



## **The Politics of Public Finance Al-Mawardi's Perspective: *Al-Ahkam As Sulthaniyah***

**Muhammad Ali Imran Caniago<sup>1\*</sup>; Usman Shabur<sup>1</sup>; Ibi Satibi<sup>1</sup>**

<sup>1</sup>Sunan Kalijaga State Islamic University, Yogyakarta, Indonesia  
e-mail korespondensi: [adam.voak@jcu.edu.au](mailto:adam.voak@jcu.edu.au)

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### **ABSTRACT**

This study aims to explore the concept of Al-Mawardi's public loan. This type of research is qualitative with an exploratory approach. Data collection uses the library method. Primary data was obtained from the book *Al-Ahkam As Sulthaniyah* and secondary data was obtained from several scientific journals and books related to this research. The analysis used is a qualitative analysis involving descriptive and interpretive data exploration. The results of the study show that the book *Al-Ahkam As Sulthaniyah* discusses state income, state expenditure, and the Baitul Mal. State revenue comes from zakat, ghanimah, and fai'. The state is only allowed to spend the treasures of the baitul mal as long as these expenditures are used for the public good. Al-Mawardi divided the two objectives of allocating Baitul Mal funds: first, for maslahah (benefit) and arfaq (provision of public facilities). Second, for the mandatory function. If the government has an obligation that is a mandatory function, while the funds in the baitul mal are empty, the government may make public loans because it is feared it will cause state chaos. And this policy was never carried out by the Prophet. If the leader dies, the next leader is responsible for repaying the loan.

**Keywords:** *public finance; al-mawardi; al-ahkam as sulthaniyah*

### **A. INTRODUCTION**

The economic thinking that emerges today has a long process behind it. Its development lasted for centuries with the advent of civilization in the world. In fact, this thought appeared since the stone, copper, and iron ages. Then developed since the discovery of writings about ancient Indian, ancient Egyptian, and Babylonian civilizations. While in western history it is more inclined towards ancient Greek civilization which is rich in the heritage of its thinkers. One of the features of the development of economic thought in the past was trading activities that used the interest system. In 2000 B.C. a flower system developed in Mesopotamia, now called Iraq. Economic historians have concluded that commercial activities date back to 2500 BC and were practiced in ancient Rome, ancient Greece, and ancient Egypt (Amalia, 2005).

The destruction of the Roman empire in 467 AD marked the entry of the age *dark age* or the dark ages in the western world. At that time the authority of government and law was held

by the church so that in this period there was political instability, social change, and decline in various aspects such as the economy. It was marked by the emergence of small kingdoms, declining interregional trade due to poor facilities and security, and declining knowledge and skills. This period lasted until about the 13th century AD. After the end of the dark ages in Europe, in the 14th century AD there was a movement *renaisans* or renewal. In the end, the early 18th century began to emerge thinkers, such as Adam Smith (Husaini, 2005).

The economy that developed in the west is called the capitalist economy developed by Adam Smith in his book "*The Wealth Of Nation*" in 1776. At that time economic theory was still so early that it was called classical economics. After that, economic figures began to emerge who tried to develop Adam Smith's theory. In 1954, Joseph A. Schumpeter wrote a book entitled "*The History of Economic Analysis*", is a monumental work that combines economic analysis, history, and philosophy in one book. The book provides a deep insight into the development of economics throughout history and provides the foundation for a better understanding of modern economic thought. The book provides a comprehensive overview of the history of economic analysis from ancient times to the modern era. Schumpeter, known for his contributions to economic theory and innovative thinking, provided an in-depth understanding of the development of economic analysis throughout the ages. In this book, Schumpeter discusses the various schools of economic thought and the major thinkers who influenced the development of economics. He reviewed contributions from classical economists such as Adam Smith, David Ricardo, and John Stuart Mill, as well as marginal thinkers such as Carl Menger, William Stanley Jevons, and Leon Walras. Schumpeter also discusses the changes and developments of economic theory during the industrial revolution and their impact on economic thinking. He explained the urgency of the theory of value, price, demand, and supply in the context of social and technological changes that occur (Schumpeter, 1954).

