

ECONOMIC ENTERPRISE
IN
ISLAM

Dr. Muhammad Nijatullah Siddiqi

In the name of Allah, the Most Gracious, the Most Merciful.

PREFACE

The first three chapters of this brief study appeared in the *Islamic Thought* (Aligarh) in 1956-57. A chapter has been added to give this incomplete discussion a semblance of completion. Even in its present form it may be useful for students of Islamic economy before they proceed to apply their minds to more important issues of contemporary Islamic significance.

No material changes have been made in the published chapters. For convenience all Arabic texts have been given in the end, along with the other references.

I am grateful to the associates of the Islamic Research Circle, Aligarh, whose comments have been helpful in formulating my views on the subject. My friends Syed Zainul Abedin and Iqbal Ahmad Ansari have helped me in giving final shape to the manuscript. I am also thankful to Mr. Khurshid Ahmad, Secretary, Islamic Research Academy, Karachi, but for whose insistence this book might not have been published.

Though myself conscious of the limitations from which this study suffers, critical comments from the readers will be most welcome.

22 August 1968
27 Jumada I, 1388

M.N. SIDDIQI

CONTENTS

Page

CHAPTER ONE

Ends of Economic Enterprise 7

SECTION I

Economic Activities and Their Place
in the Islamic Scheme of Life 8

SECTION II

Proper Ends of Enterprise 17

1. Fulfilment of One's own Needs in
Moderation 21

2. Meeting Family Liabilities 28

3. Provision for Future Contingencies 29

4. Provision for Posterity 31

5. Social Service and Contribution to
the Cause Of Allah 31

CHAPTER TWO

**Justice and Benevolence as the Bases
of Entrepreneurial Behaviour** 43

SECTION I

The Islamic Idea of Justice 45

The Principle of "No Injury" 50

SECTION II

Implications of the Principle of
"No Injury" 53

SECTION III

Further Implications of Justice 61

1. Honesty and Truthfulness 61

2. Dubious and Vague Transactions 63

3. Gamblesome Dealings 66

4. Usurious Transactions 69

5. Coercive Policies 69

SECTION IV		
	Islamic Conception of Benevolence	71
	Altruistic Help and Social Service	74
SECTION V		
	Co-operation as the means to meet the Obligation of Justice and Benevolence	76
	Conclusion	82

CHAPTER THREE

The Market under the Influence of the Islamic Spirit 83

SECTION I		
	Significance of the Market Mechanism	83
SECTION II		
	Behaviour of the Consumer under the Influence of the Islamic Spirit	96
SECTION III		
	Behaviour of the Firms under the Islamic Spirit	108
SECTION IV		
	Monopoly and Monopolistic Competition	123
	A. Monopoly	127
	B. Oligopoly	133
	C. Monopolistic Competition	137
	Conclusions	142

CHAPTER FOUR

	Muslim Entrepreneur and the Economy	147
SECTION I		
	Co-operation	147
SECTION II		
	Cost Curves and Supply	150
	Conclusion	158

ENDS OF ECONOMIC ENTERPRISE

Every change from one way of life to another way of life, from one civilisation to another civilisation entails a remoulding of the various institutions and manifestations of life in general. A fundamental change in man's approach towards life requires a consequent change in his behaviour in all walks of life—economic, political, social and spiritual. In this book we propose to study the changes that a shift from the contemporary materialistic culture to the Islamic culture would occasion in the economic walk of life. The transition from Materialism to Islam is a change incomparable in depth and comprehensiveness to any cultural change that we can conceive of. The economic aspect of life also registers radical and thorough change. Now that we stand almost on the threshold of a new era in human history and the signs of an imminent cultural change have become fairly obvious it would be opportune to undertake such a study in all possible details. It is only through such a study that we can acquire a clear understanding of the order of things to accompany the Islamic change and the type of economy that would emerge under its aegis.

We shall undertake a study of the ends towards which productive efforts in the Islamic economy, are directed; we shall discriminate between the ends recognised by Islam and those ends of contemporary economic enterprise which would not be accommodated in the social pattern. Subsequent to a discussion of the spirit of economic enterprise in Islam we shall pass on to more specific consideration of the institution of Market wherein we shall study Price and Competition.

SECTION I

ECONOMIC ACTIVITIES AND THEIR PLACE IN THE ISLAMIC SCHEME OF LIFE

Prior to the exploration of the end of economic activities, particularly of economic enterprise, we should first determine the ends of human activities in general. For, economic activities are but an aspect of the varied life activity.

As this study is devoted to an enquiry into a definite type of economy, and not any economy as such, we must refer to the particular culture of which the economy forms a part. Islamic Culture is a unique culture distinct from all cultures by a 'philosophy' of its own. While it falls beyond our scope to discuss the Islamic philosophy of life, its vital importance in relation to the economic policies of a Muslim society must be clearly and emphatically acknowledged. A Muslim's approach towards the problems of life is determined by the world view that the Qur'an has propounded. Economic ends are always subservient to life ends in general. This characteristic of all consistent and well-integrated cultures is markedly manifest in Islamic culture—the most perfectly consistent and well integrated of all cultures.

According to the philosophy of the Qur'an all human activity should be directed towards the achievements of *Falah** a comprehensive term denoting all sided welfare of this life as well as that of Hereafter. **

**Falah* must not be confused with the term 'welfare' current in modern economics. Whereas 'welfare' refers mainly to material well

Rightly pursued, the same way of life leads to the welfare of the two spans of life, there being no essential conflict in the genuine interests of the worldly life and the Hereafter. From the social point of view—and it is the social problem that mainly concerns us here—there is no

being, or at best to the all sided well being of this world only, *Falah* refers to the good of both the worlds. The period of life after death being a reality, it is but natural that its welfare should be sought for. This concern, according to the Islamic viewpoint is not inconsistent with an equal care of this life.

The change from the norm of 'welfare' to *Falah* implies that achievement of material well being should be in a manner consistent with the achievement of welfare in the more important and internal phase of life—the Hereafter. This implication urges a balancing of interests and exercises a moderating influence both upon individualism and upon the errant quest for material good.

** *Falah* in its Qur'anic sense is synonymous with the term 'pleasure of the Lord' (*raza-e-ilahi*). The only difference between the two is that while pleasure of the Lord is an abstract idea, beyond scientific analysis, *Falah* is a tangible quality which can be 'understood', and as such, forms the only means through which the achievement of the Lord's Pleasure can be ascertained and observed. While Pleasure is an act of 'will', bestowal of *Falah* is the unfailing manifestation of that will. In view of this close relationship of these two categories the Social sciences can safely adopt *Falah* in its Qur'anic sense as their norm. Qur'an itself freely substitutes one term for the other while laying down the ultimate objective of human activities.

*'This is best for those who seek Allah's countenance. And such are those who are successful.'*¹ (Qur'an XXIX: 38)

*'He is successful who (purifies himself and) groweth. And remembereth the name of the Lord, so prayeth.'*²

(Qur'an LXXXVII: 14,15)

There are other finer points in this respect, which need not be touched here. The position that we have taken does not conflict with any of these points.

way of achieving the welfare of the one without co-ordinating it with the interests of the other. The society that neglects the Hereafter can never achieve welfare in this life; and it is only through the welfare of the worldly life that the welfare of the other world could be expected to adorn human achievement. *

Welfare, denoting the consummate state of earthly existence and crowning success in the Hereafter, is the fruit of a definite cultural pattern. This cultural pattern consists in cultivating and developing all the desirable attributes in the individual human personality and eliminating all the undesirable traits of character. Says Allah:

*'They are sure to prosper who purify themselves and manage to grow (develop).'*³

(Qur'an LXXXVII: 14)

*An explanation discriminating between individual and society with respect to *Falah* is necessary to avoid misunderstanding. Success in the Hereafter is *essentially* an individual undertaking. When we speak of a society achieving welfare in the Hereafter we allow ourselves some latitude in the use of the term 'society', because we mean the individuals comprising that society. Welfare in worldly life is *mostly* a social enterprise and even the best Muslim individual cannot achieve all sided worldly welfare unless the whole society marches in the same direction. The most that individual piety could attain is inner peace and content *i.e.* the spiritual and psychological aspects of *Falah*. The social aspects of *Falah*, *i.e.* political, economical and social welfare remain beyond the reach of individual Islamicity. Because of this fact efforts to promote an exalted and refined pattern of society have been made obligatory upon the individual Muslim—a neglect of this onerous responsibility is not likely to result in individual success in the Hereafter. While these side issues or exceptions if we please to call them by that name, must not be forgotten, the position we have taken above in the text remains unaffected. That welfare in this life and the Hereafter depends upon being consistently loyal to the Islamic way of life individually and socially.

*'Truly he succeeds who purifies it and causeth it grow.'*⁴ (Qur'an XCI: 8)

*'Then whoso follows My guidance will not go astray nor come to grief. But he who turns away from remembrance of Me, is destined to a narrow life and We shall raise him blind on the Day of Judgement.'*⁵ (Qur'an XX: 123-124)

The Qur'an has elaborately discussed the desirable traits of character, and also underlined the undesirable ones. It has not confined itself merely to giving a list of desirable moral values but has also shown us their tangible and concrete bearing upon the various aspects of life; economic, political and social. We thus acquire a set of values designedly competent to function as a norm for the social sciences and for the whole art of life. The values, which can be referred to as ethical values are concerned both with the individual and the society. These values being the desirable ends of human achievement, all life activities, individual or collective must strive towards their attainment. Economic, political, social and spiritual objectives and ideals are legitimate in so far as they contribute to the achievement of this ultimate goal. Economic activity and economic ends are also conceived as means to this life end. The economic subends must be consistent with the ultimate ends—*Falah*. The economic policies should aim at furthering the all sided welfare denoted by the Qur'anic conception of *Falah*. This principle directly relates the economic policies with the moral values. To achieve *Falah*, economic activities must be morally directed. In economic decisions the ethical values should act as norms and economic relationship must be regarded as moral relationship in essence. This edification of economic relationships is a very revolutionary step, as we shall observe subsequently.

This revolution must not be looked upon from the point of any narrow 'moral concept', nor should the supremacy of ethical values be interpreted as a negative check up on economic activities. Subsequent discussion will disclose how Islam co-ordinates the 'economic values' and the 'moral values'.

True economic values are conceived as moral values, and strong moral sanction is extended to them. These economic values therefore become constituents of *Falah* and acquire a positive significance. As we shall study below, the attitude of Islam towards economic efforts is essentially different from the popular religious attitude which condescendingly 'makes room' for them but shrinks from assigning a positive and active role to economic enterprise and productive efforts. Rightly pursued, man's economic activities—his efforts to produce, distribute and exchange economic goods and services—all become an endeavour to achieve *Falah*, and to please the Lord. This being their real nature Islam exhorts man upon these activities and extends every encouragement for the outflow of human energy in these channels. Before passing on to a discussion of the ends of economic enterprise recognised and recommended by Islam it would be worthwhile to reflect a little upon the cherished ends of contemporary culture, which according to the Islamic point of view are inimical to the legitimate interests of the individual and the society.

The worldview associated with contemporary culture is based upon a philosophy which either denies the very existence of God or does not attach any social importance to His existence. It gives no consideration to the Hereafter and admits of no 'spiritual' values. Its approach to life is thus essentially a materialist approach. Materialism, supreme in all walks of modern life, is especially the sovereign in the economics of contemporary civilisation.

In this respect there is no difference between the various economic systems that prevail today—capitalism, socialism, and democratic socialism etc. Wealth and Power, Position and Prestige are the ends of human activities, particularly the economic activities. Material wellbeing is the objective of the modern man. The checks and balances a pragmatic approach has suggested fail to change the essential *nature* of this approach. Materialism is the spirit of our culture. The socially necessary checks, enforced by the mechanical instrument of government and law completely fail to change the attitude of man and the spirit of the economic relationship in the modern society. There is nothing in the leading philosophies of the day to mitigate the rigours of this approach.

Contrary to the materialistic culture of our age Islam sets its ends higher than matter. Lust for wealth, lust for powers and lust for position and prestige, are alien to the Islamic scheme of things. The acquisitive mentality has been strongly condemned and a pattern of subsends essentially different in spirit from that of the contemporary systems has been devised as the only scheme consistent with the ultimate end of a Muslim and the genuine interests of the society.

As we shall presently see, a definite place has been assigned to material wellbeing, which is regarded as one of the many constituents of *Falah*. But to single out this factor as the sole objective of economic activities would mean a callous neglect of all the other factors and lead to a disintegration of the whole scheme of life envisaged by Islam. It would be a negation of the worldview given by the Qur'an, and a betrayal of the very spirit of Islamic Culture.

The Qur'an vehemently condemns this tendency.

