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Price Deregulation and Comsumers' Welfare in the Globalised Economy: The Nigerian Experience.

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Abstract
Price deregulation is viewed in most economies of the world as the effective way of securing and sustaining consumer's welfare. This is because with a given amount of consumers' income and budget constraint, the consumers are able to maximize their satisfaction from available varieties of products they need and use. This paper therefore examines the likely economic conditions that could cause a distortion in price deregulation and the associated impact on consumers' welfare. Factors affecting price deregulation in Nigeria are presented and discussed and recommendations such as the issues of traders/sellers association characterized in many Nigerian markets have to be abolished to enable free flow of goods and services to be determined by the interaction of demand and supply. This means that any seller is free to enter the market to dispose his/her goods without interception by any agent. If this is followed, it will help to restore the dignity of consumers in the market and others in conformity to global economic practices.

Introduction
Price deregulation can be defined as the voluntary nature of cost of exchange of goods and services in any economy. This is a situation where people exchange goods and services for something that they value very much. Price deregulation is also seen as the means through which price are charged in the market where trade that benefit both parties take place. Usually, in a deregulated economy, consumers are assumed to be rational in their choices of consumption; given their income and market prices of goods and services. The consumers plan their awareness of their spending so as to attain the highest possible satisfaction or utility. This according to Kontsoyianis (2004) is regarded as choice consistency and transitivity. Choice consistency connotes that if a consumer prefers commodity A to B, he or she will not prefer B to A. in another situation, choice transitivity connotes that if commodity A is preferred to B and B preferred to C, he or she most definitely prefer A to C. when this happens, it means that the consumers are rational in allocating their given money income to the purchases of goods and services of their choice.
In the same vein, Onah, (2002) in analyzing the marginal utility theory maintains that in a deregulated economy, the consumers have unlimited wants which have to be satisfied by their limited income. He opines that such incomes are usually allocated to various purchases so as to make the consumers attain the highest level of satisfaction. In this scenario therefore, prices induce consumers to economize on goods that are relatively expensive to produce.
Ojo (2002) is of the opinion that income limitation or budget constraint of the consumers makes it obligatory for the consumers to exercise their power of choice. This means that the income of the consumers determines what goods and services to purchase in order to attain maximum satisfaction for every unit of expenditure made. The idea makes the consumers rational; that is, calculative and logical in their action. Furthermore, it reflects the idea that the producers are under obligation created by their own resources to reap profit. However, price deregulation is relevant when such expenditure pattern of the consumers have no more much influence on their consumption behaviour. But if in the alternative, the sellers of the products decide to alter such prices by creating artificial scarcity on their supply to market to make abnormal or supernormal profit, such actions may disrupt prices of such goods and services and affect the consumers' sovereignty. Consumers' sovereignty according to Umo (2007) is the liberty of the consumers to apply their income within their budget constraint in such a way that utility maximization objective is attained. However, when such acts are not achieved price deregulation affects the economy negatively.

Negative Influence of Price Deregulation on Consumers
According to Okereke (1994), price deregulation has negative influence on consumers' sovereignty most especially when the commodity which the consumers have preference for has no close substitute(s). In such a way, the consumers have no alternative than to be coasted into purchasing the only available commodity there by creating some certain ripple effect on them. Such ripple effect according to Anyanwn (1991) includes the following:-

Income Inequality
Price disruption on the price of goods and services in a deregulated economy may lead to income inequality. Income inequality according to Heshmati (2004), is the unfair income distribution among individual households the society. It is also the share of total income against the cumulative proportion of income received by individuals or groups in a particular society. Neutel and Heshmati (2006), opine that income inequality is income differential between the rich and the poor, which results in unfair income distribution. This occurs because in

real life situation, if prices are increase due to artificial scarcity, created by the seller of any product it enables them make abnormal or supernormal profit. This in effect results to greater societal inequality in income and wealth. The high income earners according to Onah (2002) would not mind purchasing such goods at any prevailing price in the market, but the low income earners in other to purchase or compete equally with the rich has to undergo borrowing to augment their income before purchases. This according to Onah (2002) increases the gap of income inequality in the society. In a similar situation, the sellers of the product are better off by such artificial creation.

