

## Islamic Categorization of the Disciplines: An Economic Example

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### The Issue

In the letter of invitation, the task of this conference was classified under two headings:

#### 1. The Examinations of Disciplines: An Islamic Approach and Work plan

- a) To clarify the perspective of Islam under which Islamization of the disciplines is to take place.
- b) To establish a strategy and work plan.
- c) To begin, in earnest, the examination of some of the disciplines and to consider the relevance of Islam to their methodologies.

#### 2. Islamization of Specific Disciplines.

- a) To prepare a paper (in the particular discipline of the invited participant) in answer to the questions raised in the Memo.

The issue of Islamization of disciplines, or, in simple words, the setting-up of Islamic prototypes of concepts for a society willing to live according to its Islamic teachings is a result of two interacting factors:

- 1. The failure of the Muslim *Fuqahā'* (Islamic Jurists) in understanding the contemporary problems and in evolving the *Fiqh* (science of the laws of Islam) to cope with these problems.
- 2. The absence of the Islamic state that would require such *Ijtihād* (creative self exertion to derive laws from the legitimate sources) and attain the best of results by the natural process of trial and error.

What is actually required is the clarification of concepts about our systems: The social, the political, the economic and the aesthetic. We cannot establish any Islamic state without knowing what sort of social relations, political institutions, economic establishments and moral values such a state would adopt. Equally valid is that such systems do not exist in a vacuum, nor are they relevant as scholarly tracts and argued in specialized academic institutions. In any case, there is no doubt that the concept must precede the establishment and application—a fact that confers on this conference great significance.

In this paper I assume that “disciplines” are of two main categories:

1. The philosophical aspect, or what Dr. Ismā‘īl al Fārūqī calls the “*Logique*”. I construe this to mean the theory of the doctrine or the essence of the ideology. In Islamic language, this is rendered by the word “*Shir‘ah*” (Universal Islamic Concept).
2. The behavioral and transactional aspects. These include all the principles and laws administering our human relations among individuals and their collectivities.

The importance of this classification is due to the fact that behavioral and transactional systems derive from the ideological aspect. In every society, and in an Islamic one in particular, human activities are motivated by the common concept reaching so deep in psyches of individuals that it becomes a belief. Belief constitutes the dynamism of an ideology. Hence, the first discipline to be cleared is the doctrine itself. We are in need of studying the discipline of our *Shir‘ah* in order to establish a uniform understanding of Islam, because without such uniformity there can never be any unity of purpose among Muslim societies all over the world. It is not enough to define Islam as the attestation of one God, the acknowledgement of Muḥammad (SAAS) as His last Prophet, and the performance of Islamic rituals. What is required is to understand the implication of “*Shahādah*” (The act of witnessing that there is no God but Allah and that Muḥammad is his prophet, servant and messengers) and the belief that urges the individuals and their societies to act according to the understanding. Understanding without belief or belief without understanding will never lead to Islamization. Belief is abounding all over the Muslim world, but what is required and what we are expected to discuss in this conference is the “understanding”.

## Discipline of Economics

The discipline we wish to discuss in this paper is economics. It obviously

belongs to the behavioral and transactional category, thus deriving its principles and objectives from the universal Islamic concept, *Shir'ah*. Since the dictum of Islamic ideology has not been established as a discipline, I shall start from a basis which, I assume, is universally accepted.

Islam's main objective is the worship of Allah (SWT) (Qur'an, *al Dhāriyāt*, 51:56). Worship comprises the observance of rituals and the application of Allah's (SWT) laws and commands. As Allah (SWT) commanded us to obey Him and His Prophet (SAAS) (Qur'an: *al Nisā'* 4:80), the application of *Sunnah* (The Path and example of Prophet Muhammad (SAAS) consisting of all that he said, did, approved of or condemn), becomes incumbent upon Muslims and constitutes an integral part of their worship to Allah (SWT). The worship of Allah (SWT) comprises two elements:

- (1) The individual's belief in the abstract, which is a mental attitude and subtle relationship between the individual and his Creator.
- (2) The individual's actions which are reflected in the activities of Muslims in their respective societies and their inter-relationships.

