

Assessment of the Effects of Fuel Subsidy Removal on the Living Conditions of Residents in Calabar Metropolis, Cross River State, Nigeria

Alagbor, Albert Aya¹

PhD student. Email: albertalagbor@gmail.com

Inok, Glory Edim²

PhD student. Email: Gloryedim12@gmail.com

Opue, Reje Bernard³

PhD student

Ekpenyong, Silo Ignatius⁴

PhD student Email: ekpenyongsilo@gmail.com

^{1,2,3&4}Department of Public Administration, Faculty of Management Sciences, University of Calabar, Cross River State, Nigeria

Abstract

This paper investigated fuel subsidy removal on the living conditions of residents of Calabar metropolis in cross river state, Nigeria. The paper was guided by three specific objectives: to examine the extent of variation in prices of goods in Calabar metropolis, to assess the effect of subsidy removal on transportation in Calabar Metropolis and to examine the effect of subsidy removal on the cost of family health management by residents of Calabar metropolis in-line with the research questions. Relevant literatures were cited to offer the basis for the study. The paper derived its theoretical grounds from two theories, namely; the gradualism theory propounded by James Hutton in 1795 and the welfare theory postulated by Vilfredo Pareto and co. in the late 1897th. The researchers adopted survey research design as well as quantitative and qualitative data analysis technique where regression statistical tool was used to analyze the data obtained from the field. The population of the study was made-up of the 170000 registered residents of Calabar metropolis during the 2006 census and the sample size was 150 interviewees selected via the use of Yemen formula which represented 0.882% of the total population. The findings of the study via the instrument of interview and questionnaires revealed that there is a very significant effect of the current fuel subsidy removal on the prices of goods and services in Calabar metropolis as prices are skyrocketing continuously. Another findings of the paper revealed that there is a very significant effect of fuel subsidy removal on transportation in Calabar metropolis as transportation has doubled-up to four times after May 29th 2023 and finally the paper revealed that there is a very significant price deferential in the cost of healthcare management because of fuel subsidy removal as recommendations were made thereof.

Keywords: Subsidy Removal, Fuel, Policy, Goods and Services, Living Conditions, Effect

INTRODUCTION

In the world over, subsidy removal is a policy change action that is always undertaken by government to pull out of the liability of paying for certain portion of public goods such as fuel. That is why subsidy removal always exert some negative impact on its beneficiaries, hence citizens may not want to lose their luxury benefits and the welfare from the subsidy. Explicitly, fuel subsidy removal is the act of ending government financial assistance to citizens on the cost of petroleum products, causing prices to rise to international market rate without artificial reduction. Also, fuel

subsidy removal refers to government's decision to stop providing financial support to artificial prices of fuel. In countries like Nigeria that had practiced fuel subsidy, the government used to subsidize fuel prices to make it more affordable for ordinary citizens. This implies that the government used to pay a portion of the cost of fuel, such that consumers can pay less at the pump. However, fuel subsidy can be expensive for governments to maintain, and can lead to inefficiencies and corruption. This reasons often influence most governments' decision to remove fuel subsidy to allow prices to rise to market levels.

Globally, various governments do introduce subsidy on petroleum products to stabilize fuel prices and other ancillary products in order to make its consumption affordable to the general public." The current Nigeria total fuel subsidy removal arrived on the 29th of May, 2023, when the incumbent president abruptly removed the age long petrol price security that was meant to cushion the effect of the hike in internal market. The Tinubu led Government adopted this policy reversal decision without considering the doctrine of "the Theory of Gradualism" a phenomenon that would have possibly averted the ongoing negative impact of the fuel subsidy removal on Nigerians. The theory's underlying assumption is that change in policy is bound to occur incrementally and gradually, hence a reliable policy making and implementation process must not be hasty and radical. This is because all forms of policies and programmes around the world have their peculiar skillful approaches that must be followed to avoid adverse effect on citizens or target consumers.

In Calabar metropolis of cross river state, Nigeria, where this study took place, the fuel subsidy removal policy by the federal government has been perceived to have detrimental effects on the living condition of the residents. No wonder this paper suggested earlier that, it was crucial for the federal government to have considered the formulation and implementation of the approaches of "Gradualism Model, Political System Model, and Welfaric Model" to mitigate the potential negative impacts or effect on citizens and to ensure that vulnerable citizens are not disproportionately affected because prior to the total fuel subsidy removal in May 2023, the Buhari led Federal Government of Nigeria had provided funds and financial remedy for the policy in its 2023 national budget to ensure that fuel prices remains artificially low to guarantee the needed welfare and living condition of citizens. However, the removal of this subsidy led to the substantial increase in fuel prices, which is having a detrimental effect on various aspects of citizens' livelihood and the economy hitherto. One of the immediate consequences of the fuel subsidy removal is the increase in transportation fare, prices of goods and services and the general inflation. With the hike in price of fuel, the cost of living, transportation, goods and services have risen significantly, thereby affecting the overall life expectancies of Calabar metropolis' residents as well as Nigeria citizens at large. This has also caused a disproportionately negative impact on low-income individuals and households, as they have been allocating a larger portion of their income to transportation expenses, medical services, purchase of food stuff and other ancillary goods and services.

