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Towards a Maqāṣid al-Sharī'ah Index of Socio-Economic Development

Theory
and Application

Edited by
Salman Syed Ali

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Salman Syed Ali
Editor

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al-Sharī‘ah Index
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Salman Syed Ali
Islamic Development Bank
Jeddah, Saudi Arabia

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FOREWORD

Islamic Research and Training Institute (IRTI) is committed to contribute to the socio-economic development of IsDB Member Countries. Among other initiatives, IRTI formed a research cluster to tackle the issues of socio-economic development in the light of *Maqāṣid* al-Sharī'ah, i.e. the objectives of Islamic law. Part of this effort is to devise ways for the measurement of socio-economic development through the lens of *Maqāṣid* al-Sharī'ah. This approach projects socio-economic development into five dimensions: protection of faith, life, progeny, intellect and wealth. Development, therefore, is a multi-dimensional goal that cannot be judged by a single number or index.

The present book is an attempt to provide alternative and more comprehensive measures of development in two ways: firstly, indexing in terms of achievement level and secondly, indexing in terms of short fall from a threshold, i.e. poverty in the above mentioned five dimensions. It is outcome of one of the first workshops on this topic organized by IRTI in Jeddah, Saudi Arabia.

The book offers a new perspective to scholars and development practitioners. We hope that the proposed *Maqāṣid* al-Sharī'ah based indices of socio-economic development will find acceptance in the practice of economic development, poverty measurement and its reporting. It

highlights a part of the broader research agenda of the Islamic Research and Training Institute to break new grounds in theory and practice of economic development and finance with an Islamic perspective.

Sami al-Suwailem
Acting Director General
Islamic Research and Training Institute
Islamic Development Bank
Jeddah, Saudi Arabia

PREFACE

Having a clear understanding of the objectives of socio-economic development is fundamentally important to measuring the meaningful things for gauging economic development. The Islamic perspective advocates comprehensive human development by considering progress in multiple dimensions beyond GDP, income or standard of living. Not only should socio-economic progress be balanced but it should also have a higher purpose towards achievement of human well being in the short and the long run. It should work to provide benefits and remove harms.

With this view, Islamic Research and Training Institute (IRTI) organized a series of workshops to operationalize the concept of *Maqāṣid* based socio-economic development and its measurement. These workshops attracted considerable participation and intellectual contributions. I consider myself fortunate to lead this initiative in IRTI. The present book, *Towards a Maqāṣid al-Sharī'ah Index of Socio-Economic Development: Theory and Application*, is the outcome of the first workshop held in 2014. It is a book for understanding, learning and experimentation towards creating a comprehensive measure of socio-economic development.

It conveys the concepts and demonstrates the application of two major approaches in constructing such a development measure—the achievement approach and the deprivation approach. I personally prefer the deprivation approach for its ease and clear focus by measuring development in terms of reduction in deprivations in society.

I pray that whatever is useful for others in this book, may Allah make that portion widespread, and if there is anything incorrect herein, may Allah stop that portion just there. I hope that students, economists and policymakers will find the book useful for understanding the underlying theory of *Maqāṣid* al-Sharī'ah based development index, learn a different perspective on how to create and apply it in policy making.

Here, I would like to thank the authors of different chapters; their names appear in the respective chapters. I also want to thank those who helped in various stages of editing and publication process; prominent among them were Mr. Sajjad Qurban from IRTI, Ms. Preetha Kuttiappan, Project Manager (Book Production), and Tula Weis, Senior Editor, both from Palgrave.

Jeddah, Saudi Arabia

Salman Syed Ali

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Chapter 9	“Socio-Economic Philosophy of Conventional and Islamic Economics: Articulating Hayat-e-Tayyaba Index (HTI) on the Basis of <i>Maqāṣid</i> al-Sharī‘ah”, <i>Islamic Economic Studies</i> Vol. 22, No. 2, Muharram 1436 (Nov 2014), pp. 65–98, by <i>Muhammad Mubashir Mukhtar, et al.</i>
Chapter 10	“Islamic Inclusive Growth Index for the Organization of Islamic Cooperation (OIC) Member Countries”, <i>Journal of Economic Cooperation and Development</i> Vol. 37, No. 2., by <i>Reza Ghazal and Muhamed Zulkhibri</i> .
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Chapter 14	“Non-Monetary Poverty Measurement in Malaysia: A <i>Maqāṣid</i> al-Sharī‘ah Approach”, <i>Islamic Economic Studies</i> Vol. 22, No. 2, Muharram 1436 (Nov 2014), pp. 33–46, by <i>Mohamed Saladin Abdul Rasool & Ariffin Mohd Salleh</i> .
Chapter 13	“Assessing Socio-Economic Development based on <i>Maqāṣid</i> al-Sharī‘ah Principles: Normative Frameworks, Methods and Implementation in Indonesia”, <i>Islamic Economic Studies</i> , Vol. 23, No. 1, Rajab 1436 (May 2015), pp. 73–100, by <i>Rahmatina Kasri & Habib Ahmed</i> .

