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# Al-Ghazâlî on Justice and Social Justice

Sabri Orman

**Abstract:** As is suggested by its title the main purpose of this study is a presentation, analysis and evaluation of al-Ghazâlî's ideas on justice and social justice. However, in the meantime we shall have an opportunity to shed some light on an aspect of his intellectual legacy that has remained almost unnoticed: prioritization of what is social, or giving priority to what is social in human behaviour, and in its religious, legal and moral evaluation. This can very briefly be summarised as considering *transitive virtues* more valuable or praiseworthy than the *intransitive* ones, and considering *transitive vices* more vicious or blameworthy than the *intransitive* ones. We shall try also to put two of al-Ghazâlî's significant approaches to religion, law and ethics in the perspective of social justice, or *vice versa*. One of these is his remarkable but not duly and properly appreciated approach to *fardh' kifâya*. The other is his well-known approach to *Maqâsid al-Sharî'a* and *Masâlih*. What is important about them here is that they are going to be treated as references for an idea of social responsibility or collective obligation/duty.

**Keywords:** Al-Ghazâlî, Justice, Social Justice, Priority of what is Social, Transitive Virtues, Intransitive Virtues, Transitive Vices, Intransitive Vices, *Fardh Kifâya*, *Maqâsid al-Sharî'a*, *Masâlih*, Social Responsibility, Collective Obligation, *Zakât*.

## Introduction

Abû Hâmid al-Ghazâlî (450-505 A.H. / 1058-1111 A.C.) lived more than nine centuries ago. However, he is still with us as is evidenced by the frequent publication of his works both in their original and translated versions. In this study, we shall try to make an introduction to his thoughts on *justice* in general and *social justice* in particular.

- 1 We are aware that this is not an exact transliteration of the corresponding term in Arabic. However, we expect this and other similar cases of shortcomings that are to be seen throughout this text can be tolerated under the constraints of a study that stands at the intersection of Islamic and social studies—in the sense that transliteration is a must for the readers of the former while it is a burden for those of the latter.



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History of *justice*, as a term, concept and an institution, is at least as old as the written history of humanity. Therefore, it does not need much introduction in the present context. However, this is not the case with “social justice”, as it is, in a narrower sense, a modern phenomenon. Hence, it requires at least two additional clarifications when considered in its relation with al-Ghazâlî’s thought.

First, we need to clarify what we mean by the term “social justice” that we are going to look for in al-Ghazâlî’s thought. The section titled “Social Justice and Some Related Concepts” is intended just to address this need.

Second, since “social justice” is a modern phenomenon and as far as we know, it is not even mentioned by al-Ghazâlî or any other writer until his day, then are we going to look for a *modern* phenomenon in an *older* time? The answer to this question cannot be a simple “yes” or “no”. This is because a positive answer will mean that we will be committing anachronism—a situation that we would rather like to avoid. A negative answer, on the other hand, is at least partially untenable in the light of what we have already said about the *modernity* of “social justice”. If so, then it means that we are faced with a complicated situation, and we need to clarify the ground by looking at the issue more closely and in greater detail in order to be able to proceed safely. This is going to be the task of the section titled “The Problem of Methodology.”

Though al-Ghazâlî is a highly systematic thinker and author, the material and data related to justice and social justice in his works are not always focused, orderly and systematic—at times it is even scattered at different places. Therefore, in order not to get lost in this vast and problematic landscape, it will be helpful to have a birds-eye-view of it before venturing a journey in and through it. The section on “Al-Ghazâlî and the Problem of Justice in General: A Conceptual Map” is intended to meet this need.

Matters related to justice in the Ghazâlîan framework can be classified, with reference to the *subject*<sup>2</sup> (or *agent*, actor) of the act of justice, into two major categories: *Divine Justice* and *Human Justice*.

*Divine justice* refers to God’s justice towards the entire universe or creation including human beings. Al-Ghazâlî’s famous but controversial argument that was later to be named as “Islamic Theodicy”, and the related “problem of evil” can be

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2 In this essay the term “subject” is frequently used in its gramatical and philosophical sense as in the *subject-object* relationship. In this sense it means the “doer” or “agent” (*fâ’il* in Arabic) of an act or deed, or the “cognizant” side in an act of knowing or understanding.



considered within the framework of divine justice. His opinions on this matter will be discussed in the section titled “Divine Justice.”

In order to not disturb the organizational balance of the essay “Human Justice” will not be discussed under one single heading in this study; instead, it will be presented as organized under its major subdivisions. Unless specified otherwise, justice will be used in this sense in the present study.

On the other hand, there may be two versions of what we call human justice: *Individual Justice* and *Social Justice*. *Individual justice* refers to the establishment of justice within the individual and may as well be called “moral justice”. A section of this study is spared for this issue under an identical heading. As to *social justice*, it would not be wrong to say that it has four different versions in al-Ghazâlî’s thought depending on whether the *subject* or agent of justice is an *individual*, a *society* or a *state*. A version of social justice, on the other hand, is characterized by *two subjects*.

In cases where the *subject* of the act of justice is an *individual*, there can be two further versions which are distinguished on basis of their *objects* or addressees—in one version the object of justice being *another individual*, and in the other a *society*.

Since the focal point of this study is *social justice*, we shall discuss it under five different titles with a view to keep the relative balance of presentation in order. As an introduction to the rest of the sections to follow we shall start with a section titled “Social Justice (1): The Priority or Prioritization of What is Social”, where it will be argued that a strong concern for the interests of other individuals and the society as a whole is a distinctive characteristic of the religious, legal, moral, political, social and economic thought of al-Ghazâlî. Following it, types of act of social justice where the *subject* is an individual, a society or a state will be discussed respectively. Finally, *zakât*, which is a very special, perhaps unique, version of social justice with its *two subjects*, will be examined.

We hope that the information to be presented in these sections and the accompanying discussions will prove to be a contribution to the related fields, i.e. al-Ghazâlî studies, in particular, and the history of social thought and of social sciences, in general.

Al-Ghazâlî considers justice as a necessary, but not sufficient, norm in human relations. He suggests that justice needs to be complemented with a higher norm and form of relationship: “ihsân”. His thoughts on this issue will be discussed in the last section titled “Justice and Ihsân.”

## Social Justice and Some Related Concepts

As a term and to some extent as a concept, “social justice” is part of the legacy of 19<sup>th</sup> century. It is interesting to note that this century is itself known as the century of the social problem(s).

Industrial Revolution deeply shook up and seriously upset West European societies starting from the last quarter of the 18<sup>th</sup> century, and a state of social unrest embarrassed these societies throughout the 19<sup>th</sup> century. Especially the pressing problems of the newly emerging class of industrial workers became a source of real trouble and worry for the societies involved in the process of industrialization—to an extent that even the survival of these societies became a matter of serious concern.

Naturally this development prompted an intensive and extensive search for solutions. Broadly speaking efforts at solution(s) could be classified into two categories:

1. On one hand, there were *radicals* who attributed the problem to the inherent structures of capitalism, and therefore believed that the solution lied outside the system. They argued that the capitalist system has to be abandoned and replaced with an alternative one. *Socialists* in general, Marxists in particular, belonged to this category. Among them were those who believed that such a change in the system could and/or should be realized in a peaceful manner, and those who believed that it could only be achieved through a revolution, e.g. a “Proletariat Revolution.”
2. On the other hand, there were *reformists* who believed that the problem was not with the intrinsic/inherent structures of the capitalist system itself, but related to some unwelcome developments accidental to it. They, therefore, believed that a solution, or solutions, could very well be found within the system through revisions, modifications and corrections to it. Thus, both the pressing problems could be resolved and the capitalist system could also be salvaged. Proponents of what was known as “social policy” and “social justice” can be considered to fall within this camp.

Numerous concepts and institutions involving the epithet “social”, such as “Social Darwinism” and “social security”, are the legacy of 19<sup>th</sup> century. Indeed, many of the so-called social sciences, including Sociology, came into being in that period. However, since the concept and institution of “social justice” is our main concern in this study, we shall focus on and go ahead with it from now onwards.

We learn from the related literature that “Social Justice” as a term was introduced in 1840s, but that as a concept and a practice it dates back to older times. However, theoretical and practical studies on it intensified mostly in the second half of the 19<sup>th</sup> and in the first half of the 20<sup>th</sup> century. For instance, the first book that had this term in its title was published in 1900.<sup>3</sup> Studies just referred to were mostly conducted by clergymen and political, social and moral philosophers (Miller, 1999, pp. 2-4).

It seems that the historical *context* of the modern idea of social justice was 19<sup>th</sup> century, and its social and geographical *contexts* coincided with the countries and societies that experienced industrial revolution. The main *source* of the idea, on the other hand, seems to be the grave social problems faced within the contexts just mentioned as well as the challenge of socialist movements as an alternative solution. Its *intellectual frame of reference* was and still is liberal social philosophy, and its *objective* again was and still is to develop a more just and fair market economy by removing the unjust features of the capitalist system, and improving it mainly through state intervention.

David Miller mentions a common characteristic of studies on social justice published in early 20<sup>th</sup> century: conceptualization of the society as an organism. According to this approach development and wellbeing of a part of social organism requires the cooperation of all other parts, and social justice requires regulations that enable each member of the society to fully contribute to social wellbeing (Miller 1999, p. 4). This is interesting as it is well known that this approach has various origins in much older times. And it seems that much of what we are inclined to consider fresh and novel may not be quite so. In the present case, the problem in a narrower sense looks new, but the theoretical frame of reference for its solution is not.

The idea (and ideal) of social justice, although now quite removed from the concrete circumstances of its historical context, is still in strong demand today for enduring reasons, old and new. However, it should be noted that almost every issue related to social justice is controversial, including its very name. Some call it “social justice” whereas others prefer “distributive justice”, again some call it “economic justice” whereas still others use only the word “justice” to express it. Then again, some use all of these terms depending on the context.<sup>4</sup> Furthermore, there is no consensus regarding the meaning, scope and even the principles of social justice

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3 Wetel Willoughby, *Social Justice*, New York: Macmillan, 1900, cited by Miller (1999, p. 4).

4 As an example, see (Miller 1999, p. 2; Fleischacker, 2004, p. 1).

(Miller 1999; X, pp. 15-16). Finally, regardless of the terminology, there are both proponents and opponents of social justice, and even there are those who find it totally unnecessary—including prominent thinkers like Robert Nozick and F. A. von Hayek (Ryan 1993, pp. 13-14).<sup>5</sup>

However, in drawing attention to the controversial aspects of the issue, it is not our aim here to suggest that it does not hold water. What we mean is just to suggest that the area is not as straightforward and unproblematic as it may appear at first sight. In this sense, some additional information about social justice is in order.<sup>6</sup>

Social justice can be seen as a wider version of distributive justice which is much older as a concept. Basically, it deals with the problem of how the rewards and burdens, benefits and costs, advantages and disadvantages of social life have been and are being distributed among the members of a society with a view to regulate and reshape social relations in line with some principles of justice. As a corollary to this, when there are complaints about social injustice, it means that some members of the respective society are benefiting from the advantages of living together less, or are carrying its burdens more, than some other members of the same society.

Criticism of the problematic aspects of social life with reference to principles such as equity, fairness, equality, need and desert, and searching for solutions to these problems in the light of the same principles constitutes the subject-matter of social justice. In this sense, social justice is a critical as well as constructive concept and activity (Miller 1999: X).

On the other hand, although we can talk of a core for the scope of social justice in terms of the just distribution of certain social resources, its ultimate boundaries are flexible rather than fixed, and are open to change according to the circumstances of time and place. The line between the related rewards and burdens, and the borderline for its scope is unstable and dynamic.

Agents that might assume a role in the realization of social justice can be divided into categories of governmental and sub-governmental institutions. However, success of social justice, is also highly dependent on the existence of a culture of social justice among the members of the respective society. Development of such a culture may also play a constructive role in overcoming the “justice/freedom” dilemma.

5 It is interesting that the title of the second volume of Hayek's famous work *Law, Legislation and Liberty* is *The Mirage of Social Justice*. (F. A. Hayek. 1998. *Law, Legislation and Liberty*, Vol. 2 *The Mirage of Social Justice*. London: Routledge, especially Section 9).

6 Information presented from here onwards until the last two paragraphs of this section is based on David Miller's *Principles of Social Justice* (Miller, 1999, pp. 1-13)

So far, social justice has been approached mainly with reference to a society and its institutions. However, there are also others who discuss it in the context of familial or inter- and intra- cultural relations, and in the framework of cross boundary and intergenerational relations.<sup>7</sup>

In conclusion, it can be said that like most of the concepts in the social sciences, “social justice”, despite its widespread circulation, does not have a meaning that entertains a consensus. If so, then it means that one needs to be less assertive but more cautious and modest when dealing with matters related to it.

## The Problem of Methodology

As discussed above, “social justice” is a relatively new, even modern term, and it is not likely to be seen as a term in any text written prior to 19<sup>th</sup> century. Hence, no such terms as al-‘adl al-ijtimā’ī (a possible Arabic version of social justice), or “adalet-i ijtimā’iye” (a possible Persian version of social justice) appears in al-Ghazālī’s works, who wrote in both Arabic and Persian. So, would it not be some sort of anachronism to look for this concept in al-Ghazālī’s works?

We shall first give a theoretical answer to this question, and then try to support it with empirical evidence.

To begin with, that a term was not used in a specific period of time does not mean that there were no realities corresponding to it either—there might be phenomena that have not been *denominated* yet, waiting for a proper name. In other words, sometimes facts may precede ideas while just the opposite may also be the case. For instance, would it be correct to say that there was not anything related to “social justice” whatsoever until that term was coined in 1840s? On the other hand, there is the possibility that a phenomenon expressed by a term in a certain cultural framework may have been expressed by a different term in another cultural milieu. It can safely be said that these two possibilities and their intermediate forms hold almost always true for studies related to the historical development of contemporary phenomena. Naturally, it is also possible for certain terms, concepts and institutions to be peculiar to a specific period of time.

As to *justice* and *social justice*, the subject-matter of this study, there is not any-

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7 For some examples see, David Boucher and Paul Kelly (Eds.) 1998. *Social Justice*. London and New York: Routledge; Matthew Clayton and Andrew Williams (Eds.) 2004. *Social Justice*. Oxford: Blackwell.

thing problematic about the former in the sense we are going to discuss it here. The idea of justice and the related institutions have almost always existed throughout the entire history of humanity known to us, and there is nothing controversial about its presence in the present context either. However, this is not the case with the latter, and we have already indicated just above that the concept of social justice is highly controversial and that there is no consensus about it yet. Then, we are not in a position to talk confidently about an idea of social justice that does “exist” now but did not “exist” at all in certain earlier times. This relative uncertainty about the concept of social justice does not allow us to discuss the related issues in an assertive and inflexible manner—neither in positive nor in negative terms. It is for this reason that we are not going to adopt such an attitude in dealing with it in al-Ghazâlî’s thought. Instead, we shall assume a cautious attitude that is open to other probabilities. In other words, instead of accepting or rejecting its availability in the Ghazâlîan intellectual context in advance, we shall scan his works using social justice as a working hypothesis, and then try to decide in an inductive way. Moreover, even among those who have remarkably contributed to the development of the modern idea of social justice, there are scholars discussing it with reference to thinkers of old times such as Aristotle and St. Thomas.<sup>8</sup>

It is interesting that in the case of “distributive justice”, which is sometimes used as synonymous to “social justice” as already noted above, the situation is almost diametrically opposite. There is no disagreement that that term dates back to some very old times in history; however, there is much controversy regarding its conceptual aspects and the circumstances of life to which it corresponds.

To summarize in a comparative way, one could say that there is no doubt that as a term *social justice* is *new* and *distributive justice* is *old*. But, what is exactly denominated by each of them has been the subject of much controversy throughout history including modern times.

The example to be given below is quite instructive as it shows that there can be tremendous disagreement even between the highly respected representatives of such an established topic as distributive justice.

John E. Roemer, the author of a book titled *Theories of Distributive Justice*, claims that the theory of distributive justice dates back to at least 2000 years ago (Roemer 1996, p. 1). On the other hand, Samuel Fleischacker, the author of another book titled *A Short History of Distributive Justice*, argues that distributive justice in

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<sup>8</sup> David Miller is an example. See section 2 and 6 in Miller (1999).

its modern sense dates back only little more than 200 years (Fleischacker 2004, p. 2). No doubt both of these writers have good reasons for their respective claims; however, one can safely guess that none of their reasons can be more telling than the fact that it is primarily the nature of the subject in question that allows scholars of this calibre to have such remote opinions and arguments on the same matter. This is also the source of what we have already hinted at as the highly vague and slippery terminology of the social sciences, and which requires those who work in this area to assume a more modest and cautious, or rather a *realistic*, attitude consistent with the nature of their subject area. Obviously, such a state of affairs need not lead to some sort of agnosticism; it rather must serve as an additional justification for an attitude of modesty and caution in dealing with problems of this kind.

On the other hand, disputes and disagreements notwithstanding, studies on the history and provenance of the idea of social justice are developing with considerable pace just as it is case with other similar topics. We shall give just two interesting and important examples.

The common theme of studies in a volume edited by Irani and Silver (1995), *Social Justice in the Ancient World*, is the origins and development of the idea of social justice in ancient Chinese, Indian, Iranian, Mesopotamian, Egyptian and Greek civilizations, and later in Roman and Islamic civilizations. The papers included in this volume had earlier been presented in a conference<sup>9</sup> held in City University of New York in 1993.

On the other hand, in another collection of papers published three years later, edited by Lowry and Gordon (1998), and titled *Ancient and Medieval Economic Ideas and Concepts of Social Justice*, the history of the idea of social justice is tracked from ancient times to modern times, covering medieval times as well.

The first collection contains 15 papers and the second one 14, which means that 29 scholars have participated in research efforts on the history of social justice just within the confines of two volumes.

Obviously, encouraging, rather than discouraging—or worse, prohibiting—research and discussion on controversial issues is more conducive to the development scientific knowledge. In line with this understanding we see Lowry, one of the editors of the second collection mentioned just above, telling his readers that they, as editors, had agreed not to attempt a definition of social justice at all in order to avoid methodological disputes (Lowry 1998, p. 1). In the first collection

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9 Conference on *Social Justice in the Ancient World* (City University of New York, 1993).

of articles, on the other hand, such methodological considerations had totally been by-passed, and the matter was totally left to the respective scholars to decide.<sup>10</sup>

Although it may look like a digression I would like to express at this juncture one of my conjectures related to the case in point. I believe that a major source of confusion and counter productivity in the fields of socio-economic history and history of social sciences, or rather of history and the history of sciences in general, is that studies in these fields have been conducted oblivious of or without giving due consideration to the Islamic era—the factually inseparable and indispensable partner to the European history since the 8<sup>th</sup> century. This has resulted in such an awkward situation that whereas the factual history of Europe heavily carried and reflected the influences of interactions with the Islamic history and civilization, academic studies on the subject have remained oblivious of this huge fact. So, it is not quite a surprise that such a state of affairs should result in questions that are not and cannot be adequately answered, and in problems that are not and cannot be properly solved.

Due to the nature of the area that we are dealing with, we shall assume a more cautious and less assertive approach in the present work. For instance, instead of resorting to excessive interpretation, we shall try to go ahead with the less controversial source material derived from the intellectual legacy of al-Ghazâlî. In a sense, we shall be employing some sort of an inductive method. Lastly, we shall not resort to comparisons unless in exceptional cases where we find it compelling, as they frequently involve the risk of anachronism.<sup>11</sup>

## Al-Ghazâlî and the Problem of Justice in General: A Conceptual Map

### *Sources*

The usual way of investigating a subject is to start with a review of the relevant lite-

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10 Lowry prefers not to give any definition of social justice. As can be remembered, we do give a definition of social justice; however, not in order to use it as a sole reference in our study, but just to provide the reader with some basic information about the topic, and only as one of the many possible definitions. Admittedly, the issue of definition is by its very nature a problematic one. Providing various alternative definitions, and then looking for what corresponds to each of them in the past, especially within a single paper, would be an impossible task.

11 However, if so desired, for more general comparisons the above-mentioned collections of papers, especially Irani's and Adelson's papers, which discuss the issue in a relatively more general and shorter manner, and for the comparison of al-Ghazâlî's ideas with his contemporaries, Langholm's paper can be consulted (Irani, 1995, Adelson, 1995 and Langholm, 1998, respectively).



rature. It is surprising that we have been able to find only one work on the subject, which is also a vindication of the need for a study of this kind.

The work we found was Ozay Mehmet's article titled "Al-Ghazzali on social justice. Guidelines for a new world order from an early medieval scholar" (Mehmet 1997). That, as far as we know, this article is the only work available on the subject, is very much to the credit of the work and its author; however, it is not a good indicator for the subject area itself.<sup>12</sup> On the other hand, this article has a handicap: it is based only on one of al-Ghazālī's books, and unfortunately the authenticity of the same book is seriously questioned. Let us try to clarify what we mean.

Ozay Mehmet's paper is based on an English translation (Bagley, 1964) of *Nasīhat al-Mulūk*,<sup>13</sup> a book attributed to al-Ghazālī—originally written in Persian but later on translated into classical Arabic with the title *al-Tibr al-Masbūk fi Nasīhat al-Mulūk*.<sup>14</sup> English translation was made by Bagley with considerable rigor and competence. So, almost all conditions for a good work seemed to be there: the topic was interesting, the scholar was well qualified, and the translation was credible. However, the problem lied elsewhere: the work was based on only one of al-Ghazālī's books, and, unfortunately, this was a book whose authenticity has been under debate for quite some time.<sup>15</sup> However, in our opinion, after the publication of P. Crone's paper in 1987 there is no room left for doubting that the second half of *Nasīhat al-Mulūk* does not belong to al-Ghazālī.<sup>16</sup> If so, then this will have consequences for Ozay Mehmet's work: its value will depend on the fate of *Nasīhat al-Mulūk*, and to the extent that it is based on the second part of that book, it will

12 We have to mention here that we also came across another "article" on the subject: Randeree, K. (2015) 'An Islamic Perspective on Economic and Social Justice' in Jonathan H. Westover (Ed), *The Organizational and Business Ethics Imperative* (pp: 235-244). (Published PDF deposited in Curve January 2016). However, this "article" is unfortunately far from being a genuine work; in fact, it is nothing but a partial reproduction and rephrasing of Ozay Mehmet's article. Of course, there is no mention of Ozay Mehmet in the "article" and there is no reference to him. A comparison with the corresponding parts of Ozay Mehmet's article (Mehmet, 1997) will be enough to see the seriousness of the case. That this is done by a Muslim writer and in a work related to "social justice" is the cause of additional regret.

13 *Nasīhat al-Mulūk*. Ed by Jalaladdin Humāyī. Tehran: 1351 (Shmasi). (From now on, this text will be referred to as "Nasīhat").

14 *Al-Tibr al-Masbūk fi Nasīhat al-Mulūk*. Edited by Ahmad Shamsuddin. Beirut: Dār al-Kutub al-Ilmiyya, 1409/1988. (From now on, this text will be referred to just as "Tibr").

15 For a discussion on *Nasīhat al-Mulūk* and its authenticity, see Crone (1987, pp. 167-170)

16 By the second part of the *Nasīhat al-Mulūk*, we mean the part of the book that starts with the section titled "al-Bāb al-'Awwal: Fī Dhikr al-Adl wa al-Siyāsa wa Dhikr al-Mulūk wa Siyarihīm" in the Arabic edition, and with the title of "Bab-i Awwal: Dar 'Adl wa Siyāsāt wa Sīrat-i Mulūk wa Zikr-i Pādishāhān-i Pishīn wa Tārikh-i Haryaki" in the Persian edition, up until the end of the book. In the Arabic edition, this section constitutes 2/3 of the book, and in the Persian edition it constitutes 3/4 of it as Humayī himself states (Humayī 1351, p. 64).

lose its connection to al-Ghazâlî. However, it may still keep a value as a work on the ideas of an obscure thinker in the intellectual history of Islam.

Obviously, this state of affairs will have some consequences for the present study as well. The most important consequence is going to be that the second parts of *Tibr* and *Nasîha* will be disqualified as a source to be used in this study. On the other hand, we are now in a position to safely state that the first parts of *Tibr* and *Nasîhat* belong to al-Ghazâlî. One basis for such confidence is that we know now that the first parts of *Tibr* and *Nasîhat* and the last part of al-Ghazâlî's *Fadhâih al-Bâtiniyya* share almost identical themes, except for some minor differences in wording and order of presentation. The correspondence between these two sets of text solves the problem of ownership of the first parts of *Tibr* and *Nasîhat*, on one hand, and confirms the authenticity of *Fadhâihu'l-Bâtiniyya*, on the other.<sup>17</sup> In short, this situation establishes the authenticity of these two important texts that are among the major references of this study. Another basis of our confidence regarding the authenticity of these two texts is that both are further confirmed with a similar though shorter section in *Kimiya-i Saâdat*, another important book by al-Ghazâlî (*Kimyâ*, pp. 349-360).

Naturally, the texts to turn to when trying to understand al-Ghazâlî's ideas on justice and social justice are his own works. When trying to do this, we faced with quite a surprising situation. We supposed the usual places for finding source material related to justice and social justice to be the books related to jurisprudence. On the other hand, al-Ghazâlî was one of the most prominent figures in the history of Islamic jurisprudence. He had voluminous books such as *al-Basît*, *al-Wasît*, *al-Wajîz* and *al-Khulâsa* in Fiqh, and also important books such as *al-Mankhûl*, *Shifâ al-Ghalîl* and *al-Mustasfâ* in Usûl al-Fiqh. What is more, these books count among the classics of Islamic law and jurisprudence, and even some of them are considered among the major texts of their respective areas. This being so, we were quite optimistic that an abundance of source material related to justice and social justice would be available in al-Ghazâlî's books on Islamic law and jurisprudence. Of course, we did not expect to find any title directly related to "social justice" in these works. However, it came quite as a surprise when we did not come across any title related even to "justice" either in them. Yes, there was a mention of the term "adâlah" but it was not used in the sense we were looking for—it was used in the sense of the integrity required to qualify as a witness in law courts.

17 We will have an opportunity to discuss the relation between these two sets of text again later on: "Social Justice (4): State and Justice".

On the other hand, we knew from our earlier readings that passages related to justice and even to social justice were available in al-Ghazālī's other books, especially the ones related to morality, Sufism and politics. Indeed, we had no trouble in finding the material required for this paper in his *Ihyâ Ulûm al-Dîn*, *Jawâhir al-Qur'ân*, *al-Maqsad al-Athnâ fî Asmâillah al-Husnâ*, *al-Iqtisâd fî al-Itiqâd*, *Fadhâih al-Bâtiniyya*<sup>18</sup> and the above mentioned *Tibr* and *Nasîhat*. Faced with no shortage of material, we preferred not to refer to al-Ghazālī's books which are vulnerable to any kind of suspicion. As a consequence, the set of material employed in this study is composed only of texts whose authenticity is beyond question.

We shall complete this section by an illustration of what we tried to say in the previous paragraph. Among the books ascribed to al-Ghazālī, *Mizân al-'Amal* is one of the richest in terms of the material related to the topic of the present study. However, there are serious doubts about the authenticity of this book. As a case in point we can refer to W. Montgomery Watt's attitude towards it. Watt, a prominent authority in Ghazālīan studies, had raised doubts about the authenticity of this book as far back as in 1950s. However, since his suspicion about the authenticity of the book was not wholesale he had offered a plan for reconstructing an original version from what stands as the printed version (Watt, 1952, pp. 38-40, 45). Our personal opinion regarding this book is quite similar, but for different reasons. In an earlier stage of our studies on al-Ghazālī, prompted by an indication in a source that unfortunately we cannot recall now, we had an opportunity to compare *Mizân al-'Amal* with Râghib al-Isfahânî's *al-Dharî'a ilâ Makârim al-Sharî'a*<sup>19</sup> with the conclusion that there were unmistakable similarities between the two texts in terms both of form and content—a curious fact awaiting for a proper explanation by the students of the field. This being the case, and in order to remain consistent with the above-mentioned methodological rule, we prefer to keep *Mizân al-'Amal* out of the set of references for the current work until the problem of its authenticity is resolved.

### **The Concept and the Definition**

Before proceeding to definitions, we need to clarify certain terms and concepts that are employed in this essay.

18 From here on, we shall refer to al-Ghazālī's books only with the first word of their title, dropping the prefix "al-". Accordingly, the books mentioned in the present section will be referred to as follows: *Ihyâ*, *Jawâhir*, *Maqsad*, *Iqtisâd* and *Fadhâih*. This will be the case with his other books to be mentioned in the following sections of this study.

19 We would be grateful to colleagues who may inform us about sources that include such information.

First, it must be pointed out that the term “adâlah” is used both in Turkish and Arabic, but with quite different meanings in its usages in these two languages. The term in its usage in Turkish stands for what is currently known as “justice” in English whereas in Arabic, especially in the literature of classical Islamic jurisprudence, it is used mostly to indicate the honesty and trustworthiness of a person—a witness in a law court for instance.

From a semantic point of view the Arabic term corresponding to its Turkish counterpart, “adâlah”, is “al-adl”. However, it should be noted that the latter term is not used solely to refer to “justice” but is used also as a grammatical term to denote some etymological variations of the nouns.

We will have an opportunity to further discuss the relationship between the concepts “al-adâlah” and “al-adl” below; however, in order not to leave any room for conceptual confusion we need to note here that whenever and wherever we talk about “justice” in this study, we will be talking about the term and concept of “al-adl” as used in classical Arabic sources, unless indicated otherwise.

### *Definitions of Justice by al-Ghazâlî*

Al-Ghazâlî defines justice, i.e. “al-adl” in *Ihyâ* as “giving everybody what is their due” (*Ihyâ*: III, p. 368). In another place, he refers to justice as a situation where a person gets no less or no more than his/her due. (*Ihyâ*: III, p. 181). In still another place, he defines justice as “putting things and matters (*umûr*) to their proper places as specified by Sharia and custom” (*Ihyâ*: III, p. 369). However, one also sees him referring to justice simply as putting things to their proper places (*Maqsad*, p. 100). Again, with reference to human behaviour he defines justice as “being free of excess and deficiency (*ifrât* and *tafrît*), and keeping a balance between a pair of scales” (*Ihyâ*: IV, p. 103). With respect to human attitude towards hope and fear, he finds justice in keeping the two in balance (*Ihyâ*: II, p. 337).

As can be inferred from these definitions, in al-Ghazâlî’s view, justice does not mean absolute equality. Indeed, we see him saying that “prioritizing what is perfect to what is not is justice *par excellence*” (*Ihyâ*: IV, p. 258). On the other hand, he does not consider justice as limited to any race, complexion or religion, and is of the opinion that everybody has a right to claim a share in justice: “Everybody under your sovereignty, the red, the black, Muslim or non-Muslim, has a share of justice that you have to deliver” (*Ihyâ*: II, p. 349). (Awzâ’î addressing Caliph Abû Ja’far Mansûr in an anecdote quoted by al-Ghazâlî approvingly).

Al-Ghazâlî warns that sometimes *injustice* is confused with hurting others, and *justice* again confused with doing favours to other human beings, and he objects to this interpretation by way of example. According to him, for instance, if a ruler opens his treasures by distributing his wealth to the rich, giving his weapons to scholars and assigning them to positions requiring use of weapons, and on the other hand, if he gives his books to soldiers and fighters as well as handing over mosques and schools to them, he would surely be doing some sort a favour to these people; however, he would at same time be deviating from justice and committing injustice for putting things out of their proper places. Conversely, treating people with medicine and other appropriate ways, and punishing criminals for their crimes would surely be some sort of disturbance and suffering to them, but it would at the same time be an exercise of justice as things would thus be put to their proper places (*Maqṣad*, p. 100).

Al-Ghazâlî thinks that there is a strong link between reason and justice. According to him, justice is a product of a mature intellect. The maturity of the intellect, on the other hand, requires seeing things as they are and reaching their internal truth instead of being deceived by appearances. One who is not intelligent cannot be just either. And one who is not just ends up in hell. Therefore, the substance or basis of all happiness is intelligence. (*Tibr*, p. 23)

Al-Ghazâlî, gives another definition of justice with reference to an anecdote he quotes approvingly. It is reported that when Omar b. Abdulaziz asked Muhammad b. Ka'b al-Qurazî to 'define justice', he answered as follows: "Be like a son to every Muslim older than you, be like a father to every Muslim younger than you, and be like a brother to every Muslim of the same age as you. Punish every criminal in accordance with his crime. Do not dare whipping a Muslim even one more time than he deserves; that will drag you into the Hell (*Tibr*, p. 20; *Fadhâih*, p. 214).

In another context, he finds a connection between justice and moderation (*qanâ'a*), and claims that there cannot be justice without moderation (*Tibr*, p. 27).

In still another context, he states that true justice could only rarely be attained in human behaviour and relations, and that therefore one needs to pay due care and attention to the interests of the other party to the transactions of buying and selling. He advises his reader that it is more prudential to get less (than what one thinks is one's due) when selling and to give more (than what one thinks is due to the other party) when buying as there is the risk of violating the rights of the other party while trying to get one's due in full (*Ihyâ*: II, p. 77).

As we shall see later on, al-Ghazâlî also defines justice in a negative way with reference to its antonym, injustice, as “avoiding from injustice” and “doing no harm to others”.

### *Definitions of Justice in Classical Terminological Dictionaries*

In order to be able to consider al-Ghazâlî’s definition(s) of justice in a wider intellectual context we shall give some other examples of definitions of justice available in classical terminological dictionaries—an interesting and valuable literary genre of Islamic intellectual legacy. As these dictionaries, generally speaking, contain standard definitions of terms employed within Islamic cultural milieu, they may open space for meaningful comparisons. And in order to make such comparisons even more meaningful we shall arrange the relevant sources in a chronological order starting roughly from al-Ghazâlî’s own time. These sources are Râghib al-Isfahânî’s *al-Mufradât*, al-Jurjânî’s *al-Ta’rîfât*, Abû’l-Baqâ’s *al-Kulliyât* and al-Tahâwî’s *al-Kashshâf*.

Isfahânî states that the Arabic terms “adâlah” and “muâdala” imply equality. He, on the other hand, defines “al-adl”, which is the usual Arabic term for the concept of “justice” as “equal distribution”, and divides it into two categories:

1. Absolute Justice. This is the sort of justice that reason judges as good—one that will never run the risk of invalidity and will never become subject of debate and dispute. (Clearly this can be described as rational or universal justice.)
2. *Shar’î* (or legal/juridical) Justice. Isfahânî defines this as the sort of justice that is determined by the law and that it is vulnerable to change with time. Examples given by him are verdicts on retaliation and murder. (In a sense, this may in turn be considered as relative justice.)

Finally, according to him, justice is based on the principle of equality in reciprocation: good for good and harm for harm. Isfahânî also adds a definition of the term *ihsân* in comparison with justice (*al-adl*): reciprocating goodness with more of it and harm with less of it (Isfahani, 1431 H, p. 551).

Isfahânî, with reference to linguists and the majority of *ulamâ’* (jurists), also provides a definition of injustice (*zulm*) in its capacity as the opposite of justice: “putting things in places not proper to them”, or “putting things in places improper to them”. Furthermore, with reference to some wise men (*hukamâ*) he makes a tripartite classification of injustice (*zulm*): injustice between a human being and God, between a human being and others, and between a human being and his/her own self (*nafs*) (Isfahani, 1431 H, pp. 537-538).

Al-Jurjānī assumes a slightly different definition of justice. According to him, justice (*al-adl*) is the balance between excess and deficiency. Furthermore, he points out an interesting aspect of the relation between the terms *adālah* and *al-adl*: *al-adl* is an infinitive used to mean *adālah*, and *adālah* means being balanced and on the right path, which means in turn being oriented towards the truth (*haqq*) (Jurjani, 1983, p. 147).

Al-Jurjānī's definition of *zulm* (injustice) is as follows: "*Zulm* is taking something from its proper place and putting it somewhere else." He later states that the meaning of *zulm* in Sharia is straying from the truth (*haqq*) to falsehood (*bātil*), which is also called "jawr". Finally, he mentions that there are those who consider *zulm* as disposing someone else's property and trespassing one's own boundaries (Jurjani, 1983, p. 144).

Abū'l-Baqā' starts by stating that "al-adl" is the opposite of "al-jawr". Then he defines *al-adl* in an ambiguous way as "giving what is unfavourable and taking what is favourable", which may very well be understood as "giving others what is their due and taking from others what is one's own due." (Abu'l-Baqā', n.d., pp. 639-640).

Abū'l-Baqā's definition of *zulm* i.e. injustice, is somewhat like a combination of the foregoing definitions: "*Zulm* is putting something somewhere other than its proper place, depriving someone of his/her property, and crossing the boundaries determined by the lawgiver (*Shāri'*)." (Abū'l-Baqā', p. 594)

It is interesting to note that al-Tahānawī, who lived in an age closest to ours compared to all other foregoing scholars, never speaks of "al-adl" in its sense that is the subject matter of the present study, though he discusses it in much detail as a grammatical term in Arabic. (al-Tahānawī 1996: II, pp. 1166-1167; 1169-1170).

Al-Tahānawī after defining *zulm* (injustice) as putting something somewhere it does not belong to, goes on by saying that it is defined in Sharī'ah as straying away from the truth (*haqq*) to falsehood (*bātil*), and that it is synonymous to the word "jawr". On the other hand, he states that *zulm* is sometimes defined as disposing of someone else's property, and as crossing one's own boundaries, and then he proceeds to say that in this sense it cannot be attributed to God, followed by a lengthy theological discussion that runs on quite similar lines to those of al-Ghazālī's to be examined below under the title of "Divine Justice" (al-Tahānawī 1996: II, pp. 1152-1153).

At the end of this presentation, one can safely conclude by saying that definitions of justice provided by the authors of terminological dictionaries, of whom



three lived after al-Ghazâlî, correspond and coincide basically with the definitions made by him, and most probably are reflecting earlier influences including that of all-Ghazâlî.

### ***Classification and an Attempt to Create a Conceptual Map***

Having presented some available definitions, we can now try a classification, and moving from it we may also try to derive a conceptual map. Thus, we shall obtain an overview of the theoretical terrain in which we are going to travel.

However, it must be noted right at the beginning that although the basic reference of our classification is going to be the works of al-Ghazâlî, the general framework of classification and especially the wording of some of its lower-level ingredients such as “social justice” do not belong to him. These are things that we will be deriving somewhat inductively from the body of the related material.

Various criteria can be employed when attempting a classification. Here, the *subject-object* relationship in its grammatical and philosophical senses will be employed in the classification of actions and situations related to justice—priority being given to the *subject* of the act of justice. Admittedly, the term “subject” is open to confusion and ambiguity in its English usage. We may try to reduce confusion by adding that in its usage in this context it corresponds to the Arabic term “fâ’il”. Alternative terms in English could be “agent” or “doer”. As we shall see later when classifying human acts into transitive and intransitive, al-Ghazâlî himself is not alien to such a classification at all.

From this point of view, a distinction can be made between the *divine* justice and *human* justice. In divine justice, the *subject* of the act of justice is God, whereas in human justice, it is a human—an individual, a society/community or an institution, e.g. a state. When the *object* (that is, the addressee or the beneficiary) of the act of justice is taken into consideration, it is clear that the object of divine justice will be the whole creation including human beings, which is also true of human justice, *mutatis mutandis*.

