

Examining the Suitable Palliatives in Cushioning the Removal of Fuel Subsidy in Nigeria

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ABSTRACT

Various operational indicators pinpoint fuel subsidy as a major instrument in poverty reduction in Nigeria. However, its removal in 2023 by the administration of president Bola Ahmed Tinubu may have constitute a major obstacle to Nigeria's Poverty reduction. It has been contended and reiterated that several interventions in the form of palliatives may have significant improvement in cushioning the economic hardship of fuel subsidy removal. Plagued with the challenges of Conflicts, insecurity and insurgency, the debate on the suitable operational palliatives to cushion or reduce the economic hardship of fuel subsidy removal exacerbate this study. The operational theory for this study includes Progressive Social Theory, Geographical Disparities Theory, Cyclical Interdependence Theory and theory of Social Exclusion /Cumulative Disadvantage. The nature of the study was a qualitative one, and the content analysis method was used to analyse the secondary data. The study found that lack of transparency in previous palliatives particularly during Covid-19 pandemic fueled public skepticism in the present government fuel subsidy removal palliatives. It, therefore, recommends that there should be accountability and transparency in the distribution of fuel subsidy removal palliatives as a way of enhancing public confidence in the process.

INTRODUCTION

What is the meaning of fuel subsidy? Fuel subsidy is government's financial aid to her populace in paying for the difference between the pump price of fuel at the filling stations and the actual cost of importation. Subsidy mechanisms are also notoriously prone to corruption; this creates vested interests to those who strongly oppose reform (Inchauste et al., 2018; Coxhead and Grainger, 2018), as well as oppositions that use allegations on reforms' compatibility to protest against governments that are felt to be illegitimate (Hossain et al., 2018). The orchestration of fuel subsidies would be to improve Nigeria's economy if the dividends of subsidy removal are genuinely used for developmental purposes. Poverty reduction and social inclusiveness should be the reward for subsidy removal not the opposite. However, this study examines and support which palliatives will best serve as long term benefits in cushioning the economic hardship on the citizenry. People will most likely support reforms to for their genuine welfare. Trust in government, in general, appears to influence peoples' openness to subsidy reforms (Moerenhout et al., 2017; Inchauste and Victor, 2017).

Appraising the subsidy removal regime's score card in dispensing her role is on her ability to redistribute or reinvest savings from subsidy removal and not share it among the elite few in Nigeria. Let's not forget redistribution of resources equitably without relapse to fear and favour for the elite few is part of the implicit social contract between Nigerian citizens and the subsidy removal regime. Therefore, removing subsidies and sharing the huge portion of the savings between the elites few without improving social welfare protection may be considered a bridge of the social contract, which can give rise to protest and political instability in a politically sensitive country like Nigeria. 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 reforms and supporting the government in her administrative duty.

Statement of Problem

The introduction of palliative by the government is to address the hardship of fuel subsidy removal. However, the choice of palliative and distribution of palliative materials has come with indicators that affect the genuine process and purpose of the use of palliative in cushioning the economic hardship of fuel subsidy removal. The choice and the adoption of palliative distribution always leave dissatisfaction and distrust the people have for the government. While the intention behind the choice and distribution process is good, the operational reality always leaves the poor majority yawning after been robbed of their palliatives. As such, the statement of problem of this study also includes, the operational failure of sharing palliatives and how the majority poor have been orchestrated through social exclusive. Party affiliation may also play a major role in the distribution of palliatives within states, as such, palliatives are given to political party loyalists to distribute in their respective states. Used as instrument of rewarding friends and punishing foes, the genuine

intention behind palliative will then be unattainable. The existence of this variable of politicising palliatives will make even the best operational process on the choice and distribution of palliatives fail.

Unarguably, indepth planning, and commitment to the provision of adequate palliative must be centered on general inclusiveness. Arguably, opposition party loyalists should be included in committee of palliatives to enhance more social inclusiveness and prevent politicizing palliatives. In August 2023, the fuel subsidy removal regime approved 5billion Naira to each of the 36 States in buying food items for their populace. Palliatives distribution in form of food items and other materials already has the history of civil unrest, lifting of belongings without consent, and other criminality emerged in the process of distribution. The fuel subsidy removal regime may also face similar problem of civil unrest, breach of lockdown and looting.

Objectives of Study

1. Pinpointing sustainable short-term and long-term palliatives in cushioning economic hardship of fuel subsidy removal.
2. To enhance poverty reduction in Nigeria
3. To cushion public looting of palliatives and unrest
4. To build trust of the populace in the subsidy removal government
5. To enhance Social inclusion.

LITERATURE REVIEW

Progressive Social theory

Liberals today argues on other intervals of major growth in government activity by increasing the economic security of people and restoring stable, economic growth. Generally, conservatives view government growth as the result of having been, from their perspective, too sensitive to societal pressures to societal pressures to undermine, distort, and otherwise mismanage the natural workings of the market system. Their point is that the correct response to economic distress is to allow market forces to sort themselves out; government intervention will only result ultimately in more severe economic distress and restrictions on personal freedom. Conservatives tend to be sceptical about such periods of government "growth" as the Progressive Era, New Deal, or post-World War II efforts to manage macro-economic policy and to reduce socioeconomic inequality through the Great Society programs.

Geographical disparity theory

This theory is based on poverty caused by geographical disparities. The theory calls attention to the fact that people, institutions, and cultures in certain areas lack the objective resources needed to generate well-being and income, and that they lack the power to claim redistribution.

