

## Research Article

### Abu Al-Hasan Al-Mawardi's Views on Economic Policies

<sup>1</sup>Murat PIÇAK, <sup>1</sup>Bahar Burtan DOĞAN and <sup>2</sup>Abdullah OĞRAK

<sup>1</sup>Department of Economics, Faculty of Economics and Administrative Sciences, Dicle University  
Diyarbakır, Turkey

<sup>2</sup>Department of Business, Faculty of Economics and Administrative Sciences, Yüzüncü Yıl University  
Van, Turkey

**Abstract:** Al-Mawardi is a medieval Islamic philosopher. He has expressed that the basic factor ensuring economic life to be held in a healthy environment is justice and the environment of safety occurring because of it. He added, the state must collect its taxes in accordance with the financial situations of the tax payers and in a manner that it would not negatively affect their life standards. He said, the state should spend its income on productive and employment generating fields and on social security services. He defended that, within the free market mechanism, economic life should be operated in accordance with the supply and demand principles and that the state should under no circumstances intervene to the prices. He stated that the state should overtake the role of a regulator and an inspector in issues such as employer-employee conflicts and protecting the rights of woman and child workers. On the basic level, there are some similarities between Al-Mawardi's views on economy and the views put forward by Classical Liberal School, Keynesian Economics Thought and Monetarist School of Economics, which all emerged in the later years.

**Keywords:** Al-Mawardi, economic policies, Islamic economy

## INTRODUCTION

Al-Mawardi was born in the Abbasid State ruled Basrah in 974 A.D. The real name of Al-Mawardi is Ali Ibn Muhammad Ibn Habib. And his name tag read as Abu al-Hasan. As his father sold rose water, he was known by the nickname of «Al-Mawardi», known in Latin as Alboacen. He received his first fiqh education (Islamic education) in Basrah, from Mu'tazila scholar Abu al-Wahid al-Simari. In the year 1008, he went to Baghdad and settled in Deyr ul Zaferan, where he received education from Sheikh Abd al-Hamid, Abdallah al-Baqi and some other scholars. After serving as a qadi (judge) in Ustuva, near to Neyshabur and in some other places, he returned back to Baghdad in order to give lectures. When in Baghdad, he gave lectures on fiqh, tafsir and morality and he related many hadith (Erturhan, 1999; Ozmen, 2006).

In 1032, Al-Mawardi was one of the closest consultants of the Abbasid Caliph of the time, al-Qaim bi Amr and in 1038, he received, for the first time in Islamic history, the title of «Akda'l-Kudât», which means Chief Qadi. He was commissioned as a diplomat in the delegations send to Buyid Amir Abu Kalijar in 1032, to Buyid Amir Jalal al-Daula in 1037 and 1043 and to Seljuk Sultan Togrul Beg in 1042. In 1045, after Ibn al-Muslima was appointed as the vizier, he retreated

from politics and until his death in 27 May 1058, he kept busy by education and reconciliation activities (Erturhan, 1999; Ozmen, 2006).

Al-Mawardi holds an important place in the history of Islamic thought and he has produced many studies in various fields such as tafsir, fiqh, kalam, politics, community, morality and decorum and language. Al-Mawardi, as most of the other Islamic philosophers in his time, is an all-round philosopher, who has produced works on many aspects of social sciences. With his ideas and works, he has influenced not only the philosophers of his time, but also those in the following eras. Al-Mawardi has dealt with issues regarding economic consideration not as an independent discipline, but alongside with religious, ethical and political and issues. In his studies, he provided detailed insight about his ideas on the political and economic structure of an Islamic state and how they are operated. He is an exceptional medieval Islamic philosopher who, in his studies, has dealt with theoretical issues alongside with practical issues.

The purpose of our study is to shed light on Al-Mawardi's ideas on economic policies in his studies. There are three main reasons for us to study this issue. First of all, studies regarding Al-Mawardi have mostly focused on his ideas on Islamic sciences, administrative law, state administration and state agencies. No

**Corresponding Author:** Murat PIÇAK, Department of Economics, Faculty of Economics and Administrative Sciences, Dicle University, Diyarbakır, Turkey, Tel.: +90 412 2488347

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scientific studies have been made on Al-Mawardi's ideas on economic policies. Therefore, we think that this study fill an important gap in the literature. Secondly, studies in the field of medieval economic consideration history have mostly focused on economic ideas of Western philosophers, while Islamic philosophers were not really dealt with. From this perspective, it seems that examining the views of a medieval Islamic philosopher such as Al-Mawardi will be covering an important gap in the literature. And thirdly, during the last fifty years, many scientific studies were made to create a new economic model based on Islamic principles and looking at this perspective, it could be said that the economic ideas put forward by Al-Mawardi in his studies could prove to be an invaluable source of information.

