Journal of Public Administration, Policy and Governance Research (JPAPGR), Vol. 3, No. 1, 2025. Available online at https://jpapgr.com/index.php/research. ISSN:2787-0464. Covered in google scholar**.**
Ukor, Venatius Azinor, Kati, George Kati & Agbaka, Joseph Lifu, 2025, 3(1):109-123

Fuel Subsidy Removal and the Standard of Living of Nigerians: A Study of Tinubu-Led Administration

Ukor, Venatius Azinor
(Post Graduate Student)
Department of Public Administration, Faculty of Management Sciences,
University of Calabar, Calabar– Nigeria
azinorukor@gmail.com

Kati, George Kati
(Post Graduate Student)
Department of Public Administration, Faculty of Management Sciences,
University of Calabar, Calabar– Nigeria
katigeorge10@gmail.com

Agbaka, Joseph Lifu
(Post Graduate Student)
Department of Public Administration, Faculty of Management Sciences,
University of Calabar, Calabar– Nigeria
j.lifu@yahoo.com

Abstract
Until recently, fuel subsidy has been an integral part of Nigeria economic policy for quite a long period of time. This is in view of it anticipated benefits of enhancing welfarism among the masses as well as ensuring sustainable economic development. Paradoxically, the benefits of fuel subsidy were monopolized by key political actors and oil merchant through their insidious tentacles of corruption. This prevailing economic crisis led to the removal of fuel subsidy by Tinubu-Led-Administration in 2023. While some scholars argued that fuel subsidy removal is an austerity measure that is imperative for sustainable economic development considering the prevailing corrupt practices that had previously enveloped the oil sector in the country, others argue that it has only led to the exacerbation of hardship in the country. Arising from this existing debate in the scholarship, this article was geared towards examining the effect of fuel subsidy removal on the cost of petroleum/transportation and standard of living in Nigeria. Extant literatures were consulted and reviewed while the theory of Rentier State by Hazem El Beblawi and Giacomo Luciani (1987) was used to explain the controversy involved in fuel subsidy removal policy in the country. Using the descriptive research design, the study reveals that fuel subsidy removal has led to high cost of petroleum as well as standard of living in Nigeria. Based on this, the study recommends that proactive measures such as social welfare programmes and price control should be strategically initiated and implemented in the country.

Keywords*: Fuel, Subsidy Removal and Standard of Living, Nigerians, Administration*

Introduction

Petroleum has been the mainstay of Nigeria economy for quite a long period of time considering it fundamental role in modifying and reshaping both the economy, social and political structure of the country. The first discovery of oil in Oloibiri in Niger Delta, Afam and Boma in 1960 in commercial quantities made the country an oil producing nation. The oil sector which plays a

significant role in transforming the country's economy became famous in 1970s due to the significant improvement of the national oil production and reserves (Adeniran, 2016).

There is an overwhelming debate and controversy among scholars on fuel subsidy in Nigeria in view of its implications on economic growth and development as well as political stability in the country. The concept of fuel subsidy refers to a government policy geared towards providing the general public with a reduction in the market price of fuel, thereby making it affordable through paying less than the prevailing market rate for fuel (Ovaga and Okechukwu, 2022). Once there is implementation of fuel subsidy, the general public are able to purchase petroleum products at a cheaper price compared to the existing market price. But when removed and the price increases, people spend more in acquiring the product which in turn affects their earned income which remain static, which in turn affect their ability to meet up with their basic needs therefore affecting the overall standard of living.

As rightly observed by Ozili and Obiora (2023), the first implementation of fuel subsidy in Nigeria during the 1970s was mainly in response to the oil price shock experience in 1973. But subsequently, there was partial fuel subsidy removal in 1986. Similarly, in 2012, there was the removal of fuel subsidy by the then existing government which further triggered widespread demonstration for the policy reversal thereby urging the government to ensure smooth implementation of fuel subsidy considering it overwhelming advantage to the general public. This demonstration led to the reversal of the government policy on fuel subsidy removal. From this period, the disbursement of fuel subsidy in Nigeria has experienced significant expansion. In the year 2022, fuel subsidy reached a total of ₦4 trillion (equivalent to US$6.088 billion), constituting almost 23 percent of the national budget amounting to ₦17.126 trillion (equivalent to US$25.87 billion) in the same year (Ozili and Obiora, 2023). This significant expansion equally led to the various corrupt practices that enriched those within the oil sector.

According to Umeji and Eleanya (2021), despite the implementation of fuel subsidy in Nigeria, the country's oil wealth has not resulted in an enhanced quality of life for its citizens. They further assert that the elimination of fuel subsidy could potentially lead to significant repercussions, which can be alleviated through governmental transparency in allocating the funds saved from the removal of fuel subsidy towards infrastructural advancements. Similarly, Ovaga and Okechukwu (2022) note that, the presence of fuel subsidies in Nigeria fosters a culture of corruption. This is primarily attributed to a faction of individuals who actively obstruct the operations of established refineries and impede the establishment of new ones. Their actions are driven by the intention to perpetuate fuel imports and maintain the continuation of fuel subsidies, ultimately serving their personal interests.

To further buttress this point, Omotosho (2020) noted that, the elimination of fuel subsidies in Nigeria has the potential to result in increased macroeconomic instability due to the subsequent escalation of energy costs and inflation. While on the other hand, the research conducted by McCulloch, Moerenhout, and Yang (2021) demonstrates that a significant portion of the Nigerian population expresses resistance towards the elimination or modification of fuel subsidies. This opposition is a result of the belief that the administration is corrupt and unfit to carry out changes in a transparent manner.

This study was conducted with the primary goal of examining the impact of removing fuel subsidies and the standard of living of Nigerians under President Tinubu's administration. This is because, despite the government's justification for doing so, not taking any preliminary palliative measures before doing so has sparked a heated debate about the possible effects of this policy change on the Nigerian economy and its citizens.

