



Islam and Political Economic Systems

Edited By Abdul Karim Bangura

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ISLAM AND POLITICAL ECONOMIC SYSTEMS

**EDITED BY
ABDUL KARIM BANGURA**

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DEDICATION

To Humanity!

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Allah/God (SWT), for all His blessings; without His guidance, nothing would be possible.

The numerous families to which we belong, for offering their encouragement and prayers.

CHAPTER 1



GENERAL INTRODUCTION

Abdul Karim Bangura

INTRODUCTION

This book is about how Islamic societies have fared under and dealt with the major political-economic systems that have operated throughout history. The political-economic systems examined include Mercantilism, Capitalism, Socialism, Social Democracy, Self-Reliance, and Contemporary Globalism. Each chapter begins with an introduction encompassing definitions of its major concept and their synthesis, including a brief statement about the essence of the chapter. Next, a thematic review of available literature on the system is presented. After that, three Islamic societies that have operated under the system are examined. In the end, a conclusion is drawn. Since the book is about various political-economic systems within which Islamic societies have operated, it makes sense to begin with synopses of the concept of political economy, the Islamic religion, and the Islamic doctrine of economics. These synopses may serve as background to the chapters that follow.

POLITICAL ECONOMY

What I present here is not new to political economists, from whom I have borrowed a great deal to write this chapter, and those who have read works in the field. It is targeted at the reader who is not familiar with this area of inquiry.

Over the past 30 years, Political Economy as a field of intellectual inquiry has witnessed a remarkable resurgence. Political Economy has emerged as one of the most popular fields of specialization for both undergraduate and graduate students, as well as the source of some of the most innovative and influential work by contemporary social scientists. The

revival of Political Economy after nearly 50 years of neglect has enriched both public and social scientific debate. Given the increased interest and enthusiasm in the field, this trend is likely to continue into the future.

Political Economy is an area of inquiry that fuses postulates in the fields of economics and politics. The *economy* can generally be defined as the system of producing, distributing and utilizing wealth; *politics* can generally be defined as the set of institutions and rules that govern economic interactions. Thus, Political Economy has been ascribed two meanings. One group of scholars sees the subject as the study of the political basis of economic activities—i.e. the ways in which government policies affect market operations. The other group sees it as the economic basis of political action—i.e. the ways in which economic forces influence government policies. These two perspectives somehow complement each other, since markets and politics are in a constant state of mutual interaction.

People living in capitalist societies know that markets exist and are governed by certain principles that operate more or less independently of the will of individuals and firms. Any hot dog stand owner knows that an attempt to raise the price of a hot dog, for example, above that charged by nearby and competing hot dog stands will very quickly cause customers to stop buying hot dogs at the higher price. The hot dog stand owner would have learned a valuable lesson in what economists refer to as the market-clearing equilibrium point—i.e. the point at which supply and demand curves intersect; in other words, the point at which the number of goods demanded equals the number supplied. A central tenet in modern economic analysis is that, within carefully specified parameters, markets operate in and of themselves to maintain an equilibrium between demand and supply. *Ceteris paribus* (i.e. other things being equal), if the demand for a good far exceeds the quantity being supplied, the price for it will increase until the two are in balance. By the same token, if the supply of a good increases far beyond what is demanded, the price for it will decrease until the market-clearing equilibrium is restored.

If economies functioned like perfectly competitive markets, it would be relatively easy to describe and comprehend them. However, the freely functioning market is only a highly abstract model of what happens in the real world. A number of factors influence markets in ways that an observer can miss, if s/he focuses only on economic forces. Consumer tastes can change—how large is the market for out-door movie theaters today?—as can the technology needed to make products inexpensively (e.g., the photocopier), or even make entirely new goods that displace others (e.g., computers for typewriters). Producers, sellers, or buyers of goods can join forces to try to raise or lower prices. And governments can act, intentionally or unintentionally, to change patterns of supply, demand, consumption, prices, etc.

It is government's "intrusion" into economic matters that makes necessary to go beyond market-based, purely economic explanations of social behavior. Many market-oriented economists are continually surprised that government or interest groups have the ability to influence economic activities. Less dramatic are the everyday operations of governments,

both at the local and national levels, that affect production, wages, prices, profits, etc. All of these aspects serve to shape modern economies and the functioning of the markets themselves. A thorough understanding of the suburbanization of the United States after World War II, for instance, will be impossible without examining government-financed highway construction, politically-driven patterns of local educational expenditures, and government tax incentives to home-mortgage holders. Not too many small or family-owned farms in the United States would continue to operate without government subsidies. Many Americans would be unable to attend college without public universities and government scholarships. And without tax incentives given to charitable donations, nonprofit organizations will not proliferate in the United States.

As a result, interest groups, politicians, and government bureaucrats have at least as much effect on the economy as do the fundamental laws of the marketplace. Over the years, social scientists, particularly political scientists, have sought to investigate how these political pressures shape governmental decisions and actions. Nonetheless, these social science models of political behavior are little more than didactic tools whose accuracy hinges upon many unpredictable factors such as underlying economic trends.