## MATERIALS AND METHODS

In our study, we tried to reveal Al-Mawardi's views and thoughts about economic policies. For this purpose, we mainly studied on original works and documents of Al-Mawardi and scrutinized these materials thoroughly so as to determine the clues and testimonials which constitute the basis of the economic system compatible with his philosophy of life vision of world. Qualitative research method is used for actualizing our aim and document analysis was the main qualitative data collection technique of our work. This technique is chosen since it is the most functional technique which helped us to present an integrative picture of his views on economic policies by correlating them in an appropriate framework.

**The birth of a state and its basic elements:** According to Al-Mawardi; Allah created mankind in a selfish and non-reconciliatory nature. At the same time, the divine intervention has granted different talents to the nature of humanity and various opportunities were presented in this life. This has made it necessary for humans to communicate and mix, so that they can meet their needs. In other words, people are trying to overcome this individual desperation by forming collaboration and solitary with their fellow humans. However, due to the selfishness and differences stemming from their nature, as well as the inequality caused by the communal living, inter human relations suffer from competition, conflict and disputes. At this point, a need emerged to organize communal living by defining rules for inter human relations and this led to the birth of state (Al-Mawardi, 1978). Al-Mawardi expressed his views on the issue as follows: "Allah arranged the issues of potential conflict in a pleasing manner. He has legislated laws so that truth and virtue are known. He consigned the control of his creatures to various governments, so that the world is managed properly" (Sirvani, 1965). Al-Mawardi has considered the state as an institution which would keep humanity away from the evil and cruelty. According to him, without a state,

a community would lead its life in an inordinate, corrupt and cruel manner (Al-Mawardi, 1976).

According to Al-Mawardi, state presidency is an institution which is responsible for concurrently acting on religious issues and political issues. And a State President<sup>1</sup> is someone who preserves religious provisions and ensures that they are practically adopted, while at the same time preserving communal interests (Said, 1978; Mujahid, 1995). Al-Mawardi has described state presidency as follows: "Imamet\* (being an Imam, preaching) is one of the basic institutions of a state, where Imams, as attorneys of the Prophet, execute worldly and religious issues in accordance with the rules defined by Allah" (Al-Mawardi, 1976). And regarding the necessity of state presidency, Al-Mawardi said: "Because anyone with a common sense, would try to protect their rights from being violated and appoint a talented leader to have the final verdict on issues of conflict" (Atar, 1999).

Al-Mawardi stated that a state president could be elected by a council, but it is also possible for him to be appointed by the previous state president. However, he added, a person to be elected as the state president needs to be of Qurayshi origin (Al-Mawardi, 1976). Al-Mawardi included that a state administration based on religion would merge the community on the single and correct path. He said, religious orders have the priority in pecking order, over the rules of the state president (En-Neccar, 1995).

According to Al-Mawardi, a regime earns consistency on two foundations. These are constitution and management. Constitution of a regime is based on three different foundations. These are religion, strength/power and property/wealth. Among these, the strongest, oldest, most continuous and binding is the regime based on religion. Establishing a regime based on strength stems from the negligence and failure or cruelty and oppression of the government. As the existing oppressive regime weakens, people with power make their move to stop cruelty and take over the power. A group of people with a sufficient amount, gathered under the leadership of a person prominent in terms of race, ideology or courage may overtake power. Al-Mawardi stated that a regime based on strength may be approved and accepted, as long as it is fair in its dealings with the public. On the other hand, a regime based on property and wealth may be established by a group who overtakes power by using their status and connections within the government. This is the weakest regime of them all (Al-Mawardi, 1987).

Al-Mawardi stated that, in the period following the establishment of the regime, public works, public safety and the financial management of the army and the public will become prominent. He said it would only be possible to ensure communal order by establishing an orderly, consistent, peaceful and pleasant community structure in terms of religious and moral issues, as well as in political and financial issues. Al-Mawardi has

listed the basics of a peaceful and happy communal order as follows:

**The experienced religion:** According to Al-Mawardi, religion is a psychological dynamic which takes the shape of an ethical authority in the conscience of the people making up the community, brings them into maturity and develops the awareness to obey laws. Religion integrates people, teaches them that it is a duty to obey the government and that they need to be in solidarity for this reason. And it also says that this is an instrument for raising righteous humans and good hearted individuals (Cagrici, 2003).

**Effective state management:** According to Al-Mawardi, a community needs to put up with political oppression-if there is no other alternative - in order to protect public order. This is also necessary for the protection of religion. Because there is not a single religion which stood up right, without being deformed and without its principles being amended, even if the political authority is perished. On the other hand, if the political authority (sultan) does not adhere to and be respectful to religion, he would endanger his own existence. Such a regime would first lose the trust of the community and then its basis of legality and therefore it would transform into a destructive power and a regime of oppression (Cagrici, 2003).

