CHAPTER FOUR

Socio-Economic Thought of Al-Ghazālī
Al-Ghazālī on Economic Activities

According to the teachings of the Holy Qur’an all human activities including economic ones, should be directed towards the achievement of Falah (Success) not only in this world but also in the hereafter. To achieve Falah, economic activities must be morally directed. A man’s economics activities- his efforts to produce, distribute and exchange economic goods and services- all become an endeavour to achieve Falah and to please Allah. Islam recommends a balance between worldly life and the life in the hereafter.

Says the Holy Qur’an:

وَمِنْهُمْ مَنْ يَقُولُ رَبِّنَا آْتِنَا فِي الْدُّنْيَا حَسَنَةً وَفِي الآخَرَةِ حَسَنَةً وَقِنَّا عَذَابَ النَّارِ

And there are men who say: "Our Lord! Give us good in this world and good in the Hereafter, and defend us from the torment of the Fire!".

First and most important thing concerning economic well-being in Islam is that Islam is not against spending. Islam requires men to avail themselves of the bounties of nature. Says the Holy Qur’an:

فَلَمِنْ حَرَّمَ زِينَةَ اَللَّهِ الَّذِي أَخْرَجَ لِعِبَادِهِ وَالْطَّيِّبَاتِ مِنَ الْرِّزْقِ قَلَّ فَلَمِنْ حَرَّمَ زِينَةَ اَللَّهِ خَاصَّةً يُؤْمِنُونَ فِي الْحَيَاةِ الدُّنْيَا وَالْآخِرَةِ

Say: Who hath forbidden the beautiful [gifts] of Allah, which He hath produced for His servants, and the things, clean and pure, [which He hath provided] for sustenance? Say: They are, in the life of this world, for those who believe, [and] purely for them on the Day of Judgment. Thus do We explain the signs in detail for those who understand.

True to the Islamic approach towards material well-being the Prophet (ﷺ) reminded one of his companions, who exhibited ascetic leanings. "فَانَ لْجَسَدِكَ عَلِيكَ حَقًا وَإِنْ لَعْبِنَكَ عَلِيكَ حَقًا وَإِنْ لَزُوْجَكَ عَلِيكَ حَقًا إِنْ لَزُوْرَكَ عَلِيكَ حَقًا "

"Verily your body has a right upon you, and your eyes too and your wife has her right and your visitors have rights."
Islam recommends the idea of a reasonable standard of life. Says the Prophet (ﷺ):

"من سعادة الموسك الواسع، والجار الصالح، والركب الهنيء"

"Among items of human well being are: a spacious house, a good neighbour and a good conveyance."

From the above it is clear that the fundamental principles of Islamic society are not like asceticism in Islam. The Holy Quran announces the total suspension of worldly life and its legitimate enjoinder as undesirable as follows:

"But the Monasticism which they invented for themselves, We did not prescribe for them: [We commanded] only the seeking for the Good Pleasure of Allah; but that they did not foster as they should have done. Yet We bestowed, on those among them who believed, their [due] reward, but many of them are rebellious transgressors."

True to Islamic teachings Al-Ghazālī positions economic activities within the parameters of the Islamic worldview, the Hereafter is seen as the ultimate goal of human beings. To him this worldly life is not seen primarily as a temporal place but rather a struggle and preparation for the salvation in the hereafter. The struggle has to be utilized through human endeavors’ and affairs, which include also the economic pursuits. Thus, economic activity is a prerequisite for the salvation. The economic pursuit should be a means to achieve the ultimate success in the hereafter. He cites the example separation of day and night. The day should be used for the satisfaction of worldly requirements.

Al-Ghazālī, criticized those who believe that economic activities are related only to the substance of survival or living. He warns that while in pursuit of economic activities, traders and businessmen must not lose sight of the ultimate goal of life. He emphasized the need for purity of intentions in pursuing economic activities. According to Islamic teachings when intentions are consistent with Sharī'ah, such activities are tantamount to worship. Al-Ghazālī, in this regard, quoted the Prophet Muḥammad ﷺ.
tradition, which states: There are some sins which are for given because of the worries and pressures of earning one’s living.

