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THE ROLE OF ECONOMIC INSTITUTIONS ACCORDING TO FAZLUR RAHMAN

Wan Ikhwanul Fazli

Pondok Pesantren Modern Khadimul Ummah

ofazly@gmail.com

Abstrak

Pemikiran ekonomi Fazlur Rahman, seorang sarjana dan filsuf modernis Pakistan, telah sering dibahas dan dipelajari oleh banyak peneliti. Namun, belum banyak usaha yang dilakukan untuk mengkaji pemikirannya tentang institusi ekonomi secara holistik. Kajian ini bertujuan untuk menganalisis peran institusi ekonomi menurut Fazlur Rahman ditinjau dari Al-Qur'an dan As-Sunnah. Penelitian ini merupakan penelitian berbasis kepustakaan, yang menggunakan dua metode, yaitu pengumpulan data dan analisis data. Ide-ide Rahman tentang institusi ekonomi ditujukan untuk menjamin kemajuan umat manusia dalam menghadapi tantangan kontemporer melalui pemahaman Al-Qur'an dan Sunnah yang benar. Kajian ini menyimpulkan bahwa Rahman benar-benar bermaksud untuk mengembangkan masyarakat Muslim melalui evaluasi ulang terhadap Al-Qur'an dan As-Sunnah dalam konteks modern.

Kata Kunci: ekonomi; riba; hermeneutika; sunnah; reformasi.

Abstract

Economic thoughts of Fazlur Rahman, a Pakistani modernist scholar and philosopher, have been discussed and studied frequently by many researchers. However, not much has been done to examine his thought of economic institutions holistically. This present study is aimed to analyse the role of the economic institutions according to Fazlur Rahman in the light of the Qur'an and the Sunnah. This study is a library-based research, which uses two methods, namely data collection and data analysis. Rahman's ideas on economic institutions are aimed to ensure the progressiveness of human beings while facing contemporary challenges through true understanding of the Qur'an and the Sunnah. This study concludes that Rahman genuinely intended to develop Muslim societies through the re-evaluation of the Qur'an and the Sunnah in the modern context.

Keywords: economy; riba; hermeneutics; sunnah; reform.

INTRODUCTION

Islamic reform¹ becomes a critical discourse in the dynamics of Islam in the Muslim world by contemporary scholars, as a response to the two contending situations of stagnation and decline of the Islamic world and the confrontation with Western development and modernization. While rejecting the Western concept of development and values of modernization will result in the long suffered static state and regression materially, technologically, and economically, adapting to the advancement of the Western over the Islamic world in these domains carries with it the possibility of adopting its intellectualism and philosophies as well, which will open the gate to modern western ideologies, for instance, materialism, secularism, liberalism, and capitalism. New problems and changes that come with time urge Muslims to reform *Islamically* in their social dimensions, such as, economics, education, law, human rights, and others. Many prominent scholars have made great efforts to elucidate the concept and principles of Islamic reform so that it is *genuinely Islamic*. Among them was Fazlur Rahman (1918-1988), a prolific author and prominent thinker whose ideas have inspired many intellectuals in the Muslim world until today.

Fazlur Rahman's reform is characterized by his emphasis on the social aspects of man which equals his concern with faith and the inner dimensions of man, if not even surpasses it. Social justice and monotheism of God are two sides of the same coin and are interrelated to each other since the interest of the Qur'ān itself, according to him, centres around the humankind.² His approach of 'societal reform' puts a new meaning to the concept of Islamic reform which, according to the revivalist and reformist movements, is sought through a return to the fundamentals of Islam, i.e., the Holy Qur'ān and the Sunnah of the Prophet (pbuh),

¹ The Arabic term often used for 'reform' is '*islah*'. In Islam, the concept is a human corrective task in which any state of *fasad* is correctively changed into its opposite desired state which meets the Islamic criteria presented in the Qur'ān and or exemplified in the Sunnah of the Prophet Muhammad (pbuh). There is a gap between the terms of '*islah*' and 'reform' since '*islah*' is an Islamic concept while 'reform' has its roots in the tradition of reformation of Protestant churches in the 16th century. In this study, we will use the term 'reform' to mean '*islah*', or 'Islamic reform'. For further elaboration of the concept of the term of '*islah*' and its relation to the term of 'reform', see Mohamed Abu Bakr A. Al Musleh, *Al-Ghazali the Islamic Reformer: An Evaluative Study of the Attempts of Imam al-Ghazali at Islamic Reform*, (Petaling Jaya, Selangor, Islamic Book Trust, 2012), pp. 1-17. There are other terms used to depict 'reform', i.e., 'renewal' or '*tajdid*' and 'revival' or '*ihya*', see John O. Voll, "Renewal and Reform in Islamic History: *Tajdid* and *Ishlah*", in John L. Esposito (Ed.), *Voices of Resurgent Islam*, (Oxford: Oxford University Press, 1983), p. 33. See also Samira Haj, *Reconfiguring Islamic Tradition: Reform, Rationality, and Modernity*, (Stanford, Stanford University Press, 2009), pp. 7-9. Although the terms differ, all of them are justifiably associated with 'reform' and share some similarities.

² Fazlur Rahman, "Islam and the Problem of Economic Justice", *Journal of Islamic Economics*, vol. 1, no. 6, (1995), p. 19.

and the right to exercise *ijtihad* in exploring religious texts. In the modern context, a return to the fundamentals is not sufficient to revive Islam. It also needs a substantial rethinking of the social content of Islam.³ Rahman attempted to develop his concept of societal reform through his understanding and interpretation of the Qur'ān and the Sunnah since, according to him, the social aspects of man are the primary concern of the two authoritative sources in Islam. Although Rahman was well known for his modernist thought, he was also concerned with societal reform. His modernist thought contains elements essential to societal reform. According to him, along with other factors, ultimately, the failure of Muslims in understanding the Qur'ān was the main reason for Muslims' failure in recognizing this social justice zeal and therefore resulted in the state of stagnation.⁴ Indeed, in the context of this stagnation, societal reform is a must, and Muslims must reach an adequate socio-economic justice in order to realize their full potential individually and collectively.⁵ The examination of societal reform carried out by Rahman, which deals with various fields, is essential to be discussed. However, among the many fields, the economic institutions take a major position mainly due to its utmost importance as basis and cornerstone of social justice.⁶ It should be noted that institutions, here, refer to norms, rules, regulations of social interactions in said fields.⁷ Economic institutions, along with other social institutions, are adequate means to carry and promote Islamic values.⁸

A myriad of studies related to Rahman's economic thought have been well-documented. However, most of them only highlight the roots of his thought toward his hermeneutics of the Qur'ān which differs from traditional exegesis/*tafsīr*⁹ and his distinct view of the Sunnah. In an article written by Abdur Raub in 2013, the author focused on the issue of *ribā* and used Rahman's argument

³ Michaëlle Browers, "Islam and Political Sinn: The Hermeneutics of Contemporary Islamic Reformists", in Michaëlle Browers, Charles Kurzman (Ed.), *An Islamic Reformation?* (Lanham: Lexington Books, 2004), p. 54.

⁴ Fazlur Rahman, *Islam and Modernity: Transformation of an Intellectual Tradition*, (Chicago: University of Chicago Press, 1984), pp. 1-5, 19.

⁵ Rahman, "Islam and the Problem...", pp. 56-58.

⁶ Fazlur Rahman, "Economic Principles of Islam", *Islamic Studies*, vol. 8, no. 1, (1969), pp. 1-4.

⁷ See Hodgson, Geoffrey M., *How Economics Forgot History*, (London: Routledge, 2001), p. 295. See also North, Douglas C., "Institutions and Economic Growth: An Historical Introduction", *World Development*, vol. 17, no. 9, (1989), p. 1321.

⁸ Fazlur Rahman, *Islamic Methodology in History*, (Karachi: Iqbal Academy, 1965), p. 189.

