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Effects of Fuel Subsidy Removal on Socioeconomic Status of the Inhabitants of Northeast Nigeria

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Abstract

Subsidising fuel and other essential commodities that are unaffordable for the poor and disadvantaged is a component of social security and welfare policies in many countries. However, these subsidies come at a significant cost, consuming a large portion of budgets intended for infrastructure development. This has sparked debates about the feasibility of maintaining subsidies or abolishing them. Nigeria, one of the largest oil-producing countries in the world, has subsidised fuel for many decades to ensure affordability. However, allegations of corruption and concerns about the opportunity costs of subsidising fuel have raised issues, while projections of severe hardship following subsidy removal continue to warn policymakers. This study therefore examines the implications of subsidy removal in 2023 on the socioeconomic status of residents in Northeast Nigeria. Data were collected through multi-level cluster sampling using structured questionnaires and in-depth informant interviews with unstructured questionnaires, in addition to consulting existing documents. The collected data were discussed, analysed, and interpreted using statistical tools in non-automated SPSS and qualitative interview discussions. The study found that subsidy removal caused severe suffering and unprecedented hardship for the inhabitants of the Northeast. Therefore, the study recommends, among other measures, that the government should revise its haphazard subsidy removal and intensify social security transfers to the poor.

Keywords: Effects, Fuel Subsidy, Northeast Nigeria, Removal, Socioeconomic.

INTRODUCTION

Many governments worldwide provide fuel subsidies as part of social security to mitigate the high cost of living and poverty among the disadvantaged (Saddiki & Chaouti, 2022). Fuel subsidies are considered essential for alleviating the severe economic instability that often affects the middle class and the poor (Black et al. 2023). Although

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de-subsidisation incurs higher costs and undermines the economic stability of many countries, it further worsens conditions for the weaker and less fortunate members of society (Solarin, 2020). In 2015 alone, G20 nations spent over 450 billion dollars subsidising fuels in their countries (Rentschler, 2018). Therefore, countries must decide whether to continue providing costly subsidies to the poor or allow poverty and economic hardship to intensify.

Nigeria, one of the top producers of oil in the world, is experiencing a special energy crisis that is hurting its economy. Crude oil has been exported, and refined petroleum products have been imported as a result of intentional crashes at refineries that provide the public with fuel and other petroleum products (McCullough et al. 2021). Because of this phenomenon, fuel had to be subsidised in order for regular people to afford it. Between 2009 and 2021, the nation spent more than N15 trillion (\$34,443,168,000.00) on fuel subsidies; in 2022 and the first two quarters of 2023 alone, it is projected to spend almost N6.7 trillion (\$15,384,615,040.00) (Sambo & Sule, 2024). The governing elite and its allies accuse the fuel subsidy system of promoting widespread corruption. But the elimination of subsidies intensifies the crisis as the poor and less fortunate are more harshly struck with the ramifications of an unacceptably rising cost of living in the country (Evans et al. 2023).

Before the 2013 incident sparked national discussions over whether ongoing fuel subsidies were justified, Nigeria, one of the oil-producing nations, had been subsidising petrol for decades. Beginning in 2011, Nigeria provided N12 trillion in gasoline subsidies, which many believed could have funded significant infrastructure in areas such as roads, agriculture, transport, education, and health (Houeland, 2021). However, President Bola Ahmed Tinubu announced in his acceptance speech in 2023, immediately after taking office, that the subsidy would be eliminated. Fuel prices soared as a result, rising from an average of N198 nationwide to almost N550 up to N1000 (Sambo & Sule, 2024). The consequences include unchecked inflation, transportation expenses quadrupling, food prices increasing, and a general decline in purchasing power across the country (Ozili & Obiora, 2023). This study investigates the socioeconomic effects of eliminating fuel subsidies on the standard of living of people in northeastern Nigeria.

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LITERATURE REVIEW

Fuel Subsidy: Issues and Contexts

Reforms to fuel subsidies are gaining momentum in both the Global South and the North, in terms of discussions and policy measures. Global actors are calling for significant reforms to address perceived waste and shifting public priorities in infrastructure provision, due to the substantial funds allocated to energy subsidies. In many countries, eliminating fuel subsidies could release funds for investment in essential infrastructure, such as electricity, clean water, and sanitation facilities (Jakob et al. 2015). Fuel subsidies are increasingly problematic, largely because of their costs and their impact on the budget deficits of most countries that provide them (Simon, 2012). However, the greatest obstacle is the impact on the welfare of the poor. According to Rentschler (2016), many households would experience increased poverty as a result of uncompensated energy measures. Rentschler (2015, 2016), using Nigeria as an example, highlights that the country's poverty rate will increase by 3.4% as a result of the Nigerian government's fuel subsidy adjustments without a well-designed compensation plan. Despite the importance of fuel subsidy reform, phasing out the policy is challenging due to the unstable issues within the political economy (Rentschler & Bazilian, 2016). However, it is considered unsustainable to continue fuel subsidies in the future, and governments need to demonstrate political acumen to ensure a gradual phase-out of subsidies (Svaram & Harris, 2016).

