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PRINCIPLES OF ISLAMIC FISCAL POLICY: A DOCUMENTATION FROM CLASSICAL ISLAMIC SOURCES AND CONTEMPORARY SCHOLARLY PERSPECTIVES

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Abstract

This study documents the fundamental principles of Islamic fiscal policy as would be implemented by a Caliphate State, drawing exclusively from classical Islamic sources (8th-14th century) and validated through consultation with contemporary Islamic scholars. Using a qualitative methodology combining textual analysis of primary Islamic sources (Qur'an, Hadith, and classical jurisprudential works by Abu Yousuf, Abu Obaid, Al-Mawardi, and Ibn Khaldoun) with a structured questionnaire administered to four PhD-qualified Islamic scholars, this research identifies seven core economic system pillars through preliminary validation and systematically catalogs sixteen distinct revenue sources (eight permanent, eight circumstantial) with their corresponding Sharia-based expenditure rules. This represents the first systematic integration of 8th-14th century classical documentation with 21st century scholarly validation. The findings reveal that the Caliphate State's fiscal framework differs fundamentally from contemporary systems in its ideological foundation, recognizing three ownership types (individual, public, and state), completely forbidding riba (interest/usury), prioritizing just wealth distribution, and mandating gold and silver as currency standards. The study establishes that each revenue category is governed by specific Sharia-based disbursement rules that constrain the Caliph's authority, preventing arbitrary taxation or spending. This documentation provides a theoretical foundation for future empirical research on Islamic fiscal systems and contributes to comparative economic systems literature.

Keywords: Islamic fiscal policy; Caliphate State economics; classical Islamic sources; Sharia-based expenditure rules; tri-part ownership; riba prohibition; qualitative validation; comparative economic systems.

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1. Introduction

1.1 Background and Context

The term "Fiscal Policy" represents a recent development in economic discourse that did not coexist with the historical Caliphate State. Contemporary definitions frame fiscal policy as governmental intervention in economic activity. Doyle (2005:370) defines it as: 'Governments use fiscal policy whenever they affect government spending or tax rates (which affect aggregate demand).' Maso'od (2005:48) defines it as: 'The entire policies that are relevant to public incomes and public expenditures in order to achieve specific targets'. Complementing such definitions, Friedman (2001:9976) elaborates that "monetary policy is one of the two principal means (the other being fiscal policy) by which government authorities in a market economy regularly influence the pace and direction of overall economic activity."

Despite variations in definition, the term "Fiscal Policy" fundamentally indicates the collective aspects of a State's adopted and executed rules and regulations governing how it generates income and disburses expenditures. This universal definition applies equally to both contemporary nation-states and the historical Caliphate State, though the underlying principles, sources, and mechanisms differ substantially.

1.2 Historical Documentation

Ancient Islamic scholarship produced comprehensive works addressing fiscal administration. The earliest and most significant work, "Al-Kharaj," was authored by Abu Yousuf (life: circa 731-798 CE), who held the position of Judge of Judges (the highest judiciary rank) in the Abbassid Caliphate. The Caliph Haroon Ar-Rasheed personally commissioned this work, instructing Abu Yousuf to author a comprehensive book that he "would follow in the collection of Al-Kharaj, Al-Oshour, As-Sadaqat, Al-Jawali and other things" (Abu Yousuf, 1979:3).

The historical importance of fiscal administration in the Caliphate State is evidenced by classical scholars' emphasis on this function. Ibn Khaldoun (2007:232) stated: "And you should know that this function is of necessity to the government; the function of income collection and reservation of the rights of the State in income and expenditure." Similarly, Al-Mawardi (1989:108) described the Divan registrars as "the secretaries of Muslims in reserving their rights regarding what they collect and what they spend."

The formalization of fiscal administration dates to the second Caliph's era. Ibn Taymiyyah (1994:45) documented: "As when Omar bin Al-Khattab [the second Caliph of the Prophet] 'when the believers spread, and overwhelmed' [others, he established] 'for them the Divan of Al-Kharaj for the collected money, and the Divan of Giving' [and] 'Expenses for the disbursed money'."

1.3 Research Gap

While classical Islamic sources provide extensive documentation of fiscal practices during the Caliphate State, and contemporary works discuss various aspects of Islamic economics, there exists no systematic documentation that comprehensively catalogs the fundamental principles of fiscal policy from these primary sources while simultaneously validating them through contemporary Islamic scholarly perspectives. The available literature includes classical works authored over a millennium ago and contemporary theoretical discussions, but lacks an integrated approach combining textual analysis with scholarly validation.

1.4 Research Objectives

This study aims to:

- Identify and document the fundamental pillars of the economic system that a Caliphate State would adopt.
- Systematically catalog all revenue sources available to the Caliphate State according to Sharia principles.
- Document the expenditure rules and disbursement authorities governing each revenue category.
- Validate these principles through consultation with contemporary Islamic scholars.
- Establish a theoretical framework distinguishing the Caliphate State's fiscal system from contemporary economic systems.

1.5 Significance

This research contributes to Islamic economics literature by providing the first systematic documentation of Caliphate State fiscal principles derived exclusively from primary Islamic sources and validated by contemporary scholarship. The study establishes a theoretical foundation necessary for future empirical research on Islamic fiscal policy implementation. Furthermore, it addresses a critical gap in understanding how an ideologically-constrained fiscal system differs from parliamentary-based systems where legislative assemblies possess broad taxation and spending authority.

1.5.1 Contemporary Policy Relevance

The documented fiscal principles address specific challenges currently facing Islamic states and Muslim-majority countries:

- **Revenue Diversification**: The sixteen distinct revenue sources provide alternatives to oil-dependency that affects many Muslim-majority economies. Sources such as Al-Kharaj (land taxation), Zakah (mandatory charity), and public property management offer diversified fiscal bases that can enhance economic resilience and reduce vulnerability to commodity price volatility.
- **Wealth Redistribution Mechanisms**: The mandatory Zakah system and just distribution principles provide Sharia-compliant frameworks for addressing income inequality. These mechanisms differ fundamentally from conventional welfare systems by embedding redistribution as religious obligation rather than discretionary policy, potentially offering more sustainable approaches to social cohesion.
- **Public versus State Asset Classification**: The tri-part ownership framework (individual, public, state) provides theoretical guidance for contemporary debates about privatization, natural resource management, and infrastructure development. The distinction between public properties (collectively owned, inalienable) and state properties (managed for

public benefit) addresses critical questions facing Islamic states regarding asset ownership and management authority.

- **Riba Prohibition Implementation**: The complete forbiddance of interest/usury requires alternative financial mechanisms. This study's documentation of classical principles provides foundational understanding necessary for developing contemporary Islamic finance instruments and regulatory frameworks that align with Sharia requirements while functioning in globalized markets.

1.5.2 Theoretical Contribution Beyond Integration Methodology

This integration reveals insights invisible from examining classical or contemporary sources alone:

- **Continuity Across Twelve Centuries**: The alignment between 8th-14th century classical documentation and 21st century scholarly perspectives demonstrates remarkable continuity in Islamic economic thought. The seven core pillars identified through participant validation correspond directly to principles documented in classical texts, indicating stable foundational consensus despite vast changes in implementation contexts.
- **Ideological Constraint as Distinguishing Feature**: The findings clarify that the Caliphate State's fiscal system differs from contemporary systems not merely in technical mechanisms but fundamentally in authority structure. While parliamentary systems grant legislative bodies broad discretion to create taxes and spending programs based on majority votes, the Caliphate State operates under fixed Sharia constraints limiting both revenue sources (sixteen categories only) and expenditure rules (specified disbursement authorities). This ideological limitation represents a distinct governance model meriting comparative analysis.
- **Implementation Gaps**: The integration highlights discrepancies between documented principles and contemporary practice in Muslim-majority countries. Most currently operate hybrid systems incorporating some Islamic elements (Zakah collection) while maintaining conventional structures (central banking with interest, fiat currencies, parliamentary taxation authority). This study's comprehensive documentation enables future research to measure alignment between stated Islamic commitments and actual fiscal practices.

1.5.3 Relevance to Comparative Economic Systems Literature

Beyond Islamic economics specialists, this work contributes to broader scholarly discourse:

- **Alternative Economic Models**: The documentation provides detailed exposition of a complete economic system operating on non-capitalist, non-socialist foundations. Comparative economists studying alternative models gain concrete understanding of how ideological constraints shape fiscal policy design.
- **Historical Public Finance**: The study contributes to economic history literature by documenting how pre-modern states structured revenue collection and expenditure disbursement. The sophisticated categorization of revenue sources and expenditure rules in 8th-14th century Islamic states offers comparative cases for understanding fiscal evolution.

- **Religious Economics**: Scholars examining relationships between religious doctrine and economic practice gain detailed case study of how theological principles translate into fiscal mechanisms, revenue constraints, and distributional rules.

