

Islam and Economics

Question No. 19

How much is the role of economics and new economic relations and laws acceptable in Islamic State? Are economic laws and relations effective in administrative methods of Islamic State?

To clarify this point, it is worth mentioning that “economics” states the general rules and principles governing the economic behavior of human beings, having in fact a “descriptive” nature not a “normative” one. It teaches us, for instance, that extra value is subject to the system of supply and demand. According to this rule, if supply exceeds demand, it leads to a reduction in prices; and if demand exceeds supply, it results in a rise in prices. This idea is stated as a reality in setting prices in economic terms. But the economics can not answer the question of whether we can refrain from supplying the goods needed by people or hoard them to increase the prices. It is the economic school that offers the answer.

Economic liberalism, based on commercialistic ideals and the doctrine of “laissez fair”, permits hoarding, while another economic school may reject it according to the ideal of justice. Therefore, Islamic State – like any other government – can make use of economics in economic planning, but accommodates the selected methods with religious norms, prescribing methods which are consistent with religious values.^{[1](#)}

^{[1](#)}. For further information, see Sayyid Muhammad Baqir Sadr, *Iqtisad-e ma*, 1 and 2.

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