

THE OBJECTIVES OF ECONOMIC POLICY IN THE EARLY ISLAMIC PERIOD

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The Quran and the Sunna give the basic principles which underlie the economic system of Islam. These were the principles which guided the early caliphs to consciously lay down an economic policy and which they pursued during their caliphate. The change in strategy was often necessitated due to changed socio-economic institutions in the newly conquered lands but this fact did not bring about a change in the policy. The levy and collection of poll-tax, the administration of land – tax and the introduction of Zakat are suggestive of the government's policy of removing injustice, relieving the burden of the oppressed classes and bringing about a forced distribution of wealth among the poor of the society. The expenditure of government revenues over different sectors of the economy gives an idea of the government's desire for economic growth and public welfare in addition to increase its defence potential. What in precise terms were the policy objectives which the early rulers intended to achieve can be laid down in the following lines:-

The Quran enjoins the cardinal values of equity, justice, mutual cooperation and self-sacrifice for reorganizing the socio-economic milieu of the society.¹ The Holy Prophet has said: "If God makes anyone in

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(1) For example the Quran provides:

"Those who, if We give them power in the land establish worship and pay the poor-due and enjoin right conduct and forbid indecency . . ." (22 : 41)

"Lo: Allah commandeth you that ye restore deposits to their owners, and if ye judge between mankind, then ye judge justly . . ." (4 : 58)

"O ye who believe: Be staunch in justice, witness for Allah, even though it be against yourself or (your) parents or (your) kindred, whether (the case be of) a rich man or a poor man, for Allah is nearer unto both (than ye are)". (4 : 135)

"O ye who believe: Be steadfast witness for Allah in equity, and let not

charge of some job of the Muslims and he neglects their requirement, He will also neglect him in time of his need".² He has further said: "An office is a trust; it is a humiliation except for those who rise equal to the task and pay every one his due".³ Again, "If somebody in a community sleeps hungry until the next morning, Allah will withdraw from His security for that community".⁴ It was on this basis that Caliph Umar declared: "(Umar) The son of Khattab would be answerable (to God) if a camel starves to death along the Euphrates".⁵

A study of the teachings of the Quran and the Prophet's sayings suggests the objective of setting up an economic order which enforces justice, stops exploitation and sets up a contented, satisfied society. It is a real welfare state. What the early Islamic governments did to achieve this objective can be reproduced in the following lines:-

1. IMPROVEMENT IN THE PATTERN OF CONSUMPTION

Islam discarded the contemporary outlook of an ever increasing higher standard of living⁶ as the object of economic pursuits. While officially it

hatred of any people seduce you that ye deal not justly. Deal justly, that is nearer to your duty." (5 : 8)

"Say: My Lord enjoineth justice." (7 : 29)

"Give full measure and be not of those who give less than the due. And weight with true balance. Wrong not mankind in their goods, and do not evil, making mischief in the earth . . ." (26 : 181-183)

"Allah forbiddeth you not, those who warred not against you on account of religion and drove you not out from your homes that ye should show them kindness and deal justly with them. Lo Allah loveth the just dealers." (60 : 8)

² Abu Daud: *Sunan*. Quran Mahal Karachi, n.d. 2,465

³ *Sahih Muslim*: Vol. 2, p. 209

⁴ *Musnad Ahmad Ibn Hanbal*, Cairo 1333 A.H., Vol. 2, p466

⁵ At-Tabari, *Trikh*, Cairo 1939 (1357 AH) Vol. 3, -

⁶ At-Tabari, *Tarikh*, Cairo 1939 (1357 AH) Vol. 3, p. 272

⁶ The Quran and the Sunna make disparate approach to the issue of the standard of to earn, and to spend; they equally use the force of their eschatological beliefs and edification to suppress the tendencies which expose man to depravity. To achieve purpose it does not shrink from authorising the state to legislate for the same.