Western scholars established economics as a scientific discipline in 1776, but long before that, economics had developed in the Islamic world shaped by several Islamic economic thinkers with various economic studies. The thoughts and ideas produced by Muslim scholars are a record of the dynamics of thought that took place during their lives, the ideas that were born were a picture of the civilization of that time. These thoughts and ideas are passed down from generation to generation. In Arabic literature, this heirloom is called *Turats*. *Turats* discusses various aspects of science according to civilization at that time. But if you look at this contemporary era, Western scholars often ignore the writings and works of Muslim scholars, so that the works of Muslim scholars are ignored or even lost (Najmudin, 2022).

The recognition of Islamic economics as an independent discipline separate from modern conventional economics occurred at the beginning of the 20th century. At that time, some scholars and thinkers began to study and develop economic theories based on Islamic economic principles contained in Islamic religious teachings. One of the main figures in the development of Islamic economics was the Indian economist, Dr. Muhammad Iqbal, who was known as an economic thinker and philosopher. Iqbal pioneered the idea of "Islamic economics" in the early 20th century, emphasizing the importance of social justice, fair distribution, and the abolition

of riba (interest) in the economic system. However, wider recognition of Islamic economics as a modern scientific discipline occurred in the 1940s with the emergence of specialized educational and research institutions focusing on Islamic economics. For example, in 1947, Al-Azhar University in Cairo, Egypt, established the Faculty of Economics and Social Sciences with the department of "Islamic Economics" offering formal education in this field. Furthermore, in the 1950s and 1960s, institutions such as the *International Association for Islamic Economics* (IAIE) and *Islamic Research and Training Institute* (IRTI) belonging to the World Bank began to be formed to promote and develop Islamic economics as an autonomous discipline. Since then, recognition and understanding of Islamic economics has continued to grow among academics and economic practitioners, and many universities and research institutions around the world now offer study and research programs in Islamic economics (Islahi, 1997).

The development of economic thought can be viewed as an intellectual effort to understand economic problems or as the development of the scientific foundation of economic thought. Early attempts at solving economic problems gave rise to economic thinking itself. Long before economic theory was developed, people considered economic problems holistically, in closed societies or with other groups influenced by their ideas and thoughts. The basis of the development of ideas and the continuity of knowledge is the interaction and convergence of thought. Economic thought is the pinnacle of human knowledge in an attempt to address economic problems and has historically arisen from the contributions of many human minds (Qoyum et al., 2021).

Understanding a country's economic thinking requires a thorough understanding of its sociopolitical environment, intellectual climate, and economic history. Especially since economic thought and economic history are intertwined. Economic thinking that is a reflection of economic reality has always been an important foundation for economic action (Islahi, 2009). Although economics shows that no one economic theory has the answer to all economic problems, understanding the evolution of economic thought is essential to understanding how to analyze economic problems. Economic problems can be similar, but since social, political, and cultural systems differ from country to country, there is no doubt that there are also variations in how to deal with them. Each theory applies only to a specific problem, a specific time period, or a particular nation. (Pujiati, 2011).

Islamic economics has actually existed since the prophet Muhammad SAW received the first revelation precisely in 610 AD. This is evidenced by the postulates of the Qur'an which discusses economic activity. Since its birth, Islamic economics has developed to this day. Economic problems in contemporary times are more complex, because human economic needs and activities are increasingly diverse. To overcome these various problems, theories are needed that can provide solutions or solutions to answer these various problems. The theory can be obtained by tracing the thoughts of Muslim scholars in the past (Qoyum et al., 2021).

The development of Islamic economics began from the prophetic era to the present, if traced

in the history of Islamic civilization, the peak of Islamic glory was reached during the reign of the Abbasid dynasty, where this dynasty ruled from 750-1258 AD. At this time Islam experienced a very rapid development both in the fields of economics, culture, social, politics, and scientific progress. At this time many scholars wrote various disciplines and translated books from Greece and Persia, so that science was very developed. Such as, economics, philosophy, logic, mathematics, metaphysics, natural sciences, geography, astronomy, and medicine (Mawangir, 2017). One of the famous figures at that time was Al-Mawardi, there were many of his writings in various fields of science, one of the fields of science he wrote was about economics. *Al-Ahkam a.s.-Sulthaniyyah* is one of Al-Mawardi's monumental works, in which he discusses the governance and governance of the state in the context of Islamic law. Although the book talks a lot about the system of government and state governance, in the book Al-Mawardi also discusses economics, such as state revenues and expenditures, the concept of baitul maal, and the concept of public loans (Al-Mawardi, 1978).