Al-Ghazâlî divides people who are engaged in economic activities into three groups:

(i) Those who ignore the hereafter by indulging themselves almost completely in mundane affairs—they will be destroyed.

(ii) Those who pursuit of the hereafter at the expense of worldly life—they will be successful.

(iii) Those who follow the ‘middle path’ and engage in worldly affairs, including economic activities, according to the rules of Sharî‘ah—they will achieve salvation.7

Level of consumption thus has to range between necessity and extravagance. Whilst necessity has to be fulfilled by the consumer for it is perceived as a religious obligation, extravagance is Harâm. According the Al-Ghazâlî all economic activities have to provide basic human needs – food, clothing, and shelter.

**Purpose of Islamic Sharî‘ah, and Concept of Maṣliḥa**

According to Al-Ghazâlî, in an Islamic society there are five necessary Sharî‘ah mandated foundations of proper individual and social life generally referred to as the Purposes of the Law, Maqâṣid al-Sharî‘ah, arranged here in order of importance.

1. **Dîn** (Religion)

2. **Nafṣ** (Life or Soul)

3. **Nasl** (Family or Progeny)

4. **Mâl** (Wealth or Property)

5. **‘Aql** (Intellect or Reason)

Al-Ghazâlî, enforces the view that Maṣlahah (social interest) requires the protection and preservation of these foundations. All matters and activities of human being have to be
seen as a means to achieve goals in increasing the social welfare. The institution of *Maṣlaḥah* is well defined by Al-Ghazālī, concerning individual as well as social needs. To Al-Ghazālī, *Maṣlaḥah* promotes social welfare of community. Al-Ghazālī defines *Maṣlaḥah* in detail as follows:

*Maṣlaḥah* in its relational sense means a cause, a means, an occasion, or a goal which is good. It is also said of a thing, an affair or a piece of business which is conducive to good or that is for good. It is plural from is *Maṣālih*. In its essential meaning (Islam) it (*Maṣlaḥah*) is an expression for seeking something useful (*Manfa’at*) or removing something harmful (*Madarra*). But this is not what we mean, because seeking utility and removing haram are the purposes (*Maqāṣid*) at which the creation (*Khalq*) aim and the goodness (*Salāh*) of creation consist in realizing their goals (*Maqāṣid*). What we mean by *Maṣlaḥah* is the preservation of the *Maqsūd* (objective) of the law (*sharī‘ah*) which consists of the five things: preservation of religion, of life, of reason, of descendants and of property. What assures the preservation of these five principles (*usūl*) is *Maṣlaḥah* and whatever fails to preserve them is *Mafasda* and its removal is *Maṣlaḥah*.8

The concept has been further elaborated by al Shatibi, who defines *Maṣlaḥah* as following

I mean by Maṣḥahah that which concerns the subsistence of human life, the completion of man’s livelihood, and the acquisition of what his emotional and intellectual qualities of him in an absolute sense.9

This implies that what is forced by both scholars is the ‘protection of maṣlah’. The concept is, therefore, related to the promotion of social and material welfare of the community. According to these definitions of *Maṣla*, the liabilities of *Bayt al-Māl* become broad and flexible. Consequently the public expenditure acquires a wide scope which is determined by the *Maṣla*. This implies that the state is obligated to spend public funds on such type of activities which can promote the *maṣlah*. Al-Ghazālī also emphasize that the goodness of this life and the hereafter (*Maṣlaḥat al-Dīn wa al-Dunyā*) represent the key objective of *sharī‘ah* from *Sharī‘ah* overall teaching.10 The noblest deed in the sight of Allah is the promotion of general (Public) good in the society. Al-Ghazālī discusses three aspects of *maṣlaḥa* in a hierarchical form: necessities (*Darurāt*), conveniences or comforts (*Hajāt*), and refinements or luxuries. In *Mizān al ‘Amal*, Al-
Ghazālī mentions three levels of consumption: the lowest, the middle, and the highest, and each of the basic things can be applied to each of the three levels— as a necessity, convenience or luxury.  

