Chapter- II

ISLAMIC ECONOMIC SYSTEM : ITS FEATURES
CHAPTER II

This chapter examines a few salient features of the economic ideas of the Prophet. This would help us to know as to how far the Islamic economic system as envisioned by the Prophet is similar to or different from the two known systems of capitalism and communism. It is spread over three sections. In Section 1, after making a brief comparative study of the two economic systems, an attempt is made to examine factors contributing to the relevance and significance of the economic ideas of the Prophet. Section 2 enumerates and explains a few salient features of economic ideas of the Prophet. Section 3 probes as to why the present day Muslim countries have not fully implemented the economic ideas of the Prophet.

I
Economic Systems: A Comparative Study

During last one 100 years the world has witnessed a clash of economic ideologies more than ever before. In some places, and at some times, this clash had been more violent and, at other places, it was less violent. There
is a popular belief that the failure of one ideology leads to the growth of another ideology. While the advocates of capitalism are happy at the collapse of communist system, the believers in the ideology of communism argue that one day or the other capitalism will also collapse under the burden of its own weight.

A study of the history of different ideologies would bring to our notice certain moving forces behind each ideology. For example, while capitalism thrived on the basis of free market enterprise, the advocates of communism advanced the argument of state ownership of resources. In the development of capitalistic thought, Adam Smith's idea of invisible hand, the concept of a butcher and baker, the Says Law of Market played a prominent role. These were the prominent features of the policy of laissez faire too. This policy advocated a minimum role of the government while maximum role was assigned to the invisible hand, i.e., market which

1. It is widely alleged that anti-ethicalism was preached by Adam Smith who laid down the maxim: "It is not from the benevolence of the butcher, the brewer, or the baker, that we accept our dinner, but from their regard to their own interest". For a further discussion refer to Sayed Nawab Hyder Naqvi's 'Development Economics-A new Paradigm' Sage Publications, 1993, p.109
determines prices. It is claimed that not only it regulates aggregate demand but also by affecting the rate of return unevenly, transfers resources away from the relatively less profitable to more profitable uses. It is also argued that these adjustments lead to new equilibrium with maximum efficiency and equity without any need for value judgments or government intervention.

These claims of capitalistic approach are true only when certain background conditions are fulfilled such as equal distribution of income and wealth and perfect competition. Since these conditions are hardly fulfilled under normal circumstances, the freedom would enable the rich to have a greater say in the use of scarce resources, if no mechanism other than prices is used to regulate their claims on resources. While rich are in a position to pay the prices to purchase whatever they want, the poor are squeezed because their inadequate income does not normally increase in step with prices\(^1\). This could be attributed to their lack of

\(^1\) The number of Americans living in poverty grew significantly in 2001 swelling to 32.8 million people. The proportion of poor people increased to 11.7 percent of the total population, represented an additional 1.3 million people falling into need; and
control of over productive resources. This leads to inadequate satisfaction of their needs, lowering their efficiency and incomes even further. Thus, they get trapped further in the vicious circle of poverty.

In capitalism the control over resources by rich is further exacerbated by the interest-based banking system which diverts the savings of society mainly to the rich who on the one hand control financial institutions and on the other have the collateral to offer and who consequently become yet wealthier and more powerful economically.

Under capitalism any attempt to bring about an equitable distribution is bound to be resisted by rich. Why would the rich agree to be worse-off in a secularist, value-free society committed to the principle of

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1. In the case of United States of America the number of poor families increased by more than 8 percent over the past year with 6.8 million families - one out of every ten -- living below the poverty line in 2001. The Federal Government classified a family of four as "poor", if its cash income was less than $18100; for a family of three the poverty threshold was $ 15020; for a married couple $ 11940; and for an individual $ 8860. (US Census Bureau, Current Population Survey, September 2002, US Health and Human Services, February 2002.)
Pareto optimality? To motivate them to part a portion of their resources in favour of poor and destitute would require a deep value system which would assure them of an attractive reward for the little sacrifice they make.