*'Then withdraw (O Muhammad) from him who flees from our remembrance and desires but the worldly life.'*⁶ (Qur'an LIII: 29)

*'Whoso desires the harvest of the world, We give him thereof, and he has no position in the Hereafter.'*⁷ (Qur'an XLII: 20)

*'Rivalry in worldly increase has made you indifferent (to every thing else) until you come to the graves. Nay, but you will come to know (the reality of things)... You will behold the Fire.'*⁸ (Qur'an CII: 1- 6)

Love of worldly wealth is the source of all evil, a deadly poison to the moral growth of human personality; the Prophet says:

*'Worldly craving is the source of all evil.'*⁹

So, exclusive pursuit of monetary gain is the surest means to destruction. Such an 'entrepreneur' stands condemned:

*'Perish the slave of Dinar; the slave of Dirham; the slave of (fine) cloth...'*¹⁰ (Nasai)

The Qur'an describes such a life in the most derogatory terms and regards it a way of life alien to Islam.

*'And those who disbelieve indulge (in the worldly life) and eat even as the cattle eat, and Fire is their habitation.'*¹¹ (Qur'an XLVII: 12)

*'Know that the worldly life is only play, and idle talk, and pageantry, and boasting among you and rivalry in respect of wealth and children.'*¹² (Qur'an LVII: 20)

The Prophet (Sallallahu Alaihi Wasallam) has stated in very clear words the relationship of such an approach to the Islamic way of life.

“Two rapacious wolves let loose upon a herd of sheep are not as devastating for it as lust of wealth and social distinction is for a person’s conduct (Deen).”¹³

Poverty is no desirable state in the eyes of Islam. But an opulence, which finds its people indulging in luxuries and warring with one another, which is a natural consequence of the exclusive pursuit of worldly wealth, is still worse.

Says the Prophet (*Sallallahu Alaihi Wasallam*):

‘By Allah I do not apprehend poverty that may befall you; I fear abundance of wealth and of your rivalling amongst yourselves as it happened with your forerunners, and that this should distract you (from the right conduct) as it did with those that have preceded you.’¹⁴

The distinction between the Islamic and the materialistic approaches towards economic enterprise is well brought out by a tradition. Once the companions of the Prophet (*Sallallahu Alaihi Wasallam*) saw a man deeply engrossed and bent upon his pursuit. Whereupon they remarked that such effort would be well directed if it were done in the ‘way of Allah’. Thereupon the Prophet said that it was not correct to have any narrow conception of the efforts in the ‘way of Allah’. All efforts, he emphasised, that were not exclusive to the pursuit of worldly pleasure or power and prestige but formed a part of man’s endeavour to lead an Islamic life were efforts in the way of Allah, and therefore commendable.

A man happened to pass by the Prophet. The Prophet’s companions liked his vigour and exclaimed:

“O Prophet, had this activity been in the cause of Allah (it would have been better)!”

The Prophet (*Sallallahu Alaihi Wasallam*) said:

*"If he is striving (to earn) for his small children, he is (striving) in the cause of Allah. If he is striving (to earn) for his old parents, he is in the cause of Allah. (Even) if he is striving for maintaining himself, he is in the cause of Allah. If he is striving for his wife he is in the cause of Allah. But if he is striving to amass wealth and take pride into it and boast of it, he is (striving) in the cause of Shaitan."*¹⁵

Once the Prophet (*Sallallahu Alaihi Wasallam*) learned that some of his companions, upon seeing young man eagerly taking away his share in the booty, had remarked that the same eagerness shown in the cause of Allah would do more good to the man. The Prophet told his companions:

*"Look here, if he is striving (to earn) for his parents or one of them, he is (striving) in the cause of Allah. If he is striving for his dependents in order to maintain them, then too he is in the cause of Allah. (Even) if his endeavours are for his own self, he is in the cause of Allah, Allah is Great and Glorious."*¹⁶

The thing to be noted here is that Islam is mainly concerned with the approach. It condemns materialist approach in the most severe terms. Economic enterprise and productive efforts in themselves are not the brunt of the attack. This is so clear from the above tradition that it needs no further explanation. This fact will become clearer when we take up the study of the proper ends of enterprise in the following section.

SECTION II

PROPER ENDS OF ENTERPRISE

As stated above, material wellbeing is an essential constituent of *Falah*. Conditions of starvation, pressure of need and factors that agitate against peace of mind and normal activity of the human body cannot create a climate favourable for the attainment of the life-end. Islam does not grudge the importance of the material basis of all human activities.

The Prophet (*Sallallahu Alaihi Wasallam*) once prayed:

*"Allah I ask Thy refuge from apostasy and poverty" thereupon a person enquired: "Are the two similar?" The Prophet said, "Yes".*¹⁷

*"Allah, I ask Thy refuge from poverty, scarcity and ignominy...."*¹⁸

*"Allah, I ask Thy refuge from hunger for it is the worst bed-fellow."*¹⁹

The Prophet advised:

*"Seek God's refuge from poverty, scarcity and ignominy."*²⁰

Islam abhors the state of abject poverty in view of the hundred and one evils that accompany such a state of body and mind. The change from such a state to satisfactory conditions and prosperity is certainly desirable, as implied by the following verses from the Qur'an:

*"If you fear poverty Allah shall preserve you of His bounty. If He will."*²¹ (IX: 8)

"Allah coineth a similitude: (on the one hand) a (mere) chattel slaves, who hath control of nothing and (on the

other hand) one on whom we have bestowed a fair provision from us, and he spendeth thereof secretly and openly. Are they equal...²² (Qur'an XVI: 75)

True to its basic philosophy, the Islamic law regards it an incumbent *duty* of the individual (*farz a'in*) to maintain his life and safeguard it from the fatal enemies of hunger, thirst, cold and heat etc. Islamic law regards human life as Allah's right and as such it must be maintained as His sacred trust, to be given up only at His command.* An eminent authority on Islamic jurisprudence writes:

"Regarding these duties, they are binding upon every individual self. He is required to safeguard his religion in belief and practice; and his life by fulfilling the primary needs necessary to existence: and his sanity, so as to understand the message of Allah; and his posterity, for leaving his progeny to inhabit this world — and to preserve his property as an aid to maintain the four things stated above. That (it is a duty) is proved by the fact that in case of a policy contrary to this he will be put under legal controls and checked from putting his intentions into practice. Hence he has got no right (of his own) on this respect but is bound by this duty."²³

The Prophet (*Sallallahu Alaihi Wasallam*) has emphasised one's obligation to earn a livelihood:

"To strive to earn a livelihood through right means is an obligation after the main duty (prayer)."²⁴

"Bread earned by one's own labour is the best of all earnings."²⁵

*It is controversial whether this is the foremost duty or not. The more correct view being that maintenance of religion is prior to maintenance of life vide Commentary to *Muwafiqat* quoted below.

Wealth is regarded a positive asset for a good man of the right conduct. The Prophet (*Sallallahu Alaihi Wasallam*) has said:

*"Wealth rightly acquired is a good thing for the righteous man."*²⁶

*"Good is the righteous wealth for the righteous man."*²⁷

The Prophet (*Sallallahu Alaihi Wasallam*) is reported to have exhorted his followers upon the trade, farming, horticulture, animal husbandry, and other forms of productive activities existent in those days. Economic activities pursued in consonance with moral standards and for the proper ends were highly venerated and regarded as devout and petic as devotional prayers.

Says the Prophet (*Sallallahu Alaihi Wasallam*):

*"This honest, truthful Muslim trader shall have his rise with Martyrs (on the Day of Judgement)."*²⁸

The Qur'an repeatedly stresses the obvious fact that all the natural resources have been created by Allah with a view to providing man unlimited possibilities of satisfying his wants and thus maintain his life in a reasonable manner. *

*"And We have given you (mankind) power in the earth and appointed for you therein a livelihood."*²⁹

(Qur'an VII: 10)

*"He it is Who has made earth subservient unto you, so walk in the paths thereof and eat of His providence."*³⁰

(Qur'an LXVII: 15)

*"And We have appointed the day for livelihood."*³¹

(Qur'an LXXVII: 11)

*See Qur'an XIV: 3-16 and other similar passages.

Time and again Islam exhorts man to strive for earning his livelihood, and to exert himself in production and exchange of useful goods.

*"And when the prayer is ended, then disperse in the land and seek of Allah's bounty."*³²

(Qur'an LXII: 10)

*"And others travel in the land in search of Allah's bounty."*³³

(Qur'an LXXIV: 20)

That Islam encourages productive efforts is a fact beyond all doubts. On occasions—and they are numerous—Islam pronounces productivity almost a duty. As we shall observe presently the ends to which economic efforts are directed are the real criterion. Strictly speaking beyond the minimum effort required to maintain life, these activities are regarded only as 'permissible' by the Islamic Law. But the moment the question of 'end' comes in—and it comes in at almost every moment—the position undergoes a change. Improper ends make these activities directed towards them undesirable and often prohibited. Proper ends make them desirable and often obligatory.

We have already studied the improper and undesirable ends of economic activities. Now let us study the proper ends and see if they allow the fullest play to economic enterprise or not.

The immediate ends that Islam regard proper for man's economic activities can be enumerated as follows:

1. Fulfilment of one's needs in moderation.
2. Meeting family liabilities.
3. Provision for future contingencies.
4. Provision for posterity.
5. Social service and contribution to the cause of Allah.

All these ends, it must be noted, are not only *recognised* but also *recommended* and a minimum in each case has been made obligatory. This obligation is not always merely a moral obligation. It can be legally enforced in most of the cases, particularly in the case of the first, second and fifth of those listed above. Though in this book what mainly concerns us is the spirit and not the law, the fact that Islam exhorts everyone *to work* is very significant. Its significance lies in the fact that the principle does not seem to fit in the popular notion of 'religion', nor does it seem to square up with the logical notion of 'freedom'. Such is the nature of Islam, unique and distinguished.

We shall now take these ends one by one, discuss their scope and their limitations, discover the spirit and find out the legal limits, if any. This will finally enable us to reflect upon their role as an incentive to economic enterprise in Islamic society, which is the proper subject of our study.

1. Fulfilment of one's own needs in moderation

The traditions quoted above have already given us two principles in this connection:

- (a) That it is a religious duty to fulfil such primary needs as are necessary to maintain life.
- (b) That all efforts directed towards earning a livelihood are efforts in the cause of Allah.

Food, drink, clothing, shelter, medical care and education come under this category. It remains to study the Islamic approach to the comforts and luxuries of life and to the extent it is desirable or permissible to satisfy one's wants beyond and above these primary needs.

According to the Islamic philosophy of life, this

'extent' entirely depends upon the approach of the individual and the objectives he has in view. If his approach is un-Islamic *i.e.* he pursues his wants influenced by improper incentives *e.g.* indulgence in luxuries, earning social prestige and position, or political and economic power; every move he makes is a step in the path of Shaitan.

As regards the proper ends, most of which we shall study presently, efforts motivated by them are all desirable and efforts in the cause of Allah know no bounds. So a person who feeds himself well, wears decent clothes and supplies himself with a thousand comforts with a view to making himself more efficient more useful in the service of the Good, is welcome to the society of Islam. Economic goods and properties that are consumed and possessed as means to the higher ends are all desirable, and the endeavour to come by them is looked upon with approval by Islam.

A third mental attitude towards satisfaction of wants is that because man is entitled to satisfy them, he should satisfy them. This mind takes satisfaction of wants as a permissible deed and satisfies all his wants till there appears any other factor changing the nature of his deed from permissible to undesirable and then prohibited. This case can be explained by ordinary consumption goods like clothes etc. After a certain limit, consumption of cloth may turn into extravagance. As extravagance is prohibited, the individual must stop at this point. Similarly a person may allow himself so much comforts and luxuries that may lead to indulgence in luxuriant living. This being prohibited by Islam, the person must stop short of this limit. These two cases, that of extravagance and indulgence in luxuries, it must be pointed out, are nearly independent of mental attitude of the person, being explicitly

prohibited by the Qur'an. The reason behind these injunctions is that they can serve no good purpose.

To understand this first proper end with all its limits and its scope we shall therefore study the two categories of extravagance and indulgence. Both the Qur'an and the Sunnah are eloquent in convincing that no rigid and narrow concept of need or wants rules in the 'religion' of Islam. Contrary to that, total abstinence from the permissible is shunned and condemned. Asceticism is totally rejected. Let us begin our study of Islamic conception of a reasonable consumption policy with the limit represented by asceticism. First the Qur'an does not approve of asceticism but requires men to avail themselves of the bounties of nature.

*"But monasticism they invented We ordained it not for them...."*³⁴ (Qur'an LVII: 27)

*"Say: who hath forbidden the adornment of Allah which He hath brought forth for His bondmen, and the good things of His providing...."*³⁵ (Qur'an VII: 32)

The Prophet (*Sallallahu Alaihi Wasallam*) explains this injunction as below:

*"Be not strict to yourselves lest strictness be imposed upon you. For a people practised hardships upon themselves and, as a consequence of their own policy, Allah, also became hard towards them. Behold their remnants in the monasteries. Asceticism which they innovated on their own accord: We did not prescribe it for them...."*³⁶

Hazrat Omar (*Raziallahu Anho*) further clarifies the anti-asceticism injunction in the following terms:

*"Wear trousers, use garments, shoes, socks and shirts. Have animals to ride and ride them gallantly..."*³⁷

True to the Islamic approach towards material wellbeing the Prophet reminded one of his companions, who, exhibited ascetic leanings.

