



## Abu Yusuf's Economic Thought: Principles, Methodologies, and Relevance to Modern Islamic Economics

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### Abstract

*This study investigates Abu Yusuf's economic thought, the prevailing views among scholars during his era, and the relevance of these ideas in modern economic contexts. The focus is on understanding the structure and characteristics of his economic concepts, the methodologies employed to address economic challenges, and their applicability to current developments. Grounded in an economic school of thought that integrates Islamic principles into economic life, the study highlights the combination of moral values, economic theory, and historical perspectives. Islamic economics is described as a framework of principles derived from the Qur'an and Sunnah, adaptable to the needs of specific periods and contexts. A historical-descriptive method is employed to analyze contributions to Islamic economics without internal critique. The central discussion addresses systemic issues affecting lower-income groups, such as economic disparities and unequal wealth distribution. Proposed solutions emphasize reducing burdens on marginalized groups and narrowing economic gaps. The analysis underscores the role of state institutions as mechanisms for enabling effective economic interventions, fostering equity, and promoting inclusivity. These perspectives offer insights for addressing modern economic challenges and integrating ethical and equitable principles into economic systems.*

### Keywords:

*Abu Yusuf; Islamic Economics; Economic Thought; Economic Justice; Economic Inequality*  
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## INTRODUCTION

Abu Yusuf, a renowned scholar of the Abbasid period during the reign of Caliph Harun al-Rashid, was a disciple and companion of Abu Hanifah. Known for his contributions to various Islamic sciences, his intellectual prominence stemmed from a solid educational foundation. Beginning with the study of hadith, Abu Yusuf furthered his knowledge by studying jurisprudence (*fiqh*) under esteemed scholars, including Abu Laila, Abu Ishaq al-Shaibani, Sulaiman al-Tamimi, and Yahya ibn Sa'id. This diverse academic exposure shaped his multifaceted contributions to Islamic thought.<sup>1</sup>

Among Abu Yusuf's many works, *Kitab al-Kharaj fi Nizami al-Amwal wa al-Dharaib (Kitab al-Kharaj)* is particularly notable. This text, often regarded as his magnum opus, exemplifies his ability to address practical issues within the socio-economic and legal framework of his time. The work integrates Qur'anic verses, hadiths, and other classical sources (*atsar*) with a systematic methodological approach, presenting solutions to pressing societal and legal challenges.<sup>2</sup>

*Kitab al-Kharaj* differs from his other writings in its focus on public finance and state management. It discusses issues such as taxation, public spending, trade, and wealth distribution, highlighting the role of governance in creating economic balance. This text serves as a comprehensive guide for addressing economic disparities and ensuring equitable resource allocation, principles that remain relevant for contemporary economic systems.<sup>3</sup>

Commissioned by Caliph Harun al-Rashid, *Kitab al-Kharaj* was intended to curtail injustices and enhance societal welfare. Its recommendations emphasized the integration of economic principles into state governance, advocating for policies that aligned with the moral responsibility of ensuring public prosperity. This work illustrates the significant role of economics within governance, framing it as a tool for fulfilling the state's trust to its citizens.<sup>4</sup>

Abu Yusuf's principles on taxation have left a lasting legacy, influencing the development of modern economic theories. His ideas contributed to the conceptualization of the "canons of taxation," later formalized by Western economists. This early articulation of taxation principles highlights his foresight in structuring fiscal policies that prioritize equity and justice.

One of Abu Yusuf's more controversial stances involves his rejection of price controls (*tas'ir*) by the state. He argued against the imposition of fixed prices, asserting that market forces should dictate pricing. This view contrasts with the approach of later scholars such as Ibn Taymiyyah, who outlined specific conditions under which government intervention in pricing could be justified.<sup>5</sup>

In addition to taxation and price regulation, Abu Yusuf's economic thought addresses various aspects of fiscal and trade policy. His work delves into topics such as national income, public expenditure, property rights, international trade, and subsidies. Through these discussions, *Kitab al-Kharaj* provides a holistic framework for understanding the economic dynamics of governance.