In essence, Political Economy as a field of inquiry is not new. As a matter of fact, until a century ago, virtually every thinker concerned about human society wrote about its political economy. Thinkers as diverse as Adam Smith, John Stuart Mill, and Karl Marx all believed that the economy was by nature political and politics was inevitably connected with economic phenomena. Not too many scholars before 1900 described and analyzed economics and politics separately.

It was not until the late 19th Century and the early 20th Century that the study of economics and politics became divorced. On the one hand, economists began to focus on the operation of specific markets and their interactions. By developing new quantitative techniques, economists were able to formalize certain laws of human behavior—for example, the law of demand and supply. On the other hand, political scientists began to concentrate on modern representative political institutions, mass political parties, more politically informed voters, and modern bureaucracies.

During the politically and economically troubled Depression years (1930s), the separation between the study of economics and politics increased significantly. As economists developed ever more elaborate and sophisticated models of *homo economicus*, political scientists developed even more complex models of *homo politicus*.

Since the 1970s, however, Political Economy as a field of study is continuously being rejuvenated. Two interrelated factors have been responsible for this resurgence. First, many academics became dissatisfied with the gap between abstract models of economic and political behavior on the one hand, and that between the actual behavior of economics and politics on the other. Consequently, these academics began to question the justification for a strict separation between the study of economics and politics. Second, as economic issues became highly politicized during the 1970s due to the disintegration of the stability

and prosperity of the first 25 postwar years, political institutions became increasingly preoccupied with economic matters. While economic growth characterized the 1950s and 1960s, economic stagnation fed political strife and political conflict exacerbated economic uncertainty in the 1970s and 1980s.

It was only inevitable, for both practical and intellectual reasons, that social scientists decided to revisit the interaction between economics and politics in modern society. This rebirth prompted scholars to ask a series of fundamental questions and to propose a variety of contending approaches.

Indeed, contemporary political economists have not just simply reproduced the work of their predecessors. The separation and professionalization of the two fields did allow these scholars to provide new insights into earlier analyses. These new insights have spurred the construction of the new political economy, while at the same time paying attention to the earlier issues.

Scholars who would like to comprehend the political process must also take the economy into consideration and vice versa. This truism is a reflection of the real world in which politicians must pay close attention to economic development and economic actors must keep a close eye on political activities. A much clearer picture of social processes emerges when both economic and political affairs are examined together, instead of examining them as separate entities.

While this proposition is by now widely accepted, it is in application that agreement becomes problematic. Indeed, while government actions may affect economic trends, they can also reflect the pressures brought to bear by economic interest groups. And while economic interest groups may be key in determining government policy, it is the political system that may determine what the economic interests do. In order to get an integrated perspective of how politics and economics are intertwined, economic and political causes and effects must be discerned. In this effort, different schools of thought have emerged, suggesting different applications for the resulting view of society.

The Two Schools of Thought on Political Economy

Most studies in Political Economy can be categorized into one of two mutually exclusive schools of thought: (1) Classical and (2) Radical. Each of these schools possesses a unique set of simplifying assumptions employed to render society less complex and more readily comprehensible. The assumptions upon which each of the two schools is based lead political economists to perceive society in very different ways. Many Classical scholars regard direct investment in tax-free zones, for example, as a mutually rewarding exchange between entrepreneurs. Many Radical scholars, however, would see the entrepreneurs as exploiting the residents in those tax-free zones. Thus, a first step in studying Political Economy is to grasp the assumptions that undergird the two schools of thought.

The Classical School

While musings on the Classical perspective can be found in the works of early Greek thinkers such as Socrates (470–399 B.C.), Plato (né Aristocles) (428–348 B.C.) and Aristotle (384–322 B.C.), this school of thought is drawn primarily from the field of economics and can be traced to the works of Adam Smith and David Ricardo. These two scholars were reacting to the prevalent economic controls under mercantilism between the 16th and 19th Centuries. During this era, domestic and international economies were tightly regulated by governments in their efforts to expand their national power and wealth. Smith, Ricardo, and their followers argued that the philosophy that undergirded protectionist practice was faulty. Instead, these Classical scholars suggested that national wealth would be increased when free and unrestricted exchange is encouraged among individuals in both national and international economic spheres. As this view gained supporters in the early 19th century, many of the mercantilist protectionist policies were abandoned.

Three fundamental assumptions underlie the Classical school. The first assumption is that individuals are the principal actors within the political economy and, thus, are the appropriate unit of analysis. This assumption may appear quite obvious, since all social activities can ultimately be traced back to individuals.

The second assumption proffered by Classical scholars is that individuals are rational actors who seek to maximize utility. Rational action is generally defined as individuals making choices based upon cost-benefit calculations across a wide range of possible alternatives. And utility-maximizing is generally defined as individuals selecting the best alternative (i.e. the one that yields the highest level of subjective satisfaction) when given a calculated range of benefits.

