STUDIES IN ISLAMIC SCIENCE AND POLITY

Also by Masudul Alam Choudhury

ALTERNATIVE PERSPECTIVES IN THIRD-WORLD
DEVELOPMENT (*editor with U. A. Malik and M. A. Adnan*)

THE EPISTEMOLOGICAL FOUNDATIONS OF ISLAMIC
ECONOMIC, SOCIAL AND SCIENTIFIC ORDER (6 volumes)

Studies in Islamic Science and Polity

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This book is dedicated to all those who have
surrendered their lives in the cause of Islam

And say not of those
Who are slain in the way
Of Allah: 'They are dead.'
Nay, they are living,
Though ye perceive (it) not.

(*Al-Qur'an*, Chapter II, Verse 154)

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Glossary of Arabic Terms

A glossary of principal Arabic terms used in this book is provided below. Others are defined at their appropriate places in the text.

<i>A'dl</i>	justice
<i>Ahkam</i>	rules derived from the sources of <i>Qur'an</i> and <i>Sunnah</i> (see below)
<i>Akhira</i>	Hereafter, treated in this book as the Event of manifestation of the full Stock of Divine Knowledge
<i>Al-Hisbah (fil Islam)</i>	social regulation of market functions in Islamic law
<i>Bait-al-Mal</i>	Islamic public treasury
<i>Ba'y Muajjal</i>	leasing according to Islamic law
<i>Ehsan</i>	kindness
<i>Fard Ayn</i>	obligatory knowledge acquired through learning and education
<i>Fard Kifaya</i>	recommended knowledge acquired through learning and education
<i>Fuqaha</i>	the interpreters of <i>Ahkam</i> derived from Islamic law
<i>Hablum Minallah</i>	inner relations with God
<i>Hablum Minannas</i>	external relations with the world through inner relations with God
<i>Haqq</i>	entitlement
<i>Huquq-al-Allah</i>	duties of God
<i>Huquq-al-Ibadah</i>	duties to the world through one's belief in God
<i>Ijara</i>	rental
<i>Ijma</i>	social consensus
<i>Ijtihad</i>	discourse on Islamic issues for developing <i>Ahkam</i> (see above) for reaching consensus
<i>Israf</i>	wasteful consumption, production, resources – waste of all types
<i>Istihsan</i>	preferences
<i>Khalq</i>	natural order, creation
<i>Muamalat</i>	socio-economic order

<i>Mudarabah</i>	profit-sharing under Islamic economic co-operation
<i>Murabaha</i>	mark-up pricing
<i>Musharakah</i>	equity participation under Islamic economic cooperation
<i>Mujtahid</i>	the most learned in Islamic law
<i>Qard-e-hasanah</i>	interest-free loan
<i>Qur'an</i>	the principal Islamic text revealed to the Prophet Muhammad
<i>Qiyas</i>	Islamic analogy for developing social consensus by the most learned in Islamic jurisprudence
<i>Riba</i>	excess over due worth of a thing, usually used for financial interest
<i>Sharees</i>	experts in <i>Shari'ah</i> (Islamic law)
<i>Shari'ah</i>	Islamic Law, literally meaning the way
<i>Shura</i> (hence <i>Shuratic</i>)	the Islamic consultative institution but extended to the meaning of pervasive and embryonic interactions that occur among agents, agencies and scientific relations at every stage and system of creation
<i>Sidrathul Muntaha</i>	Prophet Muhammad's mystic flight to the realm of Complete Knowledge
<i>Sunnah</i> (hence <i>Sunnatic</i>)	Traditions and guidance of the Prophet Muhammad
<i>Tawhid</i> (hence <i>Tawhidi</i>)	Oneness of God as the Absolute in Knowledge, Creator and Cherisher of the worlds
<i>Usul</i>	epistemology, foundation
<i>Waqf</i>	endowment
<i>Zakah</i>	wealth tax (2.5 per cent) in Islam with a specified structure of collectibles and disbursement as explained in the <i>Qur'an</i>

Foreword: Why Islamic Political Economy?

