CHAPTER THREE

Economic Thought of Al-Ghazâlî
An Overview of Economic Thought

The word economy the Arabic equivalent (Iqtisād) is derived from an ancient Greek term “Oikonomia”, which means, household management or management of house affair. Technically Economics the branch of knowledge concerned with the production, consumption, and transfer of wealth. Economics as a science explains how people earn income and resources and how they spend them on their necessities, comforts and luxuries.

The history of economic thought deals with different thinkers and theories in the subject that became Economics from the ancient Greek world “Oikonomia”.

In modern history of economic though, Adam Smith is considered to be the founder of the field of economics. In his epic writing ‘The Wealth of Nations’ smith studied the determination of prices of land, labour and capital, and inquired into the strength and weakness of the market mechanism. He identified the remarkable efficiency properties of markets and saw that economic benefits come from the self–interested actions of individuals. His ideas built upon a considerable body of work from predecessors in the eighteenth century, particularly of those thinkers known as Physiocrats.

In coming centuries the economists developed various concepts for economics analysis who analysed ways the landed, capitalist, and labouring classes produced and distributed national output. Karl Marx in London heavily criticized the capitalist system, which he described as exploitative and alienating. From about 1870, neoclassical economics attempted to erect a positive, mathematical, and scientifically grounded field above normative politics. In twentieth century, on the backdrop of the great depression of 1930s, John Maynard Keynes published his revolutionary ‘General Theory of Employment, Interest and Money’. In his theory Keynes developed an analysis of what causes unemployment and economic downturns.

Back in middle Ages, a group of Catholic scholars known as the Schoolmen, analysed economic issues and moved who moved their enquiries beyond theology to philosophical and scientific discussion. The famous Italian theologian and writer on economic issues, Thomas Aquinas (1225C.E–1274C.E) dealt with the concept of a just
price, which he considered necessary for the reproduction of the social order. He argued it was immoral for sellers to raise their prices simply because buyers were in pressing need for a product. This goes beyond saying that the history of economic analysis starts from the ancient Greek and travels to the modern ages encompassing treasures of ideas and thoughts.

The modern writers on economic thought while writing the history of economic analysis ignored the great contributions of Muslim thinkers during seventh to thirteenth century A.D. who forwarded ideas and thoughts that must be recognized not only for the sake of academic integrity and also to fill the missing blanks in the history of economic thought. Joseph Schumpeter, in History of Economic Analysis (1954 C.E.), assumed that there is a “Great Gap” of “over 500 years” in the history of economic thought from the time of the Greek contribution to that of the Scholastics in thirteenth century. Interesting most of the Islamic scholars contributed greatly on various economic issues during this so called era of Great Gap. Al-Ghazali’s thoughts on economic issues also came during this period.

**Evolution of Economic Thought in Islam**

The concept of economic thought in Islam originates from verses of the Holy Qur’ān and the Sunnah of the Prophet Muḥammad (ﷺ). The Qur’ān is Word of Allah revealed to the Prophet Muḥammad (ﷺ). Saying, actions and approvals of the Prophet of Islam is termed as Sunnah in the Islamic terminology. Muslim scholars accept the Holy Qur’ān and the Sunnah of Prophet as the starting points in history of knowledge in Islam. These two sources are known as the primary or divine sources of knowledge.

Besides these two divine primary sources the Islamic economic thought can be derived from a number of secondary sources. While the primary sources are based on revelation, the secondary sources are based on human interpretation and reasoning, which, in practice, are, or should be, traced back to primary sources. As for economic ideas from secondary sources they can be traced from exegeses of the Holy Qur’ān (Tafāsīr), commentaries on Hadīth of the Prophet Muḥammad (ﷺ), books on principles of jurisprudence (usūl al-fiqh) that provide valuable materials. In addition to this Muslim scholars wrote a number of treatises on economic issues that provide valuable thought on Economic analysis.
Sources of the Islamic Economic Thought

The Holy Qurʾān, as the primary source of law, provides general principles of law and the Traditions of the Prophet Muḥammad (ﷺ), to a large extent, provide explanations to these principles.

The verses of the Holy Qurʾān and the traditions of the Prophet Muḥammad (ﷺ) contain the most basic principles of Islamic economics. They serve as source and give guidelines for Islamic economics. The ideal Islamic economic norms and values have been given in these basic sources.

Some economic ideas that shaped the economic ideas and formed the concept of economic thinking among the later scholars can be summarized as follows:7

According to Qurʾānic concept the absolute ownership of everything here belongs to Allah.

وَلَقَدْ ﻣَﻜَّﻨَﺎﻛُﻢْ ﻓِﻲ اﻷَْرْضِ وَﺟَﻌَﻠْﻨَﺎ ﻟَﻜُﻢْ ﻓِﯿﮭَﺎ ﻣَﻌَﺎﯾِﺸَ ﻗَﻠِﯿﻼً ﻣَﺎ ﺗَﺸْﮑُﺮُونَ

“It is We Who have placed you with authority on earth, and provided you therein with means for the fulfillment of your life: small are the thanks that ye give!”. 8

Muslim gets and delivers his earnings as a trustee under the commands of his Owner.

أَمْنُوا بِذَٰلِكَ وَرُسُولَهُ وَأَعْفُوهُ مَا جُعِلَ ﻟَكُمْ مُسْتَخْلِفِينَ ﻓِيهِ فَأَسْلَخْنَ أَمْنُوا مَنْ كَفَرَ وَأَعْفُوهُ ﻟَهُمْ أَجْرًا ﻋَظِيمًا

“Believe in Allah and His messenger, and spend [in charity] out of the [substance] whereof He has made you heirs. For, those of you who believe and spend [in charity].- for them is a great Reward”. 9

Qurʾān prohibits all ways of eating up the wealth of others by wrongful means.
O ye who believe! Eat not up your property among yourselves in vanities: But let there be amongst you Traffic and trade by mutual good-will: Nor kill [or destroy] yourselves: for verily Allah hath been to you Most Merciful”.  

Qur'ān aims that income and wealth, instead of becoming concentrated in a few hands should be allowed to circulate in the society, so that the gap between the rich and the poor should be narrowed down

What Allah has bestowed on His Messenger [and taken away] from the people of the townships,- belongs to Allah,- to His Messenger and to kindred and orphans, the needy and the wayfarer; In order that it may not [merely] make a circuit between the wealthy among you. So take what the Messenger assigns to you, and deny yourselves that which he withholds from you. And fear Allah; for Allah is strict in Punishment. 

Qur’ān has laid down definite laws as to how to spend wealth.

"Those who, when they spend, are not extravagant and not niggardly, but hold a just [balance] between those [extremes];"
Secondary Sources Economic Thought in Islam

It must be noted that Qur’ānic teachings on economic issues are specific and focus on general ideas. The Sunnah of the Prophet Muhammad (ﷺ) also requires explanations. In later days, the Muslim scholars derived laws based on reasoning and analysis to solve new practical problems that arises in new territories where Muslims ruled. This gives the rise of a new branch of knowledge known as Fiqh.

_Fiqh_ is an Arabic word that means a deep and thorough understanding and intelligence. _Fiqh_ is about practical rulings and laws (excluding matters of faith and morals). It is a product of human understanding and interpretation of the primary sources of law. _Fiqh_, therefore is the understanding by Muslim jurists of the _Sharī’ah_ and also deals with detailed prescriptions of the law.