Given the current global economic crisis, the amount of money that nations spend on fossil fuel subsidies is considered unwise and unsustainable. According to Rentschler (2018), the G-20 reportedly spent \$450 billion on gasoline subsidies in 2014, with over \$350 billion of that amount allocated to European nations (World Economic Forum, 2023). Fossil fuel subsidies are estimated to cost \$5.3 trillion annually, or 6.5% of the world's GDP, according to a 2018 assessment by the International Monetary Fund (IMF) (Rentschler, 2018). However, the World Economic Forum (2023) reports that nations worldwide paid \$1 trillion in subsidies in 2022. The fact that oil subsidies increased by 85% in 2022, and natural gas and electricity subsidies tripled in the same year, highlights the precariousness of the situation, as pledges made by world leaders are not being fulfilled (World Economic Forum, 2023). According to a report by the International

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Energy Agency, the Russian invasion of Ukraine is believed to have been the catalyst for the rise in global energy subsidies (World Economic Forum, 2023).

Many times, especially in the Global South, labour unions, employees, and civil society members have strongly opposed the removal of fuel subsidies. Despite the anticipated benefits of fuel subsidy reforms, their removal and reform are hindered by violent protests and threats of opposition to the regime's repeal (Perry, 2020; Houeland, 2022). Although the effects of climate change are acknowledged, such widespread protests in countries including Russia, China, India, Trinidad and Tobago, Nigeria, Brazil, Yemen, Bolivia, Egypt, Nepal, Indonesia, Sudan, Jordan, Iran, Ghana, Cameroon, and Venezuela are seen as a response to policies perceived as working against the interests of workers and the poor (Houeland, 2022). Despite the 2015 Paris Climate Agreement, politics plays a significant role in the continuation of fuel subsidies globally, as many political actors fear the impact on their political careers if they take strong action against fuel subsidies, and therefore continue to support them (Skovgaard & Van Asselt, 2019). Price (2022) notes that fuel unrest can lead to political movements, conflicts, insurrection, and instability. Saddiki and Chaouti (2022) state that fuel subsidy reforms are driven by economic, social, environmental, political, and institutional factors, while barriers include poor public communication, lack of confidence in governments, weak macroeconomic conditions, impacts on household and poor welfare, exposure to influential interest groups, and the institutional capacity of governments. Victor (2009) and Simon (2012) observe that fuel subsidies are influenced by political distributive interests and are difficult to eliminate once established.

According to Couharde and Mouhoud (2020), fossil fuel subsidies are a redistributive policy tool that reduces poverty among vulnerable households and narrows the inequality gap. Contrary to most of the aforementioned studies, Couharde and Mouhoud (2020) argue that fuel subsidies are an effective policy framework for assisting the impoverished in emerging nations. Dennis (2016) contends that if compensation is not replaced by higher or equivalent benefits for households after the termination of fuel subsidies, there will be welfare repercussions for low-income households.

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Fuel Subsidy in Nigeria

One of Nigeria's most persistent yet contradictory economic policies is the fuel subsidy, intended to provide social protection for the poor but often serving as a vehicle for systemic corruption and elite capture. Governments have used subsidies since the oil boom of the 1970s to shield the population from economic shocks and maintain political legitimacy. However, this populist tool has become a burden on governance and the economy. Although subsidies temporarily reduce living costs, empirical research shows that they distort markets, drain public finances, and disproportionately benefit the wealthy (Balouga, 2012; Egbezien, 2020). For example, the richest 10% of Nigerians receive about half of all subsidy benefits, while the poorest 10% receive only around 7% (Sambo & Sule, 2024).

A recurring conflict between societal resistance and economic logic is evident in the historical pattern of subsidy politics. From the Babangida regime through Obasanjo to Buhari, attempts to reduce or eliminate subsidies have led to widespread demonstrations organised by civil society, labour unions, and students (Akanle et al., 2014). These movements highlight a problem of public-state trust: Nigerians reject government promises of social restitution and generally view subsidy reforms as exploitative or unscrupulous (Ayodele, 2014; McCullough et al., 2021).

Crucially, Nigeria's rentier-state dynamics are evident in the subsidy system. Excessive reliance on oil income encourages smuggling, rent-seeking, and fraudulent claims in subsidy administration (Beedell, 2017). More than \$6 billion in discretionary spending related to subsidy payments was unaccounted for between 2011 and 2013, demonstrating how state institutions enable the illicit appropriation of public funds (Sambo & Sule, 2024). Investigations by the House of Representatives, NEITI, and KPMG have confirmed comprehensive collaboration between NNPC executives, marketers, and regulatory authorities (Nwozor et al. 2024).

The subsidy situation is further worsened by Nigeria's refinery shutdown and reliance on imported petroleum products. Due to decades of neglect, poor management, and deliberate policy sabotage, the nation imports 85% of its refined products, even though it is Africa's largest oil producer (Chikem, 2016). This systemic

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breakdown makes Nigeria a paradoxical oil economy, importing refined products, exporting crude, and subsidising inefficiencies.

