

## ECONOMIC CIVILIZATION OF THE TIME OF RASULULLAH SAW

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### Abstract

The cultural background and life of the Prophet SAW during his childhood greatly influenced the style of Islamic economic thought which later developed. The culture of the Arab community when doing business emphasizes more on trade. Furthermore, because he grew up in a trading environment, Muhammad SAW also worked as a trader. This profession began with an internship at the age of 12 when he joined his uncle's caravan, namely the caravan of Abu Talib to Syria. During his stay in Mecca after prophecy, the position of the Prophet SAW as the leader of the congregation of da'wah.

**Research Methods** This research is a qualitative descriptive study. The purpose of this research is to interpret and describe the data related to the current situation, attitudes / views that occur in society, contradictions of 2 or more situations, the influence of a condition and others.

The result of this research is that in the early days of Islam, the income earned by the Islamic state of Medina was still very small. Among the sources of income that are still small come from sources, including: spoils of war (ghanimah), ransom for prisoners of war, loans from Muslims, khumuz or rikaz (found treasures in the pre-Islamic period), waqf, nawaib (taxes for Muslims). rich in order to cover state expenditures during the emergency period, amwal fadhla (assets of Muslims who died without an heir), zakat fitrah, kaffarat (fines for mistakes made by a Muslim at religious events), as well as alms from Muslims and other assistance of the friends who are not binding.

**Keywords:** Economic Civilization, The Period of Rosululloh SAW

### A. Introduction

In many economic literature, the term "economics" is said to originate from the Greek words "Oikos" or "Oiku" and "Nomos," meaning household regulations. In other words, the meaning of "economics" is everything related to household life. In its development, the word "household" refers not only to a family consisting of a husband, wife, and children, but also to a broader household namely the household of the nation, state, and world<sup>1</sup>

In general, economics is closely related to production, consumption, and distribution. Therefore, economics is the field of study that examines how resources are managed, processed for consumption, and distributed equitably, thereby creating prosperity for society. Currently, there are only two global economic systems widely recognized by the public: capitalism and socialism. Economically, each country, in favor of these systems, is believed to bring prosperity to its people.

The capitalist system is driven by the desire to maximize profits with limited resources. Capitalist enterprises are driven by the values of freedom to fulfill needs. This freedom results in intense competition among individuals for survival. The capitalist economic system exhibits several tendencies, including the freedom to own property individually, economic freedom and free competition, and economic inequality.<sup>2</sup>

The socialist or command economic system collapsed with the dissolution of the Soviet Union. With the collapse of communism and the socialist economic system in the early 1990s, capitalism was hailed as the only valid economic system. However, the capitalist economic system has had negative and even worse consequences, as many poor countries have become poorer and the relatively few rich countries have become richer. In other words, capitalism has failed to improve the standard of living of many people, especially in developing countries.<sup>3</sup>

### B. Methods

<sup>1</sup> Iskandar Putong, "Economics Pengantar mikro dan Makro", Jakarta, Mitra Wacana Media, 2010. hal. 1.

<sup>2</sup> Novita Lidyana, "Perbandingan Ekonomi Konvensional Dan Ekonomi Islam". Iqtishodiyah, Volume 1, Nomer 1, Juni 2015, hal 2.

<sup>3</sup> Ibid.

This research is a qualitative descriptive study. The purpose of this study is to interpret and describe data related to the current situation, attitudes/views within society, the conflict between two or more conditions, the influence of a condition, and so on. In this qualitative descriptive study, the researcher used a literature review, seeking information from books, online media, and other literature to help establish a theoretical foundation (Arikunto, 2006)

### C. Discussion

#### 1. Economic Aspects of the Prophet Before Prophethood

In fact, the Prophet Muhammad's era began with his apostleship until his death (11 H /632 CE). However, the Prophet's cultural background and childhood significantly influenced the development of Islamic economic thought. Therefore, the period before his prophethood must also be discussed. Culture here refers to the social behavior that has been passed down through generations. For example, Arab society places greater emphasis on trade when conducting business, as depicted in the letter of Quraish; "Because of the custom of the Quraish (namely) their custom of traveling in winter and summer..." (QS Al Quraish: 1-2)

