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Iqtisaduna, Our Economics Volume One, Part Two
An Objective Study Comprising Critical Evaluation of the Economic Doctrines of Marxism, Capitalism and Islam
This text is the second part of the first volume of the great work of Allamah As-Sayyid Muhammad Baqir as-Sadr, Iqtisaduna, Our Economics. The book begins discussing in depth the subject of Capitalism both in its scientific and doctrinal aspects, then it continues with a thorough examination of the Islamic Economy.

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Publisher's Foreword

1. The great Islamic scholar, revivalist jurist and thinker of genius, al-'Allamah as-Sayyid Muhammad

Baqir as-Sadr (1353/ 1935 - 1400/1980) may Allah encompass him with His Mercy for the works which he bequeathed to the Muslims, both the ordinary and the learned ones among them. His life was filled with struggles and sacrifices for Islam and was prematurely ended by the hands of the criminals. He is too famous and well known that we are unable present his biography in this brief preface for the English translation of his celebrated book, *Iqtisaduna* (Our Economics), in which he present a masterly insight and elucidation of the Islamic system of economics.

2. In the preface to the English translation of his other book *The Revealer*, *The Messenger*, *The Message* we have introduced the works of as-Sayyid as-Sadr to our respected readers. And now that we are publishing the English translation of *Iqtisaduna*, we think that is necessary to turn the attention of our readers to the preface of *Iqtisaduna* itself, in which Sayyid as-Sadr has mentioned six points, which he deemed essential for the readers to carefully observe.

We do not wish to say anything more than what the author had himself mentioned, except that these six points - which he introduced while writing the book and emphasized to his readers to keep in their mind while reading the book and studying its discussions - were in our mind also when we decided to publish its English translation. And we emphasize, along with the author, careful observation of these points.

3. The English translation of *Iqtisaduna* was prepared by the Peermahomed Ebrahim Trust of Pakistan with our encouragement. Upon completion, the translation was submitted to us but at that time we did not have the means to be sure of its correctness. So it remained with us until we found the person who could check and rectify the shortcomings in the translation. Then again just along the way we encountered some defects, and fortunately found a person who was familiar with both Arabic and English, and had qualification in economics. He compared the translation with the Arabic version and corrected, according to his own views, as much as he could.

At this point we reached the utmost stage of our ability and resources for correction of the translation, and so we deemed it right to publish it, with the help of Allah such that it cannot be said that our efforts were reckless and that it would have been better to delay the publication. After all these efforts we shall gladly accept any criticism or observation, and welcome any suggestion to improve our work. We hope to correct the shortcomings and mistakes, which we may encounter in the future.

We ask Allah, the Glorified, to bless the English translation of this book and to expand its benefit as He did for the original Arabic version. And may He accept our work sincerely for His Holy Self. He is the best Master and the best Helper.

World Organization For Islamic Services
(**Board of Writing, Translation and Publication**)
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Chapter 1: Capitalism

Introduction

Just as the Marxian economics comprises the science and the doctrine, in the same way the capitalist economics also consists of these two elements. It has a scientific aspect wherein capitalism tries to explain the course of economic life and its events in an objective way, based on observations and analyses. There is also part of it, the doctrinal component, which the proponents of capitalism propagate and call for implementation.

These two sides of capitalism have become mixed up in many discussions and views. This is despite the fact that they are two distinct aspects – each one having its peculiar nature, basis and measures. Consequently, if we try to give one of the two aspects the distinctive character of the other – either regarding the scientific laws as pure doctrine or attributing scientific features to the doctrine – we would certainly commit a great mistake, as we shall soon see.

Despite this similarity between capitalist and Marxian economics (in being composed of two aspects, scientific and doctrinal), there is a significant difference. The relationship between the science of capitalist economics and the capitalist economic doctrine differs substantially from that between the scientific side and the doctrinal aspect of Marxian economics. That is in respect of the difference between historical materialism on the one hand, and socialism and communism on the other. It is this difference that will make our approach in discussing capitalism different from that in discussing Marxian economics, as would become clear in the course of this chapter.

In the following pages, we will discuss the main themes of capitalist economics. Then, we will deal with the relationship between the doctrines of the capitalist economics and its science. Finally we will study capitalism in light of its doctrinal notions it is built on.

Doctrinal Capitalism – The Main Framework

The capitalist economic doctrine is based on three main elements, constituting its peculiar organic entity, distinguishing it from other doctrines. These elements are as described below:

The first is the adherence to the principle of private ownership in an unrestricted form. The general rule in the Marxist doctrine is that the principle of collective ownership prevails except in an exceptional case. The position is entirely the opposite under the capitalist doctrine. In capitalism, the rule is that private ownership prevails, extending to all areas and different aspects of wealth. This could not be violated except under exceptional circumstances, which necessitate the nationalization of an industry or placing the assets under the ownership of the State. As long as the overall results do not demonstrate the

necessity for nationalization of any enterprise, private ownership remains the general rule in force.

On this basis, capitalism believes in the freedom of ownership and allows private ownership to prevail over all means of production such as land, machines, buildings, mines and other forms of capital assets. The laws in the capitalist society guarantee private ownership and its continuity for the asset owners.

The second element of the capitalist doctrine is the freedom for every individual to deploy his assets and use his abilities as he likes, and to develop his wealth with various means and methods he can. For instance, if he owns an agriculture land, he is entitled to exploit it himself for any use he chooses. He also has the right to lease it out to a third person on terms he deems appropriate. Similarly he also has the right to leave it idle.

This capitalist freedom granted by the capitalist economic doctrine to the owner aims at making the individual the sole operative in the economic movement as no one else is more aware of the real benefits to him than he himself. Nor is anyone else more competent to gain the benefits. He can only be in that position if he is provided the freedom in the manner he deploys and organize the assets, only as long as he is spared from any intervention from any direction – by the state or any other parties. In this way, therefore, everyone has a sufficient opportunity to choose the method of utilizing his assets, the profession he adopts and the methods that he might apply to realize the largest possible amount of wealth.

The third element is freedom in consumption in the same way as freedom is grated in use of assets. Thus every individual enjoys the freedom to spend his money and wealth, as he likes, to satisfy his desires and meet his needs. He is free to choose whatever goods he likes for consumption and he could not be restricted by the state – which at times prohibits the consumption of certain commodities based on considerations relating to public interests, such as the consumption of a drug.

These are the main signposts of the capitalist doctrine, which could be summed up in three types of freedom – the freedom to own, the freedom to use and the freedom to consume. At first glance, there appears to be a glaring inconsistency between the capitalist doctrine and the Marxist doctrine. The latter upholds collective ownership as the main principle instead of individual ownership. It also abolishes the capitalist freedoms based on private ownership, replacing them with state control over all the resources in the economic system.

It is generally said that the contrast between the two doctrines – capitalism and Marxism – in terms of their features, reflects the difference in the way they view the individual and the society. It is such because the capitalist doctrine is an individual–centered doctrine, which sanctifies personal desires and regards the individual as the pivot. It is incumbent on the doctrine to work for and to safeguard the interests of the individuals.

The Marxist doctrine is one that is society–centered, which rejects personal desires and individual esteem. It dissolves the individual entities into the society and adopts the society as a pivot for him. For

this purpose, it does not recognize individual freedoms. Instead, the doctrine ignores them for the sake of the fundamental entity and works in the collective interest of the society as a whole.

As a matter of fact, both doctrines rest on an individual–centered view and both are built on personal desires and esteem. Capitalism emphasizes respect for the interest of the privileged individual by ensuring him freedom of use (of his resources) and freedom to carry out economic activities in various fields – unmindful of the injustice and the neglect that may result from the freedom allowed for that individual – as long as others are in principle provided the same freedom.

While capitalism provides comprehensively for the fulfillment of the personal desires of the privileged ones and promotes their propensity, the Marxian economics turns to other individuals who are not fortunate enough to have those opportunities. Its doctrinal call, therefore, revolves around fueling their personal desires and their self–esteem and work at fulfilling those. It tries to endorse these desires with different methods – regarding it as the force harnessed by history for its development – until it is able to employ them in a revolutionary way.

It explains to its audience that the others steal their efforts and wealth and therefore it was not possible for them to conform to this (system of) plunder in any way, as it constituted a blatant aggression against their personal being. Thus we find that the Marxist doctrine relies on the same premise, as that adopted by capitalism. Both doctrines actually embrace the fulfillment of personal desires and endorse them. They only differ in the types and groups individuals whose personal desires and esteem that correspond to the respective doctrines.

A doctrine that really deserves to be described as a society–centered doctrine is one that is driven by other than the personal esteem and desires. It is one that cultivates in each individual a deep consciousness about the responsibility towards the society and its interests and makes it incumbent on him to forego part of the fruits of his efforts and his private wealth for the sake of the society and others. He does not do that because he had stolen their properties and because of their resulting revolt against him to regain their rights, but because he feels that this is part of his duty and that it is an expression of the values he believes in.

Indeed a society–centered doctrine is that which safeguards the rights of the under–privileged and their wellbeing not by inciting them such that their desires and dignity prevail, instead by nurturing goodness and noble values to bloom in everyone's mind. In future discussions we will see what that doctrine is.

Doctrinal Capitalism Is Not A Product Of Scientific Laws

When the science of economics was at an early stage, the giants of classical economics voiced the need for this science and laid its first foundation. During that period, two notions pervaded the thinking on economics.

First, that economic life proceeds in an environment with scarce resources. Scarcity dominates all economic units of the society, as much as other various aspects of existence, all in accordance with their respective natural capacities. The responsibility of the science vis-à-vis these forces, which govern the economic life, is to discover general laws and the fundamental rules that can appropriately describe different economic phenomena and events.

Second, those natural laws – which the science of economics must discover – constitute a guarantee for human happiness if they are enforced in a liberal atmosphere and when all the members of the society are enabled to enjoy the capitalist-style economic freedom. It comprises freedom in ownership, freedom in asset usage and freedom in consumption (spending).

The first notion laid the seed of the science of capitalist economics while the second one laid its 'doctrinal seed'. But the two notions or the seeds are so closely linked that economic thinkers at that time thought that restricting freedom of the individuals and intervention – by the state – in the economic affairs meant placing barriers on the natural laws, which would have ensured affluence for humanity as the solution for all its problems.

Consequently, any attempt to curb any of the capitalistic freedoms is regarded a crime against the ideal natural laws. This belief led them to saying that those good laws themselves impose the capitalist doctrine and make it essential for the society to guarantee the capitalistic freedoms.

But this sort of thinking now, to a great extent, appears absurd and childish because a revolt against a natural scientific law does not mean that a crime had been committed against that law. Instead, it shows the flaw of the law itself, disqualifying it from being regarded as scientific and objective. True natural laws never fail under the given conditions and circumstances. Only the conditions and circumstances change. It is, therefore, a mistake to regard the capitalist freedoms as an expression of natural laws and to consider their violation as a crime against nature.

Thus the natural laws of economics should operate uninterrupted, in all conditions irrespective of the degree of the freedom enjoyed by individuals on the aspects of right of ownership, usage of assets and consumption of goods. Yes, sometimes it does happen that the effect of these laws differs, in accordance with the difference in the conditions and circumstances under which they operate, in the same way the laws of physics differ in their effects and results with the difference in conditions and circumstances.

It is therefore essential to study the capitalistic freedoms. But, this is not because we agree with the proponents of capitalism, who views these freedoms as natural laws, as if they bear a scientific character. They should instead be studied as regard to how far they provide happiness and dignity to man and contribute values and ideals to the society, which are the basis embraced by the proponents of the capitalism in the study of its doctrinal aspect.

Considering this, we can understand the essential difference – to which we had hinted in the beginning

of this chapter – between the Marxian economics and capitalism. The relationship between the scientific and doctrinal aspects of the Marxian economics differs fundamentally from that linking the scientific and doctrinal aspects of the capitalist economics.

The doctrinal aspect of the Marxian economics – which is represented in the forms of socialism and communism – is regarded as a necessary outcome of the laws of historical materialism, which constitutes an expression of history's natural laws, from the viewpoint of Marxism. So if historical materialism was right in the matter of explanation of history, it proved (demonstrated) the doctrinal aspect of Marxian economics. Consequently the study of the scientific aspect of the Marxian economics is considered as a basis for the study of the doctrinal aspect thereof. It is also an essential condition for judging in favour of the Marxian doctrine, or against it. It is not possible for a doctrinal researcher to critically review socialism and communism independent of its scientific basis, which is historical materialism.

As for the doctrinal capitalism, it is not the result of the science of economics established by the capitalists. Nor is its destiny linked with the success of the scientific aspect of capitalism in describing the objective reality. The doctrinal capitalism relies on a certain value system and practical thoughts, which are regarded as the exclusive criteria for judging the capitalist doctrine. While we ourselves believe in an economic doctrine distinct from capitalism and the Marxian economics, our attitude towards Marxian economics is different from our attitude vis–à–vis capitalism. In respect of the Marxian economics, we are face to face with a doctrine whose proponents think that it revolves around the laws of the science of history (historical materialism).

It is, therefore, necessary for any critical review of this doctrine to incorporate an examination of the so–called scientific laws. That is why we presented historical materialism, describing its meanings and stages, as a prelude to pass a judgment on the Marxian doctrine itself.

Our attitude is different towards the doctrinal capitalism, in respect of the capitalist–style freedoms. We are confronted with a doctrine that does not derive its existence from any scientific law, such that a discussion and scrutiny of those laws are not necessary for its study. We are actually dealing with a doctrine that is derived from certain moral and practical outlook.

Therefore, we will not discuss the scientific aspect of capitalism except to the extent that to clarify that the doctrinal aspect is not an essential result thereof, nor does it bear a scientific character. Then we will study the capitalist doctrine in light of practical ideas and the value system on which it is based. Since all the discussions contained in this book have doctrinal character, there is no room for scientific aspects except so far as the doctrinal attitude demands.

Although the study of the capitalist doctrine on this basis depends also on some scientific discussion, the role of the scientific discussion in this study completely differs from that in the study of the Marxian doctrine. It is such because the scientific discussion of the laws of historical materialism alone could

pronounce the final verdict on doctrinal Marxism, as mentioned previously. As for the scientific discussion in examining doctrinal capitalism, it does not constitute the highest authority to make a judgment on it, as it does not have a legitimate scientific character.

The help of scientific discussion is sought only to form a complete idea about the empirical results generated by capitalism in the social dimension, and the trends of the regulatory development in the capitalist economies. That will enable judgment of the outcomes and the trends resulting from the application of the doctrine against the value system and practical concepts the researcher subscribes to.

Therefore, the role of scientific discussions in the study of the capitalist doctrine is to give a complete picture about the reality of the capitalist society so that we could judge that picture with specific practical standards. Its role is not to present evidence on the necessity of the capitalist doctrine or its flaws. Consequently, how often would the researcher – on this basis put forth by us – commit mistakes if he accepts the capitalist doctrine from the proponents of capitalism as being a scientific reality or as part of the science of political economy, without separating the science from its doctrinal aspects?

For instance, when they assert that the provision of the capitalist freedoms means wellbeing and happiness for all, he would think that this opinion is scientific or is based on a scientific principle (just) like the economic law of demand and supply, which states that 'when supply increases, the price decreases'. This law is a scientific explanation of the movement of price as found (prevailing) in the market.

As for the previous verdict on the capitalistic freedoms, it is doctrinal in nature. Its proponents proclaim its virtue in their doctrinal capacity, deriving it from the moral and practical values and ideology they believe in. Therefore the correctness of this idea or other scientific laws does not mean that this doctrinal verdict was correct. This verdict depends but on the correctness of the values and ideas upon which it was based.

The So-Called Scientific Laws In The Capitalist Economics Are Actually Of Doctrinal Nature

As we have seen earlier, the capitalist doctrine has no scientific character and does not derive its legitimacy and existence from the scientific laws in economics. Here we want to reach a deeper point in the analysis of the relationship between the doctrinal aspect and the scientific aspect of capitalism, to see how the capitalist doctrine restricts the scientific laws in the capitalist economics and affects them so far as their direction and path are concerned.

This means that the scientific laws in the capitalist economics are scientific laws in the framework of a particular doctrine, and not general laws that might be applicable to every society or place, and at all times like the natural laws of physics and chemistry. Many of those laws are only regarded as the objective realities in the social conditions governed by capitalism in all dimensions. Consequently they

are not applicable to a society that is not run by capitalism and in which its ideas do not prevail. To clarify this, we must throw some light on the nature of the economic laws taught by capitalist economics so that we may know how and to what extent it is possible to acknowledge their scientific character.

Scientific laws in economics are divided into two groups:

First, natural laws which owe their necessity to nature itself rather than human will, such as the general law of scarcity which stipulates that: every production which depends on land and raw material as its input is limited according to the limited amount of land and its raw materials. It is similar with the law of production, which states that increase in production is proportionate to the increase in a factor of production until it reaches a point where the incremental returns is subject to the law of diminishing returns whereby the yield starts diminishing (given that the other factors of productions are held constant).

These laws are not different, in their nature and the objective aspect, from other laws of the universe that are discovered in natural sciences and therefore they bear no doctrinal character. Nor are they dependent on a particular social or ideological circumstance. And the results do not vary even over an extended range of time and space, as long as the nature the production process remains the same.

Second, the group of scientific laws on political economy comprise laws on man's economic life and are connected with the will of the individual himself, because economic life is one of the phenomena of general human life, in which his will plays a significant role in various aspects.

For instance, the law of supply and demand – which states that when demand for a commodity increases while it is not possible to increase the quantity to meet the increased demand, the price of the commodity is bound to rise – is not an objective law operating independent of the understanding of man. It is unlike the laws in physics, astronomy and the natural laws of production that we refer to in the first group.

The law of supply and demand only represents the phenomena of man's conscious life. It clarifies that in the case defined by the law just mentioned, the buyer would come forward to purchase the commodity at a price higher than that in the case of the supply and demand being equal. The seller would not in that case, sell it but at the higher price.

The intervention of human will in the course of economic life does not mean the separation of economic life from the purview of scientific laws. It also does not mean that it is impossible to scientifically assess these aspects of economic life, as believed by some thinkers, when political economy was newly born. They believed that scientific laws – being incumbent and essential – were incompatible with the nature of freedom reflected in human will. Therefore, if human life were subjected to strict scientific laws, it would be inconsistent with the freedom enjoyed by man in his life. When subjected to these laws, he would become a rigid tool working mechanically, in accordance with natural laws that governs the course of his economic life.

This belief is based on an incorrect meaning of human freedom. It is also based on an incorrect perception and understanding of the permanent relationship between freedom and will on the one side, and those laws on the other. The existence of natural laws in connection with man's economic life does not mean that man loses his freedom and will. They are merely laws with respect to human will, describing how man uses his freedom in the economic space. Thus these laws cannot possibly be regarded as nullification of the man's free will.

These economic laws actually differ from scientific laws in other aspects of existence, on one point. That is, these laws – in view of their relationship with the will of man – are influenced by all the factors that affect human consciousness and also by all factors, which interfere with man's, will and his inclinations. Obviously, the man's will that these laws deal with, is determined and conditioned by his perceptions as well as the mainstream thoughts – the religion or the value system that is prevalent in the society and by the form of legislations regulating his behavior.

It is these factors that influence the man's will and practical attitude and when these factors change, man's inclination and will also change. Consequently, it would appear that general scientific laws vary in describing the course of economic life. Therefore, at many times it is not possible to present a general law – to the whole human community – about the economic life with different ideologies, doctrines, religions and value systems.

The capitalist economists studied the capitalist society, in light of which they have formulated laws of political economy. It is not scientifically reasonable to expect that human will – in the course of his economic life – always be progressive and be dynamic in every society, as it is in the capitalist society, as different societies embrace different ideologies, doctrines and value systems. But it is necessary to take these frameworks as established concepts in the space of scientific discussion. It is only natural that we should then discover results of the discussion of the laws holding well in the context of the respective frameworks.

As an example, we mention the main rule in light of which many classical economic laws have been formulated. This is that rule which takes out from the socially perceptible man — an economic man who believes in having his personal interests as his main objective in all the economic activities. The economists have presumed since the very beginning that everyone's practical inclination in his economic activities is always driven by his specific material interest. They then began to discover the scientific laws that prevail in such a society. This presumption is valid in the case of the European capitalist society with its ideological and spiritual character, value system and common practices.

But it is just as possible that a basic change may take place in the economic laws of the society's life simply with the variation of this basis, in another society with different rules of behavior, ideology and value system. This is not a presumption of our own but it is a fact, which we will discuss. Societies differ from one another in respect of factors that determine their pattern of behaviour and value system.

