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INFLATION AND THE COST-OF-LIVING CRISIS: WHAT PUBLIC POLICY OPTIONS FOR NIGERIA TO WEATHER THE ECONOMIC STORM?

Enflasyon ve Yaşam Maliyeti Krizi: Nijerya'nın Ekonomik Fırtınayı Aşmak İçin Hangi Kamu Politikası Seçenekleri Var?

Andrew Aondohemba CHENGE*

Abstract

For many nations around the world, inflation has been a major economic fret. The most severe increase in inflation in over thirty years has impacted fiscal accounts, exacerbated poverty, and changed the distribution of households' well-being, necessitating a response from policymakers. However, inflation's distributive implications are much more complicated. The study explores the effect of inflation on the cost-of-living crisis in Nigeria. Utilizing documentary research design, the study examines official publications of government agencies and non-governmental organizations that address inflation trends, cost-of-living index and other related macroeconomic indicators in Nigeria. Data obtained were analysed using quantitative and qualitative content analysis. Findings indicated that Nigeria's inflation rate has been higher than the sub-Saharan and African average for years, surpassing 24% in 2023. It also revealed that Nigeria's inflation devalues the local currency and lowers citizens' purchasing power, thus making the poor more impoverished and even the working class more susceptible. The study suggests that, to address Nigeria's inflation and cost-of-living crisis, the government should implement substantial changes through restrictive monetary policy and adopt fiscal tightening measures – also called

Öz

Dünyanın birçok ülkesi için enflasyon önemli bir ekonomik sorun olmuştur. Otuz yılı aşkın süredir enflasyonda görülen en şiddetli artış, mali hesapları etkilemiş, yoksulluğu artırmış ve hane halklarının refah dağılımını değiştirmiştir. Bu durum, politika yapıcıların müdahale etmesini gerektirmiştir. Ancak enflasyonun dağıtım üzerindeki etkileri çok daha karmaşıktır. Bu çalışma, enflasyonun Nijerya'daki yaşam maliyeti krizi üzerindeki etkisini incelemektedir. Araştırma, belgesel araştırma tasarımını kullanarak, Nijerya'daki enflasyon eğilimleri, yaşam maliyeti endeksi ve diğer ilgili makroekonomik göstergeleri ele alan devlet kurumları ve sivil toplum kuruluşlarının resmi yayınlarını incelemektedir. Elde edilen veriler, nicel ve nitel içerik analizi kullanılarak analiz edilmiştir. Bulgular, Nijerya'nın enflasyon oranının yıllardır Sahra altı ve Afrika ortalamasının üzerinde olduğunu ve 2023'te %24'ü aştığını göstermiştir. Ayrıca, Nijerya'daki enflasyonun yerel para biriminin değerini düşürdüğü ve vatandaşların satın alma gücünü azalttığı, böylece yoksulları daha da yoksullaştırdığı ve hatta işçi sınıfını daha savunmasız hale getirdiği ortaya çıkmıştır. Çalışma, Nijerya'nın enflasyon ve yaşam maliyeti krizini çözmek için hükümetin, ekonomik istikrarı teşvik etmek amacıyla kısıtlayıcı para politikası yoluyla önemli değişiklikler uygulaması ve mali sıkılaştırma önlemleri

* Dr. Federal University Wukari, Nigeria, Department of Public Administration, drewchenge@gmail.com, ORCID: 0009-0002-5568-1694

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contractionary fiscal policy – to foster economic stabilization.

Keywords: Consumer-Price-Index, Cost-of-Living Crisis, Fiscal Policy, İnflation, İnterest Rate, Monetary Policy

(daraltıcı mali politika olarak da adlandırılır) alması gerektiğini önermektedir.

Anahtar Kelimeler: Tüketici Fiyat Endeksi, Yaşam Maliyeti Krizi, Maliye Politikası, Enflasyon, Faiz Oranı, Para Politikası

1. INTRODUCTION

Inflation has long been a major economic problem for many nations around the world (Shiller, 1997). More than 40% of the 30,000 participants in an extensive 1996 International Social Survey Program survey stated that they would rather prefer the government to control inflation than unemployment (Jayadev, 2006). This inflation problem has re-emerged in recent times. The Euro region, which has never experienced significant inflation, saw record-breaking inflation in 2022. Over a one-year period, consumer prices rose by 8.6% in June 2022. The rate was less than 2% a year prior (Eurostat, 2022; Prati, 2022). In Africa, both internal and external events have influenced the course of inflation since the COVID outbreak in 2020. Natural disasters, exchange rate fluctuations, interruptions in global supply chains, and the dramatic increase in commodity prices are some of these (African Development Bank [AfDB], 2024; Bolhuis & Kovacs, 2022). According to the International Monetary Fund (IMF), inflationary pressure in Africa was expected to persist in 2023, raising additional worries about a potential economic downturn. For emerging markets and developing nations, it showed inflation rates of almost 8.7%. The region's median inflation rate rose to about 9% in 2022, despite significant regional variations (cited in Onimisi, 2023). In Nigeria, inflation rate continued to rise in 2022 due to major supply-side shocks from both domestic and international sources. In 2022, headline inflation maintained an ascending trajectory reaching 21.62%. The elimination of PMS subsidies and currency rate adjustments, which led to cost hikes throughout production lines, were the main causes of inflation during the year. These were made worse by the long-term infrastructure deficit, increased inflation expectations, and security issues. Domestic consumer prices were affected globally by supply chain disruptions, increased energy costs, and food prices (Central Bank of Nigeria [CBN], 2024). Regardless of its severity, inflation has had a substantial impact on the economy. High inflation causes distortions in macroeconomic stability and delays in long-term economic growth (Onimisi, 2023).

Given the adverse macroeconomic effects of inflation, it is imperative that governments in affected countries comprehend the extent to which inflation impairs the welfare of the populace. Generally, prior empirical analyses have depended on national average inflation rates as determined by the Consumer Price Index (CPI). Despite its advantages, the CPI ignores the degree to which different consumers in the same nation experience varying rates of inflation because it is an aggregate macroeconomic statistic. These variations may be significant. Both the product price indexes and the basket of goods' composition vary from one consumer to the next. These factors include geographic location, the platforms used for purchases (such as the internet, superstores, local stores, etc.), and a number of other variables that are typically unrelated to observables (Kaplan & Schulhofer-Wohl, 2017; Prati, 2022).

Policymakers are required to respond to the spike in inflation (i.e., since 2021), which has impacted fiscal accounts, exacerbated poverty, and changed the distribution of people's well-being. This spike is the biggest in over thirty years. High and fluctuating inflation, which leads to increasing uncertainty and other economic distortions, is strongly abhorred by majority of people (Agarwal & Kimball, 2022; International Monetary Fund [IMF], 2023; Prati, 2022; Scheve, 2001; Shiller, 1997). The relative prices of commodities and services may become hazy, no longer accurately representing supply and demand, which makes it more difficult for households, businesses, and financiers to make daily decisions about production, investment, and consumption (IMF, 2023). As with any adversity, low-income families tend to suffer disproportionately more because they consume a larger percentage of their income and lack buffers in the form of accumulated savings. Inflation frequently causes the high cost of living to rise, which in turn causes poverty due to a loss of purchasing power (Cardoso, 1992). However, inflation's distributive effects, which result from its disparate effects on various households' budgets, are much more intricate. These in turn rely on a number of variables, such as the source and form of price increases (e.g., food or energy prices); the consumption baskets and income sources of households; the size and composition of their balance sheets (e.g., whether they are net borrowers or lenders); and the design and responses of policies (e.g., indexation of wages, pensions, and social safety nets). Analysing the magnitude of such effects, the channels through which they occur, and the variations across families is made easier by the increased availability of household data (Dahan 1996; IMF, 2023).

2. OBJECTİVES OF THE STUDY

The study explores the effect of inflation on the cost-of-living crisis in Nigeria. In specific terms, the study aims to:

1. Analyze inflationary trends in Nigeria.
2. Evaluate the impact of inflation on the cost-of-living crisis in Nigeria.
3. Examine public policy options to address inflation and the cost-of-living crisis in Nigeria.

