


ECONOMIC RECESSION IN NIGERIA: LESSONS FROM UMAR IBN AL-KHATTAB'S ECONOMIC POLICIES

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Abstract: Economic conditions are dynamic and can shift from prosperity to adversity, affecting individuals and nations alike. This paper examines the socio-economic recession during the early Islamic era under the leadership of Umar ibn Al-Khattab, exploring its causes, remedies, and eventual recovery. Umar's governance, marked by compassionate leadership, adaptive policies, and resource prioritization, provides valuable lessons for addressing contemporary economic challenges. Nigeria, facing economic recessions characterized by unemployment, inflation, and resource mismanagement, can use these lessons to mitigate its economic woes. The study employs a historical and content analysis of early Islamic economic policies, a comparative analysis of Nigeria's current challenges, and policy reviews. It highlights the need for empathetic leadership, legislative flexibility, effective resource allocation, and integration of Islamic social finance mechanisms, such as zakāt and waqf, into Nigeria's socioeconomic framework. Nigeria can enhance its economic resilience and inclusivity by fostering transparency, social justice, and collaboration while addressing systemic inequities.

Keywords: early period of Islam; hardship; lessons; recession; spiritual.

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Introduction

The early period of Islam, spanning the time of Prophet Muhammad and the initial Caliphs, was marked by profound spiritual and societal transformations. Amidst these transformations, the early Muslim community faced significant economic challenges, including periods of recession triggered by various events such as migrations, conflicts, and natural disasters. Despite these adversities, the leadership of the day, notably figures like Umar Ibn Al-Khattab employed innovative and compassionate solutions to navigate the economic downturns.¹

Like many other nations, Nigeria has experienced its share of economic recessions, each with distinct causes and consequences. As the most populous country in Africa and a major player in the global economy, Nigeria's economic health substantially impacts its citizens and the broader region.² Recessions lead to a slowdown in economic activity, often resulting in a significant drop in economic expansion with negative GDP growth. Businesses facing financial strain tend to reduce their workforce, leading to higher unemployment rates, particularly among youth. Companies are more cautious, leading to reduced investment in new projects, technology, and infrastructure. Economic downturns can weaken the Naira, Nigeria's currency, causing higher import costs and inflation.³

This article explores the causes and effects of economic recessions in the early period of Islam and examines the strategies used to overcome them. By reflecting on the leadership and practices from that era, one can uncover meaningful lessons for Nigeria, focusing on community solidarity, social justice, effective governance, and long-term economic resilience. Thus, the specific objectives of this article are to: (1) analyze instances of economic downturns during Islam's early period, focusing on the causes, responses, and consequences. (2) explore how the leadership and the community responded to these recessions using Islamic principles. (3) investigate how the strategies used to combat economic challenges in early Islamic societies can provide lessons for addressing Nigeria's current economic challenges. (4) assess the relevance of Islamic economic ethics in shaping economic policies and addressing issues of recession in Nigeria. (5) suggest Islamic-based policy frameworks that Nigerian policymakers could adopt to mitigate economic crises and promote sustainable development.

The methodology involves a historical analysis of primary and secondary sources on economic recessions in early Islamic history and their responses to them. Through content analysis, Islamic teachings will be examined to understand their application during those periods. A comparative study will be made between early Islamic recessions and Nigeria's economic challenges. Specific case studies will highlight notable recessions and responses in Islamic history, while interviews with scholars and economists will provide insights into applying Islamic principles today. Finally, a policy review will analyze Nigeria's current policies and suggest Islamic-based solutions.

¹ P.S. Zahra and S. Herman. "The Economic Policy of Umar bin Khattab to Face Ramadhan Crisis." *Islamic Economics and Business Review* 2, no. 1 (2023): p.53.

² A.Lasbrey and M. Anne. "Nigeria the Largest Economy in Africa: A Paradox of Economic Growth Hypothesis." *EPRA International Journal of Economic and Business Review (JEER)* 2, no. 2 (2014): 15-24. Accessed 12th April, 2024. <https://eprajournals.com/IJES/article/9288>.

³ P. Oniha. "Management of Recession and Exchange Rate Crisis: Policy Options." *Central Bank of Nigeria Economic and Financial Review* 55, no. 4 (December 2017).

Results and Discussion

Conceptualization of Economic Recession

Economic recession refers to a prolonged and significant decline in economic activity, typically measured by a country's Gross Domestic Product (GDP). It signals reduced production, trade, and consumption, often resulting in negative consequences such as rising unemployment, business closures, and diminished consumer confidence. According to the US National Bureau of Economic Research, a recession is defined as a significant decline in economic activity spread across the economy, lasting more than a few months, typically visible in real GDP, real income, employment, industrial production, and wholesale-retail sales.⁴ Key indicators such as falling industrial production, decreasing retail sales, shrinking incomes, and escalating unemployment must be considered to grasp the concept entirely. These all reflect broad economic deterioration.

