Countries, economy and markets: Analysis of hisbah institution and its contribution to Al-Mawardi perspective

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COUNTRIES, ECONOMY AND MARKETS:
Analysis of Hisbah Institution and Its Contribution in Al-Mawardi Perspective
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Abstract
The capitalist economy and the socialist economic history can not actually manifest even the distorted performance associated with economy and nothingness. This article uses an analysis of site content and historical methods in revealing the Islamic economic history of the money. ...

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A. Background
Samuelsen's study confirms¹ that governments have played an increasing role in modern economic systems, for example in government growth, equity, and direct regulation of economic life. Government functions also change in activities including direct supervision, social giving of public goods, financial functions, and government.

The role of the government, as affirmed by al-Mawardi², is built on the basis of the government's foundations and politics. The principles of the state include religion, state power, and state property. The state policy (siyasah al-mulk) includes government policy in realizing the welfare of society ('imarah al-buldan), creating security for citizens (hirasah al-ra'iyah), managing the army (tadbir al-jund), and managing finances state (taqdir al-amwal).

Meanwhile, the government in carrying out the role viewed from the side of the conventional economy resulted in polemic related to state relation and market mechanism. Siahaan³ states that the core of the market economy is the decentralization of decisions related to "what", "how much", and "how" the production process. Each individual is given the freedom to make decisions. It also

means that in the market economy mechanism there are enough independent individuals both from the producer side and from the consumer side.

In the study of market economics, Deliarnov\(^4\) argues that this market mechanism changes the economy more efficiently, with consideration of existing resources in the economy can be utilized more optimally, and no need for planning and supervision from any party. In other words "leave everything to market," and an invisible hand that will bring the economy toward balance, and in a balanced position, the resources available in the economy are maximized.

According to Shinichi Ichimura\(^5\), classical economy-driven classmate Adam Smith has a liberal spirit that considers the government not to interfere in the economy, unless it is related to rules not determined by any economic actors. Thus, everyone has the absolute freedom to self-regulate, including in the market mechanism. While the socialist economic system does not want the existence of individual freedom so that economic activity should be controlled by the government as an institution that represents the individual. The role of government in market mechanisms to regulate the planning and use of production factors, carry out production activities and regulate the distribution of consumer goods, organize education and health, and so forth.

Unlike the two systems, Islamic economics emphasizes that the role of government in market mechanisms needs to gain the primary concern without sacrificing human potential in developing economic activity. In Warde's\(^6\) view, one of the government's roles in regulating market mechanisms, for example in terms of pricing is to establish a market supervision or "hisbah". The existence of this hisbah institution as a regulator or supervisor in market mechanisms, especially controlling prices and market participants.

Thus this paper will examine deeply the relations of the state, market, and economy with hisbah as an economic institution in the space of history of Islamic economic thought. In this case, al-Mawardi is one of the most representative Muslim scholars and has direct experience with the issue, so the main focus of the matter will be described according to this figure.

B. Literature Review

In the Islamic tradition, Ziadeh\(^7\) illustrates that the forms of the works of Muslim scholars may be specialized, as well as the literature on hisbah, a government institution which has a controlling function, in particular in a collective or public life, as well as state relations and market mechanisms, to uphold justice and righteousness based on Islamic principles and customs or

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\(^4\) Deliarnov, Perkembangan Pemikiran Ekonomi (Jakarta: PT Raja Grafindo Prada, 2005), 40.
customs according to time and place. It also has offices that play a role in controlling the market (to control the market) and moral behavior (common morals).

Other writers and historians also relate the issues of state and economy in the discussion or part of their writing on their works on hisbah. Both classical and modern Muslim scholars as well as some Western Orientalists and scholars quite a lot who have done the study of this scholarship institute. The works on hisbah can be grouped into 2 (two) categories, namely: first, creations which focuses on the study of hisbah and using the title of hisbah or other words (but the material about hisbah), and secondly, the works of fiqh siyasah that insert the material of hisbah as an integral part of the book he wrote.