Generally, the living conditions of residents of a particular area like Calabar metropolis refer to the various inevitable factors that affects the overall quality of life of the people residing in such area. These factors often include access to basic necessities like food, clean water, electricity, healthcare, education, housing, and transportation, as well as the level of social safety and security within the area. Also, these factors encompass socio-economic indicators such as income levels, employment opportunities, poverty rates, and social inequality which plays a very significant role in determining the living conditions of the residents. The living conditions of residents of Calabar Metropolis under the current fuel subsidy removal can therefore be referred to as the prevailing economic circumstances in which the people living in Calabar metropolis are facing as they encounter some prevailing predicaments such as increased in fuel price, which can have a rippling effect on the economy and residents' living conditions, increase in the cost of healthcare services, increase in food items prices and overall cost of living.

Historically, fuel subsidy removal in the world can be traced back to the 1990s Philippine's fuel subsidy removal. The decision which was taken by the Philippines Government via the instrument of price adjustment mechanism and the doctrine of gradualism unlike the one by the current Nigeria Government which was abruptly enacted without due consideration of certain factors and models that were adopted by other countries in the past, a situation that is widely perceived to have bedeviled the living conditions of citizens in Nigeria today. After a while, the Ghanaian Government took a similar decision and removed her own fuel subsidy in March 2023 with a gradual and regulatory measures as well as funds like grants to assist local refineries in the country to boost their productions rate to satisfy the growing consumption rate in the country. Thereafter, Angola began their own fuel subsidy removal in June 2023, with a gradual phase-out planned that will take them until 2025 when the whole process of fuel subsidy removal will end. The decision was made to reduce Angola's government spending and promote economic growth and stability amid the fuel subsidy removal and all of whom never took an abrupt removal approach like that of Nigeria.

However, the Nigeria historical antecedent on fuel subsidy removal could be traced back to the periods of 1970 to 1988, 2000 till date. In 2000, Obasanjo civilian administration increased fuel from N20.00 - N22.00 amounting to 10% increase. Similarly, in the year 2001, President Obasanjo partially removed fuel subsidy again and increased fuel price from N22.00 to N26.00 making it 18% increase, in the year 2003, the under the same administration, fuel subsidy partially removed and the price of fuel was increased from N26.00 to N40.00 making it 54% increase. Again, in 2004, in the same Obasanjo led administration, fuel price was moved yet again from N40.00 to N45.00 making it 13% increment and in 2007, when he was about leaving office, he partially removed it again and moved the price of fuel from N45.00 to N70.00 making it 56% increment. In 2007, under a pluralist actor like late President Umaru Musa Yar'Adua instead of increasing the price, he chooses to reversed it down from N70.00 to N56.00 making it 0.0% increase. While, between 2010 and 2012 president Jonathan started his own partial fuel subsidy removal journey again by increasing fuel price from N56.00 to N65.00 and in 2012 January 1st moved the price from N65.00 to N141.00. However, the administration later reduced the pump price from the N141.00 down to N87.00 after a nationwide protest that was staged "OCCUPY NIGERIA". When Buhari took over power in 2015, he ventured into the model of gradualism and adjusted fuel prices from the N87.00 to N145.00 measuring about 51% increment. In 2020/2021 Buhari government engaged the doctrine of incrementalism again by moving the premium motor spirit (PMS) from N145.00 to N165.00 and N170.00 as well as N195.00 before he finally left office in 2023.

However, the 2023 national budgetary figures showed that, before the exist of Buhari's led administration in May, 2023, Nigeria Budget had actually projected and provided for fuel subsidy removal which was billed to take effect on June 30th 2023 before the individualism or autocratic leadership style that was introduced on the 29th of May, 2023. As records indicates (*see Daily Trust News Paper on the 30th of May, 2023*), there were financial plans to procure medium term palliatives that would have ameliorate the suffering of the people, but the physical realities shows that the 2023 budgetary provision has not been implemented in favour of the effect of subsidy removal.

This paper is strictly concerned with the assessment of the effect of fuel subsidy removal in Nigeria on the living conditions of residents of Calabar metropolis in Cross river State, Nigeria. However, the factors that were studied to determine the effect of the fuel subsidy removal on the living conditions of residents of calabar metropolis were goods and services that are not purchased by any foreign currency but rather, by local currency (naira). The study was anchored on two theoretical frame works namely; the Gradualism Theory propounded by James Hutton in 1795 and the Welfaric Theory by Vilfredo Parreto and co in the late 19th Century. The historical and geographical scope of the study is strictly concern with the Calabar Municipality local government area of Cross River State-Nigeria.

Under the significance of this paper, the researchers believes that; the outcome of this paper shall be of great importance in the following ways:

- The anticipated outcome of this paper shall be a strategic reference point and benefit to future policy makers.
- The outcome of this paper shall be of very great important to the federal government of Nigeria.
- The anticipated result from this paper shall suggest possible feedback to government on this fuel subsidy removal.
- The out-come of this paper shall bring about new knowledge to research institutions with regards to policy and decision making in governance as well as subsidy removal strategies.
- The out-come of this work may serve as a foundation for future research on fuel subsidy removal and the living conditions in Nigeria.

This paper was organized in world class standard of paper writing. The introduction of the paper captured the background to the study, statement of the problem, objectives and research questions of the study, significance and the scope. The paper's literature review covered conceptual and empirical reviews of the subject matter and the works of other authors as well as the theoretical framework. Under methodology, the researchers presented the design of the paper, the area of study, the population of the study, the sample size, sources of data collection, and result of findings and limitation of the paper. A qualitative and quantitative analysis was also presented, and a conclusion was made based on the findings of the paper before some recommendations.