⁹ The hermeneutics of the Qur'ān or Qur'ānic Hermeneutics refer to the science and method of interpretation which emerged due to the challenges facing the traditional interpretation/exegesis. The method is characterized with rational approach which includes esoteric, linguistic, and scientific approaches in examining the symbolism and intertextual polysemy in the Qur'ān, see Abdulla Galadari, *Qur'anic Hermeneutics: Between Science, History and Bible*, (London: Bloomsbury Academic, 2018), pp. 26-28.

on the permissibility of interest in initial payment and argued that it is not considered *ribā*. Raub argued that *ribā* forbidden in Qur'ān is not in receiving and paying interest in the modern financial transaction, instead, it is applied only for those who deserve humanitarian treatment, such as those who need interest-free loans (*qard-ḥasanah*) and outright grant (*ṣadaqah*).¹⁰ Meanwhile, study on Rahman's hermeneutics of the Qur'ān can be found on a thesis written by Abdul Kabir Hussain Solihu in year 1998. Rahman developed a hermeneutical theory of Qur'ānic exegesis based on the method used by the Orientalists because neither Muslim traditionalists nor modernists have proposed an appropriate method and thus failed to understand the Qur'ān. Rahman's reform in term of the hermeneutics of the Qur'ān, according to Solihu, was to uphold Muslims' belief in the Qur'ān that its source is transcendental, while at the same time to assert that the truth of the Qur'ān can be proven through the historical-critical method.¹¹ On the other hand, Mustafa Karatas wrote an article on Fazlur Rahman's view of the Sunnah in 2005. The author explained that Rahman, among other Muslim scholars, put forward the classification of 'Nabawi Sunnah' or 'Ideal Sunnah' and 'Living Sunnah' which are similar to Joseph Schact's (d. 1969) classification. Nabawi/Ideal Sunnah is the behaviours or actions of the Prophet (pbuh) himself, whereas the Living Sunnah is the Sunnah that the community of Islam (not limited to the Prophet himself) put into practice in a state of living tradition, in contrast to the concept of Sunnah Muslims traditionally understand.¹² Here, the researcher found that many works have been done on Fazlur Rahman's economic thought mostly focusing limitedly on certain specific issue such as the problem *ribā* instead of comprehensive study. They are also rarely related to his hermeneutics of the Qur'ān and his understanding of Ḥadīth. Thus, it is the focus of this research to comprehensively analyse Fazlur Rahman's view of the roles of economic institutions in light of the Qur'ān and the Sunnah in the context of societal reform by examining his thought of the economic institutions and relating it to his view of the Qur'ān and the Sunnah to uncover his stance on the issue of Qur'ānic hermeneutics and the different concept of Sunnah and Ḥadīth, so that a clear conception of his economic reform can be achieved.

¹⁰ Abdur Raub, "Reform in Finance: Riba vs. Interest in the Modern Economy". Paper presented at 42nd NAAIMS Conference, Princeton University, (2013), pp. 1-18.

¹¹ Abdul Kabir Hussain Solihu, "Fazlur Rahman's Methodology of Qur'anic Exegesis: A Comparative Analysis", (Master Thesis, International Islamic University Malaysia, 1998).

¹² Mustafa Karatas, "Fazlurrahman and The Concept of "Living Sunna", *Ekev Akademi Dergisi*, vol. 9, no. 25, (2005), pp. 123-130.

The issue of economic reform has become more crucial in the present time. Its principles, ideas, and concepts need to be studied and analysed since they have a significant impact in developing Islamic societies to face the ongoing changes and shifts over time. If this is not done, the right and essential teachings and practices of Islam will be corrupted or even dominated by modern Western socio-cultural thoughts and trends, for example, secularism and materialism.¹³ The significance of this study is to preserve Islam from the radical approach of modernization and secular ideologies disguised as reformist movements. Another significance is that Fazlur Rahman was one of the leading scholars of the Muslim world in the 20th century and his approaches and ideas that produced an Islamic worldview are relevant to the current issues faced by the Muslim world today. Much attention has been paid on his works, yet little attempt has been made to discuss his concept of economic reform in depth to achieve their maximum benefit. In other words, this study is a contribution to Islamic thought and aims to encourage the development of economic reform within Muslim societies, as well as to provide an impetus to the more research in these fields.

Thus, considering all the factors mentioned earlier, it is imperative to study Fazlur Rahman's view of economic institutions. This study will focus on investigating the role and the meaning of economic institutions in the Qur'an and the Sunnah. The study will also examine the characteristics and features of his view to highlight Rahman's hermeneutics of the Qur'an and his concept of Hadith and Sunnah. Rahman's brief intellectual biography will also be provided to help build a better understanding of his stance in the said issues.

RESEARCH METHODOLOGY

This research utilizes the qualitative method which focuses on textual analysis. This content analysis research is based on Creswell's theory, where the focus of the research focuses is on reality construction and understanding the meaning behind a text.¹⁴

The method is used to extract Fazlur Rahman's thoughts and ideas from the collected data. The researcher collected the data and information from Rahman's

¹³ Idrus Ruslan, Mawardi, "Dominasi Barat dan Pengaruhnya terhadap Dunia Muslim", *Al-Adyan*, vol. 14, no. 1, (2019), pp. 62-63.

¹⁴ John W Creswell, *Research Design: Qualitative, Quantitative and Mixed Method Approaches*, (London: SAGE Publications, 2018), p. 4

significant works as primary sources, and works on Rahman and his thought, such as, books, journals, articles, conference and seminar papers, theses and dissertations, and reliable internet websites, as well other economic institutions-related works as secondary sources. The main works used in this research are Rahman's economic-themed journals, such as, *Riba and Interest and Islam* and the *Problem of Economic Justice*, and also his books on reform, such as, *Islamic Methodology in History*, and *Islam and Modernity*. Hence, this study is based on library research.

The study is descriptive in discussing Fazlur Rahman's intellectual background and his thought on the roles of economic institutions. Subsequently, it turns analytical in exploring the characteristics and features of his view from the perspective of his hermeneutics of the Qur'an and his concept of the Sunnah. The analysis might not cover all aspects of Rahman's concept of the Qur'an and the Sunnah due to the limitation of this study. However, the researcher provides enough explanation so that the reader can get a good grasp of his thought on this matter.

RESULTS AND DISCUSSIONS

A. Fazlur Rahman's Intellectual Biography

Fazlur Rahman was born on 23 September 1919 in the district of Hazra, currently the Northwest of Pakistan. His family was a Sunni family who strictly adhered to Hanafi school of jurisprudence. Despite how traditional his family was, they accommodated modernity fairly. His father, Maulānā Shihāb al-Dīn, who was a well-known scholar and graduate of *Dār al-'Ulūm* Deoband,¹⁵ particularly regarded the modern education highly.¹⁶ Young Rahman received his education in traditional Islamic sciences from his father. Rahman was never admitted in traditional *Dār al-'Ulūm* as his father was, yet he excelled in its curriculum, *dars-e-nizami*. Under his father's tutelage, he became well versed in Islamic Jurisprudence, *Ilm al-Kalām*, *Tafsīr*, Ḥadīth, and *Manṭiq*. He memorized the whole Qur'an by the age of ten. Unlike other traditional scholars, his father convinced him that modernity is a challenge and opportunity for Islam, thus motivated him

¹⁵ The Deoband school focuses on traditional Islamic sciences such as, *Shari'ah*, *Ilm al-Kalām*, and Ḥadīth. It rejects intellectual and rational sciences. For further explanation, refer Rahman, *Islam and Modernity*..., pp. 39-42.

¹⁶ Hasbi Amiruddin, *Konsep Negara Islam Menurut Fazlur Rahman*, p. 9, as cited in Alma'arif, "Hermeneutika Hadis Ala Fazlur Rahman", *QURDIS: Jurnal Studi Al-Qur'an dan Hadis*, vol. 16, no. 2, (2015), p. 246.

to face modernity from an Islamic perspective.¹⁷ He did not receive modern education until his period of study in college.