On the other hand, human justice can be classified into two further categories: *individual* justice and *social* justice.

In *individual justice*, the subject and the object of the act of justice overlap. In other words, the subject and the object of justice are identical, i.e. the respective individual himself or herself. Still in other words, individual justice is the realization of justice within the individual himself or herself. In this sense, it can also be



called *moral justice*. Justice is normally a *transitive* act, which means that its *subject* and *object* are different. Then, individual or moral justice constitutes an exception to the rule, a special case. As a being with internal conflicts, the human individual needs to keep a balance between his or her conflicting urges, motives and instincts. Individual or moral justice can be said to be a name for the individual efforts aimed at this purpose.

With *social justice*, we enter into the usual territory of justice. This is because, as pointed out earlier, the act of justice is transitive in character, and normally its object lies outside its subject. And only with the area of social justice we start observing this characteristic to be the case. However, we must draw attention to the fact that social justice as discussed here may not coincide and correspond properly to social justice in its modern sense. Actually, what we mean by social justice at this juncture is none other than the justice in its usual and general sense. One reason why we start using the term social justice is that justice is itself a social phenomenon by definition as it is almost always related to a second party which is normally a social entity. Another reason is that at this stage of analysis we are trying to differentiate it from the *individual* or moral justice just mentioned in the preceding paragraph. However, as our analysis evolves into its later stages, and as the details find enough opportunity to appear, we will see that there are pretty much common points between the concepts of social justice as discussed here and of social justice in its modern sense.

In the sense just mentioned, one could say that basically there are three *subjects* to the act of social justice: an *individual*, a *society* and a *state*.

There can be two different kinds of the situations where the *subject* of the act of justice is an individual depending on the variations in the respective *objects*: in one of these prospective situations the *object* or the addressee of the act of justice is an *individual*, and in the other it is a *society* as a whole.

In acts of social justice where the *subject* is a society, usual *objects* or addressees are individuals or sub-societal groups within that society. On the other hand, a state can also be an object of a society's demands for justice; however, not as a *beneficiary* of the act of justice, but as the provider and *distributor* of justice. Inter-societal justice relationships can be considered as another category here; however, this kind of social justice is not part of the scope of this paper.

In cases where the *subject* of the act of justice is a state, the *object* or the beneficiaries can be individuals, social groups or a society as a whole.

Finally, there is another kind of acts of social justice that possesses two subjects: *zakât*. The reason why *zakât* is considered to have two subjects is that though *zakât* is the responsibility of and paid by individuals who meet certain standards, the implementation of *zakât*, that is the collection and distribution of its funds, is the responsibility of the state—a practice that used to be case at least in the classical period of Islamic history.

The general framework within which we think al-Ghazâlî carried out his discussion of issues related to justice can be said to be as depicted above. Within this framework, we shall discuss “Divine Justice” first, then “Individual Justice”, and finally “Social Justice” in its general sense as indicated just above. However, since it constitutes the central point of this study, matters related to social justice will be discussed in greater detail. It will begin by an introduction emphasizing the priority of what is social in al-Ghazâlî’s thought with reference to his approach to human actions in terms of their transitivity and intransitivity, then it will proceed to a closer examination of the topic under four separate titles, each representing and corresponding to a version of the previously discussed object-subject relations.

Considering the substance of the set of material available to us, the problem of justice in a Ghazâlîan framework, instead of the *subject-object* relationship we are employing in the present work, could very well have been approached from the point of view of a vertical cosmological order as well, in which case it would have been classified as justice in *macrocosm*, *sociocosm* and *microcosm*. Alternatively, we would then be talking about macrocosmic justice, sociocosmic justice and microcosmic justice.

## Divine Justice

Al-Ghazâlî is of the opinion that God is just by definition, but that His justice is not of the same kind as human justice. His reasoning on this issue can be summarized as follows.

Committing injustice (*zulm*) in the sense of disposing of or appropriating someone else’s property is conceivable about human beings; but this does not apply to God as there is no property that does not belong to Him. Everything except He himself, humans and *jinns*, angels and demons, earth and heavens, plants, animals and non-living things, the intelligible, the perceived and the felt are all accidental (*hâdith*) things created by Him from nothing. He created them while only He was there and nothing else was in existence, not because He needed them, but just

because He wanted to reveal His might. Therefore, no one and nothing is in possession of any right to claim against Him, and again, therefore, no injustice (*zulm*) whatsoever can be conceived of Him (*Ihyâ*: I, pp. 91, 112-113).<sup>20</sup>

Al-Ghazālī reminds his readers that among the names of Allah (*asmâ al-husnâ*) there also are *al-adl*, that is the Just, and *al-Muqsit*, that is the one who takes what is the due of the oppressed from the oppressors and returns it to the oppressed (*Maq-sad*, pp. 142-143). And in line with the definition of justice provided in the previous section, he defines “Divine Justice” as a state of affairs in which each and everything in the universe and in the human sphere are in their proper places.<sup>21</sup> According to him, both in the universe as a whole and in human sphere, there is an order based on wisdom and justice. He tries to explain this order with examples he draws both from the universe and the human sphere, and summarizes the issue as follows:

In short, know that if something is created somewhere, it is because the respective place is most appropriate for that thing. If it were placed to the right or left of that place, or above or below it, it would appear to be deficient, inconvenient, ugly, disproportionate and/or unpleasant. For instance, the nose is created as located at the middle of the face; if it were created as placed on the forehead or on the cheek, this would involve some vitiation of its benefits (*Maq-sad*, p. 99).

Al-Ghazālī’s approach to divine justice or macrocosmic justice cannot be explained more succinctly and eloquently than his own words:

Everything that Allah, may His name be exalted, distributes among His subjects such as livelihood and lifetime, joy and sadness, weakness and power, faith and infidelity, obedience and rebelliousness, are absolute justice in which no injustice (*zulm*) is involved at all, and are pure fairness with nothing wrong in it. This distribution is conducted on the basis of a fair and necessary order which is exactly as it should be, and which is also exactly as much as it should be. A better, a more complete and a more perfect distribution is not within the range of possibility at all. If it was (possible), and if He spared it and did not grant it while He was able to do it, this would be a stinginess which contravenes generosity, and an injustice which contravenes justice. If, on the other hand, it did not fall within His power, that would be a weakness inconsistent with divine omnipotence (*Ihyâ*: IV, p. 258).<sup>22</sup>

20 For a more detailed discussion on the subject, see al-Ghazālī’s *al-Iqtisâd fî al-’I’tiqâd* (*Iqtisâd*, pp. 99-100). He narrates here the famous parable of three brothers (or three children), which he had devised against *Mu’tazilah* and which he is fond of narrating whenever the occasion arises (*Ihyâ*: I, 112).

21 In his *Jawâhir al-Qur’ân*, al-Ghazālī provides a list of the Qur’anic verses related to the issue of justice (*Jawâhir*, pp. 46, 94, 156, 159, 161, 164 and 174).

22 For an alternative translation see Eric L. Ormsby (1984, p. 39). For another text written in a later period summarizing and confirming opinions expressed in this and the previous paragraph, see *Tibr*, p. 12.

No doubt these words are as profound, unsettling and questionable as they are succinct and eloquent. As a matter of fact, we see them, alongside some of his other ideas, to be the subject of heated debate and dispute starting right during his lifetime, to which he tried to respond (*Imlâ*, pp.35-36). What is more, the related controversies assumed a protracted form and continued for centuries after his death up until today. In this respect, it resembles the famous philosophical controversy that erupted around al-Ghazâlî's criticism of philosophy, which remains to be part of the agenda even in our own day.

In our opinion, in order to make a proper sense of the passage quoted just above, first and foremost, it must be placed within the context of the immediate 15 lines above and below it respectively. Then the 5th book of the Volume IV of *Ihyâ* titled "Kitâb al-Tawhid wa al-Tawakkul" must be added as a whole to the reading list. However, it must be admitted that none of these may prove to be enough for a conclusive solution to the problem as is evidenced by the protracted continuity of the controversy.

One reason for this is that the passage under discussion covers almost all the basic ingredients of a larger problem known as "Theodicy" in the Western cultural milieu, which assumed wider circulation after Leibnitz. Theodicy is a theory characterized by its optimism; however, there is a colossal front of "pessimism" against it encompassing also the enduring "problem of evil", and the tension between these two attitudes is still going on with considerable vigour.<sup>23</sup>

To agree or disagree with al-Ghazâlî in the final analysis notwithstanding, it is necessary, in the name of justice and fairness, to state that taking the passage under discussion in isolation and interpreting it literally may lead to conclusions that fall far out of al-Ghazâlî's intended meaning. For instance, this paragraph may be interpreted in a way to support the doctrine of *Jabriyya*; however, it is well known that al-Ghazâlî was not a supporter of that doctrine. Again, this paragraph can be used as a reference for legitimization of the status quo in its political, social and economic senses whereas such an interpretation cannot hold in the face of his career and reputation as a reformer and reviver. However, though problematic in important ways, we cannot afford more space for a further discussion of this paragraph within the compass of the present study. Therefore, it should suffice to draw a very general framework for analysis and evaluation, and then to refer the rest of the

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23 For a very good discussion of the issue of Theodicy in relation to the intellectual history of Islam, in general, and to its Ghazâlîan version, in particular, see the book by Ormsby mentioned just above, especially its "Introduction" (pp.3-31).

issue to other works on the subject, alongside the works of the author himself.<sup>24</sup>

To start with, the controversial passage we are talking about, was written within the context of a discussion on “tawhîd” (unity). And this in turn was being discussed in order to establish a foundation for the issue of “tawakkul” (reliance on and trust in God). According to a method of approach al-Ghazâlî assumes and employs particularly in the first five chapters—or “kitâbs” as he himself calls them—of the fourth volume of *Ihyâ*, there are three dimensions of human behaviour: “ilm” (knowledge), “hâl” (state of mind) and “amal” (action). ‘*ilm* constitutes the knowledge-based foundation and the epistemological dimension of human actions. From the knowledge of a behaviour, one derives a *hâl*, a state of mind or a mental state, which could be said to constitute the psychological dimension of the same action. A matured internal or mental state, i.e. *hâl*, then turns into ‘*amal*, that is to say action, with the exercise of will and power.<sup>25</sup>

Al-Ghazâlî thinks that, likewise, the behaviour he calls “tawakkul” has three dimensions, and “tawhîd” constitutes the ‘*ilm*, i.e. the epistemological, dimension of tawakkul. In other words, he discusses “tawhîd” here as he considers it to be a dimension of “tawakkul”, and in its relation to it, which is what he primarily wants to explain and substantiate. And all the arguments put forward in that paragraph are only part and parcel of this general framework of analysis and explanation. According to him, “tawhîd” is a genre of ‘*ilm*, whereas tawakkul is a *hâl*. A crucial point in this discussion is that al-Ghazâlî does not think the transition from ‘*ilm* and *hâl* to ‘*amal* to be a linear and straightforward process, and warns his readers that if this point is not well taken, it may lead to incorrect conclusions and undesirable consequences. Indeed, we find him complaining about the behaviour of those who confuse the dimensions of *hâl* and ‘*amal*:

Tawakkul is often considered to be the abandonment of the bodily work and of the exercise of prudence via reason, and to slump down like a rag or like a piece of meat on the butcher’s counter. This is what ignorant people presume. This kind of behaviour is prohibited in the religion, and on the other hand, the religion praises those who exercise tawakkul. This being the case, how can one reach a state praised by the religion through a path it finds fault with (*Ihyâ*: IV, p. 265).

24 The foremost reference for this issue is Ormsby 1984. Orman 2013, Chapter 8 and Orman 2014, chapters 2 and 3 and especially pp. 85-93 can also be consulted. However, this reference need not give the impression that the problem has been somewhat solved in these two last works. All that is meant is that these works tackle the issue in greater detail than here.

25 For a discussion of al-Ghazâlî’s three-dimensional approach to human behavior and its significance, see (Orman, 2013, pp. 148-149).

Therefore, it is only natural to expect him to assume a similar approach regarding *tawhîd* as well—the epistemological dimension of *tawakkul*. According to this approach, the itinerary of *‘ilm* to *‘amal* is not direct, but is via dimension of *hâl*. It is obvious that a man whom we found in pains to correct a serious misunderstanding regarding the relations between *hâl* and *‘amal* dimensions as above, would also have quite a similar sensitivity regarding the relation between the *‘ilm* dimension and the dimensions of *hâl* and *‘amal* respectively. In fact, the above correction can serve as a warning against all other possible cases of problematic relations among the three dimensions of human behaviour.

On the other hand, the information to be presented in the coming sections of this paper about his opinions on other aspects of justice may be of some additional help in making a better sense of what is meant in the passage quoted above. However, it would be appropriate to draw attention specifically to a point he made in that passage—his overall reference to the religion as an arbiter of truth. Moving from this premise, one can legitimately infer that in principle anything not in line with the authentic sources of Islam cannot have been intended by him.<sup>26</sup> In other words, al-Ghazâlî himself on the example of the relations of one dimension of human behaviour, i.e. *‘amal*, to the another, that is *hâl*, demands that opinions, attitudes and actions need to be checked against the authentic sources of Islam—a rule that by his own consent should apply to him as well.

Another aspect of the implications of the passage under discussion is worth mentioning here. It is clear that “*tawhîd*” is related to actions (*af’âl*) of God, and not of human beings. Therefore, some of what seems to be the implications of the passage need to be considered from this perspective with due care in order not to jump hastily from the divine sphere to the human one. Rules applicable to human actions (*‘amâl*) are, on the other hand, the subject of religious law on which al-Ghazâlî has much to say.

In addition to what has been said of “*tawhîd*” and divine justice so far, it remains to remind that what al-Ghazâlî basically aims here is to draw attention to the role of “*musabbib al-asbâb*”, *the cause of all causes*, i.e. God, and that He also is there here and now, without denying a role for causes *per se* (*Ihyâ*: IV, p. 258).

However, it must be admitted that the arguments put forward and the explanations attempted here are not sufficient to show that there is not anything proble-

26 For his opinions on the three dimensions of human behaviour and their relations, see also (Orman, 2014, pp. 85-93).

matic about the passage under discussion. Neither has this been the purpose of our efforts. All that we wanted to do has been just to prepare the ground for a better understanding and a fair evaluation.

We conclude this section by drawing attention to an important point in this famous passage which is the major source of controversies on Islamic Theodicy. It is interesting to see that for long centuries, the related controversies have been based on the assumption that the statement “A better, a more complete and a more perfect distribution is not within the range of possibility at all” was referring to the existing or present universe. What is even more interesting, al-Ghazâlî himself refers to something he calls “the form of this universe” (*sûretu hâdha’l âlem*) while responding to criticism regarding this issue (*Imlâ*, p. 35). However, in *Ihyâ*, the original source of this passage, this statement does not refer to the universe or the form of the universe, but to the “distribution by Allah among his subjects” (*Ihyâ*, IV, p. 258). Moreover, it should be noted that there are reservations regarding the origin of the version of *Imlâ* available to us<sup>27</sup>, and therefore, we should be cautious in ascribing the current text in a literal sense to al-Ghazâlî. However, though there is a need to be cautious, there is no doubt that the discussions mentioned just above have been conducted with reference to the existing universe in general and not specifically with the divine distribution mentioned in the original text. No one can say beforehand if the piece of information to which we have drawn attention here may have any effect on the future of the related discussion; yet one can safely say that it certainly deserves to be looked at more closely.

## Individual Justice: Moral Justice

Al-Ghazâlî defines what we call individual justice, or moral justice, as justice in the “homeland of body” (*Ihyâ*: III, p. 11).

In one of his books, while discussing the justice of the rulers or governors, al-Ghazâlî states that the *sun of justice* should first rise in the chest, namely the heart of an individual. In the case of a governor, the sun of justice that rises within him or her, shines his or her household first and then is reflected on his or her relatives and finally on the ruled. “The one who seeks the light somewhere other than the sun itself would be looking for what is impossible, and would be trying to get what is unattainable.” (*Tibr*, pp. 22-23).

27 For more detailed information see Garden (2005, pp. 121-122), and especially footnote number 107 on the page 121.



In his book *al-Maqṣad al-Athnâ*, he presents some sort of a summary of the issues we are going to discuss in this section. After talking about the manifestations of Allah's name "al-adl" (*the Just*) in the universe, he says that there is also an aspect of justice which is related to human beings, and that the first place to look for it is the "attributes" of human soul. In his view, the attributes that human soul should acquire in relation to justice are nothing but putting "desire" and "anger" under the dictates of *reason* and *religion*. Subordination of reason to desire and anger, on the other hand, is injustice (*zulm*). Again, in his view, this is the gist of the justice that one actualizes within himself or herself. Its particulars, on the other hand, consist of obeying all the dictates of Sharia, namely the divine law. Finally, according to him, realization of justice within one's household or immediate environment, or in the case of a ruler among his or her people, also fall within the scope of human justice.

After this general introduction, we can proceed to a more detailed examination of individual justice. Al-Ghazâlî thinks that character (*akhlâq*) is an inner state and form of human soul, and he defines it as follows: "Character is an established state of the soul from which deeds emanate easily and evenly without a need for reflection and deliberation." (*Ihyâ*: III, p. 53). According to him, just as outer beauty cannot be wholesome solely with the beauty of two eyes, and it requires the beauty of the rest of the parts of the face as well, likewise there are four powers or faculties (*quwwa*) of the human soul that without a proper, balanced and proportional state of each, inner beauty or the beauty of character cannot be complete either. These four powers or faculties are reason or knowledge (*ilm*), anger (*ghadab*), desire (*shahwa*), and finally, justice (*'adl*).

The beauty of the faculty or power of *reason* or *knowledge* is attained when one can distinguish between what is true and false in words, between what is right and wrong in beliefs, and between what is good and evil in actions. When this is realized, the fruit of "wisdom" emanates from it. *Wisdom*, on the other hand, is the fountainhead of good character. The beauty of the faculty of *anger* is obtained when its fluctuations, rises and falls are guided by wisdom. When this becomes the case, it generates the virtue of courage (*shajā'ah*). The same applies to the faculty of *desire* as well. And when this is achieved it leads to the virtue of temperance (*'iffah*). As to the faculty of *justice*, it means disciplining of the faculties of desire and anger under the guidance of wisdom, i.e. *reason* and *divine law*. When achieved, this in turn, corresponds to the virtue of justice (*'adl*).

When all these faculties are there in their proper states as outlined above, full or



absolute *moral beauty* is attained; however, when only some of them are there, the moral beauty will remain partial and incomplete as restricted to those available.

In order to make a better sense of what has been outlined of inner beauty or good character the organizing principle and the executive power of which was justice, it will be useful to give some further information about al-Ghazâlî's moral theory.

He maintains that each of the above mentioned four powers or faculties of the soul, with the exception of justice, has one mean and two extremes. One of the two extremes correspond to excess states, an excess (*ifrât*), and the other to deficient ones, a deficiency (*tafrît*). The "mean" (*wasat*), on the other hand, represents a state between these two extremes. He further maintains that the mean states of the powers of soul correspond to virtues (*fadîlah*) which are praiseworthy, and that the extremes correspond to vices (*radhîlah*) which are blameworthy. In other words, the mean state represents virtues, and deviations from it to either extreme represent vices. As a corollary to this, on the one hand, the mean state represents three capital virtues to which almost all other virtues are but derivations, and on the other, the extreme states represent six capital vices from which again almost all other vices derive. As to the power or faculty of justice, it is interesting to note that al-Ghazâlî is of the opinion that it has not any extremes, but just an opposite which he calls *jawr*, i.e. injustice.

As an extension of the above framework of analysis we see al-Ghazâlî telling his reader that when the power or faculty of reason or knowledge is in a mean state it is called wisdom (*hikmah*), which is a virtue. But when it starts serving wrong motives, it goes to the extreme of excess which he calls wickedness (*khubth* and *jarbaza*) and which is a capital vice. If, on the other hand, it goes to the other extreme, that of deficiency, it is called stupidity (*balah*) which is also another capital vice. Similar analyses can be attempted regarding other faculties of the soul. Then the mean state of the faculty of anger will appear to be courage (*shajā'ah*) which is a capital virtue, and its two extreme states to be rashness (*tahawwur*) and cowardice (*jubn*), respectively, which again are two other capital vices. The same logic is true of the faculty of desire whose mean state would be temperance (*iffah*), and whose two extremes would be greed (*sharah*) and total lack of desire (*jumûd*), respectively.

As indicated above already, the power or faculty of justice (*'adl*) is treated by al-Ghazâlî as a special case. In his view, it has no extremes, but just one opposite which is injustice (*jawr*). In other words, the virtue of this faculty does not correspond

to a mean between two extremes, which was the case with other three faculties of the soul. If this faculty performs good enough to keep the faculties of anger and desire under the control wisdom (*hikmah*), then it attains the virtue of justice (*‘adl*). But if it fails in performing the above task properly, then it begets the vice of injustice (*jawr*). In this context, al-Ghazâlî considers justice to be a power and a state of human soul with which it can administer the powers of anger and desire, and lead and control them according to the requirements of wisdom (*Ihyâ*: III, pp. 52-55, especially 53-54).<sup>28</sup>

Our thinker’s earlier analysis on inner beauty can be rephrased using the terminology of the preceding two paragraphs. It is obvious that virtues of *wisdom*, *courage* and *temperance*, which represented the beauty of the faculties of *knowledge*, *anger* and *desire*, respectively, are nothing but their mean states. To obtain four capital virtues, we need just to add to them the virtue of justice which has a special conceptual status within the Ghazâlîan system (*Ihyâ*: III, pp. 53-54). In our opinion, individual, inner or moral *justice* can be seen to be *the general equilibrium* of human soul from a Ghazâlîan point of view. It can also be considered as an equilibrating force or power that brings peace, order, beauty and quality to the human soul.

It should be noted that this theory of four virtues is not unique to al-Ghazâlî; as a matter of fact, it somewhat looks like the common property of moral philosophers since Plato and Aristotle.<sup>29</sup> Its importance, as far as this study is concerned, is that al-Ghazâlî too shared it with some modifications.<sup>30</sup>

As already mentioned, there is an overlap between the *subject* and *object* of the act of justice here. In other words, the subject and the object of this act are identical in the present case: the individual involved in, or the agent of, the act of justice. It is in this capacity that we call it *individual justice*. However, since it corresponds to an exercise called “disciplining of the soul” or “*tahzîb al- akhlâq*”, it can be called *moral justice* as well. On the other hand, it can also be called *inner justice* as it takes place in the heart or soul of a person.

Considered on its own, it may be concluded that there is no social aspect of this kind of justice. However, al-Ghazâlî does not agree with this. He thinks that the justice established within a person will reflect upon his or her social environment

28 All of not specified references to al-Ghazâlî in this section are to the pages shown in the main text.

29 For instance, see the following contemporary studies: (Khadduri, 1984, pp. 113-115;120-121; Abul Quasem, 1975, pp. 29-35;79-87; Sherif, 1975, pp. 72-76 and Umaruddin 2003, pp. 64-73; 195-204). For a comparison also see Adelson (1998, p. 29)

30 For a comparison with other ancient civilizations, see Adelson (1998, pp. 27-28).

depending on his or her social position, and will lead to chain effects starting from the individual through to his/her family to the society as whole, and to the state (*Tibr*, p. 22). Besides, it is worth noting that when he calls this kind of justice as “the justice in the homeland of body” he thereby refers to its social aspect as well. Again, it is obvious that by using the metaphor of the “sun” for it, he actually tries to emphasise that he sees the individual or moral justice as the source of all other kinds of justice. After all, the individual under discussion himself/herself is a social being. It so appears that he considers this micro-justice as the minimum requirement and the starting point for other kinds of justice. And there is no good reason not to agree with him.

In brief, the significance of this kind of justice in providing the micro or micro-cosmic foundations of social justice is undeniable. Moreover, as pointed out earlier, it is also important in the sense that it may significantly contribute to the development of a culture of social justice, which is indispensable for the attainment of its ideals.<sup>31</sup>

## Social Justice (1): The Priority or Prioritization of What is “Social”

Under the following four titles we shall try to give a summary of al-Ghazâlî’s idea of social justice. Under this one, however, we are going to address a subject which is critical both in understanding his social thinking in general, and his approach to *social justice* in particular.

Al-Ghazâlî approaches human action and behaviour in an interesting way that seems to be peculiar to him. Apparently inspired by a taxonomy of verbs in Arabic grammar, he classifies human actions into two groups according to their consequences, and then establishes a clear religious and moral hierarchy between them.

Verbs in Arabic grammar fall into two groups in terms of the scope of their effects: “*lâzim*” and “*muta’addî*”.<sup>32</sup>

*Lâzim* verbs correspond to intransitive verbs, and *muta’addî* verbs correspond to transitive verbs in English. As is known, with intransitive verbs the effect of a verb remains limited to its *subject* while with the transitive ones the effect is extended to an *object*.

31 For this concept see, Miller (1999, p. 13).

32 The information provided in this section is based to some extent on one of our earlier studies: Orman (2013, pp. 147-148)

Al-Ghazâlî applies this classification of “verbs” in Arabic grammar to religious and moral actions and behaviour. In his view, religious and moral actions may also be categorized as *lâzim* and *muteaddî*, namely as transitive and intransitive. However, what is really important, is not the classification itself, but the values he attributes to the respective actions that fall within this classification, and also the hierarchy he establishes between them. To him, in general, religious and moral actions that are transitive in character deserve more care and attention compared to those that are intransitive. The crucial point here is that the effects or consequences of transitive, i.e. *muta’addî*, actions extend from a *subject* to an *object*, that is to say, to an addressee or another party. In other words, these actions have direct *social* consequences. And for al-Ghazâlî, as we shall see, acts with direct social effects or consequences possess a higher degree of importance and priority over those that are not of this character. This, we propose to call *the priority or the prioritization of what is social* in al-Ghazâlî.

One can see al-Ghazâlî applying this approach to various life situations and making evaluations that are consistent with it. Now we can try to illustrate this approach on a line of presentation that moves from relatively more general and abstract examples to more specific and concrete ones.

When this approach is applied to the issue of *good* or *evil* acts, it sheds a fresh light on the whole area, and leads to an interesting re-classification of them with profound and far-reaching implications:

1. Intransitive (*lâzim*) good or evil acts, which are characterized by having consequences that are limited to, or remain with, their *subject* alone.
2. Transitive (*muta’addî*) good or evil acts, which are distinguished by having consequences that go beyond their respective subjects, and do have effects on others.

Al-Ghazâlî takes the latter category, i.e. transitive acts, one step further and subjects them to an additional classification by making a distinction between the *objects* of good or evil acts:

(2.1) Those whose object is an individual, or a group of individuals who form the other side to a contract or a transaction, and

(2.2) Those whose object or addressee is the society as a whole.<sup>33</sup>

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33 These two types of acts both of which *muta’addî*, i.e. transitive, in character will be addressed in greater detail in the next section: *Social Justice (2): The Individual and Justice*.

Obviously, the last classification adds a new dimension to the analysis and deserves special consideration (*Ihyâ*: II, pp. 72-79; *Ihyâ*: IV, pp. 92-95; Orman 2014, pp. 122-129). However, it must be kept in mind that this is not an alternative classification, but a classification between two different types of acts both of which are transitive (*muta'addî*).

The crucial point here is that al-Ghazâlî considers transitive good acts to be better and to have a higher value than, and consequently to have a priority over, intransitive good actions. In the case of evil acts, on the other hand, just the opposite is true. Put more clearly, he considers transitive evil acts to be worse and more abominable than the intransitive ones, and consequently, one needs to be more sensitive about them (*Ihyâ*: I, pp. 10, 279, 350; *Ihyâ*: II, pp. 94, 151, 169). In other words, intransitive evil actions are seen by him to be the lesser of two evils, transitive and intransitive.

When we add to this analysis the fact that he considers transitive good and evil acts with social or public consequences to be more crucial, and worthier of note, than again transitive good and evil acts with individual or sub-societal consequences, we obtain a better framework for a clearer evaluation. However, it should be remarked that in the last case the hierarchy is not between what is transitive and what is intransitive but between what is *social* or public and what is *individual* or sub-societal, both of which *transitive*.

In summary, al-Ghazâlî, first, classifies human acts or behaviour as *transitive* and *intransitive* giving priority of importance to the first group, and then he classifies *transitive* human acts and behaviour as what is *social* or public and what is *individual* or sub-societal, giving again a higher priority to the first group in the second classification.

However, it is important to note that the hierarchies mentioned in the last three paragraphs apply only to acts that belong to the same rank in the general order of hierarchy of Islamic rules. In other words, the orders of priority established between what is transitive and what is not, on the one hand, and between what is social and what is not, on the other, are valid only between or among the acts that rank in the same level in the general order of hierarchy of moral and religious rules. To make the point clearer, we need to refer at this junction to two alternative hierarchies of rules in Islamic law, one of which offered by Hanafi School, and the other by the rest of Islamic schools of law. The Hanafi alternative, arranges Islamic rules related to human action in terms of their hierarchical order as follows: *fardh*, *wâjib*,

*mandûb*, *mubâh* or *halâl*, *makrûh tanzîhan*, *makrûh tahrîman*, and *haram*. The alternative assumed by other schools, which in this sense represents a higher degree of consensus, is a bit shorter: *wâjib*, *mandûb*, *mubâh*, *makrûh*, and *harâm*.<sup>34</sup> After this piece of information we can resume our discussion and say that the hierarchies mentioned in the last three paragraphs are valid only within each of the above levels of hierarchy as it applies. In other words, the aforementioned hierarchies refer to lower-level hierarchical relations, which are valid not *between* but rather *within* each level of the hierarchical order of general rules (*ahkâm al- mukallaf* or *mukallafîn*) mentioned just above, as they may apply.

Some concrete examples may be given to illustrate what is meant by this general assessment.

Indicative of the importance he places on knowledge, al-Ghazâlî assigned the first main chapter of his masterpiece *Ihyâ* to this topic under the title of “Kitâb al-‘Ilm”, which can be translated as “The Book of Knowledge.” In this “book” he remarks that the knowledge he refers to is not the “lâzim”, that is to say, intransitive knowledge that does not benefit others but the “muta’addî”, namely, the transitive knowledge that benefits others by way of teaching and education (*Ihyâ*: I, p. 10).

While discussing recitation of the Quran he, on the other hand, argues in favour of reciting it aloud as thus its benefits may reach others as well, and adds that “Transitive goodness is more virtuous than intransitive goodness” (*Ihyâ*: I, p. 279).

Another statement by him is: “Know that all that is *harâm* (prohibited) is bad; however, some are worse than the others. All that is *halâl* (permissible) is good and clean; however, some are better and cleaner than the others” (*Ihyâ*: II, p. 94).

Another passage from *Ihyâ*:

“Sins are divided into two: intransitive (*lâzim*) and transitive (*muta’addî*). Personal sins are intransitive as their effects do not extend to another (*lâ yata’addâ*). Likewise is infidelity, because it is a violation against the rights of God and its assessment is up to Him. The sins of rulers, which take the form of oppression are, on the other hand, transitive (*muta’addî*) and therefore their [*Salaf*’s] statements about them gets harsher. Their punishment in the eyes of God increases in accordance with the extent of their oppression and its effects on others (*‘umûmu’t-ta’addî*). For this reason, it is necessary to especially beware of these people and to avoid collaboration with them.” (*Ihyâ*: II, p. 151).

34 For more detailed information on the subject see (Ebu Zehra, 1973, pp. 39-60; Khallaf, 1968, pp. 105-116 and Orman, 2014a, pp. 29-31)

As an extension to the theme of the above excerpt al-Ghazālī maintains that, although the *Salaf*, namely the exemplary people who belong to the first generations of Islam, differed in their attitude towards sinful people, they were unanimous in their aversion towards the oppressors, the deviant persons (*muḥtadī'ah*) and those who commit any kind of sin that affects other people (*muta'addiya*). He adds that regarding those who committed sins whose effects remain limited to their own selves, some of the *Salaf* displayed a forgiving attitude while others reacted in a harsh manner that might eventually end up with severing all ties with them (*Ihya*: II, p. 168).

Interestingly, he displays the same attitude towards the manner of involvement in economic activities as well. Hence, he asserts that it is not right for people who are in a position to provide for their families to put them at risk by spending their times in praying, and stresses that “their [supererogatory] prayer (*wird*) is to stay in the marketplace during the working hours and to be engaged in earning a livelihood (*kasb*)”. He allows for those who have earned enough for a livelihood to return to their supererogatory prayers (*awrād*), but he urges that it will be more praiseworthy than other supererogatory religious services if they continue to work and then give what exceeds their needs in charity. He then continues:

This is because the benefit of transitive religious services (*al-‘ibādāt al-muta'addiya*) is bigger than intransitive ones (*al-‘ibādāt al-lāzima*). Giving in charity and earning with this intention are in themselves services that take people closer to God; but, besides this there is in them an additional benefit that accrues to other people, which summons prayers from Muslims and thus leads to the multiplication of their rewards (*Ihyā*: I, p. 350).

Our last example is from the fields of politics and administration. As examples of the transitive religious services mentioned in the quotation just above, al-Ghazālī gives the services rendered by a ruler, a governor (*wālī*), a judge (*qādī*) or any office that manages the affairs of a Muslim community. He maintains that attending to the affairs Muslims and seeing to their needs with good intention and in line with the divine law are more virtuous and praiseworthy than the supererogatory religious prayers (*awrād*) he has mentioned earlier. With regards to the ruler he says that “What is required of him is to deal with the needs of people during the day time and limit himself to mandatory prayers”, and then adds:

As you must have understood from what we have discussed so far, there are two things that take priority over the bodily acts of worship: one is knowledge, and the other is doing kind service (*rifq*) to Muslims. The reason for this is that since knowledge and doing what is good (*fi'l al-ma'rūf*) are both good deeds in themselves, and since also



their benefits extend to (*bi ta'addî fâidatihi*) and their rewards expand to (*wa intishâri jadwâhu*) other people, they are superior to other acts of worship (*'ibâdât*). This being so, they take priority over bodily acts of worship (*Ihyâ: I, p. 350*).

The profound implications of this approach for developing a comprehensive Islamic attitude towards life must be obvious. It seems that this approach, which is in perfect resonance with Islam's overall sensitivity about "human rights" (*huqûqu'l-'ibâd*), may also require a revision of some of the pervasive opinions on the Ghazâlîan legacy. In our opinion, the proper thing to do in this regard, is to put al-Ghazâlî's whole intellectual legacy in the perspective of this approach—instead of taking it in isolation.

Finally, we think that taken together with the concept of "alternative cost" (Orman 2014, pp. 92-97), which is frequently used by al-Ghazâlî, this approach may serve as a basis for a model of moral decision making, both at social and individual levels. Thus, when making a choice between two virtues that are of the same rank on the general scale of Islamic rules (such as *wâjib* or *mandûb*), transitive virtues will be preferred over intransitive ones. Again, when there is a need to make a choice between two transitive virtues, the one that has overall social consequences is to be preferred over the one whose consequences are limited to certain individuals, *ceteris paribus*. Conversely, when choosing between two evils again on the same level, the intransitive ones will be preferred over the transitive ones, and in the case of choosing between two transitive evils, evils with consequences only for a limited number of individuals are to be preferred over the ones with overall social consequences, *ceteris paribus* (*Ihyâ: I, pp. 348-350*).

Moving from the logic behind the examples provided so far, one can rightly conclude that al-Ghazâlî's concept of "muta'addî" partially corresponds to what is meant by the term "social". And since "muta'addî" acts have been considered by him to be more important than the "lâzim" ones, one can rightly talk of *the priority or prioritization of what is social* in the Ghazâlîan framework.

However, to be more precise, one needs to add that "muta'addî" is a wider concept: it covers anything that is related to another party in human relations, whether a society, a sub-societal group or an individual. In this sense, it can be interpreted as caring for others in human relations that involve a second party. And in this sense, a talk of the prioritization of "otherness" in a Ghazâlîan framework would be more proper. Still, a talk of the priority or prioritization of what is social remains to be valid as a special case that applies to transitive (*muta'addî*) human relations in which a choice is to be made between what is social and what is not.



## Social Justice (2): The Individual and Justice

There may be two different types of *objects* to the act of justice whose *subject* is an individual. When we look at the intellectual legacy of al-Ghazâlî from this perspective, we find a heading that squarely corresponds to this classification in his masterpiece *Ihyâ*: “On Observing Justice and Avoiding Injustice in Transactions.” And his introduction to the topic is as follows:

Know that a transaction may sometimes be so conducted that though it involves an injustice that causes its executer to become vulnerable to the wrath of Allah, may His name be exalted, the judge still decides the respective transaction to be valid and concluded. This is because not every prohibition necessitates invalidation of a contract. Injustice means anything that harms others, and is divided into what its harm is all-embracing (*mâ ya’ummu dararuhu*), and what its harm is restricted to the other party to a transaction (*mâ yakhussu’l-mu’âmil*). (*Ihyâ*: II, p. 72).

Injustice is a transitive act in al-Ghazâlî’s terminology, and its *subject* in the case referred to in the above quotation is an *individual*, or a party to a transaction. On the other hand, there are two types of *objects*, addressees or victims in the act of injustice mentioned just above:

- (1) The “public”, the community, or a society as a whole,
- (2) The other party to the same transaction, an individual or a group of individuals.

Finally, since injustice is the opposite of justice, and since the main purpose of talking about injustice is to remove and replace it with justice, it can rightly be said that all the aforementioned relations apply also to justice, *mutatis mutandis*.

As is seen, al-Ghazâlî thinks that even when the legal requirements of a contract or a transaction are met, and thus it manages to survive the legal procedure in terms of the *letter* of the law, it may still involve elements of injustice in its essence or *spirit*—a situation to which he draws attention in order to help avoiding it. In other words, what is called for here is not to stay contented with the legal form of transactions but to look to their essences, and try to assess these essences in the light of the principles of justice and fairness. In the above quotation, al-Ghazâlî defined *injustice* as “anything that harms others”, and later on we see him defining it in a similar but slightly different way as “anything that harms the other party to a relationship”. He, on the other hand, defines *justice* in this context in a negative way with reference to its opposite as “avoiding injustice”, “abandoning injustice” or “doing no harm to others” (*Ihyâ*: II, pp. 74-79).

It should not have escaped the attention of his readers that in the above excerpt, al-Ghazâlî had given priority of presentation to *social or public harms* in his classification of harms caused by acts of individual injustice. His discussion on this classification is also presented in the same order. Accordingly, he first explains by way of example the type of injustice that leads to social or public harms, and then he proceeds by an explanation of the type of injustice whose harm is restricted to the other side to a contract, a transaction, or a relationship in general.

However, here we will deviate from al-Ghazâlî's order of presentation and will instead prefer a line of presentation that goes from what is specific to what is *general* in the field of *social justice*. In other words, while al-Ghazâlî discusses the topics in an order of importance or of a *hierarchical priority*, we shall treat them in a *logical* order that reverses his line of presentation, but which better suits to what we are going to do here. Therefore, we will be discussing "Justice and Injustice in Relations between Individuals and/or Sub-societal Groups" first, and then "Justice and Injustice in Relations between an Individual and a Society/Community". However, since these issues have already been examined in one of our earlier works in greater detail, we will not elaborate on them here, and will instead refer the reader to that work for a more detailed treatment (Orman, 2014, pp. 122-129).