Since the independence of Muslim countries from Western domination, there has been increasing public demand for the economies of these countries to be brought into line with the Islamic vision of a just society. This has brought Islamic economics into the limelight after a hiatus of several hundred years. There has been a phenomenal growth in the literature on the subject and a number of universities, including some in the West, have started to teach the subject. In addition several research institutions have been established. Nevertheless a great deal more needs to be done. Professor Choudhury, who has made several contributions in the past, has added another plume to his hat with *Studies in Islamic Science and Polity*. This new book is aimed at bringing about 'a direction of conceptualisation of Islamic socio-economic thinking that has been derived from the Qur'anic *ahkam*' (rules of behaviour).

The purpose of this foreword is not to review this book's merits and pitfalls. It is rather to provide a simple introduction to Islamic political economy to enable reader to obtain a clearer grasp of the subject. This is perhaps necessary because the book is mathematically oriented and difficult to understand, in spite of the author's attempt in the text, as well as in several summaries, to make the reader's task somewhat less difficult.

Since the subject matter of economics is the allocation and distribution of scarce resources that have alternative uses, the question that may crop up in the reader's mind is: what is the need for Islamic economics when well-developed conventional economics is available to perform this task?¹ It may be difficult to answer this question satisfactorily without first answering the five epistemological questions that Choudhury has pertinently raised.

The first of these is about the purpose of knowledge. This question is particularly important for Muslims because time and all the other resources at the disposal of human beings are considered a trust from God, and Muslims are accountable to Him to use them in the most useful manner. It is perhaps because of this that one of the frequent prayers of the Prophet (may the peace and blessings of God be on him) was: 'Oh God! I seek Your refuge from knowledge that is of no

use.’² The question, however, is: what is meant by ‘usefulness’ in the case of a social science such as economics? Should usefulness be measured primarily in terms of the generally recognised goals of analysis and prediction, or should there also be some other criterion? Within the framework of Islamic values, usefulness may have to be measured in terms of the contribution made to human well-being (*falah*), which is the ultimate goal of all Islamic teachings. Even analysis and prediction may have to be viewed with well-being as the point of reference.

This may not take us very far because we are immediately faced with the question of what constitutes human well-being and how it can be realised. The answer that Islam provides, like most other religions, is that well-being does not lie merely in maximising material possessions and satisfying wants. There must also be peace of mind (*al-nafs al-mutma’innah* – tranquil soul – in the words of the *Qur’an*), which may not necessarily be a function merely of the individual’s material possessions and want satisfaction. While peace of mind requires the satisfaction of all the basic physiological needs of the human body and the provision of necessary comforts, it also requires inner peace and absence of tension. Tensions, however, tend to arise when there is socio-economic injustice – when resources become concentrated in a few hands, people do not fulfil their obligations towards others, the basic needs of all individuals in society are not fulfilled and there is misery alongside affluence. The *Qur’an* therefore states categorically that ‘those who believe and do not mix their faith with injustice, for them there is peace, for they are the ones who are on the right path’ (*Qur’an*, 6: 82).

It is the just use of resources and the caring and brotherly attitude of human beings towards each other in conformity with moral values that helps minimise tensions in human society. In the absence of justice, brotherhood and moral strength, material possessions become the sole end of life. ‘Satisfaction’ is not then just a function of what one has, but also of what others have. Conspicuous consumption becomes the highest measure of human achievement. The self-display of pace setters, along with unjust income distribution, keeps a person perpetually griping and unhappy, and constantly running hard to acquire material possessions. Very little time or energy is left for spiritual pursuits, for the upbringing of children, and for social solidarity (*‘aṣabiyyah*, in the terminology of Ibn Khaldun). Children suffer, social solidarity weakens, tensions rise and society degenerates. There is an increased manifestation of all the symptoms of anomie, such as frustration, crime, alcoholism, divorce, alienation between parents and children, mental illness and suicide.