The third assumption suggested by Classical scholars is that individuals make trade-offs between goods in order to maximize utility. Consider the tradeoff between meat and potatoes. At high levels of meat and low levels of potatoes, some individuals—given their desire for the two products—might be willing to trade some of their meat for more potatoes. Likewise, if an individual has plenty potatoes but little meat, s/he might be willing to trade potatoes for meat. Therefore, according to Classical scholars, individuals increase their utility by exchanging goods with others. Those who desire meat more strongly than potatoes will trade the latter for the former. Others who desire potatoes more strongly than meat will make a similar trade. This process of exchange will continue until each individual, given the existing quantity of meat and potatoes, is as well off as possible without making someone else worse off. At this point, everyone will have maximized their uniquely defined utilities. Some will possess meat. Others will possess potatoes. And the majority will possess varying mixes of meat and potatoes.

The Classical perspective has traditionally been applied basically to the economy, in which it is assumed that there is no basis for conflict in the marketplace. Classical scholars opine that since market exchanges are voluntary, and if there are no barriers to trade

among individuals, everyone can be made as well off as possible given existing supplies of goods and services. Classical economists believe firmly in the sanctity of the market as the allocator of scarce resources.

Thus, for Classical scholars, government should play only a minor role in the economy. They believe that many forms of government intervention in the economy would, intentionally or unintentionally, restrict the market and thereby impinge upon potentially rewarding trades.

Classical scholars do generally support the provision by government of certain “public goods”: i.e. goods and services that are needed by society but would not be provided by private markets. For them, the government’s proper role is to provide the necessary foundation for free and competitive market transactions: defend the country, protect property rights, prevent unfair collusion or monopoly, educate citizens, build infrastructure, and provide and regulate currency.

Of course, Classical scholars realize that governments often do far more than this, and they have utilized their theoretical techniques to analyze patterns of government activity. Expectedly, the principal Classical approach known as “public choice” or “rational choice” equates the political arena to a marketplace. For these scholars, politicians offer bundles of political goods when competing with one another in seeking political office; individuals and interest groups do likewise in seeking support for their preferred policies from office-holders.

The Radical School

The Radical school emerged with the writings of (Heinrich) Karl Marx, a 19th-Century political economist and capitalism’s severest critic. The Classical school was given birth in response to the spread of Classical ideas in the 19th Century. Whereas Classical scholars saw the market as the mechanism that allows individuals to maximize their utility, Marx saw capitalism and the market as instruments used to foster the necessary conditions that create extreme wealth for capitalists (or bourgeoisie) and poverty for workers (or proletariat). While everyone may have been relatively better off than before, the capitalists were clearly expanding their wealth more rapidly compared to the workers. Marx rejected the claim that exchange between individuals necessarily maximizes the welfare of everyone in society. Thus, he saw capitalism as an inherently conflictual system that should be overthrown and replaced by a socialist system.

Like the Classical scholars, the Radical scholars also suggest three major assumptions. The first assumption is that classes are the dominant actors in the political economy and are, thus, the proper unit of analysis. Radical scholars identify two economically determined groups of individuals or classes: (1) capitalists who own the means of production and (2) workers who supply labor.

The second assumption suggested by Radical scholars is that classes act in their own economic interests. Similar to Classical scholars who assume that individuals act rationally to maximize their utility, Radical scholars assume that each class acts to maximize its own economic well-being.

The third assumption offered by Radical scholars is that capitalist economy hinges primarily on the exploitation of labor by capital. Marx began his analysis with the theory of labor value—the postulate that the value of any product is determined by the amount of past and present labor employed to produce it. Marx argued that under capitalism, the value of any product involves three interrelated components: (1) constant capital—past labor as embodied in plant and equipment or the new materials needed to produce the good; (2) variable capital—wages paid to present labor to produce the item; (3) surplus value—profits, rents, and interest expropriated by or paid to the capitalist. According to Marx, the capitalists' exploitation of surplus value denies workers the full return for their labor.

This third assumption leads Radical scholars to posit that since the relationship between capitalists and workers is essentially antagonistic, the political economy is inherently conflictual. For these scholars, surplus value is not the capitalist's "reward" for investment. Instead, they believe that it accrues from the exploitation of labor through the lower wages paid workers and the higher prices they are charged for goods and services they themselves produce. Since the means of production are controlled by the capitalists (a minority within society), labor does not receive its full return. This exploitative situation leads to conflict between the classes. According to Marx, the relationship is a zero-sum one: i.e. any gain by one class results in a loss by the other class.

Based on these three assumptions, Marx constructed a sophisticated theory of capitalist crisis. This crisis, suggested Marx, will ultimately lead to the overthrow of capitalism by labor. The capitalist system would then be replaced by a socialist system—a society in which the means of production are jointly owned by both classes, thereby eliminating the expropriation of surplus value.

Contemporary Radical scholars who study the political economy primarily focus on two sets of analytical and practical issues. The first of these issues has to do with the fate of labor in a global arena of increasingly internationalized capital. As multinational (firms owned by more than one nation) and transnational (firms that operate in more than one nation) corporations continue to grow and globally integrated financial markets continue to rise, the greater mobility of capital seems to have eroded labor's economic and political power. Should workers in a particular country demand higher wages or improved benefits, the corporations simply move their operations to other countries where workers are more compliant. Hence, Radical scholars believe that a more equitable division of surplus value is being significantly undermined as workers' ability to negotiate with capital continues to erode.

