REPOSITIONING NIGERIA'S ECONOMIC POLICIES UNDER THE TINUBU ADMINISTRATION TO CURB RISING INFLATION

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ABSTRACT: This study examined the repositioning of Nigeria's economic policies under the Tinubu administration to curb rising inflation. Nigeria's economic policies since the inception of the Tinubu administration have focused on subsidy removal, naira floating and harmonization of foreign exchange. The start of a new administration is crucial to the amount of trust citizens and investors will have in a government. In many ways, Nigerians are worse off than they were in 2023. This reality cuts across various sectors, the most jarring of which is the dire economic state that Nigerians find themselves in just a year into a new administration. The study argued that there is an urgent need to rejig economic policies under the Tinubu administration to salvage the Nigerian economy from further dip into inflation. The study further argued that rising inflation has eroded economic gains made in the past. To reposition the economy, this study posits that the Tinubu administration should organize robust consultations. The present economic policies the president is implementing are neither the product of a deep understanding of the dynamics of international economic relations nor the outcome of a conscious, consultative and collaborative effort involving Nigerian economic thinkers, business practitioners, employers and employees across the country. The government should consider all alternative actions and test them before introducing economic measures such as subsidy removal. They should have created a subsidized transport system where public enterprises are provided to offer services to the people and not necessarily for profit–making ventures. The government organized transport system is expected to be functional. Introduce welfare packages. Welfarist policies are sine qua non to repositioning the economic policies. Welfare packages must be considered when implementing economic reforms.

Keywords: Rising Inflation, Economic Policies, Fuel Subsidy Removal, Tinubu Administration, Welfare Packages

INTRODUCTION

Inflation is a popular topic of discussion among central banks, governments, economists, and other stakeholders. Policy choices in Nigeria have been strongly impacted by the direction of inflation rates (Ekpenyong, 2023). The majority of economists and monetary policymakers favour a low and steady inflation rate because it enables quicker labour market changes during downturns and lowers the cost of borrowing for manufacturers, which increases profitability (Banerjee 2013). In turn, this increases investments, lowers unemployment, and increases economic production. The inflation rate in Nigeria has risen to its highest crescendo in the year 2024. This has been caused by the nature of the economic policies introduced by the Tinubu administration. The attendant effect has been untold hardship and a rising level of disaffection for the Tinubu Administration. Unequivocally, one of the cardinal purposes of governance is to provide even development to the people.

At the inception of any new administration, the amount of trust citizens and investors have in that government is crucial. Trust in an administration determines how citizens perceive their future in the country, if they will continue to invest in the country or seek opportunities elsewhere. Nigeria is in the first year of a change in administration. The Bola Ahmed Tinubu-led government came into power through a process that some political analysts described as the most contentious and disputable election. Tinubu emerged as Nigeria's president on the back of election results that gave him the weakest presidential mandate since the return of democratic civilian rule in 1999 (Adedayo, 2024).

Akinmoju (2024) noted that considering the doggedness and determination Tinubu put into securing the presidential seat, surprisingly, very little energy has been directed into ruling the country and making it a better place for Nigerian citizens. In many ways, Nigerians are worse off than they were a year ago. This reality cuts across various sectors, the most jarring of which is the dire economic state that Nigerians find themselves.

Inflation has eroded the little measure of hope that Nigerians have after suffering the dilemma of the naira redesign policy of the Buhari administration. In January 2024, the inflation rate for essential items such as food price rose to 40% from its previous rate of 25% last year. There are also downturns in other sectors, including healthcare, technology and housing. Education has not been spared either, with universities and unity schools alike within the past year increasing tuition fees by almost 100%, all of which are against the backdrop of worsening economic conditions (Nigerian Bureau of Statistics (NBS), 2024; Akinmoju, 2024).

Nigerians often have had to adjust to a new wave of woes even in past administrations, but as far as the economic condition stands, it is becoming difficult, to the point of almost impossible for the average Nigerian to survive the reality of a country that seemingly became economically hostile overnight. Until 2022, Nigeria was known as the poverty capital of the world, being surpassed by India only in the same year (Obi, 2023). With the worsening economic conditions, Nigeria's state appears even bleaker than before.

