

The Philosophy of Islamic Economic Paradigm

– A Brief Overview

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Introduction

It would not be an exaggeration to say that over the last few decades, economics has received more attention from Muslim scholars, intellectuals and economists than any other subjects or disciplines. From Saudi Arabia to Pakistan, Britain to India and America to Malaysia, in almost every country today, it is not unusual to hear about seminars and conferences being organised on Islamic economics and, needless to say, essays and books on the subject are proliferating. As a matter of fact, Islamic economics has become so popular and influential today that it can no longer be ignored by anyone seriously interested in Islam (as a way of life) and Islamic studies (as a discipline). What is more, a number of highly specialist centres (1) have been set up to carry out further research on the subject and numerous universities have also started teaching the subject at both undergraduate and postgraduate levels (2).

More significantly, however, numerous Islamic banks have also been set up which operate within the parameters of Islamic banking principles and consequently do not deal with *riba* (usury or interest) as such (3). And it seems these banks are being increasingly very popular. Hence it is not surprising that Islamic banks are mushrooming in Muslim countries like Saudi Arabia, Sudan, Iran, Pakistan, Bangladesh and Malaysia. Lately, Islamic economics and finance have also become very popular in the West. Therefore Islamic economics as an academic discipline on the one hand and, more importantly, as an alternative economic paradigm to the existing dominant Capitalist and not-so dominant Socialist systems on the other, has, in my opinion, been a run away success. Yet, axiomatically speaking, Islamic economics is still in its embryonic stage and further systematic research and original thinking would be needed if it is to succeed in providing an intellectually coherent and practically viable alternative to the existing economic paradigms.

The Islamic Economic Paradigm

Despite the success of Islamic finance and financial products, little is known about its theories and philosophies. What actually is Islamic economics, and what is/are its fundamental principles? I shall begin with the first part of this question.

Islamic Economics: A Matter of Definition

Attempting to define any concept or principle is certainly not an easy task and Islamic economic precepts and principles are no exception in this respect. Even the concept Islamic Economics poses tremendous definitional problems and as such has been variously defined by Islamic economists. According to M.A. Mannan, "Islamic economics is a social science which studies the economic problems of a people imbued with the values of Islam" (4) He, however adds

that his definition of Islamic economics is in stark contrast to the modern definition of economics which, generally speaking, is a "study of mankind in the ordinary business of life". M.A.Khan, on the other hand, defines Islamic economics as the study of "the human *falah* (5) achieved by organising the resources of the earth on the basis of co-operation and participation" (6) Yet still, according to S.M Hasanuz Zaman, Islamic economics "is the knowledge and application of injunctions and rules of the Shariah that prevent injustice to human beings in the acquisition and enable them to perform their obligations to God and society". (7)

Although the above definitions of Islamic economics are distinct insofar as exposition is concerned, they are however strikingly similar in essence. And herein lies the uniqueness of Islamic economics, because its *maqasid* (goal) is one and the same, namely, attainment of both material prosperity and spiritual elation. However, recently S.N.H Naqvi has offered a radically different definition of Islamic economics. "Islamic economics is" he asserts, "about the representative Muslims behaviour in a typical Muslim society" (8) This definition is quite remarkable if not unique because it not only compliments but also extends the above definitions of Islamic economics in that it "focuses on a real-life Muslim economy as opposed to a utopian Islamic economy." (9) This is a significant development in the field of Islamic economics because such an approach apparently relates the dynamics of the ideal with the realities of contemporary Muslim societies. And such an approach, I



hasten to add, had been hitherto conspicuous by its absence in Islamic economic literature. In short, Islamic economics has been variously defined but in essence they mean the same thing, namely, attainment of *falah*, which according to M.A Khan's exposition means "prosperity for the individuals in this world and 'success' in the hereafter. 'Success' in this context means pleasure of the Lord, which will be bestowed on the obedient individuals." (10)

The Foundations of Islamic Economic Paradigm

All economic philosophies and paradigms have their own fundamental axes or underlying conceptual precepts, which form the theoretical foundation of those economic philosophies. Such conceptual precepts or fundamental axes are both necessary and indispensable because they not only serve as the theoretical foundation of those economic paradigms but concurrently carry the seal of their legitimacy. Above all, they ensure that the aims, objectives and the strategies of those economic paradigms are persistently pursued and actualised so that they bear fruits, namely, the attainment of material prosperity, social justice and human welfare in general. And in this respect, the Islamic economic paradigm is no exception. It has its own philosophical premises from which it derives legitimacy and, needless to say, its underlying aims, objectives and strategic framework.

However, the Islamic economic paradigm differs from all the existing economic orders in that the former's legitimacy is derived from an Infinite source rather than a finite source. That is to say that the Islamic economic paradigm is based on Divine source, as opposed to, both Capitalism and Socialism, which are ultimately the product of human formulation. Not surprisingly, one of the prime objectives of the former is the attainment of spiritual elation in addition to material prosperity, whereas such a spiritual dimension is conspicuous by its absence insofar as the latter are concerned. And this distinction is significant considering that man is not only composed of matter (material) but also spirit (spiritual). (11) Accordingly, human nature would require that attainment of material prosperity to go hand in hand with spiritual elation. And in this context, the Islamic economic paradigm appears to be in perfect harmony with human nature unlike both Capitalism and Socialism.

