

Modern Conventional Economics on the Pattern of No System of Old *Jahiliyyah* and Islamic Economics: Way-out

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Abstract

Financial crises of 2007-08 were the worst crisis the world has ever seen. These crisis engulfed the world and affected almost every part of it. Conventional economic patterns are major causes of such crises. In this economic system, profit maximization objective of corporate sector compress the wages as well as size of labor which finally cause two evils: widening rich poor gap and unemployment simultaneously. These evils beget other evils e.g. increasing trend of crime, illiteracy, unavailability of health facilities, moral and ethical diseases, social and economical injustice and insecurity etc. In this scenario, an obvious resemblance can be seen between modern economic system and no system of jahiliyyah when there were no institutions, no systems and no knowledge. Looking at actions and consequences, one can say that modern economic system is nothing other than replica of no system of old jahiliyyah but in relatively modern worst forms. Unlike to conventional economic system, Islamic economic System emerged claiming that it would enhance the socio-economic welfare of the mankind, but this dream is getting faded looking at the current practices in Islamic finance. Conventional finance is accused of high cost to client, but unfortunately current Islamic finance is not exception to this as well. It has become need of the time to look back the early Islamic revolutionary socio economic pattern to get how Islam revolutionized the principle-less pre-Islamic economic environment and how it developed principle abiding economic system to achieve the goals of Socio-Economic welfare of mankind. It will make possible to compare the modern prevailing economic and financial system with the pre-Islamic said system, and it will provide a true pattern through which modern age can effectively enhance its Socio-Economic welfare.

Keywords: Capitalism and Islamic Economics, Socio-Economic Welfare, Pre-Islamic Economic Environment, Islamic Economic and Financial System.

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Introduction:

Current economic and financial circumstances are caused, largely, by western economic policies and patterns which have unsecured the world and posed a threat to its different peaceful societies and civilizations. The western economics has led to the establishment of an unjust and unstable economic system in the form of capitalism⁽¹⁾ that have unfair distribution of wealth and income, a tendency toward equilibrium with unemployment, an unstable banking structure, speculative activity on stock exchange, exploitation of consumer by mega corporations, environmental pollution, excessive depletion of natural resources.⁽²⁾

The Current worst global economic condition is witness that conventional economics is nothing except trouble maker to mankind. Since the great depression of the 1930s, financial crises of 2007-08 are the worst crises the world has ever seen. These crises engulfed the world and affected almost every part of it. There was an extraordinary decline in economic activity because of banking failure and fall in stock prices. According to Tong and Wei both financial and non financial firms appeared to downward spiral.⁽³⁾ Adam smith presented the theory of invisible hand which was later turned in punching hand. Aydin names it stealing hand and says that 2007-08 financial crises were the greatest theft in human history. According to him, it was not seen as a theft perhaps because of the invisibility of the hand involved.⁽⁴⁾

According to Wolf, the US Census Bureau reported that poverty is getting deeper with the passage of time and the gap between rich and poor is increasing. He further says that there are multiple causes behind this trend but prevalent economic system is major cause among them.⁽⁵⁾ In this economic system, profit maximizing objective of corporate sector compress the wages as well as size of labor which finally cause two evils: widening rich poor gap and unemployment simultaneously. These evils beget other evils e.g. increasing trend of crime, illiteracy, unavailability of health facilities, moral and ethical diseases, social and economical injustice and insecurity etc. In this scenario, an obvious resemblance can be seen between modern economic system and no system of *jahiliyyah* when there were no institutions, no systems and no knowledge. Looking at consequences, one can say that modern economics is nothing other than replica of no system of old *jahiliyyah*.

This study aims to derive the economic path which possibly may lead the future toward prosperity and welfare of mankind. This paper briefly draw a picture how Islam revolutionized the principle-less pre-Islamic economic environment and how it developed principle abiding economic system to achieve the goals of Socio-Economic welfare of mankind. Then it compares the modern prevailing and properly managed economic and financial system with the pre-Islamic said system and highlights the similarities. Finally it sheds the light on modern business and finance principles in the light of *Shari'ah* verdicts and practices of early Islamic era and suggests the path through which Socio-Economic welfare can be effectively enhanced in this modern age.

Pre-Islamic Economy of Mecca:

Arabians were socially and economically diversified and had many life styles i.e. nomadic, countrified, and settled.⁽⁶⁾ There was no proper social, political and economic system in Arab in general and in *Mecca* in specific. There were four major determinants of *Meccan* economy; Pilgrimage, Trade through travel, establishing different markets, and Interest bearing loans.