3. CONCEPTUAL REVİEW

3.1 Inflation

Inflation, as an economic concept, describes rises in the level of prices for products over a predetermined time period. As prices rise, the currency in a particular economy loses its purchasing power, meaning that less can be purchased with the same amount of money. Economists from all over the world continue to disagree on the short-term causes of inflation. All agree, however, that changes in the money supply are the long-term driver of inflation (Vipond, 2025; White, 2024). Most often, price index changes are used to calculate inflation. The Consumer Price Index (CPI) is typically used as a stand-in for inflation. If the cost of resources used to make inelastic, high-demand items (such as oil and pharmaceuticals) rises, suppliers will have to raise their pricing to keep up. There are several possible causes for this, including scarcity, political sanctions, tariffs, and environmental disasters. Inflation may emerge from the phenomenon pushing the CPI higher if it becomes sufficiently common. Conversely, decreasing input costs can lead to deflation (Oner, 2017; Vipond, 2025; White, 2024).

3.2 Cost-of-Living Crisis

The cost-of-living crisis refers to the decrease in 'real' disposable income (that is, adjusted for inflation and after taxes and benefits) experienced by households in countries around the world (Hourston, 2022). It is mainly driven by low wage growth and increased inflation, which makes many households' real financial situation worse (Onaran, 2022; Pettinger, 2022). Since the middle of 2021, cost pressures have been evident due to a variety of problems, ranging from Asia's scarcity of semiconductors to Europe's depleting gas supply. Prices also went up as a result of the COVID pandemic's effects and interruptions to international supply chains. The Russian invasion of Ukraine is the latest factor driving up costs. Due to the risk to their reputation or to comply with economic restrictions, many foreign businesses have permanently stopped operations in Russia. Also, due to a lack of Ukrainian exports brought on by the conflict, their prices have increased

(Hourston, 2022). While short-term events like the war in Ukraine have contributed to the recent cost-of-living crisis, long-term tendencies like low productivity and growing corporate market power have also contributed to the strain on living standards (Pettinger, 2022).

4. REVİEW OF RELATED LİTERATURE

4.1 Understanding the Global Drivers of Inflation

Many factors influence an economy's inflation rate. While some are related to internal inflation factors, others are external, such as global economic problems. Since globalization increases the interdependence of national economies, studies have frequently examined the influence of external factors on inflation rates in recent years (Auer et al., 2017; Ciccarelli & Mojon, 2010; Jordan, 2016; Mihajlovic & Marjanovic, 2020; Nagy & Tengely, 2018; Zivkov et al., 2019). These research works used international economic problems, exchange rate fluctuations, or oil prices as explanatory factors.

The forces of aggregate demand and the dynamics of aggregate supply in the observed nation are typically associated with domestic inflation drivers. According to a growing body of research, domestic inflation drivers have a greater impact on the inflation rate than external ones, even when it comes to explaining the "missing deflation puzzle" that was seen in most economies during and after the Great Recession (Bobeica & Jarocinski, 2019; Globan et al., 2016; Halka & Kotlowski, 2017; Lanne & Luoto, 2013; Mihajlovic & Marjanovic, 2020). This is true even though almost all economies are subject to external influences that affect the inflation rate in modern times. The Phillips curve-based analysis published in the European Central Bank's (ECB) 2017 Economic Bulletin divulged that, domestic factors predominated from 2012 to 2015, while global inflation drivers only significantly affected inflation in the Eurozone between 2008 and 2009 (ECB, 2017). Additionally, a recent study by Abdih et al. (2018) showed that "domestic factors dominate global factors in explaining recent inflationary trends" in the Euro area. They also came to the conclusion that inflation persistence is the primary cause of the recent low inflation and that the domestic Phillips curve can be used to explain the "deflation puzzle."

The output gap, which is the ratio of actual to potential gross domestic product, is widely employed as a gauge of aggregate demand pressures on inflation among domestic inflation drivers. Numerous studies have demonstrated that patterns in the output gap can reasonably explain changes in the inflation rate (Baser Andic et al., 2015; Bjornland et al., 2008; Claus, 2000; Lawless & Whelan, 2011; Mehra, 2004; Neiss & Nelson, 2005; Saman & Pauna, 2013). The Non-Accelerating-Inflation Rate of Unemployment (NAIRU), which is a measure of unemployment's deviation from its natural rate, is another frequently used metric in empirical research. According to Mihajlovic and Marjanovic (2020), the positive unemployment gap, for example, is caused by an excess of labour supply on the labour market, which puts downward pressure on wages and the inflation rate.

Changes in productivity and the cost of manufacturing inputs are typically linked to domestic inflation drivers on the supply side, which results in cost-push inflation. Gali (2000) asserts that a common method of explaining inflation dynamics is to suppose that prices are set as a markup on a company's manufacturing costs. As a result, adjustments to the marginal cost eventually result in adjustments to the prices of products. Several studies support this claim, most frequently by approximating real marginal costs with unit labour costs (Alexova, 2012; Furuoka, 2016; Galí, 2000; Tatierska, 2010). However, some studies contend that the labour share and unit labour costs are not reliable indicators of the true marginal costs, and thus do not play a significant role in explaining inflationary trends (Karabarbounis & Neiman, 2013; King & Watson, 2012; Peneva & Rudd, 2017; Mihajlovic & Marjanovic, 2020). In other words, there is empirical evidence that marginal cost is procyclical, while labour's share of revenue is typically countercyclical (Ball & Mazumder, 2011).

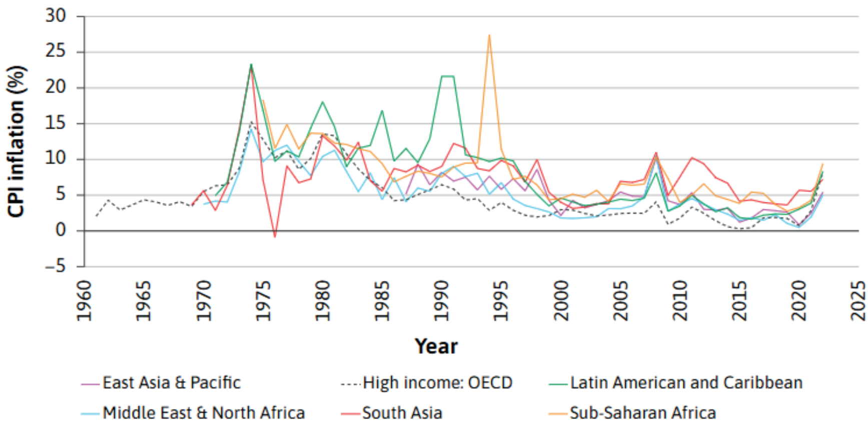

Figure 1. Inflation Levels and Volatility in High- and Low-Income Economies (The World Bank World Development Indicators, 2023).

The average inflation rates in several global regions are displayed in Figure 1, along with their historical evolution. While there have been upward inflation surges during economic crises, the global trend from the 1970s to 2020 revealed a fall in inflation rates. The chart also demonstrates that poor countries typically experience higher and more variable inflation than wealthy ones. For example, since 2000, the average inflation rate in South Asia and sub-Saharan Africa has been 6.6% and 6.0%, respectively, while the high-income OECD countries only witnessed an average inflation rate of 2.2% (CORE Econ., 2025).

4.2 Inflation Dynamics and the Cost-of-Living Crisis

Persistently high inflation, pressures from the cost-of-living, and the decline in major economies were the main issues facing the global economy in 2022. The International Monetary Fund (IMF) predicted in its October World Economic Outlook (WEO) that global economic growth would decrease from 6.0% in 2021 to 3.2% in 2022. With sluggish growth in the three biggest economies – China, the Euro area, and the United States – this represents the weakest growth profile in a non-crisis period since 2001 (Tsiaplias & Wang, 2023).

