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An Examination of The Impact of Price Instability in The Economic Development of Nigeria

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Abstract- The inflationary situation in Nigeria has become a threat to the economy and closely related to the persistent increase in the price of oil over the years, which began in the early 1980s when the petrol price increased from 9.5k per liter to 15.4k per liter. Price stability is a desideratum for every nation and has always been the core objective of monetary policy framework. This is borne of the perception that stability in prices of goods and services promotes economic growth. This paper, therefore, aimed at examining the impact of price instability on the economic development of Nigeria. Multiple methods of data collection were used (questionnaires, interviews and examination of secondary data). Multiple stage sampling techniques were initially used to select Five (5) towns in FCT, Abuja. Then twenty-two (22) participants were also randomly selected from each of the five towns selected. This brought the total number of participants to one hundred & ten (110). Three research instruments were used for data collection while Simple percentage and Chi Square were the main statistical tool for data analysis. Results show that there was significant relationship between inflation impacts and the economic development of Nigeria. There was also significant relationship between inflation impacts and the economic development of Nigeria and Price instability correlated negatively economy development in the paper. These findings were discussed, and recommendations made.

I. INTRODUCTION

Maintenance of price stability continues to be overriding objective of monetary policy for most countries in the world today. The emphasis given to price stability in conduct of monetary policy is with a view to promoting sutainable growth and development as well as strengthening the purchasing power of the domestic currency amongst others. The Central Bank of Nigeria (CBN) employs the monetary targeting framework in the conduct of its monetary policy. This is based on the assumption of a stable and predictable relationship between money supply and inflation. Consequently, the need to understand the relationship between inflation and economic growth of the Nigerian economy become imperative and the dynamics of inflation became central to the success of monetary policy to ensure the achievement of price stability. The effect of inflation (price instability) in the growth and development of the Nigerian economy cannot be over-emphasized.

Amidst the debilitating macroeconomic problems that had received serious attention from financial analysts, policymakers, and the monetary officials in both developed and developing countries of the world is the relationship between the inflation and economic growth (Ndoricimpa, 2017; Seleteng, Bittencourt, & Van-Eyden, 2013). One of the main responsibilities assigned to monetary agencies is to maintain relative stability in the domestic price of goods and services. This emphasis is premised on the belief that monetary policy promotes sustainable growth and development by strengthening the value of money and prevents inflation and its associated uncertainties, thereby increasing the future growth prospects of the country. Thus, maintaining relative stability remains one of the vital goals of monetary authorities in a country (Anidiobu, Okolie, & Oleka, 2018).

Price stability can assist to achieve maximum sustainable output growth and employment ultimately, however, in the short period, a number of challenges can exist between the goals. Nzotta and Okereke (2009) stated that the quest for price stability in the economy connotes the indirect pursuance of the goal of economic progress, which can exist only under conditions of price stability and financial market efficiency. The efficiency of the financial market is disrupted in the face of fluctuations in general price level. In Nigeria, investors perceive monetary policy

and macroeconomic events as principal causes of the uncertainty in the equity market, implying that macroeconomic parameters' shock could affect equity price as well as returns; thereby controlling the decisions of investors (Christopher, 2006).

Inflationary pressure on the economy does not put the CBN at a vantage position to achieve price stability. The persistent increase in the price levels tends to lead to an upward trend in inflation rates. Despite the different monetary regimes that have existed in Nigeria, price instability still poses severe danger to drivers of economic growth. Ever since the 1970s, Nigeria has witnessed gross fluctuations in inflation rate and consistent periods of double-digit inflation rate. The key problem facing CBN is how to curtail price instability in the face of other macroeconomic problems.

1.1 THE STATEMENT OF THE PROBLEM

Price stability is a desideratum for every nation and has always been the core objective of monetary policy framework. This is borne of the perception that stability in prices of goods and services promotes economic growth. Price instability is reflected in rising inflation in nearly all the world and it poses a threat to the economic progress of a nation, thus, making the pursuit for price stability an utmost priority for every nation.

In ignoring the administrative cum legal aspect of the problem/ solution to the fall out of the present economic state of the country, government has unwittingly failed in its duty to mitigate the harsh effects of the recession. In effect, it has left consumers of goods and services at the mercy of shylock and profiteering businessmen who now use the excuse of the present economic state to inflate the prices of goods and services. It is no longer news that at every turn, prices of goods and services have skyrocketed and when pressed for reasons for this astronomical increment in prices, most suppliers of goods cite the increasing dollar-naira exchange rate as the reason amongst others.

This patched up excuses which are better viewed as afterthoughts are used even in respect of basic food items and household items that are locally produced or sourced in the country. For instance, the price of cement is now between NGN5,500 to NGN6,000 across the country. The current for PMS is NGN617 and Diesel NGN1,135. Therefore, the most rational inference from this is that there is the need for an urgent government intervention by way of price regulation in the marketplace. The rationale for this is that unless this is done, manufacturers and suppliers of goods and services will exacerbate the problem on ground by its marketing antics. Against this backdrop, this paper is set to assess the effect of price instability on the economic development of Nigeria Economy.

1.2 OBJECTIVES OF THE PAPER

This study is significantly justified in three: personal, social and academic. The study would enable the researcher to understand better the effect of price instability on the Economic development of Nigeria and also determined the extent price instability have diminished the purchasing power of Nigerians and the Nigerian Naira.