Pilgrimage:

Mecca was basically infertile city but it was most important city because of *K'aba*, the House of God. People came for pilgrimage far from different corners of the world. *Quraish* were custodians of *K'aba*, so they used to manage and provide services during pilgrimage. *Quraish* strove to utilize this advantage in order to make it source of economic benefits. It was the age when idol worshipping was at its peak. Roundabout 300 idols were placed in *K'aba* and every idol possessed its separate importance. Pilgrims used to give offerings in the name of idols e.g. gold, silver, jewelry, horses, cow, camel, goats, and sheep etc. which were taken over by *Quraish*.⁽⁷⁾ This event used to owe them in millions. *Mecca* was also important because it was for centuries a stopover for the trade caravans that used to travel through *Hijaz*, either going north or north east to Syria and Iraq, or south to Yemen. *Mecca* was neither an agricultural nor industrial region of which it could boast. It had only one commodity that was most desired: water, provided by the water well called *Zamzam* and water was very dear commodity in desert area.⁽⁸⁾ According to Crone, pilgrim fair was the market of *Mecca*.⁽⁹⁾

Trade:

Literal meaning of *Quraish* is “the people who earn and accumulate”. That is why the tribe *Quraish* was named after it, because they used to travel and earn.⁽¹⁰⁾ *Quraish* used to consider agriculture as an inferior sector and avoid adopting it.⁽¹¹⁾ They prefer to be trader. According to Strabo, a historian from Greek, All Arabs were stockbrokers or merchants⁽¹²⁾ and respect was professed only for the merchants.⁽¹³⁾ *Meccan* traders used to travel in south to Yemen and north to Syria and Iraq for business and trade twice a year, one in summer and another in winter.⁽¹⁴⁾ According to Tabri it was *Hashim bin 'Abd Munaf* who had suggested these two travels.⁽¹⁵⁾ The main article of trade carried north from *Mecca* was leather especially tanned camel, cattle, and gazelle hides. Sprenger has tried to calculate annual trade volume of *Mecca*. According to him more than 1.2 million kg of goods were used to be sent to Syria, and imported as much from there.⁽¹⁶⁾ Sometimes their trade used to cause them high profits and sometimes they had to bear loss. There was an inhuman practice of *ihlifad* which was an Arabia tradition according to which a merchant, in case of losing his wealth in trade, was forced to leave the city and stay with his family in desert to starve to death.⁽¹⁷⁾

Before Islam, Holy prophet Muhammad (SAWW) was also a businessman as his all environment was permeated by the merchants. He was hired by a noble woman Khadija, who was wealthy lady of *Mecca*, and did not use to travel with her trade caravans, but she used to hire others for this purpose. She hired Holy prophet

Muhammad (SAWW) for leading her trade caravan to Syria as her agent (mudarib)⁽¹⁸⁾ and He brought high profits. Her slave named Maisrah, who accompanied the Holy Prophet SAWW, reported that he found Him very noble, honest, soft spoken, polite, and the person of high moral.⁽¹⁹⁾ He also narrated that in a sale transaction one purchaser demanded Him SAWW to swear but He refused.⁽²⁰⁾

Modes of Trade:

In jahliyyah, people used to deal in different sale contracts e.g. Ba'i al-Mulamsah, Ba'i al-Safqah, Ba'i al-Munabazah, Ba'i al-Muhaqalah, Ba'i al-Muzabanah, Ba'i al-'Irbah, Ba'i al-Masarrat, Ba'i al-Najash, Ba'i al-husar, Ba'i habl al-hablal, Talqi al-jalab, Ba'i al-Kali bil Kali and Exchange of goods To meet their financial need, they often used to borrow from creditors against some predetermined additional amount with the principles. Other sale contracts e.g. Salam and Istisna were also prevailed in the days of jahliyyah. People used to deal in Salam but they did not care about quality, quantity, time of delivery of the subject matter. Same as Salam, they did not care about the some important conditions for Istisna.

Markets:

There were different goods and labor markets e.g. Perfumes Market, Fruits Market, Dates Market, Cloth merchant's Market, Center of Shoes, and Hair Cutters Saloons.⁽²¹⁾ These markets were not law abiding and there was no moral and ethics for people regarding dealing in markets. These markets were usually established in different events and fairs e.g. 'Ukaz which was more than a market. It was also a fair with a festival environment. 'Ukaz was located to the east of Mecca. This fair was held in sacred months of peace, because of which merchants from all over the world used to come without any fear of robbery. The poets used to go there to recite poetry praising their wealthy patrons and to prove their superiority over other poets of different tribes. Horse races were held and booths were set up to dispense wine and other pleasures.⁽²²⁾