**Comprehensive justice:** According to Al-Mawardi a comprehensive justice system dispatches the community into integration and respect. Thanks to comprehensive justice, the country would develop and state authority would be in safe hands. On the other hand, the destruction and collapse in the public conscience caused by injustice would too great to be compared with any other negativity. Al-Mawardi said "Where ever you come across deformity and chaos, you can be sure that it has something to do with deviating from justice" (Al-Mawardi, 1978).

According to Al-Mawardi, most obvious indication of a state being just towards its community is following a management approach which eliminates the conditions putting the community under agony, avoiding using force against the community and always looking for the truth. The approach and implementation of a political power which is not following these issues would only create public mayhem and disintegration. Al-Mawardi stated that trying to prevent such negativities by cruelty and oppression is only a misleading way of solution. Al-Mawardi "...Because the root of cruelty is weak; but the root of justice is strong, it has productive branches and powerful leaves. Therefore, justice is the most powerful army, safety is the most pleasing life" (Al-Mawardi, 1978, 1987).

Al-Mawardi "Everything can be corrected by an effective justice; the effectiveness of justice is the source of healthy public existence" (Al-Mawardi, 1987).

Al-Mawardi stated that for a state to establish public order, it is absolutely necessary to ensure justice first. In this regard, he said "Justice stems from religion. Through justice, authority will be enhanced; individuals and community will be strengthened. With justice, people will get goodness and trust." (Al-Mawardi, 1984). Equally granted to everyone, justice will ensure public order and also enhance state authority. In this regard, he said "...Justice distributed evenly to everyone would provide intimacy and friendship among the community. It will ensure the obeying of the community to their authorities. With justice, the country becomes prosperous and the people will thrive. It would grow economically and become wealthy. Peace would prevail and the Sultan would live in safety." (Al-Mawardi, 1978).

Al-Mawardi has summarized the state-economy-justice relation as: "Power requires an army, army requires wealth, wealth requires development and development is only possible through justice" (Al-Mawardi, 1984). Al-Mawardi has shown the Khosrau II (Parvez), emperor of the Sassanid dynasty,) as an example and said that Khosrau II pleased his subjects by establishing the safety of the community and the trade routes, as well as establishing justice (Al-Mawardi, 1984).

**General security:** Al-Mawardi stated that ensuring justice is the main condition for creating an environment of safety. According to Al-Mawardi, justice secures safety; and safety is a result of justice. In Al-Mawardi's opinion, general security is a state of joy and happiness, where people feel themselves at peace; efforts are productive, innocent people live without any fear and the weak find solidarity (Al-Mawardi, 1978, 1982).

Al-Mawardi said that economic growth and consistency will be realized in a safe environment where justice is present. He said that a state needs to secure internal and external security in order to prevent any interruption in fiscal life. Al-Mawardi said that the negative effects of insecurity on human psychology would be reflected on economic activities. Regarding this issue, he said "Insecurity withholds people from carrying on with their businesses, limits their investments and eliminates their reasons to mingle... Fear may be seen sometimes on the person himself, sometimes on his family and sometimes on property. Each one of these would be causing worry" (Al-Mawardi, 1978). Al-Mawardi: "Caliph helps the community to earn their lives by protecting them and

securing their safety in all aspects” (Al-Mawardi, 1978).

**Material abundance and social welfare:** Al-Mawardi defines material abundance and social welfare as: “...This way people shall live under better conditions. Just like the people in a better financial situation, people with a lower income will also benefit from it. As a result, the levels of jealousy will decrease and the rage caused by poverty shall diminish. People will ease down psychologically and start helping each other. All these aspects are the most important instruments to secure order and peace in a country. Because abundance yields wealth and wealth develops tendencies towards reliability and generosity” (Cagrici, 2003).

**Endless desire:** According to Al-Mawardi, endless desire is an emotion which facilitates continuity in people to be involved in economic activities and ventures. According to Al-Mawardi, endless desire is the collective efforts of people to establish a better future and a developed country for themselves and for the future generations. In a wider perspective, endless desire is the humanitarian source which ensures consistency in growth and development. According to Al-Mawardi: “If the members in a society did not add anything to the achievements acquired by the previous generations, then people in each era would have to start all over again and construct their homes and create their fertile lands. This would lead to a regressing country, where in the end, it would be impossible to live” (Al-Mawardi, 1978).

**Income policy:** Al-Mawardi classified public revenues as zakat (alms-tax), fay and ghanimat (war booty), according to their sources. He made this classification in accordance with the religions of the tax payers, taking into account whether they are Muslim or non-Muslim.

