



## **What do You Know about Islamic Economics?**

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# Chapter 1

## What do You Know about Islamic Economics?

The first edition of this booklet was published in the month of Ramadan of 1410 A.H./April 1990 AD by the Imamia Center, Inc., of Lanham, Maryland, U.S.A. The author, who was born in al-Kadhimiyya, Baghdad, Iraq, on March 1, 1935 and was tortured to death by tyrant Saddam Hussein on April 9, 1980, has written a number of books the most famous of which are: *Iqtisaduna* (Our [Islamic] Economics) and *Falsafatuna* (Our [Islamic] Philosophy).

The Translator has translated four titles written by al-Sadr: In addition to this one, he also translated *A General Outlook at Rites*, which was published in 1979, *Contemporary Man and the Social Problem*, which was published in 1980, both titles having been published by the World Organization for Islamic Services (WOFIS) of Tehran, Iran, and *The General Bases of Banking in the Muslim Society* which was published in Maryland, U.S.A., in 1981.

## Preface

### In the Name of Allah, the most Gracious, the most Merciful

People have increasingly been, for quite some time, demanding to get the series of “The Islamic School” out, and the dear readers have been insisting that I must issue a new series for them.

I have been reluctant to respond to such requests due to my desire to focus my efforts on finishing the second volume of *Iqtisaduna* (“Our [Islamic] Economics”). The publication of this latter book has been the reason behind the increasing demand that I should issue a brief series explaining and simplifying the book’s researches so that they may become accessible and comprehensible by a larger number of readers.

On this basis, I have written this series, taking special pains to make it simple, avoiding the level of precision and depth which I retained while researching “Our Economics.” On numerous occasions, I have preferred to explain an idea rather than describing its precise form, since the latter is already available in our detailed books.

While introducing this series to its readers, I shall first try to summarize its ideas for them and provide them with a table of contents which ought to help them comprehend it and follow its chapters.

This series includes raising one question and the attempt to answer it. The question is: “Does an economic doctrine exist in Islam?”

In this series, we shall gradually answer this question in the affirmative. After we raise the question, we will be busy explaining it and everything relevant to it. After that, we shall study the answer in the light of our comprehension of Islam, supporting it with proofs and discussing any objections to it.

## Explaining the Question

What we mean by discussing the economic doctrine is finding a method to regulate the economic life according to the principle of equity. When we inquire about the economic doctrine in Islam, we express our desire to know whether or not Islam has brought a way to regulate the economic life as capitalism, for example, has brought forth the principle of “economic freedom,” using it as its own general outline in regulating the economic life.

## **Our Need for Raising the Question**

Our need to put forth such a question springs from numerous reasons among the most significant of which is probably Islam's rejection of capitalism and Marxism, the two systems that rule the world nowadays. Islam's negation of both of these systems obligates the Muslim individual to expect Islam to bring a substitute for them to regulate the economic life, since the Muslim society cannot do without a method for such organization, no matter what form it may have.

## **Misunderstanding the Question**

Having laid the question down, clarified it and explained its significance, we explicate the error some people make while trying to understand this question without making a distinction between the “economic doctrine” and the “science of economics” in Islam. What we really mean here is the economic doctrine, not the science of economics.

## How to Distinguish Between the Doctrine and Science

In order to avoid misunderstanding this question, we shall elaborately explain the difference between the economic doctrine and the science of economics. In fact, the difference between them is significant. The economic doctrine, as we have come to know, takes upon itself to discover a method for the regulating of the economic life according to the principle of equity. As for the science of economics, it does not provide a method for such regulating; rather, it derives its approach from the followed paths of societies, studying their outcomes and consequences, just as the naturalist studies the results and effects of, say, heat generating.

## Example for the Difference Between Doctrine and Science

We shall use many examples to explain the difference between the economic doctrine and the science of economics. The capitalist creed, for example, regulates the economic life upon the basis of the principle of economic freedom; therefore, it regulates the market upon the basis of the sellers' freedom to determine the price of their goods. The science of economics does not attempt to bring forth another method for regulating the market; instead, its role is to study the market's condition in the shade of the capitalist method, researching the fluctuation, fixing, rising or falling of prices in the free market as regulated by the capitalist method.

The doctrine, therefore, finds a method for regulating economics, according to its concept of equity, while the science of economics studies the results of such a method when it is imposed on the society.



## Emphasizing that Islamic Economics Comprise a Doctrine

After putting forth several examples explaining the differences between doctrine and science, we shall emphasize the fact that by the economic doctrine, whose existence in Islam we have been questioning and answering in the affirmative, we do not mean here the science of economics. As a religion, Islam does not have to discuss the sciences of economics, astronomy, mathematics, etc. We mean by it, rather, the economic doctrine itself.

Our research and inquiry are about whether Islam provides a method for regulating the economic life, not whether Islam undertakes upon itself to conduct a scientific study of the available means and methods of economics contemporary to its advent and of their results. Such is the task of scientists of economics, the economists.

The series arrives, after that, at an explanation of the viewpoint regarding the answer, deriving the accurate concept from the Islamic legislative system (Shari'a) which absorbs and incorporates different fields of knowledge. We prove this even by the very nature of Shari'a and its sources. After that, we shall dispel some doubts cast about the belief in the existence of the Islamic economics, and we shall answer these, too.

In particular, I would like to refer to the allegation which says that Islam has brought ethical principles, and that it did not bring an economic system to regulate life; so, it is allegedly a mere preacher, not a system maker. We will explain how this charge capitalized on the ethical aspect of Islam and used it to overshadow the characteristics of its social organization despite the fact that Shari'a has indeed tackled both fields.

It has, as a religion, applied the ethical aspect in order to ethically nurture the individual Islamically, and it has practiced the social organization as a system chosen by God for all the human family.

This briefly sums up this discussion and its subject-matters. The details of these researches and subject-matters follow.

## Is There an Economic System in Islam?

Probably the most persistent question which occupies many minds, one which is repeated on every tongue and is recurrent with every problem through which the nation passes as long as it exists, is the question regarding the economic doctrine in Islam; so, is there any economics theory in Islam? Can we find a solution for this polar contradiction between capitalism and Marxism, which is dominating the world nowadays, through a new substitute derived from Islam and extracted from its method of legislation and organization? What is the extent of the potential of this new Islamic substitute in providing a good standard of living, in carrying out its message to the nation which is suffering nowadays from a severe doctrinal dilemma within the tumultuous torrent of such intense conflict with capitalism and Marxism?

Contemplating on this new substitute, or wondering about its reality and Islamic context, is **not** an intellectual luxury a Muslim relishes; rather, it is an expression of the disappointment of the Muslim individual with both contesting wrestlers and a manifestation of his own reaction to their failure throughout the various experiences he has lived, the failure of the combating wrestlers, capitalism and Marxism, in filling the Muslim nation's doctrinal and ideological vacuum.