Nigeria's headline inflation rate eased to 33.4% in July 2024, slowing for the first time in almost 2 years, from a 28-year high of 34.19% in the previous month, to the removal of fuel subsidies and a weakening local currency. Food inflation, which accounts for the bulk of Nigeria's inflation basket slowed down to 39.5%, compared with June's reading of 40.8%. Additional downwards pressure came from the prices of housing and utilities (29.4% vs. 30.3% in June 2024), transportation (25.2% vs. 25.6%) and education (16.9% vs. 17.2%). Moreover, the annual core inflation rate, which excludes farm produce and energy, reached a new record high of 27.47% in July. On a monthly basis, consumer prices rose by 2.28% in July, after which they increased by 2.31% in June (NBS, 2024; https://tradingeconomics.com/nigeria/inflation-cpi).

Tinubu's administration developed many economic policies on the assumption of office. While the removal of the subsidy was the headline move, the Tinubu administration followed up with a series of classic 1980s-style shock treatments. The country's currency was floated, a presidential fiscal policy and tax reform committee was constituted to widen the tax net and increase revenues, and, paradoxically, a state of emergency was declared to arrest the rising cost of living (inflation) itself, a direct consequence of Tinubu's 29 May announcement.

Ekpenyong (2023) stated that in the past, in order to combat the threat of inflation, the monetary policy committee (MPC) of the Central Bank of Nigeria adopted a contractionary posture on monetary policy instruments for 28 months (September 2010–January 2013; Omotosho, 2013). Controlling inflation and preserving a stable exchange rate environment are the MPC's top priorities.

Paradoxically, economic policies have not achieved any of the desired results. Nigerians have continued to languish in penury, with hopes promised and hopes dashed. This assertion is corroborated by the International Monetary Fund (IMF) (2024) which that shock treatment is not working. By the IMF's own estimation, contained in a report issued in April 2024, "…per capita income has stagnated. Real GDP growth slowed to 2.9 percent in 2023, with weak agriculture and trade…despite the improvement in oil production and financial services." In addition, "Inflation reached 32 percent year-on-year in February 2024, driven mainly by food price inflation (38%)" (IMF, 2024; Adedayo, 2024)

In April, the country's inflation rate rose to 33.69 percent, its highest since March 1996, according to the National Bureau of Statistics. The latest rate marked the 16th consecutive month in which the country's inflation rate increased. The cost of food rose to 40.53%, a massive jump from 25.25% in June 2023.

In a May 2024 report, the IMF indicated that the Nigerian government had restored the fuel subsidy. This implicit return, according to the Fund, explains why the cost of fuel in the country that tripled last year, remains capped despite fluctuations in the global crude oil market. Multiple citizens consider this situation an indication that the government's economic policies over the past twelve months have failed (IMF, 2024).

However, political analysts and economic experts have expressed optimism that the situation should be approached with proper confidence and that an outright condemnation of all economic policies is too simplistic. The author is worried that the policies were too hasty and that many conflicting economic policies doled out at once could cripple the economy. This argument was also shared by Seun Onigbinde, Executive Director of the Nigerian fiscal accountability platform, (BudgIt), who stated that the current state of the country's economy is primarily a product of the poor pattern and timing of the execution of some of the policies. To him, many decisions were rushed. It is more like the administration moved from politicking to governance without properly understanding and getting a proper awareness about the true situation of things.

LITERATURE REVIEW

Economic Policies

Economic policy is the term used to describe government actions that are intended to influence the economy of a state, city or nation. Some examples of these actions include setting tax rates, setting interest rates, and government expenditures (Burtler, 2021). The government normally implements and administers economic policy. Some examples of economic policies include decisions made on the government expenditure and taxation of an economy and imposing fixed exchange rates. They are usually implemented by the government to promote the economic well-being of a nation.

Economic policy, according to the European Union (2024), covers a wide range of measures that governments use to manage their economy. These include monetary policy (money supply and demand), taxation, budgets, job creation, etc. Economic policy coordination includes: adopting broad economic policy guidelines and employment guidelines, monitoring economic developments to identify and correct risky or unsustainable policies, and macroeconomic discussions.