The terms al-Ghazâlî uses for the first type of harms (in his own order of presentation), i.e. *social harms*, are "*mâ ya'ummu dararuhu*" and "*zulm 'âmm*" (*Ihyâ*: II, p. 72). These two terms can be rendered into English as all-encompassing, general or public. This being so, it is obvious that there is not much need to substantiate their proximity with the concept of "social". If so, then the relevance of the information presented in this section, and in its two sub-sections that just follow, to what has been said in the previous section, "The Priority or Prioritization of What is Social", must also be clear. Indeed, it will be remembered that, after having discussed the hierarchical relationship between *transitive* and *intransitive* acts and virtues there, we had concluded by the priority or prioritization of what is social in a Ghazâlian framework.

However, it must be noted that here the analysis is developed one step further. While a hierarchy was established between what was "transitive" (*muta'addî*) and what was "intransitive" (*lâzim*) in the previous section, here a further hierarchy is established between two types of justice and injustice both of which transitive (*muta'addî*)—a hierarchy between what is *individual* or sub-societal, and what is *social*.

### ***Justice and Injustice in Relations between Individuals and/or Sub-societal Groups***

Al-Ghazālī thinks that any situation in which a party to a contract, a transaction or a relationship is harmed is *injustice*, and that a just person is one who does not harm his/her brother or sister in religion, who may be either an individual or a group of individuals. His basic principle in this matter is that one should not tolerate for others anything that one would not tolerate for oneself. “One should not do to others anything that would be displeasing and upsetting to oneself”. In short, “one’s own money and others’ money should have equal standing in one’s view” (*Ihyâ*: II, pp. 74-75).

He proceeds from this general principle to the details of the topic such as not to praise one’s goods, not to conceal the deficiencies of one’s goods, not to cheat in scaling and not to hide the market price (*Ihyâ*: II, pp. 75-79). It must be pointed out that, in addition to its substance, his way of reasoning and argumentation while elaborating on these issues is of special importance on its own from the point of view of the present study.

### ***Justice and Injustice in Relations between an Individual and a Society/Community***

Al-Ghazālī was aware of the fact that some of human actions have consequences that go well beyond the scope of the *subject* of the respective act and of its immediate addressees, e.g. the other side to a contract or transaction. In his view, there are various examples of this type of behaviour that have consequences for the public or society, either direct, or indirect and through chain effects. However, he chooses only two examples out of them for illustration expecting his readers to work other instances for themselves by way of analogy—a procedure that he not unfrequently resorts to. The two examples are profiteering (*iẖtikâr*) and putting counterfeit money into circulation.

Al-Ghazālī argues that *profiteering* is illegal, and that the prohibition about it is absolute. According to him, still the question of what kind of behaviour falls within the scope of profiteering needs to be answered separately, case by case. He argues that there are two criteria for determining goods and transactions that fall within the scope of profiteering: the *time* of the transaction and the *genre* of the good involved. For instance, profiteering on basic foodstuff in a time of famine is prohibited.

Putting *counterfeit money* into circulation may at first sight look like an indi-

vidual and isolated act; however, al-Ghazâlî argues that the circulation of counterfeit money has vicious chain effects, and that it thus transforms into a social harm which must therefore be prohibited. He further argues that even donation of one counterfeit *dirham* is worse than stealing 70 dirhams, let alone bringing any reward. In his view, in order to decide whether an act is to be prohibited or not, and if it is to be prohibited to decide the degree of its strictness, one needs just to look at the degree of its harmfulness (*Ihyâ*: II, pp. 72-74).

Before concluding we would like to draw attention to an important implication of the foregoing analysis. We think it would not be wrong to infer from this analysis that al-Ghazâlî sees money as a social institution, and that he also finds in it an important side related to the process of social justice. Looked from our own day when the relations between monetary phenomena such as inflation, deflation and money supply, on the one hand, and social phenomena such as income distribution, social classes, moral and cultural life, on the other, are relatively known much better, the observation just made and the historical context to which it corresponds must be interesting and worthy of much attention.<sup>35</sup>

### Social Justice (3): Society and Justice

It must have been noticed that the *subject* or the agent of the act of justice in all types of justice discussed so far, with the exception of divine justice, has been *an individual human being*. From here on, the *subject*, i.e. the agent of the act, moves to the other side of the social justice relationship. Accordingly, we will be discussing in this section situations where the *subject* of the act of justice is *a society*, and the *objects* or addressees of the act of justice, are individuals or groups within the same society. In the next section, however, the situations where the *subject* of the act of justice is *a state* will be discussed.<sup>36</sup>

It must be kept in mind that al-Ghazâlî was a Muslim thinker. This being so, it is only natural that his main frame of reference should be Islam. The same is true of his thoughts on social justice. What can specifically be attributed to him in this context is the role his personal talents and scholarly merits may play in the interpretation of religious sources where applicable. However, it must be noted that this

35 Among a wealth of literature on this subject, one can also see, Orman (2010, pp. 209-225).

36 We would like to note that topics to be discussed after this point will be based to some extent on one of our earlier papers, Orman (2013, 145-146).

is not a trivial activity that can be dispensed with; it rather corresponds to a portfolio of assets that are indispensable for various reasons—just as we are going to have enough opportunity to see some significant and interesting manifestations of it even within the context the present discussion. In a crucial sense it is a must for the survival, sustainability and success of a religious tradition.

Al-Ghazâlî's thoughts on the present version of social justice have two complementary starting points, both of which are of critical importance:

1. One of these starting points is his approach to “*fardh kifâya*”. What is meant here, is that al-Ghazâlî, as a manifestation of, perhaps as an extension of his emphasis on “what is social”, subjects this concept (that is to say, *fardh kifâya*) to such a wide interpretation as to encompass everything that is crucial for the peace and order of a society, including issues related to social justice.
2. The other starting point is a theory of the objectives of law, which he developed and which later on came to be known as “*Maqâsid al-Sharîa*” in the history of Islamic jurisprudence. What is equally important is that he placed this theory into the framework of a wider theory, i.e. theory of “*Masâlih*”, that can be considered to be a general theory of human needs.

We shall try to look at these two starting points more closely under two separate headings.

### ***Fardh Kifâya, Social Responsibility and Collective Obligation/Duty***

One of the remarkable aspects of Islam as a religion and a civilization is that a society as a whole, or all its members collectively, are considered to be a *subject* of and responsible for justice alongside some other duties or obligations. In fact, this is nothing but an extension or a special case of its overall attitude towards society in regarding it to have a responsibility or liability in religious and legal affairs. The Islamic reference for this societal responsibility and collective obligation, on the other hand, is the concept and institution of *fardh kifâya*.

Religious and legal duties or obligations in Islam can be divided into two categories: *fardh ‘ayn* and *fardh kifâya*. In general, it can be said that *fardh ‘ayn* represents the area of personal or *individual responsibility* with regards to duties and obligations. On the other hand, *fardh kifâya* represents the area of collective and *social responsibility*. Considering from this perspective, all types of justice mentioned so far, with the exception of divine justice, belong to the area of personal or individual responsibility. Under the present title, however, we shall be talking about a type of

social justice whose reference point is *fardh kifâya* and whose *subject* or addressee is a society as a whole.

Al-Ghazâlî defines *fardh kifâya* as anything that Sharîa commands but does not hold any specific person (*mu'ayyan*) responsible for it. In such situations where no specific person or individual is held responsible for the duty or obligation, the demanded task becomes the responsibility of everyone, that is, the liability lies with the entire society. He discusses these kind of social responsibilities and obligations under three categories:

1. Those that are purely religious,
2. Those that are about the life and livelihood of human beings,
3. Those that are a combination of the two above (*Wasît*: VII, pp. 6-7).

The most interesting category from the point of view of this study seems to be the second one as it is closely related to the issue of social justice. Al-Ghazâlî defines this as all kinds of activities, arrangements, and transactions that are essential for the peace, order and maintenance of human life. According to him, the wisdom behind these religiously binding social obligations is that the order and maintenance of worldly affairs depends on such activities, and in turn, the maintenance of a good religious life depends on the worldly affairs. He reflects upon the status of *fardh kifâya* in Islam as follows: if such a duty is not fulfilled by anyone in a place, then everyone in that place, who is aware of that duty and capable of performing it, will be sinful, i.e. is to be held responsible. Moreover, those who are in the place but not aware of the duty, will still be held responsible if they are in a position to reach the relevant information. (As we shall see later, such cases as dying of starvation or want of other means of livelihood are among the classical examples of the neglect of such duties). If, however, some people from within the same community perform these duties, everyone is released from the responsibility.<sup>37</sup>

As can be seen, al-Ghazâlî considers everything crucial for the order and maintenance of community life as *fardh kifâya*. In other words, not only routine services and duties such as funeral prayer, shrouding and burying of the deceased members of the community, which are associated with the usual concept of *fardh kifâya*, but also arts, professions, transactions and all kinds of worldly affairs meeting above criteria are included in this category.<sup>38</sup> It is obvious that, in this sense, some of the

37 See, (*Mustasfâ*: II, pp. 92-93; *Wasît*: VII, p. 7; *Wajîz*: II, p. 187 and Orman, 2014, pp. 105, 171).

38 See, (*Ihyâ*: I, pp. 15-16, 39-41, 42-45, 53; *Ihyâ*: II, p. 83).

issues related to social justice, which are of vital importance in regards to the peace, order and maintenance of social life, will also fall within the scope of *fardh kifâya*.

One can rightly infer from the information provided so far that al-Ghazālī's concept of *fardh kifâya* is primarily related to the realization of some functions that are indispensable for the order and survival of social life. However, there is no doubt that his concept of *fardh kifâya* covers personal or individual aspects of life as well. What must be noted here is that in his discussion he uses the terms such as "dharûra" and "hâja" in a way to encompass both social and individual life situations. The example he gives of the state of necessity (*dharûrah*) in this context is suggestive: "If there remain unmet needs after the distribution of *zakât*, their satisfaction is a matter of *fardh kifâya*." (*Wasît*: VII, p. 6).

This example is instructive as well as interesting. It shows that *fardh kifâya* covers both social and individual cases, on one hand, and adds further clarification to its domain, on the other. As we shall have ample opportunity to see later, payment of *zakât*, though an obligation devoted almost solely to the cause of social justice, does not exhaust all obligations and responsibilities related to it. In other words, *zakât* is a *fardh 'ayn*, that is, a personal or individual religious duty or obligation, but its payment does not relieve wealthy people from some other obligations and responsibilities linked to their wealth—beyond it lies another area of responsibility which is *fardh kifâya*, that is to say, the area of social or collective responsibility or obligation, whose boundaries are determined by the requirements of the circumstances of the respective time.

Before we conclude this discussion, we need to give some consideration to the issue of the effectiveness of the duties represented by *fardh kifâya*. As far as we know, the sanctions or incentives and disincentives available for the implementation of *fardh kifâya* belong to afterlife, and have nothing to do with life in this world. This implies that the effectiveness of obligations linked to *fardh kifâya* will be dependent on and restricted to the corresponding effectiveness of the otherworldly incentives and disincentives referred to. Though some religious sanctions such as wrath of God or punishment in the hell fire may prove to be influential in motivating those who take their religion and the hereafter seriously to perform these tasks and to stand to their obligations, it is obvious that the corresponding share of the power of worldly sanctions will be missing here, and called for.

On the other hand, the possibility of offsetting this weakness does not seem to be altogether missing. For instance, the probability of supporting *fardh kifâya* by legal sanctions when needed, can be considered. Moreover, assumption of the correspon-



ding obligations and responsibilities by the state as the organized or the institutionalized form of a society, may also be considered as another option. Interestingly, just in a similar case, we see al-Ghazâlî discussing the possibility and legitimacy of levying additional taxes on rich people by political decisions (*Mustasfâ*: I, p. 426).

### ***Maqâsid al-Sharî'a, Theory of Masâlih and Social Justice***

One of the significant contributions of al-Ghazâlî to Islamic legal thinking is that he developed what is known as “Maqâsid al-Sharî'a”, and what he himself calls *maqûd al-Shar'*, into an interesting and influential theory of jurisprudence (*Mustasfâ*: I, pp. 416-417).<sup>39</sup> These terms can be translated as “Objectives of the Law”, and al-Ghazâlî classifies these objectives into five categories:

1. Protection of religion,
2. Protection of life (*nafs*),
3. Protection of mind (reason or intellectual capacity),
4. Protection of progeny (the process or institution of procreation),
5. Protection of property.

No doubt, this list of the “objectives of the law” has a long history. However, its organization, order and statement as above, and its formulization as a solid and authentic jurisprudential theory belongs to al-Ghazâlî. What is even more interesting is that this list and the theory on which it is based have in the course of time developed into becoming two classics of Islamic jurisprudential tradition.<sup>40</sup>

On the other hand, al-Ghazâlî calls protection of the above mentioned five values as “maslaha” (plural, *masâlih*), and discusses them elaborately within the theoretical framework of a “Theory of Masâlih”, which can be considered to be a comprehensive theory of human needs in modern terminology. Moreover, if one is allowed to make an assessment based solely on the text of *al-Mustasfâ*, al-Ghazâlî's most important book on the subject, one may even claim that he must have developed his theory of “Maqâsid» as a logical extension of his theory of “Masâlih”, and within its theoretical framework (*Mustasfâ*: I, pp. 414-421).

According to him, in its essence, “maslaha” can be defined as anything that either attracts a benefit or repels a harm, and “masâlih” (Arabic plural of *maslaha*) as whole, in his own words, can be taken to be “maqâsid al-khalq”, i.e. “objectives of people”.

39 See also, (Ghazanfar and Islahi 1998, pp. 7-8; Raysûnî 1992, pp.37-41).

40 For more detailed information on the topic see, (Raysuni, 1992, pp. 23-55).



*Masâlih* are important as the wellbeing of people (*salâhu'l-khalq*) is dependent on them, that is to say, on securing what is beneficial and preventing what is harmful to people. However, he emphasises that he does not mean these when he uses the term “*maslaha*”, but that he means *maqsûd al-Shar'*, that is to say, the objectives of Sharia. Then he continues to say that there are five purposes of Sharia with respect to people, and gives the list mentioned just above. In his view, anything that helps protecting the above-mentioned five basic values is called “*maslaha*” and anything that harms them is called “*mafsadah*”. Therefore, anything that helps preventing “*mafsadah*” must also be considered to be “*maslaha*” (*Mustasfâ*: I, pp. 416-417).

Al-Ghazâlî thinks that there are three levels of “*masâlih*” in the sense he defines them:

- (1) Those that are essential or indispensable (*dharûrât*),
- (2) Those that are complimentary to the essentials (*hâjât*), and
- (3) Those that are in the nature of comforts and embellishments (*tahsînât* and *tezyînât*).

He also thinks that there are some extensions and derivatives of each of these three levels that complement them (*al-takmila wa al-tatimma*) (*Mustasfâ*: I, p. 416).

Al-Ghazâlî provides a detailed explanation of these three types of *maslaha*; however, in his view, the only one that can independently serve as the basis of legal decisions, judgements and arrangements, is the first category. The other two need additional references in order to qualify as a basis for legal decisions. The first one, on the other hand, does not require any specific reference, and, in fact, the *mujtahid* (the qualified jurist) may very well arrive on his/her own at a judgement regarding them without resorting to any additional evidence. That is, the legal status of matters that fall within the first category as things demanded by the law giver are self-evident and axiomatic. Still, he adds that a *maslaha*, in order to qualify as such, must have three features: it must be *dharûrî* (inevitable, unavoidable), *qat'î* (certain, definitive, imperative) and *kullî* (universal, holistic) (*Mustasfâ*: I, pp. 420-421).

The first level of *masâlih*, which correspond to what is essential or indispensable, is the most vigorous (*aqwâ*) level, and represents a minimum that should be secured by the respective society and its legal system. According to him, the five basic values listed above (*usûl al-khamsa*) correspond to this level (*Mustasfâ*: I, pp. 416-417).<sup>41</sup>

41 See also, (Orman, 2013, pp. 145-146; Orman, 2014, pp. 83-84).

According to al-Ghazâlî, these five essentials are such crucial and universal values and objectives that no legal system that aims at the welfare of people (*islâh al-khalq*) and no society whatsoever may remain indifferent towards their provision and protection. This emphasis is important enough by itself; however, it is also important to note that al-Ghazâlî does not consider this to be a norm peculiar to Islam—he rather takes it to be valid in every legal system and every society. Briefly put, he sees it as a universal legal and social norm or principle. Another point worthy of special note is that he uses the term “sharî’a” in this context not as a proper name used specifically to denote Islamic legal system but as the “legal system” in general. Indeed, he uses the expression “sharî’atun min al-sharâi”, which means “a sharia among sharîas”, which in turn means nothing but “any legal system” (*Mus-tasfâ*: I, p. 417).

As can clearly be seen, al-Ghazâlî thinks that every society has a duty, responsibility or obligation to provide its members with a minimum set of rights, which is represented by the protection of the five basic values mentioned in the list above. The significance of such a set of basic rights for the purposes of social justice demands no further explanation.

However, the problem of with whom exactly lies the liability of performing the tasks mentioned in the present context requires some explanation. Since al-Ghazâlî discusses this issue with reference to the legal systems, it can be inferred in a very general sense from this that the liability lies with whomsoever is involved in the processes and procedures related to a legal system. But, no matter how we respond to this question, the society will obviously be part of the solution in one way or another as is suggested also by his approach to *fardh kifâya*.

## Social Justice (4): State and Justice

In this section, we are going to have a look at problems of justice involved in the relations of the state, on one side, and of society, social groups or individuals, on the other, in a Ghazâlîan framework.

Among his works on the state and politics *Nasîhat al-Mulûk* and *Fadhâih al-Batiniyya*<sup>42</sup>, or with its alternative name, *al-Mustazhirî*, come first. Then comes a collection of his letters. He also not infrequently refers to the same issues in his other

42 Al-Ghazâlî’s *Fadhâih al-Batiniyya* is also called *al-Mustazhirî* for he wrote it upon the request of Abbasid Caliph of that time, al-Mustazhirbillah.

works, especially in *Ihyâ*, whenever an occasion arises. In this regard, two chapters or, as he himself calls them, two books (*kitâb*) of *Ihyâ* are especially important—*Kitâb al-Halâl wa al-Harâm* (On What is Permissible and What is Prohibited) and *Kitâb al-Amr bi al-Ma'rûf wa al-Nahy 'an al-Munkar* (On Enjoining What is Good and Forbidding What is Evil), both included in the second volume of *Ihyâ*.

Because of our better familiarity with Arabic language, instead of *Nasîhat al-Mulûk*<sup>43</sup>, which is originally written in Persian, we shall base our treatment of the topic on *al-Tibr al-Masbûk fî Nasîhat al-Mulûk*, which is the same work's classical Arabic translation. Still, we shall not neglect checking *Tibr* with *Nasîhah*, that is to say, the translation with the original. Then we shall try to complement it with *Fadhâih al-Bâtiniyya*.

The reasons for this order of priority are as follows:

1. The first book is one of al-Ghazâlî's latest works—written towards the end of his life, it probably represents his latest opinions on the subject.
2. The first book is a highly systematic text on the subject *addressed* directly to a ruler, and in this capacity, it is closer to our topic. On the other hand, though also *dedicated* to a caliph, the primary purpose of the latter is a thoroughgoing critique of *Batiniyyah*—its relation to the theme of our study being indirect and occasional.

As we have mentioned earlier, there is a close relationship, even a parallelism between these two books. Indeed, the first part of *Tibr* or *Nasîhah* and the last part of *Fadhâih* (al-Bâb al-Âṣir) are parallel texts except for some differences in presentation. This is important as it both removes doubts regarding the authenticity of these two books, and also provides a new and fresh opportunity for those willing to study the intellectual development of al-Ghazâlî. It is also important as an additional confirmation of the idea we are trying to develop in this study.

Al-Ghazâlî wrote *Nasîhat al-Mulûk* towards the end of his life upon the request of Saljûk ruler Sultan Sanjar, and was addressed directly to him.<sup>44</sup> Hence, most of the content of the book is on the role of the state and government. Furthermore, there is a heading in this book that squarely coincides with the theme of this essay: "The Principles of Justice and Equity are Ten" (*Tibr*, p. 14).

43 There is an edition of this work by Jalâladdin Humâyi: *Nasîhatu'l-Mulûk*. Eds: Celâleddin Humâyi, Tehran. 1351 (Shamsî).

44 For a narrative on the vehement process that gave birth to this book see, (Garden, 2005, pp. 76-137)

However, before proceeding to a discussion of these ten principles, it is in order to allocate some space to certain ideas of al-Ghazâlî he expresses as an introduction to the subject. Addressing Sanjar, he employs the symbolism of tree, and states that human acts (*'amal*) correspond to the branches of the tree of faith (*îmân*), and are divided into two:

One of them is between you and God the Almighty; such as fasting, praying, performing pilgrimage (*hajj*), paying zakât, avoiding from consumption of alcohol and other prohibited things (*harâm*). The other one is between you and the people, and is all about doing justice and avoiding injustice. The basic principle here is to act in your relations with God the Almighty, in terms of obeying his commands and avoiding his prohibitions, just as you would like your subordinates to act towards you, and to act in your relations with people just as you would like a sultan to act towards you, were you to be a subordinate and another person to be the Sultan (*Tibr*, p. 14; *Nasîhat*, p. 14).<sup>45</sup>

He warns Sultan Sanjar that he might expect forgiveness for his mistakes related to affairs between him and the Creator, but that He will never forgive the injustice (*mazâlim*) he does to human beings, and continues: "There is a great danger here and no ruler is safe from this danger except those who act with justice and equity". Then he adds: "Therefore, it should be known how to look for justice and equity on the Day of Judgment". He then proceeds to enlist and explain the ten principles of justice referred to above (*Tibr*, p. 14).

Throughout the book, the addressee of al-Ghazâlî is Sultan Sanjar, and he addresses him in second person singular. However, we will take the wording out of this rhetorical context and prefer an impersonal narrative instead:

1. First of all, the importance and risks of sovereignty<sup>46</sup> must be known. Al-Ghazâlî suggests that being a ruler is a blessing from Allah, that a ruler who performs his duty properly will attain greatest happiness, and that a ruler who does not perform properly will be vulnerable to an unhappiness beyond which there is not anything else but infidelity (*kufîr*). He then tries to support his claim with numerous Prophetic traditions and anecdotes (*Tibr*, pp. 14-18; *Nasîhat*, pp. 14-15; *Fadhâih*, p. 208).<sup>47</sup>

45 It may be interesting to note that in *Nasîhat*, among examples of human acts that belong to the area of human relations with God, performing pilgrimage (*hajj*) and paying zakât are not mentioned (Cf. *Nasîhat*, p. 14).

46 Al-Ghazâlî employs the term "wilâyah" here, which means rule, sovereignty and government. He also uses the term "wâlî" where applicable in this context, which means a ruler, a governor or an administrator.

47 Al-Ghazâlî attributes great importance to politics and government, so much so that he holds it equal with his favorite '*ilm al- mukâshafa*' just as in the following excerpt:

"There are three kinds of things that bring a person closer to God. A pure '*ilm*' (knowledge, science) that is '*ilm al- mukâshafa*', a pure '*'amal*' (activity, practice) that includes such things as the justice and rule of a ruler, and a combination of these two, which is the '*ilm*' of the way to hereafter; this is because those involved in the last category are composed of people with '*ilm*' and '*'amal*'. (*Ihyâ*: I, p. 24). (Italics added)

2. In order for a ruler to avoid the dangers of sovereignty, he or she should be willing to consult to and take advice from scholars (*'ulamâ*) who may teach him the ways of justice and keep him away from danger. On the other hand, he or she should avoid evil scholars (*'ulamâ al-sû'*) who have worldly ambitions as they may cause him/her to go astray (*Tibr*, pp. 18-21; *Nasîhat*, p. 27).
3. The ruler or governor should not be satisfied with personally staying away from injustice, but must also educate and train everyone under him/her to do the same. This is because he/she is accountable not only for the injustice he or she commits, but also for the injustice caused by the persons under him/her (*Tibr*, p. 22; *Nasîhat*, p. 36).
4. Rulers or governors are generally arrogant. Arrogance causes discontent and anger, and these in turn trigger revenge. Anger is the foe of the reason and disastrous for it; therefore, in the situations where anger is flared up, the ruler should counter to it by forgiveness and magnanimity. When he/she makes a habit of such an attitude, he resembles prophets and saints, but when he makes a habit of furiousness, he resembles wild animals. The most hated people by the rulers, however, are those who speak against them, whose blood they hasten to shed (*Tibr*, pp. 23-24; *Nasîhat*, pp. 39-40).<sup>48</sup>
5. In every case presented to him, the ruler should act assuming himself to be a subject and the other party to be a ruler, and should not consent to anything for someone else that he would not approve for himself. If he accepts anything that he would not accept for himself, he will be betraying his subjects and deceiving his people (*Tibr*, p. 26; *Nasîhat*, p. 46).<sup>49</sup>
6. A ruler should not show contempt for the way people in need stand and wait at his door. When a Muslim has a need to be taken care of, he should not engage in supererogatory religious services (*nawâfil al-'ibâdât*); because meeting a Muslim's needs is much more meritorious (*afḍhal*) than supererogatory religious services (*Nasîhat*, p. 47).
7. A ruler should not develop a habit of satisfying his desires such as delicious food or luxurious clothes, and should espouse abstinence (*qanâ'a*) in every-

48 One should keep in mind that al-Ghazālī actually talks directly to Sultan Sanjar throughout his book.

49 Al-Ghazālī quotes many *hadiths*, i.e. prophetic sayings, and anecdotes as references for this principle, as he usually does for all principles he suggests. The anecdote he cites here is quite interesting. According to the anecdote, while the Prophet was sitting in a shady spot during the battle of Badr, Jabrâil (Gabriel) came to him and said: "O Muhammad! Are you sitting in the shade while your friends are under the sun?" (*Tibr*, p. 27; *Nasîhat*, p. 46).

thing. This is because justice cannot be attained without abstinence (*Tibr*, p. 27; *Nasihat*, p. 48; *Fadhâih*, p. 210).

8. A ruler should as much as possible prefer mildness and kindness rather than violence (*Nasihat*, p. 49; *Fadhâih*, p. 205).
9. A ruler should try to please his subjects only within the framework of Sharia i.e. law. He should not be fooled by those who praise him, and should not presume that people are as content as he is. He should also consider that those praising him may be doing so out of fear. Moreover, he should employ trustworthy people who will search for public opinion about his flaws, and inform him accordingly. (*Fadhâih*, p. 206).
10. A ruler should not seek favour of anybody at the cost of Sharî'ah, i.e. divine law. There is no harm in the resentment of those who are displeased for illegal reasons (*Tibr*, p. 28; *Nasihat*, p. 50; *Fadhâih*, p. 205).

As can clearly be seen, what characterizes the ten principles of justice and equity suggested by al-Ghazâlî, and his other ideas on justice presented so far, is an enduring sense of *sympathy* towards the state of others, especially those who are vulnerable to hardship and injustice. Another place of emphasis has been respect for *huqûq al-'i-bâd*, i.e. human rights. It is interesting to see a religious scholar emphasising human rights favourably *vis-a-vis* the rights of God. As a way of providing the ground, that is to say the economic, social and political milieu, for the prevention of injustice and establishment of justice, on the other hand, we see a strong emphasis on a profound and well refined sense of *empathy*. Other measures meant to serve this end are a promotion of a sense of justice at personal and systemic levels, respect and commitment to the rule of law, an emphasis on the role of reason, knowledge and scholars in the realization and protection of justice, encouragement of the freedom of speech and expression, and observation of abstinence in using and distributing state resources. The emphasis on empathy, on the other hand, seems to suggest a legal and moral sense of equality—though not necessarily with an ontological basis.

## Social Justice (5): A Measure of Social Justice with Two Subjects and Two Sets of Sanctions - Zakât

*Zakât* may be considered to be an Islamic institution directly related to social justice. Perhaps one may even say that *zakât* is an institution *par excellence* devoted to the objective of social justice. The fact that it is a financial religious service aimed at cor-

recting income and wealth injustices and imbalances by way of redistribution; that this religious financial service has at the same time the status of being one of the five pillars of Islam; that it is aimed at certain social groups who are in need of support and protection; and that it was collected and distributed by the state during the classical period of Islamic history, may all be counted as reasons for this claim.

The only faltering point in the subject of *zakât* from the perspective of social justice is the fact that a group called “al-mu’allafati qulûbuhum”, which is a group of rich and powerful people, also appear among the eight social groups that have been specified as the beneficiaries of *zakât*. It can be said that their inclusion among the beneficiaries of *zakât* used to serve a purpose more strategic in character than social. Even so, it is still possible to make a “social” explanation for their inclusion. For instance, it can be said that it used to serve the purpose of “social” stability at the time of their inclusion. However, there is not really much need to bother for such an explanation as, first of all, it is just one out of the eight groups, and more importantly, it has already been practically dropped from the list since the time of Caliph Omar—a fact that evolved into the status of a consensus (*ijmâ’*) in the course of time<sup>50</sup>. Still, in our opinion, the concept seems open to a reinterpretation that may render such an objection unnecessary: although the expression “al-muallafati qulûbuhum”<sup>51</sup>, namely “those whose hearts have been reconciled (to Islam)” has been historically implemented so as to include only some rich and powerful people as far as we know, it may very well be interpreted in a broader way to include *poor and weaker* non-Muslims, which seems to be far more befitting the purpose of *zakât* regulation.

Our characterization of *zakât* as an act (or institution) of social justice with *two subjects* has to do with its structure and implementation.

1. When considered as a religious obligation, *zakât* is a commitment with the status of *fardh ‘ayn* in which the demanding authority is divine and the addressees are Muslim individuals with a specified level of wealth. When considered as the execution of the obligation just mentioned, the *subject* of the act of *zakât* will be the aforementioned wealthy Muslim individuals, its *object* will be the pieces of wealth specified for this purpose, and the target group will be some specified social groups essentially characterized by being in need of help and support. On the other hand, even though the present-day governments do not

50 Al-Ghazālī states that this was also the case during his time, and that the class of *âmil*s also did not exist anymore (*Ihyâ*:I, p. 213). The last piece of information also implies that there did not exist a public or government organization for the collection and distribution of *zakât* at that time, either.

51 “al-mu’allafati qulûbuhum” (al-Tawbah: 9, 60).



engage in this process, at least in the classical period of Islamic history the obligation of *zakât* was carried out not directly by the obliged people themselves but via government agency. To be more precise, in this period the authority and/or the duty to collect *zakât* funds from those under the obligation, and distribute them to specified beneficiaries rested with the government. Then, it would not be wrong to say that there used to be *two separate subjects* involved in the process of the execution and enforcement of *zakât* obligation—one being the liable persons and the other the respective government or state agency.

2. As already indicated, *zakât* is as an institution of social justice *par excellence* as it operates as a process of redistribution that corrects and modifies the imbalances and injustices involved in the distribution of wealth and fortune. Indeed, the purpose and structure of this institution deserves a clearer and more precise statement: *Zakât* is not just a process of redistribution but also of a transfer of wealth and value from the *rich* to the *poor*, from the *wealthy* to the *destitute*. In other words, its route and itinerary is as important as its substance.
3. As such, it is clear that it can rightly be characterized as an act (or institution) of social justice with two subjects.

Actually, that *zakât* is a measure of social justice supported by two *sets of sanctions* has already been expressed in an indirect way in the foregoing statements. It can be said to have a religious and otherworldly sanction by being a *fardh 'ayn*, a personal duty, and to have a judicial, material or this worldly sanction as it used to be collected and distributed mandatorily by the state in the classical period of Islam. Furthermore, with what has just been said in mind, one can say that it distinguishes favourably from the acts (or obligations) of social justice with *fardh kifâya* status in its capacity as a socio-religious duty with a double set of sanctions, on one hand, and again from other religious obligations with *fardh 'ayn* status by being one of the five pillars of Islam, on the other.

*Zakât* is an interesting institution. In fact, it is an institution that harbours a variety of interesting things some of which had already been mentioned. Still there are others that deserve mentioning.

For instance, *zakât* is a religious obligation, but one that is prominent with its economic or social aspects. In this capacity, it has some characteristic features. While other religious obligations stipulate intelligence (*âqil*) and maturity (*bâligh*) for liability, *zakât* does not have such requirements. That is why we see al-Ghazâlî stating that mental patients and children who possess a specified amount of wealth



(*nisâb*) are liable to the payment of *zakât*. In other words, they too are obliged to pay *zakât* (*Ihyâ*: I, p. 209). The emphasis here is clearly on the substance or *object* of the obligation rather than on its *subject* or agent. And it seems as if the intention of assuming such an approach was to indicate that there is a *social* side to personal or *private* property. As is known, *zakât* involves a redistribution of the wealth and income determined in the market by the functional division of income and wealth. As already mentioned, redistribution is exercised by means of transfers from the rich and the wealthy to the poorer and needy social groups. Admittedly while the basic reference of functional distribution is participation in economic activity, the primary references of redistributive processes are such moral and social concerns as human need, dignity and social stability.

Interestingly, the performance of *zakât* obligation is not dependent solely on and restricted to the existence of need and the needy. What we are trying to say here is that the essential reference of *zakât* obligation is not the status of the *receiving* party but of the *giving* party. As such, even when there is not an *absolute* need on the *receiving* side due to a radical increase in the level of welfare, those who possess a specified level of wealth, i.e. the *nisâb*, will still be obliged to pay *zakât*. To put it more clearly, in an imaginary or theoretical state where *absolute* poverty and destitution totally disappear, the obligation of paying *zakât* will still continue, and as a result even greater amounts of *zakât* funds will be available compared to normal or more familiar times.<sup>52</sup> Even if in theory, such a possibility implies that the obligation and regulation of *zakât* has additional goals and reasons beyond what can be seen at first sight, on one hand, and that there may be a need or even an urgency to devise some unusual and unfamiliar ways for the utilization of the accumulated *zakât* funds, on the other. This is a crucial insight in terms of understanding the wisdom behind *zakât*, and may have far reaching implications. One of them is that the reason for the enactment of *zakât* may be taken to be more a matter of alleviating relative poverty rather than the absolute one. Another implication is that it may also be more a matter of relative justice rather than of absolute justice. Again, it implies that *zakât* may have reasons beyond justice and social justice such as improvement of the quality of social life and its stability. Of course, other aspects of *zakât* such as being a method of moral exercise that meets the challenge of going beyond one's immediate interests, and being a way of gaining one's moral independence against one's animal spirits are also points that deserve due consideration.

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52 Below are some questions to deliberate on: What is the meaning and wisdom behind the continuing obligation to pay *zakât* even in a theoretical state where there is no absolute poverty and destitution? Where, how and on what basis will the *zakât* funds that thus accumulate will be spent and utilized?

To sum up, it seems that there is a deeper and wider wisdom behind the enactment of *zakât*, alongside its relevance for justice and social justice, which may include political, strategic, economic, cultural, religious, moral and aesthetic aspects of individual and social life.

On the other hand, *zakât* may look to resemble *tax* in being a transfer of wealth. They are also similar in being mandatory. In fact, the mandatory aspect of *zakât* is even stronger and more explicit. Indeed, it is clear that it is religiously binding as it is a *fardh 'ayn*, i.e. personal obligation. On the other hand, as mentioned earlier, in the classical period of Islamic history *zakât*, just like any other tax, used to be collected and disbursed by the state. This *two-layered obligatory aspect* is crucially important in terms of its continuity, vitality, operation and functionality. An interesting manifestation of this is observed in the story of *zakât* in modern times. As already mentioned, even though governments have almost unanimously withdrawn from all kinds of involvement in *zakât* process and procedures, those with such a liability continue to pay *zakât* on their own initiative as the religious obligation remains to be effective.

However, despite all similarities one should not hasten to conclude that *zakât* is a standard tax case as it does not comply with some other characteristics of a tax. For one, the legitimacy of a tax is based on human law whereas *zakât* derives its legitimacy from divine law. This means that while the states may impose new taxes, cancel existing ones, or change their scope and substance, none of these apply to *zakât*; it is, for the most part, a done deal. In other words, the regulation of *zakât* is finalized beyond the human realm, and is forever placed outside the scope of any kind of direct human interference. The only thing about *zakât* that belongs to the domain of humans is the possibility of change in the interpretation of the related norms. As an extension and derivation of this assessment it can also be said that in modern times, as a rule, tax revenues fall within the general budget and their allocation is not specified beforehand, while the allocation of *zakât* funds is determined beforehand and is restricted to specific social groups that are called *zakât* beneficiaries. It is for this reason that even in the classical Islamic period when *zakât* was collected and distributed by the state, the budget for *zakât* was independent and separate from the general budget. The role of the state in matters related to *zakât*, although of an obligatory character, was nothing but of mediation—executive in nature rather than legislative.

In light of what has been said so far, *zakât* can be said to be a multi-dimensional but *sui generis* institution that has the characteristics of being a basic religious duty as well as a permanent social-structural regulator.

*Zakât* being one of the five pillars of Islam, al-Ghazâlî cannot be expected to have remained indifferent to it. Indeed, besides his many works on Islamic law, where a treatment of *zakât* is usual and routine, he addresses it also in some of his other books and particularly in *Ihyâ*.<sup>53</sup> But since it had already reached maturity as an institution long before al-Ghazâlî's time, one need not expect him to have done much in regards to the basics of the topic. However, for a genius of his stature, it is almost impossible to broach a subject and leave not a mark worthy of note on it. Indeed, what he says especially starting from the beginning of the sub-section of *Ihyâ*'s chapter on *zakât*, whose title can be translated as "the explanation of the finer points of the etiquette of *zakât*"<sup>54</sup> deserve special attention from the perspectives of the sociology, psychology, ethics, etiquette, and aesthetic of *zakât*. One observes here al-Ghazâlî adding refinement, clarity, depth and grace to the network of relationships produced by the *zakât* process, thus contributing to a culture of social justice as well.

We have previously mentioned that a minimum standard of life has been discussed both in the context of *fardh kifâya* and of five fundamental human needs that rank in the *dharûrât* level of *maqâsid al-Sharî'a* both as a matter of social responsibility or collective duty, and as a basic human right. We see al-Ghazâlî discussing the same issue in the chapter of *Ihyâ* on *zakât* with reference to some earlier Muslim scholars. He discusses questions such as whether there is in addition to *zakât* a share for others in the wealth of rich people, and if so, whether it is in terms of a Muslim's rights on another Muslim. After conveying a view<sup>55</sup> on this matter, which he summarizes as "when a rich person sees a needy one, it is his/her duty (*yajibu*) to see to the needy persons needs in addition to paying his/her *zakât*", he adds:

What is the rule in *Fiqh* (Islamic law) is that when the deprivation [of a person] borders on death, seeing to his/her needs is *fardh kifâya* as remaining indifferent to a Muslim's death is not permissible. However, there are those who say that what the rich should do is nothing more than giving enough loan to the poor to meet their needs, and that if they have already paid their *zakât*, it is not necessary to give away this property, just are others who say that they (the rich) have to immediately give the amount of property needed, and that it is not lawful to offer loans to the poor (*Ihyâ*: I, p. 214). (Italics added)

It appears that this kind of matters have been on the agenda of Muslim schol-

53 "Kitâb Asrâr al-Zakât", *Ihyâ*: I, pp. 208-230.

54 "Bayânu Dakâiq Âdâb al-Zakât" (*Ihyâ*: I, p. 213).