Recessions can be triggered by various factors, often interrelated. Events like financial crises, geopolitical conflicts, or pandemics can disrupt markets, reducing consumer spending and investment. Global economic shifts, trade disruptions, and currency fluctuations can also induce recessions, especially in economies heavily reliant on external markets.⁵ The effects are wide-reaching, with increased poverty, reduced access to essential services, and greater inequality often accompanying downturns. Lower economic activity translates into reduced tax revenues, which can strain public services and government budgets. Additionally, prolonged recessions can impact a nation's economy in the long term, affecting educational opportunities, career prospects, and overall quality of life. As businesses close and job losses mount, the economy contracts further, deepening the cycle of economic hardship.⁶

Causes and Effects of Recession in the Early Period of Islam

Scholars and Islamic historians disagree on when the Muslim world first experienced economic recession. Tabari, Ibn Kathir, and Ibn Khaldun opined that it occurred in the 17th/ 18th year after Hijrah, while Ibn Sa'ad and Al-Baladhuri argued that it happened in the 19th year.⁷ Another area of divergence is the period for which the recession lasted. Ibn AbdulBarri put it between two and three years, while according to Al-Qurtubi, it lasted five to six years. Whichever the case may be, the period under question was tagged as *Amu'r-Rimad* (Year of Ashes). However, it can be understood that the recession was not a sudden event, and the effect was not equally distributed to all the territories.⁸ Historians traced the causes of the recession to various factors, prominent among which are discussed in what follows:

⁴ A.S. Ibrahim, et al. "An Analysis on the Causes and Effects of Recent Economic Recession on the Nigerian Economy." *International Journal of Social Science and Humanities Research* 4, no. 6 (2018): 453. Accessed 10th April, 2024. www.researchpublish.com.

⁵ O. Osunkeye. "Global Economic Crisis and its Implication for Nigeria." *The Nigeria Newspaper Online Publication*. Accessed 10th April, 2024. www.ngrguardiannews.com.

⁶ S.S. Benjamin. "Economic Recession in Nigeria: A Case for Government Intervention." *SSRG International Journal of Economics and Management Studies (SSRG-IJEMS)* 4, no. 6 (2017): p. 49.

⁷ J.A. Al-Harithiy. *Al-Fiqhu'l-Iqtisadi li Amiri'l-Mu'min Umar bn Khattab*. Jeddah: Daru'l-Andalus Al-Khatra'u, 2003.

⁸ J. A. Al-Harithiy, *Al-Fiqhu'l-Iqtisadi li Amiri'l-Mu'min Umar bnKhattab*, p. 321

Low Agricultural Output, The economy of the then-Muslim world was largely dependent on agriculture and commerce. During the period under study, plant and animal farms were a significant source of income for individuals and the government. Water was scarce, as all available sources were said to have ceased to supply it; rain was not forthcoming at the appropriate time, and the well and river dried off. Consequently, the plantation was poor, and animal farms yielded low output.⁹

Commercial Breakdown, Sham was not only a major city but also central to another part of Arabian lands, which, as a result, served as the most influential commercial center in other regions. The commercial activities were shut down in Sham due to the pandemic that claimed many lives; hence, people stopped their patronage of Sham for the safety of their lives and livestock as instructed by the Prophet not to enter or move out of a community where there is an epidemic. As a result, goods were no longer going into or coming out of sham, and demand drastically increased; commodity hoarding prevailed, and inflation resumed.¹⁰

Other factor includes massive migration from rural areas to urban centers; this occurred in two faces: (i) Migration of Muslims from rural areas to Madinah, which consequently reduced human resources in the agricultural sector, and (ii) forceful relocation of Jews by the government from Khaybar which the Prophet had earlier approved for what they would contribute to the agricultural sector which did not only bring revenues to the state but also made foods surplus. (iii) Over-concentration of the government on the territory expansion at the expense of infrastructural provision to cater for the frequent increase in the population.¹¹

Spiritual (non-material) Factor, In Islam, causes of economic recession are not limited to the aforementioned physical factors; it is believed that disobedience and violation of the law of Allah are factors that could cause hardship in people's socio-economic lives. Regarding the earthquake that claimed many properties at that time, Umar linked the occurrence to mischief and violation of Allah's law.¹²

Consequently, people's socioeconomic lives were greatly affected, and there was a massive migration of people from different zones to the central capital, which became congested to accommodate the new population. On this note, Umar wrote to his governors, such as Sa'd at Kufah, Abu Musa at Basrah, Amru bn Asi at Misrah, and Mu'awiyah at Sham, informing them of the new experience at Madinah and the urgent need to protect the people.¹³