Studysmarter.uk also defined economic policy as the actions that a government takes in the economic field. It covers the methods used by a government to control its budget, money supply and interest rates, as well as manage its fiscal policy and currency values. Economic policy encompasses the directives and guidelines set by a government to regulate and control the economy. This involves various measures such as taxation, budget policies, fiscal policies and monetary policies. These policies are designed to manage economic issues, balance the economy, and promote sustainable growth.

Kay, Lindbeck, Morris and Poole (2023) explained that the national budget generally reflects the economic policy of a government, and it is partly through the budget that the government exercises its three principal methods of establishing control: the allocative function, the stabilization function, and the distributive function. Additionally, economic policy also plays a major role in determining the distribution of income and wealth among the citizens of the country. If the government notices a sharp increase in inflation, it may implement monetary policies such as increasing interest rates to control the money supply. Here, the tool utilized by the government, i.e., altering interest rates, is part of their economic policy (Burtler. 2021). The main purpose of an economic policy is to achieve a strong and stable economy. This is achieved through full employment, stable markets, price stability and economic growth (Burtler, 2021).

Inflation

Omobolaji (2023) defined inflation as an economic concept that refers to the rate at which the general level of prices for goods and services is rising; and, subsequently, purchasing power is falling. Central banks attempt to limit inflation; and avoid deflation, to keep the economy running smoothly. Inflation can be caused by a variety of factors, such as an increase in production costs, a decrease in the supply of money, or an increase in government spending. When the cost of goods and services increases, each unit of currency buys fewer goods and services; therefore, inflation reflects a reduction in the purchasing power of money.

Ceyda (2024) defined inflation as the rate of increase in prices over a given period of time. Inflation is typically a broad measure, such as the overall increase in prices or the increase in the cost of living in a country. Jason (2024) defined inflation as a gradual loss of purchasing power that is reflected in a broad rise in prices for goods and services over time. The inflation rate is calculated as the average price increase of goods and services over one year. High inflation means that prices are increasing quickly whereas low inflation means that prices are growing more slowly. Ceyda (2024) opined that inflation can also be more narrowly calculated for certain goods, such as food, or for services, such as a haircut. Whatever the context, inflation represents how much more expensive the relevant set of goods and/or services has become over a certain period, most commonly a year.

Inflation in Nigeria picked up again in January, hitting 21.82% annually, driven by higher food inflation, its statistics agency said on Wednesday. Inflation had risen in Africa's largest economy for 10 straight months, prompting a string of interest rate hikes from the central bank; before a dip to 21.34% in December. Food inflation, which accounts for the bulk of Nigeria's inflation basket, rose to 24.32% in January from 23.75% in December. The contributions of items on a class basis to the increase in the headline index are: bread and cereal, actual and imputed rent, potatoes, yam and tuber, vegetable and meat," the National Bureau of Statistics said in its inflation report. Policymakers have linked inflationary pressures to Nigeria's infrastructure problems and the fact that many items that people consume are imported (Omobolaji, 2023).

ECONOMIC POLICIES UNDER THE TINUBU ADMINISTRATION

Fuel Subsidy Removal

The removal of fuel subsidies was one of the greatest policy changes initiated by the Tinubu administration, which affected the Nigerian economy. This measure increased the price of petrol to more than four times the initial price. The policy was announced in a hasty move that did not consider the aftermath or the economic shock that would accompany such an announcement. Again, there was no steady rollout in its implementation to cushion against the economic shock that such a change would have on everyday Nigerians. Money saved from the removal of fuel subsidies was meant to be channelled into other sectors to create much-needed income to grow the country's infrastructure and create a more enabling economic environment. The decision to remove the fuel subsidy was driven by the rising costs required to maintain it. Between 2005 and 2021, Nigeria spent more than ₦13 trillion on fuel subsidy payments. In 2022 alone, it accounted for 40% of the country's revenue (Adedayo, 2024).

President Tinubu, in his inauguration speech in 2023, spoke about the removal of fuel subsidies in the following way:

> The subsidy can no longer justify its ever-increasing costs in the wake of drying resources. Instead, we will rechannel the funds the funds into better investment in public infrastructure, education, health care and jobs that will materially improve the lives of millions.