Research conducted by Sugianto (2020) About the source of state income according to Muslim scholar Imam Al-Mawardi, research Zulkadri (2018) on public finances Imam Al-Mawardi's perspective in the book *Al-Ahkam As-Sultaniyya wa Al-WilayAwat Ad-Diniyyah*, and research Amri (2016) Abu Hasan Al-Mawardi, pointed out that in general it still discusses state economic activity (state income and expenditure), so this study tries to explore the Politics of Public Finance in Islamic Civilization from the perspective of Imam Al-Mawardi. This research is important to look at the politics of public finance from the perspective of Imam Al-Mawardi in the book *Al-Ahkam a.s.- Sulthaniyyah*.

## B. LITERATURE REVIEW

The term public finance is synonymous with the terms state finance, public economy, and public sector economics. Public financial considerations are intrinsically related to the presence and function of the state and government in any discourse on public policy. Conventional theory emphasizes societal goals derived from individuality and self-interest. In contrast, Islamic public finance considers the broader life goals of every Muslim and recognizes the important role of the state in Islamic society. The Islamic view of public finance has evolved. Muslim scholars, particularly fuqaha', have investigated the laws and principles contained in the Qur'an and hadith in various aspects of human life since the dawn of Islam. In dealing with social issues, Islamic teachings are very flexible. Islamic jurists use ijthihad such as: *qiyas*, *istihsan*, and *Al-Mashlahah Al-Mursalah*. In addition, there are other ways to reach the consensus of the *on her (ijma')* in providing solutions to specific problems (Jaelani, 2018).

The goal of economics according to Islamic economics is the attainment of prosperity in the world and hereafter. To achieve this goal, a state with central authority is needed. Human well-being depends on the bonds of cooperation between individuals. Therefore, it is very important for every individual to obey authority. The central authority of the state means that Islam cannot live without sharia, the state, and the judiciary to regulate the teachings of Islam. However, excessive state intervention and full involvement can lead to economic inequality and

the emergence of an imperialist state. Therefore, the role of the government and the state is very important in controlling public finances so that the goals of the country's economy can be achieved (Jaelani, 2018).

The idea of the importance of managing public finances has colored much of the development of Islamic economics today. Many Muslim scholars have poured in the results *ijtihad*. He is in a work in the form of a book. Al-Mawardi is one Muslim scholar who has noticed how the role of the state and government should be in managing public finances. One of the monumental books by Al-Mawardi is *Al-Ahkam this Sultaniyya*. According to the results of research conducted by Sugianto (2020), Al-Mawardi views the management of state finances using the concept of *mall baitul*. Baitul Mal is a government agency tasked with managing the country's wealth based on how much money the government earns and how much is spent. *Zakat, fai, ghanimah, kharaj, and jizyah* is a source of income whose expenses are given to people in need. These funds are first collected in *Baitul Mal* and then given based on the needs of the country. The spending system according to Al-Mawardi is divided into two parts. The first part is spending on things like *zakat, ghanimah, and fai'* whose division is governed by sharia law. The second part is spending on other things. The second purpose of such expenditures is to pay the salaries of employees and in the public interest.

Results of research conducted by Zulkadri (2018), indicating that according to Al-Mawardi Sharia regulates the collection and distribution of funds. Various sources of state revenue include *zakat, ghanimah jizya, fay', kharaj, and income from other sources such as public ownership or grants, waqf inheritance without successors*. This revenue was initially collected in *bait al-mal* and then allocated according to the needs of the state. Regarding the production system, Al-Mawardi divides production into two categories: first, expenditure related to the resources obtained, such as *zakat, ghanimah, and fai'*, whose division is governed by sharia law. Second, spending on employee compensation and public interest.

Research results Amri (2016), Al-Mawardi is a critical figure in Islamic economic theory. His perspective on the relationship between the state and economic activity; Public loans, taxation, the needs of state financial institutions (Baitul Mal) and the concept of justice are still very relevant in the contemporary context. In addition, Al-Mawardi clarified the relationship between the people and the ruler, including the rights and obligations of both parties as well as the logical consequences of non-compliance with the contract stemming from the relationship.