55 Al-Ghazâlî mentions the names of Nakha'i, Sha'bi, 'Atâ and Mujâhid among the supporters of this view (*Ihyâ*: I, p. 214).

ars since very old times. For instance, we know that al-Shaybânî and al-Sarakhsî, an older contemporary of al-Ghazâlî, used to think that the poor have a right to claim on the wealth and property of the rich (*haqqun mustahiqqun*) in addition to *zakât*.<sup>56</sup>

To round up our discussion on social justice, we can say that *zakât* has a very special and almost *sui generis* status among the measures and institutions of justice mentioned so far. First of all, while all of other forms of (human) justice, with the exception of individual one, are in the status of *fardh kifâya*, *zakât* has the status of *fardh ‘ayn*. As is known, *fardh kifâya* represents a *collective* obligation or responsibility while *fardh ‘ayn* stands for a personal and *individual* duty or responsibility. On the other hand, while some of other forms and regulations of social justice are supported only by the other worldly sanctions, *zakât* has, at least as it used to be in its implementation during the classical period of Islamic history, the power of worldly and legal sanctions in addition to other worldly sanctions.

## Justice and Benevolence

Al-Ghazâlî considers doing justice and avoiding injustice as a necessary but not sufficient standard of behaviour in human relations. Because, in his view, they represent only a minimum that is indispensable for salvation, and in this capacity, they correspond to capital in trade. Just as it is not wise to be content with the capital in business life, it is not reasonable either to confine oneself with justice in religious life. Then, one should go beyond just abiding by *justice* and avoiding *injustice*, and try to reach the level of “*ihsân*”, i.e. “benevolence”, which is the counterpart of profit in business life.

Having described justice before as behaving so as not to harm others, he now defines *ihsân* or benevolence as behaving so as to benefit others. Al-Ghazâlî stresses that this is not a “*wâjib*”, namely, an obligatory act. In his view, what is *wâjib*, that is to say, an obligation, is doing justice and avoiding injustice. *Ihsân*, benevolence, on the other hand, is an act of kindness and giving free without expecting anything in return (*Ihyâ*: II, p. 79).

He maintains that one may reach the level of benevolence in economic relations and transactions by doing the following:

1. Not to make an unusual and excessive profit (*ghabn fâhish*),

56 For more detailed information on this subject see, Orman (2016, pp. 28-33 especially 32-33).

2. To deal favourably towards the poor and the vulnerable when dealing with them,
3. To behave tolerantly in receiving payments of costs and debts,
4. To be meticulous in paying one's own debts,
5. To accept the other party's request to withdraw from an agreement,
6. To give goods to the poor on credit without expecting a re-payment in case of their inability to pay back.

He discusses each of these types of behaviour in much detail in *Ihyâ* thereby producing a wealth of ideas and insights that are also valuable for the purposes of this study (*Ihyâ*: II, pp. 79-83).<sup>57</sup>

Using al-Ghazâlî's terminology, obviously *ihsân* is a case of *muta'addî* (transitive) behaviour, but one that belongs to a different level than that of justice. As he himself indicated above, while justice is an obligation, a *vâjib*, *ihsân* is a voluntary act, an act of benevolence, which may be said to belong to the level of *mandûb* on the general hierarchical scale of Islamic norms.

With the concept of *ihsân*, al-Ghazâlî widens the horizon of what we had called "the priority of what is social", or what may also be called the priority or prioritization of the other party, by moving from justice to benevolence, which means moving from legality to morality, and from obligation to voluntarism. However, this should not involve an underestimation of the first categories, namely doing justice and avoiding injustice, as they are the starting points, and in this capacity, they are indispensable.

## A General Evaluation and Conclusion

In this essay, we tried to examine the themes of justice and social justice in the thought of Abû Hâmid al-Ghazâlî (450-505 A.H. / 1058-1111 A.C.). Justice, both as a term and a concept, is well-established, and old enough to have metonyms in almost all world civilizations. Therefore, it does not require much introduction. However, social justice is a modern term, and in this capacity, its provenance can at best be traced two centuries back. On the other hand, its history as a concept is

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<sup>57</sup> Since we have discussed this subject in greater detail in an earlier work, we shall not go into further detail here and refer our readers to said work: (Orman, 2014, pp. 129-133).

controversial, and each and every effort to place its origins earlier than mid 1800s begs a justification.

What we can say at this point is that contemplations on social justice go a long way back. This essay testifies to one example of this historical fact. Indeed, in the course our investigations on the topic we have been able to assemble an immense amount of source material regarding *social justice*, let alone *justice* in general, from the intellectual legacy of al-Ghazâlî, a Muslim scholar who lived in the second half of 11<sup>th</sup> and first decade of the 12<sup>th</sup> centuries.

The conclusions we expect to have arrived at in this study, and some points that we consider worthy of note can be summarized as follows.

First come three observations on the set of sources relevant to our study:

1. We noticed remarkable similarities between *Mîzân al-'Amal*, a book attributed to al-Ghazâlî, and al-Isfahânî's *al-Dharî'a ilâ Makârim al-Sharî'a*. In our opinion, it will be safer to suspend the status of *Mîzân* until a comparative textual examination clarifies the relationship between these two books. That is why, although it contains valuable material on our subject, we decided not to include *Mîzân* into the set of sources employed in this study.
2. We also noticed that there is almost a parallelism between the last part of al-Ghazâlî's *Fadhâih al-Bâtiniyya* and the first part of his *al-Tibr al-Masbûk fî Nasîhat al-Mulûk*, except for some negligible differences in presentation. However, it must be noted that this is not a disqualifying similarity as the one above, but an affirming one, which implies that the second book is to some extent based on the corresponding chapter of the first and the older one. This similarity also serves as a double or bilateral confirmation for the authenticity of both books.
3. Another interesting thing we noticed in relation to the sources is that, in contrast to what a modern researcher may expect, the material containing al-Ghazâlî's thoughts on justice and social justice is not covered by his works on Fiqh and Usûlu'l-Fiqh, almost all of which classics in the history of Islamic legal thought, but is rather contained in his works on *Kalâm*, ethics, Sufism and politics. In our opinion, this is because the first group of books were not considered by him to be the places where justice is discussed, but rather to be the places where justice is taken for granted and applied to the problems and circumstances of life.

We started dealing with our main subject matter, by a presentation of defini-

tions of justice by al-Ghazâlî. Then, in order to allow some comparison, this was followed by a presentation of definitions of justice available in terminological dictionaries—an interesting genre of Islamic literature. One of the definitions of justice offered by al-Ghazâlî is as follows: putting things in their proper places. We observed that definitions covered by terminological dictionaries, of which three were written after al-Ghazâlî, were almost identical to the one given just above and the others that were also provided by al-Ghazâlî. On the other hand, considering that this definition is not quite different from some others that had been in the air since ancient Greece, one is tempted to think of a common tradition of justice definitions that had been shared by many for thousands of years.

While trying to classify al-Ghazâlî's ideas on justice, instead of imposing a scheme of classification on them, we wanted to see first if the structure of the related material itself suggested a classification. We noticed that the available material could be classified with reference to the *subject-object relations* involved in the act of justice. Thus, justice in general could be divided into two categories as "Divine Justice" and "Human Justice" with reference to the *subject* of the act of justice. Likewise, the material related to human justice could be further divided into two categories as "Individual (or moral, or inner) Justice" and "Social Justice". In the case of *individual justice*, the *subject* and the *object* of the act of justice coincide and overlap as both of them are the identical individual. In the case of *social justice*, however, several kinds of *subjects* might be involved in the act of justice. On one hand, there could be singular subjects such as *an individual*, *a society* or *a state*. On the other hand, there was an act of social justice, i.e. *zakât*, in which two subjects were involved—some qualified individuals/persons, and a state.

This essay basically evolves around this classification. We first discussed the topic of "Divine Justice". In this act of justice, the *subject* is God, and the *object* is the entire universe including human beings. Al-Ghazâlî thinks that God is just by definition, and tries to substantiate this understanding both in *Ihyâ* and his other works. Another remarkable point here is that in his controversial text concerning this issue, where he argues that this world or its current order is the most perfect of all possible worlds or orders, he triggered a dispute that was later to be known as "Theodicy." This dispute together with other allied problems such as optimism, pessimism and the problem of evil, constitutes another example of major intellectual controversies associated with al-Ghazâlî.

Next, we discussed the topic of "Individual Justice". This can be called moral or inner justice, as well. What is on agenda here seems to be an Islamic or somewhat



Islamized version of the theory of four major virtues, i.e. *fadhâil al-arba'a*, known since at least the time of Aristoteles. At first sight individual or moral justice may look like an inner or psychological phenomenon, and in this capacity, it may appear to have nothing to do with justice, which is in the final analysis an outer or external phenomenon, and particularly with social justice which is even more so. However, al-Ghazâlî does not entertain this idea, he rather disagrees with it. In his view, justice starts from within human heart, and once established there, it reaches out and extends to the respective person's family, to his/her immediate environment, to the community or society as a whole, and depending on the social status of the individual in question, even to the state. It can be claimed that even the topic of divine justice, at least as discussed in the present context, was tackled by him in an effort to theoretically substantiate this type of justice. Indeed, the issue of "Tawhîd" in connection to which a version of divine justice was discussed, and which itself corresponds to the *'ilm* dimension in al-Ghazâlî's three-dimensional scheme of human behaviour, was discussed in that context because of its relationship with the problem of "tawakkul". *Tawakkul*, on the other hand, is regarded by him as a state of human heart, an inner state, a "hâl" in his own terminology, which comes second after *'ilm* in his three-dimensional scheme of human behaviour: *'ilm*, *hâl*, and *'amal*.

The source material on justice in al-Ghazâlî's thought concentrates mainly on the topic of social justice. Accordingly, the next five headings in this study are related to different aspects of social justice.

Under the heading "Social Justice (1): The Priority or Prioritization of What is Social", we tried to introduce *al-Ghazâlî's* emphasis on the priority of what is social. One of the most original aspects of his intellectual legacy is this—an aspect we had an opportunity to briefly draw attention to for the first time in an earlier paper, but have discussed here in greater detail. Employing two terms he borrows from a taxonomy of verbs in Arabic grammar he develops an extremely interesting and important approach to religious life and understanding, and even to human behaviour in general. He thinks that just as it is the case with verbs, human acts may also be either transitive (*muta'addî*) or intransitive (*lâzim*) depending on their consequences. In his view, there is also a hierarchy between these two types of acts, in which the transitive ones come first; however, in a positive sense for the beneficial acts, and in a negative sense for the harmful ones. In other words, hierarchy will be one of goodness for the first group, and of badness or viciousness for the latter. Thus, *transitive* good acts will be more desirable or praiseworthy than intransitive ones, on the one hand, and *transitive* evil acts will be more abominable or blameworthy



than *intransitive* ones, on the other. Finally, in his view, behavioural assessment and legal/moral decision making must be carried out with reference to this distinction. On the other hand, pushed to its very logical implications, it is clear that this approach indicates a profound difference in religious understanding and attitude. However, it must be noted that the term *muta'addî* (transitive) as used here corresponds to a much broader concept than what is denoted by the term “social”. On the basis of what has been said, it would not be wrong to consider al-Ghazâlî as one of the foremost thinkers with a strong enthusiasm for what is social.

Within the theoretical framework adopted by al-Ghazâlî there may be two types of *objects* or addressees to the act or relationship of justice whose *subject* is an individual: (1) other individuals or sub-societal groups, and (2) the society as a whole. Though al-Ghazâlî formulates this issue within the context of commercial relations, it is clear that his words are valid for all kinds of relationships, transactions and contracts that an individual may be a party to. Hence, one can safely say that his analysis stands not just for *economic justice*, but for *social justice* in general. He states that in a relationship a person may unduly be harming the other party, which means an injustice, and to avoid doing harm to others is part of observing the duty of justice. He further thinks that this can be the case even in the legally valid contracts, and that in such a situation one should look into the essence or spirit of the contract, not its literal validity. According to him, the harm involved may be limited to one person or a group of persons who are a party to a contract or transaction, or it may go beyond this and cover the entire community. In both cases, the behavioural norm is the same: avoiding injustice and observing justice. The guiding principle he advises in such situations is not to tolerate for others anything that one would not tolerate for oneself. In other words, what is advised, is a strong and refined sense of empathy—using roughly the language of *Ihyâ*, one must not discriminate between one's own and others' money. Linking this issue to the previous one, it would be sufficient to state that acts of *justice* and *injustice*, though opposites in terms of their values, are both transitive in terms of their value-free consequences, and in such situations, what is *social* has a priority over what is *individual*.

However, we need to note here that the hierarchies mentioned in the above two paragraphs apply only to the actions that belong to the same level on the general scale of hierarchy of legal/religious norms. In other words, the orders of priority between *muta'addî* and *lâzim*, between what is social and what is individual are valid only for actions that belong to the same level in the general order of Islamic

legal/religious norms a version of which is as follows: *vâjib*, *mandûb*, *mubâh*, *makrûh* and *harâm*.

The *subject* of all the acts and relationships of justice that we have mentioned so far was, with the exception of divine justice, a human individual. However, there are also cases where the *subject* of the act of justice is a supra-individual actor or agent—cases that may be said to be closer to the modern concept of social justice. An example of such cases is where the *subject* is a *society* as a whole or collectively, and the *object* or the addressee is comprised of social groups or individuals. In fact, this is just a specific form of an Islamic attitude towards society, in which a society as a whole or collectively is taken to have responsibilities, obligations or duties in religious and legal affairs. The basic reference for this attitude is the concept or institution of *fardh kifâya*. Al-Ghazâlî's contribution to this specific form of social justice has two significant starting points which are mutually supportive:

1. One of them is a somewhat peculiar interpretation of the concept of *fardh kifâya*. Al-Ghazâlî extends this concept to encompass everything that is vital for a society. His reason for this is that the condition of worldly affairs is crucially dependent on such vital things, and that attainment of a good religious life, in turn, is dependent on the quality of worldly affairs.
2. The other starting point is his theory of “Maqâsid al-Sharî’a” which itself is part of a larger theory—“Theory of Masâlih”. As is well known, al-Ghazâlî is the foremost founder of a theory of the objectives of law, that is, “Maqâsid al-Sharî’a”, which he developed within the wider context of a general theory of human needs known as “Theory of Masâlih”. “Masâlih” is the plural of the Arabic word “maslaha”. According to him, *masâlih* (literally “public benefits” but in this context, may also mean “human needs”) are divided into three layered categories: what is essential or indispensable (*dharûrât*), what is complimentary (*hâjât*), and what is in the nature of comforts and embellishments (*tahsînât* and *tezyînât*). In his opinion, there are five basic values or human needs that correspond to the first level of *masâlih* or human needs. These five basic values constitute the objectives of any legal system, that is to say, they are “maqâsid al-sharîah”: protection of religion, of life, of reason or intellect, of progeny, and of wealth and property. According to him, since these five objectives belong to the class of indispensables (*dharûrât*), they by definition have to be secured and protected by every legal system and each society, for each and every member of the respective society. In other words, this is a *fardh kifâya*, i.e. a social responsibility and a collective obligation.

Among all the types of social justice al-Ghazâlî tackles with, perhaps the closest to the modern concept of social justice is the one concerning the relations between the state, on one side, and the society, social groups and individuals, on the other. He thinks that there are guiding principles in this regard and he summarizes them as “ten principles of justice and equity”. Since in this context he addresses the state, the supreme authority in the provision and distribution of justice, he seems to have mobilized all of major arguments and counter-arguments related to justice and injustice. We see him expressing sympathy towards the oppressed and the victimized, drawing attention to the consequences of transitive (*muta’addî*) actions, emphasising the priority of what is social, stressing empathy in a variety of contexts and at different levels, highlighting both this worldly and otherworldly consequences of justice and injustice, suggesting measures for the promotion of the first and prevention of the latter, and deploying a host of logical, rhetorical and stylistic devices in order to impress his reader throughout the related text.

*Zakât* is one of the five pillars of Islam, and hence, al-Ghazâlî cannot be expected to have remained indifferent to it. *Zakât* is also an institution of social justice *par excellence* in terms of its goal, scope and the manner it was regulated. That it is an economic religious service aimed at correcting income and wealth injustices and imbalances in the society by way of redistribution, that it is directed towards certain social groups which are in need of support and protection, and that it was collected and distributed by the state in its implementation during the classical period of Islamic history are all justifications for the claim made above. We have described it as an act or institution of social justice with two *subjects* since although the liability of paying it lies with the qualified *individuals*, its execution and enforcement used to belong to the *state*.

Following what has been said of *zakât*, a general assessment can be made of the religious and legal status of the regulations and institutions of social justice we have mentioned so far. It can be said that *zakât* is a regulation or institution of social justice with the status of *fardh ‘ayn*. In other words, it is a duty of social justice incumbent on individuals who meet certain conditions. However, there may be situations where a need for performing some additional services related to social justice remains to be the case even after due payment of *zakât*. In such situations, sustaining a minimum level of need fulfilment becomes the responsibility of the respective society as a whole, or it transforms into a collective duty, which is called *fardh kifâya*. *Fardh kifâya* represents the sphere of social responsibility or collective duty in an Islamic framework. Other forms of acts of justice with an in-

dividual *subject*, may also be said to fall within the scope of *fardh 'ayn*, namely the sphere of personal or individual responsibility. *Fardh 'ayn* and *fardh kifâya* together represent the area of *obligation* or the mandatory area from the perspective of social justice. However, the ideal of social justice is not limited to this area, neither in al-Ghazâlî's view nor from an Islamic point of view in general—beyond it there is an unlimited area of *voluntarism* that is the topic of the next paragraph.

The point where al-Ghazâlî carries the ideal of justice, and together with it that of social justice, to a peak is the last heading in this work: *Justice and Benevolence*. We by now know that he attaches great importance to justice. To him, however, although a must, justice alone is not sufficient. In his view, justice is to avoid injustice, to give everyone what is his/her due, and to behave in a way not to harm others. In this sense, justice represents a minimum standard of behaviour in human relations, and in this capacity, it corresponds to the capital in business life. Just as it is not reasonable (or, rational) to be content with the capital in business life, and just as one must also aim at some profit, likewise a reasonable (or, rational) person is expected to aim at “benevolence” in religious life, which is the counterpart of profit in business life. Benevolence is acting so as to benefit others, and while *justice* is obligatory (*wâjib*), *benevolence* (*ihsân*) is a voluntary act.

The relationship between the material covered by this study and social justice is obvious enough. Even in instances where the relationship is not so clear, it is almost certain that what is discussed here, may be of some help in developing a *culture of social justice*, and thus to a *social environment* conducive to the development of social justice.

To round up, it can be said that al-Ghazâlî approaches the topics of “Divine Justice” and “Individual Justice: Moral Justice” by making a clear reference to the concept of *justice*, namely, by directly quoting the term and even making it the focus of his discussion. The sections “Social Justice (2)” and “Social Justice (4)” discuss respectively what we may call *economic* justice and *political* justice again with clear reference to the concept of *justice*. The social character of these two types of justice must also be clear. The institution of zakât which was addressed under the title of “Social Justice (5)” should require no further justification as to its relationship with social justice. The issue we discuss under the title “Social Justice (1)” is intended to ground, as far as we know, a completely original approach to legal, moral and religious matters we propose to call “The Priority of What is Social” in a Ghazâlîan framework. Under the heading “Social Justice (4)” the connection of two important ingredients of al-Ghazâlî's thought, his approach to *fardh kifâya* and his theory of

*Maqâsid al-Sharî'a*, to the issue of social justice is explained. Our last heading is about al-Ghazâlî's concept of "ihsân" (benevolence) which pushes the horizon of justice in human behaviour and relations one level higher.

Based on what has been said so far, a generalization about Islam's attitude towards justice and social justice may also be attempted. What can be said for sure is that securing a minimum level of subsistence for each and every one, within the means of a society, is a duty and responsibility that falls on everyone. This duty begins with the work and efforts of every able person, which is a *fardh 'ayn*, a personal obligation, to provide for oneself and for those it is one's responsibility to look after. Then it continues with an obligatory redistribution of the wealth of society by means of *zakât* and *'ushr*, which are religiously in the status of *fardh 'ayn*. If this secures the above-mentioned level of subsistence for each and every body, then fine. However, if this proves not to be sufficient, then the personal responsibility and obligation transforms into a social or collective responsibility and obligation which is called *fardh kifâya*. The network of relations beyond subsistence level is left to the interplay of other rules and regulations such as *justice* which is a general rule of behaviour in *fardh 'ayn* status, *benevolence* which is a voluntary charitable act, and the development of a conducive social environment that gives religious/moral priority to what is social. It must be noted that giving priority to what is social is not an approach peculiar to al-Ghazâlî within the framework of Islamic intellectual tradition.

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# Defining Islamic Economics: Scholars' Approach, Clarifying The Nature, Scope and Subject-Matter of The Discipline<sup>1</sup>

Hafas Furqani

**Abstract:** While developing Islamic economics as a discipline, it is necessary to define the nature, scope and subject-matter in order to clarify the object of study and indicate the boundaries of its reach. Islamic economists in this regards have put effort to define Islamic economics to inform readers about its underlying norms and aspirations as well as the objectives it intends to serve. This paper attempts to observe Islamic economists' approaches in defining Islamic economics. Classification of various definitions proposed by Islamic economists will also be discussed. By this observation we will be able to see the different points of view among the scholars in conceiving Islamic economics' subject matter, as well as see the shades of thought in determining Islamic economics' object of study and the level of development of Islamic economics as a body of knowledge.

**Keywords:** Definition, Islamic Economics, Subject-matter, Discipline, Body of Knowledge

**JEL Codes:** A12, Z12

## Introduction

Islamic economists have put their effort to define Islamic economics as a body of knowledge. The definition is required to clarify the nature, subject matter, approach and scope of Islamic economics as a discipline. Various definitions of Islamic economics have been proposed by the scholars reflecting their background and point of view in conceiving Islamic economics. As a discipline in the making, the

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definitions proposed should be considered as an initial effort to reach the consensus at a later stage.

This paper aims to observe various definitions of Islamic economics proposed by Islamic economists. The objectives are to understand the scholars' point of view and perspective in their conception of Islamic economics and their scientific reasoning and justifications for the definitions proposed. To see the shades of thought and possible consensus in the subject-matter of Islamic economics discipline, we will attempt to classify those definitions into groups based on the subject-matter and differentiation made between Islamic economics and conventional economics.

## Definition of Economics: How Has it Evolved?

The definition of economics has evolved over centuries in line with the progress made by the discipline. Scholars from Alfred Marshall (1890) until Lionel Robbins (1945) have put their effort to define economics by collecting the scattered thought in the scientific discussion at their contemporary times and have put their vision for the unification of the subject-matter of economics.

This effort to develop definition of economics, according to Backhouse & Medema (2008, p. 720) is always "an *ex post* attempt in the sense that it is formed to impose order upon a body of work that has developed as economists have sought to tackle diverse practical and intellectual problems". The definition of economics in this regards was later proposed in a long and rigorous intellectual process in pace with the development of economics discipline by observing the progress and development of economics as a body of knowledge.

Scholars in this regard attempt to clarify the object of study (subject matter) of economics, its content and scope, underlying norms as well as approach (Addas, 2008, p. 102). It is developed in pace with the development of discipline itself.

Likewise, the consensus for a specific definition of economics is attained through a gradual process of knowledge accumulation by means of a creative interplay between a progressive conceptualization and the corresponding empirical and rational verifications (Bakar, 2010, p. 429). However, this does not mean the effort to define economics discipline will be stopped. It is normal that as the discipline changes and grows, so definitions would normally change (Robbins, 1945, p. 41).

The definition of economics has been evolving over time. 'Economics' prior to being presented as a distinct discipline was called 'political economy'. The shift of

study from political economy to economics was attributed to Alfred Marshal (1890, p. 1) who defined economics as,

“a study of mankind in the ordinary business of life; it examines that part of individual and social action which is most closely connected with the attainment and with the use of the material requisites of well-being.”

The definition is highlighted further by J.B. Clark who defined economics as “the criterion and use of wealth”, Cannan “the explanation of the general causes on which the material welfare of human beings depend”, Leon Walras the “relations between persons and things”, Beveridge “the study of the general methods by which men cooperate to meet their material needs”, and Pigou “that part of social welfare that can be brought directly or indirectly into relation with the measuring rod of money” (Lowe, 1983, p. 6, Dewett & Varma, 1990, p. 2, Howson, 2004, p. 416).

Marshal's definition has been used by the scientific community for such a period of time, until it was challenged by Lionel Robbins (1945, p. 16) who defines economics as “the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses.” Robbins develops his definition of economics by criticizing Marshall's definition of economics. According to Robbins, Marshal's definition is a classificatory conception of economics that marks off certain kinds of human behaviour; economic and non-economic, and designates only the behaviour directed to the procuring of material welfare to be the relevant subject matter. This classificatory conception of economics is not appropriate to define the nature of economics.

Therefore he proposed a new definition which is analytical as it does not attempt to pick out certain kinds of behaviour, but focuses on a particular aspect of behaviour, the form imposed by the influence of scarcity. Robbins' definition puts scarcity and choice, instead of material wealth and human quest for it, at the centre of economic analysis. Any kind of human behaviour that demonstrates the scarcity aspect falls within the scope of economics. All phenomena such as prices, production, and rent, are all associated in some way with scarcity and human behaviour is conditioned on all sides by this ubiquitous fact of scarcity (Howson, 2004, p. 427).

Robbins' new definition has not only successfully captured the previous conception of economics, as it covers the main fact of scarcity, but at the same time has broadened the scope and subject-matter of economics as any kind of activity involved in the ‘relinquishment of other desired alternatives’ will be considered as the subject-matter of economics instead of only certain type of social behaviour

as implied in Marshal's conception of economics as exchange or economics as the cause of material welfare.

The new definition of economics proposed by Robbins has paved the way for the scientific community's consensus on the subject-matter and approach of economics discipline. After Robbins, economics was widely acknowledged as the 'study of scarcity' or the 'study of choice' which could be summed up as the 'study of human behaviour in making choices arising from scarcity to maximize his self-satisfaction'.

Nevertheless, Backhouse and Madema (2008, pp. 721-722) observe that the consensus to accept Robbins' definition of economics came in several stages. Paul Samuelson's *Foundations of economic Analysis* (1947) captured Robbin's message to define economics as being about scarcity but he chose to define the subject in terms of what, how, and for whom i.e. as concerning the production and consumption of goods and services. Lipsey's *Introduction to Positive Economics* (1963) perceives *scarcity* as one of the basic problems encountered in *most* aspects of economics, not the entire subject. The focus of economics is then moved to an aspect of behaviour, more specifically to that of rational choice, which could be applied not simply to production and consumption choices, but to all traits of human behaviour. In 1960's, economics became increasingly conceived as the *science of choice*, without reference to a particular social domain, even, at times, without reference to scarcity.

Having said that, there is a consensus currently on the definition of economics which does not mean that the effort to redefine the discipline will be on a halt. In fact, Robbins' definition is also being challenged by numerous scholars. The Austrian economist, Kirzner (1976) criticizes Robbins' conception of economics as one that "reduces economics to a formal and mechanical means-end calculus." As ends are given, this view will overlook the crucial element of economics, namely that agents act purposefully to improve their position". According to Kirzner (1976), just as Robbins claims that Marshal's definition rules out many kinds of economically relevant analyses, the same goes to Robbins' definition too. He mentions the case of entrepreneurship and competition as an example. Since the means and ends are already given in Robbins' framework, and there is no scope for analyzing how they are determined, the competition loses its meaning in an equilibrium framework. Competition is reduced to a technical tool convenient when solving mathematical models, but nothing is said about competition as a process.

Skousen (1991, p.14) also criticizes the definition of economics proposed by Lionel Robbins as misguided, unfocused, or incomplete, leaving students confused and uncertain at the beginning of the course. This is because what has been conceived by Robbins to be the subject matter of economics, namely scarcity (due to limited resources and unlimited human wants), is un-real and does not really exist in reality. It implies a static view of the material world rather than a dynamic description of the production process in connection with resources and wants, production and consumption, and supply and demand.

Therefore, this phenomena according to Backhouse and Medema (2008, p. 722), reflects the position that while Robbins' definition of economics remains the most widely cited definition of the subject, "it has never commanded universal assent and there have always been significant numbers of economists who have considered that it does not encompass all aspects of their discipline and that qualifications or extensions are required." It also implies that as "definitions of fields generally come only after the field is established; as fields change, so definitions change." This poses a challenge for Islamic economics as a new discipline in the making, to be defined clearly so that its scientific justification could be seen.

## Defining Islamic Economics Discipline

Islamic economists have addressed the challenge to define Islamic economics. There are at least 21 definitions of Islamic economics we have collected and reviewed to see the different points of view existing among scholars in conceiving the nature of the discipline.

However, we can say that Islamic economics is yet to reach the stage of unification of subject matter, scope and boundaries of study. So far, there is no consensus on the definition of Islamic economics and in fact, its body of knowledge is yet to be clearly constructed. To define a discipline is a gradual process in line with the development of body of knowledge and object of study. At this stage, according to Robbins (1945, p. 3) "any attempt to discover the ultimate nature of the science was necessarily doomed to disaster." Cairness (1875, p. 148), likewise, said "definition of the present state of economic science should be regarded as *provisional* only, and may be expected to need constant revision and modification with the progress of economic knowledge".

Nevertheless, as it is learnt from the conventional economics experience, that

before the scientific community reaches a consensus on an appropriate definition, they have to attempt to propose the provisional definition in order to stimulate thinking, debates and attract further discussion in the scientific community and eventually ‘unification’ of discipline can be initiated. Perhaps, this is also the reason why numerous definitions of Islamic economics that look at the discipline from various angles are being proposed. Hopefully, at one point in time, the consensus on the subject-matter, scope and approach of Islamic economics will be reached.

Some Islamic economists, however, such as Laliwala (1989, p. 129) and Fahim Khan (2015, p. 15), argues that there is no need to have a specific definition of Islamic economics. Laliwala (1989, p. 129) says that “Islamic definition of economics should not be separated from the general definition of economics”. Fahim Khan (2015, p. 15) also argues that the subject matter of Islamic economics is similar to conventional economics which studies human behaviour in achieving wellbeing in an atmosphere of scarce means. The difference only is in Islamic goals and approaches in solving economic problems and also in institutional framework in solving economic problems. Therefore, a distinct definition of economics from Islamic perspective is not necessary since Islamic economics can be studied within the framework of conventional economics by using the same methodology but incorporating different behavioural variables (Akram Khan, 2013, p. 40).

The argument however has not been accepted by many Islamic economists. Majority of Islamic economists believe that Islamic economics should be distinctively defined, not only to differentiate it from conventional economics, but more importantly to explicate clearly the particular nature of the discipline and its characteristics in subject matter, approach, scope and objective of study. The definition of Islamic economics, as argued by Arif (1985, p. 79), is important for “scientific justification of the study and development of Islamic economics”.

While we can generally see the agreement among scholars to call a new system of thought that discusses economic phenomena in Islamic perspective as Islamic economics, they however differ in conceiving what should constitute the definition and hence on how to appropriately define Islamic economics.

A pragmatic way to define Islamic economics is by maintaining the subject-matter of conventional economics and attempting to study it in an Islamic perspective.

This approach according to Addas (2008, p. 107) is “*ipso facto* endorsing the secular definition of economics emanating from Robbins but adding to it Islamic



constraints, such as fixing the object of economic activity as the promotion of *falāh* in the widest Islamic sense, and encompassing social life in its entirety.”

Therefore, this approach would imply that the definition of economics has a universal acceptability and there is no need to change the subject-matter, but the problem lies with the approach of this study. Islamic economics in this regard studies the same economic problems but employs different approaches to solving them.

Another approach attempts to put a more genuine effort to define Islamic economics by reconfiguring both the actual problem of economics in Islam and Islamic solutions to solve the problem. This approach argues that the problem of economics might be different in Islamic perspective and likewise the solutions, framework and approach in solving those problems.

In defining Islamic economics, scholars attempt to find appropriate terminology to describe concepts unique to Islamic economics that would clarify what Islamic economics means and its object of study without *any ambiguity* (Arif, 1985b, p. 82). In addition, scholars also attempt to highlight what is distinct about Islamic economics to enable the reader to distinguish between the nature and characteristics of Islamic economics and conventional counterpart.

For the progress of the discipline itself and in order to help creating a consensus among researchers Mirakhor (2007, p. 9) opines that appropriate language and terminology that could provide common platform and framework of study of Islamic economics is important. Choudhury (1995, p. 43) suggests *tawhidic* perspective of a unity framework and an integrated perspective in the definition of Islamic economics where the subject-matter (i.e. economic problems), their solutions (i.e., approach and strategy to solve them) and goals to be achieved are integrated.

This comes from Islam's understanding of science (*‘ilm*) that intends to reflect unity of thought and practice, ideals and realities in its subject-matter. In this regard, we believe that there should be a consistency between the economic problems faced by man in his life and the prescriptions to solve those problems as envisaged by Islamic teachings and the goals it seeks to attain. Such unity framework of Islamic thought might answer Kuran's allegation (1995b, p. 170) who says “Islamic economics does not offer a comprehensive framework for a modern economy; for all its grand claims, it presents a package of loosely connected policies rather than a complete blueprint for reform... it fails to provide a well-defined and operational method of analysis. Islamic economics is mostly prescriptive, and where efforts are made to give it analytical power, it loses much of its Islamic character.”

## Definition of Islamic Economics: Towards A Classification

Islamic economists have continuously put in efforts to define Islamic economics discipline, its subject matter, object of study as well as its scope. In this study we have collected at least 21 definitions of Islamic economics proposed by Islamic economists. In the definitions proposed we can see the differences of opinion among the scholars on the object of study, scope and approach. Some definitions, however, are quite close to each other hence it is possible to classify the definitions of Islamic economics. Here, we attempt to classify the definitions of Islamic economics based on the nature of Islamic economics study (i.e., the subject-matter or object of study) and the differentia of Islamic economics with its conventional counterpart.

### **Definition Classifications Based on Subject Matter**

Islamic economists have differences of opinion in determining the subject-matter of Islamic economics. The conception of the subject-matter of a discipline would inform us about object of the study and the scope of analysis or boundaries of the discipline. Based on the definitions of Islamic economics that we have collected, we can classify the definitions of Islamic economics into four types which are as follows:

Type 1: Islamic economics as *the study of the principles and rules of shari'ah* that make up the framework or milieu for an economic system, as well as activities and behaviour of economic agents;

Type 2: Islamic economics as the study of ways to realize *Islamic objectives in economics*;

Type 3: Islamic economics as the study of ways to solve *economic problems in the Islamic framework*; and

Type 4: Islamic economics as the study of *human (Islamic man) behaviour* in making choices and decisions.

### **Type I: Islamic Economics as the Study of Islamic Principles/Doctrines in Economics**

In type I definitions of Islamic economics, scholars conceive Islamic economics as a study of Islamic doctrines related to economics. Islamic doctrine here means Islamic principles, values, and teachings relating economics that have been outlined in the *Qur'an* and *Sunnah*. The focus in Islamic economics study therefore is on studying those doctrines and deriving the methods from the Islamic epistemologi-

cal sources to be applied in practical economic activities. This type of definition is proposed by many scholars some of which are as follows:

Baqir al-Sadr (1983: II, p. 6): Islamic economics is the *way Islam prefers to follow* in the pursuit of its economic life and in the solution of its practical economic problems in line with its concept of justice.

Hasanuzzaman (1984): Islamic economics is the knowledge and application of injunctions and rules of the shari'ah (Divine Islamic law) that prevents injustice in the acquisition and disposal of material resources in order to provide satisfaction of human beings and enable them to perform their obligations to Allah and the society.

Muhammad Abdullah Al-Arabi (1969): Islamic economics is *a set of principles* derived from the *Qur'an* and *Sunnah* and constructs the economics based on those principles according to times and places.

Muhammad Ali Taskhiri (1996, p. 120): Islamic economics is a way which Islam prescribes for individual and social behaviour in the economic field and examines Islam's rules in this area.

Zubair Hasan (1998): Islamic economics is that aspect of Islam's social doctrine which deals with problems of choice in the face of uncertainty and resource scarcity to promote *falah* in a holistic framework.

Gamal Eldin Attia (2007, p. 224): Islamic economics is an economy that governs a society which is ordered in accordance with Islamic teachings; the institutions of such a society operate based on true Islamic principles, while its individual members believe in Islamic values and, in their daily lives, tread the straight Islamic path.

Asad Zaman (2015): Islamic economics is the effort/struggle to implement the orders of Allah pertaining to economic affairs in our individual lives (Micro), in our communities (Meso), and at the level of *Ummah* (Macro).

In this type of definition, the subject-matter of Islamic economics is the Islamic doctrine of economics whereby the focus of study will be in deriving, outlining and applying Islamic doctrine, principles, injunctions and rules of the shari'ah and values which will be the basis, guidelines and paradigm in analyzing economic realities and solving economic problems. In word of Addas (2008, p. 32), in this type of definition, the purpose of Islamic economics is "to identify and establish an economic order that conforms to Islamic scripture and traditions."

In this regard, the study of Islamic economics seeks to construct the general principles and rules of Islam regarding human economic life from where the theories and policies of Islamic economics can be deduced or from where we can analyze the practical economy. These rules are characterized by Hasanuzzaman (1997, p. 2) as “the systematic exposition of the spirit of the legal text (*nas*) intended to guide man towards different situations in human society throughout the ages. They provide broad contours within which policy making can be pursued and its validity judged.”

Those principles are derived directly from the *Qur'an* and *Sunnah* as the primary sources of Islamic economic teachings. Those principles, according to (Al-Qaradāwī, 1995, p. 15) are characterized by *‘umūm* (universality), *kullīyyah* (generality), *thubūt* (permanence), *al-taujīhāt al-asāsiyyah* (the principal guidelines) and *al-hājat al-asāsiyyah al-lnāzimah* (related to only the basic common needs governing) every individual and society. Although the principles are few in terms of quantity, they cover all things of ‘human economic matters’ and are suitable for all times and places (Al-Khālidi, 1986, p. 43).

The approach to construct the principles is similar to the *fuqahā’* (jurists) approach in constructing *al-qawā‘id al-fiqhiyyah* (legal maxims) to be applied in particular (Hasanuzzaman, 1984; 2007). Islamic economists then, from those general principles, derive various economic theories and policies to be applied in real economic life based on time and place which are open for changes (*taghayyur*) according to the conditions of the society.

It is also interesting to note that according to the proponents of this definition, such as al-Sadr, (1983: II, p. 10) who argues that Islamic economics is a doctrine that is concerned with “discovering every basic rule of economic life connected with the ideology of (social justice)” instead of a mere “interpretation of existing reality which gives the explanation of economic life, its economic events and its economic phenomena and the linking of those events and phenomena with the general causes and factors which rule therein” (1983: II, p. 6). Islamic economics, according to al-Sadr, has the role to lay down principles for the organization of economic life based on Islamic vision and conception. According to Lamido (2016, p. 30), the doctrine would connect “the spirit and philosophy of Islamic economics on one hand, and social, economic, historical, political and general environmental contexts of society on the other”.

Asad Zaman (2015) in his proposed definition also argues that the development of Islamic economics science must always be attached to the doctrine of Islam.

Islamic economics, he argues, is about the struggle to establish the *dīn* (religion) in the domain of economic affairs as ordained by Allah SWT. Hence, unlike conventional economic theories which aim at observing human beings and societies and discovering laws of motion which govern the economic processes in such societies for prediction and explanation, Islamic economics has transformative mission to change the world if it is not in line with the Islamic doctrine or principles. If there is injustice in the economic affairs of human being, Islamic economics would not allow observing the phenomenon as a neutral and detached observer, but would struggle to change it.

