A LEGACY OF LEADERSHIP: A SPECIAL ISSUE HONOURING THE TENURE OF OUR VICE CHANCELLOR, PROFESSOR ARMAYA'U HAMISU BICHI, *OON, FASN, FFS, FNSAP*

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The Politics of Nigeria's Fuel Subsidy Removal: Issues, Obstacles, and Future Directions

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ABSTRACT
This paper examines the politics of Nigeria's fuel subsidy removal, delving into the issues, obstacles, and future directions for politics around subsidy in Nigeria. The paper argued that fuel subsidy removal will help the government to generate more funds to boost the economy of Nigeria. findings of the study showed that the artificial low domestic oil price maintained by the fuel subsidy has deterred new investment in Nigeria's oil sector over the years, Nigeria's fuel subsidy disproportionately benefits the rich, not the poor, as against the popular believe by the masses. The Nigerian government has neglected the use of its regulatory framework to govern the state, while the performance of the nations refineries has been below optimal. The paper recommended among others the fortification of the Nigerian National Petroleum Corporation, Department of Petroleum Resources, Petroleum Products Pricing Regulatory Agency, Nigerian Midstream and Downstream Petroleum Regulatory Authority, Nigerian Upstream Petroleum Regulatory Commission, and Ministry of Petroleum Resources as well as institutional rules by the executives for optimal performance of the petroleum sector to address public needs, and to hold these institutions accountable, keep them independent from any organization or individual that would try to use the aforementioned institutions for their personal gain. The study concluded that the social and centrifugal forces vying for dominance inside Nigerian society have escaped the state's control. These indicates that the state is failing because it is unable to fulfill its obligations to its people.

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INTRODUCTION

Presumably the most populous black nation in the world, Nigeria has a wealth of human and material resources that are just waiting to be fully utilized for the benefit of its diverse and varied peoples, who were forced to live together in a precarious unity in 1914 by administrative decree of the British colonialists. It has had difficulty being united in its diversity. The pursuit of the material welfare and well-being of the people is the universal goal of development, but national integration has proven to be elusive despite being necessary to attain this goal. Following years of military rule, Nigeria returned to democracy, which sparked hopes for a potential solution to the multifaceted socio-political and economic problems that have plagued the country since its independence in 1960. After seizing power in 1966, the military, which had little to no prior experience in politics, gradually became more comfortable in the role of government, similar scenario is currently playing out in Rivers State, where a sole administrator appointed by the president has also appointed satellite administrators to govern the local government areas in Rivers State. Yet, as the economy shifted from one crisis to another, this did not result in socioeconomic or political advancement. Therefore, no appreciation to the military's protracted presence in the government. There have been few and far between developments since the 1960 flag of independence was raised. Different facets of society are rotting and being neglected to varied degrees. The populace suffers from a number of dehumanizing conditions, including poverty, illiteracy, hunger, and illness. The paradoxical state of affairs in the nation has been poverty mixed in with plenty. Developments and national statistics have continued to corroborate this description. For instance, the National Bureau of Statistics (NBS, 2024) recently released a report stating that 38% of young people in Nigeria are unemployed. The paradox is that the poverty level in Nigeria contradicts the country‘s immense wealth. The nation has abundant resources in the areas of agriculture, human resources, petroleum, gas, and large untapped solid mineral reserves. The fact that the nation made over US$400 billion from the single petroleum resource over the previous three decades is especially concerning (Oteh, 2012).