From some of the previous studies above, all of them are still examining economic thinking in general in the economic activity of the state, none have specifically examined the politics of public finance offered by Al-Mawardi's perspective. To explore Al-Mawardi's thoughts on the politics of public finance, researchers use an exploratory approach. An exploratory approach is an approach in research that is used to explore and understand a phenomenon or topic in depth. This approach is often used when knowledge about the phenomenon is limited or incomplete. In exploratory approaches, researchers tend not to have previously established hypotheses or theoretical frameworks. The main goal of this approach is to collect comprehensive data,



identify emerging patterns or themes, and develop an initial understanding of the phenomenon under study (Mudjiyanto, 2018).

### C. RESEARCH METHODS

This research is qualitative research with an exploratory approach. Data collection is carried out by the literature study method. Literature study includes all efforts made by researchers to obtain information related to the topic or research problem (Ridwan et al., 2021). The primary source of data used in this study is the book "*Al-Ahkam this Sultaniyya*" the work of Imam Al-Mawardi because in this book talks a lot about the system of government and politics of public finance. Furthermore, secondary data sources are scientific journals and books related to research topics. The analysis used is qualitative analysis by involving descriptive and interpretive data exploration.

### D. RESULTS AND DISCUSSION

#### 1. Biography of Al-Mawardi

Ali bin Muhammad bin Habib Al-Mawardi was born in 364 AH / 974 AD in the city of Basra, Iraq and died in Baghdad in 450 AH / 1058 AD (86 years). In everyday life he is usually called Abu al-Hasan but more popularly called Al-Mawardi. Al-Mawardi was attributed to his family who worked as makers and sellers *ma'ul ward* which means rose water (Ridwan, 2017). He began his studies in Basra, studying law with Abul Qasim Abdul Wahid as-Saimari who was a popular jurist among the Shafi'i school later He continued his studies in law, literature, and grammar in Baghdad, He studied with Abdullah Al-Bafi and Shaykh Abdul Hamid Al-Isfraini. In a short time he managed to master various fields of study, such as: hadith, jurisprudence, ethical politics, and literature (Amri, 2016).

Al-Mawardi lived during the reign of the Abbasid dynasty, where the seat of government was in Baghdad. He lived during the reign of the caliph Abu Abbas Ahmad Al-Qadir who ruled in 991-1031 AD and the caliph Abu Ja'far Abdullah Al-Qaim ruled in 1031-1075 AD (Mawangir, 2017). During the reign of the caliphs Al-Qadir and Al-Qaim, the Abbasid dynasty was engulfed in political disintegration. It was marked by the emergence of small dynastic dynasties in various territories of the Abbasid dynasty that were hostile to each other (Wahyu, 2020).

During the reign of Al-Qaim there was a lot of turmoil in some of his territories. As in Iraq under the leadership of Jalal Ad Daulah bin Baha'ad Daulah, slaves and Turks rebelled against the government by demanding payment of salaries that the government could not afford at the time. The failure of salary payments at that time was due to a budget deficit. In addition, there was looting of the caliph's garden by several groups of soldiers as a result of the economic crisis at that time (Al-Khudhari, 2018).

At that time, Al-Mawardi was a jurist and close to the ruler of the time. He was once asked for a fatwa on the conferral of the title Malik Al-Mulk (Maharaja) by Jalal Ad Daulah bin Baha'ad Daulah to raise his authority, because at that time he was weak and lost his reputation in the eyes of the public due to the chaos of the country that could not pay the salaries of workers (Al-

Khudhari, 2018). Al-Mawardi was also appointed as a diplomatic ambassador to negotiate various problems faced by Bani Buwaihi and he also served as a judge in several Abbasid territories, until during the reign of the caliph Al-Qaim he was trusted to be the chief justice. In his various activities in the government he was still able to write many books, some of his books were written at the request of the ruler at that time and used as a reference in managing the government (Karim, 2017).