Both elements are equally vital for evaluating worship. In fact, they are mutually interdependent. But while there is at present conspicuous evidence of vehement belief in the Islamic world, there is a sharply marked lack of substantive action. The main reasons for this may be:

1. The difficulty in applying the Qur'ānic injunctions (*al Nuṣūṣ*) and the *Sunnah* to current problems. This is due in turn to:
  - (a) Lack of modern Islamic studies.
  - (b) The conservatism of the contemporary *Fuqahā'*.
2. The influence of the Western civilization on the minds and modes of transactional activities of the Muslims.

Economics, as a discipline, is the study of man's activities related to the attainment of material satisfaction for his well-being within his ideological setting. What I should like to underscore here is the fact that economics—as all other transactional disciplines—is only a means to help man achieve his happiness as conceived in his ideological conviction. The concept of *homo-economico* as expressed in the economic classics is neither valid nor realistic. The demand curves differ from one individual to another and from one society to another, because of the difference of ideologies and convictions. There is no standard nor congenital demand schedule. Thus, the assumption of *homo-economico* having its particular transactional behavior is fallacious and misleading. Accordingly, Islamic economics is nothing more than a system, administering man's activities with a view to maximize his material satisfaction within the scope of the Islamic *Shir'ah*. It does not exist *per se*, nor can

we perceive such a system independent from Islamic dogma. Islamic economics—as a system (i.e., a discipline in application)—can only exist when Islam prevails as a living ideology, not as pathos airing emotions and passions, but as a driving force that motivates actions, reactions and interactions. In short, the economic discipline must issue out from the *Shirah* to flow back into it.

### The History

Since the advent of Islam, all transactional disciplines have been treated as one discipline under the caption of “*Fiqh al Mu‘amalāt*” as distinct from the jurisprudence of rituals or “*Fiqh al ‘ibādāt*”. All jurists of the “golden” age of the Islamic history strictly adhered to a single methodology in their studies of these transactional disciplines. They would start by quoting the Qur’anic texts and *Hadīths* concerning the different issues, and would then analyze the subjects adopting analogical instruments. Their main study was invariably juristic, their arguments legalistic, and their verdicts a judgment on the permissible, the reprehensible and the prohibited. Even when they went into some analytical economic discussions, it was basically the question of Ḥalāl (permissible) or Ḥarām (forbidden). This trend in methodology persisted from the second *Hijrah* century (cf. *al Umm* by al Imām al Shāfi‘ī) until today (*Al Fiqh ‘Alā al Madhāhib al ‘Arba‘ah* by al Jezīrī). It is amazing that the contemporary *Ulamā’* still talk about the rules of commercial and financial associations in the same terms of the third and fourth centuries AH.

The economic conditions prevailing prior to the fourteenth century AH/nineteenth century AC were rather simple compared to those of our modern age. As a matter of fact, these conditions were much more sophisticated in the first five centuries after *Hijrah* than in subsequent centuries because of the excellence in civilization and the stupendous expansion of the Muslim rule. The growth of culture meant a correspondent growth in human relations necessitating new rules and regulations befitting an ever evolving civilization. The need for *Ijtihād* was legitimate and pressing. This gave rise to the different schools of thought (*Madhāhib*).

There has never been a separate study of economics. *Al Kharāj* by Abū Yūsuf, Yaḥyā Ibn Ādam or *Al Amwāl* by Ibn Salām (both of the third century *Hijrah*) are mostly concerned with the legal side of some state financial and fiscal jurisdiction. The scattered economic literature is mixed up with other non-economic issues. For instance, al Imām al Ghazālī’s excellent passage about the nature and functions of money was mentioned when the author was stressing the duty of the Muslim to be grateful to Allah for His bounties. Ibn Taymiyyah discussed some economic basics in his book about *al Ḥisbah*.

It is only in our time that economics has been recognized as a discipline. There are many modern writers who tried, and still are trying to formulate the general principles of economics. Most of these writers are greatly influenced by the Western ideas although they are keen to come up with a distinct system having its own characteristics and genuine philosophy and techniques. One can safely say that the majority of such writings were not based upon an established methodology.

## Method

A method for the study of Islamic economics would include, in our view:

- (1) The nature and scope of economic resources, including human resources.
- (2) The priority of our requirements.
- (3) The positive (permissible) and the negative (prohibited) laws as prescribed by Islam in the field of economics.

