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Reconsidering the Economic Problem from Islamic Economic Perspective

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Abstract

The economic problem has always been a major concern of the social scientists. The economists throughout the history have attempted to address the issues of poverty, inflation and economic instability in conventional economic systems like capitalism and socialism. The fact remains undeniable that so far these sincere efforts have not been able to achieve the goal of social well-being and economic prosperity. Islamic Economics is a relatively new paradigm and based on revelation and moral values which are new concept in conventional economic systems. In the research article, it has been discussed in a logical and deductive method from the sources of Quran and Sunnah that how Islamic Economics addresses the issue of economic problem. Moreover, how the relative scarcity of economic resources has been discussed in Islamic economics. The paper concludes that it is not the issue of relative scarcity and shortage of the resources that causes the economic problems, but it is the secular way of thinking based on greed, faithlessness, materialistic approach, selfishness and immoral behaviour of the people which creates problems.

Keywords: Economic Problem, Economic Systems, Relative Scarcity, Islamic Economics, Qur'an and Sunnah.

Introduction:

Economics is a social science and the subject matter of this academic discipline or branch of knowledge is to study the economic behaviour of humans, the economic needs of a human and how these various economic needs are satisfied under various economic arrangements known as economic systems. The humans completely rely upon economic resources in terms of satisfying their materialistic needs. There are many significant factors and socio-economic problems like the issue of poverty, unemployment, inflation, sustained economic growth and development of infrastructure etc have captured the interest of social scientists, philosophers and philanthropists. Likewise, these important issues also attract many policy makers and statesmen in almost all eras of the history. Moreover, in recent times, the problems of financial crisis and economic instability are major economic concerns which have produced enormous adverse impacts on the global economy. In the traditional viewpoint of secular economic systems, the relative scarcity of economic resources and unlimited wants and needs of humans creates economic problems.

The mere reliance on materialistic aspects of economics as social science and ignoring the moral, religious and ethical perspective of the concept creates many issues in economics. The human behaviour of being the 'rational man' or what is called rationalism in conventional economics has not been successful in benefiting humanity and various attempts made by this conventional economic system to solve economic problems have been unsuccessful. However, even more alarmingly, this system has created some real threats to the peace and economic stability of certain countries.

Looking at these problems from a different perspective, moral and religious aspect of the economics is an alternative which has not been studied in the western economies and the potential impact which this moral economics can produce on the global economy has not been materialised so far.

This research aims to introduce and study the religious opinion on economic problem in comparison to that of conventional economic systems, and how the Islamic creed influences the behaviours of a Muslim. In other words, a study on how religiosity can make a difference in establishing moral economic behaviour to help solve economic problems. Those who followed the divine knowledge and rulings of *Shari'ah* represented a better economic behaviour. Empirical evidence through numerous studies shows that addition of faith, religiosity, creed, belief in the hereafter, consciousness of accountability and standing before Allah does

have a positive impact in the economic behaviour of a Muslim's life.¹ How Islamic economics can solve this problem and how the concept of relative scarcity of economic resources has been addressed in the scenario of Islamic economics. Some other basic questions of research include; what the salient features of Islamic economics are, what the sources of knowledge are in Islamic economic system and how this system is different from secular economic systems.

The Economic Problem and Economic Systems:

The fundamental purpose of any economic system, whether Islamic or secular (like capitalism and socialism) is to solve the economic problem. Economic problems are related by three basic concerns, or what economists call the fundamental question of economics. These include:

1. What to produce?
2. How to produce?
3. For whom and how much to produce.

Trade-offs between various economic alternatives, opportunity costs of factors of production and relative scarcity of the resources in terms unlimited economic wants are the major concerns of economic systems. The social well-being of society, economic development, realisation of materialistic needs and fulfilment of economic wants are based on these basic questions.

In capitalism or free market economy, the decision is taken on the basis of self-interest and profit motive, while in socialism the central authority is responsible to take all the decisions. Economic freedom and private ownership of resources are the specialities of capitalism, with state intervention not being recommended. On the other hand, in socialism there is no economic freedom and all kind of economic resources are under ownership and control of the state in what is called public ownership. Both these economic systems exist in various countries and economies, like capitalism in Western Europe, USA and Canada and socialism in Russia, Eastern Europe and China, have been unsuccessful in solving the basic economic problem. Even the materialistic elements of social well-being have not been identified yet. Both conventional economic systems appear to be different based on their relative features, but in fact their theoretical foundations are based in the same ideology, which is known as Social Darwinism and Logical Reasoning, rather than revelation and divine ideology. The latter is the foundations of the Islamic economic system, a relatively new paradigm in the academic discipline of social sciences.

¹Ahmad M Abdel-Khalek, **Religiosity and well-being in a Muslim context**, In C.Chem.-Prieto (Ed.), Religion and spirituality across cultures, 71- 85.

Can the Islamic Economic system solve these economic problems? Has this system been practiced in accordance with the principles of *Shari'ah* in any society? What are the basic principles of this system and what sources are they derived from? The principles of the Islamic economic system are found in the divine texts of the *Quran* and *Sunnah*, which are valid for all lands and under all the circumstances. Moreover, the principles and rulings revealed in the *Quran* and *Sunnah* are significantly meaningful in determining the socio-economic behaviour without accommodating any alteration and amendments.

Islam is a comprehensive and inclusive religion, a way of life which covers all the spheres of human life. In Islam, there is a complete system and methodology concerning the creed of a Muslim. There are instructions about worship, transactions, morality, social conduct and manners. The creed which is based on the concept of monotheism (التوحيد) has a unique and special position in the Islamic faith and likewise, in the acts of worship and financial transactions. Herein there is great significance on manners and ethics, politics and social behaviour which are all related by an integral and comprehensive system that covers all the spheres of life.

In this academic discourse we attempt to have brief introduction to the Islamic economic system, and how it is different from other contemporary secular and conventional economic systems in terms of solving economic problem which arise, in accordance to the traditional viewpoint from the relative scarcity of economic resources. We will also discuss its meaning, sources of knowledge, objectives and salient features which distinguish it from its contemporary counterparts.