Contemplating on the Islamic substitute, or inquiring about it, in addition to the indication of the disappointment of the Muslim individual with the contesting wrestlers, reveal a new trend towards Islam, and all in all they reflect an Islamic consciousness which has begun crystallizing and taking various intellectual levels in the minds of many people, each according to the extent of his readiness and degree of response to Islam.

The seeds of an Islamic consciousness manifest their existence in the minds of a large number of people on the level of raising questions about Islam, in the minds of others on the level of an emotional inclination towards it, and in yet other minds on the level of believing in it and in its rightly-guided leadership, in all spheres; it is their very belief in life itself.

Islamic consciousness, which is stirring now in the minds of the Muslim nation on various levels, is the one that once laid the question,

and inspired the answer in favor of Islam. On other occasions, it was embodied as a giant conscious belief planted in the right soil of the nation's minds, the soil that represents Islam among Muslims.

On the other hand, the Islamic faith itself forces Muslims to lay this question down to the faith or to its *'ulema* (theologians) who represent it, asking them to provide the better substitute for both contesting opponents, capitalism and Marxism. Islam declares very clearly in the Holy Qur'an, in the legislative texts of the Shari'a, and through all other vehicles of media at its disposal, that it opposes both capitalism and Marxism.

Naturally, it is responsible for defining a positive situation, besides that negative one, to lead us to another path with whose viewpoint and general structure it agrees. The negative attitude, when separated from a constructive response which outlines its objectives and defines its pathway, means the retreat from life's battlegrounds and the final social disintegration, not merely subscribing to a new ideology.

Since it does not approve to be included within the frameworks of capitalism, socialism and Marxism, Islam, then, has to provide an alternative, or at least lead us to one. It becomes only natural for Muslims, who have come to know Islam's negative attitude towards capitalism and Marxism and its disapproval of them, to inquire about the extent of Islam's might and ability to provide this alternative, and the extent of success which we may attain if we are to be satisfied with Islam itself, inspired thereby to derive an economic system.

Our answer to all of this is: Islam is capable of providing us with a positive stance rich in legislative characteristics, general outlines and detailed canons from which a complete economic system can be formulated, one which differs from all other economic doctrines in its Islamic framework, divine link and harmony with humanity, all humanity, in its spiritual and materialistic spheres and dimensions of both time and place.

This is exactly what we shall witness in the forthcoming researches.

## What Sort of Islamic Economic System is it?

What do we mean by saying that there is an economic system in Islam? What is the nature of the Islamic economic system about which we inquired at the beginning of this study, emphatically asserting its existence and our belief therein?

This is exactly what we have to start explaining before anything else because when we claim that there is an economic system in Islam, we cannot seek to confirm such a claim unless it is defined and made comprehensible, and unless we explain to the reader the meaning which we render to this "Islamic economic system."

We mean here the economic doctrine, not the science of economics. The Islamic doctrine is but an attempt to seek a method which is compatible with a certain concept of equity in order to regulate the economic life accordingly.

By using the term "Islamic economic system," we do not necessarily refer to any particular scientific research in economics. This sort of definition of the Islamic economic system enables us to face the challenge of differentiating between the "economic doctrine" and the "science of economics."

As long as the Islamic economic system is an economic doctrine, not a science of economics, we must know with more clarity the meaning of the economic doctrine as well as that of the science of economics: What are their differentiating characteristics? If this is not made clear enough by illustrations, the identity of the Islamic economic system will remain shrouded with ambiguity.

When we, for example, describe someone as being an engineer, not a physician, we have to know the concept of "an engineer". What is his function? What is his education? What sort of job does he do? What is the difference (in function) between him and, say, a physician?

Only when we know the answers to all these questions can we for sure be able to ascertain the truth of the description of that individual and of his truly being an engineer, rather than a physician, etc.

Also, when it is said that the Islamic economic system is an economic doctrine, not a science of economics, we must understand the general concept of the economic doctrine as a whole and the function of the economic creeds, the nature of their formation and the differences between the economic doctrine and the science of economics, so that we may be able to know, in the light of all of this, the identity of the Islamic economic system and the fact of its being an economics creed rather than a science of economics.

In my judgment, the clarification of the identity of the Islamic economic system must be based on a complete differentiation between the economic doctrine and the science of economics, and on the realization of the fact that the Islamic economic system is a doctrine, a creed, not a science.

Such a clarification will help us a great deal in putting forth the claim that there is an economic system in Islam, and it undermines the premises upon which those who deny the existence of an economic system in Islam stand, exposing their confusion in this regard.

Upon this basis we shall attempt to conduct a general study of the economic doctrine and the science of economics, and the differences between them both.

## Economic Doctrine and the Science of Economics

Each one of us faces two sorts of questions in his everyday life and realizes the difference between them: For example, when we want to ask a father about the conduct of his son, we may ask him, "How *should* your son behave?" Or we may ask him, "How does your son *actually* behave?"

When we put forth the first question to the father, asking him how his son ought to behave in life, he will naturally derive his answer from the principles, ideals and objectives he holds as sacred and puts to practice. He may say, "My son ought to be brave, courageous, ambitious," or he may say, "He ought to be a true believer in his Lord, self-confident, ready to sacrifice his all for the sake of attaining righteousness and a sound belief."

But when we ask the same father the second question, in which we inquire about his son's actual behavior in life, he will not refer to his own principles and ideals in order to provide his answer; rather, he will answer it in the light of his own observations of his son's conduct. He may say, "He is behaving loosely, trading in his faith and is a coward when faced by life's problems."

The father derives his answer to the first question from the principles and ideals in which he himself believes, while he derives his answer to the second question from his own observations and evaluation of his son's conduct in life's arena.

We can use this example to explain the difference between the economic doctrine and the science of economics. In the economic life, we are encountered by two distinct questions, like the ones the father encountered when asked about his son's conduct; therefore, we may once ask: "How *should* the events go on in the economy's life?" while we may ask: "How events are *actually* going on in the economy's life?"

The economic doctrine deals with the first question; it answers it, deriving the answer from the principles and ideals in which it believes and from its concepts of justice, just as the father derived his answer to the first question from his own principles and ideals.

The science of economics, on the other hand, deals with the second question: It answers it as inspired by observation and experience. Just as the father answers the second question, basing his answer on his own observations of his son's conduct and on his experience with it, so does the science of economics fare: It explains the events of the economic life in the light of observation and experience.

Thus do we come to know that the science of economics discovers what actually occurs in the economic life of social and natural phenomena, discussing their causes and interrelations. The economic doctrine evaluates the economic life and outlines how it ought to be according to its own concepts of equity and the equitable method for regulating it. Science discovers, while doctrine evaluates. Science talks about what is already in existence and the reasons for its existence; a doctrine discusses what ought to and ought *not* to be.

Let us start with the illustrations which distinguish between the function of science and the role of the doctrine in discovering and evaluating.