The method is a means to an end which is the establishment of a discipline. But the discipline itself is a means to a further end which is realization of the ideology or *Shir'ah*. If Islam were a liberal (capitalistic-cum-democratic) doctrine, or if it were a socialistic (Communist) one, or if it were a mixture of both and/or other doctrines, there would be no need to have a new Islamic discipline. We need the method, conducing to the formulation of the discipline in order to achieve a goal, i.e., the application of *Shir'ah* in our daily material activities. Accordingly, the first element in our methodology is to sort out all Qur'ānic injunctions and all the *Sunnah* that touch upon economic activities. Such basic data would then be so paraphrased in modern language so as to provide the fundamentals of Islamic economics.

The task of sorting out, classifying and paraphrasing the basic data is difficult and vast in scope. The interpretation of the Qur'ān, the authentication of the Ḥadīth, and the reconciliation of all texts make it a task that requires a collective effort. It could be a long process, but it is essential if any serious study of the discipline is to be pursued.

In the past, economic problems—among other mundane problems—were approached through the rules of *'Ilm Uṣūl al Fiqh*. (The science of Islamic Jurisprudence or the Methodology of deriving laws from sources of Islam and of establishing their juristic or constitutional validity). With sound knowledge of Islam and with oral courage and insight, our predecessors could provide their societies with solutions and new ideas. What we have today are incoherent efforts without any solid basis either in Islamics or in methodology (*Uṣūl*). The result is a variety of schools within the same discipline:

- (1) There are the traditional authorities of Islamic law or what we generally call the '*Ulamā*'. They know very little of the prevailing economic system and models. They abstain from innovation and *Ijtihād*, and they try to fit the present societal modes in the past framework. Their attitude is usually negative because of their ignorance of the contemporary sophisticated mode of dealings. Besides it is negative in as much as developing and evolving the science of *Fiqh* is concerned. Unless and until our '*Ulamā*' study the present complex of dealings and the economic rules regulating them, they will be unable to help in initiating an Islāmic economic discipline. In fact, their negative attitude and conservatism is an impediment in the way of many new sound ideas.
- (2) The second school is represented by those who adopted the Western culture and who propound the secularity of all disciplines. Their knowledge about Islam is very limited and, in many cases, corrupted. Unfortunately for the *Ummah*, those are the upper class in Muslim societies, having a considerable political power. They may occasionally praise Islam, but only in words and to appease the Muslim masses who are incessantly calling for the application of the Islamic laws in their daily life. The effect of this school is more damaging than that of the previous one as its adherents have the power of the mass media and the material power of the government establishment.
- (3) The third school's exponents believe in Islam as a living ideology, susceptible to evolution and growth. Their number is on the increase and their good intentions are beyond doubt. They have been quite active in the last two or three decades and have contributed a great deal to the Islamic thought. The main shortcoming of such thinkers is the lack of material resources which would enable them to carry on their research work and bring about the long-awaited Islamic solutions to the contemporary problems.

Due to the absence of an established methodology, the new ideas lost much of their credibility in the economic field. In my view, the source of weakness may be traced to the following:

- (1) The vagueness of the doctrine itself made every thinker start from premises different from what others adopt. This is a very important element as mentioned above, though some thinkers take it very lightly and satisfy themselves by claiming that Islam is crystal clear and that the Qur'ān is its unequivocal expression. The result of

overlooking this basic principle is the diversity of approaches and the abundance of generalities which can never produce any serious scientific results.

- (2) The ambivalence stemming from the contradictory principles of Islam versus the Western material and/or secular doctrines. It is not rare to read articles and books composed by sincere Muslim economists in accordance with the Western economic concepts and only qualified by some Qura'nic verses and *Sunnah*. Lacking the Islamic methodology, such writers adopt the Western one, unaware of the fact that such procedure will lead them to a critical situation where conclusions cannot be qualified as Islamic or Western.

## Content and Problems

The study of Islamic economics should start when the student (or the researcher) has acquired a solid background of Islam as a doctrine that administers all our societal relations. Teaching liberal or capitalistic economics under a communistic doctrine is vain and meaningless. In every economic discipline, the relation between economics and the other disciplines of the same ideology comes in the forefront. Islamic economics is no exception.

Next comes the study of the economic conditions prevailing in any given Muslim community. To be practical, we have to admit that all Muslim countries are adopting non-Islamic systems borrowed from other cultures alien if not antagonistic toward Islam. The main issue here is to have a good grasp of the origin of the economic phenomena, the problems accompanying them, and how they are dealt with.

