

# THE ECONOMIC SYSTEM OF ISLAM

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# 1. INTRODUCTION

- THE WORLD IS FULL OF SEVEN BILLION HUMAN BEINGS
- THEY ARE ALL EQUAL BY VIRTUE OF THEIR BEING *KHALIFAHS* OF GOD
- THEIR WELL-BEING MUST, THEREFORE, BE ENSURED
- WHAT IS WELL-BEING?
  - SATISFACTION OF BOTH THE MATERIAL AND SPIRITUAL NEEDS
  - ALL THESE NEEDS ARE INTERDEPENDENT

## 2. MATERIAL NEEDS

- **BIOLOGICAL NEEDS**
- **FULL-EMPLOYMENT**
- **EQUITABLE DISTRIBUTION OF INCOME AND WEALTH**
- **ECONOMIC DEVELOPMENT**
- **FINANCIAL STABILITY**
- **ECOLOGICAL BALANCE**

### 3. SPIRITUAL NEEDS

- NEARNESS TO GOD
- MORAL UPLIFT
- MENTAL PEACE AND HAPPINESS
- FAMILY AND SOCIAL HARMONY
- ABSENCE OF CRIME AND ANOMIE
- INDIVIDUAL FREEDOM
- ALL THESE ARE MUTUALLY INTERDEPENDENT AND NECESSARY FOR HUMAN WELL-BEING

## 4 . PROBLEM

- RESOURCES AVAILABLE AT THE DISPOSAL OF HUMAN BEINGS ARE LIMITED
- HOW CAN YOU ENSURE THE WELL-BEING OF ALL WITH LIMITED RESOURCES?
- YOU NEED A COMPREHENSIVE MORAL, SOCIO-ECONOMIC AND POLITICAL SYSTEM FOR THIS PURPOSE
- JUST AN ECONOMIC SYSTEM IS NOT SUFFICIENT

## 5. ECONOMIC SYSTEM (1)

- **WHAT IS AN ECONOMIC SYSTEM:**
  - **A SYSTEM THAT HELPS US USE EFFICIENTLY AND EQUITABLY THE ECONOMIC RESOURCES WE HAVE TO SATISFY THE NEEDS OF ALL**
  - **IT HELPS CREATE AN EQUILIBRIUM BETWEEN THE SUPPLY OF RESOURCES AND THE DEMAND FOR THEM**

## 6. ECONOMIC SYSTEM (2)

- **IT HELPS US ANSWER THE THREE WELL-KNOWN QUESTIONS OF:**
  - **WHAT TO PRODUCE**
  - **HOW TO PRODUCE**
  - **WHO GETS, TO WHAT EXTENT, THE GOODS AND SERVICES THAT HAVE BEEN PRODUCED**

## 7. ECONOMIC SYSTEM (3)

- **IT PROVIDES A STRATEGY FOR:**
  - **FILTERING**
  - **MOTIVATION**
  - **SOCIO-ECONOMIC AND POLITICAL RESTRUCTURING**
- **THE WORLDVIEW OF THE SOCIETY HELPS DETERMINE THESE TOOLS OF THE STRATEGY**



## 8. FILTERING

- CENTRAL PLANNING?
- PRICE MECHANISM?
- PRICE MECHANISM PLUS MORAL VALUES?
- WHO CAN GIVE VALUES?
- HOW TO ENSURE THAT VALUES GET ENFORCED?
  - MOTIVATING SYSTEM
  - THE ROLE OF THE GOVERNMENT

## 9. MOTIVATING SYSTEM

•FORCE?

•INCENTIVES AND DETERRENTS

➤ SELF-INTEREST

➤ SOCIAL INTEREST

COMPETITION?

REGULATION? COST OF ENFORCING?

SELF-ENFORCEMENT?