**Economic Activities as Part of Socially Obligated Duties**

Al-Ghazālī raised the importance of economic activities in the society and the task of economic development so much so as that they become as part of the *shari‘ah* mandated socially obligated duties (*Fard al-Kifāyah*). To him if they are not fulfilled then worldly life would fail and humanity would not survive. In this regards he emphasized the need for efficiency, excellence and competence in the pursuit of economic affairs, whether on a job or one own trade, for doing so is part of fulfilling one’s religious duties.

“Allah likes the one from among you who, when he works, works with proficiency.”

**Production Activities in Society**

Islam requires all Muslims to confine their productive activities to the domain of halal (lawful). It prohibits production of those items whose trading or consumption is unlawful. It also encourages the believers to engage themselves in unhindered and continuous process of production and enjoy its fruits. It also calls for excellence in the quality of the finished product.

The Prophet (ﷺ) used to exhort the people for undertaking uninterrupted production. He says:

"إذا قامت الساعة و في يد أحدكم فسيطة فاستطاع أن يغرسها فليغرسها فله بذلك أجر"

“If the horn of the Doomsday is sounded while one of you is holding a sapling in your hand, let him plant it first, if he can”

True to Islamic spirit Al-Ghazālī devotes huge attention to various kinds of production activities in a society. In the light of Islamic *Sharī‘ah*, he considers productive work as part of worship. As we discussed above, production of necessities for the public welfare is socially obligatory duty (*Fard al-kifāyah*). In Islamic terminology *fard al-kifāyah* a socially obligatory duty in sense that if some people are engaged in the production of such goods in enough quantities for the society, then the duty of all is fulfilled in this
respect. However, if none is undertaking such activities or insufficient quantities are being such activities or insufficient quantities are being produced, then all will be held accountable in the hereafter. Al-Ghazālī considers that the production of necessary goods is an individual as well as social duty. He classified productive activities into five groups:  

1) Farming (Food for People)
2) Grazing (Food for Animal)
3) Hunting (Forest Products)
4) Weaving (Textiles or Clothing)
5) Building (Shelter)

In his classification of productive activities; his ideas are quite similar to that found in contemporary discussion for the classification of industries i.e. primary, secondary, tertiary, which refer to agriculture, manufacturing and services, respectively. In his discussion he classified the productive activities into three broad categories as follows.

The first category is of basic industry which this encompasses four types of economic activities: (I) agriculture for food, (ii) textiles for clothing, (iii) construction for shelter, and activities of the state for facilitating the production and provision of sufficient quantities of necessities for the society’s welfare. Al-Ghazālī regards these activities as part of basic industry because in their absence human life will be difficult to survive.

Second, category consists of those activities which provide supports to the basic industries. For example, iron industry. Third category belongs to those activities which are complementary to the basic industries. For example, grinding and backing of certain agricultural products.

Al-Ghazālī recognizes that the first category being the basic one is the most important among these three and in this group the most important is the role of the state in promoting cooperation and coordination.

Al-Ghazālī provides this three way classification of economic activities in the society with a view to providing the relative importance of each. To him for proper harmony in a
society’s socio-economic environment, the pursuit of all three groups of industries is essential. According to him their fulfillments represent a socially obligatory duty.\textsuperscript{19}

**Subsistence Living and Its Adequacy**

Al-Ghazālī, as we saw above, emphasized in his writing that people must engage in economic activities in full swing being a part of religious duties. He is thus critical of those who consider that economic activities should be confined to acquisition of merely a subsistence level of living because of their confusion of Halāl and Harām (legitimate and Illegitimate, according to Sharī'ah). Al-Ghazali does not subscribe this view. He argues;

"If people confine to subsistence level (Sadd al-Ramaq) and became very people, deaths will increase, all work and industry will come to halt, and the society will be ruined. Further religion will be destroyed, as the worldly life is the preparation for the hereafter."\textsuperscript{20}

He opines that subsistence living could not be accepted as the norm for the society. Some may, he argued, make this choice of their own volition.\textsuperscript{21}