The first category works focusing on the study of hisbah and using the title of hisbah or other words (but the material on hisbah), such as al-Syaizari (w. 589/1193)\(^8\), Ibn al-Ukhuwwah (729/1329)\(^9\), Ibn Bassam\(^10\), al-Jarsifi\(^11\). Different examples of hisbah, such as Muhammad Ahmad bin Qasim al-Qabbani al-Tilimsani (d 871/1467) writing Tuhfah - do not use the word hisbah, but this work addresses the issue of hisbah.\(^12\)

For the second category, the works of fiqh siyasah which include the material of hisbah as an integral part of the book he wrote, for example, can be recorded alMawardi, Abu Ya'la al-Farra', and al-Ghazali. Al-Mawardi and Abu Ya'la in his work, al-Ahkam al-Sulthaniyah wa Wilayat al-Diniyah, included hisbah material in a special chapter that governed the entire administration of the State during the Abbasid period.\(^13\)

Based on the above review, state relations, markets, and the economy have an intersection in the role of the institution of hisbah in the supervision of the market. Although this study is quite classical, the contextualization of the institution of hisbah in economic practice is still needed, not only does this institute give a new meaning in the historical literature of Islamic economic thought, but also the role of this institution as regulator or market supervisor, so the idea of al-Mawardi reviewed in this article remains have urgency.

C. Methodology

This article is prepared using content analysis and critical historical methods. According to Krippendorf,\(^14\) content analysis is a technique for making replicable interference (replicable) and valid data with regard to its context. The steps taken include data identification, data classification, data categorization, and interpretation of data by interpreting the text in context. The critical historical method, as stated Notosusanto,\(^15\) is pursued by steps according to historical science


\(^12\) Muhammad Ahmad bin Qasim al-Uqbani al-Tilimsani, *Tuhfah*. (Beirut: Dar al-Sadr, 1999).


norms. This is because, although the perpetrators, times, and different places, and history cannot be repeated again, macro has almost the same characteristics. This method is also used to evaluate secondary data that can distinguish subjective, speculative opinions, interpretations, and thinkers, so that biographies, geographical, chronological, and functional aspects are known.

D. Country, Market, Economy, and Hisbah

1. Brief Biography of Al-Mawardi

Abu Hasan 'Ali ibn Muhammad ibn Habib al-Mawardi al-Bashri al-Shafi‘i, known as al-Mawardi (Alboacen) was born in the city of Bashrah, Iraq, in the year 364 H / 974 AD of the Arab family. He is attributed with the name “alMawardi” because his parents make and sell roses (ma'u alwardi). An important information from one of his disciples, Khatib Baghdad mentions that al-Mawardi was one of the greatest fuqaha of Shafi‘i schools and professed as al-qadha’ in the various Abbasid domains, died on Tuesday the month of Rabbi ‘al-Awwal year 450 H at 86 years of age. He was buried in the Bab al-Harb cemetery, Baghdad, and I (Khatib Baghdad) with city dwellers participating in his body. In the field of politics and state administration, al-Mawardi began his career at the time of Caliph al-Qadir Billah (381-422 H) and Caliph al-Qa'im Bi Amrillah (391-460 H) of the Abbasid caliphate, and Sultan Jalal al-Din (416-435 H) of the Buwaihi Dynasty.

The works of al-Mawardi, as recorded by al-Saqa, were mostly written in Baghdad after the year 436 AH. Al-Saqa categorizes al-Mawardi’s works of 12 books with three classifications, ie religious books (al-kutub al-diniyah), including al-Nukat wa-al-'Uyun, al-Hawi al-Kabir, al-Iqna', Adab al-Qadhi, and A'lam al-Nubuwah; the social and political books (al-kutub al-ijtima'iyyah wa-al-siyasah) include al-Ahkam al-Sultaniyyah, Nashihat al-Mulk, Tashil al-Nazhr wa Ta'jil alZhafar, and Qawanin al-Wizarah wa-Siyasat al-Mulk; and the books of language and literature (al-kutub al-lughawiyah wa-adabiyah) consist of al-Nahwu, al-Amtsal waal-hikam, and al-Bughyah al-'Ulya or Adab al-Dunya wa-al-Din.

