

## **THE APPROACH OF FIQH TO ISLAMIC ECONOMIC SYSTEM: THE ROLE OF MUSLIM SCHOLARS**

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### **Abstract**

The use of fiqh in Islamic economic system is as old as creation of human beings. This paper aims to discuss the application of fiqh to economic system from view-lens of meaning of religion, Islam as a religion, evolution of economics, contributions of Muslim and non-Muslim scholars to "Family Tree of Economics", place of Muslim scholars in the family tree of mainstream economics. The paper concludes by showcasing the importance of fiqh on economic system and the reason why Muslim and non-Muslims are embracing Islamic economic system through Islamic economic system, viz-a-viz: Islamic banking system, Islamic takaful and Islamic capital market.

Keywords: Fiqh Mu'amalat, Islamic Economic System, and al-Islam.

### **1.0 INTRODUCTION**

It is an established fact that there has never been any tribe, race, group, society, greed, state or nation without one form of religion or the other. Before going into the meaning of al-Islam and what it stands for, the need arises to explain in details the meaning of religion since there are many religions in the world today. In an attempt to define religion, a French artist, Paul Gauguin (1848-1903) shows in one of his works a group of people who either stand or sit in a kind of timeless primeval world, arms lifted up to the sky. The meaning given to the paint is: Where do we come from? What are we? Where are we going? Gauguin expresses the amazement of how great human beings are, also how small human beings are with galaxy, and how short human beings' lives are. Religion seems to be the greatest weapon to answer the questions raised by Paul Gauguin. Then, what is religion?

According to Tylor (1832), religion is rooted in spirit worship. He shows concern on how frequently religions see "spirits" as having control over natural forces and how commonly religions see those who die- the ancestors- as passing into the spirit world. Similarly, Frazer (1854) opines that the origin of religion by human beings is to influence nature. He goes further by identifying religion as an intermediate stage between magic and science.

Sigmund Freud (1856- 1939) theorizes that belief in a God or gods arises from an adult's projection of powerful and long –lasting childhood experiences with his or her parents. Freud's major works on religion include Totem and Taboo, The future of an illusion, and Moses and Monotheism. Williams James (1842-1910) sees religion as a positive influence on the lives of individuals. He states further that religion brings "a new zest" to living, provides "an assurance of safety", and leads to a "harmonious relation with the universe." According to Rudolf Otto (1869- 1937), religions emerge when people experience that aspect of

reality which is essentially mysterious. He tagged it as “mystery that causes trembling and fascination” (mysterium tremendum et fascinans).

Scholars are trying to identify with stages in the development of religions. Wilhelm Schmidt (1868- 1954) argues that all humankind once believed in a single High God, simply mean **monotheism** (a belief in one God). But there are other scholars who are of the opinion that many gods are in existence, meaning that they belief in **polytheism** (belief in many gods). Influenced by the notion of evolution, some have theorized that religions “evolve” naturally from **animism** (a worldview that sees all elements of nature as being filled with spirit or spirits). There are many religions in the world today, but the most popular and acceptable one today is al-Islam.

## 2.0 ISLAM AS A RELIGION

The religion of al-Islam is the true religion of all the existing religions in the world. Islam means total submission to the will of Allah. The word Islam is derived from Arabic word ‘slm’, meaning to be in peace. The literary meaning of ‘aslama’ is ‘to resign’, ‘to submit’, ‘to surrender’. Islam is an Arabic word that is derived from aslama which is technically defined as submitting or surrendering to something or someone. This implies that al-Islam means ‘to submit or to surrender oneself to Allah by observing rules of Islamic Shari’ah in all aspects of one’s life with the hope of achieving real happiness in this world and in the hereafter’. Islam is said to be a religion of peace. That is, it brings peace to mankind when man commits himself to Allah and submits himself totally to the will of Almighty Allah.

