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SEMINAR PAPER:

FACTORS INFLUENCING MACROECONOMIC RELATIONSHIP OF PETROLEUM PRODUCTS PRICING:

"DEREGULATION OF THE DOWN STREAM SUBSECTOR AND GOVERNMENT POLITICAL REFORM STRATEGIES THE NIGERIA EXPERIENCE 1999-2006"

BY

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CHAPTER ONE

INTRODUCTION

1.0 The Problem

Nigeria seeks to grow oil reserve to 40 billion barrels by 2010 and maintain her position as a global energy player, by opening up her economy to window of in vestment most significantly in the oil and gas sector. Hence, it is of no surprise that in 2000 the downstream petroleum subsector was deregulation by President Olusegun Obasanjo administration.

If we think oil is a problem now, we had better wait for the next 20 years. It will be a nightmare. The world had already consumed about 80 million barrels of Oil. Of the world’s total oil reserve, estimated to have been some 2 trillion barrels in volume, approximately 900 to 1000 billion barrels has already been consumed. At present, production rates, and oil supplies are predicted to last another 40 years.

According to a group of geologist:

> Colin J. Campbell and Jean H. Laherrere claimed in 1998, within the next decade, the supply of conventional oil would be unable to keep up with global demand, that

is, the world is going to experience decline in supply of petroleum products.

These group of experts warned that conventional wisdom erroneously assumes that the last bucket of oil can be pumped from the ground just as quickly as the barrels of oil gushing from wells today. The presiding notion is that, the rate at which any well or any country can produce oil always rises to a maximum and then, when about half the oil is gone, begins falling gradually back to zero. From socio-economic point of view, when the world runs completely out of oil is an indication of economy crises, as oil dictate global economic trends.

Geologist Joseph Riva says that, "planed oil production expansion is less than half that is needed to meet the 2010 World oil demand projected by IEA (International Energy Agency). New 21st Century Scientists warns; if production rate fall while demand continue to rise, oil prices are likely to spike or fluctuate wildly, raising the prospect of economic chaos, problems with transporting food and other supplies and even war as country fight over what little oil is available.[1]

[1] INTERNATIONAL ENERGY OUTLOOK (2003) IEO, New Scientist Magazine, U.S.A.

Oil among other energy sources such as, Atomic energy, Wind, Sun, Geothermal energy, Water, Hydrogen, Full-cell power, coal, Bitumen, Paraffin wax and Sulphur among others was first discovered in 1805. The search for mineral deposit such as hydrocarbon was undertaken by a German-Nigerian Bitumen Company together with the British Colonial Petroleum Company in 1907. It all started at Okitipupa region, 55 miles east of Lagos (now Ondo State). Between 1908 and 1914, some 15 wells were drilled down dip of the oil seeps (oil that escape from the tapes through cracks in the subsurface to the surface) down to depths ranging from 350 to 1300 feet.

However, this process was interrupted by World War 1, this situation dragged until 1937 when shell/D'Arcy initiated reconnaissance works. In 1946, shell/D'Arcy started exploring in the Niger Delta while there was similar reconnaissance summary in the Sokoto basin by Mobil (then Socony Vacuum Company.)

Before the Colonial Mineral Ordinance of 1914, Petroleum exploration was a very old pursuit, as the proceeding quotation illustrates, the Bible contains many references to the use of pitch or asphalt collected from the natural seepages with which the Middle East abound. In 450B.C, Herodotus described Oil Seeps in Cartage (Tunisia) and the island of Greek (zactrynthus). He gave details of oil extraction from wells near Ardericca in present Iran, although, the well was shallow as fluid when extracted in a wineskin on the end of a Long pole mounted on a fulcrum. Oil, salt and bitumen were produced simultaneously. Through out the first millennium A.D, oil and asphalt were gathered from natural seepages in many parts of the world.

The only uses of oil were for medication, water proofing, and warfare. Oil was applied externally for wounds and rheumatism and administered internally as a laxative. From the time of Noah, pitch-oil has been used to make boats watertight. For instance, when Alexander the great invaded India in 326 B.C, he scattered the Indian elephant corps by charging them with horsemen waving pots of burning pitch, Nadir Shah employed a similar device, impregnating the humps of camels with oil and setting them ablaze against the Indian elephant corps in 1739. Also asphalt was used by the Greek as a means of fine in 668 A.D. although, its recipe is unknown, but it is generally believed to have included quicklime, sulphur, and naphtha and it ignited when wetted. It was a potent weapon in Byzantine naval warfare.[2]

[2] SELLEY, Richard C. (1985: 7): Element of Petroleum Geology, Publisher, W.H. Freeman and Company, New York.

Up till the mid-nineteenth century, shallow pits, and hamol–dug shafts were sources from which asphalt oil and their by products were gotten**.** In 1745, the first well was sunk to search for oil (as opposed to water or brime) appears to have been at Pechelbrom, in France. 1847, James Young began the restoration of Oil shale from the carboniferous shale's at Torban, Scotland. Before oil exploration, Cable-tool drilling was an established technique in many parts of the world in the quest for water and brim, the first well where oil was actually drilled and produced was at oil Creek, Pennsylvania by Colonel Drako in 1859 followed by a rapid growth in oil production. This led to oil the giant stride in the development of internal combustion engine in 1870s and 1880s leading to a gradual demand for lighter Petroleum fractions that overtook the demand for kerosene.

This major breakthrough led to industrial revolution from all refined productions, from light Gases, via Petrol, Paraffin, Diesel oil, Tar and Sulphur to the heavy residue. Demand for oil was on the increase by the First World War in 1914 – 1918. Before the 1920s, oil industry was dominated by seven major companies, termed the "Seven Sisters" by Enrico Mattie[3]. These companies include:

[3] Richard. C. Selley (1985) W. H. Freeman Company.

British Petroleum.	European Based
Shell.	“
Exxon (Formally Esso)	American Based
Gulf	“
Texaco	“
Mobil	“
Socal (or Chevron)	“

British Petroleum and Shell found their oil reserves abroad from their parent countries, principally in the Middle and Far East, respectively. They were thus involved early in long distance transport by measuring their oil by Seagoing tonne. While the American Companies, by contrast, with shorter transportation distance, using the barrel as their unit of measurement, and began overseas ventures, mainly in Central and South America, in the 1920s. In the 1930s the Arabian-American Oil Company (Aramco) evolved from a consortium of Socal, Texaco, Mobil and Exxon.