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LIST OF CONTRIBUTORS

Junaidah Abu Seman Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia, Nilai, Malaysia

Habib Ahmed Durham University Business School, Durham, UK

Salman Syed Ali Islamic Research and Training Institute, Islamic Development Bank, Jeddah, Saudi Arabia

Rafi Amir-ud-Din International Institute of Islamic Economics, International Islamic University, Islamabad, Pakistan;
Department of Economics, COMSATS University Islamabad, Lahore, Pakistan

Necati Aydin Department of Finance, College of Business, Alfaisal University, Riyadh, Saudi Arabia

Houssein Eddine Bedoui Islamic Development Bank Group, Jeddah, Saudi Arabia;
Ecole Normale Supérieure, Lyon, France

Nazam Dolkarnaini The Business School, Edinburgh Napier University, Edinburgh, UK

Adem Esen Istanbul University, Istanbul, Turkey

M. Fevzi Esen Istanbul Medeniyet University, Istanbul, Turkey

Fahim M. Khan Professor Emeritus and Director International Centre for Research in Islamic Economic, Minhaj University Lahore, Lahore, Pakistan

Reza Ghazal Islamic Research and Training Institute, Islamic Development Bank, Jeddah, Saudi Arabia;
Business and Management Sciences Department, University of Kurdistan-Hawler, Kurdistan, Iraq

Hamid Hasan King Faisal University, Hufuf, Saudi Arabia;
IIIE, International Islamic University, Islamabad, Pakistan

Rahmatina Kasri Faculty of Economics and Business, Universitas Indonesia, Jakarta, Indonesia

Moussa Larbani School of Mathematics and Statistics, Carleton University, Ottawa, ON, Canada

Mehdi Mili University of Bahrain, College of Business Administration, Zallaq, Bahrain

Muhammad Mubashir Mukhtar Center for Entrepreneurial Development (CED), Institute of Business Administration (IBA), Karachi, Pakistan;
New Zealand Society of Local Government Managers (SOLGM), Wellington, New Zealand

Arif Naveed Faculty of Education, University of Cambridge, Cambridge, UK

Hafiz Muhammad Sarfraz Nihal Department of Economics, University of Karachi, Karachi, Pakistan;
Islamic Banking Division, Bank Al-Habib Ltd, Karachi, Pakistan

Ismail Nizam FTMS College, Cyberjaya, Kuala Lumpur, Malaysia

Muhammad Shahid Qureshi Center for Entrepreneurial Development (CED), Institute of Business Administration (IBA), Karachi, Pakistan

Mohamed Saladin Abdul Rasool Universiti Teknologi MARA, Shah Alam, Malaysia

Hafiz Abdul Rauf Center for Entrepreneurial Development (CED), Institute of Business Administration (IBA), Karachi, Pakistan;
Meezan Bank, Karachi, Pakistan

Atiq ur Rehman Pakistan Institute of Development Economics, Islamabad, Pakistan

Ariffin Mohd Salleh Universiti Teknologi MARA, Shah Alam, Malaysia

Waleed Wasti Center for Entrepreneurial Development (CED), Institute of Business Administration (IBA), Karachi, Pakistan; Iqra University, Karachi, Pakistan

Asad Zaman Pakistan Institute of Development Economics, Islamabad, Pakistan

Muhamed Zulkhibri Islamic Research and Training Institute, Islamic Development Bank, Jeddah, Saudi Arabia

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Towards *Maqāṣid* al-Sharī‘ah-Based Index of Socio-Economic Development: An Introduction to the Issues and Literature

