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Article DOI: 10.48028/iiprds/ijirssmt.v7.i1.04

Abstract

The economy of Nigeria today runs and survives on oil revenues. Certainly, any crisis in the oil sector, particularly the most commonly experienced i.e. fuel crisis is consequently a crisis of the Nigerian economy. Therefore, a study on the political economy of fuel crisis is integral and significant to the political economy development of Nigeria. The central objective of this study was to examine how manipulation of a few and their quest to control and organise the factors of production and the economy has resulted in the pervasive fuel crises situation and the bearing this has on the economy of Nigeria and on Nigerians. The Elite Theory was employed as a framework of analysis. The primary and secondary methods of data collection were used. Using tables and the Chi square formula, data were presented and hypotheses tested. The research found out that the activities of the elites and oil cabal contribute to the fuel crisis situation and this has resulted in economic hardship in the FCT. It was recommended that federal government must revisit and regulate the processes of issuing licenses to actors in the oil sector and legalise, encourage, standardise modular refineries in Nigeria.

Keywords: Political Economy, Fuel Crises, Oil Subsidy, Nigerian Economy, FCT

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http://internationalpolicybrief.org/journals/international-scientific-research-consortium-journals/intl-jrnl-of-innovative-research-in-soc-sci-strategic-mgt-techniques-vol7-no1-september-2020
Background to the Study
Nigeria is a member of the Oil Producing and Exporting Countries (OPEC), Nigeria's crude oil is preferred by many oil and non-oil producing countries like Britain and the United States of America. A large percentage of Nigeria's foreign exchange earnings is generated from the sales of crude oil. While many of the nations who buy crude oil from Nigeria are comfortable with their fuel situation, Nigeria is engulfed in incessant fuel crisis which has been taken its toll on almost all aspects of the economy for almost two decades. This is a situation whereby, there is acute shortage of fuel with attendant long queues that last for weeks and months. Whenever the nation is about to breathe a sigh of relief through regular supply, suddenly, the crisis will erupt again causing untold hardship for vehicle owners, commercial drivers and the general populace who depend on the availability of fuel for mobility and production of goods and services.

In recent times, the crisis is further compounded by the inability of the Power Holding Company of Nigeria (PHCN) to meet the energy needs of the populace. Thus many providers of goods and services like tailors, furniture makers and others rely on fuel to generate electricity for their activities. This has resulted in the soaring prices of basic commodities and services.

Almost all sectors of the Nigerian economy depend on oil. Any contemplation therefore, of a possible scarcity or unavailability of the product will no doubt spell doom for the economy of the country (Sikkam, 2009). Yemi (2012) opined that fuel scarcity that has plagued the nation recently appeared to be worse at the beginning of these years; it caused a lot pain, anguish and dislocation of economic and sundry activities. There were hardly any individual industries, institutions and organization in Nigeria today that was not severely affected.

The fuel scarcity was believed to be worse in certain occasions due to hoarding, fuel diversion and smuggling and under-delivery at retail outlets which have become rampant. Despite all the efforts of the ministry and parastatals, the NNPC has almost found it impossible to eliminate the activities of saboteurs in the oil industry in the country. Businesses and households now run their own power plants using petrol and diesel. But with petrol and diesel now becoming as scarce as gold, many households and businesses are having it very rough, and this has resulted in many businesses now operating at levels that are far below their installed capacity.

As a consequence, of course, is low productivity and downsizing. Some unscrupulous marketers usually seize the opportunity of the situation to hoard the commodity in anticipation of announcement of a rise in pump price. To say that the fuel crisis has made Africa's largest oil-producing nation - Nigeria - a laughing stock in the comity of nations is an understatement.

Against this background, this paper examines the politics and economics of fuel crisis in Nigeria, the trend of fuel crisis in Nigeria, causes and effects of fuel crisis and recommends ways of preventing fuel crisis in Nigeria.
Statement of the Problem
There is no gainsaying how important fuel is to the Nigerian economy both as a major source of revenue for the country and for economic activities and survival for corporate, private, small and large businesses, organisations and units. Whenever there is fuel crisis in Nigeria, the whole economy is in crisis, small businesses are in crisis, larger corporations and multinationals are also in crisis and every unit of the society feels the heat of the fuel crises, this has been made worse due to the epileptic nature of power supply for domestic and industrial consumption, which further deepens the reliance on fuel as a source of energy. The fuel crises situation has become so cancerous that it has defied virtually all measures by scholars and policy makers to address it and if left unabated might slowly collapse the Nigerian economy.

It is a problem that as humongous and enormous as the government allocates annually in efforts and resources through policies and funds to develop and positively transform and improve fuel production and availability, there still persists a lingering, critical, protracted fuel crisis. So dire, grave and precarious that it practically threatens the economic sustenance of the country as it affects virtually every facet and aspect; political, economic and socio-cultural sectors of the country: from the geometric hike in prices of basic commodities like foods, wares, clothing, shelter to transport, shut down of small and medium scale enterprises and consequently loss of jobs of hitherto employees, to the drastic drop in national revenue and a consequent increase in hardship and economic instability on a national scale.

It is also a problem that discussions and studies about fuel crises surrounds mainly the direct and immediate effects seen or felt, like the long queues, the presence of black marketers, the hike in fuel prices and the stress in purchasing fuel, scholars and discussants seldom pay keen attention to a whole lots of other indirect social and economic effects, how a few days of fuel crises can translate to economic hardship for Nigerians, losses for business, affect the income of households, reduce purchasing power and many other micro economic impacts.

It is also a problem that previous studies have successfully failed, refused or shied from establishing a possibly strong link between national politics and the protracted case of fuel crises in Nigeria. Most times, attention is giving to the administrative, organisational/institutional leadership as well as operational setup or aspect when discussing the reasons and management of fuel crises in Nigeria without due interrogation whether some political juggernauts employ the instigation of fuel crises as a political tool or instrument to pursue their selfish political and economic interests.
Research Questions

i. How politics affects the fuel crises situation in the FCT?
ii. What is the role of the activities of oil elite/cabal and its effect on fuel crises situation in the FCT?
iii. What are the various factors responsible for the fuel crises in the FCT?
iv. How fuel crises impacts on Nigeria and Nigerians in the FCT?
v. Has the persistent fuel crises situation led to economic hardship in the FCT?

