

The Economic Thought of Sayyid Abul A‘la Mawdudi

Dr. Nasir Nabi*

Abstract

Sayyid Abul ‘Ala Mawdudi is credited with being the founder of Islamic Economics, and having developed the idea of an Islamic Economic System. Abul ‘Ala Mawdudi was a great thinker & religious scholar. He has written a voluminous literature on different aspects of Islamic ideology. One dimension of his knowledge is economics of Islam. He has played a deciding role in shaping Islamic economy as a separate branch of knowledge. He has written on different aspects of Islamic economics, he recognized that Islamic economic system means that basic principles and objectives, which Shari’ah has set for our lives in general and particularly for economic aspect. These principles and objectives are those foundation stones on which the building of Islamic economic system can be built at any time and anywhere, according to the needs and requirements of that society and time. The society that wants to adopt these principles and objectives can set up the details of the system, which are universal and independent of time and place. Mawdudi defines his Islamic economic order as a middle ground between capitalism and socialism (as ideal constructs, based on prevailing realities). This paper attempts to highlight his immense contribution towards Islamic economic thought in the modern times. It provides the gist of his economic thought which he has propounded and discussed in his various works.

Keywords: Islamic Economics, History, Modern Development, Mawdudi.

1. Introduction

Sayyid Abul ‘Ala Mawdudi (1903-1979) is considered as one of the leading scholars and religious revivalists of twentieth century. His intellectual and ideological contribution is immense. He wrote over 150 books and tracts which covered a wide variety of subjects, including *tafsir*, *sirah*, law, history, politics, economics, and the social sciences. One of his magnum opus is *Ma’ashiyat-i-Islam* (1970) which is translated into English *First Principles of Islamic Economics* (2011) (a collection of articles that he contributed on different occasions over the last 30 to 35 years). His main contribution, first and foremost, lies in the reconstruction of Islamic thought, drawing on its

*Assistant Professor, Shah-i-Hamadan Institute of Islamic Studies
University of Kashmir, Srinagar

original sources, yet in a manner that focuses on its relevance to our own times. He presents Islam as a complete way of life. Its message is to change humans from within, to refine and develop them spiritually and morally, and to mobilize the transformed men and women to reconstruct not only their own lives but also human society and civilization in the light of the worldview, values, principles, and ideals spelled out in the Qur'an and *Sunnah*. Economics has been one of the fields of his interest. It may be said that in Indian sub-continent, he was the person, who has established Economics of Islam as a separate branch of knowledge. He penned down scholarly discourse on the subjects such as interest, birth control, poor-due, extravagance, and speculation and gambling. In addition, he continued his learned discourses on Islamic economic issues and produced four thought-provoking books: *Sud* (interest), *Islam aur Jadid Ma'ashi Nazariyat* (Islam and Modern Economic Ideologies), *Masala-i-Milkiyat-i-Zamin* (The Question of Land Ownership), and *Islam aur Dabt-i-Wiladat* (Islam and the Issue of the Birth Control) His main contribution lies in explaining the philosophy of Islamic economics, its methodology and the major contours and institutions of an Islamic economic system as a part of the Islamic way of life. Abul 'Ala Mawdudi was a reformer, not a professional economist. His main concern was the well being of mankind in keeping with the central objective of the *Shari'ah*. Accordingly, he tried to analyze the problems and offer solutions in light of Islamic teachings. His immediate concern was the Muslim *ummah*, which had become engulfed in a number of difficult problems as a result of several centuries of Muslim degeneration followed by exploitative foreign occupation.