## The First Example

Let us take the example of the link between the market price and the degree of demand:

We are all aware, from our everyday life observation, of the fact that when a commodity is more in demand and the public's desire to purchase it is increasing, its price will rise. If we author a book in, say, mathematics, and it is sold for  $\frac{1}{4}$  dinar, and if the ministry of education decides to use it as a school textbook, and if the students' demand for it increases, its market price will accordingly increase. So is the case with all other goods: Their prices are linked to the degree of market demand; when demand increases, price, too, will increase.

This link between price and demand is included in the calculation of both science and doctrine; but each treats it from its own particular angle. The science of economics studies it as a phenomenon which takes shape and is found in the free market, the market that is free of enforcement of pricing restrictions on goods by a higher authority such as the government.

It explains how this phenomenon takes shape as a result of the market's freedom, and it finds out the extent of the link between the price and the degree of demand. It explains whether the link between the price and the degree of demand is the same for all goods, or whether only some prices are affected when they are more in demand than others.

All of this is studied by science for the purpose of discovering all facts related to the phenomenon of the link between price and demand, and it explains what happens in the free market as the outcome of its own freedom, explaining all of that scientifically on the basis of methods of scientific research and regular observation.

In all of this, science does not add anything to the reality of the matter; rather, its main objective is the forming of a precise idea about what actually takes place, what phenomena result in the free market, and what relations exist among such links, the coining of laws which express such links, reflecting the exterior reality in the best possible and precise exactness.



As regarding the economic doctrine, it neither studies the free market in order to discover the outcomes of such a freedom and its effects on prices, and how the price is linked to the degree of the free market's demand, nor does it take upon itself to wonder why the price of a commodity in the free market increases when it is more in demand.

The doctrine does not do anything like that. It is *not* supposed to. It does not have the right to do so either because the discovery of the causes and effects, the shaping of realities into general laws which reflect and copy it, is the privilege of the science in whatever it possesses of means of observation, experiment and deduction.

This doctrine deals with the freedom of the market in order to evaluate such freedom and the results to which it leads and whatever happens to be the outcome of linking the price to the degree of demand which invades the market. What we mean by the evaluation of freedom and of its outcomes is to judge it according to the doctrine's own concept of equity, as each economic doctrine has its own general concepts of equity, hinging its evaluation of any line of the economic life on the degree of capability such line embodies of equity according, of course, to the doctrine's concepts thereof.

The freedom of the market, for example, when researched in the light of the doctrine, will not be dealt with as a *de facto* phenomenon which has its outcomes and scientific laws; rather, as an economic system which requires the testing of its own degree of equity.

The questions "What are the outcomes of the free market? How is the price linked therein to the demand? Why should each be linked to the other at all?" are all answered by the science of economics.

The questions "How should the market be? Does its freedom guarantee a fair distribution of goods and the fulfillment of needs in the manner enforced by social equity?" are all answered by the economic doctrine.

Accordingly, it is wrong to expect any economic doctrine to explain to us the extent of link between price and demand in the free market, and the laws of availability and demand economists discuss while studying the nature of the free market.

## Second Example

According to David Ricardo (1772 – 1823), if laborers' wages were free from any interference of a higher authority, such as a government officially controlling them, they would remain slightly above the level that would only sustain the laborers. If they increase above such a level, it would only be temporarily; soon they will go back to their sustaining level.

In his explanation of this theory, Ricardo says that if laborers' wages increase above the minimum sustaining level, it would only be temporarily; soon they will go back to their sustaining level. In his explanation of this theory, Ricardo says that if laborers' wages increase above the minimum sustaining level, they will lead to the laborers' increase in number due to the improvement in their living conditions, marriage and reproduction.

As long as the laborers' job is a commodity in the free market, where wages and prices are not restricted, it, too, will be subject to the same rule of availability and demand. If laborers increase in number, and the availability of jobs in the market is plentiful, their wages will decrease accordingly.

So, whenever prices increase above the level of subsistence, there will be factors which would once more force their decrease and return to their destined limit. When they decrease below such a limit, laborers' misery results; disease and death will prevail on them till their number decreases. When their number decreases, their wages will increase and go back to the level of subsistence because when there is a shortage and scarcity of a commodity, its price will rise in the free market. This is what Ricardo terms "the iron law of wages."

In such a "law", Ricardo discusses what actually takes place if there is a free labor market, discovering the stable level of wages within such a market, and the social and natural factors which interfere to fix and maintain such a level whenever the wage is liable to increase or decrease exceptionally. In fact, in his discussion of such a law, Ricardo answers the questions "What *actually* happens?" not "What *should* happen?" Because of this, his research enters the precincts of the science of

economics, as it aims at the discovery of what events actually take place and what laws govern such events.

The economic doctrine, on the other hand, when dealing with laborers' wages, does not aim at the discovery of what actually takes place in the free market. Rather, it finds out a method to regulate it, one which agrees with its own concept of equity. It discusses the basis on which wages ought to be regulated, researching the possibility of whether or not the principle of economic freedom fits to be the basis to regulate wages according to its own concept of equity.

Thereupon, we do not consider the function of the economic doctrine to be anything other than the definition of how the market ought to be regulated, according to its own concept of equity: Should it be regulated according to the principle of economic freedom, or on some other basis?

The science of economics studies the already-regulated market, basing its study on the principle of economic freedom, for example, in order to be acquainted with what events take place at the regulated market according to the same principle, how prices of commodities therein are fixed, how the laborers' wages are restricted, and how they increase or decrease. In other words, science discovers; doctrines evaluate and judge.

## Third Example

Let us take the third example of production, and let us define the angle from which the science of economics studies production according to the economic doctrine, so that we may be able to differentiate between both angles.

The science of economics studies the general methods of production which help the growth of production such as the distribution of labor, specialization, etc., comparing, for example, two projects which produce, say, wrist watches; each project contains ten laborers. Every laborer in each project is required to produce one watch. In the other project, labor is distributed; each laborer is entrusted to carry out one single step of the operation required to make the watch.

He repeats this sort of operation continuously, without participating in any other operation the watch has to go through during the manufacturing process. The scientific research in economics studies both of these projects, their relevant different methods, and the effects of each on production and on the laborer himself.

The science of economics also studies everything related to the economic production of natural laws, such as the law of the reason behind crop underproduction in agriculture which says that the percentage of increase in agricultural output of the land is less than that of its expense.[1] The science of economics studies all of this because it shows the discovery of facts on the economic level, as they take place, defining the factors which naturally affect production positively or negatively.

As regarding the doctrine, it deals with the following issues:

Should production remain free, or should it be subjected to a central planning by the State?

Should the increase in production be regarded as an essential objective, or should it be seen as a means towards a higher end?

If the increase in production is considered as means towards a higher end, what are the limits and frameworks enforced by the nature of that "higher end" on such means? Should the production policy be the basis for the regulation of distribution, or is it the other way around?

In other words, which one of them ought to be regulated for the sake of the other? Shall we regulate the distribution of wealth in the manner which would make production plentiful and help its growth, so that the production's interest would be the basis for distribution?

