

Economic Justice

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1. Introduction

Two major economic systems have dominated the world arena in the last 100 years, namely Capitalism and Socialism. Socialism collapsed before the end of the 20th century with a complete failure, and hence will not be a subject in this discussion. Capitalism continues to dominate the entire globe, with different flavors and varieties implemented in different parts of the world. The dissatisfaction of people under socialism, and the accompanying pain and suffering have ended, but been replaced by yet another type of pain and sufferings.

After the collapse of Socialism, Capitalism entered an era of **global economy**, **Globalization**, thus impacting most of the people in the world. Therefore, this discussion explores the impact of capitalism on the world and the plight of people in poor and rich countries. On the other hand, it introduces an economic system that the world is yet to explore, understand, and implement. This system is based on Islam.

1.2 The Economic System

Economic system is a set of rules and regulations, which define how to distribute the wealth, how to possess it, and how to spend or dispose of it. This system (set of rules) is based upon a particular viewpoint in life, or ideology. Therefore, the economic system of Islam is different from that of Socialism/Communism and that of Capitalism, since each of these systems follows its own ideological viewpoint. For example, the rules of possession and ownership under Capitalism differ from the rules of possession under Socialism, and from those under Islam.

Economic science deals with the production, its improvement, invention and improvement of its means. Economic science, as is the case with other sciences, is universal to all nations and is not associated with a particular ideology. For example, the improvement of production is a technical issue, which is purely scientific, and does not depend on a particular ideological viewpoint.

In addition to the essential understanding of the difference between the economic system and economic science, it is critical to understand the factors of success for any system. The success or failure of an economic system is measured by the direct impact on the humans who live under it. Measures of such impact are the level of security provided and satisfaction of needs. Security and satisfaction of needs are further measured in terms of:

- Food security

- Health security
- Educational security
- Conviction and trust in the economic foundation

In the next section we will address Capitalism as the dominating economic system today, its truth, reality, applicability and consequences.

2.0 The Capitalist Economic System

2.1 Theoretical Foundation

Capitalism addresses the materialistic side of life; it addresses the human needs and the means of satisfying those needs. It is established on three principles:

1. Relative scarcity of goods in relation to needs.
2. The economic value of a product
3. Pricing role in production, consumption, and distribution.

Relative Scarcity:

Man has needs that require satisfaction. Capitalism views the human needs as purely materialistic, such as the need for food, clothing, medicine, education, and security. As for the moral needs such as pride and honor, or spiritual needs such as the sanctification of God's will, they are not recognized economically, and are therefore disregarded and have no place in economic studies within the capitalist system.

The capitalist looks at the means of satisfaction, that is, the commodities and services, from the viewpoint that they satisfy a need, without taking any other factor into consideration. This system considers, for example, wine as an economically beneficial product because it satisfies the need of some, and perceives the wine maker as service provider. Because wine and wine providers satisfy a need it is considered as having an economic value. Since the need in the capitalist view means a desire, then anything desired, whether it is essential or not essential, beneficial or harmful, it is considered economically beneficial. Products may be considered beneficial from an economic viewpoint even if the public opinion considers them of no benefit, or even harmful. Thus wine, tobacco, drugs, guns, and apples are beneficial things since there are people who desire them. Stocks, interest based loans are also beneficial as long as there is someone who would benefit from their use.

As such, capitalism does not concern itself with the societal values other than materialistic ones. Therefore, the capitalist economic system primary function is to supply goods - commodities and services- that is, to provide the means of satisfying man's needs, irrespective of any other consideration.

Capitalism recognizes that man has basic needs, which must be satisfied, and wants which increase in number as man proceeds to a higher level of urbanization.

Relative scarcity foresees the economic problem as the relative shortages of commodities and services towards the unlimited and constantly growing human needs (wants). This basic principal of capitalist economic philosophy provides the basis for the definition of the economic problem under capitalism. In particular, the problem that capitalism attempts to resolve is the **satisfaction of an ever growing human needs using insufficient resources and means of satisfaction. This is the essence of relative scarcity of products.** An economic dilemma that cannot be resolved no matter how much commodities and services are produced, thus setting unrealistic goal to be achieved.

The inevitable consequence of relative scarcity is that the focal point of a capitalistic society is the increase production of products and services. However, the distribution of the products over the needs is fully dependents upon the individual ability to obtain it. It should be noted that in a capitalistic society the problem is to make the resources available so as to satisfy the needs in a society, but not necessarily the needs of every individual. It is not surprising therefore, that the main focus of the economy under capitalism is the increase in the national production emphasized by the Gross Domestic Products (GDP) and Gross National Products (GNP). Capitalism views economic growth, the increase in GDP and GNP, as the mean of solving the problem of poverty.

There are serious flaws in these principals:

1. Correlation between the needs and the means of satisfaction

Under Capitalism, production and distribution are considered to be one major subject. Capitalism holds one view towards the economic science and the economic system without differentiating between them. However, there is a major difference between the economic system and economic science as previously defined. The integration between production of the economic material and the manner of its distribution, is a fundamental fault in the capitalist system which is bound to cause failure in the economy.

2. The human needs are not materialistic only

The reference to the needs, which require satisfaction as being purely materialistic, is wrong, and contradicts the natural reality of human needs. Human beings have moral, spiritual, and ethical needs that require satisfaction, which in turn require commodities or services for their satisfaction.

3. Commodities and services relation to the society

Man is viewed by capitalists as a purely materialistic creature, with no relevance to his spiritual needs, ethical thoughts, and moral objectives. Thus, Capitalism does not give weight to Societal values, except to the materialistic value of the product and its profitability. Cheating in the economic sense is valuable as long as it leads to profitability (Enron and Arthur Anderson). Monopoly is feasible economically, while it can be maintained and supported (Microsoft). Under Capitalism, feeding a poor (wealth

distribution) may be done only if it brings a material benefit, such as tax break (non profit organizations). The Capitalist economy focuses on the satisfaction of needs and wants irrespective to the societal values and needs. Societal values and needs are protected as much as it does not limit the individual pursuit of satisfaction.

The exchange of resources and efforts among people creates relationships according to which the structure of the society is formed. Thus, viewing the economic commodity as a mean of fulfilling a need, without caring for the societal values, violates a fundamental rule of society structure. The effect on society should be perceived when considering the economic commodity. Therefore, it is incorrect to consider a thing as beneficial just because there is somebody who wants it, whether it affects the relationships among people or not, and whether it is prohibited or permitted in the belief of the people. Rather things should be considered beneficial if they are really beneficial in respect to what the society should be.

Therefore, it is incorrect to consider alcohol, cannabis, opium, explosives, guns, tobacco and the like as beneficial commodities and to consider them economic commodities just because there is somebody who wants them. Instead, the effect of these economic commodities on the relationships between people in society must be considered when considering the benefit of things i.e. when considering the goods as an economic commodity or not. It is a system fault to look at a product merely as it is, regardless of what the society should be.