Fall in Consumers' Preference

Consumers' preference according to Lawal (1989) is attained when the consumers' purchase goods and services based on their income and budget constraint. But when prices are disrupted because of decrease in supply of the product(s), it will negatively affect the budget constraints of the consumers and consumer's preference. This is because as price increases their money income will fall and this means that the consumers' income will no more be able to sustain the actual purchases needed for their livelihood. In such a situation, the consumers are worse off because their utility maximization are disturbed.

Decrease in Savings

Savings which is the money put aside for future purposes are affected when prices of goods and services in the market are disrupted Onah (.2002). This is because, when price changes, in the society due to artificial security of the product in the market, the money income of the consumer's falls and it becomes costlier for the consumers to buy the same goods and services as before. The consumers, in other to consume the same level of goods and services, have to draw from past savings or source funds through borrowing in order to consume. This occurs when the prevailing income is no more able to sustain and maintain their living standard in the society.

Increase in Price of **Other Commodities**

Increase in price of goods and services that has no close substitute(s) and are essential to life has a lot of influence on the prices of other commodities. For instance, the incessant increases in price(s) of petroleum product may not only affect the price of transportation but also the prices of other commodities in the market. This is because the incidence of such increase in prices are not borne by transporters alone but transferred to the cost of transportation of the commodities which are finally bored by the final consumers in the market (Campbell et.al 2008)..

Economic Destabilization

Prices are major foundation upon which most economic policies are built. But when prices are disrupted in a deregulated economy, the whole economy is put into confusion and chaos, thereby leading to a fall in social welfare. In furtherance of the above discussion it is important to note that in any economy the consumers' sovereignty is the most paramount in the theory of consumer bahaviour. This is because in any situation consumers may find themselves, their objectives are maximization of satisfaction or utility. However, the quest for consumer satisfaction may be thwarted because of the prevailing economic conditions. Such economic conditions according to Nandi (2005) depend on the following factors.

Income and Status of the Consumers

Income and status of consumers according to Anyanwu (1991) determines the price consumers can pay on the goods and services of their choice. This is because; some of the higher income earners prefer to buy goods and services when their prices are arbitrary high than when the prices are low because of prestige and status. In such a situation, the consumers adjust to increase in price because of their position in the economy. But for low income earners, the adjustment may not be possible. If for instance, the low income earners want to adjust to the prevailing economic condition of increased prices, they may not be able to do so. This can result in abject poverty and a reduction in their welfare level.

Gap between the Rich and the Poor

If the gap between the rich and the poor widens, the effect of changes in prices may be felt much by a larger population with low income. This act may result to negative consumption of such goods in the economy making large population to draw from past savings or go into borrowing in order to consume. This according to Ojo (2002) will negatively affect the overall development in the economy.

Government Policy

Government policy is one of the major constraints that affect pricing of most goods and services in Nigerian economy. Usually, the goods which have greater influence on larger population within the economy are controlled by the government. In such a situation if the government decides to use such goods as a means of income generation in the economy, their prices might rise arbitrarily with less regard to low-income earners. This according umo (2007) will eventually hamper the consumption behaviour of consumers in the economy.

Nature of the economy

The nature of the economy can also influence the consumption decision of the entire population Campbell et.al (2008). Globally, consumers are regarded as kings in the consumption of any product(s) in the market. Market survey and consumers preference ordering are usually taken into consideration before such goods and services are produced and supplied. But in most developing counties like Nigeria, the deregulated nature of prices could be a way of altering the behaviour of consumers towards the enrichment of oneself that is strategy for profit maximization. This is capable of changing the consumption behaviour of consumers towards a particular product(s).

Cost of production

In a deregulated economy, cost of production might thwart the efforts of consumers in maintaining the equilibrium welfare. This is because, when production costs are raised, such costs are built into the prices of the goods supplied in the market. The consumers who purchase such goods are worse off because their budget may not be able to sustain their level of purchases thereby resulting in dissatisfaction in the objective of the consumers.