Nigeria declined to rank among the 25 poorest nations at the start of the twenty-first century, despite having been among the top 50 richest nations in the early 1970s, instead of making notable strides in socioeconomic development (World Bank, 1996). One resource that Nigerians have been endowed with by nature is oil. The people who live in the country known as Nigeria are intended to use this legacy for their collective growth and well-being. Oil has been extracted for commercial sale ever since it was discovered at Oloibiri in modern-day Bayelsa State in the late 1950s (Akahkpe, 2014). It is anticipated that the money raised from its sale will be put toward improving the lives of the populace by providing access to basic amenities like housing, water, motorized roads, healthcare, and education. 64 years after gaining political independence, these hopes haven't materialized, though. Nonetheless, because of the rent-seeking behaviour of the comprador capitalists, who appear to be more interested in political power for financial gain than in fostering good governance, the nation has had to endure a crippling cycle of political decay and renewal. Rules, laws, and regulations are broken in the pursuit of material gains, as politics adopts a winner-take-all mentality. These actions have resulted in political instability, social unrest, and a defective economic system. People become disenfranchised from their government as a result of these developments, which leads to a crisis of legitimacy. Government uses force when it lacks political legitimacy, as was seen most recently in the 2024 end bad governance campaign led by the Civil Society Coalition and well-meaning Nigerian. This paper therefore examines the politics of Nigeria's fuel subsidy removal, delving into the issues, obstacles, and the way forward for politics around subsidy in Nigeria.

CONCEPTUAL CLARIFICATION

The Concept of Fuel Subsidy

Any policy that maintains the price of a good or product below what consumers or producers would pay on the open market is considered a subsidy. Different forms of subsidies include grants, tax exemptions or reductions, and price controls (Alozie, 2009). Subsidy is money paid by a government or an organization to lower the cost of producing goods or providing services so that their prices can be kept low (Oxford Advanced Learners Dictionary, 2001). Furthermore, Bakare (2012) notes that selling a product for less than its cost of production is known as subsidizing. Therefore, selling premium motor spirit for less than the cost of importation is referred to as a "fuel subsidy" in the Nigerian context. The removal of the fuel subsidy on Premium Motor Spirit (Fuel) on January 1st, 2012, due to a new policy announced by the Petroleum Product Pricing Regulatory Agency (PPPRA), cannot be considered the best New Year's gift to Nigerians. Likewise, the removal of fuel subsidy as part of the inaugural speech of President Bola Ahmed Tinubu, cannot be considered as good appropriate presidential inaugural gift to Nigerians. Actually, since May 29, 2023, until now, the issue of maintaining the fuel subsidy regime or eliminating it has dominated public discourse.

Theory and Empiricism

We employed Rosenstein-Rodan's Thesis, sometimes known as the Theory of the "Big Push." The “Big Push” idea is one linked with Professor Paul Rosenstein- Rodan. It is recognized as "a large comprehensive program which is needed in the form of a minimum amount of investment to launch an underdeveloped economy on the path to progress and overcome the obstacles to development" (Jhingan, 2012). This theory compares the argument it makes to an airplane taking flight from the ground. Before the aircraft may take off, it needs to reach a certain ground speed. This essential ground speed is necessary for the airplane to lift flight. Comparing it to a nation's economy, a substantial minimum amount of investment needs to be started in order to properly set the economy on a course toward development. The requirements in this case are the external economies that result from a minimum investment amount as well as the indivisibilities. According to Jhingan (2012), Rosenstein-Rodan distinguished between three types of external economies and indivisibilities: indivisibilities in the production function, indivisibilities in demand, and indivisibilities in the savings supply. In the context of the first type of indivisibilities and external economies, social overhead capital seems to be significant. The economy requires a substantial initial outlay of funds in order to install this. "The services provided by social overhead capital, which includes fundamental sectors like communications, transportation, and electricity, are long-gestating and indirectly productive. It is not possible to import them (Jhingan, 2012). One of the main obstacles to development in developing nations is the indivisibility of the supply of social overhead capital; so, "a high initial investment in social overhead capital is necessary to pave the way for quick-yielding directly productive investment" (Jhingan, 2012). The complementarity or indivisibility of demand is the second type. Establishing linked industries is necessary for this. The idea here is that by building up these sectors it creates a situation whereby "producers would be each other' customers and thus create market for their goods" (Jhingan, 2012). Here, the complementary nature of the items in demand lowers the risk of market creation and increases the motivation to invest. Put another way, a large minimum amount of investment in interconnected industries is required for the demand to be indivisible. The last kind is the indivisibility in the supply of savings. Without a doubt, investing is possible when savings are substantial. However, given the prevalence of low income in developing nations, this is not an easy feat to do. This can be gotten around by making sure that income from investments is saved in a way that makes the marginal rate of saving significantly greater than the average rate. A significant push in the form of a minimum amount of investment is necessary to put these developing economies on the path of sustaining growth given these three indivisibilities and the external economies to which they give rise. The primary focus in the Nigerian context is the elimination of the gasoline subsidy, which has consumed more money than could have been invested in different areas of the country's economy. For example, as a result of the significant push and massive investment, new economic sectors will be established that rely on one another for market share. Therefore, this hypothesis supports the study's claim that, as the study advocates, the elimination of fuel subsidies can generate enormous financial resources that will lead to the least amount of investment necessary to significantly improve Nigeria's economy.