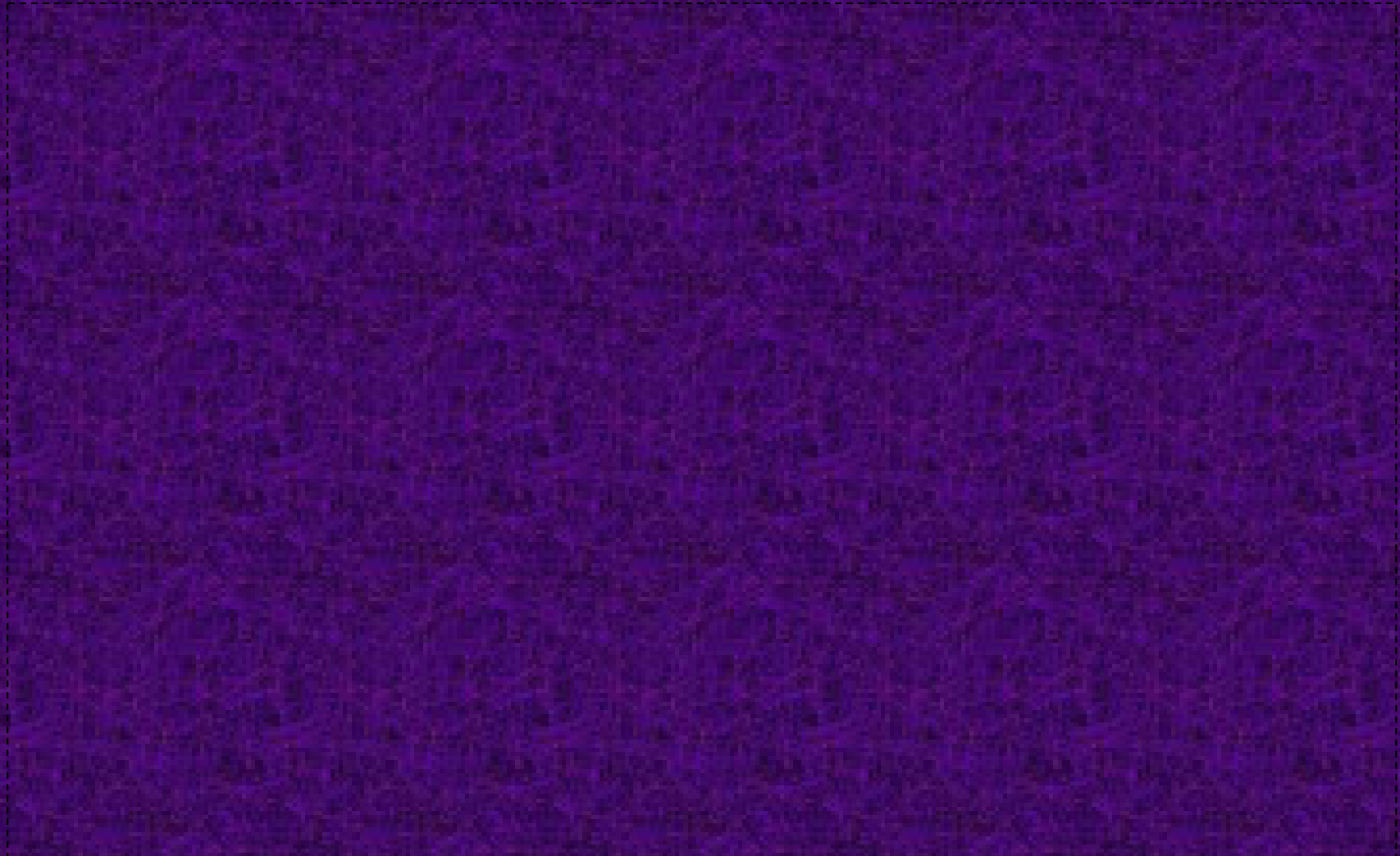
COOPERATION AND SACRIFICE?

MOTIVATION?