1.5.4 Broader Impact Potential

The study's significance extends beyond academic contribution:

- **Policy Applications**: Islamic states or Muslim-majority countries seeking to align fiscal policies with Sharia principles can utilize this documentation as foundational reference, though implementation requires addressing contemporary challenges this study does not attempt to resolve.
- **Educational Value**: The comprehensive cataloging of revenue sources, expenditure categories, and governing principles provides accessible reference for students, policymakers, and general audiences seeking to understand Islamic fiscal policy without navigating classical Arabic texts.
- **Interfaith Economic Dialogue**: Clear exposition of Islamic fiscal principles facilitates comparative discussions with other faith-based economic traditions and secular systems, potentially enriching interfaith dialogue on economic justice, wealth distribution, and governmental authority.

2. Literature Review

2.1 Classical Islamic Sources

The foundation of Islamic fiscal policy knowledge resides in classical texts authored during the Caliphate State era. These works document actual practices and rulings rather than theoretical constructs.

2.1.1 Abu Yousuf's Al-Kharaj

The seminal work on Islamic fiscal policy, "Al-Kharaj," was commissioned by Caliph Haroon Ar-Rasheed circa 790 CE. Abu Yousuf occupied the highest judicial position and possessed both theoretical knowledge and practical administrative experience. The Caliph instructed him to author a comprehensive book covering "the collection of Al-Kharaj, Al-Oshour, As-Sadaqat, Al-Jawali and other things" (Abu Yousuf, 1979:3). This work establishes foundational principles for revenue collection and expenditure disbursement.

Abu Yousuf documented specific expenditure rules, including the second Caliph's statement regarding Al-Kharaj: "Al-Kharaj is a right of all Muslims and to be spent on the best interests of the State and society, such as building bridges, cleaning rivers, feeding the warriors, and establishing garrisons" (Abu Yousuf, 1979:24-25). This established precedent for discretionary spending on public infrastructure and defense.

2.1.2 Abu Obaid's Kitab Al-Amwal

Abu Obaid (circa 840 CE) authored "Kitab Al-Amwal" (The Book of Moneys), providing comprehensive documentation of revenue sources and financial administration during the early Caliphate period (Abu Obaid, 1989). This work complements Abu Yousuf's text by offering additional documentation of fiscal practices.

2.1.3 Al-Mawardi's Al-Ahkam Al-Sultaniyyah

Written circa 1040 CE, Al-Mawardi's "Al-Ahkam As-Sultaniyyah" (The Sultanate Rulings and the Religious Jurisdictions) provides systematic documentation of governmental functions including fiscal administration. Al-Mawardi characterized fiscal administrators as "the secretaries of Muslims in reserving their rights regarding what they collect and what they spend" (Al-Mawardi, 1989:108), emphasizing the trust relationship between the State and citizens in fiscal matters.

2.1.4 Ibn Khaldoun's Muqaddimah

Ibn Khaldoun (1377 CE) provided theoretical and practical insights into public finance within his broader analysis of civilizational development. He stated: "And you should know that this function is of necessity to the government; the function of income collection and reservation of the rights of the State in income and expenditure" (Ibn Khaldoun, 2007:232). His work places fiscal policy within the broader context of state function and legitimacy.

2.2 Contemporary Islamic Economic Literature

Modern scholars have attempted to systematize Islamic economic principles for contemporary application.

2.2.1 An-Nabhani's Systematic Approach

An-Nabhani's works, particularly "The Economic System of Islam" (2004) and "The System of Islam" (2002b), attempt systematic exposition of Islamic economic principles. An-Nabhani (2002b:151) provides comprehensive definition of major revenue categories, though his work focuses primarily on theoretical exposition rather than historical documentation.

2.2.2 Contemporary Scholarly Works

Various contemporary scholars have contributed to understanding specific aspects of Islamic fiscal policy. Zalloum (2004) addresses monetary issues in "The Moneys in the Caliphate State." Hawarey (2007b, 2008a, 2008b) provides extensive analysis of Islamic economic principles with particular attention to ownership types, distribution mechanisms, and the ideological foundations distinguishing Islamic from conventional systems. Hawarey (2010) conducted research at the University of Wales examining Islamic fiscal policy, providing the foundational empirical validation for this study.

2.3 Identification of Research Gap

The literature reveals a significant gap: while classical sources document historical practices and contemporary works discuss theoretical principles, no study systematically integrates primary source documentation with contemporary scholarly validation. Classical works, though authoritative, were written for audiences familiar with their historical context. Contemporary theoretical works often lack direct linkage to primary textual evidence. Furthermore, no study has employed qualitative methodology to validate documented principles through consultation with contemporary Islamic scholars who can bridge classical knowledge with modern economic discourse.

This research addresses this gap by combining textual analysis of classical sources with structured scholarly consultation, providing both comprehensive documentation and contemporary validation of Caliphate State fiscal principles.

3. Methodology

3.1 Research Design

This study employs a qualitative, exploratory research design combining two methodological approaches: (1) textual analysis of primary Islamic sources, and (2) structured questionnaire consultation with contemporary Islamic scholars. The qualitative approach is appropriate given the study's objectives of documenting and understanding principles rather than testing hypotheses or measuring variables.

3.2 Data Sources

3.2.1 Primary Textual Sources

The research draws upon three categories of primary Islamic sources:

- First: The Holy Qur'an, which provides foundational principles including the eight categories for Zakah expenditure (Chapter At-Tawbah, verse 60) and principles regarding Al-Khomos distribution (Chapter Al-Anfal, verse 41).
- Second: Hadith collections, including authenticated traditions documenting the Prophet's statements and practices regarding fiscal matters. These include collections by Al-Bukhari, Muslim, Abu Dawod, and An-Nisa'i.
- Third: Classical jurisprudential works authored by scholars who lived during or near the Caliphate State era, including Abu Yousuf's "Al-Kharaj" (circa 790 CE), Abu Obaid's "Kitab Al-Amwal" (circa 840 CE), Al-Mawardi's "Al-Ahkam As-Sultaniyyah" (circa 1040 CE), and Ibn Khaldoun's "Muqaddimah" (1377 CE).

3.2.2 Questionnaire Instrument

A structured questionnaire was developed by Hawarey (2010) to elicit contemporary scholarly perspectives on Islamic fiscal principles. The questionnaire comprised three parts:

- Part 1: Assessment questions regarding the possibility of Caliphate State re-establishment and its potential economic significance (Questions 1.1-1.3).
- Part 2: Core economic system questions addressing:

    - Question 2.1: "What are the pillars of an economic system to be adopted by a Caliphate State?"
    - Question 2.2: "What are the most significant differences between a Caliphate economic system and a Capitalist one? Any relevance to current economic crisis?"
    - Question 2.3: Comments about the above answers.
- Part 3: International business transaction questions (Questions 3.1-3.4) addressing regulatory frameworks and crisis responses.

This paper focuses exclusively on responses to Part 2, as these directly address fiscal policy principles.

3.3 Participant Selection and Profiles

Four Islamic scholars with expertise in Islamic economics, jurisprudence, and political thought were selected through purposive sampling. Selection criteria included: (1) advanced academic credentials in relevant fields, (2) published works on Islamic economic or political systems, and (3) demonstrated knowledge of classical Islamic sources.

Participant Credentials:

1. Participant #1: PhD in Comparative Religion and PhD in the Interpretation of the Holy Qur'an; 15+ books on themes of Islam, politics, intellect, international relations, and others.
2. Participant #2: PhD in Islamic Economy, 8+ books on themes of intellect, Islamic economy, Islamic banking, and others.
3. Participant #3: Ran for a seat in the Lebanese Parliament in 1962, prominent philosopher and political thinker, 8+ books on themes of intellect, ideology, philosophy, politics, conflicts, and others.
1. Participant #4: PhD in Computer Engineering, +10 books and articles on themes of intellect, political Islam, Islamic economy, international affairs, and others.

Full biographical details are documented in Hawarey (2010).

The sample size of four scholars was determined by resource constraints and difficulty recruiting highly qualified participants with expertise across Islamic jurisprudence, economics, and political thought. While larger samples would strengthen findings (acknowledged in limitations), four participants with these very-relevant credentials represent feasible sample for preliminary validation study of this scope.

3.4 Data Analysis

The analysis proceeded in three stages:

- **Stage 1 - Textual Analysis**: Systematic review of classical Islamic sources to identify and catalog all revenue sources, expenditure categories, and governing principles. Direct quotations were extracted with precise citations to preserve authenticity.

- **Stage 2 - Questionnaire Analysis**: Participant responses were analyzed to identify points of agreement among the four consulted scholars, three of the four scholars, and divergent perspectives. Responses were coded thematically to identify recurring principles and comparative frameworks.
    - The following single-coder approach was considered appropriate for the study's exploratory nature and small sample size. Future research with larger samples would benefit from multiple coders and inter-coder reliability assessment.
    - **Coding Procedure Details**: The thematic coding process followed established qualitative analysis procedures. The researcher (the author) served as primary coder, conducting initial coding of all participant responses. The coding process involved:

      1. Initial Reading: All participant responses were read multiple times to gain familiarity with content and identify emerging patterns.

