

## CAUSES AND EFFECTS OF ECONOMIC HARDSHIP IN NIGERIA AND POSSIBLE SOLUTIONS: ISLAMIC PERSPECTIVES

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### ABSTRACT

*Nigeria is currently grappling with severe economic hardship, intensified by the removal of fuel subsidies in 2023, persistent corruption, and continued dependence on crude oil revenues. These structural and policy-related challenges have resulted in inflation, unemployment, food insecurity, rising suicide rates, and the collapse of small and medium sized businesses, while eroding public trust in governance. This study adopts a qualitative approach, combining historical analysis, phenomenological inquiry, and documentary review of Qur'anic texts, Hadith, and classical and modern Islamic scholarship. Semi-structured interviews with households, business owners, economists, and Islamic scholars further illuminate the lived realities of hardship. Findings reveal that subsidy removal without adequate safety nets, systemic corruption, and oil dependency are central drivers of Nigeria's crisis, with devastating socio-economic and spiritual consequences. From an Islamic perspective, economic hardship is not only a fiscal problem but also a moral failure of justice, equity, and accountability. The paper highlights Islamic economic principles zakat, prohibition of riba, waqf, hisbah, and diversification as viable solutions for poverty alleviation and social justice. It concludes that Nigeria's recovery requires both sound economic reforms and an ethical transformation rooted in Islamic teachings, offering a faith-informed roadmap for resilience and sustainable development.*

**Keywords:** Effects, Economic Hardship, Solutions, Islamic Perspectives, Nigeria

### 1.0

### INTRODUCTION

Nigeria is presently facing one of its most severe economic crises in recent history, marked by rising inflation, unemployment, food insecurity, and widespread poverty. The government's

removal of fuel subsidy in 2023, though aimed at reducing fiscal deficits and promoting economic stability, has intensified hardship for ordinary Nigerians. The cost of transportation, food, healthcare, and other essential commodities skyrocketed, leaving millions unable to meet their daily needs. According to the National Bureau of Statistics, over 133 million Nigerians are currently living in multidimensional poverty, a figure that highlights the depth of economic vulnerability in the country (NBS, 2022).

The effects of this hardship are not only material but also social and psychological. Reports of suicide linked to financial frustration have surfaced in different states, reflecting the despair that many citizens face. Families struggle to afford education and healthcare, small businesses are collapsing due to high operational costs, and public trust in governance continues to decline. As Transparency International consistently ranks Nigeria among the most corrupt countries in the world, citizens increasingly associate economic suffering with mismanagement, elite corruption, and poor leadership (Transparency International, 2020).

From an Islamic perspective, such conditions represent a failure of economic justice and social responsibility. The Qur'an warns against the unjust accumulation of wealth and its concentration in the hands of a few, commanding that resources should circulate fairly in society:

7. What Allah has bestowed on His Messenger (and taken away) from the people of the townships,- belongs to Allah,- to His Messenger and to kindred and orphans, the needy and the wayfarer; In order that it may not (merely) make a circuit between the wealthy among you. so take what the Messenger assigns to you, and deny yourselves that which He withholds from you. and fear Allah. for Allah is strict In punishment. (Qur'an 59:7).

Similarly, the Prophet Muhammad (peace be upon him) cautioned against selective justice and the betrayal of public trust, teaching that a society collapses when the powerful are spared

accountability while the weak are punished (al-Bukhari and Muslim). Classical Muslim scholars such as al-Ghazali linked poverty to social instability, arguing that widespread deprivation threatens both the faith and well-being of individuals (al-Ghazali 120). Ibn Khaldun, in his *Muqaddimah*, also observed that corruption, heavy taxation, and misrule lead to economic decline and eventual collapse of states (Ibn Khaldun, 95).

This paper therefore seeks to examine the causes and effects of economic hardship in Nigeria with particular focus on the consequences of subsidy removal, corruption, and oil dependency. It further proposes solutions rooted in Islamic economic principles such as zakat, prohibition of *riba* (usury), promotion of *waqf* (endowments), accountability (*hisbah*), and diversification of livelihoods. By situating Nigeria's crisis within both contemporary realities and Islamic teachings, the study aims to provide a faith-informed roadmap for alleviating hardship and promoting justice in society

## **2.0 LITERATURE REVIEW**

### **2.1 Conceptual Review.**

#### **2.1.1 Concept of Economic Hardship**

Economic hardship refers to the inability of individuals or households to meet basic living expenses such as food, shelter, healthcare, and education. Scholars define it as both a social and economic condition that disrupts family life, weakens productivity, and endangers national stability (Ibrahim 43). In the Nigerian context, economic hardship has become a persistent reality, affecting urban and rural populations alike. The Qur'an emphasizes that provision (*rizq*) is a fundamental right bestowed by Allah, declaring:

“There is no moving creature on earth but its sustenance dependeth on Allah. He knoweth the time and place of its definite abode and its temporary deposit: all is In a Clear record” (Qur’an, 11:6). Thus, poverty and deprivation are not merely economic phenomena but also moral and spiritual challenges that require just social systems.