Following the Second World War and the post-war economic boom, the consortia principle became established over much of the free world. Oil Companies risked the profits from one productive area to explore from oil in new areas.

2.0 **<u>PRE- INDEPENDED ECONOMY</u>**

Nigeria is endowed with vast and largely untapped natural and human resources. prominently are; crude oil, lime stone, tin, columbite, kaolin, gold, silver, coal, lead, zinc, gypsum, clay, shale, marble, granite, iron-ore, stone, zircon, natural gas and others.

Politically, the nation experienced civilian rule from Independence to January 1967, characterized by multifarious coup d'état from 1967 to January 1970, which lasted till October 1979. The military staged a come back on 3rd December 1983 till May 1999 when the Abdusalami regime relinquished power to a democratically elected President; Olusegun Obasanjo's government.

Between 1962 and 1985, Nigeria implemented four national 'Development Plans'. First Plan was 1962-68, second Plan 1970-74, third Plan 1975-80, and fourth plan 1981-85. There is also the first National Rolling Plan 1980-92 as part of macroeconomic plan. These plans are woven around some specific objectives, including; increase in real income of average citizens; as well as a more equitable distribution of income among individuals and socio-economic groups; a reduction in the level of unemployment; increased skilled man-power; increased sectoral and regional balanced development; increased participation by Nigerians in the ownership and management of production and enterprises; increased dependence on local resources in the development process; and maintenance of macroeconomic stability.[4]

In the light of the foregoing, the nation is still in the dark age of Neolithic-era bedevilled by unprecedented poverty; high concentration of wealth among smaller group of Nigerians (businessmen, political elites and military elites); unfavourable practices of mono-economic policy (total dependence on petroleum); lack of executive capacity; and the massive importation of goods and services.[5]

The oil boom of the 1970s brought with it fundamental changes in the Nigerian economy and strengthened her diplomatic role in the International Community. Prior to July 1986; Nigeria witnessed a traumatic economic crisis, for example, there was heavy dependence of the economy on crude petroleum export as the main source of foreign exchange earnings and government revenue. By 1980 the oil sector which account for 22% of the GDP provided 80% of Government revenue and 96% of earnings. Also, the structure of

[4] J.C. ANYANWU (1993), MONETARY ECONOMICE: Theory, Policy and Institutions.

[5] DAILY TIMES, NIGERIA YEAR BOOK 1985, TIME PRESS LTD, LAGOS 1985

policy incentives and controls encouraged import oriented production and consumption patter with little incentives for non-oil export. This situation eroded the high competitiveness in the agricultural sector in the world market due to over-valued naira exchange rate; inadequate pricing policy; rural-urban migration and colossal waste emanating from the wind-fall from oil.

Furthermore, the inappropriate and ineffective policy of the past (such as the Economic Stabilization (1982) and Economic Emergency Measures of 1985) and the depletion on oil prices aggravated the economic quagmire giving corruption a sky-space encouragement. In effect, these measures drastically reduced the supply of raw materials and spare parts to the import dependent industrial sector, forcing these sectors to liquidate, substantial drop in capacity utilization and the down-sizing and right-sizing of huge work force. Thus, at the end of mid 1980s, real per capita income and consumption level fell simultaneously with the total elimination of the middle-class structure, creating internal and external imbalance in receipt payment, while external debt services rose to about 45.07% (1985), and 60-70% in 1990s respectively.

The economic policies and practices of past administrators since independence, particularly from the late 1980s, have cumulatively brought the Nigerian economy down on its knees. The geneses of the crises can be traced back to the structure and character of the pre-independence economy of the State.

Though the nation at independence inherited sophisticated nationalists, politicians and statesmen, its economy was still profoundly underdeveloped, based wholly on export-driven primitive agriculture, petty trading on small-to-medium scale manufacturing activities. These economic activities, which had been encouraged by the colonial administration, were specifically designed to generate agricultural produce such as cocoa, palm kernel, cotton and groundnuts and to supply cheap raw materials to industries in the United Kingdom and other parts of Europe. While, the trade sector was dominated, in its entirety by a number of British multi-nationals initially sponsored by the colonial authorities, which engaged in buying and selling of finished goods from the Western Countries.[6]

According to Robert Gilping, the political economy of the Nigerian States could be viewed from three perspectives:

- **The liberalist approach;**
- **The nationalist approach; and**
- **The Marxist approach.**

[6] (a) Hamilton, C [1989], "The Irrelevance of Economic liberalization in Third World" World Development (b) NIGERIA A PEOPLE UNITED, A FUTURE ASSURED (2000), Vol. 1, A Compendium Edited by H. I. Ajaegbu, B.J. St. Matthew-Daniel, and O.E. Uya.

Though all these three approaches deal with, as determined by the nature of political economy, the interaction of the states and the market, they see they relationship between politics and economy in quite deferent lights. Therefore, for centuries the debate in the field of political economy has focused on the nature and consequences of the clash between the states and the market. Hence, this gap is being gradually bridge by the theories of political economy and macroeconomic indices as proposed by some school of thoughts:

- **Liberal Economic Theory:** committed to free market economy with minimal State's intervention. This approach is committed to individual equality and liberty guaranteed for the smooth operation in a free-market economy. The rationale for a market system is that it increase economic efficiency, maximizes economic growth and therefore improves human welfare. Liberalism claims that market economy exhibits a powerful tendency to ward equilibrium and inherent stability. If a market is in a state of disequilibrium caused by some external factors, the operation of price mechanism will return it to a new state of equilibrium. In the liberal viewpoint, the individual pursuit of self-interest in the market eventually increases social-well-being because it leads to the maximization of efficiency. Liberal economists see no necessary connection between economic growth and political development. They see political evil such as war and imperialism as being cased primarily by political factors. Liberal economist admits that, though under free exchange everyone will be better off, while relative gain will differ.

- **The Nationalist Economic Theory:** the central idea of nationalist approach to political economy is that economic activities are and should be subordinated to the goal of State-building and the interests of the State. All nationalist emphasize the primacy of the State, its national security and its military power in the international system. With this purpose in mind, the nationalist regard the two goals of power and wealth (politics and economics) as being complementary rather than separate from each other as the liberals perceive them. For several reasons, the utmost objective of **nationalist approach is industrialization**. Thus: (i) that industries has spill over effects throughout the economy and results in its overall development, (ii) that industrialization brings about economic self-sufficiency and political autonomy, (iii) that industrialization is the basis for military power and, therefore, is central to national security in the modern world.