Having thus made the preliminary remarks and also pointed out the main difference between the Islamic economic paradigm on the one hand and the Capitalist Socialist economic paradigms on the other, I should like to further state here for the benefit of those who are not familiar with Islam that Islam is not only a religion in the modern connotation of the word, rather it is a comprehensive way of life and ideology on the one hand and a universal message and a dynamic worldview on the other. As the Holy Quran substantiates: "We have explained in detail in this Quran, for the benefit of mankind, every kind of similitude" (18:54). "We have put forth for man, in this Quran, every kind of parable, in order that they may receive admonition" (39:27). "And we have sent down to you the book explaining all things as a guide, mercy and glad-tidings to Muslims." (16:89) What then are the fundamental principles of the Islamic economic paradigm? Generally speaking, the Islamic scholars and economists are agreed that the three fundamental principles of the Islamic economic paradigm are, namely al-Tawhid or Divine Unity (I will refer to this as the Islamic concept of man) and al-Adl wa'l Ihsan or Social Justice/Equilibrium (I will refer to this as Islamic way of life/Ideal Islamic society) (13) Now let us briefly explain them below.

The Theoretical Foundation of Islam

The concept of Tawhid or absolute monotheism is the cornerstone or fountainhead of Islam. The entire infrastructure of Islam, or in other words, the whole Islamic worldview and its strategic framework both emanate from and stand on this concept. In simple terms, Tawhid expresses the concept that there is no deity except God Almighty and that He alone is the Creator, Cherisher and Sustainer of the Universe. It also implies that none deserves to be worshipped and glorified apart from God. Consequently, an adherent of Islam is required to live his entire life in accordance with Tawhid and its underlying principles. Therefore Tawhid is not merely an abstract religious doctrine or a metaphysical concept but, on the contrary, it enumerates a comprehensive ideology and philosophy of life. In short, Tawhid stands for the Islamic worldview and strategy.

However, practically speaking, Tawhid or the theoretical foundation of Islam can be said to express itself at three levels, namely, the individual level, the socio-cultural level and politico-economic level. At an individual level man, according to Tawhid, must liberate himself from the worship, servitude and bondage of all things except God. That is, he is required to resign himself whole-heartedly to the will of his One and Only Creator. God created man and has instructed him to worship none save Him: "I have created only Jinn and man, that they may serve and worship Me." (51:56) "And they have been commanded no more than this: to worship (and serve) God, offering Him sincere devotion, being true to faith" (98:5) Thus Tawhid not only emancipates man from the worship and glorification of things other than Allah but also liberates him from the lure and temptations of his evil desires and instincts through Tazkiyah or self-purification a process which ensures that an individual is both physically and spiritually at ease with himself and his Lord, Almighty God. Therefore, at an individual level, Tawhid a truly revolutionary concept requires man to arise and fully liberate himself from all desires, lures and temptations of his inner self on the one hand and from the worship and glorification of false deities on the other, and instead surrender himself to the Will of Almighty God.

At the socio-cultural level, however, Tawhid seeks to emancipate man from all superimpositions of other men. That is to say that it requires the Tawhidic man to submit or surrender to anything in any form except God. Thus his moral and ethical value systems and principles of social interaction are all derived from that one and the same Infinite source. He accepts no other authority on these issues except that of God Almighty. As the Quran states: "His is the sovereignty of the heavens and the earth, and all affairs are referred back to God." (57:5) "Then We put thee on the right way of religion: so follow that way, and follow not the desires of those who not know." (45:18) And "it is not befitting for a believer, man or woman, when a matter has been decided by God and His messenger, he is indeed on a clearly wrong path" (33:36) Likewise, at the politico-economic level, Tawhid seeks to liberate man from the political oppression and economic Zulm or injustice of other men. Accordingly, the Tawhidic man is required not only to reject but also resist all forms of exploitation, domination and injustice, whether they happen to be political or economic in nature, and instead, strive to change the status quo and replace it with the Islamic politico-economic system. In short, the Tawhidic man strives to establish the Word of God in all spheres of his life, be it private or social, economic or political, spiritual or temporal.

Evidently, therefore, Tawhid in its entirety is a unique concept which not only is the theoretically axis of Islam but also the fountainhead of a dynamic and fully-fledged strategy. Interestingly, the concepts al-Khilafah and al-Adl wa'l Ihsan also directly emanate from the concept of Tawhid. For this reason, I shall enumerate these two concepts below because without a brief exposition of these concepts the philosophy of Islamic economic paradigm would be incomplete.

