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GLOBALISATION

**Islam's own global paradigm**

Holistic, plural and universal

Muslims constitute one-fifth of the human race. At the end of 2001, there were 1.3 billion Muslims in the world some 900 million in 57 - independent Muslim states and 400 million in over 100 communities in the rest of the world. While there is a concentration of Muslim populations in countries in Central and Southeast Asia and in large parts of Africa, Muslims are a part of the demographic landscape of the entire world.

With over 30 million Muslims in Europe, and more than seven million in North America, Islam is the second largest religion in Europe and America. Fifty-seven Muslim states straddle over 23% of the land surface of the world. Strategic land, air, and sea routes pass through the Muslim world and there is strong interdependence between the Muslim countries and the rest.

In the main, Muslim countries are resource rich, but they lag behind in economic and industrial capabilities. They have huge financial resources, but are weak in the fields of technology, management, and advanced modes of production. Around 13% of Muslim countries' trade takes place among themselves, and 87% with the rest of the world. This shows their strong linkages with the global economy. While most of the Muslim countries today belong to the group of developing countries, five are in the high human development group, 25 in the middle human development group and the rest in the low human development group (UNDP 2000: 156-60).

The Muslim world was a global economic power for several centuries, and it was not until the time of the Western Enlightenment that economic stagnation or decline began to occur and this lasted for more than 300 years. The re-emergence of the Muslim world as a powerful political and economic force is a recent phenomenon, and a lot of critical thinking is taking place examining what originally went wrong and how the Muslim world can set its house back in order. The rediscovery of its moral and ideological roots is a critical part of this exercise.

Islam is a universal religion and the - Muslim Ummah is a global community. Faith is the foundation that defines the global nature of Islam for the Muslim Ummah. Tawhid (the Oneness of God) establishes the unity of the universe, the oneness of humanity, the unity of life and the universality of law. Islam is not the religion of any particular nation, people, ethnic group, linguistic or territorial entity.

Islam does not claim to be a new religion: rather it stands for Divine Guidance, provided by the Creator of mankind through all His prophets from the moment life began on earth. In that sense, Islam has been the religion of all Godly prophets and their followers. Indeed, Muslims believe in all the prophets from Adam through Noah, Abraham, Moses, and Jesus to Muhammad (peace be upon them all).

Islam, literally means 'peace' and 'submission'. It stands for faith in God, as the only object of worship and obedience. It stands for faith in His Prophet as a model and source of guidance. It demands a firm commitment among its followers to live in obedience to the Divine Will and Guidance. Shari'ah (literally the Path) is a set of norms, values, and laws that go to make up the Islamic way of life.

Islam believes in freedom of choice and does not permit any coercion in matters of faith and religion. It spells out a genuinely pluralistic religious and cultural landscape for mankind. It is by free will and dialogue that ideological borders can be crossed. Acceptance of each other, despite differences, is a cardinal principle of Islam. Islam concerns all aspects of human life- faith and worship, personality and character, individual and society, economy and community, national and international concerns.

However, overarching these aspects is its moral approach to life and the universe. The physical and the secular have been brought together under the umbrella of the spiritual and the sacred. It does not exclude the worldly dimension; it does not pit the secular against the sacred. Rather, it integrates all dimensions of life under one moral and spiritual approach.

The Islamic approach, therefore, is primarily a moral and ideological approach directed towards all human beings, irrespective of faith, color, creed, language, or territory. It regards plurality of culture and religion as genuine and respectable. There is also diversity within the Muslim Ummah. Islam does not stand for any artificial unity, forced conformity, or syncretism. It provides an authentic base for Coexistence and co-operation.

Another important aspect of the Islamic faith and civilization relates to its emphasis on values which are absolute and universal, and the identification of certain key institutions which act as permanent pillars for the system and a vast area of flexibility which could cater for the demands of changing times. While its value framework is based on human nature and universal realities, it also acknowledges the need to work out details and develop modalities for the application of this value framework in the context of changing political, economic, and cultural scenarios.

