

The Islamic Economic Philosophy

By:
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ABSTRACT

Major economic philosophies, during the past three centuries, were based on the premise that religion and morality are not related to existing economic issues. Despite their persistent efforts, the economic problem of mankind remains as deep and serious as ever. Sustained economic growth, governance, price stability, accountability, full employment, the elimination of poverty, and more equitable distribution of income are only a few problems facing most economies today. There is a need for a new philosophical approach to economics which not only widens its horizon to the code of moral conduct, but also provides practical solutions to economic problems of contemporary Muslim society.

The Islamic economic philosophy, originating from the Qur'an and the Sunnah, is a design to clarify the general principles underlying Islamic economics. These precepts, based on a collection for the immutable rules and institutions, provide a foundation of Islamic economic system, a system which can be used as an alternative to the existing economic systems in countries imbued with Islamic values and culture.

The Islamic economic philosophy, as a system, encompasses certain components, which can be explained by studying the principle of Tawhid (the unity of God), the Islamic view of man, the nature and the aim of man's life on earth, the relationship between God and humankind, the basic principle of Justice, the worldview of Islam, the Islamic

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economic value system, and the philosophical concepts embedded in Islamic economics.

The central theme of this paper is to explore the main premises of the Islamic economic philosophy system. To clarify the components of such a philosophy, the doctrine of Tawhid, the value system, the principle of justice, and other philosophical notions relating to Islamic economics, such as enterprise, ownership, accumulation of wealth, interest (Riba), consumption, and development will be examined.

Islamic Economic Philosophy

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The Islamic economic philosophy, as a system, encompasses certain components, which can be explained by studying the principle of Tawhid (the unity of God), the Islamic view of man, the nature and the aim of man's life on earth, the relationship between God and humankind, the basic principle of Justice, the worldview of Islam, the Islamic economic value system, and other philosophical notions relating to the Islamic economics.

To clarify the economic philosophy of Islam, some of these concepts will be examined briefly in this paper.

The Doctrine of Tawhid (Unity of God)

Tawhid is the most important and fundamental teaching of Islam, which has been expressed in the best and purest possible form. In an Islamic

philosophical framework, Tawhid can be considered as a worldview, a social structure, and a doctrine for an individual's economic behavior. The world, in this view, is seen as a whole, a living organism, having intelligence, will, and a goal, in which all existence is unified.

The Tawhidi worldview connotes that the world was brought about into existence by a divine will. And the system of being is directed toward welfare, mercy, and a worthy perfection. The Tawhidi worldview is related to the philosophy that the intrinsic value of existence is based on the Qur'anic view which says "you come from God", and "you will return to him". The creatures of the world, are directed in a harmonious system, towards an ultimate goal, and one center of perfection. Humankind, among all creatures, possesses a special pre-eminence and greatness, and a special obligation and mission. He is responsible for perfecting and educating himself as well as his society. The existence and life on earth, in the Tawhidi worldview, embodies meaning, spirit, and direction. And as such, human being is directed in the path of perfection, which does not stop at any predetermined level and is always leading one.[1]

Tawhid grants man dignity and independence and looks at man as the vicegerent of God on earth, the creature who is endowed with awareness, creativity and purpose and who is part of a universe which moves toward a single goal, the absolute. Whatever is not in the direction of such a goal is false; even in economics every move should be in the direction of Tawhid.

In the Islamic economic philosophy, man plays a premiere role. He is a creature with a will and goal, who has effective roles in constructing his life. Despite his instinct for the material world, he has the will to control and overcome his selfishness. Man possesses diverse inclinations, including materialistic, spiritual, soul-searching towards God and perfection, as well as inclination towards ethical values. According to The Qur'an, man was created out of dry clay and was given God's spirit. The mission of man is being God's vicegerent upon earth, so man is God's representative on earth, and is viewed as the most exalted and the greatest of all creatures. Life on this earth is only a test, and man is accountable to what he has been given.

Man is a chosen creature of God, and therefore not only is he responsible for himself, his society and the blessings of this world, but also is responsible for flourishing and developing it as well.