4. Poverty of individuals is the main economic problem

Capitalism concentrates on production of wealth more than distribution of wealth. The importance of distribution of wealth to satisfy the needs has become a secondary issue. Therefore, the capitalist economic system main aim is to increase the country's wealth as a whole, and it strives to achieve the highest possible level of production. The achievement of the highest possible level of satisfaction for the members of society is viewed as a result of increasing the national income, the gross national product. In the capitalist view this can be achieved by raising the level of production in the country, and by enabling individuals to acquire the wealth as they are left free to work and produce. So the economy does not attempt to satisfy the needs of the individuals and to facilitate the satisfaction of every individual in the community, rather it is focused on raising the level of production and increasing the national income. Only then the distribution of wealth among the members of society occurs, by means of freedom of possession and freedom of work. So it is left to the individuals to acquire what they can of the wealth. Everyone strives to get his/her share of the wealth using whatever means, skills, or tools he/she can afford. Whether the individual is or is not able to satisfy his/her needs is not of concern to the economy, as long as the production of goods continues to grow, and the wealth continues to grow.

This is the major principal of the capitalist economy. It is inherently faulty, and contradicts reality and does not lead to an improvement in the level of livelihood for all individuals, and does not fulfill the basic needs of every individual. It does not resolve the issue of poverty for the individuals, despite the massive increase in the production of goods and services.

The hard fact in this reality is that the needs, which require satisfaction, are individual needs. They are needs of particular people such as George, Maria, Hassan, Mohammad, and the like. The fact that the needs of George, for example, are satisfied does not make Maria any better, unless her needs are also taken care of. So these are needs of individuals and not needs for a group of human beings, a group of nations, or a group of people. Therefore, the economic problem must focus on distributing the means of satisfaction for all the individuals of a society. In other words, the distribution of the funds and benefits must reach every member of the nation or people. It is not sufficient to increase the wealth of the group, irrespective of the plight of every individual.

Consequently, the study of the factors that affect the size of national production differs from the study for satisfying all the basic needs of all individuals personally and completely. The subject of study must be the basic human needs of man, as a human being, and the study of distributing the wealth to the members of society to guarantee the satisfaction of all their basic needs while allowing them to pursue the satisfaction of their wants – luxury needs. This should be the subject of study, and should be undertaken in the first place. Moreover, resolving the poverty of a country does not resolve the problem of poverty for individuals. On the contrary, resolving the poverty of the individuals, and the fair distribution of the wealth of the country, motivates all the people of the country to work towards increasing the national income and resolving poverty of the country. Yet, the study of factors that affect the size of production and the increase of the national income should be discussed within the framework of economic science, rather than in the discussion of the economic system.

5. Scarcity of resources is not the problem and human needs are limited

Capitalism views the economic problem, which faces any society to be the scarcity of commodities and services. It claims that the human needs are steadily increasing, and the products continue to be too scarce to satisfy the growing needs of the people. This view is erroneous and in fact contradicts with reality. This is because the needs, which must be met, are the basic needs of the individual as a human (food, shelter, education, health and clothing), and not the luxuries, although they too are sought. The basic needs of humans are limited, and the resources and products, which they call the commodities and services, are certainly sufficient to satisfy the basic human needs. It is possible to satisfy all of the basic needs of mankind completely. The economic problem is, in reality, the distribution of these resources and services enabling every individual to satisfy all basic needs completely, and after that helping them to strive for attaining their luxuries. The basic needs of man as a human do not increase. Only the luxurious needs that may increase and vary due to higher urbanization.

2.1 Practical Implementation

The discussion of the capitalist economic system leads to the conclusion that the implementation of this system over a period of time should lead to a profound poverty and severe dissatisfaction for any society. In this section, we will examine actual data from the contemporary world that lives under the domination of capitalist economic

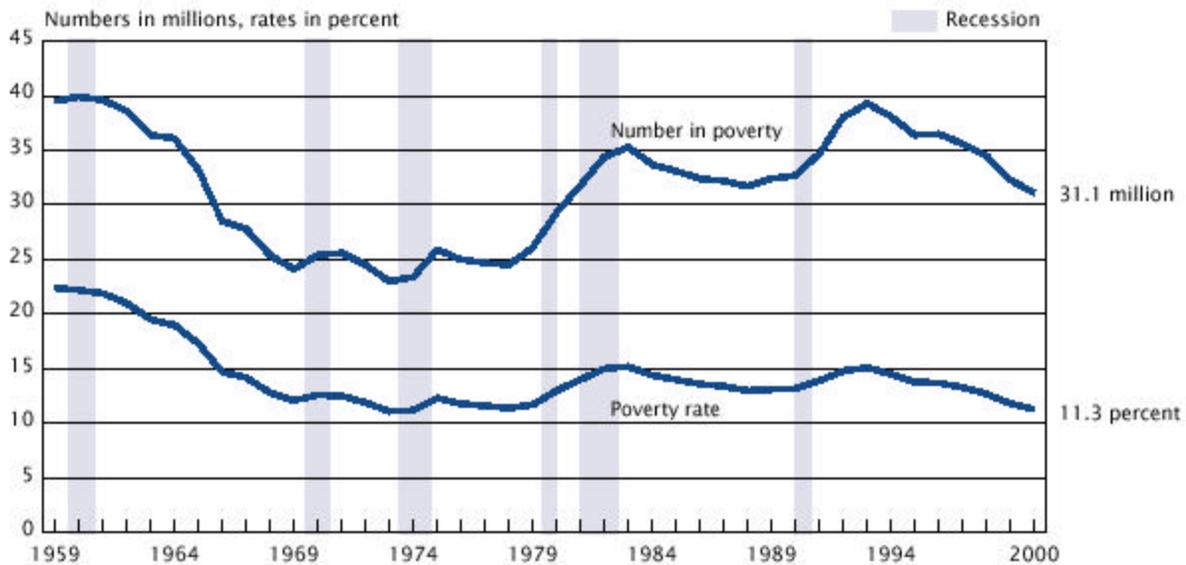
systems. The data shows without any doubt that the theoretical errors of the major economic principals have led to serious failures that cause huge catastrophic effects on a very large number of the population in the world.