Research Hypotheses

The hypotheses of this study are:

1. **Ho:** There is no relationship between the activities of oil elite/cabal and the persistent fuel crisis in the FCT.
2. **Ho:** There is no relationship between fuel crisis and economic hardship in the FCT.

Literature Review

Political Economy

The term political economy is subject to multiple understandings. Its origin can be found in the work of Adam Smith's Wealth of Nations 1776, of David Ricardo and Karl Marx, and John Stuart Mill's Principles of Political Economy in 1848. In this body of work, the term political economic seeks to understand the interplay between the collective interests of people and the organisation and control of factors of production. This idea and adoption of the definition of political economy stems from the deep conviction by the researcher that politics and economic cannot be separated and that, for individuals to protect and maximise their interest they must engage in the politics that surrounds the allocation and distribution of the scarcity resources in the society.

For Paul Adler (2009) Political Economy refers to the combined and interacting effects of economics and political structures or processes, and by extension, to the scholarly study of this domain. Political economy studies the basis of the development of societies. This centres on the production of material wealth and the mode of production, that is, it studies production and the basis of society from the point of view of the economic relations between people in the production process. In the views of Lenin, political economy deals not just with production, but the social relations of men in production and the social system of production (National Open University of Nigeria).

The subject-matter of political economy is therefore, the production (economic) relations between people, the relationship of various social classes to political power and the interplay of politics and economy in the determination of power relations within the comity of nations. These includes: (i) The forms of ownership of the means of production; (ii) The position of the various classes and social groups in production and their interrelations; (iii) The forms and socio-political implications of the distribution of material wealth; and (iv) The interplay of politics and economy in the international division of labour and exchange. From this, it is obvious that political economy is the science of the development of socio-production, that is, economic relations between people (NOUN, 2010).
It clarifies the laws governing production, distribution, exchange and consumption of the material wealth in human society at various stages of its development. Political economy therefore takes to account the relationship between the productive forces and relations of production. Put slightly differently, political economy is a class, partisan science dealing with aspects of the economic interrelations between individuals, social classes or nations with specific focus on the vital aspects of production, distribution and consumption of wealth (NOUN, 2010).

**Fuel Crises/Scarcity**

In order to successfully review the concept of fuel crises/scarcity, it would be much easier to firstly understand what the words “Crisis”, “Scarcity” and “fuel” mean separately before attempting to provide a conceptual definition. According to the Free dictionary online, (2018), Crisis means a crucial or decisive point or situation, especially a difficult or unstable situation involving an impending change or an unstable period, especially one of extreme trouble or danger in politics or economics etc. Scarcity on the other hand refers to the limited availability of a commodity which may be in demand in the market (Murray, 2008). This also represents the existence of a gap between what is available and what is on demand. Whenever the supply or availability for a particular commodity falls short of the demand for that commodity at a particular time, scarcity is experienced. Forvocabulary.com (2018), the term “Scarce” means restricted in quantity or availability, and so scarcity means a state of their being very little of something. Lastly, the term “fuel” as employed in this body of work represents Premium Motor Spirit (PMS) also known as petrol and a product of refined crude oil.

Having defined the three key compositional words, carefully putting these definitions together to understanding the concept of fuel scarcity or crises would be the next task. It is therefore accurate to say that fuel crises/scarcity represent a situation of difficulty and instability experience due to unavailability or restrictions in the quantity of petrol or Premium Motor Spirit available in comparison to the request or demand for it. For the fuel crises in the FCT, the factors responsible cover a wide range of areas from the issues of logistics, to external barriers, to pipeline vandalism to corruption and lots more.

Lingering queues in petrol stations nationwide, coupled with arbitrary increase in the price of fuel, are symptoms of the abnormality in the Nigerian downstream sector. Evidently, the threat of sanctions by the government regulatory agencies, or even the sanctions reportedly meted to some fuel marketers, are unlikely to resolve the problem. And it does appear that a workable solution to the subsidy issue may not materialise quickly, due to obvious official difficulty in taking such fundamental decisions. While there is a consensus that government should sooner than later take a position, there is no doubt that immediate, short-term and long-term measures are required to end the impasse. The argument is the same old one: that the government has yet to pay the backlog of subsidy owed to the marketers and for that reason, the marketers are unable to import refined fuel into the country. The irony of the claims is ridiculous, against the backdrop of a country with four refineries which, unfortunately, are unable to meet even a reasonable fraction of the populace's needs. And this,
Causes of Fuel Scarcity and Crisis Situation in Nigeria

Petrol otherwise called gasoline is a by-product of petroleum or say crude oil. By 1950's oil took over as major fuel from the reigning coal and so started evolution of filling stations. Petrol due to no more than contrivance of the nation's thieving elite that had seemingly prevented the oil majors from involvement in the downstream sector (The Guardian Newspaper, 2017).

Yet, oil marketers' regular claim that the government owed them unpaid arrears of subsidy and their subsequent demand for payment remain at loggerheads with the conviction of many Nigerians, backed by logic and sometimes official findings, that oil subsidy is a scam and hardly exists. The government recently paid out about N200 billion in order to restore normalcy, only for the marketers to demand another supposedly outstanding N500 billion. Curiously, there is no consensus on what is actually owed the marketers, thus making the oil subsidy an opaque issue. The government has more recently approved N413 billion payments to the marketers (The Guardian Newspaper, 2017).

