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## ECONOMIC PRINCIPLES OF ISLAM

FAZLURRAHMĀN

### I—ECONOMIC VALUES AND SOCIAL ORDER

The purpose of Islam is the creation of conditions wherein every individual shall find maximum facilities for an active development and expression of his personality. For the purpose, as has been pointed out in different ways previously, a social context is necessary. Such a social context cannot, by its very nature, be that of a *laissez faire* society, but has to be directed towards *this* end. In a *laissez faire* society, disparity, exploitation in various forms and deformities arise and, as a consequence, the ultimate defeat of the very purpose of Islam is bound to occur. If the citizens of an Islamic State were true Muslims, the need for controls would obviously be proportionately less, and, theoretically, one could imagine their reaching a zero point where everybody behaved fairly and justly to everybody else. But this is somehow not yet visible on the horizon of our present-day society. While, therefore, a drive to instil a sense of Islamic responsibility must be undertaken in full vigour, the Islamic social order cannot be established immediately without there being a *directed* society.

The full expression of an individual, according to Islam, is obviously not just an economic expression.<sup>1</sup> The attempt to regard a human being as a purely economic entity is, in fact, a bitter satire on human nature, or, rather on the total historic performance of man.<sup>2</sup> However, without the establishment of socio-economic justice, it is inconceivable that the individuals of a society or the society as a whole can develop. Further, economic justice is the cornerstone even of social justice although, of course, social justice is much more than that. That is why we have ceaselessly reiterated, as the most basic principle of Islamic social order, the establishment of economic justice. Once a person's economic needs are secured, his personality will inevitably ooze out into creative scientific, intellectual, artistic and moral channels, because man is a thinking machine whose physical fuel is the economic factor. To imagine, therefore, that men in general will develop with-

out the economic basis, is tantamount to committing treachery with human nature.

This is the reason why the Qur'ān lays so much emphasis on the economic and material side of life. In fact, whenever the Qur'ān mentions wealth, it mostly uses such adjectival names for it as "the good" (*Khayr*) and the "bounty of God" (*Faḍl Allāh*). The provision of sustenance or *Rizq* and other essential securities against disease, danger, ignorance etc., are continuously upheld as the most obvious blessings of God on man.<sup>3</sup> The Qur'ān exhorts the Faithful to earn and enjoy wealth and regards the infliction of poverty and straitened circumstances as a definite scourge from God.<sup>4</sup> Economic values, then, form the base of the Islamic social order. This fact invests the pursuit of wealth and production of material goods with a unique moral quality. A Muslim, who is engaged in the pursuit of producing and generating wealth, is, in consequence, engaged in a basic service to God or 'Ibādah'. The Prophet is reported to have said that-indigence verges on rejection of Truth (*Kufr*).

كاد الفقر ان يكون كفراً

Since, however, economic values, although absolutely necessary and basic for realising the Islamic purpose in society, are, nevertheless, essentially means to an end, it follows that the economic order has to be controlled and directed under the guidelines of other and more ultimate values. If, for example, in the pursuit of wealth, man begins to eat his fellow-man, the entire purpose is defeated. The avenues of economic production and distribution have, therefore, to be strictly controlled and engineered. This is what the principle of *Kasb Ḥalāl* precisely yields. It must be firstly borne in mind that wealth *is to be earned*. With the exception of such relatively small benefits as may accrue to the immediate family by the earning capacity of the head of that family during the latter's life or after his death or, again, such small transfers of benefits as may be gifted from person to person (all of which are allowed in Islam), all wealth has to be earned.<sup>5</sup>

The key-note of the Islamic economic endeavour of *Kasb Ḥalāl* is labour whether manual, mental or moral (whereby we mean various imperceptible and non-physical services to the community). The basic principle in this connection is laid down by the Qur'ān in IV: 29-32: "O you Faithful! devour not your wealth among yourselves through unjust means, unless it be on the basis of an agreed upon trade pact between you; and do not commit (economic and social) suicide (by devouring of wealth through unjust means). And set your eyes not

greedily on that whereby God has given distinction to some of you (economically) over others; men and women shall share in what they have earned, and ask God of His bounty.....”