The world view of Islam, which is closely related to its economic philosophy, is Tawhidi. Every economic action should follow from this world outlook. About this matter The Qur'an points out,

"To Him belongs whatever is in the heavens and the earth and whatever is between them and beneath the soil." [2] (S.20,V.6)

"And to God belongeth the dominion of the heavens and the earth, and all that is in between: and unto Him is the final goal (of all)." [3] (S.5,V.18)

"To God doth belong the dominion of the heavens and the earth, and all that is therein, and it is He who hath power over all things." [4] (S.5,V.123)

Therefore, all that is in the heavens and the earth is God's property, and all human beings on earth can benefit equally from the use of these natural resources, using their effort and will. God has created humankind and has given it sight and hearing, for him to use these God given gifts in putting natural resources to work, and to provide goods and services needed by the people.

Although Islam recognizes the man's instinct of "self-love", which drives the human being to strive and work; it teaches the human being that life is not terminated in this world. God has ordained an eternal life after death. So in order to reach a true and eternal life, it is necessary for man to put aside the short-term and swiftly passing life of this world, and keep the eternal and permanent life in prospect. In such a context, the economic behavior of man is controlled and regulated by various elements, including Ithar and Mu'asat. That is, an economic behavior of a Muslim is conditioned so that he views Ithar and Mu'asat as a mean to safeguard one's self-interests.

He broadens human perspectives and insights, and shows him the path of safeguarding his real interests. In these regards, the Qur'an points out, "And whatever good thing you spend it is for yourselves". [5] (S.II.272) "Assuredly ye will be tried in your property and in your persons". [6] (S.III.186)

"Every soul will taste death. And ye will be paid on the Day of resurrection only that which ye have fairly earned". [7] (S.III.185)

The Value System

With all of these in mind, one can note that the economic philosophy of Islam is closely related to Islamic values which, in turn, are concerned with its culture, mores, and institutions.

"According to A Modern Dictionary of Sociology, the term "value" is defined as: "An abstract- generalized principle of behavior to which the members of a group feel a strong, emotionally toned positive commitment toward and which provide a standard for judging specific acts and goals". [8]

Values are expressed in more specific, concrete forms in social norms. Generally speaking, values can be thought of as standards that guide the ongoing activities in a variety of ways. They help us to choose particular positions and social issues. They are standards that are used to guide presentation of the self to others and to evaluate and to judge oneself and others. They are employed to determine whether we are as moral and competent as others.

Values provide a basis for rational self-justification in so far as possible but also a basis for rationalized self-esteem. Values have long been a center

of theoretical attention across many disciplines - in philosophy, education, political science, economics, anthropology, psychology, and sociology as well as theology.

Islamic economics has its own values and institutions. Being Islamic, its values and institutions are related with certain religious and other worldly conventions and values. The Islamic values, which can be traced through the Islamic economy, are originated from the following institutions:

1. Tawhid: This concept is expressed as "La ilaha illallah" meaning "there is no deity but Allah". It is the expression of this belief which differentiates a true Muslim from a "Mushrik". In addition to numerous Qur'anic verses which describe the attributes of God, the Tawhid chapter, in Qur'an, contains the following verses: "Say: He, God, is one. God is He on whom all depend. He begets not, nor is He begotten. And none is like Him".[9]

A few Qur'anic verses that describe the attributes of God, and the unity, are presented as follows:

"There is nothing similar to God, He hears and sees everything".[10]
 "God is aware of all".[11] "God is all - powerful".[12] "All need God, but God is without need".[13] "God is all Good Names (God is the sum of all completeness and free of any fault)".[14] "Whichever direction you turn in, you are turning to God".[15] "We created humankind and know its concerns and aspirations completely".[16] "We are closer to humankind than the vein of its neck".[17] "No eye can see God, but God sees all".[18]

Man, in his economic life, fears only one power, and is answerable before only one judge. Tawhid negates all forms of powers other than God; and it regards every economic activity in such direction as being engaged in a harmonious movement toward a single goal. Any economic activity which is not oriented to that goal is not Islamic.

2. Man as God's vicegerent: Man is a being with a bidimensional character. According to the Qur'an, man was created out of dry, and then God breathed some of His own spirit into clay. So one dimension inclines to mud, lowliness, to stagnation and immobility. The other dimension, that of divine spirit, tends to the highest summit conceivable - to God and the spirit of God. So, in his economic behavior, man is free to decide either to learn knowledge, scientific truths, and use economic resources efficiently or to be motionless, wasteful and inefficient. Man has the will that enables him to choose his destiny.