Islamic Economics can be identified as a set of fundamental economic principles which are extracted from the Islamic Shariah, or the Islamic law and ethics governing the economic activity of the individuals and the state as mentioned in the divine texts of the *Quran* and *Sunnah*. These are frequently and continuously applied in accordance with the prevailing circumstances in all the times and places. Although the teaching of Islamic economics and the theoretical foundations were already there since the dawn of Islam, Islamic Economics as an independent academic discipline and terms such as Islamic Economics, Islamic Finance and Islamic Banking were not established until the mid-70s of the 20th century. Hence these are relatively new terms in the social sciences discipline and so attracted the attention of social scientists in the mid-70s of the 20th century. The emergence of these terms can be attributed to the Islamic Economics Conference held in Makkah in 1976 and also to the wake of some reformist

movements in certain Muslim countries which were striving for Islamic renaissance and restructuring the Muslim societies in an era of post-colonialism.² The Islamic Economic System is a combination of *Shari'ah* rulings and principles of political economy which provide a system of acquiring wealth and spending money. The rulings of *Shari'ah* are extracted from the *Quran* and *Sunnah* as these are the fundamental sources of knowledge in determining Halal and Haram and apart from others. The principles of political economy are derived from the laws and policies of the state which governs the mutual financial transactions of the people and ensure that these laws and policies are not contradicting the doctrines of the *Quran* and *Sunnah*.

Defining Economics and *Ilm ul Iqtisa'd* (علم الاقتصاد)

Before starting the discussion of Islamic economics in its distinction from other conventional economics, it seems wise and useful to grasp the concept of defining economics from Islamic and conventional perspectives. Broadly speaking, there are three different types of definitions of economics in conventional economic literature. Adam Smith (1776)³ the Scottish economist, known as a pioneer of political economy and the Father of Economics in the West, has defined economics in his famous book, '*An Inquiry into the Nature and Causes of the Wealth of Nations*', also known as '*The Wealth of Nations*' published in 1776, defined political economy as: 'a branch of the science of a statesman or legislator [with the twofold objectives of providing] a plentiful revenue or subsistence for the people... [and] to supply the state or commonwealth with a revenue for the public services'.⁴

Alfred Marshall (1890), an English economist who transformed the term political economy to economics, in his famous book *Principles of Economics* published in 1890, defined the term as; 'Economics is the study of man in the ordinary business of life. It enquires how he gets his income and how he uses it. Thus, it is on the one side, the study of wealth and on the other and more important side, a part of the study of man'.⁵

² Tawfik Azrak (2020), "*The General Principles of Islamic Economy and the Most Important Characteristics*," *Journal for Religious Studies*, 101-118, published by Social Sciences University of Ankara, Faculty of Islamic Sciences, Ankara 06050 Turkey.

³ Adam Smith (1776), **An Inquiry into the Nature and Causes of the Wealth of Nations** (Oxford: Oxford University Press, 1976).

⁴ Groenwegen Peter, *Political Economy in the New Palgrave Dictionary of Economics*, 476-480.

⁵ Alfred Marshall, **Principles of Economics**, Macmillan and Company, 1-2.

Robbins' (1932) definition is the most commonly accepted definition of the subject; 'Economics is a science which studies human behaviour as relationship between ends and scarce means which have alternative uses'.⁶

We also have some modern definitions which are more comprehensive and sophisticated. One definition states that economics is; 'the science that deals with the production, distribution and consumption of goods and services or the material welfare of humankind'. (Dictionary.com). Oxford Dictionary defines economics as; 'A social science that studies individual and group decisions on how to use scarce resources to satisfy their wants and needs'.⁷

As far the definition of Islamic Economics goes, it is also unique. A well-known Islamic economist Dr M. Umer Chapra has defined it by saying; 'Islamic Economics may then be defined as that branch of knowledge which helps realize human well-being through an allocation and distribution of scarce resources that is in conformity with the *maqasid*...'.⁸

Another Muslim economist defined Islamic Economics as S M Hasanuz Zaman defined it as;

'Islamic economics is the knowledge and application of injunctions and rules of the *Shari'ah* that prevent injustice in the acquisition and disposal of material resources in order to provide satisfaction to human beings and enable them to perform their obligations to Allah and the society'.⁹

Mohammad Akram Khan defined Islamic Economics as; 'Islamic economics aims at the study of human *falāh* achieved by organising the resources of earth on the basis of cooperation and participation.' (Akram Khan, p.55).¹⁰

Mohammad Arif defined it as; 'the study of Muslim's behaviour who organises the resources, which are a trust, to achieve *falāh*.'¹¹

The term Islamic Economics in Arabic language is translated as 'الاقتصاد الإسلامي' and we will try to find the literal meaning of this term from a linguistic perspective.

⁶ Lionel Robbins, **An Essay on the Nature and Significance of Economic Science**, Ludwig von Mises Institute, 15.

⁷ Dictionary.com available at <https://www.dictionary.com/browse/economis>.

⁸ M. Umer Chapra, **The Future of Economics; An Islamic Perspective**, (UK: The Islamic Foundation),125.

⁹ S.M.Hasanuz Zaman, "Definition of Islamic Economics," *J. Res. Islamic Econ.* 1, No. 2 (1984): 49-50, (KSA: Islamic Economics Institute, King Abdul Aziz University).

¹⁰ Mohammad Akram Khan, "Towards A Definition of Islamic Economics: Some Scientific Considerations," *J. Res. Islamic Economics* 2, no. 2 (1985): 79-93.

¹¹ Arif, Muhammad, "Towards A Definition of Islamic Economics," *J. Res. Islamic Economics* 2, no.2, 79-93.