*"Verily your body has a right upon you, and your eyes too and your wife has her right, and your visitors have rights."*³⁸

Making a minimum of material provision obligatory, discouraging any narrow conception of needs, Islam proceeds on to lay down in clearer terms the idea of a reasonable standard of life.

Says the Prophet (*Sallallahu Alaihi Wasallam*):

*"Among items of human wellbeing are: a spacious house, a good neighbour and a good conveyance."*³⁹

The tendency to forgo comforts and luxuries is not encouraged excepting where social service and cause of Allah demand abstinence. In such cases it is desirable to be content with the minimum.

"Abu Ahvas relates of his father having said:

I came to the Prophet (Sallallahu Alaihi Wasallam) wearing coarse clothes. He enquired whether I had some money and property. I replied in the affirmative. Then he asked me what kind of property did I possess, I answered that Allah had bestowed upon me, camel, cattle, horses and slaves."

Thereupon he said:

*"When Allah gives you money evidently His bounty must be visible from your person."*⁴⁰

In the same vein, Hazrat Omar (*Raziallahu Anho*) once remarked:

*"When Allah gives you in plenty be liberal in your living."*⁴¹

Here a point needs clarification. The lives of the Prophet (*Sallallahu Alaihi Wasallam*) and his companions present a picture of modest living and simple even bare consumption; needs are sacrificed and reasonable requirements forgone. This leads some people to adduce that it is this policy of least consumption which is the most desirable.

But there are at least three important factors which must be given due consideration.

First, the general economic standard of the Arab society was very low and the exponents of social justice, equity, and equality, in the face of this stark fact ordered their conduct accordingly.

Secondly, the noble and supreme causes of Allah—*Jihad*, *Daawat* and *Tarbiat*, needed initially whatever savings and incomes were individually available to the early Muslims. And it was but natural that the Prophet (*Sallallahu Alaihi Wasallam*) and his companions should give preference to this permanent duty above their own requirements.

Thirdly, these onerous responsibilities absorbed almost all of the time and energy of the Muslims, leaving little to be spent on economic activities.

These special circumstances were mainly responsible for the economic picture of the times. To draw general rule from these circumstances is unwarranted. All principles derived from this special situation must be limited in application. Whenever such circumstances reappear, as they have done in the past and may again do in the future, this policy of the early Muslim period will undoubtedly be the most desirable.

Seen in this perspective there arises no contradiction between the policy adopted by the Prophet (*Sallallahu*

Alaihi Wasallam) and many of his companions, in the days of the Prophet and in the days of the early caliphs of Islam.

We find well-to-do companions like Osman, Moaz Ibn Jabal and Abdur-Rehman Ibn Auf (*R.A.*) maintaining a better standard of life in the days of the Prophet (*Sallallahu Alaihi Wasallam*). The obvious explanation lies in the fact that they possessed enough to spare for the society and yet satisfy their own requirements. Then we find the general economic standard of the days of Hazrat Omar (*R.A.*) much higher than that of the days of the Prophet (*Sallallahu Alaihi Wasallam*). The reason was the great increase in wealth due to a protracted peace in Arabia and inflow of *khiraj* and *ghanimah*.

Lastly it must be noted that individual acts of renunciation and piety should not be taken as social norms. They must be taken as ideals relative to their special position and peculiar circumstances. It would be a great mistake to make ideal policies obligatory on common people in normal circumstances, and a still bigger mistake to try to enforce them by law. There is always a wide gap between the legally enforceable and the morally desirable, a gap consciously maintained by Islam in view of the obvious limitations of human nature and with a view to providing all possibilities of voluntary ascent towards the spiritual heights which the common people fail to reach.

Islam takes every precaution to ensure against extravagant expenditure and wilful squandering of wealth beyond the limits and requirements of a reasonable standard of life.

First of all it forbids certain items of consumption. This cuts at the very root of an intemperate luxurious life. It forbids hard drinks, gambling, wearing of pure silks and

use of gold as ornaments by the male, as well as the use of gold and silver utensils. It forbids frequent resort to music specially instrumental music, save on some very special occasions. It forbids dancing and sculpture, barring few exceptions; assigns a decent and honourable place to women in society, and forbids the free mixing of the two sexes in society. Islam rejects the unbalanced living so conspicuous in the contemporary materialist society.

Then it forbids prodigality and extravagance, and excessive indulgence in worldly life, even if it be through lawful means. The Qur'an is explicit on this issue:

*"And eat and drink, but be not prodigal. Lo! He loveth not the prodigals."*⁴² (Qur'an VII: 32)

*"And squander not (thy wealth) in wantonness. Lo! the squanderers were ever brothers of the devil."*⁴³
(Qur'an XVII: 26,27)

And the Prophet (*Sallallahu Alaihi Wasallam*) has said:

*"Eat, drink, give alms and wear, short of indulgence into extravagance and ostentations."*⁴⁴

*"Keep away from indulgence into a luxurious living for the true servants of the Lords do not indulge into luxuries."*⁴⁵

The strong language in which the Qur'an condemns the role of the luxurious classes in history is enough to prove that this element is undesirable in an Islamic society.

This completes our study of the policy that Islam requires the individual to pursue in the fulfilment of his own needs. He should neither be ascetic nor excessively indulgent. He should also keep an eye upon the general economic standard of the society and the social require-

ments. Within these limits he is free to supply himself with necessaries, comforts and luxuries. If he harnesses the economic endeavour to the cause of Allah and the good of the society, all his efforts put on the complexion of devotion, the permissible becomes the desirable, the amoral becomes morally good.

This later characteristic, however, is concerned with the mental approach, which the law cannot control. Islamic law takes actions at their face value and allows the fullest scope to the individual aspirations within the limits described above. While effort shall be made through education to include the truly Islamic spirit into the individuals, the law will not ordinarily doubt the individual intention or discriminate on this basis.

Now we can form an idea of how far this objective of maintaining a 'moderate' standard of living can serve as an incentive to economic enterprise. That it does not retard economic enterprise has been established. But it must be obvious from the above discussion that this objective taken in isolation does not offer an unlimited scope to economic efforts. Having noted these two points let us proceed to other incentives to complete the picture without which we cannot discuss problems raised by the second point stated above.

2. Meeting Family Liabilities

That it is one's legal duty to support one's wife and children is too well known a fact to require authority. The same is true in case of parents if they are in need of such a support. In special circumstances other near relations also become entitled to support. These duties being legal, the concerned parties, minors and other dependants, can obtain their due through a lawsuit. Besides these there are

many directives from the Prophet (*Sallallahu Alaihi Wasallam*) enjoining consideration of such dependants.

*"Begin (charity) from your own person. Pass over the surplus to your family and if there is any more after providing for your family give to your kins-men..."*⁴⁶

*"Begin (charity) from your dependents."*⁴⁷

Like all material pursuits directed towards some subtends deliberately made subservient to the ultimate end, these efforts to meet the family liabilities are also regarded as *Jihad* and reckoned as advancement on the path of Allah.

Ibn Omar (*R.A.*) narrates that once a person passed by them. They liked his enthusiasm and remarked that if these activities were in the cause of Allah it would have been better. Then they came to the Prophet (*Sallallahu Alaihi Wasallam*) who told them:

*"If he is striving to provide for his old parents he is in the path of Allah. If he is striving to provide for small children he is (striving) in the cause of Allah. (Even) if he is striving to make himself well provided for, he is in the cause of Allah."*⁴⁸

As regards the extent to which the needs of dependents are to be fulfilled, the economic standard of the family is the determining factor. The above discussion of the first point is also relevant in this respect. These duties and the above exhortations act as incentives persuading the individual to earn more than his personal requirements. In case of legally compulsory support the law will make the able bodied work to meet his obligation.⁴⁹

3. Provision for Future Contingencies

Islam also recognises the genuine human need to provide for the rainy day.

*"And let not thy hand be chained to thy neck nor open it with a complete opening, lest thou sit down rebuked, denuded."*⁵⁰ (Qur'an XVII: 29)

The Prophet (*Sallallahu Alaihi Wasallam*) used to store a year's provisions for his family when the annual date crop was harvested.⁵¹

The Prophet (*Sallallahu Alaihi Wasallam*) taught prudence to his companions and often advised them not to spend all they had, even in the cause of Allah, for the future does need some provisions.

Once when a companion was intending to give away all his wealth for the poor he told him:

*"Keep some of your property to yourself for it is advisable unto you."*⁵²

This incentive to earning is natural and the religious sanction increases its strength. Yet Islam requires that the tendency must not lead to hoarding of wealth beyond any proportion. Hoarding is strongly condemned.

*"Woe unto every slandering traducer, who hath gathered wealth of this world and arranged it. He thinketh that his wealth will render him immortal."*⁵³

(Qur'an CIV: 1-3)

*"They who hoard up gold and silver and spend it not in the way of Allah, unto them give tidings (O Muhammad) of a painful doom"*⁵⁴ (Qur'an IX: 24)

So we conclude that the incentive to save for future contingencies is deprived of its capitalistic excess and kept reasonably proportionate to a realistic estimate of future requirements. As the very nature of the problem required, no legal limits have been imposed in this respect.

4. Provision for the Posterity

Among genuine human urge is to leave behind something upon which one's dependants could fall back when death withdraws his support from them.

The very presence of the laws of inheritance in the Qur'an is a clear proof that this urge is recognised.

Islam goes a step further to exhort men to save for this purpose. The Prophet (*Sallallahu Alaihi Wasallam*) said to one of his companions:

*"That you leave your dependants well off is better than leaving them poor looking up to others mercy. Every expenditure you incur on your dependents is charitable expenditure, even the morsel you put into the month of your wife."*⁵⁵

It is significant to note that the Prophet (*Sallallahu Alaihi Wasallam*) addressed these words to a person who was insistent on dedicating all or at least the major portion of his property to the poor. The Prophet (*Sallallahu Alaihi Wasallam*) allowed him to bequeath only one-third of this property, stating the principle contained in the above *hadith*. Here also Islam discourages the craze to pass on huge treasures to posterity. The spirit of moderation must be sincerely followed, and the claims of starving numbers and other unsatisfied needs within the society must be given reasonable and just priority.

5. Social Service and Contribution to the Cause of Allah

Then comes the last and the most powerful of all incentives to production and earning. Having satisfied one's own wants and those of his dependents, and having saved some thing for the rainy day and for posterity, one

is not to sit idle and give up all enterprise and activity. There are vast horizons still open for the enterprising zeal of men. Social service and the cause of Allah in general are the ends calling upon every Muslim to strive his best and contribute as much as possible. He is to exert all his energies to serve these causes. And economic efforts are, in most of the cases, the first that are required.

*"And strive for Allah with the endeavour which is His Due."*⁵⁶ (Qur'an XX: 27)

*"And strive with your wealth and your lives in the way of Allah."*⁵⁷

The Prophet (*Sallallahu Alaihi Wasallam*) reports that Allah says:

*"We have bestowed property to be used to establish (system of) prayers and Zakat..."*⁵⁸

Striving for the cause of Allah (*Jihad*) is a duty upon every Muslim. And wealth is recognised as a powerful means to this end.

Hazrat Omar (*R.A.*) is reported to have said:

*"Three journeys have been made obligatory upon you. The pilgrimage, the Omrah pilgrimage, and the holy war. All these can be undertaken only with the help of money. That I should seek Allah's bounties by means of my property is better in my eyes than to pass away peacefully on my bed. If I say that such death (met in such pursuits) is martyrdom, I mean it."*⁵⁹

True to this spirit, the conduct of good Muslims has been a living testimony to this positive approach to economic activity.

"Similar conduct is reported about a large number of pious men. The same is true of the companions and

those of the following generation. They were experts in business enterprise, keen and persistent in a variety of economic pursuits. They did not do so to amass wealth or save it for themselves, rather their aim was to spend their earnings in good causes and for such purposes as are recommended by the Shar'iah and are exalted in a life lived according to it. Their conduct in relation to their own wealth was like that of the keeper of the public treasury. In this they conformed to different standards, as reported in their histories."⁶⁰

Similar is the case with social service, help to the poor and needy, and economic co-operation in all possible manners.