It is thus clear that, whereas the Qur’ān patently recognises differences in capacities and skills among people because of native endowment and, consequently, in the economic gains because of these differences, it clearly lays down that all wealth must be earned through exercise of these capacities whatever they may be. The nature of the relationship between labour and its reward shall be discussed a little more fully in the following section.

Although Islam recognises great differences among people in their capabilities nevertheless it is obvious that in order to satisfy its requirements of economic and social justice, certain basic necessities must be guaranteed to every citizen of the State. These include food, clothing, shelter, health services and education. No citizen, even if his earning capacities are close to zero point, may be Islamically denied these rights.<sup>6</sup> There are various compelling reasons why this is so. Firstly, all these basic necessities are part of a human being *qua* human. A denial of any of these provisions would render a person in a definite sense subhuman. The Qur’ān regards a human being as honourable. The second reason, closely allied to the first, is that the Islamic requirements for the development of human individuals cannot be satisfied unless everyone gets a chance. Now if a person is denied any of these basic necessities, his chances to develop his individuality are thereby dimmed and may be negated. In fact, the establishment of economic and social justice is necessary for this very purpose.

This being so, it is obvious that an Islamic State shall establish a strict order of priorities as more or less successive targets of economic development. In other words, since human wants are unlimited and the economic avenues of satisfying them at any moment are limited, an order of priorities has to be prescribed for the satisfaction of these wants. More specifically, *since the economic order itself is a necessary means to the achievement of a total social order, the economic productive machine cannot be allowed to run riot and produce what it pleases and as it pleases.* The basic necessities have to be produced and satisfied first. Only we must add that the list of basic necessities mentioned above are strictly individual so far as the consumer is concerned, viz, food, clothing, etc. For the society as such, there is still another need which has to be satisfied even more primordially than all of these and this is the necessity of defence. An Islamic State will thus create adequate

means for satisfying the needs of defence, food, clothing, shelter, health and education. Only when these are ensured, will it be possible for the society to move towards the Islamic ideal.

## II—METHODS OF PRODUCTION AND DISTRIBUTION OF WEALTH:

The key-note of economy in Islam, as we have said, is its concept of labour. Labour may be defined as that human exertion which is directly or indirectly involved in the production of wealth and is conducive to progress. According to this definition, not only will the manual labour be included in the concept "labour" but also all the managerial efforts required for running an economic venture. But this is not all; for, labour, according to this definition, includes all such intellectual and moral endeavour as makes for the progress of the society and also necessarily rebounds on the economic life with positive results. Thus, not only is a scientist, working in his laboratory, a labourer on this view, but so is a preacher who endeavours to resuscitate the moral fibre of the society in order to maintain its moral strength for the struggle required for the forward march. In sum, all constructive and creative endeavour is "labour."<sup>7</sup> Endeavour must have its reward.

That endeavour cannot and must not go unrewarded is a most fundamental principle of Islam.<sup>8</sup> Indeed, Islam insists that labour-reward principle is operative not only in the material sphere, but equally in the spiritual sphere. Further, it is not only true of the individual but of peoples and nations as well.<sup>9</sup> It is in this wide context that the Qur'ān uses terms like *Kasb* (earning), *Jazā'* (recompense), *Ajr* (wages or reward) etc. According to the Qur'ān, the entire universe works on this principle and every action has its necessary and inalienable consequences. *Justice is the name for the successful operation of the principle of labour and reward.* A society, therefore, which neglects this principle violates a most fundamental law of nature and inevitably suffers from its consequences. An Islamic State, therefore, works out exactly and justly the terms of the recompense of all forms of labour.

In spite of this vital Islamic principle, no one can deny that particularly later centuries of Muslim history constitute its flagrant violation. Disproportionate exploitation of power—economic, political, spiritual and social (including the sexual) has been rampant in our society and our masses are still bleeding from its consequences. Landlordism, political authoritarianism and spiritual exploitation have left

the masses in shambles. To remedy this state of affairs as quickly and effectively as possible would probably be the most obvious touchstone of an Islamic State.<sup>10</sup> Important questions will have to be answered in settling a just scale. The shares of physical labour, of capital, of managerial and other services will have to be decided (in a flexible manner) in the light of a set of relevant social conditions. We give an illustration by citing a typical question. In the disorganized and inefficient and, indeed, really non-existent marketing conditions in the Pakistan of today, the middle man seems to be perhaps the major beneficiary of the entire economic process from production to consumption, even though his labour is often insignificant compared to his reward. Can this be allowed to go on or should intelligent marketing be established as soon as possible?