3. The Day of Judgment: People should prepare themselves for the life hereafter by doing good actions and behaving in the right direction. The day of judgment will come. Those who do good economic actions will be rewarded, and there will be grave consequences for those who misuse their power and wealth, which are given to them as a trial to see whether they remain faithful to God, and kind and benevolent to his creatures. Regarding

these matters, the Qur'an points out, "This (the Day of Judgment) is a day on which the people shall be gathered together and this is a day that shall be witnessed".[19] "And let not those deem, who are niggardly in giving away that which Allah has granted them out of His grace, that it is good for them; nay, it is worse for them; they shall have that where of they were niggardly made to cleave to their necks on the resurrection day; and Allah's is the heritage of the heavens and earth; and Allah is aware of what you do".[20] "On the day that He will gather you for the day of gathering, that is the day of loss and gain."[21] On the day that every soul shall find present what it has done of good and what it has done of evil, it shall wish that between it and that (evil) there were a long duration of time".[22] "On that day men shall come forth in sundry bodies that they may be shown their works. So he who has done an atom's weight of good shall see it. And he who has done an atom's weight of evil shall see it".[23]

4. Moderation: Islam has suggested moderation in all aspects of human life. God does not like those who are extravagant or those who are miserly and niggardly.

In Sura Bani-Israel: "Verily spendthrifts are brothers of the evil ones; and the evil one is to his lord (himself) ungrateful".[24]

In Sura Al-Isra: "Make not thy hand tied (Like a niggard's) to thy neck, Nor stretch it forth To its utmost reach, So that thou become Blameworthy and destitute".[25]

5. God is the Guarantor of Sustenance: It is believed that God is the cherisher and sustainer of all the worlds. People must trust their Lord who gives sustenance to all creatures. About this matter, the Qur'an points out, "God is the sustainer of all beings; and He has everlasting power and energy".[26] "God sustains whoever He wants; and He limits the sustenance of whoever He wants".[27]

Afzal-Ur-Rahman, regarding God is the guarantor of sustenance, points out, "This teaching is meant to widen the horizon of human mind and develop feelings of love, affection, and mutual help among them so that they might not fight like animals in their struggle for livelihood".[28]

6. Infaq: "Infaq" means voluntary social spending left over from personal income and wealth after the personal spending such as household consumption and investment expenditures are deducted, Infaq has been emphasized throughout the Qur'an, and people are encouraged to spend from their wealth and possessions for the people and the society.

The pre-Islamic Arabs were familiar with charity and aid but did not regard it as an obligation and did not take it as an institution in itself. The Qur'an calls people who pray and worship, yet do not spend in the way of God as hypocrites. Infaq or spending in the way of God was institutionalized through `zakat`, `sadaqa` and being kind to the poor and the travellers.

Zakat is a tax imposed on the surplus wealth of Muslims which is used for certain purposes. Sadaqa is synonymous to charity meaning altruistic social spending.

Regarding Infaq, the Qur'an points out, "Spend out of what He has made you to be successors of; for those of you who believe and spend shall have a great reward".[29] "The parable of those who spend their property in the way of Allah is as the parable of a grain growing seven ears (with) a hundred grains in every ear; and Allah multiplies for whom He pleases; and Allah is Ample-giving, Knowing".[30] "(As for) those who spend their property by night and by day, secretly and openly, they shall have their reward from their Lord and they shall have no fear, nor shall they grieve".[31] "They ask you as to what they should spend. Say: What you can spare".[32] "By no means shall you attain to righteousness until you spend (benevolently) out of what you love; and whatever thing you spend, Allah surely knows it".[33] "Those who hoard up gold and silver and do not spend it in Allah's way, announce to them a painful chastisement".[34]

Moreover, spending out of inheritance on poor, orphans, and even relatives represents Infaq in a larger sense.

The Qur'an, in Sura Al-Maun, points out: "Has thou observed him who believeth religion? That is he who repelleth the orphan and urgeth not the feeding of the needy. Ah, woe unto worshippers who are heedless of their prayers; who would be seen (at worship) yet refuse small kindnesses".[35]

7. Righteousness: Righteousness is another institution which influences economic behaviors of Muslims. It can mean self-sacrifice and doing a good job. Whoever has more righteousness and does a good job is more valuable. The only thing that makes a Muslim better than the other is whether he has more righteousness. Because of such self-sacrifice, individuals in such a society are formed into one brotherhood. The Qur'an points out, "O mankind! We created you from a single (pair) of male and a female and made you into nations and tribes, that ye may know each other (not that ye may despise each other). Verily the most honored of you in the sight of God is (he who is) the most righteous of you. And God has full knowledge and is well acquainted (with all things)".[36] Allamah Tabataba'i, regarding this verse, points out, "People are all equal, and there is no difference, privilege or superiority among them. The reason for the creation of various groups and tribes, is that people can get to know each other, so that they are united in a community. Without knowing each other, there will be no cooperation and association. Then you see that the difference in their creation is not self-glorification over others. No one should take pride in his ancestry, or his skin color, or enslave others for such imaginary grounds. Otherwise, ignoring such teachings will lead man to a point in which his corruptions would fill the land and oceans of the world, destroying generations and their society."