From the perspective of critical governance, the continuation of subsidies demonstrates how populist economic instruments are used more for political survival than for social justice. The real barrier is institutional rather than purely economic: rent-seeking, poor accountability, and corruption maintain a system of subsidies that benefits elites at the expense of the general population (Jesuola, 2024). Although legitimate hardship concerns underpin opposition to subsidy elimination, there is also strong mistrust of the state's ability to redistribute savings transparently (Dickson, 2024).

Nigeria's fuel subsidy policy reflects three crises: political (legitimacy gap and popular resistance), ethical (corruption and elite capture), and economic (fiscal outflow) (Izoukumor, 2024). Removal attempts will remain politically explosive and socially regressive without transparent governance changes, genuine reforms, and reinvestment of subsidy savings into social infrastructure. Therefore, the debate over fuel subsidies concerns re-establishing institutional integrity, trust, and fair governance in Nigeria's oil economy more than economic reasoning.

Effects of Fuel Subsidy on Nigeria's Socioeconomic Status

In Nigeria, fuel subsidies have shifted from a short-term social safety net to a significant structural barrier to the country's progress. Due to the persistent failure of the nation's refineries, which operate at only 18% of their capacity, Nigeria is forced to import refined products and export crude oil, resulting in high prices that necessitate ongoing subsidy payments (Dawn Commission, 2021). This dependency reflects decades of corruption, policy stagnation, and infrastructure deterioration.

The Nigerian government spent more than \(\frac{\text{\text{N}}}{10}\) trillion on fuel subsidies between 2010 and 2022, a significant amount compared to funding for vital areas such as infrastructure, healthcare, education, and security (Uduu, 2020). This misallocation of resources illustrates the opportunity cost of subsidies: money that could have financed millions of small businesses, expanded electricity generation, built 328,000 health centres, trained 2.5 million youths annually, or provided millions of housing units was instead used for fuel payments (Uduu, 2020).

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Additionally, the subsidy regime strengthens elite rent-seeking and systemic corruption. The Nigerian National Petroleum Corporation (NNPC) was the site of a major scam in which billions were transferred to politically connected marketers without accountability, according to reports from the House of Representatives and other investigations (Mark, 2012). This pattern reveals a deeply entrenched political economy of collaboration between corporate actors and government officials, which sustains economic sabotage and budgetary leakage.

Nigeria was paying ₹500 billion per month on subsidies by 2022; this amount is expected to rise to \(\mathbb{H}\)6 trillion annually, or about half of the nation's petroleum import bill (Tunji, 2022). Nigeria will become fiscally vulnerable and macroeconomically unstable as a result of such unsustainable spending, reduced oil output, inflation, and growing debt, according to the World Bank and other commentators (Ifeanyi, 2022). The dichotomy of Nigeria's rentier economy; a resource-rich state that is impoverished due to its reliance on oil revenues, is critically highlighted by the subsidy crisis. The strategy prioritises consumption subsidies over productive investment, undermining diversification efforts, increasing inequality, and perpetuating poverty (Joshua & Akinyemi, 2017).

In conclusion, Nigeria's fuel subsidy system is arguably socially regressive, fiscally unsustainable, and economically inefficient. It slows structural change, depletes public resources, and encourages corruption. Nigeria will remain trapped in a cycle of rentseeking, fiscal fragility, and underdevelopment until refinery revitalisation, transparency reforms, and the strategic reinvestment of subsidy savings into infrastructure and human capital are implemented.

Theoretical Framework

This study adopts and implements Cost-push Inflation theory. According to the hypothesis, businesses pass rising production input costs, such as those for fuel, raw materials, or labour on to customers through increased prices. Fuel prices rise when the subsidy is removed, raising production and transportation expenses across the economy. Removing fuel subsidies usually results in higher fuel prices, which increase production and transportation costs. These rising expenses cause inflation, which reduces people's

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real income and purchasing power, directly affecting socioeconomic status (Takami, 2015).

External or policy-induced shocks, such as increases in oil prices, currency depreciation, or changes in government policy (such as the elimination of subsidies), can cause inflation. One such policy shock is the elimination of fuel subsidies. Workers seek higher pay because rising prices reduce the real value of earnings. Inflation is then sustained as higher wages increase production costs (Machlup, 2020).

Removing fuel subsidies could increase living expenses (food, transportation, and energy) in Northeast Nigeria, where poverty is already high, thereby impoverishing more households. The Cost-Push Inflation Theory is used in this study to explain how the elimination of fuel subsidies affects the socioeconomic status of people living in Northeastern Nigeria. According to the theory, businesses raise prices for customers to cover the increased costs of production inputs, including fuel, raw materials, and labour. Fuel prices have risen significantly in Nigeria due to the elimination of fuel subsidies, increasing production and transportation costs across all economic sectors. These higher operational expenses lead to increased prices for food, goods, and essential services in Northeast Nigeria, where petty commerce, agriculture, and small businesses provide most incomes. Consequently, rising inflationary pressure worsens living conditions, particularly for low-income households, erodes real incomes, and reduces purchasing power.

