

Removal of Fuel Subsidies in Nigeria: is it Boko or Haram?

Ahead of the lecture by Governor of the Central Bank of Nigeria, Mallam Sanusi Lamido Sanusi, Dr Michael Amoah debates some of the recent big issues in the West African country, namely the removal of the fuel subsidy and subsequent backdown by the government as well as the escalation of the attacks by the Islamist group, Boko Haram.

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On Monday 23 January 2012, Sanusi Lamido Sanusi, Governor of the Central Bank of Nigeria, and a mallam of Fulani descent, will deliver a speech at the LSE.



Sanusi Lamido Sanusi, Governor of the Central Bank of Nigeria

Although he is to speak on the global banking crisis, some key questions on the minds of the audience will be about the withdrawal of fuel subsidies by the Nigerian Federal Government at the beginning of this year, plus how his government intends to halt the Boko Haram the terrorist sect, which much needed state resources have been channelled to combat, and rightly so.

Terrorist bomb blasts during the Christmas holiday period threw a spanner in the works of the good intention of the Nigerian government to deregulate the petrol importation industry and channel the savings towards building local refineries.

The subsequent rise in petrol prices from 65 to 150 naira per litre sparked violent demonstrations in the wake of the terrorist grief.

Did the government get the policy right – is it secularist (boko) or unlawful (haram)? It will be interesting to hear what Mallam Sanusi has to say for himself, or the Nigerian state for that matter.

Fuel subsidy

The preamble to the fuel subsidy removal included the launching of the Nigerian Sovereign Wealth Fund during the last quarter of 2011 with a seed capital of US\$1 billion (150 billion naira) from the Excess Crude Account.

Maintaining the fuel subsidy cost the country an estimated US\$8 billion in 2011 alone. ^

Hence the federal government made clear its intention to remove from the equation the cartel of business conglomerates and oligarchs that siphoned the fuel subsidy programme, and replace it with a *Subsidy Reinvestment and Empowerment Programme Board*, which, among other things, would see the construction of Nigeria's own refineries, so as to cease relying on imported petrol.

Nigeria is the top crude oil-producing country on the African continent (2.2 million barrels per day (bpd)). However, the existing four refineries in Port Harcourt I, II, Kaduna and Warri are operating below capacity for a variety of reasons including security lapses and poor maintenance.

The Chinese are currently building three refineries in Bayelsa, Kogi and Lagos states based on a US\$23 billion agreement signed between the *Nigerian National Petroleum Corporation* and the China state *Engineering Corporation* in May 2010.

Hence the talk of building local refineries is nothing new. The Chinese projects are being funded by credit from a consortium of Chinese banks and China's *Export and Credit Insurance Corporation*.

It is not clear if the recent subsidy reinvestment would have been channelled to this particular purpose, or to commence the construction of other refineries.

When completed, the Chinese-built refineries should generate additional refining capacity of 750,000 bpd, sufficient for national use and export, since the country's consumption of refined oil was about 280,000 bpd in 2010.

That said, two main issues have dealt a blow to the implementation of good policy: (a) the timing, and; (b) the social cost of adjustment.

The latter brings to mind a period in the 1980s when African governments were presented with Structural Adjustment Programmes imposed by the IMF that sought to generate fiscal efficiencies at a social cost which indirectly deducted from the Exchequer in other incalculable ways, so that the policies proved hugely unpopular, and unfortunate in some circumstances.

For example, in the same period that the IMF was breathing down the necks of African governments to introduce tuition fees that alienated many from accessing higher education, the West widened participation in higher education.

An impression was therefore created to bolster the old dependency theory argument that the Third World was being groomed as the periphery to supply cheap labour to the core of wealthy nations.

Therefore, against the background of the December 2011 visit to Nigeria by IMF boss Christine Lagarde, the withdrawal of the fuel subsidies driven by Finance Minister Ngozi Okonjo-Iweala, a Vice President of the World Bank on secondment to the Nigerian government, regenerates memories of a similar policy drive from Bretton Woods institutions and spearheaded by technocrats who often never get to experience the pain incurred by citizens who have to adjust to tough economic measures.

Even more dramatic is the timing of the policy roll out, not least because of terrorist attacks waged by Boko Haram in the 2011 Christmas holiday period leading to the subsidy withdrawal in the new year.

The government might have allowed more time for this evil dust to settle so as not to cloud its good policy tidings. But who knows if the dust would ever have settled?

Boko Haram

Boko Haram has portrayed itself as *Jama'atu Ahlis Sunna Lidda'awati Wal-Jihad* — a  people

incensed with spreading the prophet Mohammed's teachings and jihad, and operates by an Islamic connotation of this interpretation, that whoever is not governed by what Allah has revealed is a sinner, thereby making it forbidden or "haram" for Muslims to participate in non-Islamic socio-political activity, as they consider that to be secular or "boko".

In other words, secular life, and by extension how the modern world is ordered and governed, is sinful.

This ideology is a tall order for everyone, because from the level of global governance, to the nitty gritty of running economies and ordinary lives, secularism is the benchmark.

In practical terms, abiding by "boko-haram" means eschewing secular education, basic economic principles and non-Islamic garb, to list just a few of the inhibitions.

It would be impossible to live on the earth if we should abide by "boko-haram".