The journeys undertaken by the Quraysh were trade trips. In the summer, they traveled to Syria and in the winter, they traveled to Yemen. Islamic economic thought has evolved over time. As a child, the Prophet Muhammad (peace be upon him) lived in a trading environment, and he began his career as a trader. Therefore, we will first discuss the Prophet's business practices from his childhood until his prophethood.<sup>4</sup>

It is well known that Muhammad (peace be upon him) lived in the Quraysh community since childhood. In general, the Quraysh had trade routes based on changes in the weather. In the summer, trade journeys traveled north, including to Syria, Jordan, Palestine, and Lebanon. They even traveled as far as Turkey and the borders of Western Europe. Islamic economic thought has evolved over time. In winter, they traveled south, specifically to Yemen and Ethiopia, due to the warmer weather.<sup>5</sup>

Furthermore, growing up in a trading environment, Muhammad (peace be upon him) became a trader. This profession began with an internship at the age of 12, when he joined his uncle Abu Talib's trade caravan to Syria. This trade covered a distance of over 1,500 kilometers and passed through more than three countries. During this trade journey, Muhammad (peace be upon him) passed through Madyan, Wadil Qura, and the remains of Thamud buildings. In Syria, Muhammad (peace be upon him) also received extensive information about the Roman Empire, Christianity, and the Bible. So, even at only 12 years old, he already possessed the preparation for greatness of spirit, intelligence, intellectual acuity, deep observation, and a strong memory.<sup>6</sup>

At the age of 24, he began managing capital from investors such as Khadijah (ra) and deposits from wealthy orphans who were unable to manage their wealth. They trusted Muhammad (peace be upon him) so much that they referred to him as al-Amin (the Amin). In the modern business world, this position is called investment manager. At the age of 25, when he married Khadijah (ra), he continued to run his business and manage his wife's. However, he also maintained business alliances with investors in Mecca. At that time, he served as joint owner and business supervisor<sup>7</sup>

Despite mingling and interacting with the Quraysh, Muhammad's trading practices were free from the values of ignorance, such as usury, gambling, cheating, concealing defects, stealing, robbery, and so on. At that time, the Prophet actually practiced proper buying and selling practices, as well as the mudharabah partnership he had once practiced with Khadijah (ra)<sup>8</sup>

#### 2. Economic Aspects of the Prophet After Prophethood

During his stay in Mecca after his prophethood, the Prophet Muhammad (peace be upon him) served as the leader of the congregation. He did not issue many public policies. He remained focused on instilling faith and strengthening the spirit of Islam. Therefore, economic issues at that time were limited to activities that emphasized honesty and mutual economic assistance among Muslims. The condition of the Prophet Muhammad's congregation grew increasingly distressed due to pressure, opposition, provocation, and

<sup>4</sup> Ibid., hlm 39-40.

<sup>5</sup> Muhammad Syafi'i Antonio dan Tazkia, "Ensiklopedia Leadership and Managemen Muhammad saw, The Super Leader Super Manager, Jilid 2", ( Jakarta: Tazkia Publishing, 2010), 6.

<sup>6</sup> Muhammad Husei Haikal, Hayyah Muhammad. Terj. Ali Audah ( Jakarta: PT Pustaka Litera Antarnusa, 2002).

<sup>7</sup> Fahrur Ulum, "Sejarah pemikiran ekonomi Islam: analisis pemikiran tokoh dari masa Rasulullah SAW hingga masa kontemporer: buku perkuliahan Program S-1 Program Studi Hukum Ekonomi Syariah (Muamalah) Fakultas Syari'ah dan Hukum UIN Sunan Ampel Surabaya". (Surabaya: IAIN Press, 2015), hlm. 41-42.

<sup>8</sup> Ibid., hlm. 42.

boycotts from the Quraysh. At a time like this, the Prophet Muhammad's economic condition became even more concerning. Even during this difficult time, his uncle Abdul Muttalib and his beloved wife Khadijah died. Not only him, but the condition of his companions was also very worrying.<sup>9</sup>

To escape the hegemony of the Jahiliyah people of Mecca, the Prophet Muhammad (peace be upon him) decided to migrate, following God's guidance, leaving his hometown, possessions, and beloved family behind, walking no less than 500 km to Medina. The Prophet's migration with his companions to Medina marked the beginning of enlightenment and a change in the fate of the Muslim community. While in Mecca, Muslims were still a minority, oppressed and hated, in Medina, they received relatively good treatment from the Ansar (anshar). In this context, the Prophet's migration is interpreted as a crucial part of Islamic history, a milestone in the Islamic revival.<sup>10</sup>