The theory also highlights how policy-induced shocks, such as the government cutting fuel subsidies, can cause inflation. In this case, the removal of subsidies acts as a cost shock that leads to widespread increases in the prices of goods and services. Workers demand higher wages to maintain their standard of living, as salaries lose real value when prices rise. The wage-price spiral is then sustained by subsequent increases in production costs. These inflationary effects intensify economic hardship, increase inequality, and undermine overall socioeconomic stability in Northeast Nigeria, where job opportunities are limited and wages are generally low. Therefore, the Cost-Push Inflation Theory provides a useful framework for understanding how the removal of fuel subsidies may directly worsen the socioeconomic well-being of local residents.

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RESEARCH METHOD

The research is a survey design which adopted the philosophy of both qualitative and quantitative approach thereby qualifying the study to be a mixed method approach. This is because data was collected from both primary and secondary sources including questionnaire administration and an in-depth personal interview, documented sources such as books, journal articles, internet sources and media outlets. The data analysis adopted both quantitative and qualitative analysis. Tables, charts and models were designed while content analysis was proposed in interpreting the qualitative data collected.

Sources of Data

The study collected data from two main sources: Primary and secondary sources. The primary source is the conduct of an interview using a questionnaire and a special informant interview. Three states in northeastern Nigeria were selected based on geographical location. Borno and Yobe are closer to each other, hence Borno was selected for the focus. Adamawa was selected for the Adamawa/Taraba axis. Gombe was selected for the Bauchi/Gombe axis. Thus, Adamawa, Borno and Gombe were selected to represent the six northeastern states based on a systematic sample. The respondents were selected randomly. A total of 466 respondents are selected in the three states for the administration of the questionnaire which are divided based on the population in all the selected groups that are valid and reliable according to Taro Yamane's formula for sampling.

According to the 2006 census, the population of Adamawa is 6,902,100, that of Borno is 8,840,000 and that of Gombe is about 4,355,000. The three selected states have a total population of 20,097,100 million with Adamawa having 34.34%, Borno 43.99% and Gombe 21.67%. Therefore, the sample of respondents is divided based on this ratio: Adamawa 158 respondents, Borno 208 and Gombe 100, making a total of 466 as determined using the formula. In addition, respondents were selected in three states on the basis of three senatorial zones in each of the states, with one local government selected from each zone, giving a total of nine local governments in nine senatorial zones of the states.

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The second primary source is an in-depth interview with selected informants in the study area, which was also conducted through direct physical contact. The informants were selected by means of cluster sampling in the northeastern zone. In the category of academics, three persons each were selected from a university in Adamawa, Borno and Gombe states. In the category of traders, three known businessmen were selected from each of the three selected states of Adamawa, Borno and Gombe. In the category of civil servants, three persons from each of the three states were selected for the interview. In the transport category, three persons from each of the selected states were selected for the interview, just as artisans were selected. The secondary data is documented material, including books, magazine articles, newspapers, internet sources and reports.

Instrument of Data Collection

Two different instruments are used for data collection. One is structured questionnaires for the 466 respondents selected in the first category spread across Adamawa, Borno and Gombe. This is based on multiple choice questions from which the respondents can choose. The other instrument is unstructured questionnaires for the specialised interview in which the informants are asked open-ended questions to reach the saturation point.

Method of Data Analysis

The data obtained from the field were displayed, grouped, analysed and interpreted using the Special Package for Social Sciences (SPSS), a manual version of the formula. Tables were designed and the percentages of responses were analysed based on the views of the respondents. In addition, the information obtained from the informants in the in-depth interviews were discussed using content analysis, where the most important words or views are interpreted.

RESULT AND DISCUSSION

This section presents the data collected, discussed, analysed, interpreted and grouped the results for findings and policy recommendations. The following information

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revealed the characteristics of the respondents derived from the administered questionnaire.

Table 1. Characteristics of the Respondents

	Q	uestionnaire	Distribu	tion	of the Re	spondents			
Returned 428 (91.85%)		No	Not Returned			Total 466 (100%)			
		38 (8.15%)							
		Age Disti	ibution	of th	e Respon	dents			
20-30 31		-40 41-50)	51-60	0 60 ar	60 and above		
117	89		73		61	88		428	
(27.34%)	(20.79	•	(17.05%	,	(14.26%)	•	.56%)	(100%)	
		Gender Di	stributio	n of	the Respo	ndents			
Male			Female				Total		
349 (81.54%)			79 (18.46%)				428 (100%)		
	E	ducational C	Qualificat	tion	of the Res	pondents			
Prim.	SSCE	NCE/Dip	Degre	ee	Masters	PhD	Others	Total	
Cert.									
40	69	102	48		10	4	155	428	
(9.35%)	(16.12%)	(23.83%)	(11.21	%)	(2.34%)	(0.93%	(36.21%	(100%)	
	C	Occupational	Distribu	tion	of the Res	spondents	· · · · · · · · · · · · · · · · · · ·		
Student	Business /farming	Civil Ser	il Service		Artisan	Others (Specify)		Total	
65	111	97	77		87	40		428	
(15.19%)	(25.93%)	(22.66	%)	12	20.33%) (9.3		(%)	(100%)	

Source: Field Survey 2025.