The word ‘*iqtisa’d*’ as is used for Economics in Arabic language has the root word ‘*qasad*’ which has various meanings. ‘*Alqasd*’ means justice, moderation, the middle path, steadfastness and closeness etc¹². The word ‘*muqtasid*’ has been used in the *Quran* in the following *ayah*;

فَمِنْهُمْ ظَالِمٌ لِنَفْسِهِ وَمِنْهُمْ مُقْتَصِدٌ وَمِنْهُمْ سَابِقٌ بِالْخَيْرَاتِ بإِذْنِ اللَّهِ (الفاطر-٣٢)¹³

“Some of them wrong themselves, some follow a middle course, and some are foremost in good deeds by Allah’s Will.”

In another verse in *Surah Al-Maidah* it has been mentioned as follows (Allah (swt) says;)

مِنْهُمْ أُمَّةٌ مُقْتَصِدَةٌ (المائدة-٦٦)¹⁴

“Some among them are upright.”

Also;

لَوْ كَانَ عَرَضًا قَرِيبًا وَسَفَرًا قَاصِدًا لَاتَّبَعُوكَ وَلَكِنْ بَعَدَتْ عَنْهُمْ الشُّقَّةُ (التوبه - ٤٢)¹⁵

“Had the gain been within reach and the journey shorter, they would have followed you, but the distance seemed too long for them.”

There are some verses in the *Quran* where this word or its derivatives have been mentioned. For example, in *Surah Luqman* Allah (swt) says;

وَأَقْصِدْ فِي مَشْيِكَ وَأَغْضُضْ مِنْ صَوْتِكَ (لقمن- ١٩)¹⁶

“Be moderate in your pace. And lower your voice.”

The meaning of middle path and moderation has been mentioned in some other verses of the *Quran* and this is a major facet of Islamic Economics in terms of economic behaviour.

For example, Allah (swt) says;

وَالَّذِينَ إِذَا أَنْفَقُوا لَمْ يُسْرِفُوا وَلَمْ يَقْتُرُوا وَكَانَ بَيْنَ ذَلِكَ قَوَامًا (الفرقان:٦٧)¹⁷

“And those who, when they spend, are neither wasteful nor stingy, but choose a middle course between that.”

In another *Surah Al-Furqan*, Allah (swt) has mentioned;

وَكُلُوا وَاشْرَبُوا وَلَا تُسْرِفُوا؛ إِنَّهُ لَا يُحِبُّ الْمُسْرِفِينَ (الأعراف- ٣١)¹⁸

¹² Ibn Manzoor, *Lisa’n ul Arab*, Beirut: Dar Sadr, 1414H.

¹³ Al-Quran 35: 32.

¹⁴ Al-Quran 5: 66.

¹⁵ Al-Quran 9: 42.

¹⁶ Al-Quran 31: 19.

¹⁷ Al-Quran 25: 67.

“And eat and drink, but do not be excessive. He does not love the excessive.”

The scholars have understood this to mean the moderate way or middle path. So it means a way neither miserliness nor extravagance. This is a key distinction of the Islamic ideology. As has been mentioned in the *Quran*, Allah (swt) says;

وَكَذَلِكَ جَعَلْنَاكُمْ أُمَّةً وَسَطًا لِتَكُونُوا شُهَدَاءَ عَلَى النَّاسِ وَيَكُونَ الرَّسُولُ عَلَيْكُمْ
شَهِيدًا (البقرة: ١٤٣)¹⁹

“And so We have made you ‘believers’ an upright community so that you may be witnesses over humanity and that the Messenger may be a witness over you.”

The Origin of Islamic Economic System:

The sources for the Islamic Economic System are the same as for the *Shariah*. The first is the *Quran*, which is the holy book containing the word of Allah as it was revealed to Prophet Mohammad (pbuh). The second is the *Sunnah* of the Prophet, which describes the traditions of Prophet (pbuh) in 3 aspects: practical, spoken and consent of the Prophet (pbuh). The third is *Ijma* (consensus), which is the unanimous view of the prominent scholars of the Ummah about any particular issue arising after the era of the Prophet (pbuh). The last source is *Qiyas* which is a kind of *Ijtihad* or ‘analogy’ wherein the reason of Islamic rule and cause are applied to similar cases. *Ijtihad* is sincere effort to extract the rulings from the general and fundamental principles of the *Quran*, *Sunnah* and *Ijma*.²⁰ Likewise, the social norms, manners and customs of the people, which do not contradict with the *Quran* and *Sunnah*, are also additional resources from where the Islamic rulings can be extracted.

There are some basic rules and fundamental principles, as there are for every economic system. For instance, capitalism and socialism have a perception about this universe which is based on secular understanding and purely logical reasoning. These systems are man-made and have little to do with religion or revelation. However, the latter are paramount in the foundations of the Islamic economic system. Secular economic systems glorify the concept of materialism and sanctity of wealth and worldly resources. There is little comprehension about the need for success in the hereafter, life after death or the day of judgement. Conversely, the Islamic Economic System is completely unique from its conventional counterparts in that its most significant and distinguished characteristic is that it is a divine system, based on revelation and thus is not man-

¹⁸ Al-Quran 7: 31.

¹⁹ Al-Quran 2: 143.

²⁰ UK Essays. November 2018. The Four Main Sources of Islamic Law Religion Essay. [online]. Available from: <https://sa.ukessays.com/essays/religion/the-four-main-sources-of-islamic-law-religion-essay.php?vref=1> [Accessed 23 February 2023].=

made. It is based on the important creed and basic doctrine of *Iman*, which is the institution of belief based on numerous pillars. These include belief in Allah, the Messengers, the Books, the day of judgement and other aspects. This *Iman* is the theoretical foundation of all aspects of human life. It shapes every sphere of life including how to deal with the people, earn living expenses, spend on basic needs and other necessities of life, conduct mutual transactions and carry out all other activities of worldly related matters.