According to Al-Mawardi, the first source of public revenue is zakat (alms-tax). Al-Mawardi, has defined zakat as the compulsory tax paid over the removable and irremovable property owned by Muslims to the Islamic state. According to Al-Mawardi, zakat is a right held by the community, on the wealth of the Muslims. Al-Mawardi stated that zakat has both religious and economic aspects. As a result of its religious aspect, zakat’s legality stems from the Holy Qur’an and sunnah and as a result of its economic aspect, zakat secures fair distribution of revenues in the community, by being taken from the rich and distributed to the needy. Al-Mawardi said that, zakat needs to be collected under the principles of justice and equality defined by Islam, from the properties earned through legal means, which are approved by Islam. Al-Mawardi added, zakat could be collected as cash over

the revenues from trade goods, land crops and the running of mines, but it could also be collected in other forms than cash (Al-Mawardi, 1976).

According to Al-Mawardi, the second source of public revenue is fay. Al-Mawardi has defined fay as the collective name for the jizya, kharaj and customs taxes collected from non-Muslims. Jizya is the name of the tax collected from the males of a certain age of the non-Muslim minorities living within a Muslim state, for which they are provided with security for their assets and worship and are exempted from military service in return. On the other hand kharaj is the land tax collected from the non-Muslim owners of lands which were conquered by an Islamic state, but left to their owners to cultivate. Al-Mawardi asserted, a place in the form of a kharaj land, must be subjected to kharaj tax, even if it is operated by a Muslim (Al-Mawardi, 1976).

According to Al-Mawardi, the third source of public revenue is ghanimat (war booty). Ghanimat are the properties acquired by Islam armies after their battles with non-Muslims. Al-Mawardi stated that, 1/5 of ghanimat revenues should be granted to the public treasury (Al-Mawardi, 1976).

Al-Mawardi stated that state authorities must not change the tax rates, unless it is absolutely necessary. He said, increasing the tax rates would be a cruelty to the people, while decreasing them would prove to be harmful to the national treasury and public services (Al-Mawardi, 1976).

In Al-Mawardi’s opinion, a fiscal administration needs to pay attention to the following issues when collecting taxes: Revenues need to be protected in transparency. In order to prevent cruelty, misuse, breach of trust, wrongdoings and the resulting loss of revenue, certain qualities need to be looked for, when hiring officers to be employed in the fiscal administration. These qualities may be listed as justice, reliability, expertise and tolerance. If the revenues in a tax region are decreasing due to the fault of the tax collector working on force account, then a better qualified person needs to replace him. Tax regions must not be granted to moultzim through unlawful iltizam (tax-farming system) methods. If it is determined that moultzim is practising oppressive and abusive methods to gain higher taxes, then the losses of the tax payers need to be compensated for (Al-Mawardi, 1987, 1976).

Al-Mawardi said that, jizya should be determined by a court verdict, in accordance with the financial situations of the tax payers. The amount of kharaj needs to be determined in accordance to the productivity, marshiness of the land, the value of the product and its distance to the market and the payment capacity of the taxpayer. A certain amount of revenue should be left to kharaj payers, so that they can pay or their daily needs and use as a reserve fund for times of hardship. Taxes should not be increased if there is a crop increase due to

the investments made to enhance the productivity of the land, otherwise people would lose faith in entrepreneurship and there would be an inactive capacity. On the other hand, a decreasing amount of production because of the negligence of the tax payer must not cause a tax reduction, because this would encourage laziness. If a kharaj tax payer gets into such a financial strait that he cannot pay his taxes, then the payment should be postponed (Al-Mawardi, 1976). Customs duties collected at the borders from the incoming trade goods must be recorded in detail. In an Islamic country, it is haram (religiously illegal) to collect customs duty on goods traded between provinces (Al-Mawardi, 1976).

Al-Mawardi stated that, in case a tax policy is implemented without obeying the defined principles, then this would lead to two negativities in terms of politics and economy. First of all, in political terms; the welfare of the community means peace and happiness in the country. On the other hand, applying a strict tax policy would diminish the peace of the country. The resulting general dissatisfaction would harm both the community and the administration and transform the reign of power into an oppressive regime, rather than a just and righteous one. In addition, the government would be considered as a cruel regime and lose its respect in the eyes of the people. And secondly, in terms of economy; if a state places too much financial burden over the shoulders of its community, this would have negative effects for its own economy, in other words, income revenues would decrease. Al-Mawardi pointed out "There is not a single state which is able to carry on seamlessly, even though its people are in a difficult situation" (Al-Mawardi, 1987).

**Spending policy:** Al-Mawardi pointed out that, the main purpose in government spending must be earning god's mercy, provide for the needs and only spent where necessary (Al-Mawardi, 1976). He also emphasized that, while spending and distributing government revenues, it is vitally important to adapt to the principles of generality, justice and equality. In addition, government spending must be made towards necessary and compulsory items, he added. According to Al-Mawardi, as long as the government revenues are spent or distributed in line with the defined purposes and principles, then the state would grow economically and the people will become prosperous, thus they would not have to worry about how to earn a living (Al-Mawardi, 1976).