In essence, while Classical scholars see the political economy as inherently harmonious, Radical scholars perceive conflict to be endemic. Radical scholars adopt different assumptions and offer a very different understanding of the world. For Radical scholars, politics is determined by economics. Put differently, they believe that the nature of politics and the cleavages within and between societies have their roots in economics.

In sum, the two schools of thought lead to widely different explanations of specific events and general processes within a political economy. Their differences have spurred many debates in the field, some of which are contained in the following chapters.

THE ISLAMIC RELIGION

The name of the religion, *Islam*, comes from an Arabic root word meaning “peace” and “submission.” Islam teaches that one can only find peace in her/his life by submitting to Almighty God (Allah—*Subuhaanahu Wa Ta’alaa*; henceforth, SWT: i.e. Glory be to The Most High) in heart, soul and deed. The same Arabic root word gives us *Salaam alaykum* (“Peace be with you”), the universal Muslim greeting.

Islam is a major world religion, with over one billion followers worldwide (approximately one-fifth of the world population). It is one of the Abrahamic, monotheistic faiths, the other two being Christianity and Judaism. Although Islam is usually associated with the Arabs of the Middle East, less than 10% of Muslims are in fact Arabs. Muslims are found all over the world, of every nation, and of every ethnicity or race. Muslim majorities are found throughout societies in the Middle East, in North Africa, in East Asia, and in the Pacific Islands. Large numbers are also found in societies in Western Europe, in Eurasia, and in North America.

Worship of Allah (SWT) is foremost in a Muslim’s mind all the time. There are also five formal acts of worship which help strengthen a Muslim’s faith and obedience. They are called the Five Pillars of Islam, which are discussed in the following paragraphs.

The first pillar is *Iman* or Faith. This is simply the declaration: “I bear witness that there is no deity but Allah, and I bear witness that Muhammad is His servant and messenger.” A person becomes a Muslim when s/he declares this statement with purity of heart and conviction of faith. As mentioned earlier, Islam is based on faith in the Unity of God. When one declares the preceding statement, s/he testifies to the Unity of Allah (SWT) and to the message of the Prophet Muhammad (Peace Be Upon Him; henceforth, PBUH). When one bears witness that Muhammad (PBUH) is Allah’s (SWT) messenger, s/he confirms that all of the prophets (PBUT) before him were also His messengers—Allah (SWT) is One, and His message is one.

The second pillar is *Salat* or Prayer. Formal prayer is the most important act of worship; it is humankind’s connection to Allah (SWT) through which one gathers strength, guidance and peace of mind. Islam prescribes five formal prayers daily, through which Muslims manifest their belief, taking time out of their busy day to remember Allah (SWT) and

renew the effort to follow His guidance. Five times each day (dawn or *Fajr*, noon or *Zuhr*, afternoon or *Asr*, sunset or *Maghrib*, and evening or *Isha'a*), Muslims rise, cleanse with water, and present themselves directly before Allah (SWT) for prayer. During the month of *Ramadan*, when Muslims fast (discussed later), a sixth prayer called *Taraveeh* is required at night to declare one's intention to fast the following day.

Far from being a ritualistic and mindless activity, prayer constantly reminds Muslims of the purpose of life itself and refreshes their faith in Allah (SWT). They go back to their worldly affairs conscious of their duties and strengthened against sin. Prayers said in congregation bond Muslims together in love and personhood. Prayer also symbolizes the equality of believers; there is no hierarchy, and all worshipers stand side-by-side in rows and bow only to Allah (SWT).

Aside from the five formal prayers each day, Muslims begin and complete every activity with Allah (SWT) being omnipresent in their minds. The word *Bismillah* ("In the name of Allah") precedes every action, and the word *Alhamdulillah* ("Thanks be to Allah") completes it. Muslims also make private supplications, and words in praise of Allah (SWT) fall constantly off their lips.

The third pillar is *Sawm* or Fasting. Muslims are reminded in the *Qur'an* that "O you who believe! Fasting is prescribed for you, as it was prescribed for those before you, that you may learn self-restraint. Fast for a fixed number of days. ...Ramadan is the month in which was sent down the *Qur'an*, as a guide to mankind, and clear signs for guidance and judgment between right and wrong. So every one of you who is present at home during that month should spend it in fasting. ...Allah intends every facility for you; He does not want to put you to difficulties. He wants you to complete the prescribed period and to glorify Him in that He has guided you; and perchance you shall be grateful" (*Qur'an* 2:183–185).

What the prayers seek to do five times a day, fasting in the month of Ramadan (ninth month of the lunar year) does once a year. During this month, Muslims do not eat anything nor sip even a drop of water during the daylight hours. Each and every moment during the fast, they suppress their desires and remember Allah (SWT) alone. This places in them a consciousness of duty and a spirit of patience that help to strengthen their faith in Allah (SWT). Discipline and hardship during this month bring Muslims face-to-face with the realities of life and the suffering of so many throughout the year. The whole month is filled with increased devotion, piety, and purity of mind, soul and body.

The fourth pillar is *Zakat* or Almsgiving. Every Muslim whose financial conditions are above a certain specified minimum must pay annually at least 2.5% of her/his savings to a deserving, needy person, a new convert to Islam, a traveler, or someone overwhelmed by debts. This fosters in a Muslim the quality of sacrifice and rids her/him of selfishness, greed and vanity. As all wealth is a gift from Allah (SWT), one has the duty to help his/her needy sisters and brethren when s/he is able.