As it is stated in the Holy Qur’an, Islam is the true religion that is professed by all prophets of Allah. It is stated in the Holy Qur’an that:

*“He has established for you (oh Mohammad) the same religion as that which He enjoined on Noah; That faith which we commended to Abraham, Moses and Jesus, saying: Establish the Faith, and be not divided therein.” (Qur’an 42:13).*

It is equally stated in another verse of the Holy Qur’an that:

*“We believe in Allah, and the revelation given to us, and to Abraham, Ismael, Isaac, Jacob and the tribes. We believe in the revelation that was sent to Moses, Jesus and all other prophets from their Lord. We make no distinction between them, and unto Him we surrender” (Qur’an 3: 83).*

Al –Islam is referred to as ‘Deen qaiyim’ meaning that al-Islam is the standard religion, which include way of life, thought and desire of man. Al-Islam is a complete way of life that provides guidance for all facts of human life- material, moral, economic, political, social, legal, cultural, individual, national, and international. Allah did mention and confirmed al-Islam as the standard religion in many places of the Holy Qur’an. Few amongst the verses of the Qur’an that discussed al-Islam are Qur’an 37: 37, Qur’an 25: 52-53, Qur’an 3: 19, Qur’an 30: 43, Qur’an 32: 78, Qur’an 5: 4, Qur’an 3: 85, Qur’an 4: 135, Quran 2: 147, Quran 5: 51, Quran 15: 9, Quran 6: 115, Qur’an 9: 32, etc.

Going from the foregoing, the religion of al-Islam is comprehensively defined by Allah, and not by human as it is obtained in other religions. Based on the aforementioned verses of the Holy Qur’an, it is certain that al-Islam is a way of life, being it religious, economic, political, government, social, etc. This paper therefore discusses the application of fiqh from view lens of Islamic Economic System.

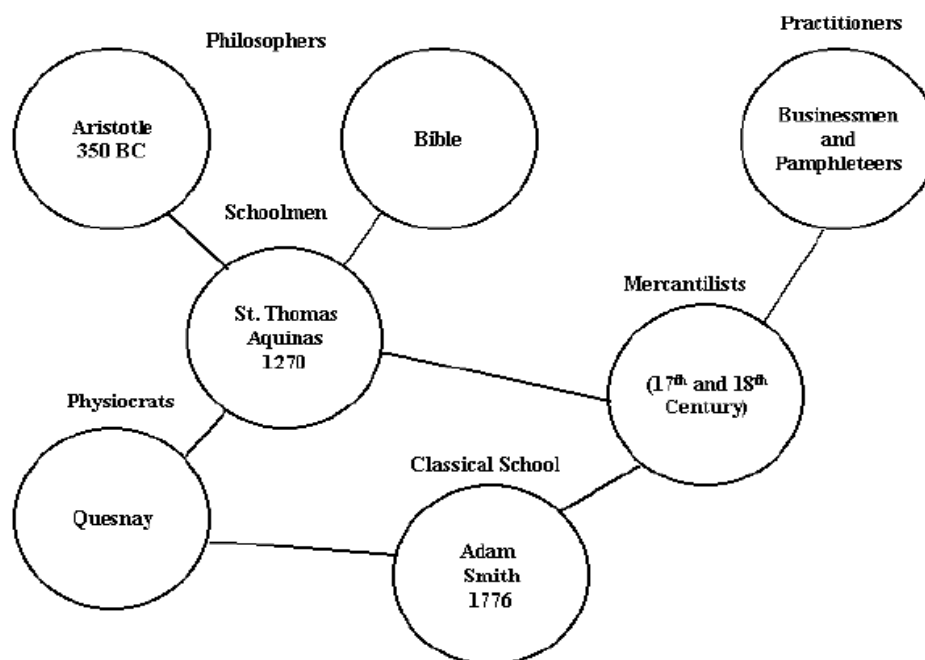
### 3.0 EVOLUTION OF ECONOMICS

Economics is said to be from many 'minds and temperaments' and economic thought is 'a cumulative accretion of human knowledge' (Ekelund & Hebert, 1983, p. 3). Nowadays, there is an increasing awareness that the 'root of modern economic analysis are extending much further back in time than a good many contemporary students of economics are led to realize' (Gordon, 1975, p. xi). It is observed that the history of economic thought is 'a continual progression of ideas made up of epochal contributions of new list of knowledge added to the accumulated legacy of the past' (Ekelund & Hebert, 1983, p. 4). The evolution of economics is premised on the works of many scholars right from the dark ages. These scholars include Muslims and non-Muslims, who based their concept of economics on what is known as "Family-Tree of Economics".

