

Volume/Cilt 2 ★ Issue/Sayı 2 ★ July/Temmuz 2022



Journal of Islamic Economics

İslam Ekonomisi Dergisi





Journal of Islamic Economic

İslam Ekonomisi Dergisi

ISSN: 2687-5780

<https://dergipark.org.tr/en/pub/jie>

Proprietor

Social Sciences University of Ankara / Ankara Sosyal Bilimler Üniversitesi

Editor-in-Chief / Baş Editör

Prof. Dr. Mabid Ali Al-Jarhi

Managing Editor / Yönetim Editörü

Burak Çıkıryel

Executive Editors / Yayın Kurulu

Assoc. Prof. Dr. Abdurrahman Yazıcı

Assoc. Prof. Dr. Şahban Yıldırım

Assoc. Prof. Dr. Ahmad Hersh

Assoc. Prof. Dr. Mahmut Samar

Asst. Prof. Dr. Adnan Oweida

Asst. Prof. Dr. Tawfik Azrak

Advisory Board / Danışma Kurulu

Prof. Dr. Fatih Savaşan

Prof. Dr. Mehmet Bulut

Prof. Dr. Arif Ersoy

Assoc. Prof. Dr. Cem Korkut

Assoc. Prof. Dr. Zeynep Burcu Uğur

Asst. Prof. Dr. Hakan Aslan

Section Editors / Alan Editörü

Prof. Dr. Monzer Kahf

Prof. Dr. Mohammad Anas Zarka

Prof. Dr. Belal Ehsan Baaquie

Prof. Dr. Mansor H. Ibrahim

Prof. Dr. Mehmet Asutay

Prof. Dr. Habib Ahmed

Prof. Dr. İlhan Öztürk

Prof. Dr. Ahmet Faruk Aysan

Prof. Dr. Ahmet Tabakoğlu

Prof. Dr. Mehmet Saraç

Prof. Dr. Servet Bayındır

Prof. Dr. Mohd. Azmi Omar

Prof. Dr. Abudlazeem Islahi

Prof. Dr. Abdulazeem Abozaid

Prof. Dr. Sabri Orman

Assoc. Prof. Dr. Saim Kayadibi

Assoc. Prof. Dr. Şahban Yıldırım

Assoc. Prof. Dr. Yusuf Dinç

Assoc. Prof. Dr. Ali Polat

Asst. Prof. Dr. Ruslan Nagayev

Asst. Prof. Dr. Salih Ülev

Dr. Mücahit Özdemir

Dr. Sami Suwailam

Dr. Muhammed Habib Dolgun

Dr. Tarık Akın

Dr. Ömer Faruk Tekdoğan

Fatma Sayar

Dr. Omar Alaeddin

Journal of Islamic Economic

İslam Ekonomisi Dergisi

Type: Academic Journal/Akademik Dergi

Issue / Sayı :2

ISSN: 2687-5780

July / Temmuz 2022

About Us

Journal of Islamic Economics (JIE) is an international, academic, periodical, and double-blind peer-reviewed, biannual journal published by Social Sciences University of Ankara. JIE accepts articles in four languages: English, Arabic, Turkish and French.

Social Sciences University of Ankara, ASBU, International Center for Islamic Economics and Finance, the publisher of the Journal of Islamic Economics, has a unique perspective in the fields of economics and Islamic economics (both including finance). Our perspective starts with rebuilding economics and Islamic economics around more realistic

assumptions, underlined by an economic system that is not ideal, nor perpetually in stable equilibrium. In addition, decision-making in the market economy can be investment- and productivity-based rather than being debt-based. Finance must be therefore tightly connected with production, investment and consumption, while the finance and commodity sectors are closely interconnected. The Journal of Islamic economics has been launched to take part in developing our perspective, based on three pillars. The first is to follow an analytical approach to Islamic economics, leaving Fiqh and historical approaches to specialists in those areas. The second is to insist upon the realism

while keeping analysis manageable. This particularly excludes the assumptions used under neoclassical and post-Keynesian analyses. The third is the belief that economics as a discipline needs to be reconstructed in order to accommodate other economics approaches.

The journal is open to high-caliber research in economics, Islamic economics, finance, and Islamic finance. We emphasize the issues related to two particular areas. First, reforming the orthodoxy by redefining its building blocks in all fields of economics, especially those fields which have been questioned in methodology, analysis, and conclusions. Second, reforming the dominant version of market capitalism towards a more effective approach to reaching the common socioeconomic goals. Both theoretical and empirical studies are invited.

Hakkımızda

İslam Ekonomisi Dergisi (JIE), Ankara Sosyal Bilimler Üniversitesi tarafından yılda iki kez yayınlanan uluslararası, akademik, süreli ve çift-kör hakemli bir dergidir. JIE dört dilde makale kabul etmektedir: İngilizce, Arapça, Türkçe ve Fransızca.

İslam Ekonomisi Dergisinin yayıncı kuruluşu olan ASBÜ (Ankara Sosyal Bilimler Üniversitesi) Uluslararası İslam Ekonomisi ve Finans Uygulama ve Araştırma Merkezi (ULIFAM), ekonomi ve İslam ekonomisi (her iki alanda finansı içerecek şekilde) alanlarında benzersiz bir bakış açısına sahiptir. Sahip olduğumuz bu bakış açısının başlangıç noktası, ekonomik sistemi ve İslam ekonomisini daha gerçekçi varsayımlar etrafında yeniden inşa etmek ve sürekli olarak istikrarlı ve dengede olduğunu iddia eden mevcut sistemin gerçekçi olmadığına altını çizmektir. Buna ek olarak piyasa ekonomisinde karar verme süreci, borca dayalı olmak yerine yatırım ve

üretkenliğe dayalı olabilir. Finans ve mal piyasası arasında sıkı bir bağ vardır. Bu nedenle finans; üretim, yatırım ve tüketim ile sıkı sıkıya bağlantılı olmalıdır. Bu bahsettiğimiz alanlara katkı sağlamak adına İslam Ekonomisi Dergisinin yayınına başlamış bulunmaktayız. Dergi, üç temel esas üzerine kurulmuştur. Bu esaslardan ilki, fıkıh ve tarihsel yaklaşımları dikkate alarak, İslam ekonomisinde analitik bir yaklaşım izlemektir. İkincisi, ekonomik analizleri yaparken gerçekçilik konusunda ısrar etmektir. Bu durum özellikle neoklasik ve post keynesyen iktisadın analizlerinde kullanılan varsayımları dışlar. Üçüncüsü, İslam ekonomisine dair bu yeni yaklaşımların tesis edilmesi ancak mevcut ekonomi

disiplininin yeniden inşa edilmesi ile mümkün olacağına inanmaktayız. Dergi; ekonomi, finans, İslam ekonomisi ve İslami finans üzerine yazılmış nitelikli araştırmalara açıktır. Temel olarak iki özel alanla ilgili meselelere vurgu yapıyoruz. Bunlardan ilki, ekonominin tüm alanlarında, yapı taşlarını yeniden tanımlayarak mevcut ekonomik sistemi reforme etmektir. Özellikle bu alanlar, oldukça sorgulanan metodoloji, tahlil ve sonuç kısımlarını içermektedir. İkincisi, ortak sosyoekonomik hedeflere ulaşmak için piyasa kapitalizminin baskın versiyonunun daha etkin bir yaklaşımla reforme edilmesidir. Bu açıdan değerlendirildiğinde teorik ve ampirik çalışmalar teşvik edilecektir.

Contact Us / Bize Ulaşın: Hükümet Meydanı No: 2 06050 Ulus, Altındağ/Ankara, Türkiye

Phone Number / Telefon Numarası: +90 312 596 44 44 – 45

E-mail: jie@asbu.edu.tr

Journal of Islamic Economics / İslam Ekonomisi Dergisi

Volume / Cilt 2 – Issue / Sayı 2 – July / Temmuz 2022

Contents / İçindekiler

Abdallah Khair, Mahmut Bilen, Historical Islamic Fiscal Solutions in Times of Crises and Its Contemporary Equivalences

Research Article / Araştırma Makalesi 1-24

Abdullah Al Mamun, Bahadır Sinanoğlu, Muhammad Salah Uddin, Ibn Khaldun's Economic Theories Revisited

Research Article / Araştırma Makalesi25-47

Adem Aman Shibu, Monzer Kahf, Development of Takaful Industry in Turkey: Challenges and Prospects

Research Article / Araştırma Makalesi.....48-66

İsa Yılmaz, İsmail Ünal, Milli İktisattan İslam İktisat Düşüncesine: Ekonomik Çağdaşlaşmada Özgünlük Arayışı

Research Article / Araştırma Makalesi..... 67-86

Abdulazeem Abozaid, Combining Contracts Together: An Analysis from Maqasid Perspective

Research Article / Araştırma Makalesi..... 87-98

Historical Islamic Fiscal Solutions in Times of Crises and Its Contemporary Equivalences

Abdallahman Khair¹ Mahmut Bilen²

Received: 27.12.2021

Accepted: 10.02.2022

Type: Research Article

DOI: 10.55237/jie.1048837

Abstract

The COVID-19 crisis led to great pressure on the world governments' fiscal budgets as governments scrambled to find new ways to finance and expand social protection and health programs. In order to provide for their populace, many Islamic countries had to pursue loans from international institutions. These loans have been observed to be followed by a phase of austerity that affects the access of the populace to health and education services. In this paper, the researchers seek to put forward a number of fiscal policies to finance the fiscal needs of the countries inside the Organization of Islamic Cooperation (OIC) by utilizing countries' own internal resources. By surveying the fiscal tools used by past Islamic empires during the times of plague and famine, we find that past Islamic empires used different policies that shared a distinctive characteristic, this characteristic is the voluntary and mandatory just redistribution of resources. Based on this concept, the researchers recommend the redistribution of the community resources through the early payment of zakat, extrabudgetary funds, wealth tax and the utilization of excess bank reserves.

Keyword: Fiscal Policy, Organization of Islamic Cooperation (OIC), Islamic Economics, Islamic History, COVID-19

JEL Code: H50

¹Masters in Islamic economics and finance, Sakarya University-Turkey, E-mail: abdalrhmankhair11@gmail.com, ORCID: 0000-0003-0115-7889

² Prof.Dr., Sakarya University-Turkey, Department of economics, E-mail: bilen@sakarya.edu.tr, ORCID: 0000-0002-8512-5528

Introduction

After a year and a half, the COVID-19 crisis led to the death of more than 3.5 million people and cost the world economy around \$3 trillion as the world GDP fell by 3.3%. The crisis nicknamed “the great lockdown” and “the great reset” has led to a disturbance in the daily lives of people and created a new reality where global shortages in supply chains were the norm. In order to protect their citizens from the virus, governments around the world tried to restrict mobility by introducing curfews and lockdowns. This has led to a diminishing economic activity and consequently diminished the revenues of governments. On the other hand, the implementation of social protection programs for households and businesses and the increase in healthcare spending caused government deficits to increase exponentially. As a result, the fiscal tools have reached their limits with the emptiness of governments’ coffers and a new set of tools was needed to counter the crisis. Advanced economies and some emerging ones opted to apply monetary solutions such as quantitative easing to solve this problem; while the advanced economies did not have to worry about the consequences of these policies, emerging countries face the dangers of high inflation and high currency fluctuations which deprives them of the free usage of monetary tools. Countries which are less monetary independent had to resort to international debtors such as the IMF and World Bank to cover the growing debt deficits. 31 out of 56 OIC countries had taken \$21.09 billion in debt and \$203 million in grants from the IMF in 2020 (IMF, 2021c). In exchange for such generous loans, the IMF required or recommended that the loaned countries take austerity measures once the COVID-19 starts to abate. These measures include higher taxes and lower spending on education and health (Oxfam International, 2020). This goes against the recommendation of the United Nations Conference on Trade and Development (UNCTAD), which sees that austerity measures are a failure that will leave the emerging economies fragile (UNCTAD, 2020). Austerity as a policy has been a great failure in lowering debt levels. An IMF study concluded that austerity raises unemployment and inequality, which lead to lower growth levels (Ostry et al., 2016). Another study by Forster et al. (2020) on 137 developing countries showed that the IMF programs lowered health system access, increased infant mortality and accentuated inequalities (Forster et al., 2020). Therefore, it’s necessary for the developing countries - including Islamic ones - to find a number of economic tools that do not rely on external debt and meet the needs of the crisis.

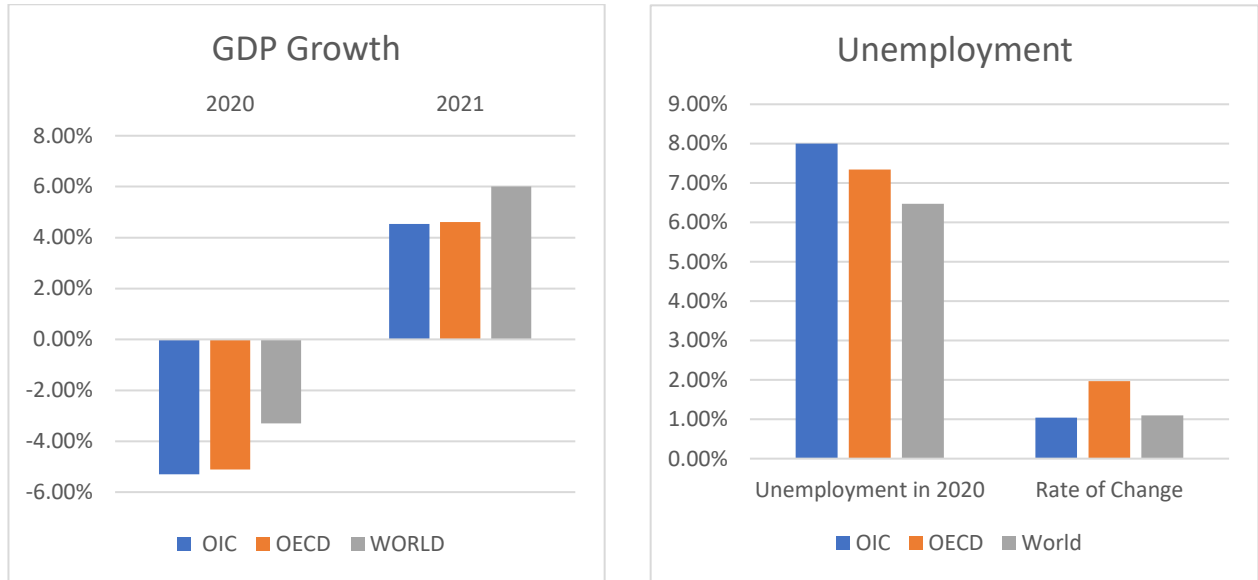
1. The Economic Effects of COVID-19 on OIC Countries

Countries inside the Organization of Islamic Cooperation (OIC) had been hit hard by the epidemic as the average GDP of OIC countries fell by 5%. Libya was affected the most with -59.7% fall in GDP but is expected to rise the fastest in 2021 with 131% growth. The average GDP in Islamic countries was lifted by Guyana³, which is estimated to achieve a 43.4% and 16.4% rise in GDP in 2020 and 2021, respectively (IMF, 2021b). As for unemployment, the OIC countries had seen a rise in unemployment (1.05%) close to that of the world rate (1.1%), and

³ This is due to Guyana oil discovery and production.

while the OECD did register the highest rise in unemployment (1.97%), the OIC countries were already struggling with high levels of unemployment compared to the OECD and the world as seen in figure (1).

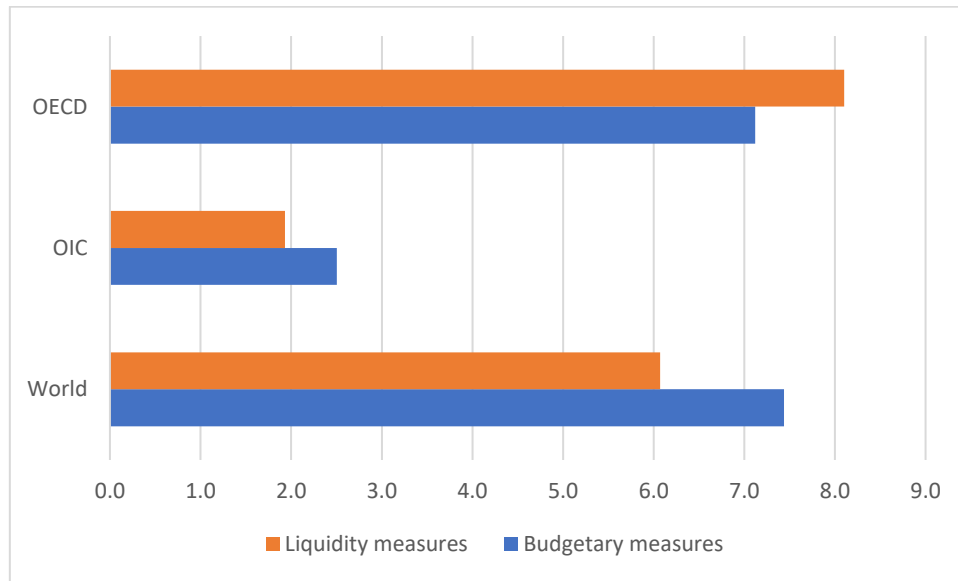
Figure (1): Average GDP and Unemployment in the OIC, OECD Countries and Globally



Source: IMF and World Bank

In order to offset the effects of the COVID-19 crisis, many countries around the globe presented or expanded different social assistance programs. Many of these programs were in the shape of grants and job protection. By the end of November 2020, about 209 countries provided 1622 social protection measures (International Labour Organization, 2020). These programs costed \$1,040 billion, including \$49.6 billion in administrative costs (Durán-Valverde et al., 2020). As seen in figure (2), Islamic countries had a very limited ability to apply these fiscal measures compared to OECD and the world.

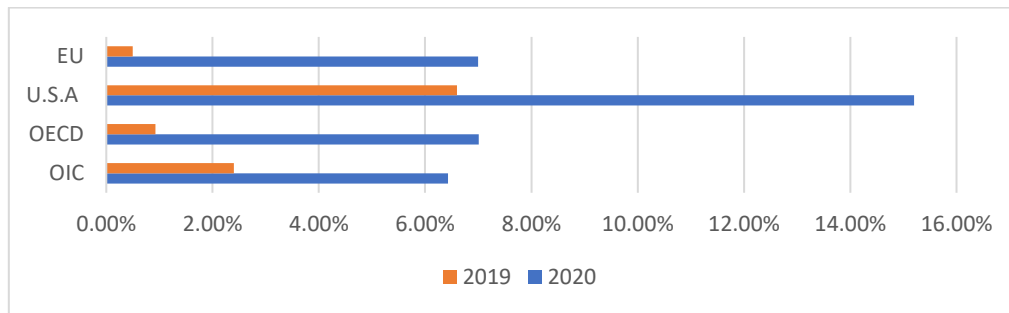
Figure (2): Amount of COVID-19 Policy Responses to GDP⁴



Source: IMF (2021a)

This increase in spending, accompanied by a fall in economic activity and government revenues, led to higher fiscal deficits, as seen in figure (3). While the deficits in the OIC countries did not rise as much as in other countries, the OIC members had already high budget deficits compared to the E.U. and OECD countries. These deficits will be covered by internal and external debt financing in most OIC countries (IMF, 2021c).

Figure (3): Governments' Budget Deficits to GDP in the Years 2019 And 2020

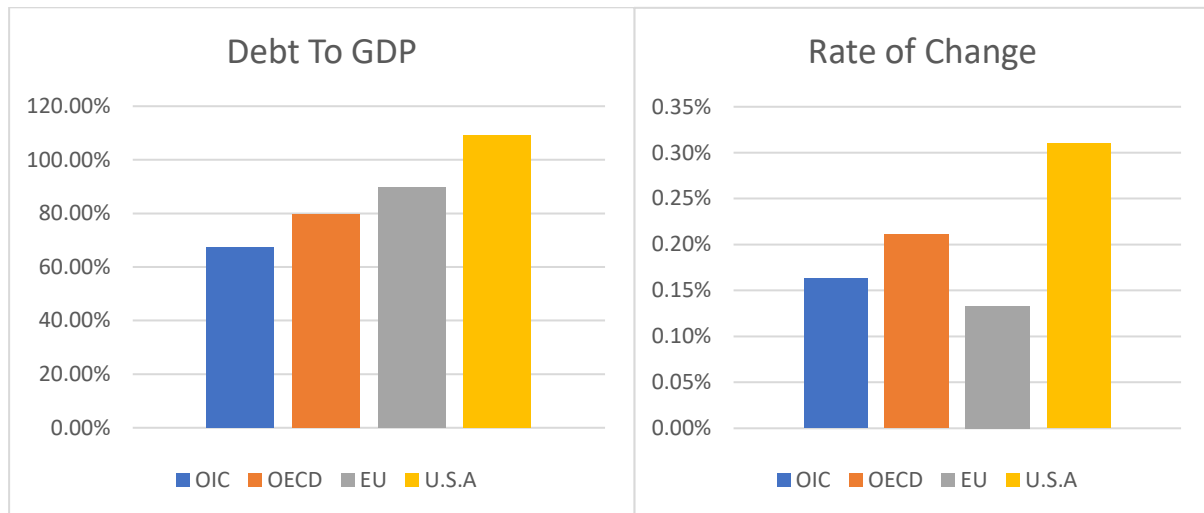


Source: IMF, World bank, African development bank group, finance ministries and news outlets

This rise in budget deficits was reflected in the rate of global debt to GDP. During the Great financial crises (GFC), the global debt-to-GDP increased by 10-15%. Meanwhile, the COVID-19 crisis caused the global debt-to-GDP ratio to jump by 35% (Jones, 2020). Figure (4) shows that the United States' debt was the fastest growing in 2020, followed by that of the OECD and OIC countries.

⁴ Budgetary measures are measures such as increased spending, tax deferrals and tax cuts, while Liquidity measures are measures such as lending, loan guarantees and capital reinforcement.

Figure (4): Rate of Debt-to-GDP in 2020

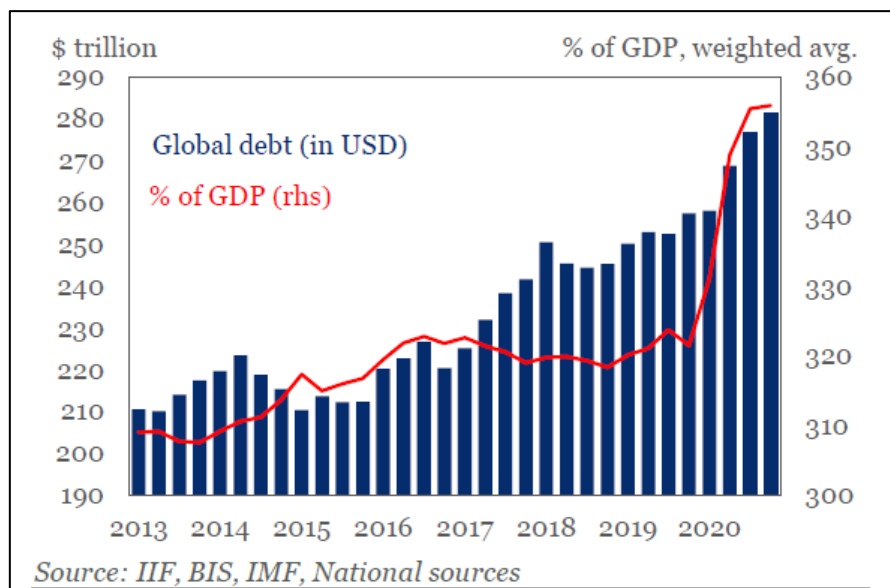


Source: Ventura (2020)

This rise in global debt is problematic for three particular reasons:

1-The rise in debt-to-GDP can cause a decrease in GDP growth. The World Bank puts the healthy debt to GDP ratio for developed countries at 77%. After this threshold, every 1% increase in the ratio leads to a 0.017% decrease in real GDP growth. As for emerging markets, the threshold is 64%, where the real GDP decreases by 0.02% for every 1%(Caner et al., 2010).

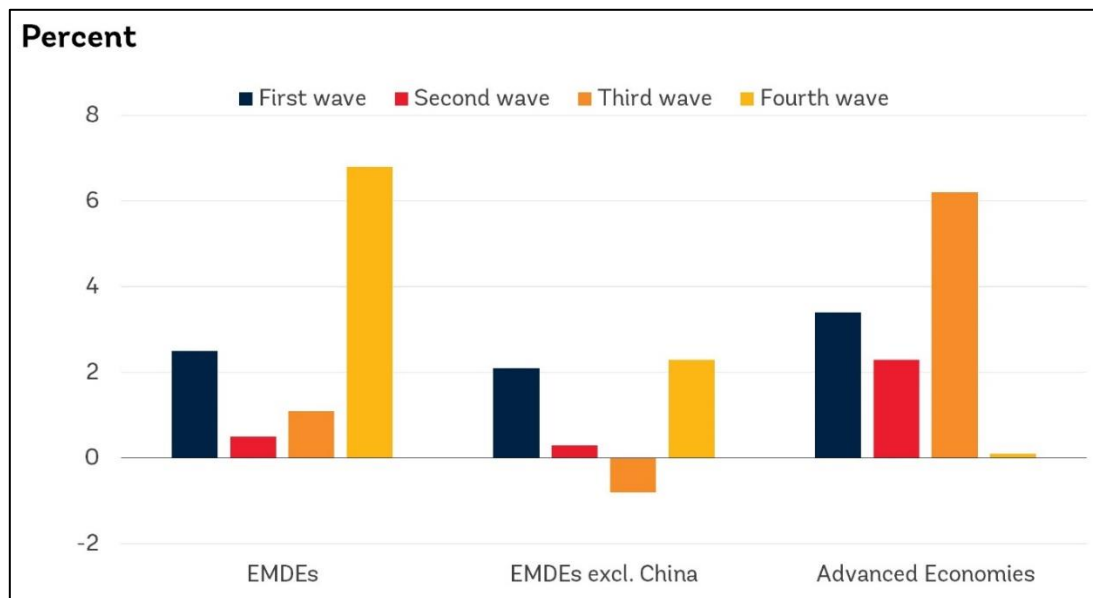
Figure (5): Rise in Global Debt Levels



Source: Jones (2021)

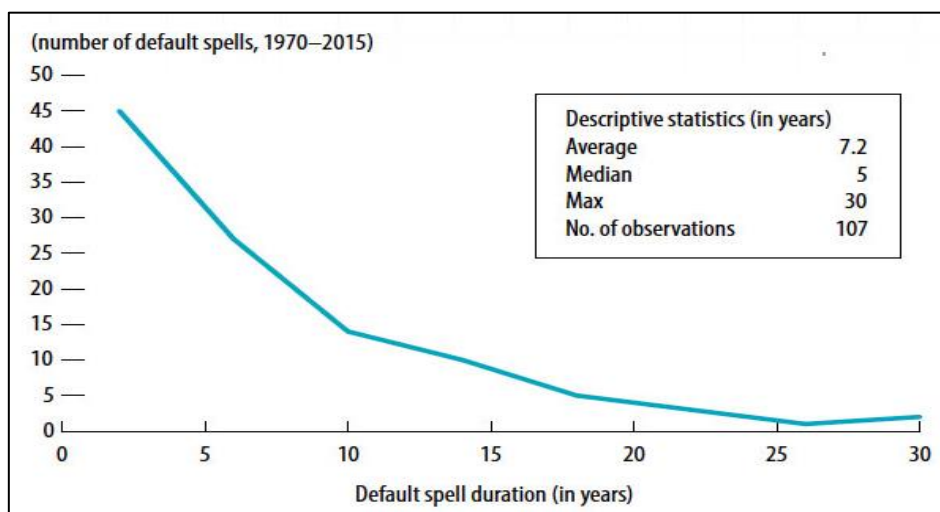
2-According to the World Bank, there have been four debt waves recorded in modern history since the year 1970. Three of them ended in a financial crisis for emerging and developing economies, while the fourth started in 2010 after the 2008 crisis and had been the centre of great concern(Masterson, 2021; Nagle, 2020).

Figure (6): Annual Average Change in Total Debt During Different Debt Waves



Source: Nagle (2020)

3-Defaults have been high due to the epidemic. Argentina, Ecuador and Lebanon had already defaulted in the year 2020. These default cases are not the end. A study of 89 default cases between 1827-2003 by Reinhart and Rogoff (2009) shows that the default is always preceded by a high level of government borrowing(Reinhart & Rogoff, 2009). These default cases usually end in restructuring the debts, where the debtors gain more profits in exchange for lower payments and a longer debt reimbursement period(Bulow et al., 2020). These kinds of cases are usually handed down by vulture debtors who buy countries’ bad debts and sue their governments for full payments in the courts of the U.S and U.K. (Christian Aid et al., 2020).

Figure (7): Years Required to Solve Default Cases

Source: Bulow et al. (2020)

2. A Survey of Measures Taken to Ease Economic Crisis Throughout the Islamic History

Allah said, “Most assuredly, the narratives of the people (gone by) contain lessons for the people possessed of pure and clear understanding “(12:111). In this part, we will survey a number of actions taken by the past Islamic empires and later on try to build upon them some recommendations to finance the needs of the fiscal budget in Islamic countries:

2.1. Mandatory Taxation

1- In the war against the Mongols, the mamluks wished to confiscate money from the people, but many scholars disagreed with this action and told the sultan that there were two conditions that must be fulfilled in order to seize private property; The first, the emptiness of the treasury (“*Bayt al-Mal*”). Second, the sultan must begin with the property of the rich before the poor and with the princes before the laymen (Al-sharbini, 1997).

2- In the times of Umar ibn al Khattab (584-644AD), a great drought came over the Arabian Peninsula and continued for nine months. The second caliph of Islam said that if the drought were to become longer, then he would take every household’s resources and divide it by half for those who could not find food (Ibn Sa’d, 1990). Thus, as a last resort, the government must tax the rich to cover the expenses (housing, clothes and food) of the poor (Ibn Hazm, 1933)

3- On the other hand, in the times of the Moroccan sultan Mohammed ben Abdallah (1757-1790AD), a famine hit Morocco, and he exempted people from taxes for four years, partly due to their inability to pay and partly due to the riots against any attempt to gather taxes (Al-Bazzaz, 1992). The Ottomans also gave tax reductions to many affected businesses (Karademir, 2014; Marien, 2009)

2.2. Resource Redistribution and Pricing

1- The Prophet, peace be upon him, said: “When the people of Ash’ari tribe ran short of food during the holy battles, or the food of their families in Medina ran short, they would collect all

their remaining food in one sheet and then distribute it among themselves equally by measuring it with a bowl. So, these people are from me, and I am from them.” (Al-Bukhari, 2001, v3 p138)

2- In Egypt, in the times of Al-Hakim bi-Amr Allah (985-1021), a famine struck the country. Al-Hakim distributed food and stopped any price gauging. Following that, in the days of Al-Mustansir Billah (1029-1094AD), another great famine had realized, and in order to counter it, Al-Mustansir sold everything he had, slept on the ground, ate only watered bread and ordered that no food be withheld from the granaries (Al-maqrizi, 2007) .

3- Another famine came in the times of Al-Adil Kitbugha (1294-1296AD) when a drought came over the middle east. Kitbugha ordered every prince to take a number of poor people and to cover their expenses, and it’s also mentioned that the Surveyor Fakhr al-din Tanbagha had 200 acres of beans which he gave from it to whoever came to his land(Al-maqrizi, 2007)

4- Countries in the western Arabian areas (Morocco, Algeria, Tunisia and the Iberian Peninsula) were more prepared for famine and diseases by stockpiling food. Thus, these countries would appeal to three measures in times of crises:1-distributing foods and rations,2-pricing food products,3-prohibition and punishment of food monopolization(Al-Bazzaz, 1992; Mazdor, 2009)

5- As for the Ottoman empire, pricing (Narh) was used repeatedly in times of economic crises (Sahillioğlu, 1967) .In addition, in order to prevent monopolization, the government would buy the surplus commodities from the markets and sell them to the people. If the people are unable to buy them at a just price, then the government donates these commodities. If these measures were not enough, the government would then proceed to seize private property (Karademir, 2014). But Ertem (2015) mentions that pricing and food distribution were not enough and that the main efforts would come from private charities and local governors (Ertem, 2015). Furthermore, besides bringing food to the famine-struck areas, a unique solution was used; the Ottomans, through the help of municipalities and rich individuals, would give jobs in road construction to those who immigrated in order to cover their needs (Aybar, 2017).

2.3. Loans

1- The prophet, peace be upon him, borrowed chain mails to prepare for the battle of Hunayn(Abū Dā’ūd, 2002). And many scholars also saw that the government could take interest-free loans in times of need as long as they were sure to have the ability to pay them back(Al-Ghazali, 1971; Al-Shatibi, n.d.)

2- In the Abbasid empire, the government would take loans (sometimes on interest) from the traders in times of crisis and gave in return some of its tax returns as security(Al-Duri, 1948). For example, the Persian traveller Nasir Khusraw (“ناصر خسرو”) (1004-1088) tells us that the sultan of Egypt⁵ asked a Christian Egyptian trader for bread on the basis of a loan.(Khusraw,

⁵ Most probably the sultan was Al-Mustansir Billah

1983). The first recorded loan to be taken from money lenders⁶ in Islamic history was in the times of the minister Ali ibn Issa in his first appointment (912-916AD) (Al-Duri, 1948). The Islamic governments also loaned the farmers money and seeds (Al-Duri, 1948; Oran & Khaznakatbi, 2009)

3- As for the Ottomans, interest-bearing loans were widespread in the main cities such as Istanbul due to the existence of the local moneylenders who were prominent in the Byzantian empire and continued to exist and work under the Ottoman rule. The local money lenders would take 12%-24% of interest on loans given to the Ottoman government. Later on and due to the war of Crimea (1853-1856), the Ottoman empire reached out to the international market and took its first international loan in 1854 from the European bond market (Birdal, 2010; Genç, 2014). The act of continuous borrowing from the international market led the Ottoman empire to declare bankruptcy in 1876 and to establish the infamous Ottoman public debt administration (Duyun-u Umumiye İdaresi) (Eldem, 1999; Ortabağ, 2018)

2.4. Notes on The Islamic Measures

In surveying the Islamic measures to counter the effects of different crises, many points raise interest:

- 1- The Islamic states always depend on their own inner resources. Eldem (1999) indicates that the Ottoman empire never relied on outside recourses until the middle of the 19th century when the Ottoman Empire took its first international loan (Eldem, 1999)
- 2- In general, until all the government resources have been completely used, the Islamic government does not and should not reach out to take private property.
- 3- Interest-based loans did occur in Islamic history, but they were rare in the Islamic empires before the Ottomans. And if it had occurred, it would usually occur between Muslims and non-Muslims⁷(Ray, 1997)
- 4- Taking interest-based loans in Morocco in the late 19th century's famines led to the disastrous result of the impoverishment and imprisonment of farmers and the empowerment of Jews and foreigners(Al-Bazzaz, 1992)
- 5- Famine and disease times have seen great immigrations from the villages and outskirts into the cities. While the free movement of peasants was allowed throughout Islamic history(Al-Bazzaz, 1992; Al-Duri, 1948), the Ottomans usually obstructed and fined such immigration (Aybar, 2017; Genç, 2014; White, 2010)
- 6- The great Egyptian historian Al-Maqrizi (1364-1442AD) indicated that many of those who monopolized food during the times of famine and drought had been struck by a godly justice as their houses burned down or encountered other types of personnel calamities. On the other

⁶ These were not the usual money lenders (Sarraf-صراف), but rather a special type of moneylenders (jahbadh-جهاد) who used to preserve the money of ministers from confiscation(Al-Duri, 1948)

⁷ Although the ottoman empire had many bankers who operated through interest-based loans, almost none of them were Muslim (Pamuk, 2000)

hand, those who shared their recourses – such as the Surveyor Fakhr al-din Tanbagha - saw great prosperity (Al-maqrizi, 2007)

3. Modern Islamic Approaches to Fight The COVID-19 Crises

We can observe from surveying the history of Islamic empires during times of crises that the aforementioned policies have a shared and distinctive characteristic to them that is the “**just redistribution of resources**”. Therefore, building on the idea of the just redistribution of resources, we have recommended in this part a number of fiscal policies to counter the effects of the COVID-19 crisis:

3.1. Early Payment of Zakat

Zakat is one of the five tenants of Islam and one of Islamic economics’ principal welfare tools. Zakat is requested from every free adult⁸ Muslim whose wealth has achieved a number of criteria. In order to respond to the crisis, many scholars issued a fatwa that permits paying zakat in advance before the end of the lunar year (Hawl). This will help Islamic countries access \$1 trillion worth of assets (Oxfam, 2015) to distribute among the least fortunate people in society. Interestingly, some zakat intuitions are reporting an increase in the amount of zakat received during the crisis, indicating that Muslims increased their charity work during the crisis (world zakat forum, 2020). But zakat as a tool of finance faces two hindrances:

1- In most countries, zakat is not mandatory by law and only mandatory in six⁹ countries out of 54 OIC countries (Hasan, 2015). This can affect zakat flows as taxpayers are not exempt from zakat if the after-tax net wealth is still inside the quota (Nisab) (Islamweb, 2003).

