

DEREGULATION OF PETROLEUM PRODUCTS AND CIVIL SERVANTS' WORK ATTITUDE IN NIGERIA'S SOUTHEAST

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Abstract

For several years now, Nigerian State has pursued the policy on strategic deregulation of the downstream sector of the petroleum products. Specifically, between 1978 and 2012, we have had 17 petroleum product price adjustments. This has led to increases in pump price of premium motor spirit (PMS). This paper examines the effect of this deregulation and the subsequent increases in petroleum product on civil servants attitude to work in the Southeast of Nigeria. Using the survey method and adopting the neo-liberal theory, the paper finds out that following these increments, price of service and essential products also increases and with the depreciated value of naira, civil servants gets involved in lots extra service activities as survival leading to multiplication of corrupt practices. While observing that the rationale for and existence of the subsidy in the petroleum sector is suspect as the functioning of the Nigerian petroleum refining infrastructure appear to be sabotaged to justify importation and create more fraudulent avenues for personal accumulation, it is clear that it negatively affects the work attitudes and service delivery by the civil servants in the southeast of Nigeria. We recommend that the government should embark on revival of the refining capacity of the state, deregulate the sector outrightly and allow/encourage private sector participation to the lowest level in refining and marketing the petroleum product. Also, the work conditions of civil/public servants also need a lot of attention.

Keywords: Deregulation, Petrol products, Civil Servants, Work Attitude

Introduction

Deregulation of petroleum product, is the absence of control or regulation on the pricing of petroleum products. It involves the government leaving the determination of prices of petroleum products to the interaction of the forces of demand and supply, which removes subsidy and encourages competition, efficiency and increase output in the petroleum industries (Umoru, 2001). Deregulation pre-supposes market forces as the determinant of prices rather than a decision to fix prices by administrative fiat. In

Nigeria, it explains the process of freeing the federal government of concurrent control and involvement in the business of refining, importation and distribution of refined petroleum products in the Nigerian market.

Deregulation is therefore the policy that ends rigid government regulation of economic activities and allows private investors competition and market forces to determine the prices of services and products (Ayodele, 1994). It implies private participation in a country's economic activities which ensures competitive economic activities devoid of monopoly and permits price mechanism of demand and supply principle of the economy to prevail. The main objectives of deregulation include the introduction of market economy; increasing economic efficiency; establishing democracy and guaranteeing political freedom as well as increasing government revenue (Dhaji and Milanovic, 1991).

Table I: VARIOUS PETROL ADJUSTMENTS IN NIGERIA, 1978 - 2015

S/No	Date	Regime	Price	Percentage Change
1	1978	Gen. Olusegun Obasanjo	15k	
2	1990	Gen. Ibrahim Babangida	60k	300%
3	1992	Gen. Ibrahim Babangida	70k	17%
4	1992	Gen. Ibrahim Babangida	N3.25k	364%
5	1993	Gen. Ibrahim Babangida	N5.00	54%
6	1994	Chief Ernest Shonekan	N11.00	120%
7	1994 - 1998	Gen. Sani Abacha	N11.00	-
8	1999 - 1999	Gen. Sani Abacha	N20.00	82%
9	2000	President Olusegun Obasanjo	N20.00	-
10	2000	President Olusegun Obasanjo	N22.00	10%
11	2001	President Olusegun Obasanjo	N26.00	18%
12	2003	President Olusegun Obasanjo	N40.00	54%
13	2004	President Olusegun Obasanjo	N45.00	13%
14	2007	President Olusegun Obasanjo	N70.00	56%
15	2007 - 2009	President Musa Yar'Adua	N65.00	0.07%
16	2010 - 2012	President Goodluck Jonathan	N65.00	-
17	2012 - 2015	President Goodluck Jonathan	N97.00	

Sources: Adagba, Ugwu and Eme (2012:75)

It is imperative to note the fact that deregulation of petroleum products gradually began in 1978 during the regime of General Obasanjo. Every other regime after him increased the level of deregulation until January 2012 when present President Goodluck Jonathan announced full or complete deregulation of the petroleum products. Above is a summary of this partial, systematic and progressive deregulation of the petroleum products in Nigeria.