Salman Syed Ali

1 WHY SHOULD DEVELOPMENT BE BASED ON MAQĀSID AL-SHARĪ‘AH?

People like success and well-being. Socio-economic developments that bring us closer to this desire are valued in all societies. In this sense, the study and measurement of economic development are not only useful for the low-income poor countries in determining ways to bring them out of poverty but also important for higher income countries to improve their socio-economic situation. It is important for the industrialized and the non-industrialized, modernized and non-modernized economies alike. At the heart of economic development is building healthy economies and healthy communities. However, healthy communities are not simply the product of high income and modernization of a country. Human societies value development and they understand development as more than just a rise in income and wealth or standard of living. Yet, the discussions of development and its measurement in

S. S. Ali (✉)
Islamic Research and Training Institute,
Islamic Development Bank, Jeddah, Saudi Arabia
e-mail: ssyedali@isdb.org

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economics are focused on GDP growth, material progress, various measures of standard of living, and occasionally even some higher notions of well-being as freedom and increased capabilities, but with ill-defined purposes.

In reality, it is our understanding of the purpose of life that determines our goals and helps define the meaningful ‘development’, its measurement and targets for the individual as well as for the society collectively. It is true that humans are endowed with basic ingredients that keep them continuously motivated and restless. Want for more, impatience, and desire to possess all good and deflect all hardship and pain are part and parcel of human nature. These traits work to ensure continuity of life on earth. However, without a well-defined purpose of life, these endowed ingredients would shape the definition of progress, development and the development targets in very limited ways. Whereby, well-being and happiness become very transitory and directionless. With a well-defined purpose of life, there is an added element in moulding or shaping of the purpose of development and hence in defining and setting of the direction of progress and advancement.

The presently available measures of socio-economic development are mostly based on, and driven by, the impetus of human desire to live a better life in this world; these measures therefore focus on current and future level of income, production and wealth. To the extent, they focus on other aspects such as health and education it is also for attaining higher income, wealth and prosperity in the near future. Some measures go beyond this to encompass happiness, fulfilment, freedom and life satisfaction but still limited in purpose to doing so for the sake of this life only.

2 WHAT IS SOCIO-ECONOMIC PROGRESS AND DEVELOPMENT?

Quran clearly states that the creation of this world is not purposeless.¹ It defines the purpose of creation of the human beings as (*ibādah*) worship and obedience to Allah.² However, humankind’s sphere of *ibādah* transcends *tasbeeh* and *taqdees* forms of the worship to include in the worship

¹And We created not the heavens and the earth, and all that is between them, in play (Quran, 44:38) [Source: <http://quran.com/44/38>, Pickthal’s translation].

²I created the jinn and humankind only that they might worship Me (Quran, 51:56) [Source: http://www.theonlyquran.com/quran/Az-Zariyat/English_Mohammed_M_Pickthall/?ayat=56].

the management of his affairs in this world in accordance with the will of Allah. Humankind has thus been appointed as vicegerent of Allah (*khāli-fāh*) on this earth to manage the affairs in conformity to the will of Allah. This agency required bestowment to him a free will, provisions for his sustenance on earth, guidance about his assignment and ability to make decisions. Humans are given all these. They are free to become obedient and grateful or to reject the wilful obedience and remain unthankful and misuse the delegated authority with the respective consequences.³ The existence of death and life on earth is to provide an opportunity (of time, space and circumstances given to individuals in their life until their death) to perform and pass this test⁴ the reward of which will come in the hereafter.⁵ Thus, the socio-economic development of human society needs to be geared towards these goals. Any increase in wealth, health, living standards and culture should be to facilitate in our *ibādah* of Allah and increase the likelihood of passing the test. Obedience to Allah calls for carrying out the rights of Allah and the rights of human beings because Allah ordains both these duties.⁶ In this way, the purpose of life

Asad: And [tell them that] I have not created the invisible beings and men to any end other than that they may [know and] worship Me.

Malik: We have not created jinns and mankind except to worship Me.

Pickthall: I created the jinn and humankind only that they might worship Me.

Yusuf Ali: I have only created jinns and men that they may serve Me.

(Source: <http://www.alim.org/library/quran/ayah/compare/51/56/allah,-who-built-the-heavens-and-spread-out-the-earth,-has-assigned-prophet-muhammad-to-be-a-warner-for-mankind>)

³Lo! We have shown him the way, whether he be grateful or disbelieving (Quran, 76:3) [Source: <http://legacy.quran.com/76/3>].

Also see Quran, 90:8–10.

‘Have We not made for him a pair of eyes? And a tongue and a pair of lips? And shown him the two ways (good and evil)?’ (Quran, 90:8–10) [Source: <http://legacy.quran.com/90/8-10>, Muhsin Khan’s translation].