Literature Review and theoretical framework

In reviewing current literature on the subject under study, the writing of scholars who have written extensively on fuel subsidy removal and standard of living were consulted and interpreted so as to make informed contributions to the study. The literature review was carried out under the following sub-themes:

Conceptual issues on fuel subsidy removal and its rationale towards economic development

Fuel subsidy is an economic policy that has been carried out in most developed and developing countries across the globe. It tends to varies in nature but its primary objective is to enhance the socio-economic well-being of the masses. Onyishi, Eme and Emeh (2022) noted that Fuel is subsidized by the government to solve market failure, primarily poverty, particularly in developing nations where subsidies are provided to enable the impoverished to engage in economic activity. Additionally, gasoline subsidies shield vulnerable nations from global market shocks. Ezeh (2022) claims that petrol in Nigeria is an inelastic product on both the supply and demand sides, making it extremely challenging for customers to find substitutes for using it on a daily basis. In Nigeria, hydropower and dams are unreliable sources of electricity, and there are no alternatives like electric trains, sun heaters, or cookers.

The World Bank (2017) defines fuel subsidy as any government policy that aims to lower the price of energy consumed by citizens compared to what the price would have been in the absence of such a policy. Fuel subsidy is a government program designed to lower the amount Nigerians must pay for petroleum motor spirit (PMS), automotive gas oil (diesel), and to protect citizens from the volatility of crude oil on the global market. The reality of the subsidy is that as the price of fuel rises at the pump, the cost of everything in Nigeria inevitably rises as well. Therefore, the essence of subsidizing the cost of pump price of fuel is to make the cost of living, production and services affordable to every Nigerian and as well maintain fairly good standard of living. The removal of fuel subsidies, on the other hand, suggests that the government will consciously take steps to remove all leverages and reductions in the price of crude oil or its products (Oladeji and Akinlabi, 2022). This subvention is a way for the government to cut back on the purchase of crude oil products and their allies.

Fuel subsidy removal has been a contentious topic in Nigeria for quite a long period of time. This is based on the fact that once fully implement, it anticipated consequences on the socio-economic well-being of the masses is bound to be drastic if adequate measures are not taken to curtail it effect. While the government spends billions of dollars annually to keep fuel prices artificially low for citizens, the economic and social implications of this policy remain fiercely debated (Akov, 2015). Empirical data clearly reflects the fact that fuel subsidy in Nigeria is a strategic means of enriching key oil merchants and top political actors (Omitogun, Longe, Muhammad and Adekomi, 2021). To them, arising from the cancerous state of corruption which has eaten deep into the oil sector of the country, proponents of subsidy removal argue that it would free up government resources for investment in critical sectors like education and infrastructure. Additionally, they believe it would incentivize private investment in domestic refining, ultimately reducing dependence on imported fuels (Omitogun et al., 2021).

On the other hand, opponents of fuel subsidy removal argued that it will trigger Nigeria already alarming state of inflation and cost of transportation making life harsh and difficult for the general masses. As rightly noted by Nadoo (2022), fuel subsidy removal is likely to lead to an increase in fuel prices, which could have a ripple effect throughout the economy. Transportation costs would rise, potentially leading to higher prices for goods and services. This, in turn, could contribute to inflation and erode consumer purchasing power.

There is a growing debate on the impact of fuel subsidy removal on the Nigeria's supply chain. Vast studies (Ojo, 2023; Nadoo, 2022; Nwachukwu, 2013), have argued that fuel subsidy removal will potentially lead to disruptions in the midstream sector, responsible for transporting and storing refined petroleum products. The increase in fuel price resulting from fuel subsidy removal will invariably lead to consumers reduction in their consumption which will lead to temporary drop in demand. Suppliers, on the other hand, may need to recalibrate operations to adapt to the new pricing structure, potentially causing temporary shortages or imbalances. Furthermore, the increasing state of fuel price will lead to high cost of transportation which is a critical aspect in the supply chain. This cost will lead to inflation thereby making it difficult for consumers to purchase their basic needs. This negative effect will hinder economic activities and further aggravate existing inequalities in the country.

Furthermore, Cassy (2012) lists the following as some drawbacks of Nigeria's elimination of fuel subsidies:

1. the government will face increased pressure from labour organizations to raise the minimum wage paid to workers;
2. the standard of living will plummet as low-paid workers in the public and private sectors will find it difficult to make ends meet due to inflation brought on by the removal of the fuel subsidy.
3. a rise in unemployment as a result of firms closing as a result of rising gasoline prices.

On the other hand, there are vast anticipated benefits associated to fuel subsidy removal. Subsidy removal could create opportunities for long-term improvements within the country. With freed-up resources, the government could invest in upgrading roads, storage facilities, and transportation networks. A more efficient infrastructure system would ultimately reduce transportation costs, benefiting both businesses and consumers in the long run (Omitogun et al., 2021). Also, fuel subsidy removal could trigger more investment in domestic refinery thereby reduce the country's dependence on imported fuels which is seen to be very expensive in cost. This would make the supply chain less vulnerable to global price fluctuations and external shocks.

President Tinubu in 2023 removed the oil subsidy for the following reasons:

1. That it will guarantee private sector involvement in the importation of petroleum products, freeing up the market, empowering many Nigerians, and allowing the government to concentrate on other important areas of the economy;
2. That it will guarantee the constant availability of gasoline for all Nigerians, as Nigeria will be saturated with it and there won't be any distraction by marketers;
3. That it will curb the greed for higher profits and sabotage by a few players in the oil industry removal and have a positive impact on the economy.
4. As demonstrated in the telecom sector, it will guarantee industry competitiveness and market forces will eventually lower the price of gasoline for the benefit of Nigerians.
5. That it will eliminate lines from gas stations nationwide and spare the nation from the interminable agonies and hardships associated with waiting in line for fuel. (Naij News, 2023).