However, there are two basic positions proposed in the overview of nationalist economics theory;

a. one is defensive or “begging” position, which considers the safeguarding of national economic interests as the minimal essential to the security and survival of the State.

b. the other position is the aggressive or “malevolent” position, which regards the international economy as an arena for imperialist expansion and national aggrandizement. In all ages, no matter what position they may take, the desire for power and impendence has been the overriding concern of economic nationalist.

- **The Marxists Economic Theory:**

The Marxian posited four essential elements in determining economic activities, elucidated as follows:

a. dialectical approach to society, Marxian sees the nature of reality as dynamic and conflictual, hence, for Marxist, there is no inherent social harmony. Instead, society is in a state of disequilibrium caused by class struggle;

b. the materialist approach to history, sees the development of productive forces and economic activities is central to historical development;

c. the third element is some economic laws that governs the capitalist mode of production and its destiny;

d. the fourth is a commitment to socialism, which Marxists believe, will replace capitalism eventually. The first of these economic laws is that there is an inherent contradiction in capitalism between its capacity to produce goods and the capacity of consumers to purchase these goods. This unavoidable disproportionality between production and consumption will cause periodic depressions and drastic economic fluctuations. The second law is the inevitable concentration of capital as a result of competition, which drive less efficient firms out of business. The third law of capitalism is the falling rate of profit. Marxist believes that all this three law determine the eventual demise of capitalism.

Because these recurring economic crises, the increasing army of unemployed, and the 'immiserization' of the proletariat will cause the workers to rebel and destroy the capitalist economic system sooner or later. But Marx mainly dealt with domestic economy. It is Lenin who set himself the task of developing a theory of international economy focusing on imperialism, the "highest state of capitalism". He argues that capitalism had escaped its three laws of motion through overseas imperialism because the acquisition of colonies had enabled the capitalist economy to dispose of its unconsumed goods, to acquire cheap natural resources and to vent its surplus capital. Thus, to the original three laws developed by Marc, Lenin adds a fourth law that, as capitalist economy matures, as capital accumulates, and as profit rate falls, the capitalist economy is compelled to seize colonies as marketers, investment outlets, and sources of raw materials. In accordance with their relative strengths, the various capitalist countries divide to the colonies in their competition with one another. And this imperialist competition, according to Lenin, will trigger world war in which the imperialist countries will destroy one another.

According to Gilpin, each of the three approaches has its strong points and weak points. The greatest strength of economic liberalism is its commitment to efficiency and the maximization of total wealth. The major criticism against economic liberalism is that its basic assumptions, such as rational economic actors, a competitive market, are unrealistic. There are other criticism against economic liberalism for its limitations, in understanding society and its dynamics. This limitations are that economic liberalism artificially separates the economy from other aspects of society, that tens to disregard the justice or equality of outcome of activities, that its analysis tends to be static, and that the reality is not always like the assumption that exchange is always free and occurs in a competitive market between equals who possess full information.

The greatest strength of economic nationalism is its emphasis on the State as the prominent actor in international relations and as an instrument of economic development. Strength is its emphasis on the importance of national security. And a third strength is its stress on the political frame work of economic activities. One weakness of economic nationalism is its tendency to believe that international economic relations are a zero-sum game, that is, one State's gain must be another's loss. Another weakness is that it lacks a satisfactory theory of domestic society, the State, and foreign policy. One major strength of Marxist theory is that it correctly places economic problems, (production and distribution of wealth), as the centre of political life. Its emphasis on the nature and structure of the division of labour at both the domestic and international levels, it indicates a powerful impulse for capitalist States to expand through trade and capital. This impulse explains, according to Gilpin, that the nature of capitalism is international and its internal dynamics encourage external expansionism. The major weakness of Marxism as a theory of international political economy is its failure to recognize the role of political and strategic factors in international relations. Gilphin gives as an example the conflict between the

Soviet Union and China in which there is little economic consideration.[7]

From the above concept, it is worthy to state that, there is no conceptualized format / outline for the actualisation of macro economic indices as implementation is based on the existing value system of the people where its policy is carried out, that is, implementation must respect the socio-political apparatus of the society or else it will be confronted with resistance. It was in this light that, President Olusegun Obasanjo in 1999, **lamented on the soaring state of the economy, hence, the need to reposition, redirect and refocus the Nigerian economy structure, some of its cardinal remarks were the reform of the civil service structure, deregulation of the downstream petroleum sub-sector, banking recapitalization and liberalization of some government enterprises to private participation. These reforms were in phases just like the Indigenization decree of 1970's.**

Prior to this period, **the economy was hijacked by socio-mediocres, characterized by massive corruption in the Public Sectors. low capacity utilization of the country's refineries and Petrochemical Plants, neglect and repeated vandalisation of**

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[7] ROBER GILPING (1987) , The Political Economy of International Relationships, Princeton University Press, New Jersey. AND Charles A. Wilber and Kenneth P.Jameson, " paradigms of economic development and beyond," in directions in economic development. [Notre Dame, Ind.: university of Notre Dame press, 1975] pp.1-41

State-owe logistic facilities and oil movement infrastructure nationwide; the colossal waste and institutionalized corruption; the disturbing emergence of a local mafia that controls and coordinates the sales of oil blocs; illegal bunkering nationwide, large-scale cross-border smuggling of petroleum products; a non-commercial pricing environment and lack of resources to maintain and manage the resources properly, engineering high level of exploitations of Commercial Banks on their clients, total collapse of the energy sector, poor primary health care services, elimination of small scale enterprises through government unattainable political policies, persistent strikes of our tertiary educational sector and many more, have all accounted for the dismal performance of the economy of decades.

This scenario Led to a mono-economic structure, i.e., a heavily dependent market economy. The trickle effect was a sudden collapse of the micro and macro-economic apparatus, hence, the need for sectorial reform in 2003 by President, Olusegun Obasanjo.

