THE MEANING OF 'ECONOMY': *QAṢD, IQTIṢĀD, TADBĪR AL-MANZIL*

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1. Preamble

In the wake of the 2007-2009 financial and economic meltdown, a lot of intellectual and practical work is being done in the area of monetary and economic reform. In this regard, the work of the UK based New Economics Foundation,[1] for instance, is exemplary and rigorous and warrants critical attention by all concerned, including Muslims; and we may also cite the work of the global Islamic Gift Economy (IGE) network.[2]

To set such constructive reform work in a larger conceptual context or discursive framework, we may do well to briefly revisit the meaning of the term 'economy' or 'economics',[3] which, I think, has been much abused and corrupted in the modern, secular, reductionist, and largely moribund academic discipline of economics and finance.[4]

Though this revisiting is approached from a particularly Islamic intellectual

1. http://www.neweconomics.org/.

2. http://www.islamicgifteconomy.com/; http://islamicgifteconomy.org/. Its two websites are in the process of being updated, and much of its work are in the form of published translations of classical Islamic texts on right livelihood in relation to the common good, and dialogues, courses and workshops derived from them.

3. 'Economy' refers to the actual production and disposal of wealth in society, while 'economics' refers to the science devoted to the study of the production and disposal of wealth in society. I personally prefer to use the same term 'economy' to refer to both in their respective contexts.

4. See Steve Keen, *Debunking Economics: The Naked Emperor Dethroned?*, rev. ed. (London: Zed Books, 2011); cf. Tony Lawson, "The Current Economic Crisis: its nature and the course of academic economics," in *Cambridge Journal of Economics*, 33 (2009), 759-777.

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and historical point of departure,[5] it brings into relief certain core ethical principles pertaining to the economic domain of life that resonate very well with the ethico-moral systems[6] of other faiths, including Christianity,[7] and the tradition of African *ubuntu* economy,[8] as well as with the general ethical "tenor" of much of the dynamic, ongoing revisioning of economics and finance undertaken in the West from what we may call a critical humanistic perspective.[9]

2. Economy as Household Management

The word 'economy', of Greek provenance (*oikonomia*, from which we also derive 'economics'), originally means household management (*tadbīr al-manzil*), or the management of the family or homestead, as distinct from 'ethics' (management of the self or *ʿilm al-akhlāq*, *tadbīr al-sakhs*, *tadbīr al-nafs*),

5. The intellectual framework is that of Syed Muhammad Naquib al-Attas, especially as outlined in his systematic program of "dewesternization of knowledge" and its concomitant Islamization in his *Islam and Secularism* (Kuala Lumpur: ISTAC, 1993), while the historical insight is largely drawn from what may be called the *kasb* (earning) genre in the history of Islamic economic thought.

6. Although not elaborated in this brief paper, it has to be noted that ethics as theory of conduct (or, more generally, axiology as theory of value) in relation to something presupposes knowing what that thing is, hence questions of "oughtness" assume answers to much more fundamental questions of "whatness": what is human nature and what is the nature of the world in which humans live and pursue their livelihoods.

7. See, Wan Aimran, Adi Setia and Aliff Basri, "Engaging Structural Greed Today: Christians and Muslims in Dialogue," in *Islamic Sciences*, vol. 12 no. 1 (Summer 2014).

8. Dion Forster, "Identity in Relationship: The Ethics of *Ubuntu* as an Answer to the Impasse of Individual Consciousness," in C. W. du Toit, ed., *The Impact of Knowledge Systems on Human Development in Africa* (Pretoria: UNISA, 2007), 245-89.

9. As exemplified in the works of E. F. Schumacher, Herman Daly, Tony Lawson and others. An article summarizing the disciplinary development leading to the current narrow focus on economics as the study of rational choice in the face of some assumed scarcity, see Roger E. Blackhouse and Steven G. Medema, "Retrospectives on the Definition of Economics," in *Journal of Economic Perspectives*, vol. 23 no. 1 (Winter 2009), 221-233. An interesting "meta-economic" or "proto-economic" treatment on the shifts and turns in the meaning of economics and the economy in the history of Western thought and the current need for economics to recover its ethical foundations as a social or human science is Thomas Sedlacek, *Economics of Good and Evil: The Quest for Economic Meaning from Gilgamesh to Wall Street* (Oxford: Oxford University Press, 2011). In brief, political economy and later, economics, has always been understood as the study of the production and disposal of wealth to realize some ends pertaining to human wellbeing until this understanding became narrowed down only quite recently to the current largely nihilistic focus on how human greed plays out in the face of some assumed scarcity.

