

Economy and its Position in Islamic Government

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Abstract: Islamic thought as a worldview to manage the society and human being to real perfection and salvation presents necessary rules based on materialistic and spiritual needs of human being to the society that all cultural, political and economic institutions can be active to create welfare and elimination of poverty and discrimination and fulfillment of social justice. The most important issue regarding the goals and principles of economic systems is the attitude of various schools to religion and its scope. The present study attempts to discover and introduce the deep link between ideology of Islam and economy and perception of the position of practice of each of them based on thought and philosophical principle of monotheism worldview to raise the problems, ambiguities and necessities and presents the required grounds to present the economic issues from the view of Islam.

Key words: Materialistic, spiritual needs, poverty, discrimination, monotheism

INTRODUCTION

Islam consists of a set of principles and beliefs regulating the relationship between a Muslim with God and society. Thus, Islam is not like Judaism and Christianity to be only a divine religion but it is a set of behavioral regulations organizing human being in materialistic and spiritual life. A survey of contemporary literature of Islamic political economy shows many differences between this new thought model and capitalism economy in key issues. This difference is based on fundamental principles of Islam as:

- God is the creator and owner of wealth and human being is the successor of God and people can use wealth as governor and agent from God
- Working is a divine duty and social justice is the result of productive labor force and equal opportunities as each person can make the most out of his abilities and receive reward to his work
- Justice and equality in Islam mean that people should have equal opportunity and it doesn't mean they should be equal from richness and poverty. In the Islamic government, the minimum living is food, cloth, housing, medical care and training for citizens. The main purpose is balancing the social differences and empowerment of the poor to achieve a normal life from materialistic and spiritual aspects based on dignity and satisfaction in Islamic community
- Economic intervention is extensive and includes government intervention in most of economic

activities. Such intervention can have many problems as general guidance and making law by government and direct ownership and management of government as including governance, consulting, supervision and support. The Holy Quran orders the society to follow God, Prophet and rulers. An Islamic economic system acts based on a fundamental principle in which demand and supply force acts freely in determining price in all markets. Only under exceptional conditions as there is a justification for government intervention and even under these conditions, the aim of intervention is not avoiding the freedom of trading and the aim is guaranteeing the complete information in market or organizing economic activities to support freedom without damaging the buyers or sellers

DEFINITION OF ECONOMY

Economics is the knowledge dedicated to optimal allocation of goods and products. In other words, it is the knowledge interpreting the economic life and their relations with their general factors. Economy issue is one of the most important issues of life and Islam has specific attitude to it.

Islamic economy: Islamic economy system is a set of general rules in Islam regarding economic life and solving economic problems to provide social justice. Economics is reflection of definite civilization and it is not possible there are general issues as true in various social systems. In order to have real Islamic economy, we should ignore common economics and build Islamic economics from the scratch.

There are many differences regarding the nature and structure of Islamic economy. Some people consider Islamic economy as economic rules as existing in jurisprudence books as forbidden jobs, sale, Mozarebe, Mozare, partnership, rent and Joale. According to Shahid Sadr, Islam has economic religion and others believe that Islam has economics. Others deny Islamic economy and believe that Islam has presented only general goals and values and the existing rules in economy belong to the beginning of Islam and are not universal and fixed rules of Islam. Some people believe that Islamic economic is one of the minor principles of trading jurisprudence and if we extract economic rules form jurisprudence books and formulate as independent issues, the resulting science is called Islamic economy. Also, others believe that there is a strong relation between jurisprudence and economy (Noland, 2005).

Although, expressing economic system and school of Islam is of great importance, despite extensive researches, there are various weaknesses, this aim shouldn't prevent us of the evaluation of other dimensions of Islamic economy namely in comparison and implementation. According to Shahid Ayatollah Sadr, one of the most important goals of Islamic economy is changing wrong goals to achieve good Islamic goals and this aim needs its own methods and mechanisms. How Islamic economy can presents a practical theory for changing without considering economic realities and its exact recognition. The discovery of Islam economic school is possible based on "jurisprudence method" in economic norms. We should consider that Islamic rules in economy are based on a set of positive relations extracted from Quran and traditions by which economic evolutionary traditions and rules are extracted based on Islam and Islamic traditions.