As a result, the society which should solve people's problems would become an untreatable disease to them.

Righteousness, fear, and respect of God, is a real privilege that elevates mankind to the true happiness, which is the best and eternal life. Yes, the only way by which one can reach happiness in the other world is through righteousness, that entails this world's happiness along with it".[37] "Surely the righteous shall be in gardens and fountains. Taking what their Lord gives them; surely they were before that, the doers of good".[38] "It is not righteousness that ye turn your faces towards East or West; but it is righteousness to believe in Allah and the Last Day, and the Angels, and the Book, and the Messengers; to spend of your substance, out of love for Him, for your kin, for orphans, for the needy, for the wayfarer, for those who ask, and for the ransom of slaves; to be steadfast in prayer, and practice regular charity, to fulfil the contracts which ye have made; and to be firm and patient, in pain (or suffering) and adversity, and throughout all periods of panic. Such are the people of truth, the righteous".[39]

People in their earning and spending should keep in mind the other's right. About this matter Qur'an points out", And those in whose wealth is recognized right for the (needy) who asks and him who is prevented (for some reason from asking)",[40] and there by they, in turn, replace self-interest with self-sacrifice and sense of cooperation which in turn brings about a society based on not merely the exchange of goods and services but also largely on mutual aid, benevolence, and self-sacrifice". And take a provision (with you) for the journey, But the best of provisions is righteousness".[41]

The Principle of Justice

The economic philosophy of Islam, based on the above institutions and values, is closely related to the concept of justice in Islam which in turn is concerned with the Islamic view on enterprise, ownership, accumulation of wealth, usury, consumption, development and growth.

The word "justice" may be defined as, "the principle of just dealing" or "just conduct".[42] It is a comprehensive term which has been emphasized in many places throughout The Qur'an. The following verse points out the significance of justice in an Islamic system:" O ye who believe! Stand out firmly for God, as witnesses to fair dealing, and let not the hatred of others to you make you swerve to wrong and depart from justice".[43] "And if you judge, judge between them with equity; surely Allah loves those who judge equitable".[44]

"O you who believe! be maintainers of Justice, bearers of witness of Allah's sake"[45]

"Surely Allah enjoins the doing of justice and the doing of good (to

others) and giving to the kindred"[46]

About justice in economic behavior, Qur'an points out, "Give full measure when ye measure, and weigh with a balance that is straight: that is the most fitting and the most advantageous in the final determination".[47]

The word `qist`, in the above verse, is translated as `fair dealing` and is a simple principle to be followed in an Islamic economics system. In such a framework, people are decreed to give full measure, weigh with even scales, and avoid any kind of exploitation, The Qur'an points out,

"Woe to those that deal in fraud, those who, when they have to receive by measure from men, exact full measure, but when they have to give by measure or weight to men, give less than due".[48]

So the basic postulates of Islamic economics are related to weighing with even scales which stand for justice and equality and to giving full measure which stand for fair dealing, `qist`.

With all of these in mind, we will examine, briefly, the Islamic view on enterprise, ownership, accumulation of wealth, usury, consumption, development and growth.

Enterprise: Islam recognizes the desirable ends of economic enterprise, employment of economic resources, turning them into production of goods and services and accepts the individual rights of ownership, but at the same time puts limitations on them so that they are permissible within its moral framework.

