

# Economy - The Islamic Paradigm

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Islam is not only a religion; it is a complete code of life which guides its followers in every matter whether petty or important and covers absolutely all facets of human life. Islam, as compared to other religions, does not separate religion and worldly life. It entails that all worldly activities i.e. social, political, economical etc must be performed and done according to the tenets & guidelines given by Islam through the glorious Holy Quran and Sunnah (sayings and actions) of the Holy Prophet (Sallallahau Allaihaye Wassallam). The Quran says: "My Prayer, and all my (other) acts and forms of devotion and worship, and my living and my dying are for God alone, the Lord of the worlds" [6:162]. The idea of Islam, being a way of life, can be comprehensively understood by looking at the exemplary and ideal life of the Prophet of Islam Muhammad (PBUH) who guided the believers of the religion on all aspects of human life from personal hygiene to social behavior, from family life to work ethics, from business dealings to fulfilling contracts. The life of the Holy Prophet (PBUH) - the ideal human being, ratifies this very fact that Islam is a "deen" and not merely a "madh'hab".

As discussed above, we can clearly realize the brilliance of Islam as a comprehensive code of life that covers all facets of human life including all spiritual, personal, economical, social, political and intellectual issues. And when we analyze precisely the economic system that is based on the laws and principles of the Holy Quran and Sunnah of the Prophet (PBUH), we come to know that it is actually a perfect system of economy that emphasizes universal standards of economic justice, socio-economic welfare and, equitable distribution of wealth/resources to all sections of society. Islam discourages concentration of economic resources in all its forms. Prohibition of Riba, imposition of Zakat and other such obligations play a vital role to prevent this accumulation of wealth in few hands and hence lead towards an economy that benefits both the poor and the rich. The

Islamic economic system is perfectly poised and balanced as compared to other economic systems such as Socialism or Capitalism. The economic system derived from the Islamic principles has some distinguished features such as right to ownership (subject to some conditions), free but regulated market forces, Zakat and other levies imposed by Shariah and law of the land, interest-free transactions, and above all, the just and equal distribution of wealth which ultimately mitigates the gap between the rich and the poor and keeps this gap within acceptable natural limits. When this gap widens as a result of economic disparities, the society is threatened by many social evils because the poor consider the rich as their enemy and the sense of deprivation is so severe that the poor can go beyond all limits. The Holy Prophet (PBUH) himself sought refuge from poverty. Islamic economic system emphasizes that an economy should be regulated and administered in such a way that both, the ones who have the primary right (ones who directly contribute in the production process, factors like labor and enterprise etc) to wealth and the ones who have the secondary right (the poor and the needy who do not participate in the production process), as discussed by Muhammad Imran Ashraf Usmani in his book 'Guide to Islamic Banking', must get their due share. When there is inequality and injustice in resources distribution, there will surely be problems like poverty, crime, corruption etc. To sum up, it can be said that the focal point or one point agenda of an economic system based on Islamic Shariah is the equitable and just distribution of wealth and then there are other significant aspects like prohibition of Riba (Interest), Zakat, right to own and operate business etc.

If we analyze profoundly we can list down these five chief attributes of an Islamic economic system and their difference with conventional economic system:

(i) The Ultimate Objective is Not the Fulfillment of Human Desires:

The main objective of Islamic economics is not the satisfaction of human wants through the best utilization of scarce resources whereas this is the ultimate goal in conventional economics. The whole economic setup revolves around the phenomenon of meeting unlimited human wants with limited resources through efficient resource allocation and consumption under the conventional economic paradigm. However, the Islamic economic stance leads towards another ultimate objective of attaining the pleasure of God while meeting the human economic needs as a parallel rather secondary objective.

(ii) Collective Welfare:

Islamic system of economy emphasizes the collective well being of all individuals in a society but the conventional economics only believes in individual welfare or individual interest. The materialistic or conventional economic setup assumes that the individual welfare focus will automatically lead to the collective well-being of all the individuals which is inherently flawed.

