

# Citizens' Reaction To Fuel Price Hike In Nigeria, A Comparative Study Of Jonathan And Buhari Administration: 2011 And 2017 In Perspective

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**Abstract:** *From the history of fuel price hike in Nigeria, the decision by Governments to increase fuel price have always prompted agitations. The purpose of this study therefore was to compare among others the reactions of Nigerians to fuel price hike during Jonathan and Buhari's administration in 2011 and 2017. In the course of this research, it was established that Nigerians had negative view to fuel price hike during Jonathan's administration unlike the Buhari's administration where their views were rated positive and reacted accordingly. The study also established a relationship between the high level of confidence in the Buhari administration and a low level of confidence in the Goodluck administration, thus the reason for the negative reaction to the Goodluck administration during fuel price hike in 2011 and a rather fair acceptance of fuel price hike during the administration of Buhari in 2017. Based on the findings of the study it was concluded that Nigerians reacted negatively to fuel price increase during Jonathan's administration in 2011 and reacted positively to fuel price hike during Buhari's administration in 2017. Based on the foregoing, the following recommendations have been proffered to solving these issue; completion of public projects, adherence to the rule of law, social justice and Priority and cognizance for infrastructural enhancement.*

**Keywords:** Administration, Fuel Price Hike, Citizens, Jonathan's and Buhari's Administration, Nigeria

## 1. INTRODUCTION

Government policies and decisions affect lives of citizens to a great extent which sometimes are not embraced by citizens due to factors surrounding the policy such as leadership and confidence in governance. One of such policies is the fuel price hike in Nigeria. At such times, issues arise as result of its rejection by general populace thereby giving need for this research to find out why these issues arise. The history of fuel price hike in Nigeria dates back to April 1992 when the Ibrahim Babagida's administration raised the price of a liter of fuel from 15.3 kobo to 20 kobo. He did it again on March 31, 1986 from 20k to 39.5k; on April 1988 from 39.5k to 42k. On January 1, 1989 he increased the price from 42k to 60k. Then on March 6, 1991 the price was increased from 60k to 70k.

Shonekan in November 8, 1993 moved the price from 70k to ₦5 which led to a hectic mass protest which saw Abacha take over (Todaro & Smith, 2009). The Abacha regime reduced it from ₦5 to ₦3.5 and after a massive street protest again to ₦11 till his demise on October 4, 1994. Then in December 20, 1998, the Adulsalami Abubakar care-taker regime raised the price from ₦11 to ₦25 and after further protest reduced it to ₦20 on Jan 6, 2011. The Obasanjo administration also increased the price not sooner than it was sworn in to ₦30 on June 1, 2000 but again protests led to its reduction to ₦23 on June 13, 2000. This administration further increased the price to ₦26 on January 1, 2002 and again to ₦40 on June 23, 2003. He was to raise the price to ₦70 at his departure in May 2009 but the incoming Yar'Adua regime reduced it to ₦65 after general protest against the new price.

The Goodluck Jonathan administration removed fuel subsidy in January 2012, which saw the fuel pump price adjusted to ₦96, the administration claimed it will save ₦1.3 trillion to ₦1.5 trillion annually which it will channel into infrastructural development (Lawson, 2012) hence, the creation of the Subsidy Removal Re-investment Programme (SURE-P). The current administration led by Buhari increased the price from ₦96 to ₦145 in 2017. According to Iyobhebhe, (2012), the Nigerian government stated that its medium term fiscal framework would not work unless the subsidy is scrapped or put it in another way that the scrapping of the subsidy is an integral part of its MTFF. That it needs the ₦1.3 trillion savings for critical infrastructural development projects. Secondly, it increases local refinery production, reduces importation of refined products in the medium to long term.

Also, that it frees more funds for local investments in the oil sector helps address the great imbalance between the recurrent and capital expenditure in Nigeria, (Iyobhebhe, 2012). It will also provide employment for the teeming jobless citizenry as well as improve education, health, power, water resources and agriculture, (Nwadialo, 2012). According to Iba (2012), fuel subsidy removal will allow government access to more funds to develop infrastructures.

Despite the foregoing and critical reasons given by these administrations for the removal of fuel subsidy from 2011 to 2017, it has always drawn reactions from the general populace which leads to lack of confidence in governance. Having observed the various reactions of Nigerian citizens to these various administrations, two administrations was adopted for a comparative study to analyse the reasons behind the reactions from citizens during the administrations of President Goodluck, which was always visited by nationwide strikes, protests, agitations in governance while the fuel price increment during the Buhari administration was mildly welcomed in contrast to the previous administrations. Hence, it raised the need to ask questions such as why do citizens react negatively to a certain leader and otherwise to another leader, which has prompted this research. There are issues in relation to the increment in fuel pump price and confidence in governance in Nigeria, and the reactions of Nigerians to the increments on petroleum products generally in Nigeria, looking critically at the period 2011 to 2017.