#### 3.1 Contribution of Non- Muslim Scholars on Family-Tree of Economics

Family tree of economics is an interesting aspect of economics that will interest any Muslim to study, and highlight the part occupied by the economic thought of Muslim scholars. Based on the scope of this paper, two scholars amongst many non-Muslims economics scholars are considered, namely, Paul Samuelson (1976), and John Fred Bell (1967). According to these scholars, the family tree is focused from the beginning up to Adam Smith, who is a single common ancestor in all family trees of economics.

Samuelson's Economics is published in his textbook in 1948, and ever since he has been showing family tree economics from Aristotle and Bible as the originating point from whom schoolmen were created. According to Samuelson (1948), St. Thomas acquired the representative personality that created mercantilists and physiocrats. Mercantilists were also rooted in earlier practitioners. Both physiocracy and mercantilism ended in Adam Smith era, when capitalism theory is introduced, and known as Classical School of Thought of Economics. Samuelson's Family Tree of Economics is illustrated below as Figure 1:



**Figure 1: Samuelson's Family Tree of Economics**

**Source:** Economic Thought in the Prolegomena of Ibn Khaldun by Nash'at et al. (1944)

Going by Samuelson's work, he did not see the contribution of fiqh to economic system; neither did he see the contribution of Muslim scholars to the family tree of economics. But at a point, he noticed that there are some errors in his study and decided to co-author with another economist in person of William D. Nordhaus. From the twelfth edition of Samuelson's textbook, William D. Nordhaus joined as co-author of the book. The two economists failed to acknowledge the contribution of fiqh and Muslim scholars to the family tree of economics, but they begin to see family tree of economics from Physiocrats and Mercantilists point of view (Samuelson & Nordhaus, 1985). In his seventeenth edition, the Family Tree of Economics was removed completely (Samuelson & Nordhaus, 2001).

With this development, the two authors started feeling the pulse of Islamic economic system. Ideals of the Muslim economics scholars started reflecting, especially when the grey areas of conventional economics theories started manifesting in the economics system of the universe. So, Samuelson and Nordhaus began to appreciate the contribution of Muslim economic scholars, but they are not acknowledged by the authors.

On the other hand, Bell shows much contributory development to the economic thought right from Biblical times up to Adam Smith. The main stream passes through Middle Ages comprising the church, Aquinas, Scholasticism which have direct relationship with Greek philosophers and Roman law-givers. Other points of main stream are 'rise of national states', 'beginning of modern capitalism' (to which are related French Colbertism and German Cameralism), English mercantilism and Physiocrats. Bell shares the view of Samuelson in his explanation of Family Tree of Economics, and his family tree economics' figure is self explanatory. Bell's view is illustrated with Figure 2 below:

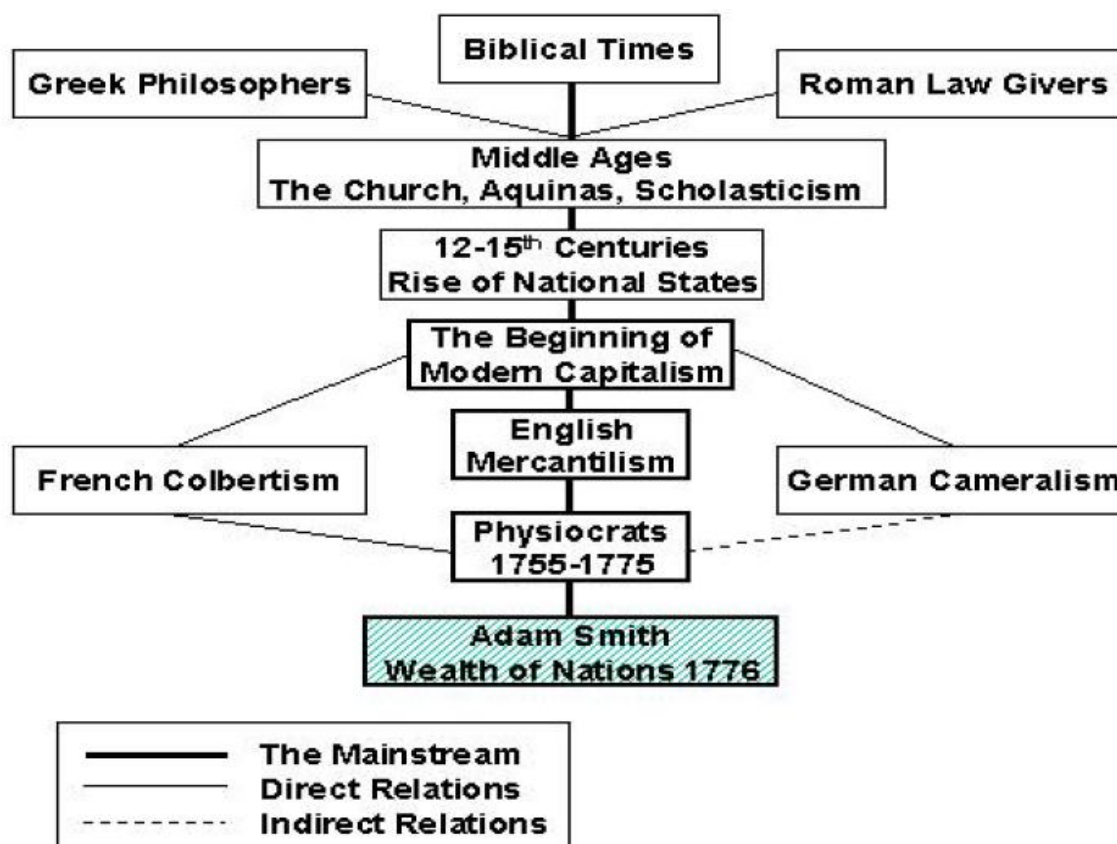


Figure 2: Bell's Family Tree of Economics

**Source:** Economic Thought in the Prolegomena of Ibn Khaldun by Nash'at et al. (1944)

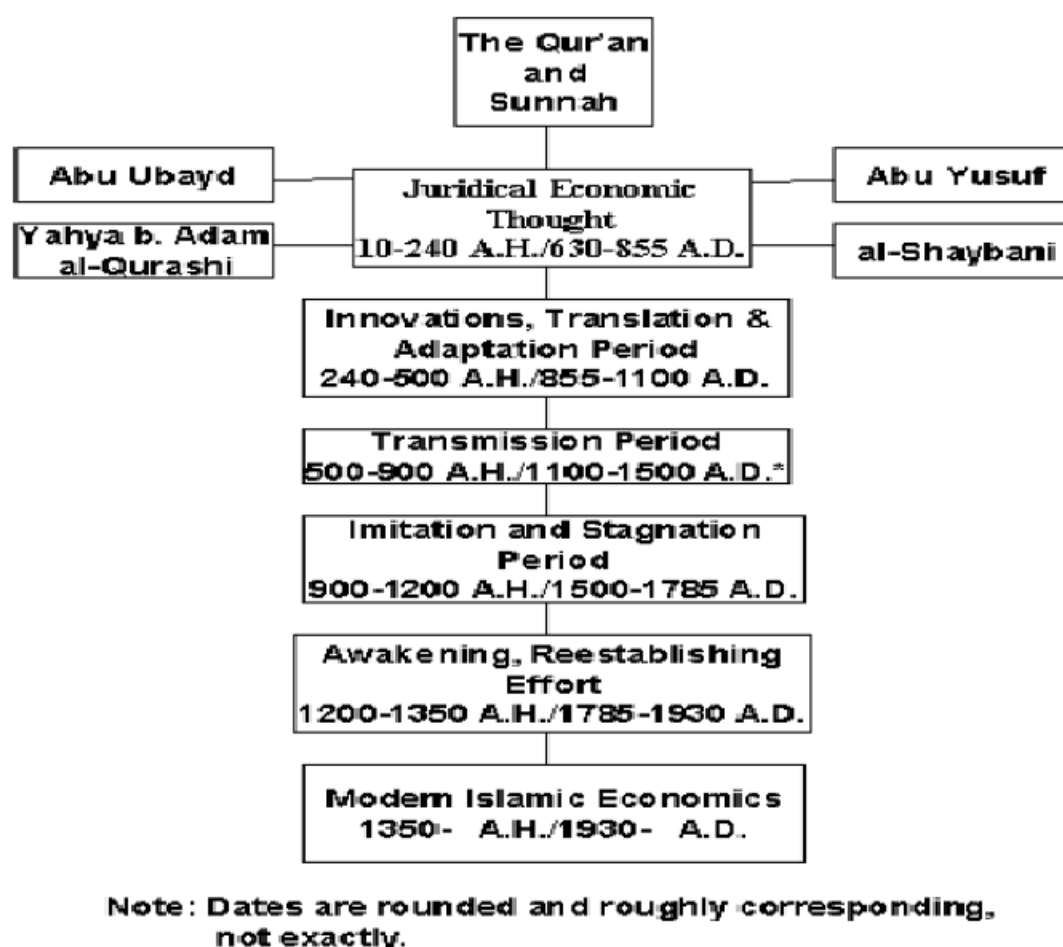
### **3.2 Family Tree of Economics from Islamic View lens: The Fiqh Approach**

Indeed, one must have been expecting Professor Samuelson to mention part of Muslim scholars' contribution to the Family Tree of Economics in spite of his rightful claim to present 'latest thinking of modern economists' (Samuelson, 2001). Also, Professor Samuelson could not take notice of modern development of Islamic economics and 'innovation in banking and finance' on participatory basis. Similarly, one would have expected Bell to include contribution of Muslim scholars on the development of economic thought as he himself noted that scholastics accepted 'the newly discovered Greek and Moslem philosophy and science'....(Bell, 1967, p.43), especially when he does not concentrate on the mainstream only, but mentions those elements which are related directly or indirectly to the mainstream. Does the contribution of Muslim scholars not deserve a place even in this category?

Going from the foregoing, it is noted that any family tree of economics will be incomplete without attaching the part of Muslim scholars because Muslim scholars follow the Holy Qur'an and Hadiths of the Holy Prophet Mohammad (SAW). It is the Muslim scholars, who translate, learn, discuss, improve, and transfer the Greek ideas to scholastic ideas following *usul- fiqh* as stated in the Qur'an and Sunnah of the prophet. Contributions from Muslim scholars come after the Greek family tree of economics. Greek's ideas stand nowhere in quantity, quality and originality as compared to Islamic tradition in economic thought. The more we know about Aristotle, Jewish philosophy, Christian thought, and Islamic thought of economic, the more we may be inclined to wonder why, can't the whole world adopt Islamic Economic system (Copleston, 1972, p. 181, quoted by Mirakhor, 1987, p. 249).

The family tree of Islamic economics suggests a proper structure of economics such as the development chart of Islamic economics. This leads to the convergence and divergence of mainstream economics and Islamic economics.

