

The Islamic System of Socioeconomic Regulation

We may assume that the previous discussion has clarified the meaning and practical significance of pure economics and the socioeconomic policymaking process. Now, we may proceed with an explanation of Islamic economy, and state our reasons for insisting on a specifically Islamic economy.

As we have seen from the previous discussion, Islamic economy is based on its ideological formulation of socioeconomic policy. It is not amenable to a definition within the limited context of pure economics. When we say Islam has a specific concept of an economy, we do not mean that Islam has its own branch of knowledge called economics. For any discovery of economic phenomena and identification of the relevant causes, effects and the interrelationships need not necessarily be specific to Islam, which seeks primarily to justly regulate the socioeconomic activities and functions.

The economy of an Islamic society has much to do with Islamic ideology, including the concepts of social economic justice. Islam does not propound any economic law on the basis of any scientific discovery pertaining to the actually existing or identifiable realities. Thus, any Islamic economy can manifest a distinct socioeconomic policy, rather than any specific branch of knowledge.

For example, if Islam were to discuss any increase of interest on money among the people of Hejaz¹, it would then be a matter pertaining to economics as a science. Without involving any scientific approach, Islam evaluates the usurious practice and its socioeconomic effects and recognises it as an unjust system to be proscribed. Then, it prescribes the relationship between capital and ownership of capital on the basis of 'Mozarebeh,² not usury. Thus, Islam, when dealing with economic matters, makes use of a moral, rather than purely scientific, investigation.

When we are clear in our understanding of the meaning of Islamic economy and we can recognise Islamic economy as a method, not knowledge, then, it is possible for us to remove the most important obstacle that makes one hesitant in his belief about existence of an Islamic economy. Many groups deny the existence of an Islamic economy. In fact, they fail to recognize the difference between pure economics and the socio-economic policy-making process.

Then, the ask: how can Islam contain an Economic system, when in our study of Islam, we find that Islam does not include any knowledge of economics, such as indicated by the theories of supply and demand, or the law of diminishing returns, and it does not postulate a law, such as the "Iron Law of Wages"? Nevertheless, we are all aware that the investigations of knowledge of economy only came into existence within the last century or so, since economic investigators like Adam Smith became famous.

The opponents to an Islamic Economy may harbour a wrong impression that Islam originated economics of its own.

However, if we distinguish between economics as a branch of knowledge, and Islamic Economy as an ideological system, any wrong impression can be corrected. Furthermore, this clarification would mean that Islamic Economy does not necessarily reflect the economic laws of supply and demand in a control-free economy. What Islamic Economy can offer is a specific program for regulating the socioeconomic conditions in a manner harmonious with its ideology.

We will further discuss Islamic Economy in detail in this book bringing in perceptible reasons and aims given in Islamic traditions. However, the easiest way to prove the existence of something is to make it readily perceptible.

Before we offer the proof of the existence of a socio-economic ideology in Islam, we will only state one reason for its existence, which is derived from the ideological comprehensiveness and structural integrity of Islam so that a broad understanding of the Shari'a (Islamic laws) is required.

One basic and inseparable feature of the Islamic laws (the Shari'a) is their comprehensiveness and applicability to practically every aspect of human life. The comprehensiveness is derived not only from the Islamic Commandments themselves, but from the practical applications and interpretations in the processes of jurisprudence and in the traditional sources of Islamic knowledge. We may refer to some of these sources now.

Abi-Basir relates about Imam Sadiq (a.s.) that one day the latter was explaining the comprehensiveness of the Islamic laws as imbibed by the knowledgeable members of the Prophet's Household, by saying, inter alia, that Islam has prescribed solutions to human problems encountered in life. Islam has declared certain things to be lawful and prohibited some other. It has prescribed penalties even for a slight abrasion inflicted on a person's body by another person. And with that sentence Imam Sadiq (a.s.) placed his hand on Abi Basir's shoulder and said "Am I allowed" Abi Basir answered: "By all means". Then Imam Sadiq (a.s.) increased the pressure of his hand on the man's shoulder and exclaimed, "Even this action has a price to pay in Islam".

In another text from Imam Sadiq (a.s.) he said: All the matters man faces in his life have been discussed in Islam, there is no matter which is not spoken of, even a penalty for inflicting a scratch on another's hand.

According to Nahjul Balagha, Imam Ali (a.s.) once recalled the advent of the Prophet of Islam and the revelation of the Qur'an through him. The last Prophet came after a long period without an apostle and at a time when mankind had deflected from the right path and human values had become obscure. About the Qur'an, Hadrat Ali (a.s.) is said to have described it as a medicine to heal all human pains and a supremely meaningful guide to living.

