

# The Role Of Islamic Economic System In Resolving The Contemporary Economic Problems

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*Abstract: The Fundamental sources of Islam are the Qur'an and Sunnah of the Prophet, these provides guidelines for economic behaviour and a blueprint of how the economic system of a society should be organized. Therefore, the value and objectives of all Islamic economic system must necessarily confirm to, and comply with, the principles derived from these fundamental sources, The Islamic economic system is based upon the notion of justice; it is through Justice that the existence of the rules governing the economic behaviour of the individual and economic institutions in Islam can be understood. The purpose of this article is to outline the most silent characteristics of an economic system based on the fundamental sources of Islam, and to examine the possible means for overcoming the contemporary issues of world economy crisis, through suggestions (and recommend).*

## I. INTRODUCTION

Economic is one of the social sciences, this subject deals with how an individual or a society is organized in using scarce resources, such as time and various physical goods that includes money, so as to satisfy wants that are potentially limitless and compete for attention (A. Abudu 1999). As a complete way of life Islam has provided guidelines and rules for every sphere of life and society, thus, a functioning economic system which is a vital for a healthy society, provided for the consumption of goods and services and facilitation of this by a common medium of exchange.

The economic system of Islam is not drawn in the light of arithmetical calculations and capacities of production alone, it is drawn and conceived in the lights of a comprehensive system of morals and principles, which set some standards, based on justice for such economic system to be established, these standard aim to prevent the enmity that often occurs between different socioeconomics sections.

Unlike communism, Islam replaces the totalitarian artificial supremacy of the communist state by the beneficial

supremacy God, and the communist theory of class warfare by sound morals, mutual responsibility and cooperation. And it gives utmost assistance against greedy capitalism and ruthless exploitation by proprietor (Abalati I 985).

(According to Abdulrahman I Dei 1984) Islam has clearly spelt out the procedures on which the economy will be spreaded amongst its members. The policy of distribution of wealth through, inheritance, alms giving, sadaqah, (Voluntary giving) waqf (Endowment) and wassiyah (Bequest) etc. helps a lot in discouraging accumulations of wealth and its concentrations in few hands."

Meanwhile Jizya, kharaj, Ushur, Fay, Dara'ib, kirad alard and Amwal Fadilah are income generated from Islamic government goes to the Bait ab-Mal. and distributed to the poor for the essential needs and providing social amenities.

There are forms of dishonest practices, which are considered as unlawful act and condemned by Islamic Shari'ah. These actions includes: Extravagance, Miserliness, Begging, Bribery, corruption etc. Muslims are always being encouraged to be self-reliance and socially responsible and to be productive as well, to improve the economy of their

society. Islam has laid down some principles concerning the Debt or loans and its repayment, mortgage, contract and any other transactions, for the attainment of justice within the Islamic community and improving its economy. It is said that the current world economy crisis or meltdown, were caused due to some reasons, among which are:-

- ✓ Banks lending money to others who are unable to pay back the required amount; which cause banks folding.
- ✓ Inflation, war, lack of jobs, gambling and printing forge dollars. (www.yahoo.com/answers)

## II. THE ISLAMIC MEANING OF BEING PRODUCTIVE

Muslim is enjoined by God to be self-Supporting and to stay away from being a liability on any body. (Q5:39). Thus, Islam respects all kinds of work for earning one's lively hood so long as there is no in decency or wrong involved. (According to Abudu 1999) "The scholars ascertained that this means that our minds and the various parts of our bodies that we can use are tools and not decoration" In the Qur'an Allah (S.W.T.) Said.

*And when the prayer (Juma'at) is finished, then may ye disperse through the land, and seek for the bounty of Allah." (Q62:9)*

However, in relation to this principle of striving hard to be productive, a Muslim must maintain a healthy balance between his or her earthly requirement and the life hereafter (Q24 :37). Tire Prophet (PBUH) is reported 40 have said that:

*The best among you is one who does not  
Abandon the hereafter for the world nor*

*World for the hereafter and lie is not a burden on society (Bukhari)*

So, long as a person is in good health, he or she must strive each day to be as productive as his or her mental and physical abilities would allow, lie or she could engage in producing social services that benefits the community or elsewhere, at any given period, because to a Muslim each day is the same as any other, that is why Islam does not set aside any special days as weekends during which people are supposed to abstain from productive effort (Yusuf Ali - The Holy Qur'an Commentary on 62:9).