The Islamic Economic System therefore strengthens this belief in the economic sphere of a Muslim's life and deepens its roots by reinforcing itself in an intellectual and academic way. Consequently, mutual transactions among Muslims and even non-Muslims should not be affected by the immense love of money and greed of worldly resources, which are often basic motives and driving forces behind economic activities and financial transactions. That is why we see in the *Quran* that Allah (swt) ordains about any prohibition or obligation then he addresses the believers. For instance, in the case of usury and interest He says as follows;

يَا أَيُّهَا الَّذِينَ ءَامَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنتُمْ مُؤْمِنِينَ (البقرة: 278)²¹

“O you who believe! Fear God, and forgo what remains of usury, if you are believers.”

In this verse the command has been directed to the believers to maintain *Taqwa* (piety and righteousness) and consciousness of Allah. Similarly in the following verses related to *Riba* in *Surah Al-Baqrah*, interest has been connected with a lack in the fear of Allah (swt) and sense of accountability for the day of judgment. Allah (swt) said;

وَاتَّقُوا يَوْمًا تُرْجَعُونَ فِيهِ إِلَى اللَّهِ ثُمَّ تُوَفَّى كُلُّ نَفْسٍ مَّا كَسَبَتْ وَهُمْ لَا يُظْلَمُونَ (البقرة: 281)²²

“And guard yourselves against a Day when you will be returned to God; then each soul will be rewarded fully for what it has earned, and they will not be wronged.”

The economic behaviour of a Muslim is entirely different from that of a non-Muslim. A Muslim must abide by the laws of *Shari'ah* i.e. commandments and prohibitions including paying due charity, abandoning *Riba*, cheating, bribery and consuming the money of others in a *Haram* or unlawful way. A Muslim must

²¹ Al-Quran 2: 278.

²² Al-Quran 2:281.

understand if he does not abide by the *Shari'ah*, it is a breach of the commandment of Allah and that he/she will be held accountable before Allah on the day of judgement. A Muslim knows in his heart that the rulings of *Shari'ah* and commandments of Allah and His Messenger (PBUH) are the best for him in terms of both his worldly affairs and hereafter.

A Muslim also believes that he will never get any provision, but that which Allah has already decreed for him, so we see that he uses permissible and *Halal* ways to earn his provision of life. He strives to earn his income whilst being pleased with what has been written for him, and does not become angry if he suffers a loss because he knows it is in his own interest based on the wider and ultimate knowledge of Allah and His eternal wisdom that encompasses all the aspects of one's life.

The fundamental objective of the Islamic economic system is the fulfilment of the spiritual and materialistic needs of humanity and to ensure that a respectable and sufficient amount of provisions are available to everyone, so that all humans can live a pleasant and prosperous life. In the Islamic economic system, economically disadvantaged and socially excluded segments of the society are better addressed in terms of eradicating their poverty and socio-economic disparities. The purpose of ensuring a satisfactory and adequate amount of provisions is not limited to Muslims but is extended to all humans, irrespective of their religious and racial backgrounds. To realising this objective, the Islamic *Shari'ah* has enacted the obligation of *Zakah*, which is the third pillar of Islam and the most important one after *Shahadah* and the establishment of *Salah*. The *Zakah* system is a complete economic strategy to help those who are economically disadvantaged and are unable to provide for their families.

The institution of *Zakah* is not the only vehicle responsible for social security in Islamic economics, but the input of the state in the labour-market by creating job opportunities, determining the minimum wage rate to ensure a satisfactory living standard for all fragments of society and allocating the natural and economic resources to be utilised in accordance with the real and fundamental needs of the society. All these measures are considered to be a part of the integral system to ensure the realisation of socio-economic justice in human society.²³

The best allocation of natural and economic resources and their complete and capacitated utilization is the basic objective of Islamic economic system and this is achieved in different possible ways, some of which have been outlined in the following;

²³ Ibrahim b Abdullah Al-Mazrooei, *Al-Nizam Al-Iqtisadi fi Al-Islam*, (Available online) <https://www.baynoona.net/ar/article/600> (Accessed 12/12/22).

- The employment of economic resources in the production of *Halal* commodities and avoiding the production of those commodities and services which are *Haram* and forbidden due to being harmful to society.
- Taking care of producing commodities which are essential for the fulfilment of basic needs and necessities to protect the objectives of *Shari'ah*.
- Avoiding the production of such goods and services which are concerned with extravagance and conspicuous consumption because squandering and lavishness is forbidden in Islamic *Shari'ah*, as it leads to the wasting of valuable economic resources, which is a loss to humanity in general.

Moreover, another significant objective of Islamic economics is minimizing the massive disparities and differences in the distribution of income and wealth. Unjust and discriminatory distribution of wealth has had an enormous impact on the global economy and a vast majority of humans, particularly in third world countries, are suffering the disastrous effects of poverty with the devastating circumstances of misfortune being experienced by generation after generation. The reason for this is that a tiny segment of the population is occupying a majority of the natural resources and means of production, employing them to increase their own fortune and ignoring the basic needs and economic essentials of the remaining, overwhelming part of the population. The misallocation of resources, extravagance in consumption and conspicuous way of spending money on products which are used merely for social status without fulfilling any basic needs create more socio-economic differences in society and widens the gap between the rich and the poor.

Therefore, the Islamic economic system forbids hoarding and accumulation of unproductive money, interest, gambling, bribery and corruption. Any economic activity that leads to any amount of exploitation of a weak partner or damages the opportunities of economically disadvantaged segments of society are completely forbidden in the Islamic *Shari'ah*. Contrary to this, Islam has enacted the institution of *Zakah* as an obligatory charity and additionally, encouraged more acts of optional charity and voluntary donations, endowments and wills for the poor which can ultimately help decrease the impact of unequal wealth distribution and increase social justice overall. Such precautionary and corrective measures can produce a positive influence on uplifting the socio-economic status of the poor in society. The Islamic economic system also concentrates on enhancing the materialistic and defensive power of Islamic state so that the state can actively participate in the realization of higher economic and political objectives in the interest of all of humanity comprising of peace, economic stability and social

integrity. If peace and stability is absent, economic growth cannot be achieved as desired and the dream of prosperity will remain unrealized.