The chart for Islamic economics is therefore shown in Figure 3 below as:



**Figure 3: Family Tree of Economics from Islamic View-lens**

**Source:** Economic Thought in the Prolegomena of Ibn Khaldun by Nash'at et al. (1944)

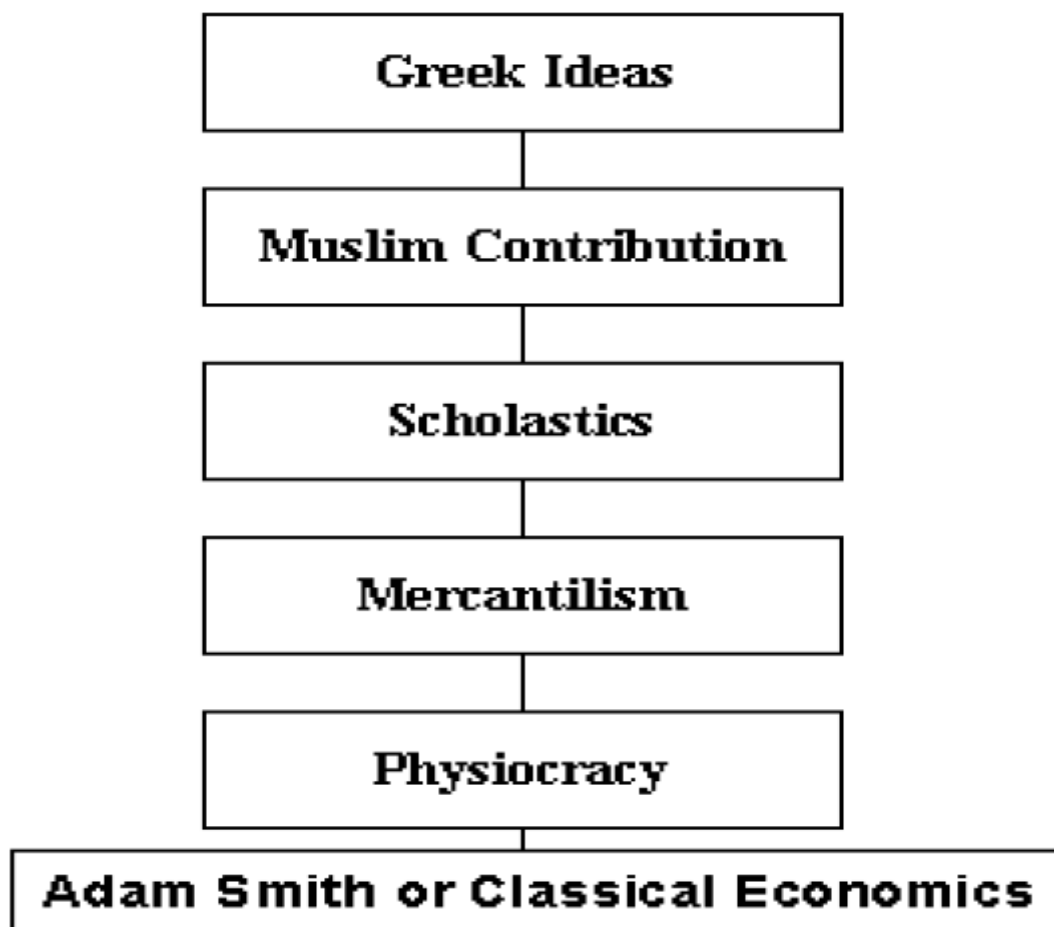
The above-mentioned family tree of Islamic economic thought depicts its rise from beginning up to its modern development. The development under consideration provides an explanation for economic development up to 15<sup>th</sup> century. The modern development of Islamic economics came as a response to the challenge posed by the materialistic system of both capitalism and Marxism.

Aside the above figure, Islamic economists, practioners, Shari'ah experts have gone so far on Islamic economic system, especially in the 20<sup>th</sup> century. They have gone to introduce many Islamic goods, products and services into the economic system.