This announcement triggered a sudden hike in the prices of petroleum products. Instead, of producing the required result, the policy became like a political gimmick that could not be sustained with clear cut policy framework. Since then, the Nigerian economy has been suffering untold hardship induced by inflation. Akinmoju (2024) reported that the downstream effects of the removal of subsidies were multi-sectoral. This increased the cost of transportation, the cost of managing businesses, and thereby, the cost of bringing any product or service to the final consumers. Businesses have had to increase the prices of goods and services to keep afloat. The effect of the funds saved from subsidies is difficult to notice.

The education sector was not left out. Educational institutions are service oriented and rely heavily on productive items to render their services. Petroleum products are needed in the education sector for various purposes. The policy has hurt universities (both public and private) that power their schools with fuel and gas, resulting in an additional cost for services.

The new government has come to show how it is business as usual in regard to governing the country. In addition, that is the business of creating perhaps well-intentioned but poorly executed policies. There is little thought of cushioning the downstream; and long-term effects of these policies. IMF (2024) noted that the presence of an implicit subsidy is an indication that the removal of the fuel subsidy has not served its purpose. Onigbinde described the government's overall economic policies over the past twelve months as one that did not come as a whole. The policies were expected, but the orderliness of the policies, the wholeness of the policies and how they were implemented were not well understood.

Unification of the Naira

The Tinubu administration, through the Central Bank of Nigeria, announced theunification of all forex exchanges. This decision was also seen as another controversial and landmark economic policy made by President Tinubu, in an attempt to float the naira against the dollar in the foreign exchange market. The decision to float Naira was based on the anticipation that doing so would diminish the premium (discrepancy) existing between the official market and the parallel market (Ogwu, 2024).

According to the Conversation Newspaper (2024), Nigerians have continued to endure supply constraints because of the floating of the local currency, the naira. Floating the naira means its value will from now on be determined by market forces of demand and supply, or what the Central Bank of Nigeria refers to as "the willing seller, willing buyer" exchange rate (Conversation, 2024). The central bank previously adopted a "managed floating" policy, whereby it periodically adjusted the official exchange rate. However, the adjustment criteria were considered too opaque and unreflective of market fundamentals and realities (Conversation, 2024). The naira depreciated by 69% between June 2023, when the foreign exchange market was liberalized, and the middle of February 2024.

To effectively implement the policy, nearly 200% of the resulting effect was devalued against greenback. The floating of the naira has had an enormous impact on the economy, particularly inflation. Headline inflation is approximately 33.6%, which means that Nigerians are paying more for commodities and staple foods. Moreover, food inflation, currently at over 40 percent, adds to the pressure on the purchasing power of the masses (Ogwu, 2024). The analysis clearly indicates that living in Nigeria has become increasingly difficult, with the costs of essential goods reaching unprecedented heights.

The abrupt removal of fuel subsidies and the decision to float the naira have led to a substantial spike in food prices. This surge in food costs poses a significant challenge for individuals and families. Nigerian households are cutting down on purchases and forgoing traditions as food prices keep rising relentlessly (Akinmoju, 2024).

In his view, Ekeghe (2024) averted that depreciation of the naira has contributed to rising inflation, as the cost of imported goods and services has increased. Nigeria, being heavily reliant on imports for essential goods such as food, fuel, and pharmaceuticals, has seen significant price hikes, exacerbating the cost of living for ordinary Nigerians.

Additionally, the floating exchange rate has introduced a level of volatility and uncertainty into the economy. Businesses that rely on imported goods or raw materials have struggled to manage costs and plan for the future, given the unpredictable nature of the exchange rate, and many local businesses, particularly those with foreign currency-denominated debts or those reliant on imports, have faced increased financial strain. The higher costs of servicing foreign debts and importing goods have squeezed profit margins and, in some cases, threatened business viability (Ekeghe, 2024).

Increase in custom duties for importation

Despite being a heavy importer of goods, the federal government through the Central Bank of Nigeria (CBN) increased import tariffs. This decision was closely connected to the floating of the exchange rate. The Central Bank of Nigeria (CBN) increased customs duty through the upward adjustment of the exchange rate for calculating import duties. Furthermore, the decision pushed up production costs for manufacturers that import critical production inputs (Ogwu, 2024).

