

Islamic Political Economy and Sustainable Social Development Policies: An Analytical Study

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Abstract: In the contemporary economic societies, the world is witnessing a vibrant transformation from vague economy to an economic reality; the emergence of the Islamic economic system has been in trial for almost five decades. The current achievements of Islamic banking and finance industry were believed to have realized through the accelerated efforts of governments across the globe and their enthusiasm and compassion towards the development of Islamic Financial industry. It was argued that the Islamic economic system has all the potentials to becoming the world prevailing system due its reliance on justice, fairness, socio-economic reality and sustainable development. This might be achieved through the realization of the Islamic social policies and its possible implementations across the globe. The Islamic political economy has all in need to sharpen the socio-economic development of the contemporary societies towards a sustainable economic development around the world and has the strong mechanisms for social support and achievements. However, this prediction has to do with the return of the Islamic political economy that had tremendous impacts in the development of Islamic empires and its renowned social impact projects, innovations and proper reactions to economic problems and social welfare. This paper aimed at analyzing the economic ideas and policies introduced by Islamic leaders to solving economic problems, and analyses the social policies that made the Islamic societies a unique society with proper economic policies for sustainable social developments. For instance, the Prophet peace be upon him prioritizes borrowing than taxation in his policies, he borrowed armored dresses from Safwan bin umayyah, for the battle of Hunain, this exercise shows that a nation can borrow from the wealthy individuals within the society for the bailout in a critical need, despite that the number of the Muslim army was around twelve thousand troops participated in the battle of Hunain, some scholars argued that taxation could be imposed on this large number of troops to solve the problem. However, the prophetic exercise showcases the idea of sustainability by addressing the economic issue with the least possible option and prioritizes public relieve in the event of critical situation. Likewise, the prophetic policy in dealing with the situation in khaibar where the prophet divides the land into two and asked the people of khaibar to work on one part indicates the idea of sustainable agricultural produce in the nation, where Muslims learned the agricultural skills from their counterpart in khaibar, this is to make sure that the agricultural sustainability is achieved. The paper also addresses some key policies introduced by Umar bin Khattab and other significant policies introduced by Muslims leaders for a sustainable social-economic development.

1 INTRODUCTION

The executive government's involvement in the design and delivery of proper economic policies has started during the prophet Muhammad peace be upon him. Many scholars indicate that the prophetic economic policies are one of the most vibrant and important policies ever for better economic stability and sustainable social development. These policies continue to exist and adopted by the second

caliphate Abubakar peace be upon. During the period of umar peace be upon him, the transformation of public economic policies has come to an aged where several policies were proposed and the new policies are adopted based on the ijthihad conducted by Umar peace be upon him. Umar was among the first Muslim rulers to design progressive economic policies for the wellbeing of the then and future Islamic societies. Before Umar policies, the lands conquered by Muslims are divided and distributed to the Muslim fighters, as that was the

prevailing law of the land during the prophet peace be upon him. However, when it comes to the “Ard al-sawad” the dominant Muslims land, or in another word, the land of Iraq and Egypt, Umar rethinks this exercise when he predicts a possible economic crises if the current situation continues, this shows that the government can initiate an economic policy once there is a need to do so, in critical situation therefore the government interference is a most for a better economic progression and sustainable development but with certain limitations. Umar did not divide the remaining of the conquered land or known as (Ard Al-sawad) to the fighters but instead its ownership remains and belongs to the general public so as to be inherited by their descendant Muslims who might be living in those areas in the future. The economic difficulty foreseen by Umar was the hardship that is going to occur to future generations if the land was divided to the few individuals, he things that the generation to come has the right to the current properties owned by the Muslim ummah. Umar did not do this on his own but guided by the holy Qur’an as revealed in Surat *al-hashr*, Allah the almighty said: *“And those who came after them they said oh our lord forgive us and our brothers who have believed before us” “And those who came after them say: “Our Lord! Forgive us, and our brethren who came before us into the Faith, and leave not, in our hearts, rancour (or sense of injury) against those who have believed.”* (Qur’an 59/10) Umar may Allah be pleased with him said; let us preserve the land for those believers who are coming after us. And this has marked the beginning of the transformation of Islamic political economy and policies based on *ijtihad* (legal reasoning) by prevailing public interest to solve current and future economic difficulty for the Muslim ummah.