Effect of fuel subsidy removal on cost of petroleum and transportation in Nigeria

The elimination of gasoline subsidies resulted in a sharp rise in fuel prices, which inevitably raised transportation costs in the country. Commuters now experience high expenses for their daily travel which in turn affects their budgeting decision in terms of what to purchase and not to purchase. This has drastically affected their daily life considering the difficulties encountered while moving from one location to the other considering the sudden increase in the cost of petroleum. Most alarming is the fact that the rise in cost of petroleum as well as transportation directly influence the

level of inflation in the country. Food and grocery prices are impacted by the rise in petroleum and transportation expenses brought on by the elimination of fuel subsidies. In order to get their produce to market, farmers, suppliers, and retailers must pay more for transportation, which raises final prices for customers. Customers are prompted to reevaluate their purchasing decisions as a result, either choosing less expensive options or cutting back on their consumption altogether.

Both Nigeria's working class and the impoverished are impacted by the rise in fuel prices, which has raised transportation costs. According to data from the Nigeria Bureau of Statistics (NBS), 56.25% (nearly 71 million) of Nigeria's labour force, which consists of workers between the ages of 16 and 64 work informally, and a significant portion of them rely on public transportation rather than owning a private vehicle for mobility (Ajayi, 2022). Regardless of whether they work formally or informally, the poor in Nigeria are projected to be the ones who suffer the most from increases in the price of transportation and fuel. This is based on the fact that a larger percentage of the population is experiencing difficulty as a result of the sharp rise in transportation and energy prices. Additionally, this has led to impoverishment in all its manifestations, from inadequate housing to terrible diets.

As could be predicted, those in the low-income group frequently have limited funds, and any rise in the price of gasoline and transportation can make it harder for them to pay for travel. They will have to prioritize their expenditures and face tough decisions between covering their mobility demands and other basic necessities like food, shelter, or healthcare due to rising petroleum and transportation expenses (Buchack, 2016: Bradley, 2017). The urban poor may find it more difficult to obtain employment prospects if they have limited access to reasonably priced transportation. People may be forced to look for work that is within walking or bicycling distance of their houses if the cost of transportation becomes unaffordable, which would limit their alternatives and maybe their earning potential.

The impact of eliminating gasoline subsidies on transportation and petroleum costs as well as the socioeconomic well-being of the general public has also been supported by empirical research from the body of existing literature. For example, the impact of gasoline subsidy removal on gross domestic product and transportation cost in Nigeria study by Adepoju, Balogun, and Bekesuomowei (2023) found that the elimination of fuel subsidies in Nigeria caused economic problems related to transportation costs. Secondary data for the study was gathered from the World Bank website and Premium Motor Spirit (PMS) pricing between 2011 and 2023. To ascertain the degree of correlation between the three variables—GDP, PMS price, and inflation rate—data were correlated. Using SPSS software, the secondary data was analyzed using the Pearson Product Moment Correlation Coefficient. The analysis's findings showed that rising gasoline prices caused inflation to rise by 64% while GDP decreased by 42.5%. It is seen that GDP is declining and inflation has risen. It is evident that gasoline is essential to Nigeria's national development. It directly affects GDP, and Nigerians are surprisingly affected by price inflation. Perhaps resolving the gasoline issue has a big impact on the economy. As alternatives to eliminating subsidies, the report suggested two actions. The first is to increase fuel supply relative to demand. Since the demand for crude oil as a key source of income may eventually decline if buyers who are actively planning on alternative fuel are able to do away with our crude oil, the second choice is to locate alternative fuel like other nations. Future problems with the world's oil demand can be avoided by Nigeria with the use of electric, solar-powered, and hybrid vehicles as well as policies that promote nonmotorized transportation.

Effect of fuel subsidy removal on cost of standard of living in Nigeria

The amount of money required to maintain a particular way of life and to pay for necessities is known as the cost of living (Latimaha, Ismal and Bahari, 2020). Housing, food, medical care, education, and other essentials are included in this. According to Farid, Khan and Warriach (2012), the cost of living is the sum of money needed to maintain a particular standard of living. Spending

on food, shelter, healthcare, transportation, and other essential goods and services is expressly included in this. The cost of purchasing all the goods and services required to maintain a particular standard of living is influenced by variables such as inflation, shifts in consumer pricing, and geographical variations. The household's energy source, such as the cost of gas and fuel, is most directly impacted by the reductions in subsidies. Eliminating subsidies would raise gas prices at the pump, which would have a direct effect on transportation costs (Inegbedion, Inegbedion, Obadiaru and Asaleye, 2020; Ozili and Obiora, 2023).

Given the current high cost of living, the removal of the fuel subsidy has been a controversial topic in Nigeria with major ramifications for household expenditure (Francis and Lucas, 2023). Fuel subsidies have historically been adopted to minimize the impact of high petroleum product costs on the general people. Removing these subsidies, however, has spurred discussions about how they affect household spending trends and the high cost of living. Concerns regarding possible inflationary effects on living expenses and the general affordability of necessities have been brought to light in the public conversation surrounding the elimination of gasoline subsidies (Ikena and Oluka, 2023). A larger percentage of the population will likely experience hunger and malnutrition as a result of the sharp increase in living expenses, which will inevitably reduce the purchasing power of low-income households.