Where economics stand in an Islamic state should be the introduction to macro-economics. This should be illustrated through a thorough study of the Qura'nic verses and *Sunnah* that deal with matters related to the discipline. Such stipulations should invariably be related to practical matters and factual problems. In this stage, the difference between Islamic and non-Islamic discipline should be pointed out. The Islamic economic system as a whole should be clearly explained and compared to other systems.

In the field of micro-economics, some models should be set up so as to demonstrate how the economic machinery would work and what results would be expected.

Such are the general contents of an Islamic economic discipline. It is not an easy task to accomplish because the views on the subject vary widely. The problems that one encounters in formulating the theorem of the discipline are multiple. Besides the difficulty of exegesis and authentication referred to above, there is the problem of application or models. The "theory" is a

mental exercise, an abstract concept, that cannot serve any practical purpose unless it is tested in practice. Our ancestors did not leave us any economic structure to examine or simulate, nor did they record statistical data that relate to their economic activities.

Another difficult problem is the well-known fact that those engaged in this research are mostly students of Western sciences and cultures. Their knowledge of Islamic sciences is limited—a shortcoming that makes many of their judgments somewhat biased or restricted to unrealistic assumptions or erroneous in their totality.

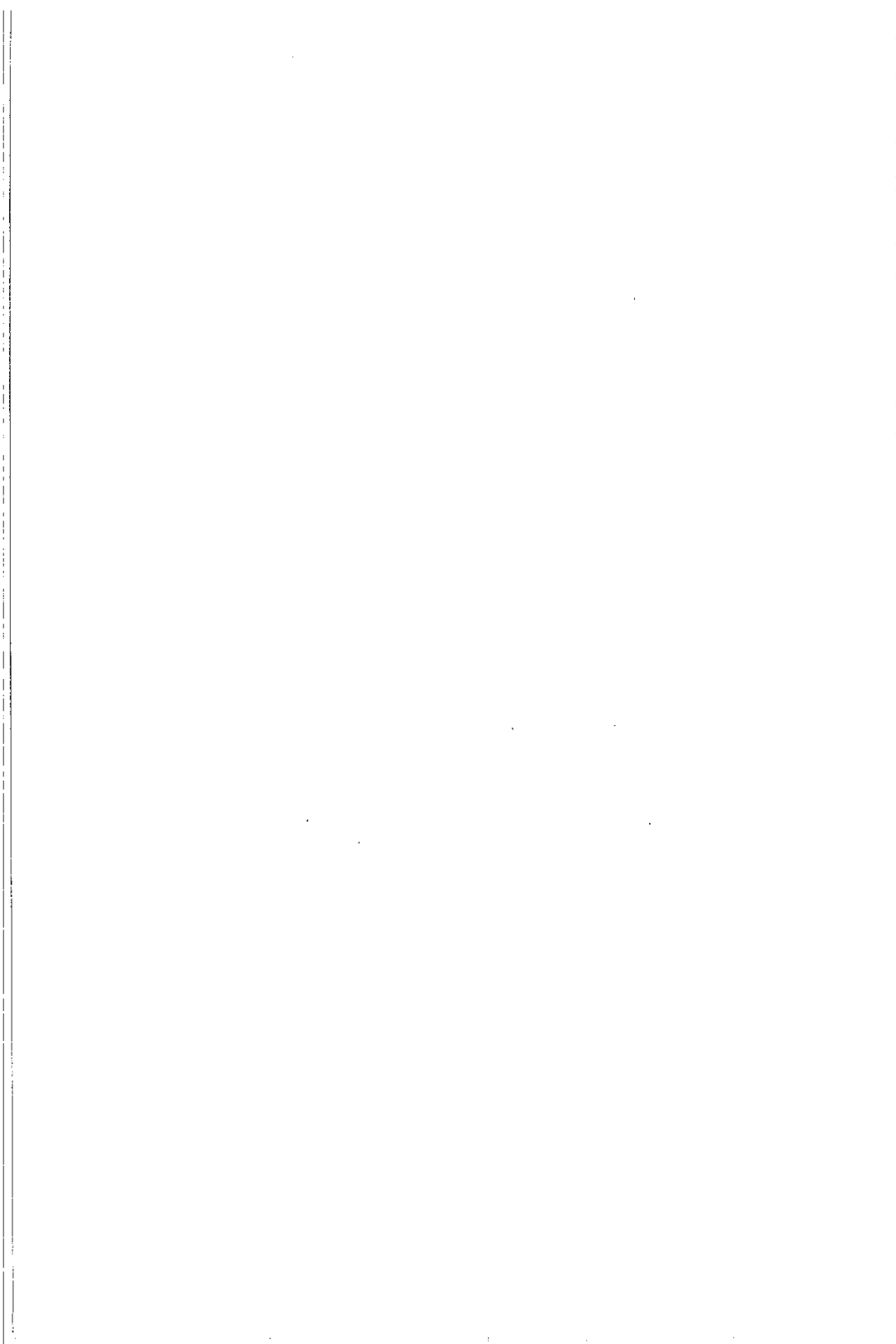
From the applied point of view, it is extremely difficult to utilize the available data of our present societies in any Islamic system or mode. What is available is the product of alien systems and economic orders. The problem here is the great difference between Islam and other doctrines in their respective outlook and philosophy. What patterns of production and distribution would be under an Islamic economic order is the guess of any economist.