Social exclusion and social capital approach

Social exclusion refers to a situation where people suffer from the cumulative disadvantages of labour market marginalization, poverty, and social isolation. This theory stresses the interrelation between social exclusion, social capital and the occurrence of poverty and recognize the importance of the structural characteristics of society and the situation of certain groups. Social exclusion and social capital theories are, among all, the reviewed approaches, arguably the ones that focus most on understanding the intrinsic processes that allow deprivation to arise and persist. Nevertheless, the wide definition of poverty considered under these theories comes at the cost of being less precisely defined and more challenging to quantify and address by policy. Neoclassical theories argues that poverty goes beyond individuals' control. These include lack of good economic reforms by the government.

The Neoliberal school

The Neoliberal school led by the new-Keynesians also adopts a money-centred, individual stance towards poverty, the importance assigned to the functions of the government allows for a greater focus on public goods and inequality. For instance, a more equal income distribution can facilitate the participation of disadvantaged groups of society in the type of activities that are deemed essential under broader notions of poverty. On the other hand, new-Keynesians are in line with neoclassical economists in their belief that overall growth in income is ultimately the most effective element in poverty removal.

Marxian/radical theory

This theory argues that radical changes in the socio-economic system is essential for economic growth. Marxian economists and other radical theorists highlight the possibility that economic growth alone may be insufficient to lift poor people out of (relative) poverty, because those who belong to certain classes may not reap any of the benefits of overall income growth. Similarly, by emphasising the concept of class, it provides a shift in perspective, focusing on group (rather than individual) characteristics, with individuals' status considered dependent on the socio-economic environment in which they live. Nevertheless, adequacy of income remains a key factor. Within a capitalist system, alleviation of poverty may require minimum wage laws, action to eliminate dual labour markets, and anti discrimination laws.

METHODOLOGY

This study attempt to pinpoint adequate and sustainable palliatives for cushioning the economic hardship of fuel subsidy removal in Nigeria. The study adopted qualitative methodology of research. Secondary data was mainly employed in data collection. The content analysis method was used to analysis the secondary data obtained from books, academic journals and internet sources.

The critical/radical approach, social exclusion, social capital approach and the Neoliberal school were also employed as the study's theoretical framework. This study gathered that among others, the palliative measures which was meant to cushion the effect of subsidy removal suffers adequate social inclusiveness, and long-term positive effect on the people.

RESEARCH RESULT AND DISCUSSION

The findings revealed that majority of Nigerians were uncomfortable with the present administration's plan to distribute palliatives to citizens since many did not get the palliatives in the form of food items such as; rice, yam, indomie, garri, beans and red oil during Covid 19 pandemic. These palliatives were hijacked by politicians which latter led to civil unrest and subsequent 'Endsars' protest. Similar issues may be faced with fuel subsidy palliatives.

The findings also indicate that the sending of money to citizens account by the past administration in the form of market monies and other social welfare programmes where cash were dished out to people were considered to be lack of social inclusion as most villages, communities and towns were not beneficiaries. This study also recorded that palliatives in form of agricultural loans and provision of seedlings and fertilizers were politicized. The operational process of distributing these palliatives to farmers in the rural communities failed. However, robust operational process free of politics, nepotism and corruption will succeed.

This study also noted that the people have lost faith in government's palliatives in the past. The populace sees past palliatives distribution as a reward for political party loyalists and lack its genuine welfare.

The study found that distribution of palliatives did not include other stakeholders such as

community heads and leaders, Paramount chiefs, rural/community associations and farmers' association. This will help in checking the likelihood of politicising palliatives distribution in the country.

The study also found that since previous palliatives lacked accountability and transparency, the same fate is most likely going to face the current fuel subsidy removal palliatives.

CONCLUSIONS AND RECOMMENDATIONS

The desirability of subsidy removal regime should be long term palliatives. Ajaokuta Steel company neglect has cost the nation a whopping N589.41 billion in iron and steel imports in every eighteen months. This Nigerian Steel company is capable of creating thousands of sustainable jobs to Nigerian youths. Nigerian refineries (Dangote refinery, Warri, Porthacourt and Kaduna refinery among others) should see its full operational potential as long-term palliative from the fuel subsidy removal regime.

1. This study recommends that there should be accountability and transparency in palliatives distribution of fuel subsidy, as this will reduce allegations of cooking of figures of beneficiaries and misappropriation of funds.

2. The study recommends the inclusion of other stakeholders outside of party loyalists in the palliative committee. These stakeholders should include community leaders, opposition party members, civil society groups, academia etc.
3. The study recommends 100% increase in wages and salaries of government's employees as part of long-term fuel subsidy palliative.
4. It also recommends the fulfillment of university academic staffs demands by government as university education remain an important prerequisite of literacy on long term fuel subsidy palliative.
5. This study recommends that food palliatives should not be hoarded for more than 14days from the day it reaches the warehouse to prevent public looting and unrest.
6. Finally, it recommends that fuel subsidy removal regime should meticulously study Covid- 19 regime and work on the grey areas in their operational distribution of palliatives in enhancing social inclusiveness and cushioning the economic hardship of the populace.

ADVANCED RESEARCH

This research still has limitations so it is necessary to carry out further research related to the topic "Examining the Suitable Palliatives in Cushioning the Removal of Fuel Subsidy in Nigeria" to perfect this research, as well as increase insight for readers.

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