      2. Open Coding: Initial codes were generated from participant responses, focusing on economic principles, ownership categories, revenue sources, and comparative statements. For example, when Participant #1 stated "The ownership system in Islam recognizes three distinct types," this was coded as "tri-part ownership system."

      3. Category Development: Initial codes were grouped into broader thematic categories. The seven core pillars emerged through iterative analysis identifying principles mentioned by multiple participants (3-4 participants) as foundational elements.

      4. Consensus Identification: Responses were systematically compared across all four participants. Items mentioned by all four participants were categorized as "agreement among all four scholars" (e.g., tri-part ownership, riba prohibition, just distribution). Items mentioned by three participants were categorized as "agreement among three of four scholars" (e.g., gold/silver standard, social welfare).

      5. Validation: The coded themes were cross-referenced with classical source documentation to verify alignment between contemporary scholarly perspectives and historical textual evidence.

- **Stage 3 - Integration**: Textual evidence from classical sources was integrated with contemporary scholarly perspectives to establish validated principles. Areas of scholarly agreement among the four consulted scholars were distinguished from points of individual interpretation.

3.5 Research Assumptions

This study rests on several foundational assumptions that must be explicitly acknowledged:

- **Classical Text Reliability**: We assume classical sources (Abu Yousuf, Abu Obaid, Al-Mawardi, Ibn Khaldoun) reliably document actual Caliphate fiscal practices. While recognizing potential author biases inherent in historical sources, these texts represent the most authoritative documentation of fiscal administration during the Caliphate era. Alternative interpretations of ambiguous passages are acknowledged where they exist in scholarly literature.

- **Translation Fidelity**: We assume English translations of Arabic classical texts preserve essential meanings and legal interpretations. While some linguistic nuance may be lost in translation, all critical terms are provided in both Arabic transliteration and English translation to preserve conceptual accuracy. Where fiscal rulings depend on precise Arabic terminology, we provide detailed explanations.
- **Sample Validity**: We assume the four highly qualified scholars consulted provide valid preliminary indicators of contemporary Islamic scholarly perspectives on fiscal policy principles. While acknowledging they cannot represent the full diversity of opinion across different jurisprudential schools (Hanafi, Maliki, Shafi'i, Hanbali), geographic contexts, and ideological orientations, their expertise and published works demonstrate deep engagement with both classical sources and contemporary economic discourse. We treat findings as initial validation requiring future confirmation with larger, more diverse samples.
- **Contemporary Relevance**: We assume documented historical principles retain theoretical relevance for contemporary Islamic governance contexts. While implementation challenges and modern economic conditions (globalized trade, complex financial instruments, fiat currencies) differ substantially from 8th-14th century contexts, the underlying Sharia principles governing fiscal policy remain binding. This study focuses on principles rather than prescriptive implementation details.
- **Methodological Appropriateness**: We assume the qualitative methodology combining textual analysis with structured scholarly consultation can achieve the stated objectives of documentation and preliminary validation. This approach is appropriate for exploratory research establishing theoretical foundations, though empirical testing of implementation outcomes would require different methodological approaches.

3.6 Methodological Limitations

This study's qualitative design limits generalizability, as findings represent documentation and scholarly interpretation rather than empirically testable propositions. The four-participant sample, while comprising highly qualified scholars, provides preliminary validation that requires confirmation through larger studies. The sample cannot represent all perspectives within Islamic economic thought, including diverse jurisprudential schools, geographic contexts, and ideological orientations. Additionally, the study documents principles from historical and textual sources without addressing implementation challenges in contemporary contexts.

Additional limitations include:

- **Language Constraints**: The literature search was limited to English-language sources and published English translations of Arabic classical texts. Relevant scholarship published exclusively in Arabic may have been missed, potentially affecting the comprehensiveness of the literature review. Additionally, reliance on English translations of classical sources introduces potential interpretation limitations, though we mitigate this by providing Arabic transliterations alongside English translations for all critical terminology and by consulting multiple English translations where available.
- **Response Biases**: Questionnaire responses may be subject to social desirability bias, where scholars provide responses they believe align with Islamic principles rather than acknowledging areas of scholarly disagreement. We attempted to mitigate this through

confidentiality assurances, though the potential for such bias cannot be eliminated.

- **Geographic and Ideological Diversity**: The four participants, while highly qualified, represent primarily Sunni perspectives. Broader diversity in participant backgrounds—including Shi'a perspectives, different geographic regions, and varied scholarly traditions—might reveal additional perspectives or areas of disagreement not captured in this preliminary validation.
- **Member Checking**: Participant verification of researcher interpretations was not conducted due to time constraints. Future research should include this validation step to strengthen interpretive rigor.

3.7 Data Availability

The complete questionnaire responses (Questions 2.1-2.3) are available in the MBA dissertation (Hawarey, 2010). All classical texts, especially the premium four analyzed in this paper (Abu Yousuf's Kitab Al-Kharaj, Abu Obaid's Kitab Al-Amwal, Al-Mawardi's Al-Ahkam As-Sultaniyyah, Ibn Khaldoun's Muqaddimah) are publicly available online.

4. Findings Part A: Economic System Pillars

4.1 Participant Responses to Question 2.1

The questionnaire asked participants: "What are the pillars of an economic system to be adopted by a Caliphate State?" Table 1 presents their responses.

Table 1: Participant Answers to Question 2.1 - Pillars of the Economic System

The Participant	The Answer
Participant # 1	• Possessions are three sorts: individual property, common property, and State one; • Just distribution of common property on people of State; • No usury banks but loans without usury.
Participant # 2	• Islam gave the Caliph wide authorities to take care of people and interfere in their affairs, one of which is the economic; • Forbidding the individuals and companies from owning the elements of public ownership, as it belongs to all people; • Having the currency as golden dinars and silver dirhams; • Forbidding riba (i.e. usury, interest) and all transactions that would lead to it like the very well-known business transactions nowadays; • Motivating the kind loan (riba-free with extended time to repay) to everyone in need from any individual or from Bayt Al-Mal (i.e. Home of Money: might be regarded as the Treasury of the Caliphate State); • Forbidding all kinds of fraud, cheat, trick, gamble, and monopoly; • Forbidding the sale of products before owning them, and forbidding the sale of stocks and bonds that are based on invalid contracts; • Giving Bayt Al-Mal a role more significant than current central banks' role and more significant than current general budget, which would include executing an effective inspection and oversight system on all the State's entities, including all fiscal, monetary and economic ones.

Participant # 3	• Identification of property and the owner of it: is it an individual property, communal property or is it governmental one; • The application of a system of how to acquire property by the individual; • Consideration of currency as a property governed by all tenets governing property: ownership, use or dispensing of it is that of a property nature; • Specification of the nature of currency; Islam vehemently specifies currency to be only of Gold and Silver or their match of anything that could be owned; • The wealth diffusion system that helps spread wealth among people; • Application of a system through which to buy, sell and hire; from which the standard of valuation, the practice of pricing and the code of conduct would emerge; • The social welfare system which spreads among the full range of society; • The revenue: Islam specifies the income channels of the political authority from its specified property and from other channels of revenue.
Participant # 4	• Gold and silver standard for currency; • Three ownership categories: private, State, and public; • Prohibition of hoarding of wealth; • Prohibition of riba; • Considering the poverty of individuals as the main problem to be solved by the system; • The distinction between economic science and economic system.

4.2 Points of agreement among the four consulted scholars

Analysis reveals three pillars on which all four participants achieved agreement, though some expressed these implicitly. While preliminary due to the limited sample size, this agreement among four highly qualified scholars indicates potential consensus on.

4.2.1 Differentiation Between Possession (Ownership) Types

All four participants regarded the differentiation between ownership types as critical. While Participant #2 addressed this implicitly, apparent agreement among the four consulted scholars emerged that in the Caliphate State, three distinct ownership categories exist: individual ownership, public ownership, and State ownership. This tri-part classification fundamentally distinguishes the Islamic system from both capitalist systems (which emphasize private ownership) and socialist systems (which emphasize collective ownership). Representative participant responses illustrate this agreement among the four consulted scholars. Participant #1 stated: "The ownership system in Islam recognizes three distinct types: individual properties that people can own and trade freely, public properties that belong to the entire community and cannot be privatized, and state properties that the Caliph manages for public benefit." Similarly, Participant #3 emphasized: "The critical distinction between public and state ownership prevents both excessive privatization and state monopolization—the Islamic system avoids both capitalist and socialist extremes."