## Islam and Economics

There is consensus of opinion that economics occupies a prominent front in any Islamic state. *Al Zakah*, the third corner of belief, is the core of this discipline and should be studied and interpreted in a functional manner to suit our contemporary societies. It is sad to find this corner of Islam to be vague and disputed by Muslim scholars in the past and at present. Both schools, *Sunnī* and *Shī'ī*, have their own interpretation of what is subject to *Zakah*. Even the amount of *Zakah* is not agreed upon, and should be reconsidered on account of the difficulty in finding the exact values of the ancient measures of value, weight and capacity. We have to determine also the margins of exemption (*Niṣāb*) and to whom or where the collected funds are to be dispensed.

In my opinion, Islamic economics has great relevance to our present transactional behavior and material requirements. *Zakah*, to me, is not only a ritual of worship, it is also a philosophy or a doctrine that should always be applied in our economic processes. It implies the enjoinder of continuous circulation of wealth. By penalizing any withheld money (which is basically the means of exchange) which necessitates the continuous sequence of purchase and sale, Islam projects a new distinct doctrine, having its own features. It gives production, consumption and distribution its own meanings and thus establishes its methodology and genuine system. This is the basis of the economic discipline, its frontier, so to speak and its essence.

This phase of analytic presentation has not been fully accepted by modern economists as yet, though one meets with amazingly appropriate development in the doctrine in the writings of some of the past great Muslim thinkers such as Imām al Ghazālī, al Khaldūn and Ibn Taymiyyah. Due to the absence



of a doctrinal synthesis, economists differ greatly in their approach to the subject, although I would say that their variance is complementary rather than contradictory. Had they agreed on a basic doctrine, they would have achieved greater success.

The direct relevance of Islam to our contemporary economics does not make of the Islamic doctrine an art or a science or a humanitas. It is the three altogether. The doctrine is built on solid axiomatic arguments to be developed on scientific basis with a view of attaining the maximum human welfare and social prosperity. Man is the center of all Islamic studies and the economic discipline is only a study of one of man's aspects as a member of a human society.

### **Modernization**

Economics is a modern social science-cum-art. It did not exist in ancient times except as a phase of human activities integrated in the socio-political systems. Its development accompanied the economic evolution in Europe and, accordingly, it became a "European" science. As Muslims lost the tempo of their advance, and were overtaken by the Western civilization—being constrained to adopt the European cultures—they had applied Western economic doctrines in lieu of reviving their own ideology and Islamic system.

Thus, what we need is not mere modernization, but a construction of a new discipline utilizing the basics of Islam, and the remodeling of our methodology to help build new systems and practical models. How can this be done? The answer is neither difficult nor controversial. Initially a standing committee should be formed to collect the preliminary data comprehending the Qura'nic and *Sunnah* texts relating to economics and the writings of earlier Muslim jurists.

The committee should then work out and paraphrase a theorem, a doctrine or a logique which lays down the outlines of the discipline with clarification to its function within the comprehensive Islamic ideology and with respect to the methodology to be adopted. Once this is done, analytic research would be easier to undertake, more coherent and easier to apply. The problem is, can such a committee be formed? *May Allah will it.*