As in most developing countries, this has not translated into an improved economy for the country. Instead through inefficiencies, corruption, abuse of natural monopoly powers, mismanagement, smuggling, bureaucratic bottlenecks and excessive subsidizing of refined crude oil (gas) in the country has virtually collapsed the macro system of the economy as all economic indices revolves round the oil including annual budget implementation.[8]

3.0 THE REASONS FOR DEREGULATION

Nigeria started operations in 1965 with a capacity of 38,000 barrels per day (bpd). Since the first refinery was built in the country three more refineries were built to cater for expanding domestic needs over the last thirty years. In the 1990's, with a fast growing population, the country was caught in the situation with domestic demand for gas far outweighing supply, and with corruption, smuggling and mismanagement, the refineries were operating at less than optimal levels. Turn Around Maintenance (TAM) was done on the refineries to improve capacity but this was not getting the desired effect and NNPC (State Owned Enterprise) had to import heavily from abroad thereby cutting actual revenue derived from oil exports. International financial institutions started lending excessively to oil producing countries and successive Nigerian governments in the 1980's and 1990's borrowed heavily to subsidize for rapidly declining income from oil exports. Unfortunately because of some periodical non-servicing of those loans by the then military regimes,

[8] Schipke, Alfred (2001) Why do Governments Divest? : The Macroeconomics of Privatization: Berlin: New York: Springer

Nigeria found itself in trouble and was heading for insolvency. By 1992 when Nigeria took its' last loan things were looking bleak and the country asked OPEC for a larger export quota so as to generate more revenue.

President Olusegun Obasanjo assumption of office in 1999 found a near comatose economy and a heavy debt burden. Funding government expenditure in the last five years became a real issue since a substantial part of the country's revenue from oil exports is used for debt servicing. The balance of which being used primarily for recurrent budget needs of the government due to an over bloated Civil and Public Service, leaving very little funds for capital budget needs and investments in other critical areas of the economy such as that of welfare, educational and healthcare needs.

Where international oil prices were rising and actual refined production in the country was dropping. The government decided that it could not afford the continued subsidies in the pump price of the three white petroleum products (PMS, AGO and HHK) at the pumps as it was buying refined gas at huge international prices only to sell at a heavily subsidized rate. Currently, 1 litre of gas in Nigeria is sold at the government rate of 70 Naira, which is 50 cents ($1 = N140) and this is with price increases made by the current government over the last five years. The government realized the necessity to boost production levels of the refineries but at a huge cost, and decided to invite local marketers to apply for licenses to build private refineries. This approach failed, as the marketers who are solely driven by profit maximization were not interested while government on the other hand was very much interested controlling the pump price of gas. Government decided that it was necessary to deregulate and privatize the downstream petroleum sector in the country.

Nigerians believe that low gas prices are a given right and have protested vigorously through strikes each time the price of gas was increased in the last few years and are bitterly against the privatization and deregulation of the downstream sector. As noted by Khan above, these disruptions have widespread political implications, for example there is a constant fear that the military may use the opportunity to seize power again as it has done over the decades since independence.[9]

The goal of the Nigerian government is to dismantle the natural monopoly of the State owned enterprise by privatizing and deregulating price controls. Creation of competition in all sectors will trigger economic growth through healthy competitions in the market, in the medium terms regulate prices, reduce the cost government spends on subsidy, the sector which runs as high as $1.5

[9] Khan, Sarah A. (1994), Nigeria: The Political Economy of Oil, Oxford University Press.

billion annually, and can consequently used the resources freed up to handle other socio- economic and welfare needs of the Nigerian people, reduction in transportation costs of products and people and boost in Foreign Direct Investment to the Nigerian economy.

The impact of government's policies on any given economy cannot be ignored. Every policy of government has a great impact on the general economy. This impact could be positive or negative depending on: the desirability of such policy in the economy; the mode and extent of implementation; the effects such policy has on the general economy and the well-being of the populace. The structure of the Nigerian economy, each having gaps of limited sectoral coverage (some ignored social services like education and health), scope (some dealt with only the effects of reforms on the structure) or the data relied upon for the analyses were outdated.

The highlights of the structure of the Nigerian economy and changes therein are as follows:

- Nigeria is the largest geographical unit in West Africa, with land area of 923,768 square kilometers and estimated population of 130 million, 50% of whom are below 15 years of age and another 3% aged 65 years and above. These give a dependency ratio of 1:1 as against 1:3 or less in the advanced economies.

- Agriculture dominates the Gross Domestic Product (GDP), but its contribution has reduced drastically over the years since the attainment of political independence in 1960. This ratio dropped from 64.1% in 1960 to 28.35% in 2002, as detailed in Table 1 below.

- Manufacturing improved in the early post-independence years, but its contribution dipped in the 1990's, from 4.8% in 1960 to 5.5% in 2002.
- Crude petroleum became prominent, contributed 0.3% to GDP in 1960 and increased to 40.6% in 2002.
- Dualistic nature in which there is mix of formal (organized) and informal (curb markets) systems. The latter is a huge sector that is difficult to measure, as it owes its existence to institutional weaknesses, policy inconsistencies and policy implementation deficiencies. Estimates often indicate it to represent between 40% and 45% of economic activities in Nigeria.
- Increasing inequalities in inter-personal incomes and a widening gap between urban and rural incomes, especially since 1986. Weak social and institutional structures in education and health. Enrolment figures show improved distribution in favour of secondary and tertiary education, but

there are concerns about the quality of education regarding the dynamics of the work environment and its requirements. (See Table 2.)

- A vibrant financial system that has cycles of stability/prosperity and distress, the latter pronounced in the early to mid-1990. The improved enforcement of regulation and increasing commitment to corporate governance principles by the operators assure soundness of the financial system going forward.
- External trade is dominated by oil, which accounted for 32.9% of the total in 1970 and 64.63% in 2002. See the trend in Table 3.
- Raw materials and consumption goods in that order dominate imports. The shift between 1970 and 1996 show that these two gained over capital goods, further entrenching the Nigerian economy as import dependent and reliant on crude petroleum as the major export item. And the changes in the Nigeria policy implementation.

Because of this multifacetedness in the system, demands will be of socio-wants; hence, the political system must push itself to either decrementally or incrementally aggregating device interest groups as posited by David Easton's system theory, an approach that studies and implement the device on ethnic groups in a country.

The early period of post-independence up until mid-1970s saw a rapid growth of industrial capacity and output, as the contribution of the manufacturing sector to GDP. This pattern changed when oil suddenly became of strategic importance to the world economy through its supply-price nexus, as shown in **Table 1**.