2.1.1. Poverty and National Product

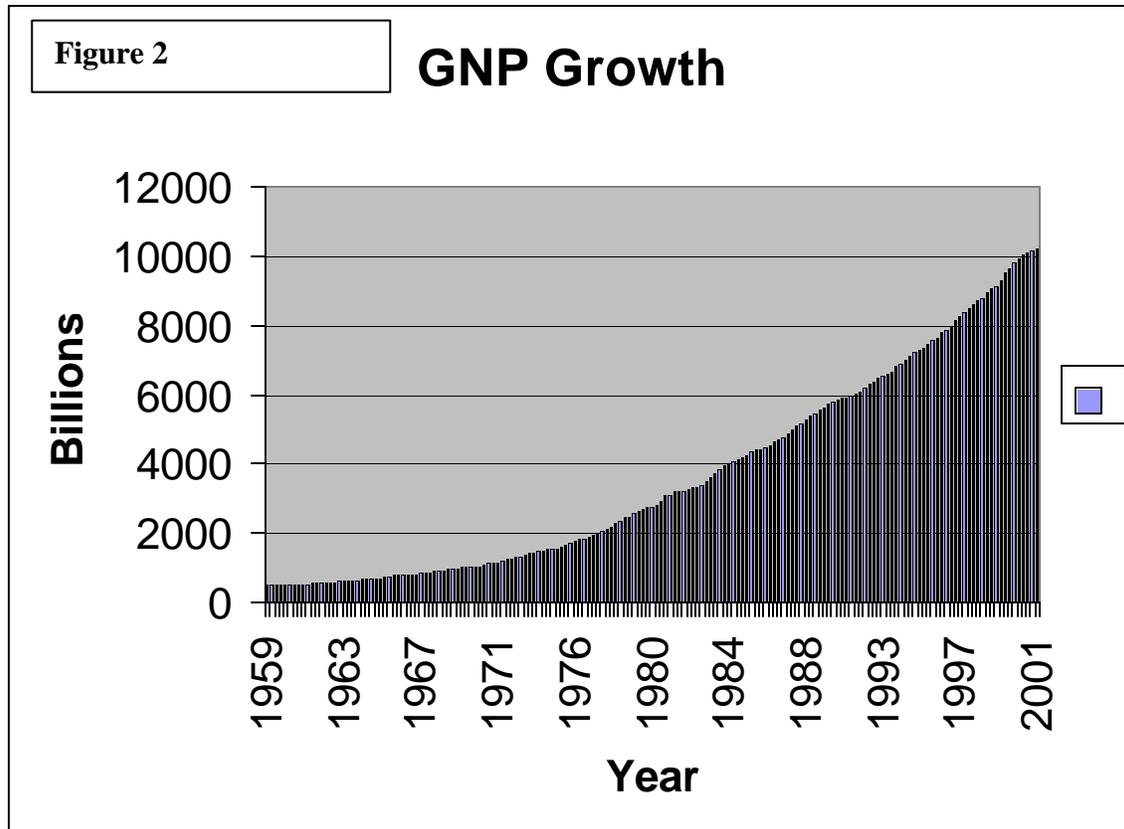
Figure 1 shows the poverty numbers and rates in the US for the last 41 years. The average number of poor people averaged more than 30 million people, with an average of 15% of the population being poor. In the meantime, the gross national product continued to increase drastically, over the same period (Figure 2). The GNP grew from \$400 billions to \$10 trillions from 1959 to 2000. This very large increase in the GNP did not contribute to the resolution of poverty. More than 30 million people continue to be poor. Conclusion: Capitalism superbly increased the production of products and services, and hence wealth. But, it failed to resolve poverty. The number of poor people continues to be very high.

Figure 1

Number of Poor and Poverty Rate: 1959 to 2000



Note: The data points represent the midpoints of the respective years. The latest recession began in July 1990 and ended in March 1991.
Source: U.S. Census Bureau, Current Population Survey, March 1960-2001.



2.1.2 Hunger under capitalism

Growing out of a Harvard School of Public Health conference on hunger, The Physician Task Force on Hunger in America was established in early 1984. The major findings and conclusions of the Task Force include:

- Hunger is a problem of epidemic proportions across the nation
- Hunger in America is getting worse, not better
- Malnutrition and ill-health are associated with hunger
- Hunger is the result of federal government policies
- Present policies are not alleviating hunger in America

Source: *The Physician Task Force on Hunger in America*

<http://hunger.tufts.edu/pub/hungeramerica.shtml>

Conclusion: Resolution of hunger and poverty require fundamental change at the level of the economic system. Capitalism is designed to produce poverty not to resolve it.

2.1.3 Globalization

Globalization is the newer form of global capitalism. It is capitalism across nations. Capital flows between nations without serious constraints. Products move from the producing origins to consuming destinations without the feel of borders or national barriers. Again, the production of resources and wealth increase and multiply. But the impact of the tremendous growth of wealth does not find its way to satisfy the needs of the people. Consider this report on globalization:

“The Scorecard on Globalization 1980-2000: Twenty Years of Diminished Progress”
 By Mark Weisbrot, Dean Baker, Egor Kraev and Judy Chen

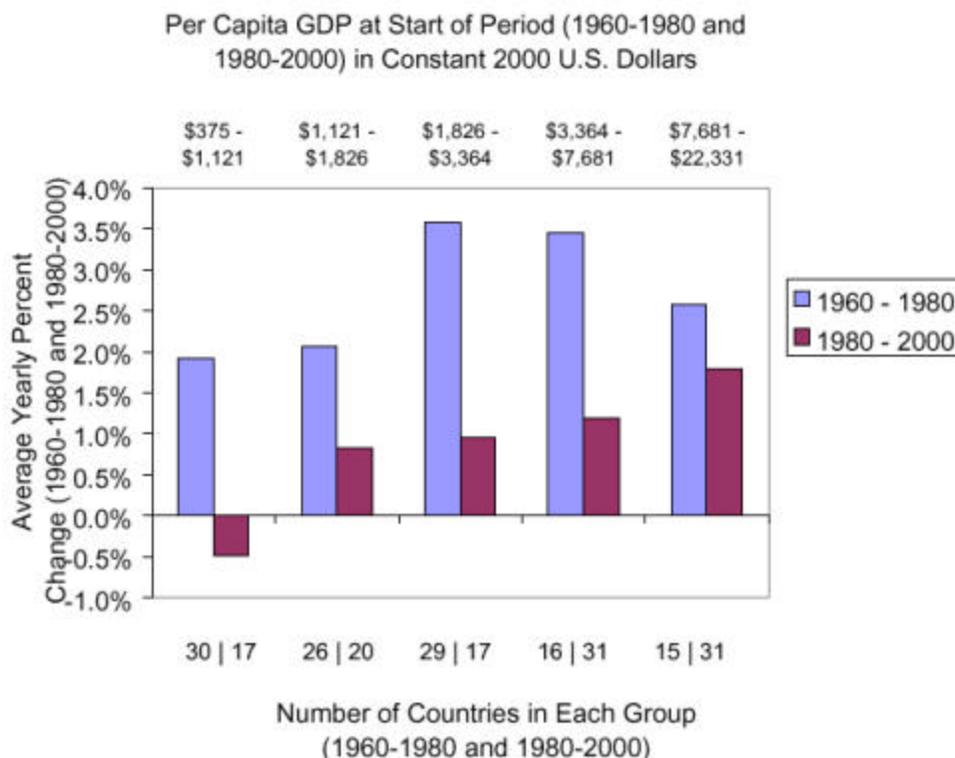
For economic growth and almost all of the other indicators, the last 20 years have shown a very clear decline in progress as compared with the previous two decades. Among the findings:

- **Growth:**

The fall in economic growth rates was most pronounced and across the board for all groups or countries. The poorest group went from a per capita GDP growth rate of 1.9 percent annually in 1960-80, to a *decline* of 0.5 percent per year (1980-2000). For the middle group (which includes mostly poor countries), there was a sharp decline from an annual per capita growth rate of 3.6 percent to just less than 1 percent. Over a 20-year period, this represents the difference between doubling income per person, versus increasing it by just 21 percent. The other groups also showed substantial declines in growth rates.