Remedies to the Economic Recession in the Early Period of Islam

Different approaches and steps were taken by Umar to get to the bottom of economic setbacks during the period of slump. These could be grouped as follows:

Empathy and Solidarity

⁹ A.M. Saif. *Al-Hayatu'l-Iqtisadiyyah wa'l-Ijtimaciyyah fi Njdi wa'l-Hijaz fi cAsri'l-Umawi*. KSA: Mu'assasat Risalah, 2009. p. 340

¹⁰ A.M. Saif. *Al-Hayatu'l-Iqtisadiyyah wa'l-Ijtimaciyyah fi Njdi wa'l-Hijaz fi cAsri'l-Umawi*. 342

¹¹ N.A.I. Ash-Shaykh, *Al-Hayatu'l-Iqtisadiyyah wa'l-Ijtimaciyyah fi'l-Madinati'l-Munawwarah*. KSA: Tuhamah Press, 2009. p. 118

¹² J. A. Al-Harithiy, *Al-Fiqhu'l-Iqtisadi li Amiri'l-Mu'min Umar bnKhattab*, p. 333

¹³ J. A. Al-Harithiy, *Al-Fiqhu'l-Iqtisadi li Amiri'l-Mu'min Umar bnKhattab*, p. 339

When suffering becomes enormous among the masses, the Khalifah sees the challenge not only as a public affair but also as a responsibility for which he is personally answerable.¹⁴ In the same vein, Umar immediately adjusted the maintenance cost of his household to share people's experiences. Ibn Abdubarr reports that Umar hates consuming quality food that is not affordable for ordinary people so as not to unnecessarily favor or prefer himself to his subjects. Not only does he deny himself from the public treasury, but he equally rejects anyone who voluntarily gives him such. Umar persisted in this to the extent that his physical appearance showed suffering. However, he did not limit this to himself; he extended it to his family.¹⁵

Inauguration of Substantial Bailout and Palliative Programme

Apart from sharing the pain of suffering, Umar, without any delay, set up various committees to attend to the immediate needs of people. The committees are to investigate the needs of people and suggest possible ways of dealing with them. He tasked the committee to take a periodical census of the affected people at a short interval.¹⁶ Feeds were provided daily for those at Madinah, while similar were sent to others at their respective domains. The distribution was made based on population and monitored accordingly. At the same time, sure, poverty-stricken occupants of Madinah were fixed with their well-off counterparts as part of the temporary measure of relief. Alongside the above process, strategic approaches for lasting solutions to the slump were used. Inlets were constructed to link *Misra* (Cairo) and Hijaz so food materials could quickly be transported from the former to the latter.¹⁷

Redirection of Government Expenditure

Another approach adopted to address the situation was the redirection of government expenditure. One of the key aspects of his leadership was his ability to adjust government expenditures to navigate economic downturns. Thus, reallocating resources and implementing fiscal discipline mitigated the effects of the economic recession. Umar's approach to adjusting government expenditure involved several strategic measures:

Fiscal Discipline and Efficiency, Umar recognized the need to be frugal with public resources during hardship. He implemented policies to ensure that government expenditure was efficient and targeted at addressing the community's immediate needs. By practicing fiscal discipline, Umar ensured that resources were used effectively and that waste was minimized.¹⁸

¹⁴ Sa'ad, A.J. *Siyasatu'l-Mal Fi'l-Islam fi 'Ahdi Umar bn Khattab wa Muqaranatihabi'l-Andhumati'l-Wadiciyyah*. Qatar: Maktabatu'l-Madaris, n.d. p. 73

¹⁵ Sa'ad, A.J. *Siyasatu'l-Mal Fi'l-Islam fi 'Ahdi Umar bn Khattab wa Muqaranatihabi'l-Andhumati'l-Wadi'iyah*. p. 75

¹⁶ J. A. Al-Harithiy. *Al-Fiqhu'l-Hqtisadi li Amiri'l-Mu'min Umar bnKhattab*, p. 337

¹⁷ K. Goje. "Economic Situations in the Era of Umar bn Khattab: An Analytical Study." *Journal of Hadith Studies* 3, no. 1 (November 2018): p. 55.

¹⁸ H.H. Adinugraha. "The Economic of Umar bin Khattāb Policy in Modern Economic Policy." In *The First International Conference on Law, Business and Government 2013*. UBL, Indonesia. Accessed 12th April, 2024. <https://media.neliti.com/media/publications/175656-EN-the-economic-of-umar-bin-khattab-policy.pdf>.