The Major Objective of Islamic Economics;

Inhabitation of the Land (استخلاف واستعمار في الأرض)

The Islamic Economic System is based on Islamic Economics which is an integral part of the Islamic ideology and is completely different from any secular economic systems. The secular economics systems of both capitalism and socialism share a common understanding and theoretical perspective when it comes to the creation of the universe, despite have different views in terms of economic freedom, the role of the state and the concept of ownership. The Big Bang theory and Darwinism is the theoretical foundation of these secular systems.²⁴ On the other hand, the concept of *Tawhid* is the most significant part of the Islamic Ideology which in turn is the base of Islamic Economic System. According to this creed and theoretical foundation, a Muslim believes in Allah and that He is the only Creator of the entire universe. He also believes that all natural resources, or more explicitly all economic resources, have been created by Allah so that humans could employ these resources for their wider benefit to fulfil their material needs and basic necessities.

In the Islamic economic system, the role of Man is as vicegerent to Allah on the earth and this has been mentioned in the *Quran*;

أَمِنُوا بِاللَّهِ وَرَسُولِهِ وَأَنْفِقُوا مِمَّا جَعَلَكُمْ مُسْتَخْلَفِينَ فِيهِ (الحديد: ٧)²⁵

“Believe in Allah and His Messenger and spend from what He made you inherit.”

وَهُوَ الَّذِي جَعَلَكُمْ خَلَائِفَ الْأَرْضِ وَرَفَعَ بَعْضَكُمْ فَوْقَ بَعْضٍ دَرَجَاتٍ لِيَبْلُوكُمْ فِي مَا آتَاكُمْ (الأنعام: ١٦٥)²⁶

“It is He who made you successors on the earth, and raised some of you in ranks over others, in order to test you through what He has given you.”

The role of Man is to be the trustworthy of Allah by being the vicegerent and exploring the resources of the land which are given freely and gifted by Allah for the well-being of humanity and the wider community of the planet. This role has been explained in the *Quran* as followings;

²⁴ M. Umer Chapra, *The Future of Economics; An Islamic Perspective*, 125.

²⁵ Al-Quran 57: 7.

²⁶ Al-Quran 6 165.

هُوَ أَنشَأَكُم مِّنَ الْأَرْضِ وَاسْتَعْمَرَكُمْ فِيهَا فَاسْتَغْفِرُوهُ ثُمَّ تُوبُوا إِلَيْهِ إِنَّ رَبِّي قَرِيبٌ مُّجِيبٌ (هود: ٦١)²⁷

“He initiated you from the earth, and settled you in it. So seek His forgiveness, and repent to Him. My Lord is Near and Responsive.”

In another chapter, as in *Surah Al-Mulk*, this concept has been discussed more precisely, as Allah (swt) says;

هُوَ الَّذِي جَعَلَ لَكُمُ الْأَرْضَ ذَلُولًا فَامْشُوا فِي مَنَاكِبِهَا وَكُلُوا مِن رِّزْقِهِ وَإِلَيْهِ النُّشُورُ (الملك- ١٥)²⁸

“It is He who made the earth manageable for you, so travel its regions, and eat of His provisions. To Him is the Resurgence.”

In conventional economics, the economists do believe that the natural resources are free gift of ‘Nature’ even if they don’t believe in the existence of God or creation by God.²⁹ Actually, there is no way to deny the fact that ‘land’ as factor of production and all the built-in resources in the land have been created exogenously. They believe that it is a free gift of nature and this includes forests, rivers, minerals, oil, gas and rain and sea etc as these things have been created by nature without any human effort being inputted. On the contrary, in Islamic philosophy all these things were created by Allah (swt) for the utilisation of humans and other creatures, like livestock. There are clear signs in the verses of the *Quran* for the people of knowledge and wisdom, who believe that this whole system was not created in vain but that everything on this earth is for humans to benefit from and utilise. For example, Allah (swt) has mentioned in the *Quran* in *Surah Al-Baqrah*;

الَّذِي جَعَلَ لَكُمُ الْأَرْضَ فِرَاشًا وَالسَّمَاءَ بِنَاءً وَأَنْزَلَ مِنَ السَّمَاءِ مَاءً فَأَخْرَجَ بِهِ مِنَ الثَّمَرَاتِ رِزْقًا لَّكُمْ (البقرة: ٢٢)³⁰

“He who made the earth a habitat for you, and the sky a structure, and sends water down from the sky, and brings out fruits thereby, as a sustenance for you.”

In the same chapter, *Surah Al-Baqrah*, He also mention in the following words;

هُوَ الَّذِي خَلَقَ لَكُم مَّا فِي الْأَرْضِ جَمِيعًا (البقرة: ٢٩)³¹

²⁷ Al-Quran 11: 61.

²⁸ Al-Quran 67: 15.

²⁹ J.S. Furnivall, “*Land as a Free Gift of Nature*,” *The Economic Journal* 19. no.76 (Dec. 1909): 552-562; *The Economic Journal* 19, no. 76 (1 December): 1909, Pages 552–562, <https://doi.org/10.2307/2221069> (UK: Oxford University Press: 1909).

³⁰ Al-Quran 2: 22.

“It is He who created for you everything on earth.”

