

Economic Justice: Islam Versus Capitalism

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1. Introduction

The success or failure of an economic system is measured by the direct impact on the humans who live under that economic system. The level of security and satisfaction provided to the people further measures such impact. The security and satisfaction are further measured in terms of:

- Food security
- Health security
- Education security
- Life expectancy
- Moral, ethical, and ideological conviction and trust in the economic foundation

Two major 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 the subject of this talk. 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 The dissatisfaction of people under socialism, and the accompanying pain and suffering have ended, but been replaced by yet another type of pain and sufferings.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 had entered the era of *global economy*, more officially called *globalization*, thus impacting most of the people in the world.

This lecture will explore the impact of capitalism on the plight of people in poor as well as in rich or super rich countries. This lecture will introduce a new economic system that the world is yet to explore, understand, and implement. This system is based on Islam.

2.0 The Capitalist Economic System

2.1 Theoretical Foundation

Capitalism deals with man's needs and the means of satisfying those needs. It addresses the materialistic side of man's life and it is established on three principles:

1. Relative scarcity of commodities and services in relation to needs.
2. The economic value of a product
3. The price, and its role in production, consumption, and distribution.

Relative Scarcity:

Man has needs that require satisfaction, so there must exist the means to satisfy them. These needs are 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.

Commodities and services are the means of satisfying the human needs. What makes commodities and services satisfy the needs, is the benefit embedded within these commodities and services. This benefit is an attribute, which renders the thing desirable for satisfying a need. Since the need means the economic desire, then an economically beneficial product is anything desired, whether it is essential or not, even if some consider it beneficial and others consider it harmful. It is considered economically beneficial as long as there is someone who finds it desirable. Products may be considered beneficial from an economic viewpoint even if the public opinion considers them of no benefit, or harmful. Thus wine, tobacco, drugs, guns, and apples are beneficial things since there are people who desire them. Stocks, interest rates are also beneficial as long as there is someone who would benefit from their use.

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. So she considers wine in its capacity of having an economic value because it satisfies the needs of some people, and she perceives the wine maker as one who provides a service, considering this service as having an economic value, because it satisfies the need of some people.

As such, capitalism does not concern itself with the nature of society, but rather with the economic material resources (economic commodities), as means of satisfying human needs. Therefore, the capitalist economic system primary function is to supply commodities and services i.e. to provide the means of satisfying man's needs, irrespective of any other consideration. The commodities and services, which are the means of satisfaction, are considered to be limited relative to man's needs, which are unlimited and constantly growing. Capitalism recognizes that man has basic needs, which must be satisfied, and needs which increase in number as man proceeds to a higher level of urbanization. These needs multiply and increase need complete satisfaction, a goal that cannot be fulfilled no matter how much commodities and services are produced.

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.**

The inevitable consequence of relative scarcity is that some needs are either partially satisfied or not satisfied at all. Which needs get satisfied and which are deprived, and whose needs are satisfied and whose are deprived is completely determined by the economic set of rules and policies, which are adopted by any given capitalistic society. These rules and policies define the manner of distributing the limited resources over the unlimited needs. It should be noted, however, that 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 (GDP and GNP). Economic growth is viewed as a means of solving the problem of poverty.

There are serious flaws with the principal of scarcity of products.

1. Correlation between the needs and the means of satisfaction

Under capitalism, the production of commodities and services, which are the means of satisfying the needs, together with the distribution of these commodities and services are considered to be one major subject. Thus, capitalism holds one view towards the economic science and the economic system without differentiating between them. In reality, there is a major difference between the **economic system and economic science.**

The **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. **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 rules of possession and ownership under capitalism differ from the rules under socialism, and from those under Islam.

On the other hand, the improvement of production is a technical issue, which is purely scientific, and does not depend on a particular ideological viewpoint.

The integration between the 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 of capitalism.

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 and services for their satisfaction.