There were other markets in and around the Mecca overshadowed by 'Ukaz, but those lesser markets continued to operate. A market was held in Majannah, south of Mecca, after 'Ukaz, during the last ten days of the sacred month of *Zul Qa'dah*. The market of *Zul Majaz* was held in turn, during the first nine days of the sacred month *Zul Hijjah*; before the pilgrims ascend mount 'Arafat for *wuquf*. It was where merchant pilgrims who were late in joining the mawsim, the pilgrimage season, engaged in some last minute shopping. There were so many markets used to be held in Arab in general and in Mecca in specific in different times e.g. *Dawmat-ul-Jandal*, *Mashqar*, *Sahaar*, 'Adan, and Yamamah etc.⁽²³⁾ Gambling was very popular pastime for Arabs and was taken as a cause of pride and honor in jahliyyah. There were different methods for gambling e.g. *Azlam*. It was a practice of the Arabs during the time of *Jahliyyah*. They would use three arrows, one with the word 'Do' written on it, another that says 'Do not', while the third does not say anything. Some of them would write on the first arrow, 'My Lord ordered me,' and, 'My Lord prohibited me,' on the second arrow and they would leave the third arrow unwritten. If the 3rd arrow was picked, the person would keep trying until the arrow that says "do or do not" was chosen, and the person would obey the command that he selected. Beside this,

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gambling was also prevalent in different modes of trade like *Mulamsah* and *Munabazhah*.

Slaves were also treated like saleable goods. They were either household servants or were employed to generate wealth for their owners. Slave owners also used to earn money through *mukatabat* which is a process of paying stipulated money by a slave to his owner to buy his freedom.⁽²⁴⁾ In *Mecca Abdullah bin Jud'an* was said to have been a slave trader. He used to kept slave girls and used to force them on making money by selling their flesh (prostitution).⁽²⁵⁾ There are many other evidences that *Quraish* used to force their slave girls on prostitution for earning money.⁽²⁶⁾

Interest:

Meccan society was divided into different classes e.g. rich, poor etc. This classification enhanced the concentration of wealth in the hands of well off merchants. These rich merchants started banking practice to utilize their excess capital e.g. interest based lending. There was no proper money market, but the crediting and borrowing business was at its peak. The Creditors used to lend money for high interest.⁽²⁷⁾ With the passage of time as commercial activities increased and became less risky, the people were encouraged to borrow from rich merchants to invest. In this way, interest based lending became preferred source to increase the volume of equity capital. Many people amassed great wealth by interest based lending before Islam. *'Uthman ibn 'Affan*, *Khalid ibn Waleed*, *'Abdul Rehman ibn 'Awf*, and *Al-'Abbas bin Abdul Muttalib* were also involved in money lending and became wealthy.⁽²⁸⁾

Al-Jassas said that *riba*, which was recognized and practiced by the Arabs, was a loan of *dirahim* or *dananir* for a set period with an additional amount over the principle loan on which they mutually agreed.⁽²⁹⁾ If borrower could not pay his debt, he had been given more time against some additional interest⁽³⁰⁾ which is known as compound interest now a day. As Malik narrated to me that *Zaid bin Aslam* said, "*riba* in the days of *Jahiliyyah* was that a man would have a *haq* (debt) on a man for a set period. When the period was due, creditor would say, 'will you pay it off or increase me? If the man paid, he took it. If not, he increased him in his debt and lengthened the period for him.'⁽³¹⁾ *'Ata* and *'Ikramah* said that *'Abbas bin 'Abd al-Muttalib* and *'Uthman bin 'Affan* who purchased some dates (before harvest). When the time came for harvesting, the owner of the dates said to them: "If both of you took what is yours, I would have nothing enough for my children. So would you take half and defer the delivery of the left behind half and I double it for you? So they agreed accordingly."⁽³²⁾ Creditors used to double their debts in monetary terms and sometimes in terms of commodity in case of requested delay by borrower.⁽³³⁾

Imam Razi has precisely described the practice of *riba* in days of *jahiliyyah* that is very close to modern financial description. According to him, *riba* was a lending and borrowing based transaction that was very popular in *Jahiliyyah*. Creditors would advance money on the condition that they will take a particular amount every month and the principal amount will remain intact and due. Then on

the maturity date, they demanded the debtor to pay the principal. So this was the *Riba* people used to practice in days of *Jahiliyyah*.⁽³⁴⁾

Riba in its both forms; commercial interest and usury were prevailed in society at that time. In *jahiliyyah* there was creditor and lender relationship among tribes and they used to lend and borrow for commercial purposes e.g. the tribe *Banu 'Amar* used to lend money to *Banu Mugheerah* for commercial purposes.⁽³⁵⁾ It is also supported by different historical evidences e.g. when *Abu Sufyan* travelled to Syria for commercial purpose and he got fear of attack by Muslims on his caravan, he requested *Meccans* to provide him security. It was the caravan in which every person of *Mecca* had invested some of his capital.⁽³⁶⁾ *Zubair bin al-'Awam* used to accept deposit as a loan rather than *amanah* (trust) to make permissible the use of deposits in his business.⁽³⁷⁾ *'Abbas bin Abdul Muttalib* and *Khalid bin Waleed* used to run joint business in days of ignorance. They used to lend money on interest to *Banu 'Umair*, the *Saqeef* tribe from *Ta'if* city.⁽³⁸⁾ Such type of lending adversely affected the social and economic structure of *Mecca*, such as *'Abbas bin 'Abdul Mutalib* took away the official charge and privileges of *Siqayah* and *rifadah*⁽³⁹⁾ from his brother *Abu Talib* as he could not repay his debt with interest borrowed from *'Abbas bin 'Abdul Mutalib*.⁽⁴⁰⁾ Many people lost their freedom because they were not able to repay their debts⁽⁴¹⁾

