

# The Philosophy in behind of Islamic Economics; Commercial Ethics

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# The Current Economic Situation and the Remedy for Economic Backwardness

- World economies connected today due to globalization. The globalization made the world like a village. We have to live together in this village in peace and harmony. This envisages us to mutual understanding and respect differences. Otherwise nobody can reach to happiness and welfare. Unfortunately there are a lot of misunderstanding and misconceptions at two sides. We need to eradicate all prejudices. That depends on knowledge.
- Muslims believe that the Islamic system is progressive and posits an ethical and socially just manner of wealth distribution and creation; economic backwardness of some developing countries with Islamic population DOES not justify painting whole Islamic World with a negative brush.

# The Current Economic Situation and the Remedy for Economic Backwardness

- Many Muslim countries are very successful today and the gap is narrowing. Some Muslim countries see their economic failures as attributable to the Western economic systems that were set up in those countries.
- Islamic Approach reconciles moral and religious values with economic advancement.
- Given the growth in Islamic economies and countries – a developed interplay with the West and interaction would stimulate economic discourse globally.
- Islamic approach establishes that spiritual advancement is the first priority (“God does not change the condition of a people until they change their own inner selves”). Islam creates, at its core, sub-ordination of the individual to the requirements of God’s will and the group and community.
- (1) sets moral and ethical developmental goals;
- (2) uses the past as a guide to the future; and
- (3) sub-ordinates the individual to the requirements of the group and community

# How Can Economic Problems and Social Upheavals Be Solved?

- Islamic philosophy holds the root cause of the great social upheavals that have been suffered, particularly in this century, in two phrases. One is: “So long as I’m full, what is it to me if others die of hunger?” And the other is: “You struggle and labor so that I can live in ease and comfort.”
- Poverty is to be alleviated through through applying the Qur’anic injunction of almsgiving, social assistance and mutual help (*vujub-u zakat*) and commercial conduct to bear in mind the prohibition against earning without working, e.g., usury and interest (*hurmet-iRibâ*).
- *Zakat* creates wealth distribution that helps in limit class conflicts and social disorder.
- An Islamic society must connect the rich and the poor and not allow the creation of unbridgeable gulfs to develop between the various classes.

# The Commercial Ethics and its Principles (I)

- 1) **Equilibrium** – Islamic ethics require justness in business conduct. For example, Allah admonishes Muslim businessmen to: ‘and give full measure whenever you measure, and weigh with a balance that is true.’
- 2) **Free Will** – Men are urged to hold fast to their covenants, "O you who have attained to faith! Be true to your covenants!"
- 3) **Frugality:** God created the human body like a well-ordered city. The sense of of the factory of the stomach and a *doorkeeper* of the stable of the belly, and the nerves and blood vessels like telephone and telegraph wires; through taste forbidden or harmful food is rejected. ... The measure of thanks is contentment, *frugality*, and being satisfied. If you want possessions, contentment is sufficient. Yes, one who is content is *frugal*; and one who is *frugal*, finds the blessing of plenty.

# The Commercial Ethics and its Principles (II)

- **4) Frugality and Stinginess:** BIG DIFFERENCES BETWEEN THE TWO. Frugality means consideration for God's law, environment and people and using just what you need. Stinginess is hoarding more than you need..
- **5) Excess and wastefulness:** Excess and wastefulness lead to greed, and greed has three consequences:
  - **The First;** Greed rules people and drives them beyond reason at expense of all others..
  - **The Second** is disappointment and loss. The greedy person drives away what he wishes for, is found disagreeable, and is deprived of assistance and help. He even confirms the saying: "The greedy person is unsuccessful and suffers loss."
  - **The Third Consequence:** Greed destroys sincerity and damages actions in regard to the Hereafter. And someone who considers the regard of others cannot have complete sincerity. This consequence is extremely important and worth noticing.

# The Commercial Ethics and its Principles (III)

- **6) Responsibility:** Muslim cannot blame unethical actions on the pressures of business or on the fact that everyone else is behaving unethically. He bears the ultimate responsibility for his own actions. According to Allah; *“(on the Day of Judgment,) every human being will be held in pledge for whatever [evil] he has wrought - save only those that have attained to righteousness.”*
- **7) Benevolence** - Benevolence (*ihsan*) or kindness to others is defined as "an act that benefits persons other than those from whom the act proceeds without any obligation. Kindness is encouraged in Islam. The Prophet is reported to have said: **"The inmates of Paradise are three types: (1) one who wields authority and is just and fair; (2) one who is truthful and has been endowed with poor to do good deeds; and (3) the person who is merciful and kind-hearted toward his relative and to every pious Muslim, and who does not stretch out his hand in spite of having a large family to support."**
- **8) Halal and haram Business Practices - Halal and haram Business Practices** – *Halal* correlates with business areas that are themselves *haram* and hence unethical and *halal* with business areas that are themselves *halal* and ethical. Halal-That which Allah and the Prophet Muhammad have allowed to be done in a lawful manner. Haram-that which Allah and the Prophet have completely and specifically forbidden.

# Conclusion

- Be honest and truthful
- Keep your word
- Love God more than your trade or business
- Deal with non-Muslims as dealing with Muslims
- Be humble in how you conduct your life
- Use mutual consultation in your affairs
- Do not deal with interest-transactions
- Do not deal in fraud
- Do not bribe
- Deal justly