Statement of the Problem

Most appropriately, public policies decision making is always geared towards ameliorating the suffering of the people. According to C.C Ikeji (2005), public policies and decision making is a *life wire* to government functionalism which always intends to address public challenges and problems to provide adequate welfare for the people but a reverse was perceived to have been the case here, when the current federal government of Nigeria ventured into the total fuel subsidy removal which was greeted on arrival, with a wide spread unrest and protest by various groups in the country till date because citizens believed that the removal of total fuel subsidy has significantly affected the cost of living in the country. This is because as soon as the fuel subsidy was abruptly removed in May 2023, the prices and cost of major goods and services like transportation, medical healthcare services, electricity tariff etc were increased and the hike in prices of those essential goods and services affected the living condition of residents of Calabar metropolis. As a result of this abrupt fuel subsidy removal decision, many residents of Calabar metropolis have been pushed into living below the poverty line, while struggling to make ends meet but to no avail. The fuel subsidy removal is perceived to have also triggered food inflation in Calabar metropolis because with the high cost of transportation, prices of agricultural produce which heavily depends on transportation for distribution has increased exponentially. This gave rise to the uncontrollable hike in prices of food stuff, as three cups of garri now goes for N900 to N1000 making it more challenging for Nigerians or residents of Calabar metropolis to afford proper nutrition thereby exacerbating issues of food insecurity in Calabar metropolis. Another perceived negative implication of fuel subsidy removal on the living condition of residents of Calabar metropolis is that the policy change appears to have decreased the Gross Domestic Product (GDP) of the residents of Calabar metropolis and the Nigeria economic growth in the past one year, because almost all the indicators appears to be very negative on the country's economy.

Furthermore, the total removal of fuel subsidy is also perceived to have brought negative impacts on other sectors of the Nigeria economy like manufacturing industries, power generation

and artisans businesses. All these factors have heightened financial predicaments on the living conditions of residents of Calabar metropolis. It is against this backdrop that the researchers were informed with the burden of assessing the effect of fuel subsidy removal in Nigeria on the living condition of residents of Calabar metropolis in Cross river State, Nigeria.

Research Questions

The following research questions were formulated to drive home a successful evaluation of the paper work.

- Has the removal of fuel subsidy caused any variation in prices of goods in Calabar metropolis?
- Has there been any effect of fuel subsidy removal on transportation in Calabar Metropolis?
- Is there any cost effect on resident's family health management as a result of fuel subsidy removal in Calabar metropolis?

Objective of the` Study

This study examined and evaluated the impact of fuel subsidy removal on the residents of Calabar metropolis with the following specific objectives:

- a. To examine the extent of variations in prices of goods in Calabar metropolis.
- b. To assess the effect of subsidy removal on transportation in Calabar Metropolis.
- c. To examine the effect of subsidy removal on residents family health management in Calabar metropolis.

LITERATURE REVIEW

In the early hours of 29th May 2023, Nigeria people were greeted with absolute fuel subsidy removal turmoil via the incumbent government's policy pronouncement on fuel subsidy removal as the country's fuel subsidy history took a twist. A situation which allowed the country to witness a socio-economic quake or commotion. As earlier defined, fuel subsidy was a kind of social policy package or financial support that was always provided by government to reduce the cost of fuel for local consumers. This is because the government was always absorbing a portion of the cost to maintain its affordability for common Nigerians. This therefore means that fuel subsidy was contributing significantly to the government's expenditures, hence, so many scholars and idealistic economist criticized the subsidy practice very strongly as they believed that the funds were wrongly allocated, rather they believed that the funds would have been better allocated to other sectors like healthcare, education, and infrastructure instead of utilizing it on fuel subsidy.

According to Nigeria labour congress (Daily Trust: June 13th 2023), the advent of this abrupt removal of fuel subsidy in Nigeria will entrench another regime of hunger, poverty, unemployment, inflation and total drop in life expectancy of Nigeria citizens hence Nigeria appears to be the home of poverty in the world now with beggars everywhere in the streets. No wonder, the removal of fuel subsidy has often sparked widespread protests and civil unrest amongst Nigerians over the years. Immediately after the pronouncement of fuel subsidy removal was made in May, 2023 Nigerians took to the streets again to express their anger and dissatisfaction with the government's new decision on fuel subsidy removal and since then it has not been easy with Nigeria residents as follows:

Increase in Costs of Goods and Services: With the removal of fuel subsidy, the price of fuel has increased, leading to higher transportation costs, high inflation, and thereby making essential goods and services more expensive for the residents.

Higher Cost of Living: As the cost of fuel increased, it has imposed thousands of effect on other commodities, such as food items and electricity. Residents may experience higher prices for transportation, food, and utilities, ultimately causing a higher cost of living.

Reduction of Purchasing Power: With the current fuel subsidy removal calamities, the increase in the cost of living amongst residents of Calabar metropolis and Nigeria at large may have lessened or reduced their purchasing power which has affected their ability to meet their basic needs.

Decreased in Business Viability: Small businesses in Calabar Municipality heavily rely on fuel for their operations. The removal of fuel subsidy has led to higher transportation costs for businesses, ultimately reducing their profitability and viability.

Job Lose: The increase in cost of business operations due to higher fuel prices has forced some businesses to downsize and even close down their ventures completely which has led to job losses and increase in unemployment rates in Calabar municipality and Nigeria at Large.

Impact on Agriculture: Farmers in Calabar Municipality and its environs heavily rely on transportation which has significant effect on agricultural production and the overall food supply chain, leading to food scarcity and higher prices as three cups of garri now goes for N900 to N1000.