The table 1 presents the distribution of respondents' characteristics, including their responses, sex, age, occupation, and educational qualifications. The study selected 466 individuals as the total number of respondents for questionnaire distribution in the sampled areas. Of the questionnaires distributed, 428 (91.85%) were returned, while 38 (8.15%) were not returned. This reflects a high response rate, which is commendable. In most cases, the research assistants employed for this study directly administered the

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questionnaires by distributing them to the selected respondents and waited to collect the completed forms immediately after they were filled in.

The ages of the respondents are as follows: 117 (27.34%) are between 20 and 30 years, 89 (20.79%) are aged 31 to 40, 73 (17.05%) are in the 41 to 50 age group, 61 (14.26%) are aged 51 to 60, and 88 (20.56%) are 61 years and above. These statistics suggest that respondents aged 30 to 50 form the largest group. This implies that older individuals are less active than the younger ones.

The gender distribution of the respondents is as follows: out of a total of 428, 349 (81.54%) are male and 79 (18.46%) are female. This may be attributed, in part, to the phenomenon of male dominance in society, which results in a higher frequency of males participating in groups. Additionally, some females limit their activity in public, even when they are members, due to marital responsibilities and other cultural factors. However, this should not be interpreted to mean that men necessarily have a greater presence in the areas consulted.

The educational qualifications of the respondents indicate that those with higher qualifications are more prevalent than others. For instance, 40 respondents (9.35%) hold primary schol certificates. Those with SSCE make up 69 (16.12%), NCE/diploma holders are 102 (23.83%), degree holders constitute 48 (11.21%), master's degree holders are 10 (2.34%), and those with a doctorate degree are 4 (0.93%). Additionally, 155 respondents (36.21%) hold other certificates with different specifications from those mentioned above. This distribution is understandable when considering the nature and type of groups interviewed.

The occupations of the respondents are distributed as follows: 65 (15.19%) are students, who may be either undergraduates or postgraduates, though most are presumed to be postgraduates given the group's composition. In the second category, 111 (25.93%) are businessmen/farming, 97 (22.66%) are civil servants, 87 (20.33%) are artisans, and 40 (9.35%) fall into other categories specified in their responses, including consultants, entrepreneurs, experts, and retirees. It is understandable that the majority are businessmen/farmers, as the groups mainly comprise staff of locals and related organisations.

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The above outlines the main characteristics of the respondents. The table below presents the interpretation of the various opinions of the respondents based on the questions asked regarding how the removal of the fuel subsidy affects the socioeconomic status of the inhabitants of Northeast Nigeria.

Table 2. Responses of respondents on the socioeconomic effects of subsidy removal in Northeast Nigeria

D	o you believed yo	ou have benefitted fr	rom fuel	subsidy								
Yes		No		Total								
397 (92.76		31 (7.24%)		428 (100%)								
Do you support subsidy removal?												
Yes		No		Total								
17 (3.97%		411 (96.03%)		428 (100%)								
	Have you be	nefitted from subsid	y remov	al?								
Yes		No		Total								
9 (2.10%	5)	419 (97.90%)		428 (100%)								
Do	es subsidy remov	al affects you negati	ively or p	ositivel	y?							
Positivel	y	Negatively		Total								
48 (11.219		380 (88.79%)		428 (100%)								
Do you agree that the money gained from subsidy removal are utilised judiciously for												
	social secu	rity policies and prog	grammes	?								
Agree		Disagree		Total								
5 (1.17%	5)	423 (98.83%)		428 (100%)								
W	hat are the effects	s of subsidy removal	on your	daily life	e?							
Unbearable	Rising cost of			ity to	Total							
inflation	foodstuffs	transportation	afford	basic								
			serv									
88 (20.56%)	99 (23.13%)	78 (18.22%)	163 (38.08%)		428 (100%)							
		e most affected by s										
Transportation	Agriculture	Trading	Civil service		Total							
168 (39.25%)	101 (23.60%)	83 (19.39%)	76 (17.76%)		428 (100%)							
		is most affected by s	subsidy	removal [•]								
Education	Healthcare	Communication	Transportation		Total							
71 (16.59%)	116 (27.10%)	83 (19.39%)	158 (36.92%)		428 (100%)							
What do you expect the government to do to cushion the effects of subsidy removal?												
Increase salaries	Subsidise	Provide affordable	Free		Total							
	fertilisers	transportation	educ	ation								
			ar									
			healt									
98 (22.90%)	111 (25.93%)	139 (32.48%)	80 (18	3.69%)	428 (100%)							

Source: Field Survey 2025.