In Medina, together with his companions, the Prophet began to build an Islamic civilization that has since been widely adopted as a civil society, namely a social order built and realized according to the internalization of Islamic teachings initiated by the Prophet. Furthermore, the Prophet's migration also marked a separation from the period of Mecca, which was confined by the Jahiliyah people, to Medina, which became a land of liberation. It also reflected the heterogeneity of the ummah, with both Muslims and non-Muslims living in harmony, adhering to the Medina Charter<sup>11</sup>

The Hijrah marked the beginning of a historic revival of Islamic civilization. The Prophet established the pillars of Islamic civilization in Medina, the most strategic milestone in the community's struggle. More broadly, the command to migrate was not merely ceremonial for the Prophet, but also a learning tool for Muslims to make changes, both physical and non-physical, such as mental and behavioral changes toward better and more praiseworthy ones.<sup>12</sup>

The Prophet Muhammad's presence as head of state in Medina brought about drastic changes in the lives of the people of Medina. Life became more orderly and well-organized. The Prophet's primary goal was to establish a social order, both within the family, community, institutions, and government, free from traditions, rituals, and norms that conflict with Islamic principles.

Some of the steps taken by the Prophet Muhammad SAW are as follows:

1. Building a mosque

It was in this mosque that the Prophet Muhammad SAW running the government and regulated the lives of the people of Medina.

2. Empowering the Muhajirin

The Prophet Muhammad (peace be upon him) empowered the emigrants by improving their social and economic well-being. In Medina, the Prophet Muhammad (peace be upon him) fostered a brotherhood between the emigrants and the helpers. This brotherhood enabled the emigrants to achieve greater prosperity. Some emigrants, skilled in trade, even experienced rapid economic growth. Among them were Uthman bin Affan and Abdurrahman bin Auf.

3. Making a state constitution

The Prophet Muhammad (peace be upon him) drafted a state constitution that declared Medina's sovereignty as a state. In this constitution, the government affirmed the rights, obligations, and responsibilities of every citizen, both Muslim and non-Muslim, as well as the state's land and security systems.

At this level, Rasulullah SAW has built an economic system which became the foundation for the development of economic systems in subsequent times. However, an economic system will always be related to other systems such as social systems, legal systems, government systems and political systems. Among the constitutional economic systems is the treatment of anfal, ghanimah, fa'i, and kharaj.

4. Laying the foundations of the state financial system

More specifically, the Prophet Muhammad (peace be upon him) laid the foundations of the state's financial system in accordance with the provisions of the Quran. All paradigms of economic thought and their application in daily life that were inconsistent with Islamic teachings were abolished and replaced with new paradigms aligned with Quranic values: brotherhood, equality, freedom, and justice.

<sup>9</sup> *Ibid.*, hlm. 43.

<sup>10</sup> Boedi Abdullah, "Peradaban Pemikiran Ekonomi Islam", (Bandung: Pustaka Setia, 2010), hlm. 39-40

<sup>11</sup> *Ibid.*

<sup>12</sup> *Ibid.*, 40

Therefore, all forms of economic and financial transactions inconsistent with the Quran were abolished, such as unclear or gharar trading practices, usurious transactions, usurious debts, and so on<sup>13</sup>

#### 5. Sources of State Revenue<sup>14</sup>

Among the sources of state revenue during the time of the Prophet Muhammad (peace be upon him) were zakat and usr. Both are distinct from taxes and therefore not treated as such. Zakat and usr are religious obligations and are among the pillars of Islam. Expenditures for both are clearly outlined in the Quran. During the time of the Prophet Muhammad (peace be upon him), zakat was levied on the following:

1. Metal objects made of gold, such as coins, tools, jewelry or other forms.
2. Metal objects made of silver such as: coins, tools, jewelry or other forms
3. Livestock such as: camels, cows, sheep, goats.
4. Various types of merchandise, including slaves and animals
5. Agricultural products include fruit
6. Luqathah (property left behind by the enemy)
7. Found items

Apart from these sources of state income, there are several other sources of additional income, including the following:

