The President’s Misadvisers

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Petrol subsidy removal is in the news again. Last week, the Nigeria Labour Congress raised the alarm that the Goodluck Jonathan-led federal government was making plans towards another round of petrol price increase. The Leadership Newspaper which carried the story quoted an NLC spokesman as warning the federal government that should it go ahead to implement the plan, it should be prepared for a long-drawn war with Nigerian workers. According to the NLC, the presidency hopes it can have its way by sponsoring the emergence of an alternative labour group that would support total removal of subsidy on petrol. This, perhaps, explains the rationale behind the anti-labour Bill which has already passed through the second reading in the Senate. There is no reason to doubt that the NLC is just shouting wolf for the fun of it because, as the saying goes, there is no smoke without fire. Besides, the government has done nothing to dispel the rumour. President Jonathan, on January 1,2012, authorised an increase in the pump price of petrol from N65.00 to N141.00 per litre. Like in previous occasions, most petrol dealers took advantage of the confused situation and the New Year festivities to sell the product at between N150.00 and N250.00 per litre. That situation still persists in most parts of Akwa Ibom State today. Naturally, the jump in petrol price affected the cost of transportation which went up by 200 percent across the country. This had a multiplier effect on the costs of goods and services nationwide. Such an unexpected development and the resultant sufferings of the people, portrayed the president as a very insensitive leader, especially as it took six days of a nationwide strike and mass protests to force him to arbitrarily reduce the pump price of petrol from N141.00 to N97.00 per litre. That the president still wants to go back to the initial N141.00 per litre price tag, is a confirmation of what R.G. Ingersoll, an American libertarian and essayist, said in his book- The Liberty of Man- that “You can make a man say that he has changed his mind; but he remains of the same opinion still… A man forced to his knees, has the attitude but not the mind of prayer.” Even if that was his opinion when he reduced the pump price of petrol to N97.00 per litre last January, the startling revelations of unconscionable fraud at the public sittings of the House of Representatives ad hoc Committee, probing the management of petrol subsidy in Nigeria, should have made him to have a re-think regardless of the amount of pressure piled on him. Before the proponents of petrol subsidy removal swayed him to their side, Jonathan was made to believe that Nigeria’s economy would surely collapse in his hands if he failed to effect total removal of subsidy on petrol. That was why he repeatedly warned those who were opposed to the total subsidy removal policy of his government that the country can not afford to be spending N1.4 trillion on petrol subsidy every year and still gets enough funds left for capital projects that would transform the lives of the people. According to him, “For now, the hard choice before Nigeria is either to abolish subsidy on petrol and grow or sustain it and stagnate economically.” But contrary to the doomsday picture painted for the president, Nigeria never spent anything near N1.4 trillion on petrol subsidy in any particular year. The figure of N1.4 trillion which was fed to the president as the annual expenditure on petrol subsidy was, indeed, an accumulation of arrears of subsidy on kerosene and petrol dating back to 2008. Even now, the country still does not know the actual amount it is spending on petrol subsidy in a year going by the conflicting figures submitted to the Farouk Lawan-led House ad hoc Committee by officials of relevant agencies of government. For instance, while the Ministry of Petroleum Resources claimed it was N1.3 trillion, the Nigerian National Petroleum Corporation, NNPC, flaunted N1.4 trillion while the accountant- general of the federation forwarded N1.6 trillion whereas the Central Bank of Nigeria, CBN, insisted that it paid out N1.7 trillion. But what the committee found out is that as at December 31, 2011, the actual amount paid out was N2.587 trillion. This amount is about 900 percent over and above the N245 billion appropriated for subsidy last year. The conflict in the actual amount spent on petrol subsidy confirms the assertion that Nigeria has no accurate data on the quantity of petrol it imports yearly and pays for. From the evidence presented before the Farouk committee, it is still not clear whether Nigeria’s daily consumption of petrol is 30 million litres or 40 million litres even though the country was paying for 59 million litres supposedly consumed daily. What this means is that the country was importing and paying for between 19 million and 29 million litres of petrol it did not consume on a daily basis. According to the committee’s report, certain highly-placed government officials compromised the entire Petroleum Support Fund, PSF, scheme to the extent that “round-tripping, back-loading and other fraudulent practices became the order of the day.” In the face of such mind-boggling revelations of fraud in the oil and gas sector, it is very disheartening to learn that Jonathan is busy strategising on how to complete his policy of petrol subsidy removal instead of directing his energy to the task of sanitising the oil industry and also ending petrol importation, the source of the colossal looting of Nigeria. He should realise that those who are advising and goading him into another round of petrol subsidy removal, have no altruistic motive whatsoever on how to improve the economy. They are obviously the fair weather birds who stand to gain from the failure or inefficiency of his government. I have said earlier in this column that subsidy, in whatever form it takes, is not a satanic policy of any government. But in Nigeria, its management has turned it into a demon because it is tainted with corruption. There is no record in history that any country has collapsed because of its subsidy policy transparently managed but there are records of countries, empires and civilisations which have collapsed as a result of corruption, waste and mismanagement of their resources. President Jonathan should muster enough courage to fight corruption, reduce waste and cost of governance. If he does that, governments in Nigeria should not be talking of subsidy removal as an easy way of raising revenue for capital projects.
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