2- Most Islamic countries don’t have centralized zakat intuitions, as the collection and disbursement of zakat is left to the public. Out of 54 OIC countries, only 16¹⁰ countries have zakat institutions (Powell, 2009). A centralized zakat system is more efficient as it will facilitate better coordination between zakat flows and the targets of fiscal policy (Hudayati & Tohirin, 2010).

3.2. Extrabudgetary Funds

As the Ash’ari tribe would collect all their remaining food in one sheet and then distribute it among themselves, Muslims must go beyond their duty of zakat and be willing to forgo their extra resources. This belief led to the creation of public funds where people and different intuitions would donate to these funds in order to redistribute private resources to the neediest. These kinds of funds are classified under what’s called “Extrabudgetary Funds”, which are defined as: “general government transactions, often with separate banking and institutional arrangements that are not included in the annual state (federal) budget law and the budgets of subnational levels of government” (Radev & Allen, 2010, p. 1).

⁸ whether he was sane or not as the object of zakat is the owned money

⁹ Libya, Malaysia, Pakistan, Saudi Arabia, Sudan and Yemen

¹⁰ The above-mentioned countries plus Bahrain, Bangladesh, Egypt, Indonesia, Iran, Jordan, Kuwait, Lebanon, Maldives, UAE.

In response to the crisis, many countries have called for the private sector to pool their resources into public funds, and about 15 OIC countries have established such funds:

Table (1): OIC Countries' Private Funds' Totals and Usages

Country	Total funds Gathered (millions of dollars)	Usages
Benin	4.6 (Government of Benin, 2020)	Buying Health equipment (Government of Benin, 2020)
Cameron	40 (Kindzeka, 2020)	NA ¹¹
Iraq	0.3 (Central Bank of Iraq, 2020)	Buying raspatory devices (Central Bank of Iraq, 2020)
Jordan	131 (arabnews, 2020)	Buying raspatory devices, test kits and unemployment benefits (Jordan Times, 2020)
Lebanon	16 (Al-sharq Al-awsat, 2020)	NA
Mauritania	38 (Mauritanian news agency, 2021)	unemployment benefits and water projects (Mauritanian news agency, 2021)
Mali	1.3 (agencecofin, 2020)	NA

¹¹ The official statement about the usages of the fund is very obscure and unclear, the governmental statement of usages was only published after an amounting pressure against the government to reveal data (Kindzeka, 2020)

Morocco	3000 (Maghrebovoices, 2020)	aiding the health sector and unemployment benefits (Maghrebovoices, 2020)
Niger	1.9 (Diallo, 2020)	aiding the health sector (Diallo, 2020)
Pakistan	9 (Mahmood, 2020)	food and tax reliefs (Mahmood, 2020)
Togo	5.7 (Dossavi, 2020)	health response measures and social support (Dossavi, 2020)
Tunisia	72 (Iman, 2020)	protective equipment and medical devices (Iman, 2020)
Turkey	244 (BizBizeyeterizTÜR KİYEM, 2021)	social support for households (BizBizeyeterizTÜRKIYE M, 2021)
Uganda	7 ¹² (Khisra, 2020)	Buying vehicles and blood bank renovation (Corps, 2020)

Source: Authors

The IMF indicates that while the extrabudgetary funds may be established based on solid economic and political reasons, these funds go against sound fiscal policy control and discipline (Radev & Allen, 2010). This critique is not without a base, some of the funds that were created by the OIC countries lack clarity on the expenditure side, and some of them had been open for embezzlement (such as the case of Uganda and Cameroon). The greatest challenge for these funds lies in management and accountability. In order to provide accountability, the governments must provide detailed data about the amounts and usages of

¹² Investigations shows gross irregularities, no proper planning, hasty signing of contracts and flouting of procurement guidelines, underlining a high possibility of governmental corruption (Khisra, 2020)

the funds (such as in Turkey), and the private and civil sectors should play a role in monitoring the funds' usage (such as in Jordan and Togo).

3.3. Wealth Tax

This is the next stage in Islamic fiscal policy; as we have mentioned, the Islamic government should not reach into the properties of the people - rich or poor - as long as it has other options, but when the treasury (Bayt al-mal) is empty, it is the duty of the government to reallocate resources from the rich to the poor based on the Islamic principle that if there is a clash between the public and private interests, then the public interest takes precedence over the private interest (تقدم المصلحة العامة على المصلحة الخاصة) (Mecelle-i Ahkâm-ı Adliye, 2010), and also based on the actions of Hz. Umar when intended to distribute resources by taking half of the people's food and giving it to the poor during the famine.

In order to reallocate resources from the rich to the poor, a wealth tax must be introduced. The wealth tax is a tax imposed on an individual's net wealth or the market value of their total owned assets minus liabilities. In contrast, an income tax is imposed on the flow from the wealth stock (li, 2019). Currently, permanent wealth taxes are imposed only in seven¹³ countries and vary in their return rates based on the countries' GDP's (Best Citizenships, 2020), but historically many countries, especially European ones, had a permanent wealth tax but scrapped it by the beginning of the 21st century for many reasons (Heckly, 2004):

- 1- It caused capital drain as local capital flow outwards, and foreign investment is discouraged
- 2- It entitles high costs but low returns due to it requiring a yearly scan on assets, and in comparison, other tax forms such VAT are cheaper.
- 3- It can cause double taxation as the wealth tax is imposed both on companies and personal wealth.

But what we recommend here is a one-time tax on wealth or what is called an on-off tax, such tax was used post WW1 and WW2 with decent success, especially after WW2 (O'Donovan, 2020) and recently, many countries and organizations have called for a wealth tax to finance the current fiscal deficits:

- 4- The IMF (IMF, 2021b) and the world bank (World Bank, 2021) called for a wealth tax to cover the budget deficits.
- 5- Argentina imposed a one-time tax upon people who have \$2.4 million in wealth. This tax is estimated to gather \$3.7 billion from the richest 12,000 in the country (Meredith, 2020).
- 6- A recommendation for a one-time wealth tax was suggested by a U.K. tax commission, this wealth tax is to be imposed on the current net wealth and will be paid on instalments in the period of five years (Advani et al., 2020).

Unfortunately, data on the wealth of the 10 top percentile in the OIC countries are unavailable, but according to OXFAM, the 21 billionaires of the MENA area identified by Forbes magazine

¹³ Spain, Norway, Argentina, Belgium, Switzerland, Netherlands and Italy

had seen their wealth increase by \$10 billion between March and August 2020, while 45 million person in the area could be pushed into poverty.(Oxfam International, 2020).

In order to correctly apply this tax, a number of points must be considered:

7- Tax avoidance: in order to deter tax avoidance, the government mustn't announce the tax prematurely. An early announcement of the tax will lead the taxpayers to avoid or mitigate the taxes by changing the type or ownership of the assets they own(Advani et al., 2020)

8- The type of taxed assets and unit of taxation: taxable assets should include both registered tangible (ex. houses) and nontangible (ex. shares) property. As for the unit of taxation, it should be on residence in the country regardless of citizenship. It should also be imposed upon individuals, not households, as the members of the same household do not have authority over other members' fortune(Advani et al., 2020)

9- Tax rate and threshold: the tax rate and threshold should take asset liquidity in consideration. After surveying the taxable property, the ratio between liquid and non-liquid assets ratio in should be taken into consideration when deciding the tax rate and threshold.

10- The gradual removal of this tax, and this is based on two reasons:

a. The government has no right to the money of the rich in normal situations. The only rationale for this tax is due to the crisis. As the crisis starts to ease, the government must lower the tax until it reaches zero. Otherwise, its actions will be illegal in Islam, for Allah said "And eat not up your property among yourselves in vanity, nor seek by it to gain the hearing of the judges that ye may knowingly devour a portion of the property of others wrongfully." (2:188). In addition, while the U.K. tax commission asserts that both equal and diminishing instalments for the tax will lead to the same revenue(Advani et al., 2020), we see that the diminishing payments will help the government supply the fiscal need in a much better way as it will provide more liquidity during the initial year.

b. If the people believe that the tax is permanent, it will cause a distortion in the behavior of consumers, such as lower savings and a shift in wealth in order to evade tax.(Advani et al., 2020)

c. The tax period: the U.K. tax commission suggests a five years period for tax instalments, but we see that this period is as too long as the World Bank estimates that by 2022 the world economy will see pre-covid levels of GDP growth (World Bank, 2021). Therefore, we see that the period of five years should be taken as an initial period, but the government should seek to return the fiscal budget to its pre-covid levels before the end of the five years period and shouldn't rely on this tax for the whole period as this type of taxation is a necessary evil that Islam does not permit in normal situations.

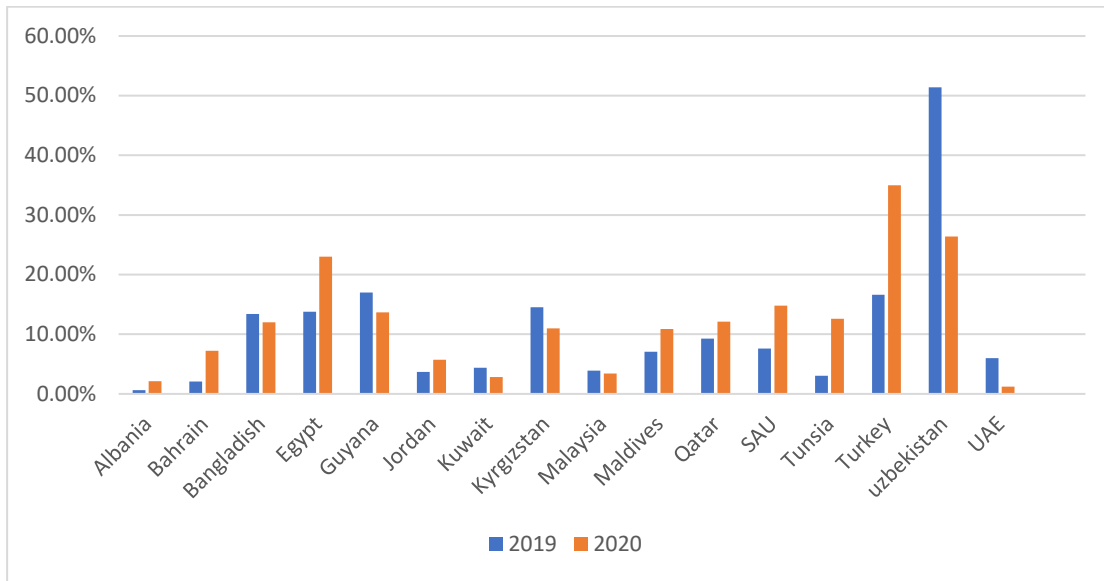
3.4. Using Commercial Banks' Reserves (Taxing the Banks)

Since the great financial crisis (GFC), banks have been labelled as "Too Big to Fall", and while banks do play an important role in an economy as they offer a way to channel capital from those who have it to those who need it, different papers covering the GFC shows that banks are an inefficient tool in redistributing wealth. Michail et al. (2021) show that a lower policy

rate does not always alter the lending behavior of commercial banks in the long term, as deposit levels and credit risks take priority (Michail et al., 2021). Other papers focus on the relationship between ownership of the banks and lending behavior in emerging markets during crises, government-owned banks increase their lending and risk-taking behavior in crises times in order to stimulate the economy in a countercyclical movement (Bosshardt & Cerutti, 2020; Choi et al., 2016), in the same time foreign-owned banks tend to decrease their lending behavior in a procyclical way during crises (Allen et al., 2013; Choi et al., 2016). Hsieh & Lee (2020) indicates that there might be an inverse relationship between the two: the higher the government stimulus and intervention, the lower the lending of a foreign bank to clients during the crises and vice versa (Hsieh & Lee, 2020). Furthermore, many papers share the same sentiments that banks doesn't respond positively to government stimulus alone, Banks in Britain (Giansante et al., 2020), E.U. (Horst & Neyer, 2019; Jasova et al., 2018) and Japan (Shioji, 2019) increased its lending channels only by a small percentage or by none at all during the rounds of quantitative easing, on the other hand, banks in the U.S (Rodnyansky & Darmouni, 2017) raised their lending ratios during the first and third Q.E. on rounds, but not during the second Q.E. round, this can be attributed to the fact that banks in the E.U. area and Britain bought more safe assets which lowered the lending rates (Giansante et al., 2020; Jasova et al., 2018), While banks in the U.S expanded toward creating mortgages in order to create mortgage backed securities (MIBs) which was targeted by the Fed's 1st and 3rd Q.E. rounds, there was no effect on U.S banks' lending in the 2nd Q.E. round due to the Fed targeting only U.S treasury bonds (Rodnyansky & Darmouni, 2017). Another reason may be that liquidity is concentrated toward a sector of the economy rather than the whole economy which led to lower lending if the liquidity is bigger than the needs of the sector (Shioji, 2019)

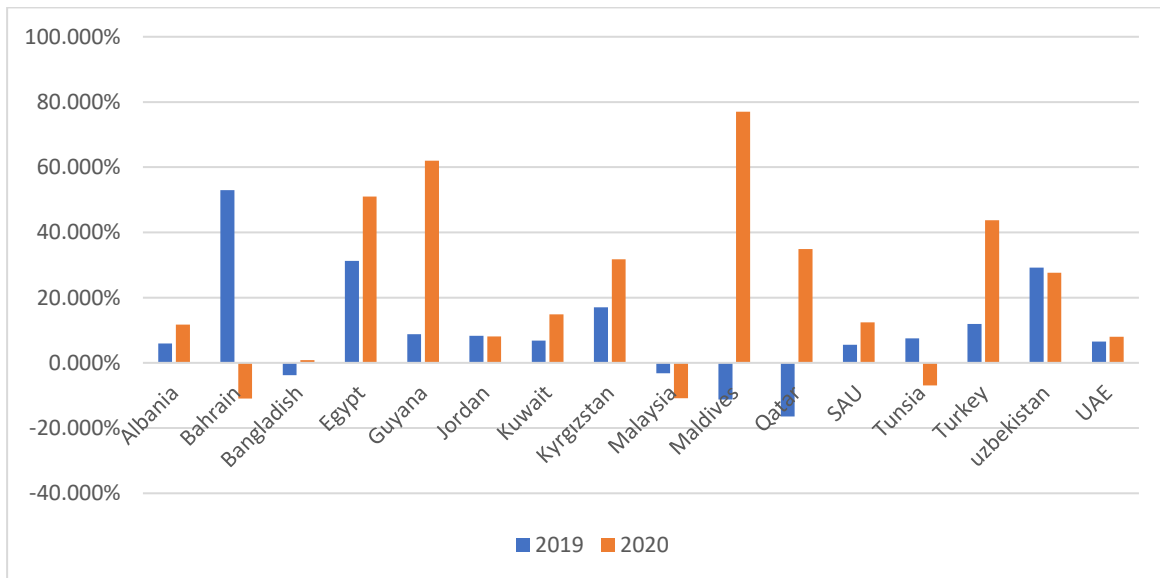
Data from the OIC countries' central banks also shows that growth in lending and credit advancing in 2020 figure (8) was accompanied by the growth of commercial banks' interest-bearing deposits at the central banks, as shown in figure (9). This indicates that while there was a rise in credit demand, the supply of credit exceeded this demand and became an unused surplus.

Figure (8): Year-on-Year Credit Growth in Selected Countries



Source: Data from central banks, gathered by the author

Figure (9): Year on Year Growth of Commercial Banks’ Deposits at Selected Countries’ Central Banks



Source: Data from central banks gathered by the author

In order to redistribute these unused resources, a number of options can be used:

1- Delaying bank payment

Many countries differ bank payments for individuals. While – to our knowledge- there are no papers covering this subject, the IMF data on household debts shows that this policy is more effective in advanced economies than in the OIC countries. The reason is that the levels of household debt are less than 25% of the GDP in most OIC countries (IMF, 2019). Furthermore,

this action lacks justice as the liquidity had been rerouted towards those who are usually able to sustain themselves.

2- Raising the rate of required reserves (Taxing the banks)

Lowering the required reserve is not always the most efficient way to stimulate the economy, as changes in the rate of required reserves (RRR) alone do not affect the rate of growth (Afanasyeva & Korovin, 2020). Thus, in order to better use these liquidity surpluses, we recommend that the required reserve rate stay the same or be higher for big banks and lower for small banks. This separation is due to the evidence that smaller banks are much more responsive to stimulus than bigger banks (Allen et al., 2013; Kandah, 2021).

We recommend that these reserves be used to finance the fiscal needs of the budget. As most central banks do not pay interest on it, the required reserves are considered a de facto tax on banks in the shape of opportunity cost (Ireland, 2019; OECD, 2019). Thus, we recommend here that the central bank “taxes” the banks by raising the required reserves on big banks to levels beyond the actual rates and selling these reserves in the shape of zero-interest (Qarz Hasan) treasury bills or Sukuk to the government, with this the government can finance its needs and lower outside borrowing. But this action includes a number of risks:

3- This action is illegal or at least lacks the legal background necessary for such operations

4- This action will raise the risk of the banking system, which will lead to investment outflows, but we believe that if the reserves are used in an efficient way to start the economy, the investment will return, and the country should be affected only in the short run.

5- It puts the credibility and autonomy of the central bank at risk, but we see that the separation between the fiscal and monetary is necessary only in normal times and that the crisis justifies the breaking of some rules based on the idea that what is unlawful in Islam in normal times can be lawful in times of necessity (الضرورات تبيح المحرمات) (Mecelle-i Ahkâm-ı Adliye, 2010)

Another way to utilize these reserves could be done by creating or enabling governmental banks to give loans to those who are not usually accepted by private banks and who are targeted by the fiscal policy; aside from the prementioned risks, this action carries additional ones:

6- Lending to those who are outside the private banks targeted customer could raise the rate of risk in the financial system as the poor who are targeted by banks are considered risky borrowers (Elahi, 2004).

7- Governmental banks' performance is usually seen with scepticism, as governmental ownership redistributes the financing resources based on political and not economic reasons (Calabria, 2015), and government ownership of banks may be related to lower growth of per capita income (La Porta et al., 2002), but more recent studies show that this is not quite true, Andrianova et al. (2012) show through a cross-country study that government-owned banks played a role in raising the growth rates of GDP, especially after the GFC (Andrianova et al., 2012), Unal et al. (2007) shows that government-owned banks are as efficient as private banks

in Turkey (Unal et al., 2007). Thus, governmental intervention in the banking sector is necessary in order to redistribute the resources in a just way.

Conclusion

The Islamic countries were hit hard by the epidemic, which led to a rise in the levels of unemployment and a fall in growth levels as many Islamic countries had a very limited ability to finance new social protection and health programs. Thus, they sought the help of international institutions such as the IMF, which entrapped them in long-term debts that will probably end in harmful austerity measures. This study sought to explore means by which the Islamic countries can finance the different needs of their fiscal budgets during times of crisis using their own internal resources. By surveying the history of past Islamic empires, we see that Islamic governments always used their own internal resources through voluntary and mandatory just redistribution. When the Islamic empires depended on outside resources such as loans from the international market, the Islamic empires lost their sovereignty to outsiders, such as in the case of 19th century Morocco and the Ottoman empire. Therefore, in order to escape from the same fate, the current Islamic countries should seek to justly redistribute their own internal resources. This can be done by using voluntary methods such as early payment of zakat and extra-budgetary funds or using mandatory methods such as taxation of individuals using wealth tax and banks using the required reserve rates.

References

- Abū Dā'ūd, S. (2002). *Sunan Abu Dawood*. Ghiras for publishing.
- Advani, A., Chamberlain, E., Summers, A., & Hamberlain, E. (2020). *A wealth tax for the U.K.*
- Afanasyeva, O., & Korovin, D. (2020). The impact of reserve requirements of central banks on macroeconomic indicators. *Entrepreneurship and Sustainability Issues*, 8(1), 413–429. [https://doi.org/10.9770/jesi.2020.8.1\(29\)](https://doi.org/10.9770/jesi.2020.8.1(29))
- agenceecofin. (2020). Mali : Banque Atlantique apporte un soutien financier de 100 millions de FCFA au fonds special Covid-19. <https://www.agenceecofin.com/banque/1804-75840-mali-banque-atlantique-apporte-un-soutien-financier-de-100-millions-de-fcfa-au-fonds-special-covid-19>
- Al-Bazzaz, M. al-A. (1992). *Tarikh Al-Awbiah wa Al-Maja'at fi Al-Maghrim fi Al-Qarnin Al-Thamin wa Al-Tasi''ashar [The history of plagues and famines in morocco in the 18th and 19th century]*. Faculté des Lettres et des Sciences Humaines.
- Al-Bukhari, M. (2001). *Sahih al-Bukhari*. Dar Taouk Al-Najah.
- Al-Duri, A. A.-A. (1948). *Tarikh Al-Iraq Al-Iktisady fi Al-Qard Al-Rabi''ashar Al-Hijri [The economic history of Iraq in the fourth hijri century]*. Al-Ma'arif.
- Al-Ghazali, A. H. (1971). *Shifa' al-ghalil [Satiation of the thirsty]*. Irshad house of printing.
- Al-maqrizi, T. A. (2007). *Ighathat Al-ummah bi-kashf Al-Ghuma [Relief for the nation in revealing sorrow]*. ein for human and social studies.
- Al-sharbini, A. (1997). *musadarut Al-amlak fi Al-dulat Al-islmiyah asr salatin Al-mamalik [Property confiscation in times of the mamluk sultans]*. General Egyptian Book Organization.
- Al-sharq Al-awsat. (2020). *millions of donations to lebanon to fight the crisis*. <https://aawsat.com/home/article/2196106/تبرعات-بالملايين-في-لبنان-لمواجهة-الأزمة-غم-الضائقة-الاقتصادية>
- Al-Shatibi, I. (n.d.). *Al-I'tisām*. Al-Tuhid library.
- Allen, F., Jackowicz, K., & Kowalewski, O. (2013). The Effects of Foreign and Government Ownership on Bank Lending Behavior During a Crisis in Central and Eastern Europe. *SSRN Electronic Journal*, 48059. <https://doi.org/10.2139/ssrn.2287081>
- Andrianova, S., Demetriades, P., & Shortland, A. (2012). Government Ownership of Banks, Institutions and Economic Growth. *Economica*, 79(315), 449–469. <https://doi.org/10.1111/j.1468-0335.2011.00904.x>
- Arabnews. (2020). *Jordan pools \$131m in COVID-19 donation fund*. <https://www.arabnews.com/node/1682046/middle-east>
- Aybar, M. (2017). Osmanlı Devletinde Kıtık ve İç Göç: 1870-1900 Arası İç Anadolu Örneği. *Mavi Atlas*, 2(5).
- Best Citizenships. (2020). *List of Countries with Wealth Tax* . <https://best-citizenships.com/2020/12/11/list-of-countries-with-wealth-tax/>

- Birdal, M. (2010). *The Political Economy of Ottoman Public Debt*. I.B.Tauris Publishers.
- BizBizyeterizTÜRKİYEM. (2021). *bizbizyeterizTÜRKİYEM*. <https://bizbizyeteriz.gov.tr/>
- Bosshardt, J., & Cerutti, E. (2020). Why Did Public Banks Lend More During the Global Financial Crisis? In *IMF Working Papers*. <https://doi.org/10.5089/9781513546049.001>
- Bulow, J., Reinhart, C., Rogoff, K., & Trebesch, C. (2020). *The Debt Pandemic New steps are needed to improve sovereign debt workouts* (Issue September).
- Calabria, M. A. (2015). *Promises of Public Banks Don't Match Reality*. Cato Institute. <https://www.cato.org/commentary/promises-public-banks-dont-match-reality>
- Caner, M., Grennes, T. J., & Köhler-Geib, F. (Fritzi) N. (2010). Finding the Tipping Point - When Sovereign Debt Turns Bad. *World Bank Conference on Debt Management*. <https://doi.org/10.2139/ssrn.1612407>
- Central Bank of Iraq. (2020). *Central bank gather 44 million dinar to fight covid 19*. <https://cbi.iq/news/view/1469>
- Choi, M. J., Gutierrez, E., & Martinez Peria, M. S. (2016). Dissecting Foreign Bank Lending Behavior During the 2008–2009 Crisis. *Financial Markets, Institutions and Instruments*, 25(5), 361–398. <https://doi.org/10.1111/fmii.12076>
- Christian Aid, CAFOD, OXFAM, Jubilee Debt Campaign, & Global Justice Now. (2020). *Private sector debt and coronavirus in developing countries* (Issue October).
- Corps, C. (2020). *COVID-19 Funds to Procure Vehicles, Upgrade Blood Banks*. ChimpReports. https://chimpreports.com/covid-19-funds-to-procure-vehicles-upgrade-blood-banks/?fbclid=IwAR3k-deNHPBtABLYmPqdJ2bkF3pw806lVxiy45AnK18IkaYqtTVB_us9P×g
- Diallo, M. (2020). *How is the solidarity fund against COVID-19 managed in Niger?* Studiokalangou. <https://www.studiokalangou.org/index.php/magazines/12853-comment-gere-fonds-solidarite-covid19-niger>
- Dossavi, A. (2020). *Togo: the response against Covid-19 cost 107 billion FCFA*. Togofirst. <https://www.togofirst.com/fr/gouvernance-economique/2112-7018-togo-la-riposte-contre-la-covid-19-a-coute-107-milliards-fcfa>
- Durán-Valverde, F., Pacheco-Jiménez, J. F., Muzaffar, T., & Elizondo-Barboza, H. (2020). *Financing gaps in social protection: Global estimates and strategies for developing countries in light of the COVID-19 crisis and beyond*. https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_740724.pdf
- Elahi, K. Q.-I. (2004). Are Commercial Banks Prejudiced Against The Poor? *Bangladesh Journal of Agricultural Economics*, 27(1), 37–51.
- Eldem, E. (1999). *A History of the Ottoman Bank*. Ottoman Bank Historical Research Center.
- Ertem, Ö. (2015). British Views on the Indian and Ottoman Famines: Politics, Culture, and

Morality. *RCC Perspectives*, 2, 17–28.

Genç, M. (2014). Osmanlı İmparatorluğunda devlet ve ekonomi. In *Kültür serisi* (11th ed.). Ötüken Neşriyat

Giansante, S., Fatouh, M., & Ongena, S. R. G. (2020). Does Quantitative Easing Boost Bank Lending to the Real Economy or Cause Other Bank Asset Reallocation? The Case of the U.K. In *Bank of England staff working paper* (Issue 883). <https://doi.org/10.2139/ssrn.3676508>

Giles, C. (2020). *IMF calls on rich nations to boost public investment* . Financial Times. <https://www.ft.com/content/fc7ad858-0fdd-401e-bce5-796a8353ba30?shareType=nongift>

Government of Benin. (2020). *CORONAVIRUS – Plus de 2.6 milliards de FCFA de dons financiers et des milliers de matériels et équipements médicaux déjà reçus* . <https://www.gouv.bj/actualite/733/coronavirus—plus-2.6-milliards-fcfa-dons-financiers-milliers-materiels-equipements-medicaux-deja-recus/>

Hasan, S. (2015). *Human Security and Philanthropy: Islamic Perspectives and Muslim Majority Country Practices*. Springer.

Heckly, C. (2004). *Wealth Tax in Europe : Why the Decline?*

Horst, M., & Neyer, U. (2019). *The Impact of Quantitative Easing on Bank Loan Supply and Monetary Policy Implementation in the Euro Area*. <https://doi.org/10.1787/qna-v2018-3-38-en>

Hsieh, M. F., & Lee, C. C. (2020). Foreign bank lending during a crisis: The impact of financial regulations. *Economic Systems*, 44(3), 100791. <https://doi.org/10.1016/j.ecosys.2020.100791>

Hidayati, A., & Tohirin, A. (2010). Management of Zakah : Centralised Vs Decentralised Approach. *Seventh International Conference – The Tawhidi Epistemology: Zakat and Waqf Economy, Bangi 2010*, 351–374.

Ibn Hazm, A. (1933). *Muhallah [The Adorned Treatise]*. Al-Matba'a Al-Muniriyyah.

Ibn Sa'd, M. (1990). *Al-Tabaqat Al-Kubra [The Major Classes]*. Dar al-kutub al-ilmiah.

Iman, A. (2020). *72 million dollar to help covid 19 patients*. Alaraby. <https://www.alaraby.co.uk/society/تونس-72-مليون-دولار-لعلاج-مصابي-كورونا-رغم-شح-التبرعات>

IMF. (2019). *Global Debt Database - Household debt, loans and debt securities*. https://www.imf.org/external/datamapper/HH_LS@GDD/CAN/GBR/USA/DEU/ITA/FRA/JPN

IMF. (2021a). *Fiscal Policies Database*. <https://www.imf.org/en/Topics/imf-and-covid19/Fiscal-Policies-Database-in-Response-to-COVID-19>

IMF. (2021b). *Fiscal Report Apr-2021*.

IMF. (2021c). *IMF Financing and Debt Service Relief*. <https://www.imf.org/en/Topics/imf-and-covid19/COVID-Lending-Tracker>

International Labour Organization. (2020). *Social Protection Platform*. <https://www.social->

protection.org/gimi/ShowWiki.action?id=3417

Ireland, P. N. (2019). Interest on reserves: History and rationale, complications and risks. *Cato Journal*, 39(1), 327–337.

Islamweb. (2003). *Fatwa no.38415* . <https://www.islamweb.net/ar/fatwa/38415/>

Jasova, M., Mendicino, C., & Supera, D. (2018). Rollover Risk and Bank Lending Behavior: Evidence From Unconventional Central Bank Liquidity. *SSRN Electronic Journal*, 267. <https://doi.org/10.2139/ssrn.3216733>

Jones, M. (2020). *COVID response drives \$24 trillion surge in global debt: IIF*. Reuters. <https://www.reuters.com/article/us-global-debt-iif-idUSKBN2AH285>

Jones, M. (2021). *COVID response drives \$24 trillion surge in global debt: IIF*. Reuters. <https://www.reuters.com/article/us-global-debt-iif-idUSKBN2AH285>

Jordan Times. (2020). *Gov't approves allocation of JD10m from Himmat Watan Fund to equip field hospitals*. <https://www.jordantimes.com/news/local/govt-approves-allocation-jd10m-himmat-watan-fund-equip-field-hospitals>

Kandah, A. (2021). *The legal required reserve is an effective monetary policy tool* . Jordan Times. <https://www.jordantimes.com/opinion/adli-kandah/legal-required-reserve-effective-monetary-policy-tool>

Karademir, Z. (2014). *İmparatorluğun Açlıkla İmtihanı Osmanlı Toplumunda Kitliklar (1560-1660)*. Kitap Yayınevi.

Khisa, I. (2020). *Billions of COVID-19 response money lost?* Independent-Uganda. <https://www.independent.co.ug/billions-of-covid-19-response-money-lost/>

Khusraw, N. (1983). *Safarnama [The Book of Travels]*. Dar al-kutub al-Jadid.

Kindzeka, M. (2020). *Cameroon Citizens Raised \$40M for COVID Relief, But Where is It? | Voice of America - English*. <https://www.voanews.com/covid-19-pandemic/cameroon-citizens-raised-40m-covid-relief-where-it>

La Porta, R., Lopez-De-Silanes, F., & Shleifer, A. (2002). Government ownership of banks. *Journal of Finance*, 57(1), 265–301. <https://doi.org/10.1111/1540-6261.00422>

Li, H. (2019). *Comparing Wealth Taxes and Income Taxes*. Tax Foundation. <https://taxfoundation.org/comparing-wealth-taxes-and-income-taxes/>

Maghrebvoices. (2020). *Moroccan Covid-19 fund exceeds 3 billion dollars*. <https://www.maghrebvoices.com/morocco/2020/07/18/3-مليارات-صندوق-تدبير-الجائحة-في-المغرب-تفوق-3-مليارات-دولار>

Mahmood, A. (2020). *Rs 1.49bn deposited in PM's corona relief fund: Faisal Javed* . Pakistan Business Recorder. <https://www.brecorder.com/news/589890/>

Marien, G. (2009). *The black death in early Ottoman territories: 1347-1550*. Bilkent University.

- Masterson, V. (2021). *Learn from history, says World Bank as global debt soars* . World Economic Forum. <https://www.weforum.org/agenda/2021/01/covid-global-debt-history-world-bank-imf/>
- Mauritanian news agency. (2021). *The meeting of the National Committee to follow up the implementation of the fund for social solidarity and combating the Coronavirus*. <https://www.ami.mr/Depeche-66868.html>
- Mazdor, S. (2009). *Al-Maja'at wa Al-Awbiah fi Al-Maghrab Al-Awsat (Famine and disease in the middle west)*. Université Constantine.
- Mecelle-i Ahkâm-ı Adliye*. (2010).
- Meredith, S. (2020). *Argentina passes tax on the super-rich to help pay for Covid response*. CNBC. <https://www.cnbc.com/2020/12/07/argentina-passes-tax-on-the-super-rich-to-help-pay-for-covid-response.html>
- Michail, N. A., Savva, C. S., & Koursaros, D. (2021). Are central banks to blame? Monetary policy and bank lending behavior. *Bulletin of Economic Research*, November, 1–18. <https://doi.org/10.1111/boer.12273>
- Nagle, P. (2020). *Why the recent debt buildup is a concern, in four charts*. World Bank Blog. https://blogs.worldbank.org/voices/why-recent-debt-buildup-concern-four-charts?cid=ECR_E_NewsletterWeekly_EN_EXT
- O'Donovan, N. (2020). *One-off wealth taxes: what can we learn from history?* . Economics Observatory. <https://www.economicsobservatory.com/one-wealth-taxes-what-can-we-learn-history>
- OECD. (2019). *Reserve Requirements: Current Use, Motivations and Practical Considerations*.
- Oran, A., & Khaznakatbi, K. (2009). The Economic System under the Abbasids Dynasty. In *The Encyclopedia of Islamic Economics* (Vol. 2, pp. 257–266).
- Ortabağ, E. (2018). *Osmanlı İmparatorluğu' nda Bankacılığın Gelişimi ve Regülasyon*. Türkiye Bankalar Birliği.
- Oxfam. (2015). *1/4 of the world's people already subject to large annual wealth tax to tackle poverty. Has anyone told Piketty?* . <https://oxfamblogs.org/fp2p/i-just-found-out-that-a-quarter-of-the-global-population-already-pays-an-annual-wealth-tax-has-anyone-told-piketty/>
- Oxfam International. (2020). *MENA billionaires' wealth increased by \$10 billion, enough to pay Beirut blast repair bill* . <https://www.oxfam.org/en/press-releases/mena-billionaires-wealth-increased-10-billion-enough-pay-beirut-blast-repair-bill>
- Pamuk, Ş. (2000). *A Monetary History of the Ottoman Empire*. Cambridge University Press. [https://doi.org/10.1016/S0065-2113\(08\)60505-2](https://doi.org/10.1016/S0065-2113(08)60505-2)
- Powell, R. (2009). Zakat: Drawing Insights for Legal Theory and Economic Policy from Islamic Jurisprudence. *University of Pittsburgh Tax Review*, 7(43).