The economic insights presented by Abu Yusuf underscore the enduring relevance of Islamic economic principles in modern contexts. By integrating moral values, governance strategies, and practical economic policies, his works offer valuable guidance for contemporary policymakers striving to balance economic efficiency with social equity.

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<sup>1</sup> Jamaluddin A. Sanqiti, *Sejarah Legislasi Hukum Islam*, 1 ed. (Surabaya: Al-Ikhlash, 1994), 117; W. Montgomery Watt, *The Majesty that was Islam*, trans. oleh Hartono Hadikusumo (n.p., 1990).

<sup>2</sup> Watt, *The Majesty that was Islam*, 126.

<sup>3</sup> Didin Saifuddin, *Zaman Keemasan Islam: Rekonstruksi sejarah Imperium Dinasti Abbasiyah* (Jakarta: Grasindo, 2002).

<sup>4</sup> Muhammad Abu Zahrah, *Tarikh al-Mazahib al-Islamiyah* (al-Qahirah: Dar al-Fikr al-Arabi, 1987), 73–74, 33–383.

<sup>5</sup> Ibnu Taymiah, *Al-Hisbah fi al-Islam*, t.t.; Juhaya S. Praja, "Landasan Filosofis Ilmu Ekonomi Syari'ah (Dimensi Epistemologi)," t.t.

## RESEARCH METHODS

This study employs a historical-descriptive method to examine Abu Yusuf's thoughts on Islamic economics, as presented in *Kitab al-Kharaj*, without engaging in internal critique of his ideas. The research relies on historical data as the primary type of information, aligning with the qualitative approach. This method was chosen to focus the analysis on the relationship between constitutional law and Islamic economics, ensuring a comprehensive and detailed discussion.

The data sources used in this study include both primary and secondary materials. The primary sources consist of Abu Yusuf's original works, particularly *Kitab al-Kharaj* by al-Qadi Abi Yusuf ibn Ibrahim (113–182H/731–798CE), published by al-Matba'ah as-Salafiyah-wa Maktabatuha in Egypt, 1302H. These works provide direct insights into his economic ideas and methodologies.

Secondary sources include writings and commentaries by scholars and experts that analyze or critique Abu Yusuf's contributions. These supplementary materials are utilized to contextualize and support the primary data, offering a broader understanding of the relevance and application of Abu Yusuf's economic thought within the framework of Islamic economics and governance.

## RESULTS AND DISCUSSION

### Biography of Abu Yusuf

Abu Yusuf, born in 113H/731–732CE in Kufah and passed away in 182H/789CE, was a prominent figure whose lineage traces back to the Ansar—the early supporters of Prophet Muhammad (SAW) in Madinah. The designation *al-Ansari* in his name reflects this ancestral connection.<sup>6</sup>

During Abu Yusuf's lifetime, Kufah was a significant center of learning, particularly influenced by the legacy of Abdullah ibn Mas'ud (d. 32H), a distinguished companion of Prophet Muhammad (SAW). Abdullah ibn Mas'ud was appointed by Caliph Umar ibn al-Khattab as a teacher and *qadhi* (judge) in Kufah, laying the foundation for a robust tradition of Islamic education in the region. This intellectual heritage endured across generations, eventually shaping the scholarly environment in which Abu Yusuf was educated and later contributed.

The vibrant academic and judicial culture of Kufah, deeply rooted in the teachings of prominent early Islamic figures, provided a rich context for Abu Yusuf's intellectual development. His upbringing in such an environment played a pivotal role in shaping his contributions to Islamic jurisprudence and economics, as exemplified in his seminal work, *Kitab al-Kharaj*. This background highlights the significance of Abu Yusuf's scholarly lineage and the enduring influence of Kufah as a hub of Islamic learning during his era.<sup>7</sup>