Choudhury is thus right to argue that dualism (separation of the material and the spiritual) does not lead to the kind of well-being that Islam stands for. It is necessary to integrate the spiritual and the material in such a way that they serve as a source of mutual strength and together build a solid foundation for true human well-being.

This brings into focus the second epistemological question raised by Choudhury – about the source of knowledge. One of the most crucial aspects of knowledge are the values, or rules of behaviour, that enable individuals to fulfil their social obligations, to help bring about harmony between individual preferences and social priorities in resource use, and thereby lead to a just socio-economic order. However, while an increasing number of people accept the role of values in the creation of a just order, some tend to argue in favour of human beings formulating their own values. This leads us to two interrelated issues. The first is related to the place of reason and revelation in human affairs – can reliance on reason alone enable human beings to formulate values that will be accepted by all members of society as absolute and beyond dispute? The second issue is about motivation – can the single-minded pursuit of this-worldly self-interest motivate human beings to serve the social interest even when this tends to contradict their self-interest?

Reason has its limitations and may not by itself be able to lead to values that are beyond dispute. Revelation can play an indispensable role here. The Supreme Being who created human beings is alone capable of understanding their nature, their needs, their strengths and their limitations, and of serving as the sole guide and the only source of all values. One could present a number of logical arguments to support this contention, but two are of particular significance here. Firstly, rules of behaviour prepared by human beings may tend to be influenced by the personal judgement of those who formulate them. It may not be possible for them to remain impartial, particularly if they are committed to serving their own self-interest. If wealth and power are not distributed equitably, it may be possible for the rich and the powerful to tilt these rules in favour of their own vested interests. Even the slightest doubt about impartiality may negate the chances of consensus. Secondly, human beings may not necessarily have the information necessary to assess the effect of their own actions on others, especially those more remotely affected by them. Therefore they may need an impartial, well-meaning and knowledgeable outsider who knows human beings very well and has all the information needed to visualise such effects. Who could that outsider be other than the Creator of human beings?

The question of motivation still remains. The serving of self-interest undoubtedly plays a strong motivating role in human development, and any system that does not allow individuals to serve their self-interest may not work. Moral values do not, however, prevent a person from serving his or her self-interest. Rather they give self-interest a longer-term perspective by stretching it beyond the span of this world to the hereafter. While the pursuit of this-worldly self-interest by individuals does serve the social interest, as Adam Smith argued, it tends to do so primarily where self-interest and social interest are in harmony. However if there is a conflict, it may be necessary to have some other motivation, if controls and coercion, which are not effective anyway, are to be ruled out. The inner goodness of human nature, which is one of the teaching of the *Qur'an* about human nature, is undoubtedly one of the factors that induces individuals to serve the social interest. However, the concept of individuals' accountability before God in the hereafter is also necessary to provide an added boost. While individuals' self-interest may be served in this world by being selfish in the use of resources, their interest in the hereafter cannot be served except by fulfilling their social obligations. It is this longer-term perspective of self-interest, along with individuals' inner goodness and accountability before the Supreme Being, that may motivate them to restrict their claims on resources to within the limits of general well-being. The effective operation of moral values may thus be able to complement the price mechanisms in promoting greater efficiency and equity, and thereby reducing the need for excessive government intervention in the economy to promote general well-being.

Toynbee and Durant concluded after their extensive study of history that moral uplift and social solidarity may not be possible without the moral sanction that religions provide. Toynbee asserts that 'religions tend to quicken rather than destroy the sense of social obligation in their votaries', and that 'the brotherhood of Man presupposes the fatherhood of God – a truth which involves the converse proposition that, if the divine father of the human family is left out of the reckoning, there is no possibility of forging any alternative bond of purely human texture, which will avail itself to hold mankind together.'³ Will and Ariel Durant also observed that 'there is no significant example in history, before our time, of a society successfully maintaining moral life without the aid of religion.'⁴

