BARTER SYSTEM

Equitable wealth distribution is followed by another equally significant question concerning mutual exchange of Commodities. Everyone earns wealth in order to meet his needs but not all kinds of his products help him fulfill all of his requirements. Exchange or barter is the answer to this situation, whereby he swaps his things with those produced or owned by others.

The Creator has made His Creations dependent on one another; no one can live a viable and meaningful life in isolation from his fellow beings. So is the case of countries and nations. Some regions possess natural resources which are either not available or in a very little quantity in some other places, necessitating exchange of things. As a matter of fact, the continuous and fair division of wealth encourages more and more exchange of wealth.

Barter Its Meaning:

Generally, Fiqh sources define barter or sale as "exchanging one's assets with the other's with mutual consent." Mutual consent is the part of the act; as it is to ensure that the swapping takes place without any coercion.
Money: The Replacement of Barter:

In old times, Arabia, like the rest of the world practiced barter system known as *Muqaedhah*. Ali is reported to have exchanged his famous camel, namely 'usayfar with twenty ordinary kind of camel's.¹

The Prophet (S.A.W.) wanted to replace this barter practice with money system. Abu Sa'eed al-Khudri reports: "A man, who had been appointed as an administrator at Khaibar once came back to Madina and presented the Prophet (S.A.W.) with some excellent dates. The Prophet asked him: "Are all the dates of Khaibar of the same quality?" "No", the administrator replied, "O Prophet of Allah, by God no. We exchange one Sa' (measure equivalent to a big bowl) of these dates with two Sa' and two Sa' with three bowls of the fruit of other quality. " The Prophet (S.A.W.) advised: "Don't do that. you should sell out your ordinary dates in exchange of Dirhams which you could use to buy another measure of the best quality dates."²

It is the money alone which serves to gauge the value of these things, whereas in barter system there is a practical difficulty in ascertaining the right value of the things exchanged, which, even though of the same kind, due to the differences in quality increases the possibility of injustice inflicted on either of the two participants.

¹ Malik b. Anas, Al-Muatta, Kitab al-Bu'yu
² Al-Bukhari, *op.cit.* Kitab al-Wikalah and also, Kitab al-Buyu.
bringing it closer to Riba-transaction, as the Prophet said that it was Riba.

A tradition, on the authority of Abu Sa'eed al-Khudri, has it that Bilal presented some good-quality dates to the Prophet (S.A.W.) who asked him where he had brought it from. "I had some low-quality dates," Bilal explained, "I exchanged two Sa' of that with one Sa' of this good quality dates, as I wished to present it to our Prophet." The Prophet (S.A.W.) un-approvingly said: "This is absolutely Riba-transaction, do not do that, when you wish to buy dates of good quality, sell out your below-standard dates in exchange of some thing else, and then you can buy the required one with the acquired thing."^3

Modern civilized society may not fully appreciate the pros and cons of this old barter system leading it to consider the system an imaginary one, since we are used to the money system, which carries innumerable facilities and advantages that are not fully available in a barter system used by the earlier less civilized people.

Elimination of Exploitative Mode of Barter:

In ancient Arabia there were in vogue various methods of barter, some of which the Prophet (S.A.W.) banned. According to one mode traders from the towns, following a tip-off, used to go 20-30

^ Al-Bukhari, op.cit., Kitab al-Wikalah.
miles from the town and waited, there they met the small trade caravan originating from some villages and leading towards the town to sell their goods. It was here that they bought all the goods in advance with a view to disposing of the keenly awaited commodities to the townsmen at the price they themselves wished.  

Another way of transaction involved some city-agents for the outside traders who used to sell their own goods in the city market under the direct supervision and instructions of the former. In this business sometimes the agents, and at other times the village traders, suffered loss. Abdullah b. Abbas quotes the Prophet (S.A.W.) as saying: "Don't go to welcome and lead the outside trade-cravan carrying grains, and no townsman organize sale for the outsider." Taoos, who has reported this Hadith through Ibn Abbas' asked the latter to explain the sale for the outsider. Abdullah b. Abbas said that the city-dweller should not mediate or serve as middle-man.

In all these modes of trade the basis is speculation which, at times, offers monopoly of a few people over the commodities, leading to perilous frustration of the common man Tasg has referred to the popular and practical meaning of speculation: trading on behalf of non-commercial people who have entirely different profession or in

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4 Muhammad Yusufuddin, *op cit*, vol II, pp 460-61
other words, participation of non-professionals in the market activities.\textsuperscript{6}

**Trade with Gambling:**

In Arabia there was also another mode of sale which involved elements of gambling, which the Prophet (S.A.W.) prohibited.