Figure 3

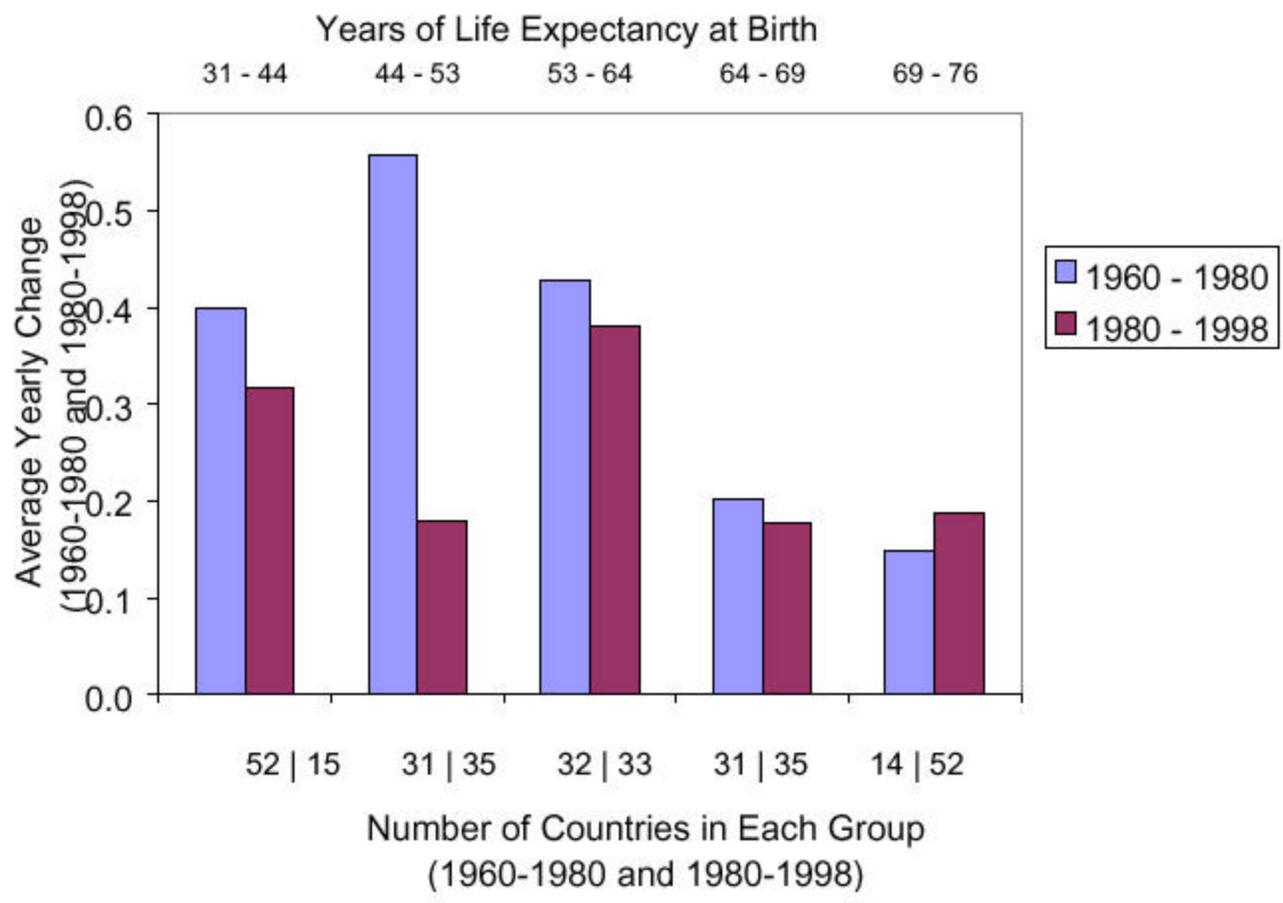
Average Yearly Change in Real Per Capita GDP



- Life Expectancy: Progress in life expectancy was also reduced** for 4 out of the 5 groups of countries, with the exception of the highest group (life expectancy 69-76 years). The sharpest slowdown was in the second to worst group (life expectancy between 44-53 ears)..