This analysis implies that market forces, relying primarily on the serving of self-interest, may be able to bring about efficiency in the allocation of scarce resources. They may not, however, be able to

ensure equitable distribution and a just social order unless moral values and a proper motivating mechanism for serving the social interest are injected into the market system. Conventional economics, however, insists on value neutrality and argues that self-interest and market forces can by themselves bring about a just economic order. So far they have been unable to do so in spite of the welfare role played by the state. Now that the welfare state is facing a crisis everywhere because of the macroeconomic imbalances it has led to, should the world abandon the dream of building a just society? Not necessarily. What the welfare state did was to assign a greater role to the government, leaving everything else unchanged. This led to increased spending and budgetary and balance of payments deficits, which could not be sustained for long. The welfare state therefore had to be rolled back.

What is needed is the injection of a moral dimension into the political, social and economic spheres of human life to minimise inequities and create a just and caring society. The market by itself is not able to ensure justice, and shifting the entire responsibility for the well-being of the poor on to the government leads to the breakdown of fiscal policy. It is important to reform human beings as well as the families, societies and polities in which they live, so that they may all contribute to human well-being. This may necessitate taking into account specific political, social and historical factors, instead of just economic factors, in the allocation and distribution of resources. It is perhaps because of this that Choudhury prefers to use the term 'Islamic political economy' rather than 'Islamic economics', and feels that efficiency and equity may not be possible if Islamic political economy is pursued within the methodologies and axiomatic bounds of mainstream economics. A number of other writers are attempting to contribute to the development of such a discipline.⁵ If they succeed it may help create a new world order where the well-being of everyone is made possible without undoing the market system or assigning an excessive role to the state.

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Preface

The Muslim world in general and truly Islamic movements throughout the globe in particular, have been under attack from the West and its protagonists in the Muslim world. Armed conflict, intellectual and political suppression, have left the mark of bondage on these peoples. Yet like the Phoenix they have risen up from the ashes of their temporary setbacks.

There are those who have yielded to *Taqlid* or blind following of the West by imitating the cultural pluralism of the latter and using it for some kind of Islamic meaning. This intellectual oddity marks a repetition of the age of the rationalists that started about a century after the death of the Prophet Muhammad. It was an age of temporary darkness regarding the true understanding of the Islamic world view of unity in the life and thought of the *Ummah*, the conscious world nation of Islam. It saw the rise of Hellenic cultural integration in the body framework of Muslim thought. Rationalist philosophers such as Ibn Sina, Ibn Rushd, Al-Farabi, the Ikhwan as-Safa, to an extent Ibn Khaldun and others, excelled in rationalist inquiry, borrowing from Greek traditions and adapting *Qur'anic* knowledge to these rationalist roots. The onslaught of *Taqlid* was so widespread that Imam Ghazzali opposed the speculative pursuits of Muslim mathematicians of the time, who started to use mathematics as a tool for abstruse conceptualisations of God and creation. Thus the true Islamic foundations of knowledge in all spheres of thought cannot be rooted in the rationalist legacy.

Today we are witnessing a new and even more harmful *Taqlid* by many of the Muslim intelligentsia. It is a more dangerous development than the early one, because the gap between the West and Islam has widened since the Muslim countries became subject to Western economic bondage. However, true devotees of the *Qur'an* and authentic *Sunnah* are endeavouring, against many odds, to promote the Islamic world view.

The manifestation of this world view is seen through the legacy of universalisation that was presented to humanity through the Prophet Muhammad's mystic flight into the realm of perfect knowledge, called the *Sidratul Muntaha*. Its essence, not sheer form, was embodied in the Madinah Charter. This epistemology has always been at the root of the Islamic world view, contrary to all other cultural paradigms,

except where some similarity arises because the divine message pervades across reality and is universal in all.