In the words of Ikenga and Oluka (2023), one of the most contentious issues facing Nigerian economic policy at the moment is the elimination of the fuel subsidy. Nigerians' living standards has been significantly impacted by the withdrawal of fuel subsidies, which has equally generated a lot of discussion. However, the decision to eliminate these subsidies has raised concerns about the potential impact on inhabitants' living situations, particularly for the most disadvantaged. Since subsidies were eliminated, fuel prices have risen dramatically. They have really increased several times, which may have a significant impact on product pricing, transportation expenses, and inflation overall (Gohari, Matori, Yusof, Toloue, and Sholagberu, 2018; Ozili and Obiora, 2023). For low-income families and other vulnerable individuals, the rapid increase in living expenses makes life difficult. Financial difficulties and restricted access to essential products and services could result from this policy of Tinubu's led-administration.

Siddig, Aguiar, Grethe, Minor and Walmsley (2014) looked at how the elimination of gasoline subsidies affected the cost of living for households in Nigeria and discovered that it raised poverty rates, which in turn caused hunger and starvation, especially in rural areas. According to the report, households' consumption was negatively impacted by the removal of subsidies because they had to spend more on petroleum goods and less on necessities like food. The growing state of inflation which was triggered by fuel subsidy removal has also affected consumers behaviour in Nigeria. Suleiman (2023) in his study found that the increase in cost of living has significantly affected consumers behaviour towards buying of goods and services. Poor consumer behaviour thwarts subsidy removal.

Ayeyemi (2023) asserted that, the sudden elimination of petrol subsidies has resulted in the increase in the prices of construction materials and consequently lead to increased housing costs. This scenario has prompted unwarranted queues at petrol stations, while transportation fares have tripled both within and between major cities in Nigeria. He further noted that the increase in transportation has led to rising state of inflation as it is even visible to the blinds in Nigeria currently. Most devastating is the fact that majority of the masses cannot sustain a healthy living considering the difficulties in affording a good square meal.

Theoretical Framework

This study adopted the Rentier State theory by Hazem El Beblawi and Giacomo Luciani (1987). Also referred to as rentierism, the theory aims to explain the relationship between natural resource wealth, governance, and economic development in some countries. It suggests that a state's economy, politics, and society can be profoundly affected when a large portion of its revenue comes from external rents, such as foreign aid or natural resource exports (Smith, 2004). The theory of the rentier state offers a framework for comprehending the dynamics and difficulties associated with nations that rely heavily on external rents. It's crucial to remember that different nations and situations may apply and enforce rentierism to varying degrees, and that not all resource-rich nations share the same traits or difficulties.

The basic assumption of the theory of rentier state according to Beblawi (1987) is that when a state relies heavily on external rents, such as revenue from natural resource exports or foreign aid, it has significant implications for its economy, politics, and society. Other assumptions as postulated by him include:

Firstly, it is assumed that the state depends on external rents: The theory assumes that a rentier state depends on external sources of revenue, particularly rents derived from natural resource exports or foreign aid. These external rents become a primary source of income for the state, and the economy becomes heavily reliant on them. The second assumption is on rent-seeking behavior. Here the theory assumes that the ruling elite or government in a rentier state engages in rent-seeking behavior. Rent-seeking refers to the pursuit of control over the rents generated by the resources for personal or political gain. This behavior can manifest as corruption, patronage networks, and the allocation of resources for political purposes rather than economic development. Secondly, these states rely on limited domestic production: The theory suggests that a rentier state may have limited domestic production and a narrow economic base. The focus on extracting and exporting natural resources can crowd out other economic sectors, neglecting diversification and hindering the development of a sustainable and vibrant economy. Thirdly is on weak taxation system: The theory assumes that rentier states often have a weak or underdeveloped taxation system. The significant revenues from external rents can reduce the need for the state to rely on domestic taxation for revenue generation. This weakens the link between the state and its citizens, potentially leading to limited government accountability and a lack of representation. Finally, is on political implications: The theory highlights that rentier states may face governance challenges and political implications. Limited political involvement, authoritarianism, and a lack of transparency can result from the concentration of money and power in the hands of a select few. Through patronage systems, the ruling class may continue to hold sway, undermining democratic institutions and impeding political stability.

The theory is not free form criticisms, according to Richards (1991), some of its criticisms are firstly, overgeneralization. Here, the theory tends to overgeneralize and assume a uniformity among rentier states. It may not account for the significant variations in economic and political realities across different resource-rich countries. Different rentier states may exhibit different patterns of governance, economic diversification efforts, and resource management. Secondly, neglect of agency and context. Critics argue here that the theory sometimes overlooks the agency of actors within rentier states and neglects the importance of broader historical, social, and political contexts. The theory may not adequately account for how local actors and institutions shape the dynamics of rentierism or how historical legacies and societal factors influence outcomes. Thirdly, is on economic diversification possibilities. The theory is criticized for its somewhat deterministic view that rentier states are inherently unable to diversify their economies beyond resource extraction. Some argue that resource wealth can be leveraged to invest in other sectors, develop human capital, and promote

economic diversification. Successful cases of economic diversification, such as Norway and the United Arab Emirates, contradict the assumption of inevitability. Finally, critics contend that rentier nations may change and adapt, devising methods to limit risks, diversify their economy, and handle governance difficulties. Thus, the theory may not completely grasp the possibilities for change and reform.

In order to apply this theory to the investigation of gasoline subsidy reduction and its effects on Nigerians' quality of life, it should be mentioned that Nigeria is frequently seen as a rentier state because of its strong reliance on oil money, which accounts for a sizable amount of its external rents. Furthermore, the rentier state theory can offer a framework for examining the political, social, and economic effects of this policy choice on Nigerians' quality of life. The necessity of taking into account the larger picture, governance issues, and the possibility of economic reform and diversification are all emphasized.

Methodology

The research design of the study is based on both qualitative and quantitative methods. Although gaining knowledge is the main goal of both, qualitative research focuses more on the "why" and "how" than the "how many" or "how often." This study approach is founded on observational and investigative techniques, frequently employing techniques such as focus groups, interviews, or observations to collect detailed, descriptive data. Descriptive in nature, qualitative data describes things that are observable but not quantifiable. Numerical data is referred to as quantitative data, which is anything that can be measured or counted. While statistical analysis is used to study quantitative data, categories and themes are used to assess qualitative data.