### Abu Yusuf's Contributions to Islamic Economics

Abu Yusuf, a prominent Islamic economist of the 2nd century, advised Caliph Harun al-Rashid with the following counsel: "Take heed of the trust that Allah has bestowed upon you and the responsibilities of governance entrusted to your care." Elsewhere, he emphasized that rulers should prioritize the welfare of their people, as he stated: "This manual for the Caliph serves as a

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<sup>6</sup> Musthafa al-Maraghi, *Fathu al-Mubin fi Thabaqat al-Ushuliyyin*, trans. oleh Huein Muhammad (Yogyakarta: LKPSM, 2001), 77; Al-Khatib Al-Baghdadi, *Tarikh al-Baghdad*, vol. XIII (Beirut: Daar Al-Fikr, t.t.), 329–38; H. A. R. Gibb dan J. H. Kramers, *Shorter Encyclopaedia of Islam* (Leiden: E.J. Brill, 1961), 71.

<sup>7</sup> Marshal G. S. Hodgson, *The Venture of Islam*, trans. oleh Mulyadi Kertanegara (Jakarta: Paramadina, 2002); Al-Baghdadi, *Tarikh al-Baghdad*; Jaih Mubarak, *Sejarah Peradaban Islam* (Bandung: Pustaka Bani Quraisy, 2004).

guide for decision-making and action, aiming to prevent oppression and ensure the benefit of the populace."<sup>8</sup>

From this, it is evident that, according to Islamic thinkers, the resources and authority of the state are considered a trust that must be utilized for the welfare of the people. Therefore, the essence of governance in an Islamic state is not solely economic in nature but also aligns with the broader objectives of Shari'ah. Scholars (fuqaha) argue that meeting the needs of the people is an obligation that must be fulfilled diligently, as neglecting such responsibilities constitutes an injustice. Social obligations are inherently tied to public interests, and failing to uphold them equates to oppressing the population.<sup>9</sup>

Abu Yusuf did not separate economics from the legal and administrative framework of the state. His seminal work, *Kitab al-Kharaj*, reflects this integration, as it is difficult to distinguish economic principles from constitutional laws in his writings. Abu Yusuf actively sought to reform and improve the economic mechanisms implemented by the government of his time. The drafting of *Kitab al-Kharaj* itself was intended as a practical framework for government involvement in economic activities.<sup>10</sup>

The economic mechanisms proposed by Abu Yusuf, such as the theory of *maslahah `ammah* (public interest) and the replacement of the *wazifah* taxation system with the *muqassamah* system, underscore the critical role of government policies in managing the economy. Hence, in Abu Yusuf's view, constitutional law and Islamic economics are inseparable. Governance requires brilliant strategies to establish policies, particularly in economic matters, while Islamic economics, without the support of governance structures, remains purely theoretical and lacks practical implementation.

Under the reign of Harun al-Rashid, the issue of *al-Kharaj* became a highly relevant topic, widely discussed among Baghdad's intellectual circles. Abu Yusuf emerged as a scholar who reflected the principles of *al-Kharaj* with deep concern, intellectual acumen, and a strong sense of social justice. His contributions earned him recognition as a symbol of the conscience of his nation and followers.<sup>11</sup>

Motivated by a profound sense of responsibility and awareness, Abu Yusuf consistently championed humanistic values, striving to preserve the harmony between religion, tradition, and culture. His responses to questions posed by the Caliph demonstrated this balance, despite his occasional tendency to defend the teachings of his own school of thought. This is evident in his works, such as *Al-Radd `ala Siyar al-Awza'i* and *Ikhtilaf Hanifah wa Ibn Abi Laila*, which, though occasionally partisan, contain significant constructive contributions worthy of historical appreciation.

This section delves into Abu Yusuf's *Kitab al-Kharaj*, highlighting its flexibility across various domains, including fiqh, hadith, and legal institutions. The aim is not only to elucidate Abu Yusuf's economic thought but also to examine the operational mechanisms and proposals embedded within the text.

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<sup>8</sup> Muhammad Abdul Mannan, *Islamic Economics: Theory and Practice: A Comparative Study* (India: al-Idārah al-Adabiyyah, 1970); Yahya bin Adam, *Kitabu al-Kharaj* (Beirut: Dar al-Maarif, 1979).