Sadly, fuel subsidy in this country has become more of an imaginary supplement that government pays on the importation of refined petroleum products, especially petrol, kerosene and diesel in order to cushion its effect on domestic consumers. The argument is that what the Nigerian people pay domestically is far below the international price for a product exploited in Nigeria and therefore, Nigerians must pay the international price. This graduates into wholesale importation as the nation's refineries are either comatose or not working at optimum capacity; and secondly, haphazard efforts of government to do Turn-Around-Maintenance of the refineries are either sabotaged or handled inefficiently. The consequence of this is dependency on the importation of refined fuel from far flung countries. Those who profit from this contrived process are members of the oil cabal, many of whom were named by the House of Representatives Oil Subsidy Probe Report (2009-2011). Players in the sector have established that the marketers' mischief goes to the extent of financial claims projection even before arrival of products.

The cabal appears to be a syndicate of intellectual, commercial, bureaucratic and technical actors that revel in using 'fuel subsidy' as a rationalisation of the looting of public treasury which costs are foisted on the suffering Nigerians. To resolve the issue requires firm political will; but there must be primary, medium and long terms measures to cure the body polity of this embarrassing scourge. At primary level, local refiners operating the so-called illegal refineries, which are destroyed daily by the military Joint Task Force in the Niger Delta should be collectivised into cooperatives and regulated for standard and order. They may well form the foundation of an indigenous technology. On the medium term, licence for modular refineries should be issued or those with licences to build refineries should be encouraged to invest in modular refineries to cure the resort to importation now that the refineries would likely gulp huge amounts for rehabilitation before they can come to the rescue. The option of investing in a new plant remains attractive. In the longer term, large capacity refineries should be built by private investors to complement the one being built in the Lekki Free Trade Zone expected to commence production in 2017 (The Guardian Newspaper, 2017).

Causes of Fuel Scarcity and Crisis Situation in Nigeria

Petrol otherwise called gasoline is a by-product of petroleum or say crude oil. By 1950's oil took over as major fuel from the reigning coal and so started evolution of filling stations. Petrol
The situation is such that has plagued the nation and caused a lot of pains, anguish and dislocation to economic and sundry activities. There are hardly any individual industries, institutions and organization in Nigeria today that is not severely affected. On the causes of petrol scarcity in Nigeria, government circles attributed it largely to bottlenecks in the distribution system. This conjectured belief was substantiated by the results of the study conducted by the Departments of Petroleum Resources (DPR), 2012 and Furtado and Suslick (1993).

The results indicated that petrol scarcity or crisis in Nigeria is caused by fraudulent marketers who, despite the effort of DPR, encourage and sell adulterated products. The crisis situation worsening day after day when some fuel stations sell petrol in the night to the black markets in which they increase the rate far above the approved price depending on the level of adulteration. Other causes of petrol scarcity were found to include product hoarding, diversion, smuggling, under-delivery of products at retail outlets, conflicting activities of multifarious government agencies, manpower shortage, inadequate funding, lack of materials, legal limitation and, safety of personnel also cause petrol scarcity.

In the opinion of Vincent (2013) in Sunday & Michael, (2014), the petrol shortage is a reflection of bad management. In all, it may be safer to say hypothetically that the presence or absence of good governance account for the presence or absence petrol scarcity. According to Onwuka (2010) cited in Sunday & Michael (2014), the biggest problem, which we have here, is pipeline vandalism.

The issue of vandalization of oil pipelines as a major cause of fuel crisis could be looked at from the angle of frustration – aggression theory. According aggression, vandalization of oil pipelines is the outcome of frustration. Gurr (1970) opined that where expectation does not meet attainment, the tendency is for people to confront those they hold responsible for frustrating their ambitions. He further stated, “the greater the discrepancy, however marginal, between what is sought and what seem attainable, the greater will be the chances that anger and violence will result”. In other words, crisis or conflict occurs when the governed are frustrated by the way they are governed especially with respect to deprivations of the basic needs of life. This explains why oil pipelines have, many times, been blown up or damage done to many of the oil installations not only by militants in the Niger Delta area but also in many other parts of the country.

The worst aspect is that many Nigerians are not patriotic enough to report such vandals. Another major cause of petrol crisis in Nigeria is corruption and nonchalant attitude of some of the leaders. In fact, high level corruption could be seen as the bane of Nigeria's oil industry
and the cause of incessant petrol crisis. Historical evidence shows that the First Republic in Nigeria (1960-1965) was terminated by military intervention because of the excesses of corrupt politicians (Ademoyega, 1981 in Sunday & Michael, 2014). Other causes are inadequate refineries and mal-functioning or under functioning of existing ones. Premium Times Business & Economy Editor, Bassey (2017), who has reported several cycles of fuel crises in more than two decades, x-rays reasons the crisis has persisted. The following are some of the reasons discovered:

Inadequate Supply: Fuel scarcity is usually a result of limited or inadequate stock of products not replenished on time. But, how do you replenish the stock when nobody knows exactly what the country’s demand is? From the Nigerian National Petroleum Corporation, through the Ministry of Petroleum Resources, to the Department of Petroleum Resources, and the Petroleum Products Pricing Regulatory Agency, no one can say categorically what the daily national fuel consumption figure is.

The statistics are as varied as the purpose for which each agency is issuing them. When calculating subsidy claims for products, marketers, the NNPC and PPPRA put figure at between 45 and 60 million litres against conservative industry figures of between 30 and 35 million litres. If the agencies that are supposed to handle fuel supply do not know what we need or consume daily, how can we build an adequate and sustainable stock? How are we sure we are not spending our scarce resources building a stock that are being diverted and smuggled outside the country to service consumers in neighbouring countries to the detriment of Nigerians?

Dysfunctional Refineries: The NNPC allocates 445,000 barrels of crude oil daily for domestic refining. If the four refineries in Port Harcourt, Warri and Kaduna, in their present state, were functioning optimally, total products yield cannot be more than about 10 to 12 million litres. Even at full capacity, the supply from those refineries will still be far from sufficient to take care of at least 50 per cent of the 45-60 million litres the NNPC says we consume daily.

Despite the huge amount of money spent by government over the years on turnaround maintenance, the functional states of the refineries remain seriously impaired. With the poor condition of the refineries, the natural consequence has been the scarcity consumers are currently facing.