Table.1. Nigeria: Sectoral Contribution to Gross Domestic Product (GDP)

Sector	1960	1970	1980	1990	2000	2002	2004	2006
Agriculture	64.1%	47.6%	30.8%	39.0%	35.7%	28.35%	21.21%	15.54%
Manufacturing	4.8%	8.2%	8.1%	8.2%	3.4%	5.5%	8.89%	14.38%
Crude Petroleum	0.3%	7.1%	22.0%	12.8%	47.5%	40.6%	43.87%	47.41%
Others	30.8%	37.1%	39.1%	40.0%	13.4%	25.55%	48.71%	92.87%

Source: Central Bank of Nigeria, Changing Structure of the Nigerian Economy (2000) and Annual Report & Statement of Accounts (2002).

Table 2. Nigeria: Educational Enrolment

Level	1970	1990	1996	1998	2000	2006
Primary	90.4%	80.8%	76.5%	76.9%	77.30%	77.68%
Secondary	9.2%	17.2%	20.8%	19.8%	20.9%	22.02%
Tertiary	0.4%	1.9%	2.7%	3.3%	4.03%	4.92%

Source: Central Bank of Nigeria, Changing Structure of the Nigerian Economy (2000).

Table.3. Nigeria: Visible Trade

Sector	1970	1996	1998	2000	2002	2004	2006
Oil	32.9%	77.3%	67.3%	72.9%	64.6%	59.24%	54.32%
Non-Oil	67.1%	22.7%	32.7%	27.1%	35.4%	46.24%	60.39%

Source: Central Bank of Nigeria, Changing Structure of the Nigerian Economy (2000) and Annual Report & Statement of Accounts (2002).

Table 4. Nigeria: Oil and the Structure of the Economy (2002)

Sector Export Earnings GDP FG Revenue Investments

Oil Sector	94.95%	40.58%	71.07%	93.33%
Non-Oil Sector	5.05%	59.42%	28.93%	6.67%

Source: Central Bank of Nigeria, Annual Report & Statement of Accounts (2002).

Table 5: Historical Trend of Petroleum Products Prices:

YEAR	PMS(N)	ANNUAL % CHANGE	AGO (₦)	ANNUAL % CHANGE	DPK (₦)	ANNUAL % CHANGE
1980	0.15	0.00	0.11	0.00	0.11	0.00
1981	0.15	0.00	0.11	0.00	0.11	0.00
1982	0.2	33.33	0.11	0.00	0.11	0.00
1983	0.2	0.00	0.11	0.00	0.11	0.00

1984	0.2	0.00	0.11	0.00	0.11	0.00
1985	0.2	0.00	0.11	0.00	0.11	0..00
1986	0.4	100.00	0.3	172.73	0.11	0.00
1987	0.4	0.00	0.3	0.00	0.11	0.00
1988	0/42	5.00	0.3	0.00	0.11	0.00
1989	0.42	0.00	0.3	0.00	0.11	0.00
1990	0.6	42.86	0.35	16.67	0.15	36.36
1991	0.7	16.67	0.5	42.86	0.4	166.67
1992	0.7	0.00	0.5	0.00	0.4	0.00
1993	3.25	364.29	3	500.00	2.75	587.50
1994	11	238.46	9	200.00	6	118.18
1995	11	0.00	9	0.00	6	0.00
1996	11	0.00	9	0.00	6	0.00
1997	11	0.00	9	0.00	6	0.00
1998	20	81.82	19	111.11	17	183.33
1999	20	0.00	19	0.00	17	0.00
2000	22	10.00	21	10.53	17	0.00
2001	22	0.00	21	0.00	17	0.00
2002	26	18.18	26	23.81	24	41.18
2003(Jan-Sept)	34	30.77	32	23.08	32	33.33
2003(Oct-Dec.)	43	26.47	41.5	29.69	41.5	29.69
2004(Jan-Sept)	43	0.00	45	8.43	45	8.43
2004(23 Sept)	52	20.93	61	33.56	63	40.00
2004(Nov 14)	49	5.77	48	21.31	48	32.81
2005(Jan-April)	52	6.12	62	29.17	50	4.17

Source: Petroleum Products Pricing Regulatory Agency (PPPRA).

ANALYTICAL EXPLANATIONS ON THE ABOVE TABLES:

The above structural issues can be summarized as follows with respect to the oil sector in the last three decades.

That is, the oil sector accounts for:

- Over 95% of export earnings (the lowest during the 1990's was 95.47% in 1998)
- About 40% of GDP
- About 70% of Federal Government revenue
- Above 90% of new investments
- There was heavy subsidy on petroleum products consumption which led to no change in the prices of petroleum products from 1980 to 1989 (see table 5), social infrastructures were crippled, as evident in the decline of enrolment in the different levels of education from 90.4% in 1970 to 80.8% in 1990 **(see table 2).**
- A gradual removal of subsidies from 1990 to 2006 (see table 5) has increased the revenue available to government for capital projects and other social infrastructures; again, this is evident in the gradual increase in enrolment in primary, secondary and tertiary institutions in the country.

4.0 MARKET THEORY

The interaction between the State and market economy (fundamentals) is a function determined by the nature of socio-economic and political policy of such State, hence in recent time, it is quite difficult to separate economic theories from Political Ideologies. Therefore, for centuries the debate in the field of political economy has focused on the nature and consequences of the clash between the State and the Market.

Liberal economic theory is committed to free market and minimal state intervention; and the liberal political theory committed to individual equality and liberty is the guarantee for the smooth operation of free market economy (which is supposed to be the case in a deregulated economy, but the reverse is the case). However, the rationale for a market system is that it increases economic efficiency, maximizes economic growth and therefore improves human welfare (raise to per capital income of the individual).

Liberalized market economy exhibits a powerful tendency towards market equilibrium and inherent stability(although, theoretically speaking, a free level- playing ground for operators is one of the features of deregulation but in practices, there is no level playing ground as the rationalist/Monopolists still wax stronger).