The fifth pillar is *Hajj* or Pilgrimage. At least once in her/his lifetime, a Muslim who is financially and physically able must go on the pilgrimage to Mecca, Saudi Arabia, during the month of *Hajj* (twelfth month of the lunar year). Mecca is the spiritual center of the Muslim world. It was there that Abraham (PBUH) built the first house of worship (the *Kaaba*), towards which all Muslims everywhere in the world would face in unity in their daily prayers. “The first House of worship appointed for men was that at Bakka (Mecca), full of blessing and of guidance for all the worlds. Its Signs are manifest—the Station of Abraham—whoever enters it attains security. Pilgrimage thereto is a duty men owe to Allah, for those who can afford the journey ...” (*Qur’an* 3:96–97). When this house was desecrated into a center of pagan worship, it was the Prophet Muhammad (PBUH) who cleansed it of its more than 300 idols and rededicated it to the worship of Allah (SWT) alone.

All pilgrims dress in pure white cloth and are required to suppress passion, refrain from any bloodshed, and be pure in word and deed. “For Hajj are the months well-known. If any one undertakes the journey therein, let there be no obscenity, nor wickedness, nor wrangling in the Hajj. And whatever good you do, be sure Allah knows it. And take a provision with you for the journey, but the best of provisions is right conduct ...” (*Qur’an* 2:197).

The pilgrimage is a great international conference, wherein all people, kings or peasants, black or white, stand before Allah (SWT) as equals. During the ten days of the annual pilgrimage, several million Muslims from all over the world, of all nations, languages, and colors come together in the largest spiritual gathering of the world.

The teachings of Islam indicate a balance between the life of this and the world after. While often seen by some as a radical or extreme religion, Muslims consider it the middle road, as stated in the *Qur’an*: “Thus have We made of you a community justly balanced ...” (*Qur’an* 2:143). Muslims do not live this life selfishly, with complete disregard for God. Nor do they neglect the world to devote themselves solely to worship. Muslims strike a balance by fulfilling the obligations of and enjoying this life, always mindful of their duties to Allah (SWT) and to others. Extremism in either direction is frowned upon.

God-fearing people should be the best in morals and manners. Islam forbids any action which infringes upon the rights of others or harms oneself. Forbidden to Muslims are dishonesty, theft, murder, suicide, bribery, forgery, interest and usury, gambling, lottery, consumption of alcohol or pork, backbiting, gossiping, slandering, hoarding, destruction of property, cruelty to animals, adultery, fornication, etc.

While forbidding these things, Islam enjoins upon humankind the use of all clean, healthy and useful things and asks that Muslims not deprive their bodies of clean food and healthy recreation. Islam also encourages marriage and stable family life, modesty, generosity, hospitality, respect for parents, honorable treatment of women, helping those in need, etc.

The law of Islam or *Sharia* forbids public nudity and orders Muslims to use decent and dignified dress. Muslims are called upon to practice moderation in this area as well. One of Prophet Muhammad's (PBUH) companions once said: "Eat what you wish and wear what you wish if you can avoid two things: extravagance and conceit." In dress and behavior, Muslims are to be modest. As urged in the *Qur'an*, "Say to the believing men that they should lower their gaze and guard their modesty; that will make for greater purity for them; and Allah is Well-Acquainted with all that they do. And say to the believing women that they should lower their gaze and guard their modesty; that they should not display their beauty and ornaments ..." (*Qur'an* 24:30–31).

According to the Prophet (PBUH), no man should expose his body from the navel to the knees, and no woman should expose any part of her body except her face and hands while in public. This is called "covering," and to keep these parts covered is the religious duty of every man and woman. Through this directive, Islam cultivates in its followers a deep sense of modesty, purity, and respect.

Islam enjoins humankind to control and regulate sexual desire and seek its fulfillment only within the bonds of matrimony. Marriage is a solemn contract and the basis of a stable family and society. The *Qur'an* describes husband and wife as comforts for and protectors of each other. Divorce, while frowned upon, is permitted in cases where the marriage is irrevocably damaged.

Throughout Muslims' lives, they must always be respectful of their parents because they suffer and make sacrifices for their children throughout their lives. The Prophet Muhammad (PBUH) once said that "Heaven lies under the feet of mothers." Muslims' duties to their parents come second only to their duties to Allah (SWT), and the majority of Muslim families have close, extended family ties. "Your Lord has decreed that you worship none but Him, and that you be kind to parents. Whether one or both of them attain old age in your life, say not to them a word of contempt, nor repel them, but address them in terms of honor. And, out of kindness, lower to them the wing of humility, and say, 'My Lord! Bestow on them Your Mercy, even as they cherished me in childhood'" (*Qur'an* 17:23–24).