No New Refineries: The story would have been different if there were new refineries built either by government or private investors. But none of the 18 licenses issued by government to private investors since 2008 have led to any new facility on ground to help solve the fuel crisis puzzle.

Pipeline Vandalism: Even if the refineries are in top shape, their optimal performance still depends on the availability of services from other facilities associated with their operations. The volume of refined products supplied depends directly on availability of crude oil
Fuel Crisis as Good Business Time for Some Nigerians

Fuel crisis, like break out of war, is the perfect time for good business for some Nigerians, who thrive in crisis situations, and would do everything to sustain the crisis. The belief of such people is that if they do not create a desperate situation through fuel scarcity, they might be deprived the opportunity to make extra profits from the crisis that would ensue.

Fuel Importation Constraints: To make up for the balance of supply from the refineries, government's only viable option has been to import. Although that has been going on these years, the huge cost to the economy justifies why local production is still the best way out. Because crude oil and its derivatives – refined petroleum products – are subject to the gyrations of forces at the international oil market, a spike in crude oil price directly impacts retail prices of refined petroleum products at filling stations.

Drop in Global Oil Prices: With global crude oil prices dropping to unprecedented levels of less than $25 per barrel late last year, landing cost of imported fuel translated to a retail price below the official pump price of N86 per litre, necessitating the marketers to pay back money to government in the form of over-recovery. For marketers, the modulated fuel pricing mechanism introduced by government was not a good business, hence their resolve to drop out of the fuel importation programme. The modulation mechanism provides an automatic adjustment that regulated retail price of fuel at the pump against the movement of prices at the international crude oil market, to minimise or eliminate subsidy payment.

Poor Import Planning Schedule: Even in the best of times, the NNPC has not been the best of planners. Under the current crisis, the situation appears to have worsened, because there are strong suggestions that the corporation did not do enough due diligence, in terms of advance planning and monitoring of the stock of fuel at the depots to know when they would run dry and ensure that fresh orders were placed on time to replenish depleting stocks. Even where such stocks were experiencing unusual pressures, every forward planning country maintains a healthy strategic reserve or national reservoir it could draw from in contingencies to make up for any shortfall in supply till the import consignments arrive.

Corruption, Diversion, Smuggling: Despite a hugely inadequate supply by NNPC, a significant volume is being diverted by corrupt officials who connive with marketers and transport owners to divert allocations from depots either to hoard in underground tanks to create artificial scarcity, or smuggle to neighbouring countries to earn higher profits.

Forex Crisis: Even those marketers that had allocations to import and supply petroleum products are unable to do so due to lack of foreign exchange following the restriction imposed by the Central Bank of Nigeria on access to FOREX by some importers. Some fuel marketers are hardly able to access dollars and open letters of credit for their imports.

Fuel Crisis as Good Business Time for Some Nigerians: Fuel crisis, like break out of war, is the perfect time for good business for some Nigerians, who thrive in crisis situations, and would do everything to sustain the crisis. The belief of such people is that if they do not create a desperate situation through fuel scarcity, they might be deprived the opportunity to make extra profits from the crisis that would ensue.
Pay Back Time by Marketers: The bulk of the marketers that enjoyed the subsidy fraud find the present administration’s determination to stop that arrangement an affront to their selfish interest. For refusing to pay arrears of their subsidy claims, as was usually the case under the immediate past administration, the marketers would stop at nothing to frustrate government efforts, and have found the current fuel crisis the best time to get back at government.

NNPC Internal Politics: The current fuel crisis has lingered longer than Nigerians are used to because corruption is fighting back. Reports say there is a power tussle in the NNPC between loyalists of the old order in the oil industry and the new order led by President Muhammadu Buhari and IbeKachikwu. The old order feels threatened by the changes in the NNPC so far to uproot entrenched interests, particularly in the fuel supply front, and have resolved to frustrate every effort to change the status quo. Every attempt to reform the NNPC’s operational processes, including the removal of fuel subsidy and rehabilitation of the refineries, have been criticized as ‘one-man show’.

Absence of Deregulation, PIB: Deregulation, as one of the key components of the Petroleum Industry Bill, is a policy that government expected would help open up the industry for more private sector participation in the downstream sector of the petroleum industry. With more participants in the fuel supply process, the scarcity problem would be resolved. The delay in the passage of the PIB, which would have paved the way for the take-off of deregulation, as a solution to the bad management of the oil industry, is seen as the reason for the perennial fuel shortage and the crisis consumers are facing.

Economic Implication of Fuel Crises in Nigeria
a) Increases in Fuel Prices and Economic Growth in Nigeria
It is a common knowledge today that fuel scarcity worsens inflation and poverty in Nigeria and many workers will lose their jobs as companies will find it difficult to cope. Arinze (2011) itemized the effect as follows:
(i) Fuel crisis paralyzed social and economic activities, it brings about socio-economic unrest which result in increase in transport fare, sky rocketing of market prices and prices of building materials.
(ii) High rate of inflation: this leads to increased spending both by government and private individuals. Fuel scarcity creates inflation in both public and private life with a consequent increase in prices of goods and services.
(iii) Excessive corruption and mismanagement: Fuel crisis bring about corruption by both government and private individual. Corruption however, discourages foreign direct investment.
(iv) Retardation in economic growth: It slows down the pace of economic development because of its negative impact on the socio-economic life of the people.
(v) Importation cost of fuel: It leads to huge and excessive public expenditure on importation of fuel to augment local production which in itself is an indication of an unhealthy economy resulting in accumulated balance of payments deficit of a country. The attendant consequences of this includes abandonment of several on-going economic and infrastructural development projects to meet the foreign
exchange requirements for the purchase of refined petroleum products from overseas countries to augment local consumption, poverty and underdevelopment.