Nigerian Experience of Price Deregulation in Global Economy

Globally, price deregulation enables the consumers to decide on what goods to consume given their income and budget constraint. The purchasing power of the consumers depends on market forces of demand and supply. This is because the consumers are assumed to have the full knowledge and information about the products and their prices in the market. Increase in prices of such products may lead to low patronage by the consumers. In such a case, consumers are regarded as kings because of their patronage to the products. This encourages the production and distribution of such goods in the market. However, in Nigerian economy, although prices are often deregulation, the deregulations according to Nnadi (2005) are affected by so many factors such as:

Sellers association

Most traders in Nigerian economy belong to one association or another. Such traders associations usually collude with each other or one another to determine the prices for their products. Consumers are disallowed from exercising their power over production of such goods thereby eliminating the idea of preference ordering by the consumers

Taxation

One way through which the government collects revenue from the producers and sellers of taxable goods and services, in Nigeria is through indirect taxes. These taxes are imposed on goods and services in the market. The effects of such taxes are increased in prices of the commodities concerned. Indeed, indirect taxes are considered as cost on production. This is because when taxes are imposed, the producers' transfers such taxes to the cost of production inform of high prices. The main question here is who actually bears the burden of such taxes? Is it the producers or the consumers? The payment of such burden according to Onah (2002) depends on the elasticity of demand for the product. Usually, the producers and the consumers share the burden when goods are fairly elastic, and fairly inelastic. But when the goods are perfectly inelastic, the burden is shifted to the consumers of the product in form of high price thereby making the consumers to be worse off.

Time

In Nigeria economy the length of time in which goods are supplied to the market is one of the major factors that affect prices. Usually, the supply of most products takes a longer period to reach the places where they are needed. In such a situation therefore, the sellers of the products increase the prices of their products by creating artificial scarcity to reap higher profit.

Government action

The actions of government also affect the market prices of goods and services in Nigerian market. This is because government can sometimes put ceiling in prices to prevent increases so that every consumer will have equal right of consuming such goods. This action is always devastating since the expensive bureaucratic machinery of setting up the operation and supervision of such actions may lead to black markets; which may make the sellers to withdraw their products from the market thereby worsening the scarcity and making only the rich to have advantage over the purchase of such products.

Recommendations

Since the main purpose of price deregulation in any economy is to eliminate or reduce the above weakness in the operation of the market, Nigerian economy in order to maintain and sustain its dignity has to follow a laid down procedure that will help in the operations and supervisions of market. Globally, to achieve these aims, the following recommendations are made.

Firstly, the issues of traders/sellers association characterized in many Nigerian markets have to be abolished to enable free flow of goods and services to be determined by the interaction of demand and supply. This means that any seller is free to enter the market to dispose his/her goods without interception by any agent. If this is followed, it will help to restore the dignity of consumers in the market.

Secondly, the government should make it possible to allow the control of Nigerian markets to be in the hands of organized sectors instead of imposing its control. Government control in markets allows disastrous effects in the economy because it only allows the rich to partake in the consumption of goods while the poor are further improvised.

Thirdly, the gap between the high and the low income earners in the society need to be bridged to enable them have equal opportunity of participating effectively in the market. For instance, if income is distributed evenly in the economy, it will enable the poor to partake in the consumption of goods and services whose prices are high in the market.

Finally, consumers' protection agencies should be established in every local government areas in the country to help supervise the sales agents who exploits the consumers for the purpose of profit maximization. In such a situation, physical measures such as tax force can be applied on those who sell their products at higher prices. This if properly implemented, will make the prices to be affordable to all and sundry in the economy.

Conclusion

The major economic issues of price deregulation in the global economy and its effects in the consumers, were presented and discussed in this paper, price deregulation is not satisfactory as far as Nigeria is concerned because of some prevailing economic conditions. Such conditions include the nature of the economy, cost of production of goods and services, income and status, government policies and the huge financial gap between the rich and the poor. The paper also examined the major factors affecting price deregulation in Nigerian economy such as traders association, Government action, taxation and time to mention but a few and advanced recommendations on how such problems can be streamlined for the benefit of the Nigerian populace.

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