Prioritization of Essential Services, Umar focused government expenditure on essential services and relief efforts. He prioritized distributing food and necessities to those most affected by the famine. This focus on providing immediate relief helped to alleviate suffering and maintain social stability. Umar was known for his simplicity and frugality in his personal life and governance. He reduced non-essential spending to ensure government resources were directed toward critical needs. This approach helped to free up resources for relief efforts and other essential services.¹⁹

Personal Sacrifice and Leading by Example, Umar's adjustment of government expenditure was closely tied to his personal sacrifice and leadership by example. He refrained from luxury and comfort, living a simple life to ensure that public resources were not spent on non-essential items. By leading by example, Umar set a standard for other administrators and encouraged them to adopt similar frugality in government spending.²⁰

Collaboration and Resource Sharing, Umar's government expenditure adjustment also involved collaboration and resource sharing with other regions. He reached out to governors in neighboring provinces, requesting aid in food and other supplies. This collaborative approach allowed the government to supplement its resources without overburdening its budget.²¹

Umar's adjustment of government expenditure serves as a valuable model for effective governance during challenging times. His emphasis on fiscal discipline, prioritization of essential services, personal sacrifice, and collaboration helped the early Muslim community navigate the economic downturn caused by the Year of Ashes.

Spiritual Measure

The spiritual measures taken by Umar to address the economic recession reflected his understanding of the importance of faith, community, and reliance on divine guidance during challenging times. Popular among such measures are:

Increased Focus on Prayer and Supplication (Dua), Umar emphasized the importance of prayer and supplication. He encouraged the Muslim community to pray to God, seeking guidance and relief from their difficulties. This spiritual focus helped unite the community and foster a sense of collective reliance on divine assistance. Umar organized communal prayers to seek rain and relief from the drought. These prayers, known as *Salat al-Istisqa* (Prayer for Rain), were held in public spaces and involved large gatherings. This collective spiritual measure strengthened the sense of community and reliance on divine intervention.²²

Emphasis on Repentance and Self-Reflection and Acts of Charity, Umar encouraged the Muslim community to repent and self-reflect during the recession. He believed that hardships could allow individuals to reflect on their actions and seek forgiveness for past

¹⁹ K. Jamaludin. "Economic Policy of Caliph Umar ibn Khattab." Accessed 12th April, 2024. <https://mpr.ub.uni-muenchen.de/87819/>.

²⁰ A.A. Ibrahim, *Umar bin Khattab Ijtihad fi Ardissawad*. Oman: Jordan, 2008. p. 5

²¹ K. Goje. "Domestic Revenue in the Era of Umar bin Khattab: An Analytical Study in the Light of Sunnah." *Journal of Hadith Studies* 2019. p. 45

²² A.M. Asolaabiy. *Biography of Umar bin al-Khattab: His Personality and His Era*. Beirut: Darul Marifah, 2005. p. 7

wrongdoings. This emphasis on repentance promoted a culture of accountability and spiritual growth. Umar underscored the importance of charity (zakat) and acts of altruism. He urged those with resources to share with those in need, emphasizing the spiritual benefits of giving. This focus on charity not only provided tangible support to those affected by the recession but also reinforced the spiritual principle of compassion and community support.²³

Leading by Example and Strengthening Community Solidarity, Umar led by example, demonstrating his commitment to spiritual practices during the economic recession. He was known to spend more time praying, supplicating, and seeking forgiveness, acknowledging that hardships could be a test from God. His example encouraged others to follow suit, reinforcing the spiritual foundation of the Muslim community. Through his spiritual measures, Umar aimed to strengthen community solidarity. He fostered a sense of unity and shared purpose by encouraging collective prayers, acts of charity, and a focus on spiritual growth. This spiritual Solidarity helped the Muslim community navigate the challenges of the recession with resilience and hope.²⁴

Umar provided a spiritual framework for the Muslim community to navigate the hardships of the recession. His approach emphasized the importance of unity, compassion, and reliance on divine guidance during times of crisis.

Legal Amendments

Recognizing that the rigid application of laws could exacerbate suffering during such times, Umar, trying to balance legal principles with the community's needs, made strategic amendments to certain sections of the law to ease the burden on the people and ensure justice. Here are some notable amendments:

Suspension of Punishment for Theft, Umar suspended the traditional punishment for theft, recognizing that people might resort to theft out of necessity to survive. Islamic law prescribed specific penalties for theft, but Umar acknowledged that extraordinary circumstances required flexibility. By suspending these punishments, Umar prevented the unjust treatment of those stealing to meet basic needs and focused instead on addressing the root causes of the crime.²⁵ *Modification of Zakat Distribution*, Zakat, the obligatory charity in Islam, had prescribed categories for distribution. Umar adjusted the distribution of zakat to ensure that those most affected by the famine received the necessary support. He redirected zakat funds to provide food and other essential resources to those in need. This modification helped to alleviate suffering and ensured a more equitable distribution of resources during the crisis.²⁶ *Relaxation of Market Regulations*, Umar understood that strict regulations could hinder economic activity during a recession. He relaxed specific market rules to encourage trade and commerce, allowing for more flexibility in business operations. By doing so, he aimed to