There should be no place in a Muslim's heart for racial, national, gender, or other prejudices. The diversity of human life is one of the Signs of Allah (SWT), part of the beauty of His creation, and something to be admired and respected. As stated in the *Qur'an*, "And among His Signs is the creation of the heavens and the earth, and the variations in your languages and your colors; verily in that are Signs for those who know" (*Qur'an* 30:22). Righteousness is the only distinguishing factor among people. "O mankind! We have created you from a male and a female, and made you into nations and tribes so that you may know one another. Verily, the most honored among you in the sight of Allah is the one who is the most righteous. Indeed, Allah is All-Knowing, All-Aware" (*Qur'an* 49:13).

In dealing with non-Muslims, the believers are instructed not to be intolerant or narrow-minded. Muslims must neither abuse or speak ill of other religious leaders nor say

anything insulting. “Invite all to the Way of thy Lord with wisdom and beautiful preaching; and argue with them in ways that are best and most gracious. For thy Lord knows best who have strayed from His path, and who receive guidance” (*Qur’an* 16:125). Muslims must not seek dissension unnecessarily; instead, they should live in peace and amity. Nor can a Muslim pass judgment on whether someone will go to Heaven or Hell; only Allah (SWT) is the Judge. “Those who believe in the *Qur’an*, and those who follow the Jewish scripture, and the Christians and the Sabians—any who believe in Allah and the Last Day, and work for righteousness—shall have their reward with their Lord. On them shall be no fear, nor shall they grieve” (*Qur’an* 2:62).

There should be a special place in a Muslim’s heart for Christians and Jews, whom the *Qur’an* calls “People of the Book,” meaning that people who have received previous scriptures. Muslims are encouraged to seek good relations especially with them, as they have more in common than with the pagans or atheists. When arguments or debates arise, Muslims are to treat them with kindness, try to find common ground, and if differences persist, to simply say: “Well, to you be your way, and to me mine” (*Qur’an* 5:82).

Muslims are absolutely forbidden from forcing their faith on others; this negates the very idea of free will and choice. The *Qur’an* says that “There is no compulsion in religion ...” (*Qur’an* 2:256). It is up to each individual to investigate religion and personally make a decision as to its validity and her/his faith in it. Muslims should not force Islam on anyone—the job of guidance belongs to Allah (SWT) alone. “If it had been your Lord’s Will, they would all have believed, all who are on earth! Will you then compel mankind, against their will, to believe?! No soul can believe, except by the Will of Allah” (*Qur’an* 10:99). Indeed, it is this simplicity of its creed that has made Islam the fastest growing religion in the world today and also in the past.

Guided by the religion’s precepts, the Islamic world has survived for many centuries; and its steadily increasing population has passed the billion mark (Said and Bangura 2004). It has been able to operate effectively throughout the ages and in all places, generating a splendid civilization in its early history. The savage wars of the Mongol hordes, the Crusades, European colonialism and neo-colonialism notwithstanding, the Islamic world has endured. According to late and renown Muslim theologian Muhhamad Abdul-Rauf, this survival bears witness to the existence of a working and adaptable concept of economy (1979:2).

As Abdul-Rauf also points out, Islamic precepts permeate all aspects of human life and divides all human behavior into five moral categories: (1) obligatory, (2) merely desirable, (3) forbidden, (4) merely undesirable, and (5) neutral. The judgment, he says, depends on how the activity bears on religion, human life, mind, descent, and property. His careful analysis of the precepts reveals the following principles (1979:2–4):

- (a) Islam’s goal is to guide man in his quest for salvation in the hereafter through fulfillment of the purpose of human existence on earth.

- (b) The purpose of human existence is to serve God both inwardly and outwardly—by internal acknowledgment of God’s magnificence and supremacy and by awareness of His presence, His munificence, and His call for human progress and righteousness, and by external compliance with God’s teachings pertaining to ritual and non-ritual activities.
- (c) The divine ritual guidance is to be accepted as given; it does not leave room for human choice or modification because it is the prescribed method in which the Creator wishes His human creatures to express their devotion to Him. The guidance covers the ritual declaration of God’s uncompromisable unity and uniqueness and the validity of the mission of His Prophets and their scriptures. It also includes instructions pertaining to prayers, almsgiving, fasting, and pilgrimage to Mecca. Acknowledgment of these truths and compliance with these teachings inspires and reinforces correct orientation, certainty, a meaningful concept of life, and hope for the future. In short, Islamic guidance meets the spiritual and psychological needs of the individual and makes him a better social being.
- (d) The non-ritual divine guidance covers the domestic, social, aesthetic, political, judicial, and economic arenas of human activities. It does not confine man to a single course with no choice, nor does it leave him a victim of uncontrolled greed, human vagaries, and stubbornness. It grants man a wide range of choices and creativity, motivates him to satisfy his physical and psychological needs in progressive processes, but seeks to protect him from evil. In the particular area of economics, this is achieved in three ways: (1) A set of basic values—*habud Allah* (the boundaries of God)—motivates and delineates the area or permissible economic action. These values should not be violated or transgressed, but within limits man is free, indeed urged, to use his intellectual and physical endowments for betterment of his life and his society. (2) Along with this value system Islam provides general guidelines that serve as a chart or a compass for steering man through the large area of human freedom in the sphere of the economic activities. (3) Man is also given a set of divine ordinances, some urging specific actions to promote the well-being of humanity and others warning against certain damaging factors. These specific injunctions are the foundations on which the Islamic framework of economics rests.