A lot has been written about Maududi and there are number of works taken up by various scholars in past to present Maududi as a pioneer in modern Islamic economics, for instance, Chapra in his paper, *Mawlana Maududi's Contribution in Islamic Economics*, highlights Maududi's insights about economic system of Islam as a subset of his vision of Islamic polity and state. Likewise, Farooq Aziz in his work, *Islamic Economics System in the Eyes of Maulana Maududi-An Analysis*, presents Maududi as a pioneer whose writings led to the development of Islamic economics in Indo-Pak subcontinent. Arshad Zaman in his paper, *Sayyid Abul Ala Maududi on Islamic Economics*, has taken up the review of Maududi's intial work on Islamic economics entitled 'The Economics of Islam'. Even though all these works in one way or the other presents different views of Maududi about how he perceived economic system of Islam in modern times but a concise paper

which would provide the gist of his economic thought has been still awaiting. To fill the gap this paper is an effort to view the contribution of Maududi in the field of economics which involves a broad spectrum of issues ranging from the Islamic economic order to economic equality, from the limits of *halal* and *haram* to modern economic issues like privatization and insurance etc., in the light of his own works.

2. The Islamic Economic Order

Mawdudi derives his order by defining the principles of capitalism, identifying its maladies, and remedying them by adding a set of Islamic corrections. Mawdudi pointed out that unlike the early Arabs, who understood the Qur'an perfectly, in later centuries the meaning of key words, including Islam itself, were misunderstood by Muslims. As a result, books, dictionaries, and exegeses of the later era explained many key words in the Qur'an by the new meanings that were prevalent then, rather than their original Arabic meanings. Mawdudi held that in the language of the Qur'an, the word *din* represents a complete order, which is constituted by four elements: (divine) governance and supreme power; human submission to this sovereignty; that system of thought and action which is formed under the influence of this sovereignty; and reward and punishment meted out by the Supreme Power for submission to or rebellion against this order.¹ Mawdudi earnestly undertook the mission of anchoring Islam in all aspects of the Muslim society of an undivided India. He wrote and lectured extensively on the Islamic vision, different aspects of the Islamic way of life, and the strategy required for making the Islamic vision a reality. The economic system of Islam was naturally an inseparable adjunct of the Islamic way of life. He indicated the essential principles of the Islamic paradigm and also defined the contours of the Islamic economic system as early as 1941 in a lecture he delivered at the Aligarh Muslim University, long before the creation of Pakistan.²

In this and other lectures and writings, Mawdudi argued that the worldview and vision of Islam, since they had a moral foundation with an overwhelming emphasis on brotherhood and justice and reform of the individual were entirely different from those of both capitalism and communism. Thus, neither of these two systems could help Muslims actualize the Islamic vision. Accordingly, he stood for a revival of Islam in a way that would ensure material prosperity along with spiritual uplift. The egalitarian tilt of Islamic values made him place considerable emphasis on need fulfillment,

redistribution, and the availability of equal opportunities to all individuals to help them develop their personalities in accordance with the full potential of their aptitudes and innate abilities. He considered the optimum use of all human and material resources necessary for realizing the Islamic vision. Such optimum use would not occur unless justice was ensured through satisfaction of the basic needs of the poor and needy, and education was imparted to them to enable them to stand on their own feet. This would require a simple lifestyle that would not be possible without kindling a moral flame in the human being. Protecting the rights of duly acquired property is also indispensable.³

For realizing the goal of need fulfillment and rapid improvement in the economic condition of the poor, Mawdudi's primary emphasis was on the transfer of resources from the rich to the poor. He originally emphasized that the immediate solution lay in motivating the rich to adopt the simple lifestyle of early Muslim society and to distribute the surplus income to the poor after fulfilling their own genuine needs (*al-'afw* in the Qur'anic terminology). He permitted Muslims to save and invest the amount left after taking care of his or her own genuine needs and fulfilling the social obligations (*zakat* and *ushr*) enunciated by Islam. Nonetheless, he continued to emphasize a simplicity of lifestyle and giving the poor as much of the surplus as possible. He also laid emphasis on the establishment of cooperative societies and on the role of *zakat, ushr* and the equitable distribution of a deceased person's estate in keeping with the *Shari'ah*.⁴ Mawdudi strongly believed that the prohibition of interest could make a contribution towards the establishment of a just social order. He therefore tried to show how an interest-free financial system could be successfully established. His primary emphasis in this, as in the writing of most other scholars on the subject in the initial phase, was on profit-and-loss sharing (*mudarabah* and *musharakah*) modes of finance. The difference in cash and credit prices that some ways of such financing involve (particularly *murabahah*) was considered by Mawdudi to be equivalent to *riba*.⁵