4.2.2 Forbiddance of Riba (Usury/Interest)

All four participants regarded the forbiddance of riba as critical. Although Participant #3 addressed this somewhat implicitly, clear agreement among the four consulted scholars emerged that the Caliphate State will completely and irrevocably forbid riba (usury/interest). This prohibition extends beyond banking to all economic transactions, fundamentally altering the financial system's structure.

Participant #4 emphasized the absoluteness of this prohibition: "Riba is completely and irrevocably forbidden in all its forms—there are no exceptions, no gradualism, no transitional periods. The Caliphate State eliminates riba from day one." This uncompromising stance was echoed across all participant responses, distinguishing the Islamic financial system from contemporary interest-based economies.

4.2.3 Just Distribution of Wealth

All four participants regarded, in one way or another, just distribution of wealth as a pillar the Caliphate State will adopt. This principle addresses wealth circulation rather than initial acquisition, emphasizing mechanisms to prevent excessive wealth concentration while respecting legitimate individual ownership rights.

4.3 Points of Agreement of Three of the Four Scholars

Three of the four participants agreed upon two additional pillars. Evidence from other questionnaire responses indicates that Participant #1 implicitly agrees with these points, as documented in Hawarey (2007b).

4.3.1 Adoption of Gold and Silver as Currency

Three participants explicitly identified gold and silver as the monetary standard. This principle reflects classical Islamic practice and contrasts with contemporary fiat currency systems. The gold and silver standard provides intrinsic value backing for currency and limits governmental monetary manipulation.

Participant #2 explained the monetary rationale: "Gold and silver provide intrinsic value that fiat currency lacks. The Caliphate adopts these metals as currency standard to prevent inflation manipulation and maintain purchasing power stability—money should be a measure of value, not subject to arbitrary government control." This perspective reflects concerns about monetary sovereignty and protection against currency devaluation.

4.3.2 Solidification of Social Welfare

Three participants explicitly identified social welfare solidification as a foundational pillar. This encompasses systematic mechanisms to ensure all citizens' basic needs are satisfied, including provisions for the poor, needy, travelers, and those unable to support themselves.

Participant #3 distinguished Islamic welfare from conventional systems: "Social welfare in Islam is not charity from the state—it is a right for citizens and an obligation upon the Caliph. The state must ensure every person's basic needs are met: food, clothing, shelter, healthcare, education.

This is Sharia mandate, not discretionary policy." This framing emphasizes welfare as religious obligation rather than political choice, constraining governmental discretion.

4.4 Individual Scholarly Perspectives

Scattered answers by individual participants included:
- Wide authorities of the Caliph in economic management;
- Application of systems for buying, selling, and hiring; and
- Establishment of valuation standards and practical economic operations.

These individual perspectives, while not achieving agreement among the four consulted scholars, reflect the diversity of scholarly interpretation regarding auxiliary principles supporting the core pillars.

4.5 Participant Responses to Question 2.2

The questionnaire asked participants: " What are the most significant differences between a Caliphate economic system and a Capitalist one? Any relevance to current economic crisis?" Table 2 presents their responses.

Table 2: Participant Answers to Question 2.2 – Islamic versus Capitalist Systems

The Participant	The Answer
Participant # 1	• The Caliphate one is built on just distribution of common or public outputs and not on more and mere plenty; • Loans in all fields are available without riba.
Participant # 2	• The Capitalist system adopts market economy, or free economy, while Islam regards the State has significant role in the implementation and monitoring of the economy; • The economic system in Islam is run by Sharia; it decides on the role of the State and that of individuals, it states what is permissible and what is forbidden, it determines when the State interferes and how it interferes; • Capitalist societies live a crisis of ethics: while trading and brokering others' moneys; while committing fraud, bribery, gambling, and forging of loan classification documentary; while preparing financial statements and balance sheets; while auditing, reviewing, and preparing fiscal reports; in nutshell: while running such giant casino; • Capitalist economic system separates religion from State and economy, hence the religious and ethical side has become absent from markets, trading, and financial transactions, in all ways of making money and in all communities of finance.
Participant # 3	• They differ ideologically on every economic issue, in every practice to realize the ideological goal, and in the thought that define what should be the goal of every practice in its precise purpose. The differences are not in procedure only but at the base of the thought that produces the procedure: • They differ in the basic point of view of the thought of economy: Caliphate economy considers separation of property among people, society and State according to a system acknowledged by Islam to be that of the property's natural purpose of its creation while Capitalism does not;

	• They differ in the definition of economy: In Islam there are no taxes as the government should survive from revenues of its resources as an entity; from what Islam designates as governmental property even if that property is revenue or seasonal income. Should the government need in exceptional situation extra money to spend, it could issue one tax over the wealthy people for the duration of that situation only; • In Capitalism the core of economy is the financial system: at its base is the printed currency, thus creating a tremendous possibility for power without a reference to natural authority. Use of such power could be of devastating consequences, which is forbidden in Islam; • If availability of manufactured product is the reference of pricing, then the manufacturer holds all the power over people and society without adequate reference to harness that authority. This practice is illegal in Islam, which confines currency to be gold and silver and prohibits the emergence of such power, prohibits its use and practice, and prohibits its capabilities and probable outcome; • The Caliphate State public economic system is based in theory and in practice on free enterprise system while Capitalism profess free enterprise but in practice it is very much not so. In free enterprise the private business is private in the full meaning of the word. In practice, has it been so in the US the present crisis would not have occurred because of a simple reason: this crisis occurred because of the lack of adequate supply of printed bank notes to the public. This means that the US government controlled the supply to cause a shortage, or that the governmental system of supply fluctuated; in either case it is a proof that the US Government controls the direction, the level and the state of economy through the supply of currency to the market. This is a controlled economy in every sense of the word; this contradicts Islamic economic system on all fronts.
Participant # 4	• Ownership classification; • Greed versus generosity; • Riba-based economy versus riba-free economy.

4.5.1 Further Elaboration by Participant # 3

In response to Question 2.2, participant # 3 added further philosophical depth; he elaborated on the 2008 global economic crisis: “The present economic crisis relevance is the evidence that the US economy, which the largest capitalist country, is a controlled economy and that this crisis could not occur in a free economic society. The mere label "Capitalism" means the economic system is based on capital or currency; if the currency is controlled by the government then Capitalism is a controlled economy system unlike Islam's economic system. All [capitalists'] talk about free economy is nothing but justification to pacify a deep human psychic need. It is babbling to fool [oneself] and this is the reason nobody can determine the real reason of the present economic crisis. If someone is convinced Capitalism of America is a free economy while this crisis cannot happen in a free economy, how can he think with these contradicting elements and understand the real cause of the crisis or find the real measures to deal with this crisis? Free economy requires a financial system that will ensure free flow of currency, and that currency source is not controlled by any authority which contradicts the foundation of the currency nature and role in Capitalism (Baadarani, 2009)”.

4.6 Ideological Foundation

A critical finding transcending specific pillars emerged from participant responses: the entire economic system operates on an ideological basis. Participant responses to Question 2.2 consistently referenced ideological foundations when contrasting the Caliphate economic system with Capitalism.

All participants built their answers to Question 2.2, one way or another, on ideological grounds. This indicates that the economic system cannot be understood purely as technical arrangement of revenue and expenditure, but must be comprehended as implementation of Sharia principles. The ideological constraint fundamentally distinguishes the Caliphate State from parliamentary democracies where legislative assemblies possess broad authority to establish taxation and spending policies based on majority vote rather than religious obligation.

4.7 Synthesis: The Seven Core Pillars

Based on textual sources and preliminary validation from four highly qualified scholars, seven fundamental pillars emerge for the Islamic economic system. While these findings require confirmation through larger samples, they provide initial evidence of contemporary agreement with classical principles:

1. Ideological Foundation: The entire system is built upon Islamic Sharia principles;
2. Tri-Part Ownership Types: Recognition of individual, public, and State ownership categories;
3. Complete Riba Prohibition: Absolute forbiddance of interest/usury in all transactions;
4. Just Wealth Distribution: Systematic mechanisms ensuring wealth circulation and preventing excessive concentration;
5. Gold and Silver Currency Standard: Monetary system based on precious metals rather than fiat currency;
6. Social Welfare Solidification: Comprehensive systems ensuring basic needs satisfaction for all citizens; and
7. Sharia-Constrained Authority: Governmental powers limited by religious law rather than parliamentary discretion.

These seven pillars establish the foundational framework within which fiscal policy operates, distinguishing the Caliphate State's approach from both capitalist and socialist alternatives.

