

## CHAPTER 14

# **An Islamic Perspective on Economic and Social Justice**

*Kasim Randeree*

### ABSTRACT

The Muslim world has a proud tradition of providing economic and social justice to their diverse citizenry during their ubiquitous leadership of the early Islamic period. To be relevant today and into the future, however, developing Muslim societies will need to re-examine their currently Euro-centric understanding and model of social advancement and strive to serve global equity through a more balanced philosophy, one that acknowledges their rich cultural heritage whilst simultaneously embracing the need for modernisation and economic advancement.

Thus, the contemporary strategist in the Arab and Muslim world needs to reflect on the contribution to development of civilisation of early Islamic scholars. The principles for good governance - knowledge, justice, wisdom and tolerance, for example, were articulated by Al-Ghazzâlî nearly a millennium ago and have great resonance today.

This paper proposes a paradigm shift in social and economic ethics, inspired by early Muslim practitioners, for creating sustainable, just and moderate Islamic societies in the twenty-first century. It further demonstrates the ability of growing knowledge economies in the Muslim world, to adapt economically and socially, by implementing traditional Islamic ethical guidelines to achieve sustainable growth.

### INTRODUCTION

Abû Hâmid Muhammad ibn Muhammad Al-Ghazzâlî's ideas on social justice almost one thousand years after they were written, remain a source of insight into

Muslim governance and civilisation for all well-meaning social scientists interested in global equity at the beginning of this new millennium. Relatively unknown in the West, the thoughts of this medieval Muslim scholar can help construct a contemporary understanding of global equity and social justice (Randeree, 2008a). This research critically analyses Al-Ghazzâli's ideology and examines whether it has the potency to impact societal dynamics within a global economy in need of reform based on social justice.

This paper explores Al-Ghazzâli's ideas from legal, social and economic contexts and their potential for revitalising and renewing contemporary Muslim societies. From the perspective of social justice and equity, the Muslim world needs to be inspired by early Muslim thinkers and work towards the goal of integrating economics with ethics to achieve sustainable growth and avoid, for example, the exploitation of its working class (Randeree, 2008b; Randeree and El Faramawy, 2011).

An overview of the development of Islamic jurisprudence, the early Islamic period and Islamic work ethic expounded by Al-Ghazzâli's ideal state built on equity are first considered. This is followed by a discussion of the need for re-examining the work ethic of contemporary society and evaluating guidelines for reconstructing global equity in contemporary Islamic society built on a model of the individual-in-community.

Though the paradigm suggested in this work may seem profound, it does not propose a revolution, but a re-think as to how cultural heritage can enrich a post-modernist idea for Muslim society in a global context. In fact, Al-Ghazzâli himself would have rejected any revolutionary change, since he considered disorder worse than injustice. Instead, he would have favoured orderly change and reform from within. Development economics should contribute to this goal of internationalism through the examination of idealists such as Al-Ghazzâli who provided a vision of the future of global governance. Al-Ghazzâli believed in the force of human knowledge and reason to shape human behaviour for ethical living. Thus, true revolutionary change begins with proper education. Development economics desperately needs such a revolution to become an ethic centric economic philosophy. The application of Islamic principles of good governance articulated by Al-Ghazzâli and its feasibility for contemporary Muslim societies has the potential for far reaching effects on various economic aspects. The ultimate aim must be sustainable and just societies in which wealth distribution more closely approximates population distribution. The development economist thus needs to reflect on early Islamic thinkers and work towards the goal of integrating economics with ethics.

