

Name: Peter Oche Joseph

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Questions:

1. (a). Explain Why Petroleum is now a curse instead of blessing
(b). Write on the effect of Fuel Subsidy removal on the economic development of the country

ANSWERS

1. The Oil wealth was not invested to support the agriculture nor manufacturing sector, which has led to neglect and has therefore attracted factors of production away from agriculture and manufacturing, leading to a manifestation of what is termed as Dutch Disease resulting in a resources curses. It also show why oil wealth typically creates less economic growth than it should; why it produce jobs for men but not women; anyway it creates more problems in poor states than in rich ones.

The discovery of oil in commercial quantity in Oloibiri in Nigeria Delta in 1955 opened a new chapter in the economic land scape of Nigeria. Before the discovery of oil resources, agriculture was the main source of government revenue.

Over the years however, revenue from oil export become the backbone of the economy. The annual budget, which defines economic direction the country charts, is solely based on crude oil revenue. This situation can be linked to one putting his eggs in one basket. And it is exactly this situation that has become the major source of agitation by oil producing area of Nigeria for resource control; Put in other words, fiscal federalism. It was against this background that the researchers argued that the discovery of oil in Nigeria in commercial quantity, instead of being a blessing has become a curse to the development aspiration of the country. The ordinary least square (OLS) method for data analysis was employed.

- B. Using the discovery analysis methodology, we offer some insight into the macro economic and micro economic implications of the 2023 fuel subsidy removal in Nigeria. The positive implications are that fuel subsidy removal would free up financial resources for other sectors of the economy, incentivize domestic refineries to produce more petroleum products, reduce Nigeria's dependence on imported fuel, increase employment, channel funds for the development of critical public infrastructure, reduce the budget, deficit and generate a budget surplus in the near future, reduce government borrowing curb corruption associated with fuel subsidy payments, increase competition etc. it is recommended that the government should carefully evaluate the impact of fuel subsidy removal on individuals and businesses and provide palliatives and other economic relief programs to cushion the adverse effect on individual and firms.