Gradually a number of schools of thought emerged corresponding to different methods of conducting jurisprudence. The four main schools are named after; Abu Hanifah Nu’man bin Thabit13 (d. 767 C.E.), Imam Malik bin Anas14 (d. 798 C.E.) Imam Mohammad bin Idrrees Al-Shafi’i15 (d. 854 C.E.), and Imam Ahmed bin Hanbal16 (855 C.E.). Although the reflections on economic issues in their writings are limited to their responses to the practical problems of society people asked for guidance, no doubt the history of economic analysis owes to a great extent to writings of such religious scholars. A wide range of economic issues are discussed during this period that open a new branch of knowledge in Islamic law known as Jurisprudence of Financial Transaction, _Fiqh Al-Mu’āmulāt_. _Fiqh al-mu’āmulāt_ is a branch of Islamic _Sharī’ah_ jurisprudence. The focus of _fiqh al-mu’āmulāt_ is on contracts, and it lays down what types of contract are permissible or valid and what types are impermissible or invalid.

A great contribution of the Muslim thinker during this period is the compilation of the sayings of the Prophet Muḥammad (ﷺ) on economic and financial obligations. Abu Yusuf (d. 798)17 and Abu ‘Ubayd Qasim bin Sallam (d. 838)18 compiled the Prophet’s saying and the practices of companions of the Prophets and early rulers (al- _Khulfāh al-Rāshidūn_)19 on issues related to land taxation, sources of revenue, and revenue collection under the titles; _Kitāb al-Kharāj_ and _Kitāb al- Amwāl_ respectively. Imam Mohammad Al Shybani20 (d. 805 A.D.) authored _Kitāb al- Kasb_ (Book of Earning). Some other issues discussed by the scholars during these early Islamic periods are:
Market and its regulation, Supply and demand, price fixation, money, credit and credit instruments, interest, exchange, taxation, public finance, fiscal policy, zakāh, inheritance, property, and business organization.21

An analysis of the economic thought in the early three hundred of Islamic history reveals that the scholars during this period were fully devoted to the explanation of the sharī’ah sciences and their discussion was mainly rooted in the primary sources of the Islam with less focus on economic analysis that was the main characteristics of the writings of the later scholars.

The contribution of many medieval scholars to the field of Islamic economics reflects their intellectual depth of economic matters. The great contribution came from scholars such Abu Hamid Al-Ghazāli (d. 1111 C.E.), Ibn Taimiyyah (d. 1328 C.E.),22 Ibn Qayyim (d. 1350 C.E.),23 and a number of other Muslim scholars like Ibn Hanbal (d. 855 C.E.), al-Kindi (d. 873 C.E.),24 al-Farabi (d. 950 C.E.),25 Ibn Hazm (d. 1064 C.E.),26 Alberuni (d. 1048 C.E.),27 Kay Kaus (d. 1082 C.E.), Nizam al-Mulk (d. 1092 C.E.),28 Nasir al-Din al-Tusi (d. 1274 C.E.)29, and Davani (d. 1501 C.E.).

Some important works during this period include Farabi’s Virtuous City; Ibn Sina’s Household Management; Al-Biruni’s Book of India; many of al-Ghazali’s works, particularly his Ihyā’ ‘Ulūm al-Dīn (in Arabic) and Kīmiyā-e-Sa’ādat (in Persian); Nizam al-Mulk’s Siyāsat Nāmah (in Persian); Kay Kavus’s Qābūs Nāmah (in Persian); and Asad Davani’s book on ethics (in Persian). These scholars viewed in two different and distinct ways in the matters of economics. The first view which has its base in the economic realities of medieval Islamic society was influenced by the realism of Persian “mirrors” tradition. The second view, which also had its base in medieval Islamic society, was influenced by traditional Islamic ethos, and by Sufism. The scholars discussed here understood the economic process well, established by their views on the evolution and efficiency of division of labour, the evolution and function of the market, the evolution and function of money, production activity and its efficiency and the theory of population. Kay Kavus’ discussions in Qābūs Nāmah about economics, which are devoid of theological argument and are objective and positivistic, praised wealth for its own sake—an example of the first view. Al-Ghazali’s discussions about economics both in Ihyā’ and Kīmiyā provide an example of the second view. Al-Ghazālī, and other

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proponents of this view for the matter, while advocating economic activity, regards the development of the economy as part of divinely ordained, socially obligatory duties whose fulfilment is necessary for the perpetuation of humanity. Al-Ghazālī Sufi tendency, rather obvious in his writings, is well known. It is a fact that Al-Ghazālī tried to synthesize traditional Islam and Islamic Sufism.

An Overview of Economic Ideas of Al-Ghazālī

Al-Ghazālī is one of the most famous Muslim scholars who contributed in the area of Islamic economics. His mastery of the Islamic science as well as the secular discipline of his time, gave him chance to get a deep insight of all the issues that he used to discuss. Al-Ghazālī did not contribute one special book to Economics; as a replacement for his economic thought can be found, disseminated throughout his work, mainly, in *Iḥyā’ ʿUlm al-Dīn*, which is comprised of four volumes, covering 1700 pages, is constant mainly to economic issues, such as voluntary market exchange, stage of production, poverty and income distribution, division of labour, trading among cities, public finance issues, principle of government for rulers, usury, barter and need for money ethics of market behaviour, and others.

Ghazālī’s economic ideas are related mainly to the Islamic ethos of the Qur’ān and the Sunnah of the Prophet Muhammad (ﷺ). In his writing Al-Ghazālī emphasized that the knowledge of economic matters is an obligatory knowledge as mentioned in the prophetic tradition.

طلب العلم فريضة على كل مسلم

“*Seeking of knowledge is obligatory (Fard) on every Muslim.*”

If economic activity is encouraged so much so that it has a status of worship, its knowledge is also necessary, and acquiring knowledge in this Bāb (in the field of economics) is Wājib (Compulsory) on every earning Muslim. This is because one must have knowledge to deal with a problem when it arises. It is not wise to wait and search for a solution when one encounters a problem. It is obligatory, therefore for every earning Muslim to acquire the basic knowledge of economic matter. Al-Ghazālī supports his view by citing the practice of ʿUmar, the second caliph of Islam, who would visit the market places and say: *he should not do business in our market that does not have it knowledge.*
Al-Ghazālī concerned with the Islamic rules of economic activity which are Islamic legal norms and values for economic activities, and their subject is Islamic Jurisprudence, discussed in the chapter of “Muʿāmulāt” (socio-economic activities). In the contemporary literature, Islamic economics includes Islamic legal norms and their economic analysis. Therefore, according to Al-Ghazālī, the basic knowledge of Islamic economics is compulsory on every economically active Muslim to the extent of basic Islamic legal norms relevant for his activity, whether it is obtained from Islamic economic literature or from the juristic, sources, through study, reading or discussion with the person of knowledge.

Such obligatory knowledge of economic activities is of many kinds (branches) of which six must be activated by those who are involved in such activities. These are: baiʿ (trade and commerce), Ribā (interest, usury), Salam (Forward buying), ījārah (renting) musrarakah (partnership) and Muḍārabah (sleeping partnership for profit sharing). Al-Ghazālī discussed all of them.

According to Al-Ghazālī, all economic behaviours revolve around the basic human needs i.e. food, clothing and protection. However, the concept of basic needs is subjective and more inclusive, and flexible and it depends upon dynamics of a particular society and time. However it must be consistent with rulings of the Islamic Sharīʿah laws. Accordingly to Al-Ghazālī, the list may include such economic and socio-psychological needs as furnishings, property, status and prestige, and even marital relation, in addition to the aforementioned need.32

In Mizān al-ʿAmal, while exploring the Islamic social welfare function 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.