However Al-Ghazālī advocates a moderation in material well-being. He, therefore, does not encourage excessive acquisition of material things. He suggest a moderate standard in his term ‘Kifāyah’ by which he meant a moderate standard of living which enables one to provide for one-self and one’s family the basic necessities of life, for example, food, clothing, and shelter.\textsuperscript{22} To him any income over and above the Kifāyah may be surrendered, rather than being accepted for expenditure on the poor.\textsuperscript{23}

Although Al-Ghazālī strongly advocates for pursuit of economic activities, he suggests that certain groups of people who perform important social and religious function for the well-being of the society should avoid to directly taking on in economic activities. He identifies such people as follows:

1. People who are ascetics, engaged in physical worship and who are spiritually enlightened and able to discern the apparent and hidden secrets of human condition;

2. People who are engaged in the professions of teaching and guiding others (Sana at-al Talim)
3. Those public servants who are responsible for the conduct of worldly affairs of the state- rulers, judges (Suna at al- Siyasah)

Role of the State in Society:

Islam emphasized on the organization and authority in public affairs. The state should an active role for the realization of material and spiritual goals. The basic objectives of state have been laid down by the holy Qur’an. The verses of the Holy Quran stressed on ‘provision of ease and alleviation of hardship,’ generation of prosperity, nurturing a climate love and affection and ensuring freedom for moral corruption, hunger and mental tension.

In Islam, the provision of public works and care of the subject are considered a religious and moral obligation of the ruler. The Prophet (ﷺ) said:

“Any ruler who is entrusted with the affairs of his subjects and he dies in such a state that he is dishonest in his dealings with those over whom he ruled, Allah has forbidden paradise for him.”

Al-Ghazālī in his writings suggested on how the state should respond in issues related to economic issues in accordance with Shari’ah guidelines. He considers importance of the institution of state at two levels; first for the proper functioning of society’s affairs and governance; and secondly for the “fulfilment of Shari’a-mandated connective obligations (farā’īd al-kifāya)”

He categorically stated;

“State and religion are the inseparable pillars of an orderly society. The religion is the foundation and the sultan is its promulgator and protector. Any pillar without a foundation will be weak, and society will crumble.”

He further states says that man’s inability to fulfill all his needs alone persuades him to live in a civilized society with cooperation; but tendencies like jealousy, competition, and selfishness can create conflicts, and therefore, some collective arrangement become necessary to check and control those tendencies.

Al-Ghazālī considers the state role of managing the affairs of the society as one of the four basic industries which according to him is “essential to develop cooperation and
harmony among the people to essential for obtaining the means of livelihood. According to him the noblest of all basic industries is the state which must strive for the good of the society through cooperation and reconciliation.\textsuperscript{33} It is therefore the responsibility of the state to monitor the (Economic) conduct in order to bring about prosperity and justice in society.

A quick look of the ideas of Al-Ghazālī on state affairs indicates that he does not discuss the various economic functions of state in modern terminology. However what we can deduce from his writings at various places it is obvious that, he holds that the state responsible for establishing conditions of justice, security, pace, and stability in order to promote economic prosperity and development for the society. He mentions that the state must establish justice and provide conditions of peace and security so that healthy economic development could take place. The state should thus work as regulator of licit conduct and a promoter of security. Further, markets are to be checked through the state: false transactions, incorrect weights or illicit contracts, purchases of unlawful commodities and frauds are to be sanctioned. Al-Ghazālī discourses on market regulation appeared under the discussion of the institution of al-\textit{Hisbah} headed by a public inspector known as \textit{al-Muḥtasib}. He identifies the role of this well-established institution to check the prevalent illegal market practices such as; incorrect weight and measures; invalid transactions; usurious transactions; selling of prohibited items and other unethical market practices such as gambling, fraud and charging exaggerated prices.\textsuperscript{34}

Al-Ghazālī considers maintenance of peace and security as necessary conditions for economic progress and well-beings of the people. He recommends that state must adopt all necessary measures to establish internal law and order and to secure the state.

From external threats Al-Ghazālī stresses the state must adopt all necessary measures. He says:

\begin{quote}
Army should be kept to defend the country and protect people from robbers; there should be a judiciary for settlement of disputes; there will be need for jurisprudence to control people through it. These are necessary government functions which can be undertaken by specialists only, and when they engage in these activities they cannot spare themselves for other industries and need support for their living. On the other hand people need them because if all people engaged in fighting the enemy, the industries will suffer and if
\end{quote}
military men engaged in industries for their livelihood the century would lack defenders and people will be victimized.  