## 2. STATEMENT OF PROBLEM

Fuel price hike in Nigeria have always welcomed negative reactions from the Nigerian populace despite the positive intent by government to use the proceedings from such policy to better the economy. However, the contending issue here which gives rise to such agitations is the issue of confidence in governance by certain leadership where the citizens for instance do not have trust in such personality. Under the administration of Goodluck Jonathan in 2011, his administration faced huge criticism due to the general perception that his government was corrupt and thus during fuel price hike it received huge rejection from the Nigerian populace as a result of the lack of confidence which is part of the factors responsible for such attitude towards governance. This concern may be drawn from the fact that there might be lack of trust and confidence in governance to deliver on its promises to utilise subsidy removal funds as prescribed, hence the lack of confidence in governance. This argument is based on the premise that in 2017, the government of Buhari also increased fuel pump price but amazingly did not receive nation-wide rejection compared to the administration of Goodluck Jonathan due to the trust he had gained from his performance as military administrator and his fight against corruption.

This comparison between these two governments have shown that citizens react differently to administrations due to the trust earned needed from her its citizenry and its disapproval from the populace due to lack of confidence in governance. Citizens assume that funds realized from the removal of fuel subsidy may be diverted for selfish purpose due to the perception of such leadership. Therefore, its planned use and purpose may be diverted and this results to agitations and rejection of such policy among the Nigerian populace.

From the forgoing discussion above, a problem was identified which is that issues arise during fuel price hike in Nigeria and this is occasioned by factors such as acceptability, citizens' responses and performance by governance, thus the need to inquire into this area to be able to prescribe a possible solution.

## 3. AN OVER-VIEW ON FUEL PRICE HIKE IN NIGERIA BETWEEN 2011 AND 2017

The idea of fuel subsidy removal basically entails the deregulation of the downstream oil sector encouraging private investment and competition allowing the forces of demand and supply to determine the fuel price. In a popular parlance, to deregulate means to do away with the regulations concerning financial markets and trades. Ernest and Young (1988) posit that deregulation and privatisation are elements of economic reform programmes charged with the ultimate goal of improving the overall economy through properly spelt out ways. For example, freeing government from the bondage of continuous financing of extensive projects which are best suited for private investment by the sale of such enterprises; encouraging efficiency and effectiveness in resources utilisation; reducing government borrowing while raising revenue; promoting healthy market competition in a free market environment; improving returns from investment and broadening enterprises share ownership thus engendering capital market development (Izibili and Aiya, 2011:228).

Put differently, deregulation in the economic sense means freedom from government control. According to Akinwumi, Isuku, and Agwaranze (2005), deregulation is the removal of government interference in the running of a system. This means that government rules and regulations governing the operations of the system are relaxed or held constant in order for the system to decide its own optimum level through the forces of supply and demand (Ajayi and Ekundayo, 2008:212). Deregulation allows enterprises and services to be restricted as little as possible. For our purpose, deregulation means either the partial or total withdrawal of government controls in the allocation and production of goods and services.

Historically, Petroleum has fed the Nigerian State since production started in commercial quantities in the 1960s. The initial corollary has increased government revenue, robust foreign resources, strong currency and high standard of revenue (Nordhaus, 1973). However, the oil boom experience since the 1960s has led to major increases in oil prices of petroleum products, resulting in huge dependence on oil revenue for basic infrastructural projects in the country. The adoption of a Structural Adjustment Programme (SAP) threw the system of relative prices out of balance. Among the prescriptions of SAP was the phasing

out of subsidies, an issue that has remained a bone of contention between the government and multi-lateral lending institutions for several years. This introduced new pressure regarding the question of petroleum products subsidies.

Until September 30, 1976, there was no increase in pump price of petrol per litre in Nigeria (Ayoade, 2012). In line with SAP prescriptions, the price of petrol was changed on October 1, 1978 from 8.4/5 kobo to 15.30 kobo, an increase of 73.86% (Elumide, Asaolu and Adereti, 2006). Reasons for the increment included to match galloping inflation, reduce cost of subsidising fuel, cut cost of governance and reduce epicurean life. On April 20, 1982, the pump price was again increased from 15.30 kobo to 20 kobo per litre (Aghedo, 2012). Since then, there have been series of fuel price increment and attempt to total removal of fuel subsidy. During the Ibrahim Babangida administration, the price of petrol was increased five times. On March 1, 1986, the price was increased from 20 kobo to 39.5 kobo, representing an 80% increase. Again on April 10, 1988, government increased the price of petrol per litre from 39.5 kobo to 42 kobo. There was yet another increment on January 1, 1989 when government increased the price from 42 kobo to 42/60 kobo (42 kobo for commercial vehicles and 60 kobo for private vehicles). On December 19, 1989, it was increased to 60 kobo across the board (Ayoade, 2012). In August, 1993, just few days before leaving office IBB's military government announced that the price of petroleum products had been increased to ₦7 per litre. This was however reversed by the Interim National Government (ING) as a carrot to gain legitimacy (Okogu, 1993). It was not long however, before the ING introduced its own price increases with fuel pump price moving from 70 kobo to ₦5 per litre. The Abacha administration slashed the price to ₦3.25 per litre before increasing the price again to ₦15 representing 361.5% increase on October 2, 1994 (Ayoade, 2012). Due to widespread protests and labour action, the price was reviewed back to ₦11 per litre on October 4, 1994.