Critical analysis on fuel subsidy removal and the suffering of Nigerians in terms of cost of petroleum and the standard of living

In August 2023, the Nigerian government under the leadership of the then president (Muhammadu Buhari) announced plans to fully remove the fuel subsidy by 2024. This was a controversial decision, as the fuel subsidy had been in place for decades and played a significant role in keeping fuel prices affordable for many Nigerians, especially lower-income households. In 2024, President Bola Ahmed Tinubu eliminated the fuel subsidy, which caused petrol prices nationwide to skyrocket. The cost of living increased significantly as a result, since rising fuel costs increased the cost of food, transportation, and other necessities (Ikenga and Oluka, 2024). Nigeria's poverty rate increased significantly in 2024 as a result of the gasoline subsidy's elimination, according to data from the country's National Bureau of Statistics (2024). Many Nigerians, particularly those in urban areas and those working in the informal sector, struggled to cope with the higher costs of living and fell into poverty as a result.

While Obo, Omenka, Agishi and Coker (2017) strongly argued that the former president was in competition with King Rehoboam as stated in II Chronicles 10:14, but the present president is in a different league competing with the worst king in Israel (King Ahab) who did not only have a wicked wife (Jezebel) but ensured that even what was preserved in the alter for God alone he took (1stKing 16:30), what was meant for his subjects he seized and even went extra miles in conjunction with his wife, maiming Israelites just to satisfy his quest for riches. The current situation in the country as presented (then) which is worse under the leadership of Bola Tinubu has been caused mainly by the policies of the Buhari-led administration. Indeed, with the present reality in Nigeria, it is difficult to challenge Jaye Gaskia's observation cited in Obo et'al (2017), that it does not require a degree from Harvard or Oxford, or a career at the World Bank or in the banking and petroleum industries to be able to draw the conclusion that in an economy where provision of basic services and products depends on operation of petrol-based generators to produce electricity needed,

any increase in the prices of petroleum products, much less doubling of current prices, will have a serious, sustained, and deleterious effect on the livelihoods of tens of millions of Nigerians, and a calamitous, if not clear catastrophic, impact on the economy and social wellbeing of the country and her citizens (Obo et al, 2017).

In all, Nigeria's poverty rate increased as a result of the 2024 fuel subsidy termination, which disproportionately affected the most vulnerable and impoverished members of society. The Nigerian government continues to face significant challenges in addressing the poverty crisis brought on by this policy change. The government implemented targeted cash transfers and other social welfare initiatives in an effort to lessen the effects of the loss of fuel subsidies. However, these efforts were criticized by some as being insufficient to fully address the scale of the problem. Even though some still argue that Nigeria still buys fuel the least when compared to other countries of the world, but they are quick to forget that other factors which are on ground for the betterment of their citizens' lives are not here in Nigeria. With regards to this argument, the below tables will capture OPEC members both in their population, level of production and minimum wage on one hand then compare with corresponding rise of commodities in the other.

Table 1: OPEC members' population and petroleum-related data (as of 2024)

S/N	OPEC Members	Population (Million)	Proven Crude Oil Reserve (billion barrels)	Cost of Fuel (pms) Per Litre (USD)	Monthly Minimum Wage (USD)
1	Algeria	44,903,220	12,200,000,000	0.342	156.19
2	Republic of the Congo	5,970,000	1,810,000,000		170
3	Equatorial Guinea	1,674,910	1,100,000,000		224
4	Gabon	2,388,990	2,000,000,000		255
5	Iran	88,550,570	208,600,000,000	0.029	152
6	Iraq	44,496,120	145,020,000,000		214
7	Kuwait	4,268,870	101,500,000,000	0.0342	216
8	Libya	6,812,340	48,360,000,000	0.031	325
9	Nigeria	218,541,210	36,970,000,000	0.722	66.6
10	Saudi Arabia	36,408,820	267,190,000,000	0.621	1066,66
11	United Arab Emirates	9,441,130	113,000,000,000	0.738	1361.30
12	Venezuela	28,301,700	303,220,000,000	0.035	0.86

Sources: https://en.wikipedia.org/wiki/List_of_countries_by_minimum_wage
Ehi Oyabure in Obo, U. B., Omenka, J. I., Agishi, T. V., & Coker, M. , 2017

The above table shows all the 12 members of OPEC and the table reveals that United Arab Emirates is the only country that top Nigeria with PMS cost price of 0.738 dollars and Nigeria came second among the OPEC with 0.722 dollars. While other countries like Algeria and Libya sell PMS at 0.342 and 0.031 respectively. But the shocking thing is that, among all the 12 countries, Nigeria's minimum wage is still among the least, if not the least outside Venezuela whose PMS cost price is 0.035 with the minimum wage of 0.86.

To understand the real effect of fuel subsidy removal on the lives of Nigerian people, the table below helps in revealing the cost of products, transportation and house rent in some major cities in Nigeria.

