



## Economic Strategies and Prosperity in the Fatimid Dynasty: Contributions to Islamic Economic Thought

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### ABSTRACT

The Fatimid dynasty, known for its remarkable economic development, was one of the most prosperous periods in Islamic history. At its zenith, the dynasty enjoyed immense wealth, resulting in widespread prosperity among its citizens. The state's revenues were primarily derived from two sources: community contributions and government enterprises. Community revenues included various forms of taxation such as al-iqtha', al-jizya, zakat, excise, al-ahbas, al-mawarits al-hasyriyyah, and al-amwal al-mashadirah. Government enterprises contributed through income from rentals of hotels and shops, as well as profits from trade, industry, and other state-owned economic sectors. The Fatimids invested significantly in diverse economic areas such as agriculture—cultivating wheat, sugarcane, and fruits with an advanced irrigation system; crafts—manufacturing ships, weapons, textiles, and household items; and both domestic and international trade. These economic advancements played a crucial role in maintaining the dynasty's power for over 250 years (297-567 H / 909-1171 AD). This study provides a comprehensive examination of the Fatimids' economic policies and strategies, highlighting their contributions to Islamic economic thought and their impact on subsequent developments in the region.

**Keywords:** *Fatimid Dynasty; Economic Development; Islamic Economic Thought*

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### INTRODUCTION

The Fatimid dynasty, which reigned from 297 to 567 H (909-1171 AD), stands as a monumental chapter in Islamic history. Despite being an Isma'ili Shiite dynasty governing predominantly Ahl as-Sunnah wa al-Jamâah (Sunni) populations, the Fatimids left an indelible mark on the socio-economic fabric of the Islamic world (Hussein, 2020; Siregar, 2021). This period witnessed the dynasty's adeptness in navigating religious diversity while achieving remarkable advancements in various fields, notably economics.

The Fatimids' tenure coincided with the concurrent rule of the Abbasid dynasty in Baghdad and the Umayyad dynasty in Cordoba, presenting a unique geopolitical landscape ('Abdallah, 2021). This era of the Fatimid rule was characterized by

substantial economic growth, underscored by the development of agriculture, crafts, trade, and infrastructure. The strategic economic policies and initiatives led to significant increases in state revenue and the realization of social welfare (Geys, 2017).

Prominent historians like Philip K. Hitti and W. Montgomery Watt have highlighted the prosperity under Fatimid rule. Hitti describes an era of opulence and well-being, citing the observations of the Ismaili preacher Nashir Khusrau who marveled at the unparalleled prosperity and intricate administrative efficiency. Khusrau's accounts provide vivid descriptions of the luxurious lifestyles of the caliphs and state officials, the systematic urban planning, and the robust trade networks that extended from India to the Mediterranean (Kritzeck et al., 1961).

Brockelmann's historical analysis echoes these sentiments, emphasizing the security, tranquility, and economic stability that Egypt enjoyed during the Fatimid reign. Montgomery Watt further corroborates this by detailing the thriving trade encouraged by the government, which contributed to Egypt's sustained prosperity, contrasting sharply with the unrest in other regions like Iraq and Syria (Chen et al., 2023)..

Research on the Mamluk Dynasty highlighted their economic advancements through policies like establishing foreign trade relations and implementing free-market strategies, offering insights into economic governance during the Fatimid era (Aravik et al., 2020). Studying economic policies of Islamic dynasties such as the Mamluks can provide valuable comparisons and contrasts to enhance the understanding of Fatimid economic strategies and their impact on economic development and administration.

The profound economic achievements of the Fatimids prompt a detailed examination of their economic policies and strategies. This study delves into the sources of state income and the economic sectors nurtured under their rule, providing a comprehensive understanding of the Fatimid approach to economic governance. The insights drawn from this exploration not only enrich our historical knowledge but also offer valuable lessons in economic administration and development.