Empirical Literature

Research was done in 2012 by Atoyebi, Kadiri, Adekuyo, Ogundeji, and Ademola on how the withdrawal of gasoline subsidies affected the output of the agricultural sector. Using spearman's rank correlation, the analysis found a positive association between the prices of agricultural output and the elimination of fuel subsidies. This suggests that eliminating gasoline subsidies would result in a larger budgetary allotment to the agriculture sector and an increase in agricultural output. The experts therefore suggested that the government should expedite the upkeep of the country's refineries and implement a cushioning effect by using the funds from the withdrawal of fuel subsidies on the agricultural sector.

Opeyemi (2016) used the Granger Two Step Co-integration Procedure and the Johansen Techniques to conduct a study on the long-term impact of fuel subsidy reform on environmental quality in Nigeria over the years 1970–2012. The research produced three case scenarios: (i) a payment for a subsidy; (ii) a case of an effective subsidy; and (iii) a situation in which there was no payment for a subsidy. The estimation result demonstrated that there is no discernible difference in environmental quality between the first and last case scenarios.

According to Balouga's (2012) analysis of the political economy of the gasoline subsidy reduction, the typical Nigerian for whom the subsidy was intended has not felt a substantial impact from the fuel subsidies. Adagunodo (2013) in his study, evaluated the withdrawal of fuel subsidies in Nigeria as an economic necessity and a political challenge. Based on his research, he came to the conclusion that the country could see significant development advantages if the subsidy money were used properly. Additionally, it will provide Nigeria the room it needs to eventually expand the capacity of its refineries, which will raise its potential income from the oil industry and lead to the creation of jobs.

An Overview of the Politics behind the Removal of Fuel Subsidy

Some government officials have stated that the withdrawal of gasoline subsidies is justified by the fuel subsidy's exponential growth in cost. This is partially because to Nigeria's growing population, which increased gasoline use, and the country's rising fuel costs, which required the government to pay more to maintain low domestic prices. Taken together, these factors rendered the fuel subsidy unaffordable. Nigeria's population grew from roughly 124 million to 160 million people during the same period as the price of crude oil soared from 30.5 dollars per barrel in 2000 to 95.5 in 2010. By 2011, the gasoline subsidy was 118% of the capital budget, 4 percent of GDP, and 30% of all government spending in Nigeria.

Nigeria's petroleum subsidy cost had risen by 1,452% from N257.36 billion in 2006 to N4trillion in 2022. According to the Petroleum Products Pricing Regulatory Agency (PPPRA), it costs Nigeria a cumulative sum of N8.94 trillion to subsidize petrol between 2006 and 2015. Nigeria's 2022 petroleum subsidy budget is more than half what it costs the country to subsidize the product for ten years. These funds have either come from a deficit budget or been debited to the government's revenue purse. In all, the funds come with great opportunity costs to the infrastructural development that Nigerians deserve (Opaluwa & Akinbode, 2023).

