

ESTABLISHING
A NEW WORLD MONEY ORDER

KEY ELEMENTS OF ISLAMIC ECONOMICS

The Times Higher Education Supplement

21 October 1977

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Key elements of Islamic economics

Labour

The economic system of Islam is based on the assumption that if a man is given the chance to apply his labour/skill/intelligence to economic activity he will always be able to get the basic necessities of life. If a man is incapable of work, society and State must help and support him. If a man is able and willing to work but cannot find a job, it is the responsibility of the State to provide him with one.

Land

Ownership of land is conditional on its use. The individual does not "own" the land; it is in trust from Allah. He is responsible for the use and abuse of this trust. The size of land-holding is limited not by a uniform arbitrary ruling but by the extent of actual cultivation on the part of the tenant by himself and with the help of hired labour.

Property

Private property, in so far as it is permissible, is as sacred and inviolable as the life of the owner. Islam considers the abolition of private property or its quantitative limitation by fixed ceilings against human nature.

Hoarding

Islam forbids hoarding of commodities of any kind, particularly food, if the aim is the creation of an artificial scarcity and rise in prices. All methods of creating artificial price increases are condemned in the severest terms. Price control by State authorities is also ruled out.

Zakah

Zakah is usually translated as "the poor tax". This is in fact wrong as *Zakah* is not solely for the poor, nor is it a tax; although the Islamic State collects it, it does not levy or impose it. It is a spiritual due required of all Muslims. Payment of *Zakah* is a duty which is laid on all property.

Interest

Islam forbids all transactions involving interest of any kind. The Koran has laid down strict injunctions with regard to interest: "Those who swallow usury cannot rise up. . . . Allah permitteth trading and forbids usury. . . . As for him who returneth (to usury) such are rightful owners of the Fire",

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Khursid Ahmad on a
research centre which will
propose Muslim solutions
to the world's economic
difficulties

If crisis in a science means its continued inability to meet the challenges that confront it, then few would disagree that economics is in the throes of a deep crisis. The phoenix-like rise of macro-economics from the charred debris of the crash of the 1930s generated a new confidence among economists. Solutions to almost every problem seemed within sight. All looked green in the valley of economics.

The confidence was short-lived. Not only did the old problems remain unsolved. New ones emerged with threatening overtones: mass poverty; frustrated take-offs in development; increasing disparities at regional, national and international levels; coexistence of hunger and affluence; irrational use of non-renewable resources; incongruity between technology and developmental needs; unsuitability of production and consumption processes to environmental needs; exploitation of the poor and the weak by the rich and powerful; inflation and stagflation; structural deformities in relations between developed and developing countries.

All these and many more problems have failed to be tackled within the framework developed by post-Keynesian economics. This is being realized even by those economists who had earlier thought that their sophisticated economic models would be able to deliver the goods.

The predicament of economics has been searchingly examined in a new book *Economics in the Future: Towards a new Paradigm* (editor Kurt Dopfer; contributors: Jan Tinbergen, Harvey Leibenstein, Sir Roy Harrod, Gunnar Myrdal, William Kapp and Shigetso Tsuru. London: Macmillan, 1976).

The near-consensus that emerges is that what is needed to salvage "the duck of economics", to use Veblen's analogy, from the "tangled weeds" in which it is struck at the bottom of a rubbish-ridden pool, is not just some new interpretation of this or that economic theory or some changes within the current paradigm of economics; but a new paradigm under which economic

problems can be approached not as economic problems in isolation but in the context of an entire social system.

This argument constitutes a point of departure for the Muslim economist. Islam is not a religion in the limited sense of the word, interested only in man's salvation in the life to come. Human life is looked upon as an organic whole and its problems are approached not in a mechanistic way, but in the light of the moral values and social ideals that Islam expounds.

The purely positivistic vision of the social sciences developed in the West becomes obsolete in this new context. Man is treated as the possessor of a moral personality, not just a complex of molecules.

Outside the Muslim world the social sciences have followed almost unreservedly the model of the natural sciences with the result that technocratic solutions are being imposed in the name of science.

Muslim economists believe that reorientation of approach and a reconstruction of the entire framework for economic analysis and policy is needed to harness economics once again to the service of humanity. During the last 50 years over 800 books and articles have been written by Muslim economists articulating different aspects of the new paradigm they want to develop.

In February 1976, the First International Conference on Islamic Economics was held in Mecca under the chairmanship of Dr Muhammad Omar Zubeir, the leading Arab economist who is President of King Abdul Aziz University. The conference was attended by 200 leading Muslim economists from all over the world.

Thirty-five papers were presented on such subjects as the nature of Islamic economics; problems of pricing; consumption, distribution and growth in an Islamic economy; the establishment of an interest-free economy; and the development of economic cooperation among Muslim countries.

The conference resolved that an International Centre for Research on Islamic Economics should be established to continue its work. King Abdul Aziz University accepted the proposal and has now established the centre under the chairmanship of Dr Hasan Balkhi. Another leading Muslim economist, Dr Anas Zarga, is to help the centre in its initial phase. Dr Muhammad Saqr, from Jordan, and Dr Umar Chapra, from Pakistan, are among others acting as advisers. Dr Zubeir remains the moving spirit behind the entire scheme.

Behind the entire scheme.

The main objective of the centre are:

To initiate, sponsor and coordinate research on different aspects of Islamic economics. This includes the development of a more rigorous Islamic critique of contemporary economic theory and policy, an evaluation of the present world economic situation and reconstruction of economic theory and socio-economic policies all the light of the values and principles of Islam.

To build a data bank for the Muslim countries and sponsor research on the prospects of economic cooperation between them.

To produce text books and other educational medium on Islamic economics and promote the teaching of Islamic economics over the Muslim world.

To sponsor doctoral and post-doctoral research on themes of Islamic economics in different academic centers of the world.

To establish a library and documentation centre on Islamic economics and make arrangements to share these facilities with scholars interested in Islamic economics all over the world.

The centre plans to hold an International seminar on monetary and fiscal economics of Islam in April, 1978. Twenty Scholars will present papers to this seminar. The themes have been published in Monetary and Fiscal economics of Islam: an outline of Some Major Subjects for Research, produced jointly by King Abdul Aziz University and the Islamic Foundation, Leicester.

The long-term aim of the centre is the formulation of an economic model which will rely neither on exploitative capitalism nor inhuman socialism.

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