As the following tradition from the Prophet (*Sallallahu Alaihi Wasallam*) bears out, economic activity directed towards the proper ends is blessed by Allah. The Prophet (*Sallallahu Alaihi Wasallam*) has said:

"Three acts are such that whosoever does them, relying on Allah and seeking his reward, Allah surely will help him and fructify his efforts. Whosoever endeavours to get freed a Muslim imprisoned by the enemy in war—relying on Allah and seeking His reward—Allah surely will help him and fructify his efforts. Whosoever marries—relying on Allah and seeking His reward—Allah surely will help him and fructify his efforts. And whosoever brings under cultivation a fallow land—relying on Allah and seeking His reward—Allah surely will help him and fructify his efforts."⁶¹

Social service has a special status in this regard. The Prophet (*Sallallahu Alaihi Wasallam*) has said:

"Human beings are all God's dependents, therefore, the most beloved of people in the eyes of Allah are those who do good to His dependents."⁶²

A man asked the Prophet (*Sallallahu Alaihi Wasallam*) amongst all people who is most liked by Allah, and what action is most liked by Allah. Thereupon the Prophet (*Sallallahu Alaihi Wasallam*) said:

*“Most liked by Allah is the man who is most beneficent to the people in general. And the most liked act is that of pleasing a Muslim or relieving him of some grief, or paying off a debt incurred by him or saving him from hunger...”*⁶³

The Prophet (*Sallallahu Alaihi Wasallam*) has said;

*“Whosoever occupies himself in the service of his brothers, Allah takes care of his needs.”*⁶⁴

The Prophet (*Sallallahu Alaihi Wasallam*) has further declared:

*“He who serves widows and the poor is similar to the warrior in the cause of Allah, and to those who fill up their nights with prayers and keep fast all the days.”*⁶⁵

*“I and the one who supports an orphan shall be together in Paradise like these two”, said the Prophet joining together two of his middle fingers.*⁶⁶

Social service thus becomes a condition for one's spiritual progress; says the Prophet (*Sallallahu Alaihi Wasallam*):

*“Your faith is not complete till you like the same for your brother as you like for yourselves.”*⁶⁷

These items of expenditure require a Muslim to save from his income as well as to produce and earn more to meet these demands. The Prophet (*Sallallahu Alaihi Wasallam*) has said:

“Charity is obligatory upon every Muslim”. Asked if he has nothing to give in charity? Replied the Prophet, “He should work with his hands, then enjoy the fruits of

*his labour and give (some thing out of) it in charity". Asked what if it is not possible for him to work or if he does not work? Replied the Prophet, "He should help a needy person in distress." Asked again what if even this he does not do? Replied the Prophet, "He should advise others to do good." Asked what if he failed to do this also. The Prophet said, "He should refrain from doing harm to others for even this is charity for him."*⁶⁸

The Prophet (*Sallallahu Alaihi Wasallam*) once remarked:

*"Only two things are worth coveting for; a man being given wealth by Allah and made to spend it in right causes, and wisdom being bestowed upon a man who is guided by it and teaches it to others."*⁶⁹

These and numerous other sayings of the Prophet (*Sallallahu Alaihi Wasallam*) and his companions urge productive efforts and the earning of money to be contributed to the welfare of the society and to the cause of Truth and Goodness.

In its essence this incentive is the incentive to produce *for the society*. In doing so the individual serves his own purpose, obeying his Lord and incurring His pleasure. In contributing to the good of the society he is equally contributing to his own good. No religious duty is regarded as exalted as the duty of *Jihad* and of social service. Nothing furthers the interests of the individual and the society in this world and in the Hereafter as the service of the Master, which translated into practical terms means the service of the society through efforts directed towards its spiritual, moral, and material uplift.

Before we reflect upon the significance of this incentive let us note one more important fact regarding productive efforts and enterprise. The doctors of Islamic law are all agreed upon the view that production of the neces-

sities of life is a duty obligatory upon the society (*farz kifayah*). Like all such duties this duty is specially obligatory upon those who are in a position to discharge it efficiently.

Ibn Abedin, the famous Hanafi doctor says:

*"Necessary industries are amongst the duties socially obligatory."*⁷⁰

And Imam Navavi, noted Shafai'e scholar says:

*"Amongst the duties socially obligatory are...and the occupations and industries and whatever is required to complete the living."*⁷¹

Likewise the renowned Islamic thinker, Imam Ibn Taimiah affirms the thesis in these words:

*"Numerous doctors of Islamic law belonging to the school of Shafai'e and Ahmad Ibn Hanbal, and others like Abu Hamid Al Ghazzali and Abul Farj ibn Al Jauzi: have opined that these industries are duties socially obligatory, for the good of the humanity is never achieved without them, just as the holy war is a collective responsibility."*⁷²

This provision of the Islamic law, let us note, is the logical consequence of its outlook on life. To maintain life in an efficient and reasonable state is regarded as a sacred duty. Then life is viewed as a co-operative enterprise in which each is called upon to contribute according to his abilities. This principle changes the entire perspective of productive efforts and enterprise. Production of necessities having become a duty, production of other goods and services becomes desirable with gradual increase of efficiency and strength.

While the incentives we have studied above are all limited in their scope and fail to offer unlimited possibili-

ties to productive efforts and economic enterprise, this last incentive is limitless in its scope. While the scope of all the other incentives is conditioned by time, place and person, this incentive is almost independent of all these factors. The cause of Allah always awaits its servants and the service of society knows no *finis*. Thus economic enterprise harnessed to proper ends is given the fullest play and has infinite possibilities. There are certain other facts which remain to be noted in this respect.

First, all these ends of enterprise are subject to the ultimate end discussed above. This being their nature, they should not stand between man and the other direct and primary requirements of the ultimate end. The Qur'an reminds of this important fact in this manner:

*"Men whom neither merchandise nor sale beguileth from remembrance of Allah and constancy in prayer and paying to the poor their due; who fear a day when hearts and eye balls will be overturned."*⁷³

(Qur'an XXIV: 37)

Wealth being nothing but a means to establish the system of prayers and *Zakat* the pursuit of wealth could never justifiably stand in the way of the furtherance of those ends.

Secondly, the socio-ethical nature of the Islamic scheme of the incentives to enterprise must be borne in mind. The incentives in which the individual's personal interest is directly involved are limited in their scope while the social incentives have before them a vast, unconfined field of realisation. Then the very spirit of this scheme excludes the employment of anti-social means by the individuals. Means to increase wealth which are immoral and injurious to the interests of the other individuals stand condemned by the very nature of this spirit. A ser-

vant of the society cannot injure its interest; a faithful bondsman could hardly be expected to do any harm to his Master's subjects. One striving to produce *for the society* and to earn money to contribute to the social good cannot employ means detrimental to social welfare. A truly Muslim entrepreneur who can serve the society by offering better goods at cheaper rates will never manipulate prices to increase his own profits.

The full impact of this spirit will be observed only when we undertake the study of the Trade Laws in Islam. Here we only want to emphasise the point that Islam makes social good an important factor influencing individual choices, decisions and reckoning.

So far we have only studied the ends of economic enterprise. This study was mainly from the individual's viewpoint. But our study would remain incomplete without a survey of the social atmosphere in which these individual efforts are made. Economic activities, particularly the productive efforts are 'social' in view of the fact that they bring the individual into contact with other individuals. Economic enterprise leads the individual into various relations with other individuals and it is necessary to study the spirit of this relationship to complete the study of the spirit of economic enterprise in an Islamic society.

For the time being we propose to ignore relations between the employers and the employees and concentrate ourselves upon the relationship among the entrepreneurs themselves. What is the mental attitude of one entrepreneur towards the other entrepreneurs in their efforts at economic enterprise?

In the contemporary materialist culture 'competition' between entrepreneurs is regarded as the natural and inevitable form of relationship. A mystically benevolent

power was seen by the fathers of classical economy as changing diversities into harmonies and producing social good out of competition between profit motivated entrepreneurs. Unrealistic as this philosophy was, free enterprise with competition led to anti-social practices advantageous to the interests of a few persons or groups in the society but injurious to the good of the society at large, because rampant competition among the entrepreneurs resulted in waste of natural resources, haphazard production, injustice to consumer and robbery of the wage earners. Advertisement, salesmanship and other wasteful means were deployed to distort the natural choice of consumers and to impose superfluous consumption upon the common man. It also resulted in gross injustice to the ordinary businessman and tended to turn itself into monopoly, its own negation.

It is obvious that the spirit of Islam does not approve of these conditions. It does not view life as a struggle for existence and a race for intemperate living. Viewing life as a co-operative concern it lays down the principle of active co-operation and mutual responsibility as the spirit of economic relationship. According to the Islamic outlook on life, it is but natural that human beings should co-operate in achieving the ultimate end, which is one and the same for each and all and does not need cut-throat competition or mutual animosity. The achievement of *Falah* does not depend upon acquisition of wealth, appropriation of property or inordinate consumption of goods and services. It is neither related to maximisation of profits nor to the size of the individual business enterprise and quantity of output. *Falah* can be achieved only through a moral approach which considers economic life as a means and not as an end. To save a person from starvation is more conducive to the individual's *Falah* than to

ruin him for the success of one's enterprise. To live and help others live is a more humane policy than callous indifference to the others or unmitigated selfishness bent upon filling ones coffers.

The Qur'an explicitly lays down this principle in the following words:

*"Help one another unto righteousness and pious duty. Help not one another unto sin and transgression...."*⁷⁴

(Qur'an V: 2)

*"And the believers, men and women, are protecting friends of one another; they enjoin the right and forbid the wrong...."*⁷⁵

(Qur'an IX: 71)

The Holy Prophet (*Sallallahu Alaihi Wasallam*) has further explained this policy and translated it into more practical terminology.

*"The essence of religion is sincerity." Asked: sincerity to whom? the Prophet (Sallallahu Alaihi Wasallam) said, "To Allah, to His Book, His Prophet and the society of Muslims and it rulers."*⁷⁶

*"A Muslim is brother to another Muslim neither subjecting him to any tyranny nor leaving him a prey to harms (that happen to befall him)."*⁷⁷

*"I testify that all men are brethren."*⁷⁸

*"Muslims are like the bricks of a wall supporting and giving strength to one another."*⁷⁹

The Prophet (*Sallallahu Alaihi Wasallam*) has ordained:

"The city dwellers should not act as brokers for villagers and there should be no cheating. No person should try to smother the business of another to do his own, and do not make a marriage proposal in face of a similar proposal from your brother, and no woman

should try to get her sister divorced (to get herself married).... ⁸⁰

“One who hoards with a view to making things dearer for Muslims is a wrong doer and Allah would not give him any protection.” ⁸¹

“Allah will throw into Hell, head downwards, one who intervenes in the market of Muslims with a view to raising prices to their disadvantage.” ⁸²

In view of these injunctions of the Qur'an and Sunnah, and in view of the general outlook on life borne by Islam we can safely conclude that Islam seeks to replace the spirit of competition by the spirit of co-operation.

JUSTICE AND BENEVOLENCE AS THE BASES OF ENTREPRENEURIAL BEHAVIOUR

In the previous chapter we have mainly studied two points. The place of Economic activities in the Islamic scheme of life and the proper ends of the economic enterprise. Then we briefly discussed the unique spirit which this approach to entrepreneurial activities is likely to infuse into the business community as a whole.

In this chapter we propose to carry on the same study into further details. Our main object shall be to understand as fully as possible the climate that is created by Islam and in which the entrepreneurial activities of Islamic Society are expected to be carried on. We shall consider the attitude of a Muslim businessman towards his fellow businessmen and towards the consumers etc. This will enable to study the impact of the Islamic approach on the organisation of production, on price policy, on competition and on other relevant institutions.

In this study our main concern will be the principles lay down by Islam. It shall be only secondarily that the specific trade laws of the early Islamic period shall be touched upon. It must however be borne in mind that these laws and regulations will serve us as means to the proper understanding of the principles given primary consideration.

The entire ethos of economic enterprise can be summed up as consisting of a sincere devotion to the two values of Justice and Benevolence. As the learned scholar Ibn Qaiem states:

*"All has classified human conduct in economic affairs in the concluding paragraphs of sura Al-Baqara. They are of three types: Just, offensive and Benevolent."*¹

Obviously, offence (*zulm*) is the opposite of justice, and the two values of Justice and Benevolence define the Islamic conduct. These values in themselves are not peculiar to the economic sphere of life. They are the basic values which offer guidance in almost every walk of life. Then while determining the proper economic conduct, they unite and harmonise economic with the political and the social conduct. Such is the nature of the Islamic System. It starts with a few basic values which are themselves the reflection of the Islamic norms of Goodness and Well-being, and seeks to make the entire life activity a realism of these values. Thus the truly Islamic Culture emerges as a well integrated whole.

SECTION I

THE ISLAMIC IDEA OF JUSTICE

Justice (*A'dl*) is the first and the foremost principle in this connection. The Qur'an ordains us to observe this principle throughout our lives. Though this principle has its impact upon even the purely private and individual aspects of human personality, its main concern is with the social life. Whenever we enter into some relationship with others, the question of justice inevitably comes in. It is all the more true as regards the economic relationships. There is always a just path and an unjust path. Or to employ the economic phraseology, there are not only *various* means to the ends we seek to achieve, but also *just* means and *unjust*. An individual faces not only the problem of choice between alternative means but also the choice between just means and unjust means. Each economic choice is accompanied by an ethical choice as well. Particularly so as regards the choices that the entrepreneur has to make. Whether it is a question of deciding his price policy or the manner in which he shall advertise his goods, or of the more important question of allocation of resources or distribution of returns, it is both an economic as well as an ethical question.

