

Developing Effective Public Policy on Consumer Welfare in Nigeria

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Abstract

Consumers in the society, as well as the sustenance of business depends on the consumer. The quest for the formulation and enactment of public policies and laws respectively concerning consumer welfare throughout the world are necessitated by dissatisfactions of consumers in their purchase or consumption experiences which often result from the business sector who indulges in many unscrupulous acts at the expense of consumers. This paper examines the enactment of some laws and/or formulation of public policies, which are intended to protect the welfare of consumers, and attempts an evaluation of their levels of effectiveness especially in Nigeria. Data were collected from secondary sources. It was revealed that most consumer welfare laws and policies in Nigeria are relatively ineffective except those formulated sequel to militant actions of certain consumers. At the end, the paper recommends some measures government, business and individual consumers should adopt to ensure the effectiveness of laws and policies on consumer's welfare in Nigeria.

Index terms— enactment of public policies and laws respectively concerning, formulated sequel to militant actions.

1 Introduction

verybody in the society is a consumer. This includes the individual consumer, business and government. The individual consumer consumes the products and services produced by both business and government, whereas both government and business also consume the services of the individual consumer in the production of those goods and services.

The essence of any business organisation in Nigeria and indeed any economy is to provide products and/or services for the consumer, who in turn pays for those products and/or services. In doing so, the consumer expects some level of satisfaction in his consumption of these products and services.

Satisfaction may lead to repeat purchase behavior while dissatisfaction may be repulsive to the consumer. Normally, there ought to exist a symbiotic relationship between the individual consumer and the business as well as government, but most often, there exist persistent gross imbalances between the individual consumer and business, so the government sometimes intervenes to sanitize these imbalances. The individual consumer as a member of the consuming public is always faced with many impediments arising from the profit maximization goal of business firms in both the short-run and the long-run. It is thus the responsibility of government to formulate appropriate laws and policies in order to ameliorate the plight of the consumer in his consumption experiences in the market place.

Public policies are statements (or programmes) of government setup as guides to the implementation of certain operational objectives. In some cases, these public policies are formulated as a result of reactions from consumers in a form of protests or otherwise, while in other cases, the government just acts on its own impulse, taking the welfare of the consumers into consideration.

4 II. CONSUMER PROTECTION LAWS AND THE

Unlike the developed economies where the welfare of consumers is somehow protected by laws and policies, the Nigerian consumer is always at a disadvantaged position with the business sector.

Researchers have shown that the adoption of the selling concept by many firms in Nigeria has influenced the attempt by business firms to manipulate consumers in buying shoddy and unneeded merchandise which results into widespread abuses in the market place. (Schiffman and Kanuk, 1987).

The efforts of consumerism (consumer movement) have contributed to the various consumer welfare laws and policies in most countries of the world, like the US. Great Britain, Germany, and many others. Consumerism is a social movement that seeks to increase the rights and powers of consumers ??McCarthy and Perrault 1988).

This movement emerged in the late 1960s with the aim of correcting the imbalances that had developed between sellers and buyers. Consumers complained of shoddy and hazardous products and some unethical practices of sellers to sell their product to them. In response to those complaints, several major pieces of legislations were enacted to protect consumers (Schiffman and Kanuk, 1987).

Efforts to protect the consumers in Nigeria have emanated from government, journalists, organisations, associations, firms, and consumers themselves.

Government protections came in the forms of regulations designed to preserve the competitive system, providing special form of assistance to certain groups and establishment of control and/or regulating unfair competitive practices. Journalists, organisations and associated groups got engaged in consumer education and information, while firms install suggestion boxes in their premises to get consumers feedback and provide adequate instructions on product usage for consumers benefits.

On the other hand, consumers protect themselves by boycotting dissatisfactory products and/or producers or refuse flatly from shopping in certain outlets (Ifezue, 1990).

Despite these efforts stated above, the importance of the consumer in Nigeria is neglected by both government and business policy-makers, hence public policies concerning consumers welfare are ineffective in the country. It therefore behooves public policy makers in Nigeria to be responsive to the plight of consumers by formulating and enacting as well as ensuring the effectiveness of these policies and laws if consumers would indeed be protected.

2 a) Objectives of the Paper

? To examine existing consumer welfare laws and policies in Nigeria and other countries.

? To evaluate the effectiveness of these laws and policies in Nigeria. ? To proffer meaningful suggestions towards ensuring the effectiveness of consumer laws and policies in Nigeria.

3 b) Significance

To contribute to consumerism and equip consumers with the necessary apparatus to protect themselves since everyone is a consumer.

4 II. Consumer Protection Laws and the

Reasons for their Enactments

The efforts of consumerism have enhanced the enactment of several laws to protect the welfare of consumers throughout the world. Some consumer protections are built into the English and United States common law systems.