## THE EARLY ISLAMIC PERIOD

Following the era of the prophetic mission of the Prophet Muhammad (609-632 CE), scholastically marked by *Qur'anic* revelation (Randeree, 2010) and prophetic *Hadīth* providing legislation and rulings to the followers of the early Muslim population, Islam was established as a legal authority and became more widespread during the period of the four Sunni Caliphs, namely, Abū Bakr as-Ṣiddīq (Abdullah ibn Uthmān Abi Quhafā), Umar ibn Al-Khattāb, Uthmān ibn 'Affān and Ali ibn Abi Ṭālib. This period extended from the death of the Prophet Muhammad in 632 until the assassination of Ali ibn Abi Ṭālib in 661. During this time, leadership and good governance were established as the cornerstone for organisation of the Islamic community, with centralised leadership being supported by a core group and roles and responsibilities delegated to regional leadership as the nation grew and spread beyond Arabia (Randeree, 2009). The principles of deductive reasoning, or *Ijtihād*, were laid down in this time, in part out of the necessity to cope with the rapid and vast expansion of Muslim territories which brought with it new challenges requiring legal rulings distinctive from earlier times. Islamic jurisprudence and law thus remained linked to state legislation governed by the Caliph.

Following this era was the period of the Umayyad dynasty from 661 CE until the middle of the eighth century. This was a period of tremendous upheaval and change, a shift from the centrality of the unifying Caliphs gradually to kingships, the dispersal of scholars across vast territories and countless cultures, the emergence of sects such as Shi'i and the Khawārij, the fabrication of *Hadīth* in support of sectarian views and the division of scholars along the lines of rationalist (*Aṣḥāb al-Ra'y*) and traditionalist (*Aṣḥāb al-Ḥadīth*). The emergence of the early schools of jurisprudence occurred during this time, though the emphasis appeared to be on geographic schools rather than personal schools in this phase. Most prominently, Abū Ḥanīfah and Sufyān al-Thawri were active in Kufah, Mālik ibn Anas in Medina, al-Awzā'y in Beirut and al-Layth ibn Ṣa'd in Egypt.

The final formative stage of Islam's proliferation covered the Abbāsīd dynasty and occurred from the middle of the eighth century and extended until around 1260 CE. During this period, jurisprudence took on a formative shape, the four Madhāhib became firmly rooted, Islamic jurisprudence became well-defined into Uṣūl and Furu', the sources of *Shari'ah* (Islamic law) established a definitive hierarchy, centres of learning became more established and recognised, particularly in Iraq and Medina, compilations well-known by contemporary scholars were written, including the texts by the founders of the Madhāhib and

books of Ḥadīth were completed in their entirety, including the six ‘Mashhur’ books of Ḥadīth. Towards the latter part of this epoch, the established Madhāhib witnessed the emergence of rigidity amongst the scholars and Taqlīd amongst their followers (Randeree, 2013a).

### AL-GHAZZĀLI

Al-Ghazzālī (1058-1111), from Taberan in the district of Taus, Persia (Ul-Karim, 1993), lived through the Abbasid Dynasty when the caliphate was in decline, although Muslim civilisation and culture continued to flourish. His life coincided with a time when Muslim education and knowledge were unrivalled and the Muslim world was the centre of world trade controlling trade routes to China, Southeast Asia and to the West (Randeree and Malik, 2006). By Al-Ghazzālī’s time, this world of high culture had already begun to show signs of internal division, caused by religious schism and cultism, threatening political and social instability (Fisher, 1979).

Although earlier economies were much less complex than those of contemporary Muslim society, the experiences of early Islamic economies are still relevant today. The ideal state, mapped out by Al-Ghazzālī, is built on ethics. His masterpiece on political theory, ‘*Nasihāt Al-Muluk*’ (Counsel for Kings), constructs a state as a system of social justice and forms part of a body of over four hundred books attributed to him. Good government was expounded as the rule of wisdom, based on knowledge articulated by scholars, advising a wise ‘king’ “whose heart is an abode of justice” (Bagley, 1964).

### SOCIETY, ECONOMY, AND STATE

The teachings of Islam have many important economic principles. Muslims are instructed to regard resources as gifts from Allah (God) which have been delivered as a trust into the hands of the human being, the trustee. Such an idea has implications of vital importance for ownership, either of wealth or of the means of production. Accordingly, if a Muslim engages in economic activity, he must enact a principle of economic trusteeship based on collectivism, which is contrary to the principle of self-interest, central to the free-market economy of today. Though Islam recognises private ownership, this recognition is not absolute and unconditional. Private ownership in Islam is subject to the interest of the community. If the state considers that it should reserve for itself the ownership of some specific property, then the ownership of such property cannot be acquired by the individual. This is one of the guiding principles of the

*Shari'ah* which decrees that the private interest of the individual should be secondary and subsidiary to that of the community as a whole.