## **METHOD**

The study utilized a literature review approach, employing document analysis and text analysis as primary methods. The author collected data from historical notes, books, articles, and manuscripts related to Islamic Economic Thought during the Fatimid Daulah (State) period. These sources were meticulously analyzed within the historical context, considering social and political changes, and socio-economic developments of that era. Additionally, a theoretical framework was applied to comprehend the impact of events during the Fatimid Daulah period, enhancing the understanding of the Fatimid dynasty's historical influence on contemporary times Samsuddin et al. (2020) Witro, 2021).

By integrating these diverse methods, the research aimed to provide a comprehensive insight into the economic policies and strategies of the Fatimids, shedding light on the sources of state income and the economic sectors nurtured under their rule. This holistic approach not only enriches historical knowledge but also offers valuable lessons in economic administration and development, drawing parallels and lessons for modern economic governance .

## RESULT AND DISCUSSION

### History of the Establishment of the Fatimid Daulah

The Fatimid Daulah was founded by 'Ubaidillah al-Mahdi or Sa'id al-Khair in 297 AH (908 AD) in Raqqadah, about four miles south of the city of Qairawan, al-Maghrib al-Adna (now Tunisia) North Africa and adhered to Shiite beliefs. 'al Isma'iliyah. 'Ubaidillah al Mahdi is a descendant of Ali bin Abi Talib and his wife, Fatimah bint Muhammad SAW. From the name of the daughter of the Prophet Muhammad, the name "Fatimid Daula" was taken. 'Ubaidillah succeeded in establishing the Fatimid Daulah which was separate from the power of the Abbasid Daulah in Baghdad which was Sunni (Sunni) after defeating the Aghlabiyah Governor in Africa, Rustamiyah Kharâji in Tahart, the Midrar Daulah in Sijilmasah (in the southern part of the city of Marakesy) and the Idrisiyah in Fez. This state ruled for more than two and a half centuries from 297 H to 567 H (909-1171 AD).

This fairly long period of power can be divided into two periods. First, the African period or Maghrib period with the first capital of the country being Raqqadah, the second al-Mahdadiyah, and the last al-Manshuriyah. This first period lasted from its formation on 21 Rabi'ul Akhir 296 AH (910 AD) until the capital was moved to Egypt in 362 AH (973 AD). This period is called a period of growth, struggle, and greatly determined the development of the Fatimid Daulah in the next period. Over a period of around 65 years, this daulah was led by four caliphs: 'Ubaidillah al-Mahdi (909-924 AD), Abu al-Qasim Muhammad Al-Qa'im (924-946 AD), Abu Thahir Ismail bin Abi al - Qasim Al-Mansur (946-953 AD), and Abu Tamin bin Abi al-Qasim al-Mu'iz Li Dinillah (953- 975 AD). Of these four caliphs, the golden age of the Fatimid Daula in Africa was achieved during the reign of al-Muiz Li Dinillah. His power covered the Barqah region (east of present-day Libya) in the east, Thanjah (now north of Morocco) in the west and in 358 AH when Egypt was conquered under the leadership of jauhar al-Siqilli.

Meanwhile, the second period, the Egyptian or Mashriq period, began when the capital of the Fatimid Daula was moved by al-Mu'iz to Egypt in the month of Ramadan in 362 AH (973 AD) until the collapse of the Fatimid Daula which was marked by the death of the last caliph, al-'Adhid li Dinillah, 10 Muharram 567 AH (1171 AD). In this period, the Fatimid Daula was ruled by ten caliphs, namely: Al-'Aziz (975-996 AD), Al Hakim (996-1021 AD), al-Zhahir (1021-1036 AD), Al-Musthansir (1036- 1094 AD), Al-Musta'li (1094-1101 AD), Al-Amir (1101-1131 AD), Al-Hafizh (1131-1149 AD), al-Zhafir (1149-1154 AD), Al-Faiz ( 1154-1160 AD), and Al-'Adhid (1160-1171 AD).