(vi) Fire disaster: During fuel scarcity, the product becomes more available in the hands of unauthorized road-side dealers (black marketers) who take undue advantage of the unfortunate situation to sell the product at exorbitant prices and engage in profiteering. The unauthorized dealers also engage in reckless storage of this product in exposed tanks, drums and buckets roadside to extort money from members of the public. This however has resulted in several economic losses, deepening underdevelopment and poverty in our society as in some cases, the exposed tanks get exploded into flames that have burnt people's houses and vehicles and even loss of life in the process.

b) Effects on Purchasing Power
There is no doubt that the recent increase in the price of fuel by 49 per cent, from N65 to N97, by the Federal Government of Nigeria has started to trim down the purchasing power of the people, especially the poor masses, who have always been at the receiving end of every harsh economic policy introduced by government.

Cyoh (2012) has argued that an increase of such magnitude in the current Nigerian economic context is, without doubt, a process that is either inadvertently or deliberately conceived to take money away from the pockets of all Nigerian income earners, with over 70 per cent of Nigerians who live on below N360 per day, as the prime victims. In reality, anyone in this category will end up with over 50 per cent of his daily income, which is about N155 per day, inevitably dedicated to transport costs, while the remaining is expected to cater for family feeding, health, education and other social expenses.

Olorunfemi (2012), predicted that inflation rate would fluctuate between 13 and 14 per cent for most part of 2012. An investment and research firm, Renaissance Capital said it expected inflation to rise from a projected 10 per cent to between 13 and 14 per cent between January and March and average about 15 per cent for the year, 2012. It, however, said that should the government be persuaded to phase the removal of petrol subsidy as a means of easing the burden of price increases, then the increase in inflation could be lesser than 15 per cent for the year. Analysts believe that the inflation rate this year would shoot up to at least 15 per cent, even as the CBN agreed that inflation would accelerate to 14 per cent or 15 per cent by mid-year, from 10.5 per cent in November, however, taking into account the initial full removal of fuel subsidy on January 1.

The Managing Director, Sotice Investment Company Limited, Mr. Adedayo Toluwase, said several millions of Nigerians would live poorer and suffer more than they had ever done in recent history in 2012. He said, “More than ever in the history of the country, more Nigerians will sink further below the poverty line. The prices of goods and services have increased at the same time that wages remain stagnant and unemployment remains a nationwide scourge. More than 70 per cent of Nigerians lack the usual or socially acceptable amount of money or material possessions needed to live a happy life. This unfortunate category of Nigerians lack
material comfort and in plain language they live from hand to mouth. “The increase in the price of fuel will automatically reduce the purchasing power of Nigerians. It will increase their fears and deteriorate their health status (Ocheni, 2015).

Fuel Subsidy Politics

The history of fuel subsidy removal in Nigeria is rather a long one particularly with the negative effects it has on the polity. Specifically, the story of subsidy removal dates back to 1978 when the then military government of Gen. Olusegun Obasanjo reviewed upward the pump price of fuel which was at 8.4 kobo to 15.37 kobo. The concern was for government to generate enough money to run the administration particularly when it was preparing for the 1979 democratic elections and also to carter for the social needs of Nigerians (Simon and Felix, 2012).

Then came the military junta of General Babangida who also increased the pump price of fuel to 39.50 kobo in March 31st, 1986. This regime was notorious for numerous pump price increases. On April 10th, 1988, the regime increased it to 42 kobo from 39.50 kobo per litre and then again to 60 kobo for private cars on January 1st, 1989. These increases came at the time the regime chose to adopt a home grown Structural Adjustment Programme (SAP) as against external borrowing. His decision was greeted with massive protests by Nigerian. The inept leadership of the then NPN national government and the corruption that bedevilled the administration led to its overthrow (Simon and Felix, 2012).

The economic down turn coupled with the increases made life really unbearable and Nigerians reacted angrily. Again, on the 6th of March, 1991, the Babangida administration raised the pump price from 60 kobo to 70 kobo. Not too long the Nigerian nation was subjected to another round of fuel increase, when in November 8, 1993, the pump price was raised to N5.00 and confronted with mass protests across the length and breadth of Nigeria, the price was reduced to N3.25 on November 22, 1993. A year later, on October 2nd, 1994, it was again raised to N15.00 only to be reduced two days later to N11.00 by the Gen. Abacha’s regime. The reduction was as a result of mass protests and coupled with the need to win the support of Nigerians (Simon & Felix, 2012).

On December 20, 1998, the pump price was also increased to N25 but again reduced to N20 on January 6th, 1999 just a month later. This was during Gen. Abdulsalam Abubakar brief transitional reign as a military ruler. He like others before him did not spare Nigerians the pains of fuel price increase. The decision witnessed sustained protests by Nigerians, the organized labour and the Civil Society Organizations (CSOs). It is necessary at this point to place on record that it was only the military junta of Buhari/Idiagbon and Umaru Shehu Yarinda that Nigerians were spared the ordeal of price increase. Others before and after them
inflicted enormous pains on Nigerians as a result of the increases in fuel prices. This however may be because of the brief tenure of the regime and ill health of Buhari and Yardua respectively, and its focus on fighting corruption and indiscipline in the Nigerian society (Simon and Felix, 2012).

Gen. Olusegun Obasanjo second coming as a civilian president, did not helped matters as he unleashed of terror on Nigerians. In his eight years reign, the nation witnessed several rounds of fuel price increases. The first started on June 1st, 2000, where the petrol price per litre was raised to N30.00 but only to be reduced to N25 one week after due to massive protests by organized labour, civil society organizations and the ordinary Nigerians. Five days later, on June 13, 2000, the pump price was further adjusted to N22.00 per litre. On January 1st, 2002, Obasanjo regime increased the price from N22.00 to N26.00 and to N40.00 on June 23, 2003 just one year after (Simon & Felix, 2012).

In June, 2007, also the same regime raised the price of fuel per litre to N70, but the Yaradua's regime later reviewed it downward to N65 on assumption of office in May 2007. This was how it remained until President Goodluck Jonathan regimes decision at an outright removal of fuel subsidy. Interestingly the then Nigeria Labour Congress, President, Comrade Adams Oshiomole who had led several fights against fuel subsidy removal including fighting Olusegun Obasanjo, and as a sitting governor of Edo State, joined his fellow governors and the Federal Government to argue strongly for the complete removal of fuel subsidy. The issue was that, while the nation-wide consultations and discussion on fuel subsidy removal was still going on, the Petroleum Product Pricing Regulatory Agency (PPPRA) on January 1st, 2012, announced the outright removal of fuel subsidy (Simon & Felix, 2012).