3. Commodities and services relation to the society

The Capitalist economy looks at the needs and benefits as they are, not as the society should be. Thus, man is viewed as a purely materialistic creature, with no relevance to his spiritual needs, ethical thoughts, and moral objectives. Capitalism does not give weight to any value, except to the material value of the product and the material nature of the human need. 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. But it will not happen in response to an order from God or in pursuit of God's pleasure and satisfaction.

The exchange of resources and efforts among people creates relationships among people, according to which the structure of the society is formed. Thus, viewing the economic commodity as a means of fulfilling a need, without caring for what the society should be, 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 likes it, whether it is harmful or not, and whether it affects the relationships among people or not, and whether it is prohibited or permitted in the belief of the people in the society. 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 alcoholism, cannabis, opium, explosives 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 thing as an economic commodity or not. Things should be viewed in relation to what the society should be. It is wrong to look at a product merely as it is, regardless of what the society should be.

By including the subject of satisfying the needs within the subject of the means of satisfaction, and by viewing the means of satisfaction only as satisfying a need, and not by any other consideration, **capitalism concentrate on production of wealth more than distribution of wealth.**

4. Poverty of individuals is the main economic problem

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 should come as a result of increasing the national income, or the gross national product. This should 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 satisfying the needs of the community as a whole by raising the level of production and increasing the national income of the country as a whole. Through the availability of the national income, the distribution of income 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 wrong, 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 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. This should be the subject of study, and should be undertaken in the first place. Moreover, the treatment of the poverty of a country does not solve the problem of poverty for individuals. Rather, the treatment of the poverty problems of the individuals, and the distribution of the wealth of the country among them, motivates all the people of the country to work towards increasing the national income.

The study of the 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. The luxurious needs that may increase and vary, due to urbanization improvement.

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 of the needs of many individuals in any society that lives under capitalism.

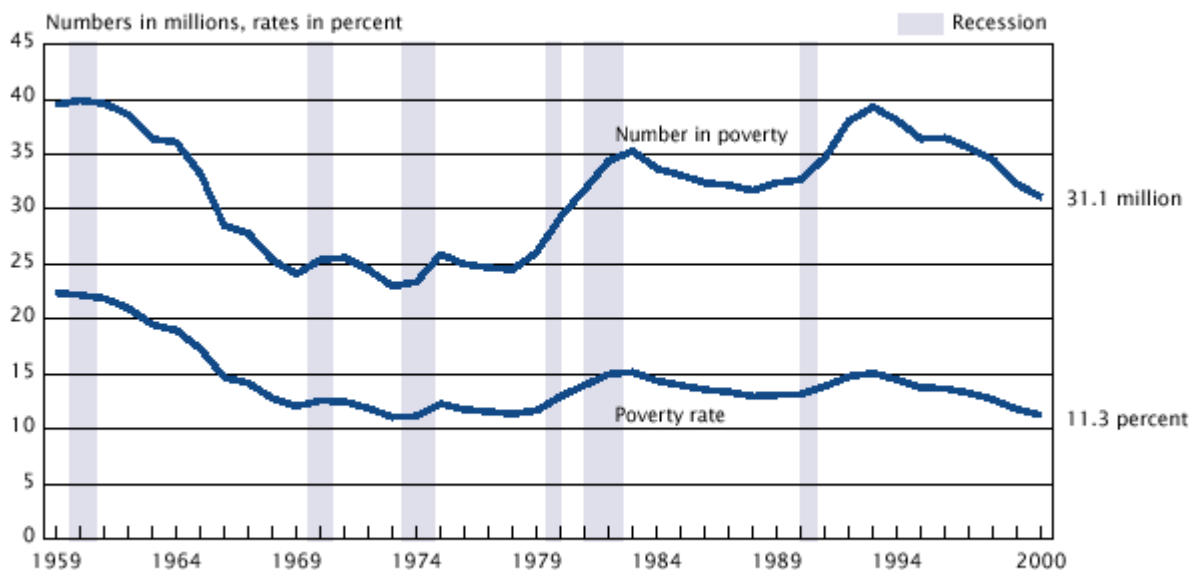
In this section, we will examine actual data from the contemporary world that lives under capitalist economic system. The data shows without any doubt that the theoretical errors of the major economic principals have led to serious failures that cause huge catastrophic effects on very large number of the population in the world.