Figure 4

Average Yearly Change in Total Life Expectancy¹

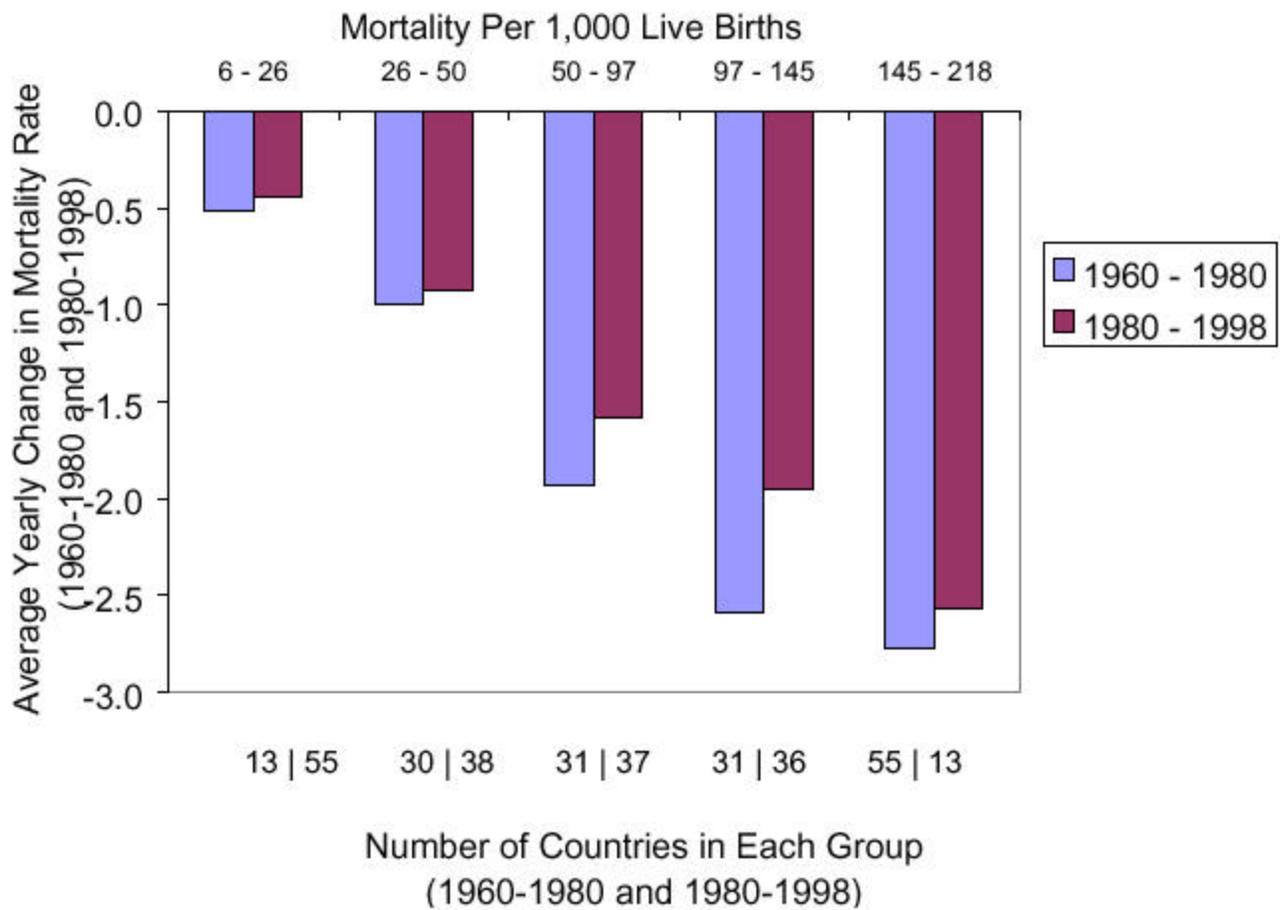


- **Infant and Child Mortality:**

Progress in reducing infant mortality was also considerably slower during the period of globalization (1980-1998) than over the previous two decades. The biggest declines in progress were for the middle to worst performing groups. Progress in reducing child mortality (under 5) was also slower for the middle to worst performing groups of countries.

Figure 5

Average Yearly Change in Infant Mortality Rate¹



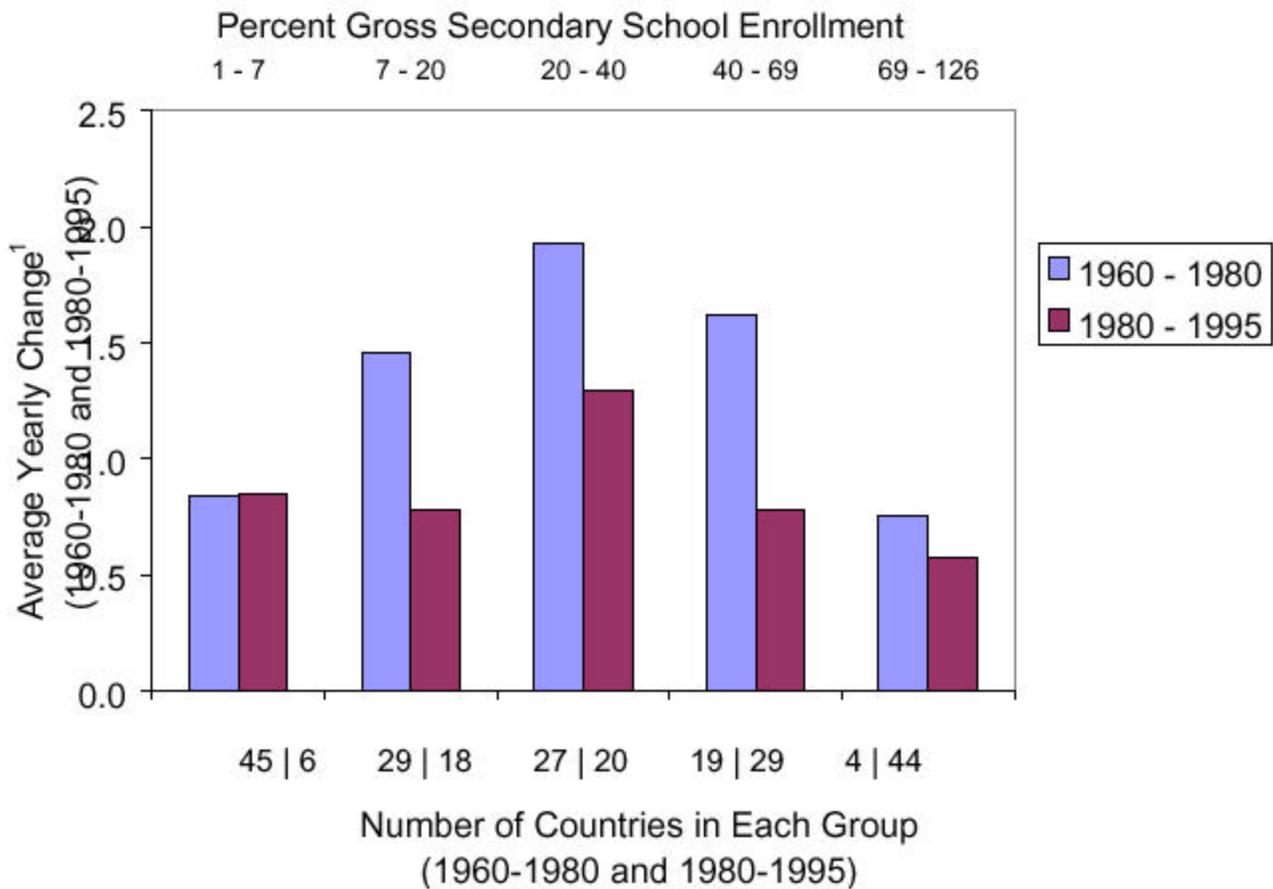
Source: World Bank, World Development Indicators, 2000

- **Education and literacy:**

Progress in education also slowed during the period of globalization. The rate of growth of primary, secondary, and tertiary (post-secondary) school enrollment was slower for most groups of countries.

Figure 6

Average Yearly Change in Secondary School Enrollment



Source: World Bank, World Development Indicators, 2000

Globalization and Inequality Among Nations

According to this “old fashioned – three worlds partition” partition, 76 percent of world population lives in poor countries, 8 lives in middle income countries (defined as countries with per capita income levels between Brazil and Italy), and 16 percent lives in rich countries. Now, if we keep the same income thresholds as implied in the previous division, and look at “true” distribution of *people* according to their income (regardless of where they live), we find a very similar result: 78 percent of the world population is poor, 11 percent belongs to the middle class, and 11 percent are rich.