Let us take for example the capitalist society, and another that Islam had called for and had historically brought into existence. A human society had existed under the rule of Islam comprising a real community of people whose general rules of behaviour, observable standards and value systems differed totally from those of the capitalist society. Islam, being a unique way of life, does not deal with economic issues scientifically. Yet it greatly influences these activities and their social paths. It is such because it deals with the pivot of these activities – that is man – with his notions about life, his needs and desires, and shapes him with its peculiar character in line with its ideological and spiritual framework.

Despite the brief period that (the genuine) Islamic system was enacted, it produced the most brilliant results history had ever witnessed, and demonstrated the possibility of man rising to horizons which members of the capitalist society – immersed in the material needs and its connotations – could not even look at. The information that history gives us about this Islamic experiment and its brilliance shed light on the potentials for goodness that is latent in human beings, and reveals the strength of Islam's mission whereby it could mobilize these potentials and harness them for the higher human goals.

The history of this golden experiment tells us that once a group of poor people came to the holy Prophet and said, "O Messenger of Allah! The rich have excelled us in earning rewards (of Almighty Allah) as they perform prayers and observe fasting as we do, but they also give in charity (from) their extra wealth (while we cannot afford)." Therefore the Prophet replied: "*Has not God enabled you to give alms? Verily for every tasbih* (*praising Allah*) *and every takbir* (*glorifying Allah*) *you would be given reward of charity. Similarly the act of your calling others to do good and forbidding them from evil deeds would amount to charity on your part*."

These Muslims who had complained to the Prophet did not seek wealth so they could have the power or enjoyment or satisfaction of their own personal desires. What pained them was (their thought) that the rich people should surpass them spiritually (by way having more opportunity) for righteousness and doing good deeds to others and participation in public welfare works for the society. This reflects the meaning of wealth and the nature of a Muslim, under the shadow of a genuine Islamic governance of human society.

The commercial deals and leases that prevailed in the Islamic society have been described by Shatibi as extracted below:

"You would find them taking very little profit or rent so much so that the other party got more out of the deals than they themselves. They cared for the wellbeing and benefit of the other people more than what was normally due, such that it appeared as though they were agents of others rather than their own. They regarded (*the normal amounts of rent*)*, although permissible* (*legal*)*, as if it were a fraud against others".*

Narrating the cooperation and reciprocal responsibility that existed in the Islamic society, Muhammad ibn

Ziyad says:
"Sometimes it so happened that someone among them had a guest, while the vessel of another was on the fire for cooking some foodstuff. So the host would take away the vessel to serve the food to his guest. When the owner of the vessel found it missing he would ask as to who had taken the vessel and when told by the man, whose guest had arrived, that they had taken it for their guest, he (*the owner of the vessel*) *would remark, 'May Allah bless you therein' ".*

Thus we realize the effective favorable role Islam had in changing the course of an individual's economic life and its natural laws by bringing about a change in his personality and by creating for him new spiritual and ideological conditions. Similarly, we know how fallacious it is to subject a society having these characteristics and ingredients, to the same laws that govern a capitalist society replete with personal pride and materialist views.

We can also take, for example, the laws about income distribution and those of demand and supply. The laws about the distribution of income under the capitalist economy, as explained by Ricardo and other classical magnates are such that it was required to reserve part of the income as wage of the worker to be determined in accordance with the cost of food that might be sufficient for nourishment of the worker and maintenance of his abilities. The rest (of the income) is then divided profit and rent.

The capitalist economics has concluded from this that there was a rigid law for the wages. The wages do not vary irrespective of whether there was increase or decrease in the real value the worker received as the result of changes in the cost of food. This rigid law could be summed up like this: When the wages of the workers register an increase for any reason, their living condition improves resulting in family expansions. The resulting growth in population leads to increase in the supply of labour, causing decline in wages to the natural limit. But when the situation is the opposite, the wages falls down to the natural level, and this leads to widespread misery and disease in the ranks of the workers. Consequently their population shrinks leading to lower supply of labour and pushing wages up.

The classical economists present it to us as a scientific description of the reality and as being a natural law of the economic life. As a matter of fact, this does not apply except within special limits and in those capitalist societies in which a social security system[1] is not found, and in which pricing of goods is left entirely to the market forces. But in a society adopting the principle of collective responsibility for a respectable level of living for all individuals – like the Muslim society, or in a society in which does not depend on market forces alone such as the socialist society, these laws do not operate the way they do in a capitalist society.

It thus becomes clear that the general scientific framework of the capitalist economics has a special doctrinal character, unlike the absolute scientific laws.

A Study Of Doctrinal Capitalism With Regards To Its Ideology And Fundamental Values

The key ingredients of the capitalist doctrine that we have reviewed previously indicate that its cornerstone is the freedom of man in the economic space in its various aspects such as ownership, usage of resources and consumption of goods. Thus, freedom – with its different forms – is the basis on which all the rights and doctrinal values proclaimed by capitalism are built. Indeed, even the scientific laws of capitalist economy themselves are also a description of the rigid objective reality in the framework of this freedom as we have seen.

Since the idea of freedom is the essence and the fundamental component of capitalism, it is necessary for us – while studying the capitalist doctrine – to examine and analyze this notion and to study its ideological origin as well as the ideas and values it was based on. The first question that comes up for discussion is, why it is necessary that the society be established on the basis of economic freedom and how man's rights developed therein. Doctrinal capitalism places significant emphasis o the idea of freedom, and resists any simplistic definition.

To answer this question, we must know that in the capitalist thinking, freedom is usually linked to a number of notions and values from which it derives its central position in the doctrine and its character as a necessity for man and his society. At one time it was linked with the ideology that believes in the alignment of the interest of the individual – which is likely to issue forth from his personal desires – with that of the society, which derive from all individuals as a collective entity.

It was argued that when the interest of the individual and that of the society are aligned, the social doctrine seeking the assurance of social interest would only need to allow freedom to the individual. This in turn opens the way for his personal actions in pursuit of his personal interests, which would also facilitate the accomplishment of the society’s collective interest. On the basis of this ideology, freedom is therefore an instrument to serve the collective interests and ensure benefit and wellbeing demanded by the society. Being such a key instrument, it thus deserves to be at the centre of the doctrine.

At another time, freedom was linked with the ideology on economic growth. It revolves around the view holding that economic freedom is the best motivational force for the productive capacities and is the most potent means to unleash all the capabilities and potentials, and to harness them for the aggregate economic output and consequently to enhance the collective wealth in the country. This in reality originates from the first ideology as it expresses one of the aspects of collective interest, which is to facilitate collective economic output that could materialize through the individual economic freedom.

There is a third notion the meaning of the capitalist freedom is linked with. This is the ideology having a purely moral character to express, which the proponents of capitalism usually use vague expressions that are not entirely clear. They reiterate that the freedom, in a general way, is a fundamental human

right and a practical expression of human dignity and of man's consciousness. Therefore it is not merely a means for social wellbeing or economic growth, but is also a means of materializing man's humanity and his proper natural existence.

It is clear that the doctrinal value of economic freedom – on the basis of the first two notions – is an objective one, ensuring the results to which it leads in life. But on the basis of the third notion, freedom in general – with economic freedom being one of its elements – has its own value dictated by man's consciousness of his dignity and humanity.

These are the thoughts capitalism usually employs as the means to justify its understanding of freedom and the necessity of regarding freedom as the foundation in the social planning its proponents are calling for. To them, freedom is a means to achieve collective interests and is a source of growth of the economy and the total wealth. Freedom is also the fundamental expression of human dignity and man's right in life.

Having presented the ideological basis of economic freedom, we must now study and evaluate the principle.

A. Freedom Is A Means For The Realization Of Public Interests

This notion is based on the belief that personal desires are always aligned with the collective interests and public wellbeing, whenever freedom is provided to all the individuals in his daily life. It is argued that since man in a free society pursues his personal interests, in the long run this leads to the elevation of collective interests of the society.

In view of this, the economists who embrace capitalism were initially led to believe that to ensure the society's well–being and interests it was not necessary to inculcate moral and ethical values among the people. It was thought that even he who does not know something about morality would act in accordance with his own interest, whenever freedom is ensured to him. This interest goes side by side with the interests of the society, even though the individual is actually driven by his personal desires and interests.

In this way it was possible for the society to dispense with the benefits rendered by moral and ethical values and fulfill its interests through the capitalist approach, which provides freedom to every individual and enables him to assess his attitude in light of his personal interests, which are ultimately in agreement with public interests. It is for this reason that the freedom proclaimed by capitalism was bereft of all the moral and spiritual framework and values because there should be freedom even in appraising these values.

It does not mean that those values do not exist in a capitalist society. It only means that capitalism does not recognize the necessity of these values to ensure the society's interest and holds that it is possible to dispense with them by providing freedom to the individuals. The people were free to adhere to or reject

these values. In the context of the argument, the proponents of capitalism say that economic freedom opens the space for unrestricted competition in different areas of economic activities. The owner of the business enterprise – under the shadow of this open competition prevailing in the economic life – always consider lest any other enterprise should perform better and thereby eliminates his.

Therefore, his own interest drives him to improve his enterprise and increase its competence so that he is able to compete with other enterprises and remains involved in the furnace of perpetual competition. One of the important means that are adopted to achieve that end is to bring about technical improvements in his business activities. This means that the owner of an enterprise in a free capitalist society always remains attracted to every idea or new improvement in his business efficiency or anything that could enable him to produce at lower costs.

Having introduced the improvement, he soon finds other enterprises having caught up with his, whereupon he once again starts searching for some other new idea so that he may retain the superiority of his enterprise over the others. Anyone who remains behind in this race will be forced to exit the business. Thus open competition under the capitalist system constitutes a sword that hangs over the heads of the business units – annihilating the weak, neglectful and the sluggish ones and ensuring the survival of the fittest. Obviously, such competition leads to the promotion of the collective interest because it provides an incentive to perpetually benefit from scientific and technical discoveries and to meet human needs at the lowest possible costs.

That being the state of affairs, there is no need to burden the owner of the enterprise with a certain moral education to train him in ethical values or to pour admonition and advices into his ears in order that he may satisfy human needs at the least possible costs and enhance the quality of his products. His personal interest will necessarily drive him to do that, so long as he lives in a free society pervaded by competition. Similarly, there is no need to preach so that he contribute good benevolent deeds and be concerned with the interests of the society, as his personal interest would drive him to naturally do so, being a part of the society.

Such talk about the alignment between the society's collective interests and the personal desires of individuals in a capitalistic system has today become a laughing stock. Societies adopting capitalism has complained of distresses and calamities with little parallel in the history, in terms of the obvious divergence between collective and personal interests and oppression, recklessness and greed resulting from the colossal vacuum caused by the society's neglect of moral and ethical teachings.

We can very easily discern – through the pervading history of capitalism – the crimes of this principle of capitalist freedom. It has thrown away all spiritual and moral restrictions, and it had caused harmful consequences on the economic life. The capitalist principle of freedom has also affected the spiritual contentment of the society, and the relations between the capitalist and other societies.

As the result of this, the proponents of capitalism themselves have started to consider the necessity of

capitalism undergoing reforms and setting regulations. They are trying to work out improvements and refinements, with the view to removing the adverse consequences or concealing them. Thus capitalism, in its pure doctrinal form, has become more of a historical doctrine than one that has a real existence.

As for the course of economic life of the capitalist society, the absolute capitalist freedom therein is merely a weapon in the hands of the privileged group facilitating their accumulation of wealth on the destruction of others. As long as people are in possession of different amounts of intellectual and physical talents and natural opportunities, they must adopt different ways to benefit from the complete economic freedom provided to them by the capitalist doctrine. They would also necessarily differ in the degree in which they benefit therefrom.

This inevitable gap between the strong and the weak leads to the freedom becoming a legitimate expression of the right of the strong in everything, while it means nothing to the underprivileged. The capitalist freedom does not recognize restrictions of whatever forms. The underprivileged group would thus lose every assurance for their existence and dignity in the struggle of life. They would remain at the mercy of the victors in the 'economic competition', who know no bounds over their freedoms in respect of ethical and moral values. They take into account nothing but their own interests.

As the result of this capitalist freedom, human dignity was diminished so much that man himself became a commodity subject to the laws of supply and demand, and human life became dependent on these laws and consequently dependent on the Iron Law of Wages. So when the supply of human labour capacity increased and when part of the labour supply brought onto the stage of the capitalist production registered an increase, the wage rates would fall.

Because the capitalist would regard it a good opportunity to derive benefits for himself from the misery of others, he would let the wages of the workers fall to even a level below the cost of a decent standard of life – at which they cannot meet some of their needs and which could send a colossal number of them into the streets suffering or starving only because he (the capitalist) enjoyed an unlimited freedom.

There was no harm for the workers (so to say) to perish and die of starvation as long as the capitalist economy gave them a ray of hope and an aperture of light. But what is that hope generated in their minds? It is the hope that their number would become less as the result of increasing misery and disease. Yes, by God, this is the hope that the Iron Law of Wages holds out to the workers, (implicitly) saying to them: "Wait a bit until starvation and misery make a large number of you fall (die) so that your number decreases whereby demand (for labour) would exceed supply, resulting in the rise of your wages and the consequent improvement in your condition".

This is the hypothetical alignment between individual desires and the society's collective interests, under the capitalist-style freedom, which the proponents of capitalism themselves are compelled to revise. They now embrace the idea of restricting the freedom based on certain values and goals to ensure the society's collective well-being.

When the capitalist–style freedom and its consequences in a capitalist society yield such outcome in the economic life of its people, the spark of that unrestrained freedom adversely affects the spiritual state of the nation. The sense of virtue by being good to others disappears completely and the tendency towards selfishness and greed dominating the struggle for existence pervades in the society instead of the spirit of cooperation and solidarity.

What do you think of a person who lives in conformity with the meaning of the absolute capitalist freedom when ethical values and social situations demands from him some sacrifice of his personal interests, and when even his personal interests sometimes prompt him to carry out acts that would result in realization of society's collective interests, which are in line with his own interest too? Although this might lead to the same result desired by ethical and moral values from the objective point of view, it does not lead to the realization of the personal aspect of those values nor does it make a man a human being in respect of his sentiments, feelings, desires and motivations.

Morality does not merely have objective values. It also has personal values, which is no less important than their objective value in perfecting human life and spreading (generating) the spirit of happiness and personal well–being. We will shortly discuss, in the next chapter, the question of personal desires and their relationship with the society's collective interest, in more detail.

Let us now leave the effects of the capitalist freedom on the inner contentment of the capitalist society and suppose that personal desires themselves guarantee the realization of the collective interests of the society, as assumed by the capitalist myth. But is it possible that this imaginary idea also apply to the interests of different societies, that specific interests of the capitalist society are consistent other human societies? If the capitalist society believed in the capitalist freedom, cut off from all the spiritual and moral frameworks, then what prevents it from exploiting all other human groups to its advantage and subjugate them to serve its own goals?

It is the historical reality of capitalism that may answer this question. Humanity has indeed suffered horribly at the hands of capitalist societies, as the result of its moral emptiness, spiritual vacuum and its peculiar way of life. These sufferings would remain a blot on the face of the history of the modern materialist civilization and a proof that the economic freedom unrestrained by moral boundaries constitutes one of the most destructive weapons of man. It was the result of this freedom, for instance, that there has been a mad race among the European countries to subjugate peaceful nations and to exploit them towards the service of the capitalists.

The history of Africa alone constitutes a page of that intense race whereby the African continent was subjected to a storm of misery. A number of European states – Britain, France and Holland and some others – imported a colossal number of innocent residents of Africa, sold them in the slave market and presented them for sacrifice on the altar of capitalist lords. The traders of these countries used to burn African villages so that their residents were terrified into fleeing their hearths and homes whereupon the traders got control of them and drove them to merchant ships that transported them to the countries of

the masters.

They continued committing these horrible deeds until the nineteenth century during which Britain launched a large-scale campaign against it and was able to conclude international agreements condemning the trading in slaves. But this endeavour itself bore the capitalistic character and did not come forth out of the belief in moral and spiritual values. Historical facts proved this.

Britain, which did so much to ban the slave trading practice, replaced it with an implicit slavery by sending its large fleet to African coasts to supervise (control) the banned trade with a view to putting an end thereto. Yes, by God, the British claimed that they had done that to end slave trading. But that instead paved the way for the occupation of large areas on the western coasts (of Africa). The enslavement of Africans began to operate in the continent itself under the colonial rule in place of the trade markets of Europe!

After all this, can we say that the capitalist freedom is a wonder mechanism working spontaneously – without any need for moral and spiritual consideration – to transform the struggle of the individuals for their personal profits into an instrument that will guarantee public interests and social well-being?

B. Freedom Results In Growth Of Production

This is the second notion on which capitalist freedom is built on, as we have seen before. But it is based on a mistake in understanding the results of the capitalistic freedom, and another mistake in measuring the value of the economic output.

Business enterprises in the capitalist society are not only small units entering the competition with equal degree of competence and potentials, such that they are capable of real competition. This factor is essential to ensure perfect competition, which will result in operational efficiency and growth in output. Instead, business enterprises in the capitalist society are of different sizes, and their respective levels of competence vary widely. Furthermore, the business units are capable of merger among themselves.

The capitalist freedom in such a situation enables an open competition, initially. But it competition soon becomes so fierce that the stronger enterprises crush others and begin to gradually dominate the market. Eventually all forms benefits to the society – from competition – evaporate and disappear, with the diminishing competition. Thus perfect competition, which promotes economic efficiency, does not accompany the capitalist freedom for long. It soon makes room for monopoly as long as the capitalist freedom prevails in the economic environment.

The other fundamental flaw of the notion lies in measuring the value of the production output as we mentioned earlier. Let us assume that the capitalist freedom leads to abundant production and growth, both quantitatively as well as qualitatively. Let us further assume that perfect competition would continue under the capitalist system resulting in efficient production with the least possible cost.

Yet, this still does not prove that capitalism is capable of ensuring the well-being of the society. It only demonstrates that the society under the capitalist system is capable of improving production efficiency and realizing the largest possible quantity of the goods and the services. But the capitalist doctrine is also supposed to ensure social well-being under its system.

This is merely a capability, which if employed in an appropriate way would ensure welfare and happiness for the society. But it could also lead to the opposite outcome. In capitalism, the mechanism that determines the form in which the society's collective production capacity is enhanced is the same as that employed in the distribution of the economic output among the members of the society. Unfortunately, the real collective well-being of the society does not depend so much on the quantity of the aggregate production by the whole society, instead it is more on how this total output gets distributed among the individuals.

The capitalist doctrine is extremely incapable of distribution that assures the well-being of the society and happiness of all because in the matter of distribution, doctrinal capitalism relies on the price mechanism. This means that he who cannot afford the price of a product has no right for it. This mechanism disqualifies anyone who is unable to pay the price, on the ground that he is unable to contribute to the production of the goods and services, or because of lack of opportunities for the contribution, or because a stronger competing buyer has blocked all opportunities for him.

That is why in capitalist societies, unemployment among workers constitutes a severe human tragedy. When a capitalist (employer) dispenses with the services of a worker, for any reason, the latter does not find the price (level of wage) whereby he could procure his needs and necessities of life. He is thus obliged to lead a life of misery and starvation because the distribution (of goods and services) is based on the price mechanism. As long as he does not procure something in the market, he has no share in the wealth produced by the society, however colossal it may be.

Therefore, the exaggeration of the capability of the capitalist doctrine and its effectiveness in respect of the growth of economic output is very misleading. It is a cover to mask its dark aspects in recklessly passing death sentence and disqualifying anyone who does not have the key – which is the financial resources – to have a share in the output generated by the economy.

In light of this it is not possible for us from moral and practical aspects to regard economic growth alone as a justification. There are other means to facilitate economic growth. Abundance of total goods and services, as we have seen, does not necessarily mean collective well-being of the society and its members.

C. Freedom Is The Real Expression Of Human Dignity

The only remaining pillar in support of capitalist freedom is the third notion about freedom. It judges freedom at the personal level and adds an original spiritual and moral value as being the basic

manifestation of the dignity and self–realization, without which life becomes meaningless.

We must first of all point out that there are two forms of freedom, natural freedom and social freedom. Natural freedom is that which is bestowed by nature itself while social freedom is that granted by the social system or that which the society guarantees to its members. Each type of freedom has a characteristic of its own. Therefore, when we study the meanings in which capitalism understands freedom, we must differentiate between these two types of freedom lest we would mistake one for the other.

Natural freedom is an essential element in the makeup of man and it embraces a basic phenomenon that is common to all living beings with varying degrees in accordance to their vitality. That is why man has the largest share of this freedom among all living beings. Therefore, the greater the 'life' is in a living being, the greater is the amount of freedom it enjoys.