2.1.1. Poverty and National Product

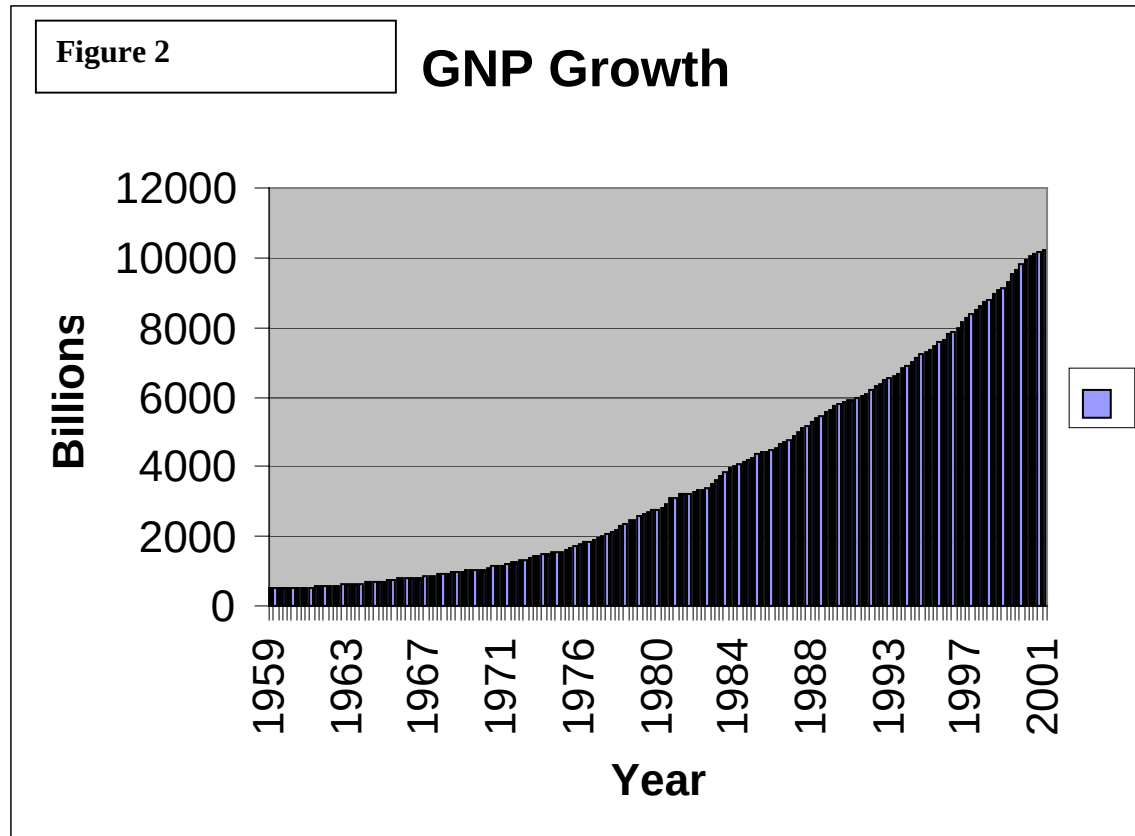
Figure 1 shows the poverty numbers and rates in the US for the last 41 years. The average number of poor people averaged more than 30 million people, with an average of 15% of the population being poor. In the meantime, the gross national product continued to increase drastically, over the same period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

Conclusion: Capitalism superbly increases the production of products and services, and hence wealth. It fails to resolve the poverty of the individuals. Number of poor people continue to be very high.