Although Islam accepts the competition, it puts more emphasis on cooperation and mutual aid. The Qur'an points out, "Help ye one another in righteousness and piety, But help ye not one another in sin and rancour: Fear Allah: for Allah is strict in punishment".[49]

Under Islam, pursuing profit maximization as the sole objective of the entrepreneur is prohibited. Siddiqi points out, "A Muslim entrepreneur cannot be motivated by the urge always to maximize his pecuniary profit, due to the simple reason that he is possessed of a stronger urge for always acting up to the Islamic ideals of justice and benevolence. His case, with respect to `economic rationality` and Islamic injunctions, he is, by assumption, expected to decide in favor of the latter. His economic rationality becomes, so to say, confined within the limits set by the Islamic spirit".[50] Then Siddiqi goes on to say that a business enterprise should take into account the welfare of others and be just to people. Benevolence is a duty of such an enterprise and a norm for the business policy. He summarizes the main aspects of business motivation in Islam as follows:

- 1- Full compliance with Islamic idea of justice.
- 2- An urge to serve the society which makes the entrepreneur take the welfare of others into consideration, while he makes his entrepreneurial decisions.

3- Profit maximization within limits set by the operation of the above principle.[51]

Although there is a place for the private enterprise in Islamic framework, it is the responsibility of the state to regulate economic resources and bring about conditions conducive to private investments.

Ownership: According to The Qur'an, ownership of all free gifts of nature, such as land, water, mines, does not belong to anybody. Their absolute ownership belongs to God. Some people explain this by stating that where anything is said to belong to God it means that it is a public property, and must be used as the public thinks fit Socialists.[52] Others, like Mannan, put it this way, "Thus Islam allows private ownership of property, but subjects the owner to restrictions preventing him from using property except to the common good. It encourages the acquisition of private property, but requires that this should be a means conducive to the good of the community as a whole".[53]

Thus, Islam suggests a combination of private ownership of land and public holding under certain rules for all practical purposes. For instance, an individual may be granted a right to own private land; but if the land remains uncultivated for three years, the Islamic state will have the right to get that land back and compensate the owner.

However, it must be noted that any particular system of land tenure is not an end in the Islamic system, but it is a mean to achieve social justice. Mannan adds to this by saying that, "While Islam allows the individual to promote his own good, it exhorts him not to forget that he is part of the group, and reminds him of the need to protect and promote the interest of his fellows. The moral injunctions about ownership are to create a sense of responsibility and a conscience".[54]

Islam condemns exploitation of man by man categorically. The private ownership of property is not the only basis of exploitation. Islam does not agree with the doctrine that private ownership is the principle nor with the doctrine that public ownership is a general principle. Rather it accepts multifaceted forms of ownership at the same time. Shahid Muhammad Baqir Sadr explains this concept: "Thus it [Islam] lays down the principle of multifaceted ownership--i.e., ownership in variety of forms--instead of the principle of only one kind of ownership, which capitalism and socialism have adopted. It believes in private ownership, public ownership and state ownership. It designates to each of these kinds of ownerships a special area in which to operate and it does not regard any of them as anomalous and exceptional, nor as a temporary treatment required by circumstances"[55]. For this reason, it would be a mistake to call Islamic society a capitalist society, even though it allows private ownership of a number of kinds of property and means of production because in its view, private ownership is

not the basic rule. In the same way it would be a mistake to use the term 'socialist society' for the Islamic society, even though it has adopted public ownership and state ownership for some kinds of wealth and property because in its view, private ownership is not the basic rule. Similarly, it would be a mistake to consider it a mixture constructed from this or that because the variety of the principle forms of ownership in an Islamic society does not mean that Islam has blended together the two theories--capitalism and socialism-- and adopted a feature from each of them. It only gives expression to that variety in the forms of ownership through a pure theoretical design, which is dependent upon clearly defined intellectual bases and rules and which is put forward within a special framework of values and concepts.

Accumulation of Wealth: Accumulation of wealth into a few hands is not permitted in Islam. Islam makes it clear that wealth be neither hoarded nor concentrated into a few hands but circulated among all people. About this matter The Qur'an, in Sura Al-Tauba, points out, "They who hoard up gold and silver and spend it not in the way of Allah, unto them give tidings (O Muhammad) of a painful doom... On the day when it will (all) be heated in the fire of hell, and their foreheads and their flanks and their backs will be branded there with (and it will be said unto them): Here is that which you hoarded for yourselves. Now taste of what ye used to hoard".[56]

It is the responsibility of the Islamic state to regulate such accumulation through enforcing the laws of inheritance suggested by Islam, Zakat, and the prohibition of usury. Maududi explains, "According to Islam the best course to adopt is that one should spend all that he earns on his lawful and reasonable needs, and if any surplus accrues, hand it over to others so that they may satisfy their needs, Islam regards this quality as one of the highest standards of morality and has put it forward as an ideal with such force that a society influenced by Islamic ethics will always respect those who earn and spend, much more than those who keep their wealth hoarded or who go on investing their surplus incomes in earning more".[57]