Pre Islamic Meccan economy had become merchant economy in which only rich merchants enjoyed all resources of economy. The poor seemed to be burden on the society and they were often forced to seek refuge elsewhere, lest they become a drain on the food stock of tribe.⁽⁴²⁾ Mostly, defaulters along with their kin used to lose their freedom and they were sold to offset their debts. Interest based lending weakened social relations. Consequently, downward social and economic movement took place concurrently with the erosion of traditional types of social organization and enhanced the racism. With the passage of time, each merchant started to get strength for his tribe to make it leading and ruling tribe and it caused disputes many times between tribes.

Modern Economics on the Pattern of *Jahiliyyah*:

Adam smith, the father of conventional economics, sets a goal of profit maximization for an economic agent⁽⁴³⁾ and leaves this goal open ended without any moral and ethical constraints. He also ignores religion in absolute terms.⁽⁴⁴⁾ Conventional economics studies the human economic behavior in pure materialistic paradigm isolating it from other important religious, social, political, and ethical factors which certainly provide different results if they are considered. In this scenario, an obvious resemblance can be seen between modern economic system and the pattern of *jahiliyyah*.

Debt Burden, Interest and Modern Financial Slavery:

Existing conventional economic system is exploitative system in many ways. Financial institutions charge high interests on loans. In some cases, they charge compound interest. They don't care if debtor became default. They charge their

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principle with interest irrespective of the reason of debtors default. He is left helpless as people were used to be left helpless in *jahiliyyah*.

Debt in conventional economics grows over the time because of interest, while it remains intact in Islamic economic system. Though argues that debt can grow. He explains that a person can borrow money and then use it productively to earn a profit on it.⁽⁴⁵⁾ misunderstood the situation. As borrower uses the borrowed money, its status changes from being a debt because it is now owned by the debtor and he is liable for all risks related to money. Debtor may have different status simultaneously e.g. debtor with one person, investor with another, partner with 3rd one. Therefore, creditor is creditor in relation with debtor only. His relation cannot be extended to the other status of debtor. If debtor is making profit, profit will be shared with partners who are related to his business. Creditor will not get any share in profit because he is not related to debtor's business. Therefore, "debt can grow" is fallacious statement, while debt remain intact is the right approach.

Slavery in its real sense is part of past now. Since, modern economics has resurrected it in other form which is worst form of slavery than that of *jahiliyyah* times. At macro level, International financial institutions like IMF have made many countries their slaves through interest bearing loans. Those Nations cannot make even their domestic decisions on their own. At micro level, Banks and other financial institutions are exploiting individuals, firms, businesses etc through interest bearing loans. It is anticipated that a surprising 21 million of the world's slaves can be found in India, Nepal, Pakistan, and Bangladesh collectively.⁽⁴⁶⁾ According to Guay, the primary method of enslavement in these countries is debt burden. This involves a person using his or her labor as reimbursement for a loan. Unsavory accounting, astronomical interest rates, and violence then combine to keep the person in bondage that can last the rest of their life, and in many cases is passed on to generations of their descendants.⁽⁴⁷⁾ Even prosper country like Saudi Arabia has been warned recently from IMF that Saudi Arabia may run out of financial assets till 2220.⁽⁴⁸⁾

Adultery as Profession:

Modern economic system allows and forces at some extent the people to earn money through any means halal or haram for their survival e.g. business of wine, pork and tobacco etc, prostitution. The ECONOMIST has analyzed 190,000 profiles of female sex workers on websites where customers post reviews. The data cover 84 cities in 12 countries, with the biggest number of workers in America and most of the rest in big cities in rich countries. According to our analysis, the price of an hour of sex with a female prostitute has been dropping fairly steadily in recent years. In 2006 the average cost was around \$340. By 2014 it had dropped to about \$260.⁽⁴⁹⁾

Sources of Income:

Modern economics have made man a greedy, selfish and immoral economic agent who does not care about his income whether it is coming from right means or unfair means. Conventional Economics does not implicitly focus on ethics. Centuries after facing the serious consequences, ethics were given focus explicitly, but it was