In 2022, global inflation reached multi-decade highs. Food and energy prices were the primary drivers of inflation in developed economies, which hit its highest level since 1982 (Barrett, 2022). In many emerging markets and developing economies, where food accounts for a significant amount of household expenditures, the cost of living has become a problem due to persistently high inflation pressures that have squeezed living standards globally (Tsiaplias & Wang, 2023). In certain nations, such as Argentina, the high and erratic rates of inflation revealed disastrous effects on the lives of citizens. When Argentina's annual inflation rate hit about 125% in August 2023, 40% of the country's population was living below the poverty line, up from 25% at the end of 2017. Even for individuals who are not in poverty, it becomes hard to plan on how to make ends meet in this circumstance, or to decide what goods to sell or where to obtain employment (CORE Econ., 2025).

Europe experienced an energy crisis as a result of Russia's invasion of Ukraine, which disrupted economic progress. Since 2021, the price of gas has more than doubled (IMF, 2022). This led to a general slowdown in economic activity and a significant rise in the cost of living for people across Europe. In 2022, there was also a great deal of instability in China's economy. Numerous communities were forced into frequent lockdowns because to the nation's zero COVID policy, which had a negative impact on economic activity. With GDP growth of just 0.4%, Q2 2020 was the slowest quarter since the epidemic began in Q1. A severe regulatory crackdown has caused the property market to wither since late 2020, when it was at its peak. The goal of the regulation was to compel real estate developers to deleverage and reduce their financial risk. In October 2022, deleveraging caused sales volumes and investment to drop sharply from their respective record highs to annual rates of -26% and 9%, respectively. The indirect effects of the regulatory crackdown on China's growth have not yet been completely realized, considering that the property sector formerly accounted for almost 20% of China's economic activity (Tsiaplias & Wang, 2023). As global inflation skyrocketed, monetary policy in many industrialized economies swiftly shifted from being accommodative to restrictive (i.e. monetary tightening). Global demand was cooled, which was favourable, but it also made borrowing more expensive and put pressure on household finances. Due to uncertainty on numerous fronts, the global economy was predicted to slow down even more in 2023 by 2.7% (IMF, 2022). Given changing supply shocks, the course of inflation is still quite unclear, and monetary policy tightening must be implemented in a way that balances preventing inflation and spurring a recession. One major problem is that, whereas the influence of monetary policy on inflation is thought to peak after three to four years, the impact on real variables seems to peak after around a year (Coibion, 2012; Cloyne & Hurtgen, 2016). When and how the conflict between Russia and Ukraine – another significant factor in recent inflation – will be resolved is another enigma (Tsiaplias & Wang, 2023).

4.3 Inflation and the Cost-of-Living Outlook in Africa

Significant supply shocks and profound monetary and fiscal stimulus have driven global inflation into multi-decade highs in the wake of the COVID-19 pandemic and Russia- Ukraine war. The most severe effects are being felt by the poorest countries, especially in Sub-Saharan Africa (SSA). Inflation in SSA is now mostly driven by supply chain disruptions and global commodity prices. To exacerbate the situation, the average depreciation of African currencies against the US dollar has reached 7%. This has increased the cost of imports and made the already heavy debt load – 40% of which is external – worse (Jain & Khatri, 2023; IMF, 2022). Since 2019, the cost of essential staple foods has risen, accounting for half of regional inflation and two-thirds of inflation in fragile states. The strong dollar and rising global energy prices have also indirectly contributed to inflation through tradable items like household goods and transportation. On the other hand, there have only been slight price increases for so-called non-tradables, or goods and services that primarily reflect domestic demand pressures. These include locally produced services, such as those in the hospitality, health, or education sectors (Figure 2).

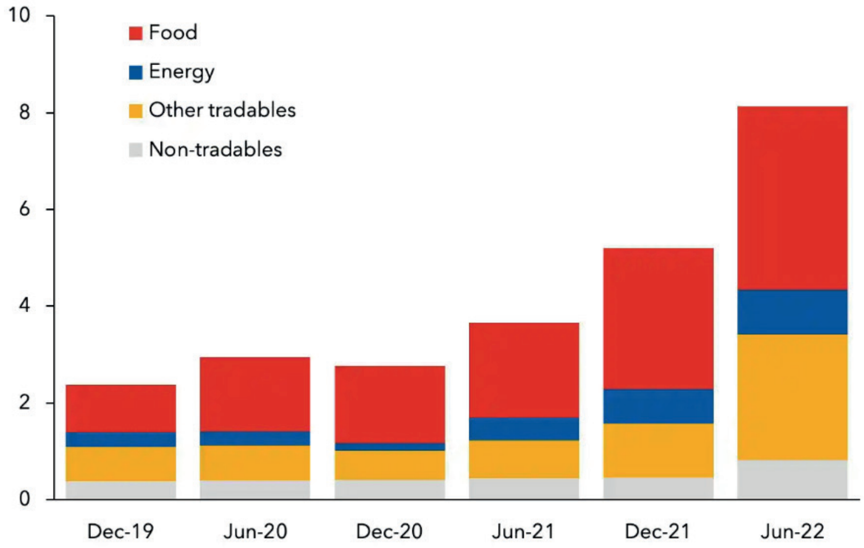

Figure 2. Price Pressures in Sub-Saharan Africa (Bolhuis & Kovacs, 2022; Haver Analytics, 2022; IMF, 2022).

Since food and fuel make over half of the consumption basket in SSA (compared to less than 20% in Europe) (ECB, 2025), the poorest have suffered three terrible blows from inflation, which averaged 13.9% in 2022, the highest in over ten years. First, it has eliminated the average household's dismal earnings. Inflation is the fastest way to reduce purchasing power. Food and fuel prices drove an estimated 15 million individuals into extreme poverty in 2022 (African Development Bank [AfDB], 2023). Second, switching to alternatives is not an option for the poorest. Since food and fuel are necessities, their price-inelasticity has probably led to a rise in the relative spending on these items. Third, there is now more food insecurity. The World Bank (2023) reports that 35 million more people in SSA experienced severe food insecurity at the beginning of 2023 than at the beginning of 2022 (Figure 3).

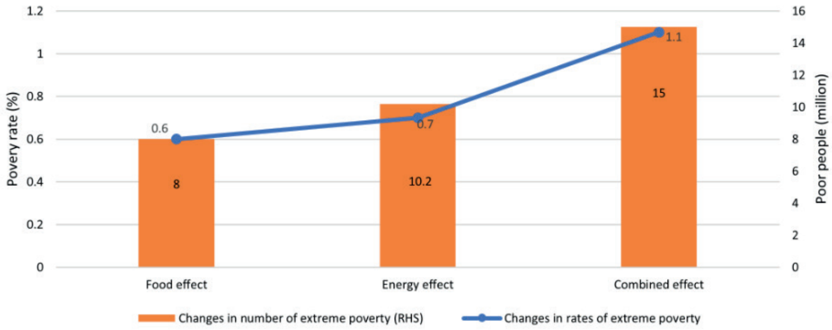

Figure 3. Inflation Effects in Sub-Saharan Africa (World Bank, 2023; AfDB, 2022; Jain & Khatri, 2023).

Compared to developed and emerging countries, SSA had comparatively less monetary and fiscal stimulus during the pandemic (IMF, 2021). In response to the dramatically higher inflation, governments raised monetary policy rates, lowered taxes, and increased subsidies to sustain incomes. However, given the constrained fiscal space and the existing high levels of debt distress, the effect of such interventions has been insufficient. The creditworthiness of several African nations has been significantly impacted by the restrictive (tightened) global financial conditions. Global capital fled emerging nations and surged back to the West for protection as market circumstances worsened. Africa's debt problems have gotten worse due to the US dollar strengthening, making it more difficult for countries to obtain financing. African nations are charged four times the interest rate that international markets normally give OECD nations, even during times of crisis (Figure 4).