- Radev, D., & Allen, R. (2010). Extrabudgetary Funds. In *Technical Notes and Manuals*. <https://doi.org/10.5089/9781455279470.005>
- Ray, N. D. (1997). The Medieval Islamic System of Credit and Banking: Legal and Historical Considerations. *Arab Law Quarterly*, 12(1).
- Reinhart, C. M., & Rogoff, K. S. (2009). *This Time is Different: Eight Centuries of Financial Folly*. Princeton University Press.
- Rodnyansky, A., & Darmouni, O. M. (2017). The effects of quantitative easing on bank lending behavior. *Review of Financial Studies*, 30(11), 3858–3887. <https://doi.org/10.1093/rfs/hhx063>
- Sahilliođlu, H. (1967). Osmanlılarda Narh Muessesesi ve 1525 Yılı Sonunda İstanbul'da Fiyatlar. *Belgelerle Türk Tarihi Dergisi*, 1, 36–63.
- Shioji, E. (2019). Quantitative 'flooding' and bank lending: Evidence from 18 years of near-zero interest rate. *Journal of the Japanese and International Economies*, 52(January), 107–120. <https://doi.org/10.1016/j.jjie.2019.01.003>
- Unal, S., Aktas, R., & Acikalin, S. (2007). A comparative profitability and operating efficiency analysis of state and private banks in Turkey. *Banks and Bank Systems*, 2(3), 135–141.
- Ventura, L. (2020). *The World's Most Indebted Governments 2020* . Global Finance Magazine. <https://www.gfmag.com/global-data/economic-data/public-debt-percentage-gdp>
- White, S. (2010). Rethinking Disease in Ottoman History. *International Journal of Middle East Studies*, 4(42).
- World bank. (2021). *Global outlook*.
- World Bank. (2021). *A wealth tax to address five global disruptions*. <https://blogs.worldbank.org/governance/wealth-tax-address-five-global-disruptions>
- World zakat forum. (2020). *Zakat in time of covid-19 pandemic: evidence from world zakat forum*.

Ibn Khaldun's Economic Theories Revisited

Abdullah Al Mamun¹, Bahadır Sinanoğlu², Muhammad Salah Uddin³

Received: 25.01.2022

Accepted: 30.06.2022

Type: Research Article

DOI: 10.55237/jie.1061492

Abstract

The aim of this study is to analyze Ibn Khaldun's economic theory. Although recognized as a father of sociologists, Ibn Khaldun gets little attention for his contribution to the economic field. His economic thought emphasized Islamic principles and moral values. Furthermore, he first scientifically examined economic activities. In his price and labor theory, he viewed labor and effort as sacred and praiseworthy. The stages of development analyzed the consumer behaviour, market and government's role. In the initial stage, the development takes place by using individual wealth in a specialized sector. Subsequently, the growing wealth leads development more of affluent and luxury goods. In this development process, he advocated the minimum government's role in the economy. Accordingly, low taxes are more efficient and offer incentives to yield higher revenues. One of his major economic contributions is that he pointed out the economic issues and subsequently provided the generalized solutions that were given four hundred years 'before Adam Smith. Therefore, it is not exaggerated to say that he can be considered "the real father of economics (M. Oweiss & N. Atiyeh, 1988)."

Keywords: Economic Theory, Ibn Kaldun, Labor Theory, Price, Development

JEL Codes: B3, J2, H2

¹ MA in Islamic Economics and Finance, ORCID: 0000-0002-7452-5614

² MA in Islamic Economics and Finance, ORCID: 0000-0001-9877-604X

³ PhD in Economics, Sakarya University, Turkey, ORCID: 0000-0001-8386-7096

Introduction

Abu Zayd Abdur Rahman, commonly renowned as Ibn Khaldun, was born and raised in Tunis in 1332. He was well educated and offered the finest learning, respectively spiritual and modern, and died in Cairo, where he had resided over the last years of his life. He was from a lineage of Andalusian grandparents who left Spain when Muslim civilization fell. Ibn Khaldun's ancestry originally came from Hadramut, Yemen (Islahi, 2006). He functioned as administrator in multiple roles, splitting Muslim North Africa and Spain. Perhaps one of his influential roles was Seville's Justice of Peter the Cruel. Upon his arrival in Cairo, he was devoted to his position as Professor of the Law Department at Al Azhar University and later as a Judge, and remained until he died in 1406 (Encyclopedia, n.d.).

Ibn Khaldun is recognized as one of the pioneers in economic theory. With the exception of past scholars who appeared to be conventional, Ibn Khaldun focused on a social and historical framework for addressing a country's economy. Ibn Khaldun recognizes the economy in a profoundly positive way (Mujahidin, 2018). However, his considerable accomplishments in economic theory must place him as a significant catalyst, probably not the "father" of economics, but an appellation bestowed to Adam Smith, whose significant achievements were released around four hundred years after the death of Ibn Khaldun. In addition to fertilizing the fermenting seeds of classical economics in production, supply, or cost, Ibn Khaldun has been a pioneer in consumption, demand, and utility as the critical components of modern economic theory (Oweiss, 1988).

Ibn Khaldun's invention of a significant set of fundamental economic theories was celebrated centuries before his formal arrival in Europe. Before Smith's foundation, he discovers the significance and necessity of dividing labor, as well as Ricardo's theory of labor value. Before Malthus, Ibn Khaldun fostered population theory and insisted on the government's role in economic growth. Aside from that, Ibn Khaldun used such theories to build a complex structure in which economic processes contributed to long-term fluctuations in economic growth (Boulakia, 1971). Ibn Khaldun's ideas on economics, economic surplus, and economic-oriented initiatives are as relevant today as they were in his time. His emphasis on reducing government spending on the mercenary force has prompted many advanced countries to develop their policies to boost the economy by reallocating resources to formal education and human development. He opposed taxation and tariffs, which hampered trade and commerce (Karatat, 2006).

The article has used the historical approach through textual exegesis, classical tests, and problems within the scope of existing literature. Accordingly, the study aims to revisit Ibn Khaldun's familiar economic theories and systematically analyze the relevance of theories to conventional economics. Though there are few works done on this subject issue, the article focuses on the extended and critical study of Ibn Khaldun's theories.

1. Review of Literature

Ibn Khaldun minutely observed the economic activities performed in the societies and formulated different economic theories from his experiments. These economic theories have been extensively studied throughout the centuries. The theories that Ibn Khaldun analyzed covered the theory of taxation, the composition of market prices, labor theory of value, surplus value theory, Rizk and Kasb, and surplus products. (Falay, 1978, p.38; MSU, 2013, p.656; Erol, 2012, p.49-65; Kazgan, 2014, p.365; Islahi, 2006) Scholars in this field have analyzed it from their understanding and perspectives. Ibn Khaldun's theory on tax collection claims that lower taxes are a pre-condition to economic incentive, creating a coherent system to ensure development. Conversely, the higher tax signals a disincentive for business; as a result, it reduces trading as well as tax collection (Dion, 2007; Rizkiah & Chachi, 2020). Ibn Khaldun illustrates the tax effects on incentives and efficiency as having understood the notion of effective taxation. He further assessed the economic impact of government expenditure and proposed a sensible and constructive strategy for public expenditure. The theory is reasonably similar to a supply-side economic system that prioritizes incentives and tax reductions as a tool for economic development (Nagarajan, 1982; Islahi, 2006). Another research on Ibn Khaldun's theories reveals that his idea provides a flexible, multidimensional interpretation of society's revival and collapse. The goal of Islamic economic growth is tightly linked to Islamic finance and is of prime importance to achieving socio-economic justice and the welfare of human beings (Chapra, 1999). Moreover, according to Khaldun, public welfare ought to be the center of economic activities in societies. The government should apply fair and equitable economic policy to encourage people to work hard. This incentive-favoring policy helps to grow the economy (Muslim, 2018).

On the other hand, a set of researchers highlights Ibn Khaldun's viewpoint regarding economic concern on the basis of philosophy. They considered two methods that influenced Ibn Khaldun's economic consideration: firstly, the sociological concept, namely Ibn Khaldun's summary, interprets and analyzes different intensifying economic activities. Secondly, regulatory response and legislative requirements are used to regulate economic interaction. Besides these two methods, economic activity is based on freedom and social equity (Huda, 2016). In addition, Ibn Khaldun's concept of history justly referred to social equity and justice. (Dion, 2007). Similarly, for socio-economic development, the waqf could contribute a major role. In this context, Ibn Khaldun argued that the state only plays the role of a regulator, not intervene in the market mechanism and price determination. Secondly, the state needs to take action to promote the waqf cultures and creates a waqf-friendly environment. Accordingly, the waqf-related institutions and professionals ought to be protected and supported by the state (Alhabshi et al., 2020).

Some studies describe his significant approach to economics, particularly value theory, labor division, market structure, supply and demand law, consumer and development law are more recognized. He further addresses the numerous steps in the growth of their economy that society is moving through. He also provides a fundamental intuition expressed in the supply

curve for labor. He laid the foundation of the labor theory of value, which basically refers to the commodity value derived from labor. That means the labor wage is the key determinant to fixing goods' prices (Al-Hamdi, 2006). In addition, Ibn Khaldun's perspectives on economy and law are bi-directional. Law can be derived by observing the economic activities that take place in the concerned society. On the other hand, the state enacts laws as its authority (Muslimin, 2019). For urban development, the city planner has to consider the ecological balance because the creator's creation should be preserved and kept it in place, according to Ibn Khaldun (Safar et al., 2017).

Ijtihad by Ibn Khaldun has become everlasting and a source of modern economic progress (Siddiqi, 1981). However, Mir Jalili (2021) argued that Ibn Khaldun was not the first scholar who originated the value theory of labor. The idea was replicating from Schottish classical thought -the School of Salamanca. Another study provided clarification by examining the theory of the market mechanism and the pricing of Ibn Khaldun in Islamic economics. Business dynamics or pricing are free-market movements that balance consumer costs, increasing a certain level of supply and demand. There is no stress on the price for the adjustment if there is no surplus demand or oversupply. Supply and demand are not generally in equilibrium, so specific markets cannot easily reach equilibrium when factors unexpectedly shift. However, the pattern continues in which the market is typically guided to equilibrium (Mujahidin, 2018). The price should not be excessively low by using the government's subsidy or excessively high by imposing taxes and other barriers. Therefore, the price has to have determined by the interaction of the different stakeholders in the market (Hakim, 2006). Research on Ibn Khaldun reveals that the ideal tax amount can be calculated by disclosing tax rates. Economic experts argue that higher tax revenues require lower tax rates (Jaafar & Ismail, 2017). Correspondingly, Ibn Khaldun corroborated the fair tax that should not be either too low or too high. While the higher tax reduces the businessman's incentive to pursue hard work, the lower tax fails to manage enough fund for government's revenue (Maulidizen, 2019). In the summary of the literature review, it is observed that Ibn Khaldun puts his footsteps in major economic areas. Firstly, Ibn Khaldun's perspective on fair taxation is still relevant to the modern economy, which is a win-win situation both for the government and traders. Secondly, prices in the market consist of wages, profit and taxes. Among these factors, wages as a return of labor have the dominant contribution to the production line. Moreover, the nexus is found between the prices of essential foods and population density. Fourthly, Ibn Khaldun pointed out the labor is the most important factor in the production process. Subsequently, value of labor theory, *Risk and Kasb*, surplus product, causes of rising and fall of the nation, government's role are minutely analyzed by Ibn Khaldun. So, in the following section, the article will systematically analyze Ibn Khaldun's major economic theories.

2. Methodology

The article has utilized the historical approach through textual exegesis as a method. Analyzing the available resources within the existing literature by using the scientific method,

the study has employed classical texts and problems, collecting the data within the scope of the research.

3. Economics of Ibn Khaldun

When trying to create economic principles, Ibn Khaldun used various methods. He addressed the issues of living standards, generating income, and establishing employment opportunities. Ibn Khaldun found solutions to a wide range of economic issues by drawing on what we now refer to as a "social phenomenon" and the truth about human progress and society as a whole (Al-Leheabi et al., 2013).

Ibn Khaldun authored the *Muqaddimah* in 1377, which contains a wide-ranging argument on economics, political sciences, education, and social sciences. The academic's knowledge of economic concepts and principles was very significant in that he suggested various theories (Mahdi, 2015). Ibn Khaldun is considered the first educator in modern history to examine the roles of the economy, differentiation and international trade in surplus value, the effectiveness of innovations, and the role of state and convergence policies for enhanced production and employment. Ibn Khaldun, at first, penned the economic value theory, monetary theory, theory of income distribution and growth, theories of economic development, and forty-year cycles that laid the foundation of contemporary economic theories (Soofi, 1995). Rizkiah & Chachi (2020), in their paper, analyzed Ibn Khaldun's contribution to individual property rights, division of labor, the theory of money and value, the composition of market prices, and the role of the state in the economy.

Despite his economic contributions, the Eurocentric scholars did not recognize Ibn Khaldun as the Father of Economics. Instead, Adam Smith was named the father of economics, and he was born 370 years after Ibn Khaldun's death. Ibn Khaldun gave the general framework for the economic development concept (Hashim et al., 2015). Ibn Khaldun facilitated new ideas in diverse economic thinking capacities. Moreover, Ibn Khaldun has chosen Shariah and legal principles and ethics as the governing philosophy of his economic development theory. He also adopted a comprehensive interaction approach to illustrate precisely how the integrated financial, political, ethical, social, and demographic forces influence societies' rises and falls (Zin et al., 2017). Social, economic, and institutional development perceptions are the productive attainments and reactions between the cohesion of understanding and the incorporated global system (Hudson, 1993).

Ibn Khaldun is regarded as a pioneer in introducing economics into history. In another way, he demonstrated the vital presence of economics in the interpretation of history. This does not imply that Ibn Khaldun claims that economics is the sole paradigm by which history can be interpreted. Instead, economics is also one significant aspect of history. Arab-Muslim scholars need to analyze and study the economic structure of Arab Muslims extensively. For example, he was among those Middle Eastern Muslims who displayed an analytical framework for developing society's economic system. He had appeared with some critical economic theories that deserved the title of "Master of Economics." In this regard, it is adequate to admit that the

economic ideas of Ibn Khaldun resembled those of Adam Smith for even more than 400 years before (Al-Leheabii et al., 2013).

4. The composition of prices in the market

Ibn Khaldun stated the main factors that make up the prices are wages, profits, and taxes. Labor is based on the production of every good and service; the main determining factor in the formation of prices should be wage, which is the return of labor (Falay, 1978, p.38). As Ibn Khaldun in his Muqaddimah pointed out:

"...the share of labor (in the profit) is obvious. A portion of the value, whether large or small, comes from (the labor) ...The labor and expenditures that have gone into them show themselves in the price of grain,..." (Ibn Khaldun, 1967, p.480)

According to Ibn Khaldun, a qualified labor force is not required in the Bedouin life, which consists of activities that do not require technical specialization in production, such as agriculture and animal husbandry. However, in cities that have advanced in civil, cultural, and economic terms, the demand for a qualified workforce will increase with the emergence of luxury and non-essential needs that individuals have never felt before.

With the changing consumer preferences of the people and the increasing demand for consumption due to the developing economic situation, the increase in the demand for the labor force will cause an increase in the wages of the labor force. As technical specialization increases due to the division of labor, the value of labor will increase, and consequently, the laborer's earnings will increase. This increase in the wages of the workforce will pull prices upwards.

"When a city is highly developed and has many inhabitants, the prices of necessary foodstuffs and corresponding items are low, and the prices for luxuries, such as seasonings, fruits, and the things that go with them, are high. When the inhabitants of a city are few and its civilization weak, the opposite is the case" (Ibn Khaldun, 1967, p.458).

The second factor determining the price is profit, the difference between the purchase and sale value (Rodinson, 2011, p.11). In addition to the transportation costs, especially for the traders who make and sell goods to distant countries, the dangerousness of the roads they pass affects the prices.

According to Ibn Khaldun, the third factor determining the price is tax, which constitutes the state's revenues. Taxes on behalf of the government on the costs of the products will increase the price of the products.

5. Demand, Supply, Prices

According to Ibn Khaldun, the formation of prices in cities is related to population density. In cities with a high population, the prices of essential food items are low, while the prices of other food items are relatively high since the labor force will be increased. In the opposite case,

that is, in cities with a low population, the prices of these items will be high since the workforce will be low (MSU, 2013, p.656).

In the Muqaddimah, ibn Khaldun wrote,

"Foodstuffs in small cities that have few inhabitants are few because (these cities) have a small (supply) of labor and because in view of the small size of the city, the people fear food shortages. Therefore, they hold on to (the food) that comes into their hands and store it. It thus becomes something precious to them, and those who want to buy it have to pay higher prices. (on the other hand,) they also have no demand for conveniences because the inhabitants are few, and their condition is weak. Little business is done by them, and the prices there, consequently, become particularly low." (Ibn Khaldun, 1967, p.459)

In cities, not only basic means of living but also luxury items are required. All the items that people need, including luxury items, are available on the market. At this point, prices are determined. Prices are a function of supply and demand. Ibn Khaldun revealed that prices of goods and services were created by supply and demand.

With the increase in a city's population, the need for such substances will increase. Basic livelihoods are cheap in cities. The reason is that cereal, which is an absolute necessity, can be produced by almost all the city people. The production of these goods does not require qualified labor. Therefore, the vast majority of the people in the city participate in the production of these foods. As a result of everyone producing these goods, probably be more than necessary production of these goods. Every family that supplies its cereal needs by producing sells the remaining part of it to cover the food deficit of other people in the city. This surplus product will be much more than the needs of the city people. In this case, it results from the inevitably low prices of essential goods (MSU, 2013, p.656).

The quotation from the Muqaddimah,

"Some of these needs are necessities, foodstuffs, for instance, such as wheat and barley; corresponding foods, such as beans, chick-peas, peas, and other edible grains, and wholesome foods such as onions, garlic, and the like. Other things are conveniences or luxuries, such as seasonings, fruits, clothes, utensils, mounts, all the crafts, and buildings. When a city is highly developed and has many inhabitants, the prices of necessary foodstuffs and corresponding items are low, and the prices for luxuries, such as seasonings, fruits, and the things that go with them, are high. When the inhabitants of a city are few and its civilization weak, the opposite is the case" (Ibn Khaldun, 1967, p.458)

When it comes to the prices of fruits other than cereals, additive food, and complementary goods that make up such valuable goods, such fares are not essential. The need for such goods is not felt at the same severity in all layers of society. Production power in the cities cannot be attributed solely to providing these needs. Thus, as the city develops and its population grows, the trend toward luxury and affluence grows, as does the need for these substances' supply and manufacture. Those who live in prosperity and abundance will increase the demand for

these goods and will increase the price of such goods as a result of growing demand (MSU, 2013, p.656-657)

Ibn Khaldun states that the supply of non-essential and luxury consumer goods, which can be produced with a qualified workforce that requires technical expertise and ability, is low, and demand is high. Therefore, their prices are high. According to Ibn Khaldun, the costs of foodstuffs that do not require qualified labor are high over demand, while their prices are very low.

On the other hand, the situation is quite the opposite in settlements such as cities, villages, and towns with low populations. Food producers will think they will not find food because the labor force is low in small cities and towns with a small population. They will carefully preserve and store the food they hold. In this case, the prices of foodstuffs will be high in small cities and towns. As for the indispensable need items, the price of such products will be low, as the demand for goods and services resulting from activity requiring qualified labor and specialization will be low due to the economic situation and the low population density in such small settlements (MSU, 2013, p.657).

The other factor affecting the price of goods and services is taxes imposed on their behalf by the state. The prices of these products will increase once again due to tariffs imposed on cities and markets.

Another factor affecting the prices is the production costs covering all the phases of the product from the production stage to the market. Ibn Khaldun explains that Muslims in Andalusia are compacted on mountainous and unproductive lands by Christians. As a result, Muslims use various pesticides and various products to increase the productivity of the land. In the final analysis, the cost of these products is reflected in the agricultural products produced. In addition to labor, in the production of commodities, other inputs also evaluated prices as a determining factor and saw the real increase in food production as an increase in production costs.

Ultimately, Ibn Khaldun emphasizes that prices are determined by the market's interaction of supply and demand factors. According to him, every demand creates its own supply, and this supply causes demand to emerge. These thoughts of Ibn Khaldun remind Jean Baptiste Say's "Mahreçler Law" (Falay, 1978, p.35).

6. The Concept of Labor Theory

According to Ibn Khaldun (1967)

"...human labor is necessary for every profit and capital accumulation. When the source of profit is a job provided, such as (the exercise of) a craft, this is obvious. When the source of gain is animals, plants, or minerals (this is not quite as obvious, but). Human labor is still necessary, as one can see. Without (human labor), no gain will be obtained, and there will be no useful (result)" (Ibn Khaldun, 1967, p.480).

Labor is the capacity of a person to do a job throughout the production process. Labor means actual effort, the actual work of muscles, nerves, and the brain (Suda, 1976, s.103). Labor power is the most critical input among production factors and is even a must. Although the value of labor is tried to be underestimated with the advancement of technology, it should not be forgotten that human labor produces technology.

According to Ibn Khaldun, labor, which is the productive power of man, is the most basic element of production. In Ibn Khaldun's thought system, needs cannot be met without wasting effort, and the earnings and goods obtained without wasting effort are not legitimate. Nothing is ready for humans, and it is necessary to make efforts to benefit from the blessings raised in nature and to own them. Labor is the only source of all kinds of wealth. Every value produced is also the result of a combination of nature and human labor (Erol, 2012, p.49-65).

"... (as, for instance, through rain that makes the fields thrive, and similar things. However, these things are only contributory. His own efforts must be combined with them, as will be mentioned. (His) profits will constitute his livelihood if they correspond to his necessities and needs. They will be capital accumulation if they are greater than (his needs). When the use of such accruing or acquired (gain) reverts to a particular human being and he enjoys its fruits by spending it on his interests and needs. It is called "sustenance"

7. The labor theory of value

According to Ibn Khaldun, labor is the primary input of production and the main source of wealth. The fact that Ibn Khaldun said that the value of the goods and services produced is equal to the value of human labor caused various similarities to be established with Smith, Ricardo, and Marx.

"labor is the real basis of profit. When labor is not appreciated and is done for nothing, the hope for profit vanishes, and no (productive) work is done. The sedentary population disperses, and civilization decays" (Ibn Khaldun, 1967, p.199).

One of the most important contributions of Ibn Khaldun to the economic literature is the labor theory of value. He had previously put forward the theory of labor value from Adam Smith and Ricardo. According to Batseva, Aristotle did not take his analysis further and did not see that different things contained a common ore, human labor. Ibn Khaldun exceeded Aristotle's analysis of the new historical conditions. For the first time in the history of thought, Ibn Khaldun took an attitude toward the role of labor as the creator of value (MSU, 2013, p.125).

Ernest Mandel (1970b) mentioned that Ibn Khaldun, the great heir to the Aristotelian tradition, was around four centuries and a half ago when he advanced a theory of labor-value. Each enhancement is, in the end, the result of the labor of artisans (workers). Ibn Khaldun builds on this premise, stating that wheat is more expensive in Spain than in North Africa because food is scarcer in Spain, and wheat production takes longer and requires more planting expenditures.

According to Roger Garaudy, Ibn Khaldun summarized a theory of labor-based value long before Europe's eighteenth-century economists got rid of mercantilist views. As it is known, mercantilism gave importance to money and trade. According to the mercantilist doctrine, the basic indicator of a nation's prosperity was the amount of gold and silver it had (Garaudy & Bercavi, 2012, s.77). Ibn Khaldun did not accept gold and silver alone as a source of wealth but claims that they are merely exchange tools. Ibn Khaldun saw human labor as the main creator of wealth. Precious metals such as gold and silver do not provide value alone.

"God created the two mineral "stones," gold and silver, as the (a measure of) value for all capital accumulations. (Gold and silver are what) the inhabitants of the world, by preference, consider treasure and property (to consist of). Even if, under certain circumstances, other things are acquired, it is only for the purpose of ultimately obtaining (gold and silver). All other things are subject to market fluctuations, from which (gold and silver) are exempt. They are the basis of profit, property, and treasure" (Ibn Khaldun, 1967, p.480).

Lacoste (2012, p.179) says that Ibn Khaldun developed a theory of value. According to this theory, value is the amount of labor required to make a product. Long before Ibn Khaldun's European economists, who discussed these issues for a long time and he pointed out that precious metals are far from creating wealth alone.

8. Surplus value theory

The opinion of Ibn Khaldun is reflected in the *Mudaddimah* as follows,

"All these (things) involve activities that require their price [?], and skilful people must be chosen to do them and be in charge of them. As a consequence, industry and crafts thrive. The income and the expenditure of the city increase. Affluence comes to those who work and produce these things by their labor" (Ibn Khaldun, 1967, p.455).

Ibn Khaldun stated that with the increase and development of *umrah*, work and labor would increase, and new branches of profession and art would emerge as the demand would grow. However, since these emerging branches of the profession are oriented toward meeting luxury needs rather than compulsory needs, the value of labor would increase in parallel. For this reason, profit and earnings in the cities will also be increased. It will be the second and third increase in the value of labor in cities (MSU, 2013, p.653).

According to Ibn Khaldun, it is more comfortable and better in terms of the economic situation than the person of any profession in a group of *Tlemcen* (a city in the west of Algeria), which is more advanced in *umrah*. This is because the value of labor in these cities is different. Settlement centres are units where the value of productive labor is marketed. The more your hope is here, the higher the volume of work will be because the labor market will be alive here. As labor increases, hope will improve, and as demand increases, demand for labor will increase, which, in turn, will increase the value of labor (MSU, 2013, p.653,654). Because as a city develops and its population grows, the price of food and essential items will decrease. In

contrast, the price of items that can be obtained from activities requiring qualified labor, such as business and arts, will increase.

Ibn Khaldun states that the employees will spend more than the necessary part of their livelihood to learn science and art. It is clear that the return of labor in this way is fundamental not only to economic development but also to cultural development. The sciences and science develop only in the places where large, developed cities are found. Ibn Khaldun stated that science and arts were developed in the cities, and those who demanded could only meet their demands.

According to the above, it is clear that the return of labor will now be allocated to specific needs such as education and art, which is a luxurious needs of individuals compared to Bedouin hope. Ibn Khaldun has determined that education can progress to the extent of social and economic development and development - and only benefit from education after this process (Hassan, 2011, p.142).

9. Rizk and Kasb

According to Ibn Khaldun, he defined the part of the earnings that people earned by making an effort to meet their essential needs as "means" (livelihood) and the part of earnings that exceeded the compulsory needs as "capital" (MSU, 2013, p.693). If it is used in the interests and needs of the proceeds and the accumulated goods, it is "rizk". Otherwise, he described the goods that he obtained his property by using labor but did not actually benefit from it as "kasb" (earnings) (MSU, 2013, p.694).

According to Ibn Khaldun, (1967, p.500)

"Commerce means the buying of merchandise and goods, storing them, and waiting until fluctuation of the market brings about an increase in the prices of (these goods). This is called profit (*ribh*). It provides a profit (*kasb*) and a livelihood for professional traders. When the prices of any type of goods,, his profit and gain stop if the situation goes on for a long period. Business in this particular line (of goods) slumps, and the merchant has nothing but trouble. No (trading) will be done, and the merchants lose their capital".

Ibn Khaldun says that it is necessary to make an effort to obtain rizk and kasb. So, according to Ibn Khaldun, all earnings, profits and benefits are the value of labor (MSU, 2013, p.652). Since the source of earnings is human labor, it is a natural result to work for people and to make a living by making efforts. According to Ibn Khaldun, agriculture, commerce, industry, animal husbandry and various arts are natural livelihoods. On the other hand, it is not a natural means of livelihood to confiscate or share the product obtained as a result of someone else's work.

There is a universal consensus that one of the main sources of existence is human labor. However, in the modern economist system, "labor" and work are almost an imperative trouble for the worker and the sacrifice of man from his spare time and comfort that wages are compensation paid in return for this dedication. It is only a cost item for the employer

(Schumacher, 2010, p.40-41). However, in line with the teaching of Islam, Ibn Khaldun regarded working and devotion to livelihood as necessary and sacred activities.

10. Surplus product

Ibn Khaldun made a distinction between *rizk* and *kasb*, both of which result from labor activity. If individuals obtain a return that can meet their compulsory needs to spend their livelihoods, they will have gained "sustenance", and if they get a surplus that exceeds their sustenance, they will have gained "*kasb*". When people reached a level of production above their compulsory needs, they moved from the "sustenance" to the "gain" stage. In other words, Ibn Khaldun's concept of "*kasb*" corresponds to Marx's concept of surplus product.

As explained above, Ibn Khaldun regarded the part that was worked after the sufficient amount of labor to be able to make a living for individuals as "leftover labor". As a result of this plus study, "surplus-product" emerges. On the other hand, the surplus product is taken from the hands of people. It is transferred to the upper layer. According to Ibn Khaldun, one of the main factors that enabled the transition from Bedouin to rulership was possible by obtaining a surplus over *rizk*.

The surplus produced by individuals can be flowed to the upper layer by using political power. Some of this product is taken from them through taxes and transferred to the state treasury, then to the administrators and other government officials.

It is beneficial in terms of possessing authority and a position of goods and wealth. A person with a political and administrative reputation and authority is served with various deeds (and by spending labor). Thus, deeds justify the need for the action's authority. Now, the public, whether necessary, pilgrimage or perfection, helps him with his deeds and efforts in all his needs. In this way, the (high) values corresponding to all the deeds (and labor) in question are transferred to his income. Thus, he employs people for free and free of charge in all works that have the property of spending a price (and money) in return. In this way, the assets (and the economic equivalent of the works) in question are stacked in his lap.

Ibn Khaldun says that in this way, great fortunes will be collected in richers' hands. In fact, their income is even more than the value of their own labor. What they spend is a very small part of their income. If the owner of the office attempts to pay for these efforts, he cannot pay or afford it. Thus, a "positive product" flow is provided from the bottom to the top layer.

Ibn Khaldun tied one of the ways to capture the surplus product to have a reputation in public. "The elders of the religion, where the people have great respect and love, show prestige and respect, can be counted among them. These prestigious places in society provide these people with economic opportunities. The people rush to their service and do their jobs voluntarily. These efforts of the people (we can say surplus-labor) are also like money. Thus, these people provide the goods and works that they would otherwise buy with money and pay for free; they achieve wealth without working or producing. The plus value of Ibn Khaldun corresponds to Marx's concept of "surplus product." (Kazgan, 2014, p.365)

In summary, Ibn Khaldun looks at surplus-value as follows: "surplus value" appears in the process of producing goods and services both for his own needs and for the needs of others. It is the surplus-value left over from the part it uses for its reproduction.

11. Theory of the Rise and Fall of Nations

In accordance with his many socio-economic theories, Ibn Khaldun also describes how dynasties rise and fall. He outlines how governmental fiscal behavior and mentality affect the economy and citizens' general well-being and attitude towards their ruler. The process of establishing a dynasty until its deterioration can be divided into five stages. At every stage, the aim of the government is shifting. Thus, the policy that serves this aim alters accordingly, which in turn affects the economy and the relationship between government and citizens.

"The conditions and stages of a dynasty are, as a rule, no more than five (in number). The first stage is that of success, the overthrow of all opposition, and the appropriation of royal authority from the preceding dynasty... The second stage is the one in which the ruler gains complete control over his people, claims royal authority all for himself, excluding them, and prevents them from trying to have a share in it... The third stage is one of leisure and tranquillity in which the fruits of royal authority are enjoyed... The fourth stage is contentment and peacefulness. The ruler is content with what his predecessors have built... The fifth stage is one of waste and squandering" (Ibn Khaldun, 1967, p.233).

According to Islahi, (2006), the first stage is conquest and success, so basically the establishment of the dynasty, which is achieved by overthrowing all opposing forces. It is characterized by unity and a feeling of cohesion among the citizens, both within the society as well as allegiance to their government. In this stage, the government wins the trust and admiration of the citizens by providing much while demanding less, to put it simply. Taxes are low. The government spends the wealth carefully and does not express pomposity. Therefore, people are hard-working and benefit the economy while governmental funds are spent prudently. In the second stage, the fortification of the government leads to absolute dominion over its subjects. Because all forces are combined and unified, it leads to a further increase in social cohesion. Support of the government is rewarded generously, which has two effects: the stability of the rule and the satisfaction of the citizens and followers. The third stage follows the trend of the second stage with increased expenditures and forms a crucial turn, as shown afterwards. The government budget is used to develop cities and increase pomposity, while taxes are given greater attention. Taxation of citizens is observed and collected more carefully. The state's higher-income fosters higher expenditures, even though there are no pressing needs. While funds used to be small in quantity and only spent for necessities, they have grown rich but are being used in a lavish way. In the same way, officials did not enjoy allowances but are now treated more favorably and given many benefits, while normal citizens only benefit marginally from the general wealth. Throughout the last stages, the ruler is sovereign and in a position of total authority. The many achievements of the last generations will lead the ruler to be content with the work of his predecessors in the fourth stage. This

makes him less ambitious in both politics and the economy. However, the resulting stagnation would not lead to perpetuation but rather deterioration.

In the fifth stage, the final downfall of a dynasty can be observed, which is especially due to excessive spending and luxury for the government and its entourage. Since the resources built up by previous governments are now spent on luxury goods and not invested in favor of the economy, the imbalance between government revenue and spending increases. While public departments were run with care and close observation to secure the interests of the state, the responsible entities were not selected by qualification but rather by sympathy and closeness to the ruler. Due to the materialistic focus, moral values decline, and the government does not uphold justice, making it intangible and selective in its judgment. In combination, It leads to the collapse of the social and judicial systems as well as to the dissatisfaction of the populace. The continuity of this state will lead to movements to overthrow the reign. The deposition of the government unites the people and gives birth to a newly felt social cohesion, which in turn paves the way for the establishment of a new dynasty. This new dynasty will now be at stage one, therefore, completing the cycle.

12. Role of the State in economy

Ibn Khaldun has given the state and its institutions an indispensable place in economic and social life in terms of the regulatory and supervisory functions of the state. According to him, the existence of a state institution is inevitable as a result of socialization.