#### 4.0 PLACE OF MUSLIM SCHOLARS IN THE FAMILY TREE OF MAINSTREAM ECONOMICS

Most of the Greek ideas came through the medium of Muslim scholars and philosophers, and the fact that mercantilism came as a result of Muslim influence, the contributions of Muslim scholars deserve a place in the development of mainstream economics. And this must be corrected for the

sake of doctrinal continuity and objectivity, academic honesty and justice. Another family tree of economics, which embraces the role of Muslim scholars, is therefore given in Figure 4 below as:



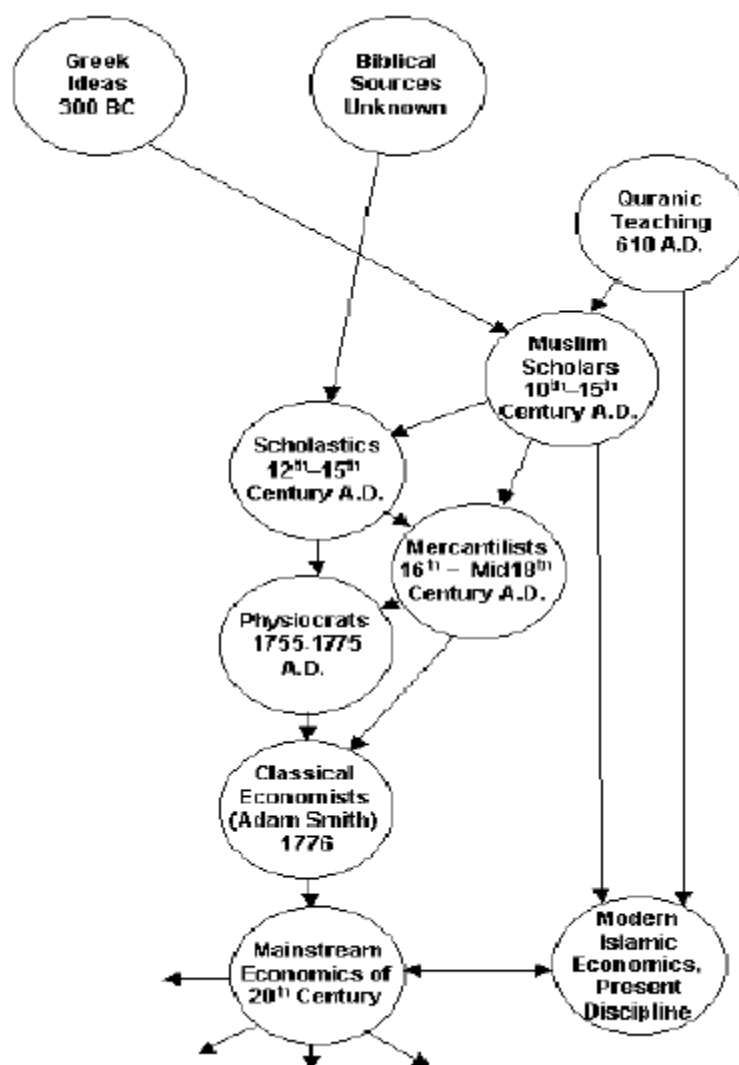
**Figure 4: Role of Muslim Scholars in the Family Tree of Economics**

**Source:** Economic Thought in the Prolegomena of Ibn Khaldun by Nash'at et al. (1944)

Studies conducted by Muslim scholars in economic field are least recognized in spite of convincing circumstantial evidences. One of the main reasons may be the fact that scholastic scholars never cited Islamic sources in their discourse on economic issues. The question arises why did scholastic scholars not acknowledge their borrowing from Muslims scholars? A few contemporary writers have tried to answer this (Sezgin, 1984; Mirakhor, 1987; Ghazanfar, 1995).

One of the reasons advanced is that Jewish scholars held a denigrating view of Islam and Muslims (Sezgin, 1984, p. 127). According to Mirakhor (1987, p. 262), 'To say that the crusaders epitomized this negative attitude is an understatement'. Without naming, he quotes a scholar who suggests that in denigrating Islam and Muslims, Medieval Europe found a way to form a new image of it. 'Because Europe was reacting against Islam; it belittled the influence of the Saracens and exaggerated its dependence on its Greek and Roman heritage' (ibid...p. 262-263). In the 14<sup>th</sup> century, a large number of European scholars studied translation of Arabic books and prepared their own volumes or summary in which they did not only drop the names of Muslim authors, but ascribed the whole thing to those Greek scholars who were occasionally referred to in those works' (Sezgin, 1984, p. 127).