So, in accordance with Islamic economics, not only wealth and money but all natural and economic resources are the creation of Allah and so also belong to Allah. He is the real owner as He is the only creator, but he created these things for the benefit of mankind. Acknowledging the absolute and ultimate ownership of Allah, Islamic Economics also acknowledges the temporary nature of Man's ownership, both private and public. This is in contrast to major conventional economic systems, where capitalism has only private and socialism has only state or public ownership. In reality, both systems have failed as nowhere in the world do we find ownership that is exclusively either private or public. The Islamic economic system acknowledges both types of ownership as it is in the wider interest of humanity. The virtual owner of these resources is Allah and Man is the trustee and temporary owner and he can use these to gain worldly benefit to help the fulfilment of his materialistic and economic needs. Allah (swt) has mentioned in *Surah Al-Ina'm* as follows;

بَدِيعُ السَّمَاوَاتِ وَالْأَرْضِ ۗ أَتَىٰ يَكُونُ لَهُ وَلَدٌ وَلَمْ تَكُنْ لَهُ صَاحِبَةٌ ۗ وَخَلَقَ كُلَّ شَيْءٍ ۗ وَهُوَ بِكُلِّ شَيْءٍ عَلِيمٌ (الأنعام: ١٠١)³²

‘He is’ the Originator of the heavens and earth. How could He have children when He has no mate? He created all things and has ‘perfect’ knowledge of everything.

In the next verse, Allah (swt) mentioned more explicitly as follows;

ذَٰلِكُمُ اللَّهُ رَبُّكُمْ ۗ لَا إِلَهَ إِلَّا هُوَ ۗ خَالِقُ كُلِّ شَيْءٍ ۗ فَاعْبُدُوهُ ۗ وَهُوَ عَلَىٰ كُلِّ شَيْءٍ وَكِيلٌ (الأنعام: ١٠٢)³³

That is Allah—your Lord! There is no god ‘worthy of worship’ except Him. ‘He is’ the Creator of all things, so worship Him ‘alone’. And He is the Maintainer of everything.

In other occasion, in *Surah Al-Rome*, Allah (swt) explained very specifically about *Rizq*, life and death and how He has the ultimate control over all of these things;

اللَّهُ الَّذِي خَلَقَكُمْ ثُمَّ رَزَقَكُمْ ثُمَّ يُمِيتُكُمْ ثُمَّ يُحْيِيكُمْ ۗ هَلْ مِنْ شُرَكَائِكُمْ ۗ مَنْ يَفْعَلْ مِنْ ذَٰلِكُمْ مِنْ شَيْءٍ ۗ سُبْحَانَ اللَّهِ وَتَعَالَىٰ عَمَّا يُشْرِكُونَ (الروم- ٤٠)³⁴

³¹ Al-Quran 2: 29.

³² Al-Quran 6:101.

³³ Al-Quran 6:102.

³⁴ Al-Quran 30: 40.

“Allah is He who created you, then provides for you, then makes you die, then brings you back to life. Can any of your idols do any of that? Glorified is He, and Exalted above what they associate.”

The *Rizq* is sent down from Allah to the creations, including humans and livestock. There are many verses in Quran which reinforce this reality to strengthen the creed of a Muslim, so he participates in economic activity to find the *Rizq* preordained for him but ultimately depends upon Allah’s Will and Power and so puts his complete trust in Him to attain the provisions of life;

اللَّهُ الَّذِي خَلَقَ السَّمَاوَاتِ وَالْأَرْضَ وَأَنْزَلَ مِنَ السَّمَاءِ مَاءً فَأَخْرَجَ بِهِ مِنَ الثَّمَرَاتِ رِزْقًا لَكُمْ ۗ وَسَخَّرَ لَكُمْ الْفُلْكَ لِتَجْرِيَ فِي الْبَحْرِ بِأَمْرِهِ ۗ وَسَخَّرَ لَكُمْ الْأَنْهَارَ (إبراهيم: ٣٢)³⁵

"Allah is He Who created the heavens and the earth, and sends down water from the sky, and with it produces fruits for your sustenance. And He committed the ships to your service, sailing through the sea by His command, and He committed the rivers to your service.”

In another chapter, *Surah Al-Namal* the same concept has been mentioned in other words as following;

أَمْ مَنْ خَلَقَ السَّمَاوَاتِ وَالْأَرْضَ وَأَنْزَلَ لَكُمْ مِنَ السَّمَاءِ مَاءً فَأَنْبَتْنَا بِهِ حَدَائِقَ ذَاتَ بَهْجَةٍ مَا كَانَ لَكُمْ أَنْ تُنْبِتُوا شَجَرَهَا ۗ أَلَيْسَ مَعَ اللَّهِ ۚ بَلْ هُمْ قَوْمٌ يَعْدِلُونَ (النمل: ٦٠)³⁶

“Or, who created the heavens and the earth, and rains down water from the sky for you? With it We produce gardens full of beauty, whose trees you could not have produced. Is there another god with God? But they are a people who equate.”

Also, in *Surah Al-Dharyyat*, Allah (swt) mentioned the reality of ones’ *Rizq* or livelihood being provided from the heavens;

وَفِي السَّمَاءِ رِزْقُكُمْ وَمَا تُوعَدُونَ (الذاريات: ٢١)³⁷

“And in the heaven is your livelihood, and what you are promised.”

Based on these verses in the *Quran*, a Muslim believes in the ultimate creation of Allah and also that He alone is running the affairs of the universe and His decree is final in executing decisions on the matters of *Rizq* (provisions of life). He mentioned in the *Quran* on numerous occasions that He has absolute control and

³⁵ Al-Quran 14: 32.

³⁶ Al-Quran 27: 60.

³⁷ Al-Quran 51: 21.

eternal power on *Rizq* for every single human being and according to one *Hadith* narrated by Abdullah Ben Masood, this amount of provisions and span of life has been written for everyone even before he/she was born. The wording of the *Hadith* is as following;

إِنَّ أَحَدَكُمْ يُجْمَعُ خَلْقُهُ فِي بَطْنِ أُمِّهِ أَرْبَعِينَ يَوْمًا نَظْفَةً، ثُمَّ يَكُونُ عِلْقَةً مِثْلَ ذَلِكَ، ثُمَّ يَكُونُ مَضْغَةً مِثْلَ ذَلِكَ، ثُمَّ يَبْعَثُ اللَّهُ إِلَيْهِ مَلَكًا، وَيُؤَمِّرُ بِأَرْبَعِ كَلِمَاتٍ، وَيُقَالُ لَهُ: اكْتُبْ عَمَلَهُ، وَرِزْقَهُ، وَأَجَلَهُ، وَشَقِيًّا أَوْ سَعِيدًا؛ ثُمَّ يُنْفَخُ فِيهِ³⁸

“Indeed every one of you born in the womb of his mother 40 days as drop of water, then 40 days as embryo, then 40 days as a lump of flesh. Then Allah (swt) sends down an angel with an order to write for him four things; his action (deed), Rizq (provisions of life), life-span and whether he from the people of Paradise or Hell-fire.”

