

Problems and Prospects of Deregulation in the Nigerian Fourth Republic: Implication for Democratic Survival in Nigeria

S.M. Omodia

Department of Political Science, Nasarawa State University, P.M.B. 1022,
Keffi, Nasarawa State, Nigeria

Abstract: This study unfolds the problems and prospects of deregulation in Nigeria by examining the scenario leading to the adoption of deregulation as a policy and mechanisms for injecting organizational effectiveness and efficiency in enhancing the productive and distributive capability of the State's economy. The study also discusses the mechanisms for ensuring consumer protection in a deregulated economy such as Nigeria which is experiencing a nascent democracy. However, for the present democratic experiment in the Nigerian State to survive, the researcher recommends that the present deregulation process in Nigeria must take cognizance of the Nigerian environment by responding to the needs and protection of the Nigerian people who have been politically and economically pauperized in the past 4 decades.

Key words: Deregulation, democratic survival, consumer protection, fledging democracy, guarded-deregulation, exploitation

INTRODUCTION

The basic fundamental question of any society is to seek answers to questions such as what goods and services to produce, how to produce them, for whom to produce and the amount of resources to be used. This fundamental question no doubt exist in the Nigerian state with the attendant implication of political instability arising from the manifestation of poor productive and distributive capability which characterizes the Nigerian polity (Omodia, 2003). Thus, the history of the Nigerian State could be said to be synonymous with the attempts and efforts geared towards enhancing the productive capability of the State either for class and nationalistic purpose which reflects on the macro-economic policies of successive governments in Nigeria.

While a class driven production and distributive macro-economic policies of government could be said to be situated within the sphere of nationalistic goal of economic exploitation by the British Colonialist during colonialism. Conversely, after the attainment of political independence in Nigeria in 1960 vis-à-vis the advent of military dictatorship in Nigeria from 1966 to the late 1979 which was geared towards reforming State Capitalism in Nigeria through the indigenization policy (Ake, 1989) thus, bringing about a dichotomy between the Capitalist class and Internal nationalism.

However, this attempt at reforming State capitalism which was propelled by colonialism through the indigenization of sensitive organizations and the wide

involvement of the State in the ownership of companies no doubt created financial waste, organizational inefficiency and ineffectiveness, corruption to mention a few in governmental organizations thereby undermining the effective production and distribution of goods and services (Obiajulu and Obi, 2004; Ojobo, 2004). As a result, governmental effort in the mid 1980's, especially with the introduction of Structural Adjustment Programme in Nigeria in 1986 by the Ibrahim Babangida led military administration brought about the policy of deregulation, liberalization, commercialization and privatization in the Nigerian economy which has been vigorously pursued by the present Obasanjo democratic government in Nigeria. Thus, the result of the pursuance of these policies by the Obasanjo's government in Nigeria has witnessed mixed feelings from Nigerians based on the achievements recorded in the telecommunication industry as well as the problems associated with the policies such as civil disobedience from labour and other organized groups in Nigeria based on the resistance to persistent hike in petroleum products as a result of de-regulation.

It is therefore, from the above perspective that the researcher intend to logically unfold the problems and prospects associated with de-regulation in the Nigerian Fourth Republic, its implication on Nigeria's fledging democracy as well as the mechanisms for consumers protection in a deregulated economy in order to eschew the exploitative tendencies of investors which may run contrary to democratic survival.

Conceptual framework: This study intends to consider 3 basic conceptual arguments to drive home government effort at deregulation in Nigeria (Samuelson and Nordhaus, 2005). First, there is the contending argument that a closed economy will mean a closure of national opportunities. To this end, there is need to encourage foreign investors into the Nigerian economy by adopting certain macro-economic policies including deregulation.

Secondly, deregulation is believed to be capable of enhancing efficiency in social welfare services. This can be achieved through firm management incentives, competitive forces and thorough objectives. The implication of this is that, there can be a change in the attitude and drive of the managers of such corporations as National Electric Power Authority (NEPA), Nigerian National Petroleum Cooperation (NNPC), Nigerian Port Authority (NPA), to mention a few. As noted by the World Bank (1988).