Table 2 show Respondents' perceptions of whether they had benefited from the fuel subsidy prior to its elimination are shown in the table. Only 31 (7.24%) of the 428 respondents stated they had not benefited from the fuel subsidies, compared to 397 (92.76%) who stated they had. This indicates that the vast majority of respondents

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recognised that fuel subsidies improved their daily lives. The large number of beneficiaries suggests that, in the past, subsidised fuel prices were crucial in reducing living expenses, particularly by lowering manufacturing and transportation costs. This, in turn, made it easier for low-income households to afford necessities such as food, medical care, and education.

The table 2 respondents' views on Nigeria's fuel subsidy elimination. Only 17 (3.97%) of the 428 respondents supported eliminating the fuel subsidy, while 411 (96.03%) opposed the programme. This overwhelming rejection demonstrates the unpopularity of fuel subsidy removal among Northeast Nigerians. The findings suggest that most individuals believe the policy will negatively affect their daily livelihoods and financial security. The public's reliance on subsidised fuel to maintain access to basic necessities, affordable transportation, and agricultural production also contributes to the very low level of support. The results further indicate that the withdrawal of subsidies has a more significant negative impact on the population than any potential long-term benefits. It highlights widespread discontent, likely caused by the sudden increase in fuel prices, higher costs of goods and services, and reduced purchasing power.

Respondents' opinions on whether they have benefited from the elimination of the fuel subsidy are shown in the table. Only 9 (2.10%) of the 428 respondents reported benefiting from the policy, while the vast majority, 419 (97.90%), said they had not. This finding indicates that most people in Northeast Nigeria have not experienced the anticipated benefits of subsidy withdrawal, such as improved infrastructure, more effective social welfare programmes, or more strategically allocated government spending. Instead, the results suggest that any potential advantages have been outweighed by the financial burden caused by rising fuel prices. The extremely low proportion of beneficiaries implies that the policy has not delivered equitable economic benefits, particularly for the most vulnerable and impoverished members of society. The lack of tangible benefits from the removal of subsidies has likely exacerbated conditions in a region already facing economic challenges, including high unemployment, poverty, and limited industrial activity.

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Table 2 presents respondents' perceptions of the overall impact of the removal of fuel subsidies on their lives. A significantly higher percentage, 380 (88.79%) respondents, stated that the policy had a negative impact on them, compared to 48 (11.21%) who reported a beneficial impact. This result clearly demonstrates that the majority of people in Northeast Nigeria believe the elimination of gasoline subsidies will have negative socioeconomic consequences. The large number of negative responses indicates a reduction in purchasing power, increased living expenses, and higher prices for goods and services as a result of the programme. These unfavourable outcomes are consistent with the general inflationary pressures that followed the rise in fuel costs. The comparatively small percentage of respondents (11.21%) who reported favourable effects may represent individuals or groups who have benefited indirectly from expanded business opportunities or from government initiatives in specific sectors. However, they are too few to suggest a substantial or widespread beneficial influence.

Table 2 presents respondents' opinions on the prudent use of money saved by eliminating fuel subsidies for social security measures and development initiatives. Only 5 (1.17%) of the 428 respondents agreed that the funds were used appropriately, while 423 (98.83%) disagreed. This overwhelming disagreement indicates that the public has little confidence in the government's ability to manage and allocate the savings from subsidy removal. The findings suggest that most respondents have not observed significant improvements in social programmes, infrastructure, or public welfare to justify the elimination of the subsidy. The conclusion indicates that, although the strategy aimed to free up funds for national development, public trust has been undermined by perceived poor management or lack of transparency in the use of these funds. This sense of inadequate accountability may also explain the widespread opposition to subsidy withdrawal reported in previous studies.

Table's 2 show data illustrates the various ways in which respondents' everyday lives in Northeast Nigeria have been affected by the elimination of fuel subsidies. Of the 428 respondents, 163 (38.08%) reported being unable to afford basic services, 99 (23.13%) noted rising food costs, 88 (20.56%) cited high inflation, and 78 (18.22%) identified the high cost of transportation as the most significant consequence. This distribution demonstrates that the removal of fuel subsidies has negatively affected people's daily

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lives in multiple ways. The fact that the majority of respondents reported being unable to afford basic services indicates that the policy has significantly reduced household purchasing power, making necessities such as energy, healthcare, and education increasingly inaccessible. The increase in food costs, the second most frequently mentioned consequence, shows how rising fuel prices lead to higher manufacturing and transportation expenses, which in turn drive up the cost of consumer goods. Similarly, reports of unmanageable inflation and excessive transportation costs demonstrate how the effects of rising fuel prices have permeated all aspects of daily economic activity, particularly in a region where most people rely on energy and transportation for mobility and their livelihoods.

The sectors in Northeast Nigeria most affected by the elimination of gasoline subsidies are shown in the table. Of the 428 respondents, 168 (39.25%) indicated that the transportation sector was most affected, followed by the civil service (76; 17.76%), agriculture (101; 23.60%), and trading (83; 19.39%). The findings indicate that the withdrawal of subsidies has had the greatest impact on the transport sector. As fuel is a major input in transportation, this result is expected. The cost of operating vehicles, paying for public transport, and managing logistics all increase directly with the sharp rise in fuel prices following the removal of subsidies. These rising transportation costs have a multiplier effect on other economic sectors, particularly trade and agriculture, which rely heavily on transportation for distribution and production. The agriculture sector, which 23.60% of respondents identified as significantly affected, has likely been impacted by higher costs for purchasing agricultural inputs, operating farm equipment, and transporting produce. Similarly, the trading sector (19.39%) faces increased expenses for moving goods and managing supply chains, often resulting in higher consumer prices. Although less directly affected, the civil service sector (17.76%) experiences indirect effects such as reduced real income and higher living costs, as salaries often remain unchanged despite inflation.