According to Musgrave, R.A. (1959). Public Finance management and fiscal federalism assumes that a federal system of government can only be efficient and effective at solving problems faced by citizens via equitable distribution of income, efficient and effective allocation of resources, and economic stability. According to his argument, economic stability and distribution of income cannot be done by federal government alone, there must be flexibility in dealing with these problems of the federation because states and localities are not equal in their income, thus; the central government intervention is highly needed because allocation of financial resources can only be done effectively via states, local and federal government's collaboration. Musgrave argued that the federal or central government should be responsible for the economic stabilization and income redistribution but the allocation of resources should be the responsibility of state and local governments.

In the words of Ozili, P. K. (2023), the positive implications of fuel subsidy removal in Nigeria is that fuel subsidy removal would free up financial resources for other sectors of the economy, incentivize domestic refineries to produce more petroleum products, reduce Nigeria's dependence on imported fuel, increase employment opportunities and channel more funds to the development of critical public infrastructure, generate a budget surplus in the near future, reduce government borrowing, curb corruption associated with fuel subsidy payments, increase competition, reinvigorate domestic refineries and reduce pressure on the exchange rate. The negative implications are that fuel subsidy removal can decrease economic growth in the short term. It is recommended that the government should carefully evaluate the impact of fuel subsidy removal on individuals and businesses and provide palliatives and other economic relief programs to cushion the adverse effect on individuals and industries.

Onyishi (2012) pointed out that the Nigerian oil and gas sector has over the years been dominated by a cartel of capitalists who often manipulate prices, through artificial supply restriction thereby causing fear to government to spend more on subsidy. According to his analysis these group of capitalists also determines the volume of importation and the proportion that is always released to the market. At times, the capitalists do only allow a few products holders to supply to the market, while others hoard. No wonder Comr. Peter Akpatasan a former president of NUPENG had sometimes ago warned Nigeria government on the Deregulation of the oil and gas downstream sector because the country does not have readily available refineries for production. In his argument he stated that deregulation of the sector cannot work in a market dominated by fuel capitalist cartel. Akpatasan further stated that this cartel is so strong that it can continue to manipulate government and fuel prices out of the reach of the common man as he further adumbrated that you cannot deregulate the sector when you have no functional refineries because in any attempt thereof there will be a very serious economic crisis" as it is already happening today because the Nigeria's first refineries has a minimal capacity to refine 445,000 barrels of crude oil per day which is less than 40% of the daily national consumption of the country.

In the opinions of some policy analyst on Channels Television's live broadcast: Politics Nationwide on the 12th of June, 2023, Nigeria total removal of fuel subsidies in May 2023, came as a big shock to Nigerians because of the socio-economic risks associated with subsidy removal. That was why successive or previous administrations in the country were reluctant to jettison the subsidies hence they have overtime resulted to diplomatic and partial removal of fuel subsidy and not total removal as the sitting government did. They further argued that if the pressure of inflation on the economy and the living condition of Nigerians is not stopped immediately via the reversal of the subsidy to statuesque like Johnathan did in 2012, the implicational fatality will be high.

The obvious truth is that, the premium motor spirit subsidy removal had been in place since the 1970s, but no successive government had committed this form of fatal decision because antecedents have shown that from 2000, Obasanjo civilian administration increased fuel from N20.00 - N22.00, in 2001 partial subsidy removal took place again from N22.00 - N26.00 and in the year 2003 the same administration partially removed it again. The partial subsidy removal also occur in 2004 and 2007 respectively. In 2010-2012 the Jonathan administration partially removed fuel subsidy again and when Buhari came on board in 2015 - 2023, he equally ventured into the model of partial gradualism and the sensibility behind this theory of gradualism and incrementalism was to avoid untold hardship on Nigerians as it is currently witness by the resident of Calabar metropolis.

Afonne E. (2011) averred that despite the introduction of price regulatory act for major essential commodities like petroleum products by Obasanjo military regime in 1977 successive governments has not been observing it. The regime introduced this law to cushion the effects of inflation caused by a worldwide increase in energy prices. Fuel subsidy removal has been very controversial in the history of Nigeria, as some analysts sees fuel subsidy as inequitable distribution of resources since they believe that only a few rich Nigerians owns vehicles, some analyst even argues that Nigeria is amongst the countries in the world with the least numbers of vehicles per capita as only 0.06 percent vehicles or 50 vehicles in a 1,000 Nigerians. Some critics argued that, the subsidies benefited mainly the elites even though they could afford to buy fuel at international market prices. Some also said the subsidies were also draining pipes on public finances, costing the government over U\$10billion in 2022 budget ranging to about 40% of Nigeria's revenue in 2022. No wonder fuel subsidy in Nigeria was known to be notorious for their opacity and corruption hence several Billions of naira were incessantly said to have been lose or diverted through corrupt practices in the payment of the subsidies. In a public opinion poll conducted last year, *accessed through daily sun newspaper* 73% of Nigerians said they were dissatisfied with the manner in which the fuel subsidy was removed totally, meaning the best way this Tinibu administration would have done was to readopt the gradual or incremental subsidy removal like other administrations did in past.