If the national interest requires the legislation of interest on commercial bonds in order to attract capital to the fields of production, should certain measures be undertaken in this regard and the distribution regulated according to the recognition of the capital's rightful share of the interest, or should we regulate the distribution of wealth according to the requirements of an equitable distribution, limiting production by methods and means which would agree with the requirements of an equitable distribution?

All of this is included within the limits of the economic doctrine, not the science of economics, because it is linked to the regulation of production and to how its general policy should be structured.

## Conclusion Derived From Previous Examples

From the previous examples, we can draw distinct lines between the science and the doctrine: the line of discovery and acquaintance with the secrets of the economic life and its various phenomena, and the line of evaluation and the discovery of ways to regulate the economic life according to certain concepts of equity.

Upon such basis can we distinguish between the scientific ideas and the doctrinal ones. The scientific idea revolves round the discovery of the reality, as it is, in an attempt to get acquainted with its causes, results, and links. It is like a scientific magnifying glass for the economic life. Just as one puts glasses on his eyes (for a better vision), he aims at seeing the reality, without adding to it or changing anything in it, so is the case of the scientific mode of thinking which assumes the role of laws and links. The general stamp of the scientific idea is "discovery".

As regarding the doctrinal idea, this is not a mirror that reflects the reality. Rather, it is a particular evaluation of the situation in the light of the general concept of the reality. The doctrine says: "This is what should actually take place."

## Science of Economics and Doctrine: History and Ethics

The difference which we have scrutinized between the science of economics and the economic doctrine, that is, between researching what already is and what ought to be, is similar to that between the science of history and the ethical researches. In its general policy, the science of history agrees with the science of economics. In the process of evaluation and assessment, the policy of ethical researches is similar to the economic doctrine.

People generally agree on making a distinction between the science of history and the ethical researches. They know that historians tell them, for example, the reasons which led to the downfall of the Roman Empire at the hands of the Germanic people, and the reasons which caused the crusades to erupt against Palestine and the failure of all of those crusades, the circumstances which contributed to the assassination of Julius Caesar while enjoying the zenith of his victory and glory, or those that led to the murder of and revolution against Othman ibn Affan, etc.

History studies all of these events, discovering their causes and interrelations to each other, the results they brought forth and the developments in various fields. As a science, it confines itself to scientifically discovering such causes, interrelations and results; it does not evaluate events ethically.

Within its scientific scope, history does not judge Caesar's or Othman's assassination to be ethically "right" or to be deviated from lofty moral ethics of conduct. Nor is it its job to evaluate the crusades or the invasion of Rome by the Germanics as being "just" or "unjust".

The evaluation of all of these events is linked to ethical researches. In the light of the ethical criteria of deeds can we judge, from the ethical viewpoint, that this deed is just or unjust, or that a certain norm of behavior is straight or crooked, deviated..., or whatever.

Just as the science of history describes a conduct or an event as it took place, the ethical researcher comes later on with his general criteria to evaluate; so does the scientist of economics describe the events of the economic life, and the promoter of the economic doctrine comes later on

to evaluate such events, defining the method on whose bases the economic life has to be regulated, all in accordance to the general concepts of justice and equality each one of these upholds.



## **Economics is Similar to any other Science**

What we have said, while discussing the function of the science of economics—indicating that it is confined to discovery alone, rather than to evaluation and assessment—is not restricted only to the science of economics. The basic function of all sciences is discovery.

There is no difference between the economists and physicists, nuclear scientists, astronomers, psychologists, etc. except that the first perform their function in man's economic field while the others perform this one: the discovering of facts, the latter's interrelations and the laws governing their various fields of external physical nature, or of the human nature.

The scientist researches natural physics, for e.g., studying various speeds of light, sound and other such matters, discovering their precise equations. The scientist deals with the atom, that is to say, the nuclear scientist studies the atom's structure, the number of its electrons and neutrons, and the laws governing its movement. The astronomer studies the large planets in the cosmos and the laws that regulate their orbiting. The psychologist studies mental vision, its psychological implications and the elements which affect it.

From his own particular angle, the economist discovers the laws of economic phenomena, whether or not they are natural, such as the phenomenon of crop underproduction, or social, such as the phenomenon of the rise or fall of prices in the free market according to the degree of demand. All of these, scientifically speaking, are discoveries, not evaluations.

## Difference is in Function, not Label

In the light of what has passed, you have come to know the fact that the difference between the science of economics and the economic doctrine stems from their difference in function. The function of the science of economics is to discover the economic phenomena and their interrelations, while the function of the economic doctrine is to find a way to regulate the economic life as it should be according to its own concepts of equity.

Upon such a basis, we realize the error of the attempts that aim at subjectively differentiating between the science of economics and the economic doctrine by simply saying that the science of economics deals with production and its laws and the elements which help its growth, while the economic doctrine deals with distribution, its regulations and the interrelations which rise among the society's individuals on its basis.

Such attempts are wrong because we have already seen from the previous examples—which we provided in order to differentiate between the science and the doctrine—that the economic doctrine deals with both production and distribution (refer to the third example above), whereas the science of economics deals with both distribution and production (refer to the first and second examples above).

The “iron law of wages,” as the second example explained, is a scientific law in spite of its relevance to distribution and the regulation of production. Based on economic freedom, or the basis of a central state supervision, it is considered as one of the issues of the doctrine in spite of its being a research in production.

It is wrong, therefore, to judge a research that deals with production as being “scientific,” while labeling it as “doctrinal” if it deals with distribution. The distinguishing mark between the scientific research and the doctrinal one is the relationship such a research has with either the world of reality or with that of justice and equity.

If the research deals with the economic life as it is in the world of reality, then it is “scientific,” but if it searches for justice and for means to effect such justice, then it is “doctrinal.” In other words, the link between

the concept and the “injustice” is the general mark of the doctrine which differentiates it from the scientific researches contained in the science of economics.

## Doctrine may be a Framework for Science

We have so far come to know that just as the science of economics deals with production, discovering the crop underproduction law, for e.g., it also deals with distribution, discovering a law such as that of the “iron law of wages.”

In spite of all of this, however, there is often a difference between the scientific research that deals with production and that which deals with distribution. Let us take the law of the crop underproduction and the iron law of wages as examples: The first law represents the scientific research in production; the second represents the scientific research in distribution.

If we study the crops underproduction law, we will find it to include one fact about agricultural production applicable to land in every human society, regardless of its economic doctrine. Land in the capitalist society, according to that law, decreases in producing crops in the same manner it does in the Socialist or Islamic society. This means that the crops underproduction law is not confined to the situation of one particular doctrine; rather, it expresses an absolute scientific fact.

As regarding the iron law of wages, which we explained in the second example, it discovers, as we have already seen, the fixed level of laborers’ wages in a society that enjoys economic freedom. It concludes by stating that in a society wherein freedom dominates, laborers’ wages always remain on the level of subsistence. If they rise or fall, for any reason whatsoever, they always go naturally back to that same level.