In order to realize the essence of this natural freedom, we start with observation of how non–living beings follow their course. Nature determines fixed directions for such beings and lays down the way (behaviour) of each one of them, from which it cannot deviate. For instance, nature has prescribed a particular course for a piece of rock, in accordance with the general laws of existence. Thus we cannot expect it to move unless we apply a force to it. Once we set it in motion we cannot expect it to move in any direction, except the path we have pushed it to initially move in. Similarly we cannot imagine it to retreat in order to avoid a collision with a wall. It is bereft of all forms of proactive control and capability of being conditioned into new pattern, and therefore it had no share of natural freedom.

As for a living being, its response towards the environment and the surrounding conditions is not passive or compulsive, that is only in a rigid pattern from which it could not deviate. It does possess an ability to condition itself and is capable of developing a new pattern of response in case the usual one is incompatible with its circumstances.

The proactive capability alone demonstrates the natural freedom in view of the fact that nature had placed before the living being numerous choices so it could adopt – in all circumstances – one which is most suitable for its particular environments. The plants, which are regarded to belong to the lowest category among the living beings, possess that ability or freedom at a low level. Some plants are conditioned to change their direction when they approach an obstruction that might prevent them from proceeding in that particular direction.

Looking at the animal kingdom, the second group among living beings, we find that they possess that ability and freedom on a larger scale and at a higher level. Nature has placed before them numerous choices from which they could always adopt that which suit their desires and inclinations the best.

Thus while we find that a piece of rock cannot change its direction at all when we throw it, and that plants cannot deviate from its direction except in a limited way, the situation is different with that of a animal. It is capable of taking different directions always. Thus the scope given by nature to an animal

for its essential activities is greater in respect of choices as compared with those allowed to a plant.

The natural freedom reaches its climax in man because the range of actions granted to him by nature is the broadest of all. While the natural instincts and desires in an animal constitute the ultimate boundaries for the range in which it acts – such that it is not free except within the limits of these instincts and desires – the situation is different in respect of the range of actions of man. A man has been constituted, spiritually and biologically in a peculiar way, such that he can possibly control or restrain these desires. Thus he is free to act either according to these desires, or contrary thereto.

This natural freedom enjoyed by man is rightly regarded one of the essential elements of humanity, as it constitutes an expression of its essential ability. Therefore mankind without this freedom would become a word with no meaning. Obviously, the freedom taken in this sense does not fall in the purview of doctrinal discussion and it has no doctrinal character because it is a boon bestowed by God and it is not a gift of any particular doctrine so that it could be studied on a doctrinal basis.

As for the freedom which carries doctrinal character and distinguishes the capitalist doctrine and which occupies the main position in its makeup, it is the social freedom. That is the freedom that an individual obtains from the society. This is the freedom that relates to his social existence and falls within the scope of the doctrinal and social studies.

If we were able to clearly distinguish between the natural and social freedoms, we could realize the folly involved in ascribing the attributes of natural freedom to social freedom, and in asserting that the freedom provided by the capitalist doctrine constitutes the essential component of humanity and an essential element in its being. This assertion results from a failure to distinguish between natural freedom – an essential constituent of the human existence – and social freedom, which is a social issue. We must study the claim that this social freedom is capable of building a happy society and also its compatibility with the moral values we believe in.

Having set aside the natural freedom from the scope of doctrinal discussion and getting acquainted with the features of each type of freedom, let us now consider an abundance of social freedom so that we may study the viewpoint of the capitalist doctrine. In analyzing the meaning of social freedom, we must find its real essence and its apparent form, as these are two different sides. The first is the real substance of the freedom or the essential freedom, as we will express it hereafter. The second is the apparent aspect of the freedom that may be called formal freedom.

As for the essential social freedom, it refers the authority which one obtains from the society to perform a particular action. This means that the society provides to the individual all the means and conditions needed for him to do that. So if the society assures you access to particular product at a certain price, and makes available the product in abundance in the market and does not let anyone have the right of monopoly over the purchase of the product, you are then free to purchase the product because socially you could fulfill conditions for purchasing of that product.

But if the society does not enable you to afford the price of the product, and does not ensure supply of the product in the market or allows another person the monopoly over the purchase of that product, then in such a case, in reality you do not the essential freedom or the real ability to purchase the product.

As for the formal freedom, it does not require all that. But in reality, the act becomes impossible such as in the case of purchasing a product by one who could not afford its price. In spite of that, he is deemed to have the social freedom in the formal sense even though this formal freedom may not have any real essence. The formal freedom to purchase does not mean the actual capacity to purchase. It only means – in its social sense – that the society allows one, within the scope of his possibilities and opportunities determined by his position in the course of competition with others, to adopt any method that enables him to purchase that commodity.

Thus an ordinary man is free, formally, to purchase a pen – in the same way as he is free to purchase a capitalist business enterprise worth hundreds of million, so long as the social system lets him do any work and adopt any method towards purchasing that huge enterprise or that insignificant pen. As for the scarcity of the opportunities and conditions enabling him to purchase the company or absence of these opportunities in the course of the ultimate competition – and those opportunities not being provided by the society – all this is not inconsistent with the formal freedom in its apparent framework.

But formal freedom is not entirely hollow like this as it sometimes has a positive meaning. For instance, a businessman who began as a successful trader may not be able to acquire a big enterprise. But as long as he enjoys the formal freedom socially, he is able of carrying out different types of business in order that he might obtain the ability to acquire a larger company sooner or later.

On this basis the formal freedom to acquire and own the company would have a positive meaning because although it does not in reality provide him the company, yet it allows him to explore his talents and make efforts with the goal of successfully acquiring the ownership of that company. The part that he actually misses under the system with this formal freedom is the society's guarantee to him to acquire the company or to afford its price. Such assurance – which constitutes the meaning of the essential freedom – is not provided to the individuals by formal freedom.

Therefore, formal freedom, socially, is not always empty. It does constitute a tool to inspire an individual to gather his potentials, ability and strength and mobilize him so he could reach higher levels, even without the system providing him any guarantee of success. In light of this, we realize that although formal freedom does not mean practical ability, yet it is an essential condition to have this ability.

Thus in the case of the businessman mentioned above, he would not be able to dream of owning the big capitalist enterprise and consequently would not practically own it after continued struggle, had he not enjoyed the formal freedom and had the society not let him try his chances and the opportunities in the course of competition. In this way the formal freedom would be an effective means and an essential condition to secure the essential freedom and the real ability to acquire the company, while the freedom

of individuals to own the company remained merely formal and nominal – with not a bit of reality.

The capitalist doctrine adopts the social formal freedom, believing that the formal freedom embodies the meaning of freedom entirely. As for the 'essential freedom', as described by us in the foregoing pages, it actually means – according to the capitalist doctrine – the capability to benefit from the freedom and not that it is the freedom itself.

That is why it does not concern itself with providing the individual with the capability and granting him the essential freedom. It simply leaves him with the opportunities and potentials he happens to have, considering it adequate just to provide the formal freedom that allows him to undertake different types of economic activities to achieve his goals, and protect him from any restrictions in any field of life placed by the social authority.

Therefore, capitalism adopts a negative attitude vis–à–vis the essential freedom and a positive one towards the formal freedom. It does not bother providing the essential freedom, but only the formal freedom to the individuals. In the opinion of the proponents of capitalism, there are a number of justifications for that negative attitude towards the essential freedom, which are summed up in these two points:

First, the power of any social doctrine, whatever it may be, is inadequate in providing essential freedom to everyone and in ensuring enough capabilities to achieve all his goals. Many people are bereft of the superior talents and competence, which are deemed essential for the achievement of their ambitions. Obviously a doctrine cannot possibly turn a mentally challenged person into a genius.

Similarly there are many objectives, and their achievement cannot be guaranteed for everyone. For example, it is not reasonable that every individual becomes the president of a country and similarly it is not possible for all individuals to be assured of the capability to hold the post of president. What is reasonable is to open the way for every individual to enter political or economic struggles and attempt with his talents. He may thereafter succeed and reach the top. He may also give in midway or retreat in failure. In any case he would himself be finally responsible for his destiny in the struggle and the extent to which he succeeds or fails.

The second justification presented by the proponents of capitalism for the lack of essential freedom is that if an individual is granted this freedom by offering sufficient guarantees for the success in any of his endeavours, it would greatly weaken his sense of responsibility and extinguish the sparks of freedom in him, which drives him to be vibrant and lends him greater consciousness and vigilance. If the doctrine ensures success for him, he would not need to rely on himself and exploit his potentials and talents. He would have done these only if the doctrine had not provided him the essential freedom and the necessary guarantees.

Both these justifications are to a certain extent correct, but not in the form given by the proponents of capitalism whereby it totally rejects the idea of the essential freedom and the assurance. To guarantee

the achievement of a goal that a person has in his economic endevours is an empty dream and impossible dream, which no social system is expected to deliver. But it is an achievable ideal to provide basic essential freedom in economic matters, and give sufficient guarantees for a certain standard of living – regardless of the person's opportunities and conditions. Providing essential freedom and guarantees for a basic standard of living will also not lead to freezing of talents and growth potentials in man. Under such system, the higher levels are still subject to open competition, as these require individual efforts and development of self–reliance in them.

Therefore, in respect of its negative attitude towards the essential freedom and the social security capitalism cannot use the excuse that providing such an assurance is impossible, or claim that such an assurance paralyses human enthusiasm and dynamism, as long as the doctrine could provide a reasonable level of assurance. Beyond this level, it is fine for the system to opens the economic space for competition as that promotes and improves capabilities.

As a matter of fact, the negative attitude of capitalism towards the notion of social security and towards essential freedom was the inevitable outcome of its positive attitude towards formal freedom. Having adopted formal freedom and building its viewpoint thereon, it was necessary for capitalism to reject the idea of social guarantee and adopt its negative attitude towards the essential freedom, as the two are inconsistent with each other. It is not possible to provide essential freedom in a society that embraces the principle of formal freedom, and is anxious to provide it to all the individuals in different economic space.

With the liberty an entrepreneur has to employ or reject a worker and the freedom the wealthy enjoy in spending their wealth to suit their own interests – as established by the principle of the formal freedom, it is not feasible to adopt the policy that guarantees jobs to workers or guarantees a decent living to those who are unable to work. Provision of such guarantees is not possible without limiting those freedoms that are enjoyed by the proprietors and the rich.

It is either the entrepreneurs or the rich are allowed to act as they desire and are given the formal freedom so that it becomes impossible to provide guarantees of work for a decent living, or guarantees of work and decent living are provided so that entrepreneurs or the rich are not allowed to act according to their free will. This would mean violation of the principle of formal freedom, which stands for the necessity of allowing everyone the freedom to act in the economic space, as he desired. Since capitalism believed in this principle, it was obliged to reject the idea of social guarantees and essential freedom, with a view to ensuring formal freedom to all the individuals, equally.

While the capitalist society adopted formal freedom, setting aside essential freedom and the idea of social assurance, the socialist society adopted the opposite attitude. The Marxist socialism ended the formal freedom by establishing an autocratic system, wielding absolute state authority in the country. It claimed that it had compensated for the formal freedom by providing essential freedom, which is by providing the citizens guarantees of work and decent life.

Each of the two doctrines has thus adopted one aspect of freedom and ignored the other. This polarized inconsistency between formal and essential freedoms, or between the form and essence, has not been resolved except in Islam. The Islamic view is that the society needs both types of freedom. Consequently it provides the society with essential freedom by ensuring a reasonable degree of guarantee for all the individuals of the society – a dignified life and the basic needs – restricting formal freedom within the limits of this assurance.

At the same time it did not let this assurance be an excuse for doing away with formal freedom thereby wasting the individual's own personal motivation and capabilities. Instead it opened the way and granted to everyone – beyond the borders of the social assurance – such freedoms as were consonant with his understanding of existence and life.

Thus man is provided guarantees to a certain degree and within special limits, and is freed outside these boundaries. In this way, the formal and essential freedoms are blended together in the Islamic thinking. There had never been any consideration over how to realize the splendid blending of the two, outside the shadow of Islam. Efforts were started only during the last century to establish the principle of assurance and to reconcile between this principle and freedom, after the experiment of capitalist freedom failed bitterly. In any case, capitalism has sacrificed the idea of social guarantees and essential freedom for the sake of formal freedom.

Here we arrive at the central point in our study to ask as to what are those values on which formal freedom is based on in the capitalist doctrine, and which have allowed capitalism to sacrifice the essence of freedom and its guarantees in exchange. We must here set aside all the efforts aimed at justifying formal freedom using social objective like describing it as being a means to maximize total economic output or to increase social well–being. We have already studied these justifications, which did not withstand scrutiny and examination.

We are now concerned with the endeavour by the defenders of capitalism in explaining the value of freedom itself. It may be stated in this regard that freedom is part of man's being and if he is deprived of his freedom, he loses his dignity and his human character, by which he becomes distinct from other animals. This flimsy expression does not reflect a scientific analysis of the value of freedom and is only attractive to one who is content with hollow arguments.

Man's humanness is distinguished from the rest of the world by natural freedom, a natural 'being', not by social freedom, as being a social 'being'. Thus it is the natural freedom, which is regarded as something belonging to man's being and not the social freedom that is bestowed or denied to him, depending on the social doctrine being practised.

It is sometimes said that freedom – in its social meaning – is an expression of an original desire in man and of one of his essential needs. Thus being gifted with natural freedom, man feels personally inclined to be free in his behaviors and relations with others in the society he lives in, just as he is free by nature.

For a social doctrine to be realistic one compatible with the human nature with which it deals, it should recognize the original tendencies in man and ensure their fulfillment.

Therefore, a doctrine cannot possibly suppress this natural inclination (towards freedom) in man. This, some extent, is correct. But, on the other hand, we say that it is the duty of a social doctrine that wants to build its edifice on solid foundations in human being to recognize different natural inclinations in man as well as his various essential needs, and to work for an alignment between the two. In order that it may be a realistic human doctrine, it is not acceptable for it to recognize one of those natural inclinations and guarantee them to the greatest extent, and at the same time sacrifice the others (guarantees for his essential needs).

For instance, although freedom is a natural inclination in a man – because by nature he rejects compulsion, coercion and pressures – he also has essential needs and other desires. Therefore his fundamental needs include some measure of tranquility and peace of mind in his life, since anxiety stresses him just as he is perturbed by pressure and compulsion. So when the security that society could provide him in his life is lacking, he is deprived of one of his essential needs, which is the fulfillment of his natural inclinations to feel secure and assured. Similarly, if he loses his freedom entirely and the social system dictates its will on him by force, he is deprived of another of his essential needs that is his need for freedom to act according to his own thoughts.

Therefore, if the doctrine is well–founded and realistic, it must bring about wise and fine balance between man's natural need for freedom and his natural need for some measure of security and assurance with regard to all his other natural needs. If these are ignored and be sacrificed for just a single natural need – so that it may be satisfied to the greatest possible extent, as has been done by the capitalist doctrine in terms of providing freedom – it would be a breach this simplest doctrinal duty.

Finally, although the attitude of capitalism towards freedom and social guarantees is wrong, it is completely in consonance with the general framework of capitalist thinking. Social guarantees revolve around the notion of regulation and enforcement, while capitalism finds no justification for this curb and limitation on the basis of its worldview and its perception of man.

Regulations and enforcement are justified by historical need, as held by Marxism in light of historical materialism. It is of the view that the dictatorship of the proletariat – which implements the policy of restricting the freedoms in the Socialist society – sprang from the inevitable necessity of the laws of history. But capitalism does not believe in historical materialism with continuity peculiar to Marxism.

Regulation and enforcement is justified on the belief in a higher authority having the right to organize humanity, to direct it in life and to lay defined guarantees for the freedoms of individuals. These are quite similar to what a religion preaches, as it views that man has a prudent Creator who has the right to set the structure of his social existence and define the way he must follow in life. This is something which capitalism cannot recognize given its fundamental philosophy that advocates the separation of religion

from the affairs in real life, and alienating religion from all the general social aspects.

Regulation and enforcement is sometimes justified by its being a force emerging from within man and imposed on him by his mind (conscience), which enjoins on him moral values and definite boundaries in regard to his behaviour towards others, and about his attitude towards the society. But the conscience, in the sense it is employed by capitalism in its value system, is merely an internal reflection of the practices or customs or any other external limitation imposed on an individual. Thus conscience, on final analysis means external force and it does not emerge from man's inner depths.

With that, capitalism is ultimately unable to explain the forces against freedom, by way of historical need, religion or conscience. Its attitude towards freedom is connected with its ideological roots and its fundamental understanding of the existence man, history, religion and morals. It is on this basis that capitalism has formulated its political understanding about the state and various social authorities.

Thus it sees no justification for the intervention by these authorities in the freedom of individuals, except to the extent necessary for maintaining them and safeguarding them against anarchy and conflicts because it is the extent consented by the individuals themselves. Intervention beyond these limits has no justification from the point of view of historical inevitability, religion or values and morals.

It is therefore only appropriate that capitalism should desist from its ideological persistence by its insistence on freedom in the economic affairs and its rejection of the authority to manage regulations and provide guarantees.

The above are the concepts of capitalism in its broad track that leads to its primary ideological premises, and it is this aspect of their views that we must critically and thoroughly examine.

1. A system whereby the state provides basic monetary benefits to its citizens in the event they lose jobs or the ability to do productive work. [Note of Al-Islam.org].

Chapter 2: Our Economics: Its Major Signposts

General Edifice Of Islamic Economics

The general edifice of the Islamic economics comprises three main elements. Its doctrine is distinguished from all other economic doctrines in their broad lines by these three elements. Its doctrinal content is also defined by these three. These elements are as follows:

1. The principle of dual ownership.
2. The principle of economic freedom in a limited sphere.

3. The principle of social justice.

We will soon explain and elucidate these elements, providing a general idea about the Islamic economics, so that we may be able to discuss more exhaustively its details and doctrinal characteristics.

A. The Principle Of Double Ownership

Islam differs significantly from both capitalism and socialism in respect of the nature of ownership that it allows. The capitalist society believes in private or individual form of ownership. Private ownership, as a general rule, allows the individuals to own various types of assets in the country according to their activities and circumstances. It does not recognize collective (public) ownership except when it is necessary to meet certain needs of the society, and when nationalization becomes essential in a particular sector on the basis of previous experience. This need would thus be an exceptional case in which the capitalist society is obliged to sacrifice the principle of private ownership and exempt a public utility or a certain assets from its purview.

The socialist society is completely the opposite. Common ownership constitutes the general policy in such a society, which is applicable to all types of assets in the country. It considers private ownership only an exception, for specific resources or wealth, in view of some dire social need.

On the basis of these two contrasting views of capitalism and socialism, the name 'capitalist society' is given to any society that believes in private ownership as the only principle and that nationalization is an exception, being the last resort in order to meet a social need. Similarly, the name 'socialist society' is given to a society that believes that common (public) ownership constitutes the fundamental principle and does not recognize private ownership, except under exceptional circumstances.

As for the Islamic society, neither one of the basic attributes of each of the other two societies – in terms of the mode of ownership – is applicable. Islam does not agree with capitalist principle on private ownership. Nor does Islam concur with socialism in regarding common ownership as the general principle. Instead, Islam establishes different forms of ownership simultaneously – thereby laying down the principle of dual ownership modes, instead of an inflexible single mode embraced by each of the other two doctrines.

Islam embraces private ownership, collective (public) ownership and 'state ownership' simultaneously. It provides for each of these forms of ownership a particular space to function in. It does not regard any mode of ownership as an exception or an interim measure only necessitated by circumstances.

That is why it is incorrect to label the Islamic society as 'capitalist' despite the fact that it allows private ownership over a number of capital assets and other factors of production, because it does not recognize private ownership as a general principle. Similarly, it is also wrong to regard the Islamic system as 'socialist' although it embraces the principle of collective (public) ownership as well as state ownership over some types of resources and capital assets, because it does not accept common

ownership as the universal principle.

It is also not right to regard the Islamic society as a mixture of the two, because the multiple mode of ownership in the Islamic society does not mean that Islam has blended the two doctrines – the capitalists and the socialist and adopted an attribute from each. This multiple form of ownership is only an expression of an authentic, religion–based arrangement rooted in certain ideological foundation that lies within a special framework of values and viewpoints – contrary to the ideological foundation, values and viewpoints on which liberal capitalism and the Marxist socialism are built on.

There could be no better evidence on the correctness of the Islamic attitude towards ownership – based on the principle of dual ownership modes – than the outcomes of the experiments by both capitalism and socialism. Both movements ended up having to recognize the other form of ownership – which was inconsistent with their universal principle – since the idea of having only one form of ownership had been proven faulty in actual practice.

As a result, the capitalist society had long started adopting the idea of nationalization, exempting some of the public utility industries from the system of private ownership. This trend of nationalization is an indirect admission on the part of the capitalist societies of the flaws of the capitalist principle in respect of the mode of ownership. It is an attempt to deal with the inconsistencies and problems arising out of that principle (of ownership).