seeks to increase production and distribute incomes and wealth on a broader level, it does not allow its followers to make it an ultimate object of their life. Firstly, the Quran and the Hadith prohibit the use of many luxurious items of wealth like precious metals, and silken clothes for men and strong drinks for every-body. Secondly, simplicity is made a norm⁷ and austerity treated to be commendable. The Pious Caliphs set their own examples before other government officials to emphasise simplicity and austerity.⁸ Works on Islamic history are replete with innumerable instances to suggest that in spite of increase in opulence after the conquests of Persia, Iraq, Syria and Egypt the level of consumption of the common man did not substantially change from simple mode of living. The frequent reports about distinguished persons' large bequests⁹ suggest that large incomes were not lavishly spent and consumed. This simple living was inspired by Islamic teachings and by the examples of the rulers in contrast with the living of the well-to-do Persians who were accustomed to a high standard of his beautiful houses, costly robes, sumptuous dishes and expensive jewellery.

2. IMPROVEMENT IN THE DISTRIBUTION OF INCOME AND WEALTH

The Quranic policy of distribution help a lot in introducing a broader basis of the distribution of income and wealth and discouraging accumulations and concentrations. It assures that in the process of distribution none of the factors of production is deprived of its share nor does it exploit the other. Land, labour and capital jointly create value. As a result the land owner, the labourer and the owners of capital should jointly share in their production. In addition to this policy it compulsorily retains a portion of this produced wealth for those who are detained from contributing their share in production due to any social, physical or economic handicap.

The former aim was achieved by the Holy Prophet and the caliphs through prohibiting a very large number of exploitative and unjust techniques in trade.¹⁰ A study of Hadith literature is suggestive of those measures which include disciplinary restrictions on land-lords and the farmer, the employer and the employee, and the producer and the trader.

⁷ *Sunan Ibn Majah: Quran Mahal*, n.d. Vol. 2, p. 543

⁸ It is not possible here to cite the numerous examples of simplicity and austerity demonstrated in the early caliphate as are reported by the historians. The reader may find such accounts in any work on them.

⁹ For some of such examples see my booklet *"Trading in Islam: Principles and Practices"*, Motamar publications, n.d. PP 37-48.

¹⁰ *Ibid*, PP 20-24

The latter aim was achieved by the rulers through the levy of taxes¹¹ including the impost of Zakat and to enact the laws of sustenance (*nafaqat*), in addition to the emphasis on philanthropy and generosity.

Distribution of incomes and wealth acquired by man is perhaps the most distinguishing feature of Islamic economic system. The frequent emphasis on spending for noble cause, occurring in the QURAN,¹² is not only voluntary but also to an extent compulsory. Moreover, Islam encourages such institutions as lead to wider distribution of wealth. The concept of the Bayt-al-Mal as a trust in the hands of the ruler retained for expending for the betterment of the public warrants for distributive bias of the financial policy of the State.¹³ The levy of Zakat is a unique impost in the sense that its direct *quid-pro-quo* is prohibited for the tax-payer. The Islamic law of sustenance binds all the Muslims to share their wealth with their kinsmen. The State may, if need arises, extend this law to cover even the neighbours and remote relations.¹⁴ The prohibition of interest accommodates for those possible alternatives of investment which distribute the return on capital on a broader basis.¹⁵ Even if these distributive measures leave some accumulations of wealth and large holdings, the law of inheritance compulsorily sub-divides them in relatively smaller graftments.¹⁶ While the former measures are a regular though mild technique of distribution, the last is a long term process and takes a generation to substantially disintegrate accumulations. It is a process of this redistribution through which the sharers of the inherited wealth have to restart their economic struggle and prove their entrepreneurial genius. A really capable untroponour may exceed his legator but an incapable

¹¹ The most important of these taxes was land-tax which and the *fay* also acted as redistributive measures.

¹² For examples sures 2 : 271-73, 280; 17:26; 92:6, etc.

¹³ The very concept of the Bayt-al-Mal is the concept of against the imperial treasury as used to be known during the medieval period. This concept implied that monied paid into the treasury were God's trust and the common property of the Muslims and that the ruler was only in the position of a trustee, whose duty it was to expend them on the common concerns of Muslims while allowing for himself nothing more than a fixed stipend.

¹⁴ The law not only provides for this subsistence share of wife, children and other near relations but also pet animals, in the wealth of the guardian if he can afford to it.