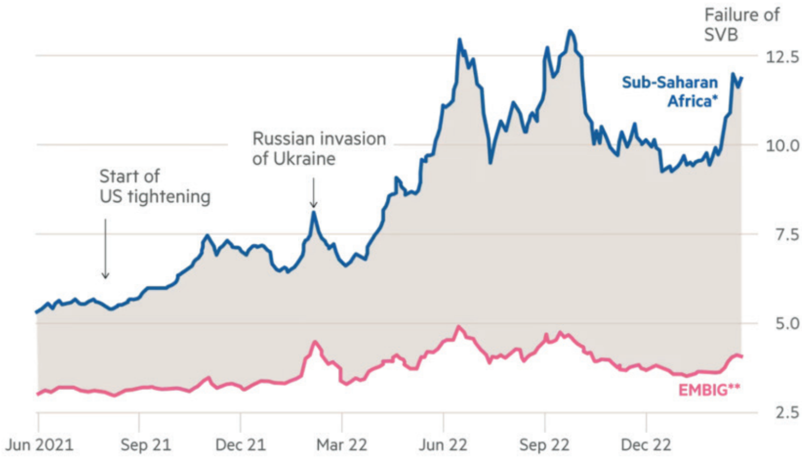

Figure 4. Inflation and Africa's Borrowing Cost (Bloomberg, 2022; IMF, 2022; Jain & Khatri, 2023).

Note: *Includes Angola, Ivory Coast, Ethiopia, Gabon, Ghana, Kenya, Mozambique, Namibia, Nigeria, Senegal and South Africa **EMBI Global bond index

4.4 Understanding the Root Causes of Inflation in Nigeria

Since its founding in 1958, the CBN has worked to increase real output and employment by achieving and maintaining price stability as indicated by a single-digit inflation target. In order to achieve this goal, the bank has mostly relied on the monetarist postulate, which holds that since inflation is always a monetary phenomenon, monetary authorities should maintain a firm grip on the increase of monetary aggregates in order to establish a low and stable level of prices in the economy. This stance is supported by the classical school of thinking, which holds that an increase in the money supply is positively correlated with an increase in the level of prices. Accordingly, in order to attain the ultimate goal of low and stable inflation, the Central Bank of Nigeria's monetary policy for a long time concentrated on direct management of monetary aggregates (CBN, 2011; 2015; Odonye et al., 2014; Okafor, 2009). The fundamental concept of monetary policy has been interpreted to mean price stability at the expense of other key performance indicators, such as prime lending and exchange rates, which determine the stability of the financial sector in an economy, stable broad money supply, and economic growth that leads to job creation, which measures the growth performance of a nation. For this reason, the primary goal of Nigerian monetary policy has been to maintain monetary and price stability. This is primarily achieved by encouraging savers to provide investors with excess funds for investment through suitable interest rate structures; preventing significant fluctuations in the naira's exchange rate; appropriate oversight of banks and associated organizations to guarantee the stability of the financial sector; maintaining an effective payments system; and applying intentional policies to broaden the financial system's scope so that domestic economies, which are primarily informal, are financially included. The greater the financial inclusion, the more sensitive interest rates are to production and aggregate demand, and the more successful monetary policy is at keeping prices stable (Henry & Sabo, 2020; Mbutor, 2010; Ngerebo, 2016; Nwosa et al., 2010).

However, despite slow money supply increase, experiences through the years have demonstrated a persistent growing inflationary trend, indicating that causes other than money-related factors are at work in Nigeria's inflationary development. The counterargument, however, is that economic growth and development – the ultimate goal of economic policy – cannot be achieved by concentrating just on an inflation measure (Odonye et al., 2014). Therefore, it is imperative to have a comprehensive understanding of price level movement, which means that when developing policies to control inflation, both monetary and non-monetary elements should be taken into account. Given that a great deal of research has been done on the impact of monetary factors, this unavoidably necessitates empirical-based studies that would discover non-monetary factors that drive inflation in Nigeria. While some authors, such as Masha (1996), Akinnifesi (1984), and Fashoyin (1986), have examined inflation from a non-monetary perspective, most research on inflation in Nigeria has examined it through the lens of monetary phenomena, leaving a large knowledge gap regarding other factors that could affect price development and, consequently, limit policy. Policy makers in Nigeria are starting to reconsider the relationship between inflation and monetary growth in light of the recent apparent mismatch between monetary aggregates and inflation outcomes.

5. THEORETİCAL FRAMEWORK

The study was anchored on the structural theory of inflation. The structuralists maintain that constraints that limit the economy's productive and allocative efficiency are the source of inflation. The supply side is thought to be the source of inflation, which is spread via the financial industry. The money supply is seen to be endogenous, while inflation is thought to be driven by non-monetary economic imbalances and is not connected to the money supply. These imbalances include, among other things, significant import dependency for intermediate goods, competition between groups for a portion of factor income that shows up as rent-seeking behaviour, and supply bottlenecks (inelastic food supply) (Odonye et al., 2014; Totonchi, 2011). Olowo (2003) avers that as economies grow and shift from agrarian to manufacturing, structural bottlenecks appear. Population expansion and rising urban wages put strain on the system setting off a vicious cycle that raises farm produce prices, eventually raising price levels and wages even more. Low capital base, weak financial structure, and foreign exchange constraints, as well as government intervention to speed up the industrialization process by playing a significant role in the growth of industry, manufacturing, and infrastructure through deficit financing or monetization, further exacerbate this.

In general, structuralists believe that supply inelasticity – which includes, among other things, rising prices for agricultural products, deteriorating terms of trade, devaluation, and import substitution – causes inflation. Structuralists take a more comprehensive approach to comprehending the inflation phenomenon than the Phillips curve (which explains inflation by illustrating an inverse, short-run trade-off between unemployment and inflation – that is, lower unemployment generally means higher inflation, and vice versa, because tight labour markets push wages up, leading to businesses raising prices) and the monetarist theory of inflation (which posits that inflation is a "purely monetary phenomenon" in which prices increase as a result of the money supply expanding more quickly than the economy's actual output) (Adenuga et al, 2000; Totonchi, 2011; Sowa & Kwakye 1993; Yeldan 1999).

In applying the structuralist theory, the study maintains that non-monetary factors such as climatic conditions, production structure, foreign exchange availability or level, as well as political and security conditions all have a substantial impact on inflationary dynamics in majority of emerging economies. It contends that since major causes of headline inflation are non-monetary and thus outside the central bank's control, the apex bank should concentrate on the core component of inflation rather than the entire spectrum as measured by the headline.

6. METHODOLOGY

The study adopted a documentary research design. Documentary research is an extension and supplement to biographical research. It is associated with archival research and deals with concerns pertaining to the function and utilization of records, both public and private. This methodology places a strong emphasis on producing data from existing historical and contemporary documents. Thus, documentary sources such as official publications of government agencies like the National Bureau of Statistics (NBS) and Central Bank of Nigeria (CBN), as well as other non-governmental organizations like the CEIC, MacroTrends, and FocusEconomics, were used for data collection. Data obtained reflected data on inflation rate in Nigeria, Composite Consumer Price Index in Nigeria, Cost-of-Living Index in Africa, and Nigeria's household (private) consumption growth rate (detailed illustration in Table 1).

Table 1. Publications/ Documents Used and Data Collected

S/N	Government agencies	Publications/ Documents used	Data obtained
1	National Bureau of Statistics (NBS)	CPI and Inflation Report [2023] CPI and Inflation Report [2022] Nigerian GDP Report (Expenditure and Income Approach) [2023]	Inflation rate in Nigeria (CPI, annual variation in %) from 2015 to 2023 [Publications/Documents a, b] Inflation: Composite Year-on change (%) from 2009-2023 [Publications/Documents a, b] Composite Consumer Price Index in Nigeria (Year-on change %) in 2022 and 2023 [Publications/Documents a, b] Nigeria's household (Private) consumption growth rate from 2020 to 2023 [Publication/Document c]