Such consumption may apply to each one of the three basic needs: (i) food, (ii) clothing; (iii) and shelter. Each one may be satisfied at any of the three levels in a hierarchical form necessities (darūrāt), conveniences or comforts (ḥajāt), and refinements or luxuries (taḥsināt).33
According to Al-Ghazālī the level of consumption has to range between necessity and extravagance. Whilst necessity has to be fulfilled by the consumer for it is perceived as a religious obligation (farḍ al-kifāyah), extravagance is ḥarām.

For example the lowest standard of shelter may be living in a cave or a trust home. The middle standard may be one’s own house, with privacy and basic comfort. Such a house may be the “standard” type, and this is the kind Al-Ghazālī includes as part of his Kifāyah. The highest level of shelter is a large will-built aesthetically more mansion, with many amenities – the kind always sought by the worldly people and those of higher position. Further Al-Ghazālī states that anyone may own such elaborate shelter, without any constraint from the state, but sure groups, such as the ascetics or Sufis, may be dispirited from such ostentations living since, given the nature of their spiritual pursuits, they should to live an easy living.34

I Ideas on Trade, Exchange and Markets

To Al-Ghazālī markets evolve naturally, as a consequence of human desire to satisfy economic needs. He provides a detailed discussion of the role and significance of voluntary trading activities and the emergence of market based on the forces of demand and supply that determine prices and profits.

Al-Ghazālī outlines that people from different groups and various walks of life come together with a view to exchanging products among themselves. People’s own needs and interests create the need for each other that also leads to the need for transportation. As a natural consequence to it a professional trader’s class emerges who carry goods from one place to another. In deed the profit motive is the main factors behind all these activities. The following quotation of Al-Ghazālī writings is worth reading:

*It happens that farmers live in a place where farming tools are not available. And, blacksmiths and carpenters live where farming does not exist. So the farmer need blacksmiths and carpenters and they in turn need the farmers. Naturally, each will want to satisfy his needs by giving up in exchange a portion of what he possesses. But it is also possible that when the carpenter wants food in exchange for some tools, the farmer does*
not need the tools or, when the farmer needs the tools from the carpenter, the carpenter
does not need food. So such situations create difficulties. Therefore, there emerge forces
leading to the creation of trading places where all kinds of tools can be kept for exchange
and also the creation of warehouses where farmers’ produce can be stored. Then,
customers came to obtain these goods and markets and storehouses are established.
Farmers bring their produce to the markets and if they can’t readily sell or exchange what
they possess, they sell them at a lower rate to the traders who in turn store the produce
and try to sell to the buyers at a profit. That is true for all kinds of goods and services.35

Al-Ghazālī further focuses on the importance of travelling and interaction of the people
and exchange of economic resources. He explains;

People travel to different villages and cities to obtain tools and food and transport them.
People economic affairs become organized into cities which may not have all the tools
needed and into village which may not have all the foodstuffs needed people’s needs and
interests necessitate transportation. Then, a class of traders who carry goods from one
place to another is created. The motive behind all these activities is the accumulation of
profits, no doubt. These trades exhaust themselves by travelling to satisfy others need and
to make profits, and then these profits too are eaten by others when they themselves obtain
things from others.36

From the above writing it is reflects that what Al-Ghazālī clearly emphasized is the
economic exchanges leads to specialization and division of labour in various regions and
resources. Furthermore, he recognizes the importance of trading activities in adding value
to goods by making them available at a useful place and time for buyers. The natural
forces of exchange also lead to the creation of professional traders, who are guided by the
profit motive. However to Al-Ghazālī, accumulation of wealth in this way is not a
desirable act. However, Al-Ghazālī recognizes it as a necessary act that is essential for a
growing society and it is also in the mutual interest of the people. Furthermore Al-Ghazālī
focuses on the safety and security of the trade routes and the rules must provide them for
the free and secure trading.

Al-Ghazālī on Price Determination in the Market

Price determination or role of supply and demand in the market is one of the
major themes in the modern economic analysis. The eminent British economist, Alfred
Marshall (d. 1924) in his most important book, Principles of Economics emphasized that
the price and output of a good are determined by both Supply and demand: the two curves are like scissor blades that intersect at equilibrium. Interestingly the Muslim thinkers of early Islamic history had shown deep insight in their analysis of Market forces.

What we learn from the early discourses on market administration is that Islam grants absolute freedom to traders provided they adhere to the code of lawfulness. It does not, therefore, encourage the practice of price-fixing and leave the traders to earn the profits from each other within the lawful limits. As a matter of principle public authorities are not allowed to fix the prices of commodities by force. This is because rise and fall in the prices are linked to various factors other than the greediness of the traders and fixing the prices may endanger both public and private interests. We quote a tradition of the Prophet of Islam (ﷺ) to support this view.

It is reported that once the prices shot up during the period of the Prophet Muhammad (ﷺ). The people said: O Messenger of Allah! Prices have shot up, so fix them for us. Thereupon the Messenger of Allah said: Allah is the One Who fixes prices, withholds, gives lavishly, and provides, and I hope that when I meet Allah, none of you will have any claim on me for an injustice regarding blood or property. (Bukhari)

According to this tradition the government authorities will not fix the prices in the market if there is a real rise in prices. Thus, if the prices of the goods and services increase because of low production or increased demand or lack of supply, the state will not force the traders to decrease the prices. The Prophet Muhammad (ﷺ) refused to fix the prices of commodities because, it seems that he felt that rise in prices was real and not artificial.

In later writings we find a number of scholars who forwarded this concept in their writings. For example Al-kasani (d.1189) quotes the eminent jurist Imam Shafi'i  

“the value of a commodity changes each time there is change in the price’ due to increase or decrease of people’s willingness to acquire the commodity and depending whether it is available in small or large quantity 37

From the above writing we can envisage that what Imam Shafai’ meant by ‘people’s willingness to acquire the commodity’ is what we say demand in modern economics and the supply is what he said about the availability of commodity. To him these two elements have important bearing in determining the value of a commodity.
Such types of discourses concerning role of demand and supply are scattered in the writings of the early scholars.

Al-Ghazālī writing in middle ages of Islamic scholarship provides a detailed analysis of the forces of demand and supply in the emergence of markets and hence in the determining of prices and profits. Interestingly Al-Ghazali does not discuss demand and supply in modern terms. He rather refers to the effect of low demand of a commodity on its price while discussing the agriculture produce. In *Ihya* he states as follows:

“When the farmer does not get a buyer for his produce, he sells at a very low price.”38

At another place in *Ihya*, he expresses the role of the forces of demand and supply in determining the price. On being informed that the prices of products became high, he suggested:

‘the price should be brought down by reducing the demand for food’.”39

To above idea of Al-Ghazālī is a reflection of what is termed in modern economics as a shift in demand representing a change in consumer preferences that ultimately leads to change in the price of a product. It is case of leftward shift indicating that a commodity is less desirable and that fewer items will be sold at a given price.40

In another place in *Ihya*, his views reflect what is known in modern economics as leftward shift in the supply curve meaning reduction in supply and its impact on the price. He condoned the hoarding of goods by traders if goods are available in plenty and the prices are low while the goods are available with people in large quantities.41

Another important element related to supply and demand as it appears in the writing of Al-Ghazālī is what is termed in the modern economics is ‘elasticity of demand/supply and impact on the total revenue. He suggests:

“A cut in profit margin by decreasing the price will cause an increase in sale and ultimately an increase in total profit.”42

Clearly he meant that impact of price change on revenue without using the modern term elasticity. Further, he seems to have some insights into the idea of price – elasticity of demand when he says:

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“One who is content with a small profit has many transactions and earns a lot of profit by large volume of sales and thus he is favoured.”

To Al-Ghazālī profits are related to risk and uncertainty. While highlighting the contribution of traders and their hard-work he mentioned the traders’ risk bearing capacity as follows:

“Look how Allah has imposed upon them (traders) bears a lot of trouble in seeking profit and takes risks and endangers lives in voyages.”