On the other hand the socialist society, despite its being young, was also obliged to recognize private ownership – at one time officially, at another time indirectly. Its official recognition of private ownership was manifested by the seventh Article of the Soviet Constitution. Under the article, each family among the members of the cooperative farms has a piece of land of its own – adjacent to the place of its residence – over and above its basic income accruing from the economy of the common cooperative farm. Besides, each family has additional economic rights on the land, a dwelling place, productive livestock, birds and simple agricultural implements. All these, held under a private ownership. Similarly, the Ninth Article allows individual and professional farmers the ownership of small economic projects and the existence of these properties side by side with the mainstream Socialist system.

B. The Principle Of Economic Freedom In Limited Sphere

The second element of the Islamic economics can be described as limited individual freedom in economic activities, restricted by moral and spiritual values in which Islam subscribes to.

In this element, we also find a glaring difference between the Islamic economics and the other two systems, capitalism and socialism. Individuals enjoy unrestricted freedoms under the capitalist economic system and no freedom under the socialist economic system. Instead, Islam adopts an attitude that is in consonance with the human nature. It allows individuals to carry out their economic activities freely as long as they remain within the approved range in terms of Islamic values and ideals. This way, the

Islamic system allows freedom but refines it further, thereby making it a means of achieving the well–being and goodness for the entire humanity.

Islam's restrictions of social freedom in the economic space are of two types. First, personal restrictions springing from the depth of one's inner self, deriving the strength from the spiritual and ideological contents of the Islamic personality. Second, tangible restrictions by an external authority that defines and regulates social behaviors.

As for the personal restriction, it is established through an organic grounding and specific education imparted to individuals in a society where Islam is dominant in all walks of life. The ideological and spiritual framework Islam employs to shape the personality – by providing an opportunity to lead life and reach great heights on its basis – have immense moral power and great influence in limiting the freedom granted to the individuals by the Islamic society. It also facilitates in channeling the freedom in a proper and refined manner, without the individuals feeling that they have been deprived of any part of their freedom.

Since these restrictions spring from their spiritual and ideological ideals, they do not sense that their freedoms have been curbed. That is why the personal restrictions, in reality, do not mean a curb on the freedom. It only means a mechanism for unleashing the vigor of man in a proper and ethical way so that freedom gets understood and practised appropriately. This personal restriction had a great and splendid effect in formulating the nature of the Islamic society and its general disposition. Although the complete Islamic experiment was brief, it was fruitful and allowed noble and ideal possibilities gush forth in man, and granted him a rich spiritual supply of the sense of justice, goodness and benevolence.

If this experiment could continue longer than it actually did in the short span of its history, it would have proved man's competence for caliphate (vicegerency) on earth and it would be replete with feelings of justice and mercy and would have uprooted the elements of evil and desire of oppression and corruption from man’s inner self. To prove the results of the personal restrictions it is sufficient to realize the fact that it alone had been mainly responsible for good and benevolent deeds in the Muslim society ever since the end of period of the genuine Islamic rule in terms of both political and social leadership.

A long time has elapsed since then and the Muslim society has deviated from that ideal path. The standards have fallen further as they began to adopt alien ideological and moral systems in their social and political lives. Yet despite all that, this personal restrain whose seed was laid down by during the genuine Islamic rule, has played positive and active role in ensuring deeds of goodness and benevolence.

This is represented by the fact that even without compulsion and enforcement, millions of Muslims – in the framework of that personal restrain – choose to come forward and pay up their religious tax (zakat) and perform other religious obligations and participate in the realization of the meanings of Islam related to social justice. Considering this reality, we may judge as to what the results would have been had

these Muslims lived strictly according to the truly Islamic standards and if their society had been a complete embodiment of Islamic thoughts, values and governance, and a practical expression of its meanings and ideals.

As for the tangible restrictions of freedom, we mean the restrictions imposed on an individual in the Islamic society by an external authority by dint of the religious law (*Shari'ah*). The tangible limitation of the freedom in Islam is based on the principle that states that there can be no freedom for an individual in respect of such types of actions that according to the *Shari'ah* run contrary to the ideals and objectives that Islam subscribes to.

The implementation of this principle was realized in Islam in the following ways:

First, the *Shari'ah* has by its general foundations prohibited certain economic and social activities such as usury, monopolistic practices etc. In the Islamic view, they are obstacles in realizing the ideals and values embraced by Islam

Second, the *Shari'ah* has laid down the principle of leadership by the ruler (*Wali' Al–Amr*), who heads the state and supervises the general activities of the residents in the country. Islam also authorizes state intervention with the view to safeguarding and promoting collective interests by regulating individual freedom in their activities.

It was necessary for Islam to lay down this principle so that it could ensure the realization of its ideals and concept of social justice continuous over the long passage of time. This is significant because the demands of the social justice which Islam calls for, changes with differing economic conditions and material circumstance of the society.

It is possible that carrying out a certain work is harmful to the society at one time and not at another. It is thus not possible, therefore, to specify the details in definite legalistic forms. The only way towards that end is to empower the *Wali' Al–Amr* to discharge his duties as a supervisory authority, directing and regulating the freedom of the individuals in carrying out their activities which are permissible under the *Shari'ah* and in accordance with the Islamic ideals in the society.

The original legislative authority in respect of the principle of state supervision and intervention is contained in the Quranic verse:

"Obey God, and obey the Messenger and those in authority among you". **(*4:59*).**

The text of this Qur'anic verse clearly proves the obligation of obeying the authorities (*ulil–'amr*). There is no difference of opinion among the Muslims that أولي الأمر (authorities) means those who wield legal authority in the Muslim society, though there exist different opinions in determining their identities and their attributes.

Thus a top Muslim authority enjoys the right for obedience by the people and the right of intervention to

safeguard the interest of the society and to maintain Islamic balance therein, provided the intervention is within the limits of the sacred *Shari'ah*. Therefore it is not permissible for the State or the *Wali' Al-Amr* to make usury lawful, or to allow frauds, or to suspend the law of inheritance, or to nullify an ownership in the Muslim society established on an Islamic basis.

In Islam, b bona fide ruler or authority can only intervene in respect of activities and transactions that are permissible under the Islamic law. He can thus prohibits or orders such activities as to suit the Islamic ideals of the society. For instance, land reclamation, mining of minerals and excavation of canals etc. are the types of activities and business generally permissible under the *Shari'ah*. If the authority deemed it necessary to prohibit or allow any of these pursuits within his authority, he could do that, in accordance with the above-mentioned principle.

The Holy Prophet himself used to enforce this principle of intervention when the need arose and the situation necessitated intervention and direction. An instance of this is provided by an authentic tradition, in which the Prophet is reported to have decided among the people of Medina in a case about the watering troughs for the palm trees, by saying that surplus of anything should not be denied (to others). He also gave a verdict in a case that arose among the people of desert saying that surplus water should not be denied to others and it was similar with surplus herbage.

Similarly he said, "Harm not and be not harmed".[1] The jurisprudents know it very well that under the *Shari'ah,* to deny surplus water or anything to others is not unlawful in a general sense. In light of this, we realize that the Prophet did not prohibit the withholding of surplus water or anything else in his capacity as a Prophet conveying general Islamic tenets.

He did that only in his capacity as the authority responsible for organizing the economic life of the society and directing it in such a way that it did not go against the collective interest. That may be the reason why the narrator has expressed the Prophet's prohibition with the term *qada'* (decision) rather than *nahy* (forbidding) in view of the fact that *qada'* (decision) is a sort of *hukm*[2] (Judgment). We will take up this principle of supervision and intervention for discussion in greater detail and more elabourately in a future study.

C. The Principle Of Social Justice

The third element of the Islamic economics is the principle of social justice embodied in the system of wealth and income distribution in the Islamic society, with elements and guarantees that enable the application of Islamic justice in conformity with the values it is built on. While including social justice among the fundamental principles that constitute its economic doctrine, Islam does not adopt social justice in its general sense. Neither does it leave the interpretation of social justice to the respective societies with different views about civilization and understanding about life.

Instead, Islam has defined its meaning and developed specific social arrangements. Islam had been

able to establish this social program in a real society, whose arteries and veins pulsated with the Islamic concept of justice. Thus it is not sufficient to know only Islam's call for social justice, but we must also be able to see the full picture of Islamic justice. The Islamic form of social justice comprises two general principles, each having its own outlines and components. The first one is that of mutual responsibility and the other one is that of social balance. It is through mutual responsibility and balance, with their Islamic characters, that equitable social values materialize. It is also with both that Islamic ideals of social justice come into existence, as we shall see in the coming chapter.

The measures taken by Islam towards bringing about a better human society in its radiant experiment clearly showed the great importance it attached to this main element in its economics. The significance accorded to social justice was reflected clearly in the first address given by the Prophet at the first political activity conducted in his newly established state (of Medina). It is narrated that the Prophet inaugurated his directive declarations in the following address:

"O people, send forth (*some goodness*) *for yourselves. By Allah, one of you will certainly be stunned leaving behind his sheep without a herdsman, and then his Lord would say to him, "Did not my Messenger come to you and convey* (*My message*)*? I granted you bountiful wealth and favored you. So what did you then send forth for yourselves?" Thereupon, he would look at the right and left and would find nothing there, and then he would look in front of him where he would see nothing but the Hell. Therefore anyone who could possibly save himself from the fire* (*of Hell*) *even though by means of a portion of a date, he must do it. If he does not have* (*even*) *that, he* (*should secure safety from Hell*) *by uttering a pleasant word, because a good deed is rewarded from tenfold to seven hundred times. May peace and God's blessing and mercy be on you".*

He started his political activity by building fraternity between the emigrants (*Muhajirun*) and the helpers (*Ansar*) and the enforcement of the principle of mutual responsibility, with a view to realizing the social justice that Islam intends. Thus the main elements of the Islamic economics are as described below:

First, multiple forms of ownership in light of which the distribution system is defined.

Second, freedom restricted by Islamic values in the areas of production, commerce and consumption.

Third, social justice, which ensures happiness to the society based on mutual responsibility and balance.

There are two basic characteristics of Islamic economics, which radiate in its various lines and details. The Islamic economic doctrine is grounded on pragmatism and good ethics. It is realistic in terms of the objectives that it seeks, as and ethical in the method that it adopts for that purpose. It is pragmatic with respect to its goals, its systems and rules and is consistent with the nature of man.

It always attempts not to suppress humanity in its regulatory aspects, nor does it make man hover high in fantasy world, beyond his actual capabilities and potentials. Instead it always builds its economic programs on realistic views about man and aims to reach realistic goals, which are in alignment with that

view.

A fantasy–based economic doctrine such as the communist economics may happily set unrealistic goals and aim at realizing a new humanity free from individual esteem and capable of distributing jobs and wealth – free from all sorts of conflicts – without the need for state authority. But this contrasts the Islamic legislative nature and its character of being pragmatic in its goals and approach.

Islamic economics is realistic in its method too. Just as it aims at realistic and achievable objectives, it also provides realistic tangible guarantees for their achievement and is not content with only advice and instructions that are tendered by preachers and instructors. It wants to achieve the goals and therefore it does not leave them to chance or fate. For instance, while it aims at instituting mutual responsibility in the society, employs legislative guarantees to ensure its achievement in any case. It does not seek to achieve this merely by issuing advice or by stirring sentiments.

The second quality of Islamic economics is the moral pillar. In achieving its economic objectives in the life of the society, Islam does not derive support from material and natural conditions separate from man himself – in the way Marxism gets inspiration, in respect of its objectives, from the situation of the productive forces and the economic conditions. It only looks at those objectives as being an expression of practical values, which are necessary to realize the moral aspect.

For instance, when it decides to provide social security for a worker, it does not view that this social insurance springs from the material conditions of production. But it regards this as a representation of the practical value that must be delivered, as we shall see in detail during the discussions in this chapter.

The moral quality means – in respect of method – that Islam attaches importance to the psychological factor in matters of the method it adopts to achieve its aims and objectives. Thus in seeking to achieve the desired outcome it considers not only the objective, but also the path in getting there. It takes particular pains to blend the personal and psychological factor with the method that helps realize those objectives.

For instance, wealth is taken from the rich to fulfill the need of the poor and thereby the tangible purpose of the Islamic economics behind the principle of mutual responsibility comes into being. But in Islam, this is not the whole issue. The method of instituting the mutual responsibility is also important. It can sometimes be done simply by use of force to extract tax from the rich to meet the needs of the poor. Although this is sufficient to achieve the tangible aspect of the goal – that is improving the condition of the poor – yet Islam does not deal with it in that manner.

In the Islamic view, the method of establishing the mutual responsibility should not be bereft of the ethical impulse and the sense of goodness in the rich person. That is why Islam intervenes and prescribes financial duties – whereby it seeks to establish mutual responsibility – as obligatory religious responsibilities, which must spring from luminous personal impulse urging man to participate in the materialization of the objects of the Islamic economics in a conscious manner, seeking thereby God's

pleasure and blessing.

It is no wonder that Islam is so much concerned with the personal factor and is so anxious to make it spiritual and ideological, in accordance with its goals and viewpoints. It is because the personal senses that dash together in man, go a long way in constituting his personality and determining his spiritual content in the same way they have a great bearing on the social life, its problems and solutions.

It is clear to all today that personal factor play a role in the economic space. It has a bearing on the periodic crises under which European economies groan. It also affects on the paths of supply and demand, production capability of a worker and other elements of the economy. The Islamic doctrine and teachings are therefore not confined to organizing the society's external form but they go deep into its spiritual and ideological depths so that the internal content may be in conformity with Islam's economic and social plans.

Towards this end Islam is not content with merely adopting any method that could ensure achievement of its goals, but it blends this method with the psychological factor and personal sentiments to set tem in alignment with those objectives and their underlying significance.

Islamic Economics Is A Part Of The Whole

To understand Islamic economics, we must not study it in isolation from other aspects of Islam. For instance, we should not examine Islam's prohibition of usury or its approval of private ownership as being separate from other parts of the general framework of the Islamic economics. Similarly it is not permissible to study the whole of Islamic economics as a doctrinal entity independent of the other aspects of the religion – the social, political etc. and the nature of the relationship between these different aspects.

We must understand Islamic economics as a part of the universal system of Islam, which organizes different aspects of life in the society. The view of a certain object seen as a part of a general form comprising a group of things, differs from another view of the object as an independent, single article. Just as a line when viewed amidst a certain arrangement of lines sometimes appears shorter, or longer in different arrangement of lines, similarly the overall form of any social doctrine play an important role in the assessment of its economic programs.

It is therefore incorrect not to give due attention to the overall Islamic system and take into account the nature of the relationship between the economic component and other parts of the religion and their mutual effect on its overall organic nature.

We must also not separate Islam the universal religion, from the peculiar ground on which it is prepared and on which all the elements of strength and survival of the religion have been provided. We comprehend perceptible forms on different backgrounds and each form fits a certain background and

does not fit another. Similarly the general form of the religion, whatever it may be, needs a ground and soil which are compatible with its nature, and which strengthens it with faith, meanings and sentiments. It is therefore necessary that, while assessing the general form of the religion, we must study it in the context of the soil and ground it is prepared on and that which is within its general framework.

It is thus evident that Islamic economics is interlinked in with other parts of the religion, and that it performs its role as one of the functions of a general system of life on a ground peculiar to it. A genuine Islamic society materializes only when the form and the ground exist together – when the vegetation and soil are both present. Islamic economics could be discussed properly only when it is studied as a program integrated with the general way of life, functioning on the ground prepared for Islam and the genuine Islamic society.

The soil or the ground for the Islamic society and its social doctrine is composed of the following elements:

First is the faith, which is the central pillar in the Islamic thinking. It defines a Muslim's overall worldview.

Second, the concepts that reflect Islam's viewpoint in light of the general outlook shaped by the faith.

Third, sentiments and emotions that Islam undertakes to disseminate and promote to the rank of core values. The values form an Islamic impression about a certain phenomenon and practice, and thus create a special sentiment about them in the mind of a Muslim and define his emotional attitude towards it.

The Islamic concepts with their respective significance are placed in light of basic Islamic faith. As an example, let us take piety (God-fearing, *taqwa*). In the framework of faith in oneness of God, the Islamic meaning of piety (*taqwa*) grows such that piety (*taqwa*) is the criterion for nobleness and honour among human beings. This concept gives birth to an Islamic sentiment for piety (*taqwa*) and the pious people (*muttaqin*), a sentiment of honour and respect.

So these are the three elements – the faith, the concepts and the sentiments that participate in making the ground congenial for the society. After the ground, comes the role of the general Islamic way of life as an integrated entity extending to various walks of life. It is only when the Islamic society fully prepares its ground and attains its general form that we can expect Islamic doctrine to fulfill its unique message in the economic life, and to ensure means of happiness and well-being for the society. It is only then that we can reap a great harvest.

But if the Islamic message is applied only in a certain aspect of life, isolated from the rest, it is wrong to expect of the greater Islamic message to yield its total results in that particular aspect of life. All aspects of the total Islamic arrangements for the society are closely connected and are interdependent. It is similar to the case of a beautiful building conceived by a brilliant architect. Unless his design is implemented in total, the beauty and elegance of the intended building will not be manifested. If we

adopt the design to construct only a part of the building, we have no right to expect that part to reflect the entire design as conceived by the architect.

The same is the case with the Islamic social design. Islam has established a unique path. It is a comprehensive means to realize happiness for humanity provided that this great system is enforced in an Islamic environment, based entirely on its guidance in respect of its existence, thoughts and environment. The Islamic principles must be enforced in total, such that its different parts reinforce one another.

Thus if one part of the Islamic system is removed from its environment and is disconnected from other parts, the system is deprived of the necessary conditions under which it could achieve its great goals. In such a case, the Islamic teachings could not be blamed for the failure and the inability to guide the society. In that sense, it is similar to natural laws that operate only when the necessary conditions are met. We cannot fully describe in this work, the interdependence between Islamic economics and other elements of the Islamic system of life. We will only provide some examples, as summarized below:

1- The link between Islamic economics with the Islamic faith, which constitutes the source of spiritual provision of the religion. Faith makes a Muslim conditions himself according to the religion. It lends to the religion a character of conviction and a value of its own, irrespective of the nature of the tangible outcome in terms of his actual practice. It creates in the mind of the Muslim a feeling of personal fulfillment under the shadow of the religion, as being something emanating from the belief which he professes. Thus the force of implementation, the spiritual and religious character, and personal satisfaction are all features of Islamic economics, provided by the fundamentals of faith on which it rests. That is why these characteristics are not noticeable during the discussion, except when Islamic economics is studied in light of the faith and the extent to which it relies on.

2- The connection between Islamic economics with the Islam worldview, its unique way of prescribing issues such as the Islamic concept of private ownership and profit. The Islamic views on ownership are such that it constitutes a right, but carries with it a responsibility. Further, under the Islamic doctrine, ownership does not come with absolute authority. Similarly, in the Islamic view, the meaning of profit is much broader than the ordinary accounting concept that driven purely in the material dimension. Consequently, many elements normally regarded as a gain in the Islamic sense, are regarded as a loss according to a non-Islamic view.

It is natural that this Islamic concept of private ownership should have bearing on the exercise of this right and on regulating it according to the Islamic framework. It is also natural that the economic space should be affected by the Islamic concept of profit to the extent defined by the depth of the meaning and its intensity. Consequently the meaning should inspire the path of Islamic economics in its implementation. It must therefore be studied through that and it should not be isolated from the effects of different Islamic principles during its application.

3– The connection between Islamic economics with the unique sentiments and emotions, which Islam promotes in the Muslim social environments, such as the sentiment of universal brotherhood. It generates in the individual a sense of attachment for and a feeling of togetherness with others in their hardship. This pool of sentiments and emotions grow and intensify commensurate with the degree of the sense of brotherhood and the fusion of man's spiritual being with the Islamic sentiments and the education practised in the Islamic society. These sentiments and feelings play an important role in the economic life and help the religion in achieving its objects, by conditioning the thinking and behaviour of the Muslims.

4– The connection between the economic doctrine and the financial policy of the state, to the extent that the financial policy may be regarded a part of the program under the economic doctrine of Islam. The financial policy has been formulated in such a way in conformity with the general economic principles and work for the achievement of the objectives of the Islamic economics. The financial policy in Islam is not only about providing the state with the necessary expenses. It also aims at establishing social balance and collective and mutual responsibility. That is why it is necessary to regard the financial policy as part of the general economic strategy and to incorporate the rules on the State's financial administration in the general structure of legislation for the economic management, as we shall see in coming discussions.