Source: “DECOMPOSING WORLD INCOME DISTRIBUTION: DOES THE WORLD HAVE A MIDDLE CLASS?” Branko Milanovic and Shlomo Yitzhaki 1

2.1.4. Confession at highest level!

Rome Declaration on World Food Security?

We, the Heads of State and Government, or our representatives, gathered at the World Food Summit at the invitation of the Food and Agriculture Organization of the United Nations, reaffirm the right of everyone to have access to safe and nutritious food, consistent with the right to adequate food and the fundamental right of everyone to be free from hunger.

We consider it intolerable that more than 800 million people throughout the world, and particularly in developing countries, do not have enough food to meet their basic nutritional needs.

This situation is unacceptable. Food supplies have increased substantially, but constraints on access to food and continuing inadequacy of household and national incomes to purchase food, instability of supply and demand, as well as natural and man-made disasters, prevent basic food needs from being fulfilled. The problems of hunger and food insecurity have global dimensions and are likely to persist, and even increase dramatically in some regions, unless urgent, determined and concerted action is taken, given the anticipated increase in the world's population and the stress on natural resources.

Increased food production, including staple food, must be undertaken. This should happen within the framework of sustainable management of natural resources, elimination of unsustainable patterns of consumption and production, particularly in industrialized countries, and early stabilization of the world population need to ensure equality between men and women. We express our deep concern over the persistence of hunger which, on such a scale, constitutes a threat both to national societies and, through a variety of ways, to the stability of the international community itself.

Rome, 13 Nov 1996

This document was approved by the Committee on World Food Security at the

In this declaration, the leaders of the world confirm the existence of a serious problem in poverty and hunger. In the meantime, they continue to declare that the solution is to increase the resources and products. There is no change in the mechanism of distribution of the resources. The end result will continue to be the same. The production of resources will increase the wealth of the already wealthy, but will not benefit those who need these resources the most.

2.1.5. Economic health or illness?

The most important index of economic well being under capitalism is the index that monitors the growth of the nation's health as a whole. DOW Jones, NASDAQ, NIKO, NYSE and other indexes monitor the status of the nation's most powerful companies. A steady increase of these indexes does not record, reflect or impact the status of the poor in the nation. In fact, the overwhelming data shows that poverty and hunger persist despite the steady increase of economic indexes over the years. The daily report of the economic indexes prove one more time that capitalism is inherently concerned about the growth of products, rather than the satisfaction of the needs of people.

2.1.6. Virtual Wealth

The obsession of product and wealth growth under capitalism has resulted in the removal of the boundaries between the products and services and money. The monetary system existed in the first place to represent the values of products and services in a mobile transferable format. For centuries, gold and silver provided a solid base for measuring the exchange value of products and services. Under the pressure of growing economic product growth, the US capitalist economists canceled Briton Woods treaty which establishes a fixed exchange rate for gold, thus making gold one more commodity.

The devastating result of this action is the creation of a new environment where wealth has become **virtual wealth**. By virtual wealth, I mean the growth of money independent of the growth of products and services. The two major factors that lead to the unlimited growth of money are the **interest (usury) and stock investments**. Interest allows money to grow without the involvement of product and services. The values of stocks increase or decrease quite often based on circumstances, politics, stability, and other factors not directed to the products and services provided by the stock holding company. The phenomenon of DOT.COM in the 1990's is a clear example.

3.0 Islamic Economic System

Before nudging in the discussion of the economic systems and their impacts on us as people, I would like to lay down a foundation regarding Islam.

3.1 Islamic Sources

Islam is a religion in the sense that it is based on a belief in God (the creator) and in the accountability to God on the Day of Judgment. Islam is also an ideology in the sense that it comprises an ideological foundation and a system of laws for the individual and the society. The Islamic systems cover the political, economic, and social systems. Islam is founded upon the fundamental principal that man, life, and universe are all the creations of the eternal, one and only one God whose main name in Islam is Allah. Allah possesses many attributes, all of which are considered to be eternal and unbounded.

The belief in the existence of God, the Eternal Creator, is a rational process in Islam and an obligation upon the reasoning facility of the human. The belief in God under Islam requires also the belief in all His attributes and functions. Belief in God, as such, requires the belief that there needs to be a channel through which God communicates to the people the means and ways to worship. This channel is what is known as Prophethood and/or the Messenger. Worshipping Allah, under Islam, is the process of following the guidance revealed by God through His Messengers and/or Prophets. Islam considers the belief in the Prophethood an essential principal of Islam. The Prophets include Adam, Ibraheem, Isaac, Moses, Jesus, Mohammad (Peace Be Upon Them All) and many others.

Islam, as a religion and ideology, is based entirely on what is revealed to Mohammad (PBUH). The revelation to Mohammad has two forms. One form is the Quran, which is the actual word of Allah the creator. The wording and the meanings of the verses are written into the Quran exactly as revealed to Mohammad. The Quran was compiled and completely written during the life of the Messenger Mohammad (PBUH). The other format of the revelation is what is known in Arabic as the “Sunnah” of Mohammad (PBUH). The Sunnah comprises statements, actions, and endorsement of Mohammad (PBUH). The Sunnah is also a revelation from God to Mohammad, except that the wording of the Sunnah is left to Mohammad (PBUH). The Sunnah was compiled and authenticated after the death of the Prophet based on written statements and verbal narrations.

For a view to be considered an Islamic one, it has to be validated through the Quran and the Sunnah. In this lecture, I will trace the Islamic economic system through the verses of the Quran and the statements of the Sunnah.

This lecture also makes a definite distinction between the economic system and the economic science. The latter deals with the methods and tools used to increase wealth both in quality and quantity; i.e., it comprises the science of production. The economic system deals with the human relation to the products in terms of ownership, distribution, and accessibility.

3.2 The View of Islam towards the Economy

3.2.1 Allah created all resources in the world

In the Quran, Allah states that all the resources in the world are created by Him, and made usable to the humans:

“It is He who created for you all that exists on earth.” [Al-Baqarah: 29]

“Allah is He Who put at your disposal the sea so that the ships may sail by His command, and so as you may seek His bounty.” [Al-Jathiyah: 12]

“He put at your disposal that which is in the heavens and that which is in the earth, all from Him.” [Al-Jathiyah: 13]

“And We sent down iron, in which is great might, as well as many benefits for mankind.” [Al-Hadid: 25]

“Let man consider his food. How We pour water in showers. Then split the earth in fragments. And cause the grains to grow therein. And grapes and fresh vegetation. And olives and dates, and enclosed gardens, dense with lofty trees. And fruits and grazes. Provision for you and your cattle.” [‘Abasa: 24-32]

Allah illustrated in these verses and others, that He created the properties of things for our utilization. However, there is no *Shari’ah* text (divine legal text) that denotes interference in the technical production of wealth. On the contrary, we find the *Shari’ah* texts indicate that the technical extraction of properties and improving man’s effort in its utilization is left to the people.