4.8 Participant Responses to Question 2.3

Three of the participants did not respond to Question (2.3): Comments about the above answers, while participant # 1 simply stated that ‘the Caliphate economic system is Allah's and not human or man-made’, which in essence sums up the underpinning plank of the mentality of all participants. For example, the agreement among the four consulted scholars against riba is a direct reflection of verses 275 and 276 in the Chapter of Al-Baqara in Al-Qur'an (Ash-Shawkani, 2000:251), which participant # 1 elaborates on in (Hawarey, 2007a:124) as indisputable forbiddance of riba, and in case an ancient riba contract exists then it is voided and the commodity/product should be returned to its owner unless it has been damaged or consumed, then its value should be paid back if it is valuated (e.g. a car), and if it weighted (e.g. one kilogram of rice) then an exact equivalent should be returned. This simple argument holds great significance to any future thorough implementation of the Islamic economic system, as it will inherit an economic and financial system that has existing riba contracts in all its levels.

5. Findings Part B: Revenue Sources of the Caliphate State

5.1 Comprehensive Catalog of Revenue Sources

The sources of income for the Caliphate State, as documented in classical Islamic texts, comprise sixteen distinct categories. Table 3 presents the complete inventory.

Table 3: The Sixteen Income Sources of Islamic Fiscal Policy

No.	Revenue Source
1	Public Properties (Collectively owned resources managed by the State)
2	State Properties (Properties owned by the State generating revenue)
3	War Booties (Al-Ghana'em, Al-Anfaal: Property seized through military victory)
4	Al-Kharaj (Land tax on conquered agricultural land)
5	Al-Oshour (Trade tax)
6	As-Sadaqat (Zakah: Obligatory charity collected from Muslims on specified properties)
7	Al-Jawali (Jizyah: Poll tax on non-Muslim adult males)
8	Al-Fay'e (Revenue from surrendered enemy property without war)
9	Al-Khomos (One Fifth = 20%: One-fifth share of specific booties)
10	The Tithe (Al-Oshr = 10%: Agricultural tax on Muslim-owned land)
11	Ar-Rikaaz (Buried Treasures: Ancient valuables discovered in abandoned lands), and Al-Maa'den (Minerals: Revenue from mineral extraction)
12	Inheritance without Heirs (Unclaimed estates of deceased with no legal heirs)
13	Apostates' Property (Assets from Muslims who abandon Islam)
14	Governmental Corruption Proceeds (Assets recovered from corrupt officials, including briberies, embezzlements, commissions, gifts and spoliations, plus moneys possessed because of gambling or usury)
15	Fines and Gifts to the State (Fines for breaking certain rules, and voluntary contributions to Bayt Al-Mal)
16	Temporary taxes (Dhara'eb: Emergency levies during financial hardship)

5.2 Foundational Documentation

The historical commissioning of fiscal policy documentation establishes these sources' authenticity. Abu Yousuf, instructed directly by Caliph Haroon Ar-Rasheed, was commissioned to author a comprehensive book covering "the collection of Al-Kharaj, Al-Oshour, As-Sadaqat, Al-Jawali and other things" (Abu Yousuf, 1979:3). This direct caliphal commissioning demonstrates the centrality of these revenue categories to State administration.

5.3 Major Revenue Categories: Detailed Analysis

5.3.1 Zakah (As-Sadaqat)

An-Nabhani (2002b:151) provides comprehensive definition: "Zakah is collected from Muslims on their properties that are specified by Sharia, i.e. money, trading goods, cattle and grain.... It is taken from every owner whether legally responsible (mukallaf), i.e. an adult sane person, or not, i.e. a child, an insane person."
The Zakah collection obligation extends to all Muslims possessing minimum thresholds of specified property types, regardless of the owner's legal competence. This ensures wealth circulation even from estates held by minors or legally incapacitated individuals.

5.3.2 Land Taxation: Tithed vs. Al-Kharaj Land

Land taxation involves critical distinctions documented by Hawarey (2008b:315): "The Tithed [Al-Oshr] land is the land the owners of which became Muslims as they live on it without fight plus the land of Arabian Peninsula, and Al-Kharajiyyah [Al-Kharaj] land is the land that was conquered by Muslims by military fight and they were not distributed among the fighters, or the land the owners of which became Muslims and ceded it to Bayt Al-Mal, or the land which current owners bought from its Al-Kharaj paying owners."

This classification establishes two distinct land tax categories based on acquisition circumstances rather than productivity or value. The distinction carries implications for tax rates and expenditure rules.

Two types of Al-Kharaj exist: Compulsion Kharaj, levied on conquered land retained as State property, operates similarly to contemporary rent, similar to what Caliph Omar bin Al-Khattab did with Iraq's lands (Ibn Zanjaweh, 1986:209). Compromise Kharaj applies when previous owners converted to Islam and negotiated tax terms with the Caliph, creating contractual obligations.

5.3.3 Jizyah

Jizyah represents a poll tax levied on non-Muslim adult males residing within the Caliphate State's jurisdiction. This tax acknowledges non-Muslims' exemption from military service obligations while ensuring their contribution to state defense and administration costs.

5.3.4 Al-Fay'e

Al-Fay'e comprises property surrendered by enemies without military engagement. Unlike war booties seized through combat, Al-Fay'e results from negotiated surrender or abandonment. The Caliph exercises discretionary authority over Al-Fay'e disbursement for state and societal best interests.

5.3.5 War Booties and Al-Khomos

War booties (Al-Ghanaa'em) are properties seized through military victory. The distribution depends on acquisition circumstances:

- Individual warrior-to-warrior combat: The victorious warrior retains all seized property; nothing reaches Bayt Al-Mal;
- Brigade operations: The Caliph deducts 20% (Al-Khomos), then awards remaining 80% to participating fighters;
- Collective seizure: The Caliph may deduct Al-Khomos and distribute remainder according to military contribution; and
- Discretionary distribution: The Caliph may allocate shares to non-combatant contributors (logistics, intelligence).

Al-Khomos (the one-fifth share) historically supported specific classes during the Prophet's lifetime, per Qur'anic verse (Chapter Al-Anfal, verse 41). In a comprehensive future Islamic implementation, scholars suggest this revenue would support general state interests. Ibn Taymiyyah (1969:32) states: 'The moneys of the Sultan, which originates from the Book' [Al-Qur'an] 'and As-Sunnah' [Traditions of the Prophet] 'are three types: Booties, As-Sadaqah, and Al-Fay'e'.

5.3.6 Ar-Rikaaz and Al-Maa'den

Ar-Rikaaz are valuable items buried by ancient peoples in deserted lands, cemeteries, ancient cities, and ruins. Al-Maa'den refers to minerals. The fiscal treatment depends on quantity:
Small, countable amounts: 20% tax rate (Ibn Zanjaweh, 1986:738); and
Large, uncountable deposits (like petroleum): Treated as public property, with revenue managed for public benefit.

5.3.7 Inheritance Without Heirs

All inheritance from individuals dying without any legal heirs transfers to Bayt Al-Mal (Hawarey, 2008b:329). This prevents wealth accumulation in undefined status and ensures estate integration into state revenue for public benefit.

5.3.8 Apostates' Property

When a Muslim abandons Islam (apostasy); if he refuses to convert back to Islam, as he would be executed in such case per the order of the Prophet reported in (Ali, 1996:627) and (Bukhari, 2002:1712); his heirs will not be allowed access to his moneys as reported in (An-Nisabori, 1998:871). Such acquisition of his moneys would take place only after they are used to pay his debts and all necessary alimonies to his wife and dependents (Al-Malki, 1990:45). This ruling reflects the severity of apostasy in Islamic law.

5.3.9 Governmental Corruption Proceeds

The Prophet severely criticized officials accepting unauthorized benefits beyond legitimate compensation, as documented in (Al-Bukhari, 2002:1773) and (An-Nisabori, 1998:1019), which led Caliph Omar bin Al-Khattab not only to seize any unjustified money he would find in the possession of any of his employees, but to take half of all the belongings of his employees and put it in Bayt Al-Mal (Al-Asqalani, 1992:331). This creates financial disincentive for official corruption while recovering misappropriated public funds. The same holds, by exact analogy, to all briberies, embezzlements, commissions, gifts and spoliations acquired by governmental employees, unless the real owners are known then their rights are returned to them, as highlighted by An-Nabhani (2002a:125) and Ibn Khaldoun (2007:264-266).

5.3.10 Gifts and Fines

Voluntary contributions to Bayt Al-Mal constitute a revenue source, though irregular and unpredictable. These represent citizens' voluntary support for state functions beyond obligatory contributions. In addition to that, fines are implemented on those who break certain rules, and such fines would go to Bayt Al-Mal in complete. This happened in the time of the Prophet, as reported in (As-Sigistani, 1999:480), and has been emphasized by Al-Malki (1990:88).

5.3.11 Temporary Taxes

Hawarey (2008b:328) establishes that when all income sources prove insufficient for obligatory state expenditures (such as earthquake relief or military defense during invasion), the Caliph may impose temporary taxes exclusively on capable Muslims. Critical conditions govern this emergency revenue:

- Only levied when permanent and circumstantial sources prove insufficient
- Limited to abnormal circumstances creating temporary financial hardship
- Collected only from Muslims with financial capacity
- Must be terminated when circumstances resolve

This emergency taxation power demonstrates fiscal flexibility within Sharia constraints, but the stringent conditions prevent its transformation into routine revenue.