We have said before<sup>11</sup> that Islam is not identical either with doctrinaire socialism or capitalism. If the dilapidated condition of the society can be remedied without resorting to wholesale socialization and by keeping the freedom of the individual initiative intact, Islam would undoubtedly prefer this. *If, however, it is found that the state of the society is economically irremediable in the visible future without the State's taking over direct management of industry, Islam would not only not forbid this but would obviously enjoin this upon the State as a most imperative duty.* It should be pointed out that the Meccans before Islam paid little regularly towards social welfare out of the wealth they earned because they regarded their earned wealth as entirely their own individual possession. The Qur'ān, however, told them that there was a part of their wealth over which they had no right of ownership and which *belonged* to the society, even if they had earned it.<sup>12</sup> This yields to us the principle that *in the basic interest of the socio-economic justice, the State shall interfere with private wealth to the extent that socio-economic justice demands.*

If it is found necessary to nationalise industry, it has to be borne in mind that to nationalise labour would be a necessary consequence of this. To nationalise industries without the corresponding mobilization and regimentation of labour, as has been experimented by some of the developing countries as a halfway house measure, is not only ineffectual but is patently illogical and absurd.<sup>13</sup> It yields little fruit and creates more confusion. If avenues of production are controlled in this manner, then all labour will have to be regimented. In a general state of conscription for national work, nobody has the right to say, in the name of alleged freedom, that he will not work or that he will not do the job assigned to him.

There is nothing in Islam against this total mobilization of capital and labour. We have stated repeatedly in the body of this work that Islam provides a charter for interference in society and that Islamic society is a directed and controlled society.<sup>13</sup> When a child is young and understands very little of the demands of life, being ignorant of both the latent possibilities and dangers of the future, his life is fully regimented by his parents. But it would be absurd to say that the child is not free and that he is a slave. This is because freedom and its lack are expressions which are applicable only within certain suitable contexts meaningfully. If a sane adult in perfect possession of his intellectual and moral faculties is put in bondage, he would be said to be enslaved or enchained. This is because, left to himself, he is capable of that conduct which is expected of him. In a society, therefore, which may be economically and intellectually so backward that it is not easy for it even to realise what lies ahead of it, purposefully applied direction is absolutely requisite and is in no real sense against the concept of freedom. In fact, it is in order to make people free that such a measure is undertaken.

Nevertheless, it must be fully realised that such a total assumption of direction on the part of the State, if necessary, shall be by its very nature temporary. As soon as enough wealth is generated in the country, social and economic justice is established, and people are on the road to intellectual and moral self-awareness and confidence, external reins must be relinquished to bring out from within people their best.

If, however, the society has a good chance of building itself on a free-enterprise basis and is capable of redeeming its economic position fast, Islam would welcome this. The Qur'ān, in fact, assumes all-through that people do and can own wealth and have the right to produce wealth for themselves and for the society at large. The nearest form of free enterprise to the teaching of the Qur'ān is undoubtedly a kind of cooperative industry in the form of joint stock companies. This would liberalise the economic base. It would keep the freedom of the initiative intact, which would, in turn, be a factor in the fast generation of wealth; it would avoid the gross form of capitalistic exploitation symbolized by cartels. The wealth thus generated will partly be distributed among the investors and partly through fiscal measures over the society as a whole.

In our opinion, Islam does not deny share to the capital in the production of wealth, provided this capital and its share are kept

subordinate to the overriding principle of economic justice operative in the society as a whole. The theory that capital is no more than congealed labour of the past generations, seems to us untenable on Islamic and rational principles. Islam has patently allowed share to capital in production. If everything were to be explained with reference to past factors, as the Communist theory explains capital, then this would be true not only of capital but of everything in the world. For, after all, everything existent in the world is a product of past factors. But this would be obviously stretching things too far. As for the contention that capital by itself does not produce anything, but man does by his labour, it would be equally true to say that man would not be able to produce anything by himself unless he has materials to produce from and through.