This law is scientific in nature, context and objectivity because it tries to discover the reality and to get acquainted with the movement and direction of wages as it takes place in the society. At the same time, it decides that such a fact is true only in the capitalist society in which economic freedom prevails, and it is not applicable to the society which is economy-gearred (to a certain direction), one wherein the government enforces restrictions on wages.

Capitalistic freedom is a precondition for the applicability of this scientific iron law of wages, that is to say, it is its general frame within the

range of which the iron law of wages is also applicable. This means that the law's context is scientific, and its general framework (which precludes its application) is doctrinal.

Most likely, the inability to distinguish between the context and the frame, or between the scientific law and its conditions, led to the claim that all distribution laws are doctrinal, and that science does not have to research distribution. Preconditioning a certain doctrinal frame for the scientific laws of distribution made those who put forth such a claim imagine that those laws are doctrinal in nature.

## Derived Conclusions

From the above, we reach these conclusions:

**First:** The science of economics and the economic doctrine differ in their basic function: The function of science is the discovery (and analysis) of the economic life and its phenomena as they exist in the world of reality, while the function of the doctrine is to find a way to regulate the economic life as it ought to be, according to its general concepts of equity. Science, therefore, tries to embody reality, while doctrine tries to embody equity.

**Second:** The science of economics deals with both production and distribution, while the economic doctrine deals with both production and distribution, and there is no basis for distinguishing between them (between the science and the doctrine) on the basis of the subject-matter by making production the concern of science while assigning distribution as the concern of the doctrine, because science and doctrine differ only in the task and method of research, not in the subject-matter.

**Third:** The laws of the science of economics, regarding production, express fixed facts applicable to various societies regardless of the economic doctrine they follow. As regarding the laws of the science of economics in distribution, these are conditioned to a certain doctrinal frame; that is, the economist preconditions the existence of a society which practices a certain kind of doctrine like capitalism and of economic freedom, then he tries to discover the laws and economic life of such a society.

## Doctrine Does not Apply Scientific Methods

From the previous analyses of both doctrine and science, we have come to know that the doctrine's function is to express the demands of justice, while science assumes the responsibility of discovering the economic events, as they occur, their causes and interrelations.

This difference in the basic function necessarily requires their difference in the methods of research. This means that the science of economics, as such, discovers what occurs in the world and in the society of everything related to the economic life, using the scientific methods of observation and experiment, monitoring the events the economic life is full of in order to derive, in their light, their interrelations and general laws.

Whenever there is a case to doubt, and the extent of its truth and reflections of reality are not known, the economist is capable of referring to the scientific criteria and to his own well-organized observations of successive events in order to discover the extent of the truth of such case and of its being a true reflection of the reality.

Both economist and naturalist are on the same footing in this aspect: When the naturalist desires to find out the degree at which water boils, he can scientifically measure the water's temperature as a natural phenomenon, observing the temperature when boiling starts.

When the economist desires to discover the sequence of famous crises which inflict the human society from time to time, he has to refer to the events of the economic life as they happened successively in order to determine the historical dividing line between one crisis and another. If he finds such a line to be the same in all crises, he will be able to define the cycle of such crises and in the end look for their causes as well as the factors that affect them.

Contrariwise, the economic doctrine cannot measure the subjects it deals with scientifically because it studies such subjects from the angle of equity and justice, trying to find a regulation method according to the demands of justice and equity.

Obviously, justice is different from the water temperature and boiling degree, and it is different from the economic crises and cycles, because the latter are *not* cosmic or social phenomena which can be observed subjectively or measured scientifically through the well-known means of experiment in the world. In the economic doctrine, it is not sufficient to look at facts and observe events scientifically in order to know what equity is in organization, as is the case with the economist who studies economic crises in order to know their cycle and code.

Let us take the issue of equity in distribution as an example:

There are some people who say that equity in distribution is achieved in the shade of a system that guarantees equality among all members of the society during austerity as well as during prosperity, and there are others who consider equality of freedom among the members of the society, instead of equality in sustaining them, to be the just basis for distribution, even if individuals practice their free right to variations in sustenance and the increase of the wealth of some over that of others, as long as they all enjoy the same freedom granted equally to each and every one of them.

There are also others who see that the equity of distribution is achieved through guaranteeing a general level of sustenance to all people, while granting them freedom outside the limits of such level, as does Islam.

Can equity of distribution be achieved? Is it equality in subsistence and wealth that matters, or is it the granting of everybody the freedom to practice various norms of economic activity, while limiting each person's share of subsistence according to the way he practices such freedom? Or is it according to a third method that lies between this and that?

If we want to know the answers to these questions, and to know the approach and concept of equity in as far as these means are concerned, we cannot use science to reach our objective simply because equity is not an external natural phenomenon like temperature or boiling which we can measure by applying our vision or touch or the rest of our physical senses, nor is it a social phenomenon such as economic crises in the capitalist society in order to be evaluated, observed and tested.



Science can surely assess individuals in order to determine the extent of their similarity or dissimilarity in physical or psychological features in order to decide whether it is fair to equate all of them in subsistence or not. Justice and truth are not subjective qualities that can be measured by science or by the senses in the way all bodily or natural phenomena are measured, felt, viewed, etc.

Take the example of the capitalist who believes that people are equal in their right to enjoy freedom even if their shares of subsistence vary, and the socialist who believes that all people are equal in their right to be sustained, and ask both of them this question: "Is there a thermometer for justice like the one for measuring temperature so that I may be able to know the degree of justice in a society where people's shares of freedom are equal even when their shares of wages and subsistence vary?"

Are the 'rights' enjoyed by the members of society a natural phenomenon which can be felt as we can feel their own colors, heights, intelligence, voice, etc., in order to study such rights through the use of scientific methods based on the senses or the experiment?"

The answer, of course, to these questions is a plain "No." Equity has no thermometer because it is not a phenomenon that can be realized through the senses or through observation; nor is the right of people to achieve it one of their own characteristics such as height or intelligence so that we may apply science to determine such right.

The conclusion we draw from this is that as long as it studies the issues from the angle of equity and truth, the doctrine can derive the method it prefers to use in regulating the economic life from its own concepts of equity, from the principles and ideals in which it believes, or from its general attitude towards life.

## The Islamic Economic System We Advocate

I believe that the previous research suffices to help us form an outlined concept of what the economic doctrine is all about and its relevance to the science of economics, the function of each, as well as the methods of research each applies. For this reason, we can now explain the nature of our concept of the Islamic economic system, what we mean when we emphasize the existence of economics in Islam, or when we refer to the Islamic economic system.

Islamic economics, as we have come to know at the onset of this research, comprise an economic doctrine, not a science of economics. When we say, "Islam produced an economic doctrine," we do not claim that Islam invented the science of economics. Islam did not come in order to discover the events of the economic life, its interrelations and causes; this is not its responsibility.