5.4 Critical Distinction: Public vs. State Properties

Understanding revenue sources requires distinguishing between public and State properties, as this differentiation affects management authority and expenditure rules.

5.4.1 Public Properties

As documented in An-Nabhani (2004) and Hawarey (2008b), public properties comprise three categories:

- Things needed for daily life that cannot be privately monopolized, including water sources essential for human survival and pastures necessary for livestock;
- Things that inherently cannot be individually owned, including lakes, rivers, roads, and state-provided educational facilities; and
- Huge mineral deposits, such as petroleum and natural gas fields.

Public properties belong collectively to all citizens. An-Nabhani (2004) explicitly contrasts State properties with public properties, noting that State properties "do not fall under public property; rather they are included in the individual property, because they are things which can be owned by individuals, like land and moveable property."

5.4.2 State Properties

State properties encompass assets capable of individual ownership but currently held by the State. These include:

- Agricultural lands classified as Al-Kharaj land;
- Buildings and facilities owned by governmental institutions;
- Revenue-generating enterprises operated by the State; and
- Any property the State legitimately acquires through inheritance, conquest, or purchase.

The critical distinction: citizens own public properties collectively, while the State owns State properties institutionally. This distinction profoundly affects the Caliph's authority over revenue distribution and property disposal.

5.5 Classification into Permanent vs. Circumstantial Sources

Analysis reveals that revenue sources fall into two distinct patterns based on temporal characteristics.

Table 4: The Permanent Revenue Sources of the Islamic Fiscal Policy

No.	Revenue Source
1	Public Properties (Collectively owned resources managed by the State)
2	State Properties (Properties owned by the State generating revenue)
3	Al-Kharaj (Land tax on conquered agricultural land)
4	Al-Oshour (Trade tax)
5	As-Sadaqat (Zakah: Obligatory charity collected from Muslims on specified properties)
6	Al-Jawali (Jizyah: Poll tax on non-Muslim adult males)
7	The Tithe (Al-Oshr = 10%: Agricultural tax on Muslim-owned land)
8	Fines and Gifts to the State (Fines for breaking certain rules, and voluntary contributions to Bayt Al-Mal)

Table 5: The Circumstantial Revenue Sources of the Islamic Fiscal Policy

No.	Revenue Source
1	War Booties (Al-Ghana'em, Al-Anfaal: Property seized through military victory)
2	Al-Fay'e (Revenue from surrendered enemy property without war)
3	Al-Khomos (One Fifth = 20%: One-fifth share of specific booties)
4	Ar-Rikaaz (Buried Treasures: Ancient valuables discovered in abandoned lands), and Al-Maa'den (Minerals: Revenue from mineral extraction)
5	Inheritance without Heirs (Unclaimed estates of deceased with no legal heirs)
6	Apostates' Property (Assets from Muslims who abandon Islam)
7	Governmental Corruption Proceeds (Assets recovered from corrupt officials, including briberies, embezzlements, commissions, gifts and spoliations, plus moneys possessed because of gambling or usury)

8	Temporary taxes (Dhara'eb: Emergency levies during financial hardship)

5.6 Theoretical Considerations on Classification

This permanent versus circumstantial classification carries practical implications. Permanent sources enable predictable budgeting and ongoing program financing. Circumstantial sources provide flexibility for unexpected needs but cannot support routine operations.

Some classification decisions involve theoretical debate. Hawarey (2008a:327) argues that Al-Fay'e could be considered permanent if the Caliphate State continuously expands its territory. However, territorial expansion cannot be assumed as perpetual state of affairs, making circumstantial classification more conservative and realistic.

5.7 Sharia Constraint on Revenue Authority

A fundamental principle distinguishes the Caliphate State from parliamentary democracies: the State lacks liberty in collecting money as it deems appropriate. All income sources must be substantiated and justified by Sharia. This contrasts sharply with contemporary states where parliaments may establish new taxes based on majority legislative vote.

The participant responses to Question 2.2 emphasized this ideological constraint. Unlike systems where legislative assemblies possess broad taxation authority, the Caliph cannot create new revenue categories beyond the sixteen Sharia-established sources. This limitation reflects the economic system's subordination to religious law rather than popular sovereignty or legislative discretion.

6. Findings Part C: Expenditure Categories and Rules

6.1 The Economic Problem: Distribution vs. Scarcity

Understanding Caliphate State expenditures requires grasping the fundamental economic problem as conceptualized in Islamic economics. Hawarey (2008b:303) articulates this distinctly: "The economic problem is the distribution of moneys and benefits on all citizens, and enabling them [the citizens] to benefit from them [the moneys and benefits] by allowing them [the citizens] to possess and seek them [the moneys and benefits]."

He further elaborates (Hawarey, 2008b:304-306): "[The economic problem is] the complete satisfaction of all basic needs of each and every single individual in society, completely and perfectly; and enabling them to satisfy their luxury needs to the best level possible based on how the State is generally in terms of its available resources and assets."

This conceptualization fundamentally contradicts capitalism's economic problem definition. Hilfiker (2009) characterizes capitalism's evolution: "Before the science of the free market was understood, economists of the time conceived of the world's essential economic problem as scarcity: There wasn't enough food, enough shelter, enough transportation, or enough education to divide among the world's population and have everyone get an adequate amount."

The Caliphate State rejects scarcity as the fundamental economic problem, instead identifying distribution as primary. This philosophical foundation shapes expenditure priorities: ensuring basic needs satisfaction for all citizens takes precedence over efficiency maximization or wealth generation.

6.2 Expenditure Rules by Revenue Source

Each revenue source carries specific expenditure rules, with varying degrees of caliphal discretion.

6.2.1 Zakah (As-Sadaqat) Expenditure

Zakah expenditure is determined in crystal-clear manner in verse 60 of Chapter At-Tawbah in Al-Qur'an (Ash-Shawkani, 2000:711-713). The Caliph has no liberty to disburse Zakah except into eight specified categories:

1. The Poor (Al-Fuqara): Those with expenses higher than their incomes.
2. The Needy (Al-Masakeen): Those with no income at all.
3. The Employees Who Collect It (Al-Aamileen Alayha): Administrative costs for Zakah collection.
4. Those Whose Hearts Have Been Reconciled (Al-Muallafatu Quloobuhum): Incentive for new converts to Islam.
5. The Slaves (Fi Ar-Riqaab): Funds for emancipation.
6. Those in Debt (Al-Ghaarimeen): Individuals unable to repay legitimate debts.
7. Military Efforts (Fi Sabeelillah): Defense and jihad expenditures.
8. The Travelers Who Have Been Cutoff (Ibn As-Sabeel): Stranded travelers requiring assistance.

Ad-Dawodi (2008:151-155) provides detailed elaboration of these categories. The Caliph possesses authority regarding priority and amount within categories, but cannot create additional expenditure categories or divert Zakah to non-specified uses.

6.2.2 Tithe (Al-Oshr) Expenditure

The Tithe expenditure rules are identical to Zakah (Hawarey, 2008b:324), as the Tithe represents Zakah on Muslim-owned agricultural land meeting specified criteria. The same eight categories apply with identical restrictions on caliphal discretion.

6.2.3 Al-Kharaj Expenditure

Abu Yousuf (1979:24-25) reports the second Caliph Omar's explicit statement: "Al-Kharaj is a right of all Muslims and to be spent on the best interests of the State and society, such as building bridges, cleaning rivers, feeding the warriors, and establishing garrisons."

This establishes broad discretionary authority for the Caliph regarding Al-Kharaj expenditure. The Caliph determines "best interests" including infrastructure development, military support, and public works. This discretionary authority extends to any expenditure serving general Muslim welfare.

6.2.4 Public Properties Expenditure

Income generated by public properties must be disbursed in the people's best interest, as citizens collectively own such resources. The authority in decision-making resides with the Caliph, who must observe Sharia rules. Legitimate expenditures include:

- Divan of public properties and related administration;
- Human resources for exploration and production of petroleum, gas, minerals;
- Machineries, factories, and infrastructure for making public properties usable;
- Systems bringing potable and usable water to people;
- Infrastructure ensuring universal energy access; and
- Public transportation systems (subways, trains, roads).

The Caliph may distribute public property outcomes (gasoline, electricity) to people free of charge, at profit-free cost, or at market price, depending on what he deems most beneficial. The Caliph must spend public property revenue on public benefit, though he determines specific allocation.

6.2.5 State Properties Expenditure

State properties differ fundamentally from public properties: people do not own them; the State does. Consequently, the Caliph exercises even wider authority and fewer restrictions regarding disbursement of generated income or disposal of properties themselves (Hawarey, 2008b:320-321). The Caliph may:

- Sell State properties if beneficial for state interests;
- Lease State properties to generate ongoing revenue;
- Utilize State properties directly for governmental operations; and
- Distribute State property revenue according to state needs.