If in a macro economic environment, market is in a state of disequilibrium caused by some external factors (sectionalism, religion, culture and political preferences), the operators of market fundamentals will find the market economy very difficult to perform i.e. the pursuit for individualism (self-interest) in the market will eventually increase socio-struggle for the maximization of profit efficiency.[10]

It was in the light of the above, that **W.W.Rostow** in 1961 advocated five stages of economic growth and David Easton positing three elements employed into functional system for political stability:

W.W.Rostow

- **Traditional Society**-that the fast take-off of any country's economy is bases on attitude and technology. If the work of Isaac Newton ushered in change; He formulated the law of gravity and the elements of differential calculus).By this, it implies that obsolete, technology in the refining sectors should take hold of modern technology and skill acquisition as an economic base.
- **The Pre-condition Stage:** for sustainable industrialization a radical changes in three basic non-industrial sectors: (1) increased transport investment to enlarge the market and

[10]Charles.A.Wilber and Kenneth P.Jameson, (1975)"Paradigms of Economic Development and beyond, "in Directions in Economic Development. [Notre Dame, Ind.: University of Notre Dame press.

production specialization; (2) a revolution in agriculture, so that a growing urban population can be fed; and (3) an expansion of imports, including capital, financed perhaps by exporting some natural resources. These changes, including capital formation, require political elite interested in economic development. This interest may be instigated by a nationalist reaction against foreign domination, or the desire to have a higher standard of living (the role of multinational corporations in the operations of downstream, domestic theory and politics.

- **The take-off stage:** this period is a dramatic moment movement towards the beginning of industrial revolution i.e. a period of decisive expansion occurring over 20 to 30 yrs. During this stage, barriers and steady growth are finally overcome while forces making for wide spread economic progress dominate the society, so that growth becomes the normal condition. Applicable to the guided deregulation policy in Nigeria which is characterized by multifarious crises is only normal for regulatory bodies to submerge into economic growth, another example is the Nigerian Oil Boom of the 1970.Shortly after the civil War, Pre-Civil War railroad and Manufacturing development in the united states, the period after the 1848 revolution in Germany, the flow first after the 1868 Meiji restoration in Japan, the rapid growth of the rail roads, Coal, Iron and heavy-engineering industries in the quarter century before the 1917 Russian Revolution and a period starting within a decade of Indians independence (19470 and the communist Victory in China 1949.

- **The Drive to Maturity:** after take-off there follows the drive to maturity, a period of growth that is regular, expected, and self-sustained. This stage is characterized by a labour force that is predominantly and more bureaucratic and that looks increasingly to the state to provide economic security.

The Age of High Mass Consumption : The symbols of this last stage is reached when there is a level of State welfareism i.e. a situation where there is decline in rural migration to Urban, stable and socio-infrastructure of stable economic growth and political stability.[11]

David Easton

For a nation to have political stability, she must observe these below elements:

[11] Waiter .W .Rosow (1961), The Stages of Economic Growth: A Non-Communist Manifestos (Cambridge University).

12 David Easton (1967), The Political System

- Gate-keeping Mechanism; for the coexistence of any society, there is the need for information censure, i.e., dissemination and retardation of certain information to the public is selective. However, political system could be brutish, nasty and leads to crises legitimacy and distribution.
- Socio-cultural Mechanism; David Easton argued that if a regime must be stable, the existing socio-cultural norms must be understood, while the co-existence of various hegemours groups is of importance, and conceptualise such that when demand emerge from the society of micro and macro level the political system should the impetus and capability to articulate interest or aggregate interest to the extent that it reflects the socio-complexities appraviory assumption is that the society is heterogeneous and with a very small homogeneity.
- Communication Mechanism: Easton advanced the need of flow of communication, i.e. the channel of communication between the government ant the governed should be kept clean and open to avoid communication distortions.

5.0 PETROLEUM PRICE REGIME

The determination to attain a better petroleum products' price regime has always occupy an important place in empirical and analytical research programmes in macroeconomics, public economics, industrial organisation and corporate finance. This has therefore been driven by both theoretical concerns and policy question.

Theoretical concerns focuses on debate over which model offers the best explanation on macroeconomic behaviour, while policy driven concerns relates to how changes in monetary policy, leadership style, and tax policy.

Studies focus on the relationship between macroeconomic indices and petroleum product pricing in Nigeria. Maxwell M. Gidado, 1999 carried out research on petroleum development contracts with multinational oil firms.[12]

Nigeria had the problem of not being on the core of global economic activities but also of being subordinated to external economic forces, which can be controlled or minimized, the regional apparatuses and the tremendous economic resources available to them were formidable additional source and symbols of weakness.

[12] INTERNATIONAL ENERGY OUTLOOK (2003) IEO, New Scientist Magazine, U.S.A.

The factors influencing Macro economic relationship to Petroleum Products Prices in Nigeria is bedevilled with complex scenarios emanating from her weak socio- economic and political policy vis-à-vis the forces exacted by the Western bloc in order to perpetuate their Neo-colonial economic policies through making developing countries total dependant on them. Her weak economic strength, wrong policy implementation and gross dependence on foreign powers for a wide variety of the necessary resources for development and basic needs places us in continuous dependence on western ideology.

This seminars paper therefore examines the criticalities, influence and the salient economic indices that have moderated the Nigerian Down stream Oil Sub-sector for about five decades now. The problem is, therefore, how Nigerian can attain and sustain her political and socio-economic independence.

Some of the problems involved in analysing Nigerian’s Petroleum Sector (Downstream Sub sector) vis-à-vis its Price structure in regard to the ongoing deregulation policy of President, Olusegun Obasanjo’s reform programme, during the circumstances under review can be discussed under problem of generalization and administrative weakness associated with both past and present leaders, that is, better policies but failed implementation.

Nigerian economic stand in the past has always been characterised by politics, hence, downplaying relevant economic indices that would have strengthened her on International platform. But due to the short sightedness of ranks of leaders who either have ruled in the past or currently have left our economic strengths in the hand of various colonial tutelages in disguise of Transnational Corporations, with the help of these Corporations, assisted by internal neo-colonist drains the wealth of the nation with disrespect, thereby, impoverishing the people in order to have firm control over the activities of the economy

Often Problems arise from the attitude of Nigerian leaders, that is, there is the problem of realism and distinguishing between the declaratory and operational aspect of Nigerian leaders, attitudes towards economic policy. According to Aluko[13], there are often yawning gaps between what an African leader says and what he exactly does about his external and internal environments.

Macro economic relationship to Petroleum Products Prices, the various conflicting changes associated to the deregulation policy since its inception, various components associated to price volatilities; Nigerian adoption of deregulation policy since 1999 was

[13]. ALUKO & GARBA .J. (1979) The New Nigeria Foreign Policy Round Table, Quarterly Journal of Administration Vol. II, No. 3, April. C.A. KOGBE, (1975), Geology of Nigeria, Published by Rock View (Nigeria), Nigeria

a function of a change in the structure of her socio-economy and subsequent straightening of her political and economic position in the global polity, thus:

- There is a strong indication between the changes in economic factors and the domestic political structure.
- Nigerian's adoption of deregulation policy is a radical position that will strengthen industrialisation if its implementation would recognise the values of the Nigerian people.