Al-Mawardi has classified government spending into two categories, according to the source of the revenue. He separated the revenues collected from Muslims and non-Muslims. In this scope, he classified government spending into those made from zakat revenues and those made from fay or ghanimat revenues.

Al-Mawardi, to prove his point about the issue of how to spend zakat revenues, has made reference to Surah Al-Tauba Ayat 60, where it says: "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..." Al-Mawardi emphasized that the Holy Quran clearly defines where zakat revenues are to be spent and therefore a state president does not have the authority to spend or distribute them for any other purposes (Al-Mawardi, 1976).

Al-Mawardi has described the sections of the community to whom zakat revenues should be donated. These people were mentioned in Surah Al-Tauba Ayat 60. According to him, a poor man is someone who does not have any income at all. And a needy man is someone whose income is not enough to meet his expenses. Al-Mawardi points out that the state must do everything in its power to bring these two classes into the lowest acceptable life standards, as they are not able to provide for their needs by themselves. In lowest acceptable life standard, their vital needs, as well as their minimum social needs have to be catered for, he added. According to Al-Mawardi, for the people who are unemployed or living as beggars, the state needs to provide sufficient amount of capital from the zakat revenues, so that they can start up their own businesses. Al-Mawardi classified the debtors who are to benefit from zakat revenues into two groups. The first group is consisting of poor people who get into debt through rightful means (without interest) to meet their family needs, but cannot pay back their debts. And the second group of people are; those who become indebted to serve Muslims (poor or rich), but cannot repay their debts<sup>2</sup>. Al-Mawardi points out that the debts of these two groups should be paid from the zakat revenues of the state. The other groups of people who are entitled to zakat revenues are those whose hearts have warmed up towards Islam. Al-Mawardi classified them into four groups. These are:

- Non-Muslims helping to Muslims
- Non-Muslims preventing Muslims from being harmed
- Non-Muslims considering becoming Muslims
- Non-Muslims, who encourage their tribes and families to become Muslims. Al-Mawardi said that people belonging to any one of the four groups above must be provided with their share of the zakat revenues. Al-Mawardi stated that 1/8 of the zakat revenues must be given to the people who are collecting the revenues. However, he added, the salaries of the people working in other institutions may not be paid by zakat revenues. Al-

Mawardi additionally said that the zakat revenues collected from Muslims by the state need to be spent or distributed generally to Muslims (Al-Mawardi, 1976).

Al-Mawardi stated that, the state president is the authorized body for defining the areas where fay revenues are to be spent, or the sections of the community, where it will be distributed. According to Al-Mawardi, 4/5<sup>th</sup> of fay revenues should be transferred to the public treasury, to be spent for public services such as paying the salaries of civil servants and construction and maintenance of roads, bridges, water channels, prayer rooms, border posts and castles, reclamation of larger rivers and providing the needs of the army. And the remaining 1/5, he added, should be given to The Prophet Muhammad. To prove his point, he made reference to Surah Al-Hashr Ayat 7, where it says: "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..." However, Al-Mawardi also said that the fay revenue share of The Prophet Muhammad could only be transferred to caliphs, after his death, to be spent for public interest, rather than a personal right. Indeed, The Prophet Muhammad was spending his personal share for public interest. Al-Mawardi said that, ghanimat revenues of the state must also be used in public services, just like the fay revenues. Al-Mawardi also included, expenditures made by the state for non-Muslims must be met from fay or ghanimat revenues (Al-Mawardi, 1976).

Al-Mawardi believed that government spending, which makes up the most powerful spending force in economy, directly or indirectly directs economy. He said, government spending has important effects on production, consumption and income distribution and any reductions or expansions in government spending would cause effects in the same direction in economic structure. Al-Mawardi says, expansions in government spending would increase the total demand and thus production and employment and as a result, economy would be vitalized and people would have peace (Al-Mawardi, 1976).

Al-Mawardi pointed out that, revenues collected by the state should be spent on roads, bridges, castles and similar construction investments, to increase agricultural productivity by constructing channels and dams and on education services (Al-Mawardi, 1976). Al-Mawardi has explained the economic and social benefits of government spending by making reference to Sassanid dynasty emperor Khosrau II. He said, Khosrau II pleased his people by paying attention to construction investments (road, bridge, channel, dam etc.) and soil maintenance (Al-Mawardi, 1984).

Al-Mawardi, emphasized that, a state also needs spend on social security. Al-Mawardi said that the state is responsible to provide a living for everyone living within the Islamic lands and thus, it needs to help anyone who is not able provide for his own needs. The state has to help to the orphans, the poor, the widowed, the helpless, the beggar and those who are stranded on their route without anything; he added (Al-Mawardi, 1976). In this respect, he has shown The Prophet Muhammad as an example. The Prophet Muhammad was spending the whole of his share from the fay revenue for social security and public services; he added (Al-Mawardi, 1987). Al-Mawardi described that the state has to provide monthly payments to everyone, by providing examples of implementations from the era of Hazrat Abu Bakr and Hazrat Umar. Al-Mawardi, said that Hazrat Umar was paying five hundred to a thousand dirham per person in Yemen, Sham and Iraq and that he wanted to increase this amount to four thousand dirham, if income revenues were to rise (Al-Mawardi, 1976).