## **2. Imam Al-Mawardi's thoughts**

Human thought does not arise from a vacuum, it is impossible to understand the thoughts of characters without also understanding the circumstances, environment, and context in which the character lives. It is always related to the situation and conditions that surround it. Thus, there are some thoughts that can only be well understood if placed in the context of plausibility (*plausibility context*) where the thought arises. Therefore, scholars such as Karl Mannheim emphasize the importance of the relationship between thought and social context in his relational theory. The statement that the truth of thought is only a contextual truth and not a universal truth is thus quite correct. Understanding one's point of view cannot be separated from the context and structure of plausibility that the person has, and this applies to understanding Al-Mawardi's thought (Muttaqin & Nurrohman, 2020).

Al-Mawardi was a jurist from the Shafi'i school, but some of his ideas differed from those of the Shafi'i school *Sunni* by and large. Therefore, in some of his *ijtihad*s he was more inclined to thought *Mu'tazilites* whose method of thinking is more rational. Ignaz Goldziher, Ibn al-Imad, and Ibn al-Shalah refer to Al-Mawardi as a *Mu'tazilite* sect. This accusation refers to his courage in interpreting verses *Mutasyabihat* and his approval on some thoughts *Mu'tazilites*, like the question of "*qadar*, the role and position of reason". So the methodology of thinking tends to *Sunni-Mu'tazila* (Diana, 2017).

The western world knows Al-Mawardi by the name *Alboacen*, as a well-known thinker and political scientist during the reign of the Abbasid dynasty (Aryati, 2016). Thanks to the breadth of his knowledge, Al-Mawardi was very productive in writing his thoughts and views on a problem that occurred at that time. Al-Mawardi's thought and work are reflections of the socio-political realities of the era. Many works of Al-Mawardi's thought he wrote in various disciplines. Like the field of jurisprudence He wrote *Al Hawā al-Kabīr* and *Al Iqna*, political field: *Al-Ahkam is- Sultania*, *Siyasa al-Malikī*, *Politics al-Ministerial* and *Politics al-Malik*, *Tashilul al-Nadzari wa ta'l-Jilu al-Dazaffari fī Moral al-Maliki* and *Politician al-Malik*, *Politico al-Maliki*, and *Nashihat al-Muluk*. Field of interpretation: *Tafsir Al-Qur'anul Karim*, *An-Nukat Wa Al-Uyun* and *Al-Umtsāl wa al-Authorities*. Literary field: *Al-Adab Ad-Duniya wa Ad-Din*. And the field of creed: *A'lamul an-Nubuwa* (Amin, 2016).

Among his books, the book *Al-Ahkam a.s.-Sulthaniyyah* is his most famous masterpiece book (Diana et al., 2018). This book is the most representative of Al-Mawardi's economic thought or philosophy, which consists of 20 chapters, broadly discussing politics and government. However, there are several chapters of the book that discuss the economic activity of the state,

such as: state revenues, state expenditures and institutions of the mall or state treasury (Janwari, 2016).

Some historians interpret that the book *Al-Ahkam a.s.-Sulthaniyyah* written by Al-Mawardi at the request of the Caliph at that time. If traced, Al-Mawardi wrote this book in the middle of the 5th century A.H. At that time, the caliph who led the Abbasid Dynasty was Abu Ja'far Abdullah Al-Qaim in 422-467 A.H. (Amri, 2016). There must be no concrete evidence to say that, but look at thinkers before Al-Mawardi such as Abu Yusuf who wrote the book *Al-Kharaj* addressed to the caliph Harun ar-Rasyid (Al-Mawardi, 2014).

*Al-Ahkam a.s.-Sulthaniyyah* Written with three purposes in mind: *first*, assisting those in charge of upholding justice; *second*, assisting those in charge of drafting laws in understanding the Shari'a so that they do not deviate; *third*, to assist scholars and jurists in understanding the fundamentals of sultanate rule and encourage them to contribute to the creation of new rules for the administration of justice. The reason Al-Mawardi wrote this book was that the Sultan's rule was more necessary for those who carried it out than for other (users). But the problem was, when the Sultan's rules combined with other commandments and when the officials who applied them became different (political and administrative matters), it might become difficult to follow them and Al-Mawardi then reviewed them. Therefore, He wrote the book *Al-Ahkam a.s.-Sulthaniyyah* Be specific and focus on orders or policies that allow for them (officials under the caliph) to execute. Thus, jurists (judges or scholars in the future) can know what needs to be filled in to achieve justice (Al-Mawardi, 1978).