Islamic market cycle in economic paradigm has four processes of sustenance, sale, charity and grace as starting from sustenance and sale and ends to grace. In this four stage process, Yadollah (Gods' hand) is present as a ruler in this trend from sustenance to grace. Based on social views in Islamic economy, there are two basic differences between Islamic economy and liberal economy and economic systems based on these sciences. The difference of achieving permitted income, Endogenous supervision.

From the first aspect, Islamic economy only considers the strategies among the possible choices. From the second aspect, Islamic economy considers beyond civil rules of society and before that to belief and internal evaluation of the Muslim and the believer. A Muslim should consider the world as before God and the only permitted income is as attributed to him and as it is true.

Wrong cases are baseless. Thus, even in current Islamic system, if the property is not attributed truly to a person, only legal permission doesn't mean the true nature. For example, belonging the state budget to a person to institution or organization is true when the required real work and value added is created.

The analysis of the relation between Islam and economics: By the following simple chart, determining the relationship between Islam (as the Holy Quran and noble tradition and what is inspired by it) and economics is possible easily. In the following chart, the bigger circle indicates Islamic items and smaller circle, economics. Also, both circles are divided by horizontal line showing value items (above line) and description items.

This chart shows six parts numbered 1-6. Part 1 indicates Islamic value items, part 2 indicates Islamic description items and parts 3, 4 are common in Islam and economics. Part 3 includes value items of Islam and economics. Part 4 indicates descriptive Islamic items considering as descriptive items of economics. Part 5 shows value economic items to which religious texts are not presented and they are not extracted by religious texts. These items are associated to economics. Part 6 includes descriptive items of economics. This six types division is imaginary and it is possible that each of the parts is not real. It is required to present at least one example for each of them to emphasize that all of them are real and have real examples. These examples are explained later.

FIRST, ISLAMIC VALUE ITEMS (PARTS 1, 3)

Religious texts of Quran and tradition are value items as all forbidden orders in Islam (e.g. obligatory, voluntary, forbidden and banned issues) are all value items. Some of these value items are non-economic (part 1) as (Al-Loghman verse 18): Do not turn your face away from people out of arrogance, nor walk in the street exultingly, other value items are economic (part 3) you believe fear from the disobedience of Allah's command and give up what remains due to you from usury, if you are believers. Pay alms. All economic system rules of Islam are in this part. It is possible to view part 3 from modern economics and raise this question whether there are Islamic and value items as accepted by economists. It seems that there are not such items as modern economics has attempted to save itself from the values. Optimized production (highest product with lowest cost) as the most important goals of economists shows value preference. This goal is consistent with Islam as Islam bans wasting (the lack of optimization of production is one of the

examples of waste). Also, optimal production with production of property as the main five goals of Islam is consistent (Abedi *et al.*, 2012a).

To present the example of another method we can refer to the interest of economists to economic growth analysis (as the increase of average income of people). Economic growth is consistent with Islam attempt to fight against poverty and preferring wealth to poverty. It can be said part 3 of mentioned items is true as it is viewed via Islam or via modern economics.

These items describe reality, relationship of variable less and grouping of definite facts. The examples of non-economic items (part 2) are as follows: Honey is mentioned in Quran as: (AL-Nahl, 69): It is healing substance for mankind. This descriptive item describes the relationship between using honey and healing some diseases. This is dedicated to medicine field (Abedi *et al.*, 2012b).

According to God: O, our creator, punish us not if we forget or fall into error: This verse indicates that some types of forgetting are voluntary and they can be prevented otherwise no regret was necessary. This is a descriptive item regarding psychology. According to Al-Baghare verse 166: Those who were followed renounce those who followed them. According to Araf verse 75 about the believer: The chiefs of those who were arrogant among his people said to those who were believers yet considered powerless. The arrogant is the one his promise is important in society. They are mentioned as those preventing people of accepting the Messengers invitation. According to Ahzab verse 67, they are mentioned as: And they will also say, O! Our creator we only obeyed our chiefs and our leaders, so they did lead us astray from the right path.