Ibn Khaldun stated that the culture in the city is the work of the state. There are many civilized and cultural works here. However, art and culture are not taking place in a city without political stability and continuity in the state. He pointed out that there will be no political stability in states where there is no economic stability (MSU, 2013, p.669).

The state has a very important role in economic life in order to ensure social order. Ibn Khaldun saw the state as a wall protecting society. The state must first ensure justice and security. Especially wealth and capital owners need protective power. The body responsible for protecting the economic interests of the capital holders is the state and its institutions (MSU, 2013, p.665).

Ibn Khaldun associated the richness of a state with a well-fed population, increased land, increased tax revenues, a strong army, and economically active and large-populated cities surrounded by solid walls and fortress walls in accordance with the conditions of its time.

Cities are second-order products of the state; that is, cities are established after the state. Because large and magnificent buildings need to come together in the construction process, such buildings are not essential for every segment; the state will not be eager to participate in the public building process. Only the state will be able to bring together a large number of human laborers.

While planning cities, it is one of the main duties of the state to construct city walls, to protect the health of the society from impressive factors such as air pollution and natural disasters,

and to establish cities where water is close to water, in order to ensure the safety of the city, in case of any possible external attack on the city (MSU, 2013, p.635).

Ibn Khaldun describes the state as the "biggest market" in the economy (Duri, 1991, p.98). The state is a stimulating factor in the development and maintenance of economic life, as it constitutes the largest expenditure item in the market through public spending and salaries for government officials working within it. There is an opportunity to develop business lines related to the production of goods and services, which are only in demand by public officials who earn their income from the state.

Since the state constitutes the largest expenditure item in society, economic life will be adversely affected by the decrease in public expenditures as a result of any decrease in the state's revenues because the state and its employees constitute a significant part of the total demand in the market. Soldiers protect the state, and soldiers are fed with money. These groups are the largest consumer segment. A decrease in their income will narrow the total demand in the market. As a result, the economy will stagnate, and the government's revenues will fall. The biggest source of income for the state is taxes. A decrease in the state's tax revenues will reduce the country's public works. Therefore, the larger the state's spending, the more its revenues will be (MSU, 2013, p.548).

In addition, he argues that the participation of the state and state administrators in the economic activities will affect the productive forces of the country and the people in the economic process in the end. In this respect, the fact that the state and the administrators are busy with trade is harmful to the subjects (Falay, 1978, p.48).

In summary, falling to the state; To ensure the appropriate environment for the entrepreneurs by ensuring political stability, security and security by dominating justice and law. Prices should be determined in the market according to the interaction between supply and demand. It is clear that if this is not allowed, both the state and the subject will suffer. If the state enters the market directly and competes with the merchant and entrepreneur, it will deteriorate equality and balance in economic life and commercial competition. Because of these ideas, it is seen that Ibn Khaldun had an attitude toward state intervention in economic life and was a thinker who defended his understanding of free economics (MSU, 2013, p.544).

13. Consequences of State's Intervention to the Economy

We have said that Ibn Khaldun gives importance to liberal and private enterprise in terms of his economic views. He believes that economic events operate according to certain laws, like other social events, and argues that any imposition on them will turn economic life upside down. In parallel, Ibn Khaldun is against any intervention of the state in economic life. In particular, he thinks that the state's entry into economic life as a trader and entrepreneur will have some harmful consequences for economic life (Arslan, 2014, p.127).

The ruler stated it to provide mercenaries and various bureaucrats to employ in state affairs in order to ensure the internal and external security of the state. In this respect, new powers

must be well equipped, and it has been demonstrated that they must be financially satisfied to ensure the state's continuation. In addition, the change in consumption habits in terms of economic welfare would increase the expenses of the state.

The financing of all this requires a well-functioning economic order and sound sources of income. If this order works well, the state order will continue to function well. However, when the difference between the income and expenses of the state starts to open up in favor of expenses after a certain point of view, the state will be thrown into economic life as an entrepreneur to finance this deficit (Arslan, 2014, p.125).

Ibn Khaldun argues that the state will intervene directly in economic life and engage in economic and commercial activities, becoming a profit-making institution and creating unfair competition due to its political position. According to him, the only source of income of the state should be taxed. However, the public will desire to engage in economic activities in this case.

If the state tries to participate directly in economic life to finance its expenses, it will damage the subject in many ways. Private persons are equal in capital and are at a level to compete with each other. However, free competition disrupts the environment as the state engages in economic activities. The state, which has a lot more property than the merchants and farmers possesses, can determine the prices of the goods they are trying to buy, as they wish, and get them at a value below or at the lowest price. Therefore, after purchasing the goods at a low price from the seller, they will dispose of the goods prematurely, not expecting prices to rise. For this reason, traders and farmers are obliged to buy the mentioned goods. But they sell these goods that they buy cheaply and sell them to farmers at higher than the value they buy. In the hands of tradesmen who invest all their cash in these goods, the goods in question will remain in their possession as an idle commodities. The prices of these goods will no longer be determined by supply and demand (MSU, 2013, p.542).

From time to time, they will have to dispose of the goods in question below their purchased value without waiting for prices to rise in the market. In this case, traders will be damaged. This situation will sometimes cause farmers and traders to lose their capital completely. As a result, the markets will stagnate, and the subject will suffer. Since they will not be able to earn profit and earnings, they will lose their enthusiasm and participate in economic activities because individuals participate in economic activities in order to gain earnings (MSU, 2013, p.543).

The tax system will be disrupted due to the traffickers and farmers, which constitute the largest part of the tax revenues, who do not participate in economic activities. With these two groups, namely the farmer withdrawing from agricultural work, and the trader's withdrawal from trade, the taxes will disappear completely or decrease significantly. As a result, the state's direct involvement in the market and economic life, or an unnatural intervention, will disrupt the supply-demand balance in the market, and besides damaging the subject, the state itself will also suffer as a result of these activities. Because the revenue generated by the state

through tax is much more than the profit it has obtained as a result of economic activities (MSU, 2013, p.543).

The state's commercial and agricultural activities and the possession of the economic monopoly in this area will prevent the individual's economic initiatives because individuals will participate in economic activities only in the hope of making a profit. In this regard, Ibn Khaldun stated that the only factor that replicates and represents the state's property should be taxed. Taxes have an important position in ensuring the continuity of the state. The increase in taxes is only possible with the fair approach of the authority to the capital owners. As a result, the subjects will use their capital effectively by desiring to participate in economic activities. Thus, the state's tax revenues will increase (MSU, 2013, p.543).

14. Theory of Taxation

The government has certain tasks and responsibilities toward its citizens and the economy. One of the most important means to fulfill these is financial power. Ibn Khaldun, therefore, regards taxes as essentially important since they are the most common source of income for the state. He clearly points out how important justice in imposition of taxes is and that injustice and indulgence are obstructive for a flourishing economy (Islahi, 2006).

One of the major aspects of his taxation theory is the way it influences businesses. High taxes lead to a higher perceived risk for the entrepreneur. This means he is less motivated to engage in business. If, on the other hand, taxation was lower, it would function as an incentive for entrepreneurs and motivate them to start businesses since a larger part of their revenue would be actual profit (Karatas, 2010). This would benefit the overall economy, as it would lead to more monetary flows. In reference to the described five stages of a dynasty, governments, by default, collect less tax while also spending less. The lower tax rate has a positive effect on the economy and because of the limited expenditure, tax is efficiently utilized. Ibn Khaldun describes this by differentiating between tax rates and tax revenues. Basically, the tax rate is imposed on the citizens, and the tax revenue is the state's income. The tax rates of those duties prescribed by Islam (Zakat ul-Maal, Jizya etc.) are essentially low, which is why it is easy to pay these, and people generally do not try to avoid them. They neither weigh upon entrepreneurs nor have they considered an obstacle to conducting economic activities. So, a low tax rate works as an incentive and promotes commercial activities. When businesses flourish and wealth increases, the tax rates may remain the same as before (for example, Zakat on gold and silver), whereas the tax revenue increases. This way, the state profits from the economic success of its citizens. Low tax rates can drive this economic success, whereas higher taxes hinder it. This is because high taxes have a negative effect on motivation for both work and investment, as the output of the effort invested is lower. High tax rates do not mean high tax revenue in proportion. In fact, tax revenue declines after tax rates have reached a certain level. This is because the motivational factor is neglected, and only the tax rates are considered by those who impose these taxes. High tax revenue is not due to high tax rates but successful economic activities of the mass, which again is triggered especially by low tax rates. If,

however, tax rates were high, people would refrain from entrepreneurship and investment, which heavily damages the economy on a society level. The individual would earn less and spend less and, in the end, pay less to the state despite relatively higher tax rates.

"When the dynasty follows the ways of group feeling and (political) superiority, it necessarily has at first a desert attitude, as has been mentioned before. The desert attitude requires kindness, reverence, humility, respect for the property of other people, and disinclination to appropriate it, ... When tax assessments and imposts upon the subjects are low, the latter have the energy and desire to do things. Cultural enterprises grow and increase because the low taxes bring satisfaction. When cultural enterprises grow, the number of individual imposts and assessments mounts. In consequence, the tax revenue, which is the sum total of (the individual assessments), increases. When the dynasty continues in power and their rulers follow each other in succession, they become sophisticated. ... their customs and needs become more varied because of the prosperity and luxury in which they are immersed. As a result, the individual imposts and assessments upon the subjects, agricultural laborers, farmers, and all the other taxpayers, increase. Every individual impost and assessment is greatly increased, in order to obtain a higher tax revenue" (Ibn Khaldun, 1967, p.352).

The major obligation of a government is to tend to the needs of its state's populace. To fulfill this duty, financial power in the form of taxes is needed. According to Ibn Khaldun it is imperative for a government to spend this money. Even from a solely rational perspective, one would say, the wealth is collected just to spend it again. This is because money in a healthy economy is meant to circulate both in a society and between the government and citizens. Therefore, it has to be spent in a way benefitting the citizens and the nation's development. The government's expenditure is significant for the economy to grow since it purchases goods and services in high quantities and also spends. The spending thus greatly benefits the economy, while on the other hand refraining from spending damages the economy and halts growth. This is because a large number of enterprises and markets depend on the economic (and not only political) activities of the government. If there is none, these people and markets will suffer losses and cannot attend to those who depend on them. It is of utmost importance, however, that the spending is justified. As the nation, its populace, the economy and the general needs grow, spending has to grow accordingly. The main problem arises when expenditure exceeds reasonable amounts and is used for unnecessities. Luxury and the lavish lifestyle of those in power lead to excessive spending, which has to be covered according to income. Taxes are raised, which may be hard to collect though and naturally also hard to pay for many people. This leads to a decline in business and investment in society as well as to tax evasion. Therefore, new taxes are introduced, which are unjust in their nature as they are neither due to an Islamic obligation nor serve a public necessity (Soofi, 1995). Another instrument of oppression on an economic level is the intervention in markets to monopolize resources or simply claim the property of citizens without justification. The development of this process has been shown in the chapter of the theory of the rise and fall of nations and can

be placed in the third and fourth stages of the cycle, which finally led to the collapse of the dynasty (Islahi, 2006).

So overall, it can be said, the government is entitled to collect taxes and obliged to spend these for the public benefit. A growing populace leads to growing needs, and an increase in development requires increased tax revenue. But high revenues are generally not generated by increasing the financial burden on the individual but rather by promoting economic activities among a broad range of the populace, whose singular profits contribute to the nation's wealth as a whole. Therefore, the tax should be kept low since it then serves as an incentive. On the contrary, if governments do not spend just and impose taxes unjustly, they both damage the economy and create dissatisfaction among their citizens, ultimately bringing an end to the dynasty.

15. Result & Discussion

Ibn Khaldun, considered by many as the father of economics, contributed to developing the major economic theories. Such as his taxation policy that is fair and still relevant to the modern economy. For the market prices, factors like wages, profit and taxes keep a dominant role in making up the price. In the production process, wage as the return of labor is one of the dominant factors. Thereby, the labor considered by Ibn Khaldun is the most important factor in production. Moreover, the nexus is found between the prices of essential foods and population density.

Conclusion

When studying his economic theories, one can easily recognize his Islamic principles and moral values as his basis and framework. He views labor and effort for earning one's *rizk* as sacred and praiseworthy, reflecting on his price and labor theory. Labor is valued, and the laborer should be rewarded accordingly. Along with his economic theories, analysis of dynasties and the stages of development makes it easy to grasp how the behavior of markets, consumers, and governments dynamically switches. The first stages of a dynasty are compared to the simplistic Bedouin life. Individual wealth is acquired through specialization and leads to a surplus. Growing wealth in society leads to more development, as well as need and luxury, which affects the prices, supply and demand of goods and services. Throughout the changes, it describes the altering behavior of governments while still setting strict principles that rulers have to stick to them. Governments should not intervene in the economy but support it by actively purchasing goods and services with the money acquired through taxes. Low taxes work as incentives, yield higher tax revenues, and foster motivation for economic activities, while too high taxes lead to the opposite. Governments should never indulge in luxury and live lavish lives, nor should they give preference to officials or their entourage regarding taxation and other obligations. Also, citizens should never be overburdened or unjustly damaged on their property. As described by Ibn Khaldun, excessive spending and luxury led to a budget imbalance, which often led to oppression from officials,

until the injustice resulted in dissatisfaction of the masses, leading to the downfall of the dynasty.

Ibn Khaldun's theories show a remarkable understanding of economy, politics, and societies. Even though he focuses on various fields and highlights different scenarios, his theories never conflict with each other or rational thinking. One of his major contributions is the division of the sub-categories of economics itself and his solutions for common issues. Despite the complexity of these issues and the many factors that have to be considered when addressing them, he was able to provide satisfactory solutions many centuries before Adam Smith and his fellows. Therefore, it is not exaggerated to say that he can be considered "the real father of economics (M. Oweiss & N. Atiyeh, 1988)."

References

- Al-Hamdi, M. T. (2006, November). Ibn Khaldun: The father of the division of labor. In *international Conference on Ibn Khaldun, Madrid* (Vol. 23).
- Al-Leheabi, S. M. Z. M. A.-, Bahjat, M. M., & Ramchahi, A. A. (2013). The Economic Thought OF IBN Khaldoun In His' Muqaddimah.' *World Applied Sciences Journal*, 25.
- Arslan, A. (2008). İbn Haldun Ve Doğa. *Bilim Ve Ütopya*, 173, 28-41.
- Arslan, A. (2014). İbn Haldun. İstanbul: İstanbul Bilgi Üniversitesi Yayınları.
- Boulakia, J. D. C. (1971). Ibn Khaldun: A Fourteenth Century Economist. *Journal of Political Economy*, 79(5).
- Chapra, M. U. (1999). Islam and Economic Development: A Discussion within the Framework of Ibnu Khaldun's Philosophy of History. (pp. 23–30). Center for Middle Eastern Studies, Harvard University.
- Dion, M. (2007). Ibn Khaldûn's Concept of History and the Qur'anic Notions of Economic Justice and Temporality. In *Timing and Temporality in Islamic Philosophy and Phenomenology of Life* (pp. 323-340). Springer, Dordrecht.
- Duri, A. (1991). *İslam İktisat Tarihine Giriş*. (Çev. Sabri Orman). İstanbul: Endülüs Yayınları.
- Encyclopedia. (n.d.). *Encyclopedia of the Social Sciences, 1932-35* (Vols. 7–8, p. 564).
- Falay, N. (1978). İbn Haldun'un İktisadi Görüşleri. İstanbul: İstanbul Üniversitesi Yayınları.
- Garaudy, R., & Bercavi, F. (2012). İslamiyet ve Sosyalizm. (Çev. Hasan Erdem). İstanbul: Rebeze Kitaplığı.
- Hakim, C. M. (2006). Ibn Khaldun's thought in microeconomics: Dynamic of labor, demand-supply and prices. In *international Conference on Ibn Khaldun, Madrid*.
- Hashim, M. J., Osman, I., & Alhabshi, S. M. (2015). Effect of Intellectual Capital on Organizational Performance. *Procedia - Social and Behavioral Sciences*, 211, 207–214. <https://doi.org/10.1016/j.sbspro.2015.11.085>
- Hassan, Ü. (2011). İbn Haldun Metodu ve Siyaset Teorisi. Ankara: Doğu Batı Yayınları.
- Huda, N. (2016). Epistemoloji pemikiran ekonomi Ibnu Khaldun. 211.
- Hudson, W. J. (1993). *Intellectual capital: How to build it, enhance it, use it*. John Willey.
- Ibn Kaldûn Abd Ar Rahman bin Muḥammed. (1967). In F. Rosenthal (Trans.), *The Muqaddimah.: An introduction to history*. Princeton, N.J: Princeton University Press.
- Islahi, A. A. (2006). Ibn Khaldun's Theory of Taxation and Its Relevance Today. 25.

- Jaafar, A. B., & Ismail, A. G. (2017). Tax Rate and its Determinants: An Opinion from Ibn Khaldun. *International Journal of Academic Research in Business and Social Sciences*, 7(4), Pages 881-899. <https://doi.org/10.6007/IJARBS/v7-i4/2899>
- Karatas, S. C. (2006). *The Economic Theory of Ibn Khaldun and the Rise and Fall of Nations*. Foundation for Science Technology and Civilization. <https://muslimheritage.com/the-economic-theory-of-ibn-khaldun-and-the-rise-and-fall-of-nations/>
- Kazgan, G. (2014). *İktisadi Düşünce veya Politik İktisadın Evrimi*. İstanbul: Remzi Kitabevi.
- Kozak, İ. E. (1999). *İnsan-Toplum-İktisat*. Sakarya: Değişim Yayınları.
- Lacoste, Y. (2012). *İbn Haldun Tarih Biliminin Doğuşu*. (Çev. Mehmet Sert). İstanbul: Ayrıntı Dizisi.
- Listiana, L., Alhabshi, S. M., & Harjunadhi, A. W. (2020). Waqf for socio-economic development: A perspective of Ibn Khaldun. *İbn Haldun Çalışmaları Dergisi*
- M. Oweiss, I., & N. Atiyeh, G. (1988). *Arab Civilization*. Albany, New York: State University of New York Press.
- Mahdi, M. (2015). *Ibn Khaldûn's Philosophy of History: A Study in the Philosophic Foundation of the Science of Culture*.
- Maulidizen, A. (2019). Ibn Khaldun's Economic Thought; The Fair Tax And Its Relevance To The Modern Economy. *International Journal of Islamic Business and Economics (IJIBEC)*, 3(2), 73-89.
- Mirjalili, S. H. (2020). Economic thoughts of Ibn Khaldun: critical evaluation of four claims. *Science and Religion Studies*, 11(2).
- MSU, İbn, Haldun, (2013). *Mukaddime* (Çev.Süleyman ULUDAĞ) I. ve II. Cilt. İstanbul: Dergâh Yayınları.
- Mujahidin, M. (2018). The concept of economic thought Ibn Khaldun. MPRA Paper, 87143.
- Muslim, M. B. (2017, November). Ibn Khaldun: Managing Justice in Economy. In *1st International Conference of Law and Justice-Good Governance and Human Rights in Muslim Countries: Experiences and Challenges (ICLJ 2017)*, Jakarta, Indonesia. Retrieved from <https://download.atlantis-press.com/article/25891438.pdf>.
- Muslimin, J. M. (2019). Society, Law and Economy: Contextualizing Ibn Khaldun's Thought. *Al-Iqtishad: Jurnal Ilmu Ekonomi Syariah (Journal of Islamic Economics)*, 11, 167-80.
- Nagarajan, K. V. (1982). Ibn Khaldun and "Supply-Side Economics": A Note. *Journal of Post Keynesian Economics*, 5(1), 117-119.
- Rizkiah, S. K., & Chachi, A. (2020). The Relevance of Ibn Khaldun's Economic Thought in the Contemporary World.
- Rodinson, M. (2011). *İslam ve Kapitalizm*. (Çev. Fevzi Topaçoğlu). *Bilim ve Ütopya*, 208, 11-26.

Siddiqi, M. N. (1981). *Muslim economic thinking: A survey of contemporary literature* (Islamic Economic Series; 1). International Centre for Research in Islamic Economics King Abdul Aziz and The Islamic Foundation.

Soofi, A. (1995). Economics of Ibn Khaldun Revisited. *History of Political Economy*, S. 387–404.

Suda, O. (1976). *Sosyalizm Sözlüğü*. İstanbul: Suda Yayınları.

Zin, S. M., Adnan, A. A., & Abdullah, I. H. T. (2017). How Can Ibn Khaldun's Economic Philosophy Revive the Intellectual Capital of Entrepreneurs. *Asian Social Science*, 13(6), 164. <https://doi.org/10.5539/ass.v13n6p164>

Development of Takaful Industry in Turkey: Challenges and Prospects

Adem Aman Shibu¹, Monzer Kahf²

Received: 22.01.2022

Accepted: 01.06.2022

Type: Research Article

DOI: 10.55237/jie.1061660

Abstract

The takaful/Islamic Insurance industry is rapidly growing across the globe. However, still, the volume of this sector is very small worldwide as well as in Turkey. This study focuses on discussing the size of growth and investment of Islamic Insurance in Turkey. Therefore, the study's central point focus on exploring and examining the development of the Islamic Insurance/Participation sector in the Turkey financial markets at large. Takaful/Islamic insurance in Turkey is known by other names called *Participation insurance*. In Turkey, both Islamic banking and the insurance industry operating based on shari'ah-complaint is known as participation, not Islamic. The Word participation comes from the Turkish language called "Katılm", which means participate. Thus, nowadays, in 2020, the market share of the participation/Takaful insurance in production reached 5.2% with approximately 4.3 billion TL. On the other hand, at the end of the same year, 2020, the market share of conventional insurance of life & non-life insurance gross written premium in Turkey is growing too, 82.5 billion TL. Even though the market share of the participation insurance sector seems insignificant when it is compared to the counterpart of conventional insurance, the market share of Islamic insurance begins growing from period to period as well.

Keywords: Takaful, Islamic Insurance, Participation Insurance, Islamic Finance, Takaful Development, Turkey

JEL Codes: F63, G20, G22, G33

¹ Correspondent Author (PhD. Candidate), Istanbul Sabahattin Zaim University, Graduate Education Institute,. E-mail: ademaman7@gmail.com , ORCID: 0000-0002-2588-1372

² Prof. Dr., Istanbul Sabahattin Zaim University, Graduate Education Institute,. E-mail: monzer@kahf.com ,ORCID: 0000-0001-7627-7098

Introduction

The development and growth of the takaful industry (participation insurance) worldwide are still very small or in infancy when it is contrasted with the counterpart of classical insurance. The fortune of the participation insurance sectors in Turkey is also similar too. The participation insurance sector in Turkey is emerging to grow in recent years. There is a promise of participation insurance and an endeavor from period to period in line with the public sector or private sector as well.

In recent times many scholars argue that participation insurance sector is the topic of different conferences and meetings as well as heated debate agenda worldwide, and it is associated with an alternative to counterpart|conventional insurance not only for Muslims but also for others as well. The concept of insurance is old enough and very crucial for human well-being, particularly during financial misfortune (peril), to provide financial assistance to place an individual or a firm in a position before perils happen (Ayub, 2003). In this context, rational people always prefer to be a part of the insurance policyholder or to take insurance companies' services and support to minimize unwanted risks.

The central point of this article or work is going to set out and explore the development of the participating insurance or Takaful (Islamic Insurance) sectors in Turkey. This is done to examine the magnitude of Turkey's participation in insurance sectors' market size as well as the conventional insurance practice for economic empowerment in the financial industry. In this circumstance, the Islamic Insurance sector market size was briefly examined in terms of regulation as well as practical operations to date. This study then goes on to evaluate the overall adequacy of the reforms executed in Turkey associated with participation insurance to date from a socio-economical and financial development perspective.

This study aims to explore the development of the participation insurance sector in Turkey. In addition, it aims to analyze and examine the size of participation (takaful) and the insurance industry in the country, as well as to highlight the challenges and prospects regards to this sector at large.

This study identifies the development of the participation sector in Turkey by using resources gathered through qualitative methods, document analysis, annual reports, secondary data available via internet sites, and semi-structured interviews conducted with the workforce in the fields as well as the responsible authorities individuals with sampling involves random selection.

This study or paper is organized into four sections: The first section presents an overview of the Takaful industry (participation insurance sector), including its concept of takaful, historical development, its size, socio-economic impact, and essential components of the takaful. The second section focus on the development of takaful sectors in Turkey, particularly the size and role of takaful funds and investment in Turkey's economic development. The third section explores the analysis of the participation sector in Turkey, such as its models, financial

inclusion, its challenges, and prospects as well. Finally, the fourth section describes conclusions and recommendations.

1. An overview of The Takaful Industry

In this section, the overall Islamic insurance or takaful concept, the history of takaful sectors development, and the market size of takaful in terms of its socio-economic impact are summarized. The brief subtitles are discussed and presented as follows:

1.1. The Concept of Takaful (Islamic Insurance)

In contemporary periods, takaful (participation insurance) is an agenda or topic of various conferences and meetings across the globe, and it is considered an alternative to conventional insurance not only for Muslims but also for others as well (Ayub, 2003; Salman, 2014).

The concept of insurance is old enough and very crucial for human well-being, particularly during financial misfortune (peril), to provide financial assistance to place an individual or a firm in a position before perils happen (Ayub, 2003). In this context, rational people always prefer to be a part of the insurance policyholder or insurers to take insurance companies' services to minimize unwanted risks. So, in the contemporary period, insurance service is well known and spread over the globe at the local as well as at the global level for daily life activities to decrease unnecessary risk cases as a whole (Ayub, 2003; Salman, 2014). In addition, the risk is one of the parts of human lives due to human life experience where is life there is a risk, and it is a cause of worry and stress. So, worrying is always sustained in human lives for the reason of varieties fear of loss, whether physical, moral, or mental (Alshammari et al., 2018, p. 356).

Mainly to cope with the risk of losing conventional insurance use risk transfer techniques while Islamic finance utilizes risk-sharing methods. This system provides peace of mind for insurance contracts or policyholders. The benefits of insurance are not only to give the policyholder peace of mind but also, to help to control or minimize the loss and enhance economic benefits as well (Malik & Ullah, 2019, pp. 10-13). So, it is crucial for policyholders to provide financial support during misfortune in order to put back the person in a position of (place) before the accidents happen (Salman, 2014).

1.2. Historical Development of The Takaful industry

In most Muslim countries, including the Middle East and North Africa (MENA) region, the development of insurance began emerging in early 1970, relying on the demand of Muslim society by replacing conventional insurance (Sherif & Hussnain, 2017, pp. 374-375). In contemporary times view, the first Takaful firm was operated in Sudan in 1979. The Saudi Arabia company of Islamic Insurance, in 1979, followed Sudan. In addition, many countries, particularly in the Middle East like UEA (1980), Bahrain (1985), Qatar (1995), and Dubai (1997) stepped forward and followed Sudan to operate Islamic insurance. After they were established and operated based on the rules and principles of Islamic law (*Shari'ah*) they are also following relevant shari'ah-complaint products and services that meet the Islamic Insurance (Takaful)

companies (Sherif & Hussnain, 2017, p. 375). Takaful, even though it is growing rapidly across the world due to different opinions of jurists and variations of the school of thought related to shari'ah ruling, it is very difficult to operate Islamic insurance in standardized ways across the globe (Salman, 2014).

1.3. Size of Takaful, Its Social and Economic Impact

According to the research executed by Alshammari et al. (2018, p. 357), in the GCC regions, the size of takaful is estimated at The United States of America \$25 billion. The amount aforementioned is provided by 305 takaful firms as well as re-takaful companies. The growth of takaful in the GCC region in 2014 and 2015 was 18 % and 21%, respectively, when the region is the highest contributor regards to this industry. Sherif and Hussnain's (2017) study illustrates that the Insurance Premium in the MENA region grows by 1.3% of GDP, which is almost one-fifth of the worldwide average. Thus, nowadays, participation insurance is the most emerging sector, particularly in most Middle East and some African countries as well with a growth rate of 20% annual, whereas the Takaful operator has increased by 54% across the globe since 2006 (Sherif & Hussnain, 2017, p. 375).

1.4. Essential Components of The Takaful

Islamic insurance or participation insurance is presented as creating a common pool of accounts by policyholders or participants in order to contribute some amount of fund to provide financial assistance for mutual benefit in the principle of indemnity if any events or risks occur. Takaful is operated following Islamic law (Shariah ruling and principles). Its main objective is to protect the participants from any future loss or peril via jointly guaranteeing one another or themselves (Malik & Ullah, 2019, p. 34). Basically, Takaful or Islamic insurance operates based on Ta'awun (cooperation) as well as tabarru (donation) principles to fulfil the purpose of providing financial support to policyholders based on mutual benefit against accident or misfortune (Ayub, 2003; Hassan et al., 2018; Malik & Ullah, 2019). Takaful operated or undertaken rely on the technical issues of mortality table as well as actuarial requirements arrangement process both on a mortality liability or for investment account as well (Ayub, 2003).

Another important part of takaful is its key parties participating in the takaful during insurance contract arrangements, such as the participants, the Insurance firm, and the insurance (takaful) operator as well. The other crucial benefits of takaful are providing peace of mind, minimizing or controlling loss, and ensuring economic benefits for policyholders. The insurance contract underlying between two parties is known as a client (policyholder and the insurance companies (the insurer). The major essential element of insurance is its principles. They are the principles of utmost good faith, indemnity, subrogation, insurable principles, and the principles of proximate cause (Malik & Ullah, 2019, pp. 10-13). The principles of utmost good faith are working based on providing all necessary and valuable information honestly before the contract underlying from both sides to take accurate decisions.

The indemnity principle means putting back the clients in the same position before the peril occurs. Overall the principles of insurance are very vital for both system of the convention as well as the participation insurance.

2. Development of Takaful Industry in Turkey

This section describes the development of Islamic insurance (takaful) sectors in Turkey. And also, it is mainly focused on the profit-loss sharing system of Islamic financing and participation insurance, Islamic investment through the participation insurance sector, the role of insurance sectors in economic development, and its volume at large.

2.1. Islamic Finance and Takaful Industry in Turkey

The concept of Islamic finance was first commenced in contemporary understanding following the Islamic banking operation, particularly after the Mit Ghamr Saving bank in Egypt in 1963 operated (Aslan & Özdemir, 2015; Shibu & Chachi, 2021). In this context, the first Islamic financing in Turkey began in 1984 with the operation of the Special Finance House institution, but the first takaful came late around 2009 (Aslan & Özdemir, 2015). Therefore, nowadays, the conventional banking industry operating around the globe is also opening the window method based on Shari'ah rules and principles of Islamic insurance to attract clients to get a market share from Islamic finance as well (ASLAN & AVCI, 2021; Aslan & Özdemir, 2015).

Nowadays, out of 52 banks (banking and financing) sectors operated in Turkey, six of them are full-fledged, meaning that they operate based on shari'ah-complaint rules and principles. Out of six, three banks are state-owned (Ziraat participation, Vakif participation, and Emlak participation), while the remaining three (Albaraka Participation, Turkiye Finance Participation, Kuveyt Turk Participation) are privately owned. According to a country report in December 2020, the total asset owned by the participation sector is estimated to be \$55 billion, with a market share growing to 7.1% over the previous year's performance (Tan et al., 2021). Besides, to increase the Islamic Insurance industry activities and to develop it, share the experiences and express the problems encountered has been started since 2018. To look for better action, the Participation Insurance Review and Research Committee were established in similar years in 2018 as well (Insurance Association of Turkey, 2020).

Consequently, Sukuk financing is the fastest-growing instrument or product in Turkey, and it is increasing with a market share of 2.6% out of foreign market shares assets underlying including its outstanding as well as continuous sukuk performance as presented by the IFSB stability report of 2020. The total sukuk investment grew rapidly, and it reached about \$15.34 billion in the United States of American dollar at the end of 2020, whereas the sukuk issuance performance was \$156.4 million in 2012 (Tan et al., 2021).

The Neova Sigorta, which started its production on December 16, 2009, was Turkey's first company operating following full-fledged participation insurance procedures. The direct net

gross written premium was 264,328 TL on December 31, 2009 (Neova, 2009, p. 8). Nowadays, the direct premium of Neova Takaful (Islamic Insurance) company reached about 1.90 billion TL on December 31, 2020, and it has been bringing a brand new concept to the insurance industry since its inception. Neova Sigorta has a share of 2.79% of the market share of Turkey's non-life insurance at the end of 2020 (Neova, 2020). At the end of 2020, life & non-life insurance premium written assets in Turkey are estimated to be 82.5 billion TL, while the total share of the participation | Islamic insurance sector in production is about 5.2%, with approximately 4.3 billion TL (Insurance Association of Turkey, 2020).

As aforementioned above, Neova Sigorta (Neova Insurance), is one of the first and early operated Participation insurance in Turkey. It is a party | Subsidiary of the Kuveyt Turk participation bank. Kuveyt Turk Participation Bank is a Joint Stock Company, having started its operations on March 31, 1989, in cooperation or partnership with Kuwait Finance House, Turkey Foundations of the General Directorate, the Governmental Social Security Organization of Kuwait, and the Islamic Development Bank (IsDB) as well. The bank's service mainly focuses on the activity like corporate banking, international banking services, retail banking, and credit card transactions. The bank operates based on the rules of interest-free principle and profit/loss sharing accounts. The main field of activity of the bank, as a participation bank, is to collect funds through current accounts and to provide funds to its customers. As of December 30, 2020, the bank operates with 435 branches and 6000 personnel. In line with the decision taken on May 05, 2020, Turkapital Holding BSCC, buys all shares from other shareholders like Takaful Insurance Company KSCC, KFH Takaful Insurance Company KSC, Autoland Automotive industry and trade, and they transferred their shares to Kuveyt Türk Participation Banks and the first Islamic Insurance was established. Neova Türk's participation insurance shareholding and capital structure of the company is according to May 05, 2020, the nominal capital of the company is 84.800.000 TL and it has been fully paid. The company's capital consists of 84,800,000 shares, each worth TL 1 (Neova, 2020, p. 14).

Bereket participation Insurance plc is another full-fledged participation insurance operating in Turkey-based on shari'ah ruling and principles. It has been operating since 22 July 2019 and registered in the Trade Registry journal in the same year as part of Bereket insurance company (dependent on Bereket insurance). As of March 31, 2021, the nominal capital of the company is 10 million TL (31 December 2020: 10.000.000 TL), 10 million TL share of which (31 December 2020: 10.000.000 TL) has been paid for each 1 TL value worth (Insurance, 2021, p. 11). In Turkey, those companies nowadays operating with the window method under conventional insurance have been planned and determined as the last date of the operating period ended on December 31, 2021 (Insurance Association of Turkey, 2020).