What it espouses is an attempt to wipe out the rest of humanity, and we know that even Mohammed, whose teachings they claim to follow, did not mean to do that.

From one perspective, the group says it is anti-Christian, yet it strikes at targets unrelated to Christianity – the UN headquarters and the police headquarters both in Abuja.

From another perspective it says it is anti-secularist, and is against poverty and the Nigerian north/south divide (or the Christian/Muslim gloss over this divide) caused by secular rule, so it has no qualms about striking at the very structures that could alleviate these social injustices – schools and public facilities.

It is obvious therefore that Boko Haram does not have a coherent ideology. Its *modus operandi* includes suicide.

Given that suicide is murder against oneself, the use of suicide bombers is not Mohammedan theology, and cannot find space even within the broad doctrine of martyrdom.

Boko Haram should therefore be seen for what it is: a terrorist sect and an enemy of humanity.

Revenge attacks on so-called Christians, are particularly worrying as this trend seems to particularise Nigeria a great deal.

Over the years we have seen many hostilities by one Islamic group or another against many inhabitants of Jos and other parts of Nigeria in reprisal for alleged prior grievances bordering on the economic.

It has become a constant equation that whoever is non-Muslim is Christian and the infidel.

But the fact remains that not being a Muslim does not necessarily make one a Christian, and too many people have been killed or maimed just because they happen to reside in non-Muslim neighbourhoods.

Many who have never been inside a church building all their lives have been victims of reprisals from Islamic groups just for living in a non-Muslim area, belonging to a non-Muslim tribe or simply being animistic or even atheistic.

If it is to do with churches, we know that attending church gatherings such as weddings, funerals or Christmas festivities does not even make one a Christian.



The blanket approach to infidelity by Islam has cost many innocent lives, and this trend of incoherence does not seem likely to abate anytime soon.

This is compounded by what is wrongfully perceived as a Christian Nigerian president for the benefit of the naturally endowed southern Nigeria against the relatively underdeveloped northern Nigeria which is predominantly Muslim.

The north/south divide

But Nigeria is not the only country along the West African coast, or elsewhere in Africa for that matter, with a north/south, coastal/interior or a glossed over Christian/Muslim divide, so why should this animosity be accentuated there?

Most African states have their capital cities and more developed regions closer to the coast, which has led to more development simply by proximity to sea transport and the seat of government, and not because of religion or spite against Muslims.

This phenomenon is reinforced by the sheer accident that identity groups in the savanna and sahel interior (e.g. Fulani, Hausa, Kanuri, Maasai, Karimojong) are predominantly Muslim and tend to be pastoralist, hence their relative marginalisation with respect to what contributes to, and equally what is received from, national exchequers in modern economic governance.

This is not to excuse the relative underdevelopment of such sub-regions, of course.

Suffice to say that the phenomenon has not prevented many personalities of the so-called disadvantaged areas or groups from reaching the top echelons of power, such as Mallam Sanusi the current central bank chief, or the former vice president Atiku Abubakar, former presidents Buhari, Shagari and the late Yar'Adua, plus many others who could make this list in Nigeria alone, if we care to be pedantic.

However, the lessons from Nigeria should be a wake up call to all African states, to try and bridge their geographical gaps of relative underdevelopment, however formed.

Even the United Kingdom suffers from the phenomenon of the north/south divide. London and the South East are considered to be better developed than regions in the Midlands and further north.

The determined roll out of the deregulation policy at the beginning of the year and the increase in petrol prices, was probably to make the laudable point that the state would not be deterred by Boko Haram, but was insensitive and unstrategic nevertheless.

It also beggars belief why President Goodluck Jonathan declared at the Armed Forces Remembrance Day Celebration on 8 January that the public sector (including his cabinet) was infiltrated by Boko Haram, to the very exposure of his own security apparatus, and a green light for the "infiltration" to further conceal and perpetuate.

Perhaps a propaganda offensive that designates as a public enemy anyone offering assistance to or failing to report about Boko Haram operatives, should reassure the national psychology.

Boko Haram is also feeding on its recent image that it has international links with Al Qaeda and Al Shabaab, which appears to be a false sense of hope for a sect that looks certain to be phased out of Nigeria's socio-political scene in due course.

It is unlikely that these international connections can guarantee the survival of Boko Haram; the political context in Nigeria is not desperately similar to those in Somalia and Afghanistan which have been deemed as failed states.



Technocrats – the way forward?

It is quite clear that the real enemy of the Nigerian people is not the federal government, but Boko Haram, and surely citizens from Nigeria want the best from their government.

However, in order to win back popular support, or prevent future strikes, the government may wish to consider innovative ways of implementing the policies relating to the subsidy reinvestment, such as differential fuel charges – less for the use of public transport, and more for private cars, even if the culture of chaos in Nigeria might pose practical challenges to implementation.

Let us see if the technocracy from the World Bank can rise to the challenge ahead.

The strikes have now ceased since the government announced on Monday 16 January a cut from 150 to 97 naira per litre of petrol.

For the future, transparency over the subsidy reinvestment programme will be instrumental in reassuring the public.

There are three years until the next election, so the president's party is safe, but no doubt at the next polls, the public will assess the evidence available as to what extent the subsidy reinvestment has worked in the national interest, as well as the vital foreign investment diverted to other Sub-Saharan countries because of political risk.

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