Scholars like Rodriguez, (2010), Ajayi and Ekundayo (2008) have however noted that in spite of the celebrated benefit to the economy, deregulation leads to price manipulation in favour of industry players and removes the provision of certain services from the reach of the economically lower class. Thus, the expressions of reservations at every stage of its discussion by some analysts, labour and civil society groups on the inhuman nature of the policy. It is important to note that the issue of workers low morale has made successive government of Nigeria to inaugurate many reforms aimed at raising the morale of public servants in Nigeria for better service delivery. Prominent among them is the Ayida Panel which was set up, among others things to identify the various factors that had led to low morale in civil service and make recommendations on how to raise the morale of staff and give them a sense of security. The panel observed that workers pay did not reflect the prevailing cost of living and that the gap between the public and private sectors pay package was as wide as 300 to 500 percent in favour of the private sector. The panel therefore recommended that the total emoluments of civil servants be substantially reviewed upwards and adjusted annually to reflect the general price movement with a view to discouraging corruption (Ayida panel report of 1994).

The sudden removal of subsidy on petroleum products by Nigerian government on the 1st day of January 2012 increasing the pump price of petrol by about 110% was a hard and devastating blow on many Nigerian families where over 70% of the population was as at that day living below 2 dollars a day (Audu, 2013). This act was painful to thousands of Nigerians who had gone to their home towns and villages for the Christmas and New Year holidays. Most of them became stranded, especially the civil servants who had made their budget and financial allocations before traveling home for the celebration. Nigerians spontaneously protested against this policy. This protest was simply because any increment in pump price (price of petrol), reduces the purchasing power of naira, increases price of items and reduces the volume and value of currency in the hands of the salaried worker. Such conditions usually have affects on the moral of the worker.

In the literature, scholars have extensively discussed fuel subsidy removal and Nigerian economy (Nkwagu, 2012; Ogunbodede, Ilesanmi and Olurankinis, 2010, etc) mostly emphasizing on the immediate reactions and outcome (strikes, violent demonstrations, cost of products and transportation, etc). However, attention has not

been giving to assess the effect deregulation of petroleum products had on the functioning of the civil servants, especially on their attitude to work. This paper tries to fill that gap using the Southeast geo-political zone of Nigeria as the study area. The objective of this work is therefore to study the effect of deregulation of petroleum products on civil servants attitude to work in the Southeast geo-political zone of Nigeria.

Deregulation of Petroleum Products and Civil Servants Attitude to Work

Discourses on deregulation gained currency in Nigerian, especially since this ongoing exercise by the civilian administration, starting from 1999 when the new regime of civilian leadership in Nigeria came on board. What appears to be the general view is that deregulation occasion hardship and that it has created a lot of problems in the economy. In fact, making it more succinctly, Yemi (2012) opined that fuel scarcity has plagued the nation into economic crisis. It appeared to be worse at the beginning of this year. It caused a lot pain, anguish and dislocation of economic and sundry activities. There was hardly any individual, industries, institutions and organization in Nigeria today that was not severely affected.

According to Ayodele (1994), deregulation is marked by regime that rigid government regulation of economic activities is stopped allowing private investor's competition and market forces to determine the prices of services and products. In the view of Ijhaiya (1999), deregulation restricts government to the areas of governance and providing guidelines for the operation of economic activities by private individuals. The neoliberal origin of this policy is motivated by the doctrine of competition and profit founded on free market pricing and freedom from the interfering hands of state regulation. It is however pointed out that countries in which government was a dominant player in terms of both ownership and intervention are also likely to have highly regulated labour markets (Schipke, 2001), hence, a reduction in government ownership without the simultaneous liberalization of the labour market will lead to increases not only in temporary but also permanent unemployment (Nweke, 2016).

