



# Justice as Central Principle of Islamic Economic Thought and Practice

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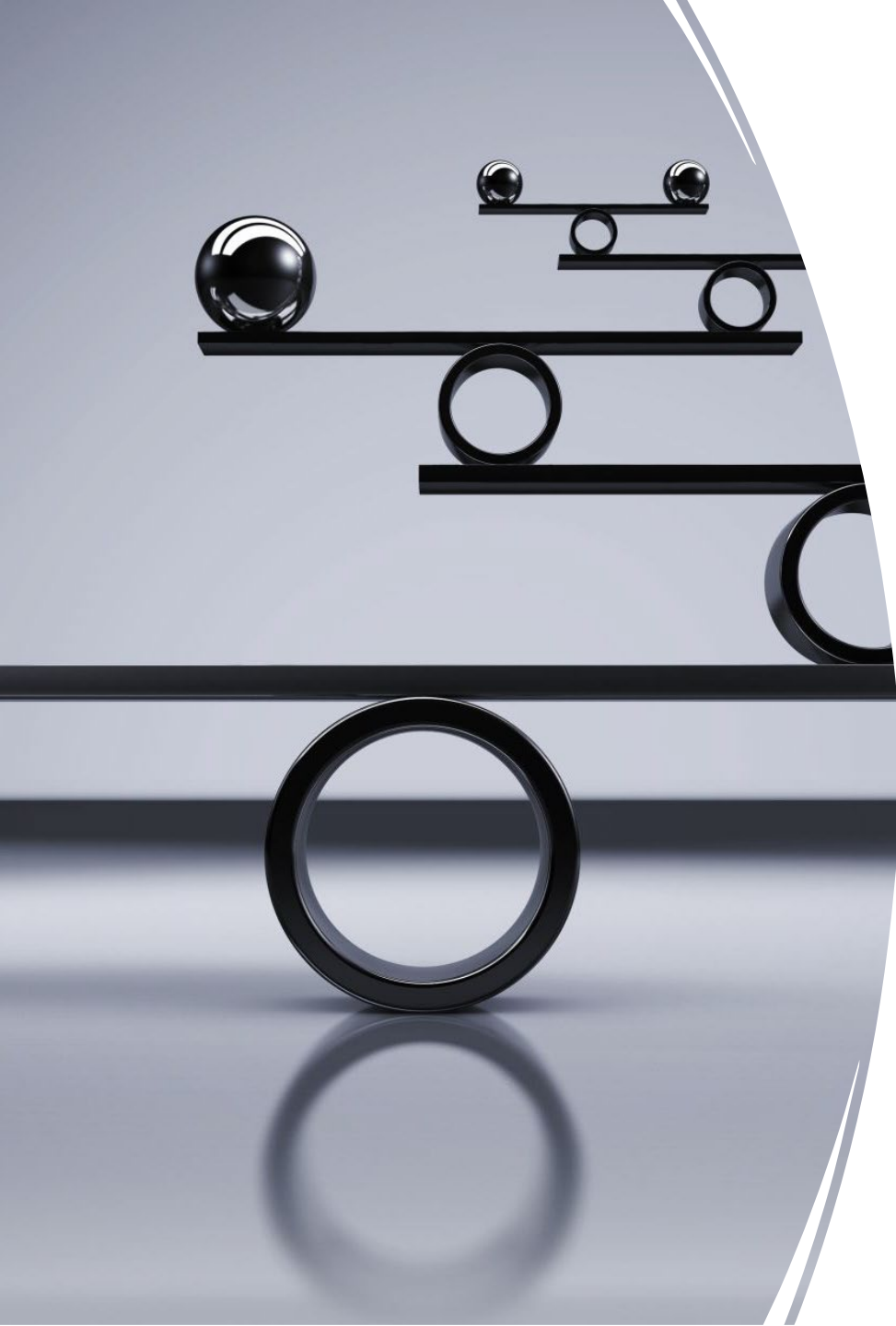
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# Introduction

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- There are three significant terms and concepts in the title of the paper.
- Justice, Islamic thought, and Islamic economic thought.
- We need to find the central intersection among these three concepts.
- By Islamic thought we mean the worldview of Islam
- By Islamic economic thought we mean the economics of Islam, not Islamic economics
- By justice we mean its various levels of the psychological, social, natural and metaphysical levels.