²³ A.M. Asolaabiy. *Biography of Umar bin al-Khattab: His Personality and His Era*. p. 8

²⁴ A.M. Asolaabiy. *Biography of Umar bin al-Khattab: His Personality and His Era*. p. 9

²⁵ D.H. Firdaus, "Analysis of the Economic Policy of Umar bin Khattab Radiallahu anh: Sharia Business Perspective." *Journal of At-Tahdzib* 1, no. 2 (2013): p. 84

²⁶ Ismail, S. "Economic Policy of Umar bin Khattab Radiallahu anh." *Journal of Management & Accounting* 2, no. 1 (2011): p. 87

stimulate economic activity and create opportunities for people to earn a livelihood, which helped stabilize the economy.²⁷

Umar's approach to amending laws during the economic recession was guided by several key principles of Justice and Fairness, Compassion and Empathy, Pragmatism and Flexibility among others.

Causes and Effects of Recession in Nigeria

Nigeria, one of Africa's largest economies, has experienced several economic recessions over the past few decades. These recessions have had significant causes and wide-ranging effects, impacting various sectors of the economy and the daily lives of Nigerians. Economic recessions in Nigeria have arisen from many interconnected factors:

Oil Price Fluctuations, Nigeria's economy is highly dependent on oil, contributing over 90% of its export revenue and around 60% of government income. The 2016 recession was attributed to a sharp decline in global oil prices, which fell from over \$100 per barrel in mid-2014 to below \$30 per barrel by early 2016. This decline caused a severe revenue shortfall for Nigeria, leading to high inflation (18.55% by December 2016), massive private sector retrenchment, and many states' unpaid salaries.²⁸ The Nigerian Excess Crude Account, over \$20 billion in 2009, dropped to under \$3 billion in 2017 due to the sustained fall in oil prices and fiscal mismanagement. Furthermore, the depletion of foreign reserves led to a significant naira depreciation, with exchange rates reaching record highs against the dollar.²⁹

Poor Economic Diversification, Despite Nigeria's vast agricultural and mineral resources, the country remains over-reliant on oil. As of 2021, agriculture accounted for around 24% of Nigeria's GDP, but its contribution to exports remained below 10%. Similarly, the mining and solid minerals sectors remain underdeveloped, contributing only about 0.3% to GDP. The lack of diversification became evident during the 2016 recession when other sectors like manufacturing and agriculture could not sufficiently cushion the economic downturn caused by the crash in oil prices. Nigeria remains vulnerable to external shocks due to insufficient investment and development in non-oil sectors.³⁰

Insecurity and Insurgency, Nigeria's insecurity, particularly the Boko Haram insurgency in the northeast and conflicts in the Niger Delta, has severely impacted the economy. According to a 2017 report by the World Bank, Boko Haram's activities caused over \$9 billion in economic damages in Nigeria, including losses in agriculture, trade, and infrastructure. The Niger Delta conflict has periodically disrupted oil production, which constitutes Nigeria's primary revenue source, further compounding the country's economic woes. Insurgent activities and militant attacks reduced Nigeria's oil production from 2.2 million barrels per

²⁷ M.A. Pratama. "Leadership and Constitutional Concepts of Umar Ibn Al Khattab." *Journal of the History of Islamic Civilization* 2, no. 1 (2018): p. 53

²⁸ O.N. Ogochukwu. "The Oil Price Fall and the Impact on the Nigerian Economy: A Call for Diversification." *Journal of Law, Policy and Globalization* 48 (2016): 88. Accessed 10th April, 2024. www.iiste.org.

²⁹ B.W. Adeoye and A.A. Atanda. "Exchange Rate Volatility in Nigeria: Consistency, Persistence, and Severity Analyses." *CBN Journal of Applied Statistics* 2, no. 2 (2005).

³⁰ D. Carl.. "Technology, Globalization, and International Competitiveness: Challenges for Developing Countries." Accessed 12th April, 2024. http://www.un.org/esa/sustdev/publications/industrial_development/1_2.pdf. 49.

day to as low as 1.4 million barrels in 2016, contributing to the revenue shortfall during the 2016 recession.³¹

Policy Missteps and Mismanagement of Funds, Nigeria has a history of economic mismanagement and corruption, especially in the oil sector. From 1999 to 2015, mismanagement of public funds was rampant, leading to stunted economic growth. A 2017 audit report revealed that Nigeria lost over \$16 billion between 2009 and 2015 due to oil revenue mismanagement. Policy missteps such as inconsistent exchange rate policies in 2016 contributed to investor uncertainty and capital flight. Corruption has also distorted public sector reforms, delaying Nigeria's economic progress. Corruption in high-level government offices continues to erode trust and reduce the effectiveness of economic policies designed to stabilize the economy.³²