More recently, disclosed information regarding the burden of subsidies on government revenues show that subsidies consume an alarming proportion of revenues. In 2011, the country's expenditure on petrol subsidy was estimated at over N730 billion. In the same year, the landing price for petrol was N141.55 while the product sold at a pump price of N65 per liter (CPPA. 2011). In 2022, the government's subsidy bill rose to N4.39 trillion, according to the Nigeria National Petroleum Company Limited (NNPCL) (Reuters, 2023). In comparison, the federal government was able to retain only N586.7 billion in oil revenue between January to November (HMFBNP, 2023). Petrol subsidy cost about N3.36 trillion for half of the 2023 fiscal year. Meanwhile, as of February 2022, while the official pump price had risen to N185 per liter, the landing price for petrol was N315 per liter, although the NNPCL sold to distributors at N113 per liter. This translates into N202 per liter, amounting to over N400 billion monthly subsidy based on a monthly consumption estimate of 65 million liters. Since the scheme ended by the middle of the year 2023, the outgoing administration committed to payments for half of the year, amounting to N3.36 trillion, implying an end to the scheme by June 2023 (Opaluwa & Akinbode, 2023).

Nigeria continues to stifle other development expenditures with its gasoline subsidies. In contrast, Nigeria allots roughly $2.2 billion for education, and the amount for health care is not significantly greater. Nigeria continues to have an unacceptable rate of infant mortality - 90.4% per 1,000 live births. According to estimates, just 15% of the nation's roadways were paved in 2004. Some of these problems might be resolved with the $8 billion from the fuel subsidies (Bakare, 2012).

Furthermore, the artificial low domestic oil price maintained by the fuel subsidy has deterred new investment in Nigeria's oil sector. This is particularly troubling because Nigeria's economy depends heavily on the oil industry. Nigeria has granted private businesses permits to operate at least 20 refineries since 2000. But since investors could not recover their investment under the artificially low-price structure, not a single refinery was built until the Petroleum Industry Bill (PIB) was passed into law in Nigeria on August 16th, 2021, when President Muhammadu Buhari signed it, followed by the inauguration of Dangote Refinery on May 22nd, 2023, in Lekki, Lagos State, Nigeria, which marked a significant breakthrough in private investment in refinery in Nigeria. In assessing the merits of Nigeria's fuel subsidy, it is crucial to understand who benefits the most from the program. Nigeria's fuel subsidy disproportionately benefits the rich, not the poor, as is widely believed. Those that consume the most profit more from the government's subsidy of the market, which keeps domestic fuel costs artificially low. Because they use public transportation more often than the wealthy, who typically drive private vehicles, Nigeria's impoverished consume far less petroleum per person. Nigeria's petroleum subsidy through smuggling also has a major positive impact on neighboring countries (Bakare, 2012).

The Nexus Between Society, the State and Fuel Subsidy

Examining the relationship between the government and the populace is crucial at this point. The core of the state is to provide the people with the basic essentials of existence while the people on their part are to undertake certain tasks and obligations. Williams' (1980) pertinent inquiry, "What do we really want for Nigerians?" effectively captures this. The solution is really obvious: raise everyone's standard of living and improve their access to better housing, health care, and educational opportunities, as well as more jobs. (Williams,1980). These could justifiably be seen as the universal development goals that all human societies ought to subscribe to and pursue with full sincerity. Governments are ready to recognize these objectives, but in actuality, they have done a terrible job of preventing the value of human welfare from mediating or serving as the guiding principle of public policy. Given these advancements, one may contend that political principles about public objectives and values ought to be kept outside from polities in order to ensure that they serve the interests of all. Development is hard to pursue and achieve in a political environment when commercial interests swallow and dominate state institutions. In Nigeria, oil subsidies are meant to assist in progressively pursuing greater human well-being in order to fulfill the universal goals of development. However, the bourgeois ruling class's endemic greed combined with the absence of a strong civil society counter-veiling force allows the ruling class too much leeway to continue misrule and tyranny. At this point in the country's history, oil is Nigerians' common legacy and should be exploited for the good of everybody. It might build a foundation for development that lasts long after oil runs out or loses significance in the grand scheme of things by wisely allocating its advantages (Opeyemi, 2016).