**Al-Ghazālī Guiding Principles for Rulers:**

Many of Al-Ghazālī discourses on the functions of state and role of the rulers recorded in his masterwork *Kitāb Naṣihāt al-Mulūk*. In this treatise Al-Ghazālī suggests a number of guidelines and suggestions that should be followed by the rulers for maintaining peace and justice in the society and to bring prosperity among the people. He categorically states that the ruler (Authority) should realize the importance of the role given to him, since the aim of the ruler is to obtain prosperity for its people. He believes these be followed by the rulers to ensure prosperity and development of the state and its subjects.  

We summarize in the following the ten guiding principles forwarded by Al-Ghazālī for maintaining Justice in the society and for the equitable treatment of subjects.

1. The ruler should first of all understand the importance, and also the danger, of the authority entrusted to him. In authority there is great blessing, since he who exercises it righteously obtains unsurpassed happiness; but if any (Ruler) fail to do so, he incurs torment surpassed only by the torment of unbelief.

2. The ruler should be always thirsting to meet devout ‘ulama and ask tem for advice and that he should beware of meeting ‘Ulama with wordily ambition who might inveigle flatter and seek to please him in order to gain control over his terrestrial body by stealth and deceit.

3. The king should understand that he must not be content with personally refraining from injustice, but must discipline his slave troops, servants, and officers and never tolerate unjust conduct by them; for he will be interrogated not only about his own unjust deeds but also about those of his staff.

4. The holder of authority should not be dominated by pride; for pride gives rise to the dominance of anger, and will impel him to revenge. Anger is the evil genius and blight of the intellect.

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5. In every situation which arises, the ruler should figure that he is the subject and that the other person is the holder of authority and that (He should not sanction of others) anything that he would not sanction for himself.

6. The ruler should not disregard the attendance of petitioners at his court and should beware of the danger of so doing. As long as the Muslim have grievance, he need not occupy his time with supererogatory religious observances, or redressing the grievances is more meritorious.

7. The ruler should not form a habit of indulging the passions. For example, even though he might dress more finely or eat more sumptuously, he should be contempt; just conduct will not be possible.

8. The ruler should make the utmost effort to behave gently and avoid governing harshly; only then the rulers themselves will be treated gently in the hereafter.

9. The ruler should endeavor to keep the entire subject pleased with him. The Prophet Muhammad (ﷺ) saying: “The best of my community are those who love you and whom (you love), and the worst of my community are those who hate you and whom you curse.” Even through espionage, the ruler should cheek and find out in the entire subject are genuinely pleased with him.

10. The ruler should not give satisfaction to any person if a contravention of God’s law would be required to please him; for no harm will come from such a person’s displeasure.\(^\text{38}\)

The theory of public finance has always been closely related to the role of state in economic life. The state is regarded as agency acting for the provision of the collective wants of the citizens. Its role is rationalized on the

**Public Finance and Sources of Revenue:**

Ground that market mechanism alone can not perform all economic function and public policy is needed to guide, correct and supplement the privet sector.\(^\text{39}\)

In Islamic system of public finance, the public money is regarded as trust in the hand of the ruler and must be directed, in the first place, for the weaker and needy section

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of the society in order to bring social security, general prosperity and equitable
distribution of income among various section of society. As the Holy Qur’ān
recommends:

وَمَا أَفَاءَ اﷲَ عَلَى ﺭﺳُوْلِهِ ﻣِنْهُمْ فَمَا أُوْهِجَتْ عَلَيْهِ مِنْ خَيْرٍ ﻟَا رَكَابٌ وَلَكِنَّ اﷲَ ﻳُسَـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّـِّ~ 104 ~
A. Ghanîmah (war booty)

