



Capitalism, Globalization & Islamic Economic System

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Any economic system has a great impact upon the individuals and society. In a present world, when we talk about western economic system or capitalism, we have to think that we are not just talking about an economic system only but an ideology and thinking of living in this world. Likewise, when we talk about implementation of Islamic Economic System, it is also a matter of implementation of Islamic values for which all the members of the society must strive with full faith.

The present world is the world of advancement of technology, complexity of business transactions and rapidly spreading ways of communication among the nations. Consequently, people of the world have been coming near to each other and distances are being curtailed day by day. Therefore, we have been hearing the word “Globalization” that is leading the whole world towards one economic system i.e. Capitalism and in a true sense, one structured way of life that has never concern with religion and spirituality but the implementation of secular thoughts for living that carry many flaws and serious contradictions with Islam about which Muslims should consider and understand in a serious manner. A sensible Muslim can never accept the ideology that has contradiction with Islamic thoughts. If we think seriously, Globalization is the order of secular way of living that is being imposed upon the world.

According to Islam, all resources in this world belong to Almighty Allah and people may get and use these resources as a vicegerent of Allah according to His commandments so the acquiring of wealth should not be the main mission and primary concern of a Muslim but to obey the commandments of Allah and to implement His will. Islam does not discourage economic activities as these are necessary for human life but dislikes the moment when the earning of wealth becomes the main ambition of life and people forget the commandments of Allah. This behavior leads to exploitation, selfishness and greed in the society and people become self-centered without considering the fact that they would never stay in this world but for few days. As Almighty Allah states in the Qura’an:

Whatever ye are given (here) is (but) a convenience of this life: but that which is with Allah is better and more lasting: (it is) for those who believe and put their trust in their Lord: (Surah 42, Verse 36)

According to Islam, the status of this world is very inferior because this world is temporary place for all human beings where the people should follow the commandments of Almighty Allah. If they would not follow the commandments, they would face the punishments in the Hereafter (a’akhirat). So, the life Hereafter would be the eternal life where they would face the results according to their deeds done in this temporary life. At once, the Prophet Muhammad (SAW) was walking with their companions. While walking, he found a dead lamb with very short ears. He (SAW) asked their companions whether anyone wanted to buy it for a dirham. The companions told that they would not like to possess it even if it were alive due to defect in it. At



this point, the Prophet Muhammad (SAW) said: “By Allah, this world is more insignificant in the eye of Allah as it (this dead lamb) is in your eye”. (References: Sahih Muslim, Jam’a Tirmidhi, Sunan Ibn Majah). At one occasion, the Prophet Muhammad (SAW) said: “My stay in this world is like that of wayfarer who stopped to relax under the shade of a tree and then moved on and left to it” (References: Jam’a Tirmidhi, Sunan Ibn Majah).

The West has separated religion from political, social and economic life of the people and, wants to confine religion only to churches and worship places etc. because religion imposes ethical and moral restrictions in daily life which have been refused by the West. Since the religious issues have been completely separated from economic activities and capitalism has not any concern with life Hereafter, the people have no concern with good or bad activities and they look at their own benefits only. This thinking leads to social unrest, exploitation and severe concentration of wealth which leads to poverty and shameful behavior with humanity as we can see in the present world even in those parts of the world whom we say as the most civilized and developed parts of the world.

If we roughly look at the condition of poverty, we can easily observe that the gap of rich and poor has been widening day by day. In USA 60 million Americans now live on less than \$7 per day i.e. one in five in USA and twenty-five million Americans now depend on emergency food aid. At the same time, the richest 1 per cent now garners about 16 per cent of national income. Consequently, crimes, mental illness and corruption are rapidly increasing across the nation. The Chairman of the Federal Reserve, Allan Greenspan, revealed concerns in mid-2005 that the increasing and widening income gap might eventually threaten the stability of democratic capitalism itself in the US. Likewise in UK, the bottom 50% of the population now owns only 1% of the wealth. The newspaper of UK, The Guardian, August 6, 2003, reported: “Our economic system’s incentive structure, instead of “trickle-down”, is causing a “flood-up” of resources from the poor to the rich.”

Besides these facts, half the world, nearly three billion people, live on less than three dollars a day, GDP of the poorest 48 nations (i.e. a quarter of the world’s countries) is less than the wealth of the world’s three richest people combined and 20% of the population in the developed nations consumes 86% of the world’s goods.

According to capitalism, everybody has to live with complete “Freedom” because every person has its own life and he may live his life according to his own will and full freedom and independence and no one person can impose his thoughts to any other person. On the other hand, the word “Islam” means submission i.e. submission to the commandments of Almighty Allah. At this point, Islam and West have separated from each other absolutely.

As far as Islamic Economic System is concerned, Islam encourages mutual help among the members of the society. The teachings of Islam bring an enthusiasm among Muslims to follow the commandments of Almighty Allah and abolish the greed for wealth because people think that if this world has no importance so why they do strive for making this world the best and why not work for the eternal life. If the people would retain this thinking in mind, they would not want



more and more wealth but want only to live according to their needs. If they would earn more wealth, they try to give the big share from their wealth to the needy and other charitable concerns because Allah encourages charity very much:

Those who spend their substance in the cause of Allah, and follow not up their gifts with reminders of their generosity or with injury, for them their reward is with their Lord: on them shall be no fear, nor shall they grieve. (Surah 2, Verse 262)

In this way, the resources and wealth would not be concentrated in few hands. Islam has provided a ready-made flawless mechanism to mankind for a poverty reduction and eradicating concentration of wealth. Islam has taught us economics not only on the personal level but also on the level of state that the state could work for the prosperity of the people. In this regard, Islam has highlighted the sources of income and areas of expenditure for the government. We need only to modify and implement it according to society and then the present world could see the miracles of this system.

