers apparently because of the fact that they knew the economic consequences of what had happened. Commuters were the first victims, as fares were jerked-up astronomically. The complaint of the transport operators was that the cost of petrol per litre was unbearable, thus the need to jerked-up the cost of the fare to such an unbearable level, thus transferring the burden to commuters. Ever since the unexpected increase in the cost of transport fares, commuters have reported to trekking long distances, probably to the detriment of their health. Cost of goods and services have equally gone up, far beyond the possible reach of the less-privileged in the society. This is especially true of food stuffs, as many can hardly feed. Some have decided to introduce formula, probably, take breakfast, no lunch, then dinner.

There is lamentation by every Town, Dick and Harry. This is because everybody had been brought to poverty level by the policy of removal of subsidy, irrespective of the social status of the individuals. Those that were just managing their lives before the removal of subsidy, have been brought to the floor completely. Living has become unbearable, as many people cannot afford the basic necessities of life. Hardship has obviously increased phenomenally, and this has inevitably led to crime and criminality in the society, leading to insecurity. Insecurity has exposed lives and properties to phenomenal danger of hoodlums marauding every nook and cranny of the country. People can no longer sleep with the two eyes closed. In some cases, vigil had to be kept by landlords, in order to keep the unwelcome marauders at bay.

Era Of Fuel Subsidy In Nigeria

The era of fuel subsidy in Nigeria was probably a period of ostentation vis-à-vis what is obtainable now. It was true that some had cause to complain then. However, life was somewhat more meaningful and bearable than what we have now. Fuel subsidies in Nigeria are enormous – around USD 3.9 billion – almost double the health budget. Such subsidies come at great cost: the opportunity cost of such spending on other development objectives are large; the distribution of resources to the state governments is reduced; the vast majority of the subsidy goes to better off Nigerians; and cheaper petrol encourages greater pollution, congestion and climate change¹.

What was known during the era of subsidy was occasional and minimal increase in the pump price of petroleum products. According to Manuaka, between 1999 and 2012, there were eight attempts by successive governments to withdraw subsidy. These efforts often resulted in slight increase in price. In

2000, for instance, then President Olusegun Obasanjo increased the price of petrol from ₦11 to ₦20 per litre. Before the end of that year, he increased again to ₦22. In 2001, the price went up to ₦ 26 per litre and to ₦40 in 2003. It was increased to ₦45 in 2004 and to ₦70 in the twilight of the Obasanjo administration in 2007, which was later reversed to ₦65 per litre by his successor, the late President Umaru Yar'Adua. The price remained at ₦65 until President Goodluck Jonathan increased it to N141 in 2012².

The table below shows increase of pump price from 1978-2012.

S/NO	YEAR	REGIME	AMOUNT	PERCENTAGE
1	1978	Gen. Olusegun Obasanjo	15.37K	—
2	1982	Alh. Shehu Shagari	20k	—
3	1990	Gen. Ibrahim Babangida	60k	300%
4	1992	Gen. Ibrahim Babangida	70k	17%
5	1992	Gen. Ibrahim Babangida	₦ 3.25	364%
6	1993	Gen. Ibrahim Babangida	₦ 5.00	54%
7	1994	Chief Earnest Shoneken	₦ 11.00	12%
8	1994/98	Gen. Sani Abacha	₦ 11.00	—
9	2000	Olusegun Obasanjo (civilian)	₦ 20.00	82%
10	2000	Olusegun Obasanjo	₦ 22.00	10%
11	2001	Olusegun Obasanjo	₦ 28.00	18%
12	2003	Olusegun Obasanjo	₦ 40.00	54%
13	2004	Olusegun Obasanjo	₦ 45.00	13%
14	2007	Olusegun Obasanjo	₦ 70.00	56%
15	2007	Alh. Umaru Yar'Adua	₦ 65.00	0.7%
16	2012	Dr. Goodluck Jonathan	₦97.00	49.2%

³We should note that when there was any increase and there was strike organized by both the Nigerian Labour Congress (NLC) and Trade Union

Congress (TUC), the price was usually reduced, at least minimally, to cushion or ameliorate the harsh effect of the increase. Thus, the effects were somewhat bearable by the populace.