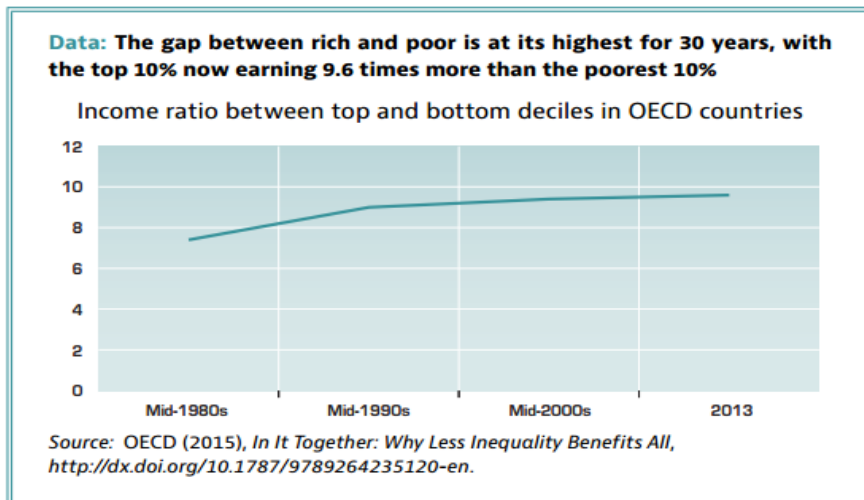
too late. People are making money using different means gambling, theft, corruption, bribery, adultery, monopoly, hoarding, fraud in business and deception.

Gharar (Uncertainty) in Contracts:

Contracts must be free from any type of uncertainty, but modern economics does care about it. Modern financial contracts involve higher degree of uncertainty in different aspects which make the contract totally null and void because it may lead the parties to dispute for example a person sells a nonexistent item and failed to deliver it at time, buyer may sue him to the court. There are many financial contracts involve uncertainty e.g. swap contracts, futures and options, insurance, forward contracts. *Gharar* hinders efficiency and encourages shortcuts for enormous remuneration. It promotes accumulation and concentration of wealth among few hands by depriving the poor members of society. People starts to make money through illegal means without creating real economic activity in the economy and do not rely on real efforts.

Poor-Rich Gap, Suicide and Crime:

When we see the poor-rich gap, we find that there is unstoppable poverty giant destroying humanity day by day. Income inequality has been rising in many wealthy countries in recent decades. In the 1980s, the average disposable income of the richest 10% in OECD⁽⁵⁰⁾ countries was around seven times higher than that of the poorest 10%; today, it's around 9½ times higher. Income gaps are even more striking when it comes to the highest earners. In the 1980s, the top 1% of earners commanded less than 10% of total pre-tax income in every OECD country bar one. Thirty years later, their share was above 10% in at least nine OECD countries and above 20% in the United States.⁽⁵¹⁾ Following figure shows rich poverty gap that is widening day by day.



America is known as most developed and having high budget country. Wealth disparity between rich and poor in America will clear the image of remaining world accordingly. According to a new Pew Research Center Report, Americans had hit a high record in this regard. On average, rich people were seven times wealthier than middle income people, compared to 3.4 times wealthier in 1984. When compared to lower income family wealth, upper income family wealth is 70 times larger.⁽⁵²⁾

This increasing trend of income inequality is causing social instability, dissatisfaction and crime. The World Health Organization (WHO) reported that every 40 seconds, a person attempts suicide somewhere in the world. While most countries with high suicide rates are poor, there are also a surprising few, highly-developed and rich nations which rank very high in this sad statistics.⁽⁵³⁾ Global suicide rates have increased 60% in the past 45 years. Aristotle wrote “poverty is the parent of crime”.⁽⁵⁴⁾ Bharadwaj made a study on India and reported positive relationship between poverty and crime. He confirmed the economic theory of crime that poverty leads to more criminal activities. His findings were in line with Fafchamps and Minten’s econometric result that poverty is associated with rise in property related crime.⁽⁵⁵⁾

Gambling:

Gambling is a major element of modern economics e.g. insurance, stock market, arbitrage, and casinos. It is very hard to differentiate between insurance and gambling because they look alike. A cursory study of commercial insurance business will show that it does resemble gambling and the insurance companies are like the 'bank in betting' and receive premiums from the insured and pay out in case of loss, risk or death to the sufferer. And a number of economists have admitted that commercial insurance is a form of gambling or speculation and therefore could not be considered within the ambit of co-operative activities.⁽⁵⁶⁾ If we compare commercial insurance with gambling we find a close resemblance between the two: There is a great similarity between the contract of commercial insurance and that of gambling. In both, the amount betted (or insured) is paid back to the better (or insured) when certain events have taken place. In the case of the non-occurrence of an event, nothing is paid back to the better (or insured). This applies both to commercial insurance and betting. How the bet or stake in case of betting (and peril in case of commercial insurance) will actually occur and who will be the winner, the better in case of betting (and the insuree in case of commercial insurance) or the house (or the insurance company) is anybody's guess. The premium money in commercial insurance is exactly like the stake in betting as far as legal commitments are concerned. The gain of the house in betting and the company in insurance is always certain, while the gain of the better or the insuree is doubtful; he may gain or lose. On the whole, the house against all gamblers and the commercial insurance company against the entire insured, are always the winners.