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:

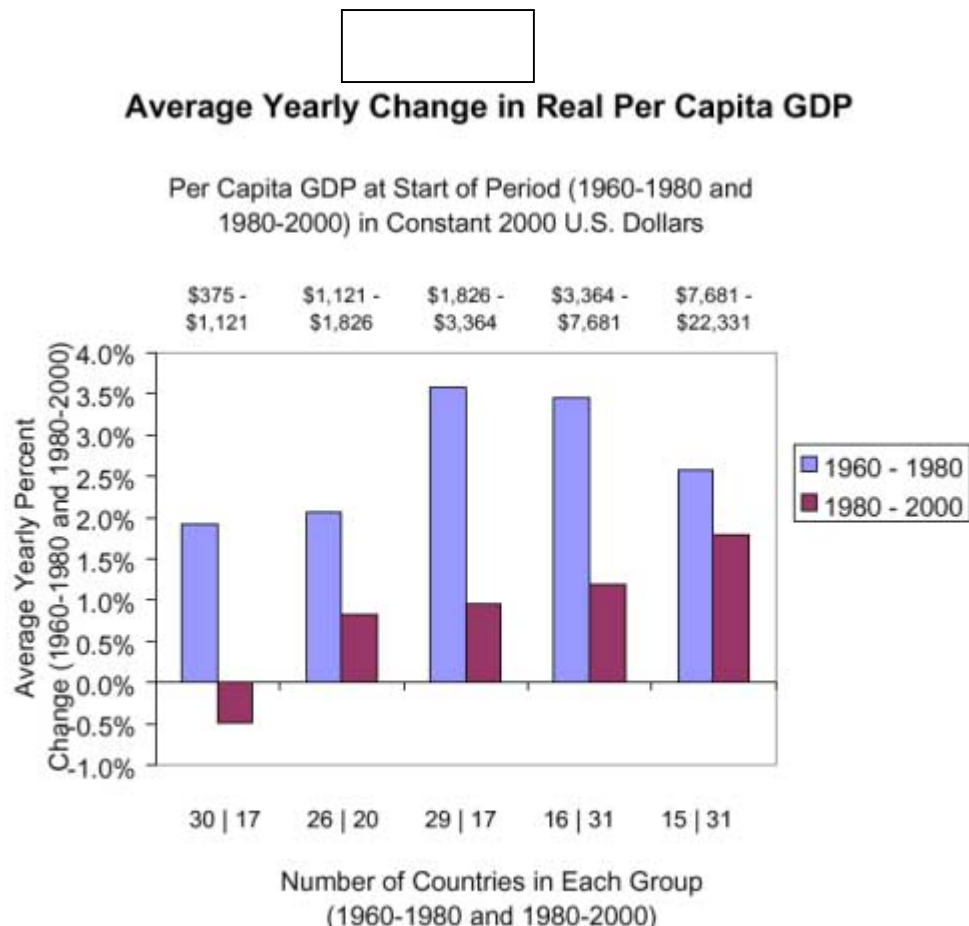
“The Scorecard on Globalization 1980-2000: Twenty Years of Diminished Progress”

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.