Al-Ghazālī in his discourses however didn’t put any limit for profit earning as is the case with Islamic scholars. In Islamic scheme profit is accepted as reward of entrepreneur. However an Islamic entrepreneur will work under influence of Islamic spirit. The behaviour of an entrepreneur under Islamic spirit can be summed up as consisting of a sincere devotion to the two values of (I) justice and (ii) benevolence. True to Islamic teaching Al-Ghazālī accepts profit maximization within the limits set by the Islamic teachings. He suggests that seller should out of his benevolence not accept high profit of particular product just because the buyer is anxiously interesting in buying it. Like other scholars, Al-Ghazālī didn’t set any limit of the profit nevertheless given the role of benevolence and overall injunction of Shari’a, a normal rate not exceeding 5-10% of the price of a good should be an idle one.

Al-Ghazālī does not define the precise range or limits of normal profits he does suggest that, given the sellers’ benevolence as well as the norms of trading practices and market conditions, the profit rate should be around 5 to 10% of the price of a good.

Al-Ghazālī on Market Values and Ethics

Ethics may be defined as the set of moral principles that distinguish what is right from what is wrong.

Islam places the highest emphasis on ethical values in all aspects of human life. Ethical norms and moral codes discernable from the verses of the Holy Qurʾān and the teachings of the Prophet are numerous, far reaching and comprehensive. Islamic teachings strongly stress the observance of ethical and moral code in human behaviour. Moral principles and codes of ethics are repeatedly stressed throughout the Holy Qurʾān. Besides, there are numerous teachings of the Prophet which cover the area of moral and ethical values and principles. Says the Holy Qurʾān:
Islam has its own distinctive value-based ethical system for business dealings. It prescribes certain specific guidelines for governing business ethics. It (I) enumerates the general ethical rules of business conduct, (ii) identifies ethically desirable forms of business, and, (iii) specifies the undesirable modes of transactions.

Al-Ghazālī in his discussions emphasized on the importance of ethical and moral norms to which business community must adhere while engaging in business practices. The Al-Ghazali ideas are deeply rooted in the Islamic teachings as derived from the Holy Qur’ān and the traditions of the Prophet Muḥammad (ﷺ). He especially focussed on such issues as misleading and false advertisement, middleman ship, fraud, gambling and hoarding in business dealings.

Hoarding is one of the main evils that causes a lot of irregularities in the market and leads to artificial rise in prices. The Arabic word for hoarding is Iḥtikar. It means storing foodstuffs or withholding them in expectation of rise in their prices. This is an unjust practice and a clear case of exploitation and deservedly condemned by Islam. The Prophet Muḥammad (ﷺ) is reported to have condemned the hoarders when he said:

الجاء لمرزوقي والمحترق ملعون

The importer (of an essential commodity) into the town will be fed (by Allah), and the hoarder will have (Allah’s) curse upon him.

Al-Ghazālī the evil of hoarding food stuff with a view to raise the price. He regards hoarding as a great injustice. He categorically states:
“Every person has the right to buy food at the prevailing market price, not the artificially induced higher price, and hoarding of foodstuffs and items which are very much like food and part of nutrition is Ḥarām (Forbidden) and is to be strictly condemned.”

According to Islamic jurists hoarding is prohibited in case of foodstuffs and also when there is scarcity of the commodity. In case of non-essential items and when their commodity is in abundance supply withholding the goods is not a case of prohibited supply. True to Islamic juristic view which Al-Al-Ghazālī shows flexibility in case of hoarding of non-essential items? He states thus:

“Hoarding of medicines and other items which are not part of food and nutrition and not part or general needs is not quite Harām.”47

Thus to Al-Ghazālī hoarding is undesirable and unethical act should it is practiced for essential items and foodstuffs. In case of non-essential items and when the commodities are available in abundance hoarding is an acceptable practice in the market. To him even for foodstuffs, hoarding is condemnable when there is severe shortage. In case of abundance supply hoarding is not prohibited. However Al-Ghazālī considers that even such hoarding should be discourages.48

Islam encourages honest fulfilment of the contract and truthfulness in business transactions. Mutual consent between the parties is also a necessary condition for the validity of a business transaction. It, therefore, follows that a sale under coercion, a sale with cheating and hiding the truth is not acceptable in Islamic scheme. The Prophet of Islam (ﷺ) has exhorted the believers to strictly adhere to truthfulness in business transactions. He said:

البيعان بالخير ما لم يتفروا، أو قال حتى يتفروا، فإن صدقا وبيتا بورق لهما في بيعهما، وإن كتبا وكدبا محقت بركة بيعهما

“The seller and the buyer have the right to keep or return the goods as long as they have not parted or till they part; and if both the parties spoke the truth and described the defects and qualities (of the goods), then they would be blessed in their transaction, and if they told lies or hid something, then the blessings of their transaction would be lost”49
Al-Ghazālī is his discourse is very categorical in regards to fulfilment of contractual obligations, truthfulness in price quotations, contractual and adherence to the prevailing rates in all transactions. He strongly condemns manipulation of price on the part of buyers and sellers. He advises them to be truthful in all economic transactions, and in this context, he reminds them of The Prophet’s Muḥammad (ﷺ) statement that “a person will have the right to review the contract if he is deceived in any way.”

To Al-Ghazālī, a market should be free from all types of evil practices and defects as mentioned above. Economic activities according to him should reflect true Islamic values. The behaviour of market players should be built on true Islamic spirit of benevolence (Iḥsān) By Iḥsān he meant “doing something extra that benefits a person engaged in transactions above and beyond the material benefits, though that extra is not an obligation; it is merely an act of generosity.”

Ghazanfar and Islahi while writing on the Economic view of Al-Ghazālī enumerated six guidelines that must be adhered to in order to establish benevolence in the marketplace. These are:

- The seller should not charge a cost that result in too much profits;
- The buyer should be relaxed when bargaining with a poor seller and strict when transacting with a wealthy merchant;
- While seeking cancellation of a transaction or asking repayments of debts, a person should be gentle and be willing to be flexible to accommodate the circumstances of the other party;
- When a person owes a debt to another, he should be prompt in repayment so that no inconveniences are caused to the other party;
- If somebody wants to cancel a business deal, one should try to accommodate such a request;
- A person should be willing to sell to the proof who do not have the means and should extend credit to them without the expectation of repayment.
Islam regards economic and business activity as a means to achieve piety and raises the status of a truthful merchant so much so that he will be at par with the holy warriors and martyrs, in the Hereafter. True to Islamic guidelines Al-Ghazālī principles reflect the general moral ethical guidelines that should be followed by the business people in their dealings in order to achieve piety and above all, as a reflection of his fear and love of Allah.

An individual’s economic and business activities can be transformed into a means ensuring the rewards in the hereafter which is the ultimate goal of every Muslim. The above idea of Al-Ghazālī is reflected in the guidelines highlighted by S.M. Ghazanfar and A.A. Islahi work on Al-Ghazālī. According Al-Ghazali the one who observes guiding principles will achieve the highest rank in the hierarchy of successful people, both in this world and in the hereafter. Let us refer to these guidelines as follows:

- The seller should act as an Islamic follower with “correct” aim about his trade – i.e. to support himself and his dependents, and to acquire the means and strength of performing his religious duties.

- While starting a business, he should also seek the fulfilment of socially obligatory duties (Farḍ al-Kifāyah).

- His desire to be successful in material terms should not blind him against success in the hereafter.

- He should not transact his business in a greedy manner.