## III. PROHIBITION OF IDLENESS

Earning ones living through a decent labour is not only duty but great virtue a well. (According to Hamudah 1985) dependence of any able effortless person on some body else for a livelihood is a religious sin, a social stigma, disgrace humiliation' and economy defloration. So, an idle person who shun away from striving hard for the survival of his livelihood will end of either Begging, Gambling, Steeling and so on, which are unlawful act in Islam. The Prophet (PBUH) is reported as having said:

*If a man begs without any necessity as if he put live charcoals on his hand" (al—Baihaqi and Ihn—Khuzaimah*

(According to Abdulrahman I. Doi 1984) "The only time begging can he permitted is when a person is in hard pressed and there is no other way to survive than asking for help"

Even though, there are exceptional circumstances in which a man is permitted to beg these are:

- ✓ If a man accepts to he a guarantor on some one's behalf (and happens to have no money to pay). It is lawful for such a man to beg until he gets the required amount. Immediately he get, he should stop begging.
- ✓ A man whose properties are destroyed because of calamities.
- ✓ A person who is starving, and confirmed by at least three persons in his locality, lie is permissible to beg. (Imam Muslim)

Except for the above mentioned circumstances if one begs and happen to gets something. He eats unlawful in Islam,

The prohibition of stealing is clearly spelt out, which regarded as punishable crime in Islam. (Q5:38), like wise gambling, in (Q5:91)

## DEBT AND MORTGAGE

Are contracts which play vital roles in every transaction, taking care of its rules and regulations will enhance the economy stability of such community, while abandoning it will destabilize the economy of a community.

Thus, Islam set a certain rules and regulations governing this transaction. These were clarified in (Q 2:28.2).

In Islam Debt is also a trust which should he returned to its owners, so it is not permissible to borrow or lent other's property or money, white you cannot able to re-pay it back or with he intention of not paying it back. The prophet (PBUH) said:-

*Whoever take the money of the people with the intention of repaying it, Allah will repay on his behalf and whosoever takes it in order to spoil it, Allah will spoil him "(Bukhari 3.572)*

## CORRUPTION OR BRIBERY

(According to Abdulrahman I. Doi 1984) Bribery is discouraged in

Islam for it is a form of dishonest practice that offered to someone in order to influence him or persuade him to do something wrong in favor of the giver.

The prohibition of such practice, was come as a result of ill-gotten wealth earn through in justice and the negative effects that will exists in that society, which will lead to injustice and defloration of the economy of such community, thus, the prophet (PBUH) Said:

*Allah has cursed one giving bribe and one receiving bribe as well as the go between (Ahmed and al-Tabarani ),*

## SELF RELIANCE AND SOCIALLY RESPONSIBLE BEHAVIOUR

Islam emphasizes self-reliance and individualism that guided by various social obligations. This element of individualism prevails particularly in the sense that each individual is filly and solely responsible for the consequences of his or her acts, this is stated in Qur'an (6:164). (According to Abudu 1999) "Muslims are expected to be socially

responsible and to be sensitive to the needs of others, particularly the poor orphans and other person who need assistance to improve then present deplorable material and other condition of living.”

Allah (S.W.T) has entrusted human beings with nil the resources on this earth and in the universe for their enjoyment (Q 2:30, 6:165 and 35:39). (According to Ahmad 1997) Individuals are encourages to struggle and acquire wealth but this wealth is for his own benefit in particular and that of the society in general, he has been encouraged to feed the poor, the needy and wayfarer. (According to Abdulrahman I. Doi 1984) “The purpose of five daily prayers in Islam, is that to enable the Muslim meet with each other and “f understand their need, so that they should be provided with all they want without begging”.

In order to bridge the gap and balance between the wealthy and needy, Islam discouraged miserly, selfishness, greedy, injustice and extravagance. It is also discouraged to repulses the poor, the needy and orphans. (Q 17:267).

Islam lays great emphasis on the relief of poverty by the rich, it is a duty of a rich and prosperous men to take part in the economic uplift of the poor because in the holy Qur’an Allah (SWT) remind us that many nation in the past were destroyed because of impatient manner of rich people who did nothing to better the condition of poor people and tried to keep them in a state of poverty and treated them with disrespect and indignity (Q 11:84:8)

#### IV. EXTRAVAGANCE & MISERLINESS

This act is unlawful and discouraged iii Islam because of its negative effects on the economy stability of every person in particular, people, society, community, town, nation and world in general.

Extravagance which means over extend in spending and giving more than you can afford or paying more than you can earn.

While miserly is direct opposite to extravagance, which is blame worthy quality. When somebody become so, people will blame him, and they will no longer rely on him. Islam, balance between neither the two, not to become extravagant nor miser, for not to indulge yourself into a severe poverty, this will lead to become miserly, by then people blame you.

(Q 17:29)

#### V. THE NEED FOR FULFILLING THE RELIGIOIUS DUTY IN ASSISTING THE NEEDY AND THE LESS FORTUNATE PEOPLE

Islam is a religion which clearly spelt out the procedures in which the economy will be spread amongst its members. The following are some factors in which if followed arid, treated according to Islamic principles the economy of the country will be extolled to the maximum standard. The following are the factors to be considered.

- ✓ Zakat (Alms-giving)
- ✓ Sadaqat (Charity)
- ✓ Waqf (Endowment)

- ✓ Wasiyyah (Bequest)
- ✓ Mirath (Inheritance) e.tc.

Zakat (Alms-giving)- It could be defined “as a compulsory charity which requires to be paid by well to do Muslim Male or Female annually so as to care for the needs of the poor and to pay a subsidy to maintain public benefits such as their hospitals, schools roads construction but mentioned a few.