What we have today as the Charter of Consumer Rights is attributed to the immense contributions of three American presidents -John F. Kennedy, Richard Nixon and Gerald Ford. The character has the following rights for the consumer namely:a) The right to protection of health and safety. b) The right to protection of economic interests. c) The right to seek redress d) The right to information and education, and e) The right to representation (Uko, 1993).

In the United States, some consumer protection laws are as follows:- The act set up the Consumer Product Safety Commission having the power to set safety standards and impose penalties for Failure to meet these standards ??McCarthy and Perreault, 1988).

Several government agencies are also constituted in the United States to formulate policies. They are the Federal Trade Commission (FTC) and the Food and Drugs Administration (FDA). These agencies are concerned with regulating advertising, an area in which consumer abuse has frequently been charged. ??Schiffman and Kanuk, 1988).

In the Great Britain, the following laws were also enacted to protect consumer' welfare.

? The Sale of Goods Act of 1899 and amended in 1979 established with the main purpose of giving protection to buyers by implying certain conditions and warranties in contracts for sale of goods.

? The Food and Drugs Act of 1955, was to protect consumers against dissatisfactions concerning food and drugs purchases and consumptions.

? The Consumer Protection Act of 1961, provides for the regulations with respect to dangers to the public from sales of consumer goods. Other acts which protect consumers are the Trade Stamps Act, 1964, and the Hire Purchase Act, 1965.

? The Misrepresentation Act of 1967, provides consumers who suffer from misleading descriptions to seek a legal action for damages, or avoid the contract completely if a false statement led him to enter the contract.

? The Trade Description Act of 1968, was to protect buyers against false and misleading statements relating to both goods and services, whether written or made orally.

? The Fair Trading Act of 1973, an act established to control undesirable trade practices affecting consumers.

? The Consumer Protection Credit Act of 1974, a statute providing protection to those consumers making use of credit services, covering the whole field of credits and hire agreements including licensing, advertisements reference and enforcement. Some of these legislations and Acts are applicable in Nigeria today ??Osuala, 1988:371-375).

5 III.

Evaluating Existing Laws on Consumer Welfare in Nigeria Most of the consumer protection laws and policies in Nigeria presently are less effective than they seem to be at first glance. Even in the United States, both FTC and FDA have the power to halt any advertising they consider to be deceptive, yet over the years, no single definition of what constitutes deceptive advertising has evolved (Schiffman and Kanuk, 1987).

In Nigeria, amongst the numerous laws on consumer welfare earlier enumerated, only a few are somehow effective such as the Pilgrims' Welfare Board Decree, 1979, Federal Road Safety Commission Decree, 1988 and the Petroleum Production and Distribution (anti-sabotage) Act, 1975.

Their relative effectiveness can be attributed to the vested interest of government and its functionaries. For instance, the Pilgrims' Welfare Board is effective because many government officials prefer performing this religious function while in office. To pilgrims participation, the government in 1995 spent about 195 million dollars to subsidize pilgrimages. Also, the Petroleum law is relatively effective because it is the major economic activity in the country.

Production and Distribution (anti-sabotage) Decree of 1975, because this law protects the interest (revenue) of the nation. There have been reported cases of petroleum products hoarding, adulteration and price hikes by petroleum marketers, and the government has done less to eradicate these unwholesome acts. But, when Petroleum & Natural Gas Senior Staff Association of Nigeria (PENGASSAN), National Union of Petroleum & Gas Workers (NUPENG) and Nigeria Labour Congress (NLC) went on strike in 1994 which disrupted the distribution of petroleum products in some parts of the country, the government quickly evoked this law, dissolved the national executives of these unions and jailed some of their leaders for sabotage. This was because government suffered great losses of revenue during the strike periods.

To some extent, the Federal Road Safety Commission Decree, 1988, was effective due to government support. Road accidents and obstructions on our highways were tremendously reduced as motorists and drivers were compelled to obey road traffic laws including speed limits.

6 IV.

7 Consumer Protection Laws in Nigeria

Some of the consumer protection laws in Nigeria are as follows:-

? Pharmacists Act, 1965, established to eliminate untrained medicine sellers in the drugs market.

? Federal Environmental Protection Agency Decree (1992) promulgated to maintain good environmental quality in the areas of related pollutants in Nigeria, such as hazardous substance, air and water quality, atmospheric protection and noise.

? Petroleum Product and Distribution (anti-sabotage) Act, 1975, established to address offences of sabotage in respect of production and distribution of petroleum products.

? Price Control Act, 1977, established to prescribe stiffer penalties and to make better provisions for the implementation of the price control scheme. Section 4,5,6, and 7 stipulate provision for the imposition of price control, fixing of controlled prices, prohibition of sales above controlled prices and hoarding of goods whose prices have been fixed or controlled respectively, such goods include -petroleum products, milk, bicycle and spare parts, etc.

? The Pilgrims' Welfare Board Law, 1979, was established to protect and safeguard the interests and welfare of certain pilgrims making journeys to and from any place of pilgrimage approved by the Federal Government.

? but where redress is sought by tenants on hostile landlords, the law to some extent attends to help deter others from such hostile acts.