Experience shown that competitive markets-mainly involving private sectors are the most efficient ways to supply goods and services and the most accountable for user's needs. Government's role usually can be limited to policymaking, regulation, ownership or financing, leaving actual investment, operation and maintenance to non-governmental entities.

In other words, by deregulating, the provision of social welfare services would be enhanced through competitive service delivery that will enable consumers to have wide range of choices as regards their quest for satisfaction. This, no doubt will improve the quality of service delivery, as consumers will now be left with varieties of choices to make. A glaring example can be seen in the communication industry in Nigeria where competitive market environment among the bidders in information and technology market in the last four years namely, MTN, V-Mobile, MTEL and Globacom has functionally enhanced the living standard of Nigerians through access to communication at a fast reducing rate.

Thirdly, deregulation as a process has been viewed as an integral part of political reform and transition to democratic governance (Ake, 1989). The viewpoint is that, democratic stability in Nigeria could only be sustained when democratic governance is embedded in laissez faire economic principle. This, no doubt, was the driving force for the economic reforms of the Babangida's Structural Adjustment Programme (SAP) which was anchored on privatization, liberalization, devaluation and deregulation, to mention but a few. This is largely responsible for the unrepentant commitment and determination on the part of successive government efforts towards the revitalization of the Nigerian economy. The present democratic government is no exception to this fact. But the constellating aspect of it is the zeal at which the present

administration has embarked on the process in an unfriendly environment that threatens the nascent democracy they sought to build through economic reforms.

DEREGULATION AND CONSUMER PROTECTION IN NIGERIA'S DEMOCRACY

Obadan (2004) accentuated that the structure of government economic policy can be determined by the corresponding effects of such policies on the teeming population who are consumers. This no doubt, indicates that, the Nigerian economy is tilting towards capitalism, which is the more reason for a liberalized and deregulated economy in recent times. However, government policies and actions on the consumers must seek to address the following consumer needs.

- Ensure that the rate of competition within the market is in the best interest of the consumers.
- Protection of the weak from the excessive control of the invisible hands, which may tend to pre-dominate the market arena.
- Availability of the quality and quantity of goods and services which must be made available at affordable prices.
- Lastly, there must be the need for the major stakeholders to enhance reduction in prices of consumable goods as this could make such goods affordable for the teeming populace for their consumption.

However, the question is whether Nigeria's economic problems lie in operating an economy that is market-driven, private sector-led and highly competitive? Why should government have any business with business? Shouldn't government trim down its bureaucracy to a manageable size as well as make government bureaucracy business friendly? These are major contending questions that if properly tackled, would enhance a viable economic development in Nigeria without necessarily resorting to deregulation. This is because recent experience at Nigeria's attempt to deregulate has rather left the people groaning under the weight of economic hardship reflected in inefficiency in the overall performance of social service delivery, high level of inflation, high cost of living, indiscriminate increase in pump prices of petroleum products, to mention but a few. There is need for Nigerians to use government where it works and use the market system where it also works. State intervention becomes inevitable in the first place considering the rising expectation of Nigerians as regards the dividends of democracy as a result of socio-economic, political and psychological brutalization

of the Nigerian people during military dictatorship. The intervention of the state may, therefore, be justified in a nascent democracy such as Nigeria in order to restore confidence to governance while the goals of deregulation could be pursued gradually in a much more friendly environment that will not dash the preference of democracy over military rule by Nigerians.