2. Country Economic Function and Market Mechanism

Small opinion says that classical economists, such as Adam Smith, state that the government has only three functions, namely the function of the government for domestic maintenance and defense (defense function), the function of the state to administer the judiciary (the function of law), and

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18 Al-Mawardi, Adab al-Dunya wa-al-Din, 4.

the function of the government to provide goods - goods not provided by private parties such as roads, irrigation channels, and so forth (economic functions).

Adam Smith's analysis of the capitalist economy considers that every individual who knows best what is best for him, so he will do what is best for himself. Wallerstein\(^ {21} \) asserts that every individual will carry out a harmonious activity as if it will be regulated by the invisible hand or invisible hand so that the economy can grow to the maximum. On the contrary, government activity is very limited by carrying out activities not carried out by private parties. In other words, the role of the government is limited to implementing justice, defense and security, and public works.

In the mechanism, the market has difficulty in creating a perfect allocation of economic resources, resulting in failure. Such market failures, as Murray N. Rothbard\(^ {22} \) discloses, are usually caused by common goods or common goods, elements of market imperfection, public goods and externalities, incomplete markets, limitations or failures of information, unemployment or unpredictability and uncertainty.

Unlike capitalism, the socialist economic system developed by Karl Marx\(^ {23} \) requires the maximization of the state's role. The state must control all sectors of the economy to ensure justice to the people by means of production to redistributing them to laborers so that they also enjoy the results of their operations. The market in the socialist paradigm must be kept from falling into the hands of greedy capitalist owners so that the monopoly of means of production and exploit the labor force then utilize it to gain profit as much as possible\(^ {24} \). Therefore equilibrium will never be achieved, otherwise, injustice will occur in the economy of society. The state must play a significant role in realizing equilibrium and economic justice in the marketplace.

In the writer's view, the relations of the state, market and economy according to capitalism and socialism mentioned above bear the consequence that man on the one hand has the freedom to act economically, even though the act is contrary to moral values and religious values, while on the other hand humans are at all positioned as robots that are not able to be creative and obey what is the government's economic policy, especially related to the market mechanism. Two paradigms of this world economy than give an increasingly big impact on the nation's economy is getting worse, especially in developing countries.

\(^ {21} \) I. Wallerstein, *The Capitalist World-Economy* (New York: Cambridge University Press, 1979),
\(^ {23} \) Pada hakekatnya pemikiran sistem ekonomi sosialis sudah ada sebelum kemunculan Karl Max, seperti Robert Owen (1771-1858), Charles Fourier (1772-1837), dan Louis Blanc (1811-1882), namun Bapak sosialisme yang termasyhur adalah Karl Marx (1818-1883M), karena ia menggabungkan pikiral-pikiran dari banyak ahli yang mendahulunya. Buku Marx yang terkenal adalah *Das Capital* terbit tahun 1867 dan *Manifesto Comunis* terbit tahun 1848.
In al-Mawardi's view, the existence of a state is built on the basis of governance principles and politics. The principles of the state include religion, state power, and state finances. The state policy (siyasah al-mulk) includes government policy in realizing the welfare of society ('imararah al-buldan), creating security for citizens (hirasah al-ra'iyah), managing troops (tadbir al-jund), and managing finances state (taqdir al-amwal).

Islamic economics sees that markets, countries and individuals are in balance, there can be no subordinate, so one becomes dominant from the other. The market is guaranteed its freedom in Islam. The free market determines the means of production and price, there should be no disruption resulting in a defective market equilibrium. But in reality, it is difficult to find a market that runs itself fairly, so it can harm the parties.

In the opinion of Ziauddin Ahmed, the state in Islam has the same role as the market, its task is to regulate and supervise the economy, ensuring that competition in the market is complete, equitable information and economic justice. Its role as a regulator does not necessarily make it dominant, because the state, it should never interfere with a balanced market, its role is only necessary when distortions occur in the market system.