All this may be strange language to those habituated to differentiate ethics from economics and prone to discuss all economic questions as problems of choice between alternative uses of the scarce means without any consideration to the ethical issues involved. Whether this is a realistic distinction and an advisable method of economic analysis, is not the purpose of this book to discuss. That in the real life we can never effect such isolation is quite evident. It will become all the more clear when we understand the comprehensiveness of the Islamic idea of

Justice. And this is the task we shall take up now. The Qur'an has emphatically ordained just behaviour and it also explains to us the nature of justice.

*"Lo Allah enjoineeth justice and benevolence, and giving to kinsfolk, and forbiddeth lewdness and abomination and offence."*²
(Qur'an XV: 90)

*"Allah commandeth you that you restore the trusted deposits to their deserving owners, and if you judge between mankind that you judge justly."*³
(Qur'an IV: 58)

*"O ye who believe! Be staunch in justice, witnesses for Allah, even though it be against your parents or your kindred So follow not passion lest you lapse (from truth)"*⁴
(Qur'an IV: 135)

*"Give full measure and full weight in justice."*⁵
(Qur'an VI: 153)

*"Say: Allah, verily, enjoineeth not lewdness. Tell ye concerning Allah that which ye know not? Say: My Lord enjoineeth justice."*⁶
(Qur'an VII: 29)

*"We verily sent our messengers with clear proofs, and revealed with them the Scripture and the Balance, that mankind may abide by justice (and righteousness)."*⁷
(Qur'an LVII: 25)

*"O man, what hath made thee careless concerning thy Lord, the Bountiful, who created thee, then fashioned, then proportioned thee?"*⁸
(Qur'an LXXXII: 5)

The above verses offer an interpretation of the idea of justice, whose close examination is necessary for us.

First let us note that justice is a very comprehensive concept and is concerned with almost all the aspects of our life, social, economic, political and even spiritual. For

example the fifth verse refers to integrity of character and a pure and chaste social atmosphere by the word justice (*qist*).

Secondly, justice implies balance, proportionality and harmony as much as it implies legal justice and "rendering to each what is his due" *i.e.* rights. Thus the seventh verse refers to the creation of man with all the proportion and harmony of various instincts and natural characteristics as a demonstration of Divine justice. The sixth verse describes the balanced and righteous way of life as "abidance by justice". Then the first, third and the fifth verses have contrasted lewdness, abomination, offence and trespass of proper limits with justice and righteousness. These contrasts, and the vast positive implications of the various uses of this word in these lines as also elsewhere in the Qur'an, convince us of the fact that the just approach is conceived of as that which not only renders to each what is his due but also strives to strike a balance and a harmony in the affairs concerned. It is not always the case that what is 'due' to one (*i.e.* one's 'right') is clearly determined. Most often we are faced with a situation where there is no strict measure of the 'rights' of the parties concerned. It is especially in these situations that the objectives of striking a balance between the various interests involved and of effecting a harmonising compromise between conflicting claims assert themselves.

Further revealing is the fact that oppression (*zulm*) is agreedly regarded as the opposite of justice (*A'dl-o-Qist*). This view is upheld by such Qur'anic statements as:

*"It will be judged between them fairly and they will not be wronged."*⁹

Oppression (*zulm*) means putting a thing in other than its proper place. Seen in the light of its opposite, jus-

tice would be putting a thing in its proper place. This significant definition further substantiates the broad and positive nature of the Islamic idea of justice and equity.

It is in this perspective that we should place, and study, the relation of the concept of justice to that of equality. Justice is closely related to equality, but not always synonymous with it. In fact it is only rarely that the two coincide when we study their relationship in the perspective of economic matters. That justice is related to equality and sometimes synonymous with it is evident from such lines of the Qur'an:

*"Say: I believe in whatever scripture Allah hath sent down, and I am commanded to be just among you."*¹⁰
(Qur'an XLII: 15)

*"Give full measure and full weight in justice."*¹¹
(Qur'an VI: 153)

Social Equality, as a value complementary to social justice has been distinctly upheld by the Qur'an and Sunnah, and as Hazrat Umar (R.A.) has stated it:

*"The low and the respectable, all are equal in the religion of Allah."*¹²

That such traditions have direct bearing upon the Islamic concept of social justice is beyond all doubt. They visualise equality of all persons before law and refute birth and descent, wealth and possessions, or colour and creed as claims to social distinction and special consideration. It is in these respects, as we said above, that justice appears to be synonymous with equality. As regards economic issues like distribution and exchange, it will be going too far to interpret justice in terms of arithmetical equality. The Islamic idea of justice in this respect has been elaborated by an eminent scholar as follows.

*"This concept is composed of two elements. First that a sort of balance and proportion should be maintained between the people with respect to their rights. Secondly that every one's due share should be conscientiously rendered to him... What justice really demands is balance and proportion and not equality. In certain cases, justice undeniably requires equality between all the members of a society e.g. equality in the rights of citizenship. But in certain other respects equality is quite contrary to justice, e.g. moral and social equality between parents and their children, and equality of remuneration between those doing higher services and those not so eminently engaged. So what Allah has ordained is not equality of rights but proportion and balance in them, and this order requires that to every person should be rendered all his moral, social, economic, legal, political, and civic rights honestly."*¹³

We have taken pains to emphasise the expansive nature of justice as against the tendency of interpreting it in terms of equality, especially for the purpose of deriving two main conclusions.

First, justice may involve positive obligations even where there is no 'right' corresponding to it and demanding it in the strict sense of the term. This is evident once the relation of justice to harmony, and proportionality is admitted.

Secondly, that individual reckoning is not enough to meet the requirements of justice as it implies balance and harmony. Approach on a social level is inevitable. It is not enough for an individual entering into some economic relationship with another individual to consider merely the terms of their exchange on a give and take basis but he must also keep into consideration the require-

ments of harmony of interests, balance of advantages and proportionality between needs and rewards. As we shall see later the Prophet (*Sallallahu Alaihi Wasallam*) conceived of a direct relation between these considerations and a righteous and just approach. This principle has also significant bearings upon the institution of market and economic competition. Any individualistic approach in this connection is bound to clash with the wider requirements of justice by causing disbalance and disharmony. No reference to individual rights can be justified in this connection, in view of the fact that justice demands a balance. This leads us to the social aspect of maintaining justice. The balance of rights and harmony between various interests that is directly required by justice needs social patronage. While we do not propose to discuss this aspect of the problem at this stage, we must note that the righteous individual must always welcome social control or direction aiming at this end. This is immensely important in view of the fact that the entrepreneur's attitude towards the social authority is an aspect of his entrepreneurial behaviour without which our study can never be complete.

The Principle of "No-Injury"

So much regarding the nature of justice and its positive implications. Let us now study one of its negative implications. Justice requires that we should not cause an injury to any body, unless required by justice itself. It is contrary to justice because by inflicting an unjustified injury we encroach upon other's rights. It is oppression which is the very negation of justice. There are direct commandments to this effect as well. Says Allah:

*"Verily the oppressors shall not prosper."*¹⁴

(Qur'an XXXII: 37)

*"Allah loveth not aggressors."*¹⁵ (Qur'an VII: 55)

*"And eat not up your property among yourselves in vanity."*¹⁶ (Qur'an II: 188)

*"A mother should not be made to suffer because of her child nor should he to whom the child is born (be made to suffer)."*¹⁷ (Qur'an II: 233)

The Prophet (*Sallallahu Alaihi Wasallam*) has reaffirmed this principle:

*"No injury, and no inflicting of injury."*¹⁸

*"Whosoever injures, Allah will injure him and whosoever tyrannise, Allah shall tyrannise over him."*¹⁹

These directives refer to injuries consciously planned and inflicted by the individual as well as to the objective presence of injury. The very fact of injury being inflicted upon any one is the focus of attention, whether the injurer intended to inflict the injury or not. Injury is to be eliminated unregardful of the intention that is behind it. The fourth tradition and the sixth verse from the Qur'an quoted to explain the nature of justice substantiates this.

But we must be realistic enough to note that complete elimination of 'injury' from human life is impossible. Seldom is any deed an absolute good, free from all injurious effects. Even the most useful of acts may be accompanied by a little injury to some one. An act useful to the society as a whole may be injurious to a few persons or groups within it. Normally the individual is faced with alternatives, all of which combine useful effects and injurious effects in various degrees. Every new price policy is likely to affect some individuals at least; establishment of a new firm may be very useful for the society as a whole but it may endanger, even though temporarily, the interests of those already in the industry. In all such situations,

a sort of balance is all that can be required. Justice can give us a sense of proportion to act reasonably in such circumstances. Injury in itself is always undesirable. Yet when it is a necessary condition to the achievement of something good and greater, it may be tolerated. While analysing the principle of no injury in the perspective of entrepreneurial policies we shall meet with several such situations.

Though it is not possible to lay down hard and fast rules regarding the application of this principle, Islam has at least indicated the direction we must take.

SECTION II

IMPLICATIONS OF THE PRINCIPLE OF 'NO INJURY'

The traditions quoted above have been elaborately discussed by some of the eminent jurists and scholars of the past. While their discussion primarily refers to the medieval conditions where economic relationships were not as complicated as they are today, and where the impact of entrepreneurial policies were mostly direct and hence easily discernible, they serve as a good beginning in the elaboration of this vital principle of socio-economic legislation.

Notable amongst these authorities is the thirteenth century jurist, Imam Shatbi who has discussed the principle at some length on pages 347 to 363 in the 2nd volume of his monumental work *al-Muwafiqat*. We shall start with a brief summary of his views.

He starts with the basic assumption that the 'act' itself must be at least permissible and not prohibited. Failing this condition the act must not be undertaken regardless of the fact whether it is injurious or not.

In case an individual business-policy involves some injurious effect we have to attend to the following considerations before deciding whether it should be carried out or not.

1. Is the impact of the injury general, or, does it affect only a small group of persons?
2. Is the injurious effect sure to occur, or, is it only slightly probable?
3. Is it large and substantial, or small and negligible?

4. Is it intended by the individual, being a part of the motive behind his policy?
5. If he does not intend to inflict any injury, is the individual conscious of the fact that his policy involves some injurious effect, or not?
6. Is the injury accompanied by some greater general good, if so, is that general good itself very important; so that it must be achieved; or is the case otherwise, and it can easily be forgone?
7. What is the importance of the gainful side of the policy to the individual's own economy? Can he stand its loss, or not?
8. Are there any other alternatives open for the same end, which involve no injury, or lesser injury, in comparison to this policy?

It is only after a careful consideration of all these points that a sincere entrepreneur can be sure whether it is advisable to launch upon the injury-involving policy or not. A price cut which is likely to affect some competitors and probably carry some advantage to a section of consumers by offering cheaper commodities is a case in point. Similarly an agreement reached at by the producers with regard to their price policy regarding a certain commodity may involve many of the above considerations. Careful balancing of the good and bad sides of the case is the only way to decide the just policy in all such situations. But what are the advisable courses of action corresponding to one or the other answers to each of the above question? It is very difficult indeed to discuss all the possible cases which arise as the combined and permuted result of the various answers to the above questions. Nevertheless in most of these cases the dictate of the Islamic approach

is quite clear. Below we shall discuss only a few of these cases, mostly in the light of Shatbi's elaboration.

Let us begin with the case where the impact of the injury is general, without any corresponding general gain to counterbalance or overweight it, and where this injurious effect is sure to occur.

Except when the concurrent general loss is negligibly small, the individual must abstain from the act, whatever the circumstances regarding the other considerations, intention or no intention, and whether there be any alternative or not. For, as Shatbi says:

*"Then general injury involved deserves priority of consideration. The person seeking some advantage by the protracted policy, or desirous of warding off some impending loss through it, shall therefore be prohibited from putting that policy into practice. Because the social interests are prior to individual interests. This maxim is upheld by the Prophet's prohibition of intercepting market supplies before they reached the market place and of the city-dwellers acting as broker to the country people. It is also supported by consensus of Muslim opinion upon rendering the craftsmen responsible for any damage suffered by the goods entrusted to them (by the public for repair or improvement). The Companions enlarged the Mosque of the Prophet, by including into it plots of land belonging to others, whether they were willing to allow it or not. This is decisive in favour of the social interests as against individual interests, with the necessary condition that it should not involve any loss to the individual (which be unbearable and irreparable)."*²⁰

Imam Navavi affirms the same principle while discussing the law prohibiting interception of supplies before they reach the market.

*"In such cases the Shari'at attends to the social interests. Masliha (expediency) demands that the interests of the society should be made prior to those of the individuals."*²¹

As a matter of fact giving priority to social interests in face of individual interests is one of the fundamental principles of Islamic social theory.