Table 2: Nigerian Product Prices Before and After the Fuel Subsidy Was Removed

S/N	Items	Product Prices Before subsidy removal (#)	Product Prices After subsidy removal (#) (#)	Disparity In Percentages (%)
1	One basin of gari	8,000	40,000	400
2	One toothpaste (close-up)	250	1,000	300
3	65g of detergent (good mama)	50	200	300
4	One pack of plastic Pepsi	1,200	3,500	191.7
5	One X-Pression Attachment (what women use in making their hair)	800	4,000	400
6	100g of cornflakes	30	150	400
7	180g of indomie	180	600	233.3
8	18g of biscuit (a carton)	1,050	2,400	128.6
9	Big size of toilet roll	170	500	194.12
10	1.5g Nescafe	20	100	400
11	One pack of candle stick	150	1,200	700
12	A card of Fansider	600	1,000	66.7
13	A bottle of Ranferon 12 (Blood Tonic for children)	150	1,200	700
14	One card of Erythromycin Tab.	180	850	372.22
15	Washing and ironing of a pair of clothes	200	400	100
16	Transportation from Calabar to Obudu	5,000	15,000	200
17	Transportation from Calabar to Lagos	18,000	24,000	33.3
18	Shuttle from IBB by stadium to small gate in Eta-Agbor	50	200	300
19	Fuel	200	750	275
20	Cooking gas	500	1,100	120
21	50kg bag of rice	22,000	73,000	231.82
22	Sigle room within Akim and Eta-Agbo	50,000	80,000	60
23	2-bedroom flat at Ekpo Abasi in Calabar Sout	220,000	400,000	81.8
24	1 bedroom flat at Big Qua in Calabar Municipality	150,000	320,000	113.3
25	50kg NPK Fertilizer	5,000	55,000	1,00
26	500g Spaghetti	250	1,000	300
27	Transportation from Calabar to Ogoja	2,500	11,000	340
28	Terminal tuition fee for Govt. Secondary School Akim, Calabar	2,800	6,550	133.9
29	Terminal tuition fee for Army Children School, Akim Barracks, Calabar	200	3,000	1400
30	Terminal tuition fee for FGGC Calabar	15,000	45,000	200
31	Terminal tuition fee for Aye High School, Calabar	21,500	32,500	48.8
32	Terminal tuition fee for Command Children School, Calabar, Akim Barracks	2,400	12,000	400

Source: Field work by Venatius Azinor Ukor, Kati George Kati and Joseph Lifu Agbaka (2024).

As earlier stated, the above table present what Nigerians paid for different commodities and services before and after the removal of subsidy under the leadership of president Bola Ahmed Tinubu. And it shows that virtually all commodities and services have tribble since the introduction of the policy of fuel subsidy removal. Table 2 above clearly shows that fuel subsidy removal significantly affects the cost of education in Nigeria and this is seen on the table in serial number 28 where terminal tuition fee for Government Secondary School Akim, Calabar was ₦2,800 before the removal of fuel subsidy and ₦6,550 after the removal of fuel subsidy with a percentage increase of 133.9. It equally reflects in serial number 29 where the terminal tuition fee for Army Children School, Akim Barracks, Calabar was ₦200 and later increased to ₦3,000 after the removal of fuel subsidy with a percentage increase of 1400. Same was witnessed in serial number 30 where terminal tuition fee for Federal Government Girl's College (FGGC) Calabar was ₦15,000 before the removal of fuel subsidy and after the removal of fuel subsidy it rose to ₦45,000. In serial number 31 the case was not different where the terminal tuition fee for Aye High School, Calabar was ₦21,500 and later it went up to ₦32,500 with a percentage increase of 48.8. And also, in serial number 32 the case remains the same as others where terminal tuition fee for Command Children School, Calabar, Akim Barracks was ₦2,400 before the removal of fuel subsidy but after the removal of fuel subsidy it increased to ₦12,000 with a percentage increment of 400.

Moreso, on the relationship between fuel subsidy removal and the increment in transportation cost in Calabar, the table revealed in serial number 16 that, transportation from Calabar to Obudu before the removal of fuel subsidy was ₦5,000 but after the removal it rose to ₦15,000 with a percentage increase of 200. In serial number 17 from the same table the case was not different where transportation from Calabar to Lagos before was ₦18,000 and after the removal it rose to ₦24,000 with the percentage increments of 33.3. The case was even worst in serial number 18 where shuttle from IBB by stadium to small gate in Eta-Agbor was ₦50 and after subsidy removal it rose to ₦200 and the percentage increment stood at 300. Also, the situation was not different if not worse in serial number 27 where transportation from Calabar to Ogoja that was ₦2,500 rose to ₦11,000 after subsidy removal with a percentage increase of 340.

Furthermore, on its (fuel subsidy removal) consequences in house rent (cost of living) the table revealed in serial number 22 that, a single room within Akim and Eta-Agbo that used to go for ₦50,000 before the introduction of the policy rose to ₦80,000 after the introduction of the said policy with a percentage increase of 60. Also, in serial number 23 in the table, a 2-bedroom flat at Ekpo Abasi in Calabar South that was ₦220,000 before increased to ₦400,000 after the pronouncement of the policy giving a percentage increment of 81.8. In the same table in serial number 24, a bedroom flat at Big Qua in Calabar Municipality that used to go for ₦150,000 before the removal of fuel subsidy rose to ₦320,000 after the initiation of the policy with 113.3 percentage increase.

Finally, the relationship between fuel subsidy removal and increase in the price of goods and services in Calabar municipality and beyond is seen in the above table in serial number 1 where one basin of gari (one of the popular foods in Nigeria) that was ₦8,000 before the policy rose to ₦40,000 after the introduction of the policy with 400 as its percentage increase. Same goes to one toothpaste (close-up) in serial number 2 in the table where it was ₦250 before the policy and with the introduction of the policy it flew to ₦1,000 with a percentage increase of 300. In the same way, in serial number 3, referencing the same table was 65g of detergent (good mama) that was ₦50 before and after the policy it went to ₦200 bringing the percentage different to 300. Also in serial number 10, 1.5g Nescafe that was ₦20 before the policy increased to ₦100 after the policy with a percentage difference of 400. Same occur in serial number 12 from the table where a card of Fansider (malaria medicine) that used to be ₦600 rose to ₦1,000 with a percentage difference of 66.7. following the sequence the case was not different in serial number 15 where washing and ironing of a pair of clothes that used to be ₦200 increased suddenly to ₦400 (at as the time this data was obtain) bringing a

percentage difference of 100. This sequence of geometric progression affects all the commodities and services in Calabar. As a result, life in this area became difficult to the inhabitants.