Economic recessions have a range of effects on Nigeria's economy and its citizens. Recessions typically lead to job losses as businesses cut costs to survive, resulting in high unemployment rates, particularly among the youth, leading to increased social unrest and reduced consumer spending. With lower oil prices and decreased economic activity, government revenue from taxes and other sources declines, impacting public services and infrastructure projects. Economic downturns often lead to a decline in the value of the national currency.³³

Lessons for Nigeria

Umar's approach to addressing recession offers valuable lessons for Nigeria, which has faced economic downturns in recent years. Here is key lessons Nigeria can learn from Umar's approach to addressing recession:

Compassionate Leadership and Adaptive Governance

Umar ibn Al-Khattab's leadership demonstrated an unparalleled blend of compassion, empathy, and adaptability, making his approach relevant to Nigeria's contemporary challenges. His ability to prioritize the welfare of the masses and adjust policies to reflect prevailing realities highlights key lessons for Nigeria's governance, particularly during economic downturns. Umar's governance reflected a deep commitment to understanding and alleviating the people's suffering. He prioritized personal responsibility, actively sharing in the struggles of his citizens and holding himself accountable for their welfare. Nigerian leadership could integrate a similar ethos by: (i) Engaging directly with communities affected by economic challenges and (ii) Implementing policies that reflect genuine concern for the plight of vulnerable populations, such as conditional cash transfer programs, targeted relief for rural farmers, and subsidies for essential goods.

Umar's governance exemplified flexibility by suspending penalties like theft during famine and redirecting zakāt funds to address immediate needs, showcasing a pragmatic balance between Islamic principles and socio-economic realities. Nigeria can draw lessons

³¹ L.S. Nkwatoh and H.A. Nathaniel. "Effect of Insecurity on Economic Growth in Nigeria." *Journal of Economics and Management Sciences* 1, no. 2 (2018): p. 66.

³² J.N. Ugoani, "Mismanagement and Reform Failures in Nigeria: Historical Perspectives." *Independent Journal of Management and Production (IJM&P)* 8, no. 2 (2017): 502. Accessed 10th April, 2024. <http://www.ijmp.jor.br>.

³³ E.D. Monday and E.E. Gerald. "The Political Economy of Recession in Nigeria's Fourth Republic." *African Journal of Political Science and International Relations* 11, no. 7 (2007): p. 196

from this adaptive approach by reviewing and amending policies that may worsen economic hardships. For instance, fuel subsidy removal could be phased in by mitigating safety nets for vulnerable populations, while tax laws could be adjusted to provide relief for small businesses during recessions. Additionally, Nigeria should develop disaster-responsive policies that enable rapid deployment of resources, such as establishing contingency funds to cushion the impact of economic shocks and ensure swift assistance during crises.

Nigeria's Social Investment Programs (SIPs), such as the Conditional Cash Transfer (CCT)³⁴ and N-Power,³⁵ reflect a commitment to alleviating poverty and empowering citizens, aligning with Umar's prioritization of immediate relief and welfare. These programs require stronger monitoring mechanisms to enhance their effectiveness to prevent fund mismanagement, broader rural outreach, and integration with Islamic social finance tools like zakāt and waqf. Similarly, the National Home-Grown School Feeding Program (NHGSFP), which addresses malnutrition and promotes school enrollment, could achieve a greater impact by incorporating adult literacy and vocational training. Furthermore, the Finance Act (2020) introduced tax reliefs for small and medium enterprises (SMEs),³⁶ resonating with Umar's adaptive governance principles. Expanding these policies through extended tax holidays and targeted financial support for high-growth sectors like agriculture and manufacturing would further bolster economic resilience and inclusivity. Additionally, legislative flexibility in crisis is essential, with mechanisms to review policies during economic downturns, such as temporary waivers on import duties for essential goods and provisions for governors to access emergency funds under strict accountability.

Effective Resource Allocation and Prioritization of Essential Services

The Nigerian federal lawmakers' prioritization of luxury vehicles over essential services is emblematic of misplaced resource allocation that undermines public trust and economic resilience. Drawing lessons from Umar's leadership during times of economic hardship, Nigeria can adopt policies that emphasize fiscal discipline and focus on addressing pressing societal needs. Despite the economic challenges many Nigerians face, the purchase of luxury SUVs for lawmakers highlights the misuse of public funds. The justification for such expenses, including the resale of these vehicles after tenure, fails to address the core issue: public resources are not being utilized for the greater good.³⁷ Umar's approach to resource allocation offers a stark contrast. During a recession, he curtailed non-essential spending and redirected resources toward immediate relief efforts, ensuring the most vulnerable were prioritized.