Casinos are legally permitted to run their gambling business. In Australia, gambling was estimated to be involved in some 1600 divorces annually.⁽⁵⁷⁾ According to Lorenz and Jaffee wives of gamblers report higher than average rates of depression, verbal and physical violence and suicide attempts.⁽⁵⁸⁾ Jacobs et al

found that the children of gamblers have a higher than normal involvement with addictive substances, more psycho-social problems, and more problems at school than others.⁽⁵⁹⁾ Jay Albanese found that casinos in Atlantic City positively changed the crime rates e.g. murder, rape, robbery, assault, and theft. He reported a strong correlation between casinos and crime.⁽⁶⁰⁾

Without any religious and ethical constraints, profit maximization is fatal objective which may cause disastrous consequences that modern age has faced many crises in past and is facing even in present. Profit maximization is the factor that certainly instigates the lust and greed for more and more ignoring how it will affect society and economy as a whole. Every economic agent attempts to maximize his profit even on the cost of individual or society as a whole e.g. tobacco, wine, pork producers. Such principles of conventional economics lead the system toward exploitation, injustice, and other moral diseases.

Islamic Socio-Economic Revolution:

Unlike to conventional economics, Islamic economics does not isolate the human economic behavior from other important social, political, and ethical factors, because human economics is nothing without society and society cannot be sustained without political strength and ethics. Islam started with enhancing the human confidence by raising his social status to make him economically stable. Mankind is basic subject of economics as Alfred Marshall says that it examines that part of individual and social action which is most closely connected with the attainment and with the use of the material requisites of wellbeing.⁽⁶¹⁾ Islam built new high social, religious, political, ethical, and economic norms and made them interconnected. Islamic revolution abolished *jahiliyyah* norms from society gradually.

Islamic Revolution in Social Norms:

Islamic revolution started with lifting up the human social status to pave the way for further developments. To abolish racism, holy prophet Muhammad (ﷺ) for the first time announced his revolutionary slogan in *Meccan* society that an Arab is not better than a non-Arab and a non-Arab is not better than an Arab, and a red person is not better than a black person and a black person is not better than a red person, except in piety.⁽⁶²⁾ Moreover, He (ﷺ) also developed social equality between two opposite classes of society e.g. master and slave by declaring that slave was brother of his master and advised the masters to feed them from their own food and dress them from their beloved dress.⁽⁶³⁾ Where such slogans raised the confidence level of downtrodden part of the society, it also forced the privileged class to revisit their attitude toward everything.

Islamic Revolution in Religious Norms:

Islam attracted everyone in general. Specifically both classes' rich merchants and the oppressed were attracted toward Islam and it grew stronger progressively. Islam taught them to keep firm belief on Allah, the Messengers, the Day of Judgment, the divine Books, the Angels and the fate. They were taught "Allah is the creator and He is sustainer of life and everything". Man is his successor on earth not

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an owner. The Day of the judgment is the day when every soul will be accountable for its deeds good or bad. Such teachings and believes made them God fearing.

Islamic Revolution in Economic Norms along with Ethics:

Rich merchants were production class and the other was labor class of the *Meccan* economy. It was necessary to guide both of them to make *Meccan* economy a welfare economy. The Prophet (ﷺ) coached and advised the oppressed to become economically independent and motivated them to do labor work. As he said "Nobody has ever enjoyed a better food than that which one has earned by working with one's own hands. The Prophet of Allah, David used to eat from the earnings of his manual labor."⁽⁶⁴⁾ He (ﷺ) made both of them moral and ethical economic agents as He (ﷺ) said 'O people, Allah is *Tayyib* (good) and does not accept anything but that which is good. Allah has enjoined upon the believers that which He has enjoined upon the Messengers. Allah says: O (you) Messengers! Eat of the *Tayyibat* [the lawful] and do righteous deeds. Verily, I am Well-Acquainted with what you do"⁽⁶⁵⁾ and Allah says: 'O you who believe! Eat of the lawful things that We have provided you with"⁽⁶⁶⁾ Then He (ﷺ) mentioned a man who has undertaken a lengthy journey and is disheveled and dusty, raising his hands towards heaven and saying: 'O Lord, O Lord!' But his food is unlawful, his drink is unlawful, his clothing is unlawful, and he is nourished with what is unlawful, so how can he receive a response?"⁽⁶⁷⁾

Removal of *Riba* along with Ethics promotion:

He (ﷺ) specifically warned the capitalist and merchants and prohibited them from indulging in interest based activities by conveying the message from Allah, the almighty: O Believers! Fear Allah and leave what remains of interest if you are Muslims. But if you do not do like this, then be sure of war from Allah and the Messenger of Allah. And if you repent, then take your principal sums, neither you wrong any one nor be wronged yourselves."⁽⁶⁸⁾ He (ﷺ) cursed the one who consumes *riba* and the one who pays it, the one who writes it down and the two who witness it," and he said: "They are all the same".⁽⁶⁹⁾ He (ﷺ) practically abolished the *riba* in last sermon saying "All interest and usurious dues accruing from the times of ignorance stand wiped out. And the first amount of interest that I remit is that which *Abbas ibn Abd-al Muttalib* had to receive. Verily, it is remitted entirely."⁽⁷⁰⁾ Allah the almighty allow them making money through sale saying "Allah made trade lawful and made interest unlawful".⁽⁷¹⁾ Allah the almighty instigated the money lenders to make benevolent loan (*qarz e hasan*) rather than indulging themselves in interest saying "Who is he that will lend to Allah a goodly loan so that He may multiply it to him many times? And it is Allah that decreases or increases (your provisions), and unto Him you shall return".⁽⁷²⁾