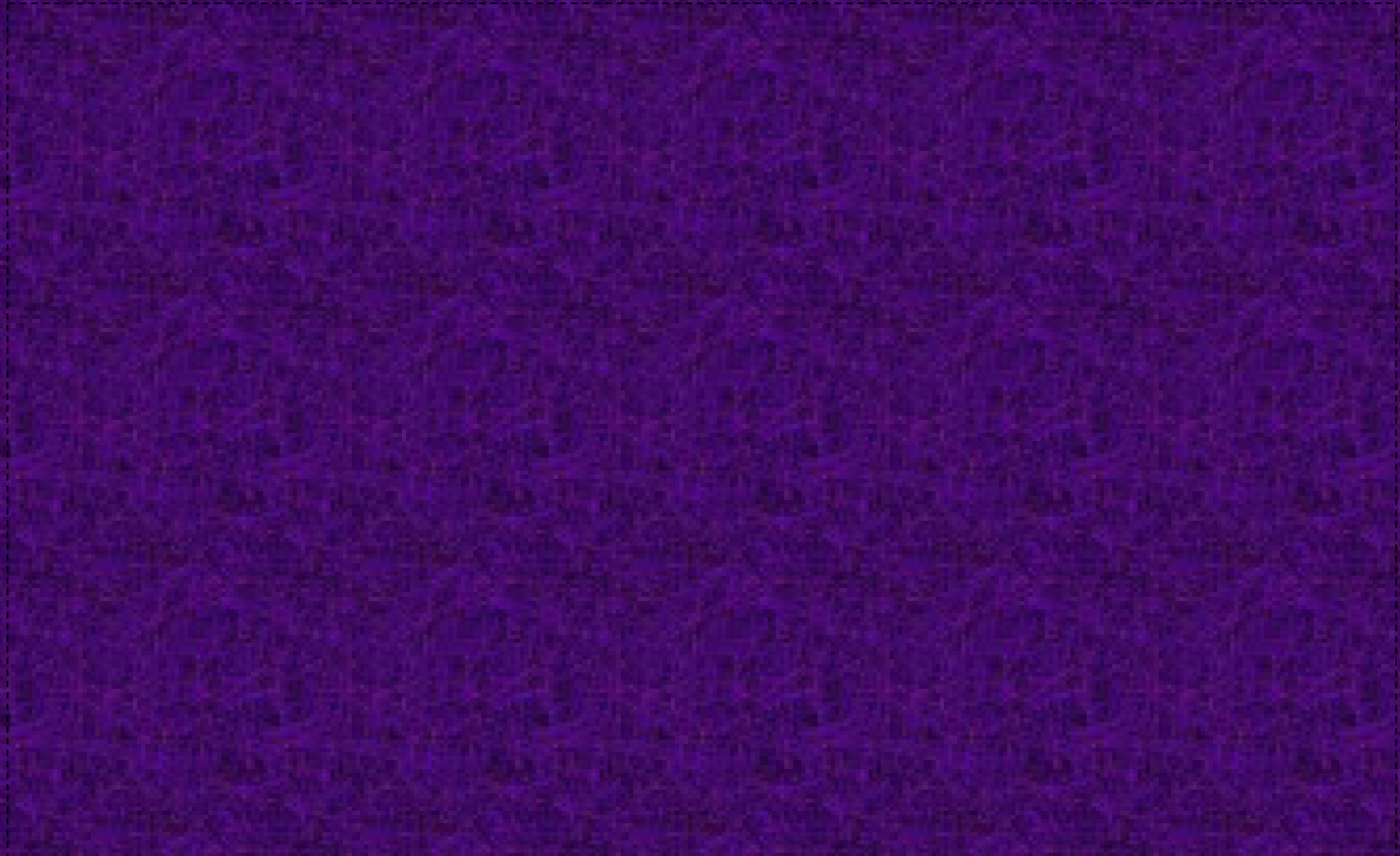
## 10. SOCIO-ECONOMIC AND POLITICAL RESTRUCTURING

- PRIVATE PROPERTY (A TRUST), MARKET MECHANISM AND COMPETITION
- IMPROVEMENT IN THE QUALITY OF HUMAN BEINGS
- MORAL REFORM
- FAMILY AND SOCIAL SOLIDARITY
- SOCIAL SELF-HELP PROGRAMMES
  - ZAKAT, SADAQAT, AWQAF AND THE INHERITANCE SYSTEM
- PERFORM OF THE FINANCIAL SYSTEM
- ROLE OF THE STATE: ISLAMIC WELFARE STATE - MEANS TEST

# 11. THE MUSLIM MALAISE



## 12. AGENDA AND STRATEGY FOR REFORM IN THE MUSLIM WORLD



**THANK YOU**