At the social level, this study would enable the people express their views on inflation/price instability and the effect of this precarious trend on the people, economy and the society at large.

Academically, it would be a reference point for further research in this area of study, it will add to the body of existing knowledge in the field of Developmental Economy as regards price instability and the need for price regulation in the Nigeria. Both citizens, government and the society would benefit from the findings of this study.

1.3 RESEARCH HYPOTHESES

In line with the problem statement and the objectives of the study, the following hypotheses are formulated.

Hypotheses 1

Ho: There is no significant relationship between price instability and economic development of Nigeria Economy

H1: There is a significant relationship between price instability and economic development of Nigeria Economy.

Hypotheses 2

Ho: There is no significant relationship between price instability and the diminishing purchasing power of Nigerians

H1: There is a significant relationship between price instability and the diminishing purchasing power of Nigerians

Hypotheses 3

Ho: There is no significant relationship between inflation impacts and the economic development of Nigeria

H1: There is a significant relationship between inflation impacts and the economic development of Nigeria

1.4 THE METHODOLOGY

This study adopted a descriptive survey research design to examine the impact of price instability on the economic development of the Nigerian Economy. Multiple methods of data collection were used (questionnaires, interviews and examination of secondary data). Multiple stage sampling techniques were initially used to select Five (5) towns in FCT, Abuja. Then twenty-two (22) participants were also randomly selected from each of the five towns selected. This brought the total number of participants to one hundred & ten (110).

The study attempts to add to the existing empirical literature on the impact of price instability on the economic development of the Nigerian Economy. The study was facilitated by working with self-employed and employed (public/private employees) located in the five selected towns where the questionnaires were distributed. The simple percentage and chi-square tools were used for data analysis.

II. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

EMPIRICAL FRAMEWORK

The inflationary situation in Nigeria has become a threat to the economy and closely related to the persistent increase in the price of oil over the years, which began in the early 1980s when the petrol price increased from 9.5k per liter to 15.4k per liter. This increase directly or indirectly affects the economic activities of the country, the transportation cost, the cost of locally produced goods, rents, foodstuffs, among others. Also, 2012 witnessed another increase in the price of petrol to N97.00 per liter and on assuming to the office by the present administration, also moves the price to N145 per liter in 2016. This eventually made the price of goods and services skyrocket (Idris & Suleiman, 2019). In May 29, 2023 the newly inaugurated President announced the removal of subsidy on PMS putting the pump price of PMS at NGN617 per liter against the NGN195 the previous pump price. Nigeria has never remained the same since this pronouncement as price inflation have gone all time high and the naira value gravely plummeted to NGN980 exchange rate against 1USD.

Despite this assertion that certain degrees of inflation foster the economic growth, most findings still reveal that inflation is detrimental to economic activities (Kasidi & Mwakanemela, 2015; Manoel, 2010; Mkhatshwa, Tijani, & Masuku, 2015). They posit that inflation needs to be reduced and kept to the barest and should not rise above a single digit. This is the view of the Monetarists and the Keynesians who assert that inflation has serious contagious effects as it discourages domestic production and creates a favorable atmosphere for foreign goods to compete with the domestic market, encourages deficit balance in the international payment transaction, uncertainty in the profitability of future investment projects, redistributes income in a haphazard way, reduction in purchasing power of money, which results in frequent agitations by a trade union to increase workers' salaries, interacts with the tax system to distort the decision between lenders and borrowers and above all places a huge toll on individuals with fixed income or fixed interest rate on assets (Al-Taeshi, 2016; D. Chude & N. Chude, 2015; Eggoh & Muhammad, 2014; Olu & Idih, 2015).

Omoke and Ugwuanyi (2010) tested the relationship between money, inflation and output by employing cointegration and Granger-causality test analysis. The findings revealed no existence of a cointegrating vector in the series used. Money supply was seen to Granger cause both output and inflation. The result suggest that monetary stability can contribute towards price stability in Nigerian economy since the variation in price level is mainly caused by money supply and also conclude that inflation in Nigeria is to much extent a monetary phenomenon. They find empirical support in context of the money-price-output hypothesis for Nigerian economy. M2 appears to have a strong causal effect on the real output as well as prices.Using Okun"s law "each percentage point of

cyclical unemployment is associated with a loss equal to 2% of full-employment output; if full-employment output is $10 trillion, each percentage point of unemployment sustained for one year costs $200 billion". Williams and Adedeji (2004) examined price dynamics in the Dominican Republic by exploring the joint effects of distortions in the money and traded-goods markets on inflation, holding other potential influences constant. The study captured the remarkable macroeconomic stability and growth for period 1991 to 2002. Using a parsimonious and empirically stable error-correction model, the paper found that the major determinants of inflation were changes in monetary aggregates, real output, foreign inflation, and the exchange rate. However, there was an incomplete pass-through of depreciation from the exchange rate to inflation. The authors established a long-run relationship in the money and traded-goods markets, observing that inflation was influenced only by disequilibrium in the money market.

Aminu and Anono (2012) carried out empirical analysis of the effect of inflation on the Growth and Development of the Nigerian economy. The study used time series data from 1970 to 2010. The objective was to investigate the impact of inflation on economic growth and development in Nigeria. The variables used in the study include GDP which is the Gross Domestic product (output) and also serves as a dependent variable while inflation serves as independent variable. The study used Augmented Dickey – fuller technique in testing the unit root property of the series and Granger causality test of causation between GDP and inflation. The result shows that inflation is statistically insignificant and positive. The positive impact of inflation on economic growth in Nigeria is in line with the finding of Olu and Idih (2015). The result of causality suggests that GDP causes inflation and not inflation causing GDP.