Sezgin (1984) shows the trend by which past works are conducted, and the way in which Muslim scholars are sabotaged by either not mentioning their works or by converting their original works to Greek scholastics scholars. He succeeded in showing what he considered as the original trend of contributions of both Muslims and Non-Muslim scholars to the family tree of economics, which is shown in Figure 5 below as:



**Figure 5: Contributions of both Muslim and Non-Muslim Scholars to the Mainstream Economics**

**Source:** Economic Thought in the Prolegomena of Ibn Khaldun by Nash'at et al. (1944)



Few examples given by Sezgin (1984) show that Raymundus Lullus (d. 1315) spent his whole life in opposition of everything that is Arabic. He authored many books on Chemistry. Later it was discovered that most of them were originally Arabic works (Sezgin, 1984, p. 34). There are several examples of medieval scholars who removed the name of original Muslim author and presented the book in their own name (ibid., p. 33, 96, 128-129). Langholm states that after war, famine and Black Death of 14<sup>th</sup> century that left a gap in primary sources, 'threads were picked up again in the 15<sup>th</sup> century and some of the late scholastics have become famous as economists, but recent researches have shown that they were often copying verbatim from previously forgotten pre-plague sources' (Langholm, 1987, p.116).

According to Mirakhor (1987), another reason for not finding acknowledgement is that 'borrowing without acknowledgement seems to have been an accepted and a general practice among the scholastics'. He cited many examples of such borrowing without acknowledgement within the scholastics. It was very common while borrowing from Muslim scholars. Many chapters of al-Ghazali's *Ihya Ulum al-Din* were copied by Bar Heraeus, a minister at Syriac Jacobite Church in 13<sup>th</sup> century (ibid, p. 263). Margaret Smith in her work *al-Ghazali: The Mystic* has shown convincing evidences of St. Thomas' borrowing from al-Ghazali's work *Ihya Ulum al-Din*. She compared the works of the two scholars and finds that in many cases "St. Thomas uses the very words of al-Ghazali." There is similarity between themes and arguments of the two works (Smith, 1944, p. 220-222). All these comments are self confessions of Non- Muslims who are plain with the bitter truth.

## **5.0 CONTRIBUTION OF MUSLIM SCHOLARS**

With all these confessions, it has shown that Muslim scholars contribute greatly to the economic system of the universe. Most often, their scholastic works are written in Arabic, and when others are borrowing their works, they are not acknowledging their scholastic works. In the recent past, the whole world is tending towards Islamic economic system by embracing Islamic banking system, Islamic Takaful, and Islamic capital market. This shows that Muslim economists are not relenting in their efforts to contribute to the economic system through adherence to the Shari'ah principles and the teaching of the Holy Prophet Muhammed (S.A.W).

## **6.0 CONCLUSION**

Muslims right from the time immemorial have been contributing to the economic system based on the teaching of Qur'an and traditions of the Holy prophet Mohammad (SAW). This teaching of the Holy Qur'an and Sunnah of the prophet is what is known as Usul-Fiqh. Besides, the Jewish scholars have been trying to frustrate the genuine contributions of Muslim scholars to the economic system of the universe. But, nowadays, majority of economic scholars have come to term that it is better to adopt Islamic financial system since socialism has collapsed, and capitalism is tending towards failing most of economically advanced countries of the world. Even, philanthro-capitalism introduced by Bill Clinton (Former President of the United States of America), and President Barack Obama is not a saving grace to the economic and financial crisis of the world today. So, they are left with no other option apart from Islamic economic system through Islamic banking system, Islamic takaful and Islamic capital market. And non-Muslim nations are more eager to embrace Islamic economic system in this 21<sup>st</sup> century.

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