The fuel pump price of ₦11 was retained until, 1998, when General Abdulsalami Abubakar hiked the price from ₦11 to ₦15 per litre. On January 6, 2011, the administration reviewed the price from ₦15 to ₦20. During the Civilian administration of President Olusegun Obasanjo, the price of petrol was increased six times. On June 1, 2000, fuel pump price was increased from ₦20 to ₦30 without consultation with the National Assembly, State Governors and the Nigerian Labour Congress (Aghedo, 2012). Due to agitations against the price increase, it was reviewed from ₦30 to ₦25 on June 8, 2000. The price of ₦25 was however rejected by the organised labour, which led to a further reduction to ₦22 on June 13, 2000.

Again, on January 1st, 2002, a new price of ₦26 per litre was introduced. The price was further reviewed upward to ₦40 per litre on June 23, 2003. In 2011, the price again skyrocketed to ₦70 per litre which was later reviewed downwards to ₦65 per litre. On January 1st, 2012, President Goodluck Jonathan announced that the price of fuel had been increased from ₦65 to ₦140 per litre, representing about 115% increase. This New Year 'gift' in 2012, led to the most serious outburst of public disenchantment in Nigeria since 2003 till date Barret (2012).

On May 6, 2017, the administration of President Mohammadu Buhari also removed subsidy on petroleum products and the fuel pump price was settled for ₦145 after series of consultations and discussions between the government and the petroleum marketers.

**Table 1: Fuel Pump Price Increases in Nigeria (1966-2017)**

Date	Price per liter	Administration	Percentage (%) Increased
Between 1966 September 30, 1976	8.4/5 kobo per litre	Tafawa Balewa Aguiyi Ironsi, Yakubu Gowon and Murtala Mohammed	
October 1, 1978	15.30 kobo	Olusegun Obasanjo	73.86%
April 20, 1978	20 kobo	Alhaji Shehu Shagari	
March 1, 1986	39.5 kobo	Gen. Ibrahim Babangida	80%
April 10, 1988	42 kobo	"	
Jan. 1, 1989	42 kobo for commercial vehicles and 80k for private vehicles	"	43.0%
Dec. 19, 1989	60 kobo uniform price	"	43.0%
March 6, 1991	70 kobo	"	16.6%
Nov.8, 1993	₦5.00	Chief Ernest Shonekan	614.0%
Nov. 22, 1993	₦3.25	Gen.Sani Abacha	
Oct. 2, 1994	₦15.00	"	361.5%
Oct. 4, 1994	₦11.00	"	
Dec.20, 1998	₦25.00	Gen. A. Abubakar	127.0%
Jan. 6, 2011	₦20.00	"	

June 1, 2000	₦30.00	Chief Olusegun Obasanjo	
June 8, 2000	₦25.00	''	
June.13, 2000	₦22.00	''	
Jan. 1, 2002	₦26.00	''	18.2%
June 20, 2003	₦40.00	''	53.0%
July 9, 2003	₦34.00		
October 1, 2003	₦38.50 and ₦42	''	
May 29, 2004	₦49.90	'''	
Jan. 2005	₦50.50	'''	
August 2005	₦70	'''	
January 2011	₦65	Alhaji Umaru Yar'Adua	0.07%
Jan. 1, 2012	₦140	Dr. Goodluck Jonathan	117%
January 2012	₦97	'''	
May 6, 2017	₦145	Mohammadu Buhari	80%

**Sources:** Ayoade (2012), Elumilade, Asaolu and Adereti (2006), Simon and Felix (2012), Atiri (2012).

#### 4. Effects of Fuel Price Hike During the Jonathan and Buhari Administration

The fact of the matter is that there is no economy in the world, including capitalist America, where government subsidy in one form or the other does not exist. The difference lies in who the beneficiaries are and how sustainable the subsidy is. The comparative advantage of Nigeria having huge reserve of oil and gas dictates that no Nigerian should pay through the nose to consume petrol and other products

The huge benefits of subsidy on fuel had its cost and economic implications. There was an increase in budget deficit because of the increasing cost of financing the subsidies. Also, there were cases of large scale corruption in the oil industry that created artificial scarcity thus making the effects of fuel subsidy not to be felt. The Goodluck's administration, in attempt to curb these abnormalities in the oil industry announced the removal of fuel subsidy on the 1st of January 2012. This was to free up a total of ₦1.134 trillion to be reinvested into other sectors of the economy such as infrastructure, agriculture, health e.t.c (Okonjo, 2012). The subsidy removal has generated heated debates across the various tiers of government, the academia, petroleum marketers and the masses who took to the streets in protest. The subsidy removal brought an increase in price from ₦65 per litre to ₦140 per litre, over 100% increase in price.