³⁴ R. I. Ogwola, D. A. Olofu and C. A. Aneke, "National Social Investment Programmes in Nigeria: A Descriptive Analysis of the Socio-Economic Contributions of N-Power Programme in Benue State" *Management Studies*, Jan.-Feb. 2024, Vol. 12, No. 1, 9-20 doi: 10.17265/2328-2185/2024.01.002

³⁵ F. N. Onah and C. O. Ugwuibe "N-Power Programmes and Poverty Reduction in Nigeria: Enugu State Experience" *Journal of Economics and Allied Research* Vol. 7, Issue 3 (September, 2022) ISSN: 2536-7447

³⁶ Nigeria's Finance Act 2020: Insights series and sector analysis, accessed from <https://www.pwc.com/ng/en/assets/pdf/nigeria-finance-act-2020-insights-series-and-sector-analysis.pdf>

³⁷ PUNCH, "N160bn SUVs: Reps take delivery, senators await luxury jeeps this week", accessed from https://punchng.com/n160bn-suvs-reps-take-delivery-senators-await-luxury-jeeps-this-week/#google_vignette

Umar's administration exemplified financial prudence and accountability. By reducing government luxuries and channeling funds into essential services, Umar maintained public trust and provided a sustainable framework for economic recovery. Nigeria can emulate this approach by enforcing stringent guidelines on government expenditures and ensuring that spending aligns with the Revenue Mobilization Allocation and Fiscal Commission (RMAFC) recommendations.³⁸ To realign resource allocation practices in Nigeria, the following policies ought to be considered:

Implementing a public accountability framework involves conducting mandatory cost-benefit analyses for non-essential expenditures, publishing transparent budget reports for citizen scrutiny, and redirecting funds toward essential services like healthcare, education, and social welfare programs to support vulnerable populations. Fiscal discipline should be enforced through caps on non-essential spending, repurposing existing government assets instead of purchasing new ones, and promoting participatory budgeting to align public funds with the needs of the majority.

Social Solidarity, Collaboration, and External Support

Umar's leadership emphasized social Solidarity as a core value during economic recessions. He not only encouraged citizens to assist one another but also took proactive steps to mobilize external support from neighboring regions. This dual approach—fostering internal collaboration and leveraging external resources—offers valuable lessons for Nigeria's economic policymaking.

Umar's emphasis on resource sharing and collective action can inspire policies that build a culture of mutual support in Nigeria. Nigeria's National Social Investment Program (NSIP), which includes initiatives like the Conditional Cash Transfer (CCT) and Government Enterprise and Empowerment Programme (GEEP),³⁹ Aligns with Umar's focus on direct relief for those in need. Expanding these programs by incorporating zakāt-based funding mechanisms could enhance their reach and efficiency.

Policies promoting cooperative societies and self-help groups can encourage grassroots participation in tackling poverty and economic inequality. Strengthening the operations of *microfinance* banks to serve rural areas more effectively can enhance community resilience.

Umar's ability to coordinate with others highlights the importance of partnerships in addressing economic challenges. Modern Nigeria can replicate this through effective government, private sector, and civil society collaboration. Nigeria's Infrastructure Concession Regulatory Commission (ICRC) oversees public-private partnerships (PPP) to develop critical infrastructure. Expanding the PPP model to include social services, such as affordable housing and rural development, can amplify the impact of collective action. Encourage private organizations to engage in impactful CSR projects, such as funding

³⁸ N. Nwogwugwu, Revenue Mobilization Allocation and Fiscal Commission (RMAFC) and Salaries of National Assembly Members: An Ethical Examination (2007 – 2013), *Arabian Journal of Business and Management Review* (OMAN Chapter), Vol. 5, No.5; December 2015, p. 6

³⁹ R. C. Onah C. N. Olise, "National Social Investment Programme (NSIP) and Sustainable Poverty Reduction in Nigeria: Challenges and Prospects", *IOSR Journal Of Humanities And Social Science (IOSR-JHSS)* Volume 24, Issue 10, Series. 11 (October. 2019) 20–31, e-ISSN: 2279–0837, p-ISSN: 2279–0845., accessed from <https://www.iosrjournals.org/>

education, healthcare, and infrastructure development. For instance, companies operating in the oil sector can be incentivized to channel part of their CSR budgets into local community development projects.

Umar contacted neighboring regions for assistance, demonstrating the importance of external support during crises. Nigeria, facing similar challenges, can strengthen its international collaborations to secure additional resources. Nigeria partners with international organizations like the World Bank, IMF, and African Development Bank (AfDB). Expanding these partnerships to focus on sustainable development projects in agriculture and infrastructure can address long-term economic challenges. Increased engagement with programs like the African Continental Free Trade Area (AfCFTA) could boost trade and reduce reliance on mono-product exports. Thus, policies like the Nigerian Diaspora Investment Trust Fund can mobilize resources from Nigerians living abroad. Promoting investments in key sectors like agriculture and technology can spur economic growth while strengthening ties with the Diasporas.⁴⁰

Localized collaborative policies should also be implemented. This may involve establishing centers for resource pooling and sharing within local governments to coordinate relief efforts during economic downturns, as well as collaboration between states through regional economic zones focusing on agriculture and manufacturing, akin to Umar's strategic trade routes.