¹⁵ According to Islamic Law the owner may offer his land or capital to a worker on the basis of share-cropping or partnership on the condition of sharing with the worker profit as well as loss.

¹⁶ For a broad outline of the law of inheritance see the Quran 4 : 11-12.

person may lose his existing resources. Thus the privilege of being wealthy is not monopolised by a few fortunate for ever.

3. STABILITY OF PRICES OF ESSENTIAL GOODS.

Another objective of the economic policy of the state was price stability. Free market economy prevailed in the early medieval societies. Price generally reflected the point of equilibrium between aggregate supply and effective demand. It was, therefore, natural that the increase in opulence should increase the demand for goods and hence the price. In the early Islamic period the increase in demand was generally met from import of goods from the newly conquered provinces. But due to slow means of transport supply often lagged behind the demand. Moreover, increased incomes and urbanisation also influenced the standard of living of the people. As a result the prices began to rise sharply, rise in prices, without a rise in incomes is more detrimental to the poor than to the rich. But the government's policy did not allow these factors affect the people adversely due to a number of reasons: Firstly, the state provided them free rations.¹⁷ Secondly, all able bodied persons were granted annual pensions.¹⁸ Thirdly, the very poor were supported from general budget as well as from Zakat funds.¹⁹

Fourthly, the rulers made it a point to ensure that of essential goods did not rise beyond the reach of the common man.²⁰ In some cases they controlled prices while some-time they restricted the rate of profit. Control on prices and security of the supply of essential goods ensured stability of the prices over a long period although prices of other non-essential items rose very sharply during the same period.

4. SECURITY OF SUPPLY.

The security of supply was ensured by improved means of communication and transport. As already mentioned, it was Governor Amr b. Al-Aas who first proposed for the construction of a canal linking Mediterranean and Red Sea. Caliph Umar though disagreed it, however,

¹⁷ Ibn Sa'd, *At-Tabaqat*, Leiden 111 (1) p 203

¹⁸ *Ibid* pp 213 sqq.

¹⁹ *Sunan Nasa'i* 5, 89, *Sahih Bukhari*, Zakat, 102 Abu 'Ubayd: *Kitab al-Amwal*, para 1803, 1804, 1805, 1912, 1914.

²⁰ Tabari, *Tarikh*, Leiden 1893, Vol. 1, 2718 Ibn Sa'd, *op cit.*, 111 (1) pp. 18, 40 etc.

advised him to reopen the choked up canal linking the Nile to Red Sea,²¹ for facilities the transport of food grains. In Iraq many canals were as broad as to be used for transport.²²

Founding of new cities implied the construction of godowns²³ for storage of food grain and providing roads for quick transport of goods from one city to another.²⁴ This was extensively done by the rulers and the supply of goods was ensured. The supply was further facilitated by ensuring safety of the caravan routes which were, before the conquest, exposed to a number of hazards. Credit also goes to the organization of the efficient means of communication throughout the Muslim empire. Muawiya and his governor Ziyad spent huge funds on organizing a mail service.²⁵ The net-work of this service had become so effective by Hajjaj's time that his message from Kufa could reach Sind within three days.²⁶

(5) EXPANSION IN PRODUCTION

Egypt and Iraq were already surplus areas; the former fed the Byzantines and the later Persian, before Islam. Their conquest added to the vast food resources of the Islamic state. But the early rulers did not relish on the existing bounty; they continued to add to their resources. New lands were reclaimed and brought under cultivation by the Pious Caliphs and later rulers.²⁷ This not only added to the coffers of the state but also provided large quantities of food grains for the population and for export. There are reports to suggest the existence of 120000 canals around Basra (presumably including water courses and field channels). In Egypt more than one hundred thousand persons were employed to maintain dams and canals in working condition.²⁸

²¹ Ibn Abd al-Hakam, *Futub Misr*, Baghdad 1920, p 163. Also see Suleman Nadvi, *Arbon ki Jabaz Rani*, Azamgerh, 1934.