Apparently an exception to the above conclusion is suggested by the last of the considerations enumerated above. Assuming that a policy injurious to the society in general is at the same time indispensable for the good of the individual, what should be done, particularly when it is a matter of life and death to the individual to achieve the good corresponding to that policy? While such a grave situation can hardly be a normal case, the answer is quite obvious. In no case can he be allowed to inflict injury to the society merely to assure his own good. If there are no alternative means open to him, the society should take over the responsibilities of his welfare and compensate him for the loss he has undergone for sake of the society. This compensation is necessary because no individual can be compelled to make sacrifices that are beyond him.

*"Allah tasketh not a soul beyond its scope."*²²

(Qur'an II: 286)

*"So keep your duty to Allah as best as ye can."*²³

(Qur'an LXIV: 16)

Ignorance of the injurious effects of his policy cannot be regarded as an excuse or justification for the individual. But a realistic approach demands that competent social agencies and even the Public Authority should take care of keeping the business community informed on such matters. The economic press of a country can do a lot in this connection. Ultimately, however, it is

the individual's responsibility to make sure about the possible consequences of any policy before putting it into practice.

Numerous examples could be cited of entrepreneurial policies with injurious consequences. Rapid exhaustion of scarce minerals due to intensive and extensive extractive policies of the mining industry is a relevant example. An individual firm may introduce certain drugs or eatables which are in detrimental to health and which nevertheless succeed in bringing in profits.

Monopolistic combination resulting in price policies injurious to the interests of the consumers in general is also a case in point. Dumping and hoarding also fall under this category.

The producer by destroying or holding back part of his stock strives to make the consumers pay a higher price for goods which could easily have been available on cheaper prices and in larger quantities but for the profit-mania of the producer.

In all such cases justice, through the principle of no injury, acts as a check upon the firm as well as on the industry.

2. If we introduce the element of doubt regarding occurrence of the injurious effect the case is slightly changed. The degree of uncertainty and the extent to which its occurrence is probable become decisive considerations. The less is the certainty of the injurious effect the more the other considerations *e.g.* personal interests, gain in importance. While no line can be drawn between cases where the injurious effect is very probable, so as to exclude any question of permitting the act, and where it is otherwise, the trend of Islamic Laws is clear. Whenever the injury apprehended is large in the dimension it does

not want to risk social good by allowing the policy. Only where the apprehended social injury is small and uncertain to a great extent, could the individual be 'allowed' to undertake the policy under consideration.

An individual firm may be faced with such a situation while deciding to throw out a large number of employees, or suffer losses. It is very uncertain whether the discharged hands would be absorbed in some other lucrative work or become a burden upon the social resources. The firm can lessen the uncertainty by proper study of the statistics available regarding the state of demand for labour. The economic press and the public authority could co-operate with it in finding out the exact consequences of the protracted policy. Final decision would have to be made after balancing the various considerations.

3. There are cases where the injury involved is not general in its impact but affects particular persons, or small groups, or any individual firm, or a particular industry. Such are the cases of price competitions which hit the smaller and weaker firms, as also price discrimination against certain buyers. Monopsonistic trade unions jeopardise the justifiable interests of a particular firm or industry. On the other side there may be certain policies injurious to one or few firms or persons but useful for the society as a whole. Entry of a new firm and ousting of the inefficient firm as a consequence of economic competition are cases in point. In all such cases the relevant points of consideration are whether or not the protracted policy promises some greater social good and whether or not there are other alternatives open to the individual producer. The importance of personal good to the individual's own economy is also an important consideration.

Based on these considerations we can hold that all monopolistic and monopsonistic practices must be disallowed unless they promise some greater and more general good. Public monopolies are the most relevant example. Each individual case will however have to be decided on its own merit in the light of the relevant considerations.

Another distinguished jurist who has discussed this principle at some length is the Hanafi scholar, Ibn Nujaim. In his study entitled *Al Ashbah val Nazair* (meaning similar cases and precedents) he has stated the principle as: '*injury shall be removed*'.²⁴ Quoting profusely from the accepted tenets of Islamic Jurisprudence and citing numerous cases where the principle has been applied, he infers six sub-rules to this principle. They are as follows:

1. "Inevitable necessity permits the forbidden". Such a necessity may arise both in case of the society as well as the individual. It would be a source of great injury if such a necessity is not provided for. Hence such necessity can justify certain forbidden things, or courses of action. But this is followed by two other rules which limit its scope.
2. "What is permitted out of pressing necessity must be strictly kept within the limits imposed by that necessity."

This, let us note, has important bearings in situations where an individual firm is allowed to pursue an injurious policy, in view of the indispensability of this policy for the security of its vital interests. Such permission can never be exploited as justification for profiteering.

3. "Injury is not to be removed by another injury." This generalisation is however conditioned by the next rule.

4. "In the face of an inevitable choice between two injurious courses of action, the least injurious shall be chosen."
5. "Elimination of injuries is prior to the pursuit of utilities and whenever something useful appears wedded to some injury (so that if you are to get the utility you must also admit the injury) the elimination of injury shall generally be preferred to the attainment of utility."
6. "Needs sometimes assume the role of inevitable necessities whether they are individual needs or social needs."

Supplemented with Shatbi's elaborations these sub-rules further clarify the Islamic approach, particularly the second, fourth, and fifth of these rules are very significant in relation to entrepreneurial policy. They seek to impart a sense of proportion which justice demands. While injury cannot be totally eliminated, it can be reduced to the 'inevitable minimum' by means of a sincere adoption of the above approach. This approach has important bearings upon the entrepreneurial behaviour in so far as it affects competition, monopolistic practices and other behaviours of the contemporary firms.

SECTION III

FURTHER IMPLICATIONS OF JUSTICE

Above we have studied elimination of injury as one of the primary requirements of justice. That was irrespective of whether any other ethical value is violated or not. There remain those policies, which violate some of the basic moral values propounded by Islam. The violation of these values may or may not be followed by immediate and visible injury to one or both of the parties concerned. But generally it does involve some injury to some one, and this further suggests prohibition of these policies. Islam enjoins that these values must be honoured in all walks of life, especially in business transactions and entrepreneurial policies.

To discuss all these values is not however possible. As a matter of fact it would bring in the entire moral code of Islam into discussion. We shall confine ourselves to a study of the most significant.

1. Honesty and Truthfulness

Honesty and truthfulness are the most outstanding of these values. Fraud, deception, exploiting the innocence and ignorance of the other party, or false statements are strictly prohibited. False advertisement or deceptive salesmanship are the evident examples.

Abu Horaira (R.A.) narrates that the Prophet (Sallallahu Alaihi Wasallam), passed by a stock of wheat in the market. He put his hand into it whereupon his fingers got wet.

"What is this O wheat seller?" he enquired. The man replied, "It has got wet in the rain." The Prophet said, Why did not you put the wet stock at the top of the

heap, so that buyers may notice it? He who deceives is not from amongst us."²⁵

The Prophet (*Sallallahu Alaihi Wasallam*) has said:

*"Fraud leads to hell, and whosoever starts some practice which is not in accord with our ways is condemned."*²⁶

*"To exploit the person who confides (in you) is akin to usury."*²⁷

*"One Muslim is the brother of another Muslim. It is not permissible for a Muslim to sell a commodity to another, in which there is some defect, and not to state that defect."*²⁸

The Prophet (*Sallallahu Alaihi Wasallam*) said:

*"Both the buyer and the seller are at liberty to cancel the transaction until they depart from one another. If they act honestly and truthfully their transaction will bring them good. If they conceal and tell lies the good of the contract is thereupon destroyed."*²⁹

The above tradition emphasises the utilitarian as well as the spiritual role of business morality.

Following these principles elaborate laws were also framed during the early Islamic period to ensure moral uprightness and justice in business and industry. The laws concerning adulteration, false weights and measures and wrong advertisement are a few amongst them. The modern Islamic State must pursue the same trend. Contemporary business and industry offers abundant examples of the violation of these principles. Various modern states have responded to the situation in varying degrees, and the Islamic states are expected to ensure the fullest justice and

complete security of individual and social interests in this matter.

Law, however, is only one of the means to the full and complete impact of the 'Islamic spirit' upon the economy. At this stage of our study we are mainly concerned with the consequences of this spirit as imbibed voluntarily by the individuals. It is evident that this principle will have a great influence upon the entrepreneurial policies. Quality of standardised goods, advertisements and sales-devices, discriminatory price policies and like institutions are directly affected by this principle.

2. Dubious and Vague Transactions

Closely associated with open fraud and flagrant dishonesty are the cases involving uncertain, ambiguous, and dubious transactions. In all such transactions either of the two parties suffers some unforeseen and unpredictable loss. Traditions prohibiting such deals generally refer to those trade practices of the medieval age which involved these elements.

*"The Prophet (Sallallahu Alaihi Wasallam) prohibited purchase by means of (random selection done by) throwing a stone (to select the object it hit as the commodity purchased), and the prohibited all dubious transactions."*³⁰

*"The Prophet (Sallallahu Alaihi Wasallam) prohibited deals effected through touch or throwing of an object (which was thus selected as the commodity transacted. There was no close inspection or observation of it)."*³¹

*"The Prophet (Sallallahu Alaihi Wasallam) prohibited the sale and purchase of animals not yet born, or even conceived by the female."*³²

Hazrat Omar (R.A.) is reported to have said:

*“Do not sell or purchase fish which is still in water, for it is a dubious deal.”*³³

The reason behind all these laws was the indeterminacy and ambiguity involved in the dealing. Islam as a principle requires fair dealing, with the object of trade clearly determined, so as both the parties to a transaction may be able to weigh their advantages. Lack of full knowledge about the particulars of the transaction is a source of doubt and uncertainty and destroys the fair nature of the dealing. *

The eminent jurist, Ibn Hazam has stated the principle in these terms:

*“Sale of a thing whose particulars are not known to the seller is not allowed even if they be known to the buyer; similarly the commodity about which the buyer is in the dark though the seller is informed. And also transaction of such commodities is disallowed of which both of them know not the particulars of.”*³⁴

Other cases of the application of this principle have been the sale of fruits before they have appeared on the trees, or of the crops before they ripen.

There are two special cases which call for our attention in this respect. Can a thing not possessed by the seller at the time of transaction be an object of trade? **

*Knowledge of the necessary particulars of the object of trade (i.e. the commodity transacted) is therefor a condition of lawful trade, agreed upon by all schools of Muslim Jurists. See *Kitabul Fiqh ala Almazhibil Arba*, Vol. 3, Page 168. Shirkat-e-Fann-e-Tabaah, Cairo, 1952.

**The Prophet (*Sallallahu Alaihi Wasallam*) is authentically reported to have said ‘Do not sell what you do not possess’.

‘A person cannot deal in a commodity which he does not possess’.

Secondly, can he deal in a thing possessed by him but not present at the site of transaction? Both cases involve some indeterminacy and uncertainty. But no general rule can be laid down to apply to all such dealings. There may be cases of standard commodities whose description may well suffice for the buyer's interests. Commodities not delivered immediately may be supported by reliable assurance and guarantee. On the other side there may be cases where such description or guarantee is not available. Obviously these call for different verdicts. Wherever the elements of ambiguity, indeterminacy and uncertainty preponderate, the transaction will have to be prohibited. But where there is a weak element of doubt the greater advantages of such dealings to industry and trade shall be recognised. Allama Ibn Qaiem has justly tried to do away with a misunderstanding with respect to such cases.

"That the sale of non-existent things is not allowed is to be found nowhere in the Book of Allah, or traditions of the Prophet, or sayings of the Companions. It is stated neither in general term nor with a universal meaning. The traditions do prohibit the sale of certain non-existent goods as they have prohibited dealings in certain existing commodities. The reason behind prohibition

'And, as Imam Baihaqi says, the traditions related to the subject clearly imply that sale of a commodity not possessed by the seller is not allowed. As regards the commodity possessed by him but not present at the site of transaction, its sale is allowed but the buyer will reserve the right of cancelling it when he sees the commodity' (i.e. in case it does not conform the description given by the seller at the time of the deal).

(*Al-sunnan*, Vol.5, P.31; Hyderabad 1353A.H.)

An obvious exception to this rule has been made by the Prophet (*Sallallahu Alaihi Wasallam*) himself in case of transaction involving the future.

in either case is neither non-existence nor existence. The thing which the Sunnah disallows is ambiguous and dubious dealings and it is to be defined as the sale of things which the seller is unable to deliver, whether it exists or not."³⁵

The sale of intangible and non-material goods such as securities, right, and titles also involve above principle. The application of these principles to such cases has been a controversial issue amongst the Muslim jurists. The Hanafites held that excepting the case of hire, such transactions were not allowed. The other schools have stood for the contrary. While it is not possible to resolve this controversy here the non-Hanafi approach is gaining more support with the contemporary Muslim jurists.³⁶

The case of future transactions is a special one of the above type, and the same approach is to be adopted with respect to them. Future sales in grains had been allowed by early Islamic Law with certain conditions. A close study of those conditions, as related to the socio-economic conditions of that age, will indicate the line of approach which would suit the modern Islamic legislator. Expediency and utilitarian considerations have to be kept side by side with the principles involved. It is out of a careful balancing of all the factors involved that the correct approach can emerge.