# Economic Justice

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- Economic justice is part of the social justice which deals with providing *equal opportunities* to produce, consume, exchange and distribute the economic goods and services.
- The concept of *equal opportunity* is based on the idea that people should be able to compete for position of economic advantage regardless of their race, gender, religion, ethnicity, age, disability or family connections.
- John Rawls in his *A Theory of Justice* (1971) distinguished between the principle of *fair equality of opportunity* and the *difference principle* which makes up 'the original position' to regulate inequalities.
- A naturally occurring inequality needs to be made equitable.

# Economic Justice

- A child who comes from a poor family, for example, needs to be supported so that he or she can be given *equal opportunities* to enjoy the *distributive justice*.
- *Distributive justice* as the outcome of economic justice is concerned with how to allocate resources fairly among members of a society, considering factors such as wealth, income, and social status.
- Aristotle coined the term 'distributive justice' which is the aim of the economic justice
- Aristotle's theory of *distributive justice* is based on his theory of constitutions
- Although there are many types of constitutions in the world which will determine its type of distributive justice, Aristotle preferred an aristocratic type of constitution



# Islamic Constitution

- The constitution of the Islamic economic system is the *Sharī'ah* and the Worldview of Islam.
- The conception of *distributive justice* is part of the economics of Islam which will depend on the sources of Islam and its interpretations from the authoritative scholars of Islam.
- One of the primary principles of *distributive justice* pointed out in the Qur'ān (59:7) is that “so that the wealth is not circulating among your wealthy”
- كي لا يكون دولة بين الاغنياء منكم
- It deals with the corrective justice of capital accumulation





# Economic Injustice

- In the current economic system, there is a tendency of what the economists called 'accumulation of capital' in the hand of few.
- According to Karl Marx this accumulation process is a natural consequence of capitalism.
- In this regard, Marxist economic thought considered the *distributive justice* can only be done through replacing the private capitalist's ownership with the public ownership.
- In contrast to Marxist economic thought, Islamic economic thought acknowledged the private ownership.
- However, with this right of ownership there is also an acknowledgement of right of others especially for the less advantage people in the society (Qur'ān, 51: 19 & 70: 24).
- وفي اموالهم حق معلوم للسائل والمحروم



# Distributive Justice in Islam

- Even though Islamic economic thought is in line with the capitalism the former does not let the market institution alone to distribute the economic outcomes of income and wealth.
- Adam Smith (d. 1790) and David Ricardo (d. 1823), among the foundational thinkers of capitalism, claimed that the free market would result in the most efficient and desirable economic outcomes leading to economic justice in the distribution.
- However, this economic thought of *invisible hand* has been merely based on the utopian idea of perfect market.
- The economic phenomena of asymmetric information, principal-agent problems, externalities, environmental pollution, and the widening gap between the haves and the have-nots are but a few of real examples of the market imperfection.
- In Islam God sent His Messengers to work with His 'Two Hands' to correct the imperfect market with justice (*al-mīzān*) (Qur'ān, 57: 25).
- لَقَدْ أَرْسَلْنَا رُسُلَنَا بِالْبَيِّنَاتِ وَأَنْزَلْنَا مَعَهُمُ الْكِتَابَ وَالْمِيزَانَ لِيُقُومَ النَّاسُ بِالْقِسْطِ



# Individual Justice and Social Justice

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- Al-Attas pointed out that according to Aristotle justice can only be done within and between the two parties such as between person and another person, between the subject and the king, or between the people and government.
- The opposite of justice which is injustice too can only be committed between two parties.
- But al-Attas argued that in the Qur'ān (7: 23) the Prophet of Adam and his spouse are the first to recognize the possibility of injustices committed against one very self.
- Social justice can only be assured with a greater force when justice towards oneself is taken care.
- This is even more true if the implementation of social justice needs to be done by the leaders of society or the government of a country.