The Character and Politics of Nigeria's Fuel Subsidy Removal

Nigeria imports oil in order to meet its local needs for the commodity. Nonetheless, it ranks 10th among the world's oil-rich nations and is Africa's top oil producer. The money the government pays to make up the difference between the local price in Nigeria and the price of petroleum goods on the international market is known as an oil subsidy. This natural endowment has produced huge earnings since the early 1960s. The general Yakubu Gowon administration was known to have so much money that it was at a loss on what to do with it. However, as the most recent subsidy scan revealed, a large amount of these resources ended up in private hands, and the remainder was spent on wasteful initiatives, as seen by the sheer number of abandoned projects throughout the nation. Major gasoline-consuming countries are diligently developing alternate fuel sources. It is crucial to remember that oil is a limited resource that could run out sooner than anticipated. Kerosene, aviation fuel, premium motor spirit (PMS), also referred to as petroleum, and other byproducts are extracted from oil (Bakare, 2012).

Nigeria is a big oil producer, thus the fact that some non-oil producing nations import crude oil from Nigeria, refine it, and then sell it to Nigeria even with the Dangote's Refinery operating at a capacity of 650,000 barrels of crude oil per day when fully operational, is a sign that there is a serious problem with the political leadership of the nation. Due to varying degrees of degradation, the nation's four refineries are unable to satisfy local demand. The four refineries in the nation are intentionally designed to be in poor condition. Importing and distributing oil seems to bring in more money for the oil cabal than producing it. It would take a lot of work to free the political and economic institutions that have grown entwined with this system. A distributive economy built upon a flimsy ideological foundation cannot foster polity growth. Despite the vast wealth extracted from oil over the years, Nigerians in general and oil-producing regions in particular have nothing tangible to show for their efforts. Instead, the goose that lays the golden eggs gets to pass away gradually.

The above developments raise important issues. The forces behind the elimination of gasoline subsidies are who and what? Who gains from this kind of exercise? Without using force, how can the government maintain its credibility and authority to control the industry? We shall at this moment address these questions. In Nigeria, the elimination of fuel subsidies has been a hot topic of discussion. However, considering how frequently they are carried out and the ongoing public outrage over their handling, it has taken on a concerning dimension after the return to civil rule in 1999. In other regions, where funds taken out of subsidies are efficiently used, the lower classes of people continue to protest against such actions. Many Nigerians were taken aback when the government announced on January 1, 2012, that fuel subsidies would no longer be provided. At the time, most were still celebrating Christmas and New Year's Eve in their towns and villages, and discussions were still ongoing to reach a consensus on certain issues. For Nigerians, it turned into a terrible new year's gift. However, it has evolved into a regular practice by a parasitic class whose only job is to siphon off the country's riches and give it to members of the ruling class, their friends, family, and cronies in the corridors of power.

The ruling elite's hoarding of public resources began to show its ugly head. First, the price of gasoline was raised per liter from 5 to 9.5 kobo (Daily Independence, 2012). Since then, it has become a recurring decimal in the Nigerian polity. On October 2, 1994, fuel costs N15 at the pump instead of N3.25k. The pump price decreased from N15 to N11 on October 4, 1995. General Abubakar raised the price of petrol once more in 1998, this time to N25, and on January 6, 1999, he lowered it to N20. Fuel prices had increased from N20 in 1999 to N75 by the time Obasanjo's civilian administration departed office in 2007. However, President Yar'Adua thought it was a good idea to lower the cost of gasoline to N65 per liter (Daily Independence, 2012). After many days of protests, deaths, and property devastation, President Jonathan raised the price of fuel to N143 and then N97 per liter after taking office. Buhari's administration increased the price to N140 and later N165 at the same time planning to double it to N340. President Bola Ahmed Tinubu, upon assumption of office announced the removal of fuel subsidy during his inaugural speech on May 29th 2023, since then Nigerian has not enjoyed stable fuel price. It started from N550, to N650 and currently diverse fuel prices across Nigeria, ranging from N850 to about N1200 depending on locations and availability of the products in the area. All signs point to the possibility that Nigeria's fuel price increases are not over. The federal government has more money now that the price of petroleum products has increased, but this money hasn't yet shown up in the people's lives in a noticeable way.