It should be noted without any spirit of immodesty that there is no gain-saying the fact that there was the abuse of subsidy. There was the argument then that only very few people were pocketing the proceed of the subsidy. This was when the few beneficiaries were stinkingly rich. Manuaka buttresses this as he opines that “a very small proportion of the people are benefitting from the subsidy, to the detriment of all other Nigerians⁴. They were rich to the extent that one of them said they were tired of making money. During the era of subsidy, there was undue ostentation and flamboyance among the “subsidy cabal”. Opulence and grandeur were the order of the day amidst them. Weddings of their wards could no longer be consummated in the country again, but outside the shores of Nigeria. According to Adeniyi:

While many of our idle people have for long stopped celebrating their birthdays in Nigeria, preferring to transport their friends and associates to some choice destinations abroad, the new craze in town is that the wedding ceremonies of their children, and words also, no longer hold in our country. It is now a Dubai affair! ...The latest of such happened recently between the son of one of our subsidy billionaires and the daughter of a top civil servant. Even when the parents on both sides are Nigerians, they did not consider our country good enough for their children to tie the nuptical knot. The father of the groom had to spend a scandalous amount of money ferrying no fewer than 20 Senators, numerous House of Representatives members, many bankers and politicians of all hues to Dubai in the United Arab Emirate for the obscene wedding that has now put the career of the bride’s father in serious jeopardy⁵.

One can see glaringly from the above that it is true that government then, was subsidizing, nevertheless, it was only the privileged few that were enjoying the largesse. Those who were supposed to benefit from the subsidy were out-rightly and callously sidelined. In fact, as the rich were getting

richer, as they were making humongous sums of money, the poor were getting poorer, having been subjected to very agonizing financial trauma.

Era of Removal of Fuel Subsidy in Nigeria and the Effects

Subsidy became a national buzzword in 2012 when the President Goodluck Jonathan announced its removal. Fuel prices increased from ₦65(\$0.14) to ₦140 (\$ 0.30) per litre and triggered almost two weeks protest known as Occupy Nigeria causing Jonathan to reverse the decision. Attempts to remove petrol subsidy by past administrations engendered protests and stiff resistance. After the swearing-in on May 29, 2023, President Bola Tinubu removed fuel subsidy in Nigeria⁶. It is true that fuel subsidy removal could save Nigeria around ₦7 trillion annually which could be channeled into infrastructure, education and health.⁷

We should note that in many countries, including Nigeria, fuel subsidies are regarded as part of an implicit social contract between citizens and the state. Therefore, reducing subsidies without improving social welfare protection may be considered a unilateral change in the social contract which can give rise to protest and political instability. Conversely, if people believe that the state is fulfilling its obligations by providing better services and transparently investing the savings from fuel subsidy reform into sectors of direct relevance to households (e.g. health, education and infrastructure) then they may be willing to accept subsidy reform⁸. But this has not been so.

When the duration of the removal of subsidy was four weeks old, the presidency announced that a total of ₦400 billion had been raked. For a duration of six months now (June to November), a total of ₦ 2.4 trillion must have been presumably realized. The most agonizing of it is that, with this sum, absolutely nothing can be said to have been done by the present administration for the population. Without prevaricating, initially, they promised giving ₦8000 to some indigent individuals in the country. Nevertheless, this was rebuffed. Subsequently, they said they would give ₦5 billion to each state to procure essential commodities and distribute to the needy; that would serve as palliative. It is rumoured that only ₦2 billion was reported to have been released and some states have not deemed it fit to buy what should be given to people. Indeed, only a very negligible percentage of the citizenry have been able to get just peanut from what they claimed to have distributed. This is because reasonable sum of the amount released would have probably been pocketed by those charged with the onerous responsibility of distributing. It was even rumoured recently that the rift between Nyeson Wike, the former governor of Rivers State and current minister for the Federal Capital Territory

(FCT) and his successor, Seminalayi Fubara was engendered by the palliative money. Wike was reported to have directed Fubara to pay ₦2billion to his personal account from the ₦5billion, which the latter rebuffed. In parenthesis, we should note that Wike is the political god-father of Fubara. Wike is reported to have denied the allegation. He is said to have stated inter alia, “about the rumours of money, all that is rubbish. I left office a few months ago and I am now the FCT minister. So which money?”⁹ According to Agbese:

It is reasonable to assume that Wike had a hand in Fubara’s political fortune and, therefore, he qualifies as his godson. Their problem is typical of the uneasy relationship between godfathers and their godsons. It hacks back to the human struggle for freedom. The godfather –godson relationship usually turns sour when the godson refuses to play in accordance with the unwritten agreement between them. Power has a funny way of dramatically altering the dynamics of relationships among men and women. Godsons too seek to breathe¹⁰.