Socio-political expediency in Nigeria economy in the past has aided these factors to contribute immensely to the hitherto scanty empirical studies on Nigeria's Petroleum Sector. It examines the basic changes that took place in the Nigeria Petroleum Sector showing the impact of such changes on the Petroleum down stream sub-sector. It shows how the policy on deregulation is implemented, crises associated with price volatility, the impact of stakeholders, public perspectives concerning the non implementation of previous government policies, removal of subsidies on petroleum products, the role of elite class in the reform initiative, influence of Western bloc, Monopoly of Nigerian National Petroleum Corporation (NNPC), Petroleum Pipelines Marketing Company (PPMC), Petroleum Equalisation Fund (PEF) and other crises associated with pricing policy.[14]

This situation was best explained by Stolper Wolfgang F. (1996) "Planning without facts Lessons in Resources Allocation for Nigeria's Development"[15].

But another changes that occurred was the change from military regime to democratic governance in Nigeria ushered in 1999 has started to change this pathetic situation for the better. For instance Civil Service Reforms (Monetization) Bill, Deregulation Bill, Privatisation Bill, Anti corruption Bill, and Banks Reforms (Recapitalisation) Bill, just to mention a few of these social-economy turn around were all passed by the National Assembly into Law during this present and past legislative Assembly (2000-2007), and Published for public Consumption, quarterly report of its activities; including financial summaries. Similarly, the Federal Ministry of Finance has also begun the monthly publication of Federal Account Revenue Allocations to the three-ties of Government in both National Newspapers and on official Internet Websites.

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[14] Chakrovorty U. Fereidun Fesharaki and Shouying Zhore (2000). Domestic demand for Petroleum in OPEC countries, OPEC Review, March (2006)

[15] Stolper, Wolfgang F. (1966). "Planning without Facts": Lesson in Resource Allocation for Nigeria's Development. Cambridge: Harvard University Press, 1966.

Furthermore, normal mechanisms of vertical and horizontal accountability and transparency in the management and use of revenue from Oil and Gas within the State were not available under Military regimes. However, with the return to Democratic Government in 1999, the Government under President, Olusegun Obasanjo, has witness tremendous economic development especially through activities for public scrutiny with Membership of the newly formed United Kingdom's initiative international covenant for extractive industries known as Extractive Industries Transparency Initiative (NEITI). The NEITI plans to cause the publication of audition of accounts of the Nigerian national petroleum cooperation (NNPC) for the past seven years (1999-2006) as past of Federal Government efforts at entrenching transparency in the Oil, Gas and Solid Minerals Sectors of the economy.

6.0 CONCLUSION

Methodologically, theoretical and empirical framework on this seminar paper anchored extensively on the incorporation of economic theories of politics and the use of political economy framework are essential in understanding the Political, Social and other dimensions of energy pricing reforms and are indeed, necessary for any meaningful development of alternative structural and institutional arrangements for the Sector. This approach makes this study unique and stands out among other previous analysis on the issues under consideration. It should be noted that; ‘Economic Reforms rest solemnly on Political Reforms.

The extremes have always been whether the Price should reflect their economic opportunities cost. However, since the return to democratic institutions in Nigeria in 1999, the policy thrust seems to favour Market-based approach of the Import Price Parity (IPP) and Export Parity of Products, which has meant increase in Prices of refined Products along with the rise in global Crude Prices.

But, over the years, the implementation of domestic Petroleum Products Price Liberalisation and Deregulation Policies in the Sector have invited general strikes; principally engineered and organised under Coalition of Labour, Civil Society and Students’ Groups; costing the economy incalculable losses of man-hours, growth opportunities and losses of lives and properties.[16]

The bond of contention is that if Nigerian government economic reform policy under the democratic dispensation, favours market-based pricing of domestic petroleum products, can market work in political environment (polity) that may not tolerate the short-term price volatility (with all the pains associated with it) that may bring

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[16] Many lives, public and Private properties and precious man-hours have been lost as a result of public revolt, See, Posner, Richard. A. (1992): Economic Analysis of Law (4th edition).

the expected long-term efficiency in the economy. The counter-intuition argument however is that, to the contrary, market fundamentals competitive pricing (as opposed to administered pricing regimes) will succeed in producing a 'kaldor-hicks" improvement (a change that increases social net benefits but does not necessarily make everyone better off) over the long-run.

In addition, another bond of contention is that, the agency saddled with the responsibilities to implement these reforms policies might not be able to implement the desire market structure in the short-run due to political expediencies. Therefore, the open unresolved question is whether Nigeria will stay the course of deregulation and liberalisation embarked upon since 1999 or return to the pre-1999 status quo; especially with the expected political leadership succession by 2007[17].

Until very recently, development economics has been dominated by the ideas of the Orthodox, traditional school whose major tools of analysis have been borrowed from neo-classical. The prescription of the traditional school appear to have failed to work in practically all the countries which had adopted them and this failure accounts for the continued existence of mass poverty in the developing countries despite the great attention which has been paid to their problems

[17] Abubakar Atiku Nuhu-Koko (2005), Political Economy of Petroleum Products Price reforms in Nigeria (1999-2004)

over the last forty years. It is correct to state here that some of the developing countries, which adopted the strategies prescribed by the Orthodox school, did achieve respectable growth in the 1960s and 1970s respectively. However, such ‘Success’ have been insignificant in the context of traditional development economics. For each country which achieved a respectable growth rate. There were many where the adoption of orthodox prescriptions failed to improve the performance of the economy in terms of Gross domestic product (GDP) growth rate. Even in countries where respectable growth rate actualised, these would count for nothing when evaluated in terms of the objective of eliminating mass poverty. Indeed, in many instances, some of the strategies prescribed by orthodox development economics might complicate the problems of achieving meaningful economics development, as it did not put into cognisance the valves of the people as posited by David Easton system theory approach.

Both economists and policy makers have recognised the failure of traditional development economics. The achievement of economic growth without development in some developing countries during the past three decades (1960s, 1970s and 1980s) has, since the second half of the eighties, led to disenchantment with the received theories of economic development. The later part of the eighties marked the end of optimism in Nigeria, especially political economists and policy makers; it became clear that the problem of the country (Nigeria) was not quiet understood as there was fragrant neglect of macro economic features in policy implementation.