This decision by the Goodluck Jonathan administration did not go down well with the masses of Nigerians. It resulted in massive strike actions and protests by the Nigerian Labour Congress (NLC), Trade Union Congress of Nigeria, PENGASAN, Civil Society Organisations, Academic Staff Union of Universities (ASUU) and the generality of Nigerians. The mass protests almost transformed into the “Nigerian spring” which would have brought down the regime. The regime quickly entered into a negotiation with the organized labour and rescinded its decision of an outright removal to a partial removal and reduced the pump price to N97 (Simon & Felix, 2012).
**Table 1:** Provide a clearer picture of the different pump prices by the different administrations from 1978 to Jan. 2012.

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<th>S/N</th>
<th>Date</th>
<th>Administration</th>
<th>Price: Naira &amp; kobo (N &amp; K)</th>
<th>Percentage Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1978</td>
<td>Gen. Olusegun Obasanjo (as Military Ruler)</td>
<td>15.37k</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>1982</td>
<td>Alh. Shehu Shagari</td>
<td>20k</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>1990</td>
<td>Gen. Ibrahim Babangida</td>
<td>60k</td>
<td>300 %</td>
</tr>
<tr>
<td>4</td>
<td>1992</td>
<td>Gen. Ibrahim Babangida</td>
<td>70k</td>
<td>17 %</td>
</tr>
<tr>
<td>5</td>
<td>1992</td>
<td>Gen. Ibrahim Babangida</td>
<td>N3.25k</td>
<td>364 %</td>
</tr>
<tr>
<td>6</td>
<td>1993</td>
<td>Gen. Ibrahim Babangida</td>
<td>N5 .00 N11 .00</td>
<td>54 %</td>
</tr>
<tr>
<td>7</td>
<td>1994</td>
<td>Chief Ernest Shonekan</td>
<td>N11 .00 N20</td>
<td>120 %</td>
</tr>
<tr>
<td>8</td>
<td>1994/98</td>
<td>Gen. Sani Abacha</td>
<td>.00 N22 .00</td>
<td>-</td>
</tr>
<tr>
<td>9</td>
<td>2000</td>
<td>Olusegun Obasanjo (as civilian ruler)</td>
<td>N26 .00 N40</td>
<td>82 %</td>
</tr>
<tr>
<td>10</td>
<td>2000</td>
<td>Olusegun Obasanjo (as civilian ruler)</td>
<td>.00 N45 .00</td>
<td>10 %</td>
</tr>
<tr>
<td>11</td>
<td>2001</td>
<td>Olusegun Obasanjo (as civilian ruler)</td>
<td>N70 .00 N65</td>
<td>18 %</td>
</tr>
<tr>
<td>12</td>
<td>2003</td>
<td>Olusegun Obasanjo (as civilian ruler)</td>
<td>.00 N141 .00</td>
<td>54 %</td>
</tr>
<tr>
<td>13</td>
<td>2004</td>
<td>Olusegun Obasanjo (as civilian ruler)</td>
<td></td>
<td>13 %</td>
</tr>
<tr>
<td>14</td>
<td>2007</td>
<td>Olusegun Obasanjo (as civilian ruler)</td>
<td></td>
<td>56 %</td>
</tr>
<tr>
<td>15</td>
<td>2007–</td>
<td>Alh. Umaru Shehu Yardua</td>
<td></td>
<td>0.07 %</td>
</tr>
<tr>
<td>16</td>
<td>2012</td>
<td>Dr. Goodluck Jonathan</td>
<td></td>
<td>117 %</td>
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However, before leaving office in 2015, the Goodluck Jonathan Administration reduced the pump price to N86.5 per litre. This current administration of President Muhammadu Buhari, further increased the pump price of fuel Premium Motor Spirit (PMS) to N145 on May 11, 2016 (Vanguard, 2017)

**Theoretical Framework**

The Classical Elite theory has been employed as a framework in understanding, explaining and analysing the political economy of fuel crisis in Nigeria. The major proponents of the elite theory are: Vilfredo Pareto, Robert Michels and Gaetano Mosca amongst several others. Elites are referred to as a particular set of people who influence policies because of the special attributes that they possess within the society. These attributes could be political, economic, social, military etc. According to the Oxford Advanced Learner Dictionary, elites are selected groups that are superior in terms of ability or qualities to the remaining members of a group or society (cited in Ademola and Adenuga, 2015).

There are two widely accepted types of elites in the contemporary societies, which are ; the governing elites which comprises of individuals that take active part in the running of government directly or indirectly and the non-governing elites who are the set of people that influence major decisions of government through various means. By this distinction, elites do not only exercise control and influence on the economy and the political system but also shape the ideological and philosophical directions of their societies. Thus, elites play significant roles in defining or recognizing important policy issues and deciding which and what should receive priority in relation to others (Ojukwu and Shopeju, 2010).
The Elite theory tries to explain the various relationships of power in the society. It states that a small minority consisting of members of the economic and political elites and policy-planning networks hold the most power, and that this power is independent of a state's democratic election process. In other words, a particular set of people direct the affairs of the society and their children possibly takes over from them and it continues in that circle.

Under this theory a political system is seen to be divided into two major groups which are what some scholars refer to as the political entrepreneurs otherwise known as the elites and the citizens or the masses who is popularly referred to as what they call the apolitical clay. The elites in this group are those who possess various ideological interests while the average citizens are more or less not aware or even interested in the public affairs of their society. It is based on the notion of groups that this theory more or less gives higher credits to the elite group owning to the fact that the ordinary citizen is incapacitated in administering the state for a smooth running of democracy. All has to come from the wisdom and directives of elites in the state who in the contemporary era are the political leaders who are perceived to possess special skills and knowledge in the state (Ademola and Adenuga, 2015).