We should note that since the Federal Government was not unmindful of the probable abysmal failure of the exercise, it had decided to fly another kite. The sum of Twenty Five Thousand naira has been ear-marked for Fifteen million indigent Nigerians for six months, out of the approximate two hundred million Nigerians. The question is what happens to the remaining down-trodden populace that have little or absolutely nothing to feed on? It should be noted with utmost significance that the prices of virtually all consumables and non-consumables are going up, almost on daily basis. Beside petrol, the price of cooking gas has gone up from ₦700 to ₦900 per litre. Kerosine which is what commoners use for their domestic cooking is now ₦1000 per litre. That is to say that majority of people using kerosene would not cook. Even the price of fire-wood, which is the alternative, has equally gone up astronomically, probably because the vehicles/trucks conveying the produce from the rural area to the township do use petrol. The cost of transportation would have to be borne by the final consumers, who are daily finding things increasingly cumbersome. Life itself is becoming too difficult for them to live in the contemporary days. There are genuine complaints everywhere, ostensibly because of the removal of fuel subsidy. Wives are complaining to their husbands, just as children too, are bringing

home outrageous tuition bills from their various institutions of higher learning. Even the secondary schools are not left out of the incredible increase of bills.

It is appalling to note that in spite of the humongous sum that had been probably raked as a result of the removal of fuel subsidy, the roads have remained as death-traps, just as hospitals have remained mere consulting clinics. No drugs, no matter how infinitesimal (not even Panadol), with the attendant *Japa* syndrome of the medical doctors and even nurses. Electricity is still comatose as almost all towns and cities are still constantly in darkness. Outage had remained the culture of the distribution companies all over the federation. Security is at its lowest ebb as terrorists/hoodlums and brigands have taken over the control of virtually all states, especially in the North East, where some villages are under the administration of *Boko Haram*.

Of certitude, the removal of fuel subsidy has doubtlessly pauperized the upper class, impoverished the middle class and pushed the lower class to utter penury and absolute ruin. Some with two cars have sold one, some with just one have sold what they have to procure motorcycle. Those who are not mobile cannot even afford transport fares. In fact, when negotiating with *Okada*, i.e. commercial motorcycle operators, they will have to stay quite some distance, such that if the rider is not comfortable with the negotiation, he can as well go. There is drastic reduction in inter-state travels. Religious centres are recording low patronage, as only few who can foot the bill(s) of fueling their cars and or transportation do attend services). Those whose places of abode are far away cannot afford the cost of transportation.

It is in the face of this despondence of the citizens that all three hundred and sixty members of the National Assembly received brand new 2023 Land cruiser SUV's, valued at ₦160 million each, totaling ₦67.6 billion¹¹. This is happening when citizens are sharing one cup of rice. The Chairman, Committee on Senate Services, Sunday Karimi, has come out to defend the procurement of the cars. He enthused thus: "These vehicles that you see, check the Nigerian roads today, if I go home once to my senatorial district, I come back spending a lot on my vehicles, because our roads are bad... the Senate settled for Toyota Land Cruiser against a local product after a comprehensive analysis of cost, technical issues and durability on Nigeria roads"¹².

As if this is not enough, there is what is known as president's priorities-

₦ 6.9 billion – Cars for Mr. President

₦ 5 billion – Presidential Yacht

- ₦ 8 billion – Official Lagos Resident
- ₦ 13.5 billion – Renovation of Official Quarters
- ₦ 1.5 billion – For First Lady’s Office
- ₦ 2.9 billion – Cars for First Lady

Less Important stuff

- ₦ 5 billion – Rehabilitation of 100 Schools
- ₦ 5.5 billion – Students’ Loans¹³

Instead of necessities, luxuries have become the vogue, even in the face of the obvious perennial hardship orchestrated by the removal of subsidy. The most irritating aspect of the above listed is the Yacht, cost of which is put at ₦ 5 billion, even when many students are at the verge of dropping out of schools, ostensibly because of the inability of their parents to foot the astronomical increase of their tuition. A paltry sum of ₦5.5 billion is budgeted for students’ loans.

