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THE POLITICAL ECONOMY OF DEREGULATION POLICY IN THE DOWNSTREAM SECTOR OF THE PETROLEUM INDUSTRY IN NIGERIA (1999-2015)

Abstract:

Successive governments in Nigeria since 1999 have faced the challenge of whether or not to adopt deregulation policy in the downstream sector of the petroleum industry. In fact, the decision of whether or not to adopt deregulation policy as a panacea for remedying the perennial fuel scarcity and arbitrary price increases in petroleum products has been an albatross around successive governments in Nigeria. This paper interrogates the political economy of deregulation policy in the downstream sector of the petroleum industry in Nigeria since the enthronement of democratic rule in 1999, hence contends that the subsidy regime of successive governments has not addressed the perennial scarcity and arbitrary price increases of petroleum products in the country. The paper maintains that the fuel subsidy regime has been an epitome of corruption as it has failed to address the original intentions of its founding fathers. It is the view of this paper, therefore, that a complete deregulation policy in the downstream sector that will ensure government's outright removal of fuel subsidy, remains the only antidote to addressing the perennial scarcity and arbitrary price increases of petroleum products by ambitious petroleum marketers in Nigeria. It is by so doing that market forces shall become the major determinants of the prices and distribution of petroleum products for the teeming consumers in Nigeria. The paper concludes that savings that would accrue from fuel subsidy removal could be channelled into addressing the ailing infrastructure and human capital in the country.

Keywords:

Political economy, deregulation policy, down stream sector & petroleum industry

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