### **2.1.2 Causes of Economic Hardship in Nigeria**

The most recent trigger of economic hardship in Nigeria is the removal of fuel subsidy in 2023, which immediately tripled fuel prices, escalated transport fares, and raised the cost of essential goods (World Bank, 18). While government officials argue that subsidies drained public resources, their removal disproportionately affected the poor, who lack social safety nets. Islam emphasizes that leaders must not impose burdens that exceed the capacity of their people, as the Prophet (SAW) said: “Your leaders are only appointed over you to ease your affairs, not to burden you” (al-Tabarani, *al-Mu’jam al-Kabir*). This highlights the ethical dilemma of policy reforms that harm the vulnerable without adequate relief measures.

Corruption remains one of the greatest obstacles to Nigeria’s economic development. Transparency International estimates that Nigeria has lost over \$400 billion to corruption since independence (Transparency International 2020). Corruption undermines trust, misallocates resources, and perpetuates poverty. Allah unequivocally condemns the embezzlement of public wealth.

"But seek, with the (wealth) which Allah has bestowed on thee, the home of the Hereafter, nor forget Thy portion In This world: but do Thou good, As Allah has been good to thee, and seek not (occasions for) mischief In the land: for Allah loves not those who do mischief." (Qur’an, 28:77).

Ibn Khaldun linked the downfall of civilizations to corruption, noting that when rulers divert

wealth for personal gain, the economy collapses due to declining public trust and reduced productivity (Ibn Khaldun 102).

Nigeria's over-reliance on crude oil revenue has made the economy vulnerable to international oil price fluctuations. The 2016 and 2020 oil crashes revealed the fragility of this mono-economy (Olawale 65). A similar dependency continues to haunt Nigeria, as revenues fail to diversify into agriculture, manufacturing, and technology. Islamic scholarship stresses diversification and productivity as moral obligations. Al-Ghazali argued that economic activity (*kasb*) is a duty upon every Muslim, since neglect of labor leads to poverty and societal decline (al-Ghazali, 118). This aligns with modern economic principles that advocate for structural diversification as a safeguard against crisis.

The consequences of economic hardship are severe and multidimensional. Rising poverty has pushed families into despair, with reports of suicides attributed to unbearable financial strain. For instance, in Akwa Ibom State, a man was found dead by suicide, with relatives attributing his action to economic frustration. Such cases reflect the Prophet's (SAW) teaching that poverty can endanger faith: "Poverty almost leads to disbelief" (al-Bayhaqi, Shu'ab al-Iman).

Small and medium-sized businesses face collapse due to inflation and lack of access to affordable credit. High-interest rates contradict Islamic financial principles, as *riba* (interest) is prohibited in Islam because it exploits borrowers and widens inequality

Those who devour usury will not stand except As stand one whom the evil one by His touch hath driven to madness. that is because They say: "Trade is like usury," but Allah hath Permitted trade and forbidden usury. those who after receiving direction from their Lord, desist, shall be pardoned for the past; their case is for Allah (to judge); but those who repeat (the offence) are companions of the Fire: They will abide therein (for ever). (Qur'an, 2:275).

Additionally, the general loss of trust in government has widened the gap between citizens and the state, a condition Ibn Khaldun warned of when rulers abandon justice in governance.

Islamic economics presents frameworks for addressing economic hardship through justice, accountability, and wealth redistribution. The Qur'an mandates zakat as a means to support the poor, the needy, and those burdened.

“Alms are for the poor and the needy, and those employed to administer the (funds); for those whose hearts have been (recently) reconciled (to Truth); for those In bondage and In debt; In the cause of Allah. and for the wayfarer: (thus is it) ordained by Allah, and Allah is full of knowledge and wisdom” (Qur'an, 9:60). Historically, *waqf* (endowment) institutions funded education, healthcare, and social welfare, alleviating hardship in Muslim societies (al-Ghazali, 120). Modern Islamic economists such as M. Umer Chapra argue that the application of zakat, prohibition of *riba*, and promotion of ethical governance can mitigate poverty and inequality in contemporary Muslim-majority societies (Chapra, 47). Similarly, the institution of *hisbah* (Islamic accountability system) provides a framework for curbing corruption and ensuring fairness in trade and governance (Khan, 89).