2	Central Bank of Nigeria (CBN)	CBN Annual Economic Report [2022] CBN Macroeconomic Outlook for Nigeria [2023] CBN Statistical Bulletin [2023]	Inflation rate in Nigeria (CPI, annual variation in %) from 2015 to 2023 [Publications/Documents a, b, c] Composite Consumer Price Index in Nigeria (Year-on change %) in 2022 and 2023 [Publications/Documents a, c] Inflation rate in Nigeria (CPI, annual variation in %) for AOP & EOP, from 2019 to 2023 [Publications/Documents a, b, c]
3	CEIC	Nigeria private consumption: % of GDP (Economic indicators) [2012-2023]	Nigeria's household (Private) consumption growth rate from 2020 to 2023 [Publication/Document a]
4	MacroTrends	Inflation rate by country [2015-2023] Sub-Saharan Africa inflation rate [1975-2023]	Inflation rate in Nigeria (CPI) from 2015 to 2023 [Publications/Documents a] Inflation rate in Nigeria (CPI, annual variation in %) from 2015 to 2023 [Publication/Document a] Cost-of-living index in Africa in 2023 [Publication/Document b]
5	FocusEconomics	Nigeria inflation rate: Forecast and outlook [2015-2025] Nigeria economic data and projections [2020-2024]	Inflation rate in Nigeria (CPI, annual variation in %) from 2015 to 2023 [Publication/Document a] Inflation rate in Nigeria (CPI, annual variation in %) for AOP & EOP, from 2020 to 2023 [Publication/Document b] Nigeria's household (Private) consumption growth rate from 2020 to 2023 [Publication/Document b]

Source: Author's compilation, 2025

Data analysis was done using quantitative and qualitative content analysis that involve the examination and evaluation of data in official publications of the aforementioned agencies to establish findings that address the study's objectives. In carrying out the quantitative content analysis, descriptive statistics on inflation rate in Nigeria (CPI, annual variation in %) from 2015 to 2023 and Inflation (Composite Year-on change [%]) from 2009-2023 were presented and analyzed using tables and charts. Similarly, data for average inflation rate (AOP – Average of Period) and period inflation rate (EOP – End of Period) were analysed. The above inflation metrics were analyzed to show the percentage increase (or decrease) in prices for household goods/ services over a year. Descriptive statistics on Composite Consumer Price Index in Nigeria (Year-on change %) were also examined. This involved using Microsoft Excel spreadsheet to analyze the overall change (%) in the price levels of goods and services that people typically buy over time. **İn addition to the**se, a comparative analysis of the cost-of-living index among African countries was done with particular concern on Nigeria. This was intended to reveal how price levels affect consumption patterns of households. Lastly, a trend analysis of Nigeria's household (private) consumption growth rate from 2020 to 2023 (Quarter-on-Quarter basis and Year-on-Year basis) was done to indicate the strength of consumer spending in the economy.

Qualitative content analysis on the other hand was done by presenting and interpreting non-numerical data in the official publications of the concerned agencies. It also involved systematically analyzing these records with findings in academic literature to build narratives that answer the research questions. Additionally, sources were evaluated for authenticity, credibility, representativeness, and meaning in order to generate new insights, comprehend trends, or bolster claims. Qualitative content analaysis is primarily an interpretive method that enables a researcher to explain the subjects and themes that are most pertinent to the goals of the study. Thus, information on inflation rate in Nigeria, Composite Consumer Price Index in Nigeria, Cost-of-Living Index in Africa, and Nigeria's household (private) consumption growth were identified and interpreted from textual content.

7. DİSCUSSİONS AND FİNDİNGS

7.1 Inflationary Trends in Nigeria

Inflation in Nigeria has been higher than the average for Africa and Sub-Saharan nations for years and even topped 24% in 2023. There is no sign of a genuine, substantial decline in this rate. However, an irregular inflation rate is typically indicative of a faltering economy, which leads to price fluctuations, rising unemployment, and poverty. The larger issue is its instability. However, Nigeria's economy, which is a mixed economy (i.e. the state regulates the market sector to some extent) is not in complete disarray. Oil contributes significantly to government revenue, and the services sector – which includes banking and telecommunications – generates more than half of its GDP (O'Neil, 2024).

As prices grow in tandem with inflation, banks also boost interest rates in order to keep their profit margins intact. Unemployment frequently rises in response to higher interest rates. In other cases, increasing costs may also make end users more cautious about their spending and consumption, which could result in lower living standards and increased poverty. Hyperinflation is the extreme type of inflation, which is characterized by an uncontrollably high rate of price increases that, among other things, generate mass bankruptcies, devaluation of the currency, and subsequent currency reform. In response to this, policy experts have raised questions as to whether low inflation might be a preferable condition. Debates among scholars suggest that low inflation does not automatically imply economic stability. To maintain a stable economy, the European Central Bank, for instance, suggests keeping inflation at around 2%. However, economic conditions begin to deteriorate as the deflationary zone is reached. To prevent uncertainty and hasty decisions, a constant inflation rate is considered to be the best course of action.

Inflation, which is calculated using the consumer price index, shows the annual percentage change in the average consumer's cost of purchasing a basket of goods and services. This change can be fixed or occur at predetermined intervals, like once a year. In most cases, the Laspeyres formula is utilized. Nigeria's inflation rate increased by 0.96% from 2014 to 2015, reaching 9.01%. Inflation in 2017 was 16.50%, up 0.81% from 2016. Inflation in 2019 was 11.40%, which was 0.70% lower than in 2018. 2021 saw an inflation rate of 16.95%, up 1.89% from 2020. Compared to 2022, the inflation rate in 2023 increased by 5.81% to 24.66% (Figure 5 and Table 2).

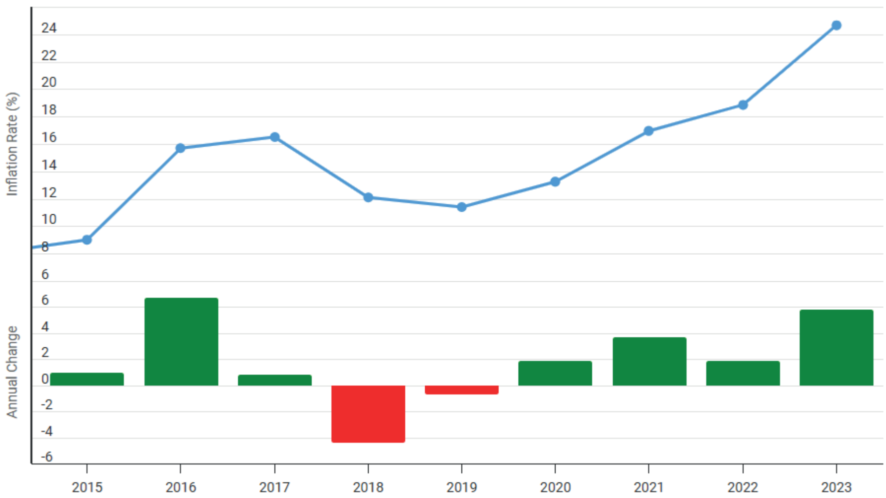

Figure 5. Inflation Rate (CPI, annual variation in %) for Nigeria from 2015 to 2023 (NBS, 2022; 2023a; CBN, 2023a; FocusEconomics, 2024; Macrotrends, 2024a)

Table 2. Inflation Rate (CPI, annual variation in %) in Nigeria from 2015 to 2023

	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Inflation Rate (%)	9.01	15.70	16.50	12.10	11.40	13.25	16.95	18.85	24.66
Annual Change (%)	0.96	6.69	0.81	(4.41)	(0.70)	1.85	3.71	1.89	5.81

Source: NBS, 2022; 2023a; CBN, 2023a; FocusEconomics, 2024; Macrotrends, 2024a

As headline inflation climbed from 15.6% in January 2022 to 15.7% in February 2022, Nigeria's inflation rate also increased. The inflation rate fell from 15.63% in December 2021 to 15.6% in January 2022, but it increased in February. Furthermore, after remaining steady at 13.87 in December 2021 and January 2022, core inflation increased to 14.01. But for the third consecutive month, food inflation decreased, falling from 17.13% in January 2022 to 17.11% in February 2022. The changes in the basket of commodities and services affect the rates of inflation. Economists call these price baskets Composite Price Indexes (CPI). The final inflation rate for any particular period is determined by changes in the CPI. As indicated by an analysis of the CPI price base, all the nation's measured baskets of goods and services increased in February 2022. Nonetheless, the price basket changes for housing, transportation, and food surpassed those noted in February 2022 (NBS, 2023a; Oduu, 2022). Between January and February 2022, the food basket CPI rose from 484.7 to 493.8. In terms of monthly price increases, this amounts to 1.88%. However, it grew 17.13% annually as the CPI went from 421.6 in February 2021 to 493.8 in February 2022. While transport and housing, water, and electricity all saw increases of 1.31% and 1.22%, respectively, clothing prices rose by 1.43% month over month. The health sector's monthly inflation rate movement indicated a three-month increase between December 2021 and February 2022. During the last phase, inflation in the health sector rose from 1.23 in January 2022 to 1.25 in February 2022. From September 2021 to December 2021, there was a four-month period of consistent inflation in the housing, water, and electricity sectors. January saw it fall to 1.21%, and February saw it rise to 1.22%. Between November 2021 and February 2022, the education sector's inflation rate increased by three months. The transportation and communication sectors increased steadily over the course of four months (NBS, 2023a).