- He should refrain not only from clearly Ḥarām (prohibited) activities, but he should also be vigilant over all his activities, remembering at all times that he is accountable before Allah for all of them

**Al-Ghazālī views on Functions of Money**

Money can be defined as any item or anything that is readily accepted as a means of facilitating exchange, accumulating wealth to spend later, and settling debts. The item must enjoy the confidence of those using it.
Before money, there was a barter system. The system of direct exchange of goods and services for other goods and services is known as barter.

In barter, people directly trade goods for goods. To do this they must negotiate over the price of each trade. Two loaves of bread equals five fish, or thirty chickens equal one sheep, and so forth. To barter people must meet, set the price, and exchange the goods. This can be very inconvenient if many exchanges have to take place, and almost impossible if people want some goods from very far distance. There were a few more problems associated with the Barter System these problems were solved by money.

As economies develop, people no longer barter one good for another. Instead they sell goods for money and then use money to buy other goods they wish to have. In the first place the commodities were used as medium of exchange. Money as a medium of exchange first came into human history in the form of commodities (commodity Money). A great variety of items have served as money at one time or other; cattle, olive oil, copper, gold, silver, diamonds etc. One of the advantages of commodity money was that it has intrinsic value meaning it has value in itself. The age of commodity money gave way to the age of paper money. **55**

**Functions of Money**

Money is a very useful tool in an economy. The importance of money lies in the fact that it accomplishes the following tasks:

(i) *A medium of exchange:* Money serves as a medium of exchange. It allows people to trade the goods they make for the goods made by others

(ii) *A measure of value:* Where money is used as a unit of account every good and service is valued against money and it becomes the common standard or measure. This function allows a quick comparison to be made between the value of different goods and services, and solves the problem faced in the barter system.

(iii) *A store of value:* The third function of money is to serve as a store of value. Money allows people to accumulate wealth.

(iv) *A standard for deferred payments:* Money makes it possible to create contracts to be agreed upon involving payments in the future. In other words, money allows for credit to exist.

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Al-Ghazālī in his discourses discussed in details the concept of money and the shortcomings of the barter system of exchange. Al-Ghazālī clearly realized offered a rather explained the circumstances which led to the evolution of money and its various functions. Money is according to him is one of the most important inventions of human civilization as it has to be utilized only to alleviate exchange of goods and economic transactions within society. Al-Ghazālī thus realizes the importance of Money as a medium of exchange- one of the main functions of money in modern economics. We can deduce the above ideas of Al-Ghazālī from the following.

“Creation of dirham’s and dinars (i.e. gold and silver coins) is one of the bounties of Allah. The entire world of economic activities is based on transactions with these two kinds of money. They are two metals, with no benefits in themselves. However, people need them, in order to exchange them for different things – food, clothing, and other goods. Sometimes a person needs what he does not own and he owns what he does not need.”

According to the above Al-Ghazālī considers the money as a medium of exchange a great blessing of Allah and people should thank the Almighty for this great blessing.

It is obvious that that while discussing the role of money as a medium of exchange Al-Ghazālī clarifies an important Islamic view on money that money in itself has no intrinsic value. Islamic shari‘ah has treated money differently from commodities. According to Islamic teachings money and commodity have different characteristics and therefore they must be treated differently. According to Islamic teachings:

1. Money cannot be traded like other commodities. Its use should be restricted to its basic purpose i.e. to act as a medium of exchange and a measure of value.

2. If for any reasons, money has to be exchanged for money or it is borrowed, the payment on both sides must be equal. So there should not be trading of money by money.

According to Al-Ghazālī money has no purpose on its own It rather should serve only as a medium to enable certain exchanges. Therefore the value of exchanged good has to be known and recognized. Trading in gold and silver for the purpose of making
profit is condemned, whilst selling gold for silver or vice versa is licit, since economic
transaction is a medium of exchange.

As one of the main functions of money is its use as medium of exchange, withholding
money from spending is regarded as an undesirable act that can invite wrath from Allah
the Almighty. Allah says:

وإذا قيل لهم أنفقوا مما رزقكم الله قال الذين كفروا أنفقوا أنفقوا لذين أنفقوا أنفق عن
في ضلال مبين

. And when they are told, "Spend ye of [the bounties] with which Allah has
provided you," the Unbelievers say to those who believe: "Shall we then feed
those whom, if Allah had so willed, He would have fed, [Himself]? - Ye are in
nothing but manifest error." 58

In another place Allah has condemned those who are storing wealth and not spending;

و الذين يَكْنَؤُونَ الْذَّهَبَ وَالْفِضْلَةَ وَلَا يُنْفَقُونَهَا فِي سَبِيلِ اِلْهَٰلِكَ

. And there are those who bury gold and silver and spend it not in the way
of Allah: announce unto them a most grievous penalty 59

يَوْمَ يَحْمِى عَلَيْهَا فِي نَارِ جَهَنَّمَ فَتَكُونِي بِهَا جَيَّاحُهُ وَجَنَوْبُهُ وَظُهُورُهُ هَذَا ما كَنْزُكُمْ لَأَنْفَسْكُمْ فَدُوقُوا ما

‘On the Day when heat will be produced out of that [wealth] in the fire of
Hell, and with it will be branded their foreheads, their flanks, and their
backs, their flanks, and their backs. - "This is the [treasure] which ye buried
for yourselves: taste ye, then, the [treasures] ye buried 60
Al-Ghazālī considers that gold and silver as money- *dirhams* and *dinars*; as these metals are equal with money. In the light of the above quoted verse from the Qur'ān he interprets that verse refers to those who hoard money as well convert *dirham’s* and *dinars*. He elaborates as follows:

Anyone who uses money contrary to its objectives or functions is ungrateful to the bounty of Allah. If someone hoards *dirham’s* and *dinars*, he is a transgressor. He would be like a person who imprisons a ruler, thus depriving the society of the benefit of his benevolence. *Dirham’s* and *dinars* are not created for any particular person; they are useless by themselves; they are just like stones. They are created circulated from hand to hand, to manage and to grades of goods. Anyone who converts them in to utensils of gold and silver is ungrateful to his Creator and worse than the hoarder of money, for such a person is like one who forced the ruler to perform un-suitable functions as weaving cloth, gathering taxes, etc. Hoarding of coin may be preferable to such conversion of coins into utensils. Because there are other metals and materials, copper, bronze, iron, clay which can be used to make utensils, instead of gold and silver, for the storage and drinking of liquids. But clay and iron cannot be used for the functions performed by *dirham’s* and *dinars* they are not meant for that purpose. If any one does not appreciate this fact, he should try to convince himself of remembering the saying of the Prophet Muhammad (ﷺ) One who drinks in gold and silver utensils, he is like one who takes the fire of hell in his stomach.

**Al-Ghazali’s views on Barter System**

Barter is a system of exchange by which goods or services are directly exchanged for other goods or services without using a medium of exchange. Before invention of money the barter was the way of doing transactions. However barter system carries in itself a lot of limitation more specifically its inefficiency in easing exchange between individuals. One of the main limitations of the barter system was indivisibility of certain goods. For example if a person wants to buy a certain amount of another's goods, but only has for payment one indivisible unit of another good which is worth more than what the person wants to obtain, a barter transaction cannot occur.

Al-Ghazālī identifies the invisibility problems that arise in case of barter transactions. In cases where one item is very large, while the other is very small; the large goods could not be divided into small pieces for exchange with the small quantities of the others. He gives several examples: such as exchange of a house with cloth, flour with a donkey, or a camel with saffron; in each case, the indivisibility problem arises. He categorically says:
“A camel owner cannot exchange his whole camel for a quantity or saffron.”