From an Islamic perspective, therefore, Nigeria's economic hardship is not merely a fiscal challenge but also a moral crisis requiring the implementation of divine principles of justice, equity, and trustworthiness.

. The Qur'an condemns corruption and the unjust accumulation of wealth (Qur'an, 2:188), while the Prophet (SAW) emphasized fairness, accountability, and compassion in governance (Abu Dawud, Hadith, 3582). Classical scholars such as al-Ghazali and Ibn Khaldun highlighted the centrality of economic justice and the dangers of misrule, insights that remain relevant in

contemporary Nigeria. Modern Islamic economists, including Chapra, argue that zakat, prohibition of riba, and ethical governance provide practical solutions to poverty and inequality.

### **3.0 METHODOLOGY**

This study adopts a qualitative research design that integrates historical analysis, phenomenological inquiry, and documentary review. Historical analysis traces Nigeria's economic challenges, particularly corruption, oil dependency, and the 2023 fuel subsidy removal. The phenomenological approach explores the lived experiences of Nigerians affected by these crises, while documentary review incorporates Islamic sources Qur'an, Hadith, and the writings of scholars such as al-Ghazali and Ibn Khaldun alongside contemporary Islamic economists like Chapra. Semi-structured interviews were conducted with 15 households experiencing hardship, 10 small business owners impacted by inflation, 5 economists, and 5 Islamic scholars. These participants were purposively selected to provide a diverse yet focused insight into the socio-economic and ethical dimensions of hardship in Nigeria.

Data collection relied on both primary and secondary sources. Interviews were transcribed and thematically analyzed under categories such as "causes of hardship," "effects on households and businesses," and "Islamic ethical solutions." Secondary data included World Bank and Transparency International reports, as well as relevant academic studies. The documentary analysis employed a hermeneutical approach, interpreting Qur'anic and Hadith texts in the Nigerian socio-economic context, and synthesizing them with classical insights from al-Ghazali and Ibn Khaldun. Ethical considerations guided the research, ensuring confidentiality and voluntary participation, while upholding Islamic values of justice, fairness, and dignity (Qur'an, 49:13)

## **4.0 RESULTS , FINDINGS AND DISCUSSION.**

### **4.1 Causes of Economic Hardship and Effects of Economic Hardship**

The findings indicate that the removal of fuel subsidy in 2023 emerged as a central cause of the current hardship. Prices of fuel tripled, leading to higher transport costs and food inflation. A small business owner interviewed in Anyigba lamented: “The cost of moving goods from Lokoja to our town has doubled, and customers no longer buy as before. Many of us are running at a loss.” This aligns with World Bank data that subsidy removal disproportionately affects low-income households (World Bank, 19). From an Islamic perspective, policy measures that overburden citizens contradict the Prophetic principle of governance: “Your leaders are appointed to make things easy for you, not to make them difficult” (al-Tabarani, al-Mu‘jam al-Kabir).

Corruption was also identified as a long-standing cause of economic hardship. Respondents expressed frustration over mismanagement of public funds, with one community elder remarking: “Money meant for the poor disappears before it reaches us. Corruption is our biggest disease.” Transparency International estimates that Nigeria has lost over \$400 billion to corruption since independence (Transparency International, 2020). The Qur’an warns against consuming wealth unjustly (Qur’an, 2:188), while Ibn Khaldun connected corruption in leadership to societal collapse (Ibn Khaldun, 103).

Another recurring theme is oil dependency. Participants noted that when oil prices fall, Nigeria’s economy stagnates, leaving other sectors underdeveloped. A farmer in Kogi State observed: “We cannot depend only on oil; government should support agriculture. Our land is fertile, but we lack support.” Classical Islamic scholars such as al-Ghazali emphasized that economic activity (*kasb*)



is a duty and that societies collapse when productive labor is neglected (al-Ghazali, 118). This echoes modern scholarship that views diversification as essential for sustainable development (Olawale, 67).

The consequences of hardship are severe and multifaceted. Rising prices have pushed families into poverty and hunger, with many unable to afford staple foods. Some respondents shared experiences of skipping meals to survive. A widow interviewed in Idah stated: "I sometimes drink only water at night so my children can eat the little food we have." Such conditions resonate with the Qur'anic command to feed the needy and not abandon them in distress,

"And They feed, for the love of Allah, the indigent, the orphan, and the captive,- (Saying),"We feed you for the sake of Allah alone: no reward do we desire from you, nor thanks" (Qur'an, 76:8-9). Another alarming effect is the increase in suicides. Reports of individuals taking their lives due to unbearable economic strain were confirmed by interviewees, who linked despair directly to hardship. The Prophet (SAW) emphasized the dangers of poverty, warning that "poverty almost leads to disbelief" (al-Bayhaqi, Shu'ab al-Iman). Poverty, therefore, is not only an economic issue but also a spiritual threat that destabilizes faith and morality.