As public policy experts who have under studied the Nigerian administrative system over the years, we can now see why the fuel subsidy has been argued to be return hence the removal has worsened the country's economic situation and the living conditions of citizens. In fact, it has become clear from the unprecedented calamity caused by the removal of fuel subsidies in the country and you will agree with the researchers that, the abrupt removal of the subsidy was not the best strategy that would have been used rather "the Process Theory or Administrative Gradualism model" hence the researchers believes that this action should have been staged to stagger for some months before the complete removal. This would have provided a soft landing, and gradually exposed Nigerians to the full market price system.

Some of the Advantages and Disadvantages of Fuel Subsidy Removal in Nigeria

Fuel subsidies were introduced as a means to make petroleum products more affordable for the Nigerian population. Nigeria is a major oil producer, and as such, petroleum products are significant part of the country's economy. However, over the years, the subsidy program has faced

enormous challenges due to the high cost of funding. The Nigerian government spends a significant amount of its budget on fuel subsidies each year, which puts a strain on the country's finances. Critics argue that subsidies disproportionately benefit the wealthy and the middle class, rather than the poor, who are in greater need of government assistance.

The issue of fuel subsidy removal became a major topic of discussion and debate in Nigeria in the late 2000s and early 2010s. The government argued that removing fuel subsidies would allow for more revenue resources, reduce corruption in the subsidy process, and encourage investment in other sectors of the economy. Overall, the history of fuel subsidy removal in Nigeria has been marked by controversy and public unrest. The issue remains a contentious one, as it affects the daily livelihoods of millions of Nigerians.

Theoretical Frame Work

Ordinarily, this paper had the generosity to have been explained by several other theoretical models but for the purpose of emphatic adumbration and analysis only two theories were adopted by the work namely: Gradualism Theory propounded by James Hutton in 1795 and the Welfare Theory postulated by Alfred Marshall, Vilfredo Pareto and Arthur C. Pigou in the year 1897.

The Gradualism theory

The theory of Gradualism which was propounded by James Hutton a Scottish geologist in the year 1795 believes that, change only occurs gradually and incrementally, over a short or long period of time, via a series of steps. This theory was deemed to have the theoretical morality to explain the philosophical phenomenon under this research paper because, it advocates for gradual and incremental processes in policy making and implementation and so if it was applied during the Nigeria fuel subsidy removal by the federal government, the residents of Calabar and Nigeria citizens wouldn't have been under the current economic hardship caused by the fuel subsidy removal. Brian McGowran. (2008) assert that, the theory of Gradualism is a very key aspect in policy and decision-making processes hence it has very strong connotative meaning to Charles Darwin's theory of evolution. Brian McGowran further opined that the model of Gradualism is best used to describe the process of economic development, where countries or regions experience gradual growth and improvement over time.

In relation to this paper, the authors of this research exercise adopted this model because they believed that, if the federal government had used or imitated the doctrine of this theory (Gradualism) they wouldn't have rushed into the total fuel subsidy removal that has brought about the current economic hardship on Nigerians, rather they would have indulged into the partial fuel subsidy removal methodology that was since practice by past Administrations over the years.

The Welfare Theory

The welfarist theory propounded by Vilfredo Pareto, Alfred Marshall and co. in the late 19th century believes that; government actions and inactions are always taken to achieve the economic wellbeing of residents and citizens which is closely interpreting the subject matter under investigation. In the words of the neoclassical economist (Vilfredo Pareto) "man earns money to pay for his welfare, just as government spends money to make policies for the wellbeing of citizens". The definition later enlarged the scope of economic science of welfare by emphasizing on the study of wealth and humanity together, rather than wealth alone hence human motivation is inevitable.

Mill, J. S. (1897). In his book Utilitarianism argued that government policies and actions are right if they promote the greatest number of people's welfare and happiness which is the key tenet of welfarism. The theorist further opined that the principle of welfare economics is often derived from a legitimate welfare improvement strategy, which must occur when a particular socio-economic

policy of government makes the living condition of her citizen's better, not like in the case of the May 29th 2023 abrupt fuel subsidy removal decision in Nigeria. The Paretian theoretical framework further argued that, for the distribution of socio-economic welfare of the people, there must be optimal welfare for the people and the principle rests on two major assumptions: that each individual is the best judge of his or her own welfare; that social welfare is exclusively a function of individual welfare.

In relating this theory with the topic under investigation, the researchers adopted this theory because, the theory advocates that, all government actions and inactions are always tilted towards achieving the economic welfare of residents or citizens of a particular country and so if the Tinubu led Federal Government of Nigeria had adopted the philosophical doctrine of Welferism it would have guided his action on the abrupt fuel subsidy removal.

Summarily, going by the above empirical literatures and theoretical frameworks, you will agree with the paper researchers that, the adopted theories for this work have the correlational ability to adumbrate the philosophy of the effect of fuel subsidy removal on the living condition of residents of Calabar metropolis Nigeria.

METHODOLOGY

Research design

This paper adopted survey research design and both quantitative and qualitative data analysis technique which enabled the researchers to generate data via interviews and observations. The methodology was considered suitable and appropriate for this work because it focuses on people who have the facts, views and experiences bothering on the subject under investigation.

Area of the Study

Calabar metropolis refers to the heterogeneous City of the Calabar Municipal Local Government Area of Cross Rivers State Nigeria. Calabar Municipal Local Government Area is one of the 18th local government areas of Cross River State with its headquarters located in Calabar, the Cross River State capital. The area covers a landmass of approximately 451 square kilometers and has a population of around 170,000 people, according to the 2006 census. Calabar Municipality is a culturally rich and historically significant area, being one of the oldest local government areas in Nigeria, dating back to 1901. It is home to the famous Calabar Carnival, which takes place annually in December and attracts tourists around the world. The local government area is also known for its stunning natural beauty, with the Calabar River flowing through it and the beautiful scenery of the Kwa Falls. The area is also the home to the prestigious University of Calabar and the Cross River University of Technology, making it a hub for education in the region. The local government area is divided into 17 local wards and has a diverse economy, with major industries including tourism, agriculture, and commerce. The area is also known for its rich cultural heritage, with a blend of traditional and modern influences.