While Islam provides an overall regulatory mechanism, it avoids rigid instructions in respect of detailed human formulations. It regards the individual as the cornerstone of society, nay of all creation. Each individual is personally accountable to God. As such, individuals are not merely cogs in the social machine. Society, state, nation, and humanity are all important and have a specific role to play; yet final accountability is at the individual level. This ensures the centrality of the individual in the Islamic system. Yet it also relates the individual to the society and its institutions and seeks a balanced network of relations between them.

Islamic morality is based on the concept of life fulfilment, and not of life denial. It is through moral discipline that all dimensions of human activity become a part of virtuous conduct. Personal piety and public morality contribute towards the enrichment of life and the pursuit of personal and social wellbeing and welfare for all.

Wealth is not a dirty word; in fact wealth creation is a desirable goal, subject only to moral values and imperatives. A good life (hayat al- tayyebah) is one of the major objectives of human pursuit. Welfare in this world and welfare in the life-to-come are co- dependent, representing two sides of the same coin. It is this spiritualization of the whole secular realm, and an encasement of the entire gamut of worldly life and activities within a moral framework, that enables human beings simultaneously to seek to fulfil their own needs and to create a society wherein the needs of all are also fulfilled.

Individual freedom, the right to property and enterprise, the market mechanism, and distributive justice are inalienable parts of the economic framework of Islam. However, there are moral filters at different levels individual motivation, personal behavior, social mores and manners, employer-employee conduct, and individual-state relationships. The state has a positive role to play, particularly in the nature of supervision, guidance, and essential regulation; yet also to ensure freedom, economic opportunity, and property rights.

Islam emphasizes a more need- oriented approach, and is committed to establishing a society in which the basic necessities of life are ensured for all members of the human race primarily through personal effort, and reward orientated activity, but to do so in an environment in which those who are disadvantaged are helped to live an honorable life and become active participants in society.

While Islam emphasizes wealth creation activities, its real focus is on the creation of a just and egalitarian society where genuine equality of opportunity exists for all. This is only possible if society provides effective support mechanisms for the weaker members of the community. This is done both through the institution of the family and through other organs of society and state.

The distinctive contribution of Islam to the economic approach lies in integrating freedom with responsibility and efficiency with justice. Justice is one of the key values and has been described as one of the objectives for which God raised His prophets (The Qur'an: Al-Hadid, 57: 25). Guidance does not merely relate to man's spiritual relationship.

Islamic approach to economics

The major characteristics of an Islamic approach to economics can be summed up as follows.

1. Life is an integrated whole. A people's culture, like an individual's personality, is indivisible. The entire social order is an organic unity. Economic life and the system of resource allocation cannot be taken in isolation. Specialization and division of work are important, but all elements have to be interrelated, making a wider matrix.

The economic approach is rooted in the faith, the worldview and the moral and cultural framework of a people. It is only through a holistic, integrated approach that all aspects of human life can be taken care of.

2. The Islamic worldview is based on tawhid (the Oneness of God), risalah (God's prophets as the source of Divine Guidance), akhirah (life-after- death, that is the continuity of life beyond death and a system of accountability based on Divine Law).

The position of man and woman on the earth is that of God's khalifah (representative/vicegerent). He (or she) has been given discretion, will, knowledge and limited authority. His (or her) role, position and mission is described as istikhlaf, that is fulfilling God's Will on earth, promoting what is good, forbidding what is wrong, establishing justice ('adl) and promoting beneficence (ihsan), resulting in attaining high levels of good life (hayyat al-tayyebah), both individual and collective.

In the words of al-Ghazali (d.1111/ 505H), one of the greatest scholars of Islam: 'The obligation of the Shari'ah [the Islamic way and code of conduct) is to provide the wellbeing of all mankind, which lies in safeguarding their faith, their human self (nafs), their intellect ('aql), their progeny (nasl) and their wealth (mal).'