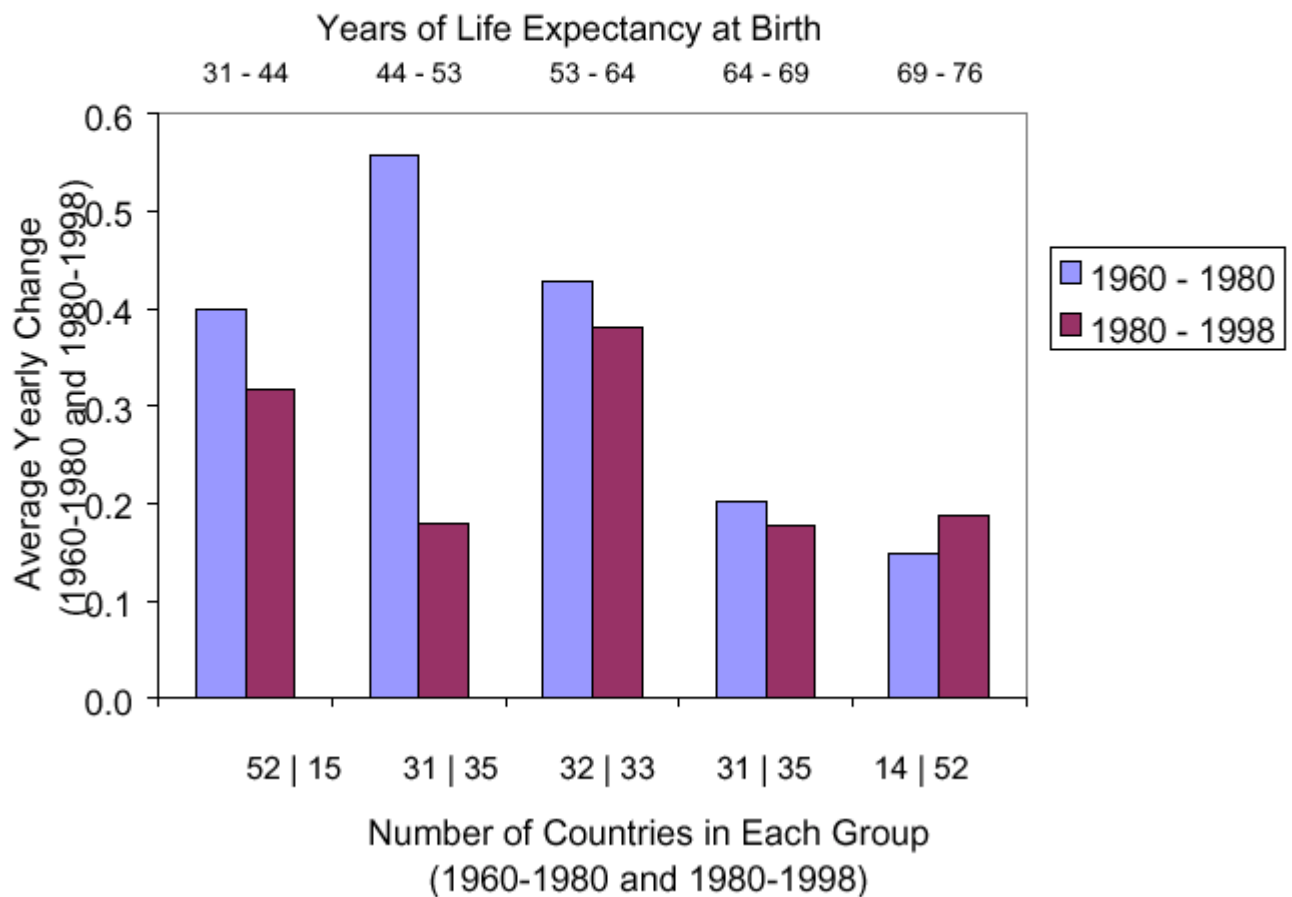


Sources: Penn World Table, International Monetary Fund

- **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)..