# The Concept of Divine Justice

- Al-Attas affirms that in the worldview of Islam, the origin and nature of justice is derived from one of the Beautiful Names of God (*al-asmā' al-ḥusnā*) of *al-'Adl*: The Just.
- God repeatedly mentioned in the Qur'ān that He never commits injustices against His servants.
- “Indeed, Allah wrongs none, not even as much as an atom's weight” (al-Qur'ān: 4:40). *إِنَّ اللَّهَ لَا يَظْلِمُ مِثْقَالَ ذَرَّةٍ*
- The easiest way to appreciate the Divine Justice is by looking at the nature He created.
- When a natural disaster afflicts us, do we condemn the nature? When there was a tsunami in Japan few years back, did we consider the ocean unjust? The answer is not.
- When we agree to accept that the nature is not unjust, let alone God the creator of the nature.

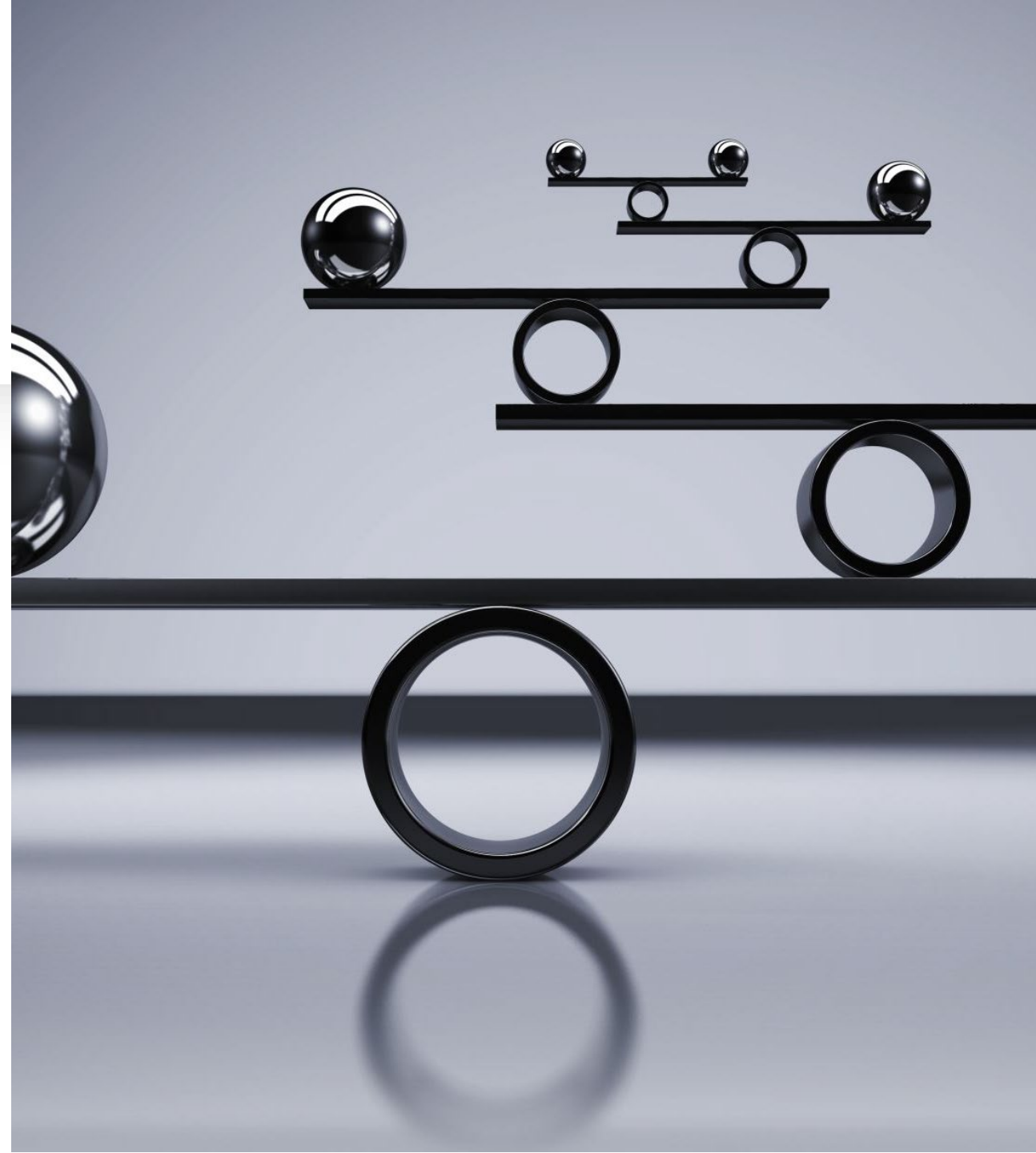


# Human Being and Justice

- Central to the creation of man is the ethics of *amānah* whose origin according to al-Attas is the “Trust of Vicegerency” (33: 72)
- اَنَا عَرَضْنَا الْأَمَانَةَ عَلَى السَّمَوَاتِ وَالْأَرْضِ وَالْجِبَالِ فَأَبَيْنَ أَنْ يَحْمِلْنَهَا وَأَشْفَقْنَ مِنْهَا وَحَمَلَهَا الْإِنْسَانُ إِنَّهُ كَانَ ظَلُومًا جَهُولًا
- Man is free to act on his own choice, but he is at the same time accountable for the consequence of his choice.
- This accountability is not only confined to his society, but also to his own real soul.
- In the worldview of Islam man has two aspects of soul (*nafsān*); ‘an aspect pertaining to the spiritual, rational soul, *al-nafs al-nāṭiqah*; and an aspect pertaining to the physical, vital soul, *al-nafs al-ḥayawāniyyah*’
- Psychological injustice occurs when the animal soul (*al-nafs al-ḥayawāniyyah*) of man is above his rational soul (*al-nafs al-nāṭiqah*).

# Microeconomic Justice

- Microeconomics deals with consumer and firm behavior. This has connection with ethics.
- The ancient discussion of ethics is based on the foundation of the four cardinal philosophic virtues of temperance (*'iffah*), courage (*shajā'ah*), wisdom (*ḥikmah*), and justice (*'adālah*).
- In this regard, the virtue of temperance is relevant to the notion of economic justice at the psychological level of microeconomics on the consumer as well as firm behaviors.
- Temperance is related to the meaning of abstention and restraint and, therefore, not reducible to the act of moderation