3. The core value in the Islamic system, after loyalty to God (laqwa or God-consciousness and abidance of His commands), is 'adl (justice) tempered with beneficence (ihsan). 'Adl, in Islamic terminology, means giving everyone their due. Jurists and other thinkers throughout Muslim history have held justice as the defining characteristic of Islamic life and society, and as an indispensable part of the legal, social, and economic process.

In the economic context, Abu Yusuf(d.798/182H) advising Caliph Harun Al-Rashid (d.809/194H) proclaimed that rendering justice to those wronged and eradicating injustice accelerates development. Al-Mawardi (d.1058/450H) argued that comprehensive and multi- dimensional justice promotes solidarity, law and order, development of the country, expansion of wealth, growth of the population, and the security of the country, and that 'there is nothing that destroys the world and the consciousness of people faster than injustice'.

Ibn Taimiyah (d.1328/728H) considered justice to be an essential outcome of tawhid (belief in One God). According to him 'justice towards everything and everyone is imperative for everyone and injustice is prohibited to everything and everyone. Injustice is absolutely not permissible irrespective of whether it is to a Muslim or a non-Muslim, or even to an unjust person'.

Ibn Khaldun (d.1406/808H) states unequivocally that it is not permissible to engage in economic development without justice and that 'oppression brings an end to development' and that 'decline in property is the inevitable result of injustice and transgression'. Justice, then is the very soul and breath of the Islamic economic system.

4. The Islamic scheme for social change and regeneration of human societies is unique as it is based on a methodology that is different from the one pursued by all major economic and political ideologies of post-Enlightenment Europe and America. The methodology and strategy of this change, as developed and practiced in contemporary secular societies, has assumed that a radical transformation of humans can be brought about by changing the environment and society's institutions.

That is why emphasis has always been placed on external restructuring. The failure of this method lies in ignoring individual persons as its real focus their beliefs, motives, values, and commitments. It ignores the need to bring about change within men and women themselves, and concentrates more on change in the outside world.

What, however, is needed is a total change - within people themselves as well as in their socio economic environment. The problem is not merely structural, although structural arrangements may also have to be remodeled. The starting point must be the hearts and souls of men and women, their perception of reality, and their own place and mission in life.

5. The key elements of the Islamic approach to social change are: Social change is not a result of totally predetermined historical forces. Although the existence of a number of obstacles and constraints is a fact of life and history, there is no historical determinism. Change has to be motivated, planned, and achieved through individual and collective effort and this change should be purposeful, that is, a movement towards the ideal.

People are active agents of change. All other forces have been subordinated to them in their capacity as God's vicegerent and deputy (khalifah) on earth. Within the framework of the divine arrangement of this universe and its laws, it is human beings themselves who are responsible for making or marring their destiny. There needs to be changed not only in the environment, but also within the hearts and souls of men and women - their attitudes, motivation, and commitment, and their resolve to mobilize all that is within them and around them for the fulfilment of their objectives.

Life is a network of relationships. Change means some disruption in some relationships somewhere. So there is danger of change becoming an instrument of dis-equilibrium in society. Islamically oriented social change would cause the least friction and disequilibria, as it is a planned and coordinated movement from one state of equilibrium to a higher one, or from different states of disequilibria towards equilibrium. Hence, change has to be balanced, gradual and evolutionary. Innovation is to be coupled with integration. It is this unique Islamic approach which leads to revolutionary changes along an evolutionary trajectory.

6. Self-interest is a natural motivating force in all human life. But self- interest has to be linked to the overall concept of good and justice.

Reward for effort and suffering for failure in effort provide the best framework for human society and the economy. Islam acknowledges it and accepts it as a first principle for economic and social effort.

However Islam also lays down a moral framework for effort, spelling out values and disvalues, what is desirable and what is reprehensible from a moral, spiritual, and social perspective. Halal (permissible) and haram (forbidden) provide a moral filter for all human actions. Moderation and concern for the needs of others, along with one's own, become an integral part of the scheme.