and 'politics' (management of the city or *siyāsah*, *tadbīr al-madīnah*).[10]

In household management (or stewardship), the overriding concern of the head or steward of the household[11] is the prudent, judicious management or stewardship of the resources, income and expenditure of the household so as to provide for the needs of all its members and dependents, humans and non-humans. In a typical household, relatively more concern and resources are devoted to the care and provision of the needs of the disabled and the weak (babies, children, the elderly, those with handicaps), while the less dependent and independent members (grown-ups and the able-bodied) are pretty much left to their own devices to fend for themselves, or are even expected to contribute their share of work or labour towards ensuring the overall livelihood and general wellbeing of the household.

3. Economy and Ecology as Stewardship of the Extended Household

Now, the village, city or the country as a whole can be seen as an extended household in which the steward or caretaker is called the (local, municipal or national) government or authority, and the same princi ple of relatively more concern for the weak (i.e., the poor and the disadvantaged of the population), and the common good, applies here as well.

Therefore we have the economy extending from the level of the family (*tadbīr al-manzil* = management of the household) to the level of the city or community (*tadbīr al-madīnah* = management of the city/community/society) and even to the whole earth as the macro-household (*khilāfat al-arḍ* = stewardship of the earth). From this *deep*-perspective,[12] the formal sciences of economics and ecology—and moreover, since etymologically the two words share the same root[13]—are essentially one science and one discipline, not two separate disciplines forever at loggerheads with one another, as is currently the case in the secular modern academia and in much of policy making. There is no tradeoff between economy and ecology, but rather, *economy must conform to ecology*, and the science of ecology should be the basis for the science of economy.[14]

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10. For the concept of household economy in relation to ethics and politics, see the important study by Fatih Ermis, *A History of Ottoman Economic Thought: Developments before the Nineteenth Century* (London: Routledge, 2014), 81-87.

11. Or homestead for that matter. A homestead consists of the (extended) family home along with its surrounding property (land, buildings, cultivation, livestock) sufficient for a sustainable livelihood, while homesteading is the practice of managing such a homestead.

12. Adi Setia, "The Inner Dimension of Going Green: Articulating an Islamic Deep-Ecology," in *Islam & Science* (Winter, 2007); cf. Jihad Hashim Brown, *Metaphysical Dimension of Muslim Environmental Consciousness* (Abu Dhabi: Tabah Foundation, 2013).

13. 'Economy' means management of the household, while 'ecology' means 'study of the household'.

14. This is called steady state or ecological economics; see the succinct explanation by Herman Daly, "Integrating Ecology and Economics," in *The Daly News*,

Moreover, the fact of the matter is that 'economics' (*al-iqtiṣād* = the seeking or realization of what is judicious)[15] in the Islamic understanding is the science of earning and provisioning (*ʿilm al-iktisāb wa al-infāq*)[16]; it is the study of how people, as individuals and as communities, earn their livelihoods by drawing upon the divine bounty in nature (*faḍl Allāh fī al-arḍ*), and thereby, *a healthy economy is dependent upon a healthy ecology*.[17] Now, since economics is the science of household management, or rather, the science of household *stewardship*, and the end of this stewardship is the wellbeing of the household, then any economic system that leads, wittingly or unwittingly, to the dissolution of the household or to the dissolution of the earth's biosphere as the *macro-household*, can only be an elaborate nihilistic inversion of the true, real meaning and purpose of economics and the economy.

4. Economy as the Seeking of What is Judicious

The above rethinking and reconceptualising of the true meaning of 'economy', 'economics' and the 'economical' can be gleaned from a close reading of *Iṣlāḥ al-Māl* (*Restoration of Wealth*)[18] and other classical Islamic texts[19] on the meaning, function and purpose of work, industry, livelihood and similar topics.