The people's living standards have gotten worse at the macro-social level. Nigerians have suffered as liberal democracy and capitalism, which goes hand in hand, have taken over the world. Olukoshi (1998) correctly pointed out that the adjustment model's neo-liberal monetarist thrust—which prioritizes a zero-sum market approach—carried significant social costs from the outset. The adjustment regime's social cost has persisted in having an uneven effect on different facets of society. According to Osaghae (1994, p.13), instead of improving people's lives, neo-classical reform measures, such as education, the removal of oil subsidies and other essential public goods and services—caused government after government to sink further and deeper into decay and stagnation, unable to improve the conditions that the colonial administration had left them in. Almost every aspect of Nigerian society is in a condition of disrepair and stagnation, including the jobs, education, health care, and basic infrastructure including roads, housing, public transportation, power, and water. Every one of these is unconscious. Social services have drastically decreased, while oil resources have grown exponentially. It appears that the early buildup of oil resources was more for individual and societal gain than for the benefit of all. According to Punch (2013), there is evidence to support the aforementioned statement, since one of the country's oil bloc owners earns approximately N4 billion per month, more than the combined wealth of seven North East states prior to removal of fuel subsidy by President Bola Ahmed Tinubu. However, oil has grown to be a significant factor in the political decisions made by the nation's leaders, either alone or together. Even different ethnic groups fight each other over oil-related issues, e.g Kogi and Anambara State over an oil field.

According to Pearson (1970), petroleum may have been the extra component that ultimately sparked the military conflict, but it may not have been the cause of the rift in the nation that led to the July 1967 civil war. The revenue sharing formula for federally collected income has been the subject of ongoing contention over the years. The process for allocating oil revenue is the source of constant disagreement. While states within oil producing areas are dissatisfied with the 13 percent they receive after a protracted battle with the federal government, states outside of these areas kept pushing for changes to the revenue sharing model. The country's governing class has been mismanaging oil revenues, as the former US President Bill Clinton recently admitted. Previously, Generals Obasanjo and Babangida's military government were accused of mismanaging N2.8 billion and N12.2 billion, respectively, by the Ayo Irikife and Pius Okigbo panels of investigation into the handling of oil money (Okigbo, 1987). Crude oil theft has since become a concern as the nation struggles with the massive wastage of oil revenue. Crude oil theft cost Nigeria N 58.2 billion (Daily News Watch, 2013). Profit for oneself and for organizations is the ultimate goal under such comprador capitalism. The oil triumvirates—political leaders, middlemen, and bureaucrats—are all involved in this situation. In summary, it can be argued that becoming an intermediary in the sales of crude oil or illegal product exports is a quick way to become wealthy. Government officials who permit the distribution of crude oil to these intermediaries or their associates will face significant consequences for this practice of middlemen-ship (Turner & Badru, 1985).

According to Turner & Badru (1985) This group of men are responsible for the government's removal of petroleum product subsidies, sabotaging attempts to fix the nation's refineries, and supporting fuel importation and price increases in order to engage in primitive accumulation with the help of the metropolitan bourgeoisie. In all of these, the state's regulatory functions continue to be precarious. All of these seem to be components of their strategy to increase, maintain, and broaden their material base at the expense of humankind. The impacts of the government's latest elimination of fuel subsidies were still being felt by the populace two years later. However, none of the palliatives that were promised as a result of the elimination of gasoline subsidies as outlined in the SURE-P document, have yet to materialize in the lives of those who live in places with higher standards of living. Despite the fact that government propagandists are becoming more vocal in their arguments, we believe that, based on past program experiences, the so-called potential benefits may never materialize in the lives of the people.