In spite of this moral education and exercise of moral reinforcement by an Islamic society, it may not be possible to prevent people from the tendency towards greed and accumulation of wealth. To institutionalize the circulation of wealth and to prevent its accumulation, Islam enforces various approaches. Maududi explains, "For this purpose, Islam has placed some legal limitations on the use to which this surplus wealth can be put. It is strictly prohibited by Islamic law to lend these accumulated savings on interest. If you lend your money to anyone, it does not matter whether he borrows for his private needs or for business purposes, you are entitled to the return of the principle only".[58]

Moreover, along with the law of inheritance, zakat is another means to bar accumulation of wealth. Zakat is a tax at a fixed rate in proportion to

the worth of property, collected from the well-to-do and distributed among the poor. In other words, it is the right of "have nots" to share the wealth of the "haves". Zakat has been emphasized throughout The Qur'an many times. It is a tax on idle wealth and resources. The rate of zakat is two and a half percent annually from accumulated wealth of people, and it is the responsibility of the Islamic state to render the task of collecting zakat and spending the money on such persons who are destitute, needy, mentally and physically handicapped, aged, unemployed, in debt, those who work in the cause of God, wayfarers, and orphans.

Interest (Riba): Islam abolishes usury and sees interest incompatible with its principles of social and economic justice. Trade and alms-giving are encouraged, but usury strictly condemned. About usury, The Qur'an points out, "God will deprive usury of all blessing, but will give increase for deeds of charity".[59]

And in the same Sura, the Qur'an indicates that usury and trade are not the same, "Those who devour usury will not stand except as stands one whom the evil one by his touch had driven to madness. That is because they say: 'trade is like usury' but God hath permitted trade and forbidden".[60]

Usury is prohibited and disapproved in the strongest possible terms as all Muslims are held responsible to wage war against those who do not give up usury, "Believers, have fear of God and waive what is still due to you from usury, if your faith be true; or war shall be declared against you by God and His apostle".[61]

In his dissertation, The political Economy of the Islamic State: A Comparative Study, Ali Ausaf mentions the underlying study causes of the prohibition of interest by The Qur'an by quoting F. Ulgener as follows: "1. To start with, loans are taken and used primarily for consumption purposes. The borrower, having therefore no feasible addition to his income, is likely to be in difficulty even in the repayment of the principal. Therefore, paying a surplus over and above the capital would easily undermine his economic wellveing and force him down to a submarginal position where insolvency and bankruptcy are inevitable. That is why The Qur'an explicitly urges, 'and if it be one in difficulties, then wait for easy circumstances' (2:280). 2. The lender, on the other hand, instead of acting in accordance with the above, would consider himself justified in charging the highest possible interest that would increase at a progressive rate ('doubly double', to use the words of The Qur'an), so as to make up for any loss incurred because of the insolvency of the borrower. 3. Finally, Riba is also being spent on consumption rather than for productive purposes, or to use again the terminology of The Qur'an, 'swallowed and eaten up', so that the surplus, although apparently growing at a progressive rate, diminishes and finally disappears. And here again is The Qur'an in perfect accordance with what

actually takes place: 'God shall blot out usury' (2:275). Translated into the terminology of modern economic theory, this would read pretty much as follows: There is no addition what so ever made by usury to the stock of wealth and to the productive capacity of the business community as a whole.

To Summarize: We have been dealing with a surplus that seems to move in a circular flow to the start and the end of which tend to the same stage of unproductive consumption. In other words, a surplus that, while consuming itself, causes innumerable difficulties and frictions. Therefore, it is quite understandable that, as long as the disadvantages outweigh the prospective benefits, such a surplus should be suspended or prohibited." [62]

Furthermore, Islam rejects the use of money as a store of value and views the use of money more as a community value than an individual value. The alternatives which Islam suggests include: 1- Loan without interest; this is what Islam calls 'fair loan' or "Qarz ul Hasanah"; 2- Musharakah; 3- Muzara'ah; 4- Musaqat; 5- Muzarabah; 6- Jo'alah; 7- trade; 8- Zakat; 9- Infaq. It can be noted that all of these are means to circulate the excess wealth of people and at the same time to give people the incentive to get involved in the production of goods and services for the society.