Nor is it responsible for uncovering for people natural laws, the cosmic phenomena, their interrelations and causations, etc. Just as religion does not necessarily have to contain astronomy and natural sciences, by the same token, it does not have to contain the science of economics.

Islam incorporates a system for regulating the economic life rather than for discovering one, and a system to provide the structure within which it has to be regulated, all in accordance with its own concepts of justice and equity. The Islamic economic system represents the Islamic viewpoint of equity and its method for regulating the economic life. It does not unveil scientific discoveries regarding the links and interrelations of the economic life as they actually take place. This is the meaning of saying that the Islamic economic system is a doctrine, not a science.

In other words, if Islam had come in order to narrate to us about the economic life in Hijaz (where Islam had set roots), and the reasons which cause the Hijazi society, for e.g., to increase the interest rate the lenders receive, then such a narrative would be scientific, one which deals with the science of economics.

But, instead of this, Islam has come to *evaluate* and consequently prohibit such an interest, regulating the relationship between capital and the

project's owner upon the basis of contracting instead of usury and interest; hence, Islam adopts the doctrinal position, not the scientific one.

When we clearly get to know the nature of Islamic economics to be an economic doctrine, not a science of economics, we can easily remove the largest obstacle in the way of believing in the existence of economics in Islam.

## What are the Greatest Obstacles?

The greatest obstacle on which many people rely in rejecting the concept of the Islamic economic system stemmed from the latter's inability to distinguish between the science of economics and the economic doctrine.

Whenever those who have not had the opportunity to differentiate between the science and the doctrine hear someone saying that there are economics in Islam, they soon retort: "How can there be economics in Islam when we cannot find researches by Muslim economists on par with Adam Smith, David Ricardo, and others?"

Islam did not tell us anything about the law of crop underproduction, nor the laws of availability and demand, nor has it brought forth a law similar to that of the iron law of wages, nor has it produced a theory regarding the analysis and scientific study of the value as was done by the scientists of economics.

How can we be required to believe in the existence of 'Islamic economics' when we all know that the researches in the science of economics were born and brought up to perfection during the last four centuries at the hands of the early pioneers of economics such as Adam Smith and those traders and naturalists who preceded him?"

Those who deny the existence of Islamic economics say all of this, assuming that we claim that Islam conducts scientific researches in economics.

Having come to know the difference between the science of economics and the economic doctrine, and that the Islamic economic system is a doctrine, not a science, there remains no need for the above stated denial to exist because the existence of the economic doctrine in Islam does not mean that Islam discusses for people the laws of availability and demand. Rather, it simply means that Islam has called for a distinct regulation of the economic life, defining the bases and pillars upon which such life has to stand.

The belief in the existence of Islamic economics in this light seems plausible rather than odd.

We will not start in this series (of “The Islamic School”) the study of the details of Islamic economics. When we study such details in the forthcoming series, *Insha-Allah*, we will provide you with the concrete proofs, from the Holy Qur’an and the Sunnah, for the existence of the doctrine in Islam. There is no proof for the existence of a thing better than bringing it before the senses, and this we intend to do in the forthcoming series, *Insha-Allah*.

Now, before we provide the proofs for the existence of the Islamic economic doctrine, and be acquainted with the places in the Holy Qur’an and Sunnah where it can be derived, we want to provide the proof for its existence from the nature of the Islamic Shari’a [legislative system] and our prior comprehension thereof.

## Inclusion and Absorption of Shari'a

The inclusion of Shari'a and absorption of all fields of life is one of its own fixed characteristics, not only through following its tenets in such fields, but also in emphasizing this fact in its general sources of derivation, too. We can find, in many such sources, texts which clearly emphasize the absorption of such Shari'a of and extension to all fields lived by man, and also of its being rich with its solutions for all problems in his path in various fields.

Observe these texts:

1) Abu Busayr, through the authority of Imam Ja'far al-Sadiq (Ú), narrated saying that the Imam talked once about the inclusion and absorption of Shari'a, and the knowledge of the Family of the Prophet (Õ) of all of that, saying, "It has the details of everything permissible and prohibited, and everything which people need to know, even the fine to be paid for the extremely tiny cut on one's cheek." Then he clasped his hands and said, "Do you permit me, O Abu Muhammed?" Abu Busayr answered, "May my life be sacrificed defending yours! I am yours to do whatever you please." The Imam (Ú) stretched his hand to the latter's cheek, slightly pinched it then said, "Even your [facial] cut this!"

2) In *Nahjul-Balagha*, the Commander of the Faithful Ali ibn Abu Talib (Ú), describing the Messenger of Allah (Õ) and the Holy Qur'an, said: "He (the Almighty) sent him (Muhammed) after a long period of time which had lapsed since a messenger was sent, and when the nations were sleeping sound, slighting even that who had a grievance. He came to testify (in his own personal conduct) to the truth which he brought forth, the light of guidance, the Qur'an! Ask it to speak; but it will not speak to you (since you do not belong to Ahl al-Bayt); but I can tell you about it: It contains news of the future, tales of the days of yore, the remedy for your ailments and the final judgment in your disputes."

All of these texts clearly emphasize the inclusion of the Shari'a of all aspects of life. If the Shari'a contains the solution for even the most trivial problem, such as the amount of monetary compensation to be paid by one who slightly pinches or scratches the facial tissue of another's cheek, then it becomes necessary, according to the logic of such texts, that the

Shari'a also contains the solutions for the economic problems, and a method to regulate the economic life; otherwise, how can it be called "inclusive" if it were to neglect one of the most significant and spacious aspects of life, one of its most important and complicated facets?

Can you imagine that the Shari'a, which determines the amount of compensation you should receive when someone very slightly scratches your skin, does not define your share of the produced wealth, nor does it regulate the contract between you and your employer, or with the capitalists, in various jobs which require an employee or a capitalist?

Is it conceivable that the Shari'a defines your right when you are very slightly cut while it does not do so when you bring life back to a barren land or extract a mineral or dig a well or take care of a forest?

Thus do we come to know that anyone who believes in the Shari'a and in its sources and texts is capable of deriving from such texts the solutions such Shari'a provides for the economic problems, its regulating of the economic field and, in the end, the existence of an Islamic economic system extracted from the Holy Qur'an and Sunnah.

In the light of these texts, the reader can come to know the error committed by some people who claim that the Shari'a regulates the conduct of the individual, not the society, and that the economic doctrine is a "social system"; therefore, it is beyond the limit of the Shari'a which confines itself to regulating the conduct of only the individual. The texts quoted above prove that such a claim is erroneous. These texts disclose the extension of the Shari'a to all fields of life, and that it regulates the life of both society and individual.