### ***Type II: Islamic Economics as the Study of Islamic Objectives in Economics***

The second group defines Islamic economics as a study of economic objectives in Islam and how human beings can actualize and realize those objectives in their economic life. In this definition, scholars define the possible objectives in Islamic economics and the possible approaches or means to realize those objectives in human life. The definitions in line with this thought include the following:

M. Akram Khan (1984, p. 55): Islamic economics aims at the study of human *falāh* achieved by organizing the resources of earth on the basis of cooperation and participation.

Louis Cantori: Islamic economics is simply an effort to formulate a more human-oriented and society-oriented economics that wants to deny the excessiveness of individualism within the classical economics (in Abu-Rabi', 1994, p. 82).

M. Umer Chapra (2000, p. 125): Islamic economics is a branch of knowledge which helps realize human well-being through an allocation and distribution of scarce resources that is in conformity with the *maqā'id*, without unduly curbing individual freedom, creating continued macroeconomic and ecological imbalances, or weakening family and solidarity of moral fibre of the society.

Anjum (1996, p. 57): Islamic economics is a scientific discipline concerned with the theoretico-empirical analysis of the known economic realities and future economic possibilities, in the light of exploitation-free Islamic principles, in order to explore the most effective means of enhancing production, its equitable distribution and balanced consumption from the point of view of relieving economic hardships, facilitating and beautifying human life for the peace, prosperity and development of all human beings.

In this perspective Islamic economics is a study that would attempt to explore and investigate the Islamic economic objectives and propose approaches and mechanisms in solving economic problems. In solving that, Islamic economics is oriented by the goals as envisaged by Islamic worldview in economics.

The objectives are usually discussed in the context of *maqasid al-Shariah* (objectives of *Shariah*). According to Lamido (2016, p. 30), the *maqasid al-Shariah* is the foundation for the analysis of economic issues since it is also acting as a bridge that connects “texts and context, ends and means, goals and methodologies, the latter and the spirit of Islamic law and the universal goals of Islam and the practical means to their actualization”.

Islamic economics is a goal-oriented discipline/science that seeks to study means and solutions to achieve the objectives as outlined by Islam. In the definitions, the scholars provide various insights on the purpose of Islamic economics as a science, such as to fulfil human needs, individually and collectively (al-Ghanim, Hasanuzzaman, Yousri); to relieve economic hardships, facilitate and beautify human life for the peace, prosperity and development of all human beings (Anjum); to realize human well-being as envisaged in the *maqāsid al-sharī‘ah* (Chapra), and to achieve *falāh* (success) in a holistic framework (Khan, Arif, Hasan). Those objectives according to Umer Chapra (1996, p. 25) are also acting as paradigm in Islamic economics that put the discussion in goal-direction and characterizes Islamic economics science in such a way as to assist human beings in achieving the ideal of life as perceived in those goals.

### ***Type III: Islamic Economics as the Study of Economic Problems in Islamic Perspective***

The third category defines Islamic economics as the study of economic problems in Islamic perspective and tries to solve it in an Islamic framework, values, approaches and institutions. This definition is proposed by the following scholars:

Ibrahim al-Turki (1976, p. 11): Islamic economics is a social science which studies the economic problem of the society who practices Islamic values.

M.A. Mannan (1984, p. 126): Islamic economics is a composite social science which studies the problems of production, distribution and consumption through integrative system of exchange and transfer over time and their social and moral consequences in the light of Islamic rationalism.

M. A. Mannan (1986, p. 3) also defines Islamic economics as a social science

which studies the economic problems of people imbued with the values of Islam.

Zaim (1989): Islamic economics is a systematic effort to study the economic problem and man's behaviour in relation to it from an Islamic perspective. It is also an effort to develop a scientific framework for theoretical understanding, as well as to design appropriate institutions and policies pertaining to the processes of production, distribution and consumption, that will enable optimal satisfaction of human needs, enabling man to serve higher ideals in life.

Mohamed Aslam Haneef (1997): Islamic economics is an approach to interpreting and solving man's economic problems based on the values, norms, laws and institutions found in, and derived from, the sources of knowledge in Islam.

Ghanim (1991, p. 65): Islamic economics is a science that studies how to fulfill human's needs, individually and collectively, by utilizing the resources, based on the Islamic frameworks and principles.

M. N. Siddiqi (1992): Islamic economics is the Muslim thinkers' response to the economic challenges of their times. In this endeavour they were aided by the *Qur'an* and the *Sunnah* as well as by reason and experience.

Al-Masry (1999, p. 22): Islamic economics is a study of scarce resources and their development in order to fulfil the needs of human beings according to Islamic rules.

Yousri (2002, p. 28): Islamic economics is the science that studies the best possible use of all available economic resources, endowed by Allah, for the production of maximum possible output of halal goods and services that are needed for the community now and in future and the just distribution of this output within the framework of Shari'ah and its tenets.

Iqbal and Lewis (2009, p. 13): Islamic economics is a branch of knowledge that aims at analyzing, interpreting and resolving economic problems with reference to the methodology of Islam.

According to this classification of definitions of Islamic economics the subject-matter or the focus of study is in analyzing and solving the economic problems faced by the society (in general understanding and not specific to Muslim society). Islamic economics, in this regard is not theology, but a social science that deals with economic problems faced by human being in their life and it develops strategies, solutions and institutions to solve those problems.



Islamic economics, nevertheless, unlike conventional economics which claims to be value-neutral in studying economic problems and finding solutions, is based on Islamic values (Khan, 2013, p. 42). Therefore, the difference with conventional economics is not only in what counts as a 'problem' in Islamic perspective, but also in the 'approach' and 'objective' of solving economic problems.

In Islamic economics, the nature of economic problem is based on practical-reality of what human beings face in life as well as based on the guidelines and objectives as in what needs to be achieved by solving those problems. Likewise, the way to solve the problem in Islamic economics is with the framework of Shari'ah (Yousri), the values, norms, laws and institutions found in, and derived from, the sources of knowledge in Islam (Haneef, Mannan, al-Turky), in accordance with Islamic rules (al-Masry), and aided by the *Qur'an* and the *Sunnah* as well as by reason and experience (M. N. Siddiqi).

In solving the economic problem, Islamic economics is guided by Islamic normative principles as well as positive analysis so that resource appropriation is done on the basis of Islamic values; cooperation, participation and justice (Khan, 1984; Ahmed, 2002). With the ethics prevalent in managing economic problems, Islamic economics will be able to restrict endeavours from curbing individual freedom, creating continued macroeconomic and ecological imbalances, or weakening family and solidarity of the moral fiber of the society (Chapra, 2000, p. 125). As a result, scholars believe that Islamic ways in solving economic problem will be the most effective means for enhancing production, realizing equitable distribution and balanced consumption (Anjum, 1996, p. 57; Ahmed, 2002, p. 28).

#### ***Type IV: Islamic Economics as the Study of Human (Muslim's) Behaviour in Making Choices and Decisions***

The fourth type of classification defines Islamic economics as a study of the behaviour of man (the 'Islamic man', for some Islamic economists) in making choices and decisions. This type of definition is proposed by:

Muhammad Arif (1985): Islamic economics is the study of Muslim's behaviour who organizes the resources, which are a trust, to achieve *falāh*.

Metwally (1993, p. 1): Islamic economics is the study of the economic behaviour of the true Muslims in a society which adheres to the Islamic doctrines derived from the *Qur'an*, *Sunnah*, *Ijmā'* and *Qiyās*.

Naqvi (1994, p. 20): Islamic economics is a study of the representative Muslim's behaviour in a modern Muslim society.



Masudul Alam Choudhury (1986, p. 4): Islamic economics is the sum total of historical, empirical, and theoretical studies that analyze the human and the societal wants in the light of an integrated Islamic value system.

Hailani Muji Tahir (1988, p. 17): Islamic economics is the science that deals with human behaviour in utilizing and managing the resources of the universe for his own benefit as well as for the welfare of the society as a whole, so as to obtain the consent of Allah.

Khurshid Ahmad (1992, p. 19): Islamic economics is a systematic effort to try to understand the economic problem and man's behaviour in relation to the problem from an Islamic perspective.

M. Fahim Khan (2015): Islamic economics is a study of human behaviour relating to the attainment of material requisites of wellbeing.

Monzer Kahf (2003): Islamic economics is the study of economic behavior of men and women, as individual economic agents, and as communities and collective entities.

Zubair Hasan (2015, p. 4): Islamic economics is the subject that studies human behavior in relation to multiplicity of wants and scarcity of resources with alternative uses so as to maximize *falah* that is the wellbeing both in the present world and in the hereafter.

In this classification, the central feature of Islamic economic science is the analysis of economic agent's behaviour (individual, government, society, institutions) and the way he makes choices constrained by the limited resources and multiple wants with reference to the Islamic values and rules/principles.

This conception of subject-matter of Islamic economics basically follows the formal definition of economics given by Robbins (1945) as "the study of human behaviour as a relationship between ends and scarce means which have alternative uses."

Islamic economists, nevertheless, are divided into two groups in determining the focus of study. Choudhury (1986) and Khurshid Ahmad (1992) believe that the focus of Islamic economics study will still be the behaviour of human beings in general, but the solution, approach, norms, are built from Islamic principles. Islamic economics analyzes all types of human behaviour in their economic life and therefore an explicit statement of Islamic man is not necessary in the definition. Kahf (2015) also argues that human behaviour in Islamic economics will be expla-

ined by rational analysis using human experience and human rationale that could lead to Islamic solutions. This will make Islamic economics science applicable to all mankind and not restricted to Muslims. Nevertheless, the benchmark of human behaviour study is Islamic principles and values. Economic actions and decisions are then to be analyzed and examined in light of those principles and values.

Arif (1985), Metwally (1993) and Naqvi (1994), on the other hand believe that the focus of study should be the Muslim's behaviour (i.e., Islamic man instead of a general economic man). The concept of human behaviour in Islamic economics is somewhat different due to the differences in the conception of the nature of man, the *raison d'être* of his existence, his mission and goal of life. Therefore, the micro-foundations of Islamic economics and its analysis will also be different.

For that reason, Arif (1985b, pp. 83-84) sees the need to explicitly mention Islamic man in the definition as a 'scientific necessity' not only to counter the paradigm of neo-classical economic man, but to meet all the scientific requirements of paradigm building in Islamic economics. Different conception of economic agent will lead to different frameworks of thought and analysis. An implicit concern of study for Islamic man will provide scientific justification to develop a separate paradigm of Islamic economics. Strategically, it eases the task of the Islamic economists who are engaged in research and analysis to formulate the hypotheses and theories that best describe the *falāh* oriented behaviour of this representative agent and this would enable society to create and establish an institutional framework conducive to his *falāh* oriented activities.

The differences according to Zarqa (2008, p. 30) implicate the differences in determining the scope of Islamic economics. The first category would study the behaviour and economic life of society who abides by the rule of *Shariah* or Islamic values. The second category covers all human beings (Muslim and non-Muslims) in their economic behavior, institutions and policies related to economic life, even when such behavior or policies are not *Shari'ah* compatible.

### **Definition Classification Based On The Distinguishing Characteristics Of Islamic Economics**

A second classification of the definitions of Islamic economics could be made based on the distinguishing characteristics of Islamic economics as conceived by scholars. If in the previous classification of Islamic economics' definitions, scholars attempted to clarify the nature, scope and boundaries of the discipline (clarification within the discipline itself) here the attempt is made to distinguish Islamic economics from the mainstream economics discipline.

Islamic economists in this regard attempt to explicate its differentia that would distinguish the nature, scope and object of study of Islamic economics from conventional economics discipline. The differentiation is made in three ways; the objective, the approach and the scope of study.

### ***Differentia I: The Aim of Study***

Unlike the definition of economics (such as Marshall's and Robbins' definitions) that considers the goals of economics as a subjective enterprise and hence there is no explicit economic goal in the definitions, Islamic economics explicitly asserts its goals of study in the definition. Economics as a science is concerned with means and consider ends as given.

Economics, for Robbins (1935, p. 148), studies human behavior in making choices in the presence of scarcity, in a value-free sphere where ends are given (namely to satisfy human wants by maximizing an individual's utility or a firm's profit). This is because to him "it does not seem logically possible to associate the two studies [economics and ethics] in any form but mere juxtaposition". Therefore, economics as a science is focused on studying *means*, investigating the apparent problems, finding means and solutions to solve them in order to realize the *given* goal (i.e., utility maximization). Economics as a science will avoid outlining *ends*, as objectives are *personal* or a *subjective matter*.

Islamic economics, in contrast, seems to be a 'purposive' science or a 'goal-oriented' discipline, in the sense that it is consciously designed to achieve certain goals (values or principles). In the words of Chapra (1996, p. 35), Islamic economics looks at economic problems from the point of view of goal realization whereby it studies all the factors that affect the realization of goals through their impact on the allocation and distribution of resources along with the values and institutions (social, economic and political) that influence human behavior.

The behaviour of economic agent in this perspective should be looked at in a more holistic spectrum of self-interested behavior and ideal or altruistic manner. Their actual behavior will generally fluctuate between the two extremes. Islamic economics will then analyse the situation and propose appropriate strategies and solutions in a way that enables human beings, individually and collectively, achieve the goals in their lives.

In this regard, Islamic economics studies *means* in relation to *ends*. The calculation of *means* will consider values, principles, morals and objectives as defined by Islam. In other words, it is not as simple as in rational maximizing criteria, in

which the economic man is indifferent to social and moral relationships. In Islamic economics, considerations are made based on Islamic objectives in economics with individual, social and moral concerns, the hierarchy of spiritual, psychological and physical needs, and values of good and bad. Economic activities are not divorced from other aspects of life, and serve other 'large' purposes, such as responsibility to the *ummah* and seeking pleasure of Allah. Theorization in Islamic economics is developed based on the spirit of achieving those objectives. It is for this reason we see an explicit assertion of the objectives in the definitions of Islamic economics, such as to fulfil the needs of human beings (Hasanuzzaman, 1984; Ghanim, 1991; Yousri, 2002), to help in realizing wellbeing as in the *maqāsid* framework (Chapra, 2000), and to achieve *falāh* (Akram Khan, 1984; Arif, 1985; Hasan, 1998).

### ***Differentia II: The Approach of Study***

Islamic economists also attempt to differentiate Islamic economics from conventional economics in its approach of study. Islamic economists in this regard argue that the study of Islamic economics should be conducted "from an Islamic perspective" (Ahmad, 1992), "in the light of an integrated Islamic value system" (Choudhury, 1986), "in the light of exploitation-free Islamic principles" (Anjum, 1996), "imbued with the values of Islam" (Mannan, 1986), "within the framework of *Shari'ah* and its tenets" (Yousri, 2002), "based on the values, norms, laws and institutions found in, and derived from, the sources of knowledge in Islam" (Haneef, 1997), "in a more human-oriented and society-oriented economics" (Cantori, 1994), and in a "holistic Islamic framework" (Hasan, 1998). In other words, as an economics that is based on Islamic principles, the subject-matter will be studied in the light of Islamic injunctions utilizing methodology based on legitimate sources of knowledge in Islamic epistemology.

Economic knowledge in Islam is derived from the revealed knowledge of the *Qur'an* and *Sunnah*, intellectual-reasoning and from factual-historical experience. Economic theory in Islam will integrate Islamic principles (doctrine, normative ideals) as well as facts (empirical evidence). The reliability of theory will also be examined based on those sources. A theory is considered as sound if it is in line with Islamic normative principles, is logically valid, and empirically proven. In this approach, a theory is sound if all these aspects are integrated into one or if they are reflected in a unity (*tawhīd*).<sup>2</sup>

2 For further discussion on the criteria of theory appraisal in Islamic economics please see Hafas Furqani and Mohamed Aslam Haneef (2012), "Theory appraisal in Islamic economic methodology: purposes and criteria".

### ***Differentia III: The Scope of Study***

Economics, prior to Robbins' proposal of being a science of scarcity or science of choice, was initially perceived by Adam Smith as a science of wealth and by Marshall as a science of material welfare. Economics as a science of wealth discusses wealth (instead of man) and the causes of wealth in general. Marshall then enlarged the scope of study by emphasizing the human being himself- since it is for his sake and for the sake of his welfare- that wealth is studied. The focus of study then was human welfare. He, however, limited the boundaries not to welfare in general, but material welfare which is more concrete, tangible and is made definite by the yardstick of money. Wealth is a very convenient measure of human motives that underlies all economic activity. Wealth represents the material means of satisfying human wants and consequently of promoting human welfare. Economics, in the sense that it studies wealth, can be regarded as studying the causes of material welfare (Dewett & Varma, 1990, p. 2).

Robbins (1932) later on criticized this conception and suggested economics to be a science of scarcity or a science of choice. In this framework, the Marshallian classification of economic phenomena into material and non-material is rejected since non-material services also contribute to economic welfare. In addition, the term welfare itself not only varies from time to time, person to person or from place to place, it also enables us to pass a judgment in assessing welfare, i.e. what it is, what is conducive to welfare and what is not.

This invitation to value according to Robbins will reduce the scientific status of economics. Therefore, he proposes economics as a science that studies "human behavior as a relationship between ends and scarce means which have alternative uses." This new conception, he argues, does not only broaden the scope of economics by capturing all the previous notions of economics; but also has the virtue of demarcating economics from 'non-science' elements. As a science of scarcity, economics deals with all economic activities of man, whether they are concerned with material or non-material welfare so long as it involves making choices in utilization of scarce means, having alternative uses, for meeting multiple ends. Any problem marked by scarcity of means and multiplicity of wants, according to Robbins, becomes- *ipso facto*- an economic problem.

Economics, however, according to Robbins is neutral towards ends. Its function as a science is to 'explore and explain' and not to 'advocate and condemn' which is left at the personal level. Ends should be taken as given and economics should

only confine itself to finding out ways and means to achieve them (Dewett & Varma, 1990, p. 5). In the words of Robbins (1945, p. 24):

“the economist is not concerned with ends and as such he is concerned with the way in which the attainment of ends is limited. The ends may be noble or they may be base. They may be material or immaterial, if ends can be so described. But if the attainment of one set of ends involves the sacrifice of others, then it has an economic aspect”.

Islamic economists also have attempted to define the scope of their discipline, as implied in the definitions that we have investigated. There are at least three ways in which scholars attempted to do this. The *first* is by maintaining the basic condition of ‘scarce-means’ and ‘ends’ *ala* Robbins as the object of study, but now the mechanisms and solutions to solve the problems are to be derived from Islamic perspectives. Ethics and values come into the picture whereby the choices and decision making processes in Islamic economics are guided by Islamic teachings which show the good values over bad values. In other words, Islamic economics is different by not following the separation of means and ends *ala* Robbins in studying economic problems. But, Islamic economics as argued by Laliwala (1989, p. 130) “insists on the acceptance of Islamic goals”. Therefore, the scope of study is enlarged as now the ethical, social and spiritual considerations are taken into account. Mannan (1986, pp. 7-8) in this regard says that the scope of Islamic economics seems to become the administration of scarce resources in human society in the light ethical conception of Islam.

The second group attempts to be more specific by limiting the scope of study to the study of Islamic man’s behaviour in making choices and decisions (Arif, 1985a; Metwally, 1993; and Naqvi, 1994). Islamic man is guided by Islamic ethics in his behaviour and choices in utilizing scarce resources and fulfilling multiple ends. Islamic ethics- which is an endogenous variable in Islamic man’s calculation- will distinguish Islamic economics analysis, and hence plays a role in developing Islamic economics as a science.

The third group defines the scope of Islamic economics as the objectives that it intends to realize. Islamic economics according to this group is a *falāh* study or a *maqāsidic* study that attempts to realize the comprehensive aspects of human well-being as implied in the *maqāsid* in order for human beings to have a high quality of life and happiness in both worlds i.e. here and hereafter, i.e *falāh* (Khan, 1984; Chapra, 2000).

All the three groups attempt to distinguish the scope of Islamic economics and

at the same time broaden the scope of economics study in Islam. While they might have differences in determining what aspects may differentiate Islamic economics study from its conventional counterpart, they share similar views in offering a comprehensive perspective of Islamic economics study to include the recognition that the non-material, psychological, mental, spiritual, moral, social and intellectual aspects of mankind do impact the material dimensions of life and human wellbeing in total.

## Conclusion

The definition of Islamic economics seeks to clarify the object of study, discuss its subject matter, indicate the boundaries of its reach and inform readers about its underlying norms and aspirations as well as the objectives it intends to serve.

The definitions of Islamic economics can be classified into two broad classifications based on the clarifications they make about the subject-matter of the discipline and based on the differentiation that distinguishes Islamic economics from conventional economics.

The differences in the object of study proposed by Islamic economists reflect a stark fact that the basic 'consensus' necessary for an agreed definition itself-upon which an analytical framework is to be built- is yet to emerge. While this is normal for a new emerging discipline (whereby the consensus come in stages), efforts should be put in either by scrutinizing respective definitions (i.e, its object of study), solidifying the framework of study on which Islamic economics is developed and by attempting to converge those definitions (i.e., by merging the subject matter and developing a framework of study thereon) so that a more coherent body of knowledge can be established and the discipline may develop.

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# Simulation of Shariah Compliant Commodity Backed Currency System: A Turkish Case-Study

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**Abstract:** In view of the continuing episodes of financial crises faced by the Turkish economy, this study analyses the potential economic benefit of implementing the Grondona system of conditional currency convertibility. The authors performed simulations of the Grondona system based on Grondona's guidelines (1975) in order to examine the impact of the system's operations on the Turkish economy. For simulations, the annual data about Turkish primary commodity imports was retrieved using the WITS (World Integrated Trade Solution) software developed by the World Bank. The monthly data about primary commodity prices was accessed from the IndexMundi website. The authors used a program developed in C++ for performing simulations, and analyzed the simulation results by using Microsoft Excel. The results of the simulations clearly show the system's role in stockpiling reserves of primary imported commodities in response to a fall in market prices, and releasing the reserves during periods of rising prices. Such a mechanism helps to stabilise the prices of primary commodities and lessen the pressure on primary commodities markets during both slump and boom periods. Graphs are also included to show how the Commodities Reserve Department's (CRD) transactions would have caused corresponding changes in the Turkish money supply. These would have a stabilizing influence on the real value of the Turkish Lira in terms of the commodities handled. In addition the paper discusses the multiple reasons why the system has been judged to be Shariah-compliant.

**Keywords:** Commodity Backed Currency System, Simulation, Turkey, Financial Crises, Shariah Compliant.

**JEL Codes:** E51, E52, Z12

One beneficial consequence of these changes is that the global instability of the riba-based monetary system has been widely exposed, and the long-standing taboo against discussing it publicly is breaking down. More and more people are coming

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to understand it, as more and more books, articles, videos and websites reveal this long-hidden problem and discuss means for solving it (Brown & Simpson, 2012; Positive Money, n.d.; Public Banking Institute, n.d.; Still, 1996; Zarlenga, 2002).

In short, nearly all the new money entering the economy today starts as interest-bearing debt to the banking system.

This system is quite different from the past, when the right to create money belonged to the sovereign or government, the profit (known as seignorage) being used for the benefit of the country. The present monetary system is fundamentally unjust since it progressively concentrates wealth in the hands of the controllers of the banking system, while making everyone else poorer. The need for democratic revolutions in the rich countries, in order to return “the money power” to the people, is the subject of much discussion (Hoppe, 1994; Lietaer, 2001; Greco, 2009).

For those who wish to understand, it is now clear that the governments of the rich countries, notably the USA, UK and other Anglo-Saxon countries, far from being democratic, are little more than supporters of the riba-based financial system. All their policies advance the riba-based financial system globally, contrary to the interests of their own people.

Keeping in view the instability of the riba-based monetary system, there are many countries which have faced numerous financial and economic crises since the demise of Bretton Woods system (Ahmed, 2015). Turkey is one of several countries which have suffered from the instability of the present system. The Turkish economy has faced three main crises from 1990 to 2001 – and is currently facing the 4<sup>th</sup> one. As a result of the 2001 crisis faced by the Turkish economy, the Turkish Government implemented the economic reforms program namely “Transition to Strong Economy” after an agreement with the IMF (Çetin & Gallo, 2012). Despite these economic reforms, the Turkish economy is once again facing economic troubles (McNamara, 2017; Wheatley, 2017). The Turkish president Recep Tayyip Erdogan has spoken about the weakening of the Turkish Lira against the US Dollar as “...the economy is manipulated with the objective of attacking Turkey. There is no single difference between the terrorist who carries a weapon in his hand and the terrorist who possesses a dollar or euro in his pocket. Both aim to divert Turkey from its targets. They use currency as a weapon” (Candar, 2017). Greco (2009, p. 197) described today’s money as “political money”; it is exploited to acquire power and wealth by controlling the banking system. Consequently, money at present is “exploitative”, “dysfunctional” and “undemocratic”. Furthermore, many schol-

ars have attributed these financial crises to the failure of the existing monetary system. They argue that fiat money, interest charges and fractional reserve banking are the underlying reasons for the existing monetary system's collapse (Hoppe, 1994; Usmani, 2001; Lietaer, 2001; Meera and Aziz, 2002; Greco, 2009 and El Diwany, 2009).

Considering the recent crises faced by the Turkish economy, this study performed simulations of the conditional currency convertibility system developed in the 1950s by Leo St. Clare Grondona, who claimed to have developed a practical solution to this problem. The Grondona system of conditional currency convertibility is based on durable, essential, basic imported primary commodities which provide a conditional mechanism for stabilizing the real value of money in terms of primary commodities. It would partially stabilize the prices of primary commodities and help reduce the fluctuations over the business cycle.

The Grondona system was evaluated from the Shariah perspective and found to be in line with the guidelines of Shariah (Ahmed, 2015; Ahmed, Meera, & Collins, 2014; Ahmed, Meera, Collins, & Saleem, 2018). As discussed further in the second section below, the Shariah-compliance of the system has four aspects. First, it involves no debt or interest payments in its implementation or operation. Second, it is based on the counter-cyclical principle of Prophet Yusuf (AS), thereby stabilizing the foundation of the economy by ameliorating surpluses through stockpiling, and reducing shortages by releasing the stored reserves. Third, it partially stabilises the value of the currency which it uses by making it reliably convertible into real commodities, and thereby forms a step towards resuming gold convertibility. Fourth, it does not use the *discretionary* powers of central banks, which are responsible for the operation of the current debt-based monetary system which is itself *riba*, but operates automatically in response to market forces. It thereby avoids the need to deal with the complex issues of Islamic Central Banking.

The current study simulates the operation of this system and examines the influence of conditional currency convertibility system for Turkish economy. For performing simulations, the annual prices and quantities of primary imported commodities from 2005 to 2008 were used to design the system's implementation, and monthly market prices of primary imported commodities of Turkey for the period of 2009-2017 were used to simulate its operation.

## Conditional Currency Convertibility System

The commodity convertibility system developed by Grondona is actually based on the original and ancient philosophy of maintaining reserves of commodities which can be traced back to the story of Prophet Yusuf (AS) in Egypt as explained in the Holy Quran; where Prophet Yusuf (AS) interpreted the dream of the King and warned him of seven years of calamity exactly following the seven years of abundance (good crops). He advised him to hold the reserves of wheat in granaries during the good years, and use them in the difficult times of the seven years of famine. This ancient philosophy of maintaining reserves was incorporated by many economists (for example, Keynes, 1938; Graham, 1940; Grondona, 1952; Hart, Kaldor and Tinbergen, 1964; and Lietaer, 2001) into their proposals for attaining macroeconomic stability (Ahmed et al., 2014).

During the 1950s, the Australian economist Leo St. Clare Grondona (1880-1982) devised a unique system of *conditional* currency convertibility based on primary imported commodities – which is at the same time a system of partial price stabilisation for primary commodities (Grondona, 1975). Grondona's system was highly praised in the United Kingdom (UK) parliament and press in the 1950s. Some eminent economists and mainstream economic media supported Grondona in the following words:

“A powerful automatic stabilizer...The Grondona system would enormously enhance the effectiveness of monetary policy” (Professor Lord Nicholas Kaldor cited in Grondona, 1975, p.15).

“Mr. Grondona proffers a long-term solution to a problem which, thus far, has baffled not only HM Government but government the world over...The tragedy is that his highly practical proposals have not long since been implemented” (Sir Roy Harrod cited in Grondona, 1975, p. 9).

“It can be only a question of time before man's reason and self-interest overcome his inertia and Mr. Grondona's proposal is accepted. When they are, they will define the beginning of an era as surely as did the introduction of the gold standard...” (The Manager, 1958 cited in Collins, 1985 p. 220).

## Explanation of the Conditional Currency Convertibility System

Leo Grondona described his system of partial price stabilization of primary commodities in detail in many speeches, articles and papers, starting from 1950 (Grondona, 1950) and in a series of books (Grondona, 1958, 1962, 1964, 1972,



1975). The underlying idea of Grondona's conditional currency convertibility system is very simple, but in critical points it is different from related proposals (for example Keynes, 1938; Graham, 1940; Hart, Kaldor and Tinbergen, 1964; and Lietaer, 2001), and so the effects of its operation are very different. In particular, the financial liability involved in implementing the system is limited in advance by the government establishing it, thereby avoiding the open-ended liability involved in commodity "buffer-stock" schemes which attempt to limit the movement of commodity prices to a *fixed* range. This has the important implication that, in contrast to other proposals for commodity-based currency, individual countries are able to implement the Grondona system independently in terms of their own currencies, paying for purchases of reserves through monetary expansion rather than taxation, as under the gold standard. Under the original gold standard, a specialized department of the central bank stood ready to exchange monetary units on demand for gold of specified purity, in specified units of quantity, at specified buying and selling prices – known in England as the "gold points". By analogy, under the Grondona system a specialized government department, the "CRD" would be established which would stand ready to exchange monetary units on demand for specified commodities of specified purity, in specified units of quantity, at specified but *conditional* prices, which Grondona termed the system's "points". This conditional currency system would treat each commodity independently unlike other proposals of commodity reserve currency. Nor is it based on any sort of collective unit / basket of commodities, nor does it involve *fixed* price limits. As a result, it would not prevent market prices adjusting; it would rather help reduce the fluctuations in commodity prices. Additionally, this system would also be helpful in avoiding the problems of dealing with a basket of commodities as proposed by Graham, (1940), Hart, Kaldor and Tinbergen (1964), Borsodi (1989), Greco (1990) and Lietaer (2001). Another critical difference from other related proposals is that the CRD's guarantee to provide commodities on demand in exchange for monetary units at specified prices would apply only as long as the CRD was holding reserves (the exact levels of which would be publicly known at all times). Thus, on occasions, the reserves of one or more commodities might fall to zero (see Table 1 and Figure 1). However, the CRD's guarantee to purchase that commodity would still be effective; thereby continuing to provide support to the market, and reserves of the commodity would be likely to subsequently accumulate again, making the CRD's selling price effective once more.

The means by which Grondona system achieves this flexibility is that, instead

of being fixed, the range within which the market price of each commodity is stabilized would itself adjust according to market conditions, as indicated by the level of commodity reserves held. The transactions of a CRD would be determined by market participants, thereby making its role completely passive, and not dependent on discretionary decisions of the central bank or any other part of government (Collins, 2002). The transactions of the CRD would alter the country's money supply by an amount equivalent to the value of net sales to and purchases from the CRD. Furthermore, the CRD would publish the price-schedule for each commodity and/or grade which it handled, and the level of reserves of each commodity would also be made public daily (Collins, 1996). This and other details of Grondona's system are described at length in his own works (Grondona, 1975) and in (Collins, 1985). However, some of the important implications are described briefly below.

### ***Minimal costs***

Understanding the pitfalls to be avoided, Grondona worked out the administrative details of his system so as to minimize its operating costs; eliminate discretion; and to make its operation entirely transparent. Hence the system would handle only durable, essential, basic, imported commodities, at least initially. These differ between countries, but typically include Copper, Nickel, Aluminium, Lead, Zinc, Tin, Wool, Cotton, Rubber, Coffee Beans, Cocoa Beans, Raw Sugar, Wheat, Barley, Oat, Maize, Soya Beans and Rice. The CRD would also handle only pre-specified, large units of quantity of standard commodity grades; it would be entirely passive in its functioning, never entering the market but responding predictably to requests from the market participants; and all costs of appraisal and delivery would be at customers' expense. In this way, the system would have no operating costs except for building maintenance and a small administrative staff. The remaining cost is that of construction of the necessary warehouses.

### ***Liability limited***

Other schemes, including the proposed UNCTAD "Common Fund", generally aim to stabilize commodity prices between *fixed* limits. This creates an *unlimited* liability, which would require international agreement between many countries to support, and is economically undesirable. By contrast, by being less ambitious than such schemes, Grondona's *conditional* system would not involve an open-ended liability, thereby avoiding the problems that make more ambitious proposals impractical. One of Grondona's important insights was to understand that even a conditional

commodity standard that in itself had only a limited stabilizing influence, would be valuable. Once in operation, the system's influence could subsequently be strengthened as desired, by increasing the scale and range of operation, and by increasing the number of countries implementing the system.

### ***National systems independent***

The scale appropriate to a country's needs, and the maximum outlay that might be required for each commodity under extreme market conditions, could be estimated in advance, while the maximum price for any commodity involved would be guaranteed only as long as reserves were held. Thus the increase in reserves that movements in commodity prices would cause under different economic conditions would be limited to predetermined quantities. Because the CRD's reserves would rise and fall counter-cyclically, they could be funded like purchase of gold under the gold standard by increasing the money supply; so it would not be necessary to offset them with taxation or borrowing. This has the important consequence that, unlike most related proposals, individual countries could implement the system independently in terms of their own currency. Hence the Grondona system would not require international agreement for its implementation or continued operation, and its benefits would not be restricted to the single currency used by such an international system. This unique feature of Grondona's proposal alone is of the greatest importance.

### ***Monetary policy not distorted***

Because the CRD's guarantees of convertibility would be *conditional*, the implementation of Grondona's proposal would not constrain a country's monetary policy as the operation of the gold standard did. Like the gold standard, the operation of the system would lead to counter-cyclical changes in the money supply that tended to maintain a constant real value of the currency unit, which is fundamentally desirable. However, unlike the gold standard, the overall scale of these changes would be decided in advance, rather than being unlimited. This enables the monetary authorities to counteract the changes in the money supply caused by the CRD, if desired, without undoing its other stabilizing effects. However, it seems more likely that the central bank would come to find the CRD's monetary effects, a useful guide to policy.

### ***Cost of implementation***

Since payments for the CRD's purchases of reserves would be through changes in the money supply, the only significant cost of implementation is the cost of stora-

ge of physical reserves. Commercial storage services typically cost a few percent / year for the commodities concerned, but Grondona explained how the cost could be reduced by building dedicated warehouses to match the CRD's specialized needs – notably it is handling only large units of quantity. Appraisal and delivery costs would be paid by customers, so the only costs remaining are those of construction and maintenance.

### ***No conflict between multiple national systems***

Even in the absence of formal coordination between different countries implementing the Grondona system there would be no danger of damaging competition or friction between the different countries' CRDs. That is, any "competition" in the form of trying to increase the relative influence of their national CRD would lead different countries to increase the scale of their CRDs. This would enhance the overall stability of the economic system, but without harming other countries' CRDs. There would also be extensive opportunities for both informal and formal cooperation between governments and central banks of countries operating under the Grondona system.

In the extreme case in which one country enhanced its CRD to such an extent that other CRDs received few requests to buy or sell reserves, this would mean that both commodity prices and exchange-rates had become unprecedentedly stable – which is the objective of the system. Further, such a policy would be naturally limited, since if one country's CRD was enhanced excessively, there would be a growing risk that it could face high storage costs which would not be offset by subsequent sales of reserves, due to the price stability achieved; this would provide a natural incentive for individual countries not to establish a CRD on an excessive scale.

## **The Fixed Price Schedule, its Rules and Parameters**

### ***Fixed "Price Schedule"***

The CRD would function under some important rules formulated by Grondona (1975). Those rules guarantee that the prices at which the CRD stands ready to buy or sell reserves of individual commodities on demand from traders would remain in line with the market forces. For that, the CRD maintains a fixed "price schedule" for each commodity separately. The price schedule would primarily include the buying / selling prices (lower / upper points) of each commodity and the prescribed

quantity for each individual commodity, (which Grondona called a “Block”) which triggers a step-change in the CRD’s buying or selling price (see Table 1). Thus the CRD’s buying and selling prices adjust automatically according to the fixed price schedule in the opposite direction to the level of reserves held by the CRD, following the market forces. Consequently the price schedules used by the CRD would not distort commodity market prices by preventing large movements, but would rather lessen large and sudden fluctuations. The automatic price adjustment mechanism of the Grondona system is illustrated by the hypothetical price schedule shown in Figure 1.

The example shown in Table 1 and Figure 1 follows Grondona’s initial guidelines: the initial lower and upper “points” are 10% below and above the previous medium-term average import price (c.i.f.), and these would adjust by 5% of their initial levels when reserves of the commodity reach a “Block” equal to 10% of average annual imports. The price-range would thereby remain a constant percentage of the CRD’s current low point.

*Table 1.*

Hypothetical Price Schedule for a Single Commodity

CRD Buying Price (Lower Point) (RM/Tonne)	CRD Selling Price (Upper Point) (RM/Tonne)	Quantity in Malaysian CRD Reserves (Kilo Tonnes)	Number of Blocks
900	1100	0-39*	1
855	1045	40-79	2
810	990	80-119	3
765	935	120-159	4
720	880	160-199	5
675	825	200-239	6

\* Minimum unit is 1000 tonnes, “block” of each commodity is 40,000 tonnes.

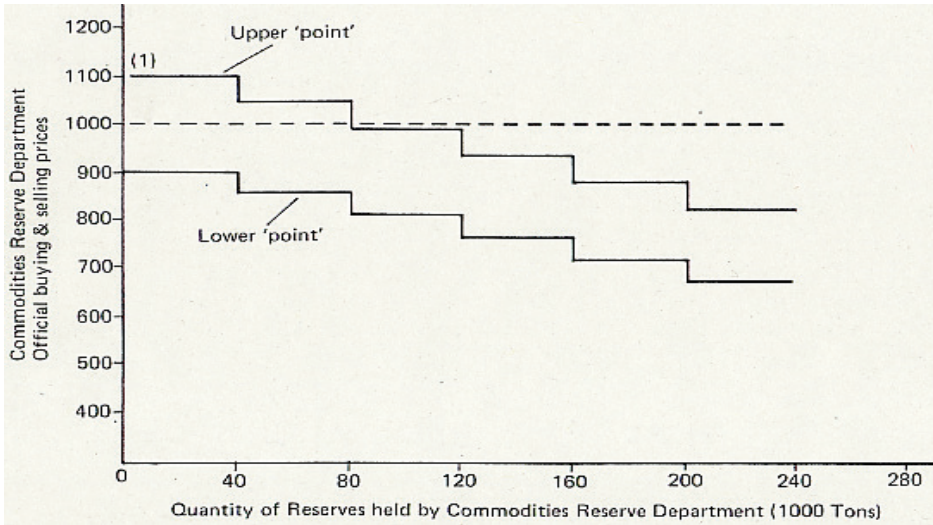


Figure 1. Illustrative Price schedule for a Single Commodity of Commodity Reserve Department

With the Grondona system in operation in a particular country, when a commodity's market price in that country's currency was falling, traders would spontaneously sell stocks to the CRD. When these stocks rose to a pre-specified quantity (which Grondona termed a "Block"), the CRD's official buying and selling prices for that commodity (its "points") would fall by a pre-specified amount (as shown in Table 1 and Figure 1). If market prices fell further to this new, lower "point" and reserves continued to accumulate, the process would repeat, and the cycle would continue until the CRD's buying price (lower "point") fell low enough to be unattractive to sellers.