Allah has taken the responsibility of creating the resources for sustenance and provisions for all forms of life, not only for mankind. As is mentioned in the following verse of *Surah Hud*;

وَمَا مِنْ دَابَّةٍ فِي الْأَرْضِ إِلَّا عَلَى اللَّهِ رِزْقُهَا وَيَعْلَمُ مُسْتَقَرَّهَا وَمُسْتَوْدَعَهَا كُلٌّ فِي كِتَابٍ مُبِينٍ (هود: ٦)³⁹

“There is no moving creature on earth, but its sustenance depends on God. And He knows where it lives and where it rests. Everything is in a Clear Book.”

Also it has been mentioned regarding the earth, and more precisely natural and economic resources attained from therein that these are available in a sufficient enough amount for all people. Allah (swt) said in *Surah Al-Ara'af* as following;

وَلَقَدْ مَكَّنَّاكُمْ فِي الْأَرْضِ وَجَعَلْنَا لَكُمْ فِيهَا مَعَايِشَ ۗ قَلِيلًا مَّا تَشْكُرُونَ (الأعراف: ١١)⁴⁰

“We have established you firmly on earth, and made for you in it livelihood-but rarely do you give thanks.”

Also, in *Surah Fusilat* as following;

قُلْ أَنْتُمْ لَتَكْفُرُونَ بِالَّذِي خَلَقَ الْأَرْضَ فِي يَوْمَيْنِ وَتَجْعَلُونَ لَهُ أَنْدَادًا ۗ ذَلِكَ رَبُّ الْعَالَمِينَ ۚ وَجَعَلَ فِيهَا رَوَاسِيَ مِنْ فَوْقِهَا وَبَارَكَ فِيهَا وَقَدَّرَ فِيهَا أَقْوَاتَهَا فِي أَرْبَعَةِ أَيَّامٍ سَوَاءً لِلنَّاسِ لَيْلِينَ (فصلت: ١٠، ٩)⁴¹

³⁸ Muḥammad bin Isma'īl Al Bukhārī, Al Jāmi' al Shaḥīḥ, Book of Beginning of Creation, Chapter of The reference to angels, (Beirūt: Dār Tawq al Nijāh, 1422H), Ḥadīth # 3208.

³⁹ Al-Quran 11: 6.

⁴⁰ Al-Quran 7: 11.

“Say, “Do you reject the One who created the earth in two days? And you attribute equals to Him? That is the Lord of the Universe.” He placed stabilizers over it; and blessed it; and planned its provisions in four days, equally to the seekers.”

Therefore, *Rizq* (provisions of life), according to an Islamic economic system, is a creation of Allah and He is the one who distributes it among the human beings based on His Will, Power and ultimate Wisdom for the benefit of people. The scarcity of resources as explained in conventional economics is not a major issue in Islamic economics. The major problem is the behaviour of the humans which cause the use of resources in a wasteful and wrongful method. Allah (swt) created resources in perfect sufficiency and considerable abundance. He preserved the treasures in the land in the form of mines, forests, coal, oil and gas and other sources of power and energy for all mankind. It thus depends upon how humans employ these resources to benefit themselves and how they behave as vicegerent of God. It is the responsibility of Man to strive to explore the means of production and exploit these natural resources to fulfil the material needs and realize the objective of social and economic well-being in the society. This commandment has been mentioned in the *Quran* and *Sunnah* as in the following;

أَجْمِلُوا فِي طَلْبِ الدُّنْيَا، فَإِنَّ كَلًّا مُيسِّرًا لِمَا كُتِبَ لَهُ مِنْهَا (الحاكم: ٢١٣٣) و صححه
الباني في صحيح الجامع⁴²

“Do your best to find your worldly sustenance, what has been decreed for everyone it is made easier for him.”

The abundance of sustenance and sufficiency of resources to satisfy the needs of people are related with piety and righteousness which is *Taqwa*. It is the consciousness of Allah and sense of accountability before Him are included *Taqwa*. It is the most significant characteristic of a believer that someone has equipped him/herself with *Taqwa*. The word *Taqwa* is a derivative of *Waq* which means protection, i.e. to protect oneself from the Fire and Wrath of Allah by following His Commandments and abandoning the prohibitions of *Shari'ah*. It also means to seek the pleasure of Allah and avoid His anger. If the majority of the people are following this path of guidance, piety and righteousness then Allah will shower His blessings and bounties in the form of peace, stability, abundance of sustenance and economic prosperity. As Allah (swt) mentioned in *Surah Al-Ara'f* in the following words;

⁴¹ Al-Quran 41 :9 - 10.

⁴² Al-Bani, **Sahih Al-Jamie**.

وَلَوْ أَنَّ أَهْلَ الْقُرَىٰ آمَنُوا وَاتَّقَوْا لَفَتَحْنَا عَلَيْهِم بَرَكَاتٍ مِّنَ السَّمَاءِ وَالْأَرْضِ وَلَٰكِن كَذَّبُوا
فَأَخَذْنَا هُمْ بِمَا كَانُوا يَكْسِبُونَ (الأعراف-٩٦)⁴³

“Had the people of the towns believed and turned righteous, We would have opened for them the blessings of the heaven and the earth; but they rejected the truth, so We seized them by what they were doing.”