6.2.6 War Booties, Al-Khomos, and Al-Fay'e Expenditure

War booties and Al-Khomos that end up in Bayt Al-Mal fall under the Caliph's discretionary authority. He observes state and societal best interests while disbursing these funds. However, amounts reaching Bayt Al-Mal depend on acquisition circumstances (detailed in Revenue Sources section).
Al-Fay'e expenditure operates similarly: the Caliph disburses on best interests of State and society (Abu Yousuf, 1979:23-27), exercising authority to prioritize expenditures according to needs.

6.2.7 Ar-Rikaaz and Al-Maa'den Expenditure

Expenditure rules depend on discovered amount scale:

- Huge amounts (uncountable, like petroleum): Disbursement follows public property rules, benefiting all citizens

- Limited amounts (20% tax collected): Disbursement follows Al-Fay'e rules, with caliphal discretion for state interests

6.2.8 Unclaimed Inheritances, Apostates' Property, and Corruption Proceeds Expenditure

These revenue sources share common expenditure rules: disbursement on best interests of State and society (Zalloum, 2004:129), with the Caliph exercising authority to prioritize expenditures.

6.2.9 Temporary Taxes Expenditure

Temporary tax expenditure is restricted to addressing the abnormal circumstances necessitating their collection (Hawarey, 2008b:328). If collected for earthquake relief, funds must support earthquake victims. If collected for defense during invasion, funds must support military operations. This prevents temporary revenue from becoming discretionary general funds.

6.3 Expenditure Patterns: Obligatory vs. Conditional

Analysis reveals two expenditure patterns:

- Pattern 1 - Obligatory Expenditures: Some expenditures occur only when respective income sources provide revenue. Zakah-eligible individuals receive payments only if Zakah collections occur. If no Zakah is collected, no disbursements occur to specified categories, though the Caliph must meet their needs through other revenue sources if obligatory.
- Pattern 2 - Conditional Expenditures: Some expenditures occur as part of the Caliphate State's general responsibilities regardless of specific revenue availability. These include:
  - Building vital infrastructure (roads, hospitals, schools);
  - Emergency relief efforts (earthquake, famine, disaster response);
  - Providing for those unable to satisfy basic needs;
  - Maintaining strong military defense capabilities; and
  - General administrative and governmental operations.

For Pattern 2 expenditures, the Caliph must secure funding from available revenue sources, utilizing discretionary funds (Al-Kharaj, State properties, Al-Fay'e) and potentially resorting to temporary taxes if all other sources prove insufficient.

6.4 Proposed Divan Structure

Based on documented revenue and expenditure rules, a logical administrative structure emerges, according to An-Nabhani (1963:291):

- Income Sections:
  - Divan of Al-Fay'e and Al-Kharaj;
  - Divan of Public Properties; and
  - Divan of As-Sadaqat.
- Expenditure Sections:
  - Divan of Caliphate Homeland (general territorial development);
  - Divan of State's Interests (governmental operations);

- Divan of Giving (welfare distribution);
- Divan of Jihad (military expenditures);
- Divan of As-Sadaqat's Expenditures (eight specified categories);
- Divan of Public Properties' Expenditures (infrastructure and public services);
- Divan of Emergencies (disaster relief and extraordinary needs); and
- Divan of General Budget, General Accountancy, and General Inspection (oversight).

Needless to say: this classification is not mandatory at all; the Caliph possesses liberty devising alternative bookkeeping systems provided ideological essentials are maintained, especially considering contemporary information technology capabilities.

7. Discussion

7.1 Integration of Findings

The documented findings reveal a fiscal policy system fundamentally distinct from contemporary models in three interrelated dimensions: ideological foundation, structural constraints, and operational principles.

7.2 Ideological Foundation as Binding Constraint

All participants emphasized, explicitly or implicitly, that the entire economic system operates on ideological grounds. This finding transcends technical fiscal mechanisms to address the system's philosophical foundation. The Caliphate State's fiscal policy cannot be modified through legislative process or popular referendum because it derives authority from Sharia rather than popular sovereignty.

This contrasts sharply with parliamentary systems where legislatures may create new taxes, modify existing ones, or redirect expenditures based on majority vote. The Caliph, despite possessing significant discretionary authority within specified boundaries, cannot exceed Sharia-established limits. This creates what might be termed "bounded discretion" - substantial operational flexibility within immutable structural constraints.

7.3 Comparison with Capitalism and Socialism

Participant responses to Question 2.2 consistently contrasted the Caliphate economic system with capitalism and, implicitly, socialism. Three participants explicitly mentioned different ownership types as primary differentiation points. The tri-part ownership classification (individual, public, state) distinguishes Islamic economics from both capitalist emphasis on private ownership and socialist emphasis on collective ownership.

Participants #2 and #4 mentioned ethical aspects, noting that Islamic economics incorporates moral considerations into economic decision-making. The complete riba prohibition exemplifies this ethical integration - economic efficiency arguments cannot justify interest-based transactions regardless of practical benefits.

Participant #3 contributed philosophical depth, arguing that current economic crises evidence capitalism's contradictions. His assertion that the economic crisis "could not occur in a free economic society" suggests that contemporary "capitalist" systems represent controlled economies rather than genuine free markets. This philosophical critique distinguishes between capitalism's theoretical free-market principles and its actual implementation.

A notable divergence emerged regarding free markets: Participant #2 criticized capitalism's free-market nature, while Participant #3 argued contemporary systems aren't genuinely free markets. This apparent discrepancy reflects different analytical frameworks - one focusing on theoretical capitalist ideology, the other on actual implementation.

7.4 Theoretical vs. Practical Considerations

The study documents theoretical principles from classical sources validated by contemporary scholars. However, practical implementation challenges remain unaddressed. The classification of Al-Fay'e as circumstantial rather than permanent exemplifies theoretical considerations: if the Caliphate State continuously expands territory, Al-Fay'e could provide ongoing revenue, making it effectively permanent. However, continuous territorial expansion cannot be assumed as perpetual state policy.

Similarly, temporary taxes possess theoretical flexibility for emergency response but require strict limitation preventing transformation into permanent revenue. The principle exists clearly in sources, but enforcement mechanisms ensuring temporary taxes' actual termination after emergencies resolve remain unspecified.

7.5 Distinction Between Public and State Properties

The critical distinction between public properties (owned by all citizens collectively) and State properties (owned by the governmental institution) carries profound implications for fiscal management. Public property revenue must benefit all citizens, constraining the Caliph's discretionary authority. State property revenue allows greater caliphal discretion.

This distinction prevents governmental appropriation of collectively-owned resources for purposes not serving general welfare. The Caliph cannot sell public properties (like petroleum fields) to generate one-time revenue because citizens own them collectively. However, he may sell State properties if beneficial for state interests. This structural difference protects collective ownership rights while providing fiscal flexibility through State property management.

7.6 Distribution as Economic Problem

The documented reconceptualization of the economic problem -from scarcity to distribution- fundamentally alters fiscal policy priorities. If scarcity constitutes the primary problem, economic policy emphasizes production maximization and efficiency. If distribution constitutes the primary problem, economic policy emphasizes equity and basic needs satisfaction.

This philosophical shift directly impacts expenditure priorities. The Caliphate State obligates itself to satisfy all citizens' basic needs completely, as articulated by Hawarey (2008b:304-306). This creates affirmative governmental obligation transcending safety-net concepts prevalent in contemporary welfare states. The State doesn't merely assist those who cannot provide for themselves; it ensures complete basic needs satisfaction for everyone as primary policy objective.

7.7 Sharia Constraint vs. Parliamentary Freedom

Perhaps the most significant finding concerns the constraint on revenue creation authority. Contemporary democratic states operate under principle that elected parliaments may establish any taxation not explicitly prohibited by constitution. The Caliphate State operates under inverted principle: the Caliph may collect only revenues explicitly permitted by Sharia.

This constraint prevents fiscal policy from becoming instrument of political expediency or majoritarian preference. Tax policy cannot reward political supporters or punish opponents. Revenue categories cannot be created to finance programs lacking Sharia justification. This produces fiscal conservatism by design - the system resists revenue expansion beyond established categories.

However, this same constraint potentially creates fiscal rigidity. If societal needs evolve beyond classical revenue sources' capacity, the system lacks mechanisms for expanding revenue through new tax categories. The temporary tax provision provides emergency flexibility, but its stringent conditions (only during genuine hardship, only from capable Muslims, must terminate when circumstances resolve) prevent its use for routine revenue expansion.