However, the bulk of the economic lives of most Nigerians revolve around small scale businesses which are very important to any nation's economic growth. They are means through which accelerated economic growth and rapid industrialisation have been achieved in the industrial world. Fabayo (2009) opined that small scale businesses contribute to production in the producing sector, the service sector and facilitated trade in the trading sector. Over 90% of Nigerians are employed in the small scale business sector. These include okada transport (transport by motorcycle), hair salon, tailors, welders, and photocopiers and food vendors among others. They are faced with numerous problems that have inhibited their performance in recent times like poor finance and infrastructural problems.

Since most small scale businesses depend on fuel for their energy needs, a change (price rises) in the price of fuel would affect SSBs performance adversely. With the removal of fuel subsidy, there was an increase in the price of fuel per litre. Consequently, cost of doing business increased, profit fell, leading to a fall in national income and standard of living. Increases in transportation always have ripple effects on other social issues. The prices of food stuff also went up. The logic here was that traders use transportation to bring in food items, cars and vehicles have to struggle to get fuel at very exorbitant prices. The result was that the food sellers had to factor in the increment in order to make marginal gain, school fees and charges were not spared, as school fees have also increased. Most parents were left with no choice than to withdraw their children and wards from school.

Similarly, house rents across the country have increased dramatically and the argument is that fuel price increase had affected the prices of cement astronomically. Before the fuel subsidy removal there were indications that cement price may crash following the take-off of Dangote, Lafarge Cement Company in Ogun State. But the withdrawal of subsidy on January 1st, 2012, catapulted the price of cement to over ₦2000 naira per bag thus affecting the prices of house rent (Okogu, 1993). According to Iroegbu-Chikezie (2012) a cement dealer he argued that he had to raise the price of the product because he was made to pay double the cost of transporting cement to his shop. Fuel subsidy removal also affected the cost of haulage of basic building materials such as iron rods, roofing sheets, flouting materials and others.

According to Agboola (2012:16) he maintained that the Organised Private Sector (OPS) were not happy with the removal of fuel subsidy. It described the policy as a deliberate move by the federal government to worsen the decaying industrial sector. The organised Private Sector (OPS), he argued may be forced to pay more for providing generating plants at its factories. Similarly, the Small and Medium Enterprises (SMEs) will be generally affected since most of them use petrol for their relatively smaller power generating plants. The group, according to its Director General, Nigerian Employers Consultative Association (NECA) Mr. Segun Oshinowo, members were neither invited nor represented in its institutional capacity at the meeting held with government and business operators. The concern is that government should have fixed or put in place a number of measures and infrastructures before going ahead to remove fuel subsidy. That is, the problem of power should have been fixed so that Nigerians would have to contend only with the fueling of their cars instead of also looking for ways to power offices, industrial generation plants and other things

**Table 2: OPEC countries and their fuel prices per liter and minimum wage**

Countries	Fuel Price Per Liter	Minimum Wage (in naira)
Venezuela	3.61	95,639
Kuwait	34.54	161,461
Saudi-Arabia	25.12	99,237
Iran	102.05	86,585
Qatar	34.54	101,250
UAE	70.18	103,112
Algeria	63.55	55,937
Libya	26.69	23,813
Iraq	59.66	25,813
Nigeria	₦97.00	₦18,000

**Source:** The Nation, 2012. Monday January 6, pp.40.

In the above table 2, indications show the fuel prices per litre and the minimum wage for OPEC countries. A comparative analysis of the pump price shows that Nigeria has a higher fuel pump price and the lowest minimum wage. Moreover, the basis for Nigeria's political elite to compare the pump price of fuel to other countries was not there. The reason is not farfetched, in most of the countries listed above there is stability of basic utilities like stable power, availability of portable water, good roads and other factors. More so, and as seen on table 2, the minimum wage of N18, 000 and even at this, a number of states in Nigeria are yet to implement it. The minimum wage of a country to a large extent defines the purchasing power of individuals. In the case of Nigeria, available statistics show there are among the lowest paid in the world.

The fact remains that, the removal of fuel subsidy has had a number of negative socio-economic consequences on the Nigerian populace. Even when the Federal Government has promised and taken a number of rushed and unsustainable remedial measures (palliative) to cushion the effects of the fuel subsidy removal on Nigerians, there are not far reaching enough. The effects of the palliatives are not being felt; the argument is that these so called palliatives should have been put in place before the removal of the subsidy

Besides, scholars like Soremekun 2012 and Olukayode (2012) have argued that the issue of fuel subsidy essentially originated from government's inability to process the crude oil within the country. It is a clear indication of government's failure and bankruptcy, in terms of running the industry.