The concept of reward is also broadened by incorporating within it reward in this world and reward in the life-to-come. This provides a strong and self-propelling motivation for good and just behavior, without denying the natural instincts for personal gain.

Private property and private enterprise are affirmed as inalienable rights and a natural mode for economic activity. But the very concept and function of property is transformed by the provision of moral and legal filters, and instilling in people's minds and hearts the notion that in all its forms - physical and human, machine power and brain power - property is a trust (amanah), and as such, property rights are subject to moral limits and used as a means of fulfilling ethical objectives, the Maqaasid al-Shari'ah (objectives of the Islamic way).

7. Economic effort takes place through the processes of co- operation and competition. The market mechanism is the natural corollary of private property, freedom of enterprise and motivation for profit and reward. Scriptural guidance and historical evidence establish that trade, the promotion of production and the exchange of goods and services, the pursuit of genuine profit, protection of the market mechanism, and a legal framework for the fulfilment of contracts are pillars of the Islamic economic scheme. Effort, innovation, creativity, division of labor, technology, and skills development have been emphasized by all major Muslim thinkers along with co-operation, compassion, justice, charity, and solidarity.

Shams al-Din al-Saakshi

(d.1090/483H), almost 700 years before Adam Smith, stated the farmer needs the work of the weaver to get clothing for himself, and the weaver needs the work of the farmer to get his food and the cotton from which the cloth is made and thus everyone of them helps the other by his work.

A century after Al-Saraklısi, another scholar, Jafar al-Dimashqi (d.1175/571H), further developed the idea by saying that, no individual can, because of the shortness of his lifespan, burden himself with all industries.

If he tries to do so, he may not be able to master the skills of all of them from the first to the last. Industries are all inter-dependent. Construction needs the carpenter and the carpenter needs the ironsmith and the ironsmith needs the miner and all industries need premises. People are therefore necessitated by force of circumstance to be clustered in cities to help each other in fulfilling their mutual needs.

Ibn Khaldun (d.1406/808H), three centuries before Adam Smith, emphasized the crucial role of the division of labor and specialization in economic development and human progress: It is well known and well established that individual human beings are not themselves capable of satisfying all their economic needs. They must all co- operate for this purpose.

The needs that can be satisfied by a group of them through mutual co- operation are many times greater than what individuals are capable of satisfying themselves. He also gave a scientific explanation of why trade would promote development when he argued that development does not depend on the stars (i.e. luck) or the existence of gold and silver mines. Rather, it depends on economic activity and the division of labor, which is then dependent on the largeness of the market and tools.

Tools, however, require savings which he defined as the surplus left after satisfying the needs of the people. Increase in the size of the market boosts the demand for goods and services which promotes industrialization (sana'i), raises income, furthers science and education, development. and accelerates

8. The market mechanism is a fundamental pillar of the Islamic economic scheme. But Islam demands actions by extra market institutions to ensure that the market does not degenerate into 'market fundamentalism' (Soros 1998), and that 'self-interest' and the 'profit-motive' do not create a situation that is socially disruptive and in violation of the norms of justice and fair play.

These needs and actions include: A moral filter at the level of personal motivation, define limits of permissible (halal) and impermissible (haram) behavior by the individual, while institutional arrangements in the form of hisbah (ombudsman), social sanctions and specific legal rules and regulations.

To encourage the family as a social and economic unit to provide an initial system of social security and solidarity, governments need to provide: (i) a set of moral, social, and legal provisions for the equitable distribution of wealth in society and laying guidelines for a just incomes policy; (ii) a comprehensive system of social security, both through private philanthropic activities (sadaqat voluntary charity) and a state managed system of public support for the needy and underprivileged (zakat- obligatory poor-due); and (iii) in cases where there is market failure in respect of essential utilities and supplies, by way of monitoring, supervisory and regulatory functions, and public support programme, so that every member of society, irrespective of religion, race, gender, or age is enabled to be in a position to participate in the dynamics of economic life.