Rahman started attending a modern college in 1933 in Lahore. He achieved his bachelor's and master's degrees in Arabic language in 1940 and 1942 respectively from the same university. He continued his study and became a student researcher from 1943 to 1946. It was after this short phase, Rahman decided to go to the Western world to find the solution in his intense personal conflict between modernity which resulted from skepticism brought by the study of philosophy and his traditional education. To him, the philosophers are intellectually more skilled than the traditional theologians. Nevertheless, the latter concept of God is far more sensible, alive, and appreciable than the former whose concept of God is "a mere intellectual construct". Therefore, Rahman intended to revisit his understanding of Islam and find the true meaning of it.¹⁸

In 1949, Rahman received his Doctor of Philosophy from the Oxford University, England. During this period of study, Rahman also learnt other languages in order to enable him to examine works of the Orientalists on Islam in their languages. His language mastery comprised of Latin, English, Greek, German, Arabic, Turkish, Persian, and Urdu.¹⁹ His language mastery helped him in responding to the Orientalists' works objectively, rather than apologetically. Nurcholish Madjid, one of his students, explained that Fazlur Rahman's English was excellent that native English speakers would be amazed by his choice of words and sentences. It was as if English was his mother tongue.²⁰

After completing his education, Rahman embarked on his academic career as a lecturer in Durham University in 1950 before moved to Canada in 1958 to teach in McGill University at the Institute of Islamic Studies. In 1961, Rahman took a big step to realize his dream, devoting himself to his homeland, Pakistan, for a project he had been dreaming all his life, and an experience which will be the transition point in his career.²¹ He left his pleasant life in the West in order to help strengthen the young Pakistan which was undergoing modernization toward a

¹⁷ Fazlur Rahman, "My Belief-in-Action", in Berman, Philip L., (Ed.), *The Courage of Conviction*, (New York: Ballantine Books, 1986), p. 154.

¹⁸ Ibid., pp. 154-155.

¹⁹ See Frederick M. Denny, *The Legacy of Fazlur Rahman*, p. 98, as cited in Sutrisno, *Fazlur Rahman: Kajian Terhadap Metode, Epistemologi dan Sistem Pendidikan*, (Yogyakarta: Pustaka Pelajar, 2006), p. 62.

²⁰ Nurcholish Madjid, in H. Muhaimin, *Kontroversi Pemikiran Fazlur Rahman: Studi Krisis Pembaharuan Pendidikan Islam*, (Cirebon: Pustaka Dinamika, 1999), p. viii.

²¹ Ebrahim Moosa, in Fazlur Rahman, Ebrahim Moosa (Ed.), *Revival and Reform: A Study of Islamic Fundamentalism*, (Oxford: Oneword Publication, 1999), 3.

state formation under General Ayyub Khan. He did not return to Pakistan right after completing his PhD because he was worried that it would be difficult for the newly-formed Pakistan to accept Western graduates.²² Ironically, his worry was proven right even after several years of its independence.

Fazlur Rahman became director of Central Institute of Islamic Research, Karachi, Pakistan, after almost a year being a visiting professor therein. The institute was founded in order to reinterpret Islamic values and principles rationally and intellectually to fulfil the needs of a modern progressive society.²³ At the same time, General Ayyub Khan appointed him to the Advisory Council of Islamic Ideology whose main task was making specific recommendations to the government in the field of Islamic policy and law.²⁴ Due to his positions, Rahman was required to give responses to Pakistan's theological, political, and economic challenges. In responding to those challenges, Fazlur Rahman took a different approach from the traditionalists. His concern of modernity, which is characterized as rational, scientific, and progressive while insisting on the integrity of the Qur'an, raised significant reactions from the traditionalists and the revivalists, i.e., Jamā'at Islāmi. Besides that, Rahman also faced strong rejection voiced out by the opposition party of General Ayyub Khan. In order to fail General Ayyub Khan's attempt of modernization of Pakistan state, they attacked Rahman and made him and his institutions a political liability since he was the ideology maker of the envisioned state.²⁵ After a nine-month-long battle against the conservatives and the political authorities which involved massive protests, ranging from strikes by barbers and taxi-drivers to wall posters with a price on his head,²⁶ and together with his heart problem, Rahman decided to retire from his task in Pakistan and returned to the United States in 1969.

In the United States, Rahman was assigned to be a visiting professor in the University of California, Los Angeles for a period before appointed as distinguished professor of Islamic studies in the Department of Near Eastern Languages and Civilization in the University of Chicago. During this tenure, he was also involved in university research in Pakistan, Egypt, Turkey, Iran, Morocco,

²² Hasbi Amiruddin, *Konsep Negara Islam Menurut Fazlur Rahman*, p. 13, as cited in Alma'arif, *Hermeneutika Hadis ala Fazlur Rahman*, p. 247.

²³ Fazlur Rahman, "Some Islamic Issues in the Ayyub Khan Era", in Donald Presgrave Little (Ed.), *Essays on Islamic Civilization: Presented to Niyazi Berkes*, (Leiden: E. J. Brill, 1976), p. 285. See also Rahman, *Islamic Methodology...*, p. viii.

²⁴ Rahman, "Some Islamic Issues...", p. 285

²⁵ *Ibid.*, p. 298.

²⁶ *Ibid.*, p. 301.

and Indonesia in the field of Islam and social changes.²⁷ From 1979-1980, he also served as a consultant to the United States State Department and the White House, as well as an advisor to the Republic of Indonesia's government in the establishment of Higher Education in Islam. In 1983, the University of California gave him the Giorgio Levi Della Vida Award for his outstanding contribution to the research in the field of Islamic studies. The award was followed by an academic title of Harold H. Swift Distinguished Service Professor of Islamic Thought in Chicago in 1986. Rahman passed away in Chicago, Illinois, on 26 July 1988. His writings are highly appreciated to this day. Among them are his books titled *Islamic Methodology in History, Islam, Major Themes of the Qur'ān, Islam and Modernity: Transformation of an Intellectual Tradition*, and many other great articles and journals. They are indeed a great contribution that he left, not only for the Muslims, but also for the world in general.

B. The Roles of Economic²⁸ Institutions

Fazlur Rahman regarded economic institutions crucial since they are intended to uphold economic justice which will serve as the cornerstone of social justice.²⁹ Concerning the role and meaning of economic institutions, it is essential to highlight Rahman's thought on the value of the economy from an Islamic perspective before defining the roles and meanings of economic institutions.

In the face of the problem of contemporary opposing socio-economic ideologies, i.e., capitalism and communism, the issue of earning wealth seems to give rise to long heated debates. Earning wealth in Islam, according to Rahman, is permissible and highly necessary since Islam itself centres around moral and material welfare of human beings. He gave an example from *Sūrat al-A'raf* 7:32, in which Allāh affirms the allowability of adornments He provided for His servants.³⁰

²⁷ Rahman, *Islam and Modernity...*, pp. 1-11.

²⁸ The terms economy and economic refer to science, or system, or activity of trade and industry by which the wealth of a country is generated and accumulated. They are also often defined as a science which focuses on the issue of scarcity of resources, whose scope is all human behaviours related to that factor, for example, price, production and distribution. See Cambridge Dictionary. <https://dictionary.cambridge.org/dictionary/english/economy>. Retrieved June 17, 2020. <https://dictionary.cambridge.org/dictionary/english/economic>. Retrieved June 17, 2020. See also Lionel Robbins, *An Essay on the Nature and Significance of Economic Science*, (London: Macmillan and Co., Ltd, 1945), p. 16.

²⁹ Rahman, "Economic Principles of Islam", p. 1.

³⁰ "Say, 'Who has forbidden the adornment of [i.e., from] Allāh which He has produced for His servants and the good [lawful] things of provision?' Say, 'They are for those who believe during the worldly life [but] exclusively for them on the Day of Resurrection.'" Thus do We detail the verses for a people who know." (*al-A'raf* 7:32), see Saheeh International, *Translation of the Meaning of the Qur'an*, (Jeddah: al-Muntada al-Islami,

Rahman noted, in various instances in the Qur'ān, Allāh treats the wealth positively, as He addresses it as *khayr* (the good) and *fadl Allāh* (a bounty of God).³¹ Rahman also quoted some Ḥadīth which supports the positive attitude of earning wealth. For example, the Prophet (pbuh) once said that the best way in the pursuit of money in an acceptable way is either by labour or business.³² In another Ḥadīth, the Prophet (pbuh) regarded the merchant who engages in honest trade will be the companions of the Prophets, the truthful ones, and the martyrs.