### 3. Al-Mawardi's Economic Thought

Al-Mawardi is an Islamic scholar who has extensive knowledge and knowledge, as evidenced by his many works in various fields of science. One of the scientific fields studied by Al-Mawardi is political economy. Of his several books, the most representative of economics is *Al-Ahkām As-Sulthaniyah*. In the book Al-Mawardi discusses the state and its economic activities. The economic activities he refers to in the book are state revenue, state expenditure, and state financial institutions or *Baitul mal*.

#### a. National Income

Al-Mawardi asserted that the source of state revenue consists of: *Zakat*, *ghanimah*, and *fa'i*. The income of this country can be distinguished by its object. There is income that comes from Muslim people and there is income that comes from non-Muslim people. The income originating from the people of the Muslim faith is in the form of *Zakat*. While income derived from non-Muslims is *ghanimah* and *fa'i* (Al-Mawardi, 1978).

##### 1) Zakat

*Zakat* is an obligation paid by a Muslim for property that is owned and has fulfilled *Nisab* and *Haul*. His to the person who deserves it. Beneficiary terms *zakat* Allah has decreed in Al-Qur'an, so that there is no longer the *ijtihad* ability of the caliphate against its recipient. Al-Mawardi distinguishes *zakat* into two types:



*First, zakat* Visible treasures are treasures that cannot be stored or hidden, such as farm animals, fruits, and plants. *Second, zakat* Invisible treasures are treasures that can be stored and hidden, such as gold, silver, and merchandise. Regarding its collection, Amil *zakat* has no power to take care of *zakat* Invisible property because of the one who has the right to issue *zakat*-He is only the owner of the property, unless the owner of the property gives it voluntarily. In contrast, Amil *zakat* may rule the owner of the property who appears to issue *zakat*-his. Furthermore, Al-Mawardi expressed the ability to fight those who refuse to pay *zakat* as the caliph Abu Bakr once did (Al-Mawardi, 1978).

2) *Ghanimah*

*Ghanimah* is property obtained from polytheists through war or by force. The Muslims' wars with the infidels were probably property, plunders, hostages, and prisoners of war. Prisoners of war were infidel soldiers who were captured by Islamic forces alive. In this case, Al-Mawardi argued that it was permissible to release him on condition of paying a ransom. Hostages are infidels who are taken captive from among children and women. If they were among the People of the Book, they should not be killed because the Prophet forbade the killing of them. If they want to free themselves then it is allowed by paying the ransom, the ransom treasure will be considered a treasure *ghanimah*. The property that Al-Mawardi refers to is a property obtained by force, whether it is a moving property or a silent property. An example of a moving property is a horse. Whereas the treasures are silent like swords and war shirts. All such acquired property is put into the property *ghanimah*. Further the land acquired by the Islamic forces by means of war is put into property *ghanimah* (Al-Mawardi, 1978).

3) *Fa'i*

*Fa'i* is the wealth obtained by Muslims from the infidels without going through war and voluntarily. *Fa'i* can be categorized into two types, namely *jizya* and *Kharaj*'.

a) *Jizya*

*Jizya* is an obligation paid by polytheists in exchange for protection given by Muslims. Payment is required when it is even one hijri year. The minimum amount of *jizya* is based on the Nash of the Qur'an while the maximum amount is based on *ijtihad*. By paying *jizya* they will get rights, protected and not be attacked. *Jizya* is not imposed on women, children, and lunatics because they are classified as dependents.

b) *Kharaj*

*Kharaj* was an obligation imposed on land managed by the polytheists, which was the territory conquered by the Muslims. Unlike *jizya*, the management of *kharaj* is based on *ijtihad*. Al-Mawardi distinguishes *kharaj* from *'usyr* in terms of ownership as well as law. To see these differences, he divided the types of soil types into four, namely:

- 1) The land was managed by Muslims from the beginning. This type of soil is not categorized into kharaj land but is called '*usyr land*'. '*Usyr* is a one-tenth zakat obligation on a land.
- 2) Land whose owners have converted to Islam. In this case He is entitled to own the land, this category of land is included in the '*usyr land*' and is not subject to kharaj.
- 3) Land acquired by the Muslims through war or coercion. This land is categorized as *ghanimah* property, but the obligation to this land is in the form of '*usyr obligation*'.
- 4) Land obtained from polytheists by peaceful means. This land is a special land subject to the obligation of kharaj.