Trade and Ethics:

Islam also encouraged their trade and advised them to avoid unfair means in business as Allah the almighty said "O believers! Consume not unjustly the property of one another among yourselves except it be a trade by your mutual consent".⁽⁷³⁾

Islam taught them principles of business and trade which implicitly included business ethics e.g. to avoid swearing in sale⁽⁷⁴⁾, cheating in measures⁽⁷⁵⁾, false bidding and quoting wrong price⁽⁷⁶⁾, and misguiding the people in market⁽⁷⁷⁾, not to hide defects of item being sold⁽⁷⁸⁾, not to deceive regarding product quality and specification⁽⁷⁹⁾ etc. Islam developed its business rules on broad and wise principles that secured the social relations e.g. avoiding *gharar*⁽⁸⁰⁾ in subject matter, its possession, its delivery and its price, so that relations between the parties might remain normal or become stronger than before. To promote the trade and to keep the business free from any immoral element, Islam encouraged the business men to keep their business keen and clean as Allah's Messenger (ﷺ) instigated them saying that an honest and trustworthy trader will be with Prophets, Truthful, and Martyrs (*Shuhada*) (in the Day of Judgment).⁽⁸¹⁾

Prohibition of Illegal and Immoral Sources of Income:

To stop and reduce the financial crime Islam implemented the system of penalties e.g. hand cut in case of stealing.⁽⁸²⁾ Islam wisely closed the all doors of evil practices, illegal and immoral sources of earning e.g. prostitution as Allah the almighty prohibited it saying "And force not your maids to prostitution when they desire to live in chastity in order that you may get some goods of this world's life. And whosoever will force them then undoubtedly, Allah after this that they remain in compulsion is Forgiving, Merciful".⁽⁸³⁾ *Abdullah bin Uba'i*, leading hypocrite, asked the Holy Prophet (ﷺ) for granting him a permission to make money through prostitution, so that money might be used for orphans welfare, but He (ﷺ) refused to grant permission.⁽⁸⁴⁾

Other than aforementioned false earning sources, Islam also prohibited three other major false sources through which *Meccans* used to make money named: casting lots with arrows (*al-azlam*)⁽⁸⁵⁾, palmistry, foretelling future (*kahanat*) as Zaid bin Khalid narrated that we went out with Allah's Messenger (ﷺ) in the year of Al-Hudaibiya. One night it rained and Allah's Messenger (ﷺ) led us in the Fajr prayer and (after finishing it), turned to us and said, "Do you know what your Lord has said?" We replied, "Allah and His Apostle know it better." He said, "Allah said: "(Some of) My slaves got up believing in Me, And (some of them) disbelieving in Me. The one who said: We have been given Rain through Allah's Mercy and Allah's Blessing and Allah's Bounty, then he is a believer in Me, and is a disbeliever in the star. And whoever said: We have been given rain because of such and- such star, then he is a believer in the star, and is a disbeliever in Me."

Closing the Doors of Exploitation:

Islam also closed the doors of exploitation by prohibiting the interest, the gambling,⁽⁸⁶⁾ the bribery⁽⁸⁷⁾ and the hoarding of goods⁽⁸⁸⁾, and prohibiting the people to buy the goods from farmer outside the city (*Talqqi al-Rukban*).⁽⁸⁹⁾

Strengthening the Market Forces without Interest and Speculation:

The Holy Prophet (ﷺ) tried to bolster the market powers of demand and supply. He (ﷺ) discouraged the speculator transactions. His (ﷺ) companion

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Way-out

Bilal brought some good quality (Barni) dates and the Messenger of Allah said to him: "Where are these from?" Bilal said: "we had some poor quality dates, so I sold two Sa' of them for one Sa', as food for the Prophet." At that, the Messenger of Allah (ﷺ) said: "O! The essence of *riba*! Do not do that. If you want to buy dates, then sell them in a separate transaction, and then buy them".⁽⁹⁰⁾ He (ﷺ) advised them to sell dates in markets to get money and then buy other dates. It is very clear to economists that this mechanism instigates the market business as well as forces of supply and demand. In another hadith He (ﷺ) said 'Do not sell two Sa' of dates for one, or two Sa' of wheat for one, or two *dirham* for one".⁽⁹¹⁾ Such activities are called speculation activities. According to economists speculation causes the economic bubbles⁽⁹²⁾ which leads to market failure.