In the opinions of Adalabu (2012), one of the factors that have thwarted previous efforts to enthrone a regime of deregulation in the downstream sector of the nation's oil industry is the government's inability to marshal coherent theses to convince the populace of the need for withdrawal of the subsidy. Nigerians also fear that rather than use the fund realized from the deregulation exercise to better the lot of the Populace, the fund will find its way into private pockets. This fear can be justified by the records of activities by the previous administration of the country. Hence, Adalabu (2012) advised that corrupt elements and practices should be quickly identified and tackled without fear or favor, so that the huge leakages currently associated with the subsidy

scheme could be curbed. The current Government's commitment to accountability, corporate governance and responsibility as core values by all the stakeholders in the sector will go a long way in rebuilding the trust of Nigerians in deregulation of the oil sector and other subsequent reforms.

As a culmination of several factors, the civil service today is not what it used to be; there have been reduced performance of the service over the years and has been attributed to some factors by Ayida Panels review of the 1995 civil service reform. These includes: Political instability; Interference with the work of civil servant and the non-observance of the laid down rules; Inadequate provision of financial and material resources; Politicization of civil service; Poor remuneration; Slow response to technological changes; Insecurity of tenure; Corruption. Accepted that these are basic challenges of the civil service in Nigeria, we must also note that some of the spontaneous policy actions of the state have created shocks on the civil service that have very deep effect on its performance. One of such policy frames that have recorded streams of impediments on the performance rating of the civil service is the Structural Adjustment Programme (SAP) that came into stream in 1985 and the probably too, the deregulation of the downstream sector of the petroleum industry.

As a notable Nigerian economist observed about Babangida's SAP: 'The IMF and the World Bank economic policy packages, embodied in Babangida's SAP provide overt encouragement to the fostering of an unregulated, dependent, capitalist development model in Nigeria (Iyayi, 2008). These were all to the detriment of the wage labourer, whom the civil service in Nigeria adequately represent. As is noted further, under the pretence of structural adjustment the advanced nations were perpetrating the present inequitable international division of labour, selling their manufactured goods, securing raw materials and exporting their surplus capital with maximum benefits. While they preach deregulation, decontrol, free trade and the elimination of subsidies to poor nations like Nigeria, they themselves control their foreign trade, and maintain welfare schemes and various subsidies (Anyanwu, 1992:20).

Generally speaking, structural adjustment programmes in Africa have resulted in massive redundancies in various countries. In Ghana, for instance, which had started SAPs early 1980s and which the World Bank claims to be a success story, "the current history of labour relations and industrial partnership is set definitively against a backdrop of the swinging retrenchment of workers in the civil and public sectors (Asante et al., 1993). In Tanzania, approximately 60,000 workers have been retrenched between 1986 and 1992 (Shahidi and Msola, 1994). In Sudan, workers of the privatised PEs had a similar fate. Infact, Musa (n.d.) concludes that SSAP in Sudan, as in other African countries, had negative implications for labour in the formal sector. This is because SSAP had significantly raised the cost of living, had resulted in massive

retrenchments, had eroded industrial democracy and had failed to promote employee ownership. In a test conducted by Chirwa (1999), a conclusion was arrived that employment and real wages significantly declined during the adjustment period. Melville (2002) arrived at the same conclusion but pinned its harsh effect particularly on the poor, those persons or communities that remain untouched by economic advances taking place in the wider society, while advising that they need to be taken on board.