These verses emphasize that in analysis of people reaction to new thoughts, we can classify them into follower and leader. This descriptive item is in sociology field. Now we can mention some examples of descriptive Islamic items of economy (field 4) as:

- According to Alagh verse 6, 7: But indeed man is ungrateful and makes rebellion as soon as he feels free from the need
- According to Al-Shora verse If Allah gives sustenance and wealth to His Human creatures abundantly, they rebel on the earth
- Also, there are various traditions associating between the poor and the rich. In one of the traditions
- Perform good deeds. Do you see anything except the poverty leading to forgetting or the richness leading to rebellion?

- These items are economic descriptive items associating increasing wealth with rebellion. This relation is not considered by economists as I know

According to Al-Emran verse: Beautified for mankind is love of the joys from women and sons and stored up heaps of gold and silver and horses branded with special mark and cattle and tilth, such are the provisions of the life of this world but whit Allah is the excellent Abode.

Say, Shall I inform you of something better than those temporal attractions. For the pious with their creator and Nurturer are gardens in which streams flow, therein they live eternally and with pure wives and above all, they will have Allah's contentment and Allah is the seer of His obedient worshippers. There are two descriptive items in these Quran verses. The first item is as human being loves wealth as infinitely and this tradition is mentioned: If the son of Adam has property of two worlds, he likes to add the third world. The second item deals with the fact that the belief in the reward of God in the afterlife reduces the wealth love of human being. The first item is referred by economists.

God says: Do not wish the bounty which Allah by bestowing it, has raised some of you above others. And do not fix your eyes enviously on the bounties we have given to some of them. Also, the prophet says: Always look at those poorer than you not richer than you and this is appropriate not to consider God grace unimportant (narrated). According to two verses, demands of people for goods is affected by those seeing and based on the tradition, the satisfaction of consumer is affected by the comparison of himself with others or his relative condition. There are other religious texts regarding the mutual relationship between consumers and the impact of its utility on each other and the impact of external and social factors on the entire affairs. Such texts are in contradiction with two basic assumptions of consumer behavior and welfare economy theory. These two assumptions are. The tastes of consumers, exogenous variables, utility functions of consumers are independent from each other.

According to God in Mohammad verse: If Allah asks you to spend all your own, it will raise your anger and you would niggardly withhold and thus he would bring out all your ill-feeling. Also, Adopt forgiveness and (Al-Baghare 219): And they ask you how much they should spend in charity, say whatsoever can be spared and that which is beyond one's needs.

Based on the verses, the descriptive item is determined as: What is received freely, has definite limit as if we go beyond it, the angers can be revealed.

Third; descriptive items of economics (subset 6):

Although, it is said that economists have different views, there are many descriptive items in economics as economists can agree. An example of these items is mentioned to reveal the error of some who believe that modern economy is only a set of western values:

- Angel law (German statics) as the income dedicated to food is reduced by increasing income
- The sum of extra payment of governments with extra money is equal to the deficit of payment balance of the governments with deficit
- Money value is money affordability and it is not associated with its gold support
- Descending return law: If we increase using production input equally (on condition of the stability of other production inputs), the production is increased with descending speed

CONCLUSION

Islam is guidance religion and its initial purpose is presenting value items, ordering and forbidding religious orders or religious orders regarding the value preference of a case to another one. In addition, Islam makes us aware of some descriptive variables of some sciences as economics, sociology and psychology. This has great impact on making social and human sciences Islamic and avoids the deviation of these sciences.

“Many factors deviate social sciences and increase contradictory views. Social and economic phenomena, the

multiplicity of probable descriptive items in multiplicity phenomena of effective factors, the need to ignoring great factors and concentration on some limited factors in theorization and the lack of fixation of some social factors or human being following experience, in views of Muslims in recognition of creation rules and experimental issues are the factors as making the world and understanding of existing relations deviated. Thus, Islamic knowledge applies reasoning and inductive experimental knowledge sources beside general knowledge issues in Sharia punishment, inferential (based on revelation)(Abosoleiman, Bitá).

Thus, providing some descriptive items regarding some effective factors on economic behavior is a valuable aid to make economics and others sciences Islamic. It is observed that most of contemporary studies ignore descriptive item of Islam regarding Islamic nature of economy and other sciences. Only value items and their evaluation are observed in these works.

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