(iii) Money has No Value in itself:

According to Islamic economics, money has no value of its own but it is a measure of value and operates as an exchange of value. This feature of money makes it incapable to be traded as a commodity because something which has no value cannot be sold or bought and hence cannot earn anything on its own i.e. any reward or return in any shape like profit or interest. According to both Islamic and conventional economic viewpoint, anything which does not carry any economic value cannot be considered a subject matter of any economic transaction. But the conventional economic stance ignores this fact to earn undue consideration on money.

(iv) Money has No Time Value:

Islamic system of economy does not recognize the concept of time value of money which is a foundation of interest based transactions. In contrast,

conventional economic system thrives on this concept. As a result of this concept holding primary importance in conventional economics, many ills are inserted into the economy like interest, risk free earnings and so forth. The kingpin of conventional economy i.e. the interest or 'riba' is based on this very principle of time value of money.

### (v) Independent but Regulated Markets:

The conventional economic system operates on the assumption that the interests of individuals will converge by themselves within an economy and encourages free and totally independent operation of market forces, but the Islamic

economic system opposes this theory and calls for a degree of regulations to make sure that these market forces are not given as much liberty that they can disrupt the natural and smooth functioning of the whole economy.

## Tip of the Quarter

### *Take small steps : It's your way to a better future*

Small steps are often overlooked in this speed crazy world where everything must be fast, needed now and the faster you achieve your goal the better. And you cannot really say slow is better and that some things take time in this age of speed. If you do, you are at risk being looked upon with scornful eyes. How you dare even suggest that, they say.

#### *1. Small Steps, Not Giant Leaps*

Well, I am here to tell you to take small, steady steps. I am sure you want success fast. The faster the better, right? As I get older, I am not really sure if there is a finish line. Because if there is a finish line, what then? I tend to see career or life as a series of marathons now. So, take little steps instead of one giant leap. There is no such thing as a giant leap to career success.

#### *2. Distance Is A Series Of Small Steps*

You must remember that distance can be covered by a series of small steps. It can also be covered by a flutter of fast paced sprints. But the difference is, if your finish line is finite - then well, you know the type of stamina you need in order to cover that distance. Do you? That is an important question.

When I first started working, I did not know where I will be 17 years later. You may have a general idea but life takes you on many surprises. Do not be shocked this race you are participating in takes many forms and detours.

I am in favor of small steps as it allows you to cover a greater distance while conserving energy and being able to enjoy the view at the same time!

#### *3. Patience*

Sure, easier said than done. Patience some say is an over rated virtue. I am not sure I agree. You need lots of patience on your journey to career success. And if you buy into the small steps philosophy then you will need even more patience. Things take time to reveal themselves to you. Especially good things that appear bad initially.

#### *4. Keep Walking*

So long as you keep walking, there is no stopping you from where you want to go. The image of Forest Gump running comes to mind. Of course that is an exaggerated example but do imagine, if you take small steps and do not stop, how far can you go in the span of time you have? People who think about sprinting do not know that you can run out of stamina before the finish line reveals itself. Worst of all, the finish line they imagine for themselves is actually a

mirage. Then what?

#### *5. It's Ok To Detour*

When you take little steps, it is ok to take a detour. Such is life and such is work too since work is a big part of life. So, it's ok to explore a little. Make wrong decisions and learn from it. Most times, what we like, what we are good at, and our talent does not reveal itself when we do the safe thing. It rears its head when we least expect it.

#### *6. Potholes, Humps and Uneven Surfaces*

It is also easier to navigate the road when you take little steps. Especially one that is filled with potholes, humps and uneven surface, which appears to never end. But it's ok, because when you take small steps you begin to understand the character of these roads.

#### *7. Who Knows What's Ahead*

You don't. At best you have an inkling of what you want and you pursue it. The secret is so long as you take small steps, conserve your energy and be patient; eventually the finish line will be worthwhile.

That is how it is; you make a decision and take a risk. Who knows where all your effort to plan, to act upon the plan will take you? But with small steps you know you will get there.