²² Istakhri, *Masalik wa'l-Mamalik*, Cairo, 1938, p.80

²³ Yaqubi : *Kitab al-Buldan*, Leiden, 1967, 2, 145; Baladhuri *Futub al-Buldan*, al-Azhar, Press, 1932 pp 191, 209, 247.

²⁴ Al-Kharbutli: *Tarikh al Iraq* p. 419

²⁵ Baladhuri, 424.

²⁶ Baladhuri, 288, 291, 325, 256 etc; Aghnides: *Mubammadan Theories of Finance*, N.Y., 1916 p 509.

²⁷ Baladhuri, 352-53; Ibn Abd al-Hakam, op.cit. 163; Lanepole: *A History of Egypt* Part VI London, 1901, 20

²⁸ Baladhuri, 432.

A very large number of canals, dams and water courses were built by the rulers. A historian mentions of the construction of a dam in the first century of Islam, along river Indus in the present day province of Sind in Pakistan. The dam Sakr-al-Mid was built to canalize the water of the river.²⁹

Apart from efforts to increase agricultural production mining was also encouraged by exempting minerals from tax. Oil and mica are reported by some historians as an example in Iraq.³⁰ Handicrafts were not subject to tax and they flourished because contrary to food items, they were not subject to the policy or price controls.

(6) SATISFACTION OF COLLECTIVE NEEDS AND OTHER

After food and clothing another basic necessity for man is housing. The early instances of founding new cities abound in number.³¹ The basic policy was to avoid density of population as far as possible. This urbanization started since Caliph Umar's time and continued for centuries. The foundation of a city called for the basic establishments and amenities of life like offices, mosques, houses, godowns, roads, markets, bath-house, communications, water supply and pastures for the cattle.³² Some of these facilities were supplied by the inhabitants while some others were provided by the government. Amenities were also provided to the wayfares by constructing rest-houses and inns and providing meal houses and supplying fresh water.³³ Free medical service was institutionalised by Walid (A.H.85) when he inaugurated a $\pm \sqrt{f}!$ س٢ and also set up a number of leprosy clinics. Many of such hospitals as were set up in the first and the second centuries of Islam were also used as teaching hospitals.³⁴

In addition to the policy of providing the above facilities the rulers made it a point to ensure that nobody, was handicapped in his economic pursuits or social accomplishments simply for want of essential necessities of social requirements. The government gave direct and indirect support to the need by advancing loans, relieving the undischarged debtor, and

²⁹ Al-Kharbutli, 360

³⁰ For a comprehensive work on the subject see Maruf Naji: *Urube al-Mudan al-Islamiyya*, Baghdad, 1964;

³¹ Op Cit.

³² Baladhuri, 64-65, 150, 415; Ibn Said 5, 258

³³ Yaqubi, 3, 36; Tabari 2, 1199; Istakhri, 2411

³⁴ Abn Ubayd paras 621, 659; Ibn Saad III (i) 1, 198; etc., etc.

offering financial assistance.³⁵ This welfare-oriented behaviour of the government can be summed up in the words of historians which shed sufficient light on the policy and approach. A historian observed the behaviours of Caliph Umar's Governor in the following words: "Collects for the people grains like an ant; behaves affectionately like a mother; is a Bedouin in his care for date-trees and Nabatean in supervising taxes; distributed equally and arbitrates justly".

Another observer summed up the conduct of the Governor of Egypt thus: "He gives a camel if somebody loses his own; gives a slave if somebody misses one; gives money if somebody is needful of it".³⁶

(7) POPULATION PLANNING

It may be a point of argument if the Islamic approach to population is inspired by religious motives or economic requirements or both. The Holy Prophet's sayings allude to the desirability of increase in population.³⁷ The religious justification for this policy is beyond doubt because the strength of a religion lies in the number of its followers which could increase either by force, or by preaching or by multiplying. Islam did not advocate direct pressure or force; it made use of the last two devices. Preaching was made a religious duty.³⁸ Polygamy favoured increase in birth rate. Permission to marry non-Muslim female Scripturaries³⁹ further increased the Net Reproduction Rate of the Muslims with a negative effect on non-Muslims.