Mawdudi was well aware from the outset that opting for the Islamic economic system would require a profound change in the individual himself. Accordingly, he emphasized that maximum attention should be given to the reform of the individual's attitude and character so that the root cause of evils in the human personality is uprooted.⁶ Mawdudi classified moral values into two categories. One of these he called basic human values and the other Islamic values. He considered both of these to be indispensable for human

development and wellbeing. In the former category, he included a number of character traits, including strong will and decision-making power, courage, diligence, readiness to sacrifice, self control, discipline, truthfulness and integrity. Some of the traits which he included in the second category are kindness, mercy, scrupulous fairness, and purification of the self from greed, egotism, tyranny, wantonness and indiscipline so that the individual becomes, the key to good and the barrier against evil.⁷

Mawdudi acknowledged in several of his writings that there were so many different social, economic, political and historical forces influencing individual behavior that relying merely on sermons to create these qualities would not be helpful. Muslims had been listening to sermons for centuries with little transformation of their personalities. There was, therefore, a need for comprehensive socio-economic and political reform. Thus, in keeping with the spirit of Islam and the writings of other great Muslim thinkers of the past, like Abu Yusuf, al-Mawardi, Ibn Taymiyyah, Ibn Khaldun, and Shah Waliullah. Mawdudi did not concentrate only on economic variables in his economic writings. Unlike conventional economists, he considered all aspects of an individual's life as well as his society to be interrelated; concentrating only on economic variables to solve economic problems would not take Muslim society very far in its goal of realizing the Islamic vision. He has clearly emphasized that the primary reason for the difficulty to understand and solve the economic problem of man is that some people look at it purely from an economic point of view.⁸

In addition to laying great emphasis on the reform of the individual, which Mawdudi considered to be vital for improving the well being of the people and the reform of the economic system, one of the variables that Mawdudi considered to be extremely crucial but which has not received attention in both conventional and socialist economics is the family. Since the human being is the most important input for any economy, and the family is the primary source of this input, he attached a great deal of importance to the reform and integrity of the family. The state, society and the economy as well as the individual would all suffer if the family disintegrates. It is the family that creates the right environment for proper moral upbringing and character uplift of the new generation. It is also the family that provides love and affection to the individual, and thereby creates a proper climate for the promotion of not only peace of mind and emotional stability in the individual, but also cooperation and harmony in society. Disintegration of the family

promotes bitterness and ill will and creates an environment in which the new generation does not get the kind of attention that it needs. The quality of the individual deteriorates and, with him or her, the quality of all aspects of society, including the economic.

Mawdudi realized that directly or indirectly, political authority exercises a tremendous influence on the individual and that one of the major causes of Muslim decline was political illegitimacy. It vitiated all those factors that promote development. It led to wars of succession, authoritarianism, and end of the institution of *Shura*. It impaired the independence of the judiciary and curbed freedom of expression. It promoted the luxury of the royal court, corruption, misuse of power and resources, inequalities of income and wealth, and social unrest. Consequently, according to Mawdudi, political reform was as indispensable as individual and social reform for economic development.⁹ Mawdudi argued for a careful examination of the existing economic system with a view to finding out what is malignant and hence deserves to be changed, and what is healthy and as such deserves to be preserved. Mawdudi did not blame private ownership of property for all the ills of human society. Islam allows private ownership of property and the means of production,¹⁰ and makes it an obligation of Muslim society to protect the life, honor and property of all individuals. Nationalization of all means of production was in conflict with the basic principles of Islam. The control of businesses, factories and farms by the same people who control the army, the police, the courts and the parliaments would give rise to a viciously repressive system the like of which the devil has not been able to conceive so far. Means of production must in principle remain in private hands. There is no justification for concentrating all decision-making in a few hands and then allowing the imposition of these decisions on the populace by all means, fair or foul. Economic freedom enables a person to earn his livelihood freely in keeping with the dictates of his conscience as indispensable as political and social freedom. At the same time, Mawdudi was not against state ownership of some enterprises that could not be managed effectively by the private sector or of which it was not in the larger public interest to allow the private sector to manage.¹¹