1. Ransom for prisoners of war, especially the Battle of Badr.
2. Loans (after the conquest of the city of Mecca) for the payment of diyat to the Muslims of Bani Judzaimah or before the battle of Khawazin amounting to 30,000 dirhams from Abdullah Rabi'ah as well as borrowing some clothes and riding animals from Abu Sofyan bin Umayyah.
3. Khums on rikaz or treasure.
4. Amwal fadhilah, namely assets originating from the assets of Muslims who died without heirs/the assets of a Muslim who had apostatized and left his country.
5. Waqf, which is property dedicated by a Muslim for the benefit of Allah's religion and his income will be kept in the bayt al-māl.
6. Nawaib, namely a special tax imposed on wealthy Muslims in order to cover state expenses during the emergency period that occurred during the Tabuk war.
7. Zakat al-Fitr.
8. Other forms of charity include sacrificial animals and expiation

#### 4. Sources of State Expenditures

- a. Defense costs such as weapons, camels, and supplies
- b. Distribution of Zakat and Ushr to those entitled to receive it according to the provisions of the Koran, including zakat collectors.
- c. Payment of salaries for guardians, qadi, teachers, imams, muezzins, state debt and other state officials, etc. Rasulullah established the baitul mal or treasure house at the Nabawi Mosque, the baitul mall functions as a place to collect all state assets before they are used for state interests and also to be distributed to the community until there is nothing left after all the assets have been collected without any hoard

#### 5. Bayt al-māl in the Time of the Prophet Muhammad SAW

Before Islam came, the government of a country was seen as the sole ruler of the country's wealth and treasury. In an Islamic state, power is seen as a mandate that must be carried out in accordance with the commands of the Koran. This has been practiced by Rasulullah SAW. As head of state, Rasulullah SAW did not consider himself a king, but as someone who was given the mandate to manage the affairs of the state and humanity as a whole. During the time of the Prophet, assets which were a source of state income were stored in mosques for a short period of time and then distributed to the community until nothing remained.<sup>15</sup>

At that time, the bayt al-māl did not yet have specific sections, even though he SAW had appointed writers who were tasked with recording assets. At that time he had appointed Mu'aiqib bin Abi Fatimah ad-Dausiy as the author of ghanimah assets, al-Zubair bin al-Awwam as the author of zakat assets, Hudzaifah bin al-Yaman as author of prices of agricultural products in the Hijaz region, Abdullah bin Rawahah as author of prices of agricultural products in the Khaibar area, al-Mughirah bin Syu'bah as author of debts and receivables and muamalah activities carried out by the state, and Abdullah bin Arqam as a

<sup>13</sup> Fahrur Ulum, "Sejarah pemikiran ekonomi Islam: analisis pemikiran tokoh dari masa Rasulullah SAW hingga masa kontemporer: buku perkuliahan Program S-1 Program Studi Hukum Ekonomi Syariah (Muamalah) Fakultas Syari'ah dan Hukum UIN Sunan Ampel Surabaya". (Surabaya: IAIN Press, 2015), hlm. 43-45.

<sup>14</sup> *Ibid.*, hlm. 47-48

<sup>15</sup> *Ibid.*, hlm. 49-50

writer on public affairs relating to the needs of the tribes including their irrigation conditions. However, at that time the Baitul Mal sections had not yet been formed, and there was also no specific place specifically for archival storage or room for writers.<sup>16</sup>

#### D. Conclusion

In essence, in the early days of Islam, the income obtained by the Islamic state of Medina was still very small. Among the small sources of income that come from sources, including: war booty (ghanimah), ransom of war prisoners, loans from Muslims, khumuz or rikaz (treasures found in the pre-Islamic period), waqf, nawaib (tax for rich Muslims in order to cover state expenses during times of emergency, amwal fadhla (property of Muslims who died without heirs), zakat fitrah, kaffarat (fines for mistakes made by Muslims at religious events), as well as alms from Muslims and other non-binding assistance from friends.<sup>17</sup>

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<sup>16</sup> Zallum, Abdul Qadim, "Al Amwal fi Daulat al-Khilāfah" (Beirut: Darul Malayin, 1983). Hlm. 21.

<sup>17</sup> Kharidatul Mudhiiah, "Analisis Sejarah Pemikiran Ekonomi Islam Masa Klasik", *Iqtishadia*, Vol 8, No. 2, September 2015, hlm. 198-199.