### Economic Figures During the Fatimid Period

#### 1. Abu Ja'far Ahmad bin Nasr al-Daudi (180-402H/796-1011M)

Although several historical sources have recorded that he was born in Biskirah and others say in Masilah and his full name was Abu Ja'far Ahmad bin Nasr al-Daudi al-Asady, the exact time of his birth is not known. According to historical records, the year closest to the truth, as mentioned by Qadhi 'Iyadh, is believed to be that Abu Ja'far was born in 180 AH. He grew and developed in Tharabulus and died in Tilmasani (now Algeria) in 402 AH (1011 AD). He is one of the great scholars of the Maliki school of thought who has become a reference for scholars and jurists from the East to the West. Therefore, it is very natural for him to be given the title "Shaykh al-Islam and Imam al-Ulama wa al-Mujtahidin (leader of scholars and expert in ijtihad).

Al-Daudi lived during the Fatimid Daulah in northern Africa which was founded in 296 AH (910 AD) by 'Ubaidillah al-Mahdi. The school of thought developed by the founder of the Fatimid Daulah in the Maghrib (Tunisia) was Ismaili Shi'ism. The inauguration of the Ismaili Shiites as the Fatimid Daulah school of thought became a source of conflict with the schools of thought that were developing in Maghrib society at that time, namely the Sunni school of thought (Hanafi and Maliki). This phenomenon of social life influenced al-Daudi's work as a Sunni scholar from the Maliki school of thought. The Fatimid Daula was the only daula established in the Maghrib (Tunisia).

The main source of income for the people of the Maghrib during the time of the Fatimid Daulah in the Maghrib was very much, especially from agriculture which produced various kinds of grains. In the livestock sector, especially in the Masilah area, livestock are produced, such as donkeys, goats and horses. Meanwhile, the trade sector is famous for clothing products made from wool. Trade centers are in the eastern region such as the cities of Burqah, Ajdabiyah, Tharablus, Mahdiyah, Qairuwan; central areas such as Baskarah, Thaulaqah and in the Maghrib al-Aqsa region such as the cities of Fas and Thanjah. The fisheries sector is concentrated in the northern coast of Africa where people depend on fishing and looking for pearls for their living. Al-Daudi is known as a cleric who defends the Sunni faith, is an expert in jurisprudence and hadith. The main sources of economic thought are the Koran, Sunnah, atsar friends and the opinions of ulama.

Abu Ja'far al-Daudi is one of the scholars who contributed to formulating a theory about public policy and finance in Islam which chose the title al-Amwâl. According to Ridha Muhammad Salim Syahadah in his tahqiq on the book al-Daudi, there are several reasons that make the book al-Amwâl by al-Daudi an important reference. First, the authenticity of the book and al-Daudi's expertise in the fields of faith, jurisprudence and hadith made the book al-Amwal the main reference in its time. Second, this book is an actualization of Malikiyah thinking on economic issues by al-Daudi and a compilation and refinement of the work of Ismail bin Ishak al-Qadhi. Third, according to al-Daudi, Islamic economics is not only born from scientific concepts, but also originates from practice. Therserved, the existence of his work was considered very important at that time to explain the implementation of the basics of Islamic economics related to state wealth and serve as a guide for economists at that time. Fourth, he explained Islamic instruments related to public policy in addition to theories about wealth. Fifth, al-Daudi has succeeded in collecting various scientific concepts that have been scattered over the years and then strengthening the most correct opinion. Lastly, he has succeeded in implementing economic politics to create happiness, security and tranquility.

The specialty of the book al-Amwâl written by al-Daudi is al-Daudi's autocriticism of the thinking paradigm of the Shiite and al-Zahiriyah sects as well as an attempt to rebuild Sunni thought that existed in academic circles at that time so that the book al-Amwal becomes a reference which is very authentic and based on comprehensive studies. This study contains criticism of the economic policies of the authorities at that time and the reality of economic practices carried out by the community. Apart from that, as an expert in the field of jurisprudence, he often holds discussions, refutes erroneous ideas, and answers various new problems faced by society.

a. Basics of Islamic Economics according to al-Daudi

- 1) Al-Daudi laid down general rules for resolving small problems that apply in society. The first rule is that the main reference for knowledge, including

economics, is the Koran and the Sunnah of the Prophet SAW. In this case, al-Daudi explains in his work that anyone must submit and obey what Allah SWT has revealed in the Qur'an and what the Prophet SAW has said.