It was narrated that the Prophet _ said in the issue of manual pollination of date trees: “You are more aware of the routine issues of your daily life (amr dunyakum).” It is also narrated that the Prophet (pbuh) sent two of the Muslims to Jurash of Yemen to learn weapons manufacturing.

These examples indicate that technical means of production is left to the people. It is apparent that Islam focuses on the economic system (distribution of wealth) and not economic science (technical production).

3.2.2 Economic Policy in Islam

The economic policy is the objective of the laws, which deal with the management of human basic needs (food, shelter, education, health, security). The Islamic economic policy could be understood from the statement of Prophet Mohammad (pbuh):

“Whom who wakes up secure at home with healthy body and food for his day as if he acquired the whole life”. The prophet (pbuh) also states: “Allah breaks covenant with any group of people living in a close vicinity, whereby one of them goes to bed while hungry”.

The economic policy in Islam aims at securing the complete satisfaction of all basic needs for every individual, and to enable each individual to pursue the satisfaction of their luxuries. Islam looks at every individual as a human being whose basic needs to be satisfied completely, then it looks to him in his capacity as a particular individual, to enable him to satisfy his luxuries as much as possible.

On the other hand, Islam views the individual as part of a whole society that lives according to certain rules and regulations that have to be taken into consideration. Therefore, the purpose of the economic policy in Islam does not address how to raise the standard of living in the country without securing the rights for every individual. Nor is it just to provide the means of satisfaction in the society without setting wealth distribution processes.

The Islamic economic objective is achieved through multiple laws and regulations:

First, defining property ownership as being of three kinds:

1. Individual ownership
2. Public ownership
3. State ownership

The individual can own anything except that of what is public property or prohibited materials such as alcohol or pigs. The public owns all minerals of the earth that are not limited by nature such as gold and silver mines, oil fields, natural gas fields, etc. or all things that are publicly shared such as seas, rivers, roads etc. The state owns certain revenues including land taxation called (Kharaj). Such laws allow for fair distribution of wealth and allow the state to provide public services, security, healthcare, education and others.

Second, Islam prohibits any kind of Usury and interest based loans, on the other hand it encourages partnership in different ways and interest free loans. Also, Islam prohibits monopoly allowing for true competition and opportunity. Third, Islam obliges each capable person to work, so as to achieve the basic needs for himself and his dependants. Forth, through the unique Islamic social structure based around protecting the family, Islam obliges adult males to support their parents once the father is not able to work or passed away. If there are no one in the family who can support then the State Treasury (*Bait ul-Mal*) has to step in. As such, Islam requires that the individual secure for himself and his dependants the satisfaction of the basic needs i.e. adequate food, clothing, education, medication and housing. Islam then encourages the individual to secure the luxuries of life as much as he can. Fifth, Islam prevents the government from the imposition of taxes, except in cases of public disasters such as famine, and where the state funds are unable to cover expenses. Tax then is imposed for a limited time and taken only from the wealthy.

Through the combination of spiritual, social and economic drives, the Islamic economic system achieves the right of livelihood for everyone individually, and facilitates the securing of the luxuries.

To achieve the societal values within which the individual lives, Islam sets certain rules and regulation within which the individual is to behave while striving to secure his/her needs. For example, Islam prohibits the production and consumption of wine by Muslims, and it does not consider it an economic material. Islam prohibits the taking of *riba* (usury, interest, etc.) and its usage in transactions for everyone who holds Islamic citizenship. It does not consider *riba* as an economic commodity, whether for Muslims or non-Muslims. Islam considers what the society ought to be when utilizing any property.

Islam did not detach the individual from being human, nor the human being from being a particular individual. Furthermore, Islam does not consider what the society ought to be

separate from the issue of securing the satisfaction of the basic needs for every individual, and enabling him/her to satisfy the luxuries. Rather, Islam makes the satisfaction of the needs and what the society ought to be, as two inseparable issues.

For the sake of satisfying all the basic needs completely, and to enable satisfaction of the luxuries, the economic commodity should be available to people, and it will not be available to them unless they strive to earn it. Provided that there is a system that protects the basic integrity of the human being. Therefore, Islam urges people to earn, seek the provision and strive without the fear of not finding food to eat or secured home to return back to at the end of the day. Islam made striving to earn the provision compulsory upon Muslims thus creating a productive society.

Allah _ said:

“So walk in the paths of the earth and eat of His sustenance which He provides.”[Al-Mulk: 15]

Many *Ahadith* came to encourage the earning of property. In one *Hadith*,

the Prophet Mohammad _ shook the hand of Sa’ad ibn Muadh (ra) and found his hands to be rough. Sa’ad said: “I dig with the shovel to maintain my family.” The Prophet _ kissed Sa’ad’s hands and said: “(They are) two hands which Allah loves.”

The Prophet (pbuh) said:

“Nobody would ever eat food that is better than to eat of his own hand’s work.”

It was narrated that Omar Ibn Al-Khattab (RA) passed by some people who were consistently in the Mosque reading the Qur’an (meaning not working). He asked who they were. He was told: “They are those who depend upon Allah (*Al-Mutawwakiloon*).” Omar replied: “No, they are the eaters who eat the people’s properties. Do you want me to describe those who really depend upon Allah (*Al-Mutawwakiloon*)? He is the person who throws the seeds in the earth and then depends on his Lord The Almighty, The Exalted (*‘Azza wa jall*).”

Thus we find that the verses and the *Ahadith* encourage striving to seek provision, and working to earn property, just as they encourage the enjoyment of the property and eating of the good things.

Allah _ said:

“Say: who has forbidden the beautiful gifts of Allah, which He has provided for His servants, and the things, clean and pure, (that He has provided)?”[Al-A’raf: 32]

“O you who believe! Spend of the good things which you have earned, and of that which We bring forth from the earth for you.” [Al-Baqarah: 267]

“O you who believe! Do not prohibit the good things which Allah made halal for you.” [Al-Ma’idah: 87]

These verses, and the like, denote clearly that the divine rules (*AhkamShari'ah*) related to the economy, aim at acquiring property and enjoying good things. So, Islam obliged individuals to earn, and ordered them to enjoy wealth that they earned, so as to achieve economic growth in the country, to satisfy the basic needs of every person, and to enable the satisfaction of his luxuries.

However, the economic progress through motivating every capable individual to work, assigning properties to the State and the investing of public property, all are means to satisfy the needs in the best possible manner. The Messenger of Allah said:

“Whosoever sought the life (matters) legitimately (halal) and decently he will meet Allah with his face as a full moon; and whosoever sought it arrogantly and excessively he will meet Allah while He is angry at him.”

The Prophet also said:

“Do you have, son of Adam, of your property except that which you ate and consumed, that which you wore and exhausted, and that which you donated and preserved (for yourself in the hereafter)?”