1) **Bai’ al-Munabadhah (Sale by throwing):**

   In this kind of sale the buyer bought clothes or anything else without touching or looking at them to assess the quality and the value.\textsuperscript{7}

2) **Bai’ al-Mulamasah (Sale through touching):**

   The buyer only touched the goods without looking at them.\textsuperscript{8}

3) **Bai’ Hibl al-Hubla (Sale of Pregnant Camel):**

   The buyer bought a pregnant she-camel on the condition that he would pay off the price only after the animal delivered the young one.\textsuperscript{9}

4) **Bai’ al-Hisat (Sale contract with stone-throwing):**

\textsuperscript{6} Al-Bukhan, *op cit*, Kitab al-Buyu
\textsuperscript{7} Muslim, *op cit*, Kitab al-Buyu
\textsuperscript{8} Al-Tirmadhhi, *op cit*, Abwab al-Buyu, vol VII, p 238
\textsuperscript{9} Al-Bukhan, *op cit*, Kitab al-Buyu
In this transaction the trader said to the buyer that when the latter threw pebbles towards the former the sale contract would come into effect.\textsuperscript{10}

**Short Selling of Agricultural Produce:**

In Madina farmers would sell their fruits and crops before they were ripe and mature. The Prophet (S.A.W.) prohibited the sale of the dates still on the tree before they turned ripe, and also the standing crops until the stalks turned white and until there was no longer any fear of natural calamity on the crop.\textsuperscript{11} In another Hadith, on the authority of Anas b. Malik, the Prophet, who was requested to explain the signs of ripeness of dates, said the red colour would serve as a sign of the ripeness of the fruits, and asked his Companions as to what one would give to his brother in exchange of his money or wealth if Allah stopped the dates from turning ripe and mature.\textsuperscript{12} This and all the above-mentioned transactions were banned by the Prophet (S.A.W.).

In India the above practice is quite common. Mangoes are sold even long before the trees bear flowers which turn into the initial

\textsuperscript{11} Al-Bukhari, *op.cit.*, Kitab al-Buyu.
\textsuperscript{12} Ibid.
stage of the fruit. This mode necessarily brings loss to either of the two parties. It is against the Islamic system.

Some *Fuqaha* have allowed this kind of sale keeping the local customs and practices in view. But in the situation where crops or fruit trees get destroyed due to natural calamity, the buyer has been allowed to claim for the loss. 'Umar b. Abdul Aziz always ruled that the buyer be compensated if the crops or fruits turned useless.\(^{13}\)

**Total Ban on Fraud and Deceptive Advertisement:**

In pre-Islamic Arabia traders used tricks in weight and measure.\(^{14}\) The Quran stresses time and time again honesty in dealings:

> And come not nigh to the orphan’s property, except to improve it. Until he attains the age of full strength; give measure and weight with (full) justice; - No burden do We place on any soul, but that which it can bear; - Whenever ye speak, speak justly, even if a near relative is concerned; and fulfil the Covenant of God. Thus doth he command you, that ye may remember”

*(Quran, VI. 152)*

> “Give just measure, And cause no loss (to others by fraud)”; “And weight with scales true and upright”; And withhold not things justly due to men, nor do evil in the land, working mischief”.

*(Quran, XXVI: 181-83)*

\(^{13}\) Malik b Anas, *op cit*, Kitabal-Buyu

\(^{14}\) Muhammad Yusufuddin, *op cit*, vol I, p 92
Woe to those that deal in fraud; Those who, when they have to receive by measure from men, exact full measure, But when they have to give by measure; or weight to men, give less than due; Do they not think that they will be called to account?; On a Mighty Day; A Day when (all) mankind will stand before The Lord of the Worlds?"  

(Quran, LXXXIII: 1-6)

There are many other places stressing the same message. *Ahadith* are also full of such teachings which declare all kinds of fraud, cheating, and tricks in sale unlawful and undesirable. Arabs had a practice called 'misrat' in which the cattle owner left the milk in the cattle's udder for several days so as to let the camel or goat' udder appear full of more milk and thereby make the potential buyer assess the value of the animal mistakenly. The Prophet is quoted by Abu Hurairah to have said: don't make your camels and goats 'Misrat'.15

'Najsh' was another sale tradition prohibited by the Prophet (S.A.W.). To quote much more price of the good than its real or reasonable one in a bid to make the buyer deem the article as greatly valuable and dupe him into buying it is 'Najsh' which literally means cheating and fraud.