5– The link between Islamic economics and the political system in Islam. Isolating one from the other leads to flaws in the study. The ruling authority enjoys broad economic powers and manages a large pool of assets as the state deems fit. These powers and assets must always be linked, in the study, with the Islamic leadership and the guarantees that Islam has provided on the integrity and uprightness of the *Wali' Al–Amr*, that is to ensure his immunity from error. According to different schools of thought of Islam, the leader is to seek counsel and work at establishing justice. Thus, in light of these guarantees, we can study the position of the state in the economic doctrine and believe in the rationale of the authority and the rights given to the state in Islam.

6– The connection between prohibition of usury (and usury–based capital) and other Islamic tenets on business partnership, mutual obligations and social balance. If the prohibition of usury were studied in isolation, it would give rise to serious problems in the economic life. But if we consider it as being part of a single inter–dependent operation, we would find that Islam has provided clear solutions to these problems, which are in conformity with the nature of Islamic law and its goals. It is similar with respect to the rules about partnership, equitability, mutual obligations and funds, as we shall see in the next discussion.

7– The connection between some rules on private ownership under Islamic economics and those relating to *jihad* (religious war), which regulates the relations between Muslims and non–Muslims in times of war. Islam has permitted *Wali' Al–Amr* to enslave prisoners of war and detain them as part of war booty and to distribute them among the army in the same way as other articles of booty are

distributed. The enemies of Islam are accustomed to present this rule of the *Shari'ah* (Islamic law) in isolation from its conditions and with conjectures designed to show that Islam is a code of law that permits slavery, which is a source of suffering for humanity since the dark days of history. They also claim that it was the modern European civilizations alone had liberated mankind from slavery and wiped away the disgrace it brought about.

But to make an honest study of Islam and its rule about war booty, we must first of all know when an object is regarded as a booty (*ghanimah*) under the Islamic law. It is only after this that we could know as to how and to what extent Islam had allowed *Wali' Al-Amr* to enslave a prisoner of war as booty and who this ruler has to be to have that authority to enslave a prisoner as such. Having comprehended all these aspects, we would be in a position to see the Islamic provisions about war booty from the right perspective.

The basic condition for war booty, according to Islam, is that it should have been obtained in a legitimate war based on faith (*'aqidah*). Therefore, unless a war has the character of *jihad* (religious war), the goods and properties obtained as a consequence of the war cannot be treated as booty and this depends on two things:

Firstly, the war should have been declared under the orders of *Wali' Al-Amr* with a view to promote the cause of Islamic propagation. Thus wars like those waged in pre-Islamic times with the purpose of looting and plundering, or the battles aimed at securing the wealth and markets of the countries such as the capitalist wars, all of these have nothing to do with *jihad*.

Secondly, the Muslim preachers should first of all preach the Islamic message and explain its main signposts supported by evidence and arguments, until Islam's truth had been fully established and all appropriate and logical arguments have been exhaustively presented. In the event that after all these, they continue to refuse to accept the light of Islam and no alternative is left for the Islamic mission – as a universal religion based on real benefits and well-being of humanity – but to apply physical force, that is the armed *jihad* (war). Under such circumstances alone are the war gains are regarded booty, in the eyes of Islam.

There are three ways of treating a war captive as a part of the booty. He may be pardoned and set free, or he may be set him free for a ransom or he may be retained as a slave. Enslavement is thus only one of the three alternatives, with which the *Wali' Al-Amr* could deal with a prisoner of war.

We should know in this regard, that the *Wali' Al-Amr* is obliged to adopt the most suitable of the three alternative manners to deal with the war captive, one that is the most compatible with the general interest. This has been stated by al-Fadil and ash-Shahid ath-thani and other Muslim jurisprudents. Moreover, as a general rule, Islam does not unconditionally permit waging of war to preach its message to citizens of a non-Muslim country.

War is allowed only under an infallible leader being present, who may lead the war efforts and the

course of the military moves in battles fought on religious grounds. Keeping in view these two realities, we would come to the conclusion that Islam does not allow enslavement of a war captive except when the circumstances are such that it is more appropriate than both pardoning and release for a ransom. That too is not been permitted except for an infallible *Wali' Al–Amr*, who can commit no mistake in deciding which of the three alternative treatments is the most appropriate in the given circumstances. There is nothing in this rule, for which Islam could be blamed.

This is a judgment in which various social doctrines agree on, no matter how different their notions are, because in certain situations to enslave is better than both pardoning and release on ransom. One such situation is where the enemy practises enslavement of their war captives. In such a case, therefore, it becomes necessary to deal with the enemy in a similar way. When the circumstances are such that enslavement is more appropriate than both pardoning and release on ransom, why should Islam not allow it? No doubt Islam has not explained the circumstances in which enslavement would be more appropriate but this purpose has been fully served by leaving the decision in the matter to the *Wali' Al–Amr,* who is infallible from error and sentiments, and holds political leadership overseeing the religious war (*jihad*). He is, therefore, responsible for judging the circumstances and acting accordingly.

If the Islamic rules on war captives are enforced under a genuine Islamic rule, we find that enslavement would not have taken place except under those circumstances in which the enemy practised a similar treatment of prisoners from the Muslim side. In such situation, it would be the most appropriate among the three alternatives. There is, therefore, no ground for criticism or objection. There is no ground for criticizing or objecting to the general rule allowing enslavement, because Islam allows enslaving of captives only when it was in in line with the general interest, as gauged by the infallible ruler. Nor could there be any criticism or objection to its enforcement as it is allowed only under those circumstances in which enslavement was the most appropriate among the three possible options.

8– The connection between Islamic economics and the criminal legislation in Islam. The mutual obligations and the social guarantee in Islamic economics throw some light on the nature of punishments prescribed for some crimes. The punishment of cutting off hand may be harsh to some extent in capitalistic environments, in which some people are in hardship and left to the mercy of the rich. But in an Islamic society, a congenial ground for Islamic economics, where members of the society live under the shelter of Islam, it is in no way cruel to deal with a thief harshly as the system had provided him with the means for a free and respectable life and had eliminated all the reasons that would compel him to steal.

The General Framework Of Islamic Economics

The Islamic economic doctrine is distinct from other economic doctrines by its general religious framework. As the framework that encompasses all aspects of life, Islam links each component with the religion, setting it in the context of man's relationship with his Creator and the afterlife. It is this

framework that enables the Islamic system to ensure the attainment of general social interests of man, as these social interests cannot be provided but through religion.

In order to make this point clear, we must study man’s needs in his life, in terms of subsistence, and the extent to which they can be provided for. It is after doing this that we may realize that is that man's social needs cannot possibly be secured except by means of a system that has a proper religious framework. While studying man's needs, we may divide them in two groups.

First, those needs which nature provides him like medicinal herbs, for instance. This need has nothing to do with his social relations with others. But being subject to harmful germs, man stands in need of the herbs, irrespective of whether he lives alone or amidst a mutually connected society.

Second, those needs that the social system provides for him as a social being related to others. For instance, a man may fulfill his need under the social system when he is allowed to exchange his products with those of others or when assurance is given to him of livelihood in cases of invalidity and unemployment.

We would call the first group ‘natural needs' and the second ‘social needs'. In order that man may be able to meet his natural and social needs, he must be equipped with the ability to know these needs and the ways and means to seek and obtain them. He should also be provided with the incentive to work at securing them.

Thus the herbs that are prepared and used for the treatment, for instance, are found with a man when he knows that there is a medicine for this illness and he discovers how to prepare it and when he also has an incentive which drives him to benefit from its discovery and its preparation. Similarly, assurance about livelihood in cases of invalidity – being a social benefit – depends on the man knowing the benefit of this assurance and how it is administrated as also on the incentives in relation to its regulation and implementation.

There are, therefore, two basic conditions without which it is not possible for humanity to enjoy full life provided with natural and social needs. The first is that man should know how these needs are fulfilled, and then he should have an incentive to work at achieving these.

When we look at man’s natural needs – like the preparation of medicines for the treatment of tuberculosis – we find that man has been provided with the potentials to acquire those needs. He possesses the intellect that enables him to realize the manifestation of nature and the hidden benefits. Although this ability develops slowly with the passage of time, it progresses in the desired path in light of new experiences and experiments. The more this ability develops, the more man is able to comprehend his interests and the benefits he could derive from nature.

Besides his intellect, man also has instincts. The instincts provide him with the urge for his natural needs. The natural needs of everyone are consistent with his instincts. The procurement of medicinal

herbs, for instance, is not the exclusive needs of an individual or a particular group. The whole human society feels impelled by the collective force of personal impulse of the individuals, who are all concerned about their interests and needs, benefiting all individuals personally.

We thus realize that man was created with a special psychological and intellectual constitution that enables him to have numerous natural needs. The fulfillment of this side of his man's livelihood is acquired through his experience with life and nature.

As for the social needs, they also depend on man having appropriate social organization and also on his personal instincts to work at obtaining his needs. We need to see the outcome for man in relation to his social interests, given the two conditions and given that man is equipped with thinking ability and instincts to obtain his natural needs.

Let us now consider the first condition. It is generally said that it is not possible to a social organization that could assure man all his social benefits, and at the same time, be compatible with his nature and general constitution, because he is most incapable of comprehending the social attitude, with all his characteristics, and the human nature with all its variations. Those holding this view conclude that it is essential that the suitable social organization be set up for humanity as it is not possible to leave humanity to bring about the organization itself as long as its knowledge is limited and its thinking capacity is unable to understand thoroughly the unknowns in the entire social problem.

On this basis they proposed the necessity of religion in man's life and the need for divine messengers and prophets, who could determine and apprise the people of the real well-being of man in his social life, by means of divinely revealed guidance. In our opinion, the problem could be more clearly seen when we study the second condition.

The basic issue is not how man could fulfill his social needs[3]. As a matter of fact, the real issue is how man is made to pursue his social interests and organize the society in such a way that could meet his social needs. The crux of the problem is that at times there are divergences between collective social interests and specific individual interests. The personal instincts that drive man towards the natural interests he has in common with the rest of humanity do not drive him in the same way vis-à-vis collective social interests.

Thus, even though his personal instinct drives man to work on a medicine for consumption (because manufacturing of the medicine is in the interest of all the individuals), we find that this personal instinct itself stands in the way of achieving many social interests, and prevents the formation of an organization that could ensure the pursuance of these interests.

For instance, the social security arrangement for a worker in in the form of an unemployment benefit is inconsistent with the interest of the wealthy elites who would have to bear the costs of this financial security. Similarly, nationalization of lands goes against the interests of those who could have monopoly over them. The same is the case with every other social interest because of its inconsistency with the

personal desires of the individuals whose interest differs from the collective social interest.

In light of this, we come to know the basic difference between the natural and the social needs. The personal instincts of individuals do not conflict with the humanity's natural needs. Instead, they drive the individuals towards that common goal. Thus man possesses potentials for the pursuit of natural interests of humanity in a gradual way, according to the degree of these potentials, which accumulate and grow with experience.

But it is not the same with regard to social needs. Personal instincts spring from man's love for his own self and the preference to his own interest over that of others. These instincts stand in the way of exploiting any selfless inclinations in man towards pursuing social interests. They also prevent spontaneous development of social organization that could ensure achievement of collective interests.

It thus becomes clear that the difficulty that hinders progress towards the social perfection of mankind lies in the inconsistency existing between social interests and the personal instincts. As long as man is not equipped with the potential for reconciling the social interests to the personal desires rooted firmly in individuals, it is not possible for human race to achieve social perfection. What are then these potentials?

Certainly, humanity is in need of an incentive that could reconcile collective social interests to the natural individual needs, realigning both as allies in reaching a common goal.

Can Science Solve The Problem?

Some people often say that science, which has progressed enormously, ensures solution of social problems. It is said that man has been able to accomplish these great advances in the fields of thinking, life and nature and penetrate deep into its secrets and solve its most difficult mysteries. It has progressed so much that it has become possible for man to split atoms and unleash its gigantic energy. Man had launched rockets and sent spaceships to the outer space to explore the universe. Man had been able to exploit the nature's powers to detect and broadcast events taking place millions of miles away in such a way that they are immediately seen and heard.

This man who had achieved all these scientific progress in a brief period and who has emerged victorious in all the battles with nature is certainly capable – by dint of the knowledge and insight he has been endowed with – of building a happy and tenacious society and of bringing about a social system which could ensure social interests of humanity. Therefore man is no longer in need of an external source of inspiration in respect of his social attitude, other than science, which has enabled him to achieve success in all fields.

Such a pretense, in fact, only reveals ignorance about the role of science in human life. No matter how it may develop and progress, science constitutes only a means to discover objective realities in different fields and to explain the facts in a rational way, describing them with the highest possible degree of

precision and depth. For instance, science tells us – in the social field – that capitalism leads to the strict application of iron laws with respect to wages, which are kept at a low level necessary for living. In a similar way science tells us – in the natural turf – that the use of a certain chemical substance leads to a harmful illness initiated in one's body.

Having described these realities, science indeed fulfills its role and presents to man a new knowledge. But the reality of this illness or that unkind 'iron law' being existent does not end only because science had disclosed the relationship existing between that particular substance and the illness or between capitalism and the iron law. It is only by avoiding the factors that cause the illness that man could get rid of or prevent the disease. Similarly he could get rid of the iron law pertaining to wages only by eliminating the capitalist framework from the society.

The question that arises here is what it is that could help man in preventing that illness or eliminating that capitalist framework. The answer in regard to the illness is quite obvious because the personal instincts man has is sufficient to keep him away from that substance whose dangerous consequences science had disclosed to us, because it is against his own personal interest.

As for the iron law in relation to wages and the elimination of the capitalist framework, the knowledge – obtained through science – about the relationship between that framework and that law, for instance, does not constitute a motivation to take an action to change the framework. The action in this regard needs a motivation, but individual's personal instincts are not aligned with the society's collective interest.

In this way we must differentiate between scientific discoveries and human actions. Science does disclose realities to some extent, but it does not do anything that could improve it.

Historical Materialism And Its Problem

On the basis of historical materialism Marxism advocates, in this regard, to leave the problem on its own as the laws of history guarantees its solution one day. Is this not the problem of individual personal desires failing to ensure the attainment of the society's interest, its happiness and well–being? Is this not because the personal desires that spring from individuals' personal interests, differ in most cases with those of the society's collective interests?

As Marxism views it, this is not a problem. This is indeed a reality about human societies since the dawn of history as everything has been proceeding in accordance with individual personal desires, which are reflected in the society in class form. So the struggle rages between the personal impulses of different classes, and victory always sides the personal desires of the class of people that controls the forces of production.

In this way, the personal desires get inevitably firm such that the laws of history bring about their basic solution to the problem, by creating a classless society. In such society the personal interests vanish and

are replaced by collective interests, in accordance with collective ownership. As we have seen in our study of the historical materialism that such predictions made by the theory do not stand on any scientific ground, and it is not possible to wait for an effective solution to the problem.

Thus the problem remains and it is a problem of the society, in which the personal desires and interests are firmly rooted. As long as the personal desires of each individual – driven by his own interest – has the upper hand, the victory would be for the group that commands the stronger ability to enforce its will. Who could then ensure that the society, amidst the conflicting interests and desires, would formulate laws favouring its collective interest, given that it is the group with more power and influence that prevails in it?

It is not possible for us to expect from the social set-up, like the state, to solve the problem by force and restrict personal individual desires within certain limits. Such set-up is established by the society itself and therefore the problem is the same as in the society as a whole, because it is individual desires that are firmly rooted in it. We may realize from all these that the crux of the society's problem is the individual desires and personal instincts. These are deeply rooted in man as they spring from his love and preference for his own self.

Is humanity, then predestined to always exist facing this social problem originating from personal desires and to suffer because of this nature? And is humanity an exception to the cosmic system that has provided every existence in the universe with the potentials of attaining perfection and guided by its nature to attain its respective state of perfection – as proved by scientific experiments and philosophical reasoning.

Hence comes the role of religion being the only solution to the problem, because religion constitutes the only framework, by which the social problem could be solved. This is because the solution lies in aligning the personal desires of individuals and the collective interest of the society. Religion could help humanity in the alignment of these two factors. Religion is the only spiritual influence, which can compensate man for the temporary pleasures that he foregoes in his worldly life in the hope of gaining well-being in the afterlife. It is this power that can makes man sacrifice even his own existence with the faith that his sacrifice of this temporal life only means a prelude to perpetual existence and eternal life.

It can establish in his thinking a new point of view vis-à-vis his interests and a perception about gains and losses above the ordinary commercial and worldly meanings. Thus hardship constitutes bridge to happiness, and suffering a loss for the sake of society indeed means a gain, and to safeguard the interest of others indirectly means safeguarding of one's own interest in the afterlife, which is more sublime and nobler than the present one.

In this way the collective social interests are aligned with an individual desires and interests, being beneficial for him in his religious and spiritual accounting. In the Holy Qur'an we find clear emphasis having been laid on this, at different places. All these aim at shaping this new viewpoint about an

individual's benefits and gains. The Holy Qur'an, for instance, says:

"But whosoever does a righteous deed, be it male or female, believing — those shall enter Paradise, therein provided without reckoning." (***40:40***).

"Whoso does righteousness, it is to his own gain, and whoso does evil, it is to his own loss." (***41:46***).

"Upon that day men shall come forth in scattered groups to see their works." (***99:6***).

"And whoso has done an atom's weight of good shall see it." (***99:7***).

"And whoso has done an atom's weight of evil shall see it." (***99:8***).

"***Reckon not those who were slain in Allah's way as dead, but rather living with their Lord, by Him provided."*** (***3:169***).

"***It is not for the inhabitants of Medina and for the Bedouins who dwell around them to stay behind the Messenger of Allah, to prefer their lives to his; that is because they are smitten neither by thirst, nor fatigue, nor emptiness in the way of Allah, neither tread they any tread enraging the unbelievers, nor gain any gain from any enemy, but a righteous deed is thereby written to their account; Allah leaves not to waste the reward for the good-doers."*** (***9:120***).

"Nor do they expend any sum, small or great, nor do they traverse any valley, but it is written to their account, that Allah may recompense them the best of what they were doing." (***9:121***).

This is the brilliant picture that the Holy Qur'an presents to connect the personal desires and interests with charitable deeds in this life, and to nurture individual's interest in such a way that a person perceives that his personal interests are aligned to humanity's collective interests. Thus it is religion that plays the key role in solving the social problems by mobilizing the personal instincts and desires (and harnessing them) for the society's collective interest.

From this we come to know that religion is a natural need for humanity. As long as the basis of personal desires – from which the problem emerges– are nature–based, nature must have also provided potentials for solving the problem. Man is no exception to other creatures in that all been provided by their nature with the potentials that lead each of them to its respective state of perfection. These potentials, which are incorporated in human nature for solution to the problem, are an instinct for spirituality and the natural inclination and capacity to link life with religion and to adapt to it in the general framework.

There are then two aspects of human nature. On one hand it dictates to man his personal instincts, from which springs the conflict between his desires and interest and the society's collective well–being, resulting in the great social problem. On the other hand, it provides man with the potential of solving the

problem through a natural inclination towards spirituality and to embrace religious values in his life that reconcile with personal interest with the society's collective interests In this way, nature has fully completed its function in guiding man to his perfection. If nature had left the gap without providing man a mechanism to solve it, humanity would continuously face its adverse consequences. Islam has very clearly affirmed this in the Qur'anic verse:

"So set thy face to the religion, a man of pure faith. Allah's original upon which He originated mankind. There is no changing Allah's creation. That is the right religion; but most know it not." **(*30:30*).**

This verse affirms this:

First, that religion is a part of human nature, which is common to all human beings, and that there could be no change therein.

Second, the religion that forms part of human nature is the true (*hanif*) one. That is the religion of oneness of God, pure and unadulterated. Only a religion based on oneness of God alone can perform the great function of religion and organize humanity practically and socially, ensuring collective social interests.

As for the religions based on idol-worship or polytheism as described by the Holy Qur'an, they are in fact an outcome of the problem. Therefore they cannot possibly be its remedy, as stated by the Prophet Joseph to his two prison inmates:

"That which you serve, apart from Him, is nothing but names you yourselves have named, you and your fathers; Allah has sent down no authority concerning them" **(*12:40*).**

The religions are the outcome of personal desires and interests that have prescribed idol worship to the people – in accordance with their various personal interests – in order to make them deviate away from their natural inclination towards the true (*hanif*) religion. The beliefs stand in their way to properly respond to their natural religious tendency.

Third, that the true religion which constitutes part of the human nature is distinguished by its being the curator of life (*ad-dinul-qayyim*) and capable of governing and shaping it into its overall framework. But any other religion that does not undertake to guide or direct life, cannot fully meet man's natural demand for religion nor can it possibly remedy the key problem in man's life.