The unidirectional causation of GDP causing inflation is in contrast with other finding, such as Inyiama (2013). The model was not robust as autocorrelation was visible due to very low Durbin-Watson statistic of 0.031. The unit root test shows that the variables are I (1), this means loss of long run information. The right model for this study is Johansen co integration test.

Inyiama (2013) investigated whether inflation weakens Economic Growth? Using evidence from Nigeria from 1970 to 2010. The objective was to evaluate the link between inflation and Economic Growth in Nigeria. It also examined the nature and form of association between inflation rate and exchange rate as well as interest rate. The variables used are GDP, inflation, interest rate and exchange rate. Ordinary least square approach in the form of multiple regressions was adopted in examining the relationship among the variables while causality was evaluated using Granger causality test. Johansen Co-integrated test was also adopted to check whether short term relationship would be maintained in the long run. It was found that inflation is negatively related with the real GDP. This is sustained even in the long run. On causality, at both lag 2 and lag 4, the study revealed that there is no causality between inflation rate and real GDP.

Oladipo *et al.* (2015), examined the inflation, interest rate and economic growth in Nigeria using annual time series data from 1981 to 2014. The variables used for this study includes Real Gross Domestic Product (RGDP), Inflation at consumer prices, Interest Rate (INTR), Net Domestic Credit (NDC), Transfer Payment (TRF). This used Augmented Dickey Fuller test to test the unit root properties of the series. The result of the unit root shows that all the variables are stationary at first difference but inflation is stationary at level. The study adopts the Ordinary Least Square (OLS) method. The long run relationship among the variables was tested using Johansen co integration test and causality test was also carried out. The OLS result shows that both inflation and interest rate have negative impact on the economic growth. Johansen co integration shows that there is long run relationship among the variables under consideration. The Granger causality test shows that both inflation and interest rate do not Granger cause the economic growth in Nigeria. The limitations of this study: It did not carry out post estimation test to ascertain the robustness of the model, Johansen co integration test used to test long run relationship is not the appropriate model for I (0) and I (1). The right model for this is Autoregressive Distributive Lag (ARDL).

Bakare, Kareem and Oyelekan (2015), examined the effects of inflation rate on economic growth in Nigeria

(1986-2014). The variables used for this study are: Gross Domestic Product (GDP) as a dependent Variable and inflation rate as an independent variable. The Augmented Dickey Fuller unit root test was used to test the stationarity of the variables. The study used regression analysis to determine the effect of inflation on economic growth, while Granger causality test was used to test the causation between inflation and economic growth. The result shows that inflation has negative impact on the economic growth. The Granger causality shows that GDP cause inflation but inflation does not cause GDP. The major limitation of this study is that the variables were differenced which leads to loss of long run inflation, but this study did not consider long run relationship.

Olu and Idih (2015), investigated the nature of the relationship between inflation and economic growth in Nigeria using annual time series data from 1980 to 2013. The variables used for the study are Gross Domestic Product (GDP) as a dependent variable, while the independent variables are: Inflation rate, Exchange Rate (EXCHR), input of labour and Capital. The study used the Ordinary Least Square to capture the impact of the dependent variable on the independent variables. The result shows that inflation has positive impact on the economic growth in Nigeria. The positive impact of inflation on economic growth is in line with the finding of Aminu and Anono (2012). The major limitation of this study is that it fails to test unit root properties of the series.

In a recent study in Nigeria, Onayemi (2013) assessed the growth in output, monetary policy and stability in price. The estimated results revealed that the first lag of price gap, current money supply gap, first lag of money supply gap, current real output gap and first lag of real output gap exerted positive effect on existing price gap between the 1950 and 2011 fiscal year while second lag of price gap exerted negative effects on inflationary pressure. The result also indicated evidence of long-term relationship.

Also, Okwo, Eze and Nwoha (2012) appraised the outcomes of monetary policy on macroeconomic stability from 1985 to 2010. The result was insignificant and concluded that monetary policies have not impacted meaningfully on price stability. In addition, Oseni (2013) conducted an analogical examination on monetary policy rate and foreign exchange rate on price stability in Nigeria and found that foreign exchange rate exerted a better impact on price stability than monetary policy rate. The study suggested that price stability will be achieved with sound and efficient foreign exchange policies.

2.1 THEORETICAL FRAMEWORK

Gokal and Hanif (2004) identified the following theories that explain the relationship between inflation and economic growth.

(I) CLASSICAL GROWTH THEORY

The foundation of classical growth model was laid by Adam Smith who postulated a supply side driven model of growth and his production function was as follow: Y=f (L, K, T). Whereby, Y is output, L is labour, k is capital and T is the level of technology. He argued that profit decline not because of decreasing marginal productivity rather because the competition of capitalist for workers will bid wages up.

(II) KEYNESIAN THEORY

The Traditional Keynesian model comprises of the Aggregate Demand (AD) and Aggregate Supply (AS) curves, which explains the inflation-growth relationship. According to this theory, in the short run, the AS curve slops upward rather than vertical. If the AS curve is vertical, changes on the demand side of the economy affect only prices. However, if it is upward sloping, changes in AD affect both prices and output (Dornbush *et al.,* 1996). This holds with the fact that many factors drive the inflation rate and the level of output in the short run. These include changes in: expectation; labour force; prices of other factors of production, fiscal and/or monetary policy.