3. Gamblesome dealings

Gambulous transactions, based on pure speculation and involving great risks and uncertainties, deserve a separate mention. Though included in dubious deals they have been condemned by Islam as a distinct category to which no exceptions have been allowed.

*“Strong drink and games of chance and idols and divining arrows are only in infamy of Shaitan’s handiwork. Leave it aside in order that ye may succeed.”*³⁷

(Qur'an V: 90)

While most of the transactions mentioned under the second category discussed above emerge from the circumstances themselves, this type originates in the great and selfishness of the entrepreneur. By virtue of his superior knowledge and ability to speculate about future trends of the market he wants to appropriate something which he possibly could not achieve in fair dealings in the market. Like pure gambling which relies upon mere chance, and where an insight into the vagaries of chance is the decisive factor, modern speculation also exhibits anti-social trends. Those less conversant with the nature and dynamics of chance, or poorly informed about the trends of the market, fall an easy prey to the superior cunning of the speculator.

These dealings fail to play any positive social role indispensable to the society. Their only contribution seems to be to make the fluctuations of the market wider and more extreme in trend. They tend to heighten the boom and to deepen the depression, as well as to sharpen the turn and to increase its abruptness.

Besides the ethical and spiritual considerations pure utilitarian considerations also go against such practices. The essence of gambling is that the corresponding loss or gain is not coincident with any real economic service or disservice and inefficiency. It is a game of chance and a play of tricks. All transactions bearing this nature are to be regarded as gamblous transactions forbidden by Islam. Whatever advantages they may bring are regarded as more injurious than advantageous.

“They question thee about strong drinks and games of chance. Say: In both is great sin and (some) utility for men; but the sin of them is greater than their usefulness.”³⁸

(Qur'an II: 219)

How far does the modern stock exchange exhibit such characteristics is rather problematic. That most of the speculative activity undertaken there definitely belongs to this type is not to be disputed. Attention must be paid, however, to a closer study of such forms of speculative trade which do not differ much in their nature from the normal practices of the trader. For these dealings may well be spared to play the important role they play in the capital market. The market for capital needs such practices as may be able to facilitate exchange of stocks and shares in a speedy way. Expert opinions regarding the future of the various industries and firms dominates the trend of transactions in these stocks and shares. Up to this extent there is no reason for any intervention by the law. The trouble however starts due to the secondary and tertiary speculative waves which develop subsequently. Speculation regarding speculation of certain quarters becomes more decisive than the expert opinion itself. This leads to the creation of a highly gamblesome atmosphere in the market. In so far as only correctness of prediction based on expert knowledge and foresight brings in the attendant gain or loss, they need not be regarded as gamblous because this characteristic is normal to enterprise. The element of speculation is in some degree essential to trade to facilitate ‘arbitrage through time’. It withholds part of the supply to be offered in periods of relative scarcity of the goods concerned, and thus does perform a useful economic function.

4. Usurious Transactions

A business transaction to be just must be free from all elements of usury. When a seller demands one price if paid at the instant and a higher price if the payment is deferred to some future date; or, when he accepts a lower price if paid some time before the actual delivery of the commodity, he is effecting a usurious deal. The same spirit that has condemned 'interest' goes to disallow such transactions as well.

A similar situation arises when two unequal quantities of the same commodity, or of two commodities of the same kind are bartered. This is characterised as *Riba al-Fazl* and is disallowed as strictly as the interest proper. The case of *Riba al-Fazl* however, involves certain complexities into which we do not propose to enter at this stage.

5. Coercive Policies

Lastly we would mention the principle excluding coercion from business transaction. Complete willingness of both the parties is one of the primary requirements of these transactions.

*"Squander not your wealth among yourselves in vanity, except it be a trade by mutual consent."*³⁹

(Qur'an IV: 29)

*"The Prophet has forbidden contract with a person under coercion. (That is, one should not force the other to enter into a contract)."*⁴⁰

Free choice and complete willingness, unmixed by elements of force and coercion, must normally be guaranteed to all parties in all transactions. Direct or indirect political or economic coercion is not an uncommon feature

of modern industry and trade. Labour disorganised or organised is generally the object or subject of such coercion. Monopolies and monopsonies seek to effect contracts to their own advantage under explicit or implicit coercion. The above principle demands a revision of all such policies.

Forced purchase by state in case of emergency, or the exceptions to the above rule in case of the right to pre-emption must however be noted. Some higher social purposes, or necessary individual interests, have allowed these exceptions, as may be clear from a close study of the various cases.

We must content ourselves with this much discussion of the implications of the Islamic idea of justice. It remains to carry their impact still closer to the actual problems of trade and industry. But before that we must study the other basic value 'benevolence' in a similar manner. Benevolence is a necessary complement to justice in making the Islamic spirit effective upon entrepreneurial policies.

SECTION IV

ISLAMIC CONCEPTION OF BENEVOLENCE

Ihsan means good behaviour, generous dealing, sympathetic attitude, tolerance, humane and kind approach, mutual considerations, and regard of one another's interests; rendering to others even something more than their due right, contenting one self with even something less than one's own due right. It is something more than justice and its importance in social life is even more than that of justice. If justice is the cornerstone of society, benevolence is its beauty and perfection. If justice saves society from undesirable things and bitterness; benevolence makes life sweet and pleasant. No society can stand as one whole if each one of its individuals is always keep on obtaining the correct measure of his own rights at all costs, conceding to others strictly what is their due, and never more. Such a frigid society may well be free of strain and strife but it is bound to remain deprived of the (higher) values of love, gratitude, large heartedness, sacrifice, sincerity, and altruism, which alone can give to life its sweetness and beauty, and make the good in social life grow and flourish."⁴¹

The writer could hardly give a better exposition of the idea that he seeks to discuss in this section. This is the very conception and role of benevolence that the Qur'an and Sunnah give it to us. The Qur'anic injunctions regarding benevolence also testify the above explanations.

*"Allah enjoineeth justice and benevolence, and giving to kinsfolk . . ."*⁴² (Qur'an XV: 90)

"And forget not generosity among yourselves." (Qur'an II: 237)

*"Spend your wealth for the cause of Allah and be not cast by your own hands to ruin, and do good. Lo! Allah, loveth the beneficent."*⁴⁴ (Qur'an II: 195)

*"Divorce must be pronounced twice and then (a woman) must be remained in honour or released in kindness."*⁴⁵ (Qur'an II: 229)

*"Provide for them (the divorced women), the rich according to his means and the straitened according to his means, a fair provision. (This is) a bounded duty for those who do good."*⁴⁶ (Qur'an II: 236)

*"And for him who is forgiven somewhat by his injured brother, prosecution according to usage and payment unto him in kindness."*⁴⁷ (Qur'an II: 178)

*"Is the reward of goodness aught save goodness?"*⁴⁸ (Qur'an LV: 60)

"The good deed and the evil deed are not alike. Repel the evil deed with one which is better, then

*lo! he, between whom and thee there was enmity, will become as though he was a bosom friend."*⁴⁹

(Qur'an XLI: 34)

*"And be thou kind as Allah hath been kind to thee, and seek not corruption in the earth."*⁵⁰ (Qur'an XXVII: 78)

Apart from ordaining benevolent attitude, these lines from the Qur'an seek to clarify its nature. It is some good volunteered without there being any 'right' to demand it. And it is very necessary and extremely important. Verses three and nine indicate the ultimate fate of the society whose individuals do not act benevolently. By neglecting benevolence a people invite doom and destruction. The fourth line ordains benevolent attitude towards divorced views and refers to it as something obligatory and good. Verses six and seven remind us of the obvious

fact that a benevolent attitude should be reciprocated with a similar attitude. Thus the Qur'an seeks to create an ethos of sincerity, well-wishing and social service, which alone guarantees a really human society. The Prophet (*Sallallahu Alaihi Wasallam*) has picked up the same thread and laid further emphasis upon benevolence. We quote below a few of the traditions relevant to entrepreneurial policy. The Prophet (*Sallallahu Alaihi Wasallam*) has said:

*"No pity is taken upon a person who does not take pity on other people."*⁵¹

*"He who is bereft of kindness is deprived of good itself."*⁵²

*"Allah is kind and likes kindness..."*⁵³

*"May Allah show mercy upon people who, are polite and considerate when they sell, purchase or demand back their debts."*⁵⁴

*"When you weight tilt the scale (in favour of the other party)."*⁵⁵

*"The prophet said to a person weighing something, weigh, and tilt the scale (in favour of the buyer)."*⁵⁶

The third tradition exhorts a benevolent attitude as a seller, as a buyer and as a creditor. The last two offer the best definition of benevolence as related to justice. While justice demands 'right measures' benevolence exhorts upon 'measure inclined favourably towards the other party.'

Let us here recall that social service and contribution, to the cause of Allah is one of the incentives to, and end of enterprise in Islam.* The benevolent attitude

* Chapter One, Section 2.

propounded here can be characterised as the direct dictate of that end. As a matter of fact it is the clearest reflection of the very spirit of Islam.

Altruistic Help and Social Service

A benevolent entrepreneurial policy can take two different but correlated forms. It may result in altruistic service or help without any consideration of the entrepreneur's own interests. On the other hand it can impel him to co-operate with others to further social good besides securing his own interests. This latter form generally involves partial sacrifice of personal interest for the sake of the interest of the group or the society.

Altruistic policies do not fit in the frame of enterprise which regards maximisation of profits, or maximisation of other personal utilities, as its norm. But the Islamic norms which place the general interests and social good above the individual interests and personal utilities may well call for such policies. In certain circumstances where some vital social interests necessitate such policies they become almost obligatory. Even in normal circumstances God-fearing entrepreneurs are expected to prove themselves social minded and sympathetic towards others' interests. Allah has described the good Muslim as:

*"(Who) prefer (the fugitives) above themselves though poverty become their lot. And whoso is saved from his own avarice such are they who are successful."*⁵⁷

(Qur'an LIX: 9)

In cases of national emergency, therefore, we can expect the entrepreneur to forgo most of his profits, or even more, to supply necessary goods at the minimum possible prices. His behaviour as an employer would also be influenced by this spirit and make him further the good

of his employees even where he is not bound to do so by the terms of his contract. While making decisions regarding new investments, this consideration would guide him towards less profitable but more urgent and important requirements of the community. Regarding location of industries also, social and non-economic considerations may be preponderate in his decisions. In short, such cases are innumerable where benevolence may, in varying degrees, call for an altruistic approach. The assumption that in some cases at least the Muslim entrepreneur will prefer such a policy to others, which are more profitable but less conducive to the good of the society, can never be regarded unrealistic.

Besides the spirit of Islam, public opinion and the expectations of the common man would also act as a strong urge towards such policies. For in free enterprise the entrepreneur, especially the more powerful one, cannot ignore these factors. Not only that a firm failing to honour these expectations are ignoring public opinion would damage its good name, but it would also invite social intervention which is a last but inevitable recourse for the public to see its demands fulfilled.

SECTION V

CO-OPERATION AS THE MEANS TO MEET THE OBLIGATION OF JUSTICE AND BENEVOLENCE

Whereas altruistic service and dis-interested help takes into consideration cases where personal advantage does not form a part of entrepreneur's motive, co-operation admits this element as well. It is a process of helping one another and joining together in efforts directed to achieve some common objective. There are cases where co-operation is necessitated by the need of avoiding injury to the society, or to some persons or groups within it through isolated and disjointed efforts. In such circumstances co-operation becomes the demand of justice. The common objective of the entrepreneur to abide by justice and avoid injurious effects results in co-operation. Where no injurious effect corresponds to lack of co-operation, but where there are possibilities of greater social good to be achieved through co-operation, it can be regarded as the dictate of benevolence. In both these cases co-operation is the course which the Muslim entrepreneurs are expected to adopt. For Islam conceives of a society wherein the normal relationship of all the members with one another is that of co-operation, as we have already said above.*

The third and more common cases calling for co-operative efforts are those in which the individual economic interests are bound together and where it is more fruitful to approach the target in a co-operative rather than competitive manner.

* Chapter One, concluding paragraphs.

The sociology of economic enterprise also favours such an approach. It is this aspect of our problem that we shall now attend to.

Sociologists classify interests into three categories: *Common; like; and unlike.*

*"The common is what we have collectively, what we share without dividing up."*⁵⁸

*"The like is what we have distributively privately, each to himself...like is often a source of common interests..."*⁵⁹

*"The other great type of conflict situation reduced to its simplest elements takes the form of 'what I love you hate'. This is primarily an expression of unlike or antagonistic attitude."*⁶⁰

In the light of this classification let us see what is the nature of the economic interests, especially those of the entrepreneur.