From this we derive a number of concepts that Islam has set about religion and life. The basic problem in man's life comes from the divergence between individual desires and interests and the collective interests of the human society. However, nature provides humanity with the remedy. This remedy is only the true (*hanif*) and guiding religion. Only such religion is capable of bringing about the realignment between personal desires and the collective interests of humanity, and establishing the practical

standards of behaviour.

The social life, therefore, must accommodate an ideal religion. Similarly, the social organization in different aspects of life must necessarily be placed in the framework of that religion, which is capable of responding to the nature and of treating the key problem in man's life.

In light of this we realize that Islamic economics, being a part of the social arrangement and comprehensive system of life, must be included in the general framework. Thus the religion is the general framework of our doctrinal economics. The role of the religion, being the framework for the social and economic system in Islam, is to bring about the alignment between personal interests and needs of the individuals and the collective interests of the human society, from the Islamic viewpoint.

Islamic Economics Is Not A Science

Each one of the economic doctrines we have presented constitutes part of a complete doctrine covering different aspects of life. Similarly, Islamic economics is a part of the religion of Islam, which covers various branches of life in the same way capitalist economics is a part of the capitalist democracy or market democracy, a system that covers many other aspects of life. Similarly, the Marxian economics is a part of the Marxist doctrine that sets the entire social life in its own framework.

These doctrines differ from one another in their basic ideological seeds and their main roots, from which they derive their essence and their form. Consequently they differ in their characters. In the opinion of the proponents of Marxism, the Marxian economics bear a scientific character as it is regarded an inevitable result of the natural laws that govern and influence history. The capitalist doctrine is however, quite different. As we have seen in the earlier discussion, its advocates did not formulate it as a necessary outcome of the nature of the history and its law. Instead they adopted it only as an expression of the social form that agrees with the practical values and the ideals they embrace.

Islam does not claim to have the scientific character like the Marxian doctrine. Nor is it without a certain value system and worldview, like capitalism[4]. When we say that Islamic economics is not a science, we mean to say that Islam is a religion that calls for organizing economic life in the same way it deals with other aspects of life, and that it is not a science in the same sense that political economy is.

In other words, it means a transformation aimed at changing a damaged facet into a sound one, instead of being an objective explanation of the facet. For instance, when it lays down the principle of dual ownership, it does not thereby claim that it explains historical fact about a certain stage in the life of humanity or that it reflects the results of the natural laws of history, as Marxism did when it declared that the principle of socialist ownership as being an inevitable condition for a certain stage of history and its only explanation.

In this regard, Islamic economics resembles the doctrinal capitalist economics in being an operation of

changing the state of affairs rather than one of explaining it. Thus the doctrinal function with regards to Islamic economics is to reveal the full picture of the economic life in accordance to the Islamic *Shari'ah* and to examine the ideas and general understandings which radiate from behind that picture, like the idea of independence of the distribution mechanism from the mode of production and other similar ideas.

As for the scientific aspects of Islamic economics, its role is to describe the real course of life in an Islamic society when the religion of Islam is practised in totality. So the scientific investigation takes the doctrinal economics in Islam as an established principle of the society, and tries to explain it and link the events therein with one another.

In this regard it is similar to political economy. The scholars of the capitalist economics who first draw their doctrinal lines and then start explaining the real state of affairs within those line lines – studying the nature of the laws firmly rooted in the society wherein they are enforced. This study of theirs resulted in the science of political economy. In the same way, a science may be developed for Islamic economics – after comprehensive study of the religion – by examining the facts in this framework.

The question is, when and how is it possible to formulate the science of the Islamic economics, as the capitalist formulated the science of the political economy, or in other words, the science of the economics that explains the events in the capitalist society? The answer to this question is that scientific explanation of the events of economic life revolves around these two matters:

First, collecting economic data from the real life experience and arranging them scientifically in such a way as may reveal the laws applicable and its special conditions.

Second, starting a scientific research from established facts and deducing from these the relevant economic patterns and trends.

As for the scientific explanation on the basis of the first point, it depends on the level of the application and practice of the religion in the real society, in order that the researcher could record events of this state of affairs and deduce general laws from their observations. And this is what the capitalists accomplished, when they lived in a society that believed in capitalism and which enforced it. They consequently secured an opportunity to form their theories on the basis of the real experience of the society, which they lived in.

But nothing like this is available to the Muslim economists as long as Islamic economics is not adopted and practised in actual life. They cannot gather empirical data from today's life on Islamic economy from actual implementation of Islamic economics. They are therefore unable to deduce the relevant scientific laws applicable to an Islamic economy.

As for the scientific explanation on the basis of the second point above, it is possible to describe some of the features of economic life in an Islamic society, by starting with certain religious principles and deducing their outcome in a hypothetical situation where Islamic economic doctrines are implemented.

General views can also be formulated on the economic aspects in an Islamic society in light of these religious principles.

For instance, it is possible for a researcher on Islamic economics to say that commercial interests in an Islamic society would be aligned with those of the financiers and bankers because in an Islamic society banking is based on the principle of partnership instead of interest-based lending. The bank carries out its banking business with the customers' money. It shares the profit with them based on a certain ratio and ultimately its performance depends on the extent of the commercial profit it earns and not on the interest it charges on loans.

This phenomenon of the alignment of the interests of the banks and the businesses of their respective customers is naturally an objective, with which the researcher starts to deduce a point, that is, the elimination of interest-based banking system in the Islamic society. The research scholar can also proceed from a point like this to establish another objective phenomenon, that is, deliverance of the Islamic society from a main factor responsible for the crisis the capitalist economy suffers from.

In a society that adopts interest-based lending, the production and consumption activities have limited access to the society's aggregate wealth. The rich could withhold the financial resources they own (and refrain from investing) and choose to only earn interest on their funds. This would cause stagnation in production and consumption. In an Islamic economy, where interest is prohibited and where hoarding or amassing wealth is also forbidden or discouraged via imposition of taxes, there is more incentive for behaviours that result in wider circulation of wealth.

Thus in these descriptions we assume that the social and economic realities stand on certain premises, and we adopt synthetic proposition and discover its general characteristics in light of those premises. But for us with strict scientific principles, these descriptions do not constitute the economic life in the Islamic society, unless the study is based on the gathering of empirical data from actual economic environment.

There are often differences between real life under a system and the descriptions presented based on the hypothetical analysis. This had happened before when the capitalist economists built most of their analytic theories on a hypothetical basis. They came with results that contradicted the reality they lived in, and discovered a number of factors in in real life that had not been taken in their hypotheses. Moreover, the spiritual and ideological element or in other words, the psychological temperament of the Islamic society, has a great influence on the course of economic life. But this temperament is not something quantifiable and therefore could not be estimated and projected in preparing the basis of the different theories.

Therefore, the science of Islamic economics cannot possibly exist unless the Islamic economic system is practised in the entire society. Under such scenario, the detailed features can be observed and measured in a systematic study.

Distribution (Of Wealth And Income) Is Independent Of The Mode Of Production

There are two different aspects of economic activities in a society – the production and distribution. Man struggles with nature, harnessing it to meet his needs. In this battle man is armed with all the tools of production obtained through their experience and knowledge. Man also forms certain relationships among themselves, which determine the relationship between individuals among them, in different affairs of life.

These social relations – which we call social system – include the manner of distribution of the wealth generated by the society. The individuals earn their gains from the production activities and from nature, while the social relations determine the basis on which the gains are shared and distributed among them.

The mode of production obviously evolves and develops continuously, mainly in line with the pace and intensity of developments in science. In the past man used to employ the plough in agricultural production, but he has now started using electricity and even nuclear energy for that purpose. Similarly the social relations – which determine the association among the members of the society, and the manner income and wealth are distributed – have also changed throughout history, assuming different forms and patterns due to the changing circumstances.

The basic question in this regard is, what is the relationship between the development in the mode of production and that of the social relations pertaining to income and wealth distribution (or the relations of distribution)?

This point is regarded as central in the differences between the Marxian economics and Islamic economics. The Marxian economics holds that every development in the production process and methods must necessarily be accompanied by a development in the social system, in general, and the basis for income distribution, in particular. Thus it is not possible that the mode of production may undergo a change while the social order still retains its old structure, just as it is not possible for the social system to precede the mode of production in its development.

From this, Marxism infers that it is impossible for one social relation to survive with the passage of time and remain suitable for human life in its numerous stages of development, because the mode of production continuously develops. The social relations will also develop in line with the changes in the mode of production. Thus the system, which suits a modern society in the era of electricity and nuclear energy, is different from one that suited the society of cottage industry, as the modes of production are different in the two societies. On this basis, Marxism presents the socialist doctrine as being the necessary remedy for the social problems in a certain historical stage, in accordance with the requirements under the respective mode of production in that stage.

But Islam rejects this so-called inevitable relationship between the development in production processes and that of the social system. The Islamic view is that there are two aspects. One is that, man does his work and encounters resistance in nature, trying different means to exploit it and overcome its resistance it in order to meet his needs. Second, man deals with his relationship with other individuals in various fields of social life.

The modes of production are the outcome in relation to the first aspect, while social relations are related to the second one. There have been significant developments in productions process and in the social relations, but Islam does not subscribe to the idea of the inevitable inter-dependence between the development in mode of production and that of social relations. That is why Islam holds that it is possible to retain one single social system – with its structure and capability intact despite the passage of time – no matter how different the mode of production may be.

On the basis of this principle – the independence of social system from the modes of production – Islam presents its social arrangement including its economic doctrine, as being a social system suitable for the nation in all stages of development of its production. It holds the social system as being adequately capable of ensuring the well-being of its members, either in the age they discovers and harness nuclear power, or when they were tilling the land manually.

This fundamental difference between the views of Marxism and Islam on social system is generally the description of the social life that the respective social systems seek to organize and regulate. According to the Marxist view, the social life of man is the results of the productive forces. The forces of production constitute the prime rule and the first factor in the entire history of mankind. Therefore, when the mode of production changed, it was only natural that the social relations – which are expressed by the prevailing social system – change accordingly. A new social order – that suits the new mode of production – should come into being.

On top of what we said in our previous discussion of historical materialism and our broad criticism of its meaning – with evidence from history – we shall make additional comments in this regard. We had clearly shown that the forces of production are not the fundamental factor in history.

In Islamic teachings, the social relations with its different forms do not result from various modes of production. But it ensues from the needs of man himself because it is the man, who is the moving force of history, not the forces of production. It is in man that we find the springs of the social relations, because man has been created in such a way that he loves his own self and tries to meet his needs. Consequently man exploits all things around him to achieve that end.

Naturally, he also finds himself obliged to employ another man in this regard because he cannot satisfy his need except through the cooperation with other individuals. This resulted in social relations developing on the basis of those needs. These relations expanded and grew throughout the long history of man. Social relations are thus the outcome of human needs, the social system being the form, which

organizes social life in accordance with those needs.

We can see in our study of human needs that a significant part remained constant with the passage of time, while the rest continuously developed and changed according to the circumstances and environments. This constant that we find in man's organic constitution and his abilities generally are the needs in relation to food, procreation and the potentials related to understanding and emotions.

This means that the entire humanity possesses these characteristics, needs and general qualities and it is because of this, humanity was referred to as one single nation in God Almighty's address to His prophets as in this Qur'anic verse:

"Surely this community of yours is one community, and I am your Lord; so serve Me." **(*21:92*)**.

On the other hand we find that there are various other needs that enter the sphere of human life gradually, growing through the experience of life. Thus the primary needs are constant while the secondary needs continue developing, in accordance with the increasing life experience and the related complexities.

If we know that social relations arise from human needs and that social system means the structure which organizes the social relations in accordance with those needs – as mentioned before – we would come to the conclusion that a social system suitable for humanity should not necessarily develop and change significantly in order that it may adapt to the development of social life, just as it is not reasonable that it should permanently reinvent the general principles of life. The social system must have the core part that is constant, and the rest open to development and change; such that in total it suits the new environment.

The Islamic social system is such that it includes a core component that is constant, connected with the treatment of the basic and constant needs of man in his life. This includes aspects like the need for the guarantee of livelihood, procreation and security. These are in addition to the needs dealt with under the Islamic rules about distribution of inheritance and those relating to marriage and divorce and the laws pertaining to criminal punishment and others laid down in the Holy Qur'an and the *sunnah*.

The social system in Islam also contains aspects open to changes according to new interests and needs. These are the aspects, in which Islam has empowered the ruling authority (*Wali' Al–Amr*), to decide upon according to the prevailing interest and need, in light of the variable aspects of the system.

It has also provided the constant part of the system with permanent legislative rules in their legal forms. But their implementation is conditional to specific circumstances. In that manner, the right way to satisfy the constant needs is determined, although their means of fulfillment differ despite their unchanging nature. An example of these is the rule of eliminating the detriments and impediments in religion.

In this way — and unlike Marxism, which holds that (wealth) distribution and consequently the entire

social system being dependent on the modes of production — we can affirm the independence of (income and wealth) distribution relations from the mode of production. Thus it is possible for one social system to present to the human society a distribution arrangement that could be suitable in different circumstances and modes of production. No distribution system depends on the mode of production such that it may not precede or remain behind it, as held by Marxism.

It is on this basis that Islam and Marxism differ from each other in their respective views on other distribution systems that prevailed in history, and also in their respective judgments with regard to those systems. Marxism studies distribution systems and the prevailing modes of production in the society and judged that it was a suitable one if it reflects the development of the productive forces then. It would judge otherwise if it were an obstacle in the development of the forces of production and would deem that an uprising against it is warranted.

That is why we find Marxism readily approving slavery in a most detestable form in a society, in which production was driven by manual labour. In such an economy, Marxism's view is that the society's production output could only be driven higher when whips were held over the heads of the overwhelming majority of its members, who were forced to work at the points of bayonets.

Thus anyone who resorted to forced labour was the program man and the revolutionary vanguard in such a society because he was the ruthless person capable of realizing the will of history. And the other person who refrains from participating in the operation of slavery and missed this golden opportunity, and thus deserves all the attributes of a man who opposes the movement for human progress, a label the socialist ascribes to the capitalist of today.

As for Islam, it judges every system in light of its relationship with various human needs – that the system guarantees their fulfillment by arranging the conditions of life accordingly – taking these needs to be the basis for the growth of social life. Islam does not regard any particular mode of production as a justification for the establishment of a social system and wealth distribution method that ensures fulfillment of those needs, as it rejects that so-called inevitable relationship between the modes of production and the social systems.

In rejecting this relationship as claimed by Marxism, Islam does not only assert it theoretically. It had also proved this with practical evidence from its history. Islam had demonstrated evidence from real life – from the period the Islamic doctrine was practised – in support of its rejection of the idea about the relationship between the social system and the modes of production. It further proved that man's social existence can be reset in a new and revolutionary manner while its mode of production remains unchanged.

The Islamic system was in place only for a very brief span out of humanity's long history. Yet during the period, humanity witnessed the most brilliant development. It was a revolutionary experiment that had created a nation and established a civilization, which changed the course of history. But it had nothing to

do with any change in the modes of production or the productive forces.

It would have been impossible – explanation of history based on the socialist logic, which links social system with the means of production – to bring about this universal revolution that embraced all aspects of life, without a prior change in the fundamental conditions of production. The Islamic reality thus challenged the Marxian logic of history in all its calculations. It challenged Marxism it in all aspects including the notion of equality, because the Marxists believe that the notion of equality is the outcome of an industrial society that is opened by the class that carries the banner of equality that is bourgeoisie. According to Marxism, it would not be possible to carry this banner before the history's development reached this industrial stage.

But Islam scoffs at this logic that ascribes every conscience and thought to the developments in production. Islam had been able to raise the banner of equality and to create in man a right conscience and a comprehensive awareness. It had further been able to impact the reality of the social relations to an extent which bourgeoisie could not.

It had been there and survived before God Almighty let the bourgeois class appears, and this was twelve centuries before the material conditions (that should have matched the development) existed. It called for equality among men much earlier, in an era long before the modern production tools was discovered. It declared, "*All of you came from Adam and Adam is from dust*", "*All persons are equals like the teeth of the comb*" and "*An Arab has no superiority to a non-Arab* (*'ajam*) *except through piety*".

Was this equality in the Muslim society inspired by means of bourgeoisie production, which only appeared but after a gap of a thousand years? Or was the Muslim society inspired of this equality by the means of production in agriculture and the elementary trades with which the *Hijazi*[5] society lived, while better and more developed forms of these existed in other Arabian and foreign communities?

How could these means of production have inspired the *Hijazi* society with the notion of equality and enabled it to play a most splendid historical role for the realization of this notion, when they did not do the same in case of other Arab societies, of Yemen, al-Hirah or Syria? Islam also challenged the calculations of historical materialism once again by announcing the good news about the existence of a worldwide community rallying the entire humanity in one field, working assiduously to realize this idea in an environment as overwhelmed by tribal strife and a thousand conflicts.

It succeeded in uplifting these tribal units into a greater humanity and made the Muslims give up the notion of a tribal society defined by ancestry, blood relationship and locality, replacing it with the notion of a society not restricted by any of these parameters, instead defined only by Islam's ideological thoughts. What means of production, then, brought about a change in those people – who were not intelligent enough to even establish a nation – that made them leaders of the world community and its champions in such a short period?

Islam again challenged the so-called logic of history, for the third time, by establishing a distribution

relation, which – under the calculation of the socialist economics – could not possibly be established in a society before it reaches an industrial stage of production. Islam narrowed the sphere of private ownership, limited its domain and refined its meaning. It also placed restrictions and conditions and made it incumbent to ensure support to the poor, besides providing sufficient guarantees to ensure balance and justice in distribution. And this preceded the material conditions – according to Marxism – for this kind of relations to emerge.

The eighteenth century saying was: "Everyone but an idiot knows that the lower classes must be kept poor otherwise they would not be hard working and industrious 6, while the nineteenth century saying was: "One, who is born in a world whose ownership has been completed, has no right to the food if he could not earn means of his livelihood, by means of his work or of his family's. Such a person is a parasite in the society, there being no need for his existence because he has no room on the table of nature, which asks him to go, showing no leniency in the enforcement of this dictate".7

The world was saying these even until many centuries after the advent of Islam. But Islam – according to the prophet's saying – in declaring the principle of social security as such: "*He who leaves a household in a state of perishing, the responsibility over his family is on me, and he who leaves a debt, the responsibility over his debt is on me*". The Islamic economics declares in an unambiguous manner that poverty and destitution did not spring from nature itself, but it was the outcome of poor distribution and deviation from the good relationship that must bind the rich with the poor. Thus, Islam stated, according to a tradition; "*Nothing makes a poor person starve except that with which a rich person avails for luxury*".

This conscience of Islam about the problems of the social justice in distribution – the like of which is not to be found even in those societies that are more advanced than the Islamic one in material conditions – could not have been the offspring of the plough implements, or the elementary trades of the handmade products, or such means of living known by all the societies of the earlier periods.

Some say that this consciousness or this social revolution – indeed this gigantic Islamic tide that spreads into the history of the whole world – was the result of the development of trade and of the commercial conditions in Mecca, which demanded the establishment of a stable state to support all its social and ideological requirements compatible with the prevailing commercial situation.

What a novel explanation to explain this historical change in the life of the entire humanity by those commercial conditions that existed in one of the cities of the Arabian Peninsula. I do not know how the commercial conditions of Mecca acquired such dominant historical role, while other Arab and non–Arab states and nations – with greater civilizations and more structured and tangible conditions and were superior to Mecca in respect of political and economic conditions – did not.

Was it not inevitable under the materialist logic of history that the new social development should have spread in those states and nations first? How could certain commercial conditions in a city like Mecca

create a new human history, while similar circumstances or even more developed ones elsewhere did not? If Mecca enjoyed commercial conditions congenial to the passage of its trade between Yemen and Syria, the Nabataeans also had important commercial settings, when they established Petra as a station for the trade route.

They set up the most progressive Arabian civilization that their influence spread to the neighboring countries, where they set up garrisons for trade caravans and sites for exploitation of mines. The city became, for a long time, the main hub for caravans and constituted an important trade centre. Their commercial activities grew far and wide, so much so that traces of their trade were found in Seleucia and the ports of Syria and Alexandria. They used to trade in aromatic goods from Yemen, silk from China, henna dyes from Ascalon, glass and purple dyes from Sidon and Tyre, pearls from the Persian Gulf and porcelain from Rome. They also produced in their country gold, silver, tar and sesame oil. Yet, despite such progress in commerce and industry – which Mecca never achieved – the Nabateans remained in their social relations as they were in before, awaiting Mecca's divine role in the development of history.

There was al-Hirah (near Kufah) that experienced a great progress in industry and commerce during the period of al-Manadhirah (Lakhmid Kingdom). They prospered in various industries including textiles, weapon making, porcelain and pottery. The people of al-Hirah were able to have their commercial influence extended to the central, southern and eastern Arabian Peninsula. They used to send trade caravans to the main markets carrying their country's products.