The communistic ideology derived its inspiration from the ideas of Karl Marx who advocated for the establishment of a classless society. It was presented before the world as sound alternative to the capitalistic approach. It abolished profit and private property rights. This approach while claiming to abolish monopolistic capitalism ushered in an era of state capitalism. In communist countries almost all economic decisions were made by powerful members of ruling class. They had no or a very little information of the ground realities and of market and its complexities. While the members of ruling class enjoyed all the benefits, the poor had the difficulty in satisfying even their needs. Since the notions of profit and private property rights were anathema, the communistic approach killed human initiative. Human beings were reduced to cogs in the huge state run machines. Had this system any thing distinct and natural to offer, the communistic economies
of former USSR and Eastern European countries would not have collapsed.

A study of capitalism as well as communism would reveal that the two have long back divorced Judaeo-Christian religious values. More importantly, the communists claim themselves to be the atheists. Therefore, the question of significance of religious bindings at personal and collective levels does not arise. Since they reject religion at the very outset the question of heavenly reward in the life hereafter does not fit into the their scheme of things.

This is not to deny that there are no values in capitalism and communism. Needless to say every system has its own values. For example, in capitalists and communist countries are exhibited certain strong values such as honesty, sincerity, integrity, devotion to duty, commitment to a cause, etc. There more importance is attached to merit, excellence and hard work. What, however, these systems lack is values of collective sanction which that religion only provides and asks from its followers their full compliance voluntarily. If the voluntarily compliance is not coming forward the religion has the potential of demanding compliance with full
force. Without religious sanction it is difficult for a society or a government to realize ultimate goals of human welfare. "Hence, capitalism retained the humanitarian goals of religion in the facade, it messed up the strategy. The role of moral values in the allocation and distribution of scarce resources was blunted by undue emphasis on individual preference and primary reliance on the price mechanism. The blind operation of market thus received an unhindered opportunity to create all the inequities that it is capable of creating. The lifting of the Judaeo-Christian strictures against interest further accentuated the inequities"1.

After noting the inherent weaknesses of capitalism and fate of communism let us know turn to Islamic economic system. Originating from the Holy Quran and the traditions of the Prophet, the Islamic economic system is different from capitalism and communism in some respects, it is a comprise between the two extremes and stands in between them. "It possess the virtues of both capitalism and communism but is free from their

Islam looks at the economic problems neither from the point of view of capitalists, who would give unlimited liberty and right of ownership to the individual and encourage individual exploitation; nor from the point of view of the communists, who would like to take away all individual rights and make him merely a slave to the state controlled economy; but it gives due allowance to the inherent instinct of selfishness of man without letting it become harmful to the community" 1.

Although outlined in 6th. and 7th. centuries, we hold that the economic ideas of the Prophet are relevant and significant even today. This makes us to determine factors contributing to their relevance and significance. There are several of them, a few important are as under:

1) Presence of Divine Element
2) No Element of Personal Interest
3) Accent on Balance and Moderation
4) Powerful Perception of Accountability

These are briefly discussed as under:

1) Presence of Divine Element

Recognising the divine element is a part of the faith of Islam, there is no escape from it. It appears in the Quran:

"By the Star when it goes down, Your Companion is neither Astray nor being misled; Nor does he say (aught) Of (his own) Desire. It is no less than inspiration sent down to him".

(53:1-4).

Similarly at several other places in the Quran, the believers are asked to obey the Prophet in order to obey the Almighty Allah. There is no compromise on the obedience to the Prophet, one has but to accept and follow what the Prophet has explained and hinted at. Since his ideas are celestial and divine, the chances of their becoming irrelevant, in full or part, can be safely ruled out. Here we can recall the fate which befell upon Adam Smith’s notion of invisible hand and Marx doctrine of a classless society. Thus, it can be maintained that it is because of divine element, the significance of the economic ideas of the Prophet has not reduced and nor
these have become irrelevant.