Besides this religious factor the Quranic condemnation of 'Killing' the offsprings for fear of poverty⁴⁰ alludes to the disapproval of freely practising birth control measures on economic grounds. The planning of population that was practised in the early Islamic period not only aimed at an increase in the size of the population but also at changes in the structure of population. Large scale migrations and emigrations were organized and encouraged by the early Islamic governments, sometimes also for strategic and social reasons. The economic effects of these

³⁵ Muslim, 12, 212; Baladhuri, 279

³⁶ Abu Daud 12323

³⁷ For example the Quran 3: 104; 3: 110; 16: 112, etc.

³⁸ The Quran 5:5

³⁹ The Quran 6:152; 17:31

⁴⁰ For a comprehensive work on the subject see Ibn al-Ukhuwwa: *Kitab Maalim al-Qurba fi ahkam al-Hisba*, Ed. Reuben Levy, Cambridge University Press, 1938.

religious, social and strategic reasons were an increase in human capital and employment of extensive production techniques.

(8) PROTECTION AND SAFEGUARD OF CONSUMER

It was not only setting up market which the government took upon itself in the early period; it also ensured, as already mentioned in the above lines, that the trader did not exploit the buyer. The government interest in the market condition developed into the institution of *hisba*, the department of inspection which was responsible for stopping adulteration, under-weighting etc., over-work by the employees, employment in risky jobs, encroachment of thoroughfares, unhealthy trades, unlawful professions and cruelty to animals.⁴⁰ This department, headed by a *mubtasib*, performed more functions than the present day local government. There are numerous instances to suggest that the government intervened if the rules of justice and fairplay were violated. The holy Prophet's treaties with the Thaqif, Hawazin and the people of Najran required a ban on the transactions involving interests.⁴¹ Transactions involving uncertainty and any possibility of dispute were also banned in the Hadith.⁴³ The holy Prophet not only appointed an inspector to ensure that the unlawful transactions were avoided but also himself visited the market advising the traders to observe moral principles in trade.⁴⁴ His successors were also active in controlling trade and commerce. Serious action was taken against adulteration.⁴⁵ Minting of coins was so regulated as to prevent debasement and dishonesty and save the general public from being defrauded.⁴⁶ Most of the rulers were vigilant about prices of different commodities in different markets.⁴⁷

(9) DEFENCE:

The Quranic emphasis on defence by laying down "And make ready for them all thou cast of (armed) force and horses tethered, that thereby ye

⁴¹ Abu Ubayd, 469, 506 Baladhuri 67

⁴² Op cit.

⁴³ Tirmidhi: Jami, Cairo, 1931-34 6, 35, 399

⁴⁴ Ibn Abd al-Hakam: *Sira Umar Ibn Abd al-Aziz*. Damascus 1966, 22.

⁴⁵ Baladhuri, 455

⁴⁶ Tabari, 1, 2718: Ibn Sa'd 111 (1) 1B, 40; Baladhuri, 25; etc.

⁴⁷ 8 : 60

may dismay the enemy of Allah and your enemy, and others besides them whom ye know not''⁴⁸ inspired the Muslims to be always ready with their striking power. Actually it was treated to be the duty of every adult Muslim to take part in warfare. But manpower was not the only requirement for war. It needed a large number of riding animals, workshops for manufacturing conventional weapons, efficient communication system, cantonments and forts, and if necessary, manufacture of warships. A full account of the activities of the government in this regard, as are given by the early historians,⁴⁹ are suggestive of its very keen interest in this sector and also a high degree of accomplishment as compared with their adversaries.

The above lines discuss the objectives of the economic policy that was pursued by the early rulers consciously. These objectives include:

- (1)Improvement in the pattern of consumption
- (2)Improvement in the distribution of income and wealth
- (3)Stability of prices of essential goods
- (4)Security of supply
- (5)Expansion in production
- (6)Satisfaction of collective needs and other welfare activities
- (7)Population planning
- (8)Protection and safeguard of consumer
- (9)Defence.

⁴⁸Ib Saad 111 (1) 151, 220; Abu 'Ubayd, para 742; Tabari, 1,2452 and 2,1347; etc.