(III) NEO KEYNESIAN MODEL

One of the major developments under Neo-Keynesians was the concept of 'potential output', which is also called natural output. This is a level of output where the economy is at its optimal level of production, given the institutional and natural constraints. This level of output also corresponds to the natural rate of unemployment or what is called non-accelerating inflation rate of unemployment (NAIRU). NAIRU is the unemployment rate at which the inflation rate is neither is neither raising nor falling. According to this theory, inflation depends on the level of actual output (GDP) and natural rate of unemployment. Firstly, if GDP exceed it potential and unemployment is below the natural rate of

unemployment, other things being equal, inflation will accelerate as Suppliers increase their prices as built-in inflation worsen. Secondly, if the GDP falls below its potential level and unemployment is above the natural rate of unemployment, other things being equal, the inflation rate will decelerate as Suppliers attempt to fill excess capacity, reducing prices and undermining built-in inflation. Finally, if GDP is equal to its potential and the unemployment rate is equal to NAIRU, the inflation rate will not change, as long as there are no supply shocks.

(IV) ENDOGENOUS GROWTH THEORY

Endogenous growth theory describes economic growth which is generated by factors within the production process, for example; economies of scale, increasing return or induced technological change; as opposed to outside (exogenous) factors such as population. In endogenous growth theory, the growth rate depends on one variable; the rate of return on capital. Variables like inflation that decreases the rate of return, which in turn reduces capital accumulation and decreases the growth rate.

(V) THE MONETARIST THEORY

The monetarist theory states that the quantity of money is the main determinant of the price level or the value of money. Any change in the quantity of money produces an exactly proportionate change in the price level. If the quantity of money is doubled, the price level will also double and the value of money will be one half. On the other hand, if the quantity of money is reduced by one half, the price level will also be reduced by one half and the value of money will be twice. The quantity of money is traceable to Irving Fisher's famous equation of exchange $MV = PQ$ Where; M = money stock, P = velocity of circulation of money, Q = velocity of transactions within the given Period.

The monetarists emphasize that any change in the quantity of money affects only the price level. This indicates that changes in the supply of money do not affect the real output of goods and services, but their values or the prices at which they are exchanged only. So, monetarist holds the view that increase in the quantity of money leads to increase in price.

2.2 PRICE INSTABILITY IN THE OIL SECTOR

Oil has increased in significance in comparison to the past. In the present era, the centrality of oil has grown immensely; it has overwhelmed coal as the prominent source of energy. In recent years, the aggregate global utilization of oil has expanded fourfold and it currently represents approximately 70% of the worldwide energy utilization. The vitality development from coal to oil has typically been a result of innovative progress.

Instability in oil prices has assumed a fundamental role in driving countries into recession and has instigated the fall of governments. Fluctuation in oil prices is consistently impacted by tremors in oil demand and supply emerging from geopolitical components, economic crisis or advancements (see Appendix I). Historically, the oil price has witnessed every one of these components, which has subsequently led to oil price variability that has driven countries into recession and caused the fall of governments (Majumdar, 2016).

The issue of oil price instability and its impact on economic growth has continued to cause a debate among legislators and economists. As some (for instance, Olomola (2006) and Akpan (2009)) content that it can propel development, others (for instance, Darby (1982)) believe that it can restrict development. The former acclaim that a reduction in oil prices will lead to a decline in the economies of net export countries (reducing national wages and increasing expenditure deficits) and vice versa. On the opposite hand, the extreme decline in the prices of crude oil collapses the economy of net exporting nations (diminishes national income and raises budget deficits). For example, the crude oil price drops in 2014 from $110 to less than $60 per barrel and later drops to less than $40 per barrel in 2015 (CBN, 2015). This implies more than 60% decline in the national income of the net exporting nations.

Hypothetical and empirical analysis have established that there are instabilities in the global price of oil and it has diverse consequences on various countries, depending on how critically the nation is subjected to oil income. As one of the major oil exporters, Nigeria is heavily reliant on such exports, which accounts for around 90% of the total fare returns and 70% of the yearly government spending. Hence, it is imperative to assess the prospective impact of this fluctuation on the economic growth of Nigeria.

Adelman (2000) specified that the price of oil has been more unbalanced than the price of any other item. He observed that variations in oil prices are a result of the contention in the Middle East and the price obsession by OPEC under various circumstances. Moreover, Osije (1983) stated that the price of oil is essentially determined by market patterns and is subsequently exposed to price instability.

Some analysts have questioned why Nigeria has still exhibited unremarkable growth during periods of price increases. Olaokun (2000) stated that oil price increases assert a detrimental effect on the economies of Ghana and Nigeria but have positive influences on Russia, which is an oil delivering country similar to Nigeria. This outcome raises numerous issues. Nigeria was portrayed by Duncan (2008) as both an oil importer and exporter. Duncan (2008) communicated that oil price increases have a positive effect on the economy of an oil exporting nation and a negative influence on an oil importing economy. On this basis, the state of Nigeria's economy is clearly abnormal. The literature on the fluctuations in oil prices and the consequences on the economic growth of Nigeria is expanding and will continue while the economy maintains its heavy dependence on oil income. Be that as it may, this study will make a valuable contribution to the present literature.