'State' in an Islamic context refers to '*Ahkâm al-Sultânîya*', a just, legal, governmental authority, charged with the safeguarding, well-being and prosperity of a community, from which it has lawfully gained trust and carries responsibility for civil law in general and exclusive responsibility for penal law in particular. Consequently, where the interest of the individual conflicts with that of the state, now representing the community as a whole, the individual must give way to the interest of the state. Nobody can therefore be a legitimate owner of anything earned through conducting business in activities which are derogatory to the community as a whole (Kuran, 1995). Thus, "co-operative forces" and not "opposites" should be used in achieving equilibrium in different fields. Co-operation in Islam is the proper spirit for satisfactory transaction of goods or services. This may be possible either through co-operative organisation of enterprise, co-operative buying and selling or even ordinary private buying and selling with the principle of co-operation guiding the buyer and the seller. Such a spirit of co-operation justifies profit only within reasonable limits and a high price of necessities resulting solely from scarcity without a shift in cost conditions is alien to such a principle. However, one difficulty is that it can become challenging to define "reasonable" or "fair" profit.

Islam combats and opposes the excessive and disproportionate accumulation of wealth and its concentration in the hands of the few and ensures public ownership and management of utilities in the broadest sense. In contrast, free-market economies advocate adverse domination by private monopolistic industries. The spirit of the Prophet Muhammad's principles, demands that all extractive industries relating to the production of water, mining and even food should be treated as state enterprises within a just legal and regulatory framework. Also, all kinds of fuels, domestic and industrial, cannot justifiably be left in the hands of private entrepreneurs. This energy sector, for example, is consequently extensive, as is currently the case across many parts of the Muslim world, such as the Arabian Gulf states.

#### INDIVIDUAL-IN-COMMUNITY

Al-Ghazzâli's theory of state based on social justice made him a highly respected political and moral economist. A central objective of Al-Ghazzâli, in all his writings, was the importance of both knowledge and reason. This is remarkably similar to Kant, who lived some seven centuries after Al-Ghazzâli, for whom reason was the categorical imperative of freedom and free will. In view of these

similarities, it has been argued that “what Al-Ghazzâli was to Islamic epistemology, Immanuel Kant was to occidental epistemology” (Choudhury, 1992).

Al-Ghazzâli’s concept of a unified knowledge is the source of his political theory. The core of this theory is humanism derived from an holistic, harmonious, well-ordered cosmos, created by Allah for the purpose of good government. Good government is thus seen as a divine gift, entrusted to a wise ruler or collective authority, accountable to Allah, “... to bring development and prosperity to the world through justice and equitable rule” (Bagley, 1964). The opposite of this good government is a state of chaos and insecurity, similar to Hobbes’ natural state.

At the centre of Al-Ghazzâli’s ideal state is the individual, with a spiritual as well as a social personality. Spirituality gave the individual inner strength through solitude and contemplation, often in mystical experience, as exemplified in Al-Ghazzâli’s own life. The individual’s social and material needs enabled complete living. As a social being in this temporal life the individual had basic needs, but their satisfaction demanded moderation and avoidance of excess. Respect for and tolerance of others, were essential requisites of virtuous living. Thus, the individual was like a pilgrim on a journey, seeking, although never quite achieving, perfection through virtuous living. In pre-Islamic Arabia, virtue meant courage in defending honour, as for example the tribe’s honour (Umaruddin, 1977). The Islamic civilisation thus introduced the concept of “individual-in-community” based on a synthesis of ethics and economics.

Al-Ghazzâli goes furthest among early Muslim thinkers in specifying the qualities of a good individual (Umaruddin, 1977). He contrasts virtues and vices, knowledge and ignorance, and details moral guidelines for ethical living. Indeed in what is regarded as his *magnum opus* on shaping faith-based communities, ‘*Ihyâ Ulûm al-Deen*’ (Revival of Religious Learnings), he advocates the individual within society, by highlighting six benefits of living amongst the people over living in seclusion or isolationism. These are: education; trade; learning patience through interaction; erudition of love for one another; exercising virtue (through, for example, visiting the sick, helping the poor and needy or attending funeral or congregational prayers); and modesty and humility (Ul-Karim, 1993).