As earlier mentioned Al-Ghazālī while elaborating the money and its functions categorically stated that money is a blessing from Allah as it facilitates trade and transactions. He emphasized the role of money as measure of value in addition its role as a medium of exchange. He says that precious metals are required although they have no profit in themselves only to replace them for different things: Food, clothing, and other goods. Here he clearly highlights the importance of money over the barter system.

He further identifies the limitation of barter system in the absence of money as he says;

_Sometimes a person needs what he does not own and he owns what he does not need. For example, a person has saffron but not needs a camel for shipping and one who owns a camel does not presently need that camel but he wants saffron. Thus, there is the necessity for a transaction in exchange. Likewise in the case of one who desires a house but owns some cloth or desires a slave but owns socks, or desires flour but possesses a donkey. These goods have no direct proportionality so one cannot know how much saffron will equal a camel’s worth; such barter transactions would be very difficult._

**Al-Ghazali on Usury (Ribā)**

As clear from the above money in Islamic scholarship has been regarded as a means of exchange and a unit of measure of value. Consequently money in itself is not tradable. The practice of lending money against some financial gain is not acceptable in Islamic tradition. The consideration received on lending money is referred as ‘ribā’ translated as usury (interest in modern literature) and severely condemned in the Holy Qur’ān and traditions of the Prophet of Islam (ﷺ). Al-Ghazālī like other Islamic scholars has discussed the issue of interest at various places in his work. Before going to the ideas of Al-Ghazālī, it shall be better for our purpose to discuss in some details some important issues related to ribā.
The Islamic Law on Riba

Ribā literally means an increase. Technically it is any increase (large or small, nominal or real) received on loan. In Islamic jurisprudence it is defined as an increase in one of two homogeneous equivalents being exchanged without this increase being accompanied by a return.

Ribā has been understood throughout Muslim history as being equivalent to interest paid on a loan and clearly declared prohibited by the verses of the Holy Qur'ān and the traditions of the Prophet Mohammad (ﷺ).

Verses of the Holy Qur'an on Ribā

The Qur'an reminds people that interest does not add anything to wealth, but, on the other hand, decreases it. Say the Holy Qur'an:

"That which ye lay out for increase through the property of [other] people, will have no increase with Allah: but that which ye lay out for charity, seeking the Countenance of Allah, [will increase]: it is these who will get a recompense multiplied." 65

The Holy Qur'an forbids Muslims to take compound interest if they want real and lasting happiness, peace of mind and success in life.

"O ye who believe! Devour not usury, doubled and multiplied; but fear Allah; that ye may [really] prosper. 66

There is a clear distinction between trade and interest. The Holy Qur'an warns those who say that there is no difference between the two:

"...and say: 'What has made it unlawful? We have been forbidden to take the usury due to Allah, and so we have made it lawful to us, and our business is legitimate,

...and it is unlawful to us to take any usury. Whatever usury we take, we shall certainly come to despair of ever attaining Allah's good pleasure,..."
Those who devour usury will not stand except as stand one whom the Evil one by his touch Hath driven to madness. That is because they say: "Trade is like usury," but Allah hath permitted trade and forbidden usury. Those who after receiving direction from their Lord, desist, shall be pardoned for the past; their case is for Allah [to judge]; but those who repeat [The offence] are companions of the Fire: They will abide therein [for ever].

Allah will deprive usury of all blessing, but will give increase for deeds of charity: For He loveth not creatures ungrateful and wicked.

Then following verses clearly warn Muslims to abstain from interest:

O ye who believe! Fear Allah, and give up what remains of your demand for usury, if ye are indeed believers.

If ye do it not, Take notice of war from Allah and His Messenger: But if ye turn back, ye shall have your capital sums: Deal not unjustly, and ye shall not be dealt with unjustly.

The Messenger of Allah (ﷺ) on his last pilgrimage and his last address, declared the prohibition of interest in these words:

"Every form of Ribā is cancelled; capital indeed is yours which you shall have; wrong not and you shall not be wronged. Allah has given His Commandment totally prohibiting interest. I first start with the amount of interest which people owe to Abbas and declared it all cancelled."
It was narrated that Jābir said: “The Messenger of Allah cursed the one who consumes Ribā and the one who pays it, the one who writes it down and the two who witness it,” and he said: “They are all the same.”71

From the above it is clear that interest is strongly prohibited in Islam. Islam regards interest as an economic evil harmful to society, economically, socially as well as morally. The Holy Qur’an forbids Muslims to give or take interest.

**There are two main types of prohibited Riba**

**Ribā al-Faḍl**: This is affected by an increase of one traded set of goods over its compensation without any deferment. This type of Ribā comes into effect only if the two compensations are of the same genus (wheat for wheat). The Prophet Mohammad (ﷺ) said.

> “The bartering of gold for gold; silver for silver; wheat for wheat; barley for barley; dates for dates; salt for salt; like for like (are lawful) provided payment is made hand to hand. He who makes an addition to it, or asks for an addition, in fact deals in usury in which both the receiver and the giver are equally liable”. (Muslim)

Ribā al-Faḍl, therefore, is increasing the amount of one compensation when trading goods eligible for Ribā (ribawai) with goods of the same genus immediately with no deferment. The hadith “gold for gold” suggests the rules for most cases of Ribā in sales. The following rules are derived by the Islamic scholars in the light of the Prophetic tradition.

**Permission**

Certain goods ‘riba wai’ can be exchanged for each other as long as the exchange is present barter (‘hand-to-hand’). Exchange of goods within a single type is permitted only in equal amounts;

**Prohibitions**

All sales within a single type with inequality, with or without delay (riba al-faḍl)

All exchanges with delay among the listed goods, with or without quality or identity of type is Ribā al-nasi’a. Due to the prohibition on Ribā al-faḍl one cannot sell for good
quality dates for a larger quantity of poor-quality dates. The Prophet Muhammad (ﷺ) advised conducting such transactions through medium of money.

Note:

1. Trading wheat for barley in different quantities is not Ribā if the goods are mutually received during the contracting session.

2. Trading foodstuffs for a deferred monetary price is not Ribā, since the object of sale and price are of different genera and have different unit of measurement.

3. However trading one kilo of wheat today for one and half kilo of wheat in one month is Ribā due to unity of genus.

4. If a trader says that the cash-price of a good is five dirhams, and deferred price is six then the deferred sale is valid with no ribā, because the two compensations are of different genus.

Ribā al-Nasia: This is affected through an increase in the debt amount in compensation for deferment of its maturity. This definition applies regardless of the source of the due debt: whether it resulted from a loan or a deferred price in sale.

Ribā al-nasi’a is the one upon which most of western finance has been built. In the conventional financial sector, financial intermediation is effected through lending, and the time value of money is reflected in interest payments. Charging an increase for deferment of the payment of such transactions as a function of time constitutes Ribāal-jahiliyyah, the worst form of Ribā condemned in the sharī’ah.

Ribā of Jahiliyya has been defined as ‘a loan given for stipulated period with a stipulated increase on the principal payable by the loanee. “

The common practice before Islam was to extend delay to debtors in return for an increase in the principal. This is known as Ribā in Loans; whereby a person lends another a sum of money with a condition that he returns it with increase or where the convention is that loans are repaid with such interest. All such increase is prohibited.

The issue of Ribā has been widely discussed by the earlier scholars and by the modern Muslim thinkers as well. Most of discourses are recorded in the writings of scholars both
of medieval and modern eras, who explained and elaborated the issue of usury (ribā) in their Tafṣīr while discussing the verses related to Ribā in the Holy Qurʾān. For example, the Qurʾan commentator and Maliki jurist, Muhammad ibn Abdallah ibn al-Arabi (d. 543A.H./1148C.E.) is of the opinion that Ribā literally means increase, and in the Qurʾanic verse (2:275) it stands for “every increase not justified by the return”. ‘Waiting’ involved in a loan transaction is not considered by the jurists as justification for an increase (interest) on the principal amount.  