Year	Month	All Items (Year on Change)	All Items (12 Months Avg. Change)	Food (Year on Change)/1	Food (12 Months Avg. Change)/1	All Items Less Farm Produce (Year on Change)/2	All Items Less Farm Produce (12 Months Avg. Change)/2	All Items Less Farm Produce and Energy (Year on Change)/3	All Items Less Farm Produce and Energy (12 Months Avg. Change)/3
2022	1	15.6	16.87	17.13	20.09	13.87	13.33	14.16	13.88
2022	2	15.7	16.73	17.11	19.69	14.01	13.46	14.28	13.99
2022	3	15.92	16.54	17.2	19.21	13.91	13.56	14.05	14.05
2022	4	16.82	16.45	18.37	18.88	14.18	13.68	14.14	14.12
2022	5	17.71	16.45	19.5	18.68	14.9	13.83	14.84	14.21
2022	6	18.6	16.54	20.6	18.62	15.75	14.06	15.7	14.39
2022	7	19.64	16.75	22.02	18.75	16.26	14.28	16.06	14.53
2022	8	20.52	17.07	23.12	19.02	17.2	14.6	17.12	14.8
2022	9	20.77	17.43	23.34	19.36	17.6	14.93	17.49	15.07
2022	10	21.09	17.86	23.72	19.83	17.76	15.31	17.46	15.38
2022	11	21.47	18.37	24.13	20.41	18.24	15.69	17.99	15.69
2022	12	21.34	18.85	23.75	20.94	18.49	16.08	18.21	16.02
2023	1	21.82	19.36	24.32	21.53	19.16	16.52	18.88	16.41
2023	2	21.91	19.87	24.35	22.12	18.84	16.92	18.37	16.75
2023	3	22.04	20.37	24.45	22.72	19.86	17.41	19.63	17.22
2023	4	22.22	20.82	24.61	23.22	20.14	17.91	19.96	17.7
2023	5	22.41	21.2	24.82	23.65	20.06	18.33	19.83	18.11
2023	6	22.79	21.54	25.25	24.03	20.27	18.71	20.06	18.47
2023	7	24.08	21.92	26.98	24.46	20.8	19.08	20.47	18.84
2023	8	25.8	22.38	29.34	25.01	21.54	19.45	21.15	19.18
2023	9	26.72	22.9	30.64	25.65	22.1	19.83	21.84	19.55
2023	10	27.33	23.44	31.52	26.33	22.69	20.25	22.58	19.98
2023	11	28.2	24.01	32.84	27.09	22.55	20.61	22.38	20.35
2023	12	28.92	24.66	33.93	27.96	23.07	20.99	23.06	20.76

Figure 6. Composite Consumer Price Index [Year-on change %] (2022-2023) (NBS, 2023a; CBN, 2023a)

Table 3. Inflation Rate in Nigeria (CPI, annual variation in %) for AOP & EOP, 2019 to 2023

	2019	2020	2021	2022	2023
Inflation (CPI, ann. var, %, Average of Period [aop])	11.4	13.2	17.0	18.8	24.7
Inflation (CPI, ann. var, %, End of Period [eop])	12.0	15.8	15.6	21.3	28.9

Source: NBS, 2023a; CBN, 2023a; FocusEconomics, 2024

Inflation continued an upward trajectory in 2023, owing to significant supply-side shocks from both global and domestic sources. The headline inflation rate rose from 28.20% in November 2023 to 28.92% in December 2023. When comparing the headline inflation rate from November 2023 to December 2023, there was a 0.72%-point rise. The headline inflation rate was 7.58% points higher, on a year-on-year basis, than the 21.34% figure reported in December 2022. This indicates that, in comparison to the same month in the previous year (i.e., December 2022), the headline inflation rate (year-on-year basis) rose in December 2023. In addition, the headline inflation rate in December 2023 was 2.29%, 0.20% higher than the rate in November 2023 (2.09%). This indicates that the average price level increased at a faster rate in December 2023 than it did in November 2023 (NBS, 2023a). In comparison to the 18.85% recorded in December 2022, the average

CPI for the twelve-month period ending in December 2023 increased by 5.81% to 24.66% (Figure 6, Table 3, and Figure 7).

Core inflation – which exempts the costs of erratic energy and agricultural products – was 23.06% in December 2023 on a year-on-year basis, up 4.85% from 18.21% in December 2022. Prices for passenger transport by road, medical services, actual and imputed rentals for housing, passenger transport by air, pharmaceuticals, accommodation services, etc. saw the largest rises. In December 2023, the core inflation rate was 1.82% on a month-on-month basis. It increased by 0.29% to 1.53% in November 2023. For the twelve months ending in December 2023, the average annual inflation rate was 20.76%; this was 4.74% points higher than the 16.02% reported in December 2022 (CBN, 2023b; NBS, 2023a).

The food inflation rate in December 2023 was 33.93% on an annual basis (year-on-year basis), which was 10.18% more than the rate in December 2022 (23.75%). Increases in the cost of bread and cereals, oil and fat, potatoes, yam and other tubers, fish, meat, fruit, milk, cheese, and eggs were the main causes of the annual increase in food inflation. The food inflation rate in December 2023 was 2.72% on a month-on-month basis, which was 0.30% higher than the rate in November 2023 (2.42%). A rise in the rate of increase in the average prices of foods (listed above) was the reason for the monthly increase in food inflation. In comparison to the preceding twelve-month average, the average annual rate of food inflation for the twelve months ending in December 2023 was 27.96%, a 7.02%-point rise over the average annual rate of change recorded in December 2022 (20.94%) (Figure 6 and Figure 7).

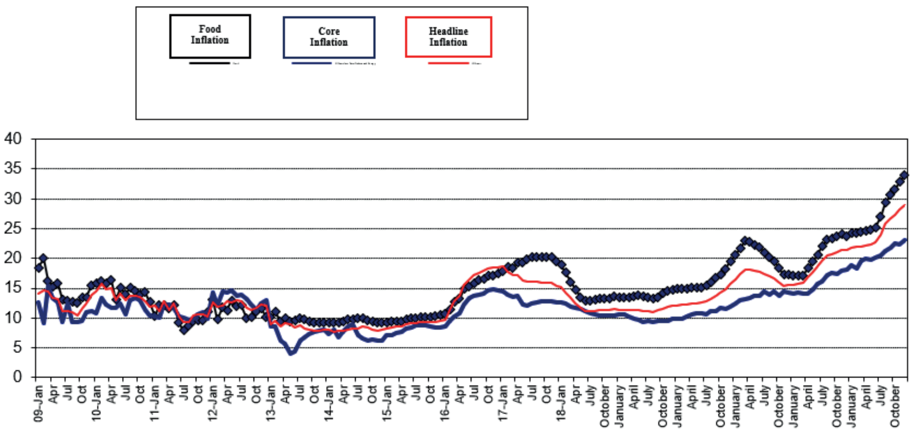

Figure 7. Inflation: Composite Year-on Change (%) (NBS, 2023a)

7.2 Impact of Inflation on the Cost-of-Living Crisis in Nigeria

As inflationary pressure continues to mount on households, Nigeria has consequently been ranked as the fifth most affected African nation by the global cost-of-living crisis. Africa's biggest economy comes in fifth place with a score of 31.4 on the Mid-Way into 2024 Cost-of-Living Index published by Numbeo, a data and research platform (quoted in Alli, 2024), whereas Cameroon has the highest cost-of-living index in Africa with a score of 37.3. With respective ratings of 37.2, 37.1, and 34.5, South Africa, Zimbabwe, and Mauritius outperform Nigeria. Accordingly, Ghana (30.9), Kenya (30.2), Botswana (30.1), Morocco (29.5), and Uganda (29.1) are among the other countries in the top 10 (Figure 8).