Nigeria's Fuel Subsidy Removal: Obstacles and Future Directions

The moral and ethical imperatives are absent from Nigerian governance. It is hardly hyperbole to say that almost every aspect of Nigerian society is experiencing a crisis. Osborn and Gaebler (1993) contended that "we don't need more government, we need better government" along these lines. More specifically, we require improved governance. The problems are intricate and multifaceted. Therefore, corruption, the hydra-headed monster, is an ugly illness that needs to be eradicated. It is a bug that has eaten deep into institutions of governance at all levels. Members of the National Assembly, the Nigerian Pension Board, the Security and Exchange Commission (SEC), and the NNPC are just a few of the federal state organizations that have recently become mired in the murky waters of corruption. This harmful phenomenon even affects the judiciary (Guardian, 2012).

Because of Nigeria's extreme poverty and high levels of corruption, the socioeconomic and political scourge has permeated every aspect of the country's infrastructure, both public and private. The nation's progress has been halted by corruption, which has put the needs of the general population second. Ake (in Akhakpe, 2007, p.126) supports this by arguing that public managers use their position for personal gain and do not think they are serving anyone else but themselves. They often arrive to work late and leave early. They linger over their lunch breaks. They pilfer things that belong to the public. They take bribes in exchange for carrying out tasks that are explicitly included in their contractual obligations. They operate slowly when they do. They obstruct the public by destroying their files by an overabundance of examination of the pertinent matters, or by feigning ignorance of the subject. Because they don't think what they are doing is wrong, none of these admit to having done anything wrong. Today's Nigerian government and all state institutions seem to be characterized by a lack of economic discipline. Experience indicates that the government has not shown adequate discipline in the creation and execution of its budgeting procedures after the return to democratic governance in 1999. Fuel subsidies cannot, however, be held accountable for the inefficient execution of the nation's annual budgets, which are meant to serve as the catalyst for the country's eventual ascent into the club of developed nations. The relationship between oil and development as well as the volatility of the global oil market, which prevents oil prices from being stable for an extended length of time, are further obstacles that should be mentioned. Oil speculators, also known as the "commercial triangle" as defined by Turner and Badru

(1983), are foreign partners who collaborate with state and private sector allies in Nigeria to manage the outflow of Nigerian oil money in foreign exchange to international banks. Local middlemen, referred to as "oil cabals," and state compradors take their cut. Tell Magazine (2012) reports that the House of Representatives Ad-hoc Committee's study on the fuel subsidy system found that, as of December 2011, the federal government was actually paying N2.587 trillion in subsidies, compared to the N 245 billion allocated in the 2011 budget. However, N1 trillion of this sum was given to fictitious and nonexistent businesses.

Many of the so-called oil companies that received the contract and funding were actually only props in their owners' suites. The fact that the oil cabals received subsidies for fuel they did not provide or proves their standing in the political economy of the nation. Without the cooperation of certain government officials, none of these would have been feasible. However, the problem that the elimination of gasoline subsidies causes has brought attention to the leadership poverty that has spread throughout the country's public and private spheres once more (Guardian, 2012). A democratic leader should always be able to put himself in the shoes of the follower and seek for a middle ground when it comes to addressing matters of importance and national interest. It makes sense for the leader to look for alternative ways to effectively advance his stance when their opinions differ. However, Achebe (1983) argues that the fundamental issue with Nigeria is leadership. Awolowo (1966, p.34), a wise man, approaches this problem from a wider perspective and concludes that what we desperately need as a people is a sufficient number of strong leaders who possess the qualities, character traits, and caliber necessary to bring our nation's diverse elements together and solve the myriad, seemingly unsolvable problems that face us. The state of underdevelopment, misrule, and lack of relative autonomy of the state are all indicated by the politics of impunity and the wanton devastation of lives and property. The aforementioned has shown how oil has hindered rather than helped the nation's development. But despite how big and complicated the problems might seem, they are not insurmountable. They are, in fact, controllable and improvable.