Ghanîmah is the property which Muslim seizes from the enemy. This constituted one of the main sources of revenue of the early Islamic state. The discussion of the Ghanîmah as sources of state revenue is justified by the fact that one-fifth of the total proceeds belonged to the state and the remaining four-fifth was divided among the fighting army. Thus one-fifth (Khums) of the entire volume of Ghanîmah was available for state expenses. However Khums was not full state revenue in the ordinary sense, as it was earmark for special beneficiaries clearly mentioned in the Holy Qur’ân:

وَاﻋْﻠَمُوا أَنَّمَا غَيْبُمُونَ مِنْ شَيْءٍ فَأَنَّهُمْ جُمَّعَتْهُ وَلِلرَّسُولِ وَلِذِي اﻟْﻘُرْبَﻰ وَاﻟْﻴَﺘَﺎمَﻰ وَاﻟْﻤَﺳَﺎﻛِﯿﻦِ وَاﺑْﻦِ اﻟﺴﱠﺒِﯿﻞِ

And know that out of all the booty that ye may acquire [in war], a fifth share is assigned to Allah,- and to the Messenger, and to near relatives, orphans, the needy, and the wayfarer. 43

The above verse of Holy Qur’ân clearly demonstrates that one fifth share of the entire volume of Ghanîmah will be available to the state. Out of this one fifth, one fifth is reserved for the cause of Allah and The Prophet (ﷺ). The remaining is clearly earmarked for special categories of beneficiaries. This implies that the state is obligated to spend the major part of the proceeds of Ghanîmah on earmarked charitable head.

In the early Madînah period of the Prophet of Islam (ﷺ), when other sources of revenue were not materialized, Khums receipt helped the state to discharge various important functions such as defense, fulfillment of needs, help to the poor, destitute, orphans and wayfarers. The Prophet also used this income for the general good of the Muslims as well as for his family expenses. Thus the Khums receipt, although meager in quantity, had much bearing on reliving the burden of the state and thus supporting it to perform various socio-economic functions. Beside, Ghanîmah had a great economic impact on the economy as it helped individual fighters to ease their financial position.44

After the demise of The Prophet (ﷺ) the great conquest of Byzantine and Sassanid province threw large quantities of Ghanîmah into the hands of the Muslim army. While the one fifth parts of the movable properties was distributed among the army, one fifth
was transferred to the central treasury. This immense proceed of Ghanīmah, considerably enriched the Bayt al Mal.

**B. Sadaqah revenue**

The Sadaqah revenue is the most important component of Islamic revenue system. It comprises the zakāh collected from the wealth of Muslims and custom duties from the Muslim traders on articles of the trade trafficking through octopi post.

Zakāh is the hub of the Islamic public finance since it is the most important sources of revenue for any Islamic state. It provides relief from poverty and brings other form of social security. Zakāh was imposed as a compulsory duty on wealth Muslim in the second year of hijra\(^45\). It is such an important obligation that the Holy Quran directs in more than thirty occasions to pay zakāh. The zakāh assume a unique character in the socio-economic structure of an Islamic state as its payment not only fulfills an economic necessity but also become a religious obligation and means of spiritual purification.

Beside fulfillment the purpose of spirituality, the Holy Quran makes it the responsibility of a Muslim towards the weaker sections of society. The verse states

And be steadfast in prayer and regular in charity: And whatever good ye send forth for your souls before you, ye shall find it with Allah: for Allah sees Well all that ye do”\(^46\)

The zakāh assumed a signification position in the religio-economic structure of Islamic fiscal mechanism. The Prophet (ﷺ) mentioned it as one of the five basic tenets of Islam.

بَيْنِ الْإِسْلَامِ عَلَى خَمَسِ: شِهَادَةُ أَنَّ لَآ إِلَٰهَ إِلَّا اللَّهُ وَأَنَّ مُحَدَّثَ رَسُولُ اللَّهِ وَإِقَامُ الصَّلَاةِ وَأَداَةَ الزَّكَاةِ، والحج، وصوم رمضان
“The Islam is founded on five things; testimony to the fact that there is no deity save Allah, that Mohammad is his messenger, the establishment of Salah, the payment of zakāh, the performance of hajj and fast of ramadhan”

The Zakāh received much attention of the tradition of the prophet (ﷺ) in comparison to the other sources of revenue available to the Islamic state. The extent and scope of zakāh, the item which are subjected to it, the exemption limit, its rate and others necessary detail regarding its collection and disbursement are found in all major works of Ḥadīth literature. Jurist and fiscal expert of early Islamic days and modern researchers have examined various socio-economic aspects of the zakāh.