Given the preceding analysis, Abdul-Rauf defines the Islamic concept of economics as “a framework for motivated but free human action within the Islamic value system. That action must respect specific ordinances pertaining to economic life and take into account the spiritual and material needs of the individual and his society in a balanced and harmonized way” (1979:4).

THE ISLAMIC DOCTRINE OF ECONOMICS

Islamic economic doctrine is closely intertwined with the religion's concept of life, which is based on a network of interrelated notions of God, humanity, the relationship between humans and God, the position of humans in the universe, and the relationship between humans. At a time when the world of business and industry is desperately in need of ethical safeguards against large-scale corruption and widespread pollution and shortage of energy pose a threat to humanity, Islam's moral precepts are an excellent source not only for developing ethical guidelines for effective control of economic behavior but also compelling motivation for global cooperation in the efforts toward the salvation of humanity (Abdul-Rauf 1979:1).

As Abdul-Rauf correctly argues, economics is not a value-free, pure science; it is a division of the social sciences. Economic behavior is human action that seeks to satisfy human needs; therefore, it is bound to generate emotional vibrations. Consequently, economic behavior can be measured and assessed in moral terms. The belief that economic behavior is neutral has generated undue emphasis on material success, controlled only by the so-called invisible hand and resulting in the rise of ruthless entrepreneurs and the merciless exploitation of the weak (Abdul-Rauf 1979:1).

Included in the relevant values that delineate the economic framework prescribed in Islam is complete commitment to God, the Creator and Provider of all ecological resources, and the constant awareness of His presence even in the depth of material engagement. From the *Qur'an*, we read: "O you who have believed, let not [your preoccupation with] your wealth nor your children distract you from the remembrance of God. Whosoever can be so distracted are indeed losers" (63:9). And also from the *Hadith*, we read: "Serve God as if you see Him; for if you do not see Him, He sees you" (quoted in Abdul-Rauf 1979:4).

Appreciation of the wealth and all the ecological resources provided by God for the satisfaction of human needs is another Islamic value. As a favor from God, wealth should be sensibly treated, not to be abused, destroyed, wasted, or laid idle. God has provided humans with abundant resources, albeit scarcity is caused by human limitation. Humans must develop greater knowledge and skills and should strive to explore, to discover, and to exploit these resources in moderation for their own best interests. God could have made all of the needs of humans to be easily met; but without the economic challenges, humans would be idle, dull, and given to criminality (Abdul-Rauf 1979:4). As the *Qur'an* states, "If God were to enlarge the Provision for His servants they would surely rebel in the earth, but He sends down by measure as He wills. Surely, He is Knowing and Aware of His bondsmen" (42:27).

Wealth is to be regarded not as an end in itself, but as a means to satisfy needs, to provide sustenance—in moderation—for survival, for a limited term of life on earth, in preparation for a more meaningful and lasting life hereafter. To treat wealth otherwise, humans become materialistic, selfish, ruthless, and greedy and yet can never be satisfied.

As the *Hadith* state, “Whosoever makes material success his uppermost goal, God will make [the threat of] poverty ever present under his eyes” (quoted in Abdul-Rauf 1979:5).

In essence, real ownership of wealth, consumable or productive, belongs to God. Humans’ temporal possession of wealth is limited and is granted by God: i.e. humans are merely “trustees” for a term. Realization of this dual ownership guards against dishonest and selfish tendencies that are often the outcome of the deceitful notion of absolute ownership (Abdul-Rauf 1979:5).

Despite the fact that humans are created equal, and no one may claim inherent merit over another, they are also created with different talents and are bound to attain different degrees of success. It is a duty of humans to accept their fortune, not to despair or to be resentful, although they are to struggle as hard as they can for their best interest. From the *Qur’an*, one reads: “And He (God), has made you the viceroys in the earth, and raised some of you over the other [in fortune] in order to test you in the gifts He has given you” (6:165). The *Qur’an* also states: “If God has so willed, He would have made you one nation, but [His plan is] to test you in what He has given you. So strive for good things as in a race. To God is your turn, all of you; when He will show you the truth concerning your diversity” (11:118).

The idea that material superiority does not entail higher merit is implicit in the notion of “trusteeship” and testing through wealth and worldly success. Since all people are created equal, righteousness is the only criterion by which a person’s rank is raised with God. As a corollary of human equality, points out Abdul-Rauf, all people are equally entitled to the following human rights (1979:5–6):

- (a) *Haqq al-Hayah* (the right to live): Encroachment on this right is a grave sin, next to disbelief in God, and entitled the family of the victim to claim capital punishment.
- (b) *Haqq al-Hurriyyah* (the right of liberty): Encroachment on this birthright is dehumanizing to its victim.
- (c) *Haqq al-Tamalluk* (the right of ownership): This right can be legitimately earned through labor or it can be received as a gift or as a share in inheritance. It is subject to certain restraints including payment of alms and charitable obligations.
- (d) *Haqq al-Karamah* (the right to dignity): This is another birthright that entitles each individual to respectful treatment.
- (e) *Haqq al-‘Ilm* (the right, even obligation, of education): This right leads to invention and greater production.