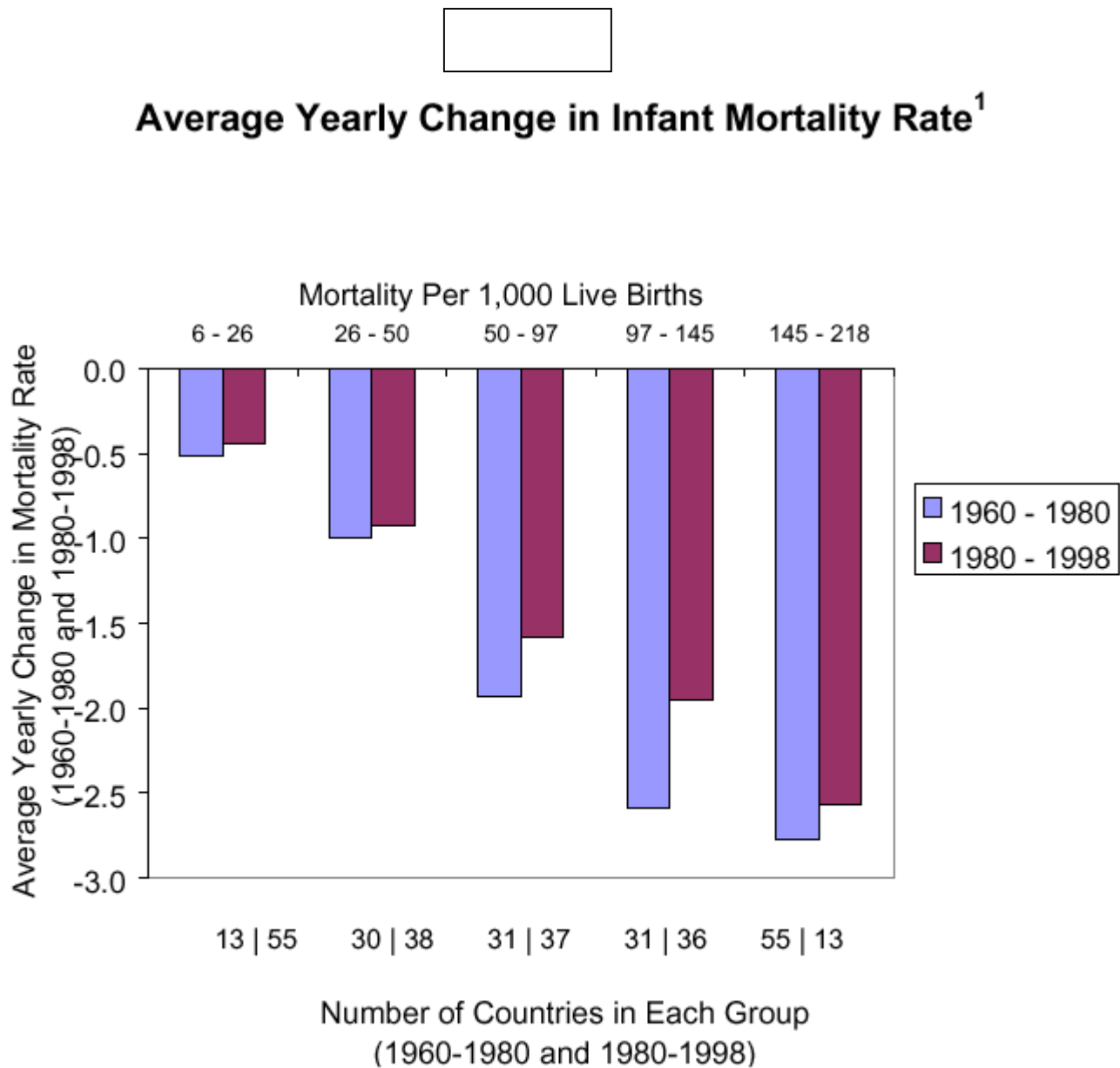


Average Yearly Change in Total Life Expectancy¹



- **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.