There was also Tadmor (Palmyra) civilization that continued for several centuries, under which trade prospered so much and trade relations were established with nations in other parts of the world like China, India, Babylonia, Phoenician cities and Mesopotamia. There were also civilizations celebrated in the history of Yemen since ancient times.

A study of these civilizations – and their commercial and economic conditions – and their comparison with pre-Islamic Mecca in respect of its civilizational entity proves that the Islamic revolution in the social relations and the ideological life was not a consequence of material conditions, or of economic and commercial circumstances. Social relations, including the distribution relations, are therefore independent of the mode of production and the economic condition of the productive forces.

Is not Islam, after all this, entitled to condemn – with all certainty and confidence – that the so-called historical inevitability which links every mode of distribution with social relations, and declare by dint of tangible evidence that the system was based on ideological and spiritual framework, and not on the material conditions related production?

The Economic Problem From The Islamic Perspectives And Its

Solutions

What Is The Problem?

All ideological currents in the economic field agree that there was a problem in economic life that must be tackled. They however differ in determining the nature of this problem and as to the way to tackle it.

Capitalism believes that the basic economic problem is scarcity of natural resources, in view of the fact that nature is limited. It is thus not possible to increase the expanse of the earth on which man lives, nor the amounts of various natural deposits underground. But man's needs grow constantly with the progress and prosperity of civilization. Nature would be unable to meet the needs in respect of all individuals. This leads to competition among individuals in fulfilling their needs, which results in an economic problem. Therefore, in the view of capitalism, the economic problem is that the natural wealth cannot keep pace with the progress in civilization and is unable to guarantee fulfillment of all needs and desires that continue growing with development of civilization.

Marxism holds the view that the economic problem is always the problem of inconsistency between the mode of production and the distribution system. Therefore, when there is consistency between the two, there will be stability in the economic life. This is irrespective of the social system that results from the matching between the mode of production and the distribution system.

Islam does not agree with capitalism that the problem is that of scarcity of natural resources. It is of the view that nature can meet all the needs of life. Similarly Islam also disagrees with the view that the problem lies in the mismatch between the mode of production and the system of distribution as stated by Marxism. The problem, according to Islam is primarily the problem of man himself, and not nature nor the mode of production.

And this is what Islam establishes in the following Qur'anic verses:

"It is Allah who created the heavens and the earth, and sent down out of heaven water wherewith He brought forth fruits to be your sustenance, And He subjected to you the ships to run upon the sea at His commandment; and He subjected to you the rivers." (***14:32***).

"And He subjected to you the sun and moon constant upon their courses, and He subjected to you the night and day." (***14:33***).

"And He gave you of all you asked Him. If you count Allah's blessing, you will never count it; surely man is sinful, unthankful!" (***14:34***).

These holy verses clearly show that God Almighty has pooled in this vast universe all the needs and beneficial things for man and has provided for him resources sufficient to meet his material needs. But it was man himself who had missed this opportunity given to him by Allah, because of his transgression

and ingratitude (surely man is sinful, unthankful). Thus man's unjust behaviour in his everyday life and his ungratefulness for the Divine bounty are the real causes of the economic problems in man's life.

Man's injustice in economic life is in inequitable distribution while his ingratitude for the divine bounties lies in his imprudent and damaging attitude in exploitation of nature. So when injustice in the distribution method is eliminated and man's capabilities are pooled and harnessed to extract benefits from nature in the proper way, the real problem disappears from the economic field.

Islam has, indeed, guaranteed to eliminate injustice with the solutions it has presented pertaining to the distribution and circulation of wealth. As for ingratitude, it has tackled the issue through the principles and rules it has provided in respect of production. This is what we will explain in the following sections in so far as it relates to the first cause of the social problem in the eyes of Islam, which is inequitable distribution.

As for Islam's attitude towards the second cause – that is ingratitude towards divine blessing – we will examine this in a later discussion. We have prepared this study to present Islam's attitude with respect to production and the rules and the principles it has provided related to this matter.

The Distribution System

In the course of history man has suffered from different forms of injustice because of inequitable distribution. At one time distribution was purely individual-based. At another time, it was strictly on collective basis. The first method constituted an encroachment upon the rights of the community while the second one involved curtailing individual rights.

But Islam has laid down such a framework of distribution for the Islamic society that ensures appropriate regard for the rights of individual as well as those of the community. It stands for the rights of an individual to fulfill his natural needs. At the same time, it does not deprive the community of its collective rights and well-being nor threatens its survival. It is distinct from other distribution systems, which man had practised in the course of history.

In Islam, two primary factors are considered in distribution. First is work or labour, and the other is need. Each of the two factors has an effective function in a community's total wealth. We shall soon examine these factors to know the role they play in distribution, drawing comparison between the significance of work and need in the Islamic framework of wealth distribution, and their respective positions in other systems and ideologies namely communism, socialism and capitalism.

The Labour Factor In Distribution

In order to consider the labour factor in distribution, we must examine the social link between labour and the wealth it generates. Labour is applied to different materials obtained from nature. Man's labour is involved in all types of economic activities from extraction of minerals to harvesting of forest products, to

mining at sea and hunting. There are other types of materials and resources acquired from nature with man's efforts.

The question we are dealing with in this regard is to what extent does the material gains in value because of the work. And what is the relation between the worker and the wealth, which he obtains through his work? One view is that there is no connection in terms of social relation between work (and the worker) and his subject (the product). Therefore the work or the worker has no right except to fulfill his need whatever his work is, because the work is only a social duty discharged by the individual for the society and the society (already) pays him for that by guaranteeing the fulfillment of his needs.

This view is in line with the viewpoint of the communist economics. The communist economics regards the society as a large entity wherein individuals melt away. Each individual merely occupies the position of a cell in an organism. According to this view, the individuals dissolve into a big social crucible. The works done by the individuals of the society cease to appear as works of the individuals, because all the individuals have melted into an entity.

The link between a worker and the results of his work is thereby cut off. Thus the society becomes the real worker and owner of the work of all the individuals. Their only right is for the fulfillment of their needs, according to the communist form, which we have seen previously during our discussion of historical materialism, i.e. "from each according to his ability, and to each according to his need".

Thus the individuals in a communist society completely resemble parts of a mechanical apparatus, as every part in the apparatus is entitled to consume as much oil as it needs while it must perform its particular job. All the machine parts consume equal shares of the oil despite their functions being different in respect of their significance and complexity. Similarly each individual of a society is given a share in the communist distribution system according to his need, although the extent of his actual participation in the production of wealth may differ.

Thus an individual does a work but he does not own the fruit of his labour nor does he enjoy the result of his work exclusively. All that he is entitled to is to have his needs fulfilled, irrespective of whether it represents (an amount) more than his work or otherwise[8]. On this basis, the work has no relevance to the distribution of the output. Thus in light of the communist thought, work is an instrument is for producing goods, not an instrument for distribution. It is need alone that determines the basis on which distribution of goods among the individuals of the society takes place. The lots of the individuals of the society in distribution therefore vary in accordance their respective needs, not their works (or contribution).

But as far as the Marxian socialist economics is concerned, it determines the relation of the worker with the result of his work, in line with its peculiar concept of the value. Marxism holds the view that it is the worker who generates this exchange value of the material on which his labour is expended. Thus the material is of no value without the human labour added to it.

As long as labour is the significant source of the value, the distribution of the resultant values among the different branches of the wealth must be on the basis of labour. Therefore, every worker owns the outcome of his labour as well as the material whereon his labour has been expended. It had become of value due to his labour. This means that every person's entitlement is according to his labour, rather than his need because every worker has the right to own the value created by him. Since labour alone creates values, it is therefore the only basis of distribution. Thus, while in the communist society, need constitutes the basis of distribution; in the socialist society labour becomes the fundamental means of distribution.

But Islam differs from both the communist and socialist societies. It differs from communism in so far as it severs relations between the labour of an individual and the results of his work, and firmly regards the society as the only owner of the labour of all the individuals. Islam does not look at the society as a giant entity hiding behind the individuals and moving them in one way or another. In Islamic view, the society is just a large collection of individuals. The individuals are viewed as human beings in a realistic way, moving about and working. Therefore, under no circumstance can the relation between the labourer and the product of his labour be cut off.

Islam also differs from the socialist economics, which says that it is the individual who by dint of his work lends to the material its exchange value. In the Islamic view, natural materials like wood and minerals and other natural wealth do not derive their value from the work. But the value of every product is the result of the society's collective desire to acquire it, as we have explained in the course of our study of historical materialism.

In the view of Islam, labour is only a basis for ownership by the worker as the result of his work. And this personal ownership, which is based on work, constitutes an expression of a natural tendency in man for owning the results of his work. This tendency springs from the consciousness of every individual to gain domination over the output from his work and the gains associated to it.

Thus, ownership based on work has become man's entitlement, emanating from his natural sentiments. Even in those societies where private ownership does not exist, as we are told by communism, do not suppress the right of ownership based on work as being a manifestation of a natural tendency in man. It only means that work in those societies had a social impression, and therefore the work-based ownership is socially desired as well. Thus the reality and the natural inclination towards work-based ownership exists in any case though the nature of the ownership may vary in line with the different form of work, in respect of its being considered a personal act or that of society.

Labour, then, is the basis for the worker's ownership, according to Islam and on this basis it constitutes the main factor in the Islamic distribution system. Every worker secures – by dint of the work – the natural wealth he gets hold of and he acquires in accordance with the rule that work is the basis of ownership. In this way we can eventually derive different doctrinal stands vis-à-vis the social relation between the individual worker and the result of his labour.

The communist rule in this regard is "work constitutes the reason for the ownership by the society instead of the individual".

The socialist rule is: "Work is the source of the value of the commodity and consequently it constitutes a cause for the ownership by the worker".

But the Islamic rule is: "Work is the basis for the worker's ownership of the product and it is not a cause of its value". Thus when a worker extracts a pearl, he does not bestow its value to it with his work, but he only owns it by dint of his work.

The Need Factor In Distribution System

Work is the first main factor in the distribution mechanism, as we have seen just now. The other factor in the distribution arrangement is need. In the Islamic society, work and need are both the primary factors that determine the method of distribution.

To explain the function of need in distribution decision, we can divide the individuals of the society into different groups. A society generally comprises three groups. The first group is made up of those who – with its talents, intellect and physical capabilities – could earn very well and live a luxury life with their wealth. The second group comprises those who could work but their labour can only generate income enough to fulfill their basic needs. The third consists of those individuals who are unable to work due to physical or intellectual disability, or other causes such as a major illness rendering them economically unproductive.

On the basis of the Islamic economics, individuals in the first group rely on their work for their share in the distribution system. Thus each individual of this group gets his share from the distribution in accordance with his respective personal ability even though the share may be in excess of his needs, as long as he utilizes his potentialities within the limits that Islamic economics had determined in respect of the economic activities of the individuals. Therefore, need has no significance in respect of this group of people. Work is the only basis for determining their share in the distribution decision.

While the first group relies on work alone, the third one – in an Islamic economics – relies only on need. Those individuals in this group are unable to work. Therefore the distribution is such that they get as much share that fully ensure their livelihoods, on the basis of their needs, in accordance with the principles of universal assurance and social solidarity in the Islamic society.

As for those in the second group, who could work yet are only capable of securing the minimum amount for their basic needs, their share of income relies jointly on work and need. Their work ensures their share corresponding to the amount essential for basic livelihood, while their need –according to the principles of assurance and social solidarity – calls for supplementary share for them by the ways and means determined in Islamic economics, as described in the following discussion. It has to be such that a life compatible with a universal degree of well–being is made available to those in this group.

In this way we can realize the difference between the significance of need in Islamic economics, as a basis in the distribution decision and its corresponding roles in other economic doctrines.

Need According To Islam And Communism

According to the view of communism – which says that 'from everyone according to his ability and for everyone according to his need' – need is regarded as the only basic criterion in the distribution of the economic output among the working individuals in the society. Therefore it does not allow the work to stake a claim of ownership beyond the need of the worker. But Islam recognizes work as being a basis of distribution besides need, and entrusts to it a positive role in this regard. It thereby opens the channel for the appearance of all the abilities and talents in the economic life and facilitates their respective development somewhat on the basis of competition and rivalry. It also encourages talented individuals to harness all their potentials in the social and economic lives.

This is in contrast with Communism, which recognizes need as the only means of distribution, irrespective of the nature and activity of the person's work. It thus deprives man of incentives that would have made him work harder. As a matter of fact, what induces one to hard work and intense economic activity is his personal interest. When the distribution mechanism excludes work, and embraces need alone as the criterion for determining the share of each individual – as practised in communism – it means a death sentence to the most important force that drives the economy ahead and raises it to a higher level.

Need According To Islam And Marxist Socialism

Socialism, believes in the basis of 'from everyone in accordance to his ability and for everyone in accordance with his work', relies on work as the fundamental basis for distribution; hence every worker is entitled to the output of his work whatever is the result, be it small or big. In this way, the role of need in distribution is eliminated and the share for the worker is not confined to only his need, if he produces (with his work) more than his actual need. Similarly he does not get the amount that might fulfill his need fully, when he fails to render work that matches his need. Thus every individual gets to receive the result of his work, irrespective of his need and regardless of the value produced by the work.

This is at variance with the Islamic viewpoint, which assigns an important and positive role to the need. Although this socialist principle does not deprive a talented worker of the fruits of his work (in case they exceeded his need), it is a significant factor for distribution and could have adverse implications in respect of the second group of a society, described earlier. That is the group whose intellectual and physical abilities are merely adequate to enable them to earn enough for the minimum necessities of life.

Based on Marxist socialism economics, this group must be content with the little output of its work and accept the big gap between its living standard and that of the first group, which is capable of earning a luxurious living since according to socialism work alone determines distribution decision. Hence it is not

possible for a worker to desire better living than that provided for him by his work.

In Islamic economics, the scenario differs because Islam does not consider only work in the of distribution arrangement among the workers. It also fixes a role for need. It regards the inability of the second group to secure the general standard of luxury as a sort of need and lays down certain ways and means to deal with this type of need. Thus a talented and fortunate worker would never be deprived of the fruits of his work that exceed his need, while a worker who could offer only the minimum work ability would still get a share greater than the value of his production.

There is another point of ideological difference between Islam and Marxist socialism regarding the third group of individuals in the society. They are deprived of work due to their intellectual and physical limitations. The dissimilarity between Islam and Marxist socialism about the entitlement of this underprivileged group emanates from the difference between their respective concepts about the distribution formula.

I do not propose to take up the attitude of the socialist world today in this regard vis–à–vis the third group. Also, I am not trying to restate the assertion that an individual incapable of work is doomed to starvation in socialist societies because I want to study the question from theoretical point of view, not from the actual practice. I do not wish to bear the responsibility for those claims often repeated by the enemies of the socialism.

From the theoretical point of view therefore, it is not possible for the Marxist socialist economics to explain the rights of those in the third group, and justify them getting a share in the distribution of the total production because in the view of Marxism distribution does not stand on any firm moral basis. It is only determined in accordance with the condition of the class struggle in the society, dictated by the prevalent mode of production. Therefore Marxism also held that slavery and the death of slave under forced labour, and his deprivation of the fruits of his work was something tolerable under the circumstances of the class struggle between the lords and the slaves.

In light of this Marxist premise it is necessary that the share of the third group in the distribution decision be studied considering its class position, so long as the shares of the individuals in the distribution were determined in accordance with their class positions in the social struggle.

But since the third group was deprived of the ownership of both the means of production and productive labour, it was not one of those in the class struggle between the two – the capitalist class and the working class. It did not constitute part of the working class that played the role in the victory of the workers and the establishment of the socialist society. And since these individuals – who are incapable of work by their nature – were separated from the class struggle between the capitalists and the workers (and consequently from the working class which controls the means of production in the socialist stage), there ought to be found a scientific explanation along the Marxian principles, which might justify the share of this third group in the distribution – and their right in life and the wealth which was controlled by

the working class – as long as they remained outside the scope of the class struggle. Thus Marxism cannot justify – based on its principles – the economic assistance and economic security accorded to the third group in the socialist stage.

But Islam does not determine the process of distribution on the basis of class struggle in the society. It determines it in light of the higher ideals of a happy society and on the basis of moral values that dictate the distribution of wealth in a manner that ensures realization of those values, the prevalence of those ideals and the elimination of hardship arising from poverty to the greatest possible extent.

A distribution process which revolves around these principles naturally accommodates the third group, as being a part of the human society, in which wealth must be distributed in a way that minimizes the pains of poverty in order to realize the higher ideals for a happy society and the moral values on which Islam establishes social relations. It becomes natural, then, that the need of this deprived group be regarded a sufficient reason to give it its right in life and to be one of the basis of the distribution decision.

"Those in whose wealth is a known right for the beggar and the outcast". **(*70:24-25*)**

Need According To Islam And Capitalism

As for the capitalist economics in its apparent form, it is entirely contradictory to Islam in respect of its attitude towards need. In the capitalist society need is not a factor in the distribution mechanism. It is a factor of an opposite attribute and its role contradicts that it plays in an Islamic society. The greater is the need factor with the individuals, the lesser is their share in the distribution. This ultimately leads to a large number of them withdrawing from work and distribution.

The reason for this is that the intense and widespread need mean existence of more labour supply in the capitalist market, exceeding the amount needed by the owners, who provide work opportunities. Human labour is a commodity in the capitalist economics and its fate is governed by the laws of supply and demand, as is the case with all other commodities in the market. It is therefore only natural that the wages should decrease accordingly. The decrease in wage continues as long as the capitalist market refuses to fully absorb the supply of available labour, resulting in unemployment of a large number of needy persons. They must do the impossible in order to survive or bear the pains of deprivation and starvation.

Thus need is not a positive factor in the capitalist distribution mechanism. It only means abundance of the work capacity or labour supply. Any commodity with an excess of supply over demand must have its price reduced and its production stopped until it is fully absorbed by the market such that the supply matches the demand. Therefore, in the capitalist society need implies diminishing share of an individual worker in the distribution. It is not a positive factor for distribution.

Private Ownership

Having established that work is the basis for private ownership in accordance with the natural inclination in man to own the results of his work, and having regarded work – on this basis – a main factor for distribution, Islam accepts the following two premises:

The first is allowing private ownership in the economy. Since work is the basis of ownership, the worker should naturally be allowed to privately own the output of his production and the wealth he helps generate, in the form of crops, textile products etc. When we assert that the ownership of the wealth by a worker who produces it is a manifestation of a natural inclination in him, we mean that there exists in man a natural tendency to exclusively own the output from his work. This is expressed in the social concept as ownership. But the rights that result from this ownership are not established in accordance with the natural tendency. It is the social system that determines the rights, in line with the ideas and goals that the society embraces.

For instance, is it the right of the worker, who owns the commodity by dint of his work, to squander it since it is his private asset? Or, is it his right to exchange it for another commodity or develop his wealth by using it for commercial purposes or to lend it to others on interest? The answer to these and other similar questions is given by the respective social systems, which determine the rights of private owners, and these are unrelated to nature and instinct.

For this reason, Islam intervenes in determining the rights and privileges – recognizing some and rejecting others in accordance with its values and ideals. For instance, it rejects an owner's entitlement to squander his wealth or to spend lavishly but grants him the right to utilize it without being wasteful or extravagant. It denies the owner the right to grow the wealth which he owns by means of usury, but allows him to develop it through trades within special limits and conditions, and in accordance with its general theories about the distribution which we, God willing, shall soon study in the coming chapters.

The second premise is deduced from the principle of “work as the basis for ownership”. It sets limitation on the scope of private ownership in accordance with the demands of this principle. Since work is the main basis of private ownership, it is necessary that the scope of private ownership be confined to the wealth generated by the work, and excludes that for which the work has no consequence.

On this basis, wealth is divided into private and public assets according to how it is generated. Private asset is that which comes into being or is produced in accordance with the private human labour expended thereon, like agricultural commodities (crops) and textiles. It also includes commodities extracted from the earth or sea or the atmosphere, using human labour and intervention. In these cases, human work and intervention are needed – like the work of the farmers in respect of the agricultural produce, in conditioning it and preparing it in such a form that makes it possible to benefit therefrom, or human work in generation of electricity and its transmission with the powers lines, or in extraction of water and petroleum from the earth.

Some resources such as water, electrical energy and petroleum are not creation of human. But human efforts made them available in forms beneficial for use. These types of assets – where human work is involved – constitute the scope Islam had fixed for private ownership. These are within the area in which Islam allows private ownership. Since work is the basis of ownership and as long as these types of assets are mingled with human work, the worker is entitled to own them and benefit from his ownership by way of enjoying their use and selling them.