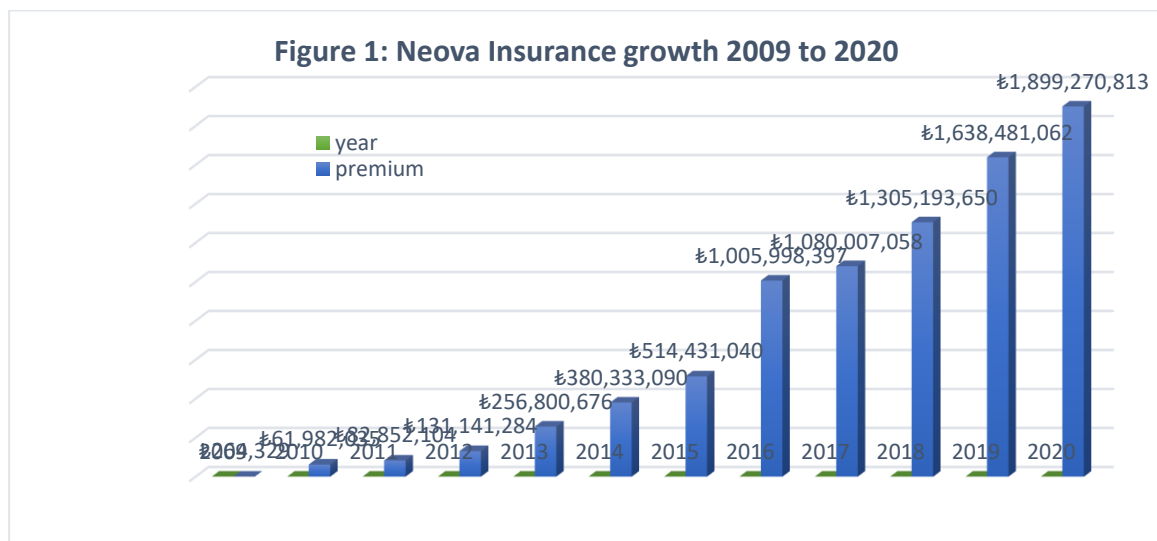
In the history or development of participation insurance sector in Turkey, a good example was given below using data explored rely on Neova insurance growth from time to time from 2009 to 2020 summarized as below in terms of premium written, market share, number of regions, and agency including banks breaches at large.

Table 1: Neova Insurance Growth 2009 to 2020

Neova Company Profile 2009 to 2020						
company name	year	premium	market share in non-life insurance	number of regions	number of agency	numbers of branches of banks
Neova	2009	₺264,329	N/A	4	120	130
Neova	2010	₺61,982,035	N/A	5	303	1250
Neova	2011	₺82.852.104	N/A	7	420	450
Neova	2012	₺131.141.284	0,77	N/A	563	571
Neova	2013	₺256.800.676	1,23	10	812	673
Neova	2014	₺380.333.090	1,67	10	1000	785
Neova	2015	₺514.431.040	1,89	10	1150	847
Neova	2016	₺1.005.998.397	2,84	12	1500	909
Neova	2017	₺1.080.007.058	2,72	12	1900	975
Neova	2018	₺1.305.193.650	2,73	13	2100	1,047
Neova	2019	₺1.638.481.062	2,83	13	2200	1,088
Neova	2020	₺1.899.270.813	2,79	13	2398	1147

Source: Author's (Neova annual Report 2009 to 2020)

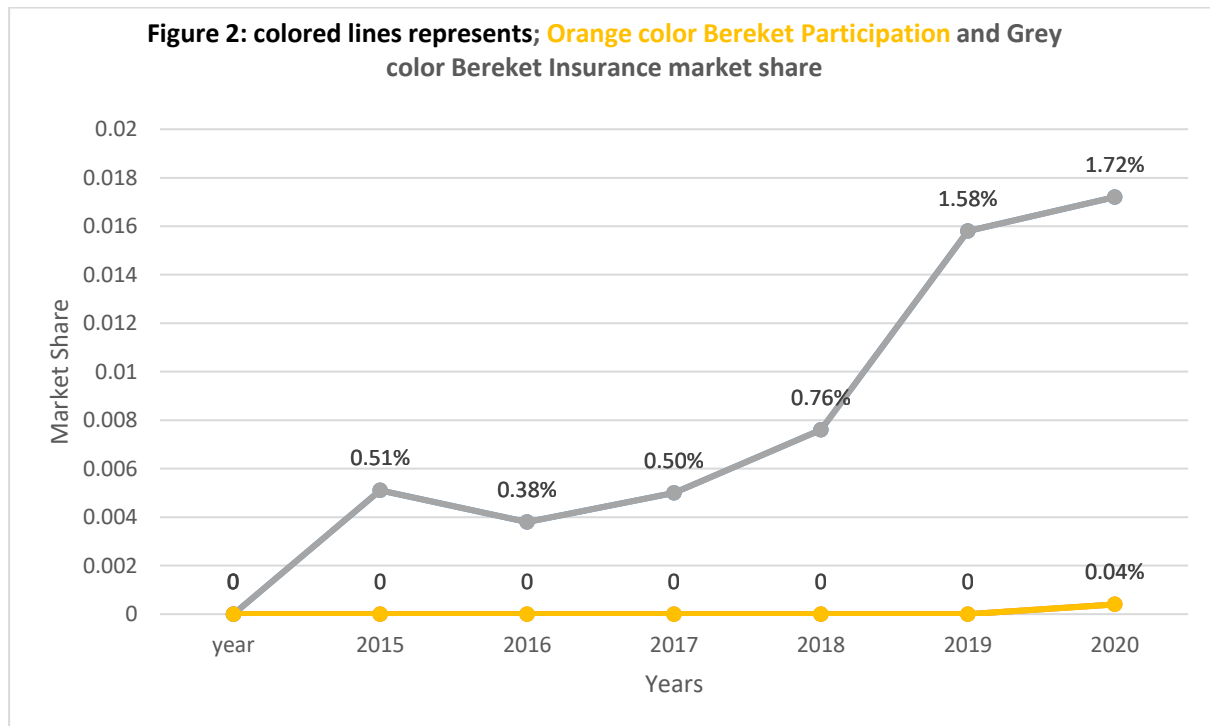
The following graph shows the aggregate amount of Neova participation insurance growth from 2009 to 2020 yearly as well as the gross written Premium insurance as follows:

Figure 1: Neova insurance growth from 2009 to 2020

Source: Author

Conventional insurance in Turkey is the most dominant and leading sector in terms of market share. The market share of Bereket participation insurance in the graph below shows how much it is in an infancy stage using 0.04%. The comparison between Bereket conventional insurance and Bereket participation bank in insurance market share is 1,27% and 0,04%, respectively.

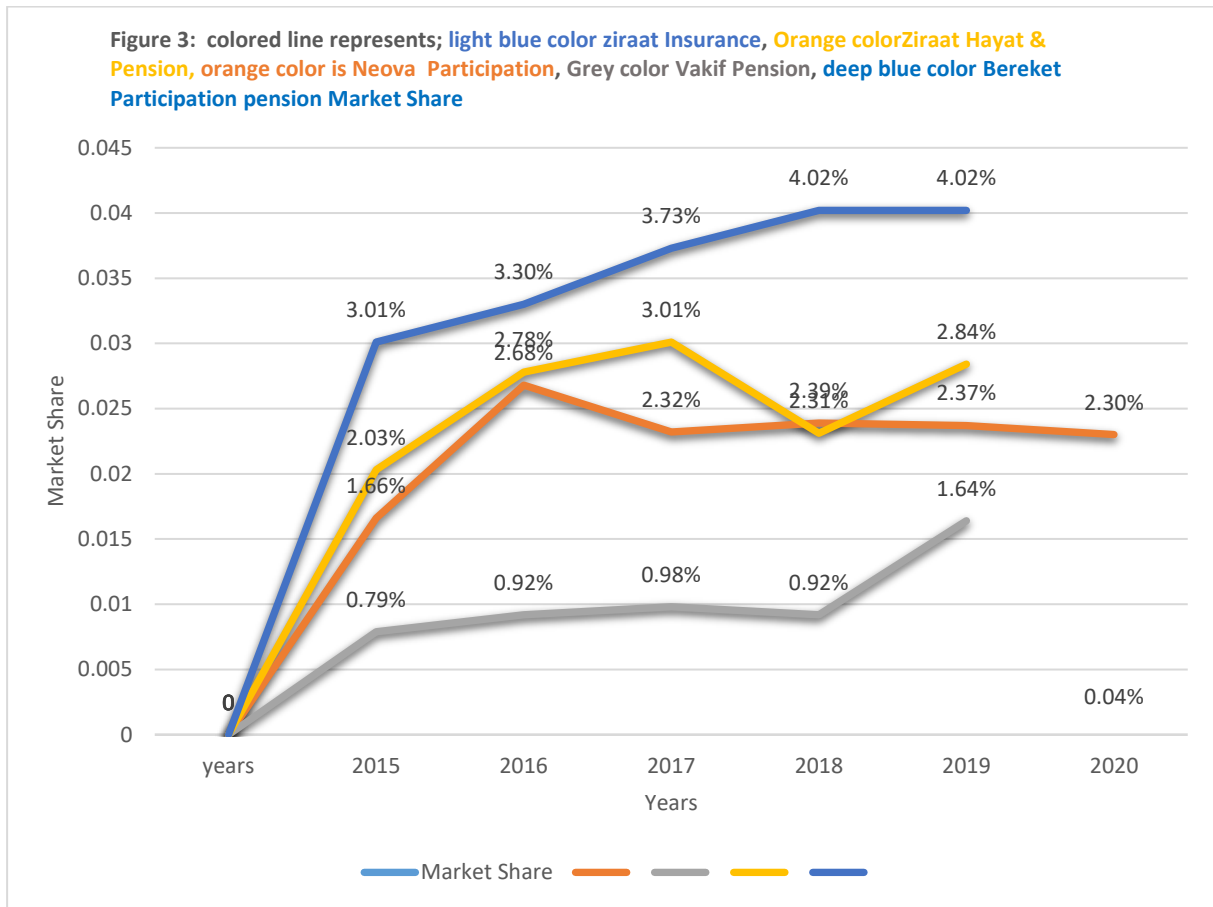
Figure 2: Cumulative Written Premium of Bereket Insurance vs Bereket Participation Market Share



Source: TSB Visual Analysis Reports (English) Dec 12, 2021

The following chart illustrates the market share of interest-free window method insurance operating in Turkey in comparison to the full-fledged Islamic insurance (participation) industry like Neova participation and Bereket participation insurance. They include Vakif (Foundation) banks life and pension insurance and Ziraat banks life and pension insurance companies. The market share of those companies operated based on window methods insurance which provides services of shari'ah compliant in conventional banks (Laçınbala & Ünsal, 2019) such as Vakif Bank(foundation) and Ziraat Bank life and pension are equal to 1.64% and 2.84%, respectively, while the full-fledged Neova participation and Bereket participation insurance were equal to 2.37% in December 2019. The following diagram shows the collective market share comparison between them as follows:

Figure 3: Cumulative Gross Premium of Insurance Market Share Chart in Turkey Dec 12, 2021



Source: TSB visual Analysis Reports (English) Dec 12, 2021

In 2020, the Neova participation insurance market share was 2.17%, ranked 14th in the previous year, while it's growing fast and increasing to 10th position in October 2021 by 2.54% market share, as illustrated in Table 3 below. The Turkish private pension sector consists of a total of 63 companies operating in 2020, and its total asset or premium insurance of non-life & life branches growing by 19.3% that was reached 82.6% billion TL, with a total retirement or pension funds increase of 33.65% with a total 170.2 billion whereas, total assets of the sector increased by 30% in 2020 to 307.8 billion TL (Insurance Association of Turkey (IAT), 2020). In this context, even though there is promising and good progress seen for Neova Participation insurance, the overall growth of the participation insurance sector (Islamic insurance) in Turkey is very small and in the infancy stage, meaning that statistically insignificant. Thus, the enablement environment and reform are required to improve the existing participation insurance as well as to operate new companies fully relying on Shari'ah ruling and principles in the insurance financing sectors at large.

Table 3: Top 10 Insurance Market Share Versus Neova Participation Insurance 2021

Company Name	Market share	Last year market share
Turkish Insurance Plc	10.73 %	10.46%
Anadolu Limited Turkish Insurance	10.07%	9.53%
Allianz Insurance	9.67%	9.90%
Ak Insurance Plc	6.43%	6.02%
Axa Insurance Plc	5.03%	5.48%
Hdı Insurance Plc	4.44%	4.06%
Turkey Life & Retirement Plc	3.84%	5.61%
Sompo Insurance Plc	3.29%	4.17%
Mapfre Insurance Plc	3.03%	3.10%
Neova Participation Insurance Plc	2.54%	2.17%
Total	59.05%	60.50%

Source: Author's 2021, TSB visual Analysis Reports (English)

On the other hand, there has no one firm that has reached the top five in the Insurance industry in Turkey. The biggest top 5 conventional insurance companies in Turkey take a market share of almost 42% and whereas only one participation insurance reaches the top 10 and it's ranked last place, meaning that as the 10th position at the end of October 2021. The total market share of conventional insurance in 2020 occupies about 95.7%, whereas the market share of participation insurance is covered by 4.3% only. These results clearly illustrate that the Takaful insurance value is still small enough, and to enhance and promote Takaful | Shariah-compliant insurance in the country (Turkey) requires more reform, rules, and regulations, a policy that support businessman and entrepreneurs that are looking forwards to entering this business field in general. Overall as of October 2020, all full-fledged banks operating in Turkey have been working a channel network estimated to be 1,243 local as well as global branches with about 16,859 employees that are growing by 5% when it's compared to the previous year (in 2019) (Tan et al., 2021).

2.2. Takaful Funds and Islamic Investment in Turkey

Due to the covid-19 health crisis, the global economy was distracted on a huge scale worldwide, particularly from late 2019 to the beginning of 2021 years. Based on the United Nations Conference on Trade and Development (UNCTAD's) report of 2020, world investment, particularly foreign direct investment (FDI), decreased by 40%, which is estimated to be \$1.54 trillion (KPMG, 2020). The Turkey's economy was also influenced by the covid-19 pandemic as well. However, there are 39 no-life insurance companies, 21 life and pension companies, and three reinsurance companies providing service in Turkey, including participation or Islamic Insurance as well. The gross written premium of non-life insurance value is 68.2 billion TL, life and pension insurance premiums are 170.2 billion TL and 14.4 billion TL, respectively and also reinsurance companies produced around 3 billion written

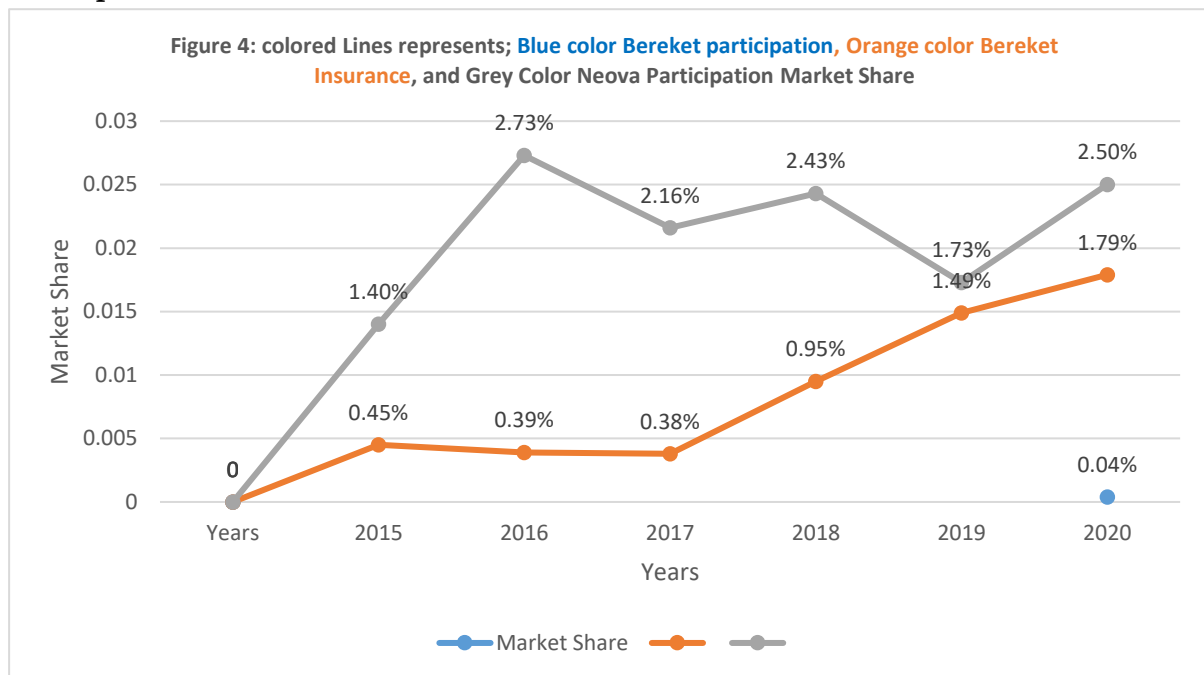
premium insurance in 2020. The total premium of the participation insurance sector (Takaful company) is near 2 billion TL.

The participation sector in insurance activities in Turkey started in 2009 and has a history of approximately 11 years. In 2019, a total of twelve companies were operating. In the Participating Insurance industry, this number reached 14 companies in total in the first quarter of 2020, and the sector continued to develop. However, as a result of the merger of public companies during the year, this number decreased. At the end of 2020, it was realized as 12 companies. As of the end of 2020, 7 of these companies are in non-life branches, whereas the other five operate in life/retirement branches. Besides, six of these companies are "full participation models", and they carry out all their transactions within the framework of participation insurance rules and principles. The other six companies are conventional insurance. It continues as Islamic insurance activities in the industry with the system defined by the "Islamic Insurance window method" together with its transactions. Lançınbala & Ünsal claim that participation insurance associated with the window model, which provides shari'ah-compliant services and products together with the conventional bank, is significant for the Turkey insurance sector both in the short and medium strategic program as well (Laçınbala & Ünsal, 2019).

However, on December 19, 2020, the provisions of the regulation published in the Official Journal No: 31339 has been announced that companies that want to continue after this date should terminate the window system and continue with the full-fledged participation rules and principles following as stated or described in the above regulation. If the company does not want to continue, its portfolio following the new regulation will be transferred to companies under the supervision of the Insurance and Private Pension Regulation and Supervision Agency to manage the process.

The following chart shows the cumulative or gross written premium insurance market share percentage of some participation insurance. To mention some Neova participation insurance, Bereket participation insurance, and Bereket insurance market share comparison graph illustrate as follows:

Figure 4: Cumulative Written Premium of Bereket Insurance & participation vs Neova Participation Dec 12, 2021



Source: TSB Visual Analysis Reports (English) Dec 12, 2021

2.3. The Size and Its Role of Insurance in Turkey's Economical Development

Turkey is one of the founding members of some organizations, such as the OECD (the Organization for Economic Cooperation & Development) and the OIC (the Organization of Islamic Cooperation). In contemporary times Turkey is a group of G20 member countries that make together with the largest economies over the globe.

In the past two decades, Turkey's economy has been growing rapidly, and Turkey's insurance sector is also growing fast from time to time simultaneously. Even though Turkey's economy grew and developed well, still, the volume of the insurance industry is small when compared with the rest World. According to some, studies show the Premium production of Turkey was \$12.7 million in 2013, whereas the size of the world, England, France, Germany, and the EU is \$4, 640.9, \$329.6, \$254.75, \$247.16, and \$1, 494.3 million respectively (Yıldırım & Çakar, 2015). As aforementioned in the above research, the size of the conventional is also small. The overall size of the insurance industry or companies are only about 1% of financial intermediation, according to a recent report based on BRSA (Banking Regulation and Supervision Agency in Turkey) in December 2020, when compared to other financial sectors' special commercial banking industry is 91% out of total financial markets assets (Black Sea Trade and Development Bank, 2020). The premium per capita in the world and the EU was \$652 and \$2,680 respectively in 2013, whereas this number was \$166 in Turkey in the same year. Therefore, the statistics on Premium production, as well as Premium per capita development level in Turkey, are below World and EU countries' average (Yıldırım & Çakar, 2015).

Sakalliođlu (2017) reported that Turkey's insurance industry assets are growing by 4% when compared to other financial sectors. The premium (written premium) gross reached 40.5 billion TL, whereas the non-life insurance was almost 35 Billion TL.

The share of Islamic insurance funds in Turkey, particularly in the non-life insurance market, was 2.80 per cent on December 31, 2020. Neova participation insurance and Bereket participation insurance are both companies, major operating according to interest-free and PLS-based rules and principles Takaful (Islamic insurance) industry in Turkey. Both companies' total capital is estimated to be 1.93 billion TL (Neova's capital on December 31, 2020, is equal to 1,90 billion TL, and Bereket participation insurance on March 31, 2021, is equal to 34.11 billion TL).

3. The Analysis of Takaful Industry in Turkey: Challenges and Prospects

Section three presents Takaful models utilized or operating mainly in Turkey, the implication of financial inclusion through the participation sector, challenges that participation is going through, and its prospect, as well as the ways out to enhance the participation insurance sector in Turkey in general.

3.1. Takaful Models in Turkey

In Turkey, the interest in Takaful Insurance has spread rapidly over time with various applications associated with the needs of countries and different regions as well. Islamic Insurance (participation insurance) in Turkey follows or operates within the framework of the Wakalah, Mudaraba as well as mixed (hybrid) model³. In the Mudaraba model, the company acts as an entrepreneur responsible for the operation and administration of the premiums collected. The profit from the amount of the operated pool is also shared between the company and the pool within a predetermined ratio. In the Wakalah model, the operator company receives some of the savings as a fee before starting to operate the pool. The basic principle of this model is that the company acts as the agent of the policyholder. The role of the company is to fulfil all transactions belonging to the pool for a predetermined fee. And also, Hybrid Model (Wakalah/Mudaraba), in which the company receives an attorney's fee in exchange for Takaful fund management and other technical and legal transactions related to insurance, all of the technical profit is distributed to the participants, but the investment profit is shared between the participant and the company at a predetermined rate (Malik & Ullah, 2019).

Accordingly, in Takaful firms, the Mudharaba model relies on partnership methods in Islamic business activities. The way of practising is the capital owner or Rabul Maal) provides the capital). While the other provides the skill, and it is called the Mudharib. If there is a profit, the partners divide this between them in accordance with previously agreed shares. If there is a loss, the Rab ul Maal has to bear the loss, and the Mudharib does not get anything or any share for the skills and services he/she has provided. Wakalah model is a contract of agency

³ <https://www.berekettekaful.com.tr/katilim-sigortaciligi-nedir>

or delegated authority under which the Muwakkil (principal) appoints a Wakeel (agent) to carry out a specific task on its behalf. Wakalah-Mudharaba Model is a combination of the Wakalah and Mudaraba models. In this model, the Takaful operator is compensated for the following services in the form of a Wakalah fee, which is paid upfront: firstly, collecting contributions from participants. Secondly, placing contributions into the Takaful fund. Thirdly, paying compensation from the Takaful fund if a participant suffers a defined loss. Fourthly, if the fund is exhausted, ask participants to make further contributions. And lastly, if there is a surplus in the fund, after all claims have been paid, distribute this among participants. The Takaful operator invests the Takaful fund on a mudarabah basis. Here, the Takaful fund is the Rab ul Maal, while the takaful operator is the mudarib. The profit earned on this investment is divided between both partners—the Takaful operator and the fund—in a predetermined ratio (Malik & Ullah, 2019).

3.2. Financial Inclusion and Takaful Industry in Turkey

In general, in Turkey's legal framework regards insurance, especially the Insurance Law and the participating insurance such as; Turkish Commercial Code No. 6102, Turkish Insurance Law No. 5684, Turkish Code of Obligations No. 6098, there is no specific expression defined regarding participation insurance in the relevant Laws. In this framework, there are also no restrictive provisions that contradict the principles of participation insurance as well.

Participating insurance companies operating in Turkey are subject to all secondary regulations that are subject to all companies engaged in conventional insurance. In addition, to these subjects, the secondary regulations specific to the Participation Insurance sector registered as No: 30186 regulation "Regulation on Working guidelines and Principles of Participation Insurance" were first published in the Official journals on September 20, 2017. And also numbered 2017/22 guidelines "Circular on the Implementation of Participation Insurance" underlined. On the other hand, with the development progress over the years, the demands for reconsidering the legislative infrastructure in the field of participation insurance have increased. "Regulation on Insurance and Private Pension Activities within the Framework of Participation Principles" was published in the Official journals on December 19, 2020, by SEDDK. SEDDK means insurance and private pension regulation and supervision agency, which is the short form (acronym) in the Turkish language. In this context, as of the end of 2020, a new era has entered Turkey's participation insurance sector (Insurance Association of Turkey, 2020).

In this light, to overcome the main constraint and to commence participation insurance sector with the Regulation on Insurance and Private Pension activities within the Framework of Participation Principles, which was published in the Official Journal on December 19, 2020, are presented as follows (Insurance Association of Turkey, 2020);

- General, as well as special forms of principles related to Participating Insurance have been clearly revealed and determined;

- The Advisory Committee members are defined in terms of their qualifications, duties, responsibilities, and working principles. And also, those individuals or persons and companies who participate in these fields should have been getting approval from SEDDK (insurance and private pension regulation and supervision agency);
- Companies that have been operating based on participation (Shari'ah-compliant) rules and principles through products and services, pools, funds, and accounts to be found included;
- The Participation Compliance Unit has been defined and determined in terms of its duties, responsibilities, and working principles accordingly;
- The operating periods of the insurance companies undertaken through the *window method* are determined to end their services on December 31, 2021, and the portfolio owned by them as of this date is determined within the scope of the insured's approval;
- Insurance training that is provided by SEGEM (insurance training centre) and Participation Insurance training were combined into a single training form after all.

Based on the workforce and some authorities responsible for personnel's comments and feedback collected during the study via semi-conducted interview methods via random selection, their responses, when summarized (answers they provide for the question conducted with them), the majority of them agree on the following points listed below: first, still, the awareness of many Turkish businessmen and entrepreneurs to participate and operate Islamic financing as well as Islamic insurance (Takaful) is very low. Second, the conference, the meeting, and education related to this topic are still not significant, and it is focused on more general issues, meaning that it is not focused on a particular area of participation insurance issue to solve the problem from the ground. Third, the number of experts and professional personnel is also very small. Fourth, the regulation has also come late, and it is still not enough when compared to the Middle East countries as well as Malaysia country, even though Turkey's population is estimated to be more than 99% Muslim. Fifth, Turkey is a promising and high potential market for Islamic Insurance and other Islamic financing systems at large. Lastly, in Turkey, the financial industry, the people's mindset, and the market trends are fully occupied by the conventional system, and it needs reform from the public as well as more awareness from the community as well.

3.3. Challenges of Takaful Industry in Turkey

Even though Islamic insurance is one of the promising industries in the financial field for Turkey, job opportunities, including Professional employees such as actuaries, brokers, experts, and specialists as well as administrative personnel, are a huge gap, particularly in the Islamic insurance or Takaful sectors. To secure in the field, knowledge-based and well-aware professionals take part in a great role in the development and growth of the industry. In other words, not only quantity but also quality is very important as well (Yıldırım & Çakar, 2015). In Turkey, the financial industry, as well as the people's mindset and the market trends, are fully dominated by the conventional system, and it requires further jobs both from the public and private, as well as from various non-governmental institutions in this area.

3.4. The Prospect of Takaful Industry in Turkey

The insurance sector is a dynamic sector over the globe. It is going to change from time to time rapidly emerging economy (development and growth) across the worldwide. In this context, these business sectors are high potential sectors in terms of job creation, employment, and economic empowerment in Turkey in the financial industry (Yıldırım & Çakar, 2015). The Turkish government has a great strategic vision to determine the country (Istanbul) as the centre of both the domestic market and international market in terms of financing, particularly in Islamic Finance as well. Thus, to realize such a strategic vision also requires reforms enabling an atmosphere of financial inclusion and widening research and development (R&D) in the financial sectors like financial engineering helps channel the financing through the real economy.

The Turkey economy is highly dependent on exports and foreign direct investment. The amount of foreign direct investment (FDI) amount increased from period to period, which was \$20.2 billion in 2007, and it decreased in 2008 to \$15 billion due to the financial crisis, according to a report showed (Gül & Gün, 2008). Accordingly, the amount of FDI inflows in 2020 in Turkey is about \$7.7 billion, whereas the overall total foreign direct investment inflows into Turkey between 2003-2020 were recorded as \$225 billion (FDI, 2020).

3.5 Ways and Means To Enhance Takaful Industry in Turkey

Turkey is one of the highly promising countries in line with Islamic financial sectors in the global. The way to enhance and increase Islamic financing, including Islamic banking, Islamic Insurance, Islamic capital market, and Islamic microfinance, are to create an enablement environment in terms of the legal system, economic policy, and economic development strategies in the short run and long run, rules and regulations promote public investment, and private investment meet the well-being of the society, and reform in financial sectors that encourage whole actors to involve in or towards the real economic system than fictitious activities in general.

Thus, to robust the participation insurance sector and make Turkey the hub of the Islamic financing region, the Turkish government should be working on the reform that is creating more companies to operate their goods and services rely on Shariah-compliant products. In this context, the other step that may be done is to encourage investors of private investment or public investment sectors as they are to commence their business activity in an Islamic manner and acts by giving them proper investment incentives rely on the various incentives (i.e., tax exempting for a limited time), providing interest-free credit for investors (capital contributions), professional employee salary incentives, creating a good environment for their business to motivate them as well as making aggregate awareness for the public toward a real economy based on Shariah-compliant in overall their activity by taking a necessary measurement, training, meeting, and conference, research and development (R&D) regarding the Takaful industry as well.

4. Conclusions and Recommendations

This paper focused on the development of the participation insurance sector in Turkey in the contemporary period. The result of the study illustrates that the participation insurance sector investment volume is still insignificant, and there are a lot of challenges to increasing the size of investment funds based on full Shari'ah-compliant investment in the sectors, especially using the Takaful industry. It is also a failure of the way of operating ethical as well as moral values in business activities and corporate social roles as well. The study outcome support that having a participation insurance framework, regulations, or guidelines is not enough but also needs or requires more attention and focus for further reform in the fields to attract stakeholders' attention as well.

The central point of this paper is the development of the participation insurance sector in terms of its volume as well as investment funds undertaken through participation insurance (Takaful|Islamic insurance). So, even though there is a promising potential in the sectors still, the aggregate size of investment undertaken to rely on the participation insurance sector in Turkey is statistically insignificant. It is very crucial to recommend that to take into consideration investment, and business decision-making activities in a wide range suppose of an optimistic approach and for viable impacts channelling to the real economy and in comprehensive ways. Accordingly, a great reform is crucial to facilitating the enabling and creation of a valuable asset for participation or Islamic insurance institution. And also, it helps to enhance new employees, to get the attraction of new customers to raise its gross profit growth simultaneously.

In this study, the semi-structured interview and secondary data methodology were executed to analyze the development of the Takaful industry in Turkey. Thus, the Turkish government has various or couples of strategic visions followed by making Istanbul one of the international financial hubs in the coming few years. Besides, the Islamic financing (participation) sectors in Turkey will be promising practices and actions that will attract all markets, not only domestic and local markets but also foreign (international or global) markets as well.

In conclusion, to enhance and grow and develop the Shariah-compliant investment funds via Takaful in Turkey, creating an enabling environment and making good reforms are very crucial. It is also important to improve the ethical and moral values to connect the previous window method-based operation to the new reform of full-fledge or Shari'ah-compliant operation framework easily. As well as promoting existing institutions and new firms to encourage the way they join the Takaful industry by making arrangements to provide some incentive to them through policy rely on the legal system of the country.

References

- Alshammari, A. A., Syed Jaafar Alhabshi, S. M., & Saiti, B. (2018). A comparative study of the historical and current development of the GCC insurance and takaful industry. *Journal of Islamic Marketing*, 9(2), 356–369. <https://doi.org/10.1108/JIMA-05-2016-0041>
- Aslan, H., & Avci, E. (2021). Can Turkey Implement Malaysian Takaful Know-How into Turkish Market?: A Qualitative Inquiry. *International Journal of Islamic Economics and Finance Studies*, 1–30. <https://doi.org/10.25272/ijisef.816143>
- Aslan, H., & Özdemir, M. (2015). Development of the Islamic Finance in Turkey: a Questionnaire Study. *Kuala Lumpur International Business, Economics and Law Conference 7*, 1(1), 29–42.
- Ayub, M. (2003). An introduction to Takaful; An alternative Insurance. *Islamic Banking Department, State Bank of Pakistan, February*, 1–3. [http://www.mbri.ac.ir/userfiles/file/Islamic Banking/Takaful/An Introduction to takaful.pdf](http://www.mbri.ac.ir/userfiles/file/Islamic%20Banking/Takaful/An%20Introduction%20to%20takaful.pdf)
- Black Sea Trade and Development Bank, B. (2020). Figure 1. In *Overview of the financial sector in Turkey*. <https://doi.org/10.1201/9781498709453-80>
- FDI. (2020). *TURKEY UNVEILS NATIONAL SPACE: FDI INFLOWS INTO TURKEY SURGE IN Q4 2020*. 10–13.
- Gül, T., & Gün, O. (2008). *Insurance in Turkey: Opportunities and Challenges*.
- Hassan, R., Salman, S. A., Kassim, S., & Majdi, H. (2018). Is takaful industry innovative? Examining the perception of Takaful operators in Malaysia. *International Business Information Management Association Conference, IBIMA 2018- Vision 2020, November, 7007-7010.*, November, 7007–7010.
- Insurance Association of Turkey (IAT). (2020). *Türkiye Sigorta Birliği Sektör Raporu*.
- Insurance Association of Turkey, I. (2020). *Katılım Esaslı Sigortacılık ve Bireysel Emeklilik Sektör Raporu*.
- Insurance, B. P. (2021). *Bereket Katılım Sigorta A nonim Şirketi Tarihinde Sona Eren Ara Hesap Dönemine Ait Finansal Tablolar ve Dipnotlar*.
- KPMG. (2020). Investment in Turkey. In *International Paper Board Industry* (Vol. 54, Issue 10).
- Laçınbala, Y., & Ünsal, H. (2019). An Overview on Window Model in Participation Insurance (Takaful) System. *Sosyoekonomi*, 27(42), 181–202. <https://doi.org/10.17233/sosyoekonomi.2019.04.10>
- Malik, A., & Ullah, K. (2019). Introduction to takaful: Theory and practice. In *Introduction to Takaful: Theory and Practice*. <https://doi.org/10.1007/978-981-32-9016-7>
- Neova. (2009). *Neova Sigorta Faaliyet Raporu 2009*.

Neova. (2020). *Neova Katılım Sigorta Faaliyet Raporu 2020*.

Sakalliođlu, D. (2017). Turkish Insurance Market Overview & Structure And Cooperate Governance And Internal Systems. *TURKISH INSURANCE MARKET OVERVIEW & STRUCTURE*, 30.

Salman, S. A. (2014). Contemporary Issues in Takaful (Islamic insurance). *Asian Social Science*, 10(22), 201–216. <https://doi.org/10.5539/ass.v10n22p210>

Sherif, M., & Hussnain, S. (2017). Family Takaful in developing countries: the case of Middle East and North Africa (MENA). *Managerial Finance*, 34(10). <https://doi.org/10.1108/mf.2008.00934jaa.001>

Shibu, A. A., & Chachi, A. (2021). DEVELOPMENT OF ISLAMIC BANKING AND FINANCE: THE CONTRIBUTION OF AHMED ABDUL AZIZ AL NAJJAR. *Eurasian Journal of Researches in Social and Economics (EJRSE) ISSN:2148-9963 Www.Asead.Com*, 8(4), 223–235.