- 2) Second, the foundation of monotheism. Discussions in Islamic economics are always based on correct beliefs. Because Islamic economics cannot possibly be built with predictions and guidelines that are contrary to true beliefs. Whether it is investment in industry, trade, agriculture and services, everything is always tied to Islamic teachings. So, Islamic economics has very strong ties to Islamic beliefs. Al-Daudi added that whether a Muslim's beliefs are true or not will be seen in whether his interactions with other humans are good or not. Therefore, from this principle of monotheism, two other rules will be born, namely the rules of justice and wisdom.
  - 3) Third, al-Daudi mentioned "rules of al-masyru'iyah" meaning that everything obtained must be in accordance with the provisions that have been established by Allah SWT and conveyed by the Prophet SAW. If property is obtained through unfair means, it may not become private property, but will become public property and be used for the benefit of the community.
  - 4) Fourth, the rules of quwwah aliqtisad (economic power) and not la iqtisad al-quwwah (not a strong economy).
- b. Sources of State Income in the Book of al-Amwal

In the early days of Islam, the development of public finance was carried out through several Islamic material sources which were divided into four categories, namely, Zakat aims to reduce poverty, Kharâjyang is a land tax, leasing natural resources and Usyûr (customs duties) required on imported goods as required by Muslim entrepreneurs.

From these four groups, land tax revenues are the most prominent. Al-Daudi himself in his work mostly explains the classification of land taxes which can be used as a source of state income. The amount of land obtained from the war must be used properly without discriminating against the owner. Therefore, to optimize the land, in al-Daudi's view, taxes must be limited. However, from the other side it is also explained that the tax quoted is also seen from the income of a region. These restrictions must be in accordance with Islamic principles. The landowner's willingness will be there if there are such restrictions. Al-Daudi's thoughts regarding this issue come from friends of his friends. The Companions thought so because of the vast area of Islam. Public income also comes from individual taxes. Several revenues from these taxes are used as income and channeled for state interests.

## **2. The Progressive Period of the Fatimid Dynasty**

After a long-time building power and running a government initially in North Africa, then to Egypt and Syria. At first the center of government was in al-Mahdiyah, which then expanded to the West, East, and Egypt. Then in Egypt they built a new city called Cairo. It could be said that the Fatimid dynasty took control of Egypt in a relatively short time from its founding, which then prompted changes as soon as possible in all aspects of life.

The glory of the Fatimid dynasty occurred after it succeeded in controlling Egypt, in fact its glory lasted for more than 200 years. Egypt became the center of power

covering North Africa, Sicily, the Red Sea Coast of Africa, Palestine, Syria, Yemen and the Hijaz. In that era, Cairo was transformed into a new center of intellectual and scientific activity. In fact, during the reign of Abu Mansur Nizar Al-Aziz (975 AD - 996 AD), Cairo was able to compete with two other Islamic dynasty capitals, namely, Baghdad under the Abbasid Dynasty and Cordoba, the center of the Umayyad government in Spain. Now, Al-Azhar University is one of the leading universities in the city. During the Fatimid reign, issues of religion and state could not be separated. Religion is seen as the main pillar in upholding the daulah/state. For this reason, the Fatimid government paid great attention to the community's religious issues even though they had the status of second-class citizens such as Jews, Christians, Turks, Sudanese.

According to K.Ali, the majority of the Fatimid caliphs were moderate, even attentive to non-Muslim religious affairs so that the Armenian Coptic Christians never experienced generosity and friendliness apart from Muslim rule. Many Christians, such as al-Barmaki, were appointed government officials and had their houses of worship restored by the government (Gerrard & Cunningham, 1997). However, the generosity shown by the Fatimid Caliph towards Christians did not fail to give rise to negative issues. Al-Mu'iz, who was known for his character and piety, was rumored to have apostatized, died as a Christian and was buried in the Abu Siffin church in ancient Egypt. However, according to Hasan, this issue it's not true because no historian has mentioned it like that, and it's just a fabricated story (Khurafat) which was deliberately spread by people who didn't like him, including the remnants of the Abbasid rulers who deliberately wanted to weaken the power of the Fatimids.