Table 2 presents respondents' views on which areas of life in Northeast Nigeria are most affected by the elimination of gasoline subsidies. Transportation was identified as the most affected sector by 158 (36.92%) of the 428 respondents, followed by healthcare (116; 27.10%), communication (83; 19.39%), and education (71; 16.59%). The findings

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indicate that transport is the sector most affected by the removal of subsidies. This is expected, as fuel prices directly affect vehicle operations, transportation services, and mobility for both individuals and businesses. Other aspects of life, such as the delivery of goods, access to healthcare, and commuting to school, are also influenced by increased transportation costs. Healthcare was found to be the second most affected area, highlighting the likelihood that higher operational and transportation costs could limit access to medical care and increase the cost of its provision. Although communication and education are less affected than healthcare and transportation, they still show a significant impact, suggesting that rising gasoline prices indirectly affect students' ability to attend school and increase the cost of maintaining communication services.

Table 2 presents respondents' views on the measures they believe the government should implement to mitigate the negative effects of removing fuel subsidies in Northeast Nigeria. Among the 428 respondents, affordable transport was the most frequently recommended policy (139; 32.48%), followed by fertiliser subsidies for farmers (111; 25.93%), salary increases (98; 22.90%), and free healthcare and education (80; 18.69%). These findings indicate that respondents prioritise practical solutions that directly reduce living costs and support key sectors. The emphasis on affordable transport reflects the significance of fuel for trade and mobility, as well as the impact of rising transport costs on household expenditure and the availability of goods and services. Fertiliser subsidies highlight the importance of supporting the agricultural sector, which is vital for the region's food production and rural livelihoods. Salary increases and the provision of free healthcare and education also emerged as important policies, suggesting that respondents recognise the need for income support and access to essential social services to alleviate the financial burden resulting from the removal of subsidies.

Informants Views

The socioeconomic impacts of eliminating fuel subsidies were analysed both analytically and empirically by academic informants from Adamawa, Borno, and Gombe universities. They largely agreed that the strategy was poorly implemented and disruptive to society, even though it was partially economically justified. They emphasised that the public's suffering was worsened by inadequate planning, a lack of

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palliative measures, and weak institutional structures. The scholars highlighted that poverty levels have increased, particularly among low-income earners, due to inflation, rising transportation costs, and declining purchasing power.

Traders in all three states were extremely unhappy with the loss of subsidies, calling it disastrous for company operations. They stated that logistics and transportation costs had increased significantly, resulting in higher product prices and fewer customers. Many reported a general slowdown in business activity, decreased stock turnover, and reduced profitability. They claim that the elimination has reduced market demand, especially for home and food items, and diminished discretionary income.

The elimination of subsidies was generally regarded as an economic burden by the civil servants interviewed in Adamawa, Borno, and Gombe. They emphasised that although wages have not increased, living expenses have more than doubled, making it difficult to cover essential costs. Many lamented the rise in debt dependence and the decline in welfare. Citing a lack of noticeable improvements in public services or infrastructure, some civil servants expressed doubts about government assurances that savings from the elimination of subsidies would be allocated to social programmes.

All transport industry informants agreed that the elimination of petrol subsidies had the most immediate and direct detrimental impact on their means of subsistence. Transport costs have soared due to the dramatic increase in petrol prices, resulting in fewer passengers and reduced profitability. Many operators reported difficulty maintaining vehicles and continuing commercial operations. Some stated that small businesses had been forced out of business by the policy, while others were compelled to raise fares beyond the means of the average passenger.

Welders, mechanics, and small-scale craftspeople were among the artisans who reported significant daily revenue constraints caused by rising fuel prices and inflation. Many rely on generators for their power supply, and production costs have increased dramatically due to the higher price of petrol. They complained about declining business as customers reduced their spending. To mitigate the effects, some urged the government to provide soft loans, subsidised tools, or alternative energy sources. They noted that the situation had increased unemployment and driven more people into poverty.

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According to the opinions of the aforementioned informants, all groups strongly oppose the withdrawal of gasoline subsidies, as it negatively affects the lives of people living in northeastern Nigeria. Several studies (Lockwood, 2013; Lockwood, 2015; Dennis, 2016; Sovacool, 2017; Rentschler, 2018; Fails, 2019; Couharde & Mouhoud, 2020; Houeland, 2021; Price, 2022) indicate that governments worldwide should continue to provide fuel subsidies out of concern for low-income households, who are most affected by price increases or the removal of such subsidies.