2.2.1 OIL PRICE INSTABILITY AND THE NIGERIAN ECONOMY: IMPORT VS. EXPORT

The Nigerian economy is a standout amongst the most complex economies around the world due to its extensive exports and imports. The 2014 imports and exports of Nigeria were estimated at 70.8 billion and 104.8 billion dollars, respectively. This creates a positive scenario. The driving export in Nigeria is oil which accounts for 74.3% of the general fares, while its principle import is refined oil, which represents 15% of all imports (EIA, 2016). This implies that oil exports have a more noteworthy impact on the economy than imports. Hence, it can be expressed that oil price instability impacts the Nigerian economy more as an oil exporting country.

Oil price instability impacts the Nigerian economy in various forms. As an oil importing nation, an expansion in the price of oil will intensify the cost of production, subsequently prompting inflation and decelerating the growth rate of the economy in Nigeria (Mordi & Adebiyi, 2010). Nevertheless, although an increased oil price is more lucrative to the Nigerian economy as an oil exporting country since it will yield additional revenue, it could be constrained by Dutch disease syndrome (Coady, Mati, Baig, & Ntamatungiro, 2007).

2.2.2 DUTCH DISEASE SYNDROME

As an oil exporting nation, Dutch Disease Syndrome is one of the consequences of oil price instability on the Nigerian economy. The Dutch-Disease is an insight employed to describe the potentially damaging consequences on a country's production by a boom in common assets. Corden and Neary (1982) established the application and hypothetical analysis of Dutch disease syndrome. They assumed that countries with characteristic assets have two fragments, namely the tradable and non-tradable portions. The natural resource boom will disturb the economy through the asset advancement and spending effect. The resource development impact diminishes the efficiency in the non-tradable industry by moving labour away from the business. The spending effect includes intensification of government expenses reinforced by a boom, which intensifies internal adjustment and a harmoniously intensified exchange rate (Corden & Neary, 1982).

Since the 1970s, Nigeria has experienced the Dutch Disease Syndrome. The poor approach has resulted in structural disparity of the economy and has subsequently led to a situation where the non-oil sector has diminished despite the boom in the oil sector (Budina & Wijnbergen, 2008).

2.3. CONCEPTUAL BASIS FOR STATE INTERVENTION IN PRICE ADJUSTMENTS OF GOODS AND SERVICES

It is settled that one of the interest of the consumer that was deserving of protection is his right to a fair bargain, in essence he deserves to get the right quantity and quality of goods and services for the right or reasonable price5 No doubt paying the right price for the right quantity and quality of goods or services is the hallmark of a good or fair bargain.

Consumers of complex goods and services are exposed on a daily basis to problems product safety, fair trade practices, product and services quality and

dispute resolution. The available data reveals a wide range of factual complaints which consumers regularly make. They include fake and adulterated products, malfunctioning and poor quality products, defective and inherently dangerous products, foreign particles in drinks, extortionate and inflationary prices.

No, doubt the learned author belatedly identified extortionate and inflationary prices as an index for measuring a fair bargain, this certainly shows that in the deluge of consumer complaints often addressed by even notable researchers in the field, the problems of appropriate pricing has always taken the back stage.6 This may rationalized on the basis that in our free market economy and the presumption of freedom of contract, state intervention in the appropriate pricing of goods and services may appear to be an overbearing posture7. However, with the realization of the weak and vulnerable position of the consumer and the absence of equality of bargaining powers, it became imperative that the state should intervene in price adjustments between the seller and the consumer.8 Whilst, justifying state intervention in consumer protection and price adjustment in the eighteenth-century Britain. Brian Harvey and Debora Parry observed inter alia:

The concept of consumer protection to the thinking person, throughout the eighteenth century at least would mean a protection from excessive prices levied on primary commodities, protection from short measures, protection from ‘common nuisance involving misuses of houses, streets, and bridges is a separate area of activity which must be investigated by Historian of public health.

Herein Nigeria, the long title to the Price Control Act encapsulates the legislative intention behind the Act in the following terms;

An Act to re-enact the Price Control Act, prescribe stiffer penalties and to make better provisions for the implementation of the scheme.

This no doubt sets the basis for state intervention in price adjustment and enforcement. Whilst the proponents of free market Economy and capitalism would question the right of the government in this regard, however for proponents of consumer protection, the presumption of the inequality of bargaining powers between the seller and the buyer is a good reason for such intervention. Indeed, the argument for state intervention in the regulation of prices becomes more incisive in view of the fact that there are no free markets anywhere none the least in Nigeria. Whilst, it is acknowledged that direct state intervention in product regulation and price fixing may be an extreme measure, it is expedient to note that all the nuances of a free market and the effectiveness of the force.

The proponents of a free market economy focus presumptuously on a free market where the forces of demand and supply will be the ideal price modulator. However, as it is now consistently argued, a middle ground between over-regulation through price fixing or an unregulated marketplace has been the prescription for competition law. Competition law is seen as a veritable form of indirect regulation in the marketplace. One aspect of competition regulation relevant to our discourse is the prevention of cartel ling, product hoarding, price fixing or syndication by manufacturers and producers of goods and services.

The relevance of Competition law to the protection of consumers of goods and services is underscored by the fact that there is a tenuous link between competition law and consumer protection. In his view, both streams of law deal with distortions in the market. Whilst, competition law deal with such antitrust offences like price fixing or extortionate practices that distort the supply side, consumer protection laws address such issues like deceptive advertisement that distort the demand side of the market transaction. Therefore, a convergence of both streams of law is imperative for effective consumer protection.