Population of the Study

The population of this study was derived from the 2006 census published register of Calabar Municipality (metropolis) which is 170000 persons. The sample size of this paper was derived through the use of Yemen formula, also known as "Yemen Initiative" which originated from the Gulf Cooperation Council (GCC) Yemen South-western part of Asia Continent at about 2011. The formula is named after a country known as Yemen because it was first proposed by the GCC as a solution to solve the then crisis in Yemen, which it has since been applied to other political crises in the world. Whereas the sample size for this work was 150 adult residents of Calabar metropolis

representing 0.882% of the total population. The study adopted a non-probability sampling technique where a simple random purposive and accidental technique were adopted to conduct reliable research which allowed both traders, buyers, head of transport companies, drivers, passengers, heads of pharmacies, medical personnels patients, and street honkers to participate in the study.

Sources of Data Collection

In a research endeavor or mission like this, data sourcing occupies one of the most prominent and essential stages in carrying out an effective and reliable research. There are only two basic sources as stated below: **Primary data:** Primary data sources usually include information collected and processed by the researcher directly from the interviewee, through questionnaire, observation, survey and group discussions. **Secondary data:** Secondary data sources include information retrieved or accessed via articles, internets, newspapers, libraries etc.

Limitations of the Study

Due to the current hardship and poverty in Nigeria, the researchers of this paper were confronted with the following challenges:

- The Problem of Financial Constraints:** The researchers were confronted by the current cost of goods and services in Calabar metropolis during this exercise as much fund was needed to carry out effective research on this paper work.
- Lack of Related Literatures;** One of the challenges that hindered the researchers during the process of this work was the absence of related literatures on this topic.
- Time Constraint:** The struggle to beat up time during this academic exercise was also a major problem to the researchers owing to the limited time schedule for the conference at Akwa Ibom State University.

Data Presentation

Variation in Goods

S/M	Items	Before May 29 th , 2023	May 29 th , 2024 till date	Price Differential
1	Loaf of Bread	N500	N1500	N1000
2	A cup of rice	N100	N500	N400
3	Cup of beans	N80	N450-500	N370
4	Cup of gari	N50	N250	N200
5	Egg	N50	N200	N150
6	Tin of milk	N400	N900	N500
7	Bag of Crayfish	N45000	N300000	N 255000
8	Kilo of Meat	N2000	N5000	N3000
9	Small indomie	N70	N250	N180
10	Bunch of Plantain	N300	N3000	N2700
11	Bag of floor	N10000	N55000	N45000
12	5pcs of Banana	N200	N500	N300
13	1 pcs of sachet water	N10	N50	N40

Source: Interview 2024

Table 2: Variation in Transportation

S/N	Items	Before May 29 th , 2023	May 29 th , 2024 till date	Price Differential
1	T.P from Calabar to Uyo	N1500	N4000	N2500
2	T.P from Calabar to PH	N3000	N12000	N9000
3	T.P from Calabar to Obudu	N3000	N12000	N9000
4	T.P from Calabar to Abuja	N8000	N25000	N17000

Source: Interview 2024

Table 3: Cost of Family Health Management

S/N	Items	Before May 29 th , 2023	May 29 th , 2024 till date	Price Differential
1	Card of paracetamol	N50	N400	N350
2	Athermater cyrup	N100	N900	N800
3	Admission card	N1000	N2500	N1500
4	Antenatal consultation fee	N5000	N10000	N27000
5	House rent (1 bed room)	N250000	N450000	N200000

Source: Interview 2024

Table 4:

Statistical Analysis of Variation in the Prices of Goods through the use of Regression Statistical Tool

	Mean	Std. Deviation	N
Price differential	20572.3077	70451.18016	13
Before may 29 2023	4520.0000	12463.18311	13
May 29 till date	28276.9231	83000.16721	13

Source: Statistical Instrument

Table 5: Regression Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1537.790	2451.931		.627	.545
	Before may 29 2023	-16.667	3.844	-2.949	-4.336	.001
	May 29 till date	3.337	.577	3.932	5.782	.000

Source: Statistical Instrument

Interpretation of Descriptive Statistics and Regression Coefficients of tables 4 and 5

The descriptive statistics provided a summary of the variations in the prices of goods. Here are the key points:

1. Price Differential: The mean for price differential was 20,572.31 with a standard deviation of 70,451.18, based on 13 observations. This indicates that on average, the difference in prizes is approximately 20,572.31, but there is substantial variability around.
2. Prices Before May 29th, 2023: The average prizes before May 29, 2023, was 4,520.00 with a standard deviation of 12,463.18. This suggests that the prizes were relatively low and had a moderate degree of variability.
3. Prizes from May 29th till Date: The mean price from May 29th till the current date is significantly higher at 28,276.92 with a much larger standard deviation of 83,000.17. This indicates that prices have increased substantially since May 29, with a high degree of variability thereby impacting negatively on the living condition of the residents of calabar metropolis.