Meanwhile, the religion preached by the Fatimids was Islamic teachings, according to the understanding of Shi'ah Islamiyah which was designated as the state school of thought. For this reason, the missionaries of the Fatimid daulah were very aggressive in developing these teachings and succeeded in gaining many followers so that the period of power of the Fatimid daulah was seen as an era of revival and progress of the Islamic school of thought. Even though the Caliphs were moderate in spirit, people who did not want to recognize the teachings of Shi'ah Islamiyah were immediately punished with death. In 391 AH, the caliph al-Hakim killed a man who did not want to acknowledge the superiority/fadhilah of Ali bin Abi Talib, and in 395 AH, al-Hakim also ordered that in mosques, markets and streets to be pasted with writings criticizing the friend.

The role of religion is very much considered by the authorities for the purpose of maintaining power. The proof is that the Fatimid caliph's firm attitude towards people who did not want to recognize the Isma'ili sect could be that such an attitude could result in state instability. Al-Hakim, for example, in order to maintain good relations with his Sunni people, al-Hakim began to be lenient by setting a ban on criticizing his friends, especially the caliphs Abu Bakr and Umar. Al-Hakim also built a madrasa which specifically taught Sunni teachings, provided quality books so that Shia residents felt happy because they felt like they were living in a Sunni area.

The attitude taken by the Fatimid caliphs was not as cruel as that taken by Abdullah al-Saffah who tried to completely eradicate all followers of the Umayyad Bani at the beginning of his reign. In this case, the Fatimid caliphs enforced society equally if they were willing to follow the teachings of the Isma'ili Shia, which was the state school of thought.

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Even though al-Mu'iz finished the rebellion, he would always take a peaceful path towards his leadership role with the Governor by promising rewards to those who were willing to show their loyalty. Many of the governors were willing to follow the Isma'iliyah school of thought, even though they were previously governors appointed by the Abbasid caliph. This attitude is also shared by Jews and Christians. They are willing to convert to Islam and adhere to the Isma'iliyah school of thought when they are offered to hold certain positions in government. Strict action in the form of a new death law was taken against people who rejected Isma'iliyah. There was only one incident where firm action was taken against people who did not want to follow the Isma'iliyah ideology, namely when the young king of Zarida in Africa named Mu'iz ibn Badis insulted the Fatimid dynasty by not mentioning the name of the Fatimid caliph al-Muntasir during the Friday sermon. "At but rather mentions the name of the Abbasid caliph. No firm action was taken because al-Muntasir was more interested in Al-Bassasiri's rebellion against the Abbasid government.

This moment was seen by al-Muntasir as an opportunity to re-establish his power in West Asia after Tughril established Abbasid power in that region. In the field of government administration, not much has changed. The administrative system developed by the Abbasid caliphs is still being practiced. The caliph serves as head of state in both worldly and spiritual affairs. He has the authority to appoint and terminate positions under him. Apart from that, the sacralization of the caliphs that emerged during the Abbasid reign is still maintained, an indicator of which can be seen from the titles held by the Fatimid caliphs such as al-Mu'iz dinillah, al-Aziz billah, al-Hakim bin Amrullah and so on.

During the Fatimid Dynasty's rule, significant development and progress were achieved in government administration through the appointment of ministers. The Fatimid Dynasty divided the ministries into two groups. The first group was the military, which comprised three main positions: a) military officials and bodyguards of the caliph, b) security officers, and c) regiments. The second group was the civil administration, which included seven key positions: 1) Qadhi (judge and director of the mint), 2) the Head of Da'wah who led the recitation, 3) market inspector (responsible for market supervision, roads, weights, and measures), 4) state treasurer (handling the Bait Maal), 5) head of the king's household affairs, 6) Al Qur'an reader officer, and 7) secretaries of various departments.