⁴[He] who created death and life to test you [as to] which of you is best in deed—and He is the Exalted in Might, the Forgiving (Quran, 62:2) [Source: <http://quran.com/67>].

Who hath created life and death that He may try you which of you is best in conduct; and He is the Mighty, the Forgiving (Quran, 62:2) [Source: http://www.theonlyquran.com/quran/Al-Mulk/english_mohammed_m_pickthall/?pagesize=15].

⁵Add reference to al-Akhirah.

⁶Note that human rights towards self and others are not omnipotent, do not exist by themselves or supreme in themselves but founded on Allah’s commandment. These rights

helps define the meaning and purpose of socio-economic development as an associated strategy to achieve the main goals. Any development that is not aligned with these higher objectives would not deserve to be called progress and improvement.

This worldview may be true for Muslims, who adhere to this purpose of life. Nevertheless, we know that not all the world population is Muslim nor we expect them to convert to Islam within a short time. Thus, it is not expected that all individuals would strive to understand and adopt this cognizance of the purpose of life and hence this purpose of socio-economic development. It should also be clear that Muslims are not tasked to forcefully change the beliefs of others.⁷ Their responsibility is to convey and disseminate the true information only.⁸ Moreover, the realization of the real purpose of life, if it comes, may be asynchronous in time among different individuals and societies. Some people accept the truth right away, some realize it later, some others linger undecided and some reject the above-defined purpose. Therefore, the objectives of socio-economic development have to be all-encompassing and inclusive for humanity, yet targeted for the key purpose of life on earth. This brings us to state that the objective of development is twofold:

- First, to strengthen the development needs to facilitate the achievement of *ibādah* as well as success in the life hereafter for those who accepted Islam and the purpose of life that it describes.
- Second, to gear the development towards providing opportunity to non-believers for making informed choices in attaining the correct belief and gaining the understanding of the purpose.⁹ In this way,

are called huqooq ul-ibad, a category of rights that run parallel in importance to the category of rights called huqooq Allah—rights of Allah on humans.

⁷Had Allah willed, they had not been idolatrous. We have not set thee as a keeper over them, nor art thou responsible for them (Quran, 6:107) [Source: <http://quran.com/6/107> Pickthal's translation].

⁸But if they turn away, [O Muhammad]—then only upon you is [responsibility for] clear notification (Quran, 16:82) [Source: <http://quran.com/16/82>, Pickthal's translation].

And our duty is but plain conveyance (of the message) (Quran, 36:17) [Source: <http://quran.com/36/17>, Pickthal's translation].

⁹Lo! We have shown him the way, whether he be grateful or disbelieving (Quran, 76:3) [Source: <http://tanzil.net/#trans/en.pickthall/76:3>].

the benefits of development are made universal without restriction to one's belief.¹⁰ As Allah has created this world for the benefit of believers and non-believers alike.

Islam takes this broad and encompassing view of human development and asserts the centrality of achieving the above objectives in any public policy.

The purpose of law (Sharī'ah) and the purpose of socio-economic development thus complement each other in attaining the higher objectives of *ibādah* and passing the test. While progress and development are open-ended, unbounded from above, both in its quantity and variety of dimensions, the knowledge of the basic protections emphasized in the law sheds light on the key minimum dimensions of protections for socio-economic development. Islamic law emphasizes five key dimensions: (i) protection of faith, (ii) protection of life, (iii) protection of wealth, (iv) protection of mind or rationality, and (v) protection of progeny. Thus, a measurement of a comprehensive concept of development can be made along these five dimensions, though addition of more dimensions can also be possible.

In each of these dimensions, Islam's position is to provide a minimum protection as well as to develop the society with a view as mentioned above to facilitate the achievement of *ibādah* for Muslims (specific protections) and providing opportunity for everyone else to survive, live

Indeed, We guided him to the way, be he grateful or be he ungrateful (Quran, 76:3) [Source: <http://quran.com/76/3>].

¹⁰Note the supplication of Prophet Ibrahim (PBUH) for Makkah and its people and the reply of Allah with much broader acceptance to include even the non-believers in providing good livelihood to them.