2) No Element of Personal Interest

The Prophet of Islam had no personal interest, more importantly no pecuniary interest, to serve other than a complete reformation of people and society. One instance will suffice. He barred all the members of household from accepting zakat and sadqat for ever. Any element of personal interest, howsoever small this might be, corrupts ideologies, systems and institutions. We This made him to rise above the narrow personal, regional and national interests. Since there was no personal interest involved, we note never at any point of time in the life of the Prophet there any was clash between public and private interests. This clash is very common in the life histories of public figures propagating different ideologies. This is, therefore, a major reason why the significance of his teachings has not reduced even after passing of fourteen hundred years. In between 7th. and 21st. centuries his ideas have crossed almost superficial geographical boundaries of countries and continents.
3) Accent on Balance and Moderation

The Prophet placed heavy emphasis on balance and moderation. These are the two distinguishing features of his approach wherein we find significant substance of individual liberty as well control over liberty through a set of deep moral values. We note that in his scheme of things, there is scope for private property and enterprise along with a sense of obligatory sharing of a portion of property and wealth with poor and needy through a system of zakat transfers. Further, there is ample scope for private trading yet the approach of the Prophet bans all exploitative trade practices including interest based transactions. The Prophetic approach would not allow any single person, groups of persons, institutions and organisations to dominate others by exercising monopolistic control over resources.

4) Powerful Perception of Accountability

A very strong notion of accountability is another major factor making the economic ideas of the Prophet more relevant. The very opening verse of the Holy Quran the believers are asked to address the Almighty Allah as the "Master of the Day of Judgment". Further, they are
asked to repeat and recite this particular verse, i.e., Surah al Fatiha at least for seventeen times in a day. This develops a deep sense of reckoning among believers. There is also a tradition of the Prophet reported in Sahih al Bukhari on the authority of Abdullah bin Masud that on the Day of Judgment everybody would have to account for the following five questions:

1. How did the servant of Allah spend his life?
2. How did the prime age of youth was spent?
3. How did he accumulate wealth?
4. How was the accumulated wealth spent?
5. How far the knowledge acquired was disseminated?

Out of the above mentioned five questions two (Nos. 3 and 4) are directly related to economic side of human life whereas the other three have strong social ramifications.

Islam regard every person, in his capacity as a consumer, producer, buyer, seller, manufacturer, borrower, lender etc, accountable to God for all his actions. Similarly, the men in charge of the affairs of public too would be held accountable for their actions. This has a very distinct impact on economic and social behaviour. When examined closely and carefully it would
appear to us that the notion of accountability to God is missing both in capitalism and communism. This makes a lot of difference and encourages individuals and organisers to defy rules and regulations for their self interests. Islam by inculcating the fear of accountability develops a value system which guides all courses of human life including the economic life.

Where the economic approach of the Prophet would lead us to? It would lead us to a system where a poor comes to know of the fact that he has a right in the riches of wealthy; the wealthy are to realise that they have to acknowledge due share of poor in their wealth and the state is asked to effect the transfer of a part of wealth in favour of poor. His approach would usher in an era where, on one hand, people would be very particular about the repayment of their debts, on the other, the evil tendencies of interest based borrowing and lending and excessive indebtedness would be curbed. His approach would demand that while the rich should not exercise any extravagance, the persons with limited means should not also stretch their hands to create difficulties for their dependents. It asks every economic agent to be very sincere and honest to the core. None
is allowed to transgress, none is permitted to exploit others. It would surely create a just system, beneficial both to the have's and have-nots'.

II

Salient Features of Economic Ideas of the Prophet

As in case of the traditional Economics, Islamic Economics was not studied as an independent subject. It is not long ago that economics was a branch of politics and economic issues were studied along with the issues relating to politics, governance, administration, etc. It was only in the previous century that economics was separated from politics. Similar is the case of Islamic Economics, where Islamic economic ideas were a part of study of Islamic thought, Islamic history and Islamic jurisprudence (fiqh). Therefore, it would be appropriate here to ask the question, is there a economic system in Islam? If so, what are its salient features? ¹.

¹. Several authors have discussed this issue. Notably among them are Muhammad Akram Khan, Hifzur Rahman, M.N.Siddiqi, Afzal-ur-Rahman and Bani Sadr et.,el.
Islam visualizes its own economic system. This system emerges basically from two sources namely the Quran and the Sunnah (saying and actions of the Prophet)\textsuperscript{1}. This system was further elaborated by several scholars who have written extensively on economic issues. Notably among them are Abu Ubaid, Abu Yusuf, Abi Yela, Al-Mawardi, Ibn Taimiyah and al-Daudi, etc. The singular contribution of these authors is that they have independently discussed the economic system as emerging from the Quran and the Sunnah. From theirs, and others such writings, the contours of the discipline of Islamic Economics emerged.