##### 5. CITIZENS' RESPONSES ON FUEL PRICE HIKE IN NIGERIA

Unarguably, one of the most contentious issues in Nigeria since 2011 has been the question of deregulation of the oil sector which has been generating heated debates from its protagonists and antagonists. The protagonists posit that the liberalisation and deregulation of the downstream sector of the petroleum industry would finally actualise the objective of ending perennial fuel

scarcity and maintaining sustainable fuel supply across the nation. It also added that liberalisation and deregulation of the sector would open it up for foreign investments, and, the incidents of petroleum products smuggling and inefficiencies in the sector. Besides, the huge funds government spends on fuel subsidy would be to channel to other sectors of the economy.

Similarly, Okafor (2012) posit that the liberalisation and deregulation of the downstream oil sector would finally actualise the objective of ending perennial fuel scarcity and maintaining sustainable fuel supply across the polity. They also added that liberalisation and deregulation of the sector would open it up for foreign investments; and the incidents of petroleum products smuggling and inefficiencies in the sector will fizzle off. They also argued that petroleum products in Nigeria were the lowest in the world and with deregulation, the government would be able to channel funds to other sectors of the economy.

They further posit that deregulation would break the monopoly of fuel supply by the Nigerian National Petroleum Corporation (NNPC) as the refineries are reportedly, not working and that the liberalisation and deregulation would enable oil sector stakeholders, including major and independent marketers, to import and market the products. This is because as the NNPC lacks the capacity to import enough petroleum products for the country, coupled with the perennial malfunctioning of the refineries, the government, through the introduction of the Petroleum Support Fund (PEF), from which it draws money to pay the excess expenditure incurred by the marketers for importing and selling petrol at regulated price and distributing it to every part of the country costs the nation a fortune which should otherwise be channeled into other sectors for basic amenity and infrastructural development across board. According to the former governor of the central bank, Sanusi Lamido Sanusi in his opinion on the subsidy removal he described it as a painful policy decision for the federal government but necessary to secure the future of the country. He warned that there would be grave economic consequences for the country if Nigerians did not support the policy. "It does not mean the government is not sensitive to the pain it will cause, but consequence of not taking the decision now, will be a Greek type of economic situation in a few years' time". In addition, he claims that the entire sector is functioning on a fraudulent system. (Sanusi: 2012)

Similarly, Soyode (2001) noted that subsidy withdrawal is a far-reaching restructuring strategy. It tackles existence of distortions in the Nigerian economy. Opining that Nigeria or any other country, cannot survive alone in a globalised cashless economy in a new age of Globalisation. You may subsidise agriculture but not fuel because it has far-reaching negative effect on stratification of society, which is vital for spiritual harmony aside from creating soft money for the smart privileged people. The result is that subsidy money goes into unproductive side of the economy encouraging the production of pure water billionaires like those rated from Nigeria by Forbes.

It is opined that developing countries, by and large, tend to be less energy-efficient than they could be, because of subsidies (Okogu, 1993). Even when rationalised principally on grounds of income distribution, it is noted that subsidies for fuel usually tend to favour the rich more than the poor because the former own more cars and use more fuel (Nwachukwu and Chike, 2011:1). In this wise, the NNPC (1993:3) avers that "the subsidy that would be beneficial would be in health care, mass transit and education". Hotelling (1931) advocated the need to price fuel in a way that recognises its temporariness since a barrel of oil once lifted is gone forever and is no longer available for lifting at a future date. In this context, there should be a 'user' cost to compensate for the fact that future generations are permanently denied access to the same barrel. A consumption tax or subsidy phase-out could prove useful in making up for this by releasing resources with which to transform the economy. Because oil and fossil fuels have a limited lifespan, they fall into a category known as exhaustible resources. In this vein Akhaine (2011:90) notes that: As for Nigeria, its proven reserves are estimated at 40 billion barrels. This figure could be augmented by new offshore findings. At the rate of 2.5 million barrels per day, the life index of the oil can be put at about 43 years. This merely brings home the fact that oil is finite and that the well will soon dry up.

The common argument advanced for having subsidy for fuel in Nigeria is that it is endowed with huge oil reserves and thus, making energy cheap could enhance economic growth and protect the populace from needless hardship arising from exorbitant prices. This is nevertheless untenable, as nothing is passed on to future generations. Accordingly, the best way to ensure continuity and inter-generational equity is to exploit the resource optimally and use proceeds from it to transform the economy so that long after the point of reserve-exhaustion, the society can continue to be self-sustaining (Solow, 1986; Hartwick, 1977).