It is only in accordance with the will of God that everything, including the outcome of the planning and efforts of humans, happens. This Islamic precept, known as *qadar* or *qismah*, urges humans to plan the course of their activities carefully and exert enough effort and energy to achieve their goals. Yet, the desired ends hinge upon the blessing of God. The planning and effort of humans are not the sole factors that count.

From this doctrine, two things emerge. First, since achievement of goals requires planning and effort as well as God's blessing, Muslims should not neglect their duty to work hard to earn a living. Heaven, it is stated, does not rain gold or silver; it must be earned the hard way. Negligence, on the pretext that whatever has been predestined for Muslims shall come no matter what they do, is condemned as lazy *tawakul*, "forsaking one's duty." When hard work is accompanied by the belief in the role of the divine hand, it is called sensible *tawakkul*, "pursuing ends through regular measures while conscious of the need of God's blessings" (Abdul-Rauf 1979:6).

Second, should Muslims occasionally fail to reach their goals, they can surrender and resign themselves to their fortunes and accept it as an act of God without resentment or despair. Muslims must renew their efforts in hope and faith in God. This belief spurs Muslims to exert their efforts toward worldly success and sustains them at times of difficulty and hardship. It inspires them with a sense of satisfaction and contentedness, a virtue of significant merit in Islam (Abdul-Rauf 1979:6).

In addition to the preceding value system demarcating the area of free economic action, the Islamic economic framework calls on Muslims to uphold the Islamic virtues of truth, honesty in dealings, respect for the rights of others, pursuit of moderation, sacrifice, and hard work. These virtues must guide Muslims in their economic struggle through the process of acquisition, production, distribution, and consumption. Muslims must legitimately acquire the means to live through their labor and hard work. They must know that idleness and apathy are discouraged in their religion, which leaves nothing unexplained, even the manner of eating and dressing. They must scrupulously avoid all suspicious sources of income and never attempt to thwart the efforts of others. Moderation would guide Muslims in all situations. They are advised by Prophet Muhammad (PBUH) in the *Hadith* as follows: "Eat and drink. Dress yourself well and give away in charity. But there should be no extravagance or arrogance" (cited in Abdul-Rauf 1979:7).

Muslims' possessiveness and their concern to satisfy their personal needs must harmonize with their obligations to their society—their families, their ethnic groups, their neighbors, and the state of which they are citizens. The needs of an individual Muslim and those of society are intrinsically interdependent. Apart from their obligations to their families, Muslims should neither let their neighbors smell their cooking without letting them share it, nor should they let their children play outside with new toys unless they have presented their neighbors' children with similar toys. In addition to the *zakat*, Muslims must hand over to the state whatever it may demand from them and must respect its policy, which

must be in the interest of all citizens. Reciprocally, society must offer its Muslim citizens security, protect their lives and property, and respect their dignity—alive and dead [a dead person is entitled to a decent funeral service, which includes a mandatory full washing, shrouding, prayer service, and respectable burial] (Abdul-Rauf 1979:7).

Welfare economy in Islam does not hinge upon increasing the aggregate welfare of the community by encouraging an individual Muslim to maximize his/her own interest and be indifferent to the interests of others. It is based upon the bond of universal familyhood in which the individual Muslim, in seeking to benefit himself/herself, avoids malevolence to others. In the *Hadith*, Prophet Muhammad (PBUH) says: “No person may become a perfectly true believer unless he loves for others what he loves for himself.” He also says that “A Muslim is he who causes no harm to another, neither by hand nor by tongue” (quoted in Abdul-Rauf 1979:7).

The individual Muslim’s spiritual aspirations and material endeavors must be harmonized. While a Muslim is admittedly a biological organism and social entity with sets of basic needs, s/he is also a psychological being with a divine heart. Thus, although s/he is compelled to meet his/her biological and social urges, s/he is also moved by his/her divine element and yearns to reach a state of spiritual elevation (Abdul-Rauf 1979:7).

The word for religion in the *Qur’anic* tongue, *din*, connotes a whole way of life. Religion is neither merely private matter, nor does it touch only the periphery of individual lives; it is both private and public, and permeates the entire fabric of society. Economic pursuits are meritorious, leading to both material sustenance and God’s pleasure. Consequently, economic pursuits can neither be divorced from the spiritual objective—let alone be elevated over it—nor be separated from the religious content and become purely materialistic. In their economic pursuits, Muslims should strive to meet not only their material needs but also their social obligations, whereby they hope to improve their position with God (Abdul-Rauf 1979:8).

Islam discourages monastic indifference to physical needs and indulgence in sensual pleasure and the maximum satisfaction of human wants. It preaches moderation—not for either extreme. A want can be painful and disquieting; its satisfaction can bring relief and lead to peaceful equilibrium. Relief can be brought about through reasonable moderate satisfaction. Maximizing satisfaction—e.g., overeating and luxurious living—can result in complications and trigger other wants. Hence, the *Qur’an* and the Prophet (PUBH) abhor extravagance and laud moderation (Abdul-Rauf 1979:8). We read the following from the *Qur’an*:

“And the sky, He has raised,
And the balance He has placed
That you may not transgress the balance.
And establish the balance equitably and do not fall short in balancing” (55:7–9).