This is the goal to which the truly devoted exponents of the *Qur'an* and *Sunnah* must today raise the banner for establishing that world view, which was blessed upon the Prophet Muhammad. Through his example, and subsequently, through *Shari'ah* (Islamic Law), has been established the permanent mark of mercy and truth. It is a realisation of truth in all spheres of life and thought, with the *Shari'ah* in its dynamic development through *Ahkams* (rules of life and thought), grounding the natural and social sciences, politics and institutions, money, trade, development and international affairs, and so on.

In a small way this book aims to nourish that rising Islamic spirit, free of *Taqlid* and directed at understanding and applying the *Qur'anic* and *Sunnatic* roots of the Islamic world view to life and thought. The discursive spirit manifested through the *Shuratic* process as an embryonic and pervasive process of investigation in all systems of life and thought by means of the divine law, invokes a progressive understanding of the *Qur'an* and *Sunnah*. This is also the process of *Ahkam* formation. It opens all categories of knowledge seeking – except the axiomatic premises of the *Qur'an* and *Sunnah* – to critical investigation, acceptance, rejection or revision. The process of change in Islamic history is thus to be studied by critical investigation in this light, subject to the premises of the *Qur'anic Ahkam*. Such rules (*Ahkam*) can only be defended by the authentic *Sunnah* (Prophetic traditions) while affirming the permanence of *Shari'ah* in all disciplines of thought.

The international Islamic movement, as long as it upholds this true banner of the *Qur'anic* world view supported by the authentic *Sunnah*, is the greatest mercy and light in this confused age of modernist paradigms. These movements are thus to fortify the arguments in terms of the *Qur'anic* intellectual, scientific, economic, socio-political and organisational capabilities toward realising the true spirit of *Ummah*. Development cooperation, markets, politics and institutions, international relations and globalisation of the *Ummah* must be taken up in this *Qur'anic* perspective. This is the only way towards a true Islamic identity; for Muslims to live self-reliantly; and for humanity to uphold truth in the way the Prophet has taught us. There is no other way!

MASUDUL ALAM CHOUDHURY

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MASUDUL ALAM CHOUDHURY

Introduction

This book is based on a series of lectures given at the Faculty of Economics of the National University of Malaysia during April–August 1994. Theoretical and some empirical details are provided of the knowledge-based world view of the Islamic socio-scientific order. The model is then shown to apply to problems of political economy, social choice, development, scientific epistemology and financial and developmental institutions in the context of grassroots dynamics. The knowledge-based world view is developed here as a uniquely universal interactive–integrative system guided by the premise of unification epistemology founded on *Tawhidi* (Unity of God) epistemology. This essence of reality is shown to be pervasive in all socio-scientific systems where unification rather than differentiation, cardinal laws rather than perceptions of reason, and emanation and convergence to such laws rather than individuation and speculative randomness, characterise the order of reality. Thus a history of political economy and scientific thinking as it has evolved in the West, and to a degree in the Muslim world in imitation of Western or Greek thought, is critically examined in the light of the knowledge-based unifying world view. Some of the works of early Islamic thinkers that premise the philosophy of science in the unification epistemology of *Tawhid*, are also contrasted with the Western thought and cultural process of methodological individualism and perceptual, speculative differentiation.

In Chapter 1, fundamental questions of knowledge-based model building are addressed. These are explained in terms of the substantive nature of the precept of world view against the speculative and perceptual concepts of the various reason–materialism based models of occidental culture. The world-view model is thus formalised.

In Chapter 2 the same knowledge-based world view is shown to contrast deeply with some of the mainstream thoughts in occidental political economy. The chapter brings out the fact that epistemological roots are not logically possible in occidental and oriental thought. Thus such pursuits of the human mind become sheer cultural and random persuasions reflecting an egocentricity that has influenced the entire development of Western institutions and approaches to social change.

In Chapter 3 the knowledge-based model is applied in its interactive framework to the important analytical area of social choice formation. The development of a social welfare function and the foundation of

welfare economics in the light of the knowledge-based world view is shown to be distinct from and polar to the neoclassical theory of social choice and social welfare function.