Later, when market prices recovered, buyers would repurchase supplies from the CRD at successively higher selling prices (upper "points") in its published reserve price schedule, as each in turn became attractive relative to current market prices. In other words, no commodity's market price expressed in the national currency would move outside the band between the CRD's current lower and upper "points" for that commodity.

## Rules for Operation of CRD

Besides the basic principle of fixed price schedule, Grondona developed some other rules for smooth operation of the CRD. Collins (1985) explains those rules as follows:

Rules for CRD's operation	Explanation
1	<p>The CRD's maximum upper point (or selling price) for any individual commodity is conditional to the availability of that commodity's reserves with CRD. In other words, if and when the CRD's reserves of any specific commodity are exhausted, it would no longer guarantee the maximum selling price. However, it would guarantee the lower point until the accumulation of reserves once again. This enables the system to avoid open-ended financial commitment by not guaranteeing the fixed maximum price. This will also prevent the system from distorting commodity markets, and avoids the need for an international system (which would be required to handle an unlimited liability).</p>
2	<p>The margin between lower and upper points for each commodity should be substantially higher than the 0.2 percent margin maintained under the gold standard. The optimal margin varies among the commodities and depends on the extent of fluctuations for each commodity. For commodities, having high market price fluctuations, a margin of 20 percent would be adequate. Conversely, the price band of 10 percent is considered to be suitable for commodities with low level of fluctuation.</p>
3	<p>The CRD earns premium (profit) due to the pre-determined range between the CRD's buying (lower point) and selling (upper point) prices. The CRD keeps the customers aware of these pre-determined ranges in prices via CRD's "price-schedule" which is publicized on a regular basis. A portion of this premium is used for covering the administrative costs. The remaining portion of the premium is deposited in a "Special Holding Account" in order to form a "Disaster Fund" that can be used for many purposes including providing relief for disasters around the world.</p>

4	The system would include only the durable, essential, basic imported commodities. For commodities which have different major standard grades, these would be handled separately by the CRD. The initial list of CRD would include only the main, imported non-fuel commodities. It would not consider domestically produced commodities, nor commodities with high storage cost for inclusion. The reason for not including the domestic commodities is the existence of domestic price support arrangements. However, once the system is operational, these commodities could also be included.
5	The CRD would function on a large scale by dealing solely with large units of quantity of individual commodities (or standard grades of commodities) stipulated in the price schedule, for example 40 tonne units. This would facilitate the system to attain the main economic benefits of currency convertibility at low cost.
6	The CRD would only accept the national currency for settling its transactions. It would make payments only in the national currency for the commodities sold to it by traders, and accept only national currency from traders for repurchase of commodities. Consequently, the system would stabilise the value of the national currency based on the prices of primary imported commodities. It would also help to determine the maximum outlay involved in implementing the system.
7	All the CRD's transactions would be according to "Customs Bond"; the CRD would not be liable to payment of tariffs or duties. The buyers would pay all these charges at the time of purchase of individual commodities from CRD reserves. This would make the system compatible with international trade agreements and promote free trade in primary commodities.
8	The commercial seller or buyer of the commodity would be responsible for payment of all charges pertaining to appraisal, transportation and handling when doing transactions with CRD. This would bring the operating costs of CRD to its minimum. The CRD would require only a small staff, mainly for clerical works.



### ***Parameters of the Price Schedule***

Grondona (1975) described the parameters of the price schedules for specified commodities which he named the “gearing” of the system. These parameters are important in deciding the extent of the system’s monetary and economic influence, and the government’s financial commitment involved in the implementation of conditional currency convertibility. These parameters include the range of commodities (and grades), initial price levels, size of blocks, width of price-bands and price-steps between successive price-bands. There are a number of factors that need to be considered in deciding each of these parameters. This would also help determine the optimum scale of the system to have a stabilizing effect on the national economy.

#### **Range of Commodities**

The range of commodities that should be included within the scope of a CRD would depend on the conditions of the country implementing the system, but only those commodities that are durable, basic, essential imports would be suitable. Of these Grondona (1975) proposed that the commodities of which domestic production is the main source of supply, and fuel minerals should be excluded, at least initially. With these exceptions, the wider the range of commodities included the greater would be the influence of the system in stabilizing both the real value of the currency and the pattern of relative prices of different commodities.

#### **Initial Price Levels**

Grondona (1975) argued that, other things being equal, an initial index for each commodity should be set at the previous average c.i.f<sup>1</sup>. Price for each commodity concerned (based on the average trend of past years’ prices, adjusted for inflation), and that the CRD’s initial lower and upper points should be set at equal percentages below and above this figure. The higher initial levels of the lower and upper points of CRD would have greater anti-inflationary influence under rising prices.

#### **Size of Blocks**

The remaining features of the price schedules – the quantity in a Block of each commodity, the width of the price band between lower and upper points, and size of the price steps between successive price bands – would together determine the scale of the outlay that might be required under the operation of the system. For the quan-

1 C.I.F. stands for Cost, Insurance and Freight.

tity in the Block, Grondona (1975) proposed that a figure of the order of 10 percent of average annual imports would be a reasonable figure for many commodities. This would be large enough to give significant 'inertia' to a CRD's commodity points, but sufficiently small for the accumulation of several such 'Blocks' of one or more commodities to be acceptable. In practice the percentage of a country's annual imports contained in a 'Block' might be set at a different level for different commodities according to a number of different criteria. These might include the trend in the level of national imports; the relative importance of the commodity; the percentage of world production or trade represented by national imports; and the cost of storage of the commodity. Thus for some commodities the quantity in the CRD's 'Block' size may be as large as 20 percent or more of average annual imports.

### Width of Price-Bands

The width of the price band is the difference between the lower and upper points of the CRD for each commodity. The most suitable width for the price-band would vary from one commodity to another depending in particular on the range of price fluctuations that was normal for each commodity. As in the case of the initial levels of CRD's 'points', the precise value would not be critical. The narrower the range, the more frequent the recourse to the CRD, while the wider the range, the less frequent the movements in the levels of reserves. For more unstable commodities, Grondona (1975) proposed that a price range of approximately 10 percent below and above the initial index would be reasonable, being wide enough to cushion large fluctuations. However, there are various factors such as normal size of price fluctuations for the commodity, the pattern of resulting monetary impacts and the expected improvement in price-stability for each commodity, which are pertinent to consider in determining the appropriate price-band for each commodity.

### Price-Steps between Successive Price-Bands

Finally, given the other figures in a commodity's price schedule, the size of the prices-step between successive price-bands would determine the total quantity of reserves that could be expected to accumulate at any given market price for the commodity. For reasons of simplicity and uniformity Grondona (1975) considered that it would be desirable to maintain a constant 5% of initial values. This figure is small enough to avoid any market distortion as result of CRD's upper and lower point adjustment; but it would be large enough to limit the maximum quantity of reserves likely to be held. However, the value of this parameter may vary for different commodities (Grondona, 1975).

### **Grondona System from Shariah View Point**

Ahmed (2015) and Ahmed et al. (2018) analyzed the Grondona system from the *Shariah* perspective and found it to be in compliance with *Shariah* based on the following reasons. First, it involves no debt or interest payments in its implementation or operation, despite of the fact that it could be implemented in conjunction with the existing monetary system of the country. Second, the Grondona system is based on the fundamental idea of Prophet Yusuf (AS) whereby the CRD establishes reserves of primary commodities during times of abundance and releases those reserves during periods of scarcity, which would help to stabilise the business cycle through its counter-cyclical effect. It would also have stabilising effects on the value of the domestic currency and on the economy as a whole. Third, it could be taken as an initial step towards real money like gold by giving intrinsic value to the money in circulation. Fourth, the role of CRD in the market always remains passive and as a result it will not interrupt the free market conditions; its operations would be determined by the free market forces of demand and supply (Grondona, 1975; Collins, 1985). That is, it operates under the principle of free market which is strongly supported by Islam. The following *hadith* of Prophet (peace be upon him) upholds the principle of free market:

There were complaints that the prices of certain items were high and people requested the Holy Prophet (peace be upon him) to fix the prices. He replied: “Allah is the one who fixes price, who withholds, who gives lavishly, and who provides, and I hope that when I meet Him, none of you would have a claim against me for any injustice with regard to blood or property”.<sup>2</sup>

The *hadith* indicates that prices are determined by forces which are beyond human control. Prices are determined by the complex market factors over which no individual actor has any control, which among others include supply, demand and competition. These forces propel market towards equilibrium and determine a fair price for commodities, goods, and labour. Additionally, the *hadith* indicates that the state should not interfere in the process of price determination in situations where the cause of rise in price is natural (i.e. *Taqdir* from Allah) for example famine etc. In such conditions, price determination by the state (*tas'eer*) or any other state interference that disturbs the normal market conditions and equilibrium is harmful. State non-interference in the market is therefore a principle (Saleem, 2012).

2 Sunan al-Tirmidhi, Babu Ma Jaya fi al-Tassayir, vol. 5, p. 278, no. 1362. See also Yusuf al-Qaradawi, *The Lawful and the Prohibited in Islam*, translated by Kamal El-Helbawy (Kuala Lumpur: Islamic Book Trust, 1995) p. 255.

Furthermore, the discussion of the supporting statements of prominent economists and economics media highlighted that the Grondona system benefits the country that implements it in many ways. First, it creates a link between the national currency and real commodities. Second, it is automatically counter-cyclical over the business cycle. Third, it helps the implementing country to maintain reserves of primary commodities. Fourth, from perspective of multi-national implementation, it would help to increase intra-OIC trade among Muslim countries. Fifth, it would help the least developed countries of the OIC which mainly depend on exporting primary commodities (mostly agriculture). Considering these benefits, it may be inferred that implementation of the Grondona system is in accordance with *siyasah shariyyah* because it helps to secure *maslahah* (Collective benefit) and prevents *mafsadah* (harm). According to the words of Ibn Qayyim (1961), “any measure which actually brings the people closest to beneficence (*salah*) and furthest away from corruption (*fasad*) partakes in just *siyasah*....”. Moreover, Kamali (1999; 2005) asserts that any steps taken for establishing justice and for promotion of public welfare and prevention of corruption fall within the domain of *siyasah shariyyah*.

Considering the conformity of the Grondona system with *siyasah shariyyah*, the OIC (Organization of Islamic Cooperation) countries may consider its implementation as a policy matter for the transitional period depending on the results of simulations analyzed in the next section of this paper. This will help them to take the first step towards linking their currencies with real commodities whereby they can gradually transform their existing monetary systems into commodity-based systems, such as the gold Dinar system, which ensures the economic well-being of each country. Finally, being activated by market forces, the operation of the CRD does not depend on discretionary decisions by the central banks which control the present-day *riba* system of debt-based money. The system thereby avoids the need to solve the complex theoretical and practical issues of establishing true Islamic central banking.

## Research Methodology

This study performed simulations to examine the effect of the operations of a Turkish CRD on the Turkish economy. The simulations were based on the principles and guidelines suggested by Grondona (1975), as described above. For performing the simulations, the authors used a simple program developed in C++. In addition,

the authors also used Microsoft Excel in the simulation phase. The data required for the simulations included annual data about Turkey's imports of primary commodities, and monthly market prices of primary commodities. The authors used 4 years annual data (2005-2008) about Turkish primary commodity imports, and 10 years data (2009-2017) about monthly market prices of primary commodities. The simulations are based on data for year 2005 onwards because information of import trade before that year is very limited, although market price information for primary commodities is available for decades.

### **Data Description**

The authors selected the Turkish primary imported commodities based on the attributes proposed by Grondona (1975). Initially the authors identified the product codes of the required primary commodities by using their product descriptions; since all the commodities and products involved in world trade (whether import or export) are classified and recorded in terms of various nomenclatures and versions depending on the country/period. Some of the commonly used nomenclatures are Standard International Trade Classification (SITC), Harmonized Commodity Description and Coding System (also called Harmonized System or HS), The International Standard Industrial Classification (ISIC), Broad Economic Categories (BEC), Global Trade Analysis Project (GTAP) and Standard Industrial Classification (SIC). However, HS and SITC are the two native nomenclatures (World Integrated Trade Solution [WITS], 2013a,b). The authors used HS 6-digit codes to choose the list of primary imported commodities for Turkey, because the HS classification provides more detail than the SITC nomenclature and it has been used since 1988 (WITS, 2013a). The HS 6-digit codes for primary imported commodities of Turkey are listed in Table 2.

*Table 2.*

List of Turkish Primary Imported Commodities with HS Codes

<b>Product Description</b>	<b>HS Product Codes</b>
Coffee Not Roast, Not Decaffeinated	090111
Durum Wheat	100110
Barley	100300
Soya Beans; Whether or Not Broken	120100

Cocoa Beans, Whole, Broken Raw or Roast	180100
Raw Sugar, Not Containing Added Flavouring or Colouring Matter: Cane Sugar	170111
Cotton, Not Carded or Combed	520100
Shorn Wool, Greasy, Not Carded or Combed	510111
Shorn Wool, Degreased Not Carbonised, Not Carded or Combed	510121
Rice in Husk (Paddy or Rough)	100610
Maize (Corn) Seed	100510
Other Maize (Corn)	100590
Refined Copper Cathodes & Section	740311
Nickel, Not Alloyed	750210
Aluminium, Not Alloyed	760110
Refined Lead	780110
Zinc Con by WT > 99.99% Not Ally	790111
Zinc Con by WT < 99.99% Not Ally	790112
Tin, Not Alloyed	800110

The annual trade information about the primary imported commodities of Turkey was retrieved using the WITS software (World Integrated Trade Solution) developed by the World Bank. This software gives access to databases of various International Organizations including, United Nations Conference on Trade and Development (UNCTAD), International Trade Centre (ITC), United Nations Statistical Division (UNSD) and World Trade Organization (WTO). WITS provides information on trade and tariffs based on various nomenclatures (WITS, 2013b).

The data about monthly market prices of primary commodities for Turkey were acquired from the IndexMundi website. Since monthly data about primary commodity prices was not available in Turkish Lira, the authors used the USD monthly market prices of primary commodities from IndexMundi website and converted them into Turkish Lira by simply multiplying them with their respective USD exchange rates.

## Selection of Gearing of the Grondona System

Before performing the simulation, the five parameters (the “gearing” of the system) of the price schedule needed to be decided. Those five parameters include the Range of Primary Commodities, Initial Price Level, Size of Blocks, Width of Price-Bands and Price-Steps between the Successive Price-Bands. In practice, there are various factors which need to be taken into account while determining the optimal values for these parameters. For the purpose of this research, the authors initially used the values of the parameters recommended by Grondona (1975) and some other prominent economists (like Keynes, Graham and Kaldor).

### *Range of Commodities*

The range of commodities suggested by the proponents of commodity reserve currency systems (particularly Keynes, 1974; Graham, 1944; Grondona, 1975; Hart, Kaldor and Tinbergen, 1964 and Lietaer, 2001) include the basic, durable and standardized commodities which are traded in international markets. According to Keynes, Graham, Grondona and Kaldor, the eligible commodities would be key standardized commodities which are commonly used across the world. These standardized commodities should carry low cost of storage with proper inventory management to avoid spoilage (Grondona, 1975; Collins, 1985; Ussher, 2011). However, there are different viewpoints regarding the number of commodities to be included within the scope of commodity reserve currency systems. In addition, Grondona (1975) suggested excluding oil from the list of primary commodities at least initially. Likewise, Kaldor also supported ignoring coal and oil from the list of buffer stocks (Ussher, 2012).

Grondona (1975) proposed to include only those commodities which are basic, durable, essential, and imported. Hence the major genres of primary commodities included within the scope of the Grondona system are industrial metals, textile and fibrous raw materials, natural rubber, grains and certain food basics, although the number of commodities included within the scope of the CRD varies from country to country according to their conditions (Grondona, 1952; Grondona, 1975; Collins, 1985). The list of Turkish primary imported commodities finalized for including in the simulation is shown in Table 3.

*Table 3.*  
List of Turkish Primary Imported Commodities Selected for Simulation

Country	Agriculture	Metal	Total Commodities
Turkey	Wheat; Soybean; Coffee; Cocoa Beans; Maize (Corn) Seeds; Cotton; Barley, Rice in Husk	Copper; Nickel; Lead; Tin; Zinc; Aluminium	14

### *Initial Price Level*

According to Grondona, the initial price level or initial index should be based on the previous average c.i.f. price for each primary commodity concerned, but compensated for inflation if needed - otherwise market prices might remain permanently above the system's purchase prices (Grondona, 1952; Grondona, 1975; Collins, 1985). Graham and Kaldor were also of the opinion to set their target basket index on historical average valuation (Ussher, 2011).

### *Size of Blocks*

Grondona suggested 10 percent of average annual imports as an appropriate figure for the Block size for many commodities, although there would be no need for uniformity (Grondona, 1959; Grondona, 1975; Collins, 1985).

### *Width of Price-Bands*

For accommodating the normal market activities, Grondona's proposed width of price-band is 10 percent below and above the initial price level (initial index) (Grondona, 1952; Grondona, 1975; Collins, 1985). Keynes also recommended that the price range of 10 percent below or above the fundamental price would be reasonable to stabilize the 'Bancor' prices for international buffer stocks (Bower and Kamel, 2003; Skidelsky, 2005; Ussher, 2012). However, Graham proposed that the ICC (International Commodity Control) under his plan would be responsible for buying and selling the commodity unit within a 10 percent price band. Kaldor put forward a much tighter spread between the buying and selling price of the ICC i.e. 4 percent as compared to Graham (Ussher, 2012). It has been argued that the price ranges suggested by Graham and Kaldor would be less attractive to speculators and middle men due to lower margin of profit. It would also help to avoid arbitrage operations (Ussher, 2012).



### *Price-Steps between Successive Price-Bands*

For adjusting the CRD's upper and lower points for a commodity, Grondona recommended 5 percent of the initial value as a reasonable figure for this parameter (Grondona, 1952; Grondona, 1975; Collins, 1985).

It is worth noting that the only role of discretion by government and/or central bank is in these decisions about the initial conditions – the selection of commodities to be included, the scale of operation with respect to each commodity (or grade), and administrative details such as minimum units of quantity to be handled, sites for storage facilities, and information dissemination.

### **Simulations of Conditional Currency Convertibility System for Turkey**

The authors performed simulations for each individual primary commodity to evaluate the Turkish CRD operations from the economic dimension. These simulations are based on monthly data and consider only specific grades of primary commodities imported by Turkey. These simulations also make the simplifying assumption that the operations of the CRD have no stabilizing effect on world market prices of primary commodities, and thus they overstate the scale of the CRD's purchases and sales, and accordingly its direct influence on the money supply to some extent. As a matter of fact, it can be anticipated that the CRD operations would have a significant stabilizing effect on prices of at least some commodities. Additionally, the selection of CRD's overall scale is somewhat arbitrary and therefore it could be increased (Collins, 1996; 1985). Further, it is also assumed that the monetary effects of CRD's operations would not be fully counteracted by the monetary authorities of the country (Collins, 1985).

The authors used annual data for the periods of 2005-2008 in order to develop the price schedules for Turkish primary imported commodities which were used to perform the simulations. The most recent commodity price data from 2009-2017, after adjusting them for inflation, were used to perform the simulations of the system's operations. The prices were compensated for inflation by using the average of the commodity metal price index and the non-fuel price index. The metal price index was used to adjust prices of Copper, Nickel, Lead, Tin, Zinc and Aluminium for inflation. Non-fuel price index values were used to adjust the prices of Wheat, Soybean, Coffee, Cocoa Beans, Maize (Corn) Seeds, Cotton, Barley and Rice in Husk. In addition, the authors used Grondona's (1975) suggested gearing of the

system for all simulations. However, in practice these values should be adjusted to match the requirements of each country implementing the system (Collins, 1985). The proposed values of parameters are shown in the following Table 4.

*Table 4.*  
Grondona's Proposed Values of Parameters

Parameters	Grondona's Suggested Values
Initial Index	Average of recent annual import prices (c.i.f) of primary imported commodities of respective country
Size of Price Band	+/-10 % of Initial Index
Block Size	10 % of annual average import quantity
Size of Price Step between Successive Price Bands	5 %

The authors carried out the simulations for all Turkish primary imported commodities based on the proposed gearing of the system as aforementioned. It was found from the results of simulation that the Turkish CRD acquired reserves of twelve commodities (namely Copper, Nickel, Lead, Tin, Zinc > 99%, Zinc < 99%, Aluminium, Wheat, Coffee, Barley, Maize (Corn) Seeds and Cotton) over the nine years of the simulation. The patterns of CRD's activity can be seen in Figure 2, which shows the monthly level of reserves for each Turkish primary commodity along with their respective monthly prices.

For example, the comparison of Nickel prices with its number of blocks shows that the drop in Nickel prices (as compared to the CRD's official buying prices) during early 2009 caused an increase in reserves of Nickel in the Turkish CRD. The price hikes during 2010 and 2011 reduced the Turkish CRD's nickel reserves. The same relation is evident from the graphs of other commodities reserves and their individual prices as shown in Figure 2.

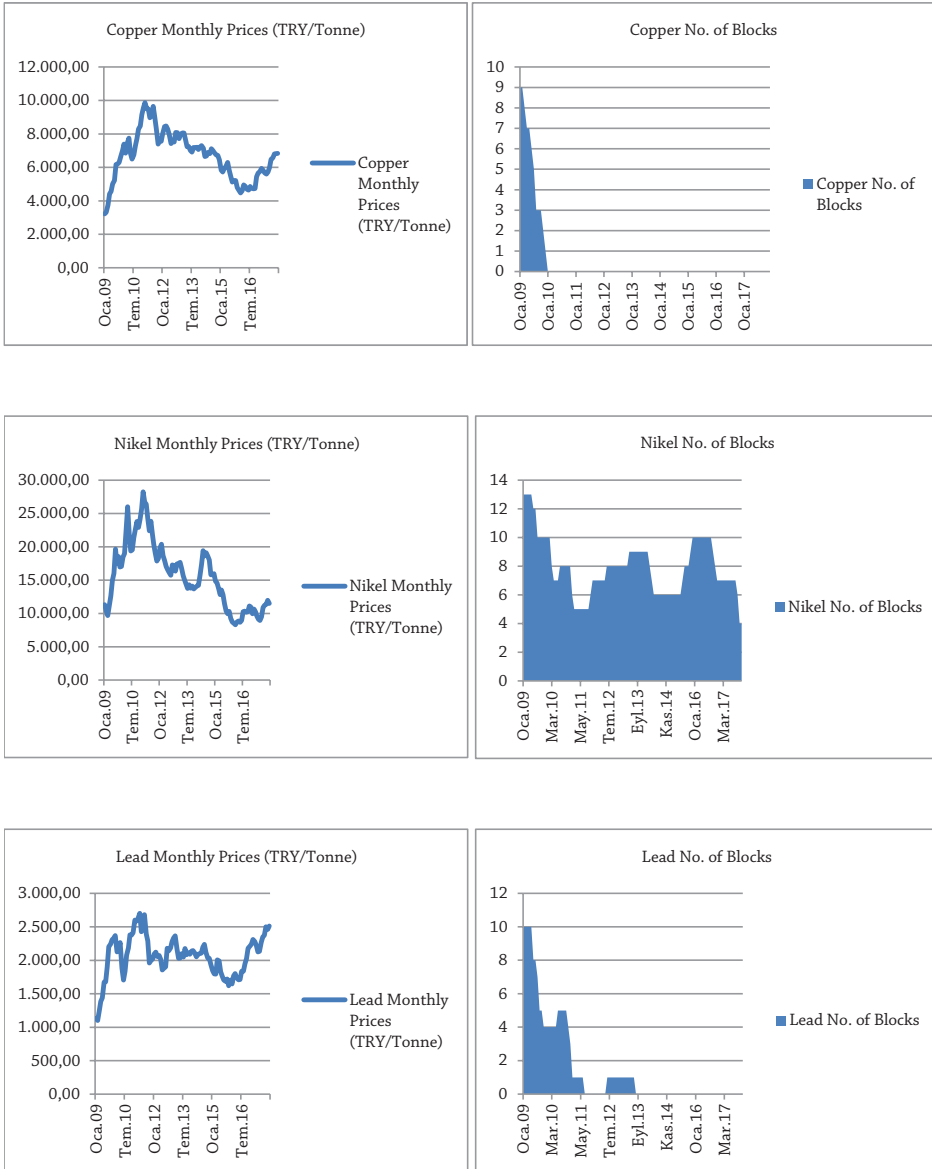
Overall, the graphs of commodity prices mostly show a sharp rise at the start of the period, representing the recovery after the U.S. sub-prime crisis which spread

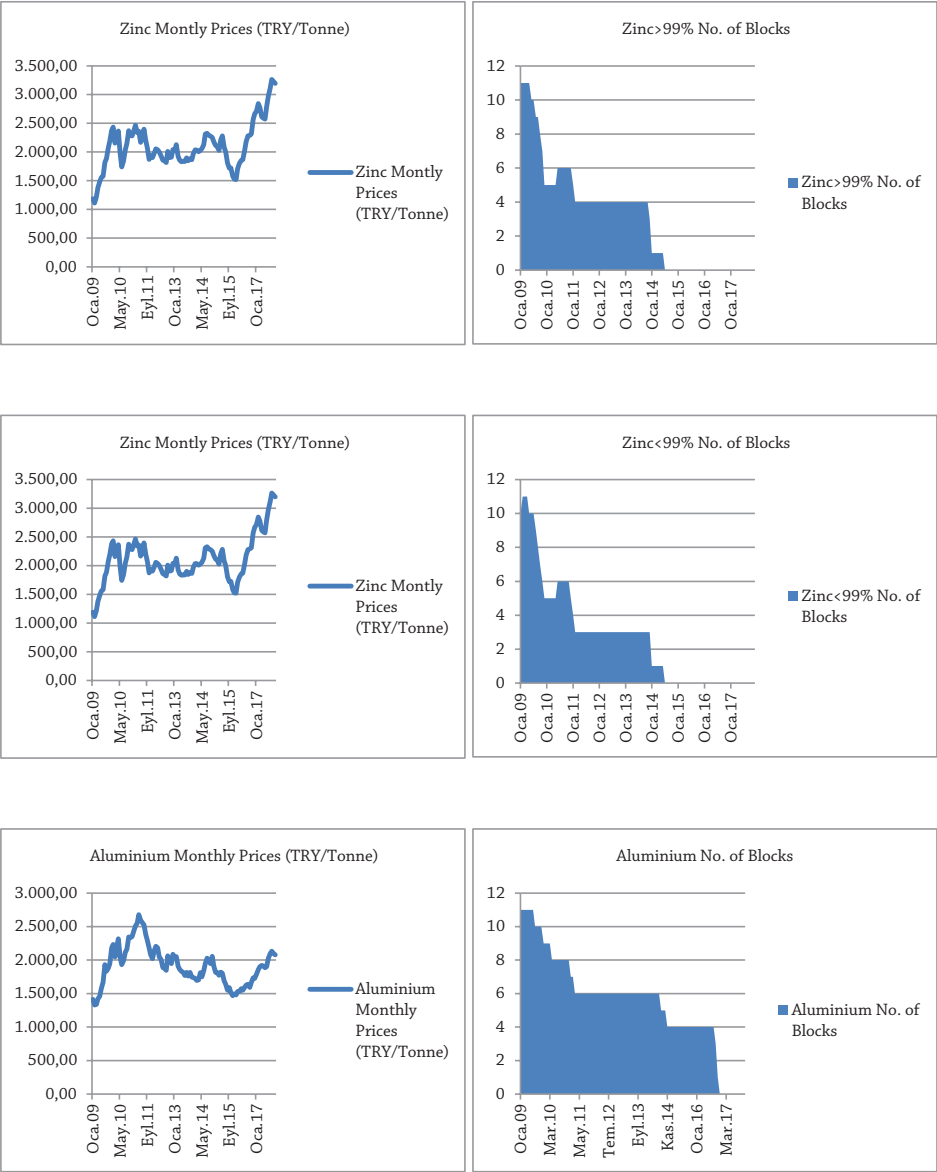
through the world financial markets. As a result, CRD's reserves mostly fell sharply at the start and in some cases did not recover. This illustrates the importance of the timing of the implementation of the system; if possible, it would be optimal to implement before a downturn in commodity markets. It is also worth noting that the wide fluctuations in commodity prices over the period; rises of 100% or more in most commodities, and even 200% in some cases – are due to instability both in commodity prices and in the Lira exchange-rate. This strongly suggests that the function of the CRD is very much warranted.

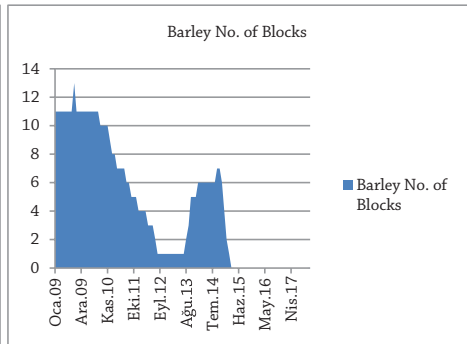
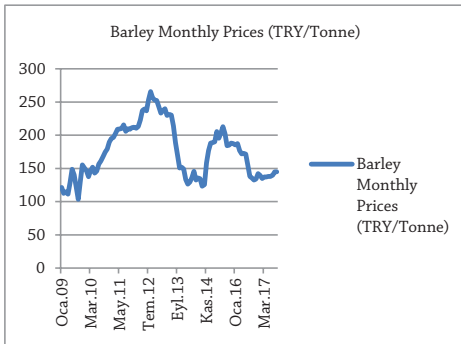
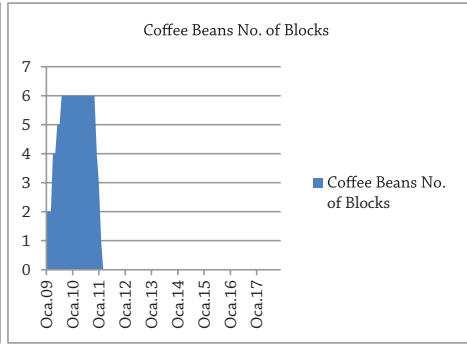
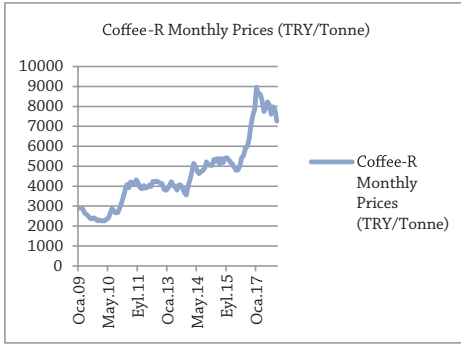
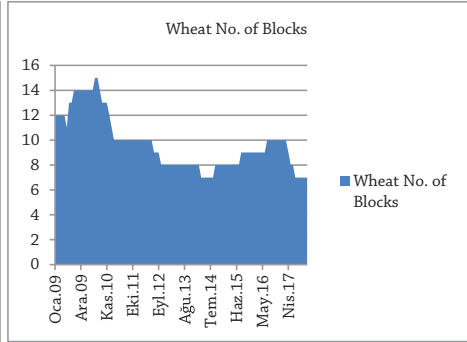
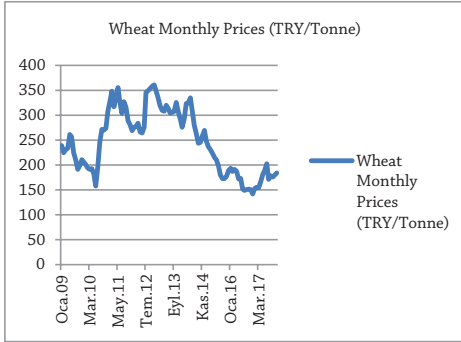
Table 5 illustrates the price schedule for Nickel used by the Turkish CRD. It shows the buying and selling prices offered by the Turkish CRD. It also provides information about the quantity of Nickel reserves available in Turkish CRD at any given price level. The official prices of Nickel would adjust in proportion to the level of reserves with the Turkish CRD as shown in Table 5.

*Table 4.*  
Grondona's Proposed Values of Parameters

Lower Points (TRY/Tonne)	Upper Points (TRY/Tonne)	Quantity in Turkish CRD Reserves (Tonnes)	Number of Blocks
46,374	56,679	0-350	1
44,055	53,845	350-700	2
41,736	51,011	700-1,050	3
39,418	48,177	1,050-1,400	4
37,099	45,343	1,400-1,750	5
34,780	42,509	1,750-2,100	6
32,462	39,675	2,100-2,450	7
30,143	36,675	2,450-2,800	8
27,824	34,007	2,800-3,150	9
25,506	31,173	3,150-3,500	10
23,187	28,340	3,500-3,850	11
20,868	25,506	3,850-4,200	12
18,550	22,672	4,200-4,550	13
16,231	19,838	4,550-4,900	14
13,912	17,004	4,900-5,250	15







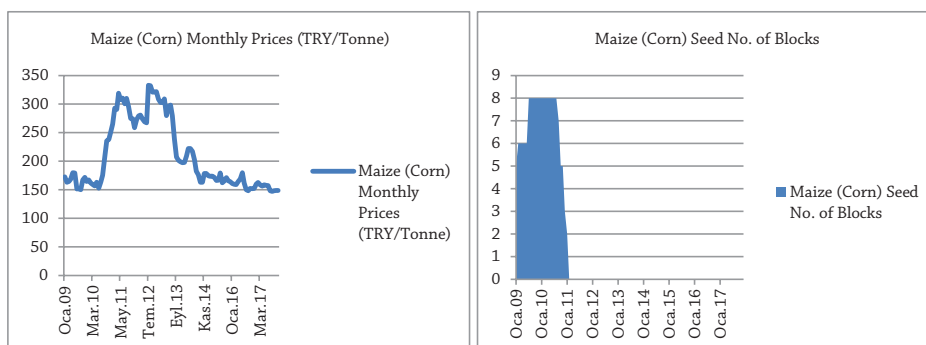


Figure 2. Monthly Market Prices and Level of Reserves of Turkish Primary Imported Commodities

The simulation results of Turkish primary commodities, shown above in Figure 2, clearly show the negative correlation between the prices of commodities and the number of blocks of commodities stockpiled by the Turkish CRD. Such an inverse relation shows the operation of the Turkish CRD in stockpiling reserves of primary commodities when commodity prices fall (slump period) and releasing those reserves when commodity prices rise (boom period). This helps to stabilize the prices of primary commodities by easing the pressure on primary commodity markets during both slump and boom periods. By this, it enhances the regularity of stockpiling of primary commodities over their price cycles. However, the extent of such an impact would depend on the scale of the Turkish CRD, the values of the parameters chosen, and the way in which the monetary authorities respond to transactions of the CRD - if at all (Collins, 1985).

### ***Financial Flows Resulting from Turkish CRD Transactions***

The similar pattern of monetary effects caused by transactions of the Turkish CRD can be observed from the following graphs. The graphs in Figure 3 show that the Turkish CRD buys reserves of Nickel and Barley during early 2009 due to the initial gearing. The purchase of these two primary commodities expands the Turkish money supply by 148 million Turkish Lira in the case of Nickel, and 36 million Turkish Lira in the case of Barley. On the other hand, it releases reserves of both primary commodities over the coming years as a result of the increase in their individual monthly market prices, which causes consequent reduction in the Turkish money supply.

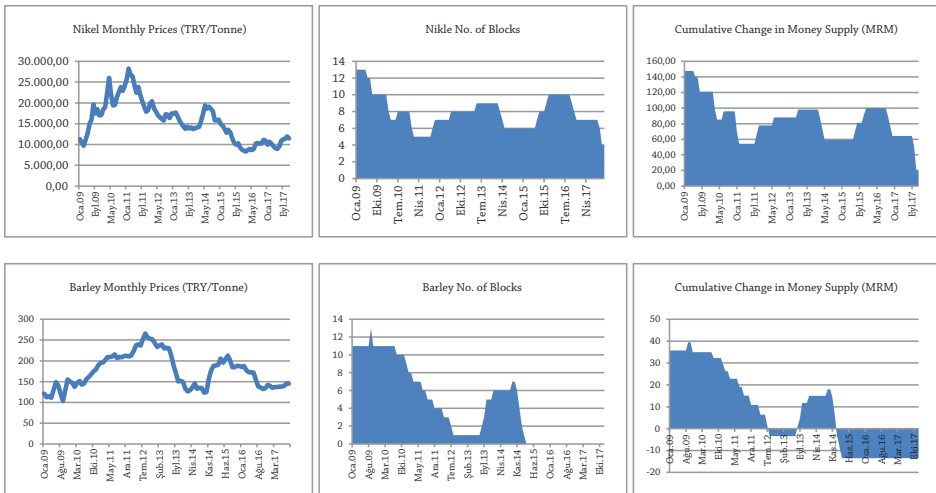


Figure 3. Changes in Money Supply Caused by the Turkish CRD Transactions

The Turkish CRD stockpiled reserves of twelve (12) primary commodities during the period of nine years i.e. 2009-2017. As result of its transactions, it caused changes in the money supply of Turkey on a quarterly basis as shown in Figure 4.

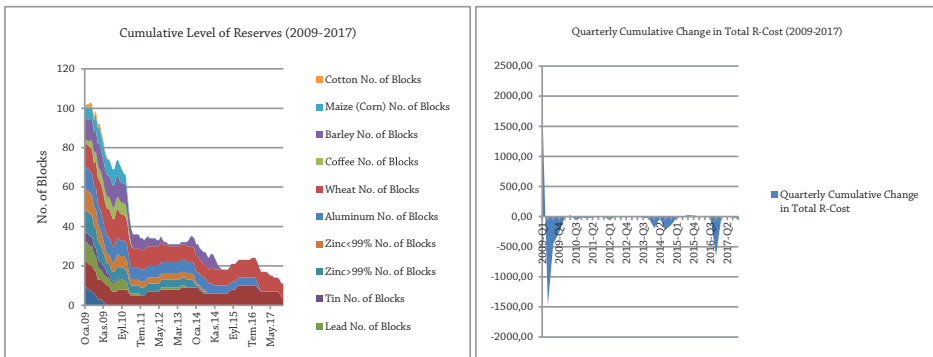


Figure 4. Collective Level of Reserves of Turkish CRD and its CRD's influence on Monetary Base

The overall pattern of financial flows resulting from the CRD's operation will be to disburse Turkish Lira abroad at times of falling commodities prices, and to withdraw Lira from the domestic economy (which would otherwise flow abroad) at



times of rising commodity prices. These flows would tend to reduce fluctuations in the costs of domestic users of commodities, in the incomes of foreign commodity producers, and secondarily in the demand for exports from Turkey.