These are clear examples reflecting the proof that Islam concerns itself with all aspects of human life even the smallest and most insignificant matters are not forgotten. It must be clear that most certainly Islam has presented a program to deal with socioeconomic difficulties and to regulate the life of Man, presented a program to deal with socioeconomic difficulties, and to regulate the life of Man.

If Islam were to ignore the vital socioeconomic aspects of human life by prescribing no guidelines or programme concerning the same, we could, not have legitimately attributed to it any comprehensiveness. It is inconceivable that a religion, which takes care of the need to respect human integrity to an extent that not even the slightest transgression against a person does not go unrecognized and uncompensated, can ignore human rights concerning man's economic activities, including those of a developer of a plot of land for agriculture, or an excavator of a mine, and the like. No wonder, the Islamic laws and traditions do cover the socioeconomic aspects of human living.

In view of the foregoing, it is a mistake to say that the Islamic laws prescribe a code of behaviour for an individual Muslim and not any socioeconomic program me. This is simply because the Shari' a takes all aspects of human life into consideration. Moreover, it is manifestly wrong to view individual life in isolation from that of his society at large.

The Islamic Laws regulate not only individual life but that of his society. In fact what these envisage for an individual Muslim is equally true for all Muslims in a community. This is something totally consistent with the realities of human life. Accordingly, it is a great mistake to harbour any notion that Islamic regulation is meant for (the private) individual.

Any regulatory system, socioeconomic or political, deals with problems of individual and social importance. This is a basic requirement for its efficacy.

Capitalism, too, may be viewed as a societal regulation system; it highlights freedom of enterprise as the basis of the society's economic life, inevitably this freedom is reflected not only in the individual behaviour of a capitalist but in the manner of contractual interaction with his agent. This is similar to the nature and content of mutual interaction between an userer and another who obtains a loan from him.

The same is true in case of many other societies, with their overall regulatory or facilitation framework based on, and reflected in, individual conduct of business, or approach to work. However, where Islamic Laws emphasize promotion of wholesome individual procedures, these do necessarily provide for a salutary basis of transactions, such as loan financing and employing others, or getting oneself employed. This implies salutary effects on the society, too. Thus, the laws affect both the individual and his society.

Accordingly, if we wish to separate an individual program from the social program, we will be definitely contradicting ourselves. Islam, in stipulating and enhancing the quality of human behaviour, determines or covers all aspects of Man's work, confirming the existence of a societal regulatory system in its legal and ideological framework. I fail to comprehend those who are skeptical about the existence of an Islamic framework for economy and its suitability for solving the economic difficulties. What do they say about the early Islamic period when the socio-economic problems were successfully tackled by the Muslims, so as to result in positive improvements?

Islam and the Prophet of Islam (S) were instrumental in bringing about the congenial socio-economic (and political) conditions. They had answers to the production and distribution aspects of the economy and society.

It is impossible to imagine a society during the Prophet's time without an economic system. It is impossible that the society did not possess a system in order to improve economic life, and distribute wealth among the people in a just manner. On the other hand, it is inconceivable to imagine an economic system separate and unrelated to Islam and the Prophet of Islam (S).

No doubt, Islam and the Prophet of Islam (S) found the solutions which led to the Islamic socioeconomic system. In other words, they established the basis of Islamic socio-economic policy.

The above explanations may be sufficient for anyone to accept the fact of the Islamic coverage of economic matters. However, it is notable that the Islamic commandments, principles, traditions and laws, although clear in themselves, require to be collected, collated, analysed and consolidated, so as to constitute a distinctive ideological and legal framework for any socio-economic policy-making.

For, instance the Islamic commandments prescribe human brotherhood, justice and equal rights for practice by Muslims in particular, even in the socio-economic sectors of production and distribution of wealth. Then, there are specific legal provisions concerning matters of detail, such as reviving (cultivable) land, extraction of minerals, Rent, Mozarebeh (capitalist-labour Joint enterprise), usury (or interest), taxes (e.g. Zakat, Khoms, Kharraj), and public financing under Bait al-Maal.

In the above context, it is quite possible that any Islamic researcher may not find anything specifically opposed to economic freedom in principle, as implied in capitalism. On the other hand, he will surely find contrasting evidence (signifying moral conditioning of the freedom), in terms of prohibition of usury, legal provisions against owning land (with agricultural/mining potential) without making it productive, and the Shari'a authority to fix commodity and other prices,¹ among similar other legal provisions,

¹. Hejaz is the Name of a mountainous region along the greater part of the Arabian Red Sea coast.

². Mozarebeh; a type of transaction, which takes place when a person passes over his property as capital to another person to invest it for him, on the understanding that both the persons will share the resultant profit. It is necessary for the share to be divided on a percentage basis right from the beginning of the agreement, eg., the owner of the capital contracts with the agent that they share the profit equally, or 1/3 for the owner and the rest for the agent, or the other way round, This is a revocable contract between the owner of the capital and the agent.

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