Discussion of findings

From the foregoing, it is observed that fuel subsidy removal has a negative effect on the standard of living of Nigerians under the current administration. While the intention of the subsidy removal was to reduce government spending and encourage efficiency, the removal has led to an increase in fuel prices, which has caused various negative effects on Nigerians' everyday lives. This point is supported by Obo et al (2017) who submitted that, "every day in Nigeria is worse than the previous day, and there is no hope in sight". One of the immediate effects of the fuel subsidy removal is the increase in transportation costs. As fuel prices rose, the cost of public transportation also increased. This has put a burden on low-income citizens who heavily rely on public transportation to access education, healthcare, and other essential services. On this point, Akintayo (2023) stated that, since the announcement of the removal of fuel subsidy by President Asiwaju Bola Ahmed Tinubu on 29 May, 2023, the aftermath of it on the citizens have been traumatizing. He further stated that now that the price of petrol is increased, transportation costs, prices of food and other items have shot up tremendously, eliciting anger among workers and the public at large. High cost of living has skyrocketed, for instance, transport fares have shot up by over 200 percent since subsidy removal. Prices of food items and others have all witnessed phenomenal increases. Which of course design another face of poor standard of living among Nigerians.

Additionally, the removal of fuel subsidy has resulted in increase in food prices. Transportation costs have contributed to higher prices for goods, and this burden is passed on to consumers. With the already high inflation rate in Nigeria, the removal of the fuel subsidy has worsened the situation for the average Nigerian, as they struggle to afford basic food items. The policy has also affected electricity rates. This has resulted in higher electricity bills for households and businesses, squeezing their budgets even further. Another significant impact of the subsidy removal is the increase in the cost of production for businesses. This has led to reduced profitability for companies, which has resulted in layoffs and job losses. The unemployment rate in Nigeria is already a burning issue, and the removal of fuel subsidy has only exacerbated the problem.

Furthermore, the removal of fuel subsidy has had a detrimental impact on the overall economy. Increased fuel prices have led to high costs of production, making Nigerian products less competitive both locally and internationally. This has hindered economic growth and development, ultimately affecting the standard of living of Nigerians. In the whole, the removal of the fuel subsidy under the current administration has negatively impacted the standard of living of Nigerians. The increase in transportation costs, food prices, electricity bills, and the overall cost of production has put a strain on citizens' everyday lives. It is crucial for the government to consider the welfare of its citizens and find ways to mitigate the negative effects of the subsidy removal, such as implementing social welfare programs or exploring alternative energy solutions.

Conclusion/Recommendations

The policy of total fuel subsidy removal by the current administration is not a bad idea at all but the manner and condition at which it is implemented has caused ordinary Nigerians more harm than good where goods and services skyrocketed beyond the reach of ordinary Nigerian. It is no longer news that ordinary man/woman on the street cannot afford the commonest food which is "garri" or get basic needs like shelter or even transportation as a result of fuel subsidy removal policy. Worst of all, the government never designed alternative measures to cope with the attendant challenges that have ensue with the policy neither did they anticipate the consequences. Again, the

unreadiness of government to promptly respond to the mass hardship created by the policy has caused the ordinary man and woman on the street to become victims of gross poverty and destitution without hope of a better tomorrow. Arising from this, the following recommendations were proffered as strategic means through which the economic crisis associated to fuel subsidy removal can be curbed;

I) It is imperative for both government and non-governmental organizations to put in place palliative and proactive measures like short-term plans (social welfare programs) and be transparent in its implementation geared towards mitigating the growing state of petroleum as well as transportation in the country. These proactive measures will help in boosting the well-being of the masses despite the existence of fuel subsidy removal as well as ensuring sustainable development in the country.

II) It is also imperative to ensure price control in various items that helps in promoting the standard of living of the masses. This will help in curbing the astronomical inflation rate in the country which has further exposed majority of the masses in the vicious cycle of poverty and destitution.

References

Adeniran, A. O. (2016). Effects of Fuel Subsidy on Transport Costs and Transport Rates in Nigeria. in *Journal of Energy Technologies and Policy*. Vol.6, No.11, pp. 1-9.

Ajayi, A.P. (2022). COVID-19: Perceptions of public transit passengers on its management and influence on sustainable transport in Ibadan, Researcher, 2, 2, pp. 46-56.

Akintayo, A. (2023). Subsidy removal: Workers bear the brunt as salaries remain static. Retrieved from *https://punchng.com/subsidy-removal-workers-bear-the-brunt-as-salaries-remainstatic/#:~:text=For%20instance%2C%20transport%20fares%20have,her%20family%20since%20May%2029. 08/07/2023*.

Akov, E., 2(015), "Fuel subsidy corruption and the illusions of economic reconstruction in Nigeria". *Academic Journal of Interdisciplinary Studies* 4 (1).

Ayeyemi, W. (2023). Subsidy removal: Experts predict high costs of building materials, construction. *Nigerian Tribune*. https://tribuneonlineng.com/subsidy-removal-experts-predict-high-costs-of-building-materials-construction/

Beblawi, H. (1987). The Rentier State in the Arab World. *Arab Studies Quarterly*. 9 (4): 383–398.

Bradley, R (2017). Decision Theory with a Human Face. Cambridge: Cambridge University Press.

Buchak, L. (2016). Decision Theory, in Oxford Handbook of Probability and Philosophy, Christopher Hitchcock and Alan Hájek (eds.), Oxford: Oxford University Press, pp. 789–814.