For instance, Ibn Abī al-Dunyā (d. 281/894, author of *Iṣlāḥ al-Māl*) has devoted three whole chapters on *qaṣd* (thriftiness, prudence) in relation to wealth, food and clothing. *Qaṣd* in this particular context means judiciousness, prudence, thriftiness, moderation, temperance and frugality in the disposal of wealth. From the root word *qaṣd* we derive the term *iqtiṣād*, which gives us the meaning of the seeking out, or realization, of what is judicious and prudent. Ibn Abī al-Dunyā cites the following saying of al-Ḥasan al-Baṣrī (21-110/642-728), which captures very well in concrete terms this understanding of what

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June 5 2014 (http://steadystate.org/integrating-ecology-and-economics). See also, Herman E. Daly and Joshua Farley, *Ecological Economics: Principles and Applications* (London: Island Press, 2011); and Herman Daly, *From Uneconomic Growth to a Steady State Economy* (Cheltenham: Edward Elgar, 2014).

15. *Iqtiṣād* is derived from *qaṣd*, which means, interalia, direction, purpose, justice.

16. This understanding is derived from direct and extensive perusal of more than ten classical Islamic texts on the topic of right livelihood (*kasb ṭayyib*), some of which are cited in this paper.

17. See, The Millenium Ecosystem Assessment, *Ecosystems and Human Well-being: Synthesis* (Washington, DC: Island Press, 2005).

18. Trans. Nicholas Mahdi Lock and Adi Setia (Kuala Lumpur: IBFIM, 2016); see also Adi Setia, "The Restoration of Wealth: Introducing *Ibn Abī al-Dunyā's Iṣlāḥ al-Māl*," in *Islamic Sciences* (Winter, 2015).

19. Most notably, Imām al-Ghazāli's *Kitāb Ādāb al-Kasb wal-Maʿāsh* (The Book of the Proprieties of Earning and Living), which constitutes Book 13 of his *Iḥyāʾ ʿUlūm al-Dīn* (The Revivification of the Sciences of Religion); trans. Adi Setia, *The Book of the Proprieties of Earning and Living* (Kuala Lumpur: IBFIM, 2013).

constitutes a true economy and its relation to the ethico-moral notions of prudence, judiciousness, balance, moderation and temperance:

> Indeed, the signs of a believer are: strength of religion, prudence in gentleness, that he be a guide when certitude is required, discernment in knowledge, intelligence with wealth, giving when it is right, thrift when one is rich, forbearance when one is poor, beneficence when one is able, carefulness when one has desire, restraint in exertion, patience in hardship, strength in the face of adversities, that he be steadfast in prosperity, that he be thankful and not overwhelmed by anger, that his endurance be to defend not deviate, that he not be frivolous, that he not be arrogant or presumptuous, that he not harm his neighbours, that he not rejoice at afflictions of others, that his passions do not overwhelm him, his desire does not ruin him, his tongue does not squander him, his sight does not get ahead of him, his private parts do not overcome him, he does not incline towards his caprice, his stomach does not disgrace him, his greed does not provoke him, his house does not confine him, he is not stingy, he does not waste, he does not squander, he is not tight-fisted, he remains the same person when he is wealthy, and he is like everyone else in hope, there is no ambiguity to be seen in his character or faith, there is no hubris in his joy, there is no anxiety in his grief, he guides those who seek his advice, and his companions are pleased with him.[20]

5. Economy and Transcendent Purpose

Another meaning of the term *qaṣd* is goal, aim, objective, direction and purpose, and morphologically, the term *iqtiṣād*, which is derived from '*qaṣd*', has also the meaning of "seeking out or realizing the purpose of something." For believers, the idea here is that apart from the immediate worldly and pragmatic purpose or objective, there is also a transcendent ethico-moral purpose (grounded in divine revelation) in anything that we do or seek in this temporal life. By "transcendent" is meant that a worldly, material or physical thing is not sought for its own sake, but in virtue of an ethico-moral, spiritual and ultimately eschatological objective that transcends its immediate temporality, materiality, instrumentality, facility and practicality.