In Chapter 4 the knowledge-based model is given a logical foundation in the philosophy of science from the Islamic perspective. Thus the epistemic–ontic circular causation and continuity model of unified reality (another term for the interactive–integrative model) is carried into the realm of natural sciences. The end result is to bring out the uniformity, uniqueness and universality of the world view precept in all systems, with due cognisance being given to specific problems.

In Chapter 5 the model, now developed as the *Shuratic* process (yet another term for the epistemic–ontic or interactive–integrative model of unification, renewal and continuity), is applied to the structure of Islamic political economy. Islamic economics as a terminology in the literature is critically questioned in favour of Islamic political economy, in the light of the embryonic and pervasive nature of the Islamic consultative and decision-making process termed here the *Shuratic* process. A comparative study of the history of economic thought and recent studies of Islamic economics is undertaken.

Chapter 6 substantiates what has been invoked so far in terms of the inapplicability of neoclassicism to Islamic socio-scientific behaviour. The same argument has been shown to negate much of classical and all of neoclassical perceptions in economic theory and institutionalism. A methodological orientation is maintained. The folly of market capitalism and privatisation in the framework of the Bretton Woods prescriptions of change is pointed out. The case of the Central Asian Republics is used to bring out this point.

Chapter 7 applies the knowledge-based world view to grassroots development. The case of Malaysia is taken up in the light of its concerted effort to alleviate poverty and bring about equity and efficiency in the socio-economic transformation process. Various institutional uses of development financing as prescribed by Islamic political economy, are incorporated into the knowledge-based world-view model.

Chapter 8 once again uses this model, this time to bring out the conceptual meaning of money as a financial aggregate in Islamic political economy. This concept is contrasted with the one given to money in received economic theory. It is shown that the definitions and treatment of money in received economic theory cannot free the allocation of resources from interest based transactions. In contrast, the concept of endogenous money and its institutional meaning are presented in analytical ways for an Islamic thinking.

THE GENERAL AIM

This work is aimed at bringing about a new direction of conceptualisation in Islamic socio-scientific thinking. Such re-thinking is derived from the *Qur'anic Ahkams* (rules of thought and life arising from an analytical study of the *Qur'an*). The presence of *Sunnah* in these derivation of *Qur'anic Ahkams*, also to be found in the formalisation of the *Shuratic* process, as substantively developed in this book, is taken up along with the focus on the *Qur'an* and *Sunnah*. Thus the normative premise of the *Qur'an* is fused with the positive premise of *Sunnah* in the methodology of deriving *Ahkam* in what is seen here as the essential independence of the Islamic philosophy of science. It is amply shown with the help of analytical and critical analysis that the knowledge-based world-view model developed here points to a serious examination of Islamic socio-scientific investigation in the postmodernist age, an age that needs newer roots of knowledge than occidentalism and orientalism have been able to provide.

This writing merely touches upon the vast knowledge dimension opened up by the *Qur'anic Ahqams* in socio-scientific philosophy. (For further developments in this area the reader may refer to the author's six volumes entitled *The Epistemological Foundations of Islamic Economic, Social and Scientific Order*.) Nonetheless a fairly broad discussion of the uniquely universal knowledge-based world view has been undertaken. This book is somewhat mathematical and analytical, although non-mathematical readers should be able to follow the text. This approach was adopted not merely because of the methodological preferences of the author, but also for invoking analytical discourse on this new dimension of thought in ways that remain distinct from Western approaches to epistemology, ontology and their whole gamut of social, economic and scientific consequences. Such an approach was also desired in order to keep the continuity of the subject matter of knowledge-based world view intact across various topics taken up here.

This book is aimed at graduate students, teachers and researchers in economics, political economy, philosophy of science and comparative development studies. It offers grounds for critical thinking in the comparative Islamic field of systems analysis. To the best of my knowledge, the concept of a knowledge-based world view and its formalisation have not been addressed by contemporary Islamic economic, social and scientific research or Western academics. However there has been some groping for epistemological roots by the latter in recent times.