He took pains to emphasize that the competition that fitted well into the ethos of Islam was one that was fair and humane, based on the spirit of brotherhood and co-operation rather than on the concept of survival of the fittest. A number of measures were needed to make competition fair and humane for the

purpose of safeguarding social interest. These included the injection of a moral dimension into the economy and the playing of a positive role by the government in the economy. Problems created by private ownership of property need to be resolved, not by wholesale nationalization and regimentation, but rather by moral reform and a positive government role. The injection of a moral dimension into the economic system would help create a sense of responsibility in the individual and make him realize that he is accountable before the Almighty. This implies that, while individuals are allowed to own and manage private property, they are not its real owners. They are, rather, only trustees. They must acquire and use property in accordance with the terms of the trust, which are defined by moral values. They must submit themselves to these values, which are meant to safeguard the rights of all members of society. The instilling of the concept of accountability before God in the consciousness of all agents operating in the market can help moderate their pursuit of self-interest, induce them to fulfill their social obligations, and thereby help establish a just equilibrium between the interests of the individual and society. In other words, Mawdudi's emphasis was on bringing about a happy integration of the economic and the moral. Thus, he believed that economic problems could not be solved by merely relying on the interaction of market forces in a competitive environment.¹²

Mawdudi emphasized that the state should not exceed limits set by the *Shari'ah*. It should use its coercive power only when absolutely necessary, relying instead on moral reform. This is because it is also the obligation of the state to safeguard the rights of the individual and not just those of society. The function of the state is not to become industrialist, trader or landlord, but rather to establish justice and use its powers and resources for the well being of the people by promoting all that is good and eradicating all that is evil.¹³ Thus, within the framework of Mawdudi's thought, the state is neither *laissez faire*, as it is in classical economics, nor totalitarian, as in communism. Unlike a number of Muslim scholars, Mawdudi was realistic enough to accept that in order for the state to play its welfare role, income tax was a necessity, provided it is imposed with moderation and justice, and the proceeds are used efficiently and honestly for the well being of the people. He also accepted the institution of insurance, provided that the elements in it which were objectionable from the Islamic point of view were reformed.¹⁴

3. Private Ownership

Western point of view accepts the absolute right of people, on their income and wealth. But according to him in Islam this right is not absolute. From Islamic perspective, Allah is the owner of each and everything, which people have. Allah has given them right to use, and has also described the guidelines for their consumption. It is the duty of the people to follow that orders and use their income and wealth in accordance with those rules and regulations.¹⁵ In line with other Muslim thinkers, Mawdudi has introduced the moral divinely ordained aspect in this principle, from which western concept is completely barefoot. It also gives superiority of Muslim concept over western thinking. According to him the items which are God gifted and mankind do not have any role in their preparation, if some people want to use them on commercial basis then government has the right to impose tax on them. A person, who gets a part of natural resources and makes it fruitful with his ability, then he will be the owner of that thing. If a person has the ownership of some assets, in accordance with the rules of *shari'ah*, then government does not have any right to reduce his rights of ownership or nationalize them. And if, government do the same then it is an open oppression. In this way he has almost closed the doors of nationalization of any private property.¹⁶