On the other hand, Rahman admitted that the Qur'ān also criticizes people who amass wealth by all means.³³ Those verses, according to him, are directed to condemn creating wealth and hoarding it as the highest end but not against pursuing the wealth as a mean to an end, and against the misuse of wealth and power. Moreover, he asserted that wealth is necessary to ensure a proper and adequate social order, but it should not be regarded as the primary purpose of life.³⁴ Therefore, he concluded that Islam views the pursuit of generating wealth as a form of *ibādah* and regards work as the main characteristic of human dignity. Thus, it is both a right and obligation of human beings to work and contribute to society.³⁵

The imperatives of creating wealth in a *halāl* manner emphasized by Islam in the Qur'ān and the Prophetic teachings show significant attention given to reducing economic inequity. According to Rahman, Islam made the problem of material welfare as its primary interest due to the predominantly unjust economic situation which existed during the birth of Islamic movement which features *ribā* (usury) commonly.³⁶ Hence, the imperatives of work put against the background of the banning of usury done by the pre-Islamic Meccan affirmed that no one should receive reward except for what he deserves to get from his work and labour. Any indecent and fraudulent way of earning wealth, for example, the utilization of *ribā* in various businesses and the exploit of landlordism, is strictly

2004). Fazlur Rahman translated the Qur'ān mostly on his own; thus, in some instances, his translation differs greatly to other Qur'ānic translators. Therefore, in this study, the researcher will use the translation of the Qur'ān by Ṣaḥeeḥ International for the Qur'ānic verses cited as comparison, unless stated otherwise.

³¹ For instance, the Qur'ān Sūrat al-Baqarah 2:180, 215, 275; Sūrat al-nahl 16:14, Sūrat al-Isrā' 17:66, Sūrat al-Rūm 30:46, Sūrat al-Jumu'ah 62:10, and Sūrat al-'Ādiyāt 100:8.

³² Al-Bayhaqī, *al-Sunan al-Saghīr*, (Karachi: Jāmi'ah al-Dirāsāt al-Islāmiyyah, 1989), Book 8, Ḥadīth number 1854, 237.

³³ For instance, see Sūrat al-Muṭaffifīn 83:1-3, Sūrat al-Takāthur 102:1-2, and Sūrat al-Humazah 104:1-3.

³⁴ Rahman, "Islam and the Problem...", p. 22.

³⁵ Rahman, "Economic Principles of Islam", p. 2. See also Rahman, "Islam and the Problem...", p. 46.

³⁶ Rahman, "Islam and the Problem...", p. 38.

prohibited to prevent abuse in people's economic right.³⁷ It is important to note here, however, not to confuse *ribā* and interest as the same thing. Rahman did not see bank interest as *ribā* since they are of different sets of system.³⁸

Since Islam is a religion (*dīn*) which regards social justice as necessary as monotheism, the Qur'ān encourages helping others and making a financial contribution to society. There are many instances in the Qur'ān, in which Allāh motivates Muslims to give wealth to help their brothers. In *Sūrah Āl 'Imrān* 3:92, Allāh stated that the attainment of goodness could only be achieved by spending beloved things in the way of Allāh.³⁹ The same message can also be found in *Sūrah al-Baqarah* 2:177.⁴⁰ Rahman went further by considering this contribution as a religious duty. In explaining verses of *Sūrah al-Najm* 53:33-34, he noted that those who spend only a little amount of their wealth are those who turned their back on Islam.

Moreover, referring to *Sūrah al-Mā'ūn* 107:1-2, Rahman pointed out that those who worship Allāh but neglect the social welfare as hypocrites. Likewise, he also brought into the fore *Sūrah al-Ḥashr* 59:7, in which Allāh regulates the wealth to not only being circulated among the rich people.⁴¹ It is this verse which became the foundation of his thought about the institution of *zakāt*, and according to Rahman, is the principle of interference in the private wealth in favour of the interest of society as a whole, specifically for the improvement of the inferior sections of the society.⁴²

Rahman accused that most of the Muslim jurists ignored the fact that *zakāt* is not limited to the financial contribution for the poor and needy, instead, it encompasses many fields of the State's expenditure: education, health services,

³⁷ Ibid., p. 43.

³⁸ Fazlur Rahman, "Ribā and Interest", *Islamic Studies*, vol. 3, no. 1, (March 1964), pp. 7-8.

³⁹ "Never will you attain the good [reward] until you spend (in the way of Allāh) from that which you love. And whatever you spend – indeed, Allāh is Knowing of it." (*Āl 'Imrān* 3:92).

⁴⁰ "Righteousness is not that you turn your faces toward the east or the west, but [true] righteousness is [in] one who believes in Allāh, the Last Day, the angels, the Book, and the prophets, and gives wealth, in spite of loves for it, to relatives, orphans, the needy, the traveler, those who ask [for help], and for freeing slaves; [and who] establishes prayer and gives zakah, [those who] fulfill their promise when they promise, and [those who] are patient in poverty and hardship and during battle. Those are the ones who have been true, and it is those who are righteous." (*al-Baqarah* 2:177).

⁴¹ "And what Allāh restored to His Messenger from the people of the towns – it is for Allāh and for the Messenger and for [his] near relatives and orphans and the [stranded] traveler – so that it will not be a perpetual distribution among the rich from among you. And whatever the Messenger has given you – take; and what he has forbidden you – refrain from. And fear Allāh; indeed, Allāh is severe in penalty." (*al-Ḥashr* 59:7).

⁴² Fazlur Rahman, "The Sources and Meaning of Islamic Socialism", in Donald E. Smith, *Religion and Political Modernization*, (New Haven: Yale University Press, 1974), p. 253. See also Rahman, "Islam and the Problem...", p. 16, 49.

state's defence, salaries of civil servants, and also diplomatic affairs; since the Qur'ān itself implied so in *Sūrat al-Tawbah* 9:60.⁴³ He also argued that the percentages and details of *zakāt* provided by the Prophet (pbuh) are meant for his society in his days. Since it is now allocated for a larger size of targets, this suggests *zakāt* should be restructured in its percentages following current social and economic conditions. Therefore, he asserted *zakāt* to be treated as a principle which allows improvement and change rather than a mere application of what the Prophet (pbuh) conveyed in His teachings and through the Qur'ān. He insisted that treating *zakāt* as the mere application would ultimately defeat the very objectives of the Qur'ān due to the consequences it carried. The *zakāt* would degenerate from a substantial permanent tax into a pure voluntarily charity which the wealthy and exploitative individuals would take advantage of to console their guilt after amassing wealth by cleansing themselves through paying "God's due".⁴⁴

Rahman also refers to Ibn Ḥazm's thought on *zakāt*. According to him, the government should take further steps in securing the needs of the poor and needy, which is through compelling wealthy people to contribute for their food, clothing and shelter if the *zakāt* collected is not sufficient to cover them. He went further by arguing that in the case of government's failure to do so, the poor and needy people are religiously entitled to seize from the rich their necessities of life to avoid the guilt of suicide from dying caused by hunger and disease.⁴⁵ It is on this same basis, Rahman emphasized the interest of society to be put above the individual right in earning wealth. If a conflict arises between the private wealth and the public interest, proper interference in the private wealth should be brought in.⁴⁶ He gave the example of the case of landlordism, where the landlord enjoys the wealth at the expense of the peasants who, on the other hand, only receive a little amount of the fruits of their labour. In this case, he suggested the government should step in and take the land from the landlord and give them to the peasants, or to lease it to them.⁴⁷

43 "Zakāt expenditures are only for the poor and for the needy and for those employed for it and for bringing hearts together [for Islam] and for freeing captives [or slaves] and for those in debt and for the cause of Allāh and for the [stranded] traveler – an obligation [imposed] by Allāh. And Allāh is Knowing and Wise." (al-Tawbah 9:60).

44 Rahman, "Islam and the Problem...", pp. 44-45.

45 Ibn Ḥazm, *Al-Muḥallā*, (Beirut: Dār al-Kutub al-'Ilmiyyah, 2015), vol. 6, p. 156.

46 Rahman, "Islam and the Problem...", p. 23.

47 *Ibid.*, p. 43.