Arguments for the infusion of competition law in consumer laws have often brought to fore the arguments for and against state intervention in consumer affairs by way of regulatory measures. Whereas proponents of competition law justify it on the need for the state to avoid interference in private undertakings, the opponents of competition law justify their stance on the need for the state to maintain a stranglehold on such private undertakings.

The proponents of competition law argue that where there is a perfect market, it is the consumer that would be at the saddle of such a market, this is because , he would invariably determine the type of goods to be manufactured and sold by manufacturers as well as the nature of services to be provided by service providers. The argument is that manufacturers and suppliers will bicker to the taste and demands of the consumer in order to remain in the market and sustain the consumer's patronage.13 Invariably, the strength of the consumer is tied to the assumed perfection in the marketplace. The benchmark for identifying a perfect market is articulated by Ramsay to include the following:

a) There are numerous buyers and sellers in the market, thus eliminating the possibility of a dominant actor in the market
b) There is free entry into and exit from the market
c) The commodity sold by each seller is homogeneous
d) All the economic actors in the market have perfect information about the nature and value of the goods in question
e) All the cost of production of the goods are borne by the producer and all the expected benefits are enjoyed by the consumer.

Clearly, these indices of a perfect market are enormous and often not possible in practical terms. Accordingly, it has been argued that the whole idea of a *free market* which is often the basis of a perfect market is presumptuous. This is because it is based on the assumption that these indices outlined by Ramsay will ever be present and that the consumer himself is smart and knowledgeable enough to make the informed choices.15 However, in spite of these criticisms, the proponents of a free market justify their views on the basis, that irrespective of the choice made by the consumer, the laws enacted by the state must respect this choice and protect him from the fallouts of such choices. The state should not subrogate itself to the position of the consumer neither should it make the choice for the consumer nor attempt to impose its will on the consumer. It is only in this way that the concept of consumer sovereignty can be guaranteed.

However, the proponents of state intervention argue that without state regulation, there will be no perfect market and the consumer would remain imperiled. They argue that the state should not be seen as an alternative to a free market or a usurper but a complement to a perfect market. In the words of Hutchinson: 'Without the State willing or able to define and protect property rights, enforce contracts and prevent involuntary transactions, maintain a circulating medium and curtail monopoly and anti-competitive behavior, there is no market in any real or meaningful sense...' It has equally been argued that in spite of the regulatory efforts of government a perfect market remains illusory, accordingly private law as a basis for protecting the consumer fails in that regard. Hutchinson and Weatherill have described the idea of a perfect market as 'alluring as it is unrealistic' and Cranston has described the free market economist as 'the foolish man who built his house upon the sand'.

Accordingly, the role of government is to ensure that laws are enacted to ensure that the market is free and devoid of the imperfections highlighted earlier. This is where the campaign for the link between competition law and consumer protection become incisive. It is now trite that the market will fail in the absence of competition. Accordingly, it has been asserted that if the market is to function properly, no individual firm or group of firms should be able to influence price.

It has equally been asserted that the notion that rival suppliers in the market will dance to the dictates of the consumer will not be possible unless the State is allowed to bring its feet down and ensure that there is competition in the market. This is where the convergence between the proponents of a free market and the proponents of state intervention can be discerned.

2.3.1 PRICE CONTROL AND THE CONTROL OF THE PRESENT TREND OF INFLATED PRICES IN THE MARKET

As observed earlier, the current economic downturn in the country has been exaggerated by producers of goods and services; they have consistently used it as an excuse to engage in product hoarding, price fixing amongst other underhand business practices. This is where Governmental intervention becomes imperative.

However, what seems debatable is the nature of such intervention, should it be a direct one in the manner of price fixing, or should it be indirect through reliance on the dynamics of the market? It is our contention that having regard to the analysis above especially in the wake of the realization that there is no perfect market especially in present day Nigeria, direct intervention albeit on a temporary measure is desirable. This is where we believe that the Price Control Act and the institutions put in place for the enforcement of its provisions become necessary tools that can be used to protect the consumer.

By the tenor of the Act, it is the responsibility of the Price Control Board at the Federal level and the Committees at the State levels to monitor the markets in order to ensure that the regulated products are not sold beyond the approved price benchmarks. These benchmark prices have been appropriately described as the "controlled price" under the Act. The Board is given the powers to review the controlled prices by considering the following factors:

1. In the case of goods produced in Nigeria, the cost production of the commodity plus the manufacturer's profit
2. In the case of imported goods, the duty paid, landed cost in Nigeria plus the importer's profit.

Although, the regulated products under the Act is limited to the following goods for now i.et basic staple foods like milk, salt, sugar, basic means of transportation like Bicycle and its spare parts, Motor cycle and its spare parts, Motor vehicles and spare parts and petroleum products are listed.29 It is plausible to assume that if the Board or Committee as the case may be direct their regulatory powers in ensuring that these categories of goods are sold within the controlled prices, the current hardship in the land can be mitigated. However, as can be gleaned from the happenings on the ground, most sellers are going about their underhand business practices of inflationary and extortionate prices unabated.