## Conclusion

In response to the growing injustice and instability of the existing monetary system, countries must move to implement policies to insulate themselves against the worst effects of the current system. Stabilizing the real value of the national currency in terms of durable, essential, basic imported commodities, and thereby providing conditional, stabilizing support for world commodity prices is a particularly beneficial way<sup>1</sup> of stabilizing trade and economic growth (Collins, 2006). The Grondona system is the one of the proposals that has been recognized by a number of leading thinkers (for example, Professor Lord Nicholas Kaldor cited in Grondona, 1975, p.15; Sir Roy Harrod cited in Grondona, 1975, p. 9), because it provides a *practical* means of achieving this sort of stability to some extent.

The current study performed simulations to examine the economic effects of implementing the system in Turkey. The above graphs show how movements of the level of reserves of primary commodities (due to changes in their market prices) have a corresponding direct effect on the national money supply of the implementing country. The patterns of these changes have stabilising effects on a range of other economic indicators of the country.

The results of the simulations show how the Turkish CRD stockpiles reserves of primary imported commodities as a result of a drop in primary commodity prices, and releases those reserves during periods of price hikes, thereby helping to stabilise the prices of primary commodities and lessen the fluctuations in primary commodity markets over the cycle. The illustrated operations of the Turkish CRD also demonstrate its automatic mechanism in response to commodity market price movements. Avoiding the need for discretionary decisions by the monetary authorities in this way protects the system from distortion under existing monetary rules.

The simulation used historical data for the initial conditions: thus it may be assumed that the operations of a CRD would be rather more effective in practice by using more recent data for development of the price schedules, as proposed by Grondona (1975) and Collins (1985). However, continuing inflation in the host

country will lead to loss of reserves again, even if world market prices are not rising. This can be partially compensated by Grondona's proposed remedy to raise the CRD's prices after a prescribed period of no reserves (Gondona, 1975). However, rapid inflation of about 10% per year or more would considerably reduce a CRD's beneficial influence.

It was also evident from the graphs that the Turkish CRD stockpiled reserves of twelve primary commodities during the period 2009-2017 and caused corresponding change in Turkish money supply. The transactions of a Turkish CRD would cause corresponding changes in the domestic money supply, as clearly shown in the graphs depicting the monetary impact of Turkish CRD transactions, due to increases or decreases in monthly market prices of primary commodities. That is, the Turkish CRD expanded the money supply when there was a fall in the prices of primary commodities and contracted the money supply when the prices of primary commodities rose. A similar pattern of monetary effects would be observed from the transactions of several OIC countries' CRDs, if they were implemented; their collective stabilizing effects would be magnified. The simplicity of this simulation is also worth noting; the results do not depend on a macro-economic model or other theory, but merely on predictable market reactions to price-movements. Consequently the Turkish government can be confident of obtaining the benefits of the economic stabilizing influences illustrated.

Finally, a CRD would have helped to defend the Lira against the USA's recent attack which cut its exchange-rate by some 50%: as the value of the CRD's Lira selling prices (upper points) fell expressed in other currencies, traders would have bought more and more reserves from the CRD, thereby generating profits for the CRD and reducing the Lira money supply. At the same time these activities would have created market demand for the Lira needed to purchase reserves from the CRD. This is particularly valuable during a market "panic" in helping to prevent a "one-way" market of people only selling the currency. Turkish users of the imported commodities would also have benefited from being able to purchase reserves at prices below the levels to which they would have risen in the absence of the CRD. Furthermore, as the Lira regains its earlier value, the CRD will benefit through reacquiring reserves at prices below those at which they were sold during the earlier rapid fall in the Lira exchange-rate. Hence, in view of these potential benefits it would seem desirable to perform a detailed feasibility study of implementing a Turkish CRD, based on up-to-date information.

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# Green Sukuk for Financing Renewable Energy Projects

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Zam Zuriyati Mohamad

**Abstract:** This paper investigates the use of the green sukuk, particularly, for financing the renewable energy projects. More precisely, three case studies have been chosen for discussion. In the first case study, we highlight “Hybrid Sukuk” framework adopted by Tadau Energy Sdn. Bhd. for financing solar photovoltaic (PV) plants. The second case study, we reviewed “Sukuk Wakalah” issued by BEWG (M) Sdn. Bhd., as an ideal solution for water treatment project. Finally, for the third case study, we have discussed in detail about “Sukuk Murabahah” which is being used by Sarawak Hidro Sdn. Bhd. for financing the hydroelectric plant (BAKUN hydroelectric project).

**Keywords:** Green Sukuk, Renewable Energy, Financing

**JEL Codes:** G21, Z12

## Introduction

Sukuk in Arabic is the plural of “*sakk*” that refers to a certificate of ownership of an asset. The Accounting and Auditing Organization for Islamic Finance Institutions (AAOIFI) defines “sukuk” as the certificates of equal value representing undivided shares related to the ownership of the assets of particular projects or a special investment activity, extending even to contractual right held in trust for sukuk holders. It is important to note that, the issuance of green sukuk is designed to finance sustainable, climate-resilient growth and environmental-friendly projects. The growing trend in adopting green sukuk has not only been supported by the natural progression of sukuk market, but it is also in line with the increasing in-

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vestor awareness on ethical and social responsible investments and is a solution for the stringent capital requirements in funding the infrastructural projects.

The concept of green sukuk has received increasing attention lately. Green sukuk are directly related to the climate change, global warming and other environmental issues. Massive investment of green sukuk is needed throughout the world to finance green energy project. During the United Nations Global Warming Conference (COP21) held in Paris, the Islamic Development Bank (IDB) had revealed its interest in issuing green sukuk for its 56 member countries. Currently, IDB has funded USD\$ 180 million pilot projects to fund clean energy project. In 2018, IDB disclosed its aim to double its funds for renewable energy from USD\$ 80 billion to USD\$ 150 billion, during the years 2016 and 2030. The benefits of these projects can be measured by the reduction in the amount of carbon dioxide (CO<sub>2</sub>) emissions.

Recently, Malaysia's energy sector required renewable energy to cope with the challenge of depletion of fossil fuels. It is also expected that this renewable energy will help in meeting the Malaysia's growing energy demands. Furthermore, the Green Technology Master Plan (2017-2030), outlines the strategic plans for green technology development action plan. The plan is also used to support the National Green Technology Policy. The aim of this master plan is to create a low carbon and resource efficient economy. According to Datuk Seri Maximus Johny Ongkili, Green Technology Master Plan (GTMP) is positioned to generate more than 200,000 green jobs and a targeted revenue of RM 180 billion. Moving forward, by 2030 green business will contribute as 1.5% to the country gross domestic product.

Our main concern here is to understand the green sukuk. Figure 1 describes the process flow of the green sukuk structure. Sukuk issuer ought to raise the necessary funds to finance any environmental-friendly project. In such a case, sukuk issuer is responsible to generate returns for the green sukuk holder whereas the obligators shall be responsible for purchase undertaking of the asset at a maturity date (Alam, Duygun & Ariss, 2016).



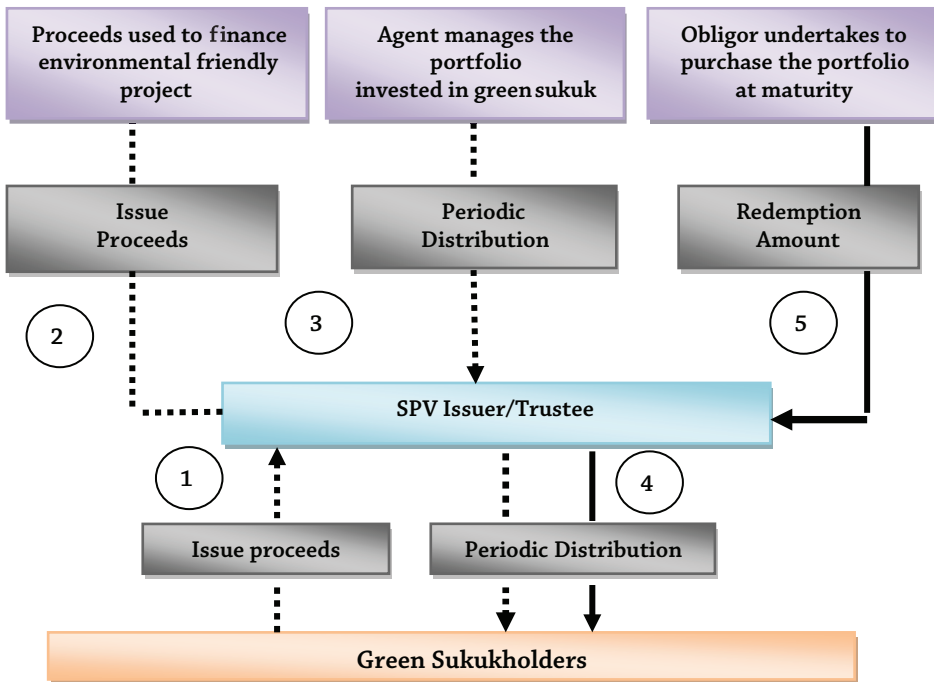


Figure 1: Green *Sukuk* Structure

The remainder of this paper is organized as follow; Section 2 provides an overview of green sukuk. Section 3, 4 and 5 examine three different case studies respectively. In this specific context, green sukuk have been implemented for the solar photovoltaic (PV), water treatment and BAKUN hydroelectric plant project. These three case studies depend upon the hybrid sukuk, sukuk wakalah and sukuk murabahah. Finally, Section 5 summarizes our main findings.

## Green Sukuk Development

The growth of green sukuk in Malaysia is in line with the Securities Commission Malaysia's (SC) vision and objectives. The "SRI Sukuk Framework" was launched by the Securities Commission in 2014 to facilitate the financing of SRI projects. In fact, the introduction of the SRI sukuk framework is part of the SC's developmental agenda. The first green sukuk was issued by the Khazanah Nasional Berhad in June 2015. At that time, the size of the issuance was relatively small, which was priced at RM 100 million for only seven-years. However, the nominal periodic distribution rate has been 4.30% per annum.

In the latest development, Quantum Solar Park Sdn Bhd was issued green sukuk up to RM 1 billion. The proceeds will be used to build three 50MW solar photovoltaic (PV) plants in Gurun, Kedah, Jasin, Melaka, and Merchang, Terengganu. The total project cost of about RM 1.24 billion will be funded according to an 80:20 sukuk-to-equity financing basis.

The trend in the global green sukuk is encouraging. Outside Malaysia, in Oman, for example, Mazoon Electricity Company raised \$500 million debut from sukuk issuance. The 10 year sukuk offering was built via an intra-day execution process, at the profit rate of 5.20%. The issuance will support the group in electricity transmission and distribution networks investment. Another interesting point to note is that this issuance is rated BAA2 by Moody's and BBB by Fitch.

Earlier, the first green sukuk were issued in 2012 by Legendre Patrimoine and Anouar Hassoune Conseil known as the "Orasis Sukuk". The proceeds from the Orasis sukuk shall be utilized for financing solar plants project. The financing project offers 7% return per annum for every second quarter. Likewise, investors will enjoy a tax cut of about 71% over the 10 years period.

However, financing is a critical component. Renewable energy projects often require substantial amounts of money. Funds must be secured in order to move ahead to the various phases of such large-scale projects. This involves the steps from planning to purchasing and installing the equipment. When a firm invests, it must have a qualified manager as well as expert staff hired for the operation and maintenance of the systems installed. Again, financing activities are one of the largest barriers to the development of sustainable energy.

A new dimension brought by the green sukuk is that it is seen as a potential financier for the renewable energy. The aim of this article is to discuss how different types of green sukuk have been applied within the Malaysian context. Thus, below are three case studies that demonstrate how green sukuk works as a financier for the renewable energy projects. The selection of case studies was based on the most recent application of green sukuk within the last three years.

### **Tadau Energy Sdn. Bhd. (Solar Photovoltaic)**

The first case study reveals the practices of Tadau Energy Sdn. Bhd. herein mentioned as Tadau Energy. On 27<sup>th</sup> July 2017, Tadau Energy issued RM 250 million sukuk under SRI Sukuk Framework (Mujahid & Ali, 2016). This project would take 10 year to complete. Tadau Energy will use the proceeds to finance the construction of 50 MW ac solar photovoltaic (PV) in Kudat, Sabah. Tadau Energy is undertaking

two 21 year power purchase agreements with Sabah Electricity Sdn. Bhd. Moreover, Tadau Energy is responsible to finance, design, install, test and operate the solar photovoltaic (PV) plants. The first sukuk redemption value amounted to RM 14,000,000.00 which will be paid in the 2<sup>nd</sup> year of the project.

The project is classified as “Asset 1” under Power Purchase Agreement (PPA 1) referred as “Site Yong East.” The PPA 1 agreement was signed on 12 December 2016 between Tadau Energy (sukuk issuer) and Sabah Electricity Sdn. Bhd. (SESB). This plant is estimated to generate 2 MW ac solar photovoltaic (PV) energy and is located in Jalan Sikuati, Kudat, Sabah. The cash on delivery (COD) of “Asset 1” was scheduled for 30<sup>th</sup> June 2017. “Asset 2”, under Power Purchase Agreement (PPA 2) refers to “Site Yong East, Site Bak Bak and Site Yong West.” The scheduled cash on delivery (COD) of “Asset 2” was signed on 31<sup>st</sup> March 2018.

### **Application of Hybrid Sukuk**

“Hybrid sukuk” basically can be understood as “a type of sukuk whose structure consists of two underlying contracts or more where both equity and debt elements do exist. Tadau Energy acts as an issuer. Investors who are the sukuk holders refer to the sukuk subscribers at the time of offer or buyers of sukuk from the secondary market. Figure 2 and Figure 3 illustrates the applications of “hybrid sukuk”. Subsequently, we shall discuss some aspects of hybrid sukuk as a financing mode.

There are two different phases of “hybrid sukuk” (i) at inception and during construction of assets and (ii) post-completion of the assets and at the maturity date. *Al-istisna’* agreement is used at the both stages. *Al-istisna’* agreement was basically offered for infrastructural and development projects which required advance payment of funds, in full or in installments, for the construction of assets and are non-tradable.

Meanwhile, *al-ijarah* agreement is applied for sale and lease-back structure and as payments supported by the lease rentals. Furthermore, this *al-ijarah* agreement is divided into purchase agreement, lease agreement, service agreement and purchase undertaking. However, in this case, Tadau Energy opted to the *ijarah mawsufah fi al-zimmah*. *Ijarah mawsufah fi al-zimmah*, basically, is a forward lease contract which is suitable for property under construction. This type involves the sale of a clearly specified underlying asset which is currently being produced or is constructed for future delivery. Through this contract a sukuk issuer financier undertakes payments during the construction period, whilst sukuk subscriber makes a payment within a specific period until project completion. The essential points of *hybrid sukuk* in the case of Tadau Energy are as follows:

At Inception and During the Construction of Assets	
Step 1	<p>Tadau Energy entered an agreement between sukuk holders. In this case, Tadau Energy acts as “<i>sukuk trustee</i>” or “lessor”. The following agreement were signed on behalf of sukuk holders:</p> <ul style="list-style-type: none"> <li>(i) <i>Istisna’</i> Agreement</li> <li>(ii) <i>Ijarah</i> Agreement</li> <li>(iii) Service Agency Agreement and</li> <li>(iv) Purchase Undertaking</li> </ul>
Step 2	<p>Under <i>istisna’</i> agreement, Tadau Energy acts as “contractor” in respect of each solar photovoltaic (PV) plants.</p> <p>The “contractor” will build, construct and deliver the asset with respect to <i>istisna’</i> price.</p>
Step 3	<p>Whereas, Tadau Energy shall act as the “lessee” when entering into “<i>ijarah agreement</i>”.</p> <p>In this agreement, “<i>sukuk trustee</i>” or “lessor” agrees to lease and the “issuer” or “lessee” agrees to take on the lease of “Asset 1” and “Asset 2” under “<i>Ijarah Mawsufah Fi Zimmah</i>” or “forward lease”.</p>
Step 4	<p>Tadau Energy as the “issuer” shall issue the <i>hybrid sukuk (al-Istisna’ and al-Ijarah)</i> to the sukuk holders.</p>
Step 5	<p>Pursuant to a “service agency agreement”, Tadau Energy as the “servicing agent” shall perform all repairs, replacements and maintenance works on each of solar photovoltaic (PV) plants.</p>
Post-completion of the Assets and at Maturity	
Step 6	<p>Upon completion of construction, Tadau Energy as the “contractor” shall notify the “<i>sukuk trustee</i>” regarding the completion of the work. This includes the delivery of the asset.</p>
Step 7	<p>During the lease period, “lessee” will pay the lease rentals to the “<i>sukuk trustee</i>” or “lessor” pursuant to “<i>ijarah</i>” agreement.</p> <p>The final lease rental shall include the following:</p> <ul style="list-style-type: none"> <li>(a) (i) last periodic distribution amount</li> <li>(ii) nominal value of the relevant maturing tranche and</li> <li>(iii) the ownership expenses</li> </ul>
Step 7	<p>Upon a dissolution event, <i>sukuk trustee</i> acts on behalf of sukuk holders for any purchase undertaking activities.</p> <ul style="list-style-type: none"> <li>(b) Exercise price for the purchase undertaking will be equal to the amount of <i>Istisna</i> price + Ownership expenses + all accrued unpaid lease rental.</li> </ul>

<p>Step 8 (a)</p>	<p>Tadau Energy as the “purchaser” will grant a “purchase undertaking” to the <i>sukuk</i> trustee.  “Sale of the Asset” here in allows Tadau Energy (purchaser) to undertake the asset from <i>sukuk</i> trustee at the relevant Exercise price.  This process is undertaken via “Sale Agreement”.</p>
<p>Step 8 (b)</p>	<p>At the end of the lease period, <i>sukuk</i> trustee shall make periodical distribution amounts to the <i>sukuk</i> holders based on the contract of <i>hibah</i> (gifts).</p>

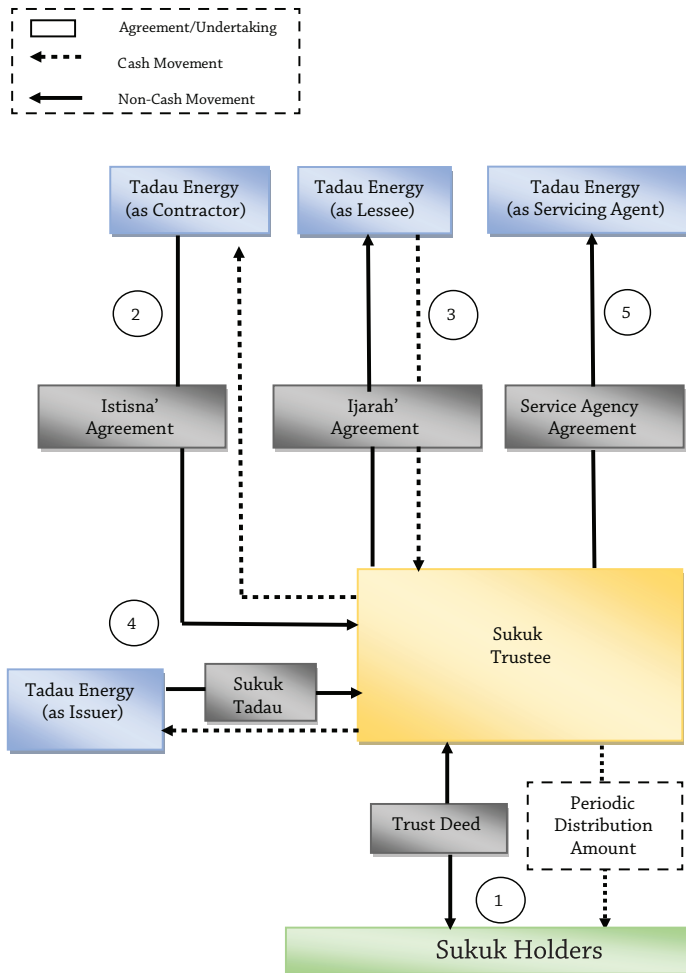


Figure 2: At Inception and During Construction of Assets

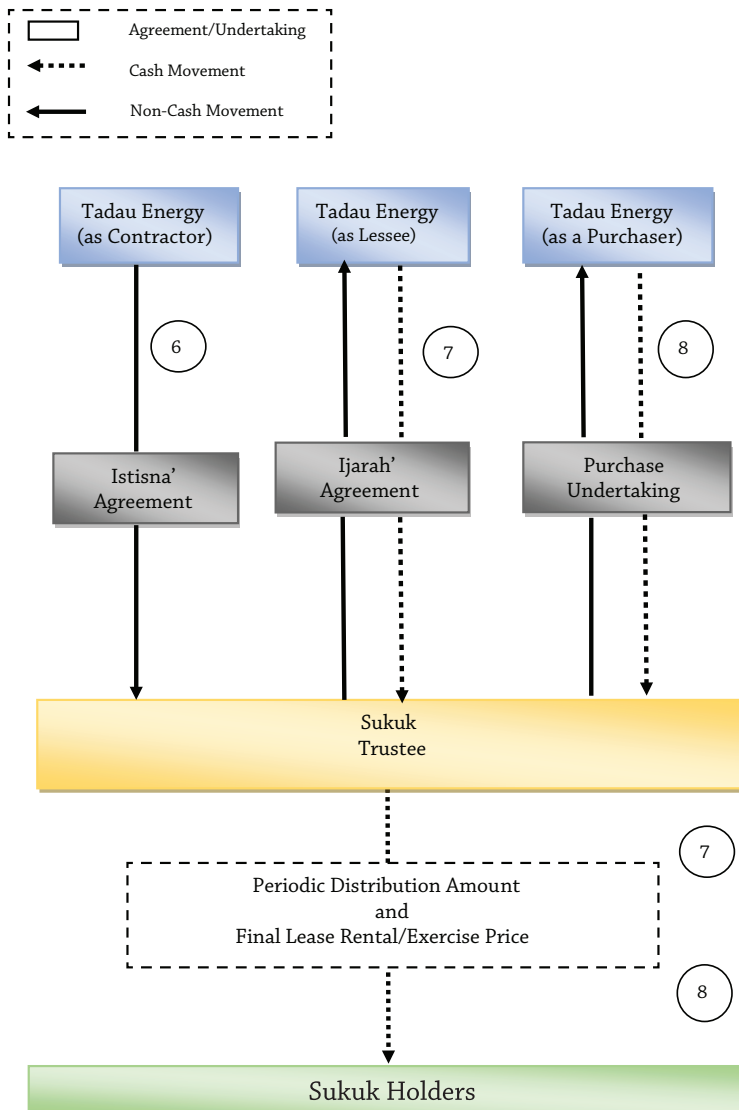


Figure 3: Post completion of the Assets at maturity

### BEGW (M) Sdn. Bhd. (Solar Photovoltaic)

The second case study involves BEGW (M) Sdn. Bhd., a subsidiary of Beijing Enterprises Water Group Ltd. The company is known as one of the top leading companies in the water treatment industry. BEGW (M) offers a complete range of comprehensive solutions for a wide range of clients, especially the state government

projects. Recently, BEWG (M) has been undertaking a water treatment project in Bukit Sah, Terengganu. This project was awarded by the Terengganu state government in November 2015 and is expected to be completed in November 2018. The project aims to refurbish and upgrade water treatment plant as well as to solve Kemaman district's water shortage problem.

This project costs RM 499 million which is equivalent to 1.1 billion RMB. In this project, BEWG (M) will be providing related services such as water treatment engineering, waste water treatment engineering, water purification, sewerage treatment and water recycling. To facilitate this project, BEWG (M) issued RM 400 million of sukuk wakalah with a tenure of 8 years. The project is expected to meet the required daily demand of approximately 110,000 tons per day.

The initial construction cost of RM 79 million was funded from BEWG's internal funds whereas the remaining balance of RM 21 million will be met by 80% sukuk and 20% equity financing mix. This 3-year project started in November 2015 and is expected to be completed in November 2018. The Terengganu state government will make six annual payments amounting to RM 686.9 million to BEWG (M) over a five year period. Based on analysts and their opinion, the company currently has deferred payment of RM 129.6 million. Nonetheless, BEWG (M) is seen as capable of meeting its first schedule redemption of RM 90 million in 2020.

### ***Application of Sukuk Wakalah***

BEWG (M) has opted for the sukuk wakalah model. Under this model, BEWG (M) acts as "investment wakeel" to the sukuk holders (Figure 4). Operationally, the duty of an "investment wakeel" is thereby to invest the sukuk wakalah into relevant investment portfolio or any wakalah investment. Herein, the "investment wakeel" agrees to lend his or her expertise and management for a particular duration. The relationship between the principal and investor is to comply with certain basic conditions which are described in the contract. The wakalah fee must be determined and agreed at the time of entering into the wakalah contract. In terms of investment return, the sukuk holders can only receive the expected profit, i.e., the amount used to fund the periodic distribution amounts. Any excess will be held by the "investment wakeel" as his benefit. The periodic distribution amounts will be paid to the investors on the relevant periodic distribution dates.

Step 1	<i>Wakalah</i> agreement is signed between <i>sukuk</i> trustee ( <i>sukuk</i> holders) and BEWG (M) <i>sukuk</i> issuer. BEWG (M) acts as “investment <i>wakeel</i> ” to the <i>sukuk</i> holders.
Step 2	BEWG (M) as the “ <i>sukuk</i> issuer” shall issue the <i>sukuk wakalah</i> , whereas, <i>sukuk</i> holders subscribe to the <i>sukuk wakalah</i> . The “investment <i>wakeel</i> ” will invest the <i>sukuk wakalah</i> into relevant investment portfolio ( <i>wakalah</i> investment).
Step 3	“Investment <i>wakeel</i> ” should maintain at least 33% of the <i>wakalah</i> investment with respect to the <i>Shariah</i> -compliant business.
Step 4 (a)	BEWG (M) as the “buyer”, issues a purchase order (PO) to the “investment <i>wakeel</i> ” to purchase the <i>Shariah</i> -compliant commodities from the <i>sukuk</i> holders at the deferred sale price.
Step 4 (b)	“Investment <i>wakeel</i> ” will purchase the <i>Shariah</i> -compliant commodities (on spot basis) from the commodity suppliers’ at <i>Bursa Suq Al-Sila</i> .
Step 4 (c)	Once the “investment <i>wakeel</i> ” acquires the <i>Shariah</i> -compliant commodities, the “investment <i>wakeel</i> ” will sell it to the “buyer”.  The price is equivalent to the commodity purchase price, plus the aggregate profit margin (payable at deferred payment basis).
Step 4 (d)	BEWG (M) as the “buyer” via its agent will immediately sell the <i>Shariah</i> -compliant commodities to the “ <i>Bursa Malaysia Islamic Service Sdn Bhd</i> ” (BMIS) or a “Commodity Broker A” known as a commodity supplier on the spot basis for cash. Usually, a selling price is equivalent to the commodity purchase price.
Step 5	Consequently, BEWG (M) as the “obligor” shall make periodical payment to <i>sukuk</i> holder from any return generated from the “ <i>wakalah</i> investment”. The periodic distribution rate is calculated per 365 days.
Step 6	Upon completion of such purchase, the purchaser appoints the commodity trading participant (CTP) to sell the commodities to the commodity buyer. Transaction trades at market price. Herein, market price refers to the selling price which is equal to the purchase price.
Step 6 (a)	Purchase undertaking takes place from the “obligor” to the <i>sukuk</i> trustee on a scheduled dissolution date or the actual dissolution date, whichever is earlier.
Step 6 (b)	Further, <i>sukuk</i> trustee shall issue a “sale undertaking” to the BEWG (M) ( <i>sukuk</i> issuer) at the exercise price by entering into a “sale agreement” upon voluntary early redemption.



Step 7	<p>BEWG (M) proceeds to the “<i>wakalah</i> investment” including exercise price and deferred sale price.</p> <p>Any returns generated from the “<i>wakalah</i> investment” shall be utilized to redeem <i>sukuk wakalah</i> at the dissolution distribution amount on the scheduled dissolution date or the dissolution declaration date upon voluntary early redemption.</p>
Step 8	<p>During the construction period, BEWGL will act as “corporate guarantor”, just in case BEWG (M) fails to make periodical payment to the <i>sukuk holders</i>. BEWGL is responsible for:</p> <ul style="list-style-type: none"> <li>(i) periodical distribution</li> <li>(ii) exercise price and</li> <li>(iii) deferred sale price</li> </ul> <p>However, after the construction period, BEWGL will ensure BEWG (M) (<i>sukuk</i> issuer) has sufficient liquidity to meet the periodical payments to the <i>sukuk holders</i>.</p>

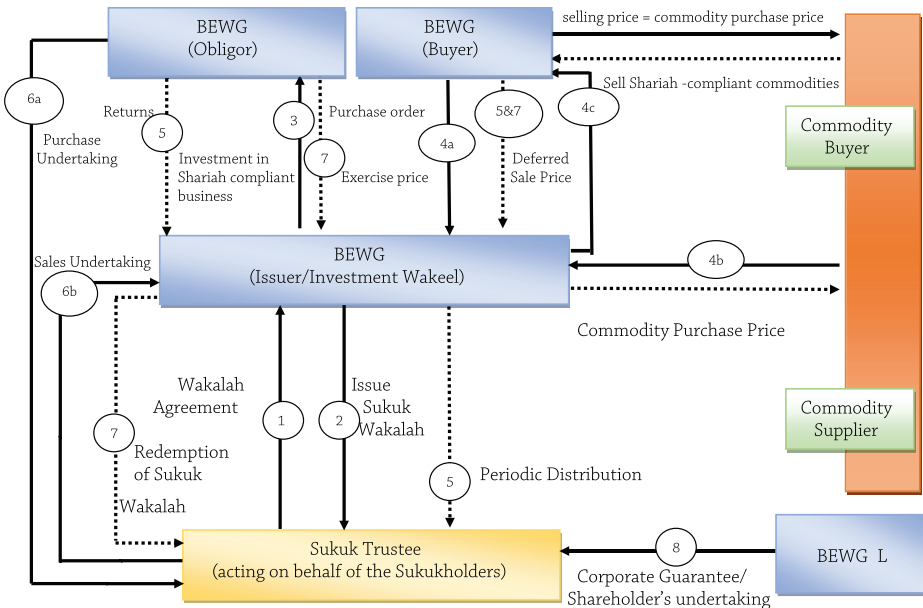


Figure 4: BEGW Sukuk Wakalah

### **Sarawak Hidro Sdn. Bhd. (BAKUN hydroelectric)**

The third case study highlights Sarawak Hidro Sdn. Bhd. Noted that, effectively, on 16<sup>th</sup> August 2017, Sarawak Energy Berhad (SEB), wholly owned by Sarawak state government successfully acquired 100% of shares in Sarawak Hidro Sdn. Bhd (The Star Online, 2017). Sarawak Energy Berhad (SEB) acquired Sarawak Hidro at a price of RM 2.5 billion including RM 6 billion loan.

Previously, Sarawak Hidro was involved directly in 2,400 MW (BAKUN hydroelectric plant) which is the largest hydroelectric plant in Malaysia since July 2011. BAKUN hydroelectric project is located in Central Sarawak on Rejang River, 180 km by road (east coast of Bintulu, Sarawak). This plant is built by 205 meter high concrete wall facing the rock dam. The cost of this hydroelectric dam was estimated to be around USD\$ 1.6 billion.

On 1<sup>st</sup> June 2011, Sarawak Hidro secured "Power Purchase Agreement" (PPA) with the Sarawak state government for 30 years. The electricity charges from BAKUN dam to the latter was planned to be 6.25 cents per kilowatt with an annual increase of 1.5% (Figure 6). Prominently, BAKUN hydroelectric project is among the projects run under Sarawak Corridor of Renewable Energy (SCORE), a major development plan for Sarawak.

In essence, SCORE would need higher electricity supply by year 2020 to 2030. This electricity power supply could be generated from hydroelectric. Total hydroelectric capacity is estimated to increase from 966 MW to 12,000 MW and 20,000 MW by 2020 and 2030, respectively (Sovacol & Bulan, 2011).

### ***Application of Sukuk Murabahah***

Sukuk murabahah refers to a contract of exchange based on sale and purchase contracts at a predetermined cost and profit. The detailed discussion of sukuk murabahah of Sarawak Hidro is shown in Figure 5. Sukuk Murabahah is more likely to be used with respect to purchases of goods by public sector. In this case, Sarawak Hidro needs to purchase an item of huge price and may purchase it through credit sales by paying in instalments.

Sarawak Hidro as the seller will amortize the cost and return (profit margin) over the period of instalments. At the same time, Sarawak Hidro as the issuer will issue sukuk murabahah certificates according to a certain number

of instalments (Yusoff, Kamdari, & Malik, 2016). Each certificate having a maturity date, represents a property right of the sukuk holders on the basis of which, a sukuk holder can transfer his or her rights to another party.

Step 1	Sarawak Hidro enters into an agreement, appointed as the purchase agent on behalf of sukuk holders.
Step 2	Sarawak Hidro issues a purchase order (PO) to the purchase agent. Purchase agent will irrevocably undertake to purchase the commodities from the sukuk holders with regard to “deferred sale” price.
Step 3	The purchase agent, purchases commodities on the spot through Commodity Trading Participant (CTP) from the commodity seller at the purchase price.
Step 4 (a)	Sarawak Hidro issues sukuk murabahah and acts as the <i>sukuk</i> issuer. Sukuk holders pay the principal’s amount or the purchase price to Sarawak Hidro ( <i>sukuk</i> issuer).
Step 4 (b)	The <i>sukuk murabahah</i> evidences the <i>sukuk holder’s</i> ownership of the commodities.
Step 5	Once the commodities are sold to the purchaser, <i>sukuk holder’s</i> is entitled to receive the deferred sale price.
Step 6	Upon completion of such purchase, the Purchaser appoints the Commodity Trading Participant (CTP) to sell the commodities to the commodity buyer. Transaction trades at the market price. Market price refers to (selling price = purchase price).
Step 7	Sarawak Hidro as purchaser receives the mudharabah profits and pays periodic return to the <i>sukuk holders</i> on the relevant periodic payment date. On the expiry of the specified time period of subscription, the <i>sukuk holders’</i> are given the right to transfer the ownership by sale or trade.

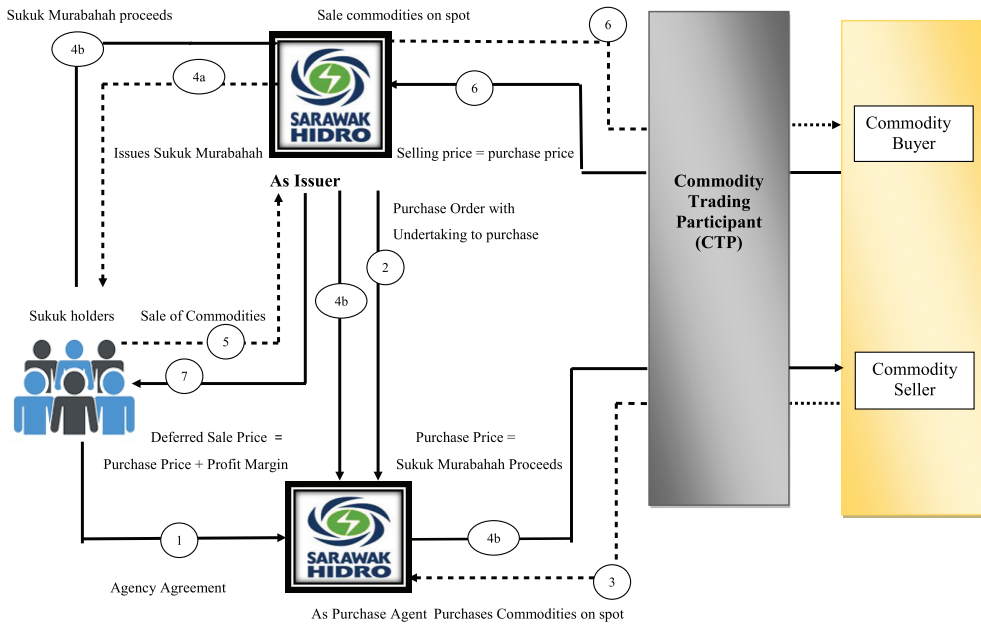


Figure 5: Sarawak Hidro (M) Sdn. Bhd

## Conclusion

The recent issuances of the world's first green sukuk by three energy companies in Malaysia has kick started the growth of green sukuk market and will significantly boost the "cleantech" movement. The initiative is relevant in achieving Malaysia's agenda to be the green technology hub by 2030. Fundamentally, this paper presents three case studies related to green sukuk. The application of hybrid sukuk was explained in Tadau Energy Sdn Bhd. Besides that we also elaborate the adoption of sukuk wakalah by BEGW (M) Sdn Bhd. Finally, we discussed in details the application of sukuk murabahah by Sarawak Hidro Sdn Bhd. Despite all the government initiatives, the success of green sukuk still relies on the awareness and support by the financial institutions.

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# Does Consumer Innovativeness Matter? Predicting Customer Behaviour of A New Financial Architecture

Ahmad Muhammad Gumel

**Abstract:** Although the benefits of the marriage between Islamic principles of Shari'ah and financial services as a new financial architecture have been well documented, however, its adoption within the industry's core markets was lesser than necessary to move the world's economic potential. This study proposed consumer innovativeness as a marketing strategy to improve customers' adoption of the new financial architecture. Utilizing cross sectional study, a survey questionnaire responses were elicited among Islamic banking customers in Northern Nigeria and responses were analyzed using Partial Least Square - structural equation modelling (PLS-SEM). Findings indicated that consumer innovativeness, attitude, as well as subjective norm significantly predicted respondents' intention, while perceived behavioural control was found insignificantly related to behavioural intention. Also, consumer innovativeness moderated the relationship connecting attitude and intention, while evidence for the interaction effect between consumer innovativeness and social norm was not supported. The integration of the theories of planned behaviour and diffusion of innovation in conceiving and initiating appropriate marketing strategy for the new financial architecture were provided and suggestions for future studies discussed.

**Keywords:** Islamic Banking, Customer Behaviour, Theory of Planned Behaviour, Diffusion of Innovation Theory, Nigeria.

**JEL Codes:** G21, M2, M3.

## Introduction

Four decades ago, a new financial architecture emerged, channelling huge sum of funds, in the most favourable terms, from surplus to deficit sector of the global economy (Dogarawa, 2012; Pearce, 2011). It was basically the marriage between Islamic principles of *Shari'ah* and financial services that metamorphosed into what has today been conceptualized as "Islamic financial service industry". Its modern practice can be traced to the late 1950s in Pakistan, Egypt, Malaysia and Philippi-

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nes (Gait & Worthington, 2007; Ismail, 2010; Siddiqi, 2006), and it subsequently received a nod of approval in the United Arab Emirates (Dubai), and from finance ministers of the Organisation of Islamic Conference (OIC) countries, Jeddah, Kingdom of Saudi Arabia in 1975 (Durán & García-López, 2012). Currently, Islamic banking remains the major pillar of Islamic financial assets capturing nearly 80 percent of the global Islamic finance industry (Okoli, 2016). Indisputably, Islamic banking has extended to all nooks and corners of countries in the world (Muslehuddin, 1993), including developed and developing nations, Muslim and non-Muslim countries (Aziz, 2006; Muslehuddin, 1993), with more than 300 institutions as of today, increasing at an average speed of 17 percent per annum from 2008-2012 (EY, 2014). This double digit growth has opened up a mixture of financial alternatives for 38-40 million customers (EY, 2013), and has stimulated financial inclusion and economic growth in low and medium income countries (Imam & Kpodar, 2015; Okeke, 2015).