The holy Qur’an clearly stated that:

*Verily as Sadaqat (alms giving) are only for the fuqara (poor) and Almasakin (the needy), and those employed to collect (the funds), and attract the hearts of those who have been inclined. (Towards Islam); and to free the captives and for those in debt; and for Allah’s cause (holy wary, and For the wayfarer (a traveler who is cut off from everything); and duty imposed by Allah. And Allah is all Knower, all Wise (Q 9;60)*

Based on the above mentioned Qur’anic verse if followed and acted as required by God, the economy of the country will be higher.

The second pair in this regard is voluntary charity. Islam requires the Muslim to give out the voluntary charity so that destitution anti poverty will be alleviated among the people. Many of the Qur’anic verses and that of prophetic traditions portrays the significance of charity. Any gratuitous transfer of property which is made with the intention of obtaining its reward in the next world is called sadaqah (Charity). The poor and the needy will be helped so that the dependency will be reduced, and even so they will he encouraged to earn their living by themselves.

The third pair which greatly helps the expansion of the nation’s economy is known as waqf. Which means detention or endowment but its legal meaning is the dedication of a property or giving it away iti charity for the benefit of certain property, fur a good purpose. A specific items may be given for the public consumption such as school, garden e.t.c this is known as waqf al-khayr (welfare waqf) which created purposely in order to cater for the needs of the orphans, destitute, blind people and the handicapped, likewise such waqf can be created for maintaining roads, schools, hospitals place of worship, grave yard and other places of public welfare.

Therefore the forth fair in the series is wassiyah (bequest).

(According to Abdulrahinan I. Doi 1984) Wassiyah is defined as the gift of property by its owner to another contingent on the givers death”

Islam recognizes the be requested properties to be distributed among the deserving categories so that economy of the people will be spread throughout the family, village/town, state and the nation at large. With this, a Muslim who owns property is given permission to bequeath his property for a charitable object or to any one excepting a legal heir. But there is certain conditions which were unanimously agreed by Muslim jurists in respect of bequest (wassiyah).

- ✓ The bequest (wassiyah) can be made only for 1 of the entire property and no more
- ✓ No one can make a bequest in respect of’ any legal Qur’anic heir, in other word, those relatives whose portions are fixed in the glorious Qur’ani cannot increase

or decrease them through bequests nor can deprive a legal heir through any bequest.

Allah said:

*It is prescribed for you when death draws near to one of you, and he leaves behind some property, that he makes a bequest in favour of his parents and relatives according to responsible usage an obligation on the God-fearing”*

(Q2: 180)

*And those of you who die, living widows let them make bequest for their widows, provision for a year without expulsion (re-residence), but if they leave, there is no fault in you hat they may do with themselves honorably. Allah is all mighty; All wise”*

(Q2: 240)

With the above Qur’anic verses, Islam requires that the bequest to be made so, that the relatives, the poor, the needy, etc could be assisted otherwise; their social needs could not be solved. Even so, if they were helped they will be able to run their life peacefully and amicably.

Mirath simply means inheritance to be shared or divided property of the deceased among his successors.

Islam outlined clearly that; the heirs of the deceased can obtain their shares after the payment of funeral expenses and the discharge of his obligation and debts. The property could be distributed to the heirs according to the law of mirath as spelt out in the glorious Qur’an.

God said:

*From what is left by parents and those nearest related. There is a share for men and a share for women, whether the property be small or large a determinate share. (Q4: 7)*

The above Qur’anic verse illustrates that, if the property left by the deceased and distributed with good faith the economic of that particular family will be yielded greatly with serves to an avenue to the increase of the nation’s economy. Because of transferability of wealth from one person to the other. But if the distribution was done with selfishness the economy of the heirs will be affected in which will give birth to economic crisis in the family and the nation at large.

## VI. SUGGESTION & RECOMMENDATIONS

The following recommendations are provided for the role of Islamic Economic system in resolving the contemporary economic in the world

- ✓ Skill acquisition centers should be provided in a rural areas, this will reduce idleness.
- ✓ Wealthy and prosperous people should be kept in helping the needy and poor through voluntary giving, bequest, endowment etc.
- ✓ People should strive to be productive as possible, not to depend and others.
- ✓ People most live in moderate life and keep away from extravagant and unnecessary expenses.
- ✓ Ethics and morality should be observed in an economic behavior.
- ✓ Trade barriers should be reduced and an alternative energy power should be developed.
- ✓ Greedy and individualism must give way to a cooperative approach of Islamic financial system.
- ✓ There is a need for developed countries to help hard-hit under developed and developing countries.

## VII. CONCLUSION

The paper discussed Islamic economic system as resolution to the Islamic economic, this is because Islamic financial system is based upon the nation of justice. The paper observed that the main causes of the Islamic economic system were the absence of ethic and morality which include- Greedy, extravagance, gambling, stupidity etc.

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