With that, Rahman addressed the role of government in the economic activities and the issue of distribution of wealth and related it to the ever-opposing extremes: capitalism on one hand and socialism and communism on the other. He stressed that Islam is neutral and dissimilar and unidentical to those ideologies and doctrinaires.⁴⁸ The government should guarantee specific basic necessities are provided for every citizen of the State, regardless of their ideologies. These necessities include food, clothing, shelter, health service, education, and state's defence. They need to be fulfilled to ensure the development of human beings so that they can actively play their role in society.⁴⁹ This concept altogether with the institution of *zakāt* serves as the foundations of the social justice emphasized in Islam.

Private wealth, as has been discussed before, is permissible. Thus, a society with free enterprise basis where the freedom of individual business initiative maintained is encouraged. However, should the society face economic crises and becomes almost irremediable economically unless the government takes over the private industries; therefore, the industry should be nationalized and managed directly by the State to uphold socio-economic justice. Rahman also noted that this wholesale nationalization, if necessary, is religiously acceptable; nevertheless, its application should not be permanent.⁵⁰

Fazlur Rahman went on to highlight the imperatives of the creation of wealth which are becoming more significant in our contemporary time as compared to how it was in the time of the Prophet (pbuh). This idea is vital for the problem of poverty which is widespread in our time due to the resources of wealth available for exploitation per capita today are generally fewer than before. Careful planning, effective and relentless effort are necessary to reach the goal of the economic welfare of human beings.⁵¹ In this context, Rahman addressed the rejection of bank interest by common Muslim jurists based on *ribā* would be suicidal for the economic and financial well-being of the country. He argued that the prohibition of bank interest based on *ribā* is not objective due to the inaccuracy in defining the *ribā* itself. Added to that is the failure to see that the bank interest is development-oriented. This is a different kind of system from *ribā*, which is consumption-oriented.⁵²

48 Ibid., pp. 30-31.

49 Rahman, "Economic Principles of Islam", p. 3.

50 Ibid., p. 5.

51 Rahman, "Islam and the Problem...", p. 26.

52 Ibid., p. 43.

The *ribā* which is being condemned in the Qur'ān, according to Rahman, is the pre-Islamic system whereby the principal sum of the loan was doubled and redoubled after a specific time, not all systems of interest as understood by the majority of Muslim scholars. In fact, according to him, the initial interest of that past system itself is not considered *ribā*.⁵³ This kind of *ribā* is known as *ribā al-nasīah* (on loan). On the other hand, *ribā al-faḍl* (of excess), whose primary source is the Ḥadīth, is characterized by excess or deficiency in quantity in the trade of same articles of gold, silver, and consumed goods, such as, wheat, dates, and salt. Fazlur Rahman accused this kind of *ribā* is later innovation.⁵⁴ In the same way, he also condemned the judgment taken by the Muslim jurists, like Mufti Muḥammad Shāfi and Abūl A'lā al-Mawdūdī, to consider every excess in repayment of the loan as *ribā* while there is no clear definition of *ribā* in the Qur'ān and the Sunnah of the Prophet (pbuh).⁵⁵ The consequence of this misjudgment, he added, can be seen in the "fictional legal devices" (*hiyāl*) they resort to coping with the modern economic challenges – which in reality, is sort of an alternative mean to legalize *ribā*.⁵⁶

Fazlur Rahman noted the salient feature of *ribā* which commonly highlighted by Muslim jurists in judging its permissibility is the profiteering over others' labour. It is this profiteering nature that legitimates other unfair commercial practice to be declared as prohibited in the same manner with *ribā*. This concept includes bank interest according to them. However, Rahman argued based on *maṣāliḥ mursalah* (public good) that there are other practices with more dangerous and grave impacts which require immediate and greater attention compared to the bank interest, such as landlordism and feudalism. Rahman supported his argument by emphasizing the significance of bank interest in adjusting the supply and demand of credit and distributing it among the customers in a just manner. Since the rate of bank interest plays the role of the price of loaning money, reducing it to zero will cause an overwhelming demand over a limited supply of credit. Thus, rationing the credit to those who need it and assigning priorities will become impossible.⁵⁷ Consequently, it reduces Muslims' economic development and hence defeats the very objective of the Holy Qur'ān itself.

53 Rahman, "Ribā and Interest", pp. 5-8.

54 Ibid., pp. 13-21

55 Ibid., pp. 27-30.

56 Rahman, "Islam and the Problem...", p. 41.

57 Ibid., pp. 36-37.

Fazlur Rahman considered the institution of bank interest as necessary in the economic development of society. The government should take the role in regulating its rate and assure the loans to be invested for production and development, not for mere consumption. Nevertheless, he also considered the possibility of having interest-free society. However, it strictly requires realization of the state of equality or near-equality between supply and demand which can only be actualized if accumulated amount of real wealth and credit capital in the society increased significantly to a certain degree. To realize that will require active co-operation and mutual consideration in engaging in economic activities, where the competition among people exists with moral and virtue of helping each other. However, to forcibly move towards this ideal without taking into consideration the current economic situation will not only cost the failure in Muslims' economy and production but also cause it to plunge into terrible harm.⁵⁸

From the preceding discussion, in upholding the economic justice, the roles and meanings of the economic institutions, according to Fazlur Rahman, can be reducibly summarized into three points: The first one is to prevent any dishonest way of earning wealth through emphasizing the importance of work and its noble status as of right and duty of Muslims. Secondly, the economic institutions are meant to establish general law of social justice which features the providence of necessities, as well as the prioritization of general public interest over private wealth. The law can also be seen from Rahman's view of *zakāt* and the way it should be treated as a principle rather than an application. With that, Fazlur Rahman demonstrated the neutrality of Islam – neither in favour of capitalism nor socialism and communism – and how Islamic society should cope with the current economic system. Finally, economic institutions play their role in ensuring the economic development of society. Rahman's stance on interest is an example of his effort to guarantee the development of Muslims' economy, while at the same time to still be in line with the *Shari'ah*.

C. Analysis on the Characteristics and Features of Fazlur Rahman's Thought on Economic Institutions

Fazlur Rahman's thought of economic institutions is based dominantly on the application of his deep understanding of the Qur'an and the Sunnah in responding to the contemporary economic problems. It features logic in his effort

⁵⁸ Ibid., pp. 38-39.

of interpreting the Qur'ānic injunctions and relating one source to another. In addition to that, it also features the utilization of critical-historical approach in analyzing the mainstream and well-established religious institutions to support further and prove his points. In addressing the economic problems of modern time, Rahman frequently directed the economic institutions to serve the socio-economic justice objective of Islam, as implied in the Qur'ān.

Fazlur Rahman's hermeneutics of the Qur'ān are clearly shown in his effort in interpreting the Qur'ānic verses related to the economic institutions. He did not rely much on the major Qur'ānic exegeses, instead, he interpreted the Qur'ān through a logical approach and let the Qur'ān to "speak about itself by itself".⁵⁹ For example, he translated the *Sūrat al-Najm* 53:33-34 differently from other Qur'ānic translators. Other Muslim scholars translated the two verses as one complete sentence: "Have you not seen the one who turned away, and gave a little and [then] refrained?" The verses are then connected with to the upcoming verses of *Sūrat al-Najm* 53:35-56: "Does he have knowledge of the unseen, so he sees?... This [Prophet (pbuh)] is a warner from [i.e., like] the former warners."⁶⁰ On the contrary, Fazlur Rahman allegorically translated the first verse as a question and the second as its answer. He wrote, "Did you see the one who turned his back [on Islam]? He gave a little [of his wealth] and then ran dry".⁶¹ Albeit the almost-similar meaning the two interpretations brought, Rahman's interpretation gave a stronger impression on the significance of spending good wealth for others through this logical interpretation.

In affirming the right of interference in the private property, Rahman contended the mainstream translations of the Qur'ān *Sūrat al-Baqarah* 2:29 and *Sūrat al-Jāthiyah* 45:13,⁶² in which Allāh stated He created and subjugated *all* of that which is on the earth and the heaven. The word "all" (*jamī'an*) in the verses is commonly referred to whatever on the earth and the heaven, i.e., Allāh has created *all* things in the world for humans. However, Rahman argued that, linguistically, the word "all" could also be referred to humans instead of Allāh's creations, i.e.,

59 Rahman named his hermeneutics method which features logical and historical approaches "Double Movement" since it consists of two movements – from the present to the past and vice versa – in order to find the universal value behind each specific-legal verse. See Rahman, *Islam and Modernity...*, p. 5.