It is on the same basis that we must dismiss the extreme contention which seeks to reject bank interest on Islamic grounds. If capital has a share in the production of wealth, bank interest must be allowed. What cannot be allowed is economic exploitation (*Zulm*).<sup>14</sup> So far as the share of the capital is concerned, two things have to be ensured. Firstly, that the share that goes to capital whether as interest or otherwise is strictly regulated by other relevant factors in society and it cannot claim a disproportionate share of the net produce. Secondly, that the capital is lent out for productive purposes and not for purely consumptive purposes. It is when money is loaned out for purposes of consumption only and on exorbitant rental prices that interest becomes usury and economically harmful and morally reprehensible. The Qur'ān had prohibited usury and not legitimate interest. To stretch this ban to cover transactions like those of commercial banking is again doctrinaire and un-Islamic. It is not morality but moral diabetes.

#### NOTES

1. See my article, "The Qur'ānic Solution of Pakistan's Educational Problems," Section I, quotations from the Qur'ān, in *Islamic Studies*, Journal of the Islamic Research Institute, Vol. VI, No. 4, December, 1967. This is the Qur'ānic critique of a purely materialistic outlook on life.
2. The Qur'ān itself has often criticized the persistent human tendency towards a narrow-minded and short-sighted material self-interest, e.g., "Man has been created timid; when evil befalls him, he panics but when good comes to him, he prevents it from reaching others" (LIX: 19-21). This criticism, however, presupposes that this initial trend is curable and, indeed, reversible under suitable training and with proper human initiative.



3. This is a frequent theme in the Qur'ān; in CVI: 4 God's blessing is particularly upheld in the removal of hunger and immunity from danger. The Qur'ān, however, also recurrently inveighs against those who are proud of their prosperity and smug in their worldly acquisitions (*māl wa'l banūn*—wealth and children) to the detriment of higher values of life. Similarly, there are innumerable verses of the Qur'ān citing knowledge as a special favour of God. Knowledge as source of goodness and power is, in fact, a patent Qur'ānic theme. In XXVI: 80 disease is regarded as an affliction which is removed by God.
4. E. G. II: 155; "The devil promises poverty" while "God promises amplitude" (II: 268).
5. II: 202 etc., also "Man shall get but what he has striven for" (LIII: 39).
6. This is also necessarily implied by the Qur'ānic dicta cited in Notes 3 and 4 above, which bring out the elemental importance of these necessities of life. This is precisely why their privation is regarded as the scourge of God *i.e.* they detract from the integrity of a man as man. It is the elemental nature of these factors in human life that has been clearly brought out by Shāh Waly Allāh under the term "*Irtifāq*" in his system of thought.
7. The most common Qur'ānic term is *'amal* (work) or *kasb* (earning, desert), and *sa'y* (endeavour); so are *jazā'* and *ajr* (reward). The Qur'ān uses them in a wider sense including the economic: see Qur'ān, S.V.
8. "Whosoever does the grain's worth of good, shall find its reward and whosoever does a grain's worth of evil, shall have its requital (IC: 7).
9. It is true that the Qur'ān regards the individual as a locus of ultimate moral responsibility which is irreducible and indissoluble. Thus, in a sense, every *individual person* is accountable for his deeds. But the Qur'ān equally regards collective responsibility as irreducible and inescapable. Indeed, the Qur'ān, in view of its general teaching, seems more concerned with collective responsibility and fates of societies as a whole. "That is a people of a bygone age; they were responsible for what they earned and you shall be answerable for what you perform and you shall not be held responsible for what they did" (II: 134, 141); "Thus have We rendered attractive to every people its behaviour" (VI: 108); "Every people has a life-term" (VII: 34). Thus, both the human individual and human society are irreducible entities.
10. See my article, "Some Reflections on the Reconstruction of Muslim Society in Pakistan", sections II and III, in *Islamic Studies*, Vol. VI, No. 2, June, 1967.
11. See article cited in the preceding note, section I.
12. *Ibid.*, pp. 109-11.
13. *Ibid.*, p. 107.
14. The Qur'ānic judgment on usury is principally contained in II: 275-279. The system of *Ribā*, as it was prevalent in the Prophet's day, was, in fact, a terrible form of exploitation.