Islamic Economics studies economic issues concerning human life well within the limits of the Quran and the Sunnah. "Islamic economics is a social science which studies the economic problems of a people imbued with the values of Islam......Like the modern Economics, Islamic Economics, too is the study of man not of an isolated individual but of a social individual having faith in the Islamic values of life"\textsuperscript{2}.

\textsuperscript{1} The combination of two is popularly known as Islamic shariah.

Man is at the heart of Islamic economic system, as in the case of modern economic system. In modern Economics man is taken as a social animal, and as an economic agent guided primarily by individual economic interest. In Islamic economic system, man is accepted as a social animal imbued in religious values. "Islamic Economics conceives man in the framework of Shariah. He is free to act anyway he likes, subject to the overriding considerations of the Will of Allah. His individual as well as collective behavior are guided and regulated by a super-decree given by the Shariah. The Western economics conceives man in the framework of individualism and hence unsuitable for a society where the revealed Shariah holds the highest position."

As in the case of modern economic system, in Islamic economic system too we are confronted with the problem of scarcity of means. For its redress, in Islamic economic system, both the human effort and Benevo-


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lence of Almighty are given due importance. So far as the problem of choice is concerned, in the modern economic system an individual is guided by his own interest, whereas in Islamic economic system an individual is governed by clear cut dictates of the Quran and the Sunnah. He has clear notions of what is right and wrong, legal and illegal and prohibited and allowed. When examined from this perspective the economic behavior of an individual, as well as of groups of individuals, will be distinctly different from the one as normally postulated.

All economic systems cherish certain values. For example, equitable distribution of wealth, social insurance, fair competition, etc., have been made as the goals of the known economic systems. Similarly concentration of wealth in a few hands, monopoly control over market and resources, continuation of poverty and destitution, unemployment and unfair business practices, etc., are never approved in the known economic systems. The ultimate goal is human welfare. However, in the Islamic framework the concept of welfare has spiritual significance and the means to achieve this welfare have the Divine Sanction.
Similarly the Islamic economic methods are similar to the methods used by the two other known systems. However, to a great extent their nature and scope are determined by the dictates of the Quran and Sunnah. In other words, the methods used are value-based. These methods, as in case of other known methods are "peculiar in two respects: firstly they are eternal and cannot be altered, secondly, they carry a Divine Sanction and command a convenient obedience from people. They are unlike any state legislation passed by parliament".\textsuperscript{1}

Thus, it can be said that the divine notions "of vicegerency of man, day of judgment, brotherhood of all human beings, status of the Prophet, performance of value system and divinity of halal (permissible) are some of the peculiar features which make the nature of Islamic economic system distinct from known systems. No other economic system conceives such a scheme of life in this world and in the world hereafter".\textsuperscript{2}

In the backdrop of above discussion we can highlight certain important features of Islamic economic


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These features are discussed as under:

1. **Individual Liberty:**

   In the Islamic economic setup a person in his capacity as an economic agent enjoys complete liberty to adopt, promote and support any occupation of his choice, within the limits of Shariah. It appears in the Quran:

   "O you people! Eat of what is on earth, lawful and good; and do not follow the footsteps of the Satan, for he is to you an avowed enemy" (2:169).

This would develop his incentive and urge to promote private enterprise. At the same time it is to be noted that he is not free to adopt and promote such of the occupations and business enterprises which are declared as illegal from the Islamic point of view.¹

"Islam rejects and condemns all systems which don't give any freedom to the individual nor provide equal opportunities to their members to earn their living. This is why Islam condemns both communism and capitalism; the former for its undue restrictions on the freedom of the individual and the latter for not providing equal opportunities to all its members to earn their living and to enjoy other pursuits"².

2. Right to Property:

Islam recognizes individual's right to property.

"It allows him to earn as much wealth as he can 'by his

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1. Al-Qaradawi, Yusuf., The Lawful and Unlawful in Islam, Dar al-Itisam, Cairo, 1980
knowledge, skill and labour, through means that are not anti-social and immoral'. The fact is that Islam admits the individual's right to property"1. The Quran says:

"To men is allotted what they earn, and to women what they earn" (4:32).