As a structural adjustment policy, deregulation has as it is has also not left the societies differently. As Card (1986) concludes; there is a relative effect of deregulation on employment and wages. Using the case of the Airline industry, he arrived at the finding that, even though the effects are of different magnitudes, but that deregulation has effects on wages labourer. Using the same airline deregulations, Murphy (2008) still maintains that the deregulation has effects on the wage labour. It is a common knowledge today that fuel scarcity worsens inflation and poverty in Nigeria and many more workers will lose their jobs as more and more companies are finding it difficult to cope. Arinze (2011) itemized the effect of the deregulation of the downstream sector of Nigerian industry as follows (i) Fuel crisis paralyzed social and economic activities; it brings about socio-economic unrest which results in increase in transport fare, sky rocketing of market prices and prices of building materials. (ii) High rate of inflation: this leads to increased spending both by government and private individuals. Fuel scarcity creates inflation in both public and private life with a consequent increase in prices of goods and services. (iii) Excessive corruption and mismanagement: Fuel crisis bring about corruption by both government and private individual. (iv) Retardation in economic growth: It slows down the pace of economic development because of its negative impact on the socio-economic life of the people.

Ocheni (2015) noted that as a result of hike in price of petroleum products people complains that the cost of transporting the materials and commodities from the point of purchase to the place of the business has increased; consequently, patronage has dwindled as a result of ever increasing prices. Transporters cannot be left out getting petrol for the vehicle now is very exorbitant. Ocheni (2015) further observed that everybody appreciates the fact that when motorists pay more for fuel, the transport fare increases. This has been the case even when the increase is only marginal. In the particular case where the cost of fuel is expected to double, the increase in transport fare will be astronomical. This will in turn affect everything else – school fees, house rent, just name it. As these products changes in price, the salaried worker cannot adjust to the ‘current’ changes, as his salary is constant. Ocheni (2015) observed that everybody appreciates the fact that when motorists pay more for fuel, the transport fare increases. This has been the case even when the increase is only marginal. In the particular case where the cost of fuel is expected to double, the increase in transport

fare will be astronomical. This will in turn affect everything else – school fees, house rent, just name it.

In addition to the above outlined consequences of the deregulation, the removal of fuel subsidy and devaluation of the naira rendered the salaries received by civil/public servants at all levels inadequate and that would surely have implication on their attitude to work. The tendency is that corruption, which the government has proved incapable of fighting, would increase. This has always been the case since the history of the subsidy removal in Nigeria and at all times, a concomitant affect on the condition of workers is noticed.

Table 2. HISTORY OF FUEL SUBSIDY STRIKE ACTIONS IN NIGERIA, 2000 - 2012

Date	Cause of strike	Duration	Resolution
June 1, 2000	Prices increase from N11 to N30/litre	Two days	Price retained to N34/litre
June 30 – July 8 2003	Price increase from N26/litre to N40/litre	Three days	Government and NLC agreed to a new price of N42 per litre.
June 9, 2004	Prices increase from N34 to N50/litre	Three days	Government appointed 19- member Sen. Ibrahim Mantu committee on palliatives
Oct. 11, 2004	Price increase from N34 to N50/litre	No Strike	Protest by NLC and civil society groups led to a cut in price
Sept. 2005	Price increase from N52 to N65/litre	Four days	Price reduced to N65/litre
June 20, 2007	Price increase from N65 to N70/litre	Eight days	Price reduced to N97/litre
Jan. 1, 2012	Price increase from N65 to N141/litre		

Source: Adagba, Ugwu and Eme. (2012)

Theoretical Framework and Hypothesis

This paper adapted the theory of neo-liberalism as its analytical framework. Neo-liberalism is a theory that emphasizes the efficiency of private enterprise, liberalized trade and relatively open markets to promote globalization. The theory seeks to transfer control of the economy from public to the private sector (Cohen, 2007). The belief is that it will produce more efficient governance and improve the growth of the economy (Prasad, 2006).