2 DISCUSSION

History of Islamic Political Economy

The historical background of Islamic Political Economy could be traced back to the time of the prophet Muhammad peace be upon him, the prophet has reacted to fulfilling the need of the nation during the economic disarray, the prophet follows various ways to subjugate the economic difficulties of the nation using his power as the highest political leader of the nation, the Prophet used various technics to resolve the immediate problem. These prophetic reactions could be seen as the backbone of the history of Islamic political economy. The prophet

peace be upon him has introduced various economic policies, which are going to be discussed in details within the next coming paragraphs. First, the prophet peace upon him divided the land of khaibair into two, one portion was given to the fighters and the other portion was given to the state and at the same time, the prophet had another agreement with the skilled jews in khaibar to use the state land on contract base on sharing the harvest with the state. This has tremendously meant to create jobs and good opportunities for Muslims residing in Madinah and the neighboring villages. One of the economic prospects is that the Muslims will learn the agricultural skills and harvesting technics from the Jews who have vast experiences in agricultural produce. Second, to prepare the Muslims take over the state land after they already learned the skills and have the needed man power and the skilled individuals to develop the land, this could be one of the reasons why Umar may Allah be pleased with him ordered for the total eviction of the Jews later after he understands that the state is no longer in need of them during his tenure. (Sunan Abi dawud, 3013).

Second, the prophet peace be upon him has also introduced a viable economic policy in distributing the land of Bani-Nadhir, the prophet looks into the critical need of Muslim migrants those who migrated to Madina and have no land, he gave the land only to the migrants for their critical need at that time and few other individuals from the people of Madinah for their critical need as well. (Imam al-Qur’tubi, 2006). This has actually showed that an economic policy could be created to address an economic issue of a particular society, or a critical issue of some part of the nation; this is aimed at breaching the economic gab between the citizens of a Muslim nation which leads to the financial inclusion.

Third, the Prophet peace be upon him borrowed armored dresses from Safwan bin umayyah, for the battle of Hunain, this exercise shows that a nation can borrow from the wealthy individuals for bailout within the state in a critical need, and this request by the Prophet was by compulsion, looking into the fact that safwan was not Muslim at the time of the exercise he feels as if the prophet is taken the armored dresses by force and without planning to return them back, Safwan said oh Muhammad was it a snatch? The Prophet said no, but borrowing which will be returned back to the owner. (Musnad, Imam Ahmad, 1998). This particular economic policy has actually supported the issuance of sukuk to solving a particular economic need of the Muslim society. This prophetic policy also indicates that a leader

might compulsorily collect from the wealthy individuals to solve an immediate economic problem of the nation and might also borrow from them by force. This particular policy was debated by the Muslims clerics and shade the line on the prophet decision to take from Safwan, while in other hand he might solve this issue by just imposing a simple tax on the huge number of Muslim army for Hunain battle, which is estimated as twelve thousand army personal, a small amount of tax on the army can solve this issue, however this is an indication that the Prophet peace be upon intends to avoid taxation wherever possible on the citizens if there are wealthy individuals who can provide for critical need, and this is a best economic policy to be implemented than taxation. Many scholars understand the policy of (Qard Ijbari) compulsory loan from this exercise of the prophet peace be upon him. (Sarakhsi, 1993).

The policy of Qard al-Ijbari was later implemented by Umar may Allah be pleased with him, he collected the horses from the tribe of hulailah and pass the houses to the youth and young soldiers who have no horses. Imam Al-Sarakhsi mentioned that Umar used to borrow a horse from a person who is not participating physically in the war and give his horse to a bachelor who is ready to participate physically in the war but has no horse, and he used to say one of you fights with his horse and the other fights with his body. However, this policy could be adopted by the ruler when he understands the need of implementing that policy, and will provide a solution to the public importance. (Al-Sarakhsi, 1993). Fourth, the Prophet peace be upon him has also collected an earlier payment of zakat for two consecutive years from Abbas. (Imam al-tirmizi, No. 678). This exercise occurred at the critical economic situation of the nation, and in our time there might be a need in some critical time to do the same exercise on companies who have their businesses registered with the nation to participate in paying early zakat to help the nation solve measure economic trouble.