In fact, the claim that the Shari'a regulates the individual's conduct and not the society's is self-contradictory besides colliding with those texts because if both the individual's conduct and the regulating of this conduct are studied separately from those of the society, a grievous mistake will then be committed. The social system, which regulates the society's general aspects, be they economic or political, is embodied in the individual's own conduct; it is impossible to regulate the individual's conduct without regulating the society in which he lives.

Take a look at the capitalist system: As a social system, it regulates the economic life upon the basis of taking free economy as its principle. Such a principle is embodied within the conduct of the capitalist towards the laborer, and his way of making a work contract with him, in the conduct of the usurer with his customers whom the first lends the latter money on interest basis and in the way he conducts the interest contract with them, etc. Every social system, therefore, is linked to and directly affects the individual's conduct.

If the Shari'a regulates the individual's behavior, it, thereupon, has its own method in regulating his conduct when borrowing some money, or hiring a laborer, or working for someone else, and all of this is by necessity linked to the social system. Any separation between the conduct of the individual and that of the society in organization is certainly self-contradictory.

As long as we admit the fact that the Shari'a regulates the individual's conduct, and that it has a say in every act of man, as long as we admit all of this, we then have to carry such an admission to its conclusion and come to believe in the existence of a social system within the Shari'a.

I do not know what those who disbelieve in the existence of the Islamic economic system, or of the solutions to the economic problems in the Muslim society, say about the period of such an application during the dawn of Islam. Did not Muslims at the dawn of Islam live as a society that led an economic life and applied Islam in all its social activities? Was not the leadership of the Islamic society in the hands of the Prophet (ﷺ) and according to the tenets of Islam?

Did not that leadership possess defined solutions in dealing with its problems of production and distribution and various other economic problems? What if we claim that these solutions express Islam's way in regulating the economic life and, then, an economic doctrine in Islam?

If we conceive the Islamic society during the government of the Prophet (ﷺ), we cannot conceive it as lacking an economic system, because there is no society in the world without its economic system which regulates its economic life and the distribution of wealth among its members.



We cannot conceive the economic system during the period of the Prophet (ﷺ) to be separated from Islam and from the Prophet of Islam (ﷺ) who was the bearer of the Message and was entrusted with putting it to practice. The economic system, then, had to have been derived from his sayings, actions, or edicts; that is, it was derived from the texts of his sayings, actions, or methods in regulating the social work, since he was the Head of the State, or from his recognition and approval of a custom, or whatever. All of this stamps the economic system with its own Islamic stamp.

## Doctrines Need Molding

When we discuss the existence of an Islamic economic system, or an Islamic economic doctrine, we do not mean that we will find (directly in these texts) the same basic theories of the Islamic economic doctrine, in their general formulas. Rather, the texts and sources of legislation provide us with a large number of legislations which regulate the economic life and the relationship between man and his brother man in the fields of production, distribution and handling, such as Islamic codes regarding farming, mining, leasing, contracting, usury, *zakat*, *khums*, taxes and State treasury. This collection of canons and legislations, when organized and comparatively studied, will lead us to their own sources and to the general theories which we indicate here. It is from such theories that we can derive an economic doctrine in Islam.

It is not necessary, for example, that we should find within the texts and sources of Shari'a a common formula for the definition of a principle which agrees with or is similar to the principle of economic freedom in the capitalist system. But we can find within such texts and sources a number of legislations from which we can derive Islam's stance towards the principle of economic freedom and through which we can find the substitute for such a principle from the Islamic viewpoint.

Islam's prohibits capitalist usurious investment and land possession without utilization or farming as well as granting a man of authority a prerogative to regulate the pricing of goods [as he pleases]. All these are examples testifying to our argument. They form our view regarding Islam's stance towards the economic freedom, and they reflect the general Islamic principle.

## Ethics of Islamic Economics

Someone may say, "The economics you claim to exist in Islam do not comprise an economic doctrine but an ethical code the religion (of Islam) provides as guidelines which Islam exhorts people to follow. Just as Islam enjoined the prohibition of deception and backbiting, etc., it also enjoined helping the poor.

It prohibits injustice, admonishes the rich to console the needy, forbids the strong from confiscating the rights of the weak, and warns the first against earning their wealth through illegal means. It also imposes a mandatory rite, among others, called *zakat*. It imposes it besides prayers, pilgrimage and the fast in order to make a variety in the means of worship, and to emphasize the necessity of helping the poor and being generous to them.

"All of this has been done by Islam in accordance with a general ethical procedure, and these injunctions, pieces of advice and directives are no more than ethics which aim at the growth of the good energies within the Muslim individual's own self, and to tie him closer to his Lord as well as brother man. They do not imply an economic doctrine or the level of a generally inclusive organization of the whole society.

"In other words, the above stated injunctions, which have an individualistic ethical nature, aim at the individual's reform and the growth of goodness within him. They do not have a social organizational nature. The difference between the preacher who ascends the pulpit in order to admonish people to be kind and compassionate, to warn them against injustice, wrongdoing and trespassing on the rights of other, and like the social reformer who plans the sort of relations which have to exist among people, defining rights and obligations."

Our answer to all of these arguments is as follows:

The facts about Islam and its economics do not agree at all with such an interpretation which reduces the level of Islamic economics to that of mere providing counsels and ethical codes. It is true that the ethical trend is obvious in all Islamic tenets. And it is true that Islam contains a

huge multitude of injunctions covering all spheres of life, the human conduct, and the economic sphere in particular.

It is also true to say that Islam has gathered the most fascinating means to ethically nurture the Muslim individual, help the growth of his good energies and bring out of him perfection personified. But this does not at all mean that Islam confines its teachings to ethically nurture the individual while setting social organization aside. Nor does it mean that Islam preaches only to the individual rather than being, in addition to this, a doctrine and an organization for the society in its various aspects of life, including its economic life.

Islam has not forbidden injustice, admonished people to be just, warned them against transgressing against the rights of others, without defining the concepts of injustice and iniquity, from its own viewpoint, or without outlining the rights not to be trespassed. Islam has not left the concept of justice, injustice and righteousness clouded with obscurity, nor has it left their interpretation for others, as do ethical preachers.

Rather, it has brought a defined image of justice and general rules of coexistence of people in the fields of wealth production, distribution and handling, considering any deviation from such rules and the justice it defines as sheer injustice and flagrant transgression on the rights of others.

This is the difference between the position of the preacher and that of the advocate of the economic doctrine. The preacher preaches about justice and warns against injustice, but he does not lay down the criteria for justice and injustice; rather, he leaves such criteria to the commonly followed customs, those that are recognized by both preacher and the congregation to which he preaches alike.

As regarding the economic doctrine, this attempts to put down such criteria and mold them into a well-planned economic system that regulates various economic fields.

Had Islam come simply in order to say to people, "Quit injustice! Practice equity! Do not be transgressors!"—leaving to them to define the meaning of "injustice," to draw the portrait which embodies justice and to agree on the rights required by equity according to their own

circumstances, education and the ideals in which they believe and the interests and needs they realize.