Allah _ the Supreme said:

“Don’t commit Israaf (spending or going beyond the limits imposed by Islam); surely He (Allah) does not like those who condone Israaf.” [Al-A’raf: 31]

Islam made the aim of owning properties a mean towards satisfying the needs and not for the purpose of boasting. It required managing the economy according to Allah’s orders and made it obligatory. It ordered the Muslims to seek the Hereafter and the pleasure of the creator through what they earn and spend by their own well, without ignoring the goods of this worldly life.

Allah _ said:

“But seek the abode of the Hereafter in that which Allah has given you, and do not neglect your portion of worldly life, and be kind as Allah has been kind to you, and seek not corruption in the earth.” [Al-Qasas: 77]

Islam secured the observance of the rules in two ways complementing each other. First, Islam motivated the Muslims to adhere to this economic policy through the fear of Allah (*Taqwa*). Second, Islam legislated laws which the State implements upon the people.

Allah _ said:

“O you who believe! observe your duty to Allah and give up what remains (due to you) from riba, if you are (in truth) believers.” [Al-Baqarah: 278]

Analysis of the divine rules related to the economy, shows that Islam addresses the issue of enabling people to utilize wealth. Islam addresses the initial acquisition of wealth, its disposal and its distribution amongst the public. The rules that deal with the economy are thus based on three principles:

1. Initial ownership,
2. Disposal of the ownership, and
3. Distribution of wealth amongst the people.

With regard to the issue of ownership, it belongs to Allah, since He is the Owner of all the Dominion (*Malik al-Mulk*). Allah stated in the texts that property (*Maal*) belongs to Him.

Allah said:

“And give them from the property of Allah, which He gave to you.” [An-Nur: 33]

Property, therefore, belongs to Allah alone. However, He has put mankind in charge of property, provided them with it, and has given them the right of owning it.

Allah, the Exalted said:

“And spend from what He put you in charge of.” [Al-Hadid: 7]

“O you who believe! observe your duty to Allah and give up what remains (due to

“And He has provided you with properties and offspring.” [Nuh: 12]

Islam also defined three types of ownership (as mentioned earlier):

1. Individual ownership
2. State ownership
3. Public ownership

Through the management of these types of ownership, the economy of both the society and the individuals are completely satisfied.

3.2.2. Zakat and poverty

Islam has waged a war on poverty by all means. It is the poverty of the individual people that Islam is concerned with, in addition to the poverty of the nation as a whole. Islam has instituted the charity, called in Islam the “Zakat” in a manner that eliminates the poverty altogether. “Zakat” in Islam is a mean of worship. It is one of the pillars of Islam as much as the prayer is. The Islamic system aims at eliminating poverty from the society, rather than managing the poor. One of the companions of the Prophet Mohammad (PBUH) and also one of the Guided Successors of Him, Ali Bin Abi Talib stated:

“If poverty were a man, I would certainly kill him”.

Practically, after few years of implementing Islam in the Islamic society, the notion of poverty was gone altogether. It is narrated in the history¹ that during the era of the Khalifah Omar Bin Adel Aziz, there was no single poor person within the Islamic State who would accept the charity of the “Zakat”.

¹ The History of the Muslims by Al-Tabari

In a statement by Prophet Mohammad (PBUH), he says:

“Allah breaks covenant with any group of people living in a close vicinity, whereby one of them goes to bed while hungry”.

The Islamic economic system defines the main problem to be solved by the system as the poverty of the individuals. The economic index, thus in the Islamic State, would be the percentage of people who live below poverty line. The economic strength and growth will be measured by the actual wellbeing of the individuals rather than by the wellbeing of NASDAQ or DOW JONES. What good would it do to the stomach of a poor person, if the NASDAQ gains or loses points? The Islamic Economic Index is based on the food that is available to each and every human soul in the society.

The Islamic economic system reserves the vital resources of the state for the wellbeing of the people. One or more companies under Islam for example, will not own the oil fields. The fact that a certain company was able to drill and exploit oil fields in Texas does not give it the right for the oil. The oil exists in fields that go beneath the houses and lands of millions of people. In Islam, the oil belongs to all the people in the state. This is not to be mistaking with socialism that dictates that all means of productions belong to the people. Thus, the Islamic system ensures that the vital resources that belong to the people be actually returned to the people. As such, poverty will never exist in any society that has vital resources.

3.2.3. Usury – Interest – Riba

Islam categorically prohibited the use of money to grow money, i.e., usury. Loans in Islam are given to others and considered a mean of worship. Allah (SWT) declares that whoever gives a loan (no interest) to another person is indeed giving a loan to Allah. In return, Allah multiplies the reward for the loan giver.

Allah stated:

“Whoever gives a good loan to Allah; and Allah will multiply it to him many folds”

4.0 Islamic Economy: Reality

The harsh reality is that Islam as described in the Quran and Sunnah has been removed from the real life of the people (Muslims and non Muslims alike) for almost a century. The Islamic State has been the responsible entity for implementing the Islamic systems during and after the death of the Messenger Mohammad (PBUH). The Islamic State continued to function (with ups and downs) until 1924, when Mustapha Kamal of Turkey with the help of western European capitalists managed to abolish the Islamic state (Khilafah). Since then, the Muslims and non-Muslims in the entire world have been living under various secular systems, implementing capitalism in the economic life. Muslims continued to believe in Islam and practice those parts of Islam that pertain to the individual. However, for Islam to produce the results and objectives set forth in the Quran and the Sunnah, the full implementation of Islam is necessary. Without full implementation of Islam, the results could be counter productive. As a result of the

absence of Islam, the Muslims resorted to national bonds, ethnic traditions and values. Quite often and after decades of intentional misguiding, the Muslims mix their national values, national aspirations, and methods with those of Islam. The truth of the matter though is that Islam was revealed as a set of laws, regulations and systems to guide and manage the behavior of the society as well as the individuals.

The history of the life of Mohammad (PBUH) shows that the objectives of Islam, the resolutions of Islam, and the values of Islam started to materialize only after the establishment of the Islamic State in Medinah, 13 years after the beginning of Islam. In fact, most of the laws, regulations, and systems were not revealed to Mohammad except after his migration to Medinah where the state was established. The laws of the Zakat (that I discussed earlier), riba (usury), ownership, and wealth distribution were revealed after the state was created.

6.0 Conclusions

Islam as a religion and ideology needs to be revisited by both Muslims and non-Muslims alike. It is a religion that should be looked at as a continuation of previous religions and inheritor of them as well. As an ideology, Islam should be viewed as one that provides economic, political, and social systems that do not belong to the ideologies of materialism (both capitalism and socialism). After the fall and collapse of socialism, the people of the world resorted to capitalism as their only alternative. The collapse of capitalism is eminent as a natural consequence to its inability to address the human needs in a satisfactory manner. It is the responsibility and the duty of the people of the world to examine Islam with serious and sincere scrutiny, in order to consider it as the only viable alternative to capitalism.

Thank You