At some other place the Quran states:

"And in their wealth and possessions (was remembered) the right of the (needy,) him who asked, and him who (for some reason) was prevented (from asking)" (51:19).

Similarly the Quran says:

"And render to the kindred their due rights, as (also) to those in want, and to the wayfarer, but squander not your wealth) in the manner of a spendthrift" (17:26).

1. Ibid., p.359
Islam subjects the right to property to certain limitations which are, for example, as under:

1) Islam asks its followers that no unlawful means should be used to accumulate wealth. Only the rightful means should be used.

2) Once wealth is accumulated, Islam asks for a regular transfer of a part of wealth from rich to the poor. In other words Islam acknowledges the right of poor in the riches of wealthy.

3) Islam asks that a wealthy person should not consider himself as an absolute owner of wealth. The absolute ownership rests with the Almighty only.

4) Wealth and other such productive resources should not be frittered away wastefully. In particular, wealthy persons, on the Day of Judgment would be questioned about the end-use of wealth.

5) The Islamic law of inheritance should be followed as and when the issue of distribution arises. In fact this law is considered as a natural deterrent to the concentration of wealth and property.

In brief it can be said that the Islamic system is based on the concept of very meaningful balance between capitalism and communism, combining the merits of both.
without having their drawbacks and adding a divine touch. In principle it allows private ownership with certain restrictions making it harmless to the greater good of society.

3. Economic Inequality within Natural Limits:

The Islamic economic system envisions equality. This equality is not the absolute equality. It admits a certain degree of relative inequality. Experience suggests that the communist states which tried to create a system of absolute equality failed miserably. Similarly the societies wherein absolute inequalities are promoted face severe socio-economic tensions. Islam on one hand opposes absolute equality, on the other, it admits economic inequality within certain limits. It appears in the Quran:

"It is He, who has made you the vicegerent on the earth, and raised some of you above others in ranks so that He may test you in what He has given you" (6:165).

At another place it is pointed out in the Quran:
"And We raised some of you above others in ranks so that some may take others in service" (43:33).

In the lifetime of the Prophet some of his companions were found to be exceedingly rich and at the same time many of his companions were poor. The Prophet did not condemn his rich companions nor did he ask them to renounce their wealth. Had the Prophet disliked relative inequalities he would have asked his companions to distribute their wealth equally amongst have-nots.

4. Prohibition of Anti-Social Practices:

Islam prohibits all such economic practices and activities which are harmful to the common welfare of society. For example, Islam is very vocal in its denunciation of interest-based dealings and institutions. There are clear Quranic injunctions in this regard. The Quran says:

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"Those who devour interest will not stand except as stands one whom Satan by his touch has driven to madness. That is because they say: "Trade is like interest", but Allah has permitted trade and forbidden interest" (2:275).

In other places too the Quran denounces interest in very clear terms such as verses 2:276 and 3:130. Further other unlawful activities such as gambling, speculation, black marketing, profiteering, corrupt practices, dishonest and deceitful dealings, individual monopolies, waste of resources, luxurious and extravagant living, drinking of alcohol etc., are declared as illegal and hence prohibited. The Quran speaks:

"They ask you concerning wine and gambling. Say: 'In them is great sin and some benefit, for men; but the sin is greater than the benefit'" (2:219).

The Prophet has also banned unlawful activities:

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Abdulla b. Umar reported Allah's Messenger as saying: "Indeed, Allah has made unlawful for my Ummah, drinking, gambling, beverage made of millet and chess".

It is the duty of the Islamic state to see to it that these activities don't flourish. The Islamic state is allowed to use punitive measures to curb such activities.

5. Social and Individual Welfare:

Islam is much interested in welfare of individuals and society as well. It is mentioned in the Quran:

"And there are men who say: "Our Lord! Give us good in this world and good in the Hereafter, and save us from the torment of the Fire"" (2:201).

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Again it appears in the Quran:

"For them will be a home of peace in the presence of their Lord: He will be their Friend, because they practiced (righteousness)" (6:127).