Had Islam left all of this for people to determine, confining itself to enjoining justice and attracting people towards it, forbidding injustice and warning them against it through both methods of attracting and warning..., then it would have, indeed, remained a preacher and nothing else.

When Islam required the Muslims to quit injustice and practice equity, it at the same time provided them with its own definition of justice and injustice. It has taken upon itself to differentiate between the fair method in distribution, handling and production, and the foul one. It has indicated, for e.g., that forceful possession of land without tilling it is injustice, that maintaining it on the basis of utilizing it is "permissible," that the accumulation of wealth by acquiring a portion of the produced wealth in the name of "interest" is injustice, that its own achievement of profit is right, and many such relations and norms of behavior in which Islam has distinguished between injustice and justice.

As regarding Islam urging the rich to help their poor brethren and neighbors, it is true, but Islam did not confine itself to merely urging and ethically admonishing the rich; rather, it has imposed on the State the obligation to guarantee the securing of the rights of the needy, and to provide them with an honorable living standard in a way that falls into the backbone of the Islamic system which regulates the relationship between the ruler and the ruled.

According to the *hadith* narrated through the authority of Imam Mousa ibn Ja'far al-Kazim, peace be with him, the Imam mentioned, while defining the ruler's responsibility in faring with *zakat*, that he has to take this money in order to divide it in the way which God has ordained to eight shares to the poor and the needy, to distribute it among them till they become self-sufficient for an entire year without fearing any hardship or stringency.

If any amount of it is left, it will have to be returned to his treasury, and if it is not sufficient for the public, the ruler will then have to provide them from the treasury according to their needs and until they become self-sufficient.

It is clear, from this text, that the concept of security and the necessity to provide everybody with a dignified standard of living is not a preaching idea; rather, it is one of the ruler's own responsibilities in Islam; therefore, it falls into the social backbone and it expresses an aspect of the Islamic structure relevant to the economic life.

There is a big difference between the famous text of *hadith* which says, "One does not believe in God and in the Latter Day if he spends his night satisfied while his neighbor is hungry," and the text that says, "The ruler has to spend on them, each according to his need, until they all have enough." The first text has a preaching nature, while the second is organizational, reflecting, therefore, one aspect of the Islamic system. The latter cannot be seen except as part of a general social system in Islam.

*Zakat* is one of the most significant of all rites. Its use as a tool to implement social security in the Islamic society, as we have seen in the previous text, is alone sufficient to distinguish it from all other rites of an "individualistic" nature. This proves that it is not merely an individual form of worship, an ethical exercise for the rich to be kind to the poor; rather, it is on the level of social organization of people's way of life.

Add to this the fact that the very legislative structure of *zakat* expresses a general doctrinal aspect in Islam. The texts which deal with *zakat* indicate that the latter is given to the needy in order to improve their general standard of living. This proves that *zakat* is part of a general Islamic plan aimed at finding harmony and a generally unified standard of living for members of the Muslim society. It is obvious that planning for such harmony is not preaching but is an organizational ideology on the level of an economic doctrine.

## Conclusion: What do Islamic Economics Lack?

I do not know why those who deny the existence of Islamic economics are so generous in granting the label "economic doctrine" to capitalism and socialism while being so stingy in granting the same to Islamic economics, preferring to term the latter as "a collection of ethical codes." We have the right to ask them, "What has made both capitalism and socialism worthy of being called economic doctrines which Islamic economics do not have?"

We can observe the fact that Islam has dealt with the same subjects as capitalism has, and on the same level, assigning to them injunctions derived from its own viewpoint which differs from that of capitalism. There is no justification at all, therefore, to say that capitalism is a doctrine while Islam is preaching, that is, an ethical code.

Let us provide you now with two examples which testify that Islam has provided its views on the same level the other economic doctrines have:

**The first example** is related to ownership which is the focal point of difference among all economic doctrines. Capitalism considers private ownership as the rule, and general ownership as the exception.

This means that every sort of wealth, and every natural resource, allows private ownership unless there is a specific need that necessitates its nationalization which brings it out of private ownership.

Marxism considers common ownership as the basis and the rule, and no private ownership is allowed for any sort of natural resource or means of production unless there is a particular necessity which enforces the opposite; it is only then that private ownership becomes permissible, within the limits of the necessity, and as long as such necessity exists.

Islam, on the other hand, is different from both doctrines in its treatment of this subject. It calls for the principle of "combined ownership," that is, diversified ownership, considering both common and private ownerships to be on one and the same footing, each having its own scope.

Does not this Islamic attitude express an Islamic viewpoint on the doctrinal level of the capitalist and socialist positions? When the principle of private ownership makes a cornerstone of the capitalist doctrine, and the principle of common ownership a cornerstone in the socialist Marxist doctrine, why can't the principle of combined ownership (the one that has both public and private sectors) be the cornerstone in the Islamic economic system?

**Another example** is related to the income earned from the ownership of the sources of production. Capitalism permits such earning in all its ways. Whoever owns a source of production has the right to rent it and earn an income from its rent without doing any labor at all.

Marxist socialism prohibits all sorts of income earned from the ownership of the sources of production because such earning, according to its philosophy, does not require any labor. The wages which, say, the owner of a mill receives from those who use his mill, and the wages the capitalist receives in the name of interest from those who borrow his money, are not allowed in Marxist socialism, while they are permitted in capitalism.

Islam treats the same subject-matter from a third viewpoint. It distinguishes between the earning methods based on the ownership of the sources of production and other methods as well. It prohibits interest while allowing the mill's wages.

Capitalism permits both interest and the mill's wages in agreement with the principle of economic freedom or free enterprise.

Marxist socialism does not permit the capitalist to earn interest on loans, or the mill's owner to receive the wages, because *labor* is the only justification for legal earning: When the capitalist lends his money, and when the mill's owner lends his mill, neither of them does any labor at all.

Islam does not permit the capitalist to earn interest, but it admits the mill's owner to collect rents, according to the capitalist theory of distribution which we will explain in the coming issue [of these series], *Insha-Allah*.



These are three various situations, each varies according to its own viewpoint regarding distribution.

When someone describes the capitalist or Marxist stance as "doctrinal", why can't he say the same about the Islamic stance, even though the latter expresses the viewpoint of a third economic doctrine which differs from both of the other two?!

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**Notes:**

[1] Such as the case of one who invests one hundred dinars on his land just to get, say, a yield of twenty bushels of grain. If he doubles his investment and spends two hundred dinars, instead of one hundred, he will not gain twice the yield but less than that. If he spends three hundred dinars, he will not gain three times the yield but a smaller percentage than the one he gets if he spends two hundred dinars. Thus, the percentage of the increase in the yield that results from doubling the amount spent will continue to decrease till it disappears, resulting in a total loss of expense. The reason for this is the fact that the land, which is the primary factor determining the production, is still the same. Doubling the amount spent is not sufficient [by itself] to double the production as long as the principal factor determining production, that is, the land, remains to be the same.

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