That there are common economic interests no one would deny. A general increase in prosperity, a general increase in purchasing power accompanied by a corresponding rise in demand and therefore production, are interests commonly shared by every individual, none the less by the entrepreneurs. Then, as we have seen, the common interests. A comfortable home is an object of like individualised like interest may transform themselves into interest, individualised in nature. But a social approach to this end with a commonly agreed principle of distribution and generally accepted order of preference can transform this highly individualised interest into a common interest. The Islamic approach with its great emphasis on oneness of Man and on harmony and balance in society seeks to widen the range of common interests. It obviously de-

depends upon the approach to life of the individuals to what extent they will be able to translate their like interests into common interests. The commonly shared non-economic objectives of the individuals in an Islamic Society and their preference of the good of the Hereafter against the good of this worldly life have significant bearing upon their attitude in this respect. It seeks to socialise their approach and eliminate the conflicts arising from possibly inharmonious like interests.

While we shall discuss separately the case of like interest in so far as they fail to transform themselves into common interests, let us note relationship of commonly shared interest to the attitude of co-operation:

*"When men recognise a common interest they tend to co-operate towards its achievement...because it is the very essence of a common interest to bring men together to make them translate their sense of oneness into co-operative activity."*⁶¹

*"Co-operative activity exists on another level in the pursuit of harmonious, like or individualised interests...economic organisation...is pre-eminently the area of this co-operation."*⁶²

The very nature of these interests calls for exactly the same attitude which Divine command and the spirit of the Islamic way of life wish to inculcate. We can rely upon the good sense of the Islamic society to redouble its efforts at co-operation in the light of these incentives.

Economic interest, as we have noted above, are mostly like in nature. Every individual seeks satisfaction of his wants and strives for the acquisition of economic goods for that purpose. Each entrepreneur desires to gain from his enterprise and to make it flourish and develop. But the economic good and the possibilities of gainful

enterprise are scarce and limited. This scarcity introduces a new element, which may well prove a source of conflict. Like interests remain harmonious as long as there are possibilities large enough to satisfy all those who are interested, and to the extent that they are interested. The harmony of like interests is bound to be disturbed whenever the goods in question are too scarce to satisfy all the interests to the fullest extent. *"There in conflict wherever like interests are inharmonious. The simplest case is that of two or more persons or groups who want the same individual thing...Anything that is scarce in respect to the competing desires of the individuals to have and to enjoy, whether it be a commodity, a loved one, an honour, a position of power, is a condition of conflict."*⁶³

Can the co-operative attitude still be maintained in face of the challenging situation arising out of these inharmonious like interests? Obviously, not until the inharmoniousness itself is removed.

And it is towards the elimination of this inharmoniousness that Islam directs its efforts, in such cases. The emergence of harmony may depend upon three independent variables. The *degree of scarcity* of the object of interest, the *number* of those interested, and the *extent* of each individual's interest.

Regarding the first factor, Islam makes it a 'common interest' to reduce the effect of this element as far as possible by increasing production and improving the means to it. Though the scarcity of economic goods can possibly never be fully eliminated, as the basic factors of production, land, labour and entrepreneurial faculties are themselves available in a limited quantity, the possibilities of its reduction have been vastly increased by the newly discovered atomic energy. Fully exploited for the benefit

of humanity, it promises to lessen the scarcity of economic goods to a degree sufficient to make it socially harmless.

Regarding the second and the third functions it is the approach of individuals to life and their attitude towards their wants that really counts. If we are to conceive of the 'economic man' whose material interests know no bounds and whose wants are insatiable, there is no way out. There will be a state of unlimited strife and unrestrained conflict in society. But such a view is entirely misconceived even with respect to the contemporary materialist, not to speak of the Islamic society as such. In our discussion of the 'proper ends' of enterprise, we have maintained that the individualised interests (the first four ends) are limited in nature. Both the number of an individual's wants, and also the extent to which he should satisfy each individual want, are limited by natural as well as ethical considerations. The Islamic approach introduces the element of moderation in the individual's pursuit of his interests, and makes him regulate his needs with reference to the conditions obtaining in society. No individual is entitled to ignore the actual possibilities of the satisfaction of a particular want which are offered by the socio-economic conditions obtaining at any time. Such a sense of proportion is one of the primary dictates of the Islamic idea of justice, as we have seen above. There is no absolute right to pursue any interest to any limit however legitimate it may be without any regard to its possible effect upon the balance of interests and rights of other individuals. As we shall see later, if the individual's good sense fails to conform to this sense of justice, the social authority shall intervene to secure the large good of the society.

Thus we notice that Islam makes every effort to maintain the harmony of like interest. There are no inevi-

table and uncontrollable forces working to disturb this harmony. All the factors are relative, and well within the limits of human control. It shall be the task of each individual entrepreneur to see that this harmony and balance is always and everywhere maintained.

Most of the possible cases of conflicting or unlike interests belong to the above category...*i.e.* like interests, which become inharmonious. The economic aspect of human life rarely presents any case of absolutely unlike and conflicting interests 'What I like you hate' is not generally the case. It is generally 'If you gain I lose.' The reason why this apparent conflict in interests can stop short of becoming an actual conflict of attitudes is that both loss and gain are relative terms, and there are always means to amend the situation so that the disparity is removed, lessened, or at least compensated. A loss can be willingly borne by an entrepreneur in view of the greater general good which attends upon it, or in view of the alternative open to make up such a loss.

The realistic assumption however seems to be that such situations of direct inharmony and conflict between economic interest of individuals and particularly those of the entrepreneurs may arise and do arise. But it should also be noted that the spirit of co-operation and collaboration, the eagerness to avoid all injurious effects, and the common interest of furthering the general good, and, in the last, the altruistic tendency to help and sacrifice one's own interests for the sake of others, are factors powerful enough to resolve such situations. This resolution can take effect by direct explicit collaboration, or through the good services of the state, or some other social institution, or even indirectly and implicitly.

Conclusion

The above discussion has made it clear that justice and benevolence are likely to exercise a deep influence upon entrepreneurial behaviour. They shall do it directly by moulding the attitude of the individual entrepreneur so as to make him fulfil their obligations and also indirectly through public opinion and through the agency of law. While law must see that the demands of justice are properly met, it need not hesitate to look after some of the demands of benevolence as well. The extent to which the state can intervene on this basis depends mostly upon the circumstances. Normally individual good sense must be relied upon. But in cases where a partial sacrifice on the part of the individual is the necessary condition for a much greater and urgently required social good the state can step in effectively. In cases of emergency when vital social interests cannot be safeguarded by normal methods, individual rights have to be partially superseded to secure them. Social objectives—economic, political, military or any other—have got to be achieved in all circumstances.

CHAPTER THREE

THE MARKET UNDER THE INFLUENCE OF THE ISLAMIC SPIRIT

SECTION I

SIGNIFICANCE OF THE MARKET MECHANISM

The Market occupies the key position in every economy which is not totally collectivised. In the traditional 'free enterprise' system of capitalism the market decides what goods are to be produced, at what prices are they to be sold, and, by whom they are to be consumed. The consumers are held to be sovereign in this system. They demand what they want and the producers respond to the pull of their demand by organising production accordingly. Thus the various resources of the community are allocated to the various industries producing these goods. Industries comprise firms which are units of production organised by the *entrepreneurs*. Entrepreneurs are men of skill and ability who bring together the various factors of production required to produce the desired goods. They also bear the risk of any default of their expectations regarding the market demand. Given *perfect competition*, whose conditions we shall study below, these entrepreneurs will allocate the resources of the economy to the production of the various goods demanded by the consumers in a manner that about all the demand for almost all the goods demanded would be met. Nothing that is not demanded shall ever be produced; a thing that is demanded *shall* be produced provided the consumers are expected to purchase it at a price above the cost of production. The reason why all this is so efficiently or-

dered without there being any central authority to like after it is *profit*. The entrepreneurs aim at maximising their own income which is the difference of prices paid to them by the buyers and the costs incurred by them in the production of the goods sold. These costs include payments to all the factors of production purchased or hired by the producer, as also the saleable goods and service he himself has supplied. It is this net income, called profit, which makes the producer serve the cause of the consumers by producing what they demand. As a matter of fact they are not in the least interested in serving the cause of any body else. They seek to serve their own cause. But the nature of things is such that in their effort to maximise their own profits they serve the community of consumers in the best possible manner (in the economic sense). They are obliged to do so both quantitatively and qualitatively. Furthermore it is profit motive which also determines where to produce and how to produce. For, to maximise their profits the producers must adopt the most efficient methods of production and locate their production plants at the most economical of sites. All this is done without any coercion from outside. Every individual producer is free to do whatever he likes, as is also each consumer in his own capacity. What binds the producers is their own motive—maximisation of profits; and what further regulates their behaviours is the force of *competition*. Competition among the large number of independent producers ensures that no single producer will violate the dictates of the market demand or act in-efficiently. For those who do so will be automatically penalised by decreased profits or even losses. And this is what no entrepreneur ever desires. Competition also ensures that each factor of production will be paid an amount equal to its marginal productivity, and also, that it shall be employed in the industry through which it could contribute most to the economy. This is ex-

plained by the fact that every factor of production is, by assumption, keen to get the highest reward it can receive under the existing conditions. Obviously this condition will be fulfilled only in the industry in which a particular factor of production is expected to be more productive than in all the other industries. As it is the receipt from the producers which constitutes the income of the bulk of the population, it comes to mean that the distribution of incomes in the market economy will be the best that is possible under given condition, (economically speaking).

To come back to the consumer, his interest lies in ordering his consumption so as to derive the greater amount of satisfaction from the limited amount of purchasing power. He has his own scale of preferences determined by a host of subjective and objective factors like tastes, prejudices, climatic conditions and physique, etc. He needs some articles of consumption more urgently than he needs others. He feels inclined to consume greater amounts of some things and lesser amounts of some other things. But he has to devise his demand schedules with an eye on the market prices of the various goods he requires. He will derive the greater amount of satisfaction out of the limited resources at his disposal only when each marginal unit of money spent by him in the purchase of various goods brings to him an equal amount of satisfaction.

But market prices of these goods reflect their costs of production under the given condition. The costs of various factors of production, in their own turn, depend up to a very great extent, upon their scarcity. Goods which require relatively more scarce factor for their production will be available at prices higher than those which do not. These higher prices will have to be reckoned with by the consumers while preparing their individual budgets. That it to say, they will be made to demand these goods in

quantities lesser than they would demand if they had been cheaper. As a result goods requiring relatively more scarce resources will be demanded in lesser quantities than those which can be produced by means of less scarce resources. But this is what is best suited to the economic interests of the community. Once again the free interplay of the market forces has brought about the most desirable results, economically speaking.

This is, briefly, how the market economy works.* It can easily be seen that it claims to solve the three fundamental economic problems of consumption, production, and distribution in the most economic way.

This system is based on two important assumptions which we shall shortly examine. These are: *Economic Rationality and Perfect Competition*.

Given these conditions, the system appears to be flawless. It conceives of a harmony between the interests of the consumers and the producers which is quite a blessing. In the general equilibrium of the whole system all prices, hence all the incomes, are *normal*. That implies that they are the most appropriate, in the economic sense of the word. Profits, interests, wages, rent, all are being paid and received for an equal amount of economic services rendered to the community. Things are being consumed and natural resources being employed to produce them, according to the dictates of prudence, reason and economy. And all this done in an atmosphere of perfect liberty. The individual is free to consume what he likes, in

* Problems relating to expansion and growth have been overlooked for sake of simplicity. But the system does claim, it should be noted, to solve even this problem as efficiently as the rest. For the same reason money and credit have also not been taken into consideration.

quantities he likes, and can call forth the quality of it that he likes. He is free to choose his occupation and to work or enjoy leisure as he wishes. No body dictates to the producer what to produce, how much to produce and where to produce. Everywhere the choice is free and private.

This much being achieved automatically, the state need not bother much about the economy. The best kind of government is one which governs the least. Let the state only watch the economy, check fraud and deception enforces contracts, which in themselves have been freely reached at, and do no more.

This was the vision that inspired the fathers of Capitalistic Economics, generally named as the *Laissez Faire* economists. It was an enchanting vision whose wonderfully charming beauty held its sway for centuries. It is still awe inspiring, and not considering minor modifications, the majority of economists swore by these thoughts till the other day.

Obviously enough, a strong sense of approbation has been associated with this 'system' despite recent denials to the contrary. It has been ideal of the capitalist economies all over the Western Hemisphere for the last three centuries.

One of the two main assumptions of the above theory, that is, economic rationality, has already been described above. It means that consumers aim at maximisation of satisfaction and producers aim at maximisation of profits. It implies that both of them do this consistently and constantly. Then it also presupposes perfect knowledge on their part. They know what is there to be known in order to make rational economic decisions. Consumers, so to say, know their own tastes, the capacity of the various goods to satisfy their wants, and the prices of these

goods in the market. Likewise the producers know the various methods of production, the prices of the factors of production, the conditions of demand, etc.

Perfect competition involves certain other conditions besides perfect knowledge. Thus, large number of buyers and sellers in each market, homogeneity of the product, free entry of firms in the industry, perfect