- Temperance is a state of pre-consumption behavior, while moderation is a post-consumption behavior.



# Criticism of Profit Maximization

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- It is argued that the concept of profit maximization for the producer is consistent with the concept of utility maximization of the consumer
- In Islamic economic thought, since utility maximization is governed by temperance, the profit maximization too is governed by temperance
- Refraining from *ribā*, gambling (*maysīr*), and speculative profit taking (*gharar*) are among the principles and practices.
- Temperance in profit taking should refrain bankers from charging *ribā*, for example, whereas moderation in profit taking should refrain businessman from *profiteering*.
- Entrepreneur's profit maximization should be replaced by the profit sharing of the productive factors.



# Justice and Taqwā

- Prof Wan Mohd Nor:
- “Of the four philosophical virtues, wisdom and justice are foundations before courage and temperance. Taqwā is the totality of religious virtues which guides and includes philosophical virtues including wisdom and justice. Without taqwā justice is horizontal, with taqwā is both vertical and horizontal and multidimensional. Justice towards God is also taqwā; putting God in His Right place, true and comprehensive tauhid. Taqwā is deeply religious, but not exclusively so, because it has cognitive content, i.e., true knowledge of God and spiritual, legal and ethical-social realities.”

# The Prophet (ﷺ) and Economic Justice

- He used to say: Indeed, the most conscious and knowledgeable among you about God is me) (narrated by al-Bukhārī)
- ان اتقاكم واعلمكم بالله انا
- The practical culmination of justice is exemplified by the personality of Prophet Muhammad (peace be upon him) during his life and demise.
- Even when he was still young, his personal sense of equity and justice made him the ideal person to find an equitable solution to the problem of who would have the honor of fixing the Black Stone into its place.
- At the end of his life, he was technically a King in the whole Arabian Peninsula and supposed to be a rich person.
- However, his economic justice disclosed that when he passed away, he was a modest person and still indebted to a Jewish trader keeping his armor as the collateral.