Ibn Rush while elaborating the purpose of prohibition of Ribā emphasized that it is intended to close the door of cheating. He states thus:  

“It is clear from the shari’ah that the purpose of prohibition of Ribā relates to the possibility of great cheating that exists therein.

The eminent Islamic scholar Shah Waliyullah al-Dihlawi, (write his biography in endnote) opined that Ribā is of two kinds: One is primary (ḥaqiqi), or real. Primary Ribā is only on loans. The other Ribā is called Ribā al-fadl, and is akin to primary Riba.  

The In the explanation of the Qurʾānic passage

قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الْرِّبَā وَاحْلَلَ اللهُ الْبَيْعَ وَحَرَّمَ الْرِّبَā

“They say, ‘Trade is just like interest’ whereas Allah has made trade lawful and interest unlawful”,  

The noted scholar of modern times Maulana Mawdūdi elaborates:  

The unsoundness of this view lies in not differentiating between the profit one gains on investment in commercial enterprises on the one hand, and interest on the other. As a result of this confusion, the proponents of this view argue that if profit on money invested in a business enterprise is permissible…. Such people, however, disregard the fact that no enterprise in which a man participates, whether it is commercial, industrial or agricultural, and whether one participates in it with one’s organizing skill or capital, or by both, is immune from risk. No enterprise carries absolutely guaranteed profit at a fixed rate. …

For Mawdūdi, the essential difference between non-interest business transactions and interest-bearing transactions rests, among others, on the following grounds:
(1) In a business deal, the transaction ends with the exchange between a commodity and its price. After this exchange has taken place, no obligation remains on either party towards the other. If the transaction is that of rent, the thing rented (e.g. land or building) is not consumed but is rather used and remains intact, and is returned to the owner after a stipulated period of time. In a transaction involving interest, however, what actually happens is that the borrower first spends the loaned funds, and then reclaims them with his efforts, returning them to the lender together with a surplus.

(2) In agriculture and industry, and in trade and commerce, one makes a profit after having expended one's effort, intelligence and time. In an interest-bearing transaction, on the contrary, one becomes entitled to a sizeable share in the earnings of others without any toil and effort, by merely allowing someone to make use of one's surplus money. The lender is neither a 'partner' in the technical sense of the term, for he does not share both the profit and the loss, nor is his share in proportion to the actual profit.

Thus, from Mawdudi’s point of view, there is thus a tremendous difference from an economic point of view between business transactions as such an interest-bearing transactions. Whereas the former plays a highly constructive role in human society, the latter leads to its corrosion. This is in addition to its moral implications. By its very nature interest breeds meanness, selfishness, apathy and cruelty towards others. It leads to the worship of money and destroys fellow-feeling and a spirit of altruistic co-operation between man and man. Thus it is ruinous for mankind from both an economic and a moral viewpoint.

Al-Ghazâlî discourses on the important issue of Ribā are witnessed in his discussion on the functions of money. He emphasized that the exchange involving Ribā are prohibited because they involve violation of the nature of functions of money. Interestingly Al-Ghazâlî does not discuss the issue of interest in relation to borrowing of money and lending thereof. To him charging of interest on money is contradictory to the primary functions of money i.e. a medium of exchange and as a measure of value.

Further Al-Ghazâlî shows his critical insights highlighting that interest may occur in disguised from in non-monetary transactions as well.

As earlier explained interest could arise in case of exchanging of commodities (Ribā al-faḍl) or in case of extra payment in a loan transaction (Ribā al-nasi’ah. Al- Ghazâlî
examined the issue of Ribā in details and concluded that both kinds are forbidden, if the items in exchange are the same, i.e. gold for gold, wheat for wheat, etc.\textsuperscript{77} For either kind of interest not to occur, exchange should be with equal quantity and transfer of ownership should be simultaneous, otherwise, there is the likelihood of the involvement of interest. However, if the exchange is between the same genre of commodities, such as metals or food stuffs, then only nasiʿah (late payment) is prohibited and faḍl (excess) is allowed, if exchange is between different genre of commodities (metals and foodstuffs), then both are permissible.

Let quote the wiring of Al-Ghazālī to have a clear look of his insights on the issue of Ribā al-faḍl and Ribā al-nasiʿah. He says:\textsuperscript{78}

One who practices interest on dirhamˈs and dinars is denying the bounty of Allah and is a transgressor, for these coin are created for other purposes and are not needed for themselves, when someone trading dirham and dinars themselves, he is making them as his goal, which is contrary to their objectives. Money is not created to earn money, and doing, so is a transgression.

This goes without saying that ideas of Al-Ghazālī open new doors to analyse the crucial issue of two types of Ribā which has been one of the most discussed issues in the Islamic Jurisprudence literature.
Endnotes & References:

2 Adam Smith was a Scottish moral philosopher, the founder of political economy and key Scottish Enlightenment figure.
3 Karl Marx was a German philosopher economist, sociologist, journalist and revolutionary socialist. He was born in 5 May 1818 in Trier, and died in 14 March 1883 in London.
4 He was born in 5 June 1883 and died in 21 April 1946; he was a British economist whose ideas have fundamentally affected the theory and practice of modern macroeconomics and informed the economic policies of governments. He built on and greatly refined earlier work on the causes of business cycles, and he is widely considered to be one of the founders of modern macroeconomics and the most influential economist of the 20th century. His ideas are the basis for the school of thought known as Keynesian economics and its various offshoots.

5 He was born in 1225 CE Roccasecca, Italy, and died in 1274 CE. He was an Italian Dominican friar and Catholic priest and an immensely influential philosopher and theologian in the tradition of scholasticism, within which he is also known as the "Doctor Angelicus" and "Doctor Communis". "Aquinas" is from the county of Aquino, an area where his family held land until 1137. He was the foremost classical proponent of natural theology, and the father of Thomism.
He was an Austrian-American Economist and political scientist. He briefly served as Finance Minister of Austria in 1919. In 1932 he became a professor at Harvard University where he remained until the end of his career. One of the most influential economists of the 20th century, Schumpeter popularized the term “creative destruction” in economics.


The Holy Qur’ān, 7:10 (Eng Trans by Abdullah Yusuf Ali), Published and Printed by the King Fahd Holy Quran Printing Complex, 1987

The Holy Qur’ān 57:7

The Holy Qur’ān 4:29

The Holy Qur’ān 59:7

The Holy Qur’ān 25:67

Nu’mān ibn Thābit ibn Zūţā ibn Marzubān also known as Imam Abū Ḥanīfah (699-767 CE /80–148 AH), he was the founder of the Sunni *Hanafi* School of *Fiqh* (Islamic jurisprudence). He is also considered a renowned Islamic scholar and personality by Zaydi Shia Muslims. He was often called "the Great Imam".

Mālik ibn Anas ibn Mālik ibn Abī ‘Āmir al-Asbahī 711–795 CE / 93–179 CE) is known as "Imam Malik," the "Sheikh of Islam", the "Proof of the Community," and "Imam of the Abode of Emigration." He was one of the most highly respected scholars of *Fiqh* in Sunni Islam.

Abū ʿAbdullāh Muḥammad ibn Idrīs al-Shāfīʿī, A Muslim jurist, who lived from (767-820 CE / 150-204 AH). Often referred to as 'Shaykh al- Islam' he was one of the four great Imams of which a legacy on juridical matters and teaching eventually led to the *Shafi‘i* school of fiqh named after him. Hence he is often called Imam al- *Shafi‘i*

Ahmad bin mohammad bin hanbla abu Abdullah al shybani was an important Muslim scholar and theologian. He was the founder of Hanbali School of Islamic jurisprudence. he was born in 780 C.E.