Following the establishment of a regulatory agency (Petroleum Product Pricing Regulatory Agency) in May, 2003.Saddled with the responsibility to determine appropriate product pricing, supply and distribution of products across the country. But government formulates and executes Policy on Petroleum in Nigeria, in order to formulate beneficial policy that is defensible and tenable to citizenry Govt output to have respect for macro economic features. The reverse is the case as deregulation of downstream is more of politics rather than economic theories.

In light of the above the Nigerian petroleum products pricing are influenced by a number of factors which are embedded in Macro economy principle these includes crude oil price exchange rate, freight rate, refining economics and the forces of demand and supply which acts as a function of the automatic pricing mechanism capable of triggering competition and efficiency which could drive prices downward in the long run. It will also encourage new entrance into the Supply Scheme using modern technologies in the industry, eliminating cartel monopolists; diversify sources of supply of products through the emergence of competitive retail outlets across the country which will ensure a better full cost recovery to investors within the sub-sector in other to ensure efficient and effective pricing mechanism.

Furthermore petroleum products pricing mechanism is a dynamic tools for the reformation of any economy, hence movement of crude oil and determined products prices considers the below factors:

- **Economic factors**
- **Political factors**
- **Geographical factors**

(i) Economic factors:

These factors cover areas of production and consumption levels, which include refining economics, US crude and product stock inventories, Un-precede, tend fast rate of industrialization in developed countries such as Europe, America, Asian, China and Indian. Shortage cost and availability insurance cost, Interest rate, Inflation rate, Transportation cost, and market related factors.

(II) Political factors:

The formidable cartels and trade agreement between and outside the industry, global invents of wars, embargo, social unrest in the Middle-East and restiveness of the Niger-Delta, global political instability are considered as social political factors. Tariffs applicable, Taxation, Regulation, Legislation, and unfriendly retail environment, all these influences price of crude oil.

(iii) Geographical factors:

By geographical factors we are referring to natural disasters seasonality especially during cold weather in the Northern hemisphere, localised weather reports pipelines vandalism shipwreck all these induce products and price of crude oil fluctuations in the oil market.

The competitive nature of the market offers comparative factors like preference shift as to the types of crude and product specification, transaction cost for future and spot market, swap option and hedging, freight rate, alternative commodity from coal gas etc and the product yield from the type of crude, technological advancement, refinery configuration, and the relative quality of crude and product specification.

From the above therefore, an efficient pricing mechanism would have these other elements of internal control as modulation, Trans shipment/ local freight, financing Nigerian Port Authority (NPA) charges, Jetty-Deport through-put distribution margins and takes as it is been referred in the previous Petroleum Products Pricing

Regulatory Agency (PPRA). Pricing template earlier enumerated in the previous chapters.

In other to formulate beneficial policy that is defensible and tenable Government requires accurate and up to date information on specific numbers of barrels of refined crude. Nigeria produces about 2.5 million barrel per day (mpd) at of which 2.1 Mb is exported leaving only 445,000bbls supplied for domestic consumption per day. when one considers the fraction of domestically consumed crude (445,000b) to what is exported (2.1mb) and the budget price of crude ($50-55 pb) to the present international selling price of about ($100.2 pb), the internal consumption of products should be relatively cheap.

Hence some school of thoughts argued that the excess proceeds form petroleum products should be used to subsidize the pump price of petroleum products. Others are of the opinion that the excess proceeds should be shared among the three tiers of government (Federal, state and Local) for infrastructural development. But the capitalist school of thought are of the opinion that the removal of subsidy is beneficial to the Nigerian economy as it will enable government to re-direct the accrued wind fall to the federation account for the purpose of economic development. Implied in the proceeding argument is that no country in the world willing to develop will continue to redirect accrued National Income ostentations spending? Hence, the federal government of Nigeria cannot continue to subsidize the petroleum sectors and still be obliged to her social responsibilities.

In the light of the forgoing and for better macro-economic Policy development, government must consider the following:

- have the databank of the total barrel of crude refined in the country, imported and exported;
- urgent need for government to dismantle every existing bureaucratic barrier that would not encourage prospective investors into the industry which would stimulate completion in view for perfect pricing competition as currently been experienced in the telecommunication sector;
- The consumption level of petroleum within the country must accurately be ascertained and not assumed. Since petroleum is the life wire of our economy;
- to ascertain in data figures Import Parity in comparism to the locally Produced Product. This will help the government in making precise and accurate planning in the area of Supply and Distribution of Petroleum Products across the Country especially during periods of products scarcity ;

- The non-full liberalisation of the downstream has not given a very good room for serious competition by players in the downstream sector as we observe that importation of products is supposed to be embarked on by all marketers, but as being solemnly carried out by NNPC. This situation negates the primary tenets of deregulation policy;
- National Assembly should bring sanity into the downstream oil sector through harmonisation of the regulatory activities of the Department of Petroleum Resources (DPR), Petroleum Products Pricing Regulatory Agency (PPPRA), the federal ministry of commerce and the standard organisation of Nigeria (SON) to eliminate regulatory distortions as most of their legitimate functions overlap.
- Government should encourage the development of domestic gas market of the downstream sector to encourage the use of gas and reduce reliance on premium motor spirit (PMS);
- Government should inject life into the existing refineries to enable them operate optimum capacity pending when the privately owned refineries would come on stream.
- Government should establish a “Petroleum Stabilisation Fund” to cushion the effect of fluctuation in oil price at the international market and that the fund, which should be a

fraction of the savings from the excess crude revenue, should be deployed only for downstream price stabilization purposes.

It should be made known at this junction that many developing countries; structural reform of petroleum market has become a critical component of macro economic liberalization policies. The role of government in the petroleum sector should be redefined while marketer should play by the ethics of business morals.

The government must also keep in mind that the Nigerian society has diverse of socio-cultural heritage; which must be respected while trying to formulate policy that will better their lots. Using a better political platform desirable only if the aim is to better the standard of living of the people. Hence, the outflow of petroleum products across the country could be said to be at the instance of deregulation. There are little sacrifices to be made in order to attain full economic development. We must not forget the experience of the now known Asian Tigers, they were of no economic might in early 70's, but today because of socio-political discipline, they determined world trade and lead political voice to global issues.

However, my argument is towards the benefits associated to a well driven deregulated and liberalised economy in the long run, more so, my reservation is our inability to maintain and sustain the policy if not being politicised or hijacked by political elites.

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