Tan, V., McAughtry, L., Thiagaraja, S., NG, K., Tamano, N., & Muthusamy, J. (2021). IFN Annual Guide 2021. In *Islamic Finance News 2021 Annual Guide*. www.ddcap.com

Yıldırım, İ., & Çakar, R. (2015). A Study on the Collaboration Opportunities between Universities and Insurance Industry in Turkey. *Advances in Social Sciences Research Journal*, 2(9). <https://doi.org/10.14738/assrj.29.1494>

<https://www.tsb.org.tr/en/visual-analysis-reports>, (2020). Katılım Esaslı Sigortacılık ve Bireysel Emeklilik Sektör Raporu

Milli İktisattan İslam İktisat Düşüncesine: Ekonomik Çağdaşlaşmada Özgünlük Arayışı

İsa Yılmaz¹, İsmail Ünal²

Received: 08.04.2022

Accepted: 30.06.2022

Type: Research Article

DOI: 10.55237/jie.1100423

Özet

Bu çalışma Osmanlı'nın son dönemlerinden başlayarak günümüze değin Müslüman toplumlarda giderek artan ekonomik çağdaşlaşma arayışlarını ve bu alandaki entelektüel katkıları ele almaktadır. Sanayi devrimi sonrası kapitalizmin küresel bir boyut kazanması ile Batıda ortaya çıkan yüksek refah üretimi karşısında Osmanlı'nın son dönemlerinde, özellikle Tanzimat dönemi sonrasında, başlayan ve günümüzde halen devam etmekte olan iktisadi özgünlük arayışları çağdaş Müslüman toplumların siyasi ve ekonomik geleceklerini belirlemede oldukça kritik bir önem kazanmıştır. Tanzimat sonrasında sıklıkla dile getirilen milli iktisat söylemi ile sömürge sonrası küresel düzende artan İslam iktisadı söylemi bu açıdan kapitalizme alternatif olabilecek ortak bir arayışın son yüzyılın farklı dönemlerindeki benzer çözüm arayışları olarak karşımıza çıkmaktadır.

Bu çalışma, her iki söylemin de kapitalizmin geçirdiği evrelerden, sanayi kapitalizmi ve finans kapitalizminden bağımsız düşünülmeeyeceğini iddia etmektedir. Dönemin önemli aydınlarından Ahmet Midhat ekseninde geliştirilen milli iktisat vurgusu da finans piyasalarının küresel boyut kazandığı çağda ortaya çıkan İslami finans da bu anlamda kapitalizme bir alternatif olmaktan çok İslami bir soft kapitalist çözüm sunmanın ötesine geçememiştir. Çalışma yöntem itibariyle Ahmet Midhat'ın iki temel eseri üzerinden milli iktisat söylemi ile çağdaş İslam iktisadı arasında mukayeseli bir söylem analizi benimser.

Anahtar Kelimeler: İslam İktisadı, Milli İktisat, Ahmet Midhat, Liberal İktisat, Korumacılık

Jel Kodu: B50

¹ Dr. Öğr. Üyesi, İsa Yılmaz, İstanbul Medeniyet Üniversitesi, Siyasal Bilgiler Fakültesi, İktisat Bölümü, isa.yilmaz@medeniyet.edu.tr, ORCID: 0000-0001-7388-8539.

² Yüksek Lisans, İsmail Ünal, Yıldız Teknik Üniversitesi, İktisadi ve İdari Bilimler Fakültesi, İnsan Kaynakları Yönetimi Bölümü, ismailunaal@gmail.com, ORCID: 0000-0002-1094-2638.

From the Idea of National Economy to Islamic Economics: In Search of Authenticity for Economic Modernization

Received: 08.04.2022

Accepted: 30.06.2022

Type: Research Article

DOI: 10.55237/jie.1100423

Abstract

This paper aims to analyze the increasing search for economic modernization in the contemporary Muslim societies and the related contributions in this field from the last period of Ottoman era until today. In response to the generation of wealth in the West in the aftermath of Industrial Revolution that gained global scale for capitalism, the search for economic authenticity, which started in the latest stages of Ottoman period, especially in the period of Tanzimat, and continues in recent times, has a critical importance in determining political and economic projections for the contemporary Muslim societies. The discourse of 'national economy' in the post-Tanzimat period and Islamic economics discourse in the post-colonialist era, in this respect, correspond to a common search in different decades of the last century in terms of seeking an alternative against capitalism.

This study argues that both discourses cannot be thought independent from the development of capitalist stages, especially industrial capitalism, and finance capitalism. The national economy discourse developed mainly by Ahmet Midhat, who was one of the leading scholars in the late Ottoman era, and Islamic finance which emerged in the period where financial markets gained a global scale, could not go beyond presenting a soft-capitalist solution to the existing problems rather than constituting an alternative to capitalism. The study adopts a comparative method to bring a discourse analysis by discussing Ahmet Midhat's two eminent books on national economy and contemporary Islamic economics.

Keywords: Islamic Economics, National Economy, Ahmet Midhat, Liberal Economy, Protectionism

Jel Code: B50

Giriş

İbn Haldun'un ortaya koyduğu organizmacı devlet kuramına göre 'devletler de tıpkı insanlar gibi doğar, büyür, yaşlanır ve ölürler' tezi yaklaşık altı asır boyunca cihan devleti olarak ayakta kalan ve bu sürede çeşitli siyasi kazanımlar ve kayıplar yaşayan Osmanlı Devleti için de geçerlidir. 13. yüzyılda Anadolu'da siyasi bir güç olarak ortaya çıkmış, 15. yüzyılda İstanbul'un fethi ile siyasi ve coğrafi genişlemesi önlenemez hale gelmiş olan Osmanlı Devleti özellikle 17. yüzyılın sonlarından itibaren Avrupa'da yaşanan bilimsel devrimin sanayi ve teknoloji gibi iktisadi ve politik alanlarda Batı lehine üstünlük sağlamasıyla birlikte giderek güç kaybı yaşamaya başlamıştır. Bunun neticesinde Osmanlı Devleti kendi içerisinde ve uluslararası düzlemde askeri, siyasi, sosyal ve iktisadi alanda geri kalmışlık hissiyatına kapılırken Avrupa'da ise Sanayi Devrimi ile ortaya çıkan yüksek refah üretimi tüm Batıya yayılmıştır.

Osmanlı devlet adamları ve aydınları Avrupa'da gerçekleşen bu değişim karşısında farklı tepkiler vermişlerdir. Kimisi bu gelişmelerin getirdiği maddi refah boyutuna odaklanarak Osmanlı'nın ekonomik gerileyişi karşısında Batının terakkisini Osmanlı için bir model olarak kabul etmeyi savunurken, kimisi de Batının önerdiği maddi refahın beraberinde sosyal ve ahlaki yıkımlara sebep olacağını düşünerek Batıdaki gelişmelere karşı topyekûn bir karşı koyuşa başvurmuşlardır³. Avrupa'nın gerisinde kaldıklarını kabul edip Batının kalkınma reçetelerini uygulayarak tekrardan altın çağa dönme arzusu olan devlet adamları ve aydınları özellikle ahlaki sonuçları hesaba katarak 'geri kalmışlık' durumunu sorgulayan karşıt görüşe zamanla üstün gelmiş ve birçok alanda Batının ilerleme modelinin takip edilmesini ve karşılaşılan sorunlara Batılı reflekslerden beslenen çözüm önerileri aramayı önermişlerdir. Çözüm arayışında olan Osmanlı aydınları ilkin mevcut durumun tespiti ve tahlilini yapmışlardır. Bunun için önce geri kalmışlık varsayımı kabul edilmiş ve bu geri kalmışlığın sebepleri etraflıca araştırılmıştır. Bu araştırma neticesinde bir 'değişim' sürecinin başlamasının zaruri olduğunu işaret etmişlerdir (Sayar, 2008).

Aydınların şart koştuğu değişim sürecinin çeşitli politikalara dönüşmesi ve bu değişimin resmi bir dil ile ilan edilmesi Tanzimat Fermanı ile gerçekleşmiştir. Bu ferman ile askeriyeden sosyal hayata, iktisattan hukuka kadar birçok konuda yeni hükümler ortaya konmuştur (Bulut, 2012, s. 81). Fakat her ne kadar Tanzimat Fermanı ilan edilmiş olsa da gerek Osmanlı münevverlerinin gerekse Osmanlı devlet adamlarının bu ferman ile amaçladıkları tam anlamıyla gerçekleşmiş değildir. Bundan dolayı Tanzimat Fermanı sonrası Osmanlı Devleti içerisinde bulunduğu sosyoekonomik durumdan daha iyi bir duruma gelmek şöyle dursun daha da sancılı süreçlere girmiştir.

Genel hatlarıyla Tanzimat Dönemi ve sonrası böylesi bir siyasi ve toplumsal atmosfer mevcutken iktisadi alanda Avrupa ülkelerinde yoğun bir bilimsel çalışmanın yakından takip edildiği ve Batıda bilimsel buluşlar ile teknolojinin bir araya gelmesiyle özellikle üretim

³ Osmanlı son dönemi geri kalmışlık ve çözüm arayışlarına dair kapsamlı bir tartışma için bkz. Atasoy (2019), Berkes (2002), Beydilli (1999) ve Doğan (2010).

alanında meydana gelen kapasite artışı karşısında geri kalmışlık hissini barındıran bir düşünce dünyası yaygındır (Pamuk, 2018). Osmanlı toplumu iktisadi hayatında üretim konusunda Batıdakine benzer bir sıçrama gerçekleştiremezken, temelde kendine yetecek kadar ürün üretmeyi esas alan ve bu üretimi de büyük oranda insan gücü ile gerçekleştiren bir anlayış ve tatbikat mevcuttur (Genç, 2014). Bu anlayış ticaretin küresel boyut kazanarak iktisadi serbestiyetin giderek yaygınlaşması ve Osmanlı'nın yerel pazarda daha fazla yabancı yatırımcıya alan açmak zorunda kalmasıyla mevcut üretim tarzını karmaşık bir hale getiren bir süreçle de yavaş yavaş değişmekteydi. Bu değişime paralel olarak, yerli tüccarlardan alınan yüklü vergilerden dolayı yerel esnaf ekonomik darboğaz yaşarken kendilerinden alınan düşük vergiler sayesinde de yabancı tüccarlar mukayeseli bir üstünlük kurmuş oluyorlardı. Yerli tüccarlar ağır vergilerin yüküyle ürünleri daha pahalıya satmak durumunda kalırken yabancı tüccarlar malları daha ucuza satabiliyor, böylelikle ticarete üstünlük sağlıyorlar ve yerli tüccarlar yabancı tüccarlar ile rekabet edemeyecek hale geliyordu. Bu durum sosyoekonomik açıdan Osmanlı tebaasına olumsuz yansımakta ve geçim anlamında ciddi güçlükler yaşatmaktaydı.

Tüccarlar ve tebaa bu durumda iken Osmanlı münevverleri yaşanan iktisadi buhrana karşı bir çözüm bulmak için çaba gösteriyordu. Elbette bu tartışmaların temelinde geri kalmışlığın kabulünden yola çıkarak Avrupa'nın iktisadi gelişiminin nasıl yakalanabileceği fikri yatıyordu. Bu arayış Osmanlı düşünürlerini zamanla Adam Smith, Friedrich List ve David Ricardo gibi Avrupalı entelektüellerin fikirleri ile tanışmaya sevk etmiş ve onların temel düşünceleri Osmanlı ekonomik modernizasyonunun sac ayaklarını oluşturmuştur. Bu etkilenmeler Tanzimat dönemini de kapsayan 19. yüzyılda ortaya konan iktisadi eserlerde belirgin olarak görülür (Budan, 2018, s. 84).

Dönemin ilgili eserlerinde yaygın görüş ana akım ekonomi bilimi çerçevesinde Batının iktisadi ilerleyişinin Osmanlı'ya taşınmasını sağlayacak ekonomi politikalarını tercüme edilecek Avrupalı eserlerdeki temel iktisadi teorilerden çıkarmaya çalışmaktır. Böylesi bir Avrupamerkezci yaklaşımın karşısında ise milli iktisat düşüncesi yer almaktadır. Bu düşünce temelde mevcut siyasi, toplumsal ve iktisadi durumu iyi analiz etmeye çalışmakta ve ekonomi biliminin evrensel olma iddialarının ötesinde toplumsal etkenleri dikkate alan bir iktisat teorisinin geliştirilmesi gerekliliğini vurgulamaktadır.

Osmanlı önde gelenleri mevcut iktisadi buhran durumuna bir çözüm bulma konusunda ortak bir kanaate ulaşamamış ve temelde iki farklı görüş etrafında karşı karşıya gelmişlerdir. Bunlardan ilki iktisadi liberalizm, diğeri ise iktisadi korumacılık politikasıdır (Özcan, 2013). Tanzimat döneminde iktisadi liberalizmin önemli temsilcileri arasında Sakızlı Ohannes Paşa ve Portakal Mikael Paşa vardır. Her iki isim dışında Osmanlı aydınları da benzer şekilde bu fikir etrafında toplanmışlardır. Bu görüşün temsilcileri temelde Türkiye'nin esas olarak bir tarım memleketi olduğu ve öyle kalması gerektiği görüşünü paylaşır. Bunun için, tarım ürünleri ihraç edebilmek adına serbest dış ticaretin benimsenmesi gerekir (Georgeon, 2006). İktisadi serbestiyetin karşısında yer alan iktisadi korumacılık fikrinin savunucularına göre ise Avrupa'yı refah yönünden yakalamak için sanayileşmek kaçınılmazdır. Ancak, Avrupalı

güçlerin dayattığı serbest dış ticaret yerel ve yabancı sanayiciler arasında eşitsiz bir rekabet doğurduğu için ve bu yüzden milli sanayi her zaman savunmasız kalma tehlikesi içerisinde olduğu için, korumacı önlemlerle yeni doğan sanayinin yetişmesine dek iktisadi serbestiyetten uzak durmak gerekir. Bu politikayla amaçlanan bir Müslüman Türk girişimci sınıfının ortaya çıkması sayesinde iktisadi korumacılık ile güçlenen milli bir burjuvazi yaratmaktır (Georgeon, 2006).

Korumacı politikaları esas alan milli bir iktisat inşa etme çabasında olan önemli isimlerinden biri de esasen bir iktisatçı kimliği ile ön plana çıkmadığı halde bulunduğu dönemde gazetecilik yapmış, çeşitli konularda eserler kaleme almış, yaşadığı dönemin en ciddi münevverlerinden biri olan Ahmet Midhat'tır. Entelektüel olmanın sağladığı çok boyutlu düşünme, alana özgün fikirler sunma gibi birçok özelliği kendisinde toplayan Ahmet Midhat iktisadi uzmanlığının sınırlı olmasına rağmen dönemindeki birçok iktisatçının tercüme eser yazmanın ötesine geçemediği bir zaman diliminde Ekonomi Politik gibi yerel ve kimi yönleriyle özgünlük içeren bir eser ortaya koymuştur.

Başta Ekonomi Politik olmak üzere kaleme aldığı tüm iktisat yazılarında Ahmet Midhat daima içerisinde bulunduğu toplumun dinamiklerini ve öznel yönlerini dikkate almış ve Avrupa'daki herhangi bir ülkenin benimsediği iktisat politikasının toplumsal etkileri göz önüne almadan aktarılamayacağını iddia etmiştir. Buna rağmen kendisi iktisadi anlamda çok yönlü bir uzmanlık sahibi olmadığı için Ekonomi Politik eserinde Belçikalı iktisatçı Brouckère'in eserini temel almış ve onun yazdıklarını Osmanlı toplumuna uygun bir forma dönüştürmeye gayret etmiştir. Fakat Ahmet Midhat'ın gerek Ekonomi Politik eserinde gerekse diğer iktisat metinlerinde korumacı bir milli iktisat arayışına girme çabasına rağmen ortaya koyduğu tezler Avrupa'nın yaşadığı ekonomik tecrübeyi Osmanlı içerisinde tekrar ettirme iddiasından öteye geçememiştir.

Milli iktisat projesinin başarısızlığı uğradığı Tanzimat döneminden sonra Cumhuriyetin ilan edildiği ilk yıllarda devlet müdahalesine dayanan iktisadi girişimlerle geri kalmışlık sorunu aşmaya çalışılmıştır. Birinci Dünya Savaşından iktisadi, siyasal ve sosyolojik olarak yorgun ayrılan ve üstüne ilk küreselleşmeye hazır olmayan yeni Türkiye Cumhuriyeti iktisadi kalkınmasını birbirini takip eden iktisat kongreleriyle projelendirirken aynı zamanda tek parti rejimi altında siyasi istikrarsızlıkla baş etmektedir. 1950'lere gelindiğinde ise her açıdan giderek küreselleşen ve modern ulus devlet anlayışının yerleştiği bir dünyada tıpkı Türkiye'de olduğu gibi Müslüman toplumlar sömürge döneminde dayatılan hukuki, siyasal, kültürel ve ekonomik kalıntıları sömürge sonrası dönemde üzerinden atmaya ve yeni bir alternatif düzen ortaya koymaya gayret etmişlerdir. İslam iktisat düşüncesinin ortaya çıkışı bu yönüyle mevcut kapitalist düzene alternatif arayışlarının bir başka örneğini teşkil eder. Tanzimat döneminde kapitalizmin kuşatıcılığına karşı verilen milli iktisat yanıtı, ekonomik sınırların giderek silikleştiği bir zeminde küresel bir iddia ile ortaya çıkan ve finans kapitalizminin eziciliği karşısında yer edinme gayesi güden İslami finans ile bu anlamda benzerlik göstermektedir.

Bu çalışma kapitalizmin son iki asırda evrensel boyuta taşınarak alternatifsiz bir sistem olma iddiasına karşın Müslüman toplumların ve idarelerin kapitalizm karşısında geliştirdikleri düşüncelerin özgünlük iddiasını ele almaktadır. Ahmet Midhat'ın milli iktisat modeli ile İslami finansın tarihsel serüveninden yola çıkarak bu çalışma kapitalizm ile yüzleşmede alternatif özgünlük ortaya koymaktan çok mevcut küresel ekonomik paradigma içerisinde 'soft-kapitalist' uygulamalar üretildiğini iddia eder. Bu manada, Ahmet Midhat'ın milli iktisat düşüncesi Batının kapitalist gelişme sürecindeki merkantilist aşamaya, ya da bir diğer ifadeyle ticari kapitalizme, karşılık gelirken İslami finans ise finans kapitalizmine karşılık gelmektedir. Çalışma, bu amacı gerçekleştirmek üzere yöntem itibariyle Ahmet Midhat'ın iki temel eseri üzerinden milli iktisat söylemi ile çağdaş İslam iktisadı arasında mukayeseli bir söylem analizi benimser.

1. Tanzimat Dönemine Genel Bir Bakış

Tanzimat Dönemi, Sultan Abdülmecid'in tahta çıkmasının ardından 3 Kasım 1839'da Mustafa Reşit Paşa tarafından okunan Tanzimat Fermanı ile başlayan dönemdir. Döneminin ne zaman son bulduğu konusunda farklı görüşler vardır. Sadrazam Âli Paşa'nın ölüm tarihi olan 1871 yılını esas alan yazarlara göre Tanzimat, Mustafa Reşit, Âli ve Fuad Paşaların eseridir; dolayısıyla, Âli Paşa'nın da ölümüyle bu devir kapanmıştır. 1876 yılını esas alanlar, bu tarihte devletin görünüşünde bazı temel değişimler olduğunu zikreder. 1908 yılında Meşrutiyet'in ilanını yönetim biçiminde bir değişim olarak ele alanlar ise, Tanzimat Dönemi'nin sonunu bu tarihe kadar getirirler. Başlangıcı kesin olan fakat sonu konusunda farklı görüşler bulunan Tanzimat Dönemi, Osmanlı siyasal tarihinin en önemli dönüm noktalarından biridir. Öyle ki, Tanzimat Fermanı ilanı ile Osmanlı aydınları, devlet adamları ve politikacılar fermanın sonuçlarını kapsamlı bir şekilde tartışmışlardır. Bu dönemde alınan kararların 21. yüzyılda siyasi, kültürel, sosyolojik ve ekonomik sahada ne tür sonuçlar doğurduğu ise hala tartışılmaktadır (Özveren, 2001).

Osmanlı Devleti'nin 13. yüzyılda başlayıp 17. yüzyıla kadar süren durdurulamaz ilerleyişinin ardından özellikle 1699 Karlofça Antlaşması ile ciddi toprak kayıpları yaşanmıştır. Bu tarihten itibaren Osmanlı Devleti zaman zaman belirli toprakları kazansa da altın çağ dönemindeki istikrar söz konusu değildir ve her geçen gün Osmanlı Devleti Avrupa ülkeleri karşısında siyasi ve iktisadi güç kaybı yaşamaya devam etmiştir. Buna rağmen Osmanlı devlet adamları ve aydınları Osmanlı'nın Avrupa devletleri karşısında giderek zayıflayan yönlerini başlarda askerî açıdan bir zafiyet olarak ele almış ve giderek daha fazla alana yayılan geri kalmışlığın üstesinden gelme konusunda iktisadi modernizasyon askeri modernizasyonu takip etmekteydi. Avrupa'da gerçekleşen sanayi devrimi ve beraberinde gelen üretim hacmi artışı karşısında ise Osmanlı mevcut iktisadi nizamını korumaya gayret etmiş, ancak bir yandan da sanayileşmeyi arttırmak için çaba göstermiştir (Seyitdanlıoğlu, 2009).

Zamanla geri kalmışlığın daha fazla alanda hissedilmesiyle birlikte Osmanlı Devleti'nde hem devlet adamları hem de aydınlar tarafından devletin siyasi, toplumsal ve ekonomik yapısını değiştirme ve tekrardan altın çağa dönme arzusu güç kazanmıştır. Tanzimat Fermanı'nın ilan

edilmesi böylesi bir arayışın somut karşılığıdır. Bu ferman ile Osmanlı Devleti içerisinde özel mülkiyetten yargıya, vergiden askeriyeye kadar önemli değişiklikler olmuş ve yeni kanunlar getirilmiştir. Fakat Tanzimat Fermanı'nın ilanı Osmanlı Devleti'nin Avrupa karşısında gerileyişini önleyememiş ve bu yüzden 1856 yılında bir başka yenilik programı olarak düşünülebilecek Islahat Fermanı ilan edilmiştir. Böylece eski gücüne ulaşmak isteyen Osmanlı'da Tanzimat Fermanı'ndan sonra yeni bir nizam sağlaması planlanan bir adım daha atılmıştır. Bu fermanla da benzer konularla ilgili değişiklikler yer almış, sadece özgürlük ve eşitlik alanları biraz daha genişletilmiştir. Fakat, Islahat Fermanı da Tanzimat Fermanı gibi Osmanlı'nın Avrupa karşısında güç kaybetmesinin önüne geçememiştir. Dönem içerisinde gerçekleşen birçok başarısız hamle Osmanlı aydınları tarafından ciddi anlamda tartışılmış ve bir çözüm arayışına girilmiştir. Gerçekleşen bu fermanlar ve aydınların farklı çözüm arayışları Osmanlı'nın Avrupa karşısında güç kaybetmesini engelleyememiş olsa da devleti kendi içerisinde bir yeniliğe götürmüş ve 1876 yılında Kanun-i Esasi ilan edilmiştir.

Kanun-i Esasi Tanzimat ve Islahat Fermanı ile benzer arayışlar sonucu ortaya çıkmış ve Osmanlı Devleti'nde 1. Meşrutiyet'e giden yolun önünü açmıştır. Bu dönemde Osmanlı Devleti yukarıda sayılan tecrübeleri yaşarken Avrupa ülkelerinde siyasi açıdan Fransız İhtilali gerçekleşmiş ve milliyetçilik akımları başlamış, ekonomik açıdan Sanayi Devrimi gerçekleşmiş, üretimde makineleşme çok yüksek seviyelere gelmiş ve küresel ekonomi hiç olmadığı kadar canlılık kazanmıştır. Bununla birlikte Avrupa Devletleri, savaşlar için daha yüksek teknoloji silahlar üretmeye başlamış, hareket kabiliyeti daha fazla olan donanmalar inşa etmişlerdir.

Dönemi hülasa etmek gerekirse teknolojik gelişimini hızlandıran, Sanayi Devrimi'ni gerçekleştiren ve ekonomik alanda yüksek refah üreten bir kapitalist yapıya sahip Avrupa ülkeleri karşısında Osmanlı Devleti siyasi ve iktisadi açıdan giderek güç kaybetmekte ve iç ve dış çekişmeler arasında hem devlet adamları hem de aydınları ile tüm alanlarda Avrupa ülkelerine yetişmek ve onları geçmek için değişim arayışına girmiştir.

2. Tanzimat Dönemi Osmanlı Ekonomisi: Yeni Düşünceler

Osmanlı iktisat tarihi açısından Tanzimat Dönemi önceki dönemlerden farklı özellikler barındıran bir değişim, yenilenme ve düzenleme sürecidir. Bu dönem öncesinde Osmanlı Devleti yapılan savaşlarda kazanılan ganimetler, başarı ile sürdürülmüş tarım politikaları ve ticaret yollarına hakimiyet gibi unsurların verdiği avantajlarla ekonomik alanda Avrupa ülkeleri ile yarışır durumdaydı. Fakat, 17. yüzyıl sonları itibariyle devlet harcamalarının kontrol edilemez hale gelişi, kaybedilmeye başlanan topraklar, tarım politikalarının bozulması, Sanayi Devrimi ve teknolojik ilerlemenin iktisadi hayatta sağladığı büyük değişimin etkisiyle Osmanlı ekonomisi klasik dönemin çok gerisinde kalarak Avrupa ülkeleri karşısında var olan üstünlüğünü kaybetmeye başlamıştır. Ekonomik gücünü kaybetmeye başlayan Osmanlı, yukarıda etraflıca değinildiği üzere birçok alanda kendisini sorgulamaya ve bir değişim sürecine girmeye başlamıştır. Bu sorgulama ve değişim çabasına girilen alanlardan biri de ekonomidir.

Bu dönemde Osmanlı devlet adamları ve aydınları devletin içinde bulunduğu iktisadi çöküşten kurtulup refah açısından yeniden Avrupa ülkelerinin önüne geçerek eski altın çağa dönmeyi hedeflemişlerdir. Bu amaçla pek çok ilmi çalışma ortaya konmuş ve iktisadi politikalar anlamında genel itibariyle daha önce belirtildiği üzere iki ayrı görüş etrafında toplanılmıştır. Bunlardan biri liberal iktisat politikaları, diğeri ise korumacı milli iktisat politikasıdır. Sakızlı Ohannes Paşa, Portakal Mikeal Paşa, Mehmed Cavit, Ahmet Şuayb ve Rıza Tefvik Bey gibi isimler liberal düşüncenin en yılmaz savunucuları arasında yer almaktadır. Özellikle Adam Smith düşüncesinin Türkiye'deki önemli temsilcilerinden biri olan Sakızlı Ohannes Paşa (2015) benimsediği liberal görüşü 'Osmanlı'da Modern İktisadın İzinde 1' kitabı ile Osmanlı Devlet politikalarına yaymaya çalışmıştır. İsimleri sayılan iktisadi liberalizmin temsilcileri Osmanlı ekonomisinin yeniden ayağa kalkabilmesi ve Avrupa ülkelerini yakalayabilmesi için öncelikle serbest ticaret anlayışının benimsenmesi gerektiğini iddia etmekteydi. Dahası, bu görüşe göre Osmanlı bir tarım memleketiydi ve bu şekilde kalmalıydı. Buradan hareketle Osmanlı'da sanayinin de üretilen tarım ürünlerinin ihracatı sayesinde gelişeceğini düşünüyorlardı (Bozpinar, 2021). Liberal iktisadi düşünce tüm bu iddialarıyla Avrupa ülkelerindeki ekonomik anlayışın Osmanlı Devleti'nde de benimsenmesini arzulamıştır.

Liberal yaklaşım karşısında Ahmet Midhat ve Kazanlı Akyığıtzade Musa Bey gibi entelektüeller milli iktisat modelini savunmuşlardır. Bu modelde kuşkusuz en öne çıkan isim Ahmet Midhat'tır. Ahmet Midhat gerek Ekonomi Politik gerek Hallu'l-Ukad adlı eserlerinde bu konuya dair fikirlerini etraflıca ortaya koymuştur. Dış ticarete serbestiyet yerine korumacı bir siyaset anlayışını benimseyen milli iktisat savunucuları liberal iktisat taraftarlarının düşüncelerinin aksine Avrupa'yı iktisadi gelişim açısından yakalayabilmek için tarıma dayalı olmayan ve yine tarımla sınırlı olmayan bir sanayileşmenin kaçınılmaz olduğunu iddia etmekteydiler. Milli bir iktisat hamlesinin yaratacağı Müslüman Türk girişimci sınıfı imtiyazlı piyasada üstün hale gelecek ve ekonomide milli bir dönem başlamış olacaktı. Tanzimat dönemi ve sonrası iktisadi görüşler bu iki yaklaşım üzerine yoğunlaşırken toplumsal anlamda tarımın yavaşlaması ve üretimin azalmasından dolayı insanların geçimlerinin zora girdiği ve refahın azaldığı gözlemlenmektedir. Yerli tüccarlar da devlet tarafından alınan yüksek vergilerden dolayı Avrupalı tüccarlar ile baş edemez duruma gelmişlerdir. Tüm bu gelişmelerin yaşandığı bir zamanda Osmanlı Devleti de tarihinde ilk kez 1854 yılında yabancı devletlere borçlanmıştı. İngiltere'yle başlayan borçların büyüklüğü imparatorluğun tasfiyesine kadar giderek artmış ve bu durum zamanla önüne geçilemez bir hal almıştır.

Özetle, Tanzimat dönemi ile başlayan değişim çabaları ekonomi alanında da etkilerini belirgin şekilde göstermiştir. Devletin girdiği zor durum, tüccarların belini büken yüksek vergiler, üretim azaldığı için geçim sıkıntısı yaşayan halk ve tüm bunlar yaşanırken başarılı bir değişimin gerçekleşmesi için kendi fikirlerini ortaya koyan münevverler bu değişimin temel aktörleri olmuştur.

3. Ahmet Midhat: Hayatı, Temel Görüşleri ve İktisadi Meselelere Dair Fikirleri

Edebiyat, tarih, eğitim, gazetecilik, iktisat gibi birçok alanda çalışması bulunan, devlet memurluğu ve matbaacılık yapmış olan Ahmet Midhat 1844 yılında İstanbul'da bulunan Tophane ilçesinde dünyaya geldi. Orta halli bir esnaf ailesi içerisinde yaşayan Ahmet Midhat, babası vefat ettikten sonra Vidin'de memur olan abisi Hafız Ali Ağa'nın yanına gitti ve orada sıbyan mektebini bitirdi. Daha sonra tekrardan İstanbul'a döndü. Ahmet Midhat İstanbul'a döndükten sonra bir aktarın yanında işe girdi. Bu sırada abisi, Midhat Paşa'nın yanında çalışıyordu. 1861'de Midhat Paşa Niş Valisi olarak atanınca Ahmet Midhat da abisi ile Niş'e gitti ve bir süre sonra burada rüştiyesini tamamladı. Ahmet Midhat rüştiyeyi bitirdikten sonra Rusçuk'ta memur olarak işe başladı. Memurluğu sırasında gösterdiği gayret ve çalışkanlığı ile Midhat Paşa'nın takdirini kazandı ve Midhat Paşa, Ahmet Midhat'a kendi ismini verdi. Daha sonra ise Ahmet Midhat'ın Fransızca öğrenmesini teşvik etti. Ahmet Midhat bu vesile ile Fransızca eğitimi aldı ve iyi seviyede bir Fransızcası oldu. Hatta ilerleyen senelerde çevirmen olarak Sofya'ya gitti ve burada evlendi. Fransızca'yı iyi bir şekilde öğrenen ve zeki biri olan Ahmet Midhat bu sayede de Tuna Gazetesi'nde yazar olarak işe başladı. Bir yıl içerisinde bu gazetenin başyazarı oldu. Ahmet Midhat 1869 senesinde ise Midhat Paşa ile Bağdat'a gitti ve burada vilayet matbaası ve resmi vilayet gazetesi olan Zevra'nın müdürlüğünü yaptı. Bağdat'ta iken de ilk kitabı olan "Hece-i Evvel"i yazdı. 1871 yılında abisinin vefatı sonrasında İstanbul'a döndü ve memurluğu bıraktı (Okay, 1975).

Ahmet Midhat memuriyet hayatı süresince çok fazla tecrübe edinmiş, Midhat Paşa sayesinde kültürlü bir çevresi olmuş ve sohbet meclislerinde bulunarak ilmi seviyesini çokça arttırmıştır. Memuriyet sonrasında ise kendi matbaasını kurmuş ve çok sayıda kitap çıkarmıştır. Çıkardığı çok sayıda kitaptan dolayı da kendisine "yazı makinesi" (Okay, 2002, s. 136) lakabı verilmiştir. Yaşamının ilerleyen dönemlerinde Ahmet Midhat, dönemin ünlü yazarlarından Namık Kemal ile tanışmış, onunla vakit geçirmiş ve fikir alışverişi yapma fırsatı bulmuştur. İlerleyen dönemlerde Ahmet Midhat matbaasını genişletmiş, Devir ve Bedir isimli iki gazete çıkarmış, ancak bu gazeteler zamanla kapatılmıştır. Bu gazeteler kapatıldıktan sonra Ahmet Midhat yazılarını Dağarcık Gazetesi'nde yazmaya başlar. Bu gazetede yazdığı "Duvardan bir Sadâ" başlıklı yazısında ortaya koyduğu fikirlerin materyalist düşünceler olduğu iddia edilerek Genç Osmanlılar ile birlikte Rodos'a sürülür. Rodos'ta geçirdiği sürede, orada Medrese-i Süleymaniye Mektebi'ni açmış ve çocuklara çeşitli dersler vermiştir. Ahmet Midhat Sultan V. Murat'ın affıyla 1876'da İstanbul'a döner. Dönüşünden sonra eleştirel dilini biraz dizginleyen Ahmet Midhat, devletin içerisinde olan sıkıntıların çözümünü siyasette değil eğitimde görmüş ve insanların eğitimi için her alanda yazılar kaleme almaya başlamıştır. Daha sonra dönemin sultanı II. Abdülhamit ile yakınlaşmış ve devletin resmî gazetesi olan Takvim-i Vakayi'nin müdürü olmuş, bununla birlikte Maatbaa-ı Amire'nin de müdürlüğüne atanmıştır.

Doğumundan vefatına kadar birçok konuda tecrübe edinmiş olan Ahmet Midhat çalışkanlığı ve kıvrak zekâsı sayesinde birçok alanda çalışmalar yapmıştır. Edebiyatımızda ilk hikâye olan Letaif-i Rivayat'ı, ilk tarihi roman denemesi olan Yeniçeriler'i, ilk polisiye roman olan Esrar-Cinayet'i yazmıştır. Birçok alanda daha ilklere imza atmıştır. Yazdığı eserlerde daima halkı eğitmeyi öncelmiş olan Ahmet Midhat ortaya koyduğu çalışmalardan dolayı yaşadığı

dönemde hem devlet adamlarının hem dönemin aydınlarının hem de Osmanlı halkının takdirini kazanmıştır. Bundan dolayı yazdığı her yazı ciddiye alınmış ve yazdıkları üzerine çokça tartışma yapılmıştır.

Birçok alanda çalışma yapmış olan Ahmet Midhat iktisat alanında da çalışmalar yapmış ve bu alanda farklı yazılar kaleme almıştır. Ortaya koyduğu iktisadi yazıların en önemlisi ve Ahmet Midhat'ın iktisadi görüşlerini kapsamlı bir şekilde aktaran iki eseri vardır. Bunlardan biri Ekonomi Politik, diğeri ise Hallu'l-Ukad'dır. Bir sonraki bölüm Ahmet Midhat'ın kaleme aldığı bu iki makale üzerinden değerlendirilecektir.