<sup>9</sup> Ahmad Sodik al-Farabi, *Dirasat fi el-Mafahim al-Iqtisodiyah lada al-mufakkerin al-Islamiyyin uhud al-Umbrituriyyat al-Islamiyyah*, 1990.

<sup>10</sup> Adam, *Kitabu al-Kharaj*; M. Nazori Madjid, *Pemikiran Ekonomi Islam* (Yogyakarta: STIS Yogyakarta, 2003).

<sup>11</sup> Abi Faraj Abu Rahman bin Rajab, *Al-Istilahraju li el-Abkami al-Kharaj* (Beirut-Libanon: Dar-al-Ma'rifah, t.t.).

In reforming the economic system, Abu Yusuf sought practical solutions to the challenges faced by citizens, whom he considered the driving force of the economy. He identified systemic flaws that burdened the lower classes, resulting in economic inequality and widening gaps between the rich and the poor. Abu Yusuf argued that such disparities must be addressed by fostering an equitable and just economy, using *maslahah`ammah* (public welfare) as the guiding principle.

Abu Yusuf viewed the state as a mechanism that enables citizens to engage in and influence economic processes. While he acknowledged that economic processes might sometimes appear unfavorable, he also affirmed the government's right to regulate and oversee the economy. However, he proposed specific boundaries to delineate the roles of government policies and public participation. Abu Yusuf's framework rested on two key principles: (1) determining equitable taxation levels to prevent economic stagnation and (2) providing clear guidance on government expenditures aligned with public welfare.<sup>12</sup>

To achieve these objectives, Abu Yusuf outlined several areas for reform. These include income distribution, public expenditures, and market mechanisms. In the following sections, the foundational aspects of Abu Yusuf's economic thought are explored, focusing on the restructuring of the economic system amidst the challenges faced by the state.

### **Relevance and Applicability of Abu Yusuf's Economic Thought to the Development of Islamic Economics**

The 20th century saw the emergence of new perspectives on Islamic economics. Unlike other economic systems that focus on the *economic man*, Islamic economics emphasizes the concept of the *Muslim man*, guided by the principle of *falah* (success in this world and the hereafter) and ethical considerations. However, implementing these ethical principles in economic practices has proven challenging.

Abu Yusuf's vision centers on *maslahah ammah* (public welfare), which prioritizes communal interests over individual ones. This vision may require sacrificing personal benefits to fulfill social needs. To achieve *maslahah ammah*, spiritual and humanitarian considerations must be integral to economic decision-making, as they inherently carry normative values for both worldly and eternal welfare.

Some may perceive a potential conflict between individual interests and public welfare, but Abu Yusuf's strategic concept of *maslahah* serves as a framework for resolving such conflicts through compromise. If the values of *maslahah*, ethical conduct, and compromise are realized across all aspects of life, they could motivate individuals to refrain from unethical actions. However, the challenge lies in whether individuals are willing to prioritize public welfare over personal gain. Addressing this issue requires an understanding of current political dynamics, ethical frameworks, and cultural values. It is evident, however, that if economics focuses solely on self-interest, achieving *maslahah`ammah* in everyday life becomes improbable.<sup>13</sup>

Abu Yusuf's vision of *maslahah* also emphasizes a work ethic that benefits both the individual and society. It seeks to balance personal contributions with collective welfare, moving

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<sup>12</sup> Rajab; Adam, *Kitabu al-Kharaj*; Isya Abduh, *Al-Iqtishad al-Islami al-Madhal wa al-Minhaju* (Daru al-F'isham, t.t.).

<sup>13</sup> Taymiah, *Al-Hisbah fi al-Islam*; Ibn Katsir, *Al-Bidayah Wa al-Nihayah*, vol. V (Beirut: Darul Fikri, 1993); William Montgomery Watt, *A Short History* (Yogyakarta: Jendela, 2002); Muhammad al-Sharbini, *Mughni al-muhtaj sharh al-minhaj*, vol. 2 (al-Qahirah: Dar al-bab al-Halabi, t.t.).

self-interest toward enlightenment and societal benefit. This model aligns with certain aspects of modern economic theories, such as “human capitalism,” which integrates ethical considerations into profit-driven systems.