PROBLEMS OF DEREGULATION AND NIGERIA'S FLEDGING DEMOCRACY

While we want to believe on the already established fact that government attempt at deregulation, among other things, enhances public policy objectives in terms of financial stability, high economic growth, stable prices, full employment and balance of payment equilibrium, respectively. It is equally rewarding to note the prevailing socio-economic problems accompanying this trend. Anyanwu (1993) noted that Nigeria is the worst hit when it comes to comparing her domestic economic growth rate with the outside world. For example, there is unbalanced trade relations, balance of payment deficit, low per capita income, low standard of living, to mention but a few. The insinuation here is that, inspite of the attempt embarked upon by the present Obasanjo administration to deregulate the economy, all the aforementioned might not be completely divorced. The fact still holds that it is the same old order that is still being recycled and so, the business as usual continue unabated if the activities of Nigeria's Economic and Financial Crime Commission (EFCC) is anything to go by. Thus, the reckless and callous attitudes of Nigerian leaders have impacted negatively and may still do same on the Nigerian economy. It can be argued that this state of affairs is only unhealthy development capable of impeding the growth, progress and transformation of our nascent democracy.

One very daunting question one may ask is: Can government regulated agencies cope with the increase burden of privatization, commercialization and deregulation? This is to equally believe that the idea and processes of deregulation are to encourage a 'laissez faire' attitude of government, which pervades the economy. And when this happens, it could lead to economic depression, disorder, chaos and instability in its entirety. It must be pointed out that the prime motive of any businessman is profit motive. This can be done through ethical and unethical means. This is quite indispensable in a developing economy such as Nigeria where the state economy is not functionally self-regulating unlike what is obtainable in developed economies (Mabogunje, 1995).

The implication therefore, is that, government's effort at deregulating the Nigerian economy may only work when the necessary economic and political institutions and structures are put in place. Today, we can see the

weaknesses of government partial regulatory activities on major key sectors in the Nigerian economy. For example, the energy sector has been a major threat to the Nigerian democratic setting in recent times. From 1999 to date, the present Obasanjo Administration has persistently increased the prices of petroleum products even without the consent of the National Assembly and the people of Nigeria at large. It will be recalled that President Obasanjo has increased the prices of petroleum products not less than seven times. Thus on January 1, 2003, Obasanjo increased the price of petrol to ₦26, ₦40 on June 28, 2003; ₦38.50 on October 1, 2003, ₦49.00 on May, 29, 2004 and presently ₦65 on August 26, 2005 (Nigerian Newsworld, 2005).

This indiscriminate increment, no doubt, has left the people disenchanted and disillusioned with the present administration. Presently, the negative economic effect on the Nigeria economy leaves much to be desired. Today, we are living witnesses of the sky-rocketing prices of food items in the market, high rate of employment, low value of the naira, to mention but a few. This situation is even more off by the attendant increase in the rate of social crimes like armed robbery, bureaucratic corruption, high rate of promiscuity, cultism etc. All these are values adopted by Nigerians to catch up with the harsh economic realities of the time. This trend has left Nigeria in an unstable state. Little wonder then, that we can only identify with high rate of lawlessness and social malaise in Nigeria. Worst still, the international community is only being skeptical about Nigeria's move at wooing foreign investors into the Nigerian economy to invest. We may argue that no investor would want to lodge his precious financial resources in a country bedeviled with corruption, political and economic instability, advanced fee fraud, etc. All the aforementioned have set the Nigerian economy some steps backward in term of growth and development. The attitude of deregulation by massive retrenchment of workers, domination of Nigeria's economy by foreigners etc, can only enhance the control of Nigeria's economy by the outside world. Thus, our sovereignty is strictly undermined in the real sense of the word, while dependency on the economic scheming and/or gimmicks of the capitalists becomes the order of the day in an absence of government guarded deregulation in an ailing Nigeria economy (Omodia, 2005).

PROSPECTS OF DEREGULATION AND NIGERIA'S FLEDGING DEMOCRACY

It is clear that the existence of a near capitalist economy of deregulation in Nigeria has its economic and political as well as socio-cultural consequences on the people and Nigeria's democratic space at large. Thus, our new democracy has been severely threatened by the wares of deregulation and privatization.

Obviously, government economic policies can only work well considering that such policy have unique peculiarities with the socio-cultural background of the people. What this means is that, the policies that works in Europe and America, may not do the same in undeveloped nations of Africa, Asia and Latin America (Nigeria inclusive). There is however, the urgent need by government to cross-match as well as test the workabilities of such allies policies before it is applied to Nigeria.