7.8 Limits on Empirical Analysis

This study documents principles from historical sources validated by contemporary scholarly interpretation. It does not address empirical questions about fiscal adequacy, revenue sufficiency, or practical implementation challenges. Whether the sixteen identified revenue sources would generate sufficient income for modern state functions remains an empirical question requiring economic modeling beyond this study's scope.
Similarly, questions about optimal tax rates, administrative efficiency, collection mechanisms, and enforcement strategies remain unaddressed. The study establishes *what* revenues may be collected and *how* they must be disbursed according to Sharia principles, but does not address *whether* this system could function effectively in contemporary contexts.

7.9 Addressing Potential Objections

Two primary objections might be raised against this study's findings and methodology:

7.9.1 Objection 1: Implementability in Contemporary Contexts

Critics might question whether 8th-14th century fiscal principles can be implemented in 21st century economic contexts characterized by vastly different conditions: globalized trade, complex financial instruments, fiat currencies, central banking systems, and integrated capital markets.

Response: We acknowledge implementation challenges are substantial. Our contribution documents theoretical principles that can inform contemporary policy design, not prescriptive applications requiring literal replication of historical practices. Modern Islamic states must adapt principles to current contexts while maintaining core values—precisely the distinction between principles (unchanging) and mechanisms (adaptable). Our documentation provides the foundational knowledge necessary for future implementation research that can address practical challenges we do not attempt to resolve in this theoretical study.

7.9.2 Objection 2: Diversity of Islamic Scholarly Opinion

Some might argue that Islamic scholarly opinion on fiscal policy is more diverse than our four participants suggest, with significant disagreement on interpretations, applications, and even fundamental principles.

Response: We acknowledge this limitation explicitly throughout the paper. Our findings represent preliminary validation from four highly qualified scholars, not definitive consensus across the entire Islamic scholarly community. The remarkable alignment we observed on core principles (tri-part ownership, riba prohibition, just distribution) may reflect areas of genuine broad agreement, but this hypothesis requires testing with larger, more diverse samples including different jurisprudential schools (Hanafi, Maliki, Shafi'i, Hanbali), geographic contexts (Middle East, Southeast Asia, Africa, Western diaspora), and ideological orientations (traditionalist, modernist, reformist). We treat our contemporary component as initial validation requiring future confirmation, not as conclusive evidence of universal scholarly consensus.

These objections, while valid, do not undermine the study's core contribution: comprehensive documentation of fiscal principles from classical sources with preliminary contemporary validation. The theoretical foundation we establish enables future research to address both implementation challenges and scholarly diversity questions.

8. Conclusions

8.1 Summary of Key Findings

This study systematically documented the fundamental principles of fiscal policy as would be implemented by a Caliphate State. Through textual analysis of classical Islamic sources validated by contemporary scholarly consultation, the research identified:

- Seven Fundamental Economic System Pillars:
  This study documents seven fundamental economic system pillars through preliminary validation from four scholars:
  1. Ideological foundation in Islamic Sharia;
  2. Tri-part ownership classification (individual, public, state);
  3. Complete riba (usury/interest) prohibition;

4. Just wealth distribution mechanisms;
5. Gold and silver currency standard;
6. Social welfare solidification; and
7. Sharia-constrained governmental authority.

- Sixteen Revenue Sources classified into eight permanent and eight circumstantial categories, each governed by specific Sharia-based collection rules.

Comprehensive Expenditure Framework establishing varying degrees of caliphal discretion depending on revenue source, with Zakah/Tithe expenditure restricted to eight Qur'anically-specified categories, while Al-Kharaj, State properties, and Al-Fay'e allow broad discretionary spending for state interests.

8.2 Contribution to Literature

This research makes three primary contributions to Islamic economics literature:

- First, it provides the first systematic documentation integrating classical source material with contemporary scholarly validation. Previous works either focused on historical practices or contemporary theoretical discussions, but rarely combined both approaches.
- Second, it establishes the complete inventory of revenue sources and expenditure rules, filling a gap in literature that typically discusses selected fiscal aspects rather than comprehensive fiscal frameworks.
- Third, it documents the fundamental ideological constraint distinguishing Islamic fiscal policy from contemporary systems - the subordination of revenue and expenditure authority to Sharia principles rather than parliamentary discretion.

8.3 Theoretical vs. Practical Distinction

This study establishes theoretical principles without addressing practical implementation. The documented principles represent what a Caliphate State would be obligated to follow according to Sharia, not what would necessarily prove economically optimal or administratively feasible. The distinction between theoretical obligation and practical implementation remains critical. Classical sources document what fiscal policies the Caliphate State implemented or should implement according to Sharia principles. Whether these policies would generate sufficient revenue, support modern state functions, or prove administratively efficient represents separate empirical questions.

8.4 Limitations

Several limitations constrain this study's scope and conclusions. The qualitative methodology limits generalizability. The four-scholar sample provides preliminary validation requiring larger-scale confirmation:

- Sample Size: Four scholarly participants, while highly qualified, cannot represent all perspectives within Islamic economic thought. Different scholars might emphasize different pillars or interpret principles differently.

- Historical Context: Classical sources document practices from seventh to fourteenth centuries CE. Economic conditions, administrative capabilities, and governmental functions have evolved substantially, raising questions about historical practices' contemporary applicability.
- Lack of Empirical Testing: The study documents principles without empirical verification. Questions about revenue sufficiency, administrative feasibility, and economic consequences remain unaddressed.
- Limited Scope: The research focuses exclusively on fiscal policy principles, not broader economic system aspects like monetary policy, trade regulation, or financial sector governance.

8.5 Future Research Directions

This documentation of theoretical principles establishes foundations for multiple research trajectories addressing both scholarly and practical questions:

- **Empirical Implementation Studies**: Future research should examine how Islamic states or Muslim-majority countries could implement documented principles in contemporary contexts. Specific research questions include: How can the tri-part ownership framework guide natural resource management decisions and privatization policies? What institutional mechanisms could enforce the sixteen-source revenue constraint while ensuring fiscal adequacy? How would gold/silver currency standards function within globalized financial systems and international trade? What legal frameworks could operationalize complete riba prohibition while maintaining economic functionality and access to capital markets? How can mandatory Zakah collection be integrated with modern tax administration systems? These questions require interdisciplinary collaboration among economists, legal scholars, and policymakers.
- **Expanded Scholarly Validation**: The preliminary validation from four scholars requires confirmation through larger, more diverse samples. Future studies should survey 30-50 Islamic scholars representing different jurisprudential schools (Hanafi, Maliki, Shafi'i, Hanbali), geographic contexts (Middle East, Southeast Asia, South Asia, Africa, Western diaspora), and ideological orientations (traditionalist, modernist, reformist) to map the full spectrum of contemporary scholarly opinion on fiscal principles. Systematic analysis could identify areas of genuine consensus versus points of ongoing debate, enabling more nuanced understanding of Islamic fiscal thought's diversity.
- **Comparative Systems Analysis**: The documented principles provide foundation for rigorous comparative analysis with capitalist, socialist, and mixed-economy fiscal systems. Research could examine: How do Sharia-constrained revenue sources compare with parliamentary taxation systems regarding revenue adequacy, equity, and economic efficiency? What distributive outcomes result from mandatory Zakah versus discretionary welfare policies? How do ideologically-constrained versus democratically-determined fiscal authorities affect economic stability, growth, and citizen satisfaction? Do fixed revenue categories provide fiscal discipline or create rigidity preventing adaptive responses to changing circumstances?
- **Historical Implementation Analysis**: Future work could examine how closely historical Caliphate States adhered to documented principles. Analysis of fiscal records from

Umayyad, Abbasid, Fatimid, and Ottoman periods could reveal gaps between theoretical principles and actual practices, implementation challenges encountered, adaptive strategies employed, and lessons applicable to contemporary contexts.

- **Administrative and Operational Research**: Detailed investigation of practical implementation mechanisms would complement this theoretical documentation. How should modern states structure collection agencies for different revenue categories? What enforcement mechanisms ensure compliance without excessive administrative costs? How can traditional concepts like Al-Kharaj land taxation translate to contemporary property tax systems? What digital technologies could facilitate Zakah collection and disbursement transparency?

8.6 Final Observations

The Caliphate State's fiscal policy, as documented from classical sources and validated by contemporary scholarship, represents a coherent system fundamentally distinguished from contemporary models by its ideological foundation and structural constraints. The system provides substantial operational flexibility within immutable Sharia-established boundaries, creating what might be termed "principled pragmatism" - flexibility in implementation combined with rigidity in foundational principles.

Whether this theoretical framework could function effectively in contemporary contexts remains an open empirical question. This study establishes *what* the principles are according to authoritative sources; determining whether they *would work* in practice requires different methodological approaches and represents a frontier for future Islamic economics research.

The documentation provided herein establishes necessary theoretical foundation for such empirical work, offering researchers, policymakers, and scholars a comprehensive reference for understanding how the Caliphate State's fiscal policy differs from contemporary alternatives and what principles would govern its operation if implemented.

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