Al-Ghazzâli’s economic policy is based on private property and ownership, but economic relations are subject to voluntary rules of moderation, honesty and integrity. In neoclassical economics, the only binding constraint on the consumer is the consumer’s budget. In Al-Ghazzâli’s Muslim state, “the individual-in-community” is subject to binding constraints of two kinds. First, he must sacrifice

part of his income for charity to acquire virtue. Second, he must internalise community preferences as a responsible member of society. Thus, conspicuous consumption as well as luxurious and extravagant lifestyles is to be avoided through self-restraint, checked by individual intelligence and in the spirit of social cohesion. Similarly, producers and traders, as “individuals-in-community” are enjoined to produce community-approved goods and avoid profiteering and other unfair trade practices. Of central importance in Al-Ghazzālī’s political discourse is the idea of just rule as an enabler for good government (Randeree, 2012).

Excess accumulation of assets, savings, hoarding or stockpiling are to be avoided. Life in Al-Ghazzālī’s state is not lonely, nasty, brutish and short as in Hobbes’, nor is his individual anything like Rousseau’s “noble savage,” without civilisation. Like these Western philosophers, Al-Ghazzālī lived and wrote in a time of great political and civil unrest. Unlike them, however, he did not lose his confidence in the perfectibility of the individual through knowledge and wisdom guided by faith.

## CONCLUSION

A paramount duty of good government is to promote social justice, “to bring development and prosperity to the world through justice and equitable rule.” Conversely, there is a direct correlation between injustice and under-development, for “just as the world is made prosperous through justice, so is it made desolate through injustice” (Bagley, 1964). Western capitalist economics thus works as an instrument of global inequity, with the fundamental problem being that Western economics concentrates attention on efficiency and market relations, unmindful of social justice. Polanyi (1944), among others, long ago pointed out the inherent imbalance of such an economic model. The existing capitalist system functions as a mercantilist structure, promoting wealth concentration in the West at the expense of local and indigenous people worldwide.

The development economist needs to transcend the limitations of this model and be encouraged by the humanism of Al-Ghazzālī and strive for a more integrated, ethical economic model. This in turn can help achieve sustainable growth and avoid, for example, exploitation of the labour class, about which Al-Ghazzālī states, “the ruler should not disregard the attendance of petitioners at his court,” indicating that those in authority should entertain grievances raised by the working class and afford them an opportunity to have these concerns heard and resolved (Bagley, 1964). Thus, an economic model of real prosperity, based on Islamic perspectives of social justice, ethics and collective benefit, can effectively demonstrate the partnership of social justice with post-modern economic

development (Randeree and Malik, 2008). Further, the model of “individuals-in-community” can transcend beyond Muslim governed societies into environments where Muslims are minority dwellers in non-Muslim administered lands (Randeree, 2013b) and the reverence, honour and preservation afforded to Al-Ghazzâli’s own works in European libraries, moreso than within Muslim lands, is testimony to their impact on modern religious thought outside of Muslim civilisation (Ul-Karim, 1993).