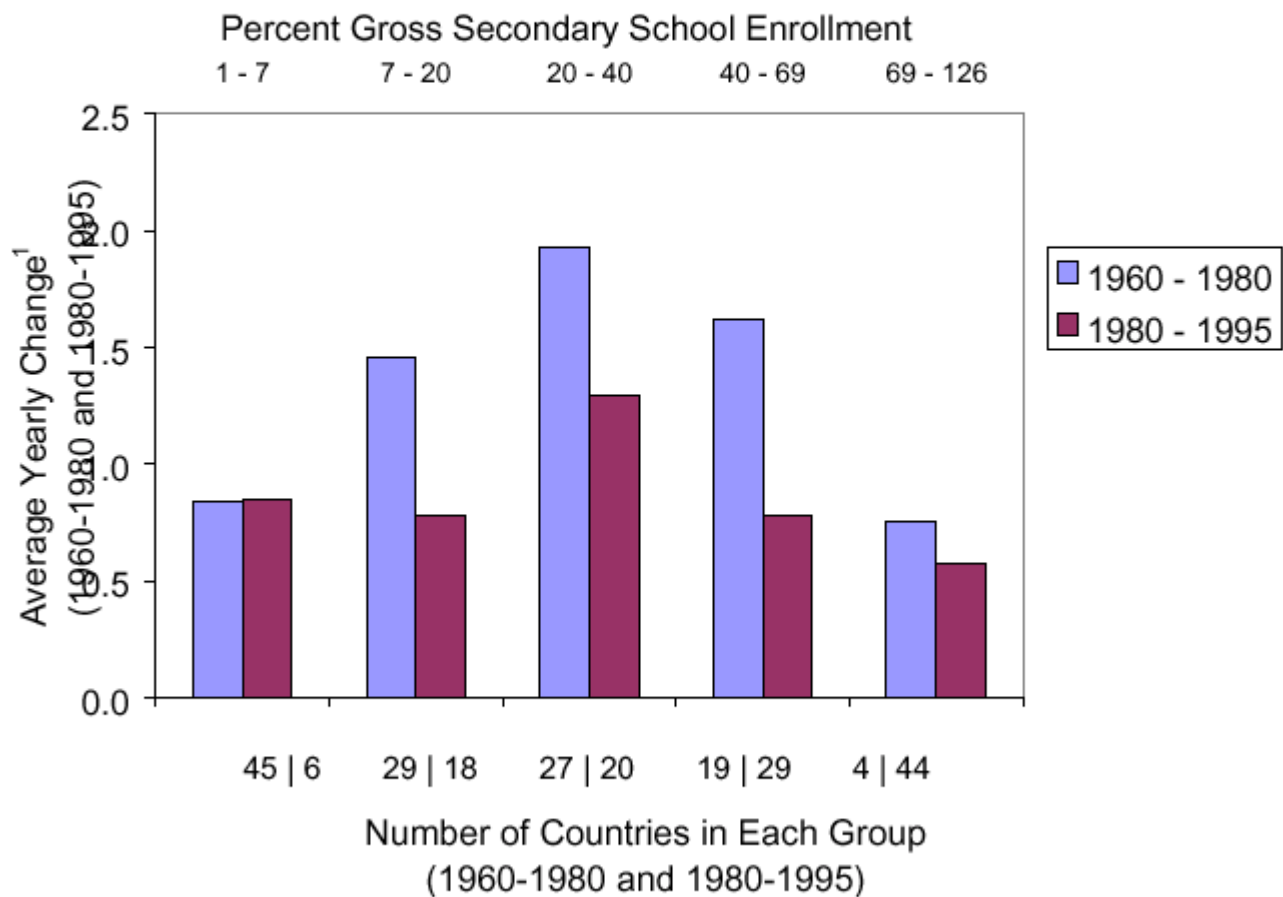
Source: World Bank, World Development Indicators, 2000

- **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.



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. Revitalization of
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 indulging 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. Examples of these attributes are: The Merciful, The Beneficent, The Forgiving, The Almighty, The Peace, The Security Provider (Al-Mumin), The Great, The First, The Last, The Witness, The Life Giver, The Wealth Giver, The Death Giver, The Ruler, The Sovereign, and many others.

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 God. This channel is what is known as the Prophethood and/or Messenger. Worshipping God, 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 and, henceforth the Prophets and Messengers, 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 comprises verses compiled into chapters. 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. The Sunnah is also a revelation from God to Mohammad, except that the wording of the Sunnah is left to Mohammad. 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 and 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 makes a definite distinction between the system of economy and the science of economy. 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 system of economy deals with the human relation to the products and to the means of production, 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 by the virtue of the laws that Allah injected into the resources:

“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 property and created man's efforts, and He did not discuss anything else that may be linked to them, which indicates that He did not interfere in the property or in man's effort, except that He showed that He created them for people to utilise. He also did not interfere in the production of wealth; there is no *Shari'ah* text (divine legal text) which denotes that Islam interferes in the production of wealth. On the contrary, we find the *Shari'ah* texts indicate that the *Shari'ah* has left to the people the matter of extracting the property and improving man's effort.

It was narrated that the Prophet ﷺ 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 the *Shari'ah* has left the matter of production of wealth to the people, to be produced according to their experience and knowledge. Thus, it is apparent that Islam focuses on the economic system and not economic science.