The regression analysis provides the insights into the relationship between the independent variables (prices before May 29, 2023, and prices from May 29 till date) and the dependent variable (price differential). The key findings are as follows: The constant term in the regression equation is 1,537.79, with a standard error of 2,451.93. This represents the expected price differential when both independent variables are zero, although it is not statistically significant ($p = .545$).

1. The unstandardized coefficient for prices before May 29th, 2023, is -16.667 with a standard error of 3.844. The negative coefficient indicates that an increase in prices before May 29

is associated with a decrease in the price differential. This relationship is statistically significant ($t = -4.336$, $p = .001$).

2. The Differential: The key findings are: The constant term in the regression equation is 1,537.79, with a standard error of 2,451.93. This represents the expected price differential when both independent variables are zero, although it is not statistically significant ($p = .545$).
3. The standardized coefficients (Beta) provided a measure of the relative importance of each independent variable in predicting the dependent variable. The Beta values indicate that the prices from May 29th, 2023 till date (Beta = 3.932) have a stronger impact on the price differential compared to prices before May 29, 2023 (Beta = -2.949).

Positive coefficient suggests that an increase in prices from May 29th 2023 till date is associated with an increase in the price differential. This relationship is also statistically significant ($t = 5.782$, $p = .000$). The standardized coefficients (Beta) provided a measure of the relative importance of each independent variable in predicting the dependent variable. The Beta values indicated that the prices from May 29 till date (Beta = 3.932) have a stronger impact on the price differential compared to prices before May 29th, 2023 (Beta = -2.949). Summarily, the overall analysis therefore reveals that there is a very significant changes in the prices of goods after May 29th, 2023 with high variability. Whereas prices before May 29 had moderate level and were relatively stable. The regression analysis also confirms that, the prices before May 29 are negatively associated with the price differential, whereas the prices from May 29th, 2023 hitherto are positively associated with the price differential. Both relationships are statistically negative to each other.

Descriptive Analysis presented in tables 1,2 & 3 above

In table one above, the result of data collated and analyzed from 15 Super Market operators, 15 market traders and 20 buyers of commodities in different markets in Calabar metropolis indicated that all the list of commodities in the table have exponentially increased three to four times than the prices that had existed before the advent of May 29th, 2023 fuel subsidy removal, hence a good loaf of bread amongst other commodities in Calabar metropolis now sold at an unaffordable prices as revealed by the interviewees.

The result of this analysis agrees with the work of Onyishi (2012) who wrote on Nigerian oil and gas sector domination by a cartel of capitalist who often manipulate prices of fuel through artificial supply restriction thereby causing fear to government not to spend on subsidy on-behalf of Nigerians. According to his analysis, these group of capitalists always determine the volume of importation and the proportion of fuel to be released into the market and Nigeria being a major dependent on fuel as the only source of energy, once fuel increases, everything skyrockets immediately hence a mono-economy system. That was why Comr. Peter Akpatasan a former president of NUPENG had sometimes ago warned the Nigerian government against the deregulation of the oil and gas downstream sector without a proper fuel production mechanism on ground because the country does not have the readily available refineries for production. Comr. Akpatasan further argued that, the deregulation of the sector in Nigeria cannot work in a market that is dominated by fuel capitalist cartel. Akpatasan equally stated that, the cartel is so strong that it can continue to manipulate government and fuel prizes out of the reach of the common man as long as it pleases them. More so, he adumbrated that you cannot deregulate the sector when you have no functional refineries because in any attempt thereof there will be a very serious economic crisis” as it is already happening today, because the Nigeria’s refineries have just a minimal capacity to refine 445,000 barrels of crude oil per day which is less than 40% of the daily national consumption.

These therefore means that, if the Federal Government of Nigeria had adopted the theory of Gradualism propounded by James Hutton a Scottish geologist in the year 1795 which suggests that

a change of policy and decision should always occur gradually and incrementally, for short or long period of time, via a series of steps or processes and not in the manner the Tinubunization policy of fuel subsidy removal came-up in May 2023.

The result of data collected and analyzed in table 2 which was bothering on the variation in the formal and the current cost of transportation in Calabar metropolis indicated that all the interviewees who were drawn from members of the Nigeria Union of Road transport workers, Park operators, drivers and passengers asserted that, the advent of the May 29th 2023 fuel subsidy removal has skyrocketed the cost of transportation in Calabar metropolis and its environs hence it has affected the living condition of residents.

The result of this analysis is in tandem with views of some policy analyst on Channels Television (12th of June, 2023) who stated that, the total removal of fuel subsidy in Nigeria on May 29th, 2023 came as a big surprise to Nigerians because of the socio-economic risks associated with the total subsidy removal, the analyst adumbrated that, the reason successive or previous administrations in the country were reluctant to jettison the fuel subsidy policy is because of the prominent place fuel and its activities occupies in the country's economy. They further argued that, if the total fuel subsidy is not reversed immediately like Johnathan did in 2012, there will be a continuous exponential increase in the costs of goods and services in the country as life expectancy will drop.