However, despite this potential, a sizeable number of people and business firms from low and medium income countries, were more inclined to blend their economic activities with conventional banking. For instance, an investigation conducted among adult respondents in five Middle Eastern and North African countries with emerging Islamic finance industry, found little evidence of the demand for Islamic banking products. Even if any, conventional banks dominated the greater part of the debt financing in Islamic finance core markets, including Gulf Co-operation Council (GCC) (Perry & Rehman, 2011), Indonesia - the largest Muslim country of the world (Salamah Wahyuni & Arifin, 2013), and Nigeria - the largest Muslim country in Sub-Saharan Africa (Gelbard, Hussain, Maino, Mu, & Yehoue, 2014, p. 10). In a little more detail, the managing director of *Jaiz Bank* in Nigeria has recently solicited the patronage of more players in an effort to compete favourably with conventional banks (Suka, 2015).

Thus, given the significant role of the new financial architecture in the world, specifically among its bona-fide beneficiaries (low and medium income countries), many researchers have earlier linked these challenges to marketing inefficiencies and have suggested Islamic banks to have a clear understanding of the attitude and behaviour of their customers in order to formulate appropriate marketing strategies (Haron & Azmi, 2005; Kamarulzaman & Madun, 2013).

An older attempt to study the adoption behaviour of Islamic banking customers led by Erol and El-Bdour (1989) has generally found selection of Islamic banking to be basically driven by customers' perception of monetary benefits (Dusuki



& Abdullah, 2007; Erol & El-Bdour, 1989; Gerrard & Cunningham, 1997), while other researchers (Bley & Kuehn, 2004; Khan, Hassan, & Shahid, 2007; Metawa & Almossawi, 1998), reported that preference of Islamic banking was more because of perceived religious zeal. However, while these studies facilitate our reasonable understanding of customers' behaviour, nevertheless, recent empirical works have increasingly become sophisticated beyond the boundaries of descriptive statistics to the deliberate integration of inferential statistics to analyze and predict customers' behaviour using different cognitive models.

Arguably, the most extensively researched models are the theory of reason action (Fishbein & Ajzen, 1975) and the theory of planned behaviour (Ajzen, 1991). Although the theory of reasoned action was found to be of limited role in predicting behaviours over which an individual has no volitional control (Ajzen, 1991; Armitage & Conner, 2001; Sheppard, Hartwick, & Warshaw, 1988), nevertheless, these limitations lay the groundwork for the emergence of the theory of planned behaviour (TPB) (Abraham & Sheeran, 2003; Armitage & Conner, 2001). Despite the fact that TPB model was found parsimonious and predictive of human behaviour in different contexts and domains (Ajzen, 1991, 2011), yet, some of its theoretical assumptions in the perspective of Islamic banking have received limited attention and deserve further attention. For instance, individual's general disposition to think and behave in some different way has rarely been investigated (Sheeran, 2002). In particular, the role of personality characteristics such as consumer innovativeness in determining the belief that individuals hold about Islamic banking has not adequately been considered in any of the dominant Islamic banking models. Even if any, some researchers (Flynn & Goldsmith, 1993; Goldsmith & Flynn, 1992) have identified some important functions of consumer innovators to the organization: (i) provide positive cash flow to the industry; (ii) may bring about market leadership or raise barriers to entry for others firms entering the market; (iii) may provide vital feedback regarding new product potentials, or suggest improvements early enough to avoid failure or rejection of the new product; (iv) promote new products through word-of-mouth and legitimize the new products to the majority of customers. Taking into cognizance these functions, it is justifiable and worthwhile in the face of market hostilities and stringent competition from experienced conventional banks in Nigeria, to integrate consumer innovativeness in understanding Islamic banking customer behaviour using TPB. The remaining study is structured as follows: Section 2 discusses the underpinning theory and the corresponding research hypotheses; section 3 discusses the methodology; section 4 analysis and result; section 5 provides discussions and conclusion of the study.

## Theory and Hypotheses

### *Theory of Planned Behaviour (TPB)*

Ever since Wicker's (1969) publication of his research findings that attitude does not correlate with human behaviour, academic researchers and psychologists have proposed different models to understand human behaviour (Ajzen & Fishbein, 2005). Among the most widely used models was the theory of planned behaviour (Ajzen, 1991; 2011). Theory of planned behaviour (TPB) basically assumed that individuals make their rational decisions based on available information (Webb & Sheeran, 2005). Therefore, TPB proposes that individual behavioural intention is the causal agent of behaviour. It follows therefore, that an individual who intends to participate in a particular behaviour is more likely to participate in that behaviour than an individual who refuses to indicate his intention at all. The theory posits attitude (ATT), subjective norm (SN), and perceived behavioural control (PBC) as the determinants of intention. ATT reflect person's positive or negative appraisal in performing a given behaviour (e.g. 'I enjoyed Islamic financing'). SN refers to individual's beliefs whether significant referents think an individual should perform a particular behaviour (e.g. 'some people very important to me think that I should apply for Islamic financing'). Finally, the theory posits that PBC is predictive of both intention and behaviour (Sheeran, Trafimow, & Armitage, 2003). PBC is identical to Bandura's (1977) conception of self-efficacy, and indicates an individual's evaluation of his ability to perform a given behaviour.

Previous works in the area of Islamic banking have empirically linked the relationship between ATT, SN, PBC and behavioural intention (Alam, Janor, Zanariah, & Ahsan, 2012; Amin, AbdulRahman, & AbdulRazak, 2012, 2013; Amin, Rahim, & AbdulRazak, 2014; Echchabi & Abd. Aziz, 2012). Although ATT, SN, PBC were found relevant in predicting behavioural intention, unfortunately, its validation in the context of Islamic banking remained scant, and even if any such exist, have reported mixed findings. For instance, Alam et al. (2012) found SN was insignificantly related to intention. Echchabi and Abd. Aziz (2012) found both SN and PBC were insignificantly related to behavioural intention. Hence, taking stock from the above, this paper assumes that findings appear to be scanty, mixed and inconclusive and that more investigations need to be carried out. We therefore proposed:

**Hypothesis 1:** ATT positively determines intention to adopt IB in Nigeria.

**Hypothesis 2:** SN positively determines intention to adopt IB in Nigeria.

**Hypothesis 3:** PBC positively determines intention to adopt IB in Nigeria.

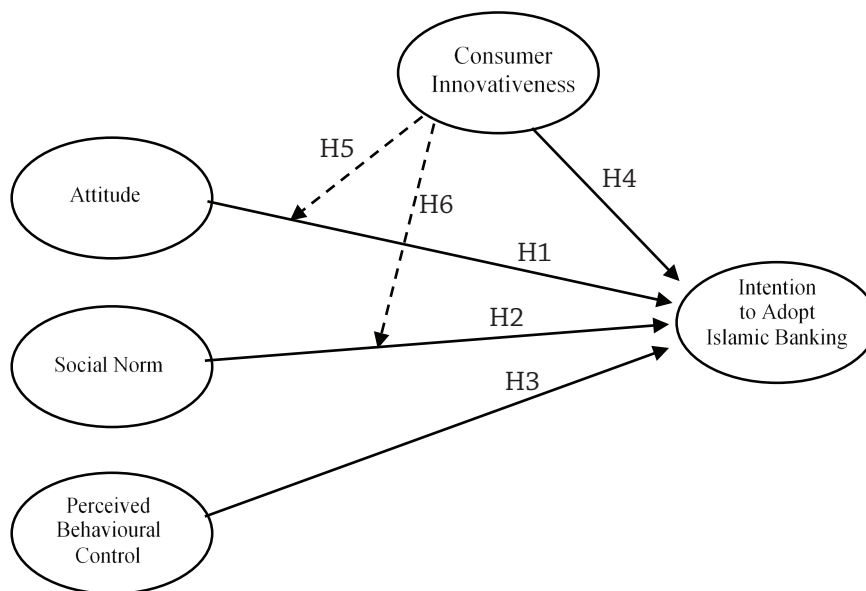


Figure 1. Conceptual Model

### ***Consumer innovativeness as a potential moderator***

Consumer innovativeness (CI) refers to “the degree to which an individual is relatively earlier in adopting new ideas than the average member of his social system” (Rogers, 2003). It is a well-researched construct that predicts new product adoption including rock music and scent innovativeness (Goldsmith & Hofacker, 1991), internet buying/shopping (Agarwal & Prasad, 1998; Bigne-Alcaniz, Ruiz-Mafé, Aldas-Manzano, & Sanz-Blas, 2008; Goldsmith, 2002; Yi, Fiedler, & Park, 2006), internet banking (Yiu, Grant, & Edgar, 2007), consumer electronics (Van Rijnsoever & Castaldi, 2011), online apparel customization/fashion (Goldsmith & Hofacker, 1991; Nirmala & Dewi, 2012; Yun & Hira, 2012), mobile data service (Parveen & Sulaiman, 2008; Thakur & Srivastava, 2014; Yang, 2010) and mobile phone replacement (Chih-Chien, Li-Chuan, & Yann-Jy, 2005).

Furthermore, some researchers (Agarwal & Prasad, 1998; Citrin, Sprott, Silverman, & Stem Jr, 2000; Yun & Hira, 2012) have also explored CI as a potential moderator between perceived ease of use (PEOU), perceived usefulness (PU) and intention to use or adopt a particular innovation. Findings have demonstrated that individuals with high innovativeness tend to exhibit more positive attitude toward-

ds a particular innovation than individuals with low innovativeness. Hence, the following hypotheses were made:

**Hypothesis 4:** CI positively determines intention to adopt Islamic banking in Nigeria

**Hypothesis 5:** CI moderates the relationship between ATT and intention, such that the relationship between ATT and intention to adopt Islamic banking becomes stronger (i.e., more positive) for customers with high innovativeness than customers with low innovativeness.

**Hypothesis 6:** Consumer innovativeness moderates the relationship between SN and intention, such that the relationship between SN and intention to adopt Islamic banking becomes stronger (i.e., more positive) for customers with high innovativeness than customers with low innovativeness.

Consistent with the theoretical postulations and empirical evidence highlighted, our conceptual model was presented in the above graphical representation as depicted in Figure 1. Intention was dependent variable, while ATT, SN, PBC and CI served as the independent variables. In addition, CI moderates the relationship between ATT, SN and intention.

## Methodology

### *Sample and Data Collection Procedures*

A sample of 382 individuals using Krejcie and Morgan (1970) was drawn from a total population of 60,000 customers (Salisu, 2014). Respondents (customers) were approached when they were either sitting for their turn at the counter, or when they had finished with the counter and were about to exit from the banking halls. The researcher politely explained and asked respondents to co-operate. Once, they had indicated their approval, the questionnaire was then handed to them for answering. However, several procedures were undertaken to curbe the possibility common method variance (CMV) in the study, as proposed by Podsakoff, MacKenzie, Lee, and Podsakoff (2003). Firstly, respondents were informed that there was no wrong or right answer to all the items asked and that it would take them not more than 10 to 20 minutes to answer the questionnaire. They were also informed that completed questionnaires will be treated with utmost confidentiality. Secondly, constructs items were modified to reduce method biases by avoiding vague or unnecessary ambiguity in the questionnaire.

After rigorous data screening using SPSS, a total number of 229 responses were finally entered into SMARTPLS software for analyses. The sample composition was males (75.1%) and females (24.9%). Age ranges from 20-60 years, and majority of the participants were diploma/NCE holders (30.6%). A large number of our respondents were married (55%), followed by single (37.1%), divorced (5.7%) and widowed (2.1%). In addition, majority of the respondents were civil servants (57.6%), while the remaining respondents represented businessmen or traders (41.5%). When business relationship with Islamic bank was computed, the share of *Mudharabah* savings was (55.5%), current account (27.1%) while *Murabahah* cost-plus financing, *Ijara-Iqtinah*, Auto Finance, and Household finance shared the least (17.4%).

### ***Instruments***

The instrument scale chosen to measure the study variables was adopted from previous studies with some minor modifications to suit the context of this study. Hence, consumer innovativeness 6 items scale was adopted from Goldsmith and Hofacker (1991), attitude 6 items scale was adopted from Amin, Rahman, Sondoh Jr, and Hwa (2011), social norm 5 items scale and perceived behavioural control 6 item scale were adopted from Alam et al. (2012) respectively. Moreover, all item scales adopted were analyzed on a 4 data point Likert scale. For instance, strongly disagree = 1 and strongly agree = 4.

## **Analysis and Result**

### ***Measurement model***

Scholars such as Anderson and Gerbing (1988), and Hair Jr, Hult, Ringle, and Sarsstedt (2014) have provided a two-step guideline for the use of PLS-SEM. Therefore, consistent with these two-steps procedures, the current study assessed the constructs' internal reliability, convergent as well as the discriminant validity. According to Fornell and Larcker (1981), the minimum recommended value of composite reliability (CR) and cross loadings is 0.7, while 0.5 for the average variance (AVE). As indicated in the table below, (table 1), the AVE have gone beyond the recommended numerical value of 0.5, while all factor loadings and composite reliabilities have surpassed the posited minimum level of 0.7. This implies that the measurement model has achieved adequate internal reliability. Furthermore, the AVE as suggested has exceeded the variance shared between the constructs (Fornell & Larcker,

1981). Therefore as enumerated in the table below, the measurement model has yielded satisfactorily adequate discriminant validity (Fornell & Larcker, 1981; Hair, Black, Babin, & Anderson, 2010)Babin, & Anderson, 2010.

### **Structural Model**

The structural model was examined following PLS-SEM 5000 bootstrapping procedure as suggested by scholars (Ajisafe & Ajide, 2014; Hair Jr et al., 2014) with a 229 data set represented by the path coefficients and hypothesis testing as shown in table 3 and figure 2 below. Therefore, knowing deliberately that our propositions are directional, we chose to use a one-tailed test, since the directionality of the relationship between our latent variables were already known (Alam Choudhury & Wajdi Dusuki, 2008, p. 20; economywatch.com, 2016; Honohan, 2004). These values indicate that relationship were significant at 0.05, one tailed test with its critical value ( $\pm 1.645$ ).

**Table 1**  
*Outcome of The Measurement Model*

Latent Constructs	Indicators	Standardized Loadings	CR	AVE
Attitude	ATT 1	0.873	<b>0.947</b>	<b>0.750</b>
	ATT 2	0.861		
	ATT 3	0.899		
	ATT 4	0.891		
	ATT 5	0.834		
	ATT 6	0.836		
Social norm	SON1	0.789	<b>0.907</b>	<b>0.661</b>
	SON2	0.830		
	SON3	0.843		
	SON4	0.803		
	SON5	0.800		
Behavioural Control	PBC1	0.822	<b>0.921</b>	<b>0.662</b>
	PBC2	0.764		
	PBC3	0.840		

	PBC4	0.852		
	PBC5	0.801		
	PBC6	0.799		
Innovativeness	IBCI1	0.802	<b>0.880</b>	<b>0.709</b>
	IBCI2	0.880		
	IBCI3	0.844		
Intention	IAIB2	0.811	<b>0.901</b>	<b>0.695</b>
	IAIB3	0.808		
	IAIB4	0.893		
	IAIB5	0.891		

Note: IBCI3, IBCI4, IBCI5 and IAIB1 were removed as a result of low CR loadings of a lesser amount that does not reach 0.50.

**Table 2**  
*Correlation/Descriptive Statistics of The Latent Constructs*

Latent Constructs	M	SD	1	2	3	4	5
Attitude	3.41	.70	<b>.87</b>				
Innovativeness	3.04	.56	.50	<b>.84</b>			
Intention to Adopt	3.29	.66	.57	.42	<b>.83</b>		
Behavioural Control	3.21	.66	.70	.59	.51	<b>.81</b>	
Social norms	3.04	.69	.61	.44	.47	.64	<b>.81</b>

**Note:** The selected bold fonts indicate AVE square root while the other non-bold entries indicate their correlations.

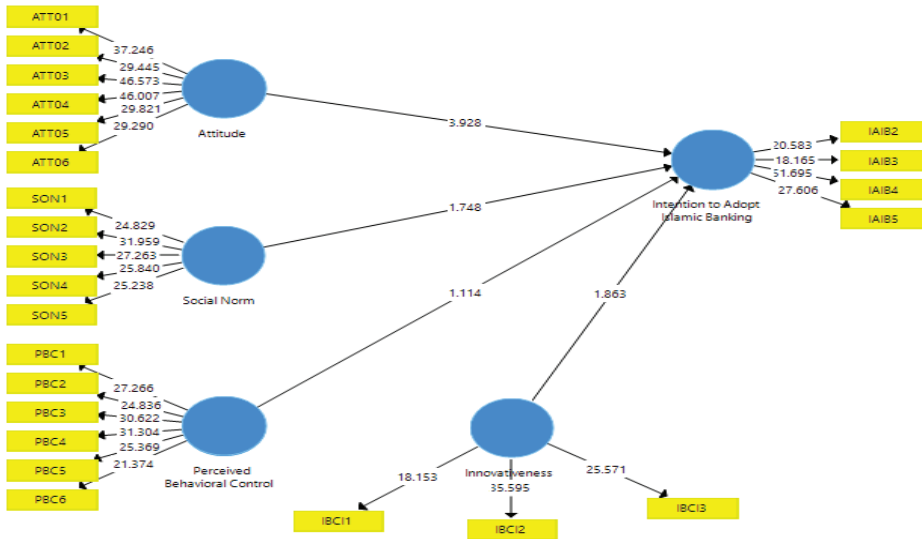


Figure 2. Structural Model-Direct Relationship

The first hypothesis proposed was that ATT positively determines intention. The outcome shown in Table 3, (Model 1) indicated that ATT had a significant positive relationship with intention ( $\beta = 0.352, p < .01$ ). Therefore, our first proposition was supported. The second hypothesis proposed that SN positively determines intention to adopt Islamic banking. On this note, findings indicates that SN was positively correlated with intention ( $\beta = 0.137, p < .05$ ), and hence, the result justifies the proposed hypothesis and provides additional empirical support for SN as a determinant of intention.

Additionally, the fourth hypothesis posited that CI positively influences intention. The result indicated that CI positively relates with intention ( $\beta = 0.122, p < .05$ ). Conversely, the direct effect of PBC on intention to adopt Islamic banking showed insignificant relationship ( $\beta = 0.100, p > .1$ ), suggesting that hypothesis 3 was not supported.



**Table 3**  
*The Path Coefficients*

Latent Constructs	Model A (Core Effects)	Model B (Interaction Effects)
Innovativeness	0.122**	0.082*
Attitude	0.352***	0.281***
Social Norm	0.137**	0.034**
Perceived Behavioural Control	0.100	0.073
Innovativeness × Attitude		0.166*
Innovativeness × Social Norm		0.087
R <sup>2</sup>	0.365	0.381

Note: Dependent variable = Intention. Significant at \*\*\*p < 0.01 \*p < 0.10; \*\*p < 0.05;

### ***Coefficient of Determination (R<sup>2</sup> Value)***

Having found the significance of path coefficients of model A (direct effects), this paper proceeds with examination of values of R-square as a measure to evaluate the model. Table 3 model 2 reflected 0.381 (38.1%) of the total variance in intention. This indicates that the exogenous latent variables (i.e., ATT, SN, PBC) jointly explained 38.1 percent of the total variance in intention to adopt Islamic banking. Hair, Ringle, and Sarstedt (2011) pointed out that judgment of whether R<sup>2</sup> level is low or high depends on a particular research discipline. In our own case (consumer behaviour), R<sup>2</sup> value of 0.20 are regarded high in the discipline. Even if any, Falk and Miller (1992), have recommended 0.10 as a minimum level. Thus, our model can be said to have an acceptable threshold level of R-square values.

### ***Effect Size (f<sup>2</sup>)***

According to Chin, 1998 “effect size measures the relative effect of a specific exogenous latent variable on endogenous latent variable(s) by means of changes in the R square”. He further explained that, “it is computed as the addition to R-square relative to the ratio of unexplained variance”. Thus, the effect size evaluates the effect of a specific exogenous construct when it is taken out (omitted) from the model. It is referred as effect size (f<sup>2</sup>) and can be computed with the following formula (Cohen, 1988; Hair Jr et al., 2014; Iqbal & Shafiq, 2015).

$$\text{Effect size: } f^2 = \frac{R^2_{\text{included}} - R^2_{\text{excluded}}}{1 - R^2_{\text{included}}} \quad (1),$$

Where  $R^2_{\text{included}} - R^2_{\text{excluded}}$  are the  $R^2$  values of the endogenous latent variables included or omitted from the model. According to Cohen (1988), “effect size ( $f^2$ ) values can be categorized into small (0.02), medium (0.15), and large (0.35) respectively”. Thus, our result indicated that the effect sizes for CI (0.03), ATT (0.16), SN (0.02) and PBC (0.01) ranges from small (CI, SN), medium (ATT) and none (PBC).

### **Predictive Relevance ( $Q^2$ )**

Another measure which was also recommended in the application of PLS-SEM is a test of predictive relevance using blindfolding procedures (Geisser, 1974; Hair Jr et al., 2014; Mohseni-Cheraghloo, 2013). In other words, a redundancy measure ( $Q^2$ ) was employed to evaluate the relevance of the structural model. The  $Q^2$  measure is a criterion that assesses how well a structural model calculates the data of omitted cases (Hair et al., 2014). It follows therefore that a model with  $Q^2$  value greater than zero is regarded to have a good predictive relevance, while a model with zero value or less has no any predictive relevance (Hair Jr et al., 2014; Henseler et al., 2009). Taking into cognizance these thresholds, the outcome of blindfolding analysis indicated  $Q^2$  value of 0.240, which is greater than zero, signifying the model’s predictive relevance.

### **Testing the Moderating Effects**

In this research work, product-indicator approach was utilized to test the moderating effects of CI. The first step requires ATT, SN and CI as an independent latent construct. The second step demands the creation of moderating effect through the multiplication of the products indicator of the latent variables with each indicator of the moderating latent variable (Hair Jr et al., 2014). The third step involves the computation of the standardized path coefficients using a sample of 5000 bootstrapping to check whether the moderating effects are considerably significant. The fourth step entails determining the strength of the moderation by means of Cohen’s (1988) effect size or magnitude formula.

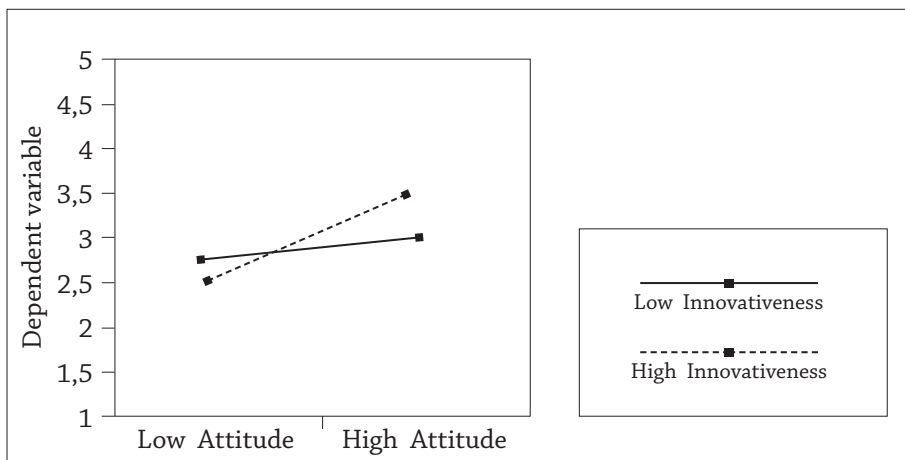


Figure 3. Interaction effect between ATT and CI in predicting intention to adopt Islamic banking

Thus, we have proposed in this study, CI moderates the relationship between ATT and intention to adopt Islamic banking, such that the relationship between ATT and intention to adopt Islamic banking would be stronger (i.e., more positive) for individuals with high innovativeness compared to individuals with low innovativeness. As shown in Table 3, Model 2, there was a significant moderating effect between ATT and CI ( $\beta = 0.166$ ,  $p < .1$ ). Therefore, hypothesis 5 was supported. Figure 3 presents the nature and form of the interaction effect between ATT and CI. The linear curve indicates that the effect of ATT is stronger (more positive) for individuals with high innovativeness than individuals with low innovativeness.

Furthermore, hypothesis 6 proposed that CI would moderate the relationship between SN and intention to adopt Islamic banking, such that the correlation among SN and intention would be stronger (more positive) for individuals with high innovativeness than individuals with low innovativeness. Unfortunately, this hypothesis was rejected or not supported ( $\beta = .087$ ,  $p > .1$ ) as indicated in Table 3. Regarding the moderating effect, the analysis indicated the effect size of 0.11, thus, suggesting a small effect based on Cohen's (1988) effect size determination criterion.

## Discussion and Conclusion

### Discussion

First, with regards to hypothesis 1, findings indicated a significant positive relationship between attitude and intention to adopt Islamic banking, suggesting that when customers are certain about the positive benefits of engaging with Islamic banking, the greater will be their willingness to patronize Islamic banking. This result is consistent with Amin et al. (2014) who found a significant and positive relationship between attitude and intention to adopt *Musharakah-Mutanaqisah* financing. Similar results were also reported by Taib, Ramayah, and Razak (2008) and Amin, Ghazali, and Supinah (2010).

Social norm has also been found to correlate with behavioural intention. The result of the study was consistent with the study of (Amin et al., 2010; Lada, Tanakinjal, & Amin, 2009; Taib et al., 2008) According to cbn.gov.ng (2011), social norm is an important factor that influences behavioural intention particularly in the early stages of the adoption process, where complete and ready-made information about products/services is lacking among potential customers. Moreover, since its inception, Islamic banking in Nigeria has received negative perception from non-Muslim population (Garba, 2014; KC, 2012; NPC, 2016) and the mass media (Ezinwa, Okafor, & Onyike, 2013), hence, potential adopters may have to depend on word of mouth from among their referents.

However, perceived behavioural control was not supported in our sample, nonetheless, other related studies have also reported similar findings (Echchabi & Abd. Aziz, 2012; Moshrefjavadi, Dolatabadi, Nourbakhsh, Poursaeedi, & Asadollahi, 2012; Munyanyi, 2014; Taylor & Todd, 1995; Teo & Pok, 2003; Towler & Shepherd, 1992). Empirically, Madden, Ellen, and Ajzen (1992) have provided additional support for these findings in a survey of 10 behavioural models that had different mean levels of PBC. For those behaviours that individuals perceived as easy to carry out, the TPB was found to perform not better than TRA. But, when the behaviour is perceived as less controllable, then PBC becomes relevant and contributes substantially to the model. Consistent with these findings, our descriptive statistics (table 2) indicate high mean value (high volitional control) for PBC construct (mean equals 3.205 on a scale from 1 to 4). Thus, Islamic banking adoption in Northern Nigeria seems not to be hampered by lack of opportunities, skills or resources; anyone interested to form positive intention about Islamic banking is welcome.

In addition to the above, we also proposed hypothesis 4, consumer innovativeness to moderate the relationship between attitude and intention to adopt Islamic banking, such that the relationship between attitude and intention to adopt Islamic banking would be stronger (i.e. more positive) for customers with high innovativeness than customers with low innovativeness. The outcome of the study yielded a significant positive interaction effect between innovativeness and attitude, and is consistent with some previous works (Citrin et al., 2000; Goldsmith, 2001, 2002; Yun & Hira, 2012).

However, contrary to our expectation, consumer innovativeness did not moderate the relationship between social norm and intention to adopt Islamic banking. This insignificant interaction effect is worthy of discussion. We may first of all recall that social norm is the weakest construct in the TPB model (see, Armitage & Conner, 2001; Godin & Kok, 1996; Sheppard et al., 1988), and because of its weaknesses, some prior works have completely removed it from their studies (e.g., Sparks, Shepherd, Wieringa, & Zimmermanns, 1995), while others have re-conceptualized it (see, Abrams & Hogg, 1988; Hornsey, 2008; Terry, Hogg, & White, 1999; White, Smith, Terry, Greenslade, & McKimmie, 2009). Thus, measures of social norm adopted in our model did not tap the individuals' characteristics that have identified themselves as independent. According to Park and Levine (1999), TRA social norm indicators (items) are for those individuals who identified themselves as interdependent. An interdependent construed individual generally acts in accordance with perception of his referents (Markus & Kitayama, 1991; Singelis, 1994), while an independent construed individual acts according to his attitude, emphasizing the uniqueness of his feelings, thoughts, and actions without much reference to others (Park & Levine, 1999).

### ***Implications for theory and practice***

According to Fishbein and Ajzen (2010), people who vary in terms of their individual disposition may significantly differ in the belief they hold against some specific behaviours. Furthermore, when an individual disposition is unrelated with a particular belief, the individual is not expected to influence that behaviour. In the light of the above conception, the outcome of the study has validated the direct relationship between consumer innovativeness, attitude, social norm and intention to adopt Islamic banking. Also, the study has examined the roles of individuals with high and low innovativeness with respect to attitudes, social norm, and intention to adopt Islamic banking.

In addition, findings have provided some important managerial implications to Islamic banking institutions and low and medium income countries in which Muslim are the majority. The practical/managerial implications of the study lie in the fact that Islamic banking industry has emerged with numerous opportunities opened to low and medium income countries. Unfortunately, the new system met steep competition from conventional banks who were more experienced with the market. Thus, our interest is focused on the fact that government interest in financial inclusion and economic growth in low and medium income countries may turn to be a historical fallacy if customers do not accept the new innovation. Specifically, in Nigeria, government dream of becoming regional Islamic banking hub, that will attract foreign investment, provide job opportunities, economic growth and development, is being defeated. Thus a marketing strategy using consumer innovativeness construct was proposed and tested.

### ***Limitations and Future Research Directions***

The insignificant moderating effect of consumer innovativeness on the relationship between social norm and intention to adopt Islamic banking suggests social norm construct to include measures of impersonal sources of information. Thus future studies may consider the integration of impersonal sources of information's measures. Second, this study adopted a cross-sectional design, in which causal inferences and generalization cannot be made to the entire customers of Islamic banking. Therefore, a longitudinal design is suggested in the future to analyze changes over time. Third, intention to adopt Islamic banking was examined by means of self-report measures. However, self-report measures are associated with common method variance (Podsakoff, MacKenzie, & Podsakoff, 2012) and social desirability bias (Dodaj, 2012; Podsakoff & Organ, 1986), thus, the insignificant relationship discovered in the model might perhaps be to respondents' under-reporting of their beliefs and intentions through the questionnaires. Therefore, future studies may wish to use mixed methods to help reduce the problem of common method bias. Fourth, our PLS-SEM model 2 explained 38.1 percent of the variance in intention to adopt Islamic banking. Although a 20 percent variance in consumer behaviour research is commendable (Hair Jr et al., 2014), yet, it indicates that future studies are needed to capture the remaining variance. It is argued that consumer innovators act in the absence of the influence of others, gathering their information from impersonal sources such as the mass media (Midgley & Dowling, 1978).

## Conclusion

Conclusively, this study has provided to the academia and in particularly in context of Islamic banking, additional theoretical and empirical evidence to the growing body of literature regarding the direct and indirect (moderating) role of customer innovativeness on intention to adopt Islamic banking. Findings from the study lend empirical support to the predictive power of the theory of planned behaviour. The theoretical framework of this study has also added an important contribution to the TPB by examining the influence of consumer innovativeness on intention to adopt Islamic banking as well as validating consumer (domain specific) innovativeness scale across divergent product/service category (i.e. Islamic banking), in a developing country such as Nigeria.

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## Sabri Orman. *Ghazâlî, Adalet ve Sosyal Adalet* (*Ghazali, Justice and Social Justice*)

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Reviewer: Kamola Bayram

Justice, particularly social justice is one of the most significant challenges in today's capitalist system based world. More and more scholars and researchers are stressing on social finance as an alternative to the existing financial system where wealth is accumulated in hands of a minority and causes a hostile relationship among the people.

Sabri Orman's timely book titled "Ghazali, Justice and Social Justice" elaborates the concept of justice referring to the works of Abu Hamid al-Ghazali (1058-1111). The author elaborates the concept of social justice in five different dimensions namely, priority and advancement of social; individual and justice, public and justice, government and justice, social with double-subject and double-sanction. In this book review, the reader will be introduced to each of the above mentioned segments.

### ***Social Justice (1): Priority and Advancement of Social***

In this subsection, the author writes about Ghazali's unique definition of human behaviour. Motivated with Arabic grammar, Ghazali divides human behaviour into two parts and builds a religious and moral hierarchy. In Arabic language, the verbs are categorized into two groups; *Lazim* and *muteaddi*.

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*Lazim* verbs are synonymous to intransitive verbs in English grammar meanwhile *muteaddi* verbs are equivalents of transitive verbs. Therefore, according to Ghazali, religious and moral acts are like intransitive and transitive verbs i.e. transitive religious and moral acts are more accepted compared to the intransitive counterparts. When applied to goodness and evil, intransitive goodness and evil's effect will be limited on the subject meanwhile the effect of the transitive goodness and evil is going to be transformative.

### ***Social Justice (2): Individual and Justice***

Individual and justice section is elaborated as "Justice and Oppression among the individuals" and "Justice and oppression between the individual and the society". According to Ghazali, justice among the individuals is best explained when a person does not desire the things for others which he does not desire for himself. And anything which brings harm to other person is considered oppression. When it comes to *muamalat* and trade justice among individuals acquires: Not over praising the goods for sale, not hiding defects and flaws of the goods, being just in measurement and weight, and not hiding the market price. Meanwhile to explain justice and oppression between the individual and society Ghazali gives an examples speculation and counterfeiting. According to Ghazali speculation is illegitimate and therefore should be prohibited. However, it is suggested to classify actions, which are considered as speculation specifically according to two criteria namely time and type. For example to speculate with mandatory goods (type criteria) during the depression (time criteria) is prohibited.

Counterfeiting, on the other hand, can be considered as an individual action, however Ghazali sees it as an action with a domino effect and therefore *Haram* and prohibited. Even donating one dirham, which is fake, is equivalent to stealing seventy dirhams due to the knock-on effect. According to Ghazali to decide whether an action is haram or not or to identify the 'haramness' level of the action depends on the level of harm it brings to others.

Here, the author gives a special stress on the fact that monetary justice forms one of the most important segments of the social justice which is justified with the indirect effect of monetary policies such as inflation, deflation and money supply on the social classes, income distribution, moral values and other social phenomena.

### ***Social Justice (3): Society and Justice***

Ghazali interprets social justice using two approaches. First of these is *Fard kefayah* approach and the second one is *Maqasid al-Shariah*. In the first approach the society

is seen as a subject of justice who is responsible to maintain justice as one of the most important and crucial aspects of Islam and civilization. It is justified with the idea that the society in general is liable and responsible for issues related to religion and law. Responsibility of the society in Islam is referred as *Fardh kefayah*.

In Islam, religious and legal duties are classified in two categories: *Fardh a'in* and *Fardh kefayah*. Meanwhile *Fardh a'in* represents individual responsibility towards obligations, duties and liabilities, while *Fardh kefayah* represents the social responsibility towards the listed aspects. Under this topic the author defines justice as *Fardh kefayah* which means that justice is the responsibility of the whole society.

Second approach is *Maqasid al-Sharah*. One of the grand contributions of Ghazali as a Muslim scholar is that he formed the theory of *Maqasid al-Sharah*. The concept is translated as the "Objectives of law" and Ghazali classified them in five domains such as: preservation of religion / faith (*din*), life (*nafs*), lineage / progeny (*nasl*), intellect (*'aql*) and property / wealth (*mal*). Further, Ghazali identifies the preservation of these five basic objectives as *Maslahah* and introduces "Theory of *Maslahah*" which in contemporary terms can be interpreted as the theory of human needs. So, based on these "five essentials" each society should guarantee to its citizens the basic rights to have a freedom to lead their religion, be able to provide their livelihood, to have lineage and be able to raise them, be able to acquire property and have a control over that property. However it still needs identification of who shall be the guarantor or the object of these rights. According the author, conceptually the object should be the body which is responsible for the legal system in general and that in any case the society should be part of it.

#### ***Social Justice (4): State and Justice***

This section addresses the social justice system which is the closest in nature to the contemporary social justice concept, and elaborates types of justice such as justice between state and community as well as justice between social groups and individuals.

The author brings work of Ghazali titled *Nasihatu'l Muluk* which was written upon the request of and dedicated to the Seljuk Sultan, Sencer. Ghazali mentions that there are two types of deeds; first is between the Sultan and the Creator where Sultan can expect forgiveness from Allah. Another type of deeds is between the Sultan and his people where any shortcoming is considered as *zulm* and will be carried on to the Judgement day. Immediately after the warning, Ghazali lists ten fundamentals of justice.

In *Nasihatu'l Muluk* Ghazali addresses Sultan Sencer throughout the book.

However, the author of the book under review shares with the reader some general advices:

1. First of all the importance and risk of administration is highlighted. Ghazali says and supports his viewpoint with *hadith* that governance is a blessing from Allah (swt) and those who overmaster this task will be rewarded abundantly meanwhile those who fail will be punished.
2. Ghazali stresses on the importance of *Ulema* to guide and advice the administration. On the other hand it is crucial to keep distance from scholars with bad intentions, also known as *ulemaus-su*.
3. A governor is responsible also for the oppression conducted by his employees and therefore these employees should be trained and educated accordingly.
4. It is common that governors and rulers are arrogant. Arrogance, leads to discontent and the later give birth to the feelings such as revenge. Anger is the enemy of the reasoning; therefore, when angry, the governor should try to be merciful and forgiving.
5. The governor should have empathy to the people under his ruling.
6. The governor should put the needs of Muslims above the vain religious practices.
7. The governor should avoid luxury life and embrace frugality. Since without frugality it is impossible to have justice.
8. The governor should embrace mildness and kindness.
9. The governor should gain peoples gratification without violating rules of *Shariah*.
10. The governor should not try to please anyone with the methods which contradict with *Shariah*.

As can be seen, Ghazali mainly stresses on *sympathy* and *empathy* meanwhile talking about social justice.

### ***Social Justice (5): The Social Justice with Double Subjects and Double Sanctions or Zakat***

*Zakat*, is one of the main segments of social justice in Islam. The author states that *Zakat* should be considered as a main institution of the social justice and supports his argument with facts that *Zakat* is firstly one of the pillars of Islam, it is a religi-

ous practice which redistributes the income hence improves income inequality, and in the classical way it is collected and distributed by the government.

Later on, the author explains in three steps why *Zakat* was specified as a double-subject social justice example. Firstly, when *Zakat* is considered as an obligation it is a liability to the Muslim who has a certain amount of wealth. The *subject* of *Zakat* is the wealthy Muslim, while the *object* of *Zakat* is wealth which is to be distributed to the needy Muslim who is considered *article* in this system. Even though it is not practiced today, in classical times the collection and distribution of *Zakat* was an obligation upon the government. So, in *Zakat* system there are *two different subjects*: government which collects and distributes *Zakat* and *Zakat* payer or the wealthy Muslim. Secondly, *Zakat* is not only the redistribution of wealth but it is a wealth transfer from the wealthy to the needy. Hence, it is obvious that *Zakat* is the double-subject type of social justice.

The author concludes the book with the statement that it is the responsibility upon the whole population to provide basic necessities to those in need. It should start with taking responsibility for the family members and then for other members of the society.

Many major problems societies are facing today are the by product of unjust wealth distribution. If the suggestions given in the book are followed the societies can live in harmony and piece. Islam indeed has solutions for all problems.