According to the protagonists of this theory such as Williamson [1990], Cohen [2007], Prasad [2006], among others, the core principles of the theory are that:

Governments should not run large deficits that have to be paid back by future generations; Redirection of public spending from subsidies toward broad-based provision of key pro-growth and pro-poor services like primary education, primary health care and infrastructure investment; Broadening the tax base and adopting moderate marginal tax rates to encourage innovation and efficiency; Floating exchange rates; Liberalization of imports, with particular emphasis on elimination of quantitative restrictions (licensing, etc.); Given people the opportunity to invest funds overseas and allowing foreign funds to be invested in the home country; Promoting market provision of goods and services which the government cannot provide as effectively or efficiently through privatization; Deregulation – abolition of regulations that impede market entry or restrict competition, except for those justified on safety, environmental and consumer protection grounds, and prudent oversight of financial institutions; etc.

The following tenets summarize the philosophy of neo-liberalism; the rule of the market (that is liberating "free" private enterprise from any bonds imposed by the government no matter how much social damage this causes. It has to do with total freedom of movement for capital, goods and services); cutting public expenditure for social services; deregulation (reduce government regulation of everything that could diminish profits); privatization (sell state-owned enterprises, goods and services to private investors); eliminating the concept of "the public good" and replacing it with "individual responsibility". Pursuant to this, and in line with the position of the extant literature, we hypothesizes that the deregulation of petroleum products negatively affects civil servants attitude to work.

Table 3: STAFF STRENGTH OF CIVIL SERVANTS IN SOUTHEAST NIGERIA

S/N	State	Male	Female	Total
1	Abia	4179	3585	7764
2	Anambra	2146	3239	5385
3	Ebonyi	4121	2771	6892
4	Enugu	3197	5134	8331
5	Imo	4193	2954	7147
6	Total	17836	17683	35519

Sources: *Abia, Anambra, Ebonyi, Enugu and Imo States Civil Service Commissions.*

Methodology

To arrive at a clear record of the impact of the deregulation of the petroleum industry on the people, we have adopted a Survey Research method. The population for this

study is made up of the state civil servants in Abia, Anambra, Ebonyi, Enugu and Imo. The population is distributed as per Table 3 above.

To determine the sample size or number of questionnaires that will be distributed, the researcher used Taro Yemani [1962] formula for determining sample size. Thus, sample size for this research is 391(male) + 391(female) = 782. Therefore, 782 questionnaires were distributed among the five states and the remaining two questionnaires to Enugu state which is the most populous. Thus 156 questionnaires were allocated to four states while Enugu got 158

Table 4: PRESENTATION OF QUESTIONNAIRE RESPONSE DATA

	Abia	Anambra	Enugu	Imo	Ebonyi	Total
Valid	143	150	152	146	149	740
Invalid	4	5	5	7	2	23
Not Returned	9	1	1	3	5	19
Total	156	156	158	156	156	782

Method of Data Analysis

This research adopted descriptive statistics method in presentation and analysis of data. Secondly, a non-parametric statistical analysis was used for summarisation and extraction of result from the data returned.

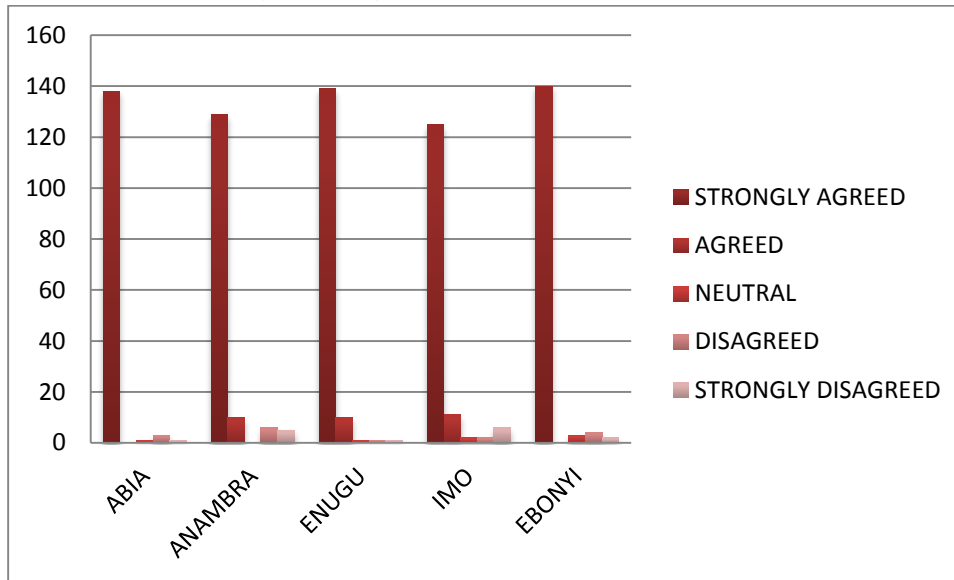
Table 5: Whether deregulation of petroleum product negatively affects worker's behaviour towards your duty?