**Monetary policy:** During Al-Mawardi's era, coins were used as tools of exchange. Among these, the most popular ones were dinar (gold coin) and dirham (silver coin). According to Al-Mawardi, money is an absolute value scale of goods, which is used in shopping and compensation transactions and a tool for accounts. In his opinion, money is a symbol of political and economic freedom of a country. Al-Mawardi has foreseen the place of money in economy and stated that money is a tool for economic policy. Al-Mawardi stated that money must be printed and put into circulation by the state. In addition, the state must protect the value of the money (Al-Mawardi, 1976, 1987).

Al-Mawardi pressed that counterfeiting is a crime and the state must prevent the printing of fake money. According to Al-Mawardi, the state must punish those who print counterfeit money. As an example, he said: "While he was an executive in Madina, Abu b Uthman he caught someone printing counterfier dirham and punished him by beating with a stick and then sent him to exile" (Al-Mawardi, 1976).

**Pricing policy:** Al-Mawardi stated that extreme price increases cause great hardships, especially to those with a low income. He remarked that price inspection is one of the main duties of a state president. According to him, the state president must not leave this duty to the hands of the mayor or muhtasib<sup>3</sup>, as muhtasibs in Egypt abused this duty, acquiring illegal income and thus, becoming the reason behind price increases. The state president must appoint experienced, wise, expert, religious and reliable people for this duty, he said and added, the authorities need to determine the reasons behind the price increase first. In

this scope, it is required to determine those who artificially increase prices through stocking, price fluctuations, merging and other means in staple food and prevent such activities; he said (Al-Mawardi, 1984).

According to Al-Mawardi, it is wrong for the state to intervene in prices, or in other words, to put limitations in prices. In this respect: "Muhtasib may not intervene to increase or decrease the prices of food and other basic needs of the people" he said (Al-Mawardi, 1976). Ibn (1989) recalled the following hadith, which served as a source to Al-Mawardi's views in this issue: Prices increased during the era of The Prophet Muhammad and when people came up to him asking for a price limitation through *narh* (maximal price system), he commented: "It is Allah, who regulates the prices and who gives prosperity, famine and ones daily food. There is no doubt that I-without causing injustice to anyone requesting something from me- desire to reach Allah" (Ibn, 1989).

Al-Mawardi did not approve state presidents and top government officials to be involved economic activities. According to him, officials should not compete, or become partners with any of the classes; as this situation would damage public order, break the will to work and lead to negligence in public services by causing unfair competition (Al-Mawardi, 1984).

**Employment policy:** According to Al-Mawardi, when people are unemployed, thus having an abundance of free time, it is inevitable to have moral corruption and disorder within the community. Al-Mawardi has recalled from the book titled 'Mensuru'l-Hikem': "Inclination to lust stems from unemployment". In this regard, he also made reference to the words of a poet: "Unemployment has provided you with too much pastime. All evil stems from having nothing to do" (Al-Mawardi, 1982). Al-Mawardi has condemned idle people and those who make a habit of laziness. He points out laziness as a reason behind poverty. He expressed the following opinion in this issue: "If a person stands idle with laziness, does not work enough to provide for his financial needs and does not resort to the means of earning a daily bread, Allah will deprive him from inner calm and others envying him. He has now lost his place in the heart of the society and is a burden to the society with his friendship lacking life. He is wasting his time with an undesired, up to no-good life" (Al-Mawardi, 1978).

In terms of reducing unemployment levels, Al-Mawardi has placed most of the responsibility over the shoulders of the state. For him, it is a duty of the state against the society to create employment opportunities for the unemployed people. State must use the income revenues, which are collected from the community, in areas where it would create employment, he said and added, for people who are unemployed despite being

healthy, the state must provide a certain amount of capital, so that these people may set up their own business. Al-Mawardi included that rich people also have a duty in this respect. He said, *muhtasib* may request from the rich people to help financially, or find employment to those who are unemployed due to lack of starting capital, or those who are begging. However, he emphasized, *muhtasib* needs to get a court verdict for this; in other words, a permission is needed by the *qadi* (Al-Mawardi, 1976).