Apart from central officials, in each region there are governor-level officials appointed by the caliph to manage their respective regions. Administration is managed by local officials. When Al Muiz succeeded in controlling Egypt, four schools of jurisprudence developed in this region: Maliki, Hanafi, Syafi'I, Hanbali, while Al Muiz himself adhered to the Shiite school of thought. In response to this, Al Muiz appointed judges from Sunni and Shia circles. However, important positions were handed over to

Shia ulam while Sunnis only held lowly positions. In 973 AD, all positions in various political, religious and military fields were held by Shiites. Therefore, some Sunni Fatimid officials switched to Shia to increase their position. On the other hand, al Muiz built religious tolerance so that followers of other religions such as Christians were treated well and some of them were appointed as palace officials.

From Egypt the Fatimid dynasty grew wider and spread to Palestine, and then the Shiite Ismaili propaganda spread even more widely through a secret agent movement. The development of science in the Fatimid dynasty had great attention to science. The Fatimids built the Al Azhar Mosque which ultimately included scientific development activities so that Al Azhar University was founded which later became one of the oldest Islamic universities that Sunni ulama were proud of. Al Hakim succeeded in establishing Daar al Hikmah, an Islamic college that was parallel to the educational institutions of Cordova and Baghdad. The Daar al Ulum library is combined with Daar al Himmah which contains various scientific books. Some of the scholars who emerged at that time they were: a) Muhammad al Tamimi (Physicist and Medicine expert); b) Al Kindi (historian and philosopher); c) Al Nu`man (law expert and served as judge); d) Ali bin Yunus (Astronomy expert); e) Ali Al Hasan bin al Khaitami (Physicist and Optical expert)

The progress of physical buildings is truly extraordinary. Indications of this progress can be seen from the many buildings built in the form of mosques, universities, hospitals and magnificent accommodation. The main roads were built and equipped with colorful lights, in the industrial sector great progress has been achieved, especially those related to the military such as weapons of war, ships and so on. History has witnessed that the Fatimid dynasty needs to be taken into account in its participation in coloring the glorious Islamic civilization. In various fields, this dynasty provided different treasures from the previous ones, even though they had more or less similar patterns, for example in terms of administration which resembled the Umayyad and Abbasid administrations.

Apart from that, the Fatimid dynasty was already familiar with governance and state administration. This can be seen in terms of politics, administrative system, financial management, military system, and judicial system. The Fatimid dynasty succeeded in becoming one of the respected centers of Islamic government. The peak occurred during the time of Al-Aziz (365-386 H/975-996 AD). He was the son of Al-Muizz whose name was Nizar and had the title al-Aziz (the mighty). Al-Aziz, succeeded in overcoming security problems in Syria and Palestine and succeeded in suppressing various rebellion attempts that occurred in his territories. In fact, during his time, the palace was built so magnificently that it could accommodate 30,000 guests, as well as a mosque was built. magnificently, the transportation sector ran smoothly, security was guaranteed, the economy was developed, both in the agricultural, trade and industrial sectors, in accordance with technological developments at that time.

The Fatimid dynasty experienced progress, among other things, because: its military was strong, its government administration was good, science was developing, and its economy was stable.

However, after al-Aziz's time, the Fatimid dynasty experienced decline and was finally destroyed, after ruling for 262 years. Unlike other dynastic governments, Fatimid advancement in state administration was based more on skill than heredity. Members of other branches of Islam, such as Sunnis, appear to have been elevated to government



positions as were Shi'ites. Tolerance was developed towards non-Muslims such as Christians and Jews, who obtained high positions in government based on ability. Over a period of 262 years, the Fatimids have achieved rapid progress, especially during the time of Al-Muiz, Al-Aziz and Al-hakim. These advances cover various areas, namely:

- a. Progress in trade relations with the non-Islamic world, including India and Christian Mediterranean countries.
- b. Progress in the arts can be seen in a number of palace decorations and architecture.
- c. In the field of knowledge with the construction of Al-Azhar University.
- d. In the economic sector, both agricultural, trade and industrial sectors.
- e. In the field of security.