After the federal government ended the subsidy program in May 2023, which was intended to cut government spending and reallocate those funds to other vital areas of the economy, Nigeria started to experience increased cost-of-living crisis. As the pump price increased from N187 to an average of N630 between May 2023 and May 2024, the average premium motor spirit (PMS) price increased by 21%. There were no clear measures to provide relief for the most vulnerable individuals who were most affected by the reforms. In an attempt to spur economic growth, the President Bola Tinubu administration floated the naira a month later, but it depreciated by 67.8%. The goal of these reforms, which policy experts claimed were "hurriedly made", was to attract foreign investors to the economy. However, they fuelled inflation, crushed purchasing power, and exacerbated the cost-of-living crisis.

Food prices surged to an almost three-decade high in May 2024, marking Nigeria's highest inflation rate to date at 33.95%. In addition to food and consumables, which are responsible for at least half of Nigeria's inflation, the cost-of-living crisis was made worse by high energy prices and regular rental increments. Spiralling cost of goods and services gobbled up citizens' disposable income, pushing many people below the poverty. The World Bank estimated that 87 million Nigerians fell below the poverty line, making them the second most impoverished population in the world, after India. Nonetheless, the federal government presented a large importation plan to alleviate the cost-of-living crisis, particularly with regard to food. The president had earlier declared a "state of emergency" on food security, which was followed by this development. The government's rollout plans serve as a litmus test of its ability to address the rising rate of food inflation which is still high at 40.66% (Alli, 2024).

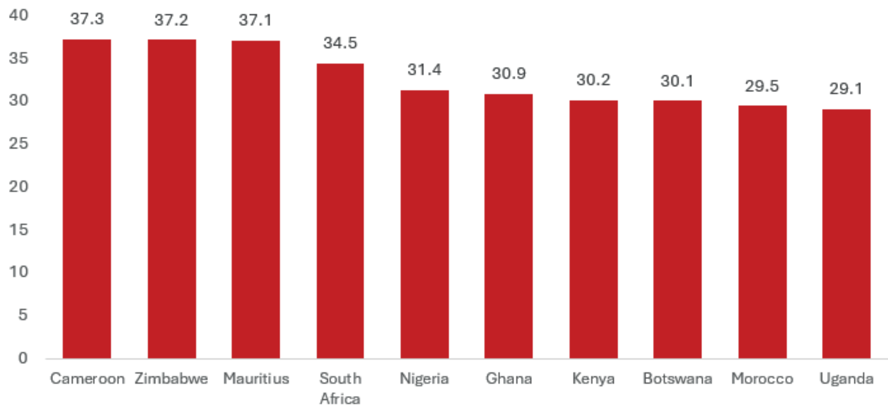

Figure 8. Cost-of-Living Index İn Africa (Alli, 2024; MacroTrends, 2023b).

In actuality and implicitly, inflation stimulates citizens' purchasing power to drop. It has also persistently resulted in the closure of numerous firms, especially small businesses, and has increased the nation's poverty rate. Most Nigerians actually just work to pay their bills; food and transportation account for the majority of household expenses. Many citizens are now at risk due to the present fuel pump price, which also has a detrimental effect on businesses and the cost-of-living. If left unchecked, persistent inflation might restrict output, impede economic expansion, and drive unemployment and poverty to levels that were previously unimaginable. It is maintained that inflation continues to devalue the local currency and reduce citizens' purchasing power, making the poor to become impoverished and even the working class to become vulnerable (Olubiyi, 2024).

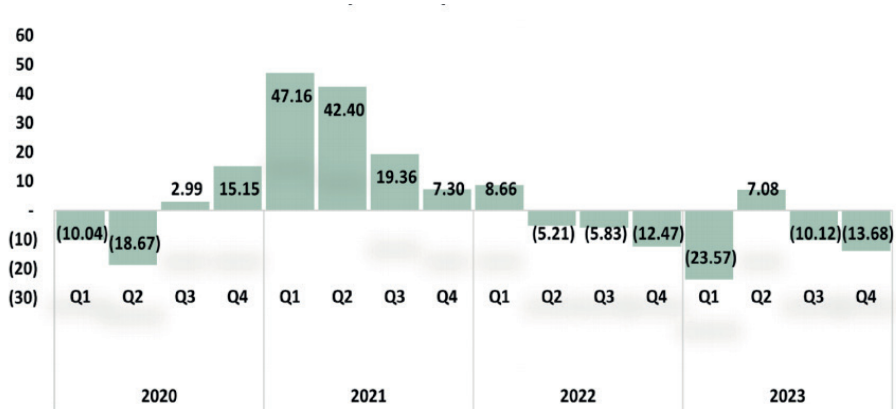

Figure 9. Nigeria's Household (Private) Consumption Growth Rate (NBS, 2023b; CEIC, 2023).

According to NBS data, inflation limited consumption as household final consumption grew by -10.12% and -13.68% in Q3 and Q4 of 2023, respectively (on a year-over-year basis) despite National Disposable Income growing by 9.97% and 9.32% in Q3 and Q4 of 2023, respectively – that is, higher than the growth of 1.08% and 4.98% in Q3 and Q4 of 2022, respectively. These growth rates were lower than those of the same quarters in 2022, which were -5.83% and -12.47%, respectively. Real household consumption expenditure had been declining since Q2 of 2022, as shown by recent trends, but it improved in Q2 2023 when the growth rate was 7.08%. However, in Q3 and Q4 of 2023, household consumption expenditure fell, resulting in negative growth rates of -10.12% and -13.68%. In comparison to the equivalent quarters of Q3 of 2022 and Q4 of 2022, the growth rates in Q3 of 2023 and Q4 of 2023 show lower rates (Figure 9).

In Q3 and Q4 of 2023, real household consumption spending fell by 5.13% and 1.40%, respectively, on a quarterly basis (quarter-on quarter basis). Nominal household final consumption spending increased by 18.04% in Q3 and 4.73% in Q4 of 2023. Compared to statistics from the same quarter of previous year, which were 22.86% and 18.64%, respectively, these growth rates were 4.82% and 13.91% lower. On a quarter-on-quarter basis, growth in Q3 and Q4 of 2023 was 25.06% and -9.78%, respectively, compared to 16.35% and 1.68% in the same quarters the previous year. Furthermore, compared to 19.92% in 2022, yearly growth in 2023 was 8.93%. In Q3 and Q4 of 2023, household spending made up 56.82% and 50.39% of the real GDP at market prices, respectively (NBS, 2023b).

7.3 Public Policy Options for Addressing Inflation and the Cost-of-Living Crisis in Nigeria

Given the aforementioned difficulties, considering measures towards a counter-inflationary path becomes very crucial. It is recommended that government adjust its budgetary balance and implement substantial policy changes in the areas of fiscal and monetary policy in order to attain sufficient price stability in the nation. These approaches are elaborately examined below:

The Central Bank's flexibility and independence from transient political demands make monetary policy an effective tool for containing inflation. By increasing the Federal Funds rate – the interest rate at which commercial banks lend to one another overnight – the Central Bank seeks to decrease the amount of money in the economy and so reduce inflation. The cost of borrowing rises when the Federal Funds rate rises, which favours saving over investing and lowers demand for goods and services in the economy (PGP Foundation, 2023). The CBN could, thus, use interest rates and other monetary policy instruments to tighten monetary policy in order to rein-in inflation and promote foreign exchange inflows. In order to achieve price stability by controlling the amount of money in circulation, instruments such as Open Market Operations (OMO) can be used to sell securities, deplete liquidity, and anchor expectations through transparent inflation targeting.