On June 24, 2023, customs adjusted the exchange rate from ₦422.30/$ to ₦589/$; on July 6, 2023, it was adjusted to ₦770.88/$; on November 14, 2023, it was adjusted to ₦783.174/$; and in December, it was adjusted to ₦951.941/$. In the last quarter of 2023, a total of 28 rates were directed by the CBN, ranging from ₦951.94 per USD 1 in January 2024 to a peak of ₦1,662.35 per USD 1 in February 2024. While a singular exchange rate of ₦951.94 per USD 1 was maintained in January, February featured 15 different spot rates ranging from ₦951.94 per USD 1 to ₦1,662.35 per USD 1 (Ogwu, 2024).

Adewale (2024) noted that the repercussions of these fluctuating rates have sent concerning signals to our stakeholders, affecting and disrupting activities. Beyond the speculation regarding potential gains it may have on Nigerian Custom Service revenue, the implications for transaction volumes are significant and outweigh any possible benefits.

Electricity subsidy removal

As Nigerians continuously searching for answers on how to cope with the elevated cost-of-living crisis, the federal government began the phased removal of electricity subsidies. On April 3, in an abrupt manner, the Nigerian Electricity Regulatory Commission (NERC) cancelled subsidies from Band A customers or those enjoying 20 hours of supply daily. The implication is said to be brutal; from the N68 per kilowatt hour tariff, the unit cost spiralled to N225KWh (Adedayo, 2024; Ogwu, 2024).

As expected, the increment has been met with resistance and agitation for reversal from the organized labour, and activists. The Manufacturers Association of Nigeria (MAN) projects that the increase would result in factory closures and job losses. Analysts have said that in an era of hyperinflation, stagnant wages, and currency depreciation, these concerns are genuine (Adedayo, 2024).

Recapitalization of the banking industry

The Central Bank of Nigeria (CBN), in another move, announced an upward review of the minimum capital requirement for commercial, merchant, and non-interest banks in Nigeria. The CBN raised the minimum capital base for banks with international authorization at ₦500 billion. CBN also increased the minimum capital base for commercial banks holding national authorization to N200 billion, and for those with regional authorization to N50 billion. Merchant banks now have a minimum capital requirement of N50 billion, whereas noninterest banks holding national and regional authorizations must adhere to new minimum requirements of N20 billion and N10 billion, respectively (Garuba, 2024).

The last bank recapitalization was in 2005, when the minimum capital requirement for national commercial banks was increased from N2.0bn to N25.0bn (equivalent to $174m and worth only $32.25am today). This reduced the number of banks from 89 to 24. There were 10 different phases of recapitalization between 1952 and 2005 in Nigeria. A larger capital base according to economics enable banks to underwrite levels of credit in the economy and ultimately generate higher income. The new single obligor limit on the basis of new capital will enable banks to finance large ticket transactions (Adedayo, 2024).

Fiscal policy and tax reforms

The president also set up a presidential committee on fiscal policy and tax reforms chaired by former fiscal policy leader and Africa at PriceWaterhouseCoopers (PwC), Taiwo Oyedele, with experts from both the private and public sectors as members (Ogwu, 2024). The committee has as its objective, the advancement of viable and cost-effective solutions to issues such as the multiplicity of revenue collection agencies, the high cost of revenue administration, the excessive burden of compliance on ordinary taxpayers, the lack of effective coordination between fiscal and other economic policies within and across levels of government and poor accountability in the utilization of tax revenues. Oyedele, reiterated that Nigeria has over 60 different forms of taxes and levies. Many of the taxes, he added, made life unbearable for the poor in society. He said his committee was working to reduce taxes and levies to less than 10, which would be a decrease of 83.33%.

Import – Export Single-window project

President Bola Tinubu inaugurated a committee for a National Single Window (NSW) to promote ease of import and export trade in the country. The single-window system, also known as the single-window concept, is a trade facilitation idea that enables international traders to provide the required information through a single agency, streamlining cross-border transactions. The president said: "Paperless trade alone is estimated to bring an annual economic benefit of approximately 2.7 billion US dollars. Countries such as Singapore, Korea, Kenya and Saudi Arabia have already seen significant improvements in trade efficiency after the implementation of a single war."