As for public assets, they comprise all those that do not involve human efforts like the earth, as it is an asset which is not made available through human work or intervention. Although man sometimes does intervene by conditioning the land so as to make it suitable for cultivation and exploitation, his contribution is limited. Irrespective of its duration of his efforts, it is minute relative to the age of the earth, which is vastly longer. Placed on the scale of the earth's age, the works done by human could be nothing more than a brief and temporary conditioning. Minerals and natural wealth lying hidden underground resemble the earth itself in this respect. They do not owe their existence and condition to the human work involved in extracting and refining them.

These are public assets because of their nature or their initial form. According to the (Muslim) theologians, these assets are not private property of any individual because the basis of private ownership is work. Therefore, assets, which do not involve work, do not fall under the scope of the limited private ownership. They are public assets, accessible by all.

Land, for instance, does not involve human work and could not be owned as a private property. Since works performed in reviving an infertile land means only a temporary conditioning for period far shorter than the age of the earth, it could not bring the land under the scope of private ownership. It only creates a right for the worker on the land, whereby he is allowed to gain some benefits, and other people are not allowed to stand in his way because he has the distinction of having spent his efforts on the land.

It would therefore be unjust to treat him on an equal basis with others who had not worked on the land. It is for this reason that the worker is given an exclusive right over the land, without being allowed ownership. This right continues as long as the land is conditioned according to his work. When the land is neglected, this special right discontinues.

It becomes clear that the principle is that private ownership does not take place except in case of those types of assets whose existence and conditioning involve human labour. It does not apply to natural assets that do not involve human efforts. Since the reason for private ownership is work, assets outside the scope of human work fall beyond the range of private ownership. However, there are exceptions to the rule for considerations relating to Islamic mission, as we shall point out in the following discussion.

Ownership As A Secondary Basis Of Distribution

After work and need, comes the role of ownership being a secondary basis of distribution. While allowing

private ownership on the basis of work, Islam is opposed to capitalism and Marxism simultaneously in respect of the rights bestowed on the owner and the range in which he is permitted to exercise these rights. It does not allow him to utilize his assets in developing his wealth in an absolute and unrestricted manner, as capitalism does, allowing all types of profits. Nor does Islam close the opportunity of earning profit (from the assets) as Marxism does. Marxism disallows individual profit and the (commercial) use of the assets in all forms. Islam holds the middle ground, prohibiting certain types of profit like that from usury-based lending and permitting profits from some other commercial uses.

The prohibition of certain types of profit by Islam reflects its fundamental difference from capitalism in respect of economic freedom. We have earlier criticized the capitalist concept of freedom, in our discussion of the doctrine. In the coming discussions we will deliberate on certain types of profit disallowed in Islam such as the usury-based profits and the Islamic viewpoint in prohibiting usury.

Similarly, by permitting commercial profits, Islam expresses its fundamental difference from Marxism. Islam disagrees with Marxism's concept of value and surplus value and its peculiar way of explaining the capitalist profits, as we have dealt with in our study of historical materialism. With Islam's recognition of commercial profits, ownership itself has become a vehicle for development wealth by means of trade in accordance with the legal conditions and limits. Consequently, it also becomes a secondary instrument of distribution within the parameters guided by the spiritual values and social interests embraced by Islam.

The Islamic distribution system can be summarized as the foregoing:

Work is a primary factor for distribution, being the basis of ownership. Thus he who works in the nature's field, earns from the fruits of his labour and owns the output from his work.

Need is also a primary factor for distribution, being the expression of an established human right in a dignified life. Human needs are thereby provided for in a Muslim society and their fulfillment is assured.

Ownership is a secondary factor for distribution, by way of commercial activities allowed by Islam within special conditions that are consistent with the Islamic principles of social justice, which Islam had ensured. We will see this in the discussion of the details later

Trading And Circulation Of Goods

Circulation (trading and exchange) is one of the fundamental elements in economic life and it is of no less importance than production and distribution, though it comes in a later stage. Historically, production and distribution was always connected with man's social existence. Thus whenever a human society exists, it must necessarily have – in order to continue its life and earn its living – some form of production and distribution (of the wealth produced) among its members in any manner agreed among them.

Therefore, there could not be social life for man without production and distribution. As for exchange, it

was not necessary that it should be found in the life of a society since the very beginning. During the early stage of their formation, societies had a generally rather primitive and closed economy, which means that each family in the society produces all that it needs without relying on the efforts of others. This type of closed economy leaves no scope for the exchange as long as everyone produced such quantity that meet his simple needs and was content with the commodities he produced.

Commerce started its effective role in the economic arena only when man's needs grew and became varied, and when the commodities needed by him in his life become numerous that each individual is unable to produce on his own the various commodities that he needs. The society is therefore obliged to distribute work among its members and every producer or group of producers begins to specialize in the productions of a certain commodity from among the many, which he could produce better than the others.

As for his other requirements, he fulfills them by exchanging the surplus from the commodities that he produced with the commodities he requires, produced by others. Thus commerce began in the economic life as a means of meeting the needs of the producers, instead of everyone fulfilling all his requirements by producing on his own. In this way commerce grows as a facility in the social and economic life, and in response to the expanding needs and the increasing tendency towards specialization in the development of production.

On the basis of this, we come to know that in reality, commerce functions in the economic life of the society as a bridge between production and consumption, or in other words between producers and consumers. Thus the producer always finds – through trades – the consumer who needs the commodity that he produces, while this consumer in turn produces another commodity and finds – in the trading process – a consumer who needs to buy his product.

But it is man's injustice – according to Qur'anic terminology – that had deprived humanity of the blessings of life and its bounties and had distorted distribution and commerce. Trading and commerce had become an instrument of exploitation and cause of hardship, instead of a means of fulfilling needs and facilitating life. At times it becomes a bridge between production and hoarding[9] instead of being a link between production and consumption. The oppressive conditions in commerce led to the tragedies of different forms of exploitations, similar to those that resulted from the inequitable distribution in the societies practising slavery and feudalism, or in the capitalist and communist societies.

In order that we may explain the Islamic viewpoint on commerce, we must know Islam's view about the key factor which made trade an oppressive tool of exploitation and its consequences. Then we shall study the solutions that Islam presents for the problem and as to how it had lent its equitable framework and its commercial laws in respect of trading to serve its noble objectives in human life.

Before proceeding further we must note that trade has two forms. First, exchange on the basis of barter. Second, exchange on the basis of payment with money.

The exchange on the basis of barter means exchanging one commodity with another, which is the oldest form of exchange. Each producer, in societies that adopt specialization and division of work, used to obtain the commodities not produced by him against the surplus commodity that he specializes in producing. Thus one who produces a hundred kilograms of wheat retains half of the quantity, for instance, to meet his own requirements and exchanges the remaining fifty kilograms for a certain amount of cotton, which is produced by someone else.

But this form of exchange (barter) could not facilitate circulation in the economy. On the contrary it became more and more difficult and complicated with the passage of time as specialization grew and the needs also expanded and became more diverse. The barter system required the wheat producer to find the cotton required by him with a person who desired to have wheat. But in case the cotton producer was in need of fruit instead of wheat, while the wheat producer did not have fruit, it would be difficult for the wheat producer to secure the cotton he needed.

In this way there are difficulties arising from the mismatch between the needs of the purchaser and those of the seller. In addition to this, there is also the difficulty because of the differences in the values of the articles being bartered. A person who owned a horse could not obtain a chicken, because the value of a chicken was less than that of the horse. Naturally, he was not prepared to exchange a horse for one chicken, nor was the horse divisible so that he could secure the chicken by trading a part of his horse.

Similarly, the barter trade operations also used to face another problem that is the difficulty in ascertaining the values of the respective goods prepared for the exchange. It is necessary to measure the value of one object by comparing it with another so that its value could be known relative to all others. It was for these reasons that the societies that depended on trading began to think of amending the exchange system in such that those problems were overcome.

The idea of using money a medium of exchange, instead of the commodities themselves, was widely accepted and practised. The second form of exchange – using money – soon became mainstream. Thus money became the substitute for the commodity, which the purchaser used to be obliged to present to the seller, in barter. Instead of making the wheat producer – as in our example – present the grains to the owner of the cotton (in exchange for the cotton he purchases from him), it became possible for him to sell his wheat for cash and then purchase the cotton he required with the money he received. The cotton owner in turn purchased the grains he required with the cash he had obtained.

The representation of commodity with cash in the trade operations solved the problems that arose from barter and overcome the difficulties faced. Thus the problem of mismatch between the needs of the buyer and that of the seller disappeared, as it was no longer necessary for the buyer to give to the seller commodity, which he needed. He only had to give him money with, which the latter could purchase that commodity (which he was in need of) from its producers at a later time.

The difficulty of disparity between the values of articles was also overcome as the value of every

commodity was now assessed in monetary terms, which was divisible. Similarly it became easy to assess the values of the commodities because these values were now measured in relation to only one standard, which is money, being a universal scale for value.

All these advantages emerged as a result of money becoming the medium of exchange for all goods. This is the bright side of the use of money as replacement for the commodity. It explains how money as the medium performs its social role for which it was created, that is to facilitate of trade transactions.

But the significance of this medium did not stop there. With the passage of time it began to play an important role in the economic life until it gave birth to new difficulties and problems, which were no lesser than those under the barter transactions previously. While the earlier problems were natural, the new ones – which arose from the use of money – were man-made problems, being a manifestation of injustice and exploitation. The use of money as a medium of exchange paved the way for these.

In order to understand this, we must note the developments that took place in commerce subsequent to the use of money in place of pure barter trades. In the case of barter exchange, there used to be no difference between the seller and the buyer, as both of the trading parties were seller and buyer at the same time. Each party delivered a commodity to the other and in turn received another commodity in exchange. The barter therefore, fulfilled the need of both parties simultaneously in a direct way. By exchanging, each of them obtained the commodity he needed for consumption or production like wheat or plough.

Considering this, we understand that in the barter era man was not afforded an opportunity to shift the personality of the seller without being a buyer at the same time. So there was no selling without buying. The seller gave with his one hand to the buyer his commodity (as a seller), to receive from the latter, with the other hand, a new commodity (as a buyer). Selling and buying were fused in one deal.

But in trading that used money as a medium, the matter differed greatly because the money drew a differentiating line between the seller and the buyer. The seller was thus the owner of the commodity while the buyer was he who paid money for that commodity. The seller, who sold wheat to obtain cotton, could sell wheat and obtain the cotton he required in a single barter transaction. In the money-based trade, he now must enter into two transactions in order to meet his needs. In one transaction, he was a seller by selling wheat for a certain amount of money. In the other transaction, he was a buyer by purchasing cotton with that money.

This means separation of selling from buying, which were earlier combined together in the barter trade. The separation of selling from buying in the money-based trading expanded the scope for separating buying from selling, and deferring the buying transaction. Thus the seller, in order to sell his wheat was no longer obliged to buy from the buyer his produce of cotton. It was possible for the seller (now) to sell his wheat for a certain amount of money and keep the money with him, putting off the purchase of the cotton to another other time.

This new opportunity for the sellers to delay the purchase – after the selling their commodities – changed the general character of trading. In the barter age, producers resorted to selling in order to buy a commodity that they needed. But in this money age, a new purpose has developed with respect to selling. It is for a producer to dispose of his commodity, not actually intending to secure another commodity. He does so in order to have more money, which constitutes a universal medium in the trading of all commodities and which enables him to buy any commodity he wanted at any time.

In this way, selling for the purpose of buying changed into selling for the purpose of accumulating money. This led to amassing of wealth in the form of stored money. Money – we mean particularly metal and silver coins – has advantages over other commodities. Any other commodity could not be amassed with such advantage as most of them have their value eroded with the passage of time. In addition to that, numerous expenditures are incurred on their storage. Furthermore, the owner cannot easily exchange it for another commodity in time of need. Amassing these commodities could not ensure ready exchange for other commodities needed, as amassing money would.

As for money, the situation is very different. Money can be amassed and stored with ease, and with little or no expenditure. Moreover, being the general medium of exchange, the owner can purchase any commodity at any time. That is how the motivation for accumulating money was so strong in those societies in which money began to be the medium for exchange, particularly in case of gold and silver coins.

As a result of this, commerce ceased performing its real function in the economic life as a bridge between production and consumption. Instead it became a bridge between production and wealth accumulation. Thus the producer produces and sells – exchanging his produce with money – so that he may add to his accumulated wealth. The buyer paid money to the seller to secure the commodity that he buys. Having bought his needs, he could not in turn sell his produce easily because the earlier producer/seller was accumulating money, resulting in some money being withdrawn from circulation.

Another result is the appearance of a great disruption in the balance between the quantity of supply and the quantity of demand. In the barter age, supply and demand levels tended towards equilibrium, since every producer used to produce to satisfy his needs and exchange the surplus with other commodities he needed in his life, of the types other than what he produced. Therefore the production or supply always corresponded with his requirement. The supply level always matched the demand and thereby market prices tend towards their natural level, which expressed the real values of the commodities and their actual importance in the life of the consumers.

But when the age of money began and money dominated trades, production and sale took a new direction until production and sale became a means for accumulating money and building wealth, instead of fulfilling needs. At this stage, naturally, the balance between supply and demand is disturbed and the motivation to accumulate money has a critical role in widening the gap between supply and demand so much so that the trader sometimes creates a fake demand. He would buy all of a commodity from the

market not because he needs it, but to raise its price later. He could also supply a commodity at a price lower than what it costs with the view to forcing other producers and sellers to exit the market or become insolvent.

In this manner prices are subject to artificial conditions and the market comes under the domination of large and powerful traders. Thousands of small players in the market submit, all the time, to the larger players who dominate and manipulate the market.

What happens thereafter? Nothing, except that we see the strong players in the economy taking advantage of the opportunities presented to them by the use of money as a medium of exchange. They pursue trading and their goal in wealth accumulation. Thus they go on producing and selling in order to draw the money from circulation in the society into their treasuries, and gradually absorb the available money.

This consequently disrupts the function of the trading and commerce as the link between production and consumption and causes a large number of people to fall into misery and poverty. Consumption declines because of the erosion in purchasing power, and the overall standard of living drops. Similarly production activities also slow down because of the decline in consumers' purchasing power and demand. With the decline in both consumption and production, economic depression sets in all sectors of the economy.

The problems (resulting from the use of money) do not end here. There are other problems more critical than those we have just noted. Money has not only made market manipulation possible, but it has enabled the build-up of wealth through interest, which creditors demand from their debtors, or which the wealthy demand from the capitalist banks where they deposit their money. In this way, in the capitalist environment market manipulation through hoarding has become a factor for the growth of wealth, instead of actual production. Large amount of capital have shifted from production activities to the deposit boxes in the banks. Now, one does not have to come forward to undertake production or trade except when he is satisfied that the return which the project brings is generally greater than the interest which he could secure by lending his money or depositing it in the banks.

The money gained on the basis of usurious profit began to sneak to the money changers ever since the capitalist age as they began to attract idle money kept with different individual custodians, by alluring them with the annual interest which the bank customers demand on the money deposited. As a result of this, these sums of money got accumulated in the vaults of the moneychangers instead of being utilized in productive economic activities. This money accumulation also led to the establishment of big banks and finance houses that held the reins of wealth in the country, disrupting the balance in the economy.

This is a brief review of the problems of circulation and trading. It shows clearly that all these problems sprang from the use and abuse of money in commerce as it is used as a tool for market manipulation and consequently as an instrument for wealth accumulation.

It throws some light on the hadith (tradition) of the Messenger of Allah. He said:
"Yellow dinars and white dirhams (*gold and silver coins*) *are going to destroy you as they had done in the case of those who were before you*."

Islam has dealt with these problems springing from the use of money and it has succeeded in restoring trading to its natural function as the bridge between production and consumption. The main points with regard to the attitude of Islam vis-à-vis the problems related to trading and commerce are summarized below:

First, Islam has prohibited hoarding of the money, by the imposition of *zakat* (religious tax on wealth) on the accumulated money. The *zakat* is applied in a recurring manner such that it erodes most of the accumulated money if it remains hoarded for a number of years. That is why the Holy Qur'an regards amassing of gold and silver as a crime, which is punishable with the fire (of hell).

Hoarding naturally means being remiss in the payment of the obligatory religious tax. This tax, when duly paid, works against the accumulation and hoarding of money. No wonder then that the Holy Qur'an warned those who hoard gold and silver and threatened them with punishment with the hell-fire. The Holy Qur'an says:

"Those who hoard up gold and silver, and do not expend them in the way of Allah — give them the good tidings of a painful chastisement." (***9:34***).

"On the Day they shall be heated in the fire of Jahanam and therewith their foreheads and their sides and their backs shall be branded: "This is the thing you have hoarded up for yourselves; therefore taste you now what you were hoarded!" (***9:35***).

In this way Islam ensured that wealth remains in production, trading and consumption activities and resisted its being accumulated and hoarded in the vaults.

Second, Islam prohibited usury absolutely without any tolerance, thereby dealing a death sentence to interest and its adverse consequences in (wealth and income) distribution and to the disruption it caused in the general economic equilibrium. Similarly it had prevented money becoming an independent instrument of wealth accumulation and restored to it its original role as general a medium to facilitate the exchange and circulation of goods.

Many people, who have had experienced and were accustomed to the capitalist economic life – in its various forms – think that the prohibition of interest means closure of banks and suspension of the economic apparatus and disabling of all of its nerves and veins provided by these banks. But this belief on their part is due to their ignorance about the real role, which the banks play in the economic life, as also about the real Islamic economic system, which ensures solution to all problems arising from prohibition of interest. We shall discuss this in detail in later discussion.

And third, it (Islam) gave the *Wali' Al-Amr* significant authority that empowers him to completely supervise trading activities and control the market in order to check any action that might harm and disrupt economic life, or that which might pave the way for any individual to dominate the market and the trading activities in an illegal way.

We shall explain these points and discuss them in detail in the coming chapters of the book, in which we shall elabourate on Islamic economics.

1. al-Wasa'il, III, Kitab Ihya'u 'l-mawat.
2. Some Islamic jurisprudents believe – in respect of the Prophet's verdict prohibiting denial of surplus water or anything else – that the prohibition falls under the category of undesirable (makruh) rather than the unlawful (haram). They interpreted the Prophet's verdict as such – stripping it off its character of necessity – because they think that the tradition could be interpreted only in two ways; either the prohibition by the Prophet is taken to mean unlawfulness (haram) so that the denial of surplus water and herbage be regarded as unlawful under the Islamic law (Shari'ah) in the same way as the drinking alcohol and other unlawful matters. Or the prohibition is taken to mean encouraging the benevolence of the owner to give in charity his surplus wealth. Since the former interpretation is alien to the jurisprudence sense, it is necessary to adopt the latter one. But in reality this does not justify interpretation of the Prophet's verdict as conveying the sense of desirability (or encouragement) as long as it was possible to ascribe the character of need and necessity to it. This is evident from the wording, and to understand it as being a decision given by the Prophet in the capacity of Wali' Al-Amr keeping in view the peculiar circumstances, in which the Muslims lived and not as being a general legal verdict declaring the matter in question unlawful like drinking and gambling.
3. We have studied and assessed, at a great length, the potentials of man in realizing the ideologically most suitable social organization and understanding real social interests, in our book Contemporary Man and the Social Problem. We have explained therein the role of social and scientific experiments and how much services they have rendered in this regard. Available online at:
https://www.al-islam.org/contemporary-man-and-social-problem-sayyid-muha... [8]
4. Refer to the discussion of the difference between the religion of Islam and the capitalist doctrine in this regard in the preface of (the book) Falsafatuna. Available online at:
https://www.al-islam.org/our-philosophy-falsafatuna-sayyid-muhammad-baqi... [9]
5. Hejaz or Hijaz refers to the geographical region covering the western part of the present day Saudi Arabia [Note of Al-Islam.org].
6. Arthur Young, an author in the 18th century.
7. Malthus, who lived in early 19th century.
8. This is so in non-Marxist communist trends. But Marxism has its own peculiar way to justify that in light of its historical materialism concept of the communist stage. Refer Volume 1, Part 1.
9. This refers to hoarding by market speculators who buy large quantities of certain products with the intention of benefitting from price increase later. [Note of Al-Islam.org].

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[2] https://www.al-islam.org/organization/world-organization-islamic-services-wofis-0

[3] https://www.al-islam.org/printpdf/book/export/html/118320

[4] https://www.al-islam.org/printepub/book/export/html/118320

[5] https://www.al-islam.org/printmobi/book/export/html/118320

[6] https://www.al-islam.org/tags/comparative-economics

[7] https://www.al-islam.org/tags/islamic-economics

[8] https://www.al-islam.org/contemporary-man-and-social-problem-sayyid-muhammad-baqir-al-sadr

[9] https://www.al-islam.org/our-philosophy-falsafatuna-sayyid-muhammad-baqir-al-sadr