Zakāh, as an annual payment is obligatory on all wealth Muslims on their wealth. It is imposed on those forms of wealth which have the capacity to grow in value (gold, silver) or otherwise produce further wealth such as cattle, agriculture produce and articles trade. Thus having the capacity to grow is the first requirement of the zakāh base. The second condition of zakāh-ability is that in most of the cases it is imposed on that wealth which is held for one whole year. However in the case of agricultural it is charge at each harvest.

The third requirement is that the assets are liable to zakāh only when they exceed certain minimum value called ‘Nīṣāb’ which varies for each item. This fundamental requirement implies that only those who have sufficiency to pay and posse wealth beyond their needs for period of one year are liable to pay zakāh. The zakāh is, therefore, a determined right of have-notes in the property of the rich and prosperous.

C. Fay revenue

Literally fay means return of a thing. In legal terminology it denotes all property received from the enemy without actual fighting. The early scholars used it in a wider sense to include immovable property such as land and levy charged from these lands (kharāj), poll tax (jizyah) and custom duties collection from non-Muslim traders. It also includes source of the state revenue which did not belong to Zakāh or Ghanīmah category. Since the state had the full disposing authority of fay ‘income’ we can regard it as full-state revenue. As the benefit of fay revenue was generalized for the common good of the entire population, Al-Ghazālī has termed it as Amwāl al- masliha
Further Al-Ghazālī provides a rather detailed and succinct discussion of the role and functions of the state finances in an Islamic society. He also provides some insights into what has since become known as benefit cost analysis in matters of public policy. He mentions the various sources of revenues, scope of taxation, public borrowing, and public expenditure.

On the basis of Islamic system of public finance, Al-Ghazālī identifies several sources, but he is critical of some sources as not being valid islamically, and others which are consistent with Shari’ah are not being utilized. Al-Ghazālī declares “that almost all revenues collected by the contemporary princes are illicit because uncanonical, and that pious Muslims should accordingly refuse payments from princes and avoid contact with them.”48 Further Al-Ghazālī felt, as promulgated by the Seljuq dynasty of his age, the system of “taxation was in fact based upon long established custom, not upon Sharī’ah.”49 One of the valid sources of revenue Al-Ghazālī mentions pertains to property and assets without heirs, whose owners could not be traced, and those Awq of with no caretakers. As per Zakāh and Șadaqāt, Al-Ghazālī point out that they were not to be found during his time. There are many other kinds of taxes, collected from Muslim including confiscation of property and bribery, all invalid sources of revenue, according to Al-Ghazālī. Indeed, Al-Ghazālī declares,

The state finance in our time, the whole or most of it, is based on illegitimate (haram) sources, why so? They valid sources like Zakāh, Șadaqāt, fa’il and Ghanīmah are non-existent. Jizyah is found but collected with so many illegal methods. Apart from these, there are different kinds of taxes on Muslims: there confiscations of their properties, briberies, and all kinds of injustices.50

**Public Expenditure:**

As with sources of revenue established during his time, Al-Ghazālī is also highly critical of manner as well as areas of state expenditures. The following statement seems emissary of his views in this regard;

At this time, the rulers do not reward the deserving people, but those who they think could be utilized to safeguard their own interests, make court decorated with them, and who could be used to praise them and give their appreciation in their presence as well as their absence.51

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The areas of public expenditures suggested by Al-Ghazālī are rather broad and flexible: establishment of Justice, security of the state, and development of a prosperous society.\textsuperscript{52} As for the need for a secure, peaceful, and stable environment, Al-Ghazālī declares:

> Whenever ruler rules oppressively’ insecurity appears, and however much prosperity there may be this will not suit the subjects if accompanied by insecurity. However, little prosperity there may be, this will not displease them if accompanied by security; on the contrary, it will suit them well … Now the security of the world depends on the discipline maintained by the ruler.\textsuperscript{53}