REPOSITIONING THE ECONOMIC POLICIES

The problem of the high inflation rate in Nigeria is a source of concern for both the rich and the poor. The poor in Nigeria cannot afford the prices of commodities in the market. The vulnerable cannot eat twice a day because the high inflation rate. Household consumers feel the heat of high inflation. The prevailing high inflation in Nigeria is eroding the value of money, which many reduce investment and the real GDP growth rate in 2022. All the items' prices shift upshift on the other market day. Nigeria's prices do not obey the law of gravity, as prices keep rising instead of falling. Many Nigerians now buy fewer quantities of consumables because the prevailing high prices in the market. High inflation is killing the economy, and Nigerians need to be saved from the imminent collapse of the economy (Omobolaji, 2023).

Nigerian producers are also feeling the pains of high prices as the cost of production has risen; and have become so frustrating that they contribute meaningfully to the national output. The prevailing situation in the manufacturing sector can worsen the inflation problem confronting the economy. Many a tines a time actions have been taken to save the Nigerian economy. Lending his voice on the need to reposition economic policies to cushion the effect of inflation, the president of the Nigeria Labour Congress (NLC), Comrade Joe Ajaero, at the 21st Daily Trust dialogue, argued economic reforms by Tinubu administration; were ostensibly designed to address perceived fiscal challenges and promote economic sustainability. However, the policies implemented have been met with mixed reactions, with both positive and negative consequences for different segments of the population. To him, "It is important to state the fact that the key policy of the hasty hike in the price of petrol does not fit into the procedure for carrying out a reform, especially when we expect such reforms to have a serious positive impact on the economy".

Robust Consultations

The first thing to note, according to Ilyasu (2024), is that since coming to power, the administration tended to make policy pronouncements affecting Nigerians without wide consultation. The removal of subsidies' which is the taproot of harsh economic situations Nigerians now find themselves and the decision to apply sanctions on Burkina Faso, Mali, Guinea and Niger following the overthrow of the democratic civilian rule in those countries are prime examples of President Tinubu's policy actions in this direction. In all the cases, this resulted in severe hardship millions of Nigerians whose livelihoods had been disrupted and even destroyed, perhaps forever.

The present economic policies the president is implementing are neither the product of a deep understanding of the dynamics of international economic relations nor the outcome of a conscious, consultative and collaborative effort involving Nigerian economic thinkers, business practitioners, employers and employees across the country. Had he done this, he would have been availed of expert opinion and advice of from stakeholders in the economic, social, political, and security sectors of the country to put him in a better position to negotiate with the International Monetary Fund (IMF) (Ilyasu, 2024). This would also enable him to better handle and share the risks and maximize the benefits and opportunities to Nigeria in this endeavour.

It helps neither the president nor the Nigerian people for the president to say there are no alternatives to an economic policy that has turned the economy into a tailspin with spiralling inflation, brutal taxation, tariff hikes, unemployment and growing poverty in the land. If the president says this because he is insulated from the harsh insensitive economic policies that are turning record Nigerians into paupers, then he should know that his administration is certainly bound to face pushback from the Nigerian people.

Rather than continuing to be obdurate about the situation and piling up more misery on Nigerians, the president should own up to his mistakes and weaknesses in implementing these policies to the Nigerian people who elected him and to whom he owes such an explanation, in addition, like he did with the reversal of both the sanctions he implemented on West African military juntas, as well as the national anthem he should also trace his steps back and begin a genuine dialogue and consultation with stakeholders on the need for an economic restructuring of the country.

Provision of Alternatives

The government should consider all alternative actions, and test them before introducing economic measures such as subsidy removal. The major problem with governance in Nigeria has always been introducing policy measures before trial testing them. No visible alternative is designed and presented to cushion the effect of the policy on the people.