Among the remains of the Fatimid dynasty, there are two buildings that are very historic and whose existence can still be felt today, and are even experiencing rapid development. These relics are:

- a. Al-Azhar University which was originally a mosque as a study center. This mosque was founded by al-Saqili on the 17th of Ramadhan (970 AD). The name Al-Azhar is taken from al-Zahra, the nickname of Fatimah, daughter of the Prophet SAW and wife of Ali bin Abi Talib, the first Shiite imam.
- b. Dar al-Hikmah (Hall of Science), which was inspired by the same institution founded by al-Ma'mun in Baghdad.

### **Decline of The Fatimiyah Dynasty**

The Fatimids were a Shiite dynasty led by 14 Caliphs or priests in Africa and Egypt from 909-1171 AD, for approximately 262 years. The caliphs are:

1. Ubaidillah al Mahdi (909-924 AD)
2. Al-Qaim (924-946 AD)
3. Al-Mansur (946-953 AD)
4. Al-Muiizz (953-975 AD)
5. Al-Aziz (975-996 AD)
6. Al-Hakim (996-1021 AD)
7. Azh-Zhahir (1021-1036 AD)
8. Al-Musthansir (1036-1094 AD)
9. Al Musta'li (1094-1101 AD)
10. Al-Amir (1101-1131 AD)
11. Al-Hafizh (1131-1149 AD)
12. Azh-Zhafir (1149-1154 AD)
13. Al-Faiz (1154-1160 AD)
14. Al-Adhid (1160-1171 AD)

Economic bankruptcy was the main cause of the end of the Fatimid dynasty, especially during the time of the caliph al-'Adhid until it was attacked by the Ayyubid dynasty led by Salahuddin al-Ayyubi, endless civil wars and rebellions from the Sunni group as well as attacks by the Crusaders made agricultural enclaves neglected. This condition weakened the position of the Fatimids, but at the same time it strengthened the position of their opponents. In general, there were at least 4 (four) important factors that caused the economic decline during the Fatimid dynasty, namely:

a. Excessive hatred and discriminatory politics against the Sunni community

In order to uphold the supremacy of power and religious ideology of the Ismai'ili sect of Shi'ism, the Fatimid Caliph did not hesitate to eliminate various groups that would hinder this goal. Caliph al-Aziz, for example, ordered his Prime Minister to compose and compile the largest books in the field of Shiite Fiqh and the obligatory lessons of Fuqaha scholars. All employees are required to adhere to the Shiite Isma'iliyah school of thought. All Qadis or Judges are required to issue legal decisions in accordance with the laws of the Shiite sect. Then they spread or propagated the Shiite Isma'iliyah school of thought to the population. Even more rude was what Caliph Al-Hakim Biamrillah did, he ordered that insults be painted on friends such as Abu Bakr, Umar bin Khattab and Uthman bin Affan, both on the walls of mosques, in markets and on the streets. He issued this order to all regional governments within the territory under the control of the Fatimid dynasty. Al-Hakim's actions greatly influenced the economic growth and development of the Fatimid dynasty, especially in areas where the majority of the population was Sunni. In the end, various disputes with Sunni groups led to the fall of the Fatimid dynasty through the hands of the Ayyubid dynasty led by Salahuddin al-Ayyubi.