Islam recognizes social and individual welfare as complementary rather than competitive and antagonistic. It tries to harmonize these conflicting but complementary interests. Unlike in capitalism, the individual welfare is not the prime concern. Further unlike communism individual welfare is not sacrificed at the altar of social welfare. "The economic system of Islam is based on the concept of harmony between the individual and the social good. It neither separates the individual from society, nor does it regards his welfare as conflicting with that of society. It allows private ownership of land and other means of production in principle, but restricts it in such a way that it becomes harmless to the social good"1.

6) **Vitality of Strong Economic Values**

In the Islamic economic system exalts certain strong economic values. We know that Islam has given certain values to the mankind, including the economic values. These are *al-Adl* (justice), *al-Ihsan* (magnanimity), *al-amanah* (honesty), *al-ta'awun* (co-operation), *al-sabr* (patience) and *al-qan`aa* (contentment). At the same time Islam condemns certain evil tendencies such as *hirs* (greed), *al-iktinaz* (amassing wealth), *al-zulm* (depriving others from their due rights) and *al-giraq fi dayun* (excessive indebtedness).\(^1\)

These values pertain to the life in this world and hereafter. In Islam we don't find separation of religion from public and private lives and vice-versa. Similarly Islam does not allow its followers either to choose religion or a life independent of religion. The followers of Islam in no way are allowed to keep religion and worldly affairs in two separate compartments. They have

\(^1\) For a detailed discussion one can refer to M.A. Khan., *Ibid.*, pp.235-266
to choose the both\textsuperscript{1}.

In this way it can be argued that the social and economic life of a believer would be greatly affected by the Islamic values. "The Islamic society regulates the behavior of people by a certain set of values. Some of these values influence economic behavior of people in a vital way. By economic we mean activities of people relating to production, exchange and consumption of goods and services. These values lay down a pattern of desirable behavior which is socially approved and confirmed"\textsuperscript{2}.

Broadly speaking in Islamic framework, the economic behavior of a person or group of persons (societies, associations and companies) would be greatly governed by very specific notions of halal (permissible) and haram (non-permissible). The followers of Islam are asked to adopt and to resort to everything which belongs to the category of halal and refrain themselves from anything which is haram. Further, they are also asked to

\textsuperscript{1} Ahmad, Akbar S., Discovering Islam: Making a Sense of Muslim History and Society, op.cit., pp.15-29

\textsuperscript{2} Khan, M.A., Economic Teachings of the Prophet Muhammad, op.cit., p.234
encourage and impress upon others about halal and haram. This is the basic function of followers of Islam which is popularly known as "amar bil maurfwan nahi anil munkar" (exhorting the good and warding off the evil).

In personal matters also Islam asks its followers to remain steadfast and show perseverance at moments of economic distress. "Instead of indulging into haram activities one should adopt virtues of sabr and qanaa. It does not mean, as understood by most of the orientalists, that one should be fatalistic, about his economic conditions. It only means that the framework of halal-haram should not be violated in any case. Within that framework all efforts are valuable".¹

For example, the entire edifice of our economies depends upon honesty, integrity and trust. It becomes obligatory on the part of different economic agents that they should not deceive others. When this practice is exercised we would create an atmosphere of mutual trust and understanding and entire economy will stand bene-

¹ Khan, M.A., Economic Teachings of Prophet Muhammad, op.cit., p.236
fited. On the contrary when the principles of honesty and trust are ignored we would find ourselves living in a society of cheaters. If one group starts cheating others for its own benefits, entire structure of different financial institutions and trading organizations would collapse like a house of cards. The recent crises that we notice in different financial institutions is a direct outcome of not being honest and indulging in cheating others\(^1\). In its report from Washington D.C. dated October 18, 2002, the Associated Press brings it to our notice that recent corporate scandals have cost Americans more than 200 billion U.S. dollars in lost investment savings, jobs, pension losses and tax revenue. The report issued by No More Enrons coalition partially funded by consumer groups and labour unions, said losses from company-sponsored pension investment accounts alone totaled U.S. $ 175 billion and public pension funds nation wide lost at least U.S.$ 6.4 billion as stock market plummeted amid a crisis of investor

\(^1\) A few very recent cases of fraudulent practices and consequent bankruptcies are those of Enron Business Corporation (US), CRB Capital (India), Charminar Cooperative Bank (India), Khushi Cooperative Bank (India), Securities Scam (India), UTI crisis (India), so on and so forth.
confidence. It is estimated that more than a million workers lost their jobs at the affected companies while company executive cashed out billions of dollars of their stock.