Consumption: Consumption, under the Islamic economic framework, is divided into 'Halal' (lawful) and 'Haram' (unlawful), there by controlling the choice of the consumer. The consumption of the 'Halal' is limited by necessities by which people could have a fair standard of living, not by wastes, "conspicuous consumption" and extravagance. The Qur'an points out, "Eat and drink; but waste not by excess, for God loveth not the wasters." [63]

Moderation in consumption is recommended by Islam. That is, people who are wealthy are decreed to avoid niggardliness and be generous to the poor, needy, destitute, neighbors, and relatives. "Those who, when they spend, are not extravagant and not niggardly, but hold a just [balance] between those [extremes]." [64]

At the same time, wasteful consumption is as serious as niggardliness; and Islam condemns such consumption strictly. "And let not those, who are niggardly in spending that which God has granted them out of His grace, think that it is good for them. Nay, it is evil for them. They shall have a collar of their niggardliness on their necks on the day of judgement..." [65] "Render to the kindred their due rights, as [also] to those in want, and to the wayfarer, but squander not [your wealth] in the manner of a spendthrift. Verily, spendthrifts are brothers of the evil ones; and the evil one is ungrateful to his lord." [66]

Islam stresses the necessities of man, food, clothing, shelter and reduces man's excessive material needs. If production is considered as a process of creating economic value, consumption is destruction of such a value. Islamic

economics seeks to minimize such a cost by prohibiting 'conspicuous consumption' and condemning extravagance, thereby, reducing the consumption of nonessentials. So more economic resources will be directed toward producing goods necessary for survival. Once there is plenty of such resources in industries producing essential goods, it makes it possible to have the necessities at lower prices and perhaps improved quality; and everyone in the society will be able to have a fair standard of living by providing food, clothing, and shelter for himself and his family. However, Islam goes beyond this and considers the concept of consumption as a socio-ethical concept. Maududi explains this concept: "All methods of spending which cause moral or social injury are forbidden. You can not fritter away your wealth in gambling, you cannot drink wine, you cannot commit adultery, you cannot waste your money in music and dances or other means of self-indulgence. You are forbidden to wear silken dresses; you are prohibited (except in the case of women) from using golden ornaments and jewels, and you can not decorate your house with pictures and statues. In short, Islam has closed all those outlets through which the greater portion of a man's wealth is spent on his own luxuries and indulgences. The items of expenditure which are considered lawful are of such a type that a man may just be able to live a decent life of an average standard, and if any surplus is then left over, Islam suggests that it should be utilized in the service of virtue and righteousness in public welfare, and in rendering assistance to persons who have been unable to secure and receive their share according to their needs." [67]

So the concept of consumption in Islamic framework is not only an economic one, but also a socio-ethical concept. Such ethics control and regulate consumption behaviour of Muslims to the extent that they abandon their hedonistic, individualistic manner concerning consumption for social welfare and for those who are deprived from their due share.

Development: The economic philosophy of Islam goes on to stress development and growth. The basis of the theory of development in Islam is concerned with the institution of "striving in the cause of Allah". Such an institution provides a powerful motivation for development and is looked upon as one of the highest standards of morality in Islam.

The Islamic approach to development is related to its world view, that of Tawhidi, considers the problem of development as part of a broader problem of human development. In Islam, economic development by itself is not an end, but a means to an end, that is, social justice. Khurshid Ahmad explains: "The primary function of Islam is to guide human development in the correct lines and in the right direction. It deals with all aspects of economic development but always in the framework of total human development and never in a form divorced from this perspective. This is why

the focus, even in the economic sector, is on human development with the result that economic development remains an integrated and invisible element of the moral and socio-economic development of human society".[68]

The key role in the analysis of development in Islamic economy is for social welfare. For example, in Islam, the individual profit, no matter how concrete and worthy a goal, is not desirable in itself unless it is an expression of the collective and social welfare. Islam does not propose to protect the individual rights of property if that right conflicts with the right of the group survival. By the same token, then Islamic approach to development goes beyond individual welfare and is related to the well-being of all human beings. Such an approach to development and growth, a growth not in a sense of rising GNP, can be institutionalized through the Islamic social justice system. About this, Siddiqi points out, "As to the Islamic strategy for economic development, its chief distinguishing feature is that social justice and growth go together. This is ensured by the motivation that Islam provides for economic development. Individual profit motive is not the chief propelling force in Islam. Developmental efforts are mainly social and the individuals willingly cooperate in this venture".[69]

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