Speaking lies, false display and untrue description of the commodity have all been banned by the Prophet (S.A.W.), who once

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disapproved a shopkeeper's apparent attitude of keeping his customers in dark about the actual quality of his merchandise by reproaching him. Then, why did you not keep the wet portion of the heap upside so as to let the buyer see its defect? And one who does cheats has no relationship with us."\(^\text{16}\)

Four Modes of Sale-Purchase:
Sale-purchase could possibly be carried out in four ways:

1) Purchase of the merchandise by cash, with the transaction taking effect immediately.

2) Purchase first but the payment be deferred.

3) Payment first but possession of the purchased goods deferred. This is called \textit{Bai 'Silam}.

4) Neither payment nor goods transferred to the buyer but the sale-purchase contract be entered into in advance. This mode of transaction stands prohibited in Islam, as the money and the goods are both unreal, which may trigger various kinds of row stemming from distrust and imaginary apprehensions.

The above three modes are accepted as lawful in Islam which imposes certain conditions in a attempt to close all the doors of any possible chaos.

\(^{16}\) Muslim, \textit{op.cit.}, Kitab al-Iman.
Bai’ Silam:

In Islamic law of trade it is deemed necessary for the commodity to be in possession of the seller with this condition being fulfilled, payment could be made in advance. This is termed as ‘Bai’ Silam’. Supply of the goods may also be made on order. This mode is called ‘Bai’ Istisna’. But in these transactions the parties have been urged to clearly articulate many things in order to dispel any possible controversy. Abu Hanifa has defined seven things to be told to each other by the seller and the buyer: (1) name of the goods (2) Its kind, (3) its quality, (4) its amount or size, (5) the value and amount of the money to be paid, (6) the venue of the transaction, and (7) period and time for supply and delivery of the goods. In short, Bai’ Silam could be applied in all those things whose quality and amount could easily be assessed and written down.17

The Prophet (S.A.W.) had advanced certain amount of dates to Abu Sufiyan even before the treaty of Hudaibiyah to buy animal skins and leather.18 It shows Bai’ Silam could be applied even at international level.

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17 Al-Hidayah, Kitab al-Buyu, Bab al-Silam
18 Al-Sarkhasi, Al-Mabsut, vol X, p 92, also Sharah-i-Kabir, vol 1, p 70
**Ihtikar (Hoarding):**

In pre-Islamic Arabia traders practiced hoarding. Traders used to buy the entire stock from the trade-caravan and hold it back with a view to creating artificial shortage of the commodity in the town so as to get a hiked price. Modern economists deem it as another form of monopoly. Speculators grab a particular good's entire supply, hold it back for a time and, later on, sell out it at a higher price.\(^\text{19}\)

Al-Awzaee (d.157 A.H.), a great jurist of his time in Syria, says: "The hoarder interferes in the normal market activities."\(^\text{20}\)

The Prophet (S.A.W.) disliked and disapproved hoarding. He said: "The hoarder is sinner."\(^\text{21}\) He also pointed out to the hoarder's psyche: "The hoarder is very bad. When Allah causes the market-price to plummet he feels sad, and when He does it to soar, he rejoices."\(^\text{22}\)

The Prophet (S.A.W.) had categorically prohibited hoarding.\(^\text{23}\)

**The Ruling of the Four Pious Caliphs:**

"Umar, the second Caliph, prevented the people to practice hoarding. He once declared:

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\(^{20}\) Abu Daud, *op. cit.*, Kitab al-Buyu.

\(^{21}\) ibid.

\(^{22}\) Muslim, *op.cit.*, Kitab al-Buyu.

"No hoarding is allowed in our markets. Those in possession of surplus money, refrain from buying the stock entering our market, to hoard it. One who brings grains in winter or summer all the way from one's country is 'Umar's guest, who is free, as Allah wishes, to sell and hold on his own accord."24

'Uthman, the third Caliph, had also prohibited hoarding during his Caliphate.25

Hoarding is undoubtedly an exploitation of the poor and common man who can not postpone certain needs of his life to some later date, and finds compelled to pay the existing market price which is far higher than the normal one.26

Fuqaha on Hoarding:

There is little controversy over what kind of hoarding falls under the prohibited category and what other types of hoardings could be allowed. Sa'eed b. Al-Musayyib who was once asked by someone as to why he practiced hoarding, replied: Ma'mar b. Abi Ma'mar, a Sahabi from Banu 'Adi b. K'ab, used to hoard date-stones, thread, linen and seed.27

Muhaddith Abu 'Isa al-Tirmidhi (d. 279 A.H.) says:

25 Ibid.
27 Abu Daud, op.cit., Kitab al-Buyu.
"Fuqaha always disapproved hoarding of grains; some scholars relaxed the ruling in the hoarding of things other than food-grains. Abu Hanifa, Abdullah b. Mubarak were of the view that there was no problem in hoarding cotton, tanned leather and some other things of the same nature."