A network of voluntary organizations for the provision of waqif (public endowments). Non-commercial provisioning (i.e. by civil society), in an integral part of the Islamic economic scheme, along with provisioning through the market. Islam is deeply concerned about the problem of waste, over-utilization, and the excessive exploitation of non-renewable natural resources and the ecological and environmental aspects of economic activity. Its concept of a good life is based on moderation, balance and harmony. It is equally cognizant of the inter-temporal and interpersonal dimensions of economic life.

The Islamic economic system is not selective; it is rather comprehensive. On the one hand, it aims to guarantee individual liberty, freedom of choice, private property and enterprise, the profit motive and possibilities of unlimited effort and reward: on the other it seeks to provide effective moral filters at different levels of life and activity and established institutions in the voluntary sector, as well as through state-apparatus to ensure economic development and social justice in society.

Even the concept of charity is transformed by making part of it a legal obligation (haq a right in the words of the Qur'an: Al-Ma'arij 70: 24). As such, distributive justice and social security have become structured elements of the Islamic economic system and not merely voluntary supplements, as in other systems of life.

Voluntary and obligatory transfer payments are safety nets against poverty and exploitation in society. The prohibition of certain sources of income is a particularly distinctive plank of the Islamic economic system. The most important prohibition is that of riba (usury/interest). Others relate to gambling, speculation, fraud, exploitation, and extortion.

Islam lays down an elaborate code of business ethics to ensure honesty, transparency, and equity in business and financial dealings. It should be emphasized that prohibition of interest does not mean that Islam does not allow any reward on capital. Islam is well cognizant that capital, when used productively, is entitled to appropriate reward.

It does, however, oppose a guaranteed, fixed and pre-determined reward for capital. Islam believes that capital and entrepreneurs are both entitled to a share from the profit on the basis of the successful deployment of the investment. Instead of a fixed reward, there will be a variable reward based on actual return. It follows, then, that Islam would prefer to promote an equity-based, risk-sharing, and stake- taking economic system to a debt-based system. Were this to occur, it would have far-reaching implications for the economic and financial organization and management of the economy.

An economy based on Islamic principles would be more oriented towards real asset creating economic activities, as against a focus on virtual money rewards. Such an economy is more likely to be more stable, real growth oriented, egalitarian, and participatory. Islam has no quarrel with the concept of globalization. Tawhid (the Oneness of God) implies the oneness of mankind. The Muslim Ummah is a universal community both conceptually and historically. The global reach of the human race began at the time of the Prophet Noah in the Bible and the Qur'an.

Contemporary changes transforming the entire world into one global city provide unprecedented opportunities, provided the process and its outcome is fair and just. Islam's concern is about the nature, direction, and socio moral consequences of the manner and consequences of globalization.

Globalization as such is not worrying; it could, indeed, be a great blessing for mankind. What must be ensured, however, is that the process is equitable, and does not become a camouflage for hegemony and exploitation of the weak by the powerful.

It would be pertinent to conclude with a summary of the interdisciplinary dynamic model for socio economic organization that Ibn Khaldun suggested to the ruler in the 14th century (8th century Hijri). I believe this is of great relevance for our day and age:

The strength of the sovereign (al- mulk) does not become consummated except by implementation of the Shari'ah ...;

The Shari'ah cannot be implemented except by a sovereign (al-mulk); The sovereign cannot gain strength

except through the people (al-rijal); The people cannot be sustained except by wealth (al-mal); Wealth cannot be acquired except through development (al-imarah); Development cannot be attained except through justice (al-adl); Justice is the criterion (al-mizan) by which God will evaluate mankind; and The sovereign is charged with the responsibility of actualising justice. with God: it is no less concerned with man's just relationships with all other humans and the universe.

Professor Khurshid Ahmad

Concluded.

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