	Abia	Anambra	Enugu	Imo	Ebonyi	Total
S.A	138(96.50%)	129(86.00%)	139(91.4%)	125(85.7%)	140(94.0%)	671(90.7%)
A	0 (0%)	10 (6.66%)	10 (6.57%)	11 (7.53%)	0 (0%)	31(4.18%)
N	1 (0.69%)	0 (0%)	1 (0.65%)	2 (1.36%)	3 (2.01%)	7(0.94%)
D	3 (2.09%)	6 (4%)	1 (0.65%)	2 (1.36%)	4 (2.68%)	16 (2.16%)
S.D	1 (0.69%)	5 (3.33%)	1 (0.65%)	6(4.10%)	2(1.34%)	15(2.02%)
TOTAL	143	150	152	146	149	740

S.A=Strongly Agreed, A=Agreed, N=Neutral, D=Disagreed, S.D = Strongly Disagreed

From the above diagram, it shows that 90% of the civil servants (respondents) in the different states strongly agreed that the deregulation of the petroleum products negatively affects the civil servants attitude to work in the south- east. This is quite coherent with already established positions in the literature.

Fig 1: Whether deregulation of petroleum product negatively affects worker's behaviour towards your duty?

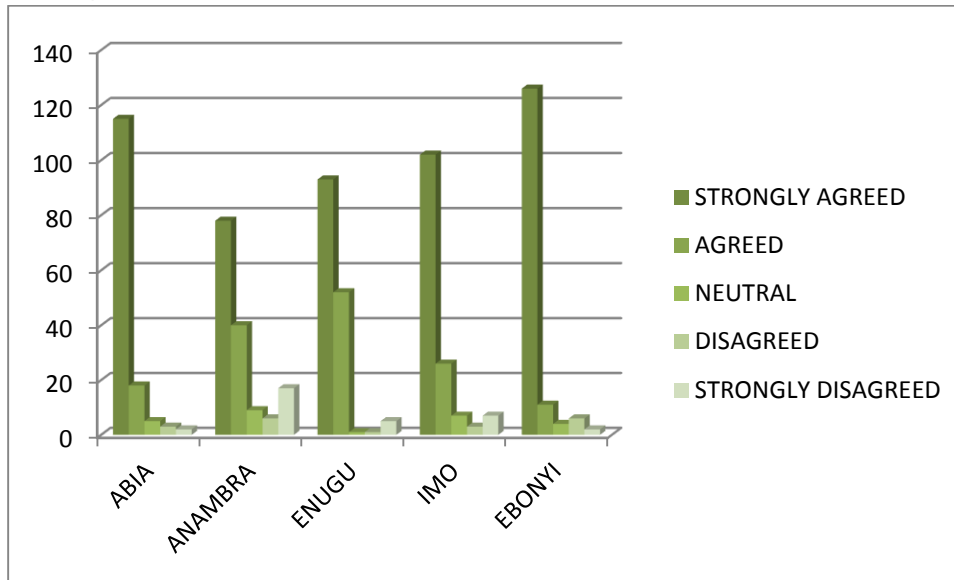


The next issue interrogated is the hypothetical position that the high cost of petroleum products, with its consequences to the people's condition of living tends to result in truancy among civil servants as they strive for other means of survival in the face of the introduced harsh economic condition generated by the deregulation. Report of the responses on question dealing with that issue in the questionnaire is presented in table 6 and figure 2 below.