Discussion

The finding reflects the importance of fuel subsidy as a social welfare mechanism, especially in a region like Northeast Nigeria, where economic activities largely depend on fuel for transportation and small-scale business operations. It also indicates that the policy had broad socioeconomic benefits across the population before its removal.

Overall, this research shows that Northeast Nigerians have not come to terms with the elimination of fuel subsidies. Strong public opposition supports the idea that the policy exacerbates inequality and economic hardship, which is consistent with the Cost-Push Inflation Theory, which describes how rising gasoline prices can cause social pain and general price hikes.

Overall, these data support the view that the elimination of fuel subsidies has had little or no beneficial socioeconomic effects on people in Northeast Nigeria. Additionally, this finding is consistent with the Cost-Push Inflation Theory, which states that policyinduced increases in fuel prices typically lead to higher production and transportation costs, resulting in increased prices for goods and services rather than improvements in the welfare of ordinary people.

Overall, this finding suggests that the elimination of gasoline subsidies has significantly worsened the financial situation of local residents. Additionally, it supports the Cost-Push Inflation Theory, which holds that rising production and fuel costs increase prices across the economy, reducing real income and lowering living standards.

Overall, the outcome shows that Northeast Nigeria has not experienced the anticipated redistributive effects of eliminating subsidies. Instead, the public continues to face economic hardship in the absence of clear solutions. This aligns with the Welfare

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Economics perspective, which emphasises that government policies should improve public welfare; in this case, the apparent failure to do so has led to discontent and doubts about the effectiveness of the reform.

These results show that the elimination of fuel subsidies has generally caused living standards to decline and economic hardship to increase among Northeast Nigerians. According to the Cost-Push Inflation Theory, which explains how increased production and transportation costs resulting from higher fuel prices lead to inflation that reduces real income and exacerbates poverty, the findings are consistent with this theory.

The results show that industries that depend significantly on fuel and transportation, especially transportation and agriculture, have been disproportionately affected by the elimination of fuel subsidies. These findings support the Cost-Push Inflation Theory, which holds that rising production and distribution costs caused by higher fuel prices increase overall prices, reduce productivity, and diminish welfare in the affected sectors.

All things considered, the facts show that eliminating gasoline subsidies has interfered with basic everyday activities, especially those related to healthcare and transportation, which are vital for social and economic well-being. These findings are consistent with the Cost-Push Inflation Theory, as rising fuel prices have made basic services more expensive, decreasing affordability and the general quality of life.

According to the statistics, residents in Northeastern Nigeria expect specific government initiatives to reduce the immediate financial strains caused by increases in fuel prices. These expectations align with welfare economics, which emphasises that government actions should enhance public welfare and protect citizens from the negative consequences of policy changes, such as the elimination of subsidies.

CONCLUSION

This study examined how the elimination of fuel subsidies affected the socioeconomic status of people living in northeastern Nigeria. The results show that removing fuel subsidies has had a disproportionately negative impact on people's daily lives and financial security. Most respondents reported that they had previously benefited from the fuel subsidy, but only a few indicated any benefit after its removal.

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The majority of residents identified unmanageable inflation and rising costs of travel, food, and basic services as the main problems caused by this policy.

The statistics also show that key industries such as transportation, agriculture, and trade have been disproportionately affected, and that transportation, healthcare, and education in particular have become increasingly strained. Furthermore, respondents strongly believed that government savings from the elimination of subsidies have not been wisely allocated to development or social security initiatives. As a result, there is very little public trust in the government's management of subsidy savings.

The analysis shows that the elimination of fuel subsidies in Northeast Nigeria has increased socioeconomic inequality, reduced purchasing power, and made it more difficult to obtain basic services. These results support the Cost-Push Inflation Theory, which holds that rising production and transportation costs lead to increased prices for products and services, thereby lowering real income and living standards.

Based on the findings, the study recommends the following measures to mitigate the negative effects of fuel subsidy removal:

- 1. Provision of Affordable Transportation: The government should implement measures to lower transportation costs, such as subsidized fuel for public transport operators or investment in public transportation infrastructure, to ease the burden on households and businesses.
- 2. Support for the Agricultural Sector: Subsidies for fertilizers, seeds, and farming equipment should be provided to reduce the cost of agricultural production, ensure food security, and protect the livelihoods of rural farmers.
- 3. Income Support Measures: Salary adjustments for public and private sector workers, alongside targeted cash transfers for low-income households, can help offset the rising cost of living caused by subsidy removal.
- 4. Investment in Social Services: The government should prioritize spending on healthcare, education, and essential services to ensure that citizens continue to access basic needs despite rising costs. Free or heavily subsidized services in these areas would directly improve the welfare of affected communities.

- 5. Transparency and Accountability: To restore public confidence, the government should ensure transparent and accountable management of funds saved from subsidy removal. Regular reporting on how resources are allocated to social and developmental programs is critical.
- 6. Monitoring and Evaluation: Establish mechanisms to continuously assess the socioeconomic impact of subsidy removal, particularly in vulnerable regions like Northeast Nigeria. Data-driven policy adjustments should be made to prevent further hardship.

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