While Al-Ghazālī discusses the concept of Justice from several dimensions, in the present context, his focus is mainly on distributive justice. Thus he emphasizes that for Justice to prevail, the state must remove poverty and distress in the society, and if necessary, public expenditures should be undertaken for this purpose. Further “when the ruler’s subjects fall into penury or suffer distress, it is his duty to come to their aid, especially in time of drought or when they are incapable of earning their livelihood. The ruler must be provide the subject with food and extend financial assistance from the public treasury, and take good care to stop his officials from oppressing the subjects: for in that case, the people would become impoverished and quit the territory, the royal revenues would be shattered, profit would accrue to hoarders, and the ruler would curses and a bad name. It was for this reason that the sultan of old practiced the utmost frugality in such situations, and was accordingly able to grant aid from the treasuries to the subject.\textsuperscript{54}

Al-Ghazālī also says what is generally recognized by Islamic scholars that certain areas of public expenditures be directly linked to the sources of revenue; indeed, there are specific guidelines in this context from the Holy Qur’an and the Sunnah of the Prophet Muhammad (ﷺ). Such is the case concerning revenue from zakāh, and four fifth of the Ghanīmah, fay jizyah, kharāj and other sources may be employed for the general welfare of the society. With respect to Ghanīmah, Holy Qur’an Say:

> And know that out of all the booty that ye may acquire [in war], a fifth share is assigned to Allah,- and to the Messenger, and to near relatives, orphans, the needy.\textsuperscript{55}
Al-Ghazālī states his position on matters of expenditures as follows:

Let us think about welfare revenue such as *four-fifth of fay’*, and heirless property only. If revenue is from *Waad* (Charitable Donation), *Zakah* or one fifth of *Ghanīmah* or *fay’*, then the beneficiaries are known and fixed. If a property belongs to the ruler he has the right to give the benefits to anyone in any amount. However, as for the general welfare revenue and property without know owners, these revenues should not be spent except for the general benefit of the public or for those who are needy and cannot earn a source of revenue. A rich man with no general benefit should not receive anything from the public treasury. This is the correct stand, although some experts disagree with it. One of the sayings of Umar b. Khattab (d.23/644) mentions that every Muslim has a right to the public treasury. But his policy was not to distribute public revenues without a certain criteria. Further, every person who is performing a certain duty for the benefits of Muslims has the right to an adequate income from the state, and if he is also engaged in earning his livelihood, or he has inadequate income, then the performance of his duty will be hurt.56

Further, Al-Ghazālī suggests expenditures may be undertaken to build social and economic communications for promoting development and wealth of the state and also beneficiaries of the public funds such groups as the *Ulama*, students, public officials, military personnel, and even physicians57. In other terminology, public expenditures may be incurred on function such as education, maintenance of general law and order, defense, and health-care. Further Al-Ghazālī suggests expenditures may be undertaken to build social and economic communications for prompting development and prosperity of the state; he says *fay* revenue meant for the welfare of shelters, roads and other similar activities whose benefits are shared by all Muslims.58 Al-Ghazālī is also keenly aware of the honesty and efficiency in the affairs of the public sector. He also says the public treasury is a trust in the hands of ruler and the ruler must maintain utmost care in fulfilling this trust. He must not be extravagant in the use of public funds.
Endnotes & References

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16 Al-Ghazālī, op. cit., Vol. 3, p. 225
17 Al-Ghazālī, op.cit., Vol.1, pp. 12-16
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31 Al-Ghazālī, Nasihat al-Muluk (Counsel for Kings) Trans. by Bagley F.R.C., London: Oxford University Press, 1964 (hereafter this book will be cited as Ghazali 1964)
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47 Sahih Bukhari, The Book Of Belief (i.e. Faith), Chapter. Your invocation means your faith. And Allah said: "Say (0Muhammad to the disbelievers): My Lord pays attention to you only because of your invocation to Him." (V.25:77), H. No. 08, English Trans: Dr. Muhammad Muhsin Khan, Vol. 1, Riyadh: Darussalam Publishers, 1997, pp. 57-58
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51 *Ibid.*, p. 139
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