Cassy, I. (2012). Fuel subsidy removal in Nigeria: Problems, prospects and a way forward. Retrieved from *Bestresearchprojects.blogspot.com article*. Friday 4 May, 2012

Ezeh, J. I. (2012). *Fuel subsidy and poverty reduction in Nigeria (1990–2012).* Unpublished M.Sc. Thesis in Public Administration and Local Government School of Postgraduate Studies University of Nigeria, Nsukka.

Farid, S., Khan, W.A. and Warriach, I.A (2012). Effects of Inflation on Standard of Living (A case study of Multan, Pakistan). *Universal Journal of Management and Social Sciences* Vol. 2, No.12, PP.1 – 6.

Francis, O., & Lucas, A. (2023). Challenges of Fuel Subsidy Removal in Nigeria. *International Journal of Applied Research in Social Sciences*, 5(6), 128-142.

Ikena, A. F., & Oluka, N. L. (2023). An Examination of the Benefits and Challenges of the Fuel Subsidy Removal on the Nigerian Economy in the Fourth Republic. *International Journal of Applied Research in Social Sciences*, 5(6), 128-142.

Ikenga, A. F., & Oluka, N. L. (2024). An examination of the benefits and challenges of the fuel subsidy removal on the Nigerian economy in the fourth republic. *International Journal of Applied Research in Social Sciences*, 5(6), 128-142.

Inegbedion, H. E., Inegbedion, E., Obadiaru, E., & Asaleye, A. J. (2020). Petroleum subsidy withdrawal, fuel price hikes and the Nigerian economy. *International Journal of Energy Economics and Policy*, 10(4), 258-265.

Latimaha, R., Ismal, N. A., & Bahari, Z. (2020). Cost of living and standard of living nexus: The determinants of cost of living. *Jurnal Ekonomi Malaysia*, 54(3), 1-14

McCulloch, N., Moerenhout, T., & Yang, J. (2021). Fuel subsidy reform and the social contract in Nigeria: A micro-economic analysis. Energy policy, 156, 112336.

Nadoo, V. (2022). The impact of fuel subsidies on economic growth in sub-Saharan Africa. *Energy Economics,* 112, 106223...

Naji News (2023, May 31). Nigeria fuel subsidy cut: Spiralling costs explained. https://www.aljazeera.com/news/2023/5/31/nigeria-fuel-subsidy-cut-spiralling-costs-all-you-need-toknow.

National bureau of statistic (2024). CPL and Inflation Report February 2024. Available in https://nigerianstat.gov.ng/elibrary/read/1241470.

Nwachukwu, A. I., Atuchukwu, A. I., & Onyekwena, M. I. (2013). The effects of fuel subsidy removal on the socio-economic development of Nigeria. *International Journal of Business and Management,* 8(10), 104-113. 8.

Obo, U. B., Omenka, J. I., Agishi, T. V., & Coker, M. A. (2017). Fuel Subsidy Removal and The Ubiquity of Hardship in Nigeria: President Buhari and Lessons from King Rehoboam. *Advances in Social Sciences Research Journal*, 4(14) 113-126.

Ojo, O. O. (2023). The challenges and prospects of fuel subsidy removal in Nigeria. *International Journal of Energy Economics and Policy,* 13(2), 123-130. 13.

Oladeji, S. O., & Akinlabi, H. N. (2022). Fuel Subsidy Removal and Economic Growth in Nigeria: A Granger Causality Approach. *Journal of Energy Economics and Policy*, 12(2), 1–12.

Omitogun, O., Longe, A. E., Muhammad, S., & Adekomi, I. J. (2021). Environmental Impact of Economic Growth and Fuel Subsidy in Nigeria. *Economic Insights-Trends & Challenges*, (1).

Omotosho, B. S. (2020). Oil Price Shocks, Fuel Subsidies and Macroeconomic (In)stability in Nigeria. *CBN Journal of Applied Statistics Vol. 10 No. 2.*

Onyishi, A. O., Eme, O. I., & Emeh, I. E. J. (2022). The domestic and international implications of fuel subsidy removal crisis in Nigeria. *Kuwait Chapter of Arabian Journal of Business and Management Review*, 1(6), 57-80.

Ovaga, O. H., & Okechukwu, M. E. (2022). Subsidy in the downstream oil sector and the fate of the masses in Nigeria. *Kuwait Chapter of Arabian Journal of Business and Management Review,* 1(6), 1-20.

Ozili, P. & Obiora, K. (2023). Implications of Fuel Subsidy Removal on The Nigerian Economy. In Munich Personal Repec Archive. Online at https://mpra.ub.uni-muenchen.de/120509/

Ozili, P. & Obiora, K. (2023). The economic price of liquid petroleum gas, poverty and subsidy removal compensation scenario in Indonesia. *International Journal of Energy Economics and Policy, 12*(5), 169-177.

Richards, A. (1991). "The political economy of dilatory reform: Egypt in the 1980s". *World Development. 19* (12): 1721–1730. Doi:10.1016/0305-750X (91)90015-A.

Siddig, K., Aguiar, H., Grethe, P., Minor, R. and Walmsley, T. (2014). Impact of moving fuel import subsidies in Nigeria on poverty, *Energy Policy* 69, pp. 165 178.

Suleiman, M. M. (2023). Why poor consumer behavior may thwart subsidy removal. https://dailytrust.com/why-poor-consumer-behaviour-may-thwart-subsidy-removal/

Umeji, G. and Eleanya, E. (2021). Assessing the Impact of fuel subsidy removal in Nigeria on the poor in the Covid-19 Era. SERBD-International Journal of Multidisciplinary Sciences; 2(4):2581-8376.

World Bank, (2017). Enabling the Business of Agriculture 2017 (Washington, DC: World Bank, 2017), 112, Retrieved from: http://eba.worldbank.org/~/media/WBG/AgriBusiness/Documents/Reports/2017/EBAFull-Report.pdf.