By preventing expansionary economic impacts, fiscal policy can play a secondary but crucial role in reducing inflation. Spending reductions and tax increases can accomplish this. Inflation can be lessened by raising taxes, which lower people's purchasing power. The government can have some influence over the total level of spending by consumers through taxation. Limiting tax deductions or raising the tax rate are two ways to lower take-home pay. Furthermore, tax cuts would lower the deficit, which could contribute to medium- to long-term inflationary pressures. Some tax-related solutions include revising the property tax, increasing tax compliance, and completely eliminating the state and local tax deduction. Over the medium to long run, they could lower inflation by encouraging saving, reducing the deficit, increasing supply, and tempering demand. The government could reduce spending, in addition to implementing tax policies, to reduce inflation. Similar with the case of revenue, legislators have a wide range of choices for reducing spending. In order to reduce healthcare costs and possibly lessen inflation, government expenditure measures such as lowering provider payments, raising premiums for high incomes, and enhancing health insurance programs should be implemented. Public spending could be significantly decreased by restricting discretionary spending and examining provisions in high-spending areas like security (such as defense programs) (PGP Foundation, 2023). Government revenue can also be increased by leveraging international support for renewable energy and infrastructure through regulatory changes, infrastructure user fees, and the phase-in of carbon taxes (Chenge, 2024). Additionally, the country's fiscal outlook can be improved and its long-term growth encouraged by reforms in the areas of social security and social investment, such as raising revenues, reducing benefits, and adjusting the retirement age.

Lastly, it is recommended that political leaders cut back on unnecessary public spending, decrease spending on non-development activities, restore inadequate infrastructure, and establish robust and efficient institutions (Olubiyi, 2024). By cutting wasteful government spending, leaders can reduce inflation in Nigeria by decreasing money supply, freeing up funds for productive investments to boost supply, showing fiscal responsibility to stabilize the Naira, and shifting focus from unproductive recurrent costs to growth, which lowers overall economic pressure.

Improving infrastructure and strengthening institutions can address inflation primarily through supply-side enhancements that boost economic efficiency, productivity and resilience, ultimately leading to lower production costs and more stable prices in the long run.

8. SUMMARY OF FINDINGS

1. Nigeria's inflation rate has been higher than the sub-Saharan and African average for years, surpassing 24% in 2023.
2. Inflation in Nigeria devalues the local currency and lowers citizens' purchasing power, thus making the poor more impoverished and even the working class more susceptible.
3. The government should adjust its budgetary balance and implement substantial monetary and fiscal policy changes to address the country's inflation and cost-of-living crisis.

9. CONCLUSION

All economies are impacted by inflation – regardless of their level of development – and this causes unfavourable outcomes, forcing governments to make significant efforts to reduce its occurrence. In Nigeria, the largest economy in Africa, the living conditions of impoverished households have deteriorated due to inflation that has tripled over the past eight years. Among Nigeria's poor and vulnerable populations in particular, the rising cost-of-living has become a major and urgent problem. The study maintains that monetary policy can be effectively supplemented by prudent fiscal policy to reduce inflation. Given the Federal Government's (Central Bank's) ongoing short-term interest rate hikes, policymakers have a great chance to implement contractionary fiscal policy. A variety of spending and revenue choices are available to support these initiatives. In addition to helping with the vital fight against excessive inflation, such measures would also contribute to stabilizing deficits and public debts, thus creating a more robust and stable economy, and consequently lowering the cost-of-living.

GENİŞLETİLMİŞ ÖZET

Çalışmanın Amacı / Research Problem: Dünyanın birçok ülkesi için enflasyon önemli bir ekonomik sorun olmuştur. 2021'den bu yana gözlemlenen, otuz yılı aşkın süredir en şiddetli enflasyon artışı, mali hesapları etkilemiş, yoksulluğu artırmış ve hane halklarının refah dağılımını değiştirmiştir. Bu durum, politika yapıcıların müdahale etmesini gerektirmiştir. Ancak, enflasyonun çeşitli hane halklarının bütçeleri (yaşam maliyeti) üzerindeki dengesiz etkilerinden kaynaklanan dağıtım etkileri çok daha karmaşıktır.

Araştırma Soruları / Research Question/s: Bu çalışma, enflasyonun Nijerya'daki yaşam maliyeti krizine etkisini incelemektedir. Çalışma için ele alınan araştırma soruları şunlardır:

1. Nijerya'daki enflasyon eğilimlerinin niteliği nedir?
2. Enflasyon, Nijerya'daki yaşam maliyeti krizini nasıl etkilemiştir?
3. Nijerya'daki enflasyon ve yaşam maliyeti krizini çözmek için hangi kamu politikası seçenekleri benimsenebilir?

Literatür Taraması / Literature Review: Literatür dört alt tema altında incelenmiştir. İlk alt tema, enflasyonun küresel etkenlerini incelemiştir. Bazılarının iç faktörlerle ilişkili olduğu, diğerlerinin ise küresel ekonomik sorunlar gibi dış faktörlerle ilişkili olduğu belirtilmiştir. İkinci alt tema, enflasyon dinamikleri ve yaşam maliyeti krizine odaklandı. Gıda harcamalarının hane halkı harcamalarının önemli bir bölümünü oluşturduğu birçok gelişmekte olan piyasa ve gelişmekte olan ekonomide, küresel olarak yaşam standartlarını düşüren sürekli yüksek enflasyon baskıları nedeniyle yaşam maliyeti bir sorun haline geldiği ortaya çıktı. Üçüncü alt tema, Afrika'daki enflasyon ve yaşam maliyeti görünümünü ele aldı. COVID-19 salgını ve Rusya-Ukrayna savaşının ardından yaşanan büyük arz şokları ve derin parasal ve mali teşviklerin, Afrika ülkelerinde enflasyonu on yılların en yüksek seviyesine çıkardığı ortaya kondu. Dördüncü alt tema, Nijerya'daki enflasyonun temel nedenlerini inceledi. Bu alt temada, CBN'nin uzun bir süre boyunca Nijerya'daki enflasyonun temel nedeni olarak monetarizmi gördüğü ve bu nedenle düşük ve istikrarlı enflasyon hedefine ulaşmak için parasal büyüklüklerin doğrudan kontrolüne odaklandığı ortaya kondu. Teorik çerçeveye ilişkin olarak, çalışma için yapısal enflasyon teorisi benimsenmiştir.

Yöntem / Methodology: Çalışmada belgesel araştırma tasarımı kullanılmıştır. Bu nedenle, veri toplama için belgesel veya ikincil kaynaklar kullanılmıştır. Veri analizi yöntemleri olarak nicel ve nitel içerik analizi kullanılmıştır.

Sonuç / Result and Conclusion: Araştırmanın bulguları, Nijerya'nın enflasyon oranının yıllardır Sahra Altı Afrika ve Afrika ortalamasının üzerinde olduğunu ve 2023 yılında %24'ü aştığını gösterdi. Ayrıca, Nijerya'nın enflasyonunun yerel para

biriminin değerini düşürmeye ve vatandaşların satın alma gücünü azaltmaya devam ettiğini, böylece yoksulları daha da yoksullaştırdığını ve hatta işçi sınıfını daha savunmasız hale getirdiğini ortaya koydu. Çalışma, Nijerya'nın enflasyon ve yaşam maliyeti krizini çözmek için hükümetin, ekonomik istikrarı teşvik etmek amacıyla kısıtlayıcı para politikası yoluyla önemli değişiklikler uygulaması ve mali sıkılaştırma önlemleri (daraltıcı mali politika olarak da adlandırılır) alması gerektiğini önermektedir.

Etik Beyanı: Bu çalışmanın tüm hazırlanma süreçlerinde etik kurallara uyulduğunu yazarlar beyan eder. Aksi bir durumun tespiti halinde Kamu Yönetimi ve Politikaları Dergisinin hiçbir sorumluluğu olmayıp, tüm sorumluluk çalışmanın yazarlarına aittir.

Yazar Katkıları: Andrew Aondohemba Chenge, çalışmanın tamamında tek başına katkı sunmuştur.

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