In the same vein, it was not contemplated that this list of regulated products will be for all purpose, rather it is expected that the list will be reviewed and increased to accommodate more products from time to time.30 Therefore, if this leeway was exploited at the auspicious time, products like rice, cement, beverages, confectioneries amongst others ought to have been added to this list by now. Even at that, what have been the efforts of the present Government to enforce the controlled prices with respect to the products identified earlier? Presently, there are no documented activities of the price control board at the centre at the committees at the state level aimed at enforcing this controlled prices. This is where the problem lies for now.

III. DATA PRESENTATION AND ANALYSIS

DISTRIBUTION OF RESPONDENTS BY EMPLOYMENT STATUS

40 (36.4%) of the respondents are self-employed, while 70 (63.6%) of the respondents are employed.

DISTRIBUTION OF RESPONDENT BY EDUCATIONAL LEVEL

All respondents had formal education ranging from SSCE to Masters Level as follows: 20 (18.2%) had SSCE, 30 (27.3%) had National Diploma (ND), 40 (36.4%) had Higher National Diploma/BSc, and 20 (18.2%) had Master's Degree.

DISTRIBUTION OF RESPONDENTS BY GENDER

60 (54.5%) of the respondents were females while 50 (45.5%) of the respondents were male.

TEST OF HYPOTHESES

Ho: There is no significant relationship between price instability and economic development of Nigeria Economy

H1: There is a significant relationship between price instability and economic development of Nigeria Economy.

Ho: There is no significant relationship between price instability and the diminishing purchasing power of Nigerians

H1: There is a significant relationship between price instability and the diminishing purchasing power of Nigerians

Ho: There is no significant relationship between inflation impacts and the economic development of Nigeria

H1: There is a significant relationship between inflation impacts and the economic development of Nigeria.

Table 1: Relationship between price instability and economic development of Nigeria Economy

Cell	O	E	O – E	$(O - E)^2$	$\frac{(O - E)^2}{E}$
1	9.1	9.4	-0.3	0.09	0.01
2	4.5	9.4	-4.9	24.01	2.55
3	14.5	9.4	5.1	26.01	2.77
4	18.2	11.8	6.4	40.96	3.47
5	4.5	11.8	-7.3	53.29	4.52
6	12.7	11.8	0.9	0.81	0.07
7	4.5	7.7	-3.2	10.24	1.33
8	4.5	7.7	-3.2	10.24	1.33
9	14	7.7	6.3	39.69	5.15
10	14	13.6	0.4	0.16	0.01
11	14	13.6	0.4	0.16	0.01
12	12.7	13.6	-0.9	0.81	0.06
13	54.5	57.9	-3.4	11.56	0.20
14	72.7	57.9	14.8	219.04	3.78
15	46.4	57.9	-11.5	132.25	2.28
X2 Cal					27.55
X2 Crit					9.49
Df					4
P					0.05

For the first hypothesis as indicated in table 2, the calculated X2 value of 27.55 is greater than the table value of 9.49 at 4df and 0.05 level of significance. The null hypothesis is therefore rejected. This implies a significant relationship between price instability and economy development. This collaborate Chimobi and Uche (2010) that examined the correlation between money, inflation and output. The study showed a strong causal association amongst the parameters. Specifically, the duo of inflation and output were granger caused by the supply of money. They advanced that stability in the supply of money is sine qua non to stability in price in Nigeria. Hence, an attempt to stabilize the supply of money by the monetary authority is a good attempt at stabilizing price.

Despite this assertion that certain degrees of inflation foster the economic growth, most findings still reveal that inflation is detrimental to economic activities (Kasidi & Mwakanemela, 2015; Manoel, 2010; Mkhatshwa, Tijani, & Masuku, 2015). They posit that inflation needs to be reduced and kept to the barest and should not rise above a single digit. This is the view of the Monetarists and the Keynesians who assert that inflation has serious contagious effects as it discourages domestic production and creates a favorable atmosphere for foreign goods to compete with the domestic market, encourages deficit balance in the international payment transaction, uncertainty in the profitability of future investment projects, redistributes income in a haphazard way, reduction in purchasing power of money, which results in frequent agitations by a trade union to increase workers' salaries, interacts with the tax system to distort the decision between lenders and borrowers and above all places a huge toll on individuals with fixed income or fixed interest rate on assets (Al-Taeshi, 2016; D. Chude & N. Chude, 2015; Eggoh & Muhammad, 2014; Olu & Idih, 2015).

Table 2: Relationship between the price instability and the diminishing purchasing power of Nigerians

Cell	O	E	O – E	$(O - E)^2$	$\frac{(O - E)^2}{E}$
1	9.1	15.2	-6.1	37.21	2.45
2	18.2	15.2	3	9	0.59
3	18.2	15.2	3	9	0.59
4	9.1	7.6	1.5	2.25	0.30
5	4.5	7.6	-3.1	9.61	1.26
6	9.1	7.6	1.5	2.25	0.30
7	4.5	6	-1.5	2.25	0.38
8	4.5	6	-1.5	2.25	0.38
9	9.1	6	3.1	9.61	1.60
10	29.1	18.8	10.3	106.09	5.64
11	18.2	18.8	-0.6	0.36	0.02

12	9.1	18.8	-9.7	94.09	5.00
13	48.2	52.4	-4.2	17.64	0.34
14	54.6	52.4	2.2	4.84	0.09
15	54.5	52.4	2.1	4.41	0.08
X2 Cal					19.02
X2 Crit					9.49
Df					4
P					0.05

For the Second hypothesis as indicated in table 2, the calculated X2 value of 19.02 is greater than the table value of 9.49 at 4df and 0.05 level of significance. The null hypothesis is therefore rejected. This implies a significant relationship between price instability and the diminishing purchasing power of Nigerians.