Under Abu Yusuf’s framework, governments are not bound by rigid business rules but are expected to adhere to social ethics. This implies that governments should not only remunerate their employees but also ensure their social and psychological well-being.

Another significant contribution of Abu Yusuf’s thought is the relationship between humans and natural resources. He posited that natural wealth, entrusted by Allah, should not be exploited irresponsibly. Instead, it must be managed with foresight and shared equitably among all of Allah’s creations. Humans are tasked with preserving the environment, ensuring sustainability, and refraining from exploitative practices. This philosophy forms the foundational ethical premise of Islamic economics, which envisions humanity as *khalifah fil ardhi* (stewards of the earth), aiming for *falah* in both worldly and spiritual realms.<sup>14</sup>

Abu Yusuf’s ethical considerations in economics can be categorized into three operational levels: individual, organizational, and systemic. At the individual level, ethics influence personal decision-making and accountability in managing businesses. At the organizational level, ethics guide institutions in fulfilling their social responsibilities. At the systemic level, ethics align individual obligations with broader frameworks, such as capitalism, socialism, or Islamism.

Abu Yusuf’s economic thought employs ethical and evaluative principles such as *al-tawazun* (balance), *al-ikhtiyar* (freedom of choice), *al-adalah* (justice), and *al-ihsan* (excellence). These principles constitute a comprehensive framework that could be adapted to contemporary socio-cultural contexts. However, the challenge lies in whether these standards can be effectively implemented within modern societies, a process requiring careful deliberation and planning.

Abu Yusuf’s integration of economics with governance remains a central tenet of his thought. In his *Kitab al-Kharaj*, there is little separation between economic principles and constitutional law. He sought to reform the economic mechanisms implemented by the government, emphasizing that the principles of *Kitab al-Kharaj* could only be applied through active government participation in economic activities.

Abu Yusuf’s economic mechanisms, such as the shift from the *wazifah* taxation system to the *muqassamah* system, reflect the importance of government policies in ensuring public welfare. Consequently, in Abu Yusuf’s perspective, constitutional law and Islamic economics are inseparable. Governance requires thoughtful strategies to guide economic policies, while Islamic economics, without the support of governance, remains theoretical and impractical.

## CONCLUSION

Abu Yusuf’s contributions to Islamic economics focus on addressing and resolving the economic difficulties faced by citizens, who he viewed as the driving force of the economy. He highlighted the flaws in economic systems that placed undue burdens on the lower classes, leading to inequality and widening the gap between the wealthy and the poor. In his perspective, these imbalances must be corrected to establish a more equitable and just economy, with *maslahah ‘ammah* (public welfare) serving as the principal benchmark of his vision.

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<sup>14</sup> Norman Calder, *Studies Early Muslim Jurisprudence* (n.p.: Clarendon Press-Oxford, 1993); Maurice Lombard, *The Golden Age of Islam* (New York: American Elsevier, 1975); al-Maraghi, *Fathu al-Mubin fi Thabaqat al-Ushuliyin*.

The relevance and applicability of Abu Yusuf's economic thought to the development of Islamic economics lie in his perspective on the role of the state. He regarded the state as a mechanism that enables citizens to actively engage in economic processes. While he acknowledged the potential flaws in these processes, he also affirmed the government's authority to regulate and oversee economic systems. However, Abu Yusuf emphasized the need for clear boundaries between government policies and the role of society to ensure a balanced dynamic.

Abu Yusuf identified two critical issues in this context. First, the establishment of a fair and balanced taxation system to prevent the economy from falling into recession. Second, the formulation of clear directives for government expenditures, ensuring that they align with the objectives of public welfare. These principles underscore his vision of a collaborative and ethical economic system that integrates governance with the public good.

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