

Islamic Economics

Philosophy and Strategy

Shah Abdul Hannan*

[Translated from Bangla to English by Tahia Tabassum, a poet and teacher in an international college in Dhaka]

The history of modern Economics is not so long, may be two hundred years. In the beginning, it was included in political science and named Political Economy. In the meantime the Islamic Economics has become another science.

For the last 50-60 years, many researchers have been done on Islamic Economics. Many economists including Professor Khurshid Ahmed, Dr. Nezat Ullah Siddiqi, Professor Dr. Umar Chapra, Dr. Monjer Kahf, Dr. Tarikullah Khan, Dr. Munawar Iqbal have been doing their work on it. With the work of these scholars Islamic Economics has become a full science.

The philosophy and the strategy of Islamic Economics are the first things in the discussion on it. This philosophy (Tawhid, Khilafat, Justice) is the base of Islamic Economics. It dictates the strategy.

But before that I want to discuss about the present world in short. The most conventional economic structure is the capitalism. If we can understand the problems of this capitalism, we will be able to understand the importance of Islamic Economics. This is important because the modern ruling ideology seems like so strong and so successful. Many may guess that it has not any weakness. But it is not the truth and I am willing to show this in this article.

Capitalism starts from 16th century. It is now almost 500 years old. In this 500 years, it has played an important role in the world undoubtedly but there is no contradiction to accept that it cannot be able to eliminate poverty, inequality from the world. So it cannot be claimed that capitalism is perfect in present as well as in the past.

We have observed the crisis of the capitalistic world in last 20-25 years. In the last part of the previous century, there was a large economic crisis in South East Asia which is still going on. There were many economic crisis in Latin America. The new economic crisis throughout the world is going on since 2008.

We all can understand capitalism more or less. There are many Economical Ideologies launched and developed in the west. Western scholars have worked on it mostly. This is not only applicable for capitalism but also for socialism. So called Welfare Economics is the achievement of western scholars. They are producing this type of ideologies.

The Christian Ethics was in the background of capitalism because the pioneers of this concept were the members of Christian society. The citizens believed in Christian Ethics primarily. As a result, whatever the limitations were in the capitalism, it was getting moderated and controlled by the Christian Ethics.

In 18th century, the movement of Enlightenment started by some scholars was basically the hatred against religion. They took some steps to eliminate religion from day to day life. For this movement, the secularism got the priority and the society became

* Former Secretary of Bangladesh Government and Writer and Researcher on Islam

secularist. Morality became worthless and the logic got the priority. The concept was taken that logic can solve all the problems. But we know that logic has many limitations and all problems cannot be solved by it. Despite of the logic, there are disagreements among the citizens and the thing may seem illogical today which was logical yesterday. There were some times when logic or reasons were almost worshiped and they started working instead of God or Allah which was a complete illusion.

Materialism, in the form of individualism and selfishness has come out as the result of capitalism and high consumption has come out for the result of materialism. On the other hand, it created social Darwinism. We know about Darwinism. It is the concept invented by Darwin which says about the Natural Selection and Survival of the Fittest. The social edition of this Darwinism has got too much importance throughout the world as the result of the movement of Enlightenment or materialism. The idea of Natural Selection and the survival of the fittest in economics has spread out which virtually says that there will be a little or no space for the poor in the economy.

For the reason of materialism, enlightenment and the social Darwinism, capitalism became a doctrine. 'Only the fittest will survive' has become the philosophy of economics and by this the sympathy for the poor has gone and they failed to handle the situation where poor dies for poverty. This type of result started to come in 18th century for the reason of the movement of enlightenment.

There were some unacceptable concepts behind the theory of capitalism. They are literally unacceptable. For example, it says that the laws of economics are like the physical laws. It wants to say that the economics is running on the basis of some universal laws like the earth and the sun etc. but this is not correct as the markets change continuously and the solar system and our bodies do not change like it. So the capitalism stands on such kind of mistakes.

Moreover, they want to make Pecuniary Interest as the only one motivator or the inspiration of working. They use the term 'Rational Economic Man' technically for this motivation. Man is rational and they say that men work for rational reasons. This is not full truth. Humans do many things without money such as for the family and the society.

And in the third, the secular scholars gave birth to an unethical economics in the name of positivism. Positivism says that there is no ethics in economics and the economics will be persuaded negatively if the ethics come here. Economics will be out from its natural course. It will not be a science anymore. But this type of unethical perspective is so dangerous and if it will be established, then on what basis we will work for the poor and for reducing poverty? Why would we want to eliminate illiteracy? All of these are related to ethics.

Capitalism thinks market system as perfect. Market system is not perfect, it could not stop monopoly, concentration of wealth, high consumption by rich and poverty.

Islam believes in strong market control to ensure Justice. It is the Islamic concept of Hisba or supervision of market. Islam abolishes Interest or Sood and all investments are made on profit and loss sharing basis.

Interest or Sood must be eliminated to break up and stop concentration of wealth. I give an example, if a person has 100 billion dollar and he keeps it on interest in Bank, next year it will become 105 billion dollar and so on. But if 100 billion dollar is invested through profit sharing or Islamic system, it will take several years to invest this amount, making factories etc, then there may be profit or loss or low profit. Difference is I hope, clear.

Islamic strategy is based on Tauhid, Khilafat and Justice that is based on equality and honorable position of all human beings.

Apart from change in investment system, it tries through education and motivation to reduce high consumption.

Islam is in favor of restructuring expenditure, taxation and monetary policy in the light of basic Islamic principles. It asks the central Bank (its freshly printed money) and commercial Banks to invest its created money read books on general economics to understand) in welfare projects or government schemes.

Read books of Er Umar Chapra and others on Islamic Economics for details.