This might also be the basis in which some scholars allow the calculation of zakat for employees who have income that if calculated for twelve months is zakatable, these individuals are mostly the middle income class and many in numbers and when the country is in need it might impose the early zakat payment for them and calculate the twelve month zakat for the benefit of the ummah. However, this is solely depends on the ruler to decide based on the need. One of the most important objectives of public economic policy is to provide policies that will

change the direction of the economic situation from a bad moment to a better economic expansion and financial inclusion. During the Umar period, the Islamic nation has started to expand and becoming bigger than it was, Umar realizes the need to creating sustainable income to the Muslim nation. That is why he started a different policy on military reward (bounty). The economic policy should be created to change the economic situation for better and make sure the public is benefiting from the policy either in present or future economic situation. Islamic economic policies are not made to favor some wealthy individuals, but they are made to help economically vulnerable individuals to achieve some economic needs in a way to achieving the Islamic economic inclusion.

When Madina was having so much visitors and settlers from surrounding villages Prophet Muhammad prohibits keeping the "Luhum Al-dhahi" the meat for Eid sacrifice for more than three days duration. Therefore all the meat should be distributed to the people around before three days, this policy was just for that particular situation, when the situation passed, the prophet reviewed the policy and said "I used to prohibit it because of the vulnerable villagers, now you can eat, give for sadaqah and keep as you wish" (Al-Bukhari, hadith No.1971). This policy could be implemented to any other similar situation that needs a temporary policy to solve an immediate economic hardship or make sure that a particular economic benefit reached a particular segment of the society for better economic inclusion and social economic wellbeing. However, once the particular situation has ended and the normal situation prevailed, then the policy should also be lifted as well.

Shari'ah understanding of Economic Policy

Shari'ah economic rules and policies are of two types, the economic rules and policies that accept changes due to the changes of circumstances and ecological changes or because of the change of an economic interest and the economic rules and the policies that are permanent and could not be changed in any situation. It is important to understand that political ideas and new policies could only affect the rules and policies that are subjected to changes under Shari'ah law. The examples of the Shari'ah economic policies that are not to be changed are the decided dividend of inheritance. This could not be changed whatever the situation. Zakat decided amount and percentage, is also part of this. However, the distribution of zakat and zakat collections are subject to change according

to the economic policy invented by the leaders. That is the reason why Abubakar may Allah be pleased with him continue the exercise of zakat collection as mandatory to be collected by the state, while uthman may Allah be pleased with him has the opinion that it is not necessary to be collected by the state. Likewise imposing some other taxes and payments on companies or wealthy individuals if the zakat might not fulfill the need of the society then this is part of the Islamic economic policy that could be adopted. (Al-Zarqa, 1990).

Islamic economic policies are part of the Islamic concept of politics, which is provided and adopted by the Islamic political arm of government to subjugate the economic difficulties affecting the Islamic society or the nation at large. One of the most important uniqueness of Islamic economic policies are meant to achieve the two objectives, one is the worldly economic achievement and the other one is to achieve the objectives towards the eternal life. Therefore, the economic situation should be dealt with according to the precise rules and regulation of Shari'ah. Any economic policy must be in line with the general Shari'ah objectives as well. (Ibn khaldun, 2004) Muslims were addressed by the holy Qur'an as "ruhama'" meaning those who are merciful to each other. One of the objectives of the economic policies is to be mercy to others especially those who are economically disadvantaged. That is the reason why one of the most explicit Islamic economic policies was disapproving hoarding, which is meant to prevent bad economic effect to the Muslim society. Based on this objective, the Khalifa Harun al-rashid has made a very vital economic policy which was the review of the agricultural land taxation from a fixed amount to a percentage of the agricultural production, this has a very strong and positive economic impact on farming and the farmers and increases the agricultural production across the nation. This policy transformation has helped the government of harun al-rashid to achieve the targeted agricultural produced that year and at the same time the taxation on the product percentage becomes more lenient and humane than before. (Abu Yusuf, 1985).

Rules of Islamic Economic Policies

Before initiating an Islamic economic policy, the policy must be subjected to the following two rules that need to be observed. Firstly, the economic policy should follow the precise Shari'ah objectives Maqasid al-shari'ah and general Shari'ah goals. Therefore, the chosen policy should not be a policy that will cause the destruction of public wealth and

other public importance and should not be a policy that promotes excessive risk (Gharar) or a policy that interrupts the public interest and other important contractual obligations as well as other Shari'ah objectives of wealth protection. And also anything that may cause trouble and misunderstanding among the general public (Shatibi, 1997).