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). Prophet Mohammad (pbuh) is narrated to have said: **“Whom who ends his day with security at home, with healthy body, and with food at home has acquired his needs in this life”**. Also, he 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 satisfy his luxuries as much as he can, as a person living in a particular society, which has a certain way of life. So Islam looks at every individual by himself rather than the total of individuals who live in the country. It looks at him as a human being first, who needs to satisfy all of his basic needs completely, then it looks to him in his capacity as a particular individual, to enable him to satisfy his luxuries as much as possible.

Islam looks to him at the same time, as a person living in a society with other people just like him who have similar needs.

The purpose of the economic policy in Islam is not to only raise the standard of living in the country without looking to secure the rights of life for every individual completely. Nor is it just to provide the means of satisfaction in the society, leaving people free to take from such means as much as they can, without securing the right of livelihood for each individual.

This is achieved by obliging each capable person to work, so as to achieve the basic needs for himself and his dependants. Islam obliges the children or the heirs to support the parents if they are not able to work, or obliges the State Treasury (*Bait ul-Mal*) to do so, if there is nobody to support them. As such, Islam requires that the individual secures for himself and his dependants the satisfaction of the basic needs i.e. adequate foodstuffs, clothing, education, medication and housing. Islam then encourages the individual to secure the luxuries of life as much as he can.

Islam also prevents the government from taking property through the imposition of taxes, except in cases where it is obligatory upon all Muslims to care for e.g. famine. Tax then is taken only on the

wealth which exceeds that which each individual normally uses to satisfy his basic needs and luxuries. In this way, it achieves the right of livelihood for everyone individually, and facilitates the securing of the luxuries. At the same time, Islam sets certain limits within which the individual can earn in order to satisfy his basic needs and luxuries. So 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. So Islam considers what the society ought to be when utilizing any property as a fundamental basis for utilizing the economic commodity.

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 to satisfy his luxuries. Rather, Islam makes the satisfaction of the needs and what the society ought to be, as two inseparable matters from each other, but by making what the society ought to be as a basis for satisfying the needs.

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. Therefore, Islam urges people to earn, seek the provision and strive. And it made striving to earn the provision compulsory upon Muslims.

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. When the Prophet _ asked about it, 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 _ said: “Nobody would ever eat food that is better than to eat of his own hand’s work.”

It was also narrated that Umar b. Al-Khattab (RA) passed by some people, who were known as readers of the Qur’an. He saw them sitting and bending their heads, and asked who they were. He was told: “They are those who depend (*Al-Mutawwakiloon*) upon Allah _.” Umar 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 was answered in the affirmative, and then he said: “He is the person who throws the seeds in the earth and then depends on his Lord The Almighty, The Exalted (*‘Azza wa jalla*).”

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]

“And let not those who are niggardly, who withhold the gifts which Allah has given them from His Grace, think that it is good for them. Rather it is worse for them. That which they hoard will be their collar on the Day of Resurrection. To Allah belongs

the heritage of the heavens and the earth, and Allah is informed of what you do.”
[Al-Imran: 180]

“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]

And:

“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 that is a means to satisfy the needs, not for the sake of having property for itself, nor for boasting, nor to spend it in sin, nor for arrogance and oppression.

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 kept (for yourself)?”**

Allah _ the Supreme said:

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

Islam made the aim of owning property a means towards satisfying the needs and not for the purpose of boasting. It also made managing the economy as a whole according to Allah _ 's orders obligatory. It ordered the Muslim to seek the Hereafter through what he earns and not to forget his share 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 by motivating the Muslim to adhere to this economic policy through the fear of Allah _ (*Taqwa*), and the abiding of the people, in general, to it through the 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]

The analysis of the divine rules related to the economy, shows that Islam addresses the issue of enabling people to utilize wealth. This is the Islamic view regarding the economic problem of society. When addressing the economy, it deals with 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*). He __ has stated in the texts that property (*Maal*) belongs to Him.

He __ 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 defined three types of ownership:

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 means 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 well being of the individuals rather than by the well being 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 well being of the people. One or more companies under Islam for example, will not own the oil. The fact that a certain company was able to drill and exploit oil fields in Texas does not give those people 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 means 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 that many people misunderstand today 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 managed to abolish the state. 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, 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. 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