Therefore, a worldly thing of facility is sought only insofar and to the extent it serves and facilitates some deeper, trans-worldly purpose, and such a purpose for the believer is well defined in the light of both divine revelation and prophetic practice. Such a positively purposive seeking is prudent and judicious since it preempts excess, waste and injustice (to oneself or others). We all know that too much of a good thing is bad and hence, the excessive can be oppressive when the original purpose for which a thing is sought is lost, overlooked or exceeded. This is the paradox of the fact that when we acquire more and more of something we find less and less meaningful use of it.[21] Because the aim, objective, purpose and

20. Adi Setia, "The Restoration of Wealth," 93-94.

21. In economic jargon this is the so-called "law of diminishing returns."

end of any economic activity is well-defined in the light of the guidance of both sound reason and true revelation, anything that exceeds, belies or defeats that purpose will be considered wasteful and meaningless, even sinful, and thereby, ethically, morally and even legally proscribed.[22]

Hence, consumption[23] for instance, cannot be for its own sake, but for provisioning one's family and dependents, and by extension, the wider community through the recirculation of surplus for the common good, so as to create that socio-cultural environment promotive of personal and communal devotion to God. Thus al-Ghazālī (d. 1111 CE) says, "This worldly life is the seedbed of the Afterlife (*al-dunyā mazraʿat al-*ākhirah)," for every worldly deed however seemingly insignificant has everlasting eschatological significance and hence, consequences. We may also cite al-Muḥāsibī (d. 243/857) to further illustrate this clear sense of ethico-moral *direction*—in which temporal objectives are inseparably and intimately embedded into everlasting purpose—underlying and guiding the economic domain of life:

> Therefore, when you wish to go to your market or do something for your livelihood, or take up a craft or become an agent (*wak*ā*lah*) or engage in some other vocations in order to seek the licit and to imitate the practice of Allāh's Messenger—Allāh bless him and grant him peace—and to seek recompense for yourself and your dependents, to earn provision for them, and in order to be independent of people while showing compassion to brethren and neighbours, and to pay the obligatory alms and discharge every obligatory right, then hold out hope through these efforts that you shall meet Allāh—glorified and exalted be He—while your countenance is as the moon on the night when it is full.[24]

6. The Imperative of Wealth Preservation

From *qaṣd* we also derive the term *maqāṣid* (sing. *maqṣid*=objective), and we know that the preservation of wealth and property (*hifẓ al-māl*) is among the

22. From the eschatological viewpoint, anything beyond sufficiency (*kifāyah*), even if *ḥalāl* or permissible, will be held to account (*ḥisāb*), and being held to account on the Day of Resurrection can mean delay in attaining to the Garden, and such a delay is bad, for no one in his right mind would want to be delayed from entering the Garden. This is one big reason why many early Muslims of means like al-Muḥāsibī opted to live a life of utmost frugality.

23. This term (translated in Arabic as *istihlāk* = seeking destruction!) is problematic because it means simply to use up something, without any connotation of moral purpose; hence the term *infāq* has to be translated as *provisioning*, for it connotes not mere spending or usage, but spending and usage with a clear, *prior* ethico-moral objective and end in mind.

24. *Kitāb al-Makāsib wa al-Waraʿ* (Book of Livelihoods and Scrupulousness), ed. ʿAbd al-Qādir Aḥmad ʿAṭāʾ (Beirut: Muʾassasat al-Kutub al-Thaqāfiyyah, 1987), 66-67; trans. Adi Setia, *Scrupulousness and the Pursuit of Livelihoods* (Kuala Lumpur: IBFIM, 2016).

injunctions of the Holy Qurʾān,[25] and constitutes the fifth *maqṣid* or objective of the five over-arching objectives of the Revealed Law (*al-sharīʿah*).[26]

The word *ghināʾ* in Arabic means both wealth and independence, just as, in contrast, the word *faqr* means both poverty and dependence. In Islam, wealth (as both *ghināʾ* and *māl*[27]) is seen as an aspect of well-being (*ʿāfiyah*), *but* only if it is earned licitly and expended judiciously to provide for the needs of oneself and his or her family, so that they remain independent of people, avoid beggary and thereby preserve their dignity, self-worth and self-respect. This financial independence will in turn provide them with the peace of mind and emotional tranquility required for nurturing their inner spiritual growth and purification.[28]Moreover, the rich are encouraged to reinvest their surplus wealth into uplifting the socio-economic situation of the poor and needy in their communities. This reinvestment of surplus wealth into promoting the common good (*maṣlaḥah ʿāmmah*) is achieved through various means, such as charity (*ṣadāqah* and *zakāt*), endowments (*awqāf*), gift-giving (*hibah*), and bequests (*wasiyyah*). It can also be achieved even more effectively through various forms of direct people-to-people (P2P) and business-to-business (B2B) funding and investment based on venture capital (*muḍārabah*), business partnership (*mushārakah*), contract production (*salam*, *istiṣnāʿ*), including the goodly loan (*qarḍ ḥasan*).[29]