4. Permissibility and Prohibitions

Mawdudi is not ready to impose any restriction on earning of wealth, subject to the condition that, these earnings are from *halal* sources. On the same line, ownership of land is lawful up to unlimited extent and no limit can be imposed on it.¹⁷ However, in some of his writings he is ready to impose some restrictions on these unlimited rights but with conditions, and the same is with the land. Most important point is this that he is not ready to distinguish between income from human labor and income from any asset and accepts it as *halal*. For its justification; he gives the examples of heirship, endowment and gifts which are lawful. Hence, on the basis of it, income from any sources is lawful except that it is not the result of *haram* sources as mentioned in *shari'ah*. This situation makes the institution of private ownership as sanctioned cow. Nobody can touch it, but here are lots of undefined ifs and buts. According to Mawdudi only those economic activities will be allowed in an Islamic economic system, which are permissible in *shari'ah*, and all those transactions which are in the category of *haram*, cannot be allowed.¹⁸

5. Concept of Economic Equality

He recognizes the diversified capabilities in human beings, and due to which income of all persons will be different in nature and consequently inequality in income is created. He advised to stop this inequality because the way of Islam is different from capitalism and socialism. But he did not highlight any concrete mechanism, suggested by Islam, to solve this basic economic problem. He also suggested that, *nizam-i-zakat* can solve this problem. He suggests that in an Islamic economy role of state will be to provide all the essential facilities to the public. Since it will be a welfare state, hence state will perform all those functions which are expected from such type of government. Government can also impose taxes other than *zakah*. He admitted that an Islamic economy will be a free economy and will be based upon the forces of demand and supply forces. Price mechanism is the basic instrument for the allocation of resources and remuneration of factors of production. But again this market will not be a completely free market like *laissez-faire* economy. But in a situation in which government has a very limited role in the economy to monitor demand and supply forces, and also cannot restrict private ownership.¹⁹

6. Objectives of Islamic Economic System

Abul 'Ala Mawdudi has not described the objectives of Islamic economic system at one particular place. But these can be derived from his different writings. Sometimes he calls them principles, sometimes elements and sometimes objectives. One of the basic objectives of Islamic economic system he has propounded is to safeguard the human liberty. So that every human being will be free to take decisions about him-self. It is not an absolute freedom, but subject to the limits which are necessary for the collective welfare of society. In other words, Islam do not interfere in the personal freedom of the man, but restricts it where this freedom will become a danger for the society.²⁰ Another important objective of Islamic economic system described by Mawdudi is that material and moral development will be simultaneous. In the other words, on the one hand economy will grow at its optimum level, and on the other hand, this system will create good moral values in the public. With the increase in wealth, its equal distribution (up-to maximum limit) is another objective of Islamic economic system. This objective can be achieved, on one hand by developing the moral values in the society and on the other hand by effective enforcement of law. These laws

will be restricted to concentration of wealth in society. In a capitalist economy the basic problem is: How to increase the level of production. But in an Islamic economy, the basic objective of the society is to fulfill at least basic needs of the society. Resources allocated to achieve this objective are just opposite to western thinking. Another objective of Islamic economic system proposed by Mawdudi is to create co-ordination between different groups of society. If some groups are established, which are the ultimate result of evolution of society, then Islam offers them the way of coordination to minimize the possibilities of clash between groups of the society.²¹

Conclusion

Mawdudi's horizon was far wider than that of conventional economics. He was a reformer who wanted to help mankind solve the problems it was facing, in particular in his own society, which had fallen into an abyss during centuries of degeneration and foreign occupation. He saw that this would not be possible by holding on to the extremely narrow role assigned to an economist in conventional economics. He visualized the need for carrying out a total reconstruction of human life and establishing a new social order and state and thereby ushering a new era in human society. Such a transformation could not be brought about by concentrating only on economic variables. Even economic development, which was not Mawdudi's main concern, could not be accelerated by means of such a limited approach. Mawdudi stressed the interdependence of all aspects of society, including the moral, social, political and economic. In the economic field, his major contribution was to clearly articulate the vision, worldview and strategy of the Islamic economic system. At a time when it was fashionable to pay allegiance to 'Islamic socialism,' he not only abstained from using this term in his writings, but was also bold enough to indicate that socialism was not in harmony with Islam because of its false worldview and strategy. He discussed how moral values, closely-knit families and societies along with the market and state could together help in the realization of the Islamic vision in spite of private property. He also argued how the abolition of interest would promote social justice and how an interest free financial system could be successfully established. Thus, in spite of not being a professional economist, his contribution to Islamic economics was significant. Mawdudi will go down in history as one of the few great scholars who laid down the foundation for the development of this discipline in modern times. Nearly all those writing in this field in the Indo-Pak