It is ridiculous to expect the nation to invest heavily in oil production only for just recovering the cost of production at the end of the day. According to Soyode (2001:55), "the cost of producing crude is irrelevant in the calculation of fuel subsidy". Further, he describes fuel subsidy as the loss of revenue that should have accrued to the federation account were the crude oil allocated for domestic consumption sold at international market prices, rather than at the price for which it is sold to the NNPC.

It is further argued that the importance of appropriately pricing fuel is underlined by the fact that firstly, it provides arbitrage opportunity for marketers who buy cheaply at home and sell exorbitantly at the border. Thus, it is generally accepted

that rational-energy pricing (avoidance of subsidies) constitutes the most viable long-term options for bringing about efficiency because low domestic prices work against efficiency improvements (Okogu, 1993).

It is also averred that there is a sense in which the existence of subsidy accentuates the activities of smugglers. The Neighbouring countries of Chad and Cameroon have much higher prices than Nigeria, a scenario which has increased smuggling activities across the border with these countries. Moreover, the National Treasury is allegedly denied funds amounting to the level of the implied subsidy, part of which appears in the form of huge profits for smugglers (Akhaine, 2011).

The classical argument for having a subsidy, relates to the need for accelerated development and to improve income distribution. However, the income distribution argument is faulted on grounds that petroleum subsidies are biased in favour of the urban sector. It is not surprising therefore that it has been concluded that fuel subsidy policy benefits the rich more than the poor (Kosmo, 1989). Accordingly, the diversion of scarce resources from other deserving sectors such as education and health, in the name of fuel subsidy is believed to exacerbate inequality and poverty.

In a similar opinion, Nwaorisara (2011) noted that, what subsidy does to Nigeria is to create an imbalance in the economy allowing everyone to go into bunkering, raising private armies, jetty ownership, private jets and every other endeavour antecedent to it. They build private refineries in foreign countries employing as much as 20,000 foreigners while our own refineries remain less competitive going by the subsidy we pay outsiders. It explains why Nigerians have developed the economies of neighbouring African countries where electricity is more stable because it helps to sustain their refineries so they could smuggle in the products or sell to us at high prices thereby requesting higher and higher subsidies.

In conclusion, the protagonists posit that the liberalisation and deregulation of the downstream sector of the petroleum industry would finally actualise the objective of ending perennial fuel scarcity and maintaining sustainable fuel supply across the polity. It also added that liberalisation and deregulation of the sector would open it up for foreign investments, and, the incidents of petroleum products smuggling and inefficiencies in the sector. Besides, Ekudayo (2008) argues that petroleum products in Nigeria were the lowest in the world and with deregulation; the government would be able to channel funds to other sectors of the economy. Furthermore, the protagonists equally posit that deregulation would break the monopoly of fuel supply by the Nigerian National Petroleum Corporation (NNPC). As the refineries were not working, the liberalisation and deregulation would enable either stakeholders, including major and independent marketers, to import and market products.

## 6. THE NEGATIVE EFFECTS OF FUEL PRICE HIKE IN NIGERIA

There is a very sound basis for periodically raising domestic fuel prices in Nigeria. Even the most die-hard skeptics would agree with the logic of such a policy. Nonetheless, there are a number of factors that have been responsible for the resistance of a subsidy phase-out. To begin with, there is a genuine concern that the burden of adjustment will not be borne evenly, and that the middle/lower income groups would bear the most of it. This is illustrated by the assertion of Lamido Sanusi Lamido, Former Governor of the Central Bank of Nigeria (CBN), who stated that he could not remember when last he paid for fuel from his pocket (Saturday Sun, 2012).

The indication points at the fact that the bearer of the incidence of the increased cost will be private car owners, companies in respect of their light load vehicles, owners of mini buses, tricycles, motorcycles, small businesses and artisans who generate their own power using petrol. This will increase the cost of production, transportation and reduce the standard of living. Thus increase in fuel prices would, in short-term and long-term, create more economic losses. Given that the expected savings from each withdrawal will not exist, the expected improvement and solutions in other sectors that should increase overall net economic and environmental well-being will not be implemented, and measures to compensate the losers will not be considered (Von Moltke, 2004).

Accordingly, Ngozi Okonjo Iweala, Nigeria's former Finance Minister and Coordinating Minister of the Economy, was also quoted as saying that "fuel pump Price increment will affect only a small fraction of Nigerians because 70% of Nigerians trek" (Saturday Sun, 2012:7). However, as noted by Barret (2012), the increase in fuel pump price will have a debilitating effect on all Nigerians. Comrade Abdulwaheed Omar, Nigeria's former Labour President also said in an interview that any fuel price increase is definitely bound to affect the generality of Nigerians, as the cost of food, transport, and education would skyrocket (Simon and Felix, 2012).

Furthermore, it is held that the idea of subsidy removal is inextricably tied to economic adjustment programmes like SAP, which has brought fundamental changes to the Nigerian economy and society. The idea behind SAP is that scarce natural resources like foreign currency or energy would be allocated more efficiently, so as to increase the overall productive efficiency of the economy. But then, the implementation of SAP which is the prerequisite for Nigeria's integration into the global capitalist system has resulted in the worsening of the development strides in Nigeria (Otoghile and Akov, 2011).

