

## Introduction

### *In the Name of Allah, the Most Beneficent, the Merciful*

The following points should be considered as a prelude to our discussion.

1. It is of utmost importance to differentiate between two concepts, namely, the economic system and economic science. The former, that is the economic system, deals with the best ways dictated by an ideology, to provide and safeguard national welfare and justice among people; while the latter, that is economic science, is concerned with natural laws which govern economic operations and transactions, independent of justice.

For instance, take the laws of "supply and demand." It is observed that when demand on particular goods is increased, its price will increase accordingly. Then the rise in the price will effect the demand which contributes to the price decrease. This is a well known law in the science of economics which can be applied or observed in any economic operation, irrespective of the economic system prevailing in the society.

But if we took the concept of possession, we find that Capitalism is centred about private ownership: Socialism proclaims collective ownership; while Islam neatly balances the interests of individuals and society. Islam has its unique and independent system which shall be dealt with in time.

The main purpose of this article is to compare the existing economic systems as it is defined by the title. The comparison is based on doctrinal grounds. The following systems shall be examined in sequence:

- a. The Democratic Capitalist System.
- b. The Democratic Socialist System.
- c. The Communist System.
- d. The Islamic System.

The Democratic Capitalist system is followed by countries like America, England, France. It is needless to say that the evils of this system has made its advocates retreat from many of its values, ideals and laws. It is not astonishing to hear cries of socialist measures, such as national health service, free

education etc.

It is then not surprising at all to find France and England claiming to be Socialist countries! The Democratic values in these countries have been challenged to whether they actually achieve social justice, and reflect the society's opinion as a whole. It actually fails the test of securing true representation of all people and protect their interests without some sector being victimised.

The Democratic Socialist system prevails in China, Russia, Yugoslavia. This system allows, but limits the possession of people, and the government assumes the ownership and administration of the bulk of the country's wealth and industries. In other words, individuals will not be allowed to have more than they barely need, while the government manages, develops, secures, and maintains every aspect in the society. This is obviously not healthy, because it will deny people the initiative, responsibility and the imaginative power, and self-interest.

Indeed, Russia and other Socialist countries wondered at first about the impracticability of their ideas, and thought the reason to be the precipitates of Capitalism. But when fifty years have lapsed and their dilemma has not changed, they implicitly realised the wrong concepts assumed. Hence they introduced remarkable changes and alterations in the system to the extent that China accuses Russia to be deviating to the capitalist line.

The Communist system has no existence, and no practical experience up to now. In other words, it is theoretical and has never been realised in practice. It should be noted carefully that the Communist system assumes in man idealistic motives. This means that Communism demands biological and psychological transformations and changes in the human being!

The simplest thing to say in order to discard the Communist theory is that it contradicts with human nature and instincts. This is scientifically proved and materially beyond doubt, because this theory deviates from experiment and observations. The Islamic system is the last one to be examined in this short review. Although the Islamic system has no existence now, but it has passed the experience of application. It is a practical system unlike Communism.

It was very successful in raising the primitive Arabian nation of the sixth century to the greatly civilised nation of the 12th century. The boundaries of the Islamic Empire, then, were stretching between China in the east, and the Atlantic Ocean in the West. It was the deviation from Islam which caused the failure of the Islamic Empire. It was in 1918 when for the first time in the Islamic world, that the Quranic law was replaced by Western law.

2. Here it is advantageous to pass quickly over the recent Islamic revivals, and its development in order to have a proper grasp of the understanding and mentality of today's Muslims.

The Qur'an is not considered as a scientific text to provide a systematic description of the economic system in Islam. The modern Islamic Movement started at the beginning of the present century and did

not take the shape of formal organisations till the fourth decade.

Muslim thinkers pursued the traditional manner of Islamic legislation which depends on the following sources:–

- (a). Qur'an – which is God's revelation to the Prophet (peace be upon him and his family).
- (b). Tradition – which is the sayings of the Prophet (peace be upon him and his family).
- (c). Ijma` – this comes when there is no specific mention in Qur'an or Tradition about a particular case. It specially refers to concepts which have been accepted throughout the Islamic history as Islamic concepts.
- (d). Human reasoning or logic – this again comes when there is no specific mention in Qur'an, and Tradition.