60 Al-Ṭabarī, *Tafsir al-Ṭabarī*, (Beirut: Muassasah al-Risālah, 2014), pp. 153-157.

61 Rahman, "Islam and the Problem...", p. 21.

62 "It is He who created for you all of that which is on the earth. Then He directed Himself to the heaven, [His being above all creation], and made them seven heavens, and He is Knowing of all things." (*al-Baqarah* 2:29). "And He has subjugated to you whatever is on the earth – all from Him. Indeed in that are signs for a people who give thought" (*al-Jāthiyah* 45:13).

the universe, which means Allāh has created whatever in the universe for *all* humankind. Thus, he emphasized that the universe is not meant to be conquered selfishly by a particular group of people. In the exploitation of the universe, people should take into consideration that there exists the right of the poor and needy ones in the wealth they generated.⁶³

The same goes to the translation of *Sūrat al-Tawbah* 9:60 which talks about the allocation of *zakāt*. Fazlur Rahman translated the verse to “[*Zakāt* and] *ṣadaqāt* money are to be spent on the poor and the needy [i.e., welfare of the poor], tax collector [i.e., civil services], and those people whose friendship is to be won over [i.e., diplomatic expenditure], to free captives and relief from debts and in the ‘path of Allāh’ [the commentators say this can mean defense, education, health, etc.] and for [facilities for] travelers [i.e., improving communications].”⁶⁴ He interpreted *zakāt* receiver categories mentioned and expanded them logically. By doing so, he stressed that *zakāt*, as the principle of interference of private wealth, can be utilized to cover the State’s expenditure, thus contribute to the collective economic welfare of the society. All these attempts show Rahman’s effort to interpret the Qur’ān to fit the needs of the present time.

Fazlur Rahman’s logical interpretation also appears in the way he disproved the relation of *ribā* and *bayʿ* (trade) as each other’s opposite. According to him, the characteristic of “doubling and redoubling” mentioned clearly in the Qur’ān in two contexts: in the context of *ribā*’s prohibition, and in the context of “establishing good credit with Allāh” (*qarḍ Allāh qarḍan ḥasanan*),⁶⁵ which is through investment for social development. He deliberately referred the latter as what is intended by *zakāt* in the Qur’ān *Sūrat al-Rūm* 30:39,⁶⁶ and *ṣadaqah* in the Qur’ān *Sūrat al-Baqarah* 2:276,⁶⁷ which are mentioned while corresponding with *ribā*. Thus, he asserted that the opposite of *ribā* is *ṣadaqah*, which does not mean alms or charity on goodwill, instead co-operative spirit and mutual consideration in building the economy of

63 Rahman, “Islam and the Problem...”, p. 49.

64 Ibid., p. 44.

65 For example, see *Sūrat al-Baqarah* 2:245, *Sūrat al-Māidah* 5:12, *Sūrat al-Ḥadīd* 57:11 and 18, as well as *Sūrat al-Taghābun* 64:17.

66 “And whatever you give for interest [i.e., advantage] to increase within the wealth of people will not increase with Allāh. But what you give in *zakāh*, desiring the countenance of Allāh – those are the multipliers.” (*al-Rūm* 30:39). The term “interest” mentioned here and in other verses, as well as term “usury”, are translated from *ribā*. It should be noted to not confuse these translations with Fazlur Rahman’s view since Fazlur Rahman argued that interest is dissimilar to *ribā*, and thus, did not share the same opinion in this regard.

67 “Allāh destroys interest and gives increases for charities.” (*al-Baqarah* 2:276).

society. While the profiteering nature of *ribā* is condemned, the co-operation nature of *ṣadaqah* is encouraged.⁶⁸

Fazlur Rahman also employed the critical-historical approach in discussing the economic institutions. In the discussion of the technical definition of *ribā*, for example, he systematically analysed the context of the revelation of the Qur'ānic verse related to the prohibition of *ribā*, i.e., *Sūrat al-Rūm* 30:39, *Sūrah Āl 'Imrān* 3:130,⁶⁹ and *Sūrat al-Baqarah* 2:275-280;⁷⁰ in order to discover technical definition and characteristic of *ribā*. According to him, *ribā* was denounced for the first time in Mecca as shown in *Sūrat al-Rūm* 30:39. Rahman argued that this verse was revealed in the early mission of the Prophet Muḥammad (pbuh) during the Meccan period as the *Sūrah* is Meccan. He put forward the idea because the opening of the *Sūrah* talks about the conquest of the Persians over the Romans in "the nearest lands" (*adnā al-arḍ*), i.e., Syria and Palestine, which started in year 611 A.C (first year of Hijrah) and reached its climax in year 614 A.C. (fourth year of Hijrah) with the fall of Constantinople. The denunciation of the practice of *ribā* was not legalized as a prohibition against it yet; instead, it gave moral stricture on *ribā* as a whole. *Sūrah Āl 'Imrān* 3:130 indicated the legal prohibition of *ribā* was issued later during the Medinan period. Rahman stated that the verse was revealed in the third year of Hijrah, preceded by the Muslims' defeat in the battle of Uhud. The reason is that the verse was placed in between the revelations about the battle of Uhud.⁷¹ Prohibition of *ribā* finally reached its culmination before the fifth year of Hijrah, where it was accompanied by the threat of war from Allāh and the Prophet (pbuh) as declared in *Sūrat al-Baqarah* 2:275-280. The accusation of the Jews logically

68 Rahman, "Ribā and Interest", pp. 31-32.

69 "O you who have believed, do not consume usury, doubled and multiplied, but fear Allāh that you may be successful." (*Āl 'Imrān* 3:130).

70 "Those who consume interest cannot stand [on the Day of Resurrection] except as one stands who is being beaten by Satan into insanity. That is because they say, "Trade is [just] like interest." But Allāh has permitted trade and has forbidden interest. So whoever has received an admonition from his Lord and desists may have what is past, and his affair rests with Allāh. But whoever returns [to dealing in interest or usury] – those are the companions of the Fire; they will abide eternally therein. Allāh destroys interest and gives increases for charities. And Allāh does not like every sinning disbeliever. Indeed, those who believe and do righteous deeds and establish prayer and give zakāh will have their reward with their Lord, and there will be no fear concerning them, nor will they grieve. O you who have believed, fear Allāh and give up what remains [due to you] of interest, if you should be believers. And if you do not, then be informed of a war [against you] from Allāh and His Messenger. But if you repent, you may have your principal – [thus] you do no wrong, nor are you wronged. And if someone is in hardship, then [let there be] postponement until [a time of] ease. But if you give [from your right as] charity, then it is better for you, if you only knew." (*al-Baqarah* 2:275-280).

71 The battle of Uhud was revealed in *Āl 'Imrān* 3:121-129 and 137-148.

supports this argument for taking *ribā* in *Sūrat al-Nisā'* 4:160-161,⁷² which, according to Rahman, is impossible to take place before the actual elimination of *ribā* practice in Muslims' society. The Qur'ān will be self-contradictory if it condemns the practice of *ribā* by the Jews but let the Muslims practice it.