According to Al-Mawardi, a state must not employ more people than it needs, as over-employment would lead to three important negativities. First of all, as the number of employees increase, employment costs of the state would also increase. Therefore, the sources of *beytulmal* (national treasury) would be spent on areas other than their main purpose. Secondly, as the number officials increases, the bureaucratic work load of the state would also increase. The third issue is, as the number of officials increases, traits such as honesty, success and observance would decrease. In other words, complaints and inconveniences caused by the officials would increase and this would keep the authorities unnecessarily busy (Al-Mawardi, 1987). Al-Mawardi emphasized that the criteria in selecting someone for a duty is to select the most adept person for it. And he added, one of the main responsibilities of a state president is to employ the correct person for a duty (Al-Mawardi, 1976).

**Market control (hisba organization):** Hisba Organization is an institution aiming to eliminate injustices and making ethical principles prevail, so that the social and economic structure of the society is improved and peace is secured. The director of the hisba organization is called *muhtasib* (Atar, 1999). *Muhtasibs* were usually selected from law persons, who had previously served as *qadi* (Islamic judge). They needed to have a good command of trade law and shopping rules (Yeniceri, 1980).

According to Al-Mawardi, *hisba*, in general terms, is the collective efforts to secure the execution of duties and to fulfil rights. Al-Mawardi defined *hisba* as: "Calling for righteousness, when righteousness is abandoned, prohibiting evil, when evil prevails". Al-Mawardi based the source of *hisba* to Surah Al-Imran, Ayat 104 of the Holy Quran. The Ayat says: "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 ...". Al-Mawardi; Despite the fact that Islam obliges Muslims to call for righteousness and give up evil, this duty has been obliged particularly to a certain section of the community (Al-Mawardi, 1976).

Al-Mawardi discussed the economic activities to be executed by the *hisba* organization in detail. Al-Mawardi stated that, *hisba* organization has important

responsibilities in ensuring that trade is practiced in accordance with religious and ethical provisions and in line with competition rules. According to Al-Mawardi, economic duties of the hisba organization are summarized as below (Al-Mawardi, 1976):

- Preventing malicious and interest bearing sales at malls and bazaars, taking the necessary measures to ensure shopping safety,
- Inspecting the manufacture of craftsmen, preventing them from producing malicious, low-quality goods,
- Preventing merchants from selling incomplete and malicious goods. Preventing merchants from artificially increasing prices, receiving goods outside the bazaar, stocking and other similar activities,
- Adjusting and sealing scales and measuring devices. According to Al-Mawardi, using unsealed scales and measuring devices is a sign of power against the authority and inspection rights of the state,
- Preventing the trade of wine and gambling, which are prohibited in Islamic law,
- Solving the disputes between the employers and employees,
- Overseeing that debts are paid on time,
- Intervening to decrease unemployment and begging,
- Opening, cleaning and maintaining the streets and side streets,
- Ensuring the basic needs of the travellers is met.

Al-Mawardi pointed out that, a muhtasib first needs to start by reminding respect towards Allah, provide advices; and if there is no improvement on the addressee, he should then verbally warn, without being over-rude and then practise more serious methods. If he still cannot get a result, then he should use his authority to employ punishment, he added (Al-Misri, 1989). Al-Mawardi also said that the hisba organization should have legal functions. According to Al-Mawardi, muhtasib must be responsible of dealing with scale, goods trading, prices, unpaid debts and similar cases (Al-Mawardi, 1976).

In Al-Mawardi's opinion, hisba organization must provide public services by the budgets of local authorities and the assistance of the central treasury, as well as the voluntary donations made by the prominent personalities of the town (Al-Mawardi, 1976).

**Employer-employee relations:** Al-Mawardi said that the linkup between the employer and the employee is realized through the employment contract. The relations between them and their responsibilities towards each other must be defined by an employment

contract, he added. According to Al-Mawardi, the most important element of the employment contract for an employee is the payment he receives in return for his efforts. While for the employer, the most important aspect of the employment contract is the benefit he receives in return for the salaries he pays to the employee (Al-Mawardi, 1976).

According to Al-Mawardi, employer needs to pay the amount earned by his employer, on time and in full. In addition, he considers it unfair for an employer to make his employee work more than what is stated in the employment contract. For him, these are the religious and material rights of the employee. Whenever the employer does not fulfil his obligations, muhtesi must intervene; he added (Al-Mawardi, 1976).

In terms of the rights of the employer on the employee, Al-Mawardi commented as: "If the employee limits the rights of the employee, does not work as he should and demands unfair price increase, then he will be prevented from doing them". Al-Mawardi also said that the state needs to protect the rights of the women and child labourers (Al-Mawardi, 1976). In Al-Mawardi's opinion, vizier, as well as the muhtasib, is responsible for the adjustment of employer-employee relations and salaries (Yeniceri, 1980).