Hence it is relevant for Muslim thinkers to seek solutions for the various problems of life, in the Qur'an. If there was no clear cut solution, then the true sayings of the Prophet (p.b.u.h. a.h.f.) are reviewed to get more satisfaction. If that was not enough, then Ijma` and Logic are used as a final resort.

This particular topic is the field of specialists who possess sound knowledge of Islam. It is pointless to say that the following analysis is only quotation of Modern Muslim thinkers, and ideological leaders, and cannot be regarded as my own analysis or reasoning.

3. It is important to note that the Islamic principle is a complete set of concepts and laws which cannot be divided into small pieces or parts separately. It is essential to deal with Islam as a whole, otherwise, the fruits would not have the Islamic flavour and taste. In other words, it is not possible to take some Islamic laws while rejecting others.

A principle is defined politically as a doctrine which gives rise to a system of life. The doctrine is the philosophy which defines the universe and man, the origin of universe, the nature of the laws governing the universe, the destination of man, etc. The system is a natural organisational form of the doctrinal view of what the society should be like, and its dealings within its sphere and outside relations.

The word Islam means submission. Islam considers man as a part of nature which is destined to obey certain rules. The natural laws have been created by an ultimate cause called God (The Arabic word is Allah). Islam views nature as Muslim. The movement of electrons around the nucleus is an obedience to a godly law, and in this sense, the electron is a Muslim.

Human being is distinguished from other parts of nature by his consciousness and power of thinking. His status has two kinds of laws. The first kind covers the instinctive, materialistic, and psychological activities, which are independent of his will, such as the beating of heart, or the curiosity instinct, etc. The second kind covers those activities which are based on man's free will. God offered man the best norms

for his behaviour.

That was delivered through Prophets by revelation. Prophets are looked at from the Islamic angle as extremely good people who are worthy of being God's messengers to humanity. There were thousands of them throughout the history on this planet. But five of them were the greatest, because they came with complete code of life. They were namely, Noah, Abraham, Moses, Jesus, and lastly Muhammad. We are ordered by the Creator through His Prophets to be in harmony with the natural laws which covers all fields of human life.

أَفَعَيِّرَ اللَّهُ أَتَنَغِي حَكَمًا وَهُوَ الَّذِي أَنْزَلَ إِلَيْكُمُ الْكِتَابَ مُفَصَّلًا ۚ وَالَّذِينَ آتَيْنَاهُمُ الْكِتَابَ يَعْلَمُونَ أَنَّهُ مُنَزَّلٌ مِنْ رَبِّكَ بِالْحَقِّ ۚ فَلَا تَكُونَنَّ مِنَ الْمُمْتَرِينَ

***"Shall I seek for judge other than God when it is He who hath sent down unto you the Book , explained in detail? They know full well to whom we have given the Book , that it hath been sent down from thy Lord in truth. Never be then of those who doubt". ( Qur'an, 6: 114)***

وَأَنْ احْكُم بَيْنَهُمْ بِمَا أَنْزَلَ اللَّهُ وَلَا تَتَّبِعْ أَهْوَاءَهُمْ وَاحْذَرْهُمْ أَنْ يَفْتِنُوكَ عَنْ بَعْضِ مَا أَنْزَلَ اللَّهُ إِلَيْكَ ۚ فَإِنْ تَوَلَّوْا فَاعْلَمْ أَنَّمَا يُرِيدُ اللَّهُ أَنْ يُصِيبَهُمْ بِبَعْضِ ذُنُوبِهِمْ ۚ وَإِنَّ كَثِيرًا مِنَ النَّاسِ لَفَاسِقُونَ

***"And this (He Commands): Judge then between them by what God hath revealed, and follow not their vain desires, but beware of them lest they beguile thou from any of that (Teaching) which God hath sent down to thee. And if they turned away, be sure that for some of their crimes it is God's purpose to punish them. And truly most men are rebellious?" (Qur'an, 5:49)***

After finishing from these notes, it is time to discuss the economic systems in detail. The Islamic economic system is based on the following three foundations:-

---

**Source URL:**

<https://www.al-islam.org/economic-system-islam-compared-capitalism-and-socialism-abdul-husain-muhammad/introduction#comment-0>