And (remember) when Ibrahim (Abraham) said, 'My Lord, make this city (Makkah) a place of security and provide its people with fruits, such of them as believe in Allah and the Last Day'. He (Allah) answered: 'As for him who disbelieves, I shall leave him in contentment for a while, then I shall compel him to the torment of the Fire, and worst indeed is that destination!' (Quran, 2:126) [Source: <http://www.noblequran.com/translation/index.html>].

In a Hadith, it is said that Sahl bin Sa'd narrated that the Messenger of Allah (sal Allahu alaihi wa sallam) said: 'If the world to Allah were equal to a mosquito's wing, then He would not allow the disbeliever to have a sip of water from it' (Hasan) [Chapters on Zuhd: Jami At-Tirmidhi].

and grow to be able to make informed choices without any compulsions (universal protections).

Going further, within each dimension three levels (or three shades) of protection are possible starting from the basic minimum, to a better need fulfilment, and then to perfection and embellishment of development. This is in line with the thinking of legal scholars who see the protections are available in each dimension in three categories: Necessities (*darūriyyāt*), Requirements (*hajjiyyāt*) and Embellishments (*taḥsinīyyāt*) (Kamali, 2009).

Another important aspect in measuring development along these five dimensions is that a broad consensus already exists in the Muslim societies on the validity of these dimensions as objectives of Sharī‘ah, so it is easy to communicate the outcome of the measurement and conceive development policies based on those findings. Ready understanding of the objectives of development policy by the masses is an essential aspect for the successes in implementation of any policy.

3 APPROACHES TO MEASUREMENT OF SOCIO-ECONOMIC DEVELOPMENT

Within the objectives of Sharī‘ah-based measurement, there can be two approaches to the measurement of socio-economic progress. One is a welfare achievement approach. The other is deprivations reduction approach.

In the welfare approach, the progress is measured in terms of how high an individual or a society (whichever is the unit of analysis) rose in the fore-mentioned five dimensions. For example, by increase in faith and moral behaviour in society, improvement in the survival and quality of life, growth in the level of income and wealth, increased level of education and intellectual discourse to solve the problems, better chances of survival, improved environment and progress for the future generations. This approach has its own difficulties of measurement. For example, how to perform aggregation across the five very different dimensions. How to handle interpersonal comparison across different countries, societies and individuals. Since there is no limit, how much high a society can go in each dimension, what is the target achievement goal? Moreover, whether cross-dimension substitution is possible.

In the second approach, the deprivation approach, a minimum required level of protection is defined for each dimension and then a counting is made for how many individuals or household fall short of

this minimum in each dimension. A second cut-off specifies a threshold minimum number of dimensions a person or unit of analysis should not be deprived in. If a person or household is found deprived in more than this number of dimensions, then he/she/it is classified as multidimensional poor. Lesser the number of deprived units are, the better developed the society is. Advantages of this approach are that it does not require measurement of how high each individual or household reached in their progress, and then it also does not have to deal with interpersonal comparison for aggregation of welfare across these units of analysis. The deprivation approach reduces itself to a counting approach, i.e. counting how many units of analysis fell short of the minimum, whereby not only aggregation across individuals becomes easy but also aggregation across conceptually different dimensions does not pose any problem. However, one has to decide about the minimum thresholds for deprivation count.

A further refinement of this method is possible. For example, within the deprivation approach, specification of three different levels of cut-offs of deprivation in each dimension can capture the different levels of progress towards attainment of Necessities (*darūriyyāt*), Requirements (*hājīyāt*) and Embellishments (*taḥsinīyyāt*).

Both the welfare approach and the deprivation approach are subjective in the sense that they depend on the life perspective of the society. Moreover, the constituent indicators of progress in each of the five dimensions have to be parsimonious, so only few indicators have to be selected. The selection process through informed social consensus is itself subjective in nature.

4 CURRENT TRENDS IN THE *MAQĀṢID* AL-SHARĪ'AH-BASED DEVELOPMENT LITERATURE

There is a long history of literature on *Maqāṣid* al-Sharī'ah from legal, moral and social policy perspectives.¹¹ However, our focus here is on the literature that attempts to create socio-economic development indexes based on *Maqāṣid* al-Sharī'ah. A number of papers have been written

¹¹Early scholars approached the subject from the legal perspective and as theory of legal preference (e.g. Juwaini, Shatibi, Abdussalam, etc.). Later scholars writing from legal and social perspectives tried to operationalize the objectives separately at the level of individual, family, society and *ummah* (see, for example, Atiyah) or into philosophy of law and freedom (e.g. Audha, Ramadan, etc.).