The Federal Urban Mass Transit Programme is fairly effective as difficulties of urban commuters before its establishment have been reduced to a bearable level as many buses now ply inter and intra -state routes, whereas fares are reduced due to competition.

The Price Control Act, 1977, itself is also less effective as prices of controlled items such as petroleum products are sold above controlled prices and even hoarded by sellers without meaningful responses from government.

But, in some Universities, this law is effective due to students' protest to the authority, of some charges.

The effectiveness of this law is because the authority and the operators of these services on campus know that violation may spark-off students' unrest. It is quite unfortunate that many laws meant for the protection of consumers welfare in Nigeria are often neglected or discouraged to succeed even by the government that established them, and the business sector thinking that protecting consumers welfare may reduce its level of profit maximization.

V.

8 Government and Business Responses to Consumer Welfare

Policies in Nigeria a) Government Apart from laws and policies that would benefit both the government and the consumer in Nigeria, the government does not encourage the success of consumers welfare policies. This assertion is based on the fact that like following reasons in the 1994 Federal Budget, the government reduced or removed completely Customs and Excise duties respectively for a number of items to provide appropriate effective rates of protection for local industries and agricultural products as well as stabilize prices of these items paid by consumers.

? These measures benefited the business sector as its taxes were reduced, but prices of these goods and services never went down. Rather, we experienced daily price increases, and the government did nothing to correct this imbalance in the policy measure,

? Also, in the same budget, consumer relief plans were made in the areas of public transportation, access to affordable and qualitative education, health services, provision of water and adequate food supply at reasonable prices. But, at the end of the 1994 fiscal year, nothing meaningful was done in these areas to improve the consumers state.

? In the 1995 Federal Budget, the government planned to establish the Consumer Protection Council, in order to ensure the success of consumers welfare programmes stated in the budget, and to protect consumers from the exploitation and excessive trade practices of middlemen. The council, if established would be empowered to cause offenders replace hazardous products with safer and more appropriate alternatives and reduce the unscrupulous acts of middlemen aimed at reducing prices of consumer goods, as well as provide redress to obnoxious practices of firms and sellers. This council was never set up by the government after the budget broadcast. This failure on the part of government may not be unconnected with its reliance on the business sector as stated in the 1995 budget -"the private sector should be the engine of economic development and provide the lead, while the government plays the role of a catalyst by providing the enabling environment in terms of policy formulation,, physical and financial support", For instance, government policy may be to reduce prices of goods and services, but business will rather increase prices without any positive government response, showing that the government is hypocritical in its protection of the consumer.

9 b) Business

The business sector in Nigeria is not well developed to adopt the marketing concept which emphasizes the satisfaction of the consumer as a prerequisite for organizational existence and survival. Hence it has continued to ensure that consumer welfare policies are sabotaged or discouraged from succeeding.

For example, the Ernest Shonekon's interim administration (August 1993 -Nov. 1993) headed by a business executive reduced and/or removed completely the Customs and Excise duties paid by business to stable prices. Unfortunately, prices of these goods and services never reduced instead we experienced galloping inflation. Products hoarding, adulteration, sale of expired and fake drugs, contaminated foods and many unethical practices are perpetuated by the business sector in its quest for quick profits, despite all the efforts of National Agency for Food & Drugs Administration Control (NAFDAC).

Another reason for poor business response to consumer welfare is due to shortages and limited choices of goods and services in the market place and VI.

10 Conclusion

Although, many consumers welfare legislations and policies have been established and formulated in Nigeria, majority of them are ineffective because public policy makers are themselves not really interested in the welfare of consumers which these laws are meant to protect. The only effective ones are those arising from militant actions or protests by consumers such as the Aba Women's Riot of 1929, the labour Unions' Actions in the 1920s and UNICAL students' action earlier discussed, consumers welfare are not protected.

Other effective laws are those beneficial to the government and its functionaries such as the Pilgrims' Welfare Board and Petroleum Production and Distribution (Anti-sabotage) Acts, etc. Thus, it could be concluded that no meaningful public policy on consumer's welfare in Nigeria would be effective without the government, its functionaries and the business sector benefiting from such policies or positive militant responses from consumers themselves.

11 VII.

12 Recommendations

In view of the level of ineffectiveness of public policies on consumers welfare in Nigeria, the following recommendations are hereby suggested.

? The government and other authorities should be alive to their responsibilities of effective protection of the consumer, who is greatly disadvantaged in the market place by ensuring that their policies are implemented as formulated.

? The business sector, the perpetuator of consumer and Complaints should learn to adopt the marketing philosophy, by trying to satisfy the needs and wants of consumers rather than exploring avenues of exploitation.

220 ? Consumers should seek to be properly informed about the happenings at the market place themselves,
221 and where necessary take responsive actions that could compel the government and public policy makers to act
responsively, since they cannot be adequately represented on policy decisions affecting them. ¹



Figure 1: Global

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