The elite theory serves as a substantive framework in understanding the political economy of fuel crisis in Nigeria which is the focus of this academic venture and brings to bare the underlying reasons, factors and actors which have directly or indirectly led to the incessant fuel crisis as well as the almost impossibility in preventing, curtailing or arresting permanently the fuel crisis situation. The elites in the Nigeria oil sector include: owners of oil blocks, international oil companies and explorers, major oil marketers and importers, independent oil markets, black marketer in the oil sector, government officials with connections and interests in the oil industries etc.

One major implication of the elite theory in understanding the political economy of Fuel crisis in Nigeria is establishing that what we experience as fuel crisis in Nigeria overtime is not a natural event or phenomenon but to a very large degree induced, influenced, orchestrated, perpetrated and championed by a strong group known as the elites. This group of elites could be international, local or a combination of both international and local elites whose main objectives is to satisfy their selfish interest and cement their grip of government and economy. Simply put, the economic interest of these oil cabal or elites are primarily their economic interest and as such would do everything possible within their power and reach politically and otherwise to protect and promote their interests.

The elite theory also explains that as long as these elite who are few, organised, literate, influential, resourceful, exist in Nigeria, and as long as oil or fuel remains a major determinant factor in the Nigeria economy, the occurrence of fuel crisis would not cease. This argument is because the constant and regular fuel crisis has become a successful strategy/instrument with which the elites have overtime succeeded in achieving their objectives, either in increasing the price of petrol (fuel) or in holding the government to ransom and persisting or pressuring the government to meet their demands. It is evidenced from observation and experience that almost every time there is a major fuel crisis in Nigeria, the end of the crisis witnesses an increase in the price of fuel.
The elite theory also explains how and why solving the fuel crisis situation in Nigeria is near impossible because of the organised few powerful individuals who have interest and benefit hugely from the fuel crisis. Just like war, every fuel crisis and scarcity that is experienced in Nigeria, some people benefit and make huge profit from it. This few people known as the elite would therefore, do anything within their powers to ensure that the crisis continues so as to further enrich themselves.

The elite theory also explains that in the oil industry, the organised few who have consolidated themselves into a group called “Cabal” in Nigeria are unfortunately active role players in government. These mix favours their interest as policies and actions in regards to fuel crisis and the development of the oil sectors would be directed towards maximising their interest. As unfortunate as these sounds, it simply is the plain truth and explains our present day realities in Nigeria.

The elite theory has explained why the Nigeria oil refineries and industries have not experience any form of development or improvement in over two decades. The refineries are non-functional and the one or two which are operating are not operating at maximum or optimal capacity. The implication is that importation of oil or fuel by the oil elites/cabal and the major oil marketer guarantee quick and fast cash and any attempt to disrupt their business by ensuring the functionality and development of local oil refining and self-sufficiency would constitute a serious threat to them. That is to say, the more the refineries don’t work the better for their businesses.

Furthermore, the oils subsidy which is a relief measure by the government on the masses by subsidising fuel price has experience monumental failure in achieving its set objective because the elite in the oil sector have hijacked the subsidy regime and programme. Rather than subsidize for the masses, the subsidy payment goes straight to the pockets of the elites and the masses are left to suffers and bear the burden. From the above, it is no doubt, the elite theory as a theoretical framework serves as a veritable tool and instrument in understanding the political economy of fuel crisis in Nigeria.

**Methodology**

For this study, the **Causal research design** was employed, this type of research is also known as the **ex-post-facto** research design and is used to measure what impact a specific change will have on existing norms or assumptions (USC Liberies, 2017). The data for this research were gotten from two major sources i.e. the primary and the secondary sources of data. Under the primary sources of data, the researcher derived data through the instrument called questionnaire and form Key Informant. Under the secondary sources of data, the researcher collected data from previous studies conducted and published, articles written on the subject matter and existing research works e.g. the Mediterranean Journal of Social Sciences, Nigerian Bureau of Statistics (NBS), Vanguard Media Ltd, The Punch Newspaper, etc.

Social survey method is used through the administration of questionnaires and the Key Informant Interview (KII) method. Also employed is the documentary instrument. The key informant in this study comprise of actors in the fuel business, experts in political economy and development studies as well as residents of the FCT who feel the impact of fuel crises.
The population of the study comprise of all Nigerians resident in the Federal Capital Territory (FCT). The 2006 population census figures put the entire population at about 1,406,239 people. Males and females, educated and uneducated, civil servants, corporate workers and business owners, rich and poor, old and young, relevant agencies, opinion holders and stakeholders in the fuel business and oil sector.

**Method of Data Analysis**
In order to realise the aims and objectives of this study, descriptive and inferential statistical tools is employed to analyse the data. That is the data are analysed descriptively using tables, frequencies and percentages. The inferential statistical tool is used to test the hypotheses is the chi-square (X²).

**Discussion of Major Findings**
Having presented and analysed the data using tables, frequencies and percentages, and also tested the hypotheses of the research using the chi-square method, the study arrives at some findings which are discussed as follows:

The findings revealed that 84% of the respondents which constitute the majority agreed that the Nigerian economy is dependent on oil, and also 92% of the respondents consider fuel crisis or scarcity to be a major problem affecting the Nigerian economy. These statistics point to the fact that the oil sector is very significant in Nigeria’s economic development and as such any form of crisis in this sector translates to a total economic crisis.

After testing the first hypothesis which attempts to determine whether there is a relationship between oil elite/cabal and the persistent fuel crisis in Nigeria, the findings revealed that 76% of the respondents agreed that activities of this oil cabal contribute to the fuel crisis/scarcity regularly experienced in Nigeria, and also 100% of the respondents agreed that Nigeria government or elites are playing politics and profiting from the constant fuel crisis situation in Nigeria. This statistically concludes that there is a relationship between oil elite/cabal and the persistent fuel crisis in Nigeria.