At the time of Umar bin khattab, the setting of the greatness *Kharaj* Grades are based on soil conditions, plant types, and irrigation used. So that between one area and another magnitude *Kharaj*It's different. Next, scholars added a magnitude assessment *Kharaj* taking into account the location of the land with cities and markets. Because it can affect the price of the land. If the soil *Kharaj* planted with the required crops *zakat* one-tenth for him, then obligations *Kharaj* and *Zakat* must still be fulfilled (Al-Mawardi, 1978).

b. National Production

The role of government is very important for economic activity. The government is able to guarantee the fulfillment of the needs of all its population. According to Al-Mawardi the implementation of *Imamate* (Religious political leadership) is an absolute authority and its formation is a necessity for the maintenance of religion and the management of the state. Furthermore, he said that the state plays an active role in achieving state goals. Those in positions of such authority have a moral responsibility to work towards the realization of the common good, which includes the fulfillment of the interests of Society, economic growth and stability (Abdullah, 2010).

Al-Mawardi argued that the state is responsible for providing infrastructure, as this is essential to promote economic growth and general welfare. According to him, if a settlement in the city becomes impossible due to malfunctioning drinking water sources or damage to the city wall, the state is responsible for repairing it, if it does not have the funds, the state will have to find a way to get it (Karim, 2017). The property that goes into the state treasury is a trust. Therefore, the government is only given the authority to distribute it to the purposes prescribed by the shara' (Sugianto, 2020). Al-Mawardi explained that *maslahah* (public interest) is the underlying foundation of state spending. This shows that the state is only allowed to spend mall property as long as the expenditure is directed to the maintenance of religion and public benefit (Al-Mawardi, 1978).

1) State Financial Institution (*Baitul Mal*)

A country certainly needs institutions to facilitate its economic activities. In Islam, the institution is called Baitul mal. Baitul mal is an institution that regulates state income and expenditure. Its function is not just to collect and distribute people's assets, but rather to manage the economy at large (Zahro & Ghazali, 2019). All property that belongs to Muslims, not individuals, will belong to Baitul Mal. If the property that already belongs to Baitul mal then the right to manage it belongs to Baitul mal completely. Furthermore, Al-Mawardi affirmed that Baitul mal means destination not place, meaning that all rights that concern the interests of all Muslims then become the right of Baitul mal. The wealth of the Muslims was divided into three parts; *Zakat*, *ghanimah*, and *fai* (Al-Mawardi, 1978).

Al-Mawardi grouped *Zakat* into two types, visible *zakat* and invisible *zakat*. Regarding *zakat* which looks like agricultural *zakat* and livestock *zakat*, Al-Mawardi argues that Amil *Zakat* assigned by the caliph has the authority to collect it. The *zakat funds* will be included in Baitul mal which will then be distributed to those who are entitled to receive it and must be distributed immediately, must not be held in the Baitul mal treasury. The conditions that are entitled to receive *zakat* have been stipulated in QS. At-Tawbah [9]: 60, so that there is no longer the *ijtihad* area of the caliph or ulama related to this. In addition to visible *zakat*, *zakat 'usyr* is also included in the management of Baitul mal.

*Ghanimah* is property obtained from polytheists through warfare, consisting of booty, land, hostage hostages and prisoners of war. Regarding the distribution, it has been stipulated in QS. Al-Anfal [8]: 41. One-fifth (20%) for Allah and the apostle, relatives of the apostle, orphans, the poor, and ibn sabil. The remaining four-fifths (80%) are war rights. The *ghanimah* property that belonged to Baitul mal was only part of the Prophet and his relatives. As for the orphans, the poor, and ibn sabil's section, Baitul mal has no right to own unless they do not exist.

*Fai* is a treasure obtained from the polytheists through peaceful means. These treasures consist of *kharaj* and *jizya*. The distribution of *fai* has been defined in QS. Al-Hashr [59]: 7. One-fifth (20%) for Allah and the apostle, relatives of the apostle, orphans, the poor, and ibn sabil whose concept of distribution is the same as *ghanimah*. Al-Mawardi explained that there are two opinions of scholars regarding four-fifths (80%) of the *fai*'s property. *First*, the share for the Islamic forces (their salary rations) so that people outside it are not entitled to the property.