3. Hisbah Institution and Market Stability

According to al-Mawardi, the authority of the institution of hisbah encompasses three things: first, indictments related to fraud and dose reduction or scales; second, charges related to fraud in commodities and prices such as dose reduction and scales on the market, has expired, and third, the indictment related to the delay in payment of debt when the debtors can afford it.

Thus, the authority of this hisbah is limited only to the observation of the goodness of the good and forbidding the people from evil (amar ma'ruf nahi munkar). In this case, enjoining the good is divided into three parts, namely: first: enjoining the good that is related to the rights of God, such as having people to perform the Friday prayers if the place is enough people to carry it out and

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punish them in case of irregularity in the implementation of Friday prayers; second, in relation to human rights, such as the handling of pending rights and postponement of debt repayment. The Muhtasib has the right to order the debtors to pay it off immediately, and thirdly, in relation to the common right between God's rights and human rights, for example having the wali have married orphaned girls to innocent men, or obliged women- divorced woman to live her iddah.

Therefore, hisbah as a market institution takes on a new political color. Sahib al-suq turned into a muhtasib, this institution now began to have religious and political obligations to suppress the practices of heresy. The institution began to operate on three fronts, namely moral, professional, and religious-political, for the interests and defense of the establishment of Abbasid orthodoxy. In this case, al-Mawardi's position has specificity so it is necessary to consider his thinking about hisbah. First, the position of muhtasib is among those who hold a qadhi and the judiciary, but his position is not like a qadhi, he can file charges and execute punishment. The muhtasib officers conducted checks on measurements, weights, and weights, and supervision of medical practitioners, students, gold-makers weavers, copper dyes, and the like. He must forbid forced labor for slaves and animals. Usually, he does not set prices, but sometimes he has to control the price of food. He must guarantee water supply, prohibit usury, and anything that is haram (usury).

The officers of hisbah were also tasked with collecting information on sexual immorality, secret killings, and ordering legal guardians to allow young widows to marry again. Muhtasib should monitor the behavior and beliefs of people in markets that have a special relationship with women. Muhtasib was also urged to oversee the practice of heresy among the public. Al-Mawardi states that, "If Allah has revealed his word in the Qur'an clearly than the interpretation of it becomes a clear error, and putting aside the obvious meaning associated with a tradition that is peculiar to those who lack the ability is a form of mind error in an interpretation, so it is the duty of muhtasib to ban it."

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Al-Mawardi\textsuperscript{33} points out that a muhtasib should have an assistant to control the activities of crafts and professions. This assistant is called 'wise, a term that is also found in youth associations and mystical organizations.

Related to this muhtasib system, as stated further by al-Syaizari\textsuperscript{34} that muhtasib is allowed to take 'wise for every craft activity, provided that it has good knowledge of crafts, various works of craftsman, as well as their forms of cheating and deceit; a 'wise must have honesty and trustworthiness, supervise the activities of craftsmen and give reports of the findings that exist to muhtasib.

Thus, according to the author, the role of muhtasib is important in overseeing the implementation of the people's market, in particular, the moral behavior of market participants. Some notes provide information about the implementation of the duties of muhtasib, as alMawardi points out, that "the clerics are rejected by the public when the ruler ignores the estimates and assigns his duties to unreputable people and aims to earn profits and earn bribes".\textsuperscript{35}

E. Conclusions

Countries, economies, and markets are an important part of each other that has a role in creating economic balance, or economic justice in the Islamic economic sense. One of the country's economic institutions that were initiated in al-Mawardi's thought was hisbah, with its officers known as muhtasib, who play a role in controlling and supervising the economic activities of the people especially in the market.

\textsuperscript{34} Abd al-Rahman bin Nashr al-Syaizari, \textit{Nihayat al-Rutbah fi Thalab al-Hisbah}, 78.
Daftar Pustaka