It is a fact that Islam is a complete code of life and Islamic Economic System is one section of this whole code. It is not possible that we obey one aspect of this code and ignore the other aspects that have also been connected with the former aspect. In this way, we could never get the advantages of this precious code of life neither spiritually nor materially. Therefore, Islamic Economic System is not the name of implementation of just few Islamic Economic principles and modes in a society but it has linkage with the whole religion even with the prayers as we have to stop economic and social activities after Juma'a Aza'an and we have to set aside all economic activities for offering five time prayers. Therefore, the Muslims have to formulate an ideal Islamic state for an ideal Islamic Economic System and must follow every aspect of Islam as we could only get the fruits of this revealed system when we would obey the commandments of Almighty Allah as a whole and obey this sacred order of Almighty Allah:

O ye who believe! Enter into Islam whole-heartedly; and follow not the footsteps of the evil one; for he is to you an avowed enemy. (Surah 2, Verse 208)

Islam has declared "Halal" and "Haram" ("Allowed" and "Not Allowed") that we have to follow in economic transactions and in our routine daily life. We cannot purchase and sell Haram item and we cannot earn income from Haram means like gambling, stealing, prostitution, painting of living beings etc. as mentioned and declared in Qura'an and Sunnah. We cannot eat or drink HARAM item and commodity like wine and pork etc. as declared in Qura'an and Sunnah. If any Muslim commits a sin of drinking wine, he would be liable for punishment from a state. In Islamic Economic System, interest is prohibited as it leads to exploitation and creates significant gap between rich and poor classes. We cannot do marketing of our products with obscenity and vulgarity as it is common in the whole world. Besides these, there are many other restrictions that Muslims have to follow and obey for a better society. On the other hand, when we talk about capitalism and western economic system, we find no such restrictions but this system gives a free hand to earn more and more wealth. The difference is very obvious between two systems as a



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system with unlimited freedom and system with moral restrictions could not be run side by side. So, we can determine whether any similarity between these two systems.

In the present world, the banking sector has a vital role to run the wheel of economy and business. This sector has a great impact not only upon the individuals and corporate sector of a country but it has also an importance regarding international trade. Besides banking sector, other financial institutions have also take part to run the economy. Therefore, there is a crucial need of Islamization of these financial institutions. Unfortunately, the system of conventional banking and financial institutions is based upon interest which is the evil for society. There are serious denunciations and orders against interest in Qura'an and Sunnah:

“O you who believe. Fear Allah and give up the Riba that remains outstanding if you are (in truth) believers. If you do not do so, then be sure of being at war with Allah and his Messenger. But, if you repent, then you have your principal. Wrong not, and you shall not be wronged.”
(Surah 2, Verses 278-279)

The Prophet Muhammad (SAW) said, *“Riba has seventy segments, the least serious being equivalent to a man committing adultery with his mother.”* (Ibn-e-Majah)

The Muslim scholars and financial experts have done very well research in this regard to change and convert this complex financial system according to Islamic principles and present Shariah-compliant solutions in the light of Qura'an and Sunnah as Islamic teachings are complete in all respects and Islam can provide solutions of all economic problems. The Islamic banks and financial institutions have been practicing and following the guidelines formulated by scholars and financial experts all over the world. Even though a lot of work has been done in this regard, the more is also required. The Islamic banks and financial institutions could be the first step towards Islamization of economic system if the intention of owners, management and staff would not only be making profit but to take part into the sacred mission of implementing Islamic economic system. If there is no such intention and Islamic financial institutions would only strive to make more and more profit rather than considering the sacred mission of implementing Islamic Economic System, the real Islamic transactions and research for better Islamic products could not be done and consequently, the purpose would not be achieved.

Besides Islamic Banking and finance system, the government should also consider about the other aspects of Islam and Islamic economic system because Islamic Banking and Finance system would not be fruitful until the environment of the society would not help it. It should be kept in mind that everything cannot be done from the platform of Islamic Banking and Finance system as I have said earlier that we can only get fruits when we implement Islam as a whole.

As we have to survive in this world of globalization, we must first consider about the increasing tendency of global system that is binding the whole world in its powerful grip and then formulate the policies for tackling this horrible system because we have been entangled in this system in such a way that we cannot get away from this system so easily and overnight. For this purpose,



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planned and step-by-step procedures towards Islamization of the economy and society are crucial.

I think that the proper implementation of Shariah and Islamic Economic System is the responsibility of every Muslim. Every work cannot be done by the government. When we try to become a true Muslim and understand the soul and message of Islam, we would not face too many difficulties in the way of implementation of Islamic economic system even in this period of globalization. In this way, we can collectively present an ideal economic system for which this world is seeking. We must not waste time in pointing out similarities between Islamic and other economic systems. We must strive and look for only implementing Islamic economic system as it is the matter of our faith.

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