More so, while the financial sector has done very well largely because the gap between the official and parallel market exchange rates creates lucrative arbitrage opportunities for them, the real sector of the economy has stagnated or even declined. The continuing decline in the Naira exchange rate is a direct reflection of the gap between the two sectors, and the concomitant growth in money supplies. These relates to fuel subsidy in that domestic prices will continue to be evaluated on the basis of the exchange rate which has become like a moving target (Okogu, 1993). In this sense, the recent price increases already appear low when converted on the basis of the prevailing parallel exchange rate, which appears to deteriorate further. Clearly, the problem of fuel subsidy is inescapably tied to the success or failure of SAP in stabilising the economy.

In the official rhetoric of the Nigerian government, one of the major reasons for removing subsidy for fuel is to curtail smuggling. Nevertheless, it is opined that the chain of cross-border smuggling, by its very nature, must involve oil marketers, truck drivers, the customs, police, immigration and other security officials. Moreover, oil trucks are large, easily recognisable entities that must pass through trunk roads and move through manned borders in order to pass through. Thus, the fact that smuggling persists is suggestive that smuggling activities have the Support of top government functionaries (Nwachukwu and Chike, 2012).

High cost of governance is identified as an important corollary for explaining the blanket opposition against fuel subsidy removal (Oshunkeye, 2012). In the wake of fuel subsidy removal, Nigeria's President Goodluck Ebele Jonathan, announced a 25% basic salary pay cut for political office holders. He also commissioned 1,600 buses for urban transportation. However, many believe that the reduction in basic salaries of public officials is just symbolic and amounts to little. According to Barret (2012:15): At a point when costs are bound to rise, to simply slash emoluments of workers no matter whether they are aides to the President or not sends a wrong signal to the populace. It suggests that these appointees have either been enjoying totally disproportionate economic benefits so far, or that they will be immunised against the impending economic hardships by special privileges that will replace their withdrawn financial benefits.

An estimated 17,500 officials constituting only 0.015 percent (less than a quarter of a percent) of Nigeria's estimated 150 million people, reportedly earn more than a quarter of the country's annual national budget (Oshunkeye, 2012). As at 2011, the Revenue Mobilisation, Allocation and Fiscal Commission (RMAFC), revealed that 17,474 political office holders were earning ₦1.12 trillion yearly and of the ₦1.12 trillion, salaries reportedly gulped about ₦94,959,545,401.20 billion while ₦1,031,654,689,033.18 trillion went to allowances annually (Oshunkeye, 2012). Simple arithmetic would show that salaries took less than 10 percent of the allowances; suggesting that despite the cut in basic salaries, the figures as processed by RMAFC would still be staggering.

Similarly, according to Izibili and Aiya, (2011), they posit that the low capacity utilisation of Nigeria's state-owned refineries and petrochemical plants in Kaduna, Warri and Port Harcourt, the sorry state of despair, neglect and repeated vandalism of the state-run petroleum product pipelines and oil movement infrastructure nationwide, the collateral damage of institutionalised corruption, with the frightening emergence of local nouveau of rich oil mafia that controls, and coordinates crude oil, and refined petroleum product, pipeline sabotage and theft (illegal bunkering) nationwide, the insatiably corrupt Task Force operatives that assist diversions of both crude oil and petroleum products, large-scale cross-border smuggling of petroleum products, all of which are the root causes of the protracted and seemingly intractable fuel crises that have bedeviled the polity relentlessly for close to a decade now, are all predictable outcome of government mismanagement of the downstream sectors of the Nigerian petroleum industry.

The above developments have led many commentators and analysts to come to the conclusion that the government is insensitive to the plight of her citizens (Aghedo, 2012). Under normal circumstances, government is expected to fix the country's refineries, which ideally should be producing optimally, before embarking on any policy of subsidy removal (Martins, 2012). Government's inability or unwillingness to revamp the country's moribund refineries is suggestive that top government functionaries are implicated in the rot and shady deals in the oil sector (Bamisoye and Obiyan, 2006).

Accordingly, fuel subsidy removal has come to symbolise not a quest for efficiency, but all that is bad in government; intrigue, corruption, distrust, profligacy, anti-democracy and so on. Moreover, unlike in Ghana, the Nigerian government failed to put in place measures to cushion the harsh effects of increased prices for fuel, thus failing to alleviate the sufferings of the majority of the citizenry. It is little wonder therefore, that there was such a blanket opposition to subsidy removal, not because Nigerians did not see the economic rationale for it, but because they distrust their government, which has over the past years subjected her citizenry to all kinds of sacrifices, which did not as much as improve their living conditions.