The holy Prophet (ﷺ) trained his followers on such firm grounds that their disobedience to Him (ﷺ) was far away from imagine. According to aforementioned hadith narrated by 'Ata and 'Ikramah that 'Abbas bin 'Abd al-Muttalib and 'Uthman bin 'Affan agreed to defer their remaining dates with stipulated additional quantity. When they demanded their dates with interest at maturity date, the holy Prophet (ﷺ) prevented them from charging stipulated additional quantity of dates and ordered them to leave interest and they did it without any hesitation.⁽⁹³⁾ The Holy Prophet (ﷺ) removed his uncle's all interest that was due on individuals and tribes, and he did not object and gave up all interest happily.

Existing Islamic Financial System:

Existing Islamic financial System was emerged claiming that it will enhance the socio-economic welfare of the mankind, but this dream is seemed to be faded looking at the current practices in Islamic finance. Conventional finance is accused of high cost to client, but unfortunately current Islamic finance is not exception to this as well. Islamic banks cost more and unlike conventional finance, they are unable to play their role in health and education at the moment. Though Islamic microfinance is playing its role but it is also exploitative at some extent. Most of the Islamic financial products are linked with KIBOR and their spreads are higher which implies relatively more inefficiency as compared to conventional ones. To put the derailed Islamic economic and financial system on its right path to achieve the *Shari'ah* objectives of welfare of mankind, it is necessary to look at the past, when Islam had brought a revolution in every aspect of life in general and in economic affairs in specific and the world saw the time when no one was willing to accept charity rather everyone was capable to offer charity i.e. time of caliph 'Umar bin Abdul Aziz.⁽⁹⁴⁾

Abozaid and Wajdi, Wajdi and Anas criticize the current Islamic banking practice and argue that Islamic banks are abusing the *Shari'ah* maxim of "*darurah*"⁽⁹⁵⁾ to get a legal excuse for their impermissible products e.g. *Bay' bi thaman ajil*⁽⁹⁶⁾ (deferred sales contract) and Islamic Pawn Broking⁽⁹⁷⁾. They further argue how Islamic banks can launch products using maxim of *darurah* while people can survive without those products. According to Abozaid and Wajdi if it is rightly

presumed that such products are necessary for the survival and long-term sustainability of IBI due to certain considerations, then the argument is that the very concept of bank itself is not indispensable for the mukallaf's survival from the *Shari'ah* perspective. If maxim of *darurah* supposedly exists in dealing with Islamic banks then it would rather approve dealing with conventional banks directly on the same grounds.⁽⁹⁸⁾ Majid says that takaful operators are using *darurah* principle to get the legal excuse to commit prohibited deeds like obtaining covers from reinsurance companies of conventional systems.⁽⁹⁹⁾

Mostly such exploitation and abuse of *Shari'ah* maxims and principles are caused by *Shari'ah* advisors having less enough knowledge of modern economics and finance and poor knowledge regarding relative environment and there are other factors in this regard e.g. personal interests of *Shari'ah* advisors with concerned bank. This matter is related to regulatory authority e.g. central bank must focus on developing separate and foolproof regulations for Islamic banking and financial institutions. Hiring of *Shari'ah* advisor must not be left on concerned Islamic bank. It is also evident that mostly Islamic banks are hiring fresh graduates of *madaris* who do not have proper knowledge of modern banking and finance which may raise the questions about validity and quality of work done by such inexperienced *Shari'ah* advisors. Moreover, *Shari'ah* advisors must be paid through central bank to make their *fatawa* unbiased. There must be proper educational criteria and scholars having conventional economics, banking and finance education as well as proper *Shari'ah* education should be preferred. The different existing criteria regarding the hiring of *Shari'ah* advisors and *Shari'ah* audit team are not enough and they must be reviewed. *Shari'ah* advisors and *Shari'ah* auditors must be independent and *Shari'ah* audit must be confirmed by external *Shari'ah* audit to make *Shari'ah* auditors accountable.

Conclusion:

Manmade economic and financial systems brought evils like destruction, exploitation, injustice, inequality, greed etc. It is a rationale decision that something should be used or dealt according to its instruction book provided by its own manufacturer, because he knows better about his product. Allah the almighty is the creator of human being. He knows better all desires, weaknesses, strength and other details of His product. Therefore, he must be dealt according to His instruction which were provided by Him through His holy Prophet (SAWW). Quran and Sunnah is the true guide for human success. As a poet says "Take me back to the time of Holy Prophet (SAWW), my misfortune needs to regain its fortune and development". Conventional economics can become fruitful if it is made *Shari'ah* compliant. Day by day changing environment, circumstances, values, culture, custom ('urf), needs (*hajat*) and life style prove that everything is not subject to status quo. It requires the regulators, Islamic jurists, economists, financial experts and financial engineers must co-operate each other for such high objective of human success and prosperity.

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