Generally, Fuqaha do not allow hoarding of food-grains. "Hoard ing of food-grains for man and animal's fodder is undesirable, provided that it is done at a place where it causes harm and loss to the people, but in case it does not affect the citizens, it could be practiced."

Many Fuqaha including Abu Hanifa declared not all kinds of hoarding unlawful at all times. They confine the unlawful hoarding to food-items such as wheat, barley, dry grass and green grass. Abu Yusuf's ruling is quite well-defined:

"Holding back and stocking anything, whether gold, silver or clothes, falls under hoarding if it inflicts harm to the general public."

Government Intervention:

The hoarder harms general public and denies their right to buy and use the commodity, his act of hoarding, therefore, will be declared by the government as undesirable, hence the government...
wields the right to intervene and punish the culprit. The court hearing this case may issue and order the hoarder to hold back only what he considers required for him as his family and sell out the rest in the free market, and also warn him against further hoarding. But if he repeats the offence, the court may put him in prison so as to remove the harmful aspect from the people.\textsuperscript{31}

**Economic Welfare to the People:**

One of the basic principles of Islam is that social and unmated benefits stand preferred to the individual and personal advantages. The Quran bans alcohol and gambling because they are very harmful to the society.

\begin{quote}
They ask thee concerning wine and gambling. Say "In them is great sin, and some profit, for men; But the sin is greater than the profit". They ask thee how much they are to spend; Say: "What is beyond your needs" Thus doth God make clear to you His Sins: in order that ye may consider.

\textit{(Quran, II: 219)}
\end{quote}

That is why manufacturing, trading, and drinking of wine are all Haram. Likewise, a Hadith says: "Neither sell out nor buy the singer female slaves."\textsuperscript{32}

Islam has prohibited, on the same principles, all transactions such as gambling, speculation, hoarding, creating artificial shortage of food grains, less weighing and measuring, Riba, theft, robbery, wine-

\textsuperscript{31} Ibid.
\textsuperscript{32} Al-Tirmidhi, \textit{op.cit.}, vol. V, Abwab al-Buyu; p. 181

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sale and wine-brewing which may bring profits to some individuals but cause the society at large to suffer loss and disadvantages.

Rationing:

In normal situation Islamic administration does not interfere in market-force concerning price-fixing. It is based on the Prophet's directive:

"Price-determination rests only with Allah (S.W.T.). It is He alone who provides sustenance, reduces it and expands it and price is in His control."33

But in extraordinary situations like drought or war the government is empowered to take in food-grains under its control and make arrangements for its distribution so that every one gets their share.

Rationing During the Prophet's Period:

In the early Madinan period the Prophet (S.A.W.) used to send expeditions to waylay the Quraishite trade-caravan with a view to blocking their activity and putting pressure on the Makkans to review its stand on the nascent Islamic state. Jabir b. Abdullah reports that one such brigade under the leadership of Abu Obaidah b. al-Jarrah,

33 Al-Tirmidhi vol.VI, Abwab al-Buyu, p. 53
consisting of three hundred strong men including me, sent by the Prophet towards the coastal route, faced shortage of food as the provision was almost depleted. The commander urged his army men to collect together all the remaining personal dates, which made up not more than two sacks, which were given to the leader who would distribute very thriftily the dates among his soldiers.34

During Umar's Time:

In 18 A.H. the Hijaz region faced severe drought, which necessitated comprehensive arrangements of food-grain collection and distribution. The Caliph did it. He sent directives to the governors of unaffected provinces to send stocks of food grain. 'Amr b. al-As, the Egyptian governor, who had initially planned to send loads by Camel,35 made arrangement to supply the grains weighing 3000 Ardab each in twenty ships which anchored at the Port of Madinah. The Caliph 'Umar went to inspect and issue orders about how and where to keep the load safe and distribute it to the people. He built two spacious go downs for the purpose, and asked Zaid b. Thabit to prepare a list of the needy people according to their status in the society, and issue cheques or coupons bearing the name of the persons concerned, duly stamped.36

34 One Ardab is equivalent to about 200 kilogram.
During the Reign of Mu'awiyah:

During the reign of the first Umayyad ruler, Mu'awiyah the governor of Madina, Marwan al-Hakam had set up rationing system and issued, for that purpose, coupons to the public. It is said some people would sell their coupons to others. Zaid b. Thabit and another companion approached the governor complaining and warning against the coupon-sale practice. Marwan took note of it and issued order to curb this attitude and practice.\(^\text{37}\)