## RESULTS AND DISCUSSION

According to Al-Mawardi, Allah created mankind as selfish, but at the same time, dependent creatures. As such, they are dependent on each other to live. As Allah created everyone differently, there are natural variances between them and in addition, there are also the inequalities caused by communal living, which collectively lead to conflicts. At this point, the need for a political power arose, which would ensure social justice, peace and security. As a result, the concept of "state" was born, as the state is the only authority to secure peace by employing objective judgements, rather than subjective judgements. With such ideas, it is possible to claim that Al-Mawardi was a pioneering figure to such XVI<sup>th</sup>-XVII<sup>th</sup> century absolutist philosophers as Niccolo Machiavelli, Jean Bodin and Thomas Hobbes. Al-Mawardi's biggest difference compared to these philosophers is that he considers the birth of the state not only as a natural phase directed by production relations, but also as a result of divine will. Another important difference is, instead of the despotic elements present within the views of these philosophers, Al-Mawardi gives priority to religious and ethical values. Al-Mawardi, similar to the views put forward by pragmatist philosophers such as Jeremia Bentham, John Stuard Mill who lived centuries after him, has placed community and



civilization on the basis of egoist human approach (Cagrici, 2003).

Al-Mawardi was mostly criticized for his claim that candidates to become state president must be of Qurayshi origin. Brockelmann (1947), Sauvaget (1980) and Kerr (1966) asserted that Al-Mawardi's view on the issue was a reform draft disconnected from reality and even utopic, while Gibb (1923) accused Al-Mawardi for being status quots. However, there could be two purposes for Al-Mawardi's idea. First, he believed in the strength of racial virtues and the need for aggression in establishing and protecting a state. Secondly, it could be an effort to protect Abbasid Caliphate against Fatimid authorities. It has to be emphasized that Al-Mawardi has spent an important part of his life as a top government official (Cagrici, 2003).

Al-Mawardi, during his lifetime, was able to recognize the importance and effects of the state in economic life and put forth information about it. Al-Mawardi asserted that the main responsibilities of a state are to ensure prosperity of the community and to ensure that economic life is executed in accordance with the provisions of Islam. In Al-Mawardi's opinion, justice must prevail in communal life; because justice and the resulting environment of safety is the basic factor of a healthy economic and social life. Justice must prevail in order to ensure an environment of safety, because justice secures safety, he added.

Al-Mawardi pointed out that taxes must be collected in accordance with the financial situations of the tax payers and in a manner which would not negatively affect their life standards. In addition, it must be ensured that taxes would not decrease the levels of production and trade, he added. Al-Mawardi claimed that unless a just tax policy is implemented, political consistency would suffer and revenue sources would diminish, leading to a loss of government revenues.

In Al-Mawardi's opinion, government spending directly and indirectly affects economy. Government spending has important effects on production, consumption and revenue distribution, because government spending increases public demand and thus production and employment, he said. Al-Mawardi pointed out that income revenues should be spent on productive and employment creating areas by the state. In addition, he remarked, the state needs to secure fair distribution of income by investing on social security.

Al-Mawardi was able to see the role of money in economy and stated that money is a tool of economy. He also said that the state has to protect the value of money.

## CONCLUSION

Al-Mawardi defended that economic life must be operated in accordance with supply and demand

principles in free market mechanism. In this context, he said, the state must never intervene to the prices, but at the same time, must take the necessary measures to prevent ill behaviours such as artificial price increases, unfair earnings and any other activity which would cause agony for the community.

Al-Mawardi stated that unemployment leads to moral corruption and disorder in the society. The state must invest in employment creating areas, he added and continued and richer people in the community have important ethical and legal responsibilities for decreasing the levels unemployment. Al-Mawardi claimed that over-employment in state institutions would lead to different problems such as productivity, quality and reliability in employees.

Al-Mawardi state that trade and the products of craftsmen must be inspected and arranged by Hisba Organization, which is a governmental organization. Recommending that muhtasibs are given the authority to oversee economic cases is a practical and beneficial solution in terms of law.

According to Al-Mawardi, if there is a dispute between an employer and a employee on issues such as salary and working conditions, then the state must intervene. Also, the state needs to protect the rights of woman and child labourers, he added.

On the basic level, there are some similarities between Al-Mawardi's views on economy and the views put forward by Classical Liberal School, Keynesian Economics Thought and Monetarist School of Economics, which all emerged centuries after him.

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**End note:**

- 1: Al-Mawardi has used the terms Caliph, the person acting as the attorney of Mohammad, and Imam, which is used some small Islamic countries, to define a state president.
- 2: These people in debt, mentioned by Al-Mawardi, are those affected by natural disasters, unintentionally killing someone and not being able to compensate, ending a hostility and making promises to pay for the harms, but not being able to pay it back, etc. (Yeniceri, 1984).
- 3: Muhtasib is an inspection and auditing system used before the municipal governance came in effect in the Islamic world. The muhtasib (inspector or auditor) was authorized to audit the businesses if they were selling their products at the price limits set by the government. Muhtasib also inspected if the food sold were safe and the measuring equipments were accurate.