## REFERENCES

- Ahmad, M. (1964), *Economics of Islam: A Comparative Study*, Sh. Muhammad Ashraf, Lahore, p. 64.
- Ali, A.Y. (1936), *Commentary on the English Translation to Holy Qur’an*.
- Bagley, F.R.C. (1964), *Counsel for Kings*, Al-Muluk, N. (trans), Oxford University Press, London.
- Choudhury, M.A. (1992), “Islamic Profit Sharing System in Comparative Perspective”, *The Middle East Business and Economic Review*, Vol. 4 No. 2, pp. 14-18.
- Fisher, S.N. (1979), *The Middle East, A History*, pp. 76-101, 3rd ed., Knopf, New York, NY.
- Metwally, M.M. (1993), *Essays on Islamic Economics*, Academic Publishers, Calcutta.
- Metwally, M.M. (1994), “Interest-free (Islamic) Banking: A New Concept in Finance”, *Journal of Banking and Finance*, Vol. 5 No. 2, pp. 119-27.
- Kuran, T. (1995), “Islamic Economics and the Islamic Subeconomy”, *The Journal of Economic Perspectives*, Vol. 9 No. 4, pp. 155-74.
- Lazarus-Yafeh, H. (1975), *Studies in Al-Ghazzâli*, The Magnes Press, Jerusalem.
- Mehmet, O. (1971), “Manpower Planning and Labour Markets in Developing Countries: a Case Study of West Malaysia”, *Journal of Development Studies*, Vol. 8 No. 2.
- Mehmet, O. (1983), “Growth with Impoverishment in a Dual Economy with Capital Imports”, *Australian Economic Papers*, June.
- Mehmet, O. (1995), *Westernizing the Third World, The Eurocentricity of Economic Development Theories*, Routledge, London and New York, NY.
- Polanyi, K. (1944), *The Great Transformation*, Rinehart & Co, New York, NY.

- Qureshi, A.I. (1967), *Islam and the Theory of Interest*, Sh.Muhammad Ashraf, Lahore.
- Randeree, K. (2008a), "Ethical Leadership: A Study of Integrity in Organizations in the Middle East", *Journal of Business Systems, Governance and Ethics*, Vol. 3 No. 4, pp. 57-67.
- Randeree, K. (2008b), "Ethical Leadership from Islamic Perspectives: A Model for Social and Organisational Justice", *The International Journal of the Humanities*, Vol. 6 No. 4, pp. 49-53.
- Randeree, K. (2009), "An Islamic Perspective on Leadership: Qur'anic World View on the Qualities of Leaders", *Global Studies Journal*, Vol. 2 No. 2, pp. 197-210.
- Randeree, K. (2010), "Oral and Written Traditions in the Preservation of the Authenticity of the *Qur'an*", *The International Journal of the Book*, Vol. 7 No. 4, pp. 9-20.
- Randeree, K. (2012), *Leadership Lessons for Contemporary Managers from Islamic Literature*, in: Ahmad, K., Islam R. and Ismail, Y., eds., *Issues in Islamic Management: Theories & Practices*, IIUM Press Publications, Kuala Lumpur.
- Randeree, K. (2013a), "The Four Eponyms of Sunni Islamic Jurisprudence: An Examination of the Historical Development of the Dominant *Madhâhib* and the Polemic of *Ijtihâd* versus *Taqlîd*", *The International Journal of Civic, Political and Community Studies*, Vol. 10 Issue 4, pp. 19-27.
- Randeree, K. (2013b), "Britain and her Islamic Diaspora: An Historical Précis and Neoteric Ethnography of British Muslims", *The International Journal of Religion and Spirituality in Society*, Vol. 2 Issue 2, pp. 9-21.
- Randeree, K., El Faramawy, A. (2011), "Islamic Perspectives on Conflict Management within Project Managed Environments", *International Journal of Project Management*, Vol. 29 Issue 1, pp. 26-32.
- Randeree, K., Malik, I. (2006), "Foundation for an Equitable Economy in Contemporary Middle Eastern Society? The Legacy of Muhammad Al-Ghazzâli (1058-1111)", *Annual Conference of the British Society for Middle East Studies 2006*, 24-26 July 2006, Centre for the Study of Islam & Christian-Muslim Relations, Birmingham.
- Randeree, K., Malik, I. (2008), "Models for Leading with Organizational Justice: Equitable Management of the Human Resource in Diverse

Environments”, *The International Journal of Diversity in Organisations, Communities and Nations*, Vol. 7, No. 6, pp. 65-69.

Ul-Karim, F. (1993), *Revival of Religious Learnings: Imam Ghazzâli’s Ihya Ulum-Id-Din*, Darul Ishrat, Karachi.

Umaruddin, M. (1977), *The Ethical Philosophy of Al-Ghazzâli*, Muhammad Ashraf, Lahore.