III

**Why Economic Ideas of the Prophet Are Not Fully Implemented: A Few Reasons**

Despite the fact that economic ideas of the Prophet are practical and down-to-earth, these are unfortunately not fully practiced and implemented in Muslim countries. These countries, in fact, carry a heavy moral and ethical onus of implementing economic ideas of the Prophet. Their record, however, is not satisfying and in the recent history not a single Muslim country worth name has taken upon itself this conscientious task. This could be taken as one of the riddles in the Muslim world. What could be, then, reasons behind this enigmatic attitude of Muslim countries? There are several but four important are:

1) **Separation of Religious Education from Modern Education.**

2) **Post Colonial Rulers with Secular Outlook.**

3) **Apathetic and Indifferent Public Attitude.**
4) Post Colonial Atmosphere of Insecurity.

In the following paragraphs an attempt is made to explain these important reasons:

1) Separation of Religious Education from Modern Education

Majority of Muslim countries were under colonial rule for a long period\(^1\). This rule: (i) disturbed the educational system, madarsa (seminary) as an educational institution lost its importance; (ii) universities and colleges were set up on Western lines; (iii) emphasis was placed on secular education. The overall result of this system was that in Muslim countries universities and colleges produced thousand of graduates and post-graduates who had little or no knowledge of basic principles of Islam, let alone Islamic Economic principles.

In secular schools, colleges and universities the teaching of religion was given less importance, there-

fore, students attending such institutions lacked religious knowledge. For example, theories of interest justifying its origination and uses were introduced by professors to young and fresh minds with all sincerity, devotion and commitment. Hardly any college or university asked its pupils to examine Islamic perspective of interest. Similarly in the area of public finance contributions of Mill, Marshall down to Musgrave and Mirrless were highlighted while no effort was made to study Islamic perspective of resource mobilisation. Contributions of Muslim scholars such as Abu Ubaid, Abu Yusuf, Abe Yela, et. al were not brought to the notice of students. The New Deal Programme was hailed but no attempt was made to find out how economy was managed during the period of Umar, the second caliph.

The madaris (pl. of madarsa) were imparting religious education with a heavy emphasis on fiqh (jurisprudence) and spirituality. They ignored introducing to their students the economic teachings of the Prophet of Islam and its possible implementation in day to day affairs.

The madaris did not attract students from middle and upper sections of the society. Students getting admissions in madaris were from highly poor economic
background. Similarly the ulema (pl. of aalim meaning religious scholars) teaching in madaris had no knowledge of recent developments in the areas of science, technology and medicines.

Unfortunately these two centres of learning (secular and madaris) ran like parallel railway tracks never meeting with each other, leaving an unbridgeable gap. The overall result was that the secular students had no knowledge of religion and students of madaris had no information about modern education. Therefore, this gap resulted in a situation wherein students in particular and public in general failed to appreciate the essence of economic teachings of the Prophet.

2) Post Colonial Ruling Class with Secular Outlook

During the decades of 1950s and 1960s a number of Muslim countries got independence from centuries of colonial rule\(^1\). The ruling class which assumed control

of government was brought-up by their colonial masters. This class was very much impressed by the progress achieved in the Western countries and the then communist USSR. They had a natural inclination to adopt either of these two models. They drew less inspiration from Islamic teachings. In fact in a number of Muslim countries the secular outlook dominated Islamic approach.

Rulers and policy-makers in Muslim countries continued to follow Western models of development, no attention was paid to study economic role of the early Islamic state. While universities and colleges debated communist and non-communist stages of growth, leaders and policy-makers failed to draw inspirations from the writings of Qazi Abu Yusuf, al-Mawardi, al-Ghazzali, Nasiruddin Tusi, Ibn Khuldun and Shah Valiullah Mushad-dith Dehlvi. The over all result was that the development policies and programmes got distanced from Islamic essence.