As a matter of fact, any policy that must work in Nigeria has to be deeply rooted in the value orientation of the people. That is, for the survival and prosperity of any given policy in Nigeria-with deregulation inclusive, the interests of the already pauperized Nigerian masses must take the centre stage. Thus, democracy and democratization can only thrive in an atmosphere of harmony, value consensus as well as relative economic and political peace and stability.

Enhancing economic growth and development must not necessarily be a borrowed concept and paradigm packaged and sent from the metropolitan countries of Europe and America. Nigeria can as well develop her own domestic economic approach in her way of doing things. The economic programme of National Economic Empowerment Development Strategy (NEEDS) which is home-grown can only be further enhanced to boost a private sector led economic regime, enhance value re-orientation, address problems of poverty etc. These and many others are capable of enhancing democratic survival in Nigeria. Otherwise, any extra judicial scavenging for economic prospects which is antagonistic to the peculiar circumstances of the Nigerian socio-economic value system may only help drive the country to a bottomless pit never to see the light of the day again. As a result, the prospects of deregulation in Nigeria lies in its guarded form where government does not only reconcile the contradiction of profit making with social responsibilities on the part of private organizations, but, where government is basically charged with maintenance of law and order, enhanced regulatory capability for consumer protection and the involvement of government in areas considered to be non-viable for investment by private investors but which will impact positively on the welfare for the people.

CONCLUSION

From the foregoing analysis, we have established that government economic policies in Nigeria cannot be favourable to Nigeria's nascent democracy as it pertains the interest of the people at large especially when such policies are externally driven. However, the implication of a democratic state is to seek popular concerns; anything

devoid of the will of the people can only propel economic and political underdevelopment in Nigeria's Fourth Republic and beyond. Nigeria should learn to abide strongly by certain homegrown economic and political policy framework and actions to enhance development. There cannot be any correlation or compatibility in terms of Nigerian economic environment and those of the western world including Europe and America. What obtains in those countries may never apply well in Nigeria because of the glaring differentials in political cum economic experiences. Thus, while the policy of deregulation could be so open as to be determined by the mechanism of market forces. In Nigeria, the policy no doubt should be pursued in a process that will witness government gradual disembarking from areas considered within the competence of the private sector. In addition, the government should institute a high regulatory mechanism that will protect the Nigerian consumers from exploitation because of the absence of an inbuilt regulatory mechanism embedded in the Nigerian market but which is present in developed economies.

REFERENCES

- Ake, C., 1989. Keynote Address. In: Ogbuagu, C. Strategies for National Development in Nigeria. Calabar: University of Calabar Press.
- Anyanwu, C., 1993. Public Administration in Nigeria: A Developmental Approach. Enugu: Vantage Books.
- Mabogunje, A., 1995. Institutional Radicalism, Local Governance and the Democratization Process in Nigeria. In: Olowu, D. Soremekun, K. and Williams A. (Eds.) Governance and Democratization in Nigeria. Ibadan: Spetrum Books Limited.
- Obadan, M.I., 2004. The Nigerian Economy and External Sector. Lagos: CASS.
- Obiajulu, S. and E. Obi, 2004. Public Administration in Nigeria: A Developmental Approach Onitsha: Book Point Limited.
- Ojobo, J.A., 2004. Privatization and the future of the Public Sector in Nigeria, Nasarawa University Journal of Administration, Vol. 1.
- Omodia, S.M., 2003. State and Conflict Management in the Nigerian Fourth Republic: A Case for Decadence or Good Governance, The Nasara Journal of Humanities, Vol. 1.
- Omodia, S.M., 2005. Poverty Alleviation in a Deregulated Economy: Challenges and prospects for Sustainable Democracy in Nigeria. In Nasarawa University Journal of Administration, Vol. 2.
- Samuelson, P. and W. Nordhaus, 2005. Economics, New Delhi: Tata McGraw-Hill Publishing Limited.
- The Nigerian Newsworld, 2005.
- World Bank Policy Research Report, 1988.