Also the test of the second hypothesis which attempts to determine whether there is a relationship between fuel crisis and the economic recession in Nigeria revealed that 82% of respondents all agreed that there is a relationship between fuel crisis and the economic hardship faced in Nigeria. The study clearly reveals that there is high level of politicking in the oil sector which has resulted to recurring fuel crisis situation. This is seen from the award of licences, regulation of investors and actors and the implementation of oil sector policies like the fuel subsidy programme/policy etc. Also, the strategy to induce fuel scarcity by oil actors (importers and marketers) in other to get at the government or increase the price of fuel is an evidence of political schemes going on in the oil sector.

Further findings show that indeed there exist an oil cabal or elite group whose agents or instruments are scatter across virtually all government top organisations and institutions. This group have and are benefiting from the deplorable state of the oil sector in Nigeria, and while oil infrastructure and assets remain dilapidated, these few individuals continue to amass so
much money from the situation. This explains why the Petroleum Industry Bill (PIB) was delayed for almost seventeen (17) before its successful passage. It also explains why policies to restructure the petroleum sector and ensure that our refineries work have not been seriously taken or acted upon.

From the study, several factors which have been found to influence and contribute to fuel crisis in Nigeria include: inadequate supply, dysfunctional refineries, no new refineries or local production despite the issuance of about 18 licenses since 2008 to private investors, pipeline vandalism, corruption, diversion and smuggling, payback time by marketers, global oil politics, elites interests, fuel importation constraints etc.

In conclusion, the findings of this study can be summed up under the idea that there is without doubt so much politics influencing the oil sector and resulting into fuel crisis and that most of the fuel crisis or scarcity experienced overtime are being triggered or influenced by the elites/cabal who are major actors and would benefit greatly from such crisis. The findings also revealed that respondents are aware of the politics and economics of fuel crisis, and majority of them are agreed on the existence of a relationship between fuel crisis and the economic hardship faced in Nigeria.

**Conclusion**
From the numerous literatures reviewed and from the data collected, analysed and from the hypotheses tested, the following conclusions have been drawn.

The fuel crisis situation in Nigeria has existed and persisted since the discovery of oil in Nigeria. The local and international relevance and economic value of oil and its by-products has made it a focus of the national government and international actors who would do whatsoever to have a share in it or possibly control or influence decisions in the oil trade and business. The interests from both local and international elites individual, groups, corporation and government are majorly the reasons making the strategies and policies towards solving the fuel crisis impossible.

Furthermore, crude oil/fuel serve as the lubricant and power source for the engine of industrial activities all over the world and as such, it can be boldly argued that as far as the world economies are concerned today, the world industrialised economies and nation depend largely on fuel to operate and survive. This explains the high powered level of politicking going on, and how so much politics and interest surround the oil business. The global elites and the Nigerian elite have made themselves major stakeholders in the oil sector and would collaborate to consolidate their interests at all cost even if it involves creating a crisis situation.

Also it has been discovered that the fuel crisis situation are not natural occurrences or events and are equally not as a result of insufficiency or problem of logistics but rather, intentional and deliberate actions in forms of hoarding, shutting down supply, distorting distribution chains and channels and creating artificial scarcity in order to hold the government to ransom, justify the hike and increase of fuel price, maximise profit and ensure continuous control.
It is pathetic that the non-diversification of the economy and the degenerating and deformed state of the power sector in Nigeria has made dependence on fuel high for micro, small, medium and large businesses whose proprietors have been left with no option but the difficult situation of running their businesses and powering their machines with fuel. This accounts for the difficulty of doing business in Nigeria and the collapse of young enterprises in the country. Even worse is the fact that these stakeholders who are suffering from the fuel crisis situation have little or no influence in solving the problem. Thus, the federal government of Nigeria must step up to their responsibilities.

The failure of the federal government accounts for the major cause of fuel crisis in Nigeria. From the allocation of oil wells and licenses to individuals without corresponding targets, goal, and tasks or expectations, the abandoning and poor maintenance of the oil refineries and the refusal or failure to establish new refineries in the country, the corruption in the fuel subsidy program, the over empowerment of few certain individuals and so on all contribute to the fuel crisis situation in Nigeria.

**Recommendations**

The following recommendations are advanced by this research:

i. The federal government must revisit and regulate the processes of issuing licenses to actors in the oil sector. From licenses to drill and explore oil to licenses to import refined products must be giving with expectations and targets. This must regularly be monitored and obedience to set down expectations must be ensured. In a situation whereby an actor fails to meet his target or expectations, the licenses should be revoked.

ii. The federal government must also endeavour to ensure a conducive political atmosphere and provide infrastructure which would attract potential investors to invest by way of constructing refineries and other fuel facility in Nigeria. An atmosphere devoid of security risks and uncertainty and characterised with supportive infrastructure and policies would trigger a huge local and foreign investment and thus, ease the tension in doing business.

iii. Restructuring the Nigerian political system would translate to a restructuring of the economy. This restructuring would place in the hands of the states or regions in the Niger Delta the responsibility to harness their resources, ensure full attention to positive rather than exploitative exploration, promote healthy competition amongst the states within the Niger Delta region, make them accountable to the people of the Niger Delta and induce the establishment and operation of state owned refineries and processing facilities.

iv. Practicable policies should be made. Proper consultation must be made on policies like the subsidy program, the PIGB (Petroleum Industry Governance Bill) should be fully implemented. Government must take the development of the Niger Delta region seriously and must create in the people of this region a sense of belonging.

v. Investigation of the budgetary allocation for the oil sector. Overtime, huge budgetary allocations have been made for refineries, servicing and securing the oil well and pipes and development of the region. This gargantuan sums have yield little or no visible
effects and every year further allocations and made. This calls for urgent need for investigations and anybody found culpable of fraud, misappropriation and mismanagement should be made to face the wrath of the law.

vi. Policies must be made to legalise, encourage, standardise modular refineries in Nigeria. This modular refineries which have been termed illegal have overtime provided local content and in its little way provided fuel for local consumption. Instead of destroying, criminalising and tagging them illegal, the government should support, regulate, legalise and give them standards for operation. With this more local refining can be made, fuel supply would be increased, employment provided and fuel scarcity prevented.

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