3.1 Ekonomi Politik ve Hallu'l-Ukad

Ahmet Midhat, Tercüman-ı Hakikat gazetesinde iktisatla ilgili yayınladığı yazıları bir araya getirerek 1879 yılında Ekonomi Politik ismiyle bir kitap çıkarmıştır. Bu kitap Osmanlı Devleti döneminde bu konuda yayımlanan ilk eserlerden biridir. Eser döneminde ilk olma özelliği taşıması rağmen, eserin çok fazla özgün bir çalışma olduğu söylenemez. Çünkü Ahmet Midhat eserinin Hatırlatma (İhtar) bölümünde kendi de ifade ettiği üzere Ekonomi Politik adlı eseri yazarken Belçikalı İktisatçı Brouckère'in yazdığı bir kitaptan faydalandığını belirtir (Midhat, 2005, s. 97). Ahmet Midhat Brouckère'in kitabından sadece içerik planlaması yönünden istifade ettiğini açıklasa da esere dikkatlice bakıldığında Ahmet Midhat'ın kitabın birçok yerinde Brouckère'in kendi ülkesi için verdiği örnekleri Osmanlı halkına uyarlayarak sunduğu görülür. Midhat, belli başlı noktalarda da kitabının rehberi olan Brouckère'e katılmadığı noktaları belirtir ve onu bu konularda eleştirir.

Kitabın bölümlerini değerlendirmeye geçmeden önce Brouckère hakkında birkaç konuya değinmek gerekir. Belçikalı siyasetçi ve iktisatçı olan Charles de Brouckère 19. yüzyılın ilk yarısında yaşamıştır. 1851'de *Prncipes generaux d'economie-politique* [Ekonomi-politiğin genel ilkeleri] adlı kitabını yayımlamıştır. Kapağında Jean-Baptiste Say'ın bir portresi bulunan Brouckère'in kitabı, tamamen ekonomik liberalizm etkisiyle yazılmış bir eserdir (Georgeon, 2006). Brouckère kendi döneminde korumacılık ve serbestiyet tartışmalarında serbest ticaret tarafında durmuş liberal bir iktisatçıdır. Ahmet Midhat'ın Brouckère'in çalışmasını neden örnek aldığı sorgulandığında Brouckère'in eserini herkesin anlayabileceği bir dille yazmış olması önemli bir etkidir.

Brouckère'in çalışmasını rehber olarak Ekonomi Politik eserini ortaya koyan Ahmet Midhat kendi çalışmasını Brouckère gibi altı ana bölüme ayırmıştır. Bu altı bölümde bir taraftan servet, sermaye, değer, üretim, tüketim, rekabet, mübadele, sigorta, banka, banknot, inhisar ve yed-i vahid makinalaşma, gümrükler, ithalat ve ihracat serbestisi, imtiyaz ve himaye, altın, gümüş, gibi iktisadın temel kavramları ve mevzularını izah etmeye çalışırken diğer taraftan o dönem Avrupa'sının ve Osmanlı aydın ve devlet adamlarının üzerinde tartıştığı iktisadî meseleleri ele alarak yorumlamıştır (Çağman, 2017).

Makalenin ilk bölümünde ekonomi politik kavramını irdeleyen Ahmet Midhat ekonomi ve politika kavramlarını ayrı ayrı inceler, daha sonra birçok iktisatçının ekonomi politik tanımına değinir ve J. Say'ın ekonomi politik tanımını kabul eder. Bu tanıma göre 'Ekonomi Politik,

servet denilen şey nasıl üretilir ve insanlar arasında nasıl paylaşılır ve nasıl harcanıp tüketilir, işte bunların temel ve tabii ilkelerini gösterir' (Midhat, 2005). Say'ın bu tanımından yola çıkan Ahmet Midhat eserini servetin nasıl üretileceği, ne şekilde paylaşılacağı ve nasıl kullanılıp tüketileceği şeklinde bölümlendirmiştir. Kitabın planını bu tanım belirler. I. ve II. bölümlerde servet üretimi sorununu inceleyen ve IV. bölümleri ise ticaret konusuna ayıran Ahmet Midhat, kendi kişisel düşüncelerini özellikle milli servetin ve sanayinin korunmasının incelendiği V. bölümde ifade eder. Son bölümün konusu ise servet tüketimi (özel tüketim, belediye ve devlet tüketimi) ve sosyal yardım sorunudur. Ekonomi Politik eserine genel anlamda bakıldığında Ahmet Midhat rehberi (Brouckère) ile birçok konuda aynı görüşü paylaşır. Fakat, burada dikkat edilmesi gereken nokta Brouckère'in liberal bir iktisatçı olmasıyla birlikte Ahmet Midhat'ın ortaya koyduğu ve Brouckère'i referans aldığı görüşlerinin de liberal çizgide olmasıdır. Eserinde bulunan fırıncı ve kunduracı örneğinden hareketle mübadelenin serbest olması gerektiğini iddia eder (Midhat, 2005, s. 108). Ayrıca Avrupa ülkelerinde bulunan bankaların ve sigorta şirketlerinin gerçekleştirdiği çalışmaların Osmanlı'daki kurumlara da taşınması gerektiğini söylemiş ve faiz konusunda toplumsal yapının gösterdiği hassasiyeti ve meşruiyeti problemini tartışmadan faiz gelirlerinden elde edilecek gelirle sağlanan refahtan bahsetmiştir. Makineleşme konusunda da yine Brouckère'dan ayrılmadan verdiği çorap örneği ile makineleşmenin maliyetleri düşüreceğini ve işsizliği artırmak yerine tam tersi işsizliği azaltacağını iddia etmektedir (Midhat, 2005, s.135). Ayrıca, geçmişteki özel mülkiyet anlayışının çağdaşlaştırılarak serbest piyasa mantığına uygun bir özel mülkiyet formunun Osmanlı hukukuna yerleştirilmesi gerektiğini vurgular.

Bu yönleri ile Ahmet Midhat 'inançlı bir liberal' portresi çizmiştir. Fakat bir konuda kendisi Brouckère'dan çok net bir şekilde ayrılmakta ve O'nu eleştirilmektedir. Bu konu ülkelerin dış ticarete liberal politikalar ile mi yoksa korumacı politikalar ile mi ticaretini sürdüreceği meselesidir. Ahmet Midhat makalesinin henüz başlarında her ülke için ekonomi politığın farklı olması gerektiğini ifade etmiş ve Belçika gibi terakkisi tamamlanmış ülkeler ile İtalya gibi terakkisi tamamlanmamış ülkelerin dış ticaretteki tutumunun farklı olması gerektiğini, buradan hareketle ekonomi politiklerinin de farklı olması gerektiğini ifade etmiştir. Brouckère Belçikalı olduğu için gelişen bir ülkenin dış ticarete liberal politikalar benimsemesi gayet tabidir. Ancak, Ahmet Midhat'a göre Osmanlı iktisadi olarak geride kalmış bir yapıya sahiptir ve terakkisini tamamlayamadığı için dış ticarete serbestiyet politikası benimsenirse Osmanlı için bir çözüm değil, aksine bir çöküş yaşanacaktır. Bu konuda Brouckère'ı eleştiren Midhat her ne kadar eseri boyunca liberal görüş çizgisinde olsa da bu görüşü ile liberal çizgiden ayrılmış ve dönemin liberal görüş savunucularından Ohannes Paşa gibi iktisatçılar ile tartışmalara girmiştir.

Aslında, Ahmet Midhat paranın bir kişinin cebinde veya bir milletin sandığında muhafaza edilmekle fayda getirmeyeceğini kabul eder. Fakat buna mukabil, kullanılmayacak olduğu halde fazladan satın alınacak eşyanın da fayda getirmeyeceğini, altın ve gümüş çürümediği halde alınan eşyanın çürüyüp telef olacağını söyler. Bu sebeple ona göre ihtiyacın üzerinde dışarıdan mal satın alarak ülkeye getirmenin bir yararı yoktur. Yüz franklık ihracata karşılık

seksen franklık ithalat yapılırsa kalan yirmi franklar birikerek milyonlara ulaşır ve bunlar da ekonomi politiğin temel kanunlarına uygun olarak yeni servet ve sermayeler teşkil eder (Çağman, 2017). Aynı zamanda altının her zaman ve her yerde mübadelesinin kolay gerçekleşmesi ve bugünkü değerini kaybetmeyeceği için altın biriktirmenin zararlı olmadığını ifade eder. Bununla beraber dış ticaret serbest bırakıldığı vakit Avrupa ülkeleri üretimde çok avantajlı olduğundan Osmanlı'ya mal satma serbestiyetiyle yerel tüccarı Avrupalı tüccar karşında mücadele edemez bir hale sokacaktır. Bu yüzden, serbest ticaret Osmanlı ekonomisine katkı sağlamak yerine zarar verecek ve yerli üretim zamanla yok olacaktır. Bu durum Osmanlı'yı dışa bağımlı hale getirecek ve ekonomide bağımsızlık mümkün olmayacaktır.

Ahmet Midhat çözüm olarak ilkin ülke içerisinde bulunan yed-i vahid ve inhisar uygulamalarını kaldırıp, serbest mübadeleyi ve rekabeti yeniden oluşturarak yerli ticareti canlandırmak ister (Midhat, 2005). Bununla beraber Avrupalı ülkelere uygulanan kapitülasyonların yeniden gözden geçirilerek kısıtlanmasını ve bu sayede yerli tüccarın Avrupalı tüccarlar ile rekabetinin kolaylaşmasını amaçlar. Dış ticarete de himaye ve korumacılık politikaları izlenerek Osmanlı ekonomisinin terakkisi hedeflenir.

Ekonomi Politik makalesinde Ahmet Midhat rehber aldığı Brouckère ile aynı fikirde olduğu konularda liberal bir çizgide hareket ederken Brouckère'den ayrıldığı en ciddi nokta olan dış ticarete himaye ve korumacılıkta farklı bir çizgide durmaktadır. Bu anlamda ortaya koyduğu çözümlerin milli bir iktisat yapısı oluşturmaktan çok Avrupa'nın liberalizm öncesi yaşadığı bir tecrübe olan ve Avrupa'yı liberalizme götüren merkantilist politikalara benzerlik gösterdiği anlaşılmaktadır.

Ahmet Midhat'ın iktisat ile alakalı bir diğer çalışması Hallu'l-Ukad (Düğümün Çözümü) makalesidir. Bu makalede ekonomi politik makalesindeki gibi Tercüman-ı Hakikat Gazetesi'nde kaleme aldığı iktisadi görüşlerini bir araya getirerek kitap haline getirmiştir. Bu eser sekiz mektuptan oluşmaktadır. "Fihrist Makamında" başlıklı birinci mektupta bir okuyucusunun Ahmet Midhat'a sorduğu bir soru üzerine Ahmet Midhat'ın okuyucusunun sorduğu soruyu geniş bir şekilde cevaplanması gerektiğini düşündüğü için bu eseri yazdığına değinir. İkinci ve üçüncü mektupta iktisat ilminin epistemolojisinden yola çıkarak ilimleri genel olarak tasnif etmeye ve iktisat ilmini bu tasnife göre konumlandırmaya çalışır. Bu bağlamda Ahmet Midhat ilimleri üç şekilde sınıflandırır. Bunlar pozitif ilimler, sahih ilimler ve bu iki ilmin dışında kalan zanni ilimlerdir. Pozitif bilimleri matematiğe dayandıran yazar bütün gerçeklerin kaynağının matematikte olduğunu ve tüm ilimler matematikle ilişki kurabildiği müddetçe gerçeklere ulaşabileceğini söylemektedir. Ahmet Midhat sahih ilimleri ise fiziği örnek göstererek anlatmaktadır. Diğer ilimlerin sahihliği fizik ile girdiği ilişki ile belirlenir. Hukuk, psikoloji, ekonomi gibi bu iki ilmin dışında kalanları ise zanni ilimler olarak adlandırmaktadır. Burada dikkat çekici husus Ahmet Midhat'ın ilimlerin hükümranlığını matematiğe vermiş olması ve hakikatin kaynağı olan matematiği işaret etmiş olmasıdır. Milli bir iktisat arayışında olan Ahmet Midhat'ın görüşlerinin Kartezyen felsefeden beslenen serbest piyasa düşüncesi ile bu denli ortak nokta barındırması milli iktisat arayışının mevcut

piyasa ekonomisi içerisinde aradığını göstermektedir. Eserinin dördüncü bölümde ise Ahmet Midhat “servet” meselesini tartışarak servetin tanımın ne olduğu üzerine bir sorgulamaya girmiştir. Beşinci Bölümde Ahmet Midhat “para” başlığı ile ekonomi politik eserinde verdiği kunduracı örneğini yineleyerek paranın mübadele için gerekliliğini anlatmış ve önceki bölümdeki servet konusu biraz daha genişletmiştir. Altıncı bölümde de “Mübadele” başlığını veren Ahmet Midhat bu konu hakkında Adam Smith’in görüşlerini eleştirmiş ve Fransız iktisatçılar olan Sully ve Colbert’in fikirlerini desteklemiştir.

Ahmet Midhat’ın bu başlık altında fikrilerini desteklediği iktisatçılar merkantilist düşünceleriyle öne çıkan kimselerdir. Mübadele konusunda Ahmet Midhat “Altın denilen şey, önceki mektubumda arz ettiğim üzere, servetleri hakikate dönüştürmenin birinci vesilesi olduğu için altın yığılmış olan, her ne zaman arzu ederse mübadele aleminde derhal istediği servetlere bunu dönüştürebilir” cümlesi ile Merkantilist iktisatçı olan Colbert’in düşüncesini desteklemiştir (Midhat, 2005, s. 320). Ahmet Midhat’ın bu bölümdeki altın ve diğer madenler ile ilgili söyledikleri milli bir iktisat arayışında merkantilist iktisatçıların arasına düşerek özgünlükten uzaklaştığını göstermektedir. Ahmet Midhat eserinin son iki bölümü olan yedinci ve sekizinci bölümlerinde Sully, Colbert, Quesnay ve Adam Smith’i anlatmıştır. ‘Üç Ekonomist’ başlığı altında merkantilist düşünceleri destekleyen iktisatçılar olan Sully ve Colbert’i, fizyokrat çizgide olan Quesnay’ı anlatmıştır. Sekizinci ve son bölümde ise Adam Smith başlığı atarak Smith’i değerlendirmiştir. Her iki bölüm iyi bir şekilde değerlendirildiğinde Ahmet Midhat’a en çok etki eden iktisatçıların Adam Smith öncesi iktisadın Fransız merkantilistleri olan Sully ve Colbert olduğu görülür (Çağman, 2017). Buradan hareketle bu çalışmanın iddiası Ahmet Midhat’ın liberal görüşten farklı olarak ortaya koyduğu fikirlerin büyük bir kısmında merkantilist politikaların izlerinin görüldüğüdür. Bu konunun daha net anlaşılabilmesi için bir sonraki bölümde merkantilizmden genel bir çerçevede bahsedilerek Ahmet Midhat’ın fikirlerinin hangi çizgide olduğu irdelenecektir.

3.2 Merkantilizm

Birçok iktisatçı tarafından ‘Ticari Kapitalizm’ olarak tanımlanan merkantilist iktisadi düşünce özellikle 18. yüzyılda etkisini göstermiştir. Daha çok İngiltere ve Fransa’da etkisini hissettiren ‘merkantilizm’ devlet idaresine dayanır ve ekonomi politikası olarak ekonomi büyürken devletin de büyümesini esas alır. Merkantilist iktisadi görüş servetin kaynağı olarak altın ve gümüş birikimini görmektedir ve bir ülkenin sahip olduğu değerli maden (altın ve gümüş) stoku ile iktisadi refah arasından doğrudan bağ kurar. Buradan hareketle, bir ülkenin yöneticisi elindeki maden miktarını arttırmak ve var olanı korumak zorundadır. Merkantilist düşüncede bunu gerçekleştirmenin iki yolu vardır. Bunlardan biri savaşın kazanılan ganimetler ve alınan topraklar sayesinde elde edilen yeraltı zenginlikleri, ikincisi ithalat sınırlandırılarak ihracatı olabildiği kadar artırıp devletin dış ticaret fazlası vermesini sağlamasıdır (Gençoğlu, 2013). Dış ticaret fazlası vermek için sınırlandırılan ithalat, devlet tarafından kontrol altına alınmalıdır. Dış ticarete bu görüşleri ortaya koyan merkantilizm, ülke içerisinde de devletin ticareti engelleyen sınırlamaları kaldırması ve pazarı hareketlendirmesi gerektiğini düşünür. Çünkü ülke içerisinde yapılacak ticarete ülkenin

sahip olduğu maden sayısında herhangi bir azalma olmayacak ve devlet güç kaybetmeyecektir. Devletin dış ticarete korumacı olmasını ve iç piyasada sınırların kaldırılmasını isteyen merkantilistler değerli maden çıkışı olmaması için ham madde ihracatının yasaklanmasını, fakat mamul maddelerin ihracatının ise kolaylaştırılmasını istemişlerdir. Bunların her birinin gerçekleşebilmesi için ülkenin hem tarımı hem madenciligi hem de sanayi üretimini arttırması gerektiğini iddia eder. Merkantilizm, 17. ve 18. yüzyılda özellikle Avrupa ülkelerinin içinde bulunduğu durumu kurtarmak için başarılı bir politika olarak benimsenmiş ve Avrupa'nın en güçlü iki ülkesi olan İngiltere ve Fransa'da temel ekonomik politika olarak kullanılmıştır.

3.3 Ahmet Midhat ve Merkantilist Düşünce Pratiği

Önceki bölümlerde geniş bir şekilde bahsedilen Ahmet Midhat'ın iktisadi görüşleri iki ana temele oturmaktadır. Bunlardan biri ithalatta sınırlandırmalara gidilmesi gerektiği, bir diğeri ise yerel ticaretin güçlendirilmesi ve serbest mübadeleyi engelleyecek yasaların kaldırılmasıdır. Ahmet Midhat iktisadi düşüncesinin bu iki ana temele oturmasının sebebinin Osmanlı'nın henüz terakkisini tamamlayamamış bir ülke olmasına bağlayarak açıklar. Bu terakki tamamlandığı takdirde elbette ihracat ve ithalat canlanmalı ve mal alınıp satılmalıdır. Ahmet Midhat'ın arayışlar döneminde olan Osmanlı için ortaya koyduğu 'milli iktisat' anlayışı merkantilist iktisat anlayışının ortaya koyduğu iki temel prensiple paralellik göstermektedir. Merkantilist iktisadi görüşe göre devletler iç piyasayı canlandırmak için düzenleyici yasaları kaldırmalı, fakat ülke dışına ham madde satımını yasaklanmalıdır. Bu bağlamda Ahmet Midhat'ın iktisadi düşüncesi değerlendirildiğinde merkantilizm ile oldukça yüksek bir paralellik mevcuttur. Fakat, Ahmet Midhat'ın iktisadi görüşleri kaba bir merkantilizmle açıklanamaz. Zira, özellikle "Ekonomi Politik" kitabında değindiği konular itibari ile belli başlı konularda merkantilizmden ayrılmaktadır. Buna rağmen, Ahmet Midhat'ın iktisadi arayışında özgün bir sonuca varmaktan çok mevcut kapitalist düşünce ile aynı paradigmatik çerçeveyi paylaştığı ve bir karma iktisat anlayışı ortaya koyduğu görülür. Bu açıdan kendisini 'inançlı bir liberal' olarak kabul etmek mümkündür.

Ahmet Midhat her ne kadar tam anlamıyla özgün bir iktisat anlayışı ortaya koyamasa da Osmanlı Devleti'nin içerisinde bulunduğu iktisadi buhrana çözüm arama gayretine girmesi ve bu süreçte derinlikli olmayan tartışmalara girmek veya var olan iktisadi anlayışı sorgusuz kabullenmek yerine özgün bir arayış çabasına girmesi ve tüm bunları yaparken insanları sorgulamaya yönelten ve harekete geçiren yazılar yazması kendisinin bulunduğu dönemdeki iktisatçılardan farklı bir yerde durmasını sağlar. Bu duruş, Ahmet Güney Sayar'a göre, Adam Smith öncesi Merkantilizm ile Ricardo'ya bir tepki olarak doğan Alman Tarihçi Okulu'nun bir muhassasıdır. (Sayar, 2013).

4. Modern Dönemde İktisadi Özgünlük Arayışında Alternatif İktisadi Sistem: İslam İktisadı

Ahmet Midhat'ın yaşadığı dönemde yapılan milli iktisat ve liberal iktisat etkileri Cumhuriyet'in ilanı sonrası devam etmiştir. 2. Dünya Savaşına gelenek dek yaşanan bir cihan

harbi ve hemen sonrasında gelen 1929 Büyük Buhranı hem Türkiye’de hem de diğer Müslüman coğrafyalarda ciddi olumsuz sonuçlar doğurmuştur. İktisadi çöküşten kurtuluşun reçetesi küresel çapta ünlü iktisatçı Keynes’in önerileri doğrultularında yeniden müdahaleci politikaları gerektirirken, Müslüman dünyada da benzer bir tatbikatı doğurmuştur. Ancak, İslam dünyası geleceğine kendi karar verebilen bir özgürlüğe sahip olmadığı için sömürgeci güçlerin tasarrufunda gerçekleşen politikalara tabi olmak durumundaydı. Türkiye bu durumun bir istisnası olarak sömürgeciliğe maruz kalmamış ve hızlıca iktisadi kalkınma reçetelerine başvurmuştur.

1923 ile 1945 yılları arasında yapılan 1. ve 2. iktisat kongreleri aslında rejim değişikliği ile birlikte benimsenecek temel görüşün çıktıkları olarak düşünülebilir. İslamcılık, Türkçülük ve Batıcılık üçgeninde İslamcılık fikri toplumsal bağlamda Batıcı görüş karşısında güçlü bir alternatif olarak ayakta kalabilse de (Kara, 2012) iktisadi bağlamda Batıcı görüşün yerine alternatif sunabilecek bir İslami iktisat çerçevesi fikri olarak gelişmemiştir. Bunun en temel sebeplerinden biri kapitalizmin arkasına aldığı küreselci ve ulus-devletçi rüzgâra direnecek bir İslamcılığın olmamasıdır. Bu ayrım önemlidir, zira İslamcılık günümüze dek Türkiye’de etkili bir alternatif yaratsa da iktisadi olarak kapitalizme alternatif üretmede cılız bir ses olarak kalmıştır.

İktisadi kurumlar itibarıyla bakıldığında da benzer bir durum ile karşılaşılır. Cumhuriyet sonrası İslamcı sosyolojik zeminin derin bir tahribatından söz etmek zorken iktisadi kurumlar itibarıyla Osmanlıdan tevarüs eden kurum sayısı oldukça azdır. Esnaf ve lonca teşkilatları, ahilik ve hisbe kurumları, zekât ve vakıf kurumlarının tamamı iktisadi modernizasyon adıyla Osmanlı’nın son döneminden itibaren hızlıca toplumsal alandan çekilmiştir. Diğer Müslüman toplumlar için bu süreç hilafetin ilgası ile birlikte halifelik kurumunun sağladığı tüm siyasi ve iktisadi avantajları ortadan kalkmasıyla daha hızlı ve kestirme yaşanmıştır. Zira, halifeliğin ilgası sonrası Müslümanlar küresel düzende dağınık ve zayıf olarak mevcut siyasi ve iktisadi düzenin baskısı altında kalmışlardır.

2. Dünya Savaşı sonrası küresel ekonomi politiğin geleneksel sömürge anlayışından vazgeçmek zorunda kalması ve kültürel, siyasi ve iktisadi açıdan devam ettirmek istediği sömürge mirasını neo-sömürgecilik (Nkrumah, 1965) yoluyla yeniden tesis etmesiyle Müslüman dünyada görece sınırlı bir hareket alanı ortaya çıkmıştır. Özgürlük söylemi ve demokratik gelişmelerin de etkisiyle Müslüman toplumların kendi geleceğini kendi belirlemesi hakkına sahip olması gerektiği düşüncesi dünya üzerinde sömürülen değil adaleti tesis eden konuma gelmek, güçlü bir devlet yapısına sahip olmak için sömürgeci mirasa dayanan sosyal, hukuki, ekonomik ve siyasi kurumların kalıntılarını tamamen ortadan kaldırıp yerine İslami değerlerle bütünleşik özgün bir alternatif kurmayı beraberinde getirmiştir.

Post-kolonyal dönemde birçok alanda alternatif arayışa giren Müslümanlar iktisadi alan içerisinde de bir özgünlük arayışına girmişlerdir. Müslüman toplumların iktisadi sahadaki bu özgünlük arayışı 2. Dünya Savaşı’nın sonrasında yerleşik sömürgeci anlayışın ekonomik

baskılarından kurutulup özgün bir model inşa ederek Müslüman toplumların sosyal ve ekonomik kalkınma krizine çözüm üretmeye yönelik bir çaba olarak karşımıza çıkmaktadır. Bu çabanın veya bir başka ifade ile bu alternatif iktisadi sistemin ismi ise İslam iktisadıdır.

Post-kolonyal süreç içerisinde başlayan bu özgünlük arayışının iktisadi veçhesiyle ortaya çıkardığı İslam iktisadının benimsediği prensipler itibariyle ne denli özgün bir sistem olduğu sürekli tartışılmıştır. Bir diğer ifadeyle, 18. yüzyılda ticari kapitalizmin küresel olarak parlattığı merkantilist politikalarından beraberinde getirdiği Batılı değerler yönüyle bağımsız bir özgünlük inşa etmeyi hedefleyen Ahmet Midhat Efendi'nin önerdiği milli iktisat anlayışına benzer şekilde İslami iktisadı da hâkim iktisadi sistem içerisinde kalmış soft kapitalist bir teori olarak hayat bulmuş olabilir.

Modern dönem İslam iktisadı çalışmalarını tarihsel açıdan değerlendirdiğimizde 1950'li yılların başında sömürgeci dönemin bitmesiyle bir ilmi bir hareketlilik görülür. O yıllardan bugüne geçen yetmiş yıl içerisinde ortaya koyulan çalışmalara bakıldığında özellikle 1950 ile 1970 yılları arasında İslam iktisadının teorik boyutlarını ilgilendiren çalışmalar ön plana çıkmıştır (bkz. Kureşi, 1966; Kutub, 2014, 2016; Mevdudi, 1992). Bu çalışmalar arasında İslam iktisadının diğer iktisadi sistemlerle mukayesesi, sosyal refah, büyüme ve kalkınma gibi konular daha fazla ilgi görmüştür. Ancak 1970'li yıllarla birlikte reel politik düzlemde gerçekleşen siyasi çekişmeler, özellikle de sonunda petrol krizinin patlak vermesine sebep olan Arap-İsrail Savaşları, İslam iktisadı çalışmalarını başka bir yöne sevk etmiştir. Bu yeni alan artık beslendiği felsefi zemini tartışmayı ikincil plana atmış, teorik sorgulamalardan uzak ve küresel sistem içerisinde bir finansal alternatif olmayı hedefleyen İslami finansın doğduğu alandır.

Kapitalist gelişim evreleri dikkate alındığında tarımsal kapitalizmin sanayi kapitalizmi ile boyut değiştirmesi ve son aşamada onun da yerini finansal kapitalizme bırakmasıyla küresel iktisadi düzen finans merkezli bir iktisadi etkinliği öncelmiştir. Finansallaşma adını verdiğimiz bu süreçle beraber ekonomik faaliyetlerin merkezi ağırlığını ve hacmini artık finansal alan kaplamaktadır (Lapavitsas, 2013). Geleneksel piyasaların yerine türev piyasalar gibi yeni finansal enstrümanların hâkim olmasıyla yalnızca iktisadi bir dönüşüm yaşanmamış, beraberinde kültürel ve toplumsal bir dönüşüm de gerçekleşmiştir.

Batı dünyasında böylesi bir dönüşüm gerçekleşirken Müslüman toplumlar Ahmet Midhat'ın yaşadığı dönemin biricik alternatifi olan sanayileşmeyi kendilerine amaç olarak benimsemeye devam ediyordu. Bir diğer ifadeyle, Batının sanayileşme üzerinden kalkınmayı tüm dünyaya işaret ettiği ve zorunlu kıldığı bir iktisadi anlayış 1970'lere gelirken Müslüman toplumlarda bir hedef olarak dururken, Batı dünyası sanayileşmesini olgunlaştırmış ve artık yüksek karlılığı finansal piyasalarda aramaya başlayarak küresel ekonomik sistemin zeminini finansal faaliyetlerde aramaya koyulmuştu. Finans sektörünün önlenemez yükselişine sanayileşmesini henüz yeteri kadar olgunlaştıramadan yakalanan Müslüman toplumlar literatürde sanayileşme aşamasını olduğu yerde bırakıp bütün çabasını finansal piyasaların gelişimine aktarma olarak bilinen erken sanayisizleşme (de-industrialization) tecrübesini yaşamıştır (bkz.

Rodrik, 2016; Rowthorn & Ramaswamy, 1997). 1970'li yıllara karşılık gelen bu geçişte 1973 petrol krizinin etkisi son derece etkilidir. Zira, Arap-İsrail Savaşları'nda Batı ülkelerini destekleyen Batı dünyasına bir ders vermek isteyen Arap dünyası küresel olarak piyasasında söz sahibi olduğu yer altı zenginliklerinden petrol piyasalarını alt üst edecek bir fiyat artışına gitmiştir. Bu fiyat artışı beraberinde Arap ekonomilerine ciddi bir sermaye girişini beraberinde getirmiştir. Bu sermaye girişi küresel finansal piyasaların yükselişi ile birlikte alternatif bir İslami finansal zeminin doğmasında büyük pay sahibidir. Bir yandan İslam iktisadı ile teorik boyutların tartışıldığı ve literatürü doldurduğu İslam iktisadı düşüncesi artık teoriden soyutlanmış ve pratik finansal ihtiyaçların İslami prensipler ışığında karşılanması endişesini taşıyan İslami finansal endüstriye indirgenmiştir. Petro-dolarların etkisiyle Körfez ülkeleri ile sınırlı olmayan, aynı zamanda Müslüman toplumların tamamına yayılan İslami finansal sistem, birçok ülkede İslami bankaların faaliyet göstermesiyle küresel boyut kazanmıştır.

Sonuç

Ortaya çıkışını daha çok reel siyasi şartların sağladığı imkanlara borçlu olan İslami finans için özgün bir finansal model olarak bahsetmek oldukça zordur. İslami bankacılığın İslami finansal alternatifler içerisinde payının 2021 yılında %68,3 olduğu (IFSB, 2021) olduğu bir küresel İslami finans piyasasında en çok tercih edilen finansal enstrümanlara bakıldığında bu enstrümanların konvansiyonel finansal enstrümanlara içerik yönüyle çok benzediği görülmektedir. Risk ve kâr-zarar paylaşımını esas alan, değer odaklı, çevreye duyarlı, sosyal bir finans olmanın ötesinde sukuk, teverruk ve murabaha gibi İslami finansal işlemler içerik yönüyle riski üstlenmekten çok risk transferi yapan, kâr-zarar ortaklığına dayanmadan işlemlerin önceden belirlenmiş minimum riskleri ve kârların hadleri belli olan bir yapıya sahiptir. Böyle olunca, konvansiyonel finansal işlemlerden ancak form yönüyle ayrılan, ancak içerik olarak bir farklılık göstermeyen bir model ortaya çıkmaktadır.

Bugün İslami finans küresel finansal sistem içerisinde umut vadeden bir alternatif olarak görülebilir. Ancak, mevcut sistem kendisine has bir alternatif oluşturur mu? Bu soruya yanıt verirken öncelikli olarak finansallaşmanın mahiyetini anlamak ve onun nasıl bir dünya görüşünden sadır olduğunu kavramak gerekir. Gelir dağılımında yaşanacak bir iyileşme, daha adil bir iktisadi model ortaya koyma, değer ve paylaşım odaklı ve sosyal sonuçları göz önüne alan bir iktisadi sistem için kapitalist çerçevenin ötesinde mutlaka bir özgün söylem gerekmektedir. Ancak bu özgünlük teknik işlemlerde ve formda değil, iktisadi zihniyette ve özde bir değişimi gerektirmektedir. Bu açıdan, milli iktisat söyleminin milli olmasına rağmen temelini kapitalist paradigmadan alan bir model olmasıyla, İslami finansın küresel finansal sistem içerisinde ekonomi biliminin iktisadi verimlilik ve yüksek kârlılık esaslarını sorgulamayan bir alternatif olmasının sonuçları arasında bir farklılık gözükmemektedir. Böyle olunca, kapitalizmin küresel ölçekte yarattığı eşitsizlikler, çevre tahribatı ve sürdürülebilirlik konuları üzerinde yeni bir söylem oluşturma konusunda İslam iktisadı paradigmatic bir farklılık koymakta oldukça zorlanmaktadır.

Günümüzde özellikle sürdürülebilirlik anlamında küresel düzeyde giderek artan endişeler kapitalizm sonrası bir dünyanın nasıllığını akla getirmektedir. Ancak, Büyük Sıfırlama, Kapsayıcı Kapitalizm ve Sürdürülebilir Kalkınma Amaçları gibi yaklaşımlar kapitalizmin insani yönüne doğru bir geçişin imkânı konusunda oldukça iyimser bir tablo sunduğu için post-kapitalizm çağından bahsetmek dahi anlamsız görünmektedir. Bu açıdan Schumpeter'in 'Yaratıcı Yıkım' olarak bahsettiği durum hala etkisini göstermektedir. 19. yüzyılda Müslüman toplumlarda milli iktisat söylemi kalkınmayı arkadan takip eden ekonomilerde kapitalizmin yeni formlarda hakimiyetini devam ettirmesinin bir kabulü olarak algılanabilir. Benzer şekilde, İslami finans ise sanayileşmiş olgun ekonomilerin küresel finans kapitale geçişin bir ayak izi olarak düşünülebilir.

İslam iktisadı küreselleşmenin dayattığı iktisadi politikalar ile ulus-devlet anlayışının getirdiği sınırlamalar arasında bir kıskaca yakalanmış gibi görünmektedir. Bir tarafta kapitalizmin sert kabuğunu aşamayan ve bu yüzden bir tür imkansızlığı zorlayan finans ve bankacılık tecrübesi dururken, diğer tarafta bu tecrübelerin ötesinde yeni bir politik iktisadi önerme ile küresel dünyaya özgün bir alternatif sunabilme potansiyeline sahip belki de tek dünya görüşüne sahip olmanın verdiği imkân vardır. Osmanlı'nın son dönemlerinde başlayan milli iktisat söylemi üzerinden Ahmet Midhat'ın çabaları her ne kadar tam bir özgünlük olmasa da bu imkânın sınırlarını zorlamıştır. Benzer şekilde, savaş dönemlerinin ve sömürgeciliğin etkisiyle pek fazla derinlik bulamayan iktisadi arayışlar post-kolonyal dönemde farklı İslam coğrafyalarında, özellikle Hint alt kıtasında, zengin bir İslam iktisadı literatürü doğurmuştur. Ancak, 1970'lerden sonra bu arayış yerini finansal alana hapsolmuş ve özgünlükten uzak çözümlere bırakmıştır. Bu açıdan, son 50 yıllık zaman dilimi iktisadi özgünlük bağlamında bir türk imkansızlığı küresel kapitalizmin tarihin sonunu ilan etmesiyle Müslüman toplumlara yeniden hatırlatmıştır. 21. yüzyıl insani krizlerin, göçlerin, finansal krizlerin, küresel sağlık sorunlarının ve ciddi gelir uçurumlarının yüzyılı olacağını şimdiden göstermektedir. Küresel kapitalizmin büyük yaralar almaya devam ettiği bu çağda İslam iktisadının nasıl bir gelişim göstereceği ise büyük önem arz etmektedir.