The result of data collected and analyzed in table 3, which was bothering On the current cost of families health management in Calabar metropolis, most of the residents or interviewees who were drawn from hospitals, healthcare centres, medical outlets and pharmaceutical shops asserted that; despite other serendipity factors like dollar increase, double taxations and non-control of prizes of drugs and other health related therapies in Nigeria, the advent of the May 29th 2023 total fuel subsidy removal has shoot-up the cost of buying drugs, hospital card fees, medical consultation fees and many other related medical services and bills which signifies that the cost of medical services of residents of Calabar metropolis has exploded significantly as their healthy living condition has reduced as well as their life expectancy. The result of this analysis therefore agrees with the works of Richard A. Musgrave (1959) who on his "Public Finance Management and fiscal federalism" argued that a federal system of government can only be efficient and effective in solving problems faced by citizens via equitable, efficient and effective distribution of income and allocation of resources, to enhance economic stability. According to his theoretical framework, economic stability cannot be achieved by the central or federal government alone, there must be flexibility in dealing with these problems of the federation because states and localities are not equal in their income, thus the central government interventions are highly needed because allocation of financial resources can only be done effectively via states, local and federal government's collaboration. It was against this backdrop that the researchers adopted the theory of welfarism propounded by Vilfredo Pareto, Alfred Marshall and co. in 1897 which believes that; government actions and inactions are always taken to achieve the economic welfare of residents and citizens. In the words of the neoclassical economist (Vilfredo Pareto) "man earns money to pay for his welfare, just as government spends money to make policies for the wellbeing of citizens.

CONCLUSION

In conclusion, the May 29th, 2023 fuel subsidy removal in Nigeria has imposed a very significant negative effect on the living conditions of residents of Calabar metropolis with a very substantial variation or increase in the cost of goods, transportation and medical bills as well as inflation, economic retardation and backwardness. The removal of fuel subsidy has put a strain on the day-to-day lives of residents of Calabar metropolis, particularly those with low incomes. Efforts to contain with the effect of fuel subsidy removal changes in cost of commodities, transportation and

medical bills and find alternative solutions to address the effect of fuel subsidy removal has proven abortive amongst the residents of Calabar and Nigeria at large. After some serendipities like foreign exchange rate, non-price control mechanism and multiple revenue collection check points against traders, agricultural produce, transporters etc. were discovered the paper also concluded and recommended for urgent intervention by government to ameliorate suffering of the living condition of residents of Calabar metropolis and Nigeria at large.

RECOMMENDATIONS

The paper recommends the following:

1. The federal government of Nigeria should as a matter of urgency reintroduce partial fuel subsidy immediately as it happened during the time of Goodluck Johnathan in 2012 where he reduced fuel from N141 down to N87.00, so as to ease the financial burdens of residents of Calabar metropolis and their living conditions because during this research endeavor, it was discovered that almost all sectors of Nigeria economy is tide down to fuel.
2. The Federal and state governments should establish Mass-transit schemes to avert the untold hardship on residents' occasion by high cost of transportation in Calabar metropolis and Nigeria at large.
3. The federal government should also introduce alternative sources of energy, if the government explores alternative fuel sources such as renewable energy. It will reduce the heavy reliant on fossil fuel and mitigate the impacts of fuel subsidy removal on citizens.
4. The federal government should carefully evaluate the effects of fuel subsidy removal on cost of medical products and services in Calabar metropolis and Nigeria at large so as to reinstate the healthy expectancy of citizens.
5. During this research work, the researchers also discovered some serendipities that were associated with the negative impact of fuel subsidy removal on residents of Calabar metropolis and it was recommended that: Both the Federal and state government should abolish multiple revenue tax and check points against farm produce in state and the country at large; The federal government should review its foreign exchange policy immediately; Both the federal and state government should reintroduce price control policy in the country and the government should reintroduce free farm imputes policy in Nigeria.

REFERENCES

- According to the 2006 census *accessed via the website* of Calabar Municipality Local Government area. *May 30th 2024*
- Adenskong, O. K. (2011). Theories and the practice of policy making: An analysis of African styles. University of Munich press, Germany
- Afonne. E (2011) Politics of Oil Subsidy: The cartel's fraudulent Acts. Nigerian News world Oct14 vol. 15 N0.634) :57-80 Botev, Z.; Ridder, A. (2017). "Variance Reduction". Wiley StatsRef: Statistics Reference Online: 1–6.
- Brian, M. G. (2008). Biostratigraphy: Microfossils and Geological Time. Cambridge University Press. p. 384. ISBN 978-0521048170
- Channels, T. V (12th of June, 2023). Politics nationwide. Abuja Nigeria.
- Ikeji, C. C. (2005). Public Policy Analysis and Decision-Making monograph: University of Calabar Press. Calabar Nigeria
- Daily Trust Newspaper Nigeria: June 24th 2023
- Daily TrustNews Paper on the 30th of May, 2023
- Garba, A.G. (2023) History of fuel subsidy removal in Nigeria: Blueprint.ng online 1-10

- Marshall, A. (1890). "1 Introduction". *Principles of Economics*. Vol. One: An Introductory Volume. Retrieved 28 July, 2023.
- Musgrave, R.A. (1959). *The theory of public finance management: A study in public economy*. McGraw-Hill.
- Mill, J. S. (1897). *Utilitarianism*. London: Longman's, Green, Reader, Dyer.
- Ozili, P. K. (2023). Implications of fuel subsidy removal on the Nigerian economy: MPRA Paper 118798, University Library of Munich, Germany.
- Onuh J. K. (1983) "The Nigerian Oil Economy. New York: St Martins Press
- Onyeiwu (2023) gradual fuel subsidy removal: the incremental approach. O.P. Jindal Global University, Sonapat, Indian.
- Onyishi A.O; Eme, O.I and Emeh I.E.J (2012) "The Domestic and International Implications of Fuel Subsidy Removal Crisis in Nigeria. Kuwait chapter of Arabian Journal of Business and Management Review