#### 4. Al-Mawardi Public Loan Concept

Public loans are one of the instruments that can be taken by the government (caliph) to fulfill state obligations; This loan is made in the name of *Baitul Mal* to individuals, businessmen (wealthy people), or other entities. Public loans are made by the government (caliph) when the funds available in Baitul mal are insufficient for the fulfillment of these obligations. In the book *Al-Akham As-Sultan*, Al-Mawardi divided the purpose of allocating funds in Baitul Mal, namely (Al-Mawardi, 1978):

- a. *Maslahah* (benefit) and *arfaq* (provision of public facilities)

Funds stored in the Baitul mal treasury must be distributed for the benefit of the people and the provision of public facilities. The obligation arises when Baitul mal has the availability of funds, if Baitul mal funds are empty then the obligation will be void. If *Baitul Mal* has more funds, the funds are stored as cash reserves for Muslims who will be used in the future in the event of disaster or famine.

b. Mandatory Function

Allocation of funds for *mandatory functions*, such as the purchase of weapons and intermediate salaries. The allocation of these funds must be fulfilled even though Baitul Mal's cash is empty, the government must strive to procure funds for these needs. Al-Mawardi offered steps that could be taken by the government (caliph) in the form of public loans in the name of *Baitul mal*.

Public loans can only be made by the government if there are mandatory state obligations, such as the purchase of weapons and military salaries and Baitul mal does not have the funds to pay these obligations. Al-Mawardi explained that the fulfillment of *this mandatory function* is a mandatory need, if it is not fulfilled, it is feared that it will cause chaos in the country. The loan is the responsibility of the government to repay it, if the leader (caliph) responsible dies and the debt or loan has not been paid, then the next leader (caliph) is responsible for repaying the loan.

The ability of the government (caliph) to take public loans when there is a budget deficit refers to the practice that was once carried out by the Prophet (Amri, 2016). Al-Mawardi's reasons for allowing public loans in the book *Al-Akham As-Sultan* Because it is feared that chaos will occur if these obligations are not fulfilled. If traced with a historical approach, Al-Mawardi wrote the book during the reign of the caliph Abu Ja'far Abdullah Al-Qaim ruled in 1031-1075 A.D. At that time, the rule of the Abbasid dynasty was chaotic (political disintegration), marked by civil wars and many small dynastic dynasties emerged that contradicted the caliph. So the need to *mandatory function* (the purchase of weapons and tantara's salary) are needs that must be met to maintain state security (Al-Mawardi, 1978).

## E. CONCLUSION

Al-Mawardi was born in Basra, Iraq in 364 AH (974 AD) and died in Baghdad in 450 AH / 1058 AD (86 years). He lived during the reign of caliph Abu Abbas Ahmad Al-Qadir who ruled in 991-1031 AD and caliph Abu Ja'far Abdullah Al-Qaim ruled in 1031-1075 AD. He began his education in Basra and Baghdad for two years before moving to other Islamic countries to continue his studies. Many written works he produced. Many works of Al-Mawardi's thought he wrote in various disciplines. Such as the fields of jurisprudence, politics, tafsir, literature, and creed. Of the several books, the most representative discussing economics is the book *Al-Ahkam Ash Sulthaniyah*. In the book, Al-Mawardi discusses the state and its economic activities. The economic activities he refers to in the book are state revenue, state expenditure, and state financial institutions or Baitul mal.

State revenues are sourced from zakat, ghanimah, kharaj, and fai'. Al-Mawardi explained that *maslahah* (public interest) is the underlying foundation of state spending. So the state is only allowed to spend mall property as long as the expenditure is directed to the preservation of religion and public benefit. To manage these revenues and expenses, a state institution called a mall hall is needed. Al-Mawardi divided the two purposes of allocating Baitul mal funds: first, for *maslahah* (benefit) and *arfaq* (provision of public facilities). Second, for *mandatory functions*.

If the government has obligations that are mandatory functions, while the funds in the mall hall are empty, the government (caliph) may make public loans. Al-Mawardi explained that the government must fulfill this obligation because it is feared that it will cause chaos in the country. And this policy was once carried out by the Messenger of Allah. If the leader (caliph) responsible dies and the loan has not been paid, then the leader (caliph) is then responsible for repaying the loan.

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