Definition of Islamic Economics

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One way of defining Islamic economics is to qualify the term modern economics with Islam, viz. Islamic economics is ‘the study of economics in the light of Islamic principles’, or ‘bringing economics in consonance with the Shari’ah’. But this would imply that the definition of the science of economics has a universal acceptability which it does not.

Another way of defining Islamic economics would be to accommodate the latest and the least criticised definition of economics and qualify it with Islam. For example, if we accept Robbins' definition of economics, we could define Islamic economics as ‘a science which studies human behaviour as a relationship between ends and scarce means which have alternative uses, in the light of the Shari’ah’.

But, firstly, this definition would invite criticism that has been made of Robbins' definition, and secondly, it would also raise the problem of reconciliation of incompatible concepts. The qualifying word ‘Islamic’ imposes on us a set of a priori judgements, and whether or not we are capable of rationally justifying them, we have to assume them as correct. Interest is prohibited whether or not monetary savings are scarce. Zakat is incumbent whether or not there are needy people deserving it. Man's choice to consume anything and to any extent is not absolutely free.

Defining Islamic economics would call for the accommodation of some prerequisites which are characteristic of the Islamic way of life. The first of such prerequisites is that in Islam economic activity ought not to be governed by human desire and experience alone, it should be governed by the fundamental injunctions of the Shari’ah. As a social science, Islamic economics is not independent of moral values. Its normative aspect is more pronounced than its positive aspect, in fact it is the normative aspect which is instrumental in analysing existing economic phenomena and in deciding proper courses of action in consonance with the Islamic objectives. The Shari'ah has specified those objectives which an individual as well as a society should endeavour to achieve.

But it will be found that the Shari'ah provides only some basic principles which guide economic behaviour of the individual and which point out to socially desirable objectives. This enables ample freedom within the specified limits to choose a strategy
suited to different stages of economic growth and social development. But this freedom
of action is not designed to lead to neglect of the basic objectives which are so essential
in an Islamic society. These objectives are to discharge man's obligations to Allah
which include those social responsibilities which Allah Himself has ordained. Thus a
possible definition of Islamic economics incorporating these characteristics may be
proposed as follows:

Islamic economics is the knowledge and application of injunctions and rules of
the Shari'ah that prevent injustice in the acquisition and disposal of material
resources in order to provide satisfaction to human beings and enable them to
perform their obligations to Allah and the society.

In this definition the term "acquisition" and "disposal of material resources are
suggestive of the subject matter of economics. This economic activity should be so
conducted as to avoid injustice in acquisition and disposal. The principles which prevent
injustice are contained in the Shari'ah. The Shari'ah comprises of two things:
injunctions and rules. The first signify the do's and the don'ts in the Qur'an and the
Sunnah while the second signifies those set of principles which the fuqaha have derived
from the first (injunctions). Some instances of these principles are as follows: No harm
is to be done, nor any to be borne; or 'profits go with liability'; or 'dire necessity permits
the unlawful'; or 'it is better to remove the harm than to acquire benefits'; or 'everything
that is not prohibited is lawful' etc.

The phrase 'to prevent injustice' has been added before 'acquisition and disposal' so
that reference is made to the relevant rules of Shari'ah by analogical reasoning.

The phrase 'in order to provide satisfaction to human beings' points at the means of
achieving the object of economic activity which is provided in the phrase 'and enable
them to perform their obligations to Allah and the society'. This last phrase is intended
not only to include the social aspects of economics but also to accommodate the role of
the government in regulating and planning all economic activity and in levying taxes in
the larger interest of the society.

As is generally understood, the object of all economic activity is satisfaction of
human wants. But in Islam this is not an end in itself. A man is not supposed to live for
himself or for his kin. His obligations as a social being are much larger than this. He has
obligations to all the needy of the society. The Prophet's companions went to make a
living not only to satisfy their wants and to support their families but also to contribute
toward financing Jihad. A Muslim earns in order not only to satisfy his own wants and
his family's but also discharge his obligations toward the society at large. This is what
Allah has ordained for him and this is an objective which also makes his earning a pious
act (ibadat). Does the definition suggested above incorporate all the characteristics of
the subject? Does it really point out to the scope and subject matter of Islamic
economics? Can it be termed as a precise definition? Let the other scholars on the
subject come forward to criticise this definition and suggest modifications and
substitutions. A sober academic discussion would help us in forming a standard
definition of Islamic economics which would serve as a criterion for judging the validity
of so much talk on the subject.