Such direct investment into substantively serving the real productive economy of the community through various instruments and contractual forms of risk-sharing and equity-financing will facilitate a balanced circulation and recirculation of surplus wealth through all strata of society, so that all can live a dignified, productive life of independence, self-reliance and self-respect, thus preempting wealth from being something that only circulates amongst the affluent in society—*so that it won't circulate merely among the rich in your midst*.[30]

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25. Such as the injunctions in many verses against wasting wealth, entrusting property to the feeble minded, stealing, short-changing, defrauding, short-weighing, usury, false witnessing, breach of trust and taking property wrongly.

26. The other four objectives or *maqāṣid* are *ḥifẓ al-nasl* (preservation of progeny or the family), *ḥifẓ al-ʿaql* (preservation of intelligence or the mind), *ḥifẓ al-nafs* (preservation of life or the soul), *ḥifẓ al-dīn* (preservation of the religion); some scholars have added a sixth *maqṣid*, namely, *ḥifẓ al-ʿirḍ* (preservation of personal honour or dignity).

27. As another word for wealth in Arabic, *māl* connotes any useful thing a person is inclined to have possession and disposal of.

28. See, for instance, the section on "Life, Work, and Wealth," in Nuh Ha Mim Keller, *Sea Without Shore: A Manual of the Sufi Path* (Amman: Sunna Books, 2011), 202-217.

29. See the section on "Trade," in Nuh Ha Mim Keller, *Reliance of the Traveller: A Classic Manual of Islamic Sacred Law*, new ed. (Beltsville, Maryland: Amana Publications, 1997), 371-459.

30. Qurʾān, *al-Ḥashr*, 59:7.

Hence, one salient aspect of the realization of the purpose of the economic life (*al-iqtiṣād*) is the proper production, acquisition, preservation and disposition of monetary and material wealth for ensuring personal, familial and communal well-being.

7. Defining the Purposive Economy

We have defined this *purposive economy* (which we call the Islamic Gift Economy) as *the provisioning and sharing—by mutual giving and receiving through fair social and commercial exchange—of natural and cultural abundance for realizing material and spiritual wellbeing*.[31]

This definition takes into consideration that the world and humankind are not only material or physical in nature but, more fundamentally, they are also spiritual and have a higher, metaphysical significance. They serve a cognitive and moral purpose that transcends their immediate physicality, sensuality and temporality; namely, a purpose which is indicative of a higher, more encompassing Reality from which they have originated, on which they are perpetually dependent, in which they are embedded, and to which they are responsive and ultimately accountable. We have here both an economy of the world and an economy of the soul; an economy of the worldly life and an economy of the Afterlife—an economy of the material in the service of the economy of the spiritual.

8. Conclusion

The term *iṣlāḥ* in the title of the classical text *Iṣlāḥ al-Māl* (Restoration of Wealth) by Ibn Abī al-Dunyā means reformation, rectification, rehabilitation and restoration, which is to put right what is wrong, and to make whole, productive and purposive again what has been fragmented, corrupted and rendered meaningless. This restoration takes place, firstly, *in the mind*, by which the original true meaning and purpose of the economic life is restored to the understanding and wrong notions of it dispelled; and, secondly, in the actual activities of earning of livelihoods and the provisioning of needs, and the manner of their organization, by which wealth is restored to its true function aligned to clear, objective ethico-moral purpose.

Thus, the purpose of the book and its author—as is so obvious from its title—is to restore or reinstate the original holistic, integrative and purposive understanding of wealth and its economic (i.e., *qaṣdī* = judicious) management and stewardship. This understanding goes a long way towards redefining (i.e., *re-knowing*) and redirecting the modern science of economics away from its current obsession with meaningless, purpose-less never-ending growth and contrived, artificial scarcity towards *again* showing true concern for the *judicious acquisition and disposition of wealth for material and spiritual wellbeing.*

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31. Adi Setia, "*Muʿāmalah* and the Revival of the Islamic Gift Economy," in *Islam & Science* (Summer 2011).