Furthermore, the last Jewish community in Madinah was Banū Qurayzah, who was cast out from Madinah in the fifth year of Hijrah due to their deeds in helping the non-Muslims in the battle of *Khandaq*. Therefore, it is only logical to say that the verses mentioned before were revealed before their exile in the fifth year of Hijrah. Thus being said, the last revelation concerning *ribā* in *Sūrat al-Baqarah* 2:275-280 must have been revealed before the eviction of the Jews in the fifth year of Hijrah.⁷³

The critical-historical approach Fazlur Rahman employed also seems significantly utilized when he dealt with the Ḥadīth materials. He doubted the authenticity of some Ḥadīth materials. For example, to support his statement before, he analysed critically various Ḥadīth materials which state that the Qur'ānic verse related to the prohibition of *ribā* is the last verse revealed to the Prophet (pbuh). Among those Ḥadīth materials is Ḥadīth narrated by 'Umar b. al-Khaṭṭab, which reports that the last verse sent by Allāh to the Prophet (pbuh) was that of *ribā*, but the Prophet (pbuh) passed away before explaining it for the Companions.⁷⁴ The same narration also found in Ḥadīth attributed to 'Abd Allāh b. Abbas, about *ribā*, although he does not mention the demise of the Prophet (pbuh).⁷⁵ These Ḥadīth materials contradict other reports, for instance, Ḥadīth ascribed by 'Aishah which narrates that when the last verses of *al-Baqarah* related to the *ribā* revealed, the Prophet (pbuh) recited them to the people and prohibited the trade of *khamr* (liquor).⁷⁶ This idea is based on the assumption that the said verses were revealed in the fourth year of Hijrah since the *khamr* was prohibited in the same year as commonly pointed in the Ḥadīth.⁷⁷ Another example of Ḥadīth which gives opposition to the former two Ḥadīth materials is Ḥadīth narrated by a

72 "For wrongdoing on the part of the Jews, We made unlawful for them [certain] good foods which had been lawful to them, and for their averting from the way of Allāh many [people], and [for] their taking of usury while they had been forbidden from it, and their consuming of the people's wealth unjustly. And we have prepared for the disbelievers among them a painful punishment." (al-Nisā' 4:160-161).

73 Rahman, "Ribā and Interest", pp. 2-4, 11-12.

74 Ibn Mājah, Sunan Ibn Mājah, (Cairo: Dār Iḥyā' al-Kutub al-'Arabiyah, 2009), Book 12, Ḥadīth number 2276, p. 764.

75 Al-Bukhārī, Ṣaḥīḥ al-Bukhārī, (Damascus: Dār Ibn Kathīr, 2002), Book 65, Ḥadīth number 4544, p. 1113.

76 Ibid., Ḥadīth number 4540, pp. 1112-1113.

77 Rahman, "Ribā and Interest", pp. 8-9.

Companion named Barā' b. 'Azib, who said that the last verse revealed is *Sūrat al-Isrā'* 17:177, and the last *Sūrah* revealed is the *Barā'ah* (*al-Tawbah*).⁷⁸

Besides that, the nature of the Ḥadīth mentioned earlier is also questionable. As have been discussed, the denunciation of *ribā* started in the early Meccan period. However, based on the said Ḥadīth, the Companions of the Prophet (pbuh) continued practising *ribā* and stopped doing so after the revelation of *ribā* verses just before the death of the Prophet (pbuh) where they are threatened with war from Allāh and his Messenger (pbuh). This thought, according to Fazlur Rahman, was a grave insult against the noble status of the Companions. Perhaps, due to this opinion, the word *ribā* mentioned in *Sūrat al-Rūm* 30:39 was interpreted as *hadiyyah* (gift) by some classical exegeses, thus created the distinction between *harām ribā*, i.e., multiple increases of a capital sum of loan prohibited in the Qur'ān, and *halāl ribā*, i.e., *hadiyyah*, a distinction which is difficult to comprehend. The verse, hence, meant those who present a gift to others while expecting better compensation in return would not be rewarded by Allāh (*fa lā yarbuwa 'inda Allāh*).

Similarly, this declaration contradicts *Sūrat al-Mā'idah* 5:3, where Allāh said that He has perfected the faith of the Muslims.⁷⁹ The perfection of faith implies all verses about permission (*hillah*) and prohibition (*ḥurmah*) has been completely revealed. Fazlur Rahman put forward this argument since he believed that one part of the Qur'ān should explain the others (*yufassiru ba'ḍuhū ba'ḍan*). Due to these conflicts and contradictions, Rahman critically rejected those reports and considered them not strictly come from the Prophet (pbuh) himself, rather the product of *ijtihād* and *ijmā'* of the generations after his demise.⁸⁰

Fazlur Rahman also criticized other Ḥadīth materials about *ribā al-faḍl* (*ribā* of excess) which refers to the exchange of two same commodities, such as gold and silver, as well as foods, which involves excess or deficiency in their quantities. He rejected those reports in the same ground as his rejection of the Ḥadīth about the last verse of the Qur'ān revealed to the Prophet (pbuh). The contradictions of the Ḥadīth can be seen not only in the conflicting Ḥadīth of about *ribā al-nasīah* (on

78 Al-Bukhārī, *Ṣaḥīḥ al-Bukhārī*, Book 65, Ḥadīth number 4605, p.1132.

79 "Prohibited to you are dead animals, blood, the flesh of swine, and that which has been dedicated to other than Allāh, and [those animals] killed by strangling or by a violent blow or by a head-long fall or by the goring of horns, and those from which a wild animal has eaten, except what you [are able to] slaughter [before its death], and those which are sacrificed on stone altars, and [prohibited is] that you seek decision through divining arrows, That is grace disobedience. This day those who disbelieve have despaired of [defeating] your religion; so fear them not, but fear Me. This day I have perfected for you your religion and completed My favor upon you and have approved for you Islam as religion. But whoever is forced by severe hunger with no inclination to sin – then indeed, Allāh is Forgiving and Merciful." (*al-Mā'idah* 5:3).

80 Rahman, "Ribā and Interest", pp. 9-10.

loan) and *ribā al-faḍl*,⁸¹ but also the inconsistency and gradual restrictions imposed in *ribā al-faḍl* in the Ḥadīth materials itself. He gave an illustration of *ribā al-faḍl* in the purchase of animals which started as allowable, even on loan, as stated in various Ḥadīth in earlier books of Ḥadīth, such as *al-Muwattaʿ* of Mālik and *Ṣaḥīḥ al-Bukhārī*.⁸² This positive stance toward the sale of animals with excess was put limitation later by Ḥadīth narrated by Jābir in the *Jāmiʿ al-Tirmīdhī*, in which the purchase on credit is excluded.⁸³ It finally reached its culmination with the prohibition of all purchases and sales of animals with excess, on credit or hand-to-hand, in Ḥadīth reported in the later *Sunan* books.⁸⁴ The same case also illustrated in the Ḥadīth materials related to the technical definition of Ḥadīth, such as Ḥadīth “every loan from which some profits accrues is *ribā*”, which initially graded *mawqūf*, i.e., referred to the Companions, and gradually raised to *marfūʿ*, i.e., attributed to the Prophet, and declared valid to be exercised with (*ṣāliḥ li al-ʿamal*).⁸⁵ This gradual strictness, according to Fazlur Rahman, reflects the tendency of rigidifying *Sharīʿah* progressively.⁸⁶

In addition to that, Fazlur Rahman also logically criticized the complexities of *ribā al-faḍl*. He argued that it is illogical that a hand-to-hand trade of two articles of the same kind which involves excess or deficiency due to difference in their quality, for example, a bushel of high-quality wheat for a bushel and a quarter of wheat of a lower quality, or rock salt for seawater salt; would render a declaration of war to Allāh and His Messenger (pбуh). He also addressed, based on the Ḥadīth

81 Ḥadīth which carry similar meaning of “*ribā* is on loans” or “there is no *ribā* when payment is made on the spot” are reported in various book of Ḥadīth, for example *Al-Bukhārī*, *Ṣaḥīḥ al-Bukhārī*, Book 34, Ḥadīth number 2178, p. 521; Muslim, *Ṣaḥīḥ Muslim*, (Riyadh: Dār Ṭayyibah, 2006), Book 22, Ḥadīth number 1596, pp. 748-749; Ibn Mājah, *Sunan Ibn Mājah*, Book 12, Ḥadīth number 2257, pp. 758-759; al-Nasāi, *Sunan al-Nasāi*, (Riyadh: Dār al-Ḥaḍārah, 2015), Book 44, Ḥadīth number 4581, p. 619. These Ḥadīth, according to Fazlur Rahman, pointed to the *ribā* in the form of loan being the only *ribā*; thus they contradict other Ḥadīth which implies the existence of other form of *ribā*, i.e., *ribā al-faḍl*, which puts the requirement of equality in amount in the exchange of two same articles. These Ḥadīth can be found in Muslim, *Ṣaḥīḥ Muslim*, Book 22, Ḥadīth number 1584, 1587, 1588, 1596, pp. 743-749; Abū Dāwūd, *Sunan Abī Dāwūd*, (Riyadh: Dār al-Salām, 1999), Book 23, Ḥadīth number 3349, p. 487.