Price stability can assist to achieve maximum sustainable output growth and employment ultimately, however, in the short period, a number of challenges can exist between the goals. Nzotta and Okereke (2009) stated that the quest for price stability in the economy connotes the indirect pursuance of the goal of economic progress, which can exist only under conditions of price stability and financial market efficiency. The efficiency of the financial market is disrupted in the face of fluctuations in general price level. In Nigeria, investors perceive monetary policy and macroeconomic events as principal causes of the uncertainty in the equity market, implying that macroeconomic parameters' shock could affect equity price as well as returns; thereby controlling the decisions of investors (Christopher, 2006).

Table 3: Relationship between inflation impacts and the economic development of Nigeria

Cell	O	E	O – E	$(O – E)^2$	$(O – E)^2$ E
1	9.1	9.5	-0.4	0.16	0.02
2	14	9.5	4.5	20.25	2.13
3	5.5	9.5	-4	16	1.68
4	11.8	11.2	0.6	0.36	0.03
5	18.2	11.2	7	49	4.38
6	3.6	11.2	-7.6	57.76	5.16
7	1.8	8.3	-6.5	42.25	5.09
8	14	8.3	5.7	32.49	3.91
9	9.1	8.3	0.8	0.64	0.08
10	17.3	13.3	4	16	1.20
11	4.5	13.3	-8.8	77.44	5.82
12	18.2	13.3	4.9	24.01	1.81
13	60	57.9	2.1	4.41	0.08
14	50	57.9	-7.9	62.41	1.08
15	63.6	57.9	5.7	32.49	0.56
X2 Cal					33.02
X2 Crit					9.49
Df					4
P					0.05

For the third hypothesis as indicated in table 3, the calculated X2 value of 33.02 is greater than the table value of 9.49 at 4df and 0.05 level of significance. The null hypothesis is therefore rejected. This implies a significant relationship between inflation impacts and the economic development of Nigeria.

Amidst the debilitating macroeconomic problems that had received serious attention from financial analysts, policymakers, and the monetary officials in both developed and developing countries of the world is the relationship between the inflation and economic growth (Ndoricimpa, 2017; Seleteng, Bittencourt, & Van-Eyden, 2013). One of the main responsibilities assigned to monetary agencies is to maintain relative stability in the domestic price of goods and services. This emphasis is premised on the belief that monetary policy promotes sustainable growth and development by strengthening the value of money and prevents inflation and its associated uncertainties, thereby increasing the future growth prospects of the country. Thus, maintaining relative stability remains one of the vital goals of monetary authorities in a country (Anidiobu, Okolie, & Oleka, 2018).

3.1 SUMMARY OF THE FINDINGS.

1. There was significant relationship between inflation impacts and the economic development of Nigeria.
2. There was also significant relationship between inflation impacts and the economic development of Nigeria.
3. Price instability correlated negatively economy development in the paper.

IV. CONCLUSION AND RECOMMENDATION

4.1 CONCLUSION

I have in the course of this paper opened a vista on the grievous effect of price instability on the economic development of Nigeria and for the reluctant acceptance of state intervention in the regulation of the prices of goods and services in the country. This was done against the background of my concession that state direct intervention in price fixing or regulation in an otherwise free market economy is perhaps not a lofty idea. However, my prescription for direct state intervention by way of price regulation is informed by our discovery that the harsh effects of the present economic hardships in the country as a result of the numerous negative effects of Covid 19 pandemic can be doused by any short-term measure. The kind that protect the consumers from the business antics of suppliers and sellers of goods and services in the country, who have taken advantage of the current economic state to unreasonably and unjustifiably increase the cost of goods and services across the various states oof the Federation.

However, in all this analysis we have not lost sight of the fact that a more lasting and holistic solution will be the enactment and enforcement of competition law in the country. A competition legislation backed by an enforcement institution will reduce the pressure on the state to intervene directly through price fixing and regulation even in a depressed economy as has being canvassed in this paper.

4.2 RECOMMENDATIONS

Based on the findings of this paper, the following recommendations are hereby made with the hope that if adhered to, would help alleviate all the root causes of price instability in Nigeria. The burden therefore rests on the monetary policy makers, government and other stakeholders to as a matter of priority arrest the upsurge of price instability and inflation with specific aims which are recommended as follows:

1. It is suggested that government as a matter of urgency should reconstitute the price control board at the central level and charge them to monitor the prices of the regulated goods in order to ensure that sellers confine their prices to the approved benchmarks.

2. In the same vein it is suggested that at the state levels, the price control committees should equally be re-constituted and given the same mandate with respect to prices of goods in the respective states.

3. There should be an overhaul or review of the Price Control Act to first and foremost broaden the scope of the Act to cover more goods. This can be done by increasing the number of regulated goods under the Act to include basic domestic and household goods.

4. Government can as a temporary measure and as a direct measure to take care of the exigencies caused by the present economic recession protects the average consumers from the real or imposed consequences of the problem.

5. A major policy implication of this result is that concerted effort should be made by policy makers to increase the level of output in Nigeria by improving productivity/supply in order to reduce the prices of goods and services (inflation) so as to boost the growth of the economy.

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