The Islamic Concept of Man

The Islamic concept of man is threefold. Firstly, man is God's creation. Secondly, he is God's Khalifah or representative on earth. And thirdly, he has been endowed with a free will and the capacity to reason, and therefore is accountable to Him alone. Let us briefly explain these points.

Man, according to the Holy Quran did not appear on this earth by coincidence or accident (21:16). On the contrary, he was deliberately created and fashioned in the best of moulds by the Lord of the Universe, Almighty God, for a specific purpose and mission. And what is that purpose and mission? The Holy Quran answers: "I have only created Jinn and Man, that they may serve and worship Me." (51:56) Thus God created man for his worship and servitude alone. But the Arabic word Ibadah as employed in the above verse denotes more than just worship and servitude to God. In this context, it also implies that man should, indeed, must strive to accomplish his mission in life, namely, to be a conscientious representative or Khalifah of God on earth. In the words of the Holy Quran: "It is He (God) who hath made you (His) agents, inheritors of the earth: He hath raised you in ranks, some above others: that He may try you in the gifts He hath given you; for thy Lord is quick in punishment: yet He is indeed oft-forgiving, most merciful" (61:65) (14)

However, in order to simplify matters further and facilities his task, God Almighty endowed man with both mental and spiritual characteristics to enable him to (if he so wishes) attain the summits of knowledge, wisdom and perfection. In addition to this, the bounteous Lord has also provided man with sufficient material resources for his use as he relentlessly thrives and strives to accomplish his sole purpose and mission in life, namely, to be His devotee and vicegerent on earth. For that is the *raison d'être* of the Islamic man. However, unlike the world of angels (Malaikah), God provided man with a free will or the freedom to choose as he wishes (39:18). Consequently, mankind, accordingly to the Holy Quran, is not a homogeneous body of infallible creatures (11:118). Rather, human beings are both autonomous and fallible creatures, and are also characteristically distinct from each other. Accordingly, each individual will be held solely responsible for his actions and he alone shall be summoned to account for his deeds on the Day of Reckoning. Although man has been given the freedom of choice to decide as to which path he would tread, he nonetheless, has been instructed to follow the path of Sirat al-Mustaqim or the Right Path as ordained by Almighty God, as opposed to the ways of Shaytan, which lead to nowhere but damnation. In short, man has been advised to follow the Divine path the path of success and prosperity.

The Islamic Way of Life

The quintessence of the Islamic way of life is the concepts of al-Adl

and al-Ihsan. In simple terms, al-Adl means 'justice' and al-Ihsan means 'goodness'. As the Holy Quran stated, "Verily God has enjoined justice (Adl) and goodness (Ihsan)." (16:90) Together, therefore, al-Adl wa'l Ihsan stand for a state of social justice/equilibrium (15) Explaining this further, S.N.H.Navqi states, "as a social ideal, the principle of Equilibrium provides for a complete description of all the virtues of the basic set of social institutions legal, political and economic" (16)

However, as a spiritual ideal, the principle of Equilibrium seeks to strike a balance between the life of this world and the significance of the hereafter. In other words, al-Adl wa'l Ihsan ensures that the ideal is always maintained, namely, the equilibrium between the life of this world and the significance of the hereafter. That is to say, al-Adl wa'l Ihsan maintains the equilibrium between "hedonism and spiritualism which characterises the Muttaqin's pattern of life" (17). So being the most honoured in the sight of God (49:13), a believer is required to fulfil all his needs, be they material or spiritual, proportionately because such balance in all spheres of ones life allows one to serve God Almighty most effectively on the one hand while satisfying ones worldly needs on the other. In short, the Islamic way of life is a balanced mode of life which when actualised creates a society that is not only strict in its observance of the Divine Paradigm (Shariah) but is also dynamic and prosperous the ideal Islamic Society! In economic terms, however, the Islamic man seeks to establish a society where social justice (Adl) and distributional equity (Qist) would prevail so that a section of the society does not discriminate and prosper at the expense of rest of the society.

As a matter of fact, an ideal Islamic society strives to abolish all forms of discrimination, prejudice, class differentiation and provide equal opportunity to all members of the society although, according to some Islamic thinkers, Islam does not envision absolute equality insofar as distribution of economic resources among individuals is concerned because, operationally speaking, this simply would not be feasible.

Conclusion

In this short article, I have firstly attempted to define what Islamic economics is. Secondly, I briefly explained the philosophical premises of Islamic economics/finance and how it differs from the Capitalist-Socialist economic paradigms. In essence my proposition is that Islamic economics essentially emanates from a Tawhidic view of human life and as such it represents a Muslims vision of how economic life of mankind should, indeed, must be conducted and organised. Islamic economics is a paradigm that fundamentally revolves around notions of justice and fairness. It is a humane system because it is God-centred. And God is humane and just.

Capitalism and Socialism are, by contrast, considered to be unjust and unfair ways of organising the economic life of mankind because one represents the interest of the few, while the other represents the interests of none. Their endeavours to solve the economic problems of the world have failed in both theory and practice. Islam can and must provide an alternative.

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