Secondly, the economic policy should not contradict a clear detailed evidence of Shari'ah law; the contradiction here means to contradict the essence and the consequence of the Shari'ah rule. One of the examples here could be seeing in "pricing policy" and its Shari'ah ruling. During the time of the prophet peace be upon him, there was an issue of inflation and people asked the prophet if he can fix price for them, the prophet peace be upon him said: "The Almighty Allah is the one who priced and he is the provider and the preventer, I hope I will meet the almighty Allah without me been questioned for oppressing one of you on his life or wealth". (Imam al-Tirmizi, 3/1314). This hadith indicates the reason why the prophet did not introduce the pricing policy, because of his fear of being oppressive, so if the pricing was done in a way the leader oppresses merchants by introducing a price that create loses in the market then it is an oppress against the merchants and therefore the pricing is not allowed. However, if the pricing is based on an unjustifiable inflation and introduced to help the public out of the inflation without oppressing the merchant and pricing a reasonable price with profit realization the it is allowed and accepted as an Islamic compatible economic policy. (Ibn al-Qayyim, 2007). A nation might not always need a specific evidence of Shari'ah rules to introduce an economic policy, but it is okay to take into account the general Shari'ah objectives and aims in which the policy will comply with, whenever the policy realizes the formation of public economic wellbeing, and protects the interest of the general public, protects the wealth and develops public assets and creates wealth to the public then it is regarded as an Islamic compatible policy. (Izzuddin bin Abdussalam, 1991)

The Islamic Economic Policy of Ard al-sawad "The Land of Iraq, Syria and Egypt"

The land of Iraq, Syria and Egypt are the most fertile lands conquered by the Muslim army during Umar's regime. There are so many calls by the army leaders to divide the land to the combatants as that was the usual exercise, however, umar refuses to do so, he instead left it for the existing occupant in preparing an economic sustainability for the future generation to come. Umar intends to make sure that a

sustainable income has been introduced to the rapidly Islamic developing nation, which in his time reaches Iraq and Egypt. Furthermore, Umar realizes that agriculture is one of the most important tools to drive the nation's economy for growth and new policies must be initiated and implemented to safeguard this vibrant economic apparatus for the new developing Islamic nation. Agriculture is the backbone of any developing economy, through agriculture people gets their daily meals and other basic economic needs. From agricultural produce, nations produced the needful raw materials for clothing, businesses, building materials and medicinal products, and these are among the most essential items for nation building. (Imam al-ghazali, 1963).

The Umar's economic policy shows that the Islamic nation is a nation that cares more about the right of the entire citizens other than the right of few individuals Umar may Allah be please with him relied on the verse of Surat al-hashr, "And those who come after them" (Qur'an, 59/10). Meaning that and those who come after are many generations who will be in need of the land even more than the combatant. Mu'az bin Jabal supported Umar on this opinion and commented that "if you divide the land and pass it to the combatant they will soon die and left it to the few individuals and in the end huge Muslims land will be left for a woman who cannot be able to invest in it". Any Islamic economic policy should be based on public interest, Imam ibn rushd refutes the idea that Umar used the verse of fai' in other to replace it with the verse of bounty distribution which stated that "And you should know that any war bounty.." However, he argued that both verses meanings still prevailed, but Umar selected the one that favored public interest other than the verse of bounty distribution, in other to actualize the Shari'ah wisdom in considering other general Shari'ah rulings that urged to protect the interest of the community and the nation at large. (Ibn Rushd, 2004)

After the issue of the ard al-sawad, Umar may Allah be pleased with continues to think of another sustainable military income since there are a lot of criticism on him for not dividing the ard al-sawad and gave the land to the public other than the military. Umar then provide an alternative to the military, as he was the first Muslim leader to create military salary scheme. (Diwan Al-Jund). After the Diwan al-Jund many other Diwans were created to address public policies leading to Islamic socio economic development.

3 CONCLUSION

It is important to understand that Islamic political economy is all about social justice and economic viability and economic sustainability of the Muslim society. The Islamic economic policies introduced by the Prophet peace be upon him and other Muslim rulers indicates the state's concern on ensuring the public economic wellbeing and sustainable development with notable consideration of the economic policies that will address future economic sustainability of future generations. The political economy in the context of Islamic law is there to provide economic justice and freedom in all economic activities. That means the policies adopted by the Islamic nation should be flexible in a way that each and every citizen in the Islamic nation should be able to exercise his economic activities with full autonomy and independency, the state has to provide the enabling environment and the maximum security for public safety so as to prepare the ground for everyone who has the interest to start an economic activity to benefit from the available resources of the Islamic nation.

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