On the other hand, when the majority of people are not following the straight path, the path of guidance, keeping in mind the commandments and prohibitions of the *Shari'ah* in their private and social lives and instead follow their satanic and lavish desires. They earn their money in a *Haram* way by doing injustice to others and dealing with *Riba* and subsequently, their economic life becomes miserable. They don't enjoy peace of mind or satisfaction of their basic needs and subsequently a pleasant and contented living in the worldly life. They face devastating hunger, miserable poverty, painful calamities and many other problems. As Allah (swt) mentioned in *Surah Taha* in the following verse;

وَمَنْ أَعْرَضَ عَن ذِكْرِي فَإِنَّ لَهُ مَعِيشَةً ضَنْكًا وَنَحْشُرُهُ يَوْمَ الْقِيَامَةِ أَعْيَىٰ (طه-
١٣٤)⁴⁴

But whoever turns away from My Reminder, for him is a confined life. And We will raise him on the Day of Resurrection blind.

In *Surah Al-Nahl*, Allah (swt) mentioned this in another way by giving the example of a town where the people of the town were living with peace, stability, economic prosperity and abundance of sustenance. However, when they refused to follow the prophet and denied the teachings of the *Shari'ah* by following the way of Satan and being unthankful to the blessings of Allah (swt), they began to struggled with hunger, poverty and fear.

وَضَرَبَ اللَّهُ مَثَلًا قَرْيَةً كَانَتْ آمِنَةً مُّطْمَئِنَّةً يَأْتِيهَا رِزْقُهَا رَغَدًا مِنْ كُلِّ مَكَانٍ فَكَفَّرَتْ
بِأَنعَمِ اللَّهِ فَأَذَاقَهَا اللَّهُ لِبَاسَ الْجُوعِ وَالْخَوْفِ بِمَا كَانُوا يَصْنَعُونَ (النحل:١١٢)⁴⁵

“And God cites the example of a town that was secure and peaceful, with its livelihood coming to it abundantly from every direction. But then it turned unappreciative of God's blessings, so God made it taste the robe of hunger and fear, because of what they used to craft.”

⁴³ Al-Quran 7: 96.

⁴⁴ Al-Quran 20: 134.

⁴⁵ Al-Quran 16: 112.

So, it is not only the example of a mere town, but it can be extended to all towns, cities, countries, and by extension, economies of the world. It is the criterion through which people gain peace, security and economic prosperity and how they face hunger, poverty and miserable livings in a human society.

The concept of relative scarcity of the economic resources can also be discussed in the light of *Quranic* verses. As it has been mentioned before that all the resources are the creation of Allah and Man has no concern in the production of land and its natural resources. Whether these economic resources have been created without any limits or bounds, in absolute abundance or within some measure or estimate it is called *qadar*. On numerous occasions it this has been mentioned the *Quran* that Allah (swt) has created these resources with acute precision. For example, in *Surah Al-Qamar* Allah said;

إِنَّا كُلَّ شَيْءٍ خَلَقْنَاهُ بِقَدَرٍ (القمر-٤٩)⁴⁶

“Everything We created is precisely measured.”

Also, in another chapter of the *Quran*, *Surah Al-Mminun* Allah (swt) has mentioned this reality in the following words;

وَأَنْزَلْنَا مِنَ السَّمَاءِ مَاءً بِقَدَرٍ فَأَسْكَنَّاهُ فِي الْأَرْضِ وَإِنَّا عَلَىٰ ذَهَابٍ بِهِ لَقَادِرُونَ
(المؤمنون-١٨)⁴⁷

“And We sent down water from the sky in proper quantity, and settled it in the ground, and We are Able to take it away.”

In *Surah Al-Hajr* in these words;

وَإِنْ مِنْ شَيْءٍ إِلَّا عِنْدَنَا خَزَائِنُهُ وَمَا نُنزِّلُهُ إِلَّا بِقَدَرٍ مَعْلُومٍ (الحجر-٢١)⁴⁸

“There is not a thing but with Us are its stores, and We send it down only in precise measure.”

It is easy to draw from the verses mentioned above that the concept of relative scarcity from conventional economics is not absent in Islamic economics. Islamic economics acknowledge the limitations and bounds of these resources but, more emphatically, it suggests that scarcity is concerned with the behaviour of humans, how they use these resources and how they behave to accumulate the wealth and how they spend it. If the principles of *Shari'ah* as mentioned in the *Quran* and *Sunnah* are followed by humans in their private and public life, in particular obligation of *Zakah*, prohibition of interest, gambling, speculation, cheating, hoarding and such other *Haram* economic activities are avoided, then relative scarcity is not a big issue. Concentration of wealth through an interest-based

⁴⁶ Al-Quran 54: 49

⁴⁷ Al-Quran 23: 18.

⁴⁸ Al-Quran 15: 21.

financial system, unjust distribution of income and wealth, immoral economic activities, exploitation of the weak and poor segments by rich and of the society are some examples of what may lead to economic problems in the global economy. The Islamic economic system lays down the foundations of moral values, piety and righteousness, sense of accountability and the concept of eternal *falah* and final success apart from the worldly enjoyments and materialistic well-being of all the society.

Conclusion:

In this research paper, the traditional concept of the economic problem in conventional economic systems has been discussed from an Islamic economic perspective. We can conclude that the economic problem is not related to the scarcity of resources and multiplicity of human wants, as is represented by the traditional viewpoint in secular economics. More specifically, it is the secular behaviour of humans which is based on excessive reasoning, immoral economic activities, irreligious perspective of human life, enormous greed, conspicuous desire of lavish style of living, ignoring the rights of the weak partners and poor segments of society, concentration of wealth and interest-based financial system which create wider economic disparities and are thus some of the major causes of the issues in the global economic system. Although, economic resources are not in absolute abundance, they are a considerable enough amount to suffice the general materialistic needs and help realize the social and economic well-being of society. It is the Islamic economic system that is based on Islamic ideology, the creed of *Tawhid* and accountability in the hereafter that will help people change their economic behaviour and control their desires and shape their economic activities to achieve the goal of economic prosperity, equitable distribution of wealth, peace and security, economic well-being and social welfare in the society on a wider basis.