## 7. SUMMARY AND CONCLUSION

The reactions of Nigerians to fuel price hike during the Administration of Goodluck Jonathan was rather negative as his administration was deemed as not citizen friendly and surrounded by corrupt tendencies thus the support gathered by this administration during fuel price hike was engineered by low confidence in governance. In 2011, when his administration



introduced a new fuel pump price it received nation-wide total rejection as his administration didn't have the credibility and scorecard to get the trust and confidence of Nigerians to support his attempts or vision for the increase in fuel pump price.

On the other hand, during the administration of Buhari in 2017 fuel pump price was increased from ₦97 to ₦147 the highest increase so far in the history of fuel pump price increase in Nigeria, despite breaking this record, the Buhari administration succeeded in attaining this price fixed and sustained despite initial complaints from Nigerians. However, this decision was received as his explanations and reasons tallied with his goodwill and fight against corruption in his previous reign as a military administrator. During his rule as military Head of State with Idiagbon, it is on record that the Nigerian society experienced and saw for the first time sanity in the way most things were done in Nigeria especially public life with his policy of War Against Indiscipline (W.A.I.) that sought to cleanse the Nigerian society of corruption and indiscipline. He succeeded in doing this until his government was toppled by a coup and Nigerians deemed it a responsibility to give him a second chance to repeat the feat he attempted as military administrator, thus the reason for the support of fuel price hike in 2017 despite the discomfort on the part of Nigerian citizens. Conclusively, the support of any government is hinged on accountability, rule of law, transparency and people centred policies which will always fetch the level of confidence needed for public support during any public policy such as fuel price hike in Nigeria.

The issue of Confidence in governance is earned through true democratic practise and sincerity on the part of leaders as well as objective administrative pursuit. The factor of distrust, incompetence and insincerity of leaders is what prompted negative reactions of citizens to fuel price hike during the administration of Goodluck Jonathan and a rather mild and warm embrace of the change in fuel price during the administration of Buhari in 2017. These issues are what is responsible for the negative reactions by Nigerians thus, the need for leaders to keenly pursue their objectives with transparency, accountability and discipline which is paramount to ensure for smooth running of government without crisis related to increase in fuel pump price.

In this era and time, democracy would only advance with the cooperation between leadership and followership where leaders follow the principles of democracy and the followers in turn support the government to deliver good dividends of democracy. The government of Buhari was supported during the fuel price hike in Nigeria in 2017 due to the previous impression as military administrator thus the rise in confidence during his return as civilian President and the support he gathered from Nigerians during the increase in fuel pump price. The Goodluck Jonathan administration was characterised by mass corruption and looting and this necessitated the agitations and rejection of fuel price hike in Nigeria during his administration and this factor is relative to confidence in governance. This is a sharp and contrast reaction the Buhari administration received when he increased fuel pump price in 2017.

## 8. RECOMMENDATIONS

Confidence in governance in Nigeria is a factor that is surrounded by many issues such as transparency by leader, good financial appropriation, accountability, truthfulness and patriotism by leaders. To attain followership support during such times as fuel price hike and other related government policies that affect the public, the leaders of Nigeria must seek to attain these feats to gather the support of Nigerians during fuel price hike.

- a. Completion of Public Projects: Government is machinery that is responsible for making collective decisions for society (Hague, 2001). Thus, this decision of fuel price hike is made by leaders for the public and when these decisions are followed up to completion and impacting the lives of citizens positively the trust of citizens will continually rise and support will be inevitable. The completion of public projects is a score card for any leadership that intends to gather the support of its followers and citizens.
- b. Adherence to the Rule of Law: The adherence to the rule of law is key to societal development and democratic advancement in a developing country like Nigeria. Leaders who intend to win the confidence and support of its citizens must adhere to the principle of the rule of law and respect fundamental human right. This is a relative factor concerning the increase in price of fuel in Nigeria and the manner in which the citizens of Nigeria embrace such policy. When the government of the day is deemed as a respecter of the laws then it would have no clashes with the opinions of the public concerning fuel price hike as it has gained the trust of the citizens.
- c. Social Justice: Equality and equity is the balance needed in any society for social justice to be laid as its foundation. The aspect of social justice is rather neglected when certain decisions are made thereby making these policies selfish and self-centred on the part of government thereby making lives unbearable by introducing harsh economic conditions, and leaving the masses with no choice but to agitate. Thus, social justice must be applied in carrying out certain policies where the conditions of the masses would be put first before passing a decision that affects the public.
- d. Priority and Cognizance for Infrastructural Enhancement: Good road network, health facilities, constant power supply, accessible pipe-borne water, affordable education is Key to any society's development and balance. This is not to be traded for selfish ambition to loot government covers, launder money and be unpatriotic. The attempt to provide all these necessities of life will definitely assure the constant support of the public towards any government of the day. This will

set the government on a path of high confidence on the part of the citizens and provide a platform for partnership between leaders and followers in ensuring development in such society.

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