The trickle-down effect of country’s economic woes is multidimensional. To cope with the deteriorating state of the economy, Nigerians have resorted to extreme measures. University undergraduates are cutting down on the number of times they eat daily and trekking classes. There is an urgent need for the government to provide alternatives for students. Students’ enrolment risks a sharp drop when no other policy measure is introduced.

The floating of the exchange rate means the country’s monthly minimum wage of ₦30,000, which was equivalent to $84 when it was introduced in May 2019, $65 when Tinubu became President in May 2023, is worth only $20 in 2024. This reality is exacerbated by the import-reliant state of the country’s economy as the majority of essential commodities, including food and medicine, that Nigerians consume are imported. Moreover, the rising cost of products has forced small-scale businesses to close-up and pushed larger business to bring.

The government should initiate policies to make solar energy accessible to businesses and households. Since more than 75% of electricity supply in the country comes from diesel and petrol-powered generators, subsidy removal means that the percentage of Nigerians who can generate power supply through this means is now limited. Alternative and less expenses of energy must be made available to the populace.

Food inflation has continued to soar higher. The government’s stance on tariffs on food items should be revisited. The government must ensure that food prices are affordable. No significant effort has been made to improve agricultural production. Insecurity has limited access to farms and the movement of farm products across the country. Efforts must be made to the activities of bandits and herdsmen to improve agricultural production.

Creating a subsidized transport system

Public enterprises are provided to offer services to the people and not necessarily for profit-making venture organized transport system is expected to be functional. Unlike the private sector, the government transport system offers services at subsidized rates. This policy measure will provide an affordable transport system, especially for workers, students and other school children. Rising transport costs are among effects of these economic policies. Tinubu promised to introduce CNG, i.e., public transport buses, and small and stock exchange, policies that would help reduce the cost of transportation, especially enforce workers, but thus far, the promising have been empty. The CNG buses should have been operational before the removal of the subsidy. Therefore, the paper argues that the Tinubu administration was not prepared to address the aftermath of these economic policies.

Introduce welfare packages

Welfarist policies are sine qua non to repositioning economic policies. Welfare packages must be considered when implementing economic reforms. Consumption has typically accounted for more than 70% of Nigeria's GDP and reduced consumer power can affect economic growth. Beyond the need to mobilize more resources, Tinubu's government must determine the most efficient spending pathways to provide short-term social protection while ensuring mid- to long-term economic returns. Deep structural issues must be addressed before Nigeria's economy can achieve prosperity for Nigerians.

There are also the enormous tasks of boosting Nigeria's productivity; productive capacity and growing and diversifying its exports away from crude oil. Recurring insecurity aggravates an already difficult situation. These challenges require many reforms and measures pushed through with strong and sustained political will over time. Such reforms will contribute to addressing business environment issues, helping to create jobs. Although, economic policies have benefits, the ultimate focus should be on improving Nigerians' welfare and prosperity.

The government must show how these reforms will benefit Nigerians in the longer term and provide clear cut measures on how the policies citizens' plights will be supported during the transition period. In addition, it must apply similar austerity measures on itself, cutting down or decreasing salaries and benefits. This will be key to maintaining public support for the reforms. This administration should also apply a similar zeal to the country's more complex structural issues.

However, as Nigerians continue to address the effects of these economic reforms, Seun argues that the true determinant of economic transformation for the country lies in the government's handling of four fundamental pieces: fiscal discipline, productivity, human capital investment and prioritization of long, and medium-term effects in policy-making (Adedayo, 2024). This is where the paper advocates the redirection of government expenditures rather than reduction.

Redirection of Government Expenditure

By inference, if the government is going to make headway in our economic management in general and inflation in particular, it is essential to first accept the fact that our persistent increase in prices is a supply-driven problem rather than a demand-driven one and that the frontal solution we are implementing is counterproductive.

To tame inflation, it would be wise for the government, instead of reducing expenditures to redirect its government expenditures to productive ventures and capital investments. In sustaining and or increasing government expenditure, focus should be on expenditure items that could directly or indirectly increase the domestic production capacity (that is, investment) of the country. The prevailing argument in the media today is to pressurize the government to reduce its expenditure. If this is done, it would have a detrimental effect on the economy, and production capacity of the country and worsen the unemployment level without necessarily resulting in a reduction in the general price level.