RECOMMENDATIONS

The following are therefore recommended as a possible future directions to curb subsidy challenges:

1. The Nigerian government has far too long neglected to use its regulatory framework to govern the state. For instance, even though there are regulations in place to oversee the oil and gas sector, they are frequently disregarded or broken for societal and private gain. We have powerful men and groups instead of strong institutions. Therefore, it is important that the executive fortify institutions and institutional rules, hold them accountable, and keep them independent from any organization or individual that would try to use them for their own gain. The lack of enforceable laws and regulations governing the actions of the so-called oil cartels or cabals contributes to their influence. They do exist in other climates, but regulatory bodies keep a watchful eye on them.
2. All tiers of government should look into alternative ways to raise money for the nation as this is an urgent matter. The Nigerian economy might still be centered on agriculture. There is still so much to be done in this area that, with the right leverage, might propel the nation back to its previous standing as a leading exporter of certain agricultural products. A popular site for investors is Ivory Coast, Malaysia, owing to the export of cocoa and palm produce, which bring in money in corresponding amounts. The groundnut pyramid, cocoa, rubber, and palm products might all be reoriented to become economic engines. These are potential lucrative ventures for the increasing number of young people without jobs.
3. The federal government has been rightly criticized for its inadequate preparation for the removal of the fuel subsidy and for failing to adequately inform the public about the benefits of the removal of the subsidy as well as its enormous expenses. Communication is essential in a nation where there is already a lack of trust between the populace and the government. If not, the demonstrators will still think that this is just another scheme by Nigeria's powerful to seize more of the nation's resources. Gaining the public's trust is the government's true challenge. The doubled cost of gasoline is affecting working Nigerians and endangering their livelihoods. The protests are a call for the government to expeditiously execute post-subsidy initiatives, and they want to know if the administration has a workable strategy. In order to safeguard the most vulnerable, some sort of social protection must be implemented right away.
4. In order for Nigerians to examine and evaluate the spending, the government must put in place an open mechanism for rerouting and tracking the usage of funds from the fuel subsidy program. The government has declared that it will use the subsidy proceeds for safety net programs, small business assistance, and infrastructure. This is a positive start, but adequate monitoring and civil society involvement are essential for these initiatives to be successful. A committee including prominent civil society organizations ought to be formed by the government to supervise the allocation of these monies. In contrast to the gasoline subsidy per se, these initiatives ought to be focused on assisting the impoverished, such as initiatives to lower newborn and maternal death rates and

enhance road accessibility. The programs must, above all, be connected to Nigeria's overarching development objectives. Sustainable investments with long-term development implications must be given top priority by the government and the planned civil society oversight body.

5. Under a populist paradigm, a people-driven development must be initiated through polity transformation. It continues to be the answer to the multifaceted problems facing the Nigerian government. At this point in the nation's history, it is imperative that a leader who can turn this trend around pursue this objective since the nation must rely on its own resources to progress in terms of growth. Even the most honorable people may misuse political power if it is allowed to grow unfettered because total power corrupts absolute power. The National Assembly should therefore be conscious of its oversight responsibilities. In order to act as a safeguard against the entire influence of those in positions of power within the state, Civil Society Organizations (CSOs) must get involved.

CONCLUSION

The argument of this study is that the social and centrifugal forces vying for dominance inside Nigerian society have escaped the state's control. This indicates that the state is failing because it is unable to fulfill its obligations to its people. The state of the oil industry has not been encouraging. Due to the massive sums of money invested in fuel subsidization, there have been little infrastructure improvements made in the oil sector, and as of right now, the government has not fixed its refineries to function optimally. Because of this, the majority of Nigerians, 54 percent of whom still live below the national poverty line, have seen little to no improvement in their quality of life. However, the state struggles to achieve significant development because it is not an impartial arbiter in the confrontation between social forces. It is understandable given that it lacks the authority to regulate where and when it is needed. Its relative autonomy and authority to implement laws and regulatory functions are brought into doubt due to its incapacity to identify and deal with the so-called oil cabal. In light of this, we should approach the highly discussed palliatives contained in the SURE-P paper cautiously. Even while some of Nigerians' desires and goals are expressed in the paper, it doesn't seem like there is enough political will or administrative ability to make them a reality. In all of these, the pursuit of the common good, the fundamental goal of government becomes less important than the interests of the people.

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