Yaqub bin Ibrahim Abu Yusuf was born in Kufa (Iraq) in 731 AD during the last stages of the Umayyad dynasty (661-750) during his youth, the reins of power were taken over by the Abbasid dynasty(750-1258) he was a special pupil of Abu Hanifa( the founder of hanafi school of thought, one of the four on Islamic jurisprudence; d 767) He was the first jurist to devote treaties exclusively to economic policy his *kitab al kharaj* was later followed by a number of similar works by other jurist. He emphasis on the
economic responsibilities of the ruler toward need fulfillment of his people and development of his realm.


19 Ḥaḍrat Abu Bakr (d. 634), Ḥaḍrat Umar (d. 644), Ḥaḍrat Uthmān (d. 656), Ḥaḍrat Ali (d. 660)

20 Muhammad bin al Hasan al Shaybani (749 - 805) father of Muslim international law, he was an Islamic jurist and a disciple of Abu Hanifa and Abu Yousuf. He was born in Wasi, in Iraq in 749/50. He wrote introduction to the law of nations

21 Abdul Azim Islahi, Contributions of Muslim Scholars to Economic Thought and Analysis, Jeddah: King Abdul Aziz University, 2005, p 13

22 Taqi al Din Abu Al Abbas Ahamd Bin Abul Halim Bin Abdullah Bin Al Khidr Bin Mohammad Bin Al Khidr Bin Ali Bin Abdullah Ibn Taymiyyah Al Harrani was born in 1263 in Harran, now Harran located in Turkey. He was a Sunni Islamic scholar Sunni Islamic philosopher, Sunni theologian and logician.

23 Mohammad Ibn Abu Bakr is also known as in al Qayyim or ibn Qayyim al Jawziyyah, He was born 1292 and died in 1350, C.E. he was an Arab Sunni Islamic jurist, commentator on the Qur’ān and theologian. Although he is sometimes referred to as ‘the scholar of the heart’.

24 Abu Yusuf Yaqub Ibn Ishaq Al Sabba Al Kindi was born 801C.E. – 873 C.E. He was known as the philosopher of the Arabs, was an Iraqi Muslim Arab philosopher, polymath, mathematician, physician and musician. He was the first of the Muslim peripatetic philosopher, is unanimously hailed as the father of Islamic or Arabic philosophy for his synthesis, adaptation and promotion of Greek and Hellenistic philosophy in the Muslim world.

26 Abu Mohammad Ali Bin Ahmad Bin Saaid Bin Hazm was born in November 7 994 and died in 1064 in Cordova now in Spain he was a leading proponent and codifier of the Zahiri School of Islamic thought.

27 Abu Al Rayhan Mohammad Bin Ahmad Al Biruni was born in 973 and died in 1048, known as al Biruni. He was a Persian Muslim scholar and polymath from the Khwarezm
region. He was one of the greatest scholars of the medieval Islamic era and well versed in physics, mathematics, astronomy and natural science, and also distinguished himself as a historian chronologist and linguist. He was conversant in Persian, Arabic Sanskrit, and also knew Greek, and Hebrew.

28 Mohammad bin Mohammad bin al Hasan Tusi was born in 17 February 1201 in Khorasan and died on 25 June 1274. He was known as Nasir al din Tusi he was a Persian polymath and prolific writer, and also architect, astronomer, biologist, chemist, mathematician, philosopher, physician, physicist, scientist, theologian, and marha taqleed. He was of the Ismaili and subsequently twelve Shia Islamic beliefs.


33 Al-Ghazālī, *Mizan, al Amal* edit by Dr. Suliman Dunya, Egypt: Dar al Maarif 1964 p. 377( here after the book will be cited as Ghazālī 1964)


36 Ghazālī, *op. cit.*, Vol. 3, p. 277


38 Ghazālī, *op. cit.*, Vol. 3, p. 277


41 Al-Ghazalī, *op. cit.*, Vol. 2, pp. 72-73


44 Al-Ghazalī, *op. cit.*, Vol. 4, p. 118
45 Holy Qur’an 3:110
47 Al-Ghazali, op. cit., Vol. 2, p. 73
48 Ibid., Vol. 2, p. 73
49 Sahih Bukhari, The Book of Sales (Bargains): (19) CHAPTER. If both the seller and the buyer explain the good and bad points concerning the transaction and hide nothing and give sincere advice (then they are blessed in their bargain).English Trans: Dr. Muhammad Muhsin Khan, H. No. 2079, Vol. 3, Darussalam Publishers, Riyadh: 1997, pp. 171-172
50 Ibid., Vol. 2, p. 78
51 Ibid., Vol. 2, p. 72
52 Ibid., Vol. 2, p. 79
53 Ghazanfar, op. cit., p. 30
54 Ibid., p. 31
56 Ghazanfar, op. cit., p. 36
57 Al-Ghazali, op. cit., Vol. 3, pp. 169 & 279
58 The Holy Qur’an 36:47
59 The Holy Qur’an, 9:34
60 The Holy Qur’an, 9:35
61 Ghazanfar, op. cit., p. 39
62 Al-Ghazali, op. cit., Vol. 4, p. 91
63 Ibid., p. 91
64 Ibid., p. 91
65 The Holy Qur’an 30: 39
66 The Holy Qur’an 3:130
67 The Holy Qur’an 2: 275
68 The Holy Qur’an 2: 276
69 The Holy Qur’an 2: 278

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There are many other ahadith related to Ribâ (usury). Some of these are:

1. Narrated Abu Jarrar: We used to be given mixed dates (from the booty) and used to sell (barter) two Sas of those dates) for one Sa (of good dates). The Prophet said (to us), "No (bartering of) two Sas for one Sa nor two Dirhams for one Dirham is permissible", (as that is a kind of usury).

2. "Narrated 'Umar bin Al-Khattab: God's Apostle said, "The bartering of gold for silver is Ribâ, (usury), except if it is from hand to hand and equal in amount, and wheat grain for wheat grain is usury except if it is from hand to hand and equal in amount, and dates for dates is usury except if it is from hand to hand and equal in amount, and barley for barley is usury except if it is from hand to hand and equal in amount."

3. "Narrated Ibn 'Umar: Muhammad said, "The selling of wheat for wheat is Ribâ(usury) except if it is handed from hand to hand and equal in amount. Similarly the selling of barley for barley is Ribâexcept if it is from hand to hand and equal in amount, and dates for dates is usury except if it is from hand to hand and equal in amount.

4. "Narrated Abu Hurayrah: Muhammad said: If anyone makes two transactions combined in one bargain, he should have the lesser of the two or it will involve usury.

5. "Narrated Abu Huraira: The Prophet said, "Avoid the seven great destructive sins." The people inquire, "O God's Apostle! What are they? "He said, " To associate others in worship along with God, to practice sorcery, to kill the life which God has forbidden except for a just cause, (according to Islamic law), to eat up Ribâ(usury), to eat up an orphan's wealth, to give back to the enemy to flee from the battlefield at the time of fighting, and to accuse chaste women who never even think of anything touching chastity and are good believers."

6. "Abdullah said: The Messenger of God cursed the taker of Ribâand the giver. He said: 'and the writer and the two witnesses? 'He replied: 'We only say what we heard.

73 Ibid

74 The Holy Qur’an; 2: 275


76 Al-Ghazali, op. cit., Vol. 4, pp. 192-193

77 Sahih Muslim, Bab al-Sarf, Part-2, p. 44

78 Ghazanfar, op. cit., p. 41