It is pathetic to observe that we have the above stated luxuries even when the minister of Budget and National planning was lamenting over paucity of funds. According to a report ... Atiku Bagudu has said that Nigeria is going through a financial crisis and that the government is just managing to pay salaries. Bagadu lamented the slow economic growth rate in the face of fast increasing population, surging unemployment and high inflation... “Government faces enormous challenges, especially now; the government is facing a revenue deficit. There is no money anywhere in the country; the government is just managing to pay salaries. The growth rate is very slow and the population growth is fast pacing and increasing. Unemployment is surging in the midst of high inflation¹⁴. It is in the face of this trite lamentation of the down-turn of the economy by the Federal Government that Senate members were reportedly given two million naira each, as pocket money, as they went on recess.

Again, corruption, arguably has succeeded in exacerbating the already battered economy. Between 2010 and 2023, the sum of Twelve trillion Naira is reported to have been expended on the Turn Around Maintenance (TAM) of the three refineries in port Harcourt, Warri and Kaduna¹⁵. Amazingly, none of the three is functioning... corruption is a cankerworm that if left alone will destroy any society¹⁶. Corruption violates the law and moral standards enunciated by and entrenched in society.¹⁷ Corruption is often considered a major impediment to economic and social development and is a particularly significant problem in Nigeria where it precludes the efficient provision of public services leading to higher levels of socio-economic

inequality. Corruption is a particularly important problem in the oil sector in Nigeria, including the fuel supply chain. Perceptions of corruption may, therefore, have an important influence over support for subsidy reforms, if they believe that the public good, but opposed to reform if they believe that the funds will be subject to corruption¹⁸, which is exactly what is obtainable in Nigeria. Undoubtedly, the key to gaining the public's trust is for the government to be transparent and accountable for the money saved by removing subsidies. Government must assure Nigerians that the end of subsidies is not merely a matter of policy. This is a necessary step towards a more sustainable and prosperous future. This can be accomplished by demonstrating that the funds previously allocated to petroleum subsidies are now invested in directly beneficial public goods and services such as healthcare, education and infrastructure¹⁹. But this has not been done, thus making life to be unbearable for people, especially the down-trodden. According to Adegboye:

The gap between the rich and the poor is getting wide and wide every day. Lot of homes are collapsing daily. The country is not stable. Everything seems to be running haywire. The future looks really bleak for the comfort and hope of the common man. I let out these facts because "I am (also) involved" in a real tussle to face the hard time. The more I feel the biting effect of the hard time, the more I shed tears for millions of Nigerians with conscience and religious thinking.

The more I feel sorry for our so-called "leaders" who feel on top of the world living in affluence in the midst of squalor which is the present condition of millions of Nigerian²⁰.

Conclusion

The effects of the removal of fuel subsidy have not been quite palatable as many people have been subjected to excruciating social and economic pains. The hardship occasioned by the removal of subsidy has probably astronomically jerked-up the *Japa* syndrome. Virtually all young boys and girls who are able-bodied are desirous to check-out of the country without necessarily knowing what they are going to face in their newly found haven. Many Nigerians have found themselves in acute financial straits, ostensibly because of the withdraw of fuel subsidy. Money no matter the amount, is valueless apparently because of the hike in the prices of goods and

services. One does not need to be told of the prevalent difficulties in the land occasioned by the removal of fuel subsidy. Many commuters are seeing trekking long distances, just as some that summon courage to stop *Okada* (motorcycle) that would take them to their destinations, would have to keep at bay. This is because they may not be able to afford the fare that the rider would charge.

In the same vein, the magnitude of hunger in the land is unquantifiable in the contemporary days. During social gatherings and or parties, young boys and girls who are supposed to be properly catered for by their parents are seen scavenging remnants of food hitherto eaten by strangers that they never knew from Adam. And they were always quite joyous when they are opportune to get some. Ditto, beggars do inundate almost every angle of the entire place. Drummers of diverse age-groups, too, are always found in every nook and cranny, of the event. The essence of their coming is to ensure that they get peanut from guests in attendance for their sustenance.

Besides, there is rash and abnormal disposition of people in virtually every location. Rancour and or acrimony abound within every echelon, as there is trite hunger in the land, since as hungry man is an angry man. There is high rate of attempted and real suicide occasioned by the obvious inability to make ends meet, as a result of the down-turn of the economy. Many cannot foot their medical bills, no matter how minute or minor the ailments are, thus sending patients to their early and untimely graves. This is because cost of drugs have sky-rocketed and have consequently gone far beyond the reach of the down-trodden in the society. What can we even say, is it those who cannot afford three square meals that would buy drugs? Nay!

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