Kaynakça

- Atasoy, F. (2019). Osmanlı'nın Dağılmasını Engelleme Çabası Olarak Üç Siyasi Fikir Hareketi. *Otam*, 45, 1-21.
- Berkes, N. (2002). *Batıcılık, Ulusçuluk ve Toplumsal Devrimler (2. basım)*. İstanbul: Kaynak Yayınları.
- Beydilli, K. (1999). Islahat (XVIII. yüzyıldan Tanzimat'a kadar). *Türkiye Diyanet Vakfı İslâm Ansiklopedisi içinde* (C. 19, ss. 174–185). İstanbul: Türkiye Diyanet Vakfı Yayınları.
- Bozpinar, C. (2021). Osmanlı İktisadi Düşüncesinde Liberal İktisat: Mehmed Cavid Bey. *Elektronik Sosyal Bilimler Dergisi*, 20(78), 808-818.
- Budan, C. Y. (2018). Türk İktisat Düşüncesinde Himayeci Usul Kavramının İlk Teorisyonu: Ahmet Mithat Efendi. *Türk İslam Medeniyeti Akademik Araştırmalar Dergisi*, 13(25), 75-93.
- Bulut. M. (2012). Osmanlı Ekonomi Politigiğine Yeniden Bir Bakış. *Bilig*, 62, 63-94.
- Çağman, E. (2017). Ahmet Mithat Efendi'nin "Ekonomi Politik" Adlı Eserinde İktisadi Serbestiyet ve Korumacılık Düşünceleri. *Dil ve Edebiyat Araştırmaları*, 16, 31-48.
- Doğan, N. (2010). Türk Düşüncesinde "Mani-i Terakki" Meselesi. *İstanbul Ticaret Üniversitesi Sosyal Bilimler Dergisi*, 17, 177–187.
- Genç, M. (2014). Modern İktisadi Büyüme Karşısında Osmanlı Sistemi ve Ekonomisi. *Türkiye Günlüğü*, 119, 5–14.
- Gençoğlu, A. Y. (2013). Ticari Kapitalizmden Sanayi Kapitalizmine: Merkantilizm, Liberalizm ve Marksizm. *Toplum Bilimleri*, 7(14), 79-94.
- Georgeon, F. (2006). *Osmanlı-Türk Modernleşmesi 1900-1930*. (Çev. Ali Berktaş). İstanbul: Yapı Kredi Yayınları.
- Islamic Financial Services Board (IFSB). (2021). Islamic Financial Services Industry Stability Report 2021. <https://www.ifsb.org/download.php?id=6106&lang=English&pg=/sec03.php>. (Erişim tarihi: 25.09.2021).
- Kara, İ. (2012). *Türkiye'de İslâmcılık Düşüncesi 1: Metinler Kişiler*. İstanbul: Dergah Yayınları.
- Kureşi, E. İ. (1966). *Faiz Nazariyesi ve İslam*. (Çev. Saliğ Tuğ). İstanbul: İrfan Yayınevi.
- Kutub, S. (2014). *İslam-Kapitalizm Çatışması*. (Çev. Kamil M. Çetiner). İstanbul: Beka Yayınları.
- Kutub, S. (2016). *İslam'da Sosyal Adalet*. (Çev. Kamil M. Çetiner). İstanbul: Beka Yayınları.
- Lapavitsas, C. (2013). *Profiting Without Producing: How Finance Exploits Us All*. London: Verso Books.
- Mevdudi, E. A. (1992). *Faiz*. (Çev. Ahmet Asrar). İstanbul: İnsan Yayınları.
- Midhat, A. (2005). *İktisat Metinleri*. İstanbul: Çizgi Kitabevi.

Nkrumah, K. (1965). *Neo-colonialism: The Last Stage of Imperialism*. London: Thomas Nelson & Sons, Ltd.

Okay, O. (1975). *Batı Medeniyeti Karşısında Ahmet Midhat Efendi*. Ankara.

Okay, O. (2002). Teşebbüse Sarfedilmiş Bir Hayatın Hikâyesi. *Vesika-lık*, 54, 130-136.

Özcan, U. (2013). Two Perceptions of Economy in the Last Century of Ottoman Empire: The Liberal and Nationalist-Statist Movements. *International Journal of Turcologia*, 8(15), 17-45.

Özveren, E. (2001). Ottoman Economic Thought and Economic Policy in Transition: Rethinking The Nineteenth Century. M. E. Mata & M. Psalidopoulos (Eds.), *Economic Thought and Policy in Less Developed Europe: The Nineteenth Century içinde* (ss.141-156). London and New York: Routledge.

Pamuk, Ş. (2018). *Osmanlı Ekonomisinde Bağımlılık ve Büyüme (1820-1913)*. İstanbul: İş Bankası Kültür Yayınları.

Rodrik, D. (2016). Premature Deindustrialization. *Journal of Economic Growth*, 21(1), 1-33.

Rowthorn, R., & Ramaswamy, R. (1997). Deindustrialisation: Causes and Implications. *IMF Working Paper*, 97/42. Washington, DC: International Monetary Fund.

Sakızlı Ohannes Paşa. (2015). *Osmanlı'da Modern İktisadın İzinde 1*. İstanbul: Dergah Yayınları.

Sayar, A. G. (2008). *Osmanlıdan 21. yüzyıla Ekonomik, Kültürel ve Devlet Felsefesine Ait Değişmeler*. İstanbul: Ötüken Neşriyat.

Sayar, A. G. (2013). *Osmanlı İktisat Düşüncesinin Çağdaşlaşması*. İstanbul: Ötüken Neşriyat.

Seyitdanlıoğlu, M. (2009). Tanzimat Dönemi Osmanlı Sanayii (1839-1876). *Tarih Araştırmaları Dergisi*, 28(46), 53-69.

Combining Contracts Together: An Analysis from Maqasid Perspective¹

Abdulazeem Abozaid²

Received: 09.05.2022

Accepted: 05.07.2022

Type: Research Article

DOI: 10.55237/jie.1114287

Abstract

This paper seeks to analyze the objectives of the Shariah prohibition of combining contracts together. This is important as it is really feared that some interpretations of the Shariah texts suggest such prohibition may have unnecessarily and arbitrarily burdened peoples' financial transactions. The paper attempts to reconcile those texts and the general Shariah objectives of Islamic financial law. Following the inductive approach to investigate all relevant Shariah texts, the paper adopts an analytical approach to assess and analyze the said texts in order to come up with the right criteria that would outline the prospectus of an unlawful combination of contracts. The paper concludes that understanding the Shariah objectives behind its rules is critical for their proper understanding and right application. This is to exclude from prohibition matters whose textual apparent meaning may suggest an ungrounded and unreasonable prohibition, such as combining contacts when this does not lead to any Shariah caution, especially that contemporary financial transactions may necessitate such combinations. The research also concludes that combining a loan with the condition that the borrower enters into a financial transaction with the lender does not necessarily lead to Riba since the benefit attaches to the lender without harming the lender by any means lawful. The research deals with an issue that did not receive sufficient attention in terms of study and analysis. Its importance lies in setting the parameters that determine the unlawful combination of contracts from the lawful one, especially in transactions suspected of Riba or Gharar.

Keywords: Multiple Contracts, Combining Contracts, Loan, Shariah Objectives, Gharar, Riba

JEL Codes: G00, G10

¹ This paper is a modified draft of a paper that has been published in Arabic by the author in Journal of College of Sharia and Islamic Studies (JCSIS), Qatar University, Vol 40, No. 2, 2022.

<https://journals.qu.edu.qa/index.php/sharia/article/view/2343>

² Professor, Hamad Bin Khalifa University, aabozaid@hbku.edu.qa, ORCID: 0000-0003-0552-0067

Introduction

Using Maqasid as a basis for interpreting unclear Shariah textual rules is vital for formulating a proper understanding of these texts and thus, honoring their related Shariah rules. Among all branches of Fiqh, Islamic financial law admits more Maqasid analysis than other branches. This is because this law is meant to achieve the best public interests of the people by validating that which is good for them and prohibiting that which is harmful to the economy and society in general. If this is the case, then this branch of law admits more evolvement than other laws, in view of the changing circumstances and the advances of life, particularly in this field. These facts should present a valuable premise to reconsider many of the formulated Fiqh opinions about what is acceptable and what is unacceptable across the history of Islamic legislation.

The study starts by presenting some Shariah texts from which the prohibition of combining contracts is derived and then the juristic interpretations of these texts. Using the general Maqasid of the Islamic financial law and the various Fiqh discussions pertaining to the matter, the paper attempts to identify the most reasonable objectives of these texts and to articulate their rules accordingly.

1. Relevant Shariah Texts

There are few Sunna reports (Hadith) prohibiting two sales in one sale or two deals (*safqa*) in a single deal. Abu Huraira stated: *"the Messenger of Allah, peace be upon him, prohibited two sales in one"*.³ Abu Huraira also narrated from the Prophet (pbuh): *"Whoever makes two sales in one, he takes the lower of the two [prices], or it is riba"*.⁴ In another hadith, Ibn Mas'ūd narrates that *"The Messenger of Allah, peace be upon him, prohibited two deals (safqatin) in one"*.⁵

1.1. Soundness of These Sunna Reports

The authenticity of these reports was subject to discussion by scholars of Hadith. According to Al-Tirmithi (1999), the first Hadith narrated by Abu Huraira is regarded as *'hasan sahih'*, i.e. it is authentic. As for the second Hadith narrated by Abu Huraira with the alternative wording, al-Shawkani (1419 H.) states in his *Nail al-Awtar*: "Muhammad ibn 'Amr ibn 'Alqamah is in the chain of narration, and he has been questioned [i.e. about his reliability] by more than one [scholar]". As for the third Hadith, it is narrated by 'Abdul-Rahman Ibn 'Abdallah Ibn Mas'ūd from his father, and his hearing of this Hadith from his father has been questioned. His father passed away when he was only six years old. (Ibn Hajar, 1986). However, Al-Haithami (1414 H.) stated that the

³ Narrated by: Al-Tirmithi, Hadith No. (1231); Al-Nasa'i, Hadith No. (6228); Ahmad bin Hanbal in his Musnad, Hadith No. (9621).

⁴ Narrated by: Abu Dawud, Hadith No. (3461); Al-Bayhaqi, Hadith No. (10651).

⁵ Narrated by Ahmad in his Musnad, Hadith No. (3792).

narrators from Ahmed - i.e. in this Hadith - are sound. However, in brief, it can be said that these reports, in their totality, were deemed sound in terms of reliability.

2. The Meaning of Two Sales in One Contract

The scholars have given different interpretations of the meaning of 'two sales in one, the most dominant of which are the following:

a. Imam al-Shāfi'ī's interpretation is that the seller offers two prices for the commodity - one is spot, and the other is deferred (Al-San'ani, 1998). Or the seller offers two items for sale at two different prices, and the two contracting parties depart each other without having agreed on one of them. An example of the first case is when the seller says: "I sell you my house for 50,000 in cash or 60,000 deferred. The second case scenario is when the seller says: "I sell you this book for 100 or this pen for 10". This is also one of the possible interpretations. (Al-San'ani, 1998)

b. When the seller says: "I sell it to you for 100 payable after one year from now and I buy it back from you for 80 on the spot", or he says: "I sell you this for 80 on the spot and I buy it from you for 100 on credit". Ibn al-Qayyim (1415 H.) opted for this interpretation.

c. To sell something deferred on *salam* basis, then when the time of delivery comes, the seller sells the same thing, without delivery, to the same buyer at a higher price. *Salam* refers to a sale of some homogenous good, where the buyer pays the price upfront and takes delivery of the sold goods at a specific time in the future. So an example of this interpretation would be to sell wheat for a year for 1000, and when the time for delivery comes, the buyer says: "sell me the wheat that I owe for 1500 for another year" (i.e., give me more time, and I will profit you more).

d. When one party conditions another contract on the other party, such as a loan or currency exchange or rent. For example, a seller states: "I will sell you this house if you loan me 1000 dinars". This is another interpretation attributed to Imam al-Shāfi'ī. (Al-Shirbini, 2003)

e. The seller says: "I sell this to you for 10 dinars, and you give me its worth in dirhams"; it combines a sale and currency exchange in one contract. Among the jurists who acknowledged the possibility of this interpretation are: Al-Shāfi'i, Abu Hanifa, Ahmed, Ishaq, and Abu Thawr. (Ibn Al-Arabi, 1995)

3. The Jurists' Discussion on Combining Two Sales in One Contract

We have seen that 'two sales in one has many possible meanings. The most likely meaning is the one that mentions two prices - where one is higher than the other, as this comes in line with the completion of the Hadīths pertaining to combining contracts together, as one of these reports goes on to say: "he (the seller) shall have the lesser (*awkasahuma*) of the two prices; otherwise it is *riba*". This statement implies that two sales in one involve two prices. The meaning of '*awkasahuma*' is the lesser of the two [prices]. This supports the first, third and fourth aforementioned interpretations.

The first interpretation can be illustrated by the following example: "I sell you my house for 1000 in cash or 2000 deferred", which the other party accepts, but they depart without agreeing on either price. The majority of jurists prohibit this because the price is unknown in this contract, while not specifying the price may cause dispute and argumentation between both parties in the future.

As for the interpretation based on the second meaning, such as: "I sell to you for 100 payable after one year from now, and I buy it from you for 80 on the spot", this, in fact, refers to '*bay' īna*'. It is a sale that is used as a means to reach *riba*. All jurists, including al-Shāfi'īs, prohibit it so long as it is intended to justify loaning with interest. The Mālikis and Hanbalis go further and deem their very contract invalid, regardless of the intention of the contracting parties. (Abozaid, 2004 a)

As for the interpretation of the third meaning (selling the *salam* commodity to the buyer), it is akin to '*īna*', and it involves *riba of debt*; therefore, the jurists would not differ about its impermissibility and its invalidity.

The fourth and fifth interpretations relate to no *jahāla* or '*īna*', and they give 'two sales in one' a general meaning of conditioning a contract on another contract. However, only very few scholars validated these interpretations and not without doubt. (Abozaid, 2004 b)

Thus, the prohibition, according to the first three interpretations, is understandable. The contract in those scenarios contains a major *gharar* (uncertainty) that cannot be excused, or they are used as means to *riba*. Both excessive uncertainty and *riba* are impermissible, and they invalidate a contract. Hence, it is no surprise that Islam prohibits such contractual formulas as they involve or lead to unlawful ends.

As for deeming combining two contracts in one impermissible in all cases, even when it does not lead to excessive uncertainty or *riba*, it is unreasonable. There is nothing in the Shariah that supports such interpretation. Why prohibit an agreement where one person sells another his house and car in one deal for a detailed price, or where two agree that one sells the other his car while the latter sells the former his farm!

Invalidation of some formulas of this kind, however, may be reasonable, such as "If you sell me your house, then I will have sold you my car", as in this case, the sale of the car is contingent (*mu'allaq*) upon the sale of the house. If he does sell the house, the car would be deemed sold automatically. It then involves *gharar* - the owner of the house may or may not sell it, leaving the car owner uncertain about the car being sold. The Shariah rejects this condition because it contains *gharar* and leads to dispute or harm to one of the two parties if the sale of the house is delayed. As for mutual obligations/conditions in a single transaction, such as if the first party sells his house and factory to the second party while the second sells his company to the first, there is nothing that suggests it is prohibited as long as both parties consent and each contract is effected independently of the other. The prohibition of this type of transaction without it leading to any

harm is only triggered by the mere stopping at the outward wording of the texts that prevents joining two contracts in one. However, this generalization is not well-grounded, and it leads to a position that is unreasonable, as mentioned.

As a matter of fact, the position held by the majority of jurists that places a general prohibition on combining contracts is based upon considerations that may not be relevant in the present day. These considerations can be summarized as:

Going beyond the contract's boundaries: conditioning a contract in another contract amounts to conditioning an additional benefit to one party, which is not part of the sale contract per se. (Al-Kasani, 1982)

- The invalidity of the price: in a statement like "I sell you my house for 1000 such that you sell me your car for 500", the seller, according to al-Shāfi'ī, has made the price of the house 1000 plus the very second contract. However, since stipulating the second contract is taken as invalid (two sales in one), then part of the price in the first sale contract becomes invalid, which invalidates the first contract too. (Al-Shirbini, 2003)
- Instability of the contract: a contract that depends on another contract that may or may not be executed or does not achieve stability of ownership (Al-San'ani, 1998).
- The probability of dispute and argumentation. Al-Ghazali states: "connecting a condition to a sale leaves it open to disagreement between the parties, making it invalid" (Al-Shirbini, 2003).

This is the summary of the reasons and considerations the jurists gave for the prohibition of combining contracts where *riba* or *gharar* is not evident (like they are in the first three interpretations).

However, these reflections can be questioned. As in combining contracts, the benefit does not only accrue to one party but to both parties if they mutually accept the contract. If this were not the case, the other party would not accept the contract. Besides, we cannot submit to the view that the second conditional contract invalidates some of the prices in the first contract, as this opinion seems to be lacking proper justification. As for the issue of the stability of the contract, it should no longer be relevant if the contracts run simultaneously and the custom ('urf) ensures the absence of argumentation and disputes.

Moreover, the Hanafis recognize the custom's role in rectifying contracts that are invalidated by conditions being placed in them. Al-Kasani (1982) states: "*Among them [i.e. among the conditions that invalidate sale] a condition that is not implied in the contract, that gives a benefit to the seller or the buyer... and is not normal in the transactions between people⁶, such as if he sells a house ... on the condition*

⁶ As an example of this is sale at the market price; it includes uncertainty since the market price may not be known at the time of sale, but yet it can be validated if such a sale does not lead to dispute between the contracting parties. For more details, see Al-Salih, Firas Ahmad, "Al-Bay' bi Si'r al-Souq fi al-Fiqh al-Islami",

that the buyer gives him a present, or marries his daughter to him, or sells his something... the sale in all these cases in void". Hence, the Hanafis hold that custom, i.e. what is common among people, has the power to validate contracts deemed originally invalid due to some conditions. Since the custom and the nature of contemporary financial contracts nowadays necessitate combining contracts and making them conditional on each other, then they could be accepted, based on the position of the Hanafis, as long as the contract is void of any other reason for the prohibition. This is of course circumscribed with the contract being void of any direct Shariah prohibition like *riba*.

Besides, the Malikis and the recent Hanbalis scholars hold that there is no issue in combining contracts as long as this does not lead to a prohibited outcome. Otherwise, it should remain in its original state of permissibility. The Maliki jurist, Ibn al-Arabi (1995) states: *"If he says: I sell you my slave for 1000 and in return, you sell me your house for 1000, this is permissible ... If he sells him his slave for a known price on condition that the other sells him his for a known price, Abu Hanīfa says that such a sale is impermissible, but it should be permissible because everyone has agreed to sell his slave for a known price, so why should it be impermissible!"*.

Additionally, Ibn Taymiyah (n.d.), from the Hanbali school, states: *"It is claimed that if someone says, I sell you my shirt for 100, and you sell me yours for 100... then this is similar to nikah al-shighār! What is the evidence of its invalidity?! It is simply as if you said I rent you my house for 100 and you rent me yours for 100 ... Its prohibition requires a textual proof, or consensus of scholars so that an analogy can be made from it".* *Nikah al-shighār* is a marriage contract agreement between two guardians to drop dowries in exchange, such as when a father marries off his daughter to someone's son if the latter marries his daughter to the former's son, dropping the dowries in both marriages, which is unlawful.

4. Combining a Sale With a Loan (Salaf)

In addition to the *Hadiths* about combining two contracts in one, there are also Shariah texts that specifically prohibit combining sale (*bay'*) with '*salaf*', where *salaf* refers to a loan (*qard*). As for *salaf* technical definition, it may refer to one of two things: either a loan or *salam*. *Salam* is known as a deferred sale with a spot payment. However, the intended meaning of *salaf* when it is combined with a sale is the first meaning - a loan (Abozaid, 2004 a).

The prohibition of combining a sale with *salaf* is found in the *Hadith* *"The Messenger of Allah, peace be upon him, said: "Salaf with the sale is impermissible, or two conditions in a sale, or gaining from the sale of something without or before bearing its liability, or selling what you do not have".*⁷

Journal of College of Sharia and Islamic Studies (JCSIS), Qatar University,, vol. 37, issue 2, Qatar University, pp. 65-86. <https://journals.qu.edu.qa/index.php/sharia/article/view/1450/941>

⁷ Abu Dawud in his Sunan, Hadith No. 3504; Al-Temithi in his Sunan, Hadith No. 1234; Al-Nasai' in his Sunan, Hadith No. 4611, Ahmad in his Musnad, Hadith No. 6683.

5. The Reason for the Prohibition of *Salaf* (Loan) And Sale in One Transaction

The most obvious reason for this prohibition is that the combination of sale and loan can be used as a means to attain *riba* by the lender at the expense of the borrower. For example, a lender could lend a specific sum of money on the condition that the borrower sells him an item, say his car, for a specific amount that aligns with the lender's interest. He may state: "I loan you 1000, and you sell me your car for 2000", while the market price of the car is more than 2000, say 2500. Alternatively, the lender could place a condition on the borrower that the latter buys an item from him for a price that is higher than its market price. This can occur in all exchange contracts, whereby the lender sets the price of one of the exchange values in his favor in return for giving the loan. For example, lending to a person on the condition that he can rent from him for a lower rental price than the market rate [if he is the lessee], or leasing to him for a higher rental price than the market rate [if he is the lessor]. Similarly, in currency exchange, for example, the lender could say: "I lend you 1000 on the condition that you exchange your 100 dirhams for 100 riyals from me", even though 1 dirham is worth 1.5 riyals. Hence, the condition set by the lender for the exchange rate of the currency exchange is made to align with his interest.

The jurists agree that all of these scenarios and formulas are prohibited, as they are a means to circumvent the prohibition of *riba* of loans. However, even when there is no increase or decrease in price because of the loan, the jurists still prohibit it. However, their reasoning here differs. Some of the jurists prohibit it based on the reasoning that *salaf* with the sale is a condition that is not supposed to be in the sale contract, and the basis of its conditioning is to achieve some possible [extra] benefit for one of the contracting parties, as discussed earlier. Some other jurists stopped at the literal textual prohibition without attempting to rationalize it, stating that it is prohibited merely because it is combining two contracts in one. This position is adopted by the Hanbalis. (Al-Merghinani, 1980; Ibn Qudamah, 1404 H.)

However, other jurists, such as Al-Shāfi'ī, gave a different reason for the prohibition: the uncertainty of the price (*gharar jahāla*); conditioning a loan in a sale contract leads to an unknown price because the benefit accrued from the loan is unknown. This is because to Al-Shāfi'ī, the lender can request his debt whenever he likes, and the seller would not want to sell at that price except if it is conditioned with a loan. Hence, the benefit of the loan is contained within the price of the sale, which is uncertain since the debt can be demanded by the lender at any time, and an uncertain price makes the sale invalid, hence the prohibition. (Al-Shafi'i, 1973)

To clarify further, Imam Al-Shāfi'ī viewed that the seller would not be pleased to sell a commodity except in return for a price that is made up of a certain amount plus the very loan that the buyer provides i.e. the economic benefit of that loan. Hence, he makes the price of the sale item a total of both those two things. As the period of the loan is not binding, there is uncertainty (*jahāla*) in this price, which invalidates the sale contract.

Imam Al-Shafi'i states in *Al-Umm*: "Sale and *salaf* that are prohibited are to say: "I sell you this for this much and in return you loan me this amount; the ruling of *salaf* is that it is demandable at any time (*hall*) so the sale occurs with a known and an unknown price, and sale is not permitted unless its price is fully known". (Al-Shafi'i, 1973)

Hence, the reason for Al-Shafi'i's prohibition is the uncertainty of the price, not the formality of combining two contracts in one. This stand of Al-Shafi'i is particularly important as he, unlike the Hanafis and the Hanbalis, does not stop at the outward literal reading of the text and rules it as prohibited. Al-Shafi'i goes beyond the [textual] formality by reasoning that the prohibition is not related to the formality, so he sets the ground for reasoning such prohibition beyond the formalities of the texts.

In fact, the above discussions, in general, show that the prohibition of combining sale and *salaf* has a Shari'ah objective, which is to prevent circumventing the prohibition on *riba* by increasing (or decreasing) the price of the sale, and not simply due to combining contracts. However, some jurists did not feel comfortable with this position, as they justified the prohibition by *riba* whenever this was possible, but when not possible, as in the second hypothetical case where there is no suspicion of *riba*, they insisted upon the outward prohibition and ruled accordingly. This shows an inconsistency in the understanding of the objective behind the prohibition of joining contracts as well as in the validity of considering the formality of joining contracts as a reason for the prohibition.

It is also notable in this context that the Shafi'is ruled that women's associations (i.e., when a group of women agree to exchange loans periodically and rotate them according to some particular order) are permissible, even though they involve an exchange of conditional loans (Qalyubi and Umairah, 1995). This shows that the outward formality of the contract is not considered here either; if it was considered, they would not have permitted them as they contained a contract conditioned in another contract (mutual conditional loans).

Thus, joining a sale with *salaf* may lead to *riba* in some cases but not always. The difference of opinions amongst jurists is evidence that the prohibition is not intended for its own sake, i.e. due to the formality of combining contracts per se, but due to what it may result in.

6. Summary of the Discussion

To summarize the above discussions, there is no reason to prohibit combining contracts or adding conditions to contracts if it does not lead to a Shariah prohibition, such as a circumvention (*hīla*) to *riba*, as we see in *'īna* sale or in combining a sale with *salaf* with the price determined to suit the interest of the lender. Another example is when combining contracts leads to significant uncertainty (*jahāla*), as in the case of presenting commodities with two prices without agreeing on a price while contracting. Additionally, when the contract is conditioned on something that may

or may not occur and could cause harm to one of the two contracting parties, whereby the seller does not know whether he has sold, and the buyer does not know whether he has bought.

However, as for agreements that contain different contracts or different conditions, there is nothing that warrants them being prohibited. Such as agreements that guarantee respective obligations, whereby if one party fails on his obligations, the obligations of the other party are nullified or suspended until the first party can commit to his obligations. None of these contracts and conditions should be deemed prohibited if there are clear and explicit agreements that determine the obligations of both parties and they do not involve uncertainty *gharar* that would usually lead to argumentation and dissonance between the contracting parties.

Undoubtedly, contracts today, especially those that occur between companies, contain numerous partial contracts, detailed mutual conditions and obligations that overcome *gharar* and *jahāla*. There is nothing in the principles or the objectives of the Shariah that would necessitate a prohibition simply because there happens to be more than one contract or condition in the transaction, while if we adopt the outward meaning of the relevant Shariah texts, we should deem them invalid.

In fact, a careful study of *fiqh al-Mu'amalat* (Islamic law of financial transactions) reveals that Shariah places certain formal conditions at times to guarantee the protection of the essence of a contract, such that it is possible to excuse those formalities if it is ensured that the essence remains protected. The jurists used to follow this approach, for example, when they permit *ta'ātī* sale (sale by action; without exchanging offer (*ījāb*) and acceptance (*qabūl*) between the two contracting parties, like by paying the price and delivering the commodity silently). This implies the formality of the contract is not important. It is true that the exchange of offer and acceptance is a condition for the formulation of sale, but it is meant only to ensure mutual consent. Thus, if the mutual consent of the contracting parties is ensured by other means, such as by action, then this formality requirement can be dropped. Besides, the jurists have permitted *fudūli* sale (i.e., one who interferes in others' businesses without authorization, like by selling their items without authorization), even though the seller in this sale does not own what he sells or has not been given the mandate to do so. However, because the consent of the commodity owner [whose absence is the possible reason for originally deeming such a sale invalid] can come after the sale, if he wishes to approve the sale later, they deemed this contract valid in essence, although Shariah texts invalidate the sale of what one does not own (Ibn Rushd, 2014).

7. A Modern Practical Application: Merchants Lending Farmers on Condition of Sale

Based on the conclusion the paper has reached above, certain modern practices can be validated despite their involvement in the two transactions in one, such as the following:

It is a common practice nowadays, especially in agricultural societies, to find a trader lending a farmer an amount of money to help him with his farming activities on the condition that the

farmer will put his crops on sale with the trader or sell his crops to him at the market price. The benefit to the trader will be guaranteed a good for his trade, especially if the type of the crop is of a certain quality that is rare or desirable in the market. This practice would be deemed unlawful if we were to prohibit any transaction that contains two contracts, or more specifically, a loan and a sale together. It would also be deemed impermissible if we adopt at face value the generality of this Fiqh maxim "any loan which results in a benefit is considered usury". However, this maxim has few exceptions that defeat its generality and can be subjected to restrictions (Abozaid, 2018). However, the rationale for such a prohibition is that the agreed selling price may favor the lender as discussed earlier, such as the price is lower than the market price where the lender is the buyer, or higher than the market price when the lender is the seller. However, if we submit to the view this paper advocates, i.e. not to prohibit a transaction merely because it involves both a sale and a loan together, then there is no reason to invalidate such an agreement if no suspicion of *riba* is suspected. However, in order to make sure that *riba* or exploitation will not take place, the following conditions must be met in this transaction:

- a. The selling of the crop by the farmer to the trader should not lead to an increase in the cost for the farmer, nor should it deny him the chance of making more profit by selling it to others.
- b. The two parties must not decide on the price for the crop before its harvest, and it has to be the market price then. This is because the price of the crop may appreciate from the day of lending to the day of harvest, thus denying the farmer the chance of making more profit.
- c. The method of price payment (cash-credit) must not be affected by the loan (i.e. with respect to the method of price payment; the farmer should be treated by the lending trader equally to a farmer who did not receive a loan from him- the trader cannot be granted the privilege of a credit sale simply because the lent the farmer earlier).

With these three conditions, *riba* and exploitation will not take place, and there would be no reason for invalidating such a transaction except for the fact that the transaction contains a loan with a sale, according to those who believe that the mere combination of loan and sale triggers a Shariah concern. However, we have concluded earlier that the invalidity of such a combination should be restricted to pricing the other contract besides a loan in a way that favors the lender or caters for the loan (i.e. to charge interest indirectly through the price in the sale contract). As for the benefit that the trader may derive from the loan in this transaction, it is not, in fact, at the expense of the borrower because no harm would befall the borrower by selling his crop to this trader or another trader as long as both traders would purchase the commodity for the same price.

Conclusion

It becomes clear now from the aforementioned discussion that combining contracts is not prohibited for its own sake, but when it is done in a way that produces an outcome that is prohibited, such as *riba*, or excessive *gharar* (*jahāla*). The aim of the prohibition is not the outer

form of the contract but that which it may lead to in terms of harms and evils. When these harms and evils are not apparent, the original ruling of permissibility should prevail.

Custom could also develop and lead to harms being prevented, although they may have occurred previously, such as ones related to the uncertainty of contracts or dispute between contracting parties. Both are matters of custom; the development of custom could guarantee the stability of contracts and their implementation, and it may remove causes of argumentation and animosity. Hence, taking a general stand on the prohibition of combining contracts is unnecessary and unjustified.

The paper also produces the following results:

- In Fiqh literature, there is inconsistency in the understanding of the objective behind the prohibition of joining contracts and in the validity of considering the formality of joining contracts as a reason for the prohibition.
- The most obvious reason for prohibiting the combination of sale and loan in one transaction is that such combination may be used as a means to attain *riba* when the lender benefits from his loan at the expense of the borrower.
- The position held by the majority of jurists that places a general prohibition on combining contracts is based upon considerations that may not be relevant at the present day.
- There is no reason to prohibit combining contracts or adding conditions to contracts if it does not lead to an established and known Shariah prohibition.
- When Shariah places certain formal conditions, this is only to guarantee the protection of the essence of a contract, such that it is possible to excuse those formalities if one is sure that the essence remains protected.
- The Shariah rules that prohibit something only in view of its possible harms (*muharram lighairhi; tahreem tharai'i*) may change if the change in people's custom and life guarantee the absence of these harms.

References

- Abozaid, A. (2004), *Contemporary 'Īna': Is it a Sale or Riba*, Dar al-Multaqa, Aleppo.
- Abozaid, A. (2004), *Fiqh al-Riba*, Al-Risala Publishing House, Beirut.
- Abozaid, A. (2018). Is Any Benefit from a Loan Prohibited in Islam, *International Journal of Business and Management Studies*, (n.d.), Vol. 7 No. 2, pp. 397-410.
- Abu Dawud, A. (1984), *Sunan Abi Dawud*, Al-Maktaba Al-Asriyyah, Beirut.
- Al-Asqalani, I.H. (1986), *Talkhis al-Habeer*, Dar al-Ma'rifa, Beirut.
- Al-Baiyhaqi (1414 H), *Al-Sunan Al-Kubra*, Dar Al-Baz, Makkah.
- Al-Haithami, A. (1414 H), *Majma' al-Zawa'id wa manba' al-Fawa'id*, Dār al-Fikr, Beirut.
- Al-Kasani, A. (1982), *Badā'i' al-Ṣanā'i'*, Dār al-Kutub al-'Arabī, Beirut.
- Al-Merghinani, B. (1980), *Al-Hidaya*, Dar Ihiya' al-Turath al-Arabi, Beirut.
- Al-Nasai', A. (1991), *Al-Sunan*, Dar Al-Kutub Al-Ilmiyya, Beirut.
- Al-Saliḥ, Firas Aḥmad (n.d.) *Al-Bay' bi Si'r al-Souq fi al-Fiqh al-Islami*, Journal of College of Sharia and Islamic Studies (JCSIS), Qatar University, vol. 37, issue 2, Qatar University, pp. 65-86.
- Al-Sana'ni, M. (1998), *Subul al-Salam*, Dar al-Kitab al-Arabi, Beirut.
- Al-Shafi'i, M. (1973). *Al-Umm*, Dar al-Ma'rifah, Beirut.
- Al-Shawkani, M. (1419 H), *Nail al-Awtar*, Dar al-Kalim al-Tayyib, Damascus.
- Al-Shirbini, M. (2003), *Mughni Al-Muhtaj*, Dar al-Fikr, Beirut.
- Al-Tirmidhi, M. (1999), *Sahih Al-Tirmidhi*, Dar Al-Hadeeth, Cairo.
- Ibn al-Arabi, A. (1995), *Sharḥ Sunan al-Tirmidhī*, Dar Ihya' al-Turath al-'Arabi, Beirut.
- Ibn al-Qayyim, M. (1415 H), *Tahzeeb Al-Sunan*, Dar al-Kutub al-Ilmiyyah, Beirut.
- Ibn Hanbal, A. (1983), *Al-Musnad*, Mu'assat al-Qurtuba, Cairo.
- Ibn Qudamah, M. (1404 H), *al-Mughni*, Dār al-Fikr, Beirut.
- Ibn Rushd, M. (2014), *Bidāyat al-Mujtahid wa Nihāyat al-Muqtasid*, Dar al-Fikr, Beirut.
- Ibn Taymiyya (n.d.), *Nazariyyat al-'Aqd*, Dār al-'Ilmiyya, Beirut.
- Qalyubi, A., and Umairah, S. (1995), *Hashiyata Qalyubi wa Umairah*, Dar al-Fikr, Beirut.