If an economy is operating below its capacity, with high unemployment and a rising rate of inflation, the solution is not to reduce government expenditure hastily but rather to redirect it urgently. The policy focus should aim for options to drive upwards investment by firms and export. An import in Nigeria is a monster. Nigerians craving for imported consumption goods is high. By its nature, composition, taste and preference for foreign goods, the price elasticity of demand for our imports is inelastic.

The government has adequate tools to address our supply-driven inflation. For an economy that is operating below full employment, a structured, wholistic and combined set of fiscal, monetary and 'political will' policies would need to be combined to target increases in both investment and export on the one hand and achieve a reduction in imports on the other hand.

Incentives within the fiscal policy space of the country are/should be made available. The various incentives that the government can invoke are backed by a massive amount of publicity and communication to encourage an increase in investment by firms. Such incentives should also be targeted at those investment goods that would be used to produce products that could serve as local substitutes for consumption and input (intermediate or raw material) goods that we currently import. Moreover, particular emphasis should be placed on those that will utilize existing local raw materials in the production process, with special attention given to those that could be produced for export (Ekpenyong, 2023).

Taking into consideration the framework of our simple national income equation above and subsequent analysis, what government expenditure (G) has done for the country in the past few years is to sustain our so-called growth in GDP. The growth has been at the expense of massive borrowing by the government; and the creation of an ever-growing liabilities for future generation. Moreover, the current generation has not faired either, as we are currently choking under consistently rising prices, massive unemployment and depreciating local currency.

Conclusion

All the pegs of his economic policy have proven to be contradictory, dysfunctional and disastrous to the economic and social health of the country. The removal of subsidies, which he announced rather airily and without the benefit of deep consultation with stakeholders and which he touted as the silver bullet to all the structural economic issues in the country has turned out to be the opposite of what he told Nigerians. Fuel prices have been increasing since the announcement, followed by ever-increasing prices of goods and services.

The Nigerian economy has been in an adjustment mode with several variables such as inflation, persistent weakening of the Naira, supply chain disruption driven by insecurity, and a weak production base, defining the outlook at any given time. While policy choices have been liberal on the sides of the monetary and fiscal authorities, expected outcomes have not yet been recorded. Some bold decisions were made at some point with the _ sincere intent of fixing structural deficiencies. Significant decisions included removing fuel subsidies, harmonizing official and parallel exchange rates, and adopting a cost-reflective electricity tariff, among others. There is now a need for a systematic review and evaluation of these policies to achieve the best-desired outcomes.

Economic policies geared towards fighting against inflation have not been successful, as the prices of goods continue to increase, with the inflation rate rising from 22.22% in April 2023 to 33.69% in April 2024, with more than a 10% increase in twelve months. In attempts to curb flaring inflation, the Central Bank of Nigeria, through the instrument of rate hikes, has consistently increased the benchmark rate; and has increased exchange rates at different times. This action has made borrowing costlier and constrained new credit for productive activities. This has continued to weaken our production base and impede new job creation in the economy. However, experts have consistently advised that rate hikes alone will not curb inflation without corresponding fiscal intervention needed at boosting agricultural production and industrial manufacturing.

Recommendations

The government must fix the FOREX crisis, adopt a lower exchange rate for import duties on imported raw materials for manufacturing, offer manufacturers concessionary interest rates in the face of shrinking credit to the private sector, and ensure that the policy environment is stable and predictable.

Insecurity remains a major challenge for the agricultural sector despite any economic intervention introduced by the government. The government address the country's high level of insecurity and the exchange rate crisis. In addition, the government must incentivize agricultural processing and invest in vital infrastructure such as power and transportation.

Interstate and intra-city transport systems are now overdue in the country. If fuel subsidies and electric subsidies are gone, transport subsidies should remain. As in Lagos state with BRT, all states should design a policy that will establish a regulated transport scheme for people at subsidized rates.

The paper further recommends that the President call for a national conference on the economic restructuring of the country's economy. Economic restructuring should aim to create a transformational economic agenda deploying the nation's human and material resources in productive and inclusive synergy for Nigeria's long-term development goals.

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