b. The life of the Fatimid caliph who transcended borders

Several Fatimid caliphs who once ruled were known to live luxuriously and excessively. This gave rise to people's antipathy towards them. For example, Azh-Zhahir (1021-1036 AD), Al-Musthansir (1036-1094 AD), Al Musta'li (1094-1101 AD), Al-Amir (1101-1131 AD), Al-Hafizh (1131-1149 AD), Azh-Zhafir (1149-1154 AD), Al-Faiz (1154-1160 AD), and Al-'Adhid (1160-1171 AD), they had been immersed in the luxury of life, living in beautiful palaces in Cairo, they enjoyed various kinds of worldly delights while they left government affairs to the Prime Ministers (Wazirs). Caliph al-Mustanshir always held festivals dressed beautifully and luxuriously. This act of living in luxury was strongly opposed by the people, both from the fanatical circles of the Shiite Ismaili School and the Sunni School of Islam who viewed these actions as contrary to Islamic teachings. Abuse of power by living in luxury and debauchery in the Palace is more or less because religion is no longer a moral supervisor.

c. Crusade

The crusades were the dominant factor in accelerating the economic decline and destruction of the Fatimid dynasty. Moreover, this was coupled with the mounting conflict between the Fatimid dynasty and the people of Egypt. Caliph Al-'Adhid through his minister, Abu Syuja Syawar bin Muahir, was forced to ask for help from Nuruddin Zanki, the ruler of Sham and Aleppo, to fight the Crusaders. Thanks to this assistance, the Crusaders withdrew from Egypt. However, the state treasury was drained to finance the Crusade and asked for help from Nuruddin Zanki's army. As a consequence, the state treasury is increasingly depleting and affecting the economy and people's welfare.

d. The fragility of the religious politics of the Fatimid caliphs

The death of Caliph al-Hakim gave birth to weak leaders in the managerial field. It is not uncommon for the position of caliph to be only a symbol, and the implementation in the field is often handed over to the prime minister (*wazir*). This happens because the people appointed after the death of the caliph are people who are still underage, such as Al-Hakim ascending the throne at the age of 11, al-Zhahir was 16 years old, Al-Mustansir ascended the throne at 11 years old, Al-Amirusia 5 years old, Al-Faiz 4 years old, and Al-Adid 9 years old.

e. Natural disasters

During the time of Caliph al-Hakim, the Nile River was no longer the economic lifeblood of society. Even when the caliph Al-Zahir ruled, the Fatimids were hit by constant floods and al-Zahir's unpopular policies towards the country's economy resulted in the people suffering from food shortages and unaffordable prices for goods. This caused a lot of dissatisfaction among the people. Meanwhile, during the time of Caliph Ma'ad al-Muntashir, there was a severe famine for seven years (1065-1072 AD), as a result of which the Nile River, the lifeblood of the Egyptian region, experienced a drought and paralyzed all sectors of the Fatimid economy. Although these natural disasters could be minimized, especially during the reign of al-Hakim. He succeeded in implementing a policy of distributing grain evenly and preventing price speculation during the crisis. However, subsequent caliphs were unable to provide concrete solutions and this led to the end of the Fatimid dynasty.

## CONCLUSION

From the explanation above, it can be concluded that the Islamic economy during the Fatimid Dynasty experienced progress during the time of the caliphs al-Mu 'izz, al-'Aziz and al-Hakim. Thanks to these advances, the Fatimid Dynasty was able to rival the greatness of the Abbasid Dynasty in Baghdad, Iraq and the Umayyad Dynasty in Andalusia, Spain. There are several factors behind this, such as moving the center of government from Tunisia to Cairo, exploring sources of economic income in all fields, integrated management of the fields of Agriculture, Trade and Industry, high concern for Science, harmonious relations with non-Muslims and providing tolerance. very high for society. The Fatimid dynasty began to experience economic decline after the death of the caliph al-Hakim, his successors such as Azh - Zhahir (1021-1036 AD), Al - Musthansir (1036-1094 AD), Al Musta 'li (1094-1101 AD), Al - Amir ( 1101-1131 AD), Al - Hafizh (1131-1149 AD), Azh - Zafir (1149-1154 AD), Al - Faiz (1154-1160 AD), and Al -' Adhid (1160 - 1171 AD), ten drowned in the luxury of life and not a person capable of leading. Finally, the Fatimid dynasty collapsed after the caliph al-' Adhid was attacked by the Ayyubid dynasty led by Salahuddin al-Ayyubi.

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