subcontinent as well as other Muslim countries have been influenced by and owe a debt of gratitude to him

Notes and References

- ¹ Mawdudi, Abul ‘Ala, *Deen ke Char Bunyadi Istalihah*, Markazi Maktaba Islami, New Delhi, 1985, p. 124.
- ² This lecture was delivered in October 1941 at a function organized by the Islamic History and Culture Society, Aligarh University. The lecture was published under the title “*Insan ka Ma’ashi Masla aur Uska Islami Hal*” (The Economic Problem of Man and its Islamic Solution) and has so far gone through several editions.
- ³ Mawdudi, Abul ‘Ala, *Insan Ka Ma’ashi Masla aur Uska Islami Hal*, Markazi Maktaba Islami, New Delhi, 1983, p. 17
- ⁴ *Ibid.*, p. 34.
- ⁵ Mawdudi, Abul ‘Ala, *Sud*, Markazi Maktaba Islami, New Delhi, 1978, p. 54.
- ⁶ Mawdudi, *Insan Ka Ma’ashi Masla aur Uska Islami Hal*, op. cit., p. 31.
- ⁷ Mawdudi, Abul ‘Ala, *Islamic Movement: The Dynamic of Values, Power and Change*, tr. and ed. Khurram Murad, The Islamic Foundation, Leicester 1984, p. 94.
- ⁸ Mawdudi, Abul ‘Ala, “Economic and Political Teachings of the Qur’an” in M. M. Sharief, ed., *A History of Muslim Philosophy*, Vol. 1, p. 178.
- ⁹ Mawdudi, Abul ‘Ala, *Tajdid Ihya Din*, Markazi Maktaba Islami, New Delhi, 1992, p. 36.
- ¹⁰ Mawdudi, Abul ‘Ala, *Islam aur Jadid Ma’ashi Nazariyyat*, Markazi Maktaba Islami, New Delhi, 1988, p. 127.
- ¹¹ Mawdudi, Abul ‘Ala, *Masla Milkiat-i-Zamin*, Islamic Publications Ltd., Lahore, 1969, p. 105.
- ¹² Mawdudi, *Economic and Political Teachings of the Qur’an*, op. cit., p. 189.
- ¹³ *Ibid.*, p. 179.
- ¹⁴ Mawdudi, Abul Ala, *Rasa’il wa Masa’il*, Vol. 3, Islamic Publications Ltd., Lahore, 1983, p. 30.
- ¹⁵ Mawdudi, Abul ‘Ala, *Tafheem-ul-Quran*, Vol. V, Idara Tarjuman-ul-Quran, Lahore, 1971, p. 306.
- ¹⁶ Mawdudi, Abul ‘Ala, *Mu’ashiat-i-Islam*, Markazi Maktaba Islami New Delhi, 1990, p. 23.
- ¹⁷ Mawdudi, Abul ‘Ala, *Masla Milkiat-i-Zamin*, Islamic Publication, Lahore, 1969, p. 105.
- ¹⁸ Mawdudi, Abul ‘Ala, *Mu’ashiat-i-Islam*, op. cit., p. 104.
- ¹⁹ Mawdudi, *Insan Ka Ma’ashi Masla aur Uska Islami Hal*, op. cit., p. 10.
- ²⁰ Mawdudi, *Mu’ashiat-i-Islam*, op. cit., p. 147.
- ²¹ *Ibid.*, p. 170.