Social Justice, Transparency, and Accountability

Umar's commitment to social justice and equitable resource distribution provides a powerful example for Nigeria, where income inequality remains a significant challenge. His emphasis on prioritizing the needs of the most vulnerable resonates with the principles of inclusive growth. Nigeria can adopt and enhance existing policies to address these disparities: National Social Investment Programs (NSIP) like N-Power, the Conditional Cash Transfer (CCT), and Government Enterprise and Empowerment Program (GEEP) are designed to reduce poverty and promote social inclusion.⁴¹ These can be expanded by incorporating Islamic social finance mechanisms like *zakāt* and *waqf* (endowments) to create a sustainable pool of resources for marginalized populations.

Although in place, Nigeria's minimum wage policy often suffers from weak enforcement. Umar's approach to ensuring fairness in resource allocation could inspire stricter compliance mechanisms and periodic reviews to reflect inflationary trends. Also, revisiting tax frameworks to ensure higher contributions from wealthier citizens aligns with Umar's principles. Transparent use of such taxes to fund social services like healthcare, education, and housing would directly address systemic inequities.

Umar's leadership exemplified transparency and accountability, which are critical for public trust in governance. Nigeria's existing frameworks can be strengthened. Nigeria's Public Procurement Act (2007) aims to reduce corruption in public spending.⁴²

⁴⁰ R. C. Onah C. N. Olise, "National Social Investment Programme (NSIP) and Sustainable Poverty Reduction in Nigeria: Challenges and Prospects"

⁴¹ R. I. Ogwola, D. A. Olofu and C. A. Aneke, "National Social Investment Programmes in Nigeria: A Descriptive Analysis of the Socio-Economic Contributions of N-Power Programme in Benue State"

⁴² B. S. Olusegun "Nigeria Public Procurement Act and the War Against Corruption: Identifying the Missing Link," *Journal of Public Administration, Finance and Law*, Issue 31/2024, 323

However, complete digitalization of procurement processes and public access to contract awards can further enhance transparency, reducing the risk of mismanagement. Institutions like the Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices and Other Related Offences Commission (ICPC) should be empowered to function more independently, with enhanced capacity to investigate and prosecute financial misconduct. Umar's practice of holding officials accountable can inspire such efforts.

Umar's lifestyle of frugality and personal sacrifice during economic hardships was a cornerstone of his credibility. Nigerian leaders can emulate this by: (i) Strengthening adherence to the Code of Conduct Bureau (CCB) requirements for public officers to declare assets publicly before and after holding office would signal transparency and accountability.⁴³ (ii) Initiatives where leaders demonstrate empathy for the populace, such as voluntarily reducing personal allowances or engaging in community projects, can build trust and promote a culture of shared responsibility during crises.

Conclusion

The leadership of Umar ibn Al-Khattab provides a timeless blueprint for addressing Nigeria's contemporary economic and governance challenges. His ethos of compassion, adaptability, and accountability resonates deeply with the country's need for empathetic leadership, equitable resource allocation, and strategic collaboration. Policies like empathy-focused leadership training, legislative flexibility, and integrating Islamic social finance mechanisms could transform Nigeria's governance landscape. Umar's frugality, fiscal discipline, and focus on social justice underscore the importance of prioritizing essential services, reducing inequality, and fostering public trust through transparency. Nigeria can address its structural economic issues by expanding public-private partnerships, leveraging diaspora investments, and promoting regional economic collaboration. Moreover, strengthening anti-corruption frameworks and enforcing accountability at all levels would further reinforce the credibility and efficacy of governance. Drawing from Umar's leadership, Nigeria can develop a governance model that is both empathetic and responsive, fostering resilience and equity in its socio-economic systems. Effective resource allocation, fiscal discipline, and prioritizing essential services will be critical to sustainable development and economic recovery. By adopting Umar's principles of social justice, transparency, and accountability and integrating Islamic ethical values, Nigeria can lay the foundation for a more equitable, transparent, and inclusive society, ensuring that economic recovery benefits all population segments.

⁴³ O. S. Adagba, "Evaluation of Performance of Code of Conduct Bureau (CCB) and Code of Conduct Tribunal (CCT) in Combating Corruption in the Nigerian Public Service, Unpublished Dissertation of Ahmadu Bello University, Zaria, Nigeria, 2012, 132

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