82 Mālik b. Anas, *al-Muwattaʿ*, (Cairo: Dār Iḥyāʾ al-Kutub al-ʿArabiyyah, 2018), Book 31, Ḥadīth number 1351 and 1352, p. 652. al-Bukhārī devoted a chapter named “Chapter on the Sale of Slaves and Animals for Animals on Loan” in the Book of Sales and Trade of his *Ṣaḥīḥ*, see *Al-Bukhārī*, *Ṣaḥīḥ al-Bukhārī*, p. 531.

83 al-Tirmīdhī, *Jāmiʿ al-Tirmīdhī*, (Saudi: Wizārah al-Shuʿūn al-Islāmiyyah wa al-Daʿwah wa al-Irshād al-Saʿūdiyyah, 2000), Book 14, Ḥadīth number 1238, p. 301.

84 Abū Dāwūd, *Sunan Abī Dāwūd*, Book 23, Ḥadīth number 3356, p. 488; al-Tirmīdhī, *Jāmiʿ al-Tirmīdhī*, Book 14, Ḥadīth number 1237, p. 301. The same Ḥadīth can also be found in *Al-Bayhaqī*, *al-Sunan al-Saghīr*, Book 8, Ḥadīth number 1881, p. 247.

85 Rahman, “*Ribā* and Interest”, pp. 22-24.

86 *Ibid.*, pp. 16-17.

materials, the inconsistency in prohibiting the articles traded with excess. The transaction of commodities other than gold and silver, as well as those of consumption purpose, for instance, cattle, slaves, and copper coins; is permissible, even on credit, as indicated in various Ḥadīth materials. This thought only creates intricacy in the trade of other valuable commodities which are the backbone of the State's economy, such as jute and cotton for Pakistan, and oil for Arab countries.⁸⁷

Nevertheless, it is worth mentioning that the attempt to discover the technical definition of *ribā* was not successful because the Qur'ān itself does not provide a clear definition of it except for its main characteristic, i.e., "the doubling and redoubling", of a capital sum, and the inconsistencies and contradictions found in Ḥadīth materials. Rahman also highlighted *ribā*'s technical definition from the linguist scholars and Qur'ānic commentators. However, he argued, the definitions they put forward do not avail since they are not *jāmi'* and *māni'*, i.e., inclusive of all that should be covered within their definition and exclusive of anything outside of their scope of definition, of what was revealed in the Holy Qur'ān and the Prophetic teachings. Thus, Rahman suggested to understand *ribā* as meant by the Qur'ān; therefore, the *ribā*, as meant by the Ḥadīth, can be understood as well.⁸⁸ Going straight to the Ḥadīth without prior understanding of the Qur'ān will lead to misinterpretation of the concept of *ribā* as a whole. This idea as stated by him is due the Ḥadīth materials discussed earlier are mostly unauthentic, yet worth to be studied since they are reflections of the sincere effort of Muslim scholars in interpreting and elaborating the Sunnah of the Prophet and the Qur'ān.⁸⁹

Along with the discussion, Fazlur Rahman's emphasis on social justice is significantly shown. The economic institutions in Islam should support and, all the more, not oppose the imperative of social justice itself. His discussion on the importance of work, the distribution of the wealth and the permissibility to interfere in private wealth in critical situations are of those examples. He asserted that the institution of *zakāt* should be treated as a principle to allow further change

⁸⁷ Ibid., pp. 20-21.

⁸⁸ Ibid., pp. 21-30.

⁸⁹ Fazlur Rahman regarded those Ḥadīth materials unauthentic since they did not come directly from the Prophet (pbuh). However, they are what he called as the "Living Sunnah": a Sunnah which was a general conceptual umbrella instead of being strictly defined as reports from the Prophet (pbuh). In other words, it is a guideline for future generations to interpret the Prophetic Sunnah and adapt it in their situational settings. The content of the Sunnah was deduced from the actual practice and living tradition of the Muslim community and undoubtedly change over time. However, as a concept, the Sunnah was indeed referred to as the conduct and behaviour of the Prophet (pbuh). See Rahman, *Islamic Methodology...*, p. 12. See also Rahman, *Islam*, p. 56.

according to current needs to improve social justice. Another example of his emphasis on the said matter can be seen in how he tackled the issue of interest and *ribā*. He declared *ribā* prohibited in the Qur'ān as a pre-Islamic system, and this does not apply entirely to the current system of interest. On the other hand, he regarded the Ḥadīth materials about *ribā* as not strictly originated from the Prophet. Thus, altogether with its significance in building the socio-economic justice, he established the permissibility of loan interest with regulated rate and control from the government.

Fazlur Rahman's thought of economic institutions has modern and humanistic characteristics since he tried to revive the religious imperatives of the economic sphere and interpret them in the contemporary context for the needs of human beings. In doing so, he rarely relied on the traditional views; instead, he often criticized them logically as well as through historical approach. He came up with his interpretation which he considered as the core meaning in the related Qur'ānic verses. In the case of *ribā*, he took into consideration its contexts within the core spirit of social justice, and hence did not apply a blanket rule to its impermissibility as other Muslim scholars did.

CONCLUSION

From the analysis and discussion, it is clear that Fazlur Rahman's view of economic institutions aims to develop human beings, individually and collectively, in order to survive the many challenges of modernity without compromising their religious values and principles, particularly in this present time where the West technologically and scientifically leaves the Muslims behind the ladder. Being a rationalistic and modernist Muslim, Rahman built his view of reform of social institutions based on his logical and historical understanding of the Holy Qur'ān and the Sunnah of the Prophet (pbuh). From his study and analysis, he concluded that to achieve a meaningful reform for Muslims, socio-economic justice should be established. It should be given utmost priority since Muslims as individuals can only reach their potentials when their necessities are fulfilled and guaranteed. This potential would, in turn, benefit the Muslim society itself through individual Muslim's economic and intellectual contributions.

A close examination of Rahman's arguments reveals that his thought on the economic institutions are rooted deeply in his views and understandings of the

primary sources of Islam, the Holy Qur'ān and the Sunnah. His Double Movement method features logical and historical approaches which enabled him to treat the Qur'ān rationally. This method of hermeneutics can be beneficial for the sake of the progressiveness of human beings when contemporary challenges are facing them and their society, like the way he did while discussing the institution of *zakāt*. Whereas the concept of the Living Sunnah gives opportunity for Muslims to establish new system or adopt certain tradition based on creative interpretation of Ideal Sunnah, i.e., that of the Prophet (pbuh.). His rejection of numerous Ḥadīth materials pertaining *ribā* due to them being inauthentic according to him is one of the finest examples, since those Ḥadīth materials can be considered as part of the *ijtihād* of the generations after the demise of the Prophet (pbuh.) under the banner of Living Sunnah, thus are not infallible and can be repudiated by accepting new Sunnah which opposes the former. Nevertheless, these two concept of Double Movement method and Living Sunnah might bring harm to the Muslim society instead of benefit since it might be misapplied by the liberalists and secularists as foundations to question or even negate the fundamental teachings of Islam. Moreover, the logical, creative interpretation, if no limitation put on it, can run rampant and further plunge Muslims into chaos.

Since the researcher only relates Fazlur Rahman's thought of economic institutions to his Qur'ānic hermeneutics and his concept of Sunnah, the researcher recommends further study on Rahman's view of the Qur'ān and the Sunnah. Rahman's thought of other social institutions, such as education institutions, is also worth to be studied to get a clearer picture of his societal reform.

All in all, Fazlur Rahman, through his elaboration, proves his real intention and concern for the development of Muslims' society. It is an effort which sparks the spirit of Muslims to improve themselves and their society. Thus, his contribution should be appreciated by further developing his positive contributions in a proper and adequate framework of Islamic societal reform.

Bagian ini hendaknya berisi sebuah kesimpulan yang padat sesuai dengan bahasan dan fokus kajian naskah dikirimkan ke Jurnal Rusedyiah. Sebaiknya kesimpulan tidak dalam bentuk numbering, melainkan cukup dinarasikan saja.

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