In some of the muslims countries we find that the ruling classes were more interested in perpetuating its own rule. They somehow wanted to cling to power. Using different means, they suppressed voices of mean-
ingful and constructive opposition. While they did everything possible to consolidate their own rule, little effort was made to popularize economic system as envisioned by the Prophet. In some countries we note that military coups have become order of the day, in some other countries the royal families of emirs and sheiks used all possible means to remain in the power. More importance was given to continuation, centralisation and consolidation of their rule and less to implementing Islamic economic principles.

At the political level we find that there are several political parties which are consistently at odds against one another. They used Islam as a means of attracting masses and getting popular votes, these in fact are least interested in implementing Islamic principles. The case of Pakistan is before us where the political parties gave the slogan of Nifaz-e-Nizam-e-Mustafa. They succeeded in getting votes but failed miserably in fulfilling promises made. Their rule was characterized by high levels of red-tapeism, nepotism and corruption. "The real problem is the enforcement of its rules. This is where corruption amongst government official and politicians has created road blocks. Favoritism limits the implementation of strict code,
where as the Prophet said: "Even if Fatima, the daughter of the Prophet steals, her hand will be severed". We have to yet an example of such an undertaking against any of the influential thieves and thugs in the modern Muslim world.\footnote{1}

3) Apathetic and Indifferent Public Attitude

At public level also the situation was less conducive for implementing Islamic economic principles. People failed to understand and appreciate Islamic economic wisdom. They were very much impressed by materialistic progress made by the West. Therefore, Western approach to governance and development emerged as a model and not Islam. In some Muslim countries the condition is so pathetic that from pins to planes people only look at the West.

The moral conditions were far from satisfactory. Men and women in general and youth in particular drew more inspiration from Western culture and less from

Islamic values. The popular image of Islam amongst people continues to be "mosque-oriented", i.e., five times prayers, a little charity, fasting in Ramadhan and performing haj once in life time. The public at large had no knowledge beyond this, to it Islam was a bunch of prayers. In brief public in general never demanded implementation of economic system as envisioned by the Prophet.

In recent decades we notice reformation movements in Muslim countries. These movements have succeeded in introducing Islamic values at the peripheral level. They talk much about spiritual advancement. Unfortunately they are less interested in materialistic development of the society. In fact these reformation movements have nothing to offer for the material development of people. Partly, they are right because the colonial rule had greatly damaged Islamic set up. On one hand because of reformation movement people are coming closer to Islam on the other the gap between modern education and religious education continued to widen. People at the extreme appear to live in two different world. This vacuum has come in the way of implementing Islamic economic philosophy.
4) Post Colonial Atmosphere of Insecurity

Although a number of Muslim countries got independence from colonial rule "they were born weak". The situation was further worsened by the super powers who created a sense of insecurity in and around Muslim countries. This was done explicitly with a view to (i) to have strategic control over natural resources mainly oil and (ii) to market their arms and armaments. The result was that, on account of a sense of insecurity, precious resources of Muslim countries flew into Western countries via arm markets. The tragedy is that the scarce resources were hardly used for establishing and developing Islamic centres and institutions needed to implement economic teachings of the Prophet.

In some Muslim countries, for example, Algeria and Turkey, the Western powers using interested local political leaders and army personnel manipulated the prevailing situation in such a way that the Islamists were never allowed to come to power. This effectively prevented and blocked the implementation of economic principles of the Prophet.

Barring a few oil rich Muslim countries, most of the Muslim countries are economically backward. These
have come to depend upon Western countries for their survival economically, politically and militarily speaking. These countries look helplessly towards West for the supply of capital and technology. Western countries are more interested in safeguarding their own economic and political interests than in economic development of Muslim countries. They suspect that Islamic ideology and Islamists would come in the way of serving their own interests\(^1\). Therefore in Muslim countries a class of leadership was promoted which would serve more to their Western masters than giving a serious thought to the implementation Islamic economic wisdom.

In brief it can be said that the separation of religious education from modern education, post-colonial rulers with secular outlook, apathetic and indifferent public attitude and post colonial atmosphere of insecurity have greatly blocked full implementation of economic ideas of the Prophet. It is crystal clear that it is Muslim who have let down Islam and not the other way round.

\(^1\) For a very popular notion of clash please refer to Samuel P. Huntington's *The Clash of Civilisations and the Remaking of World Order*, Simon and Schuster, New York, 1996.