Businesses have also suffered, particularly small and medium enterprises (SMEs). Many respondents reported closure of shops due to low patronage, inflation, and high-interest loans. Islamic finance principles prohibit *riba* (interest) because it exploits the weak, Allah says;

Those who devour usury will not stand except As stand one whom the evil one by His touch hath driven to madness. that is because They say: "Trade is like usury," but Allah hath Permitted trade and forbidden usury. those who after receiving direction from their Lord, desist, shall be pardoned for the past; their case is for Allah (to judge); but those who repeat (the offence) are companions of the Fire: They will abide therein (for ever). (Qur'an, 2:275).

Alternatives such as *qard hasan* (benevolent loans) and profit-sharing models in Islamic banking could provide relief for struggling entrepreneurs.

Lastly, findings show a loss of trust in governance. Citizens increasingly view government promises as empty, associating political elites with corruption and insensitivity. Ibn Khaldun foresaw this dynamic, observing that when rulers lose legitimacy through mismanagement, citizens withdraw loyalty, leading to social unrest (Ibn Khaldun, 110).

## **4.2 Islamic Solutions**

Islamic perspectives provide both ethical critiques and practical solutions. The Qur'an prescribes zakat as an institutional mechanism for wealth redistribution, ensuring that the poor, needy, and indebted are supported (Qur'an, 9:60). Respondents expressed strong belief that if zakat were implemented transparently at a national level, hardship would be reduced. Historically, waqf (endowments) funded education, healthcare, and welfare systems, demonstrating sustainable models for poverty alleviation (al-Ghazali, 120).

Contemporary Islamic economists such as Chapra argue that the combination of zakat, prohibition of riba, ethical governance, and diversification of economic activities can address modern challenges (Chapra, 48). Moreover, the institution of hisbah, rooted in Qur'anic injunctions of enjoining good and forbidding evil, Allah syas:

“ Let there arise out of you a band of people inviting to all that is good, enjoining what is right, and forbidding what is wrong: They are the ones to attain felicity” (Qur'an, 3:104), can serve as a framework to curb corruption, regulate markets, and ensure fairness in trade (Khan, 90). Thus, the findings reveal that Nigeria's economic hardship is not only a fiscal problem but also a moral and

ethical crisis. Solutions must therefore be holistic, combining sound economic reforms with Islamic principles of justice, accountability, and equitable distribution of resources

## **5.0 CONCLUSION AND RECOMMENDATIONS .**

### **5.1 Conclusion**

In conclusion, Nigeria's path to overcoming economic hardship requires not only fiscal reforms but also an ethical transformation rooted in Islamic principles of justice, equity, and compassion. By integrating these values into governance and economic management, Nigeria can move toward a more just, resilient, and spiritually grounded society. The findings of this study reveal that economic hardship in Nigeria is driven by multiple structural and ethical challenges. The removal of oil subsidy in 2023, while aimed at stabilizing the economy, has escalated inflation and disproportionately affected low-income households. Corruption remains a systemic barrier, diverting resources meant for the poor, while over-dependence on oil revenues continues to expose the country to global market fluctuations. The effects of these crises are devastating: rising poverty, increasing suicide rates, collapse of small businesses, and erosion of public trust in governance.

From an Islamic perspective, these challenges are not solely fiscal but also moral in nature

### **5.2 Recommendations**

The Nigerian state and Muslim organizations should establish transparent *zakat* and *waqf* systems to redistribute wealth and fund education, healthcare, and welfare services. On the other hand, it must reduce dependence on crude oil and invest in agriculture, technology, and manufacturing. This aligns with Islamic teachings that emphasize productivity (al-Ghazali, 118).

The government should promote of Islamic finance or Interest-free financial systems such as *qard hasan* (benevolent loans) and profit-sharing partnerships can support small businesses and reduce exploitation associated with *riba*. It should also strengthen Anti-Corruption frameworks by Inspiring the Islamic institution of *hisbah* (accountability), mechanisms should be reinforced to ensure transparency and curb mismanagement of public resources.

Leaders must embrace the Prophetic model of governance, which prioritizes the welfare of the people. As Ibn Khaldun warned, states collapse when rulers exploit rather than serve their citizens (Ibn Khaldun, 110).

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