Table 6: High cost of petroleum products leads to truancy among the public employees

	Abia	Anambra	Enugu	Imo	Ebonyi	Total
S.A	115 (80.41%)	78 (52%)	93(61.18%)	102(69.86%)	126(84.56%)	514(69.45%)
A	18 (12.58%)	40(26.66%)	52(34.21%)	26 (17.90%)	11(7.38%)	147(19.86%)
N	5(3.49%)	9 (6%)	1(0.65%)	7(4.79%)	4(2.68%)	26(3.53%)
D	3(2.09%)	6(4%)	1(0.65%)	3(2.05%)	6(4.02%)	19(2.56%)
S.D	2(1.39%)	17(11.33%)	5(3.28%)	7(4.70%)	2(1.34%)	34(4.59%)
Total	143	150	152	146	149	740

Fig 2: High cost of petroleum products leads to truancy among the public employees



From the graph above, it can be deduced from the responses, 69.45% of the various states strongly agrees that high cost or the increase in the prices of petroleum products brings about truancy among the public employees in the region.

Table 7: COCHRAN Q TEST FOR Q12

	Frequencies		Value
	1	2	
Q12(Abia)	138	5	
Q12(ANAMBRA)	139	4	
Q12(ENUGU)	143	0	
Q12(IMO)	136	7	
Q12(EBONYI)	140	3	

Test Statistics

N	143
Cochran's Q	16.750(a)
Df	4
Asymp. Sig.	.002

a 1 is treated as a success.

From table 7 above, the results show the presence of this impact on all states using the frequency analysis and as well it is statistically significant with a p-value of 0.002

Table 8: Chi-Square Test for Hypothesis: Does deregulation of petroleum products negatively affect your behaviour towards your duty

	(Abia)	(Anambra)	(Enugu)	(Imo)	(Ebonyi)
Chi-Square (a,b,c,d,e)	390.007	298.053	486.947	394.548	377.953
Df	3	3	4	4	3
Asymp. Sig.	.000	.000	.000	.000	.000

Source: Researcher's Field survey Result using SPSS 18.0

From the results of the chi-square analysis on the question 12 (does deregulation of petroleum products negatively affect your behaviour towards your duty) using 5% L.o.S (Level Of Significance) which has a critical value under 3 & 4 degrees of freedom as 7.81 and 9.48 respectively, hence since X^2 calculated $> X^2$ tabulated (390.0, 298.0, 486.9, 394.5, 377.9 $>$ 9.48), for all states in the region, secondly all p- values are less than 0.05; thus, the null hypothesis is rejected and the alternative is accepted.

Table 9: Test Statistics Question 19: High cost of petroleum product leads to truancy among the public employees

	(Abia)	(Anambra)	(Enugu)	(Imo)	(Ebonyi)
Chi-Square (a,b,c,d,e)	332.070	119.667	222.342	237.219	389.691
Df	4	4	4	4	4
Asymp. Sig.	.000	.000	.000	.000	.000

Source: Researcher's Field survey Result using SPSS 18.0

From the results of the chi-square analysis on the question 19 (high cost of petroleum leads to truancy among the public employees) using 5% L.o.S (Level Of Significance) which has a critical value under 4 degrees of freedom as 9.48, hence since X^2 calculated $> X^2$ tabulated (332.0, 119.6, 222.3, 237.2, 389.6 $>$ 9.48), for all states in the region, secondly all p- values are less than 0.05; thus, the null hypothesis is rejected and the alternative is accepted. The hypothesis being evaluated is re-stated; that "The deregulation of petroleum products does not negatively affect civil servants attitude to work".

From the above results drawn from the analysis of questions 12 and 19, the two analysis show statistical significance in their outcomes, thus proving that increase in the price of petrol negatively affects the attitudes of the civil servants and also leads to truancy amongst them, thus on the basis on this results, the null hypothesis 1 which states that; the deregulation of petroleum products does not negatively affect civil servants attitude to work in the Southeast geopolitical zone is thus rejected and the alternative accepted.

Summary of Findings

This research work investigated the effect of the deregulation of the petroleum products on the civil servants attitude to work in Nigeria with specific reference to those in the South- Eastern region. To realize the aim of this study the necessary literature on theoretical, conceptual and empirical framework on issues that relate and are salient to deregulation were reviewed. The primary method of data collection using questionnaire was applied in the process of this research. The questionnaire was structured into a five-point Likert questionnaire. The data analysis was done using: the Runs test for randomness, graphical presentation using frequencies (Mode), Cochran Q test and then, Chi-Square analysis for the test of hypothesis.

From the analysis conducted through primary data collection, table and graphical presentations, the runs test for randomness, cochran Q test and chi-square tests analysis of questions 12 and 19, which show statistical significance in their outcomes, it was proved that increase in the price of petrol negatively affects the attitudes of the civil servants and also leads to truancy amongst them. The chi-square results were all significant both separately in the respective states and jointly in the whole region of the south east, thus, the null hypothesis of the study is rejected and the alternatives accepted. Thus, the deregulation of petroleum products negatively affects civil servants attitude toward to work. The implication of this is that many civil servants look for alternative ways of making money to sustain themselves and their responsibilities and by that pay less attention to their duties. The consequence is poor performance and low productivity in almost all sectors in the five (5) states of the region.

Recommendations

In line with the findings of this study, some policy measures are recommended. First, government need to really deal with this subsidy issue once and for all. This situation of sending trembling signals every other time is becoming very traumatic and that is one of the major factors creating disorder in the country. If subsidising such services is becoming so much burden to the state, the government need to take a decisive action and embark on outright removal of the subsidy on petroleum products and take steps

to control the situation once and for all. This deregulation should not be such that the state would continue to place a ceiling where the oil price would not move beyond as the present government has done. Such pronouncement itself creates problem in the pricing. Outright deregulation should allow the forces of demand and supply and very importantly the price of oil in the international market to determine the rate that petroleum products should sell. It is believed that if this action is taken and allowed to be, the real invisible hands of market forces would take over in regulating the price of the products. What we have now where even with an all time decrease in the price of crude in the international market, price of petroleum products in Nigeria are not just high, but increasing.

Secondly, we recommend that the government should embark on revival of the refining capacity of the state, deregulating the sector out-rightly should also imply allowing/encouraging private sector participation to the lowest level in both refining and marketing the petroleum product. Outright deregulation would also need total removal of hands by the state, except perhaps in having very open and competitive policy frames that should not only allow but encourage all levels of private sector participation. As it stands now, participation is open only to higher investors and that would not allow competition and choice. We therefore are suggesting that the state should allow high, medium and low level refining to make for competition which is one of the hallmarks of liberalisation that encourages the invisible hand of market forces to determine both supplies and prices.

Thirdly, and very importantly, the work conditions of civil/public servants also need a lot of attention. The government should evolve a proper feasible policy on cushioning or at least mitigating the harsh effect of deregulation of petroleum products on the civil service if the states intend to maintain the workers that could help them to administer development in their various states in the region. Perhaps the easiest way to deal with this would be to have a commensurate adjustment in the salary of staff in addition to taking steps towards making work in the civil sector job specific and job determinant. This practice of using the civil service as a potent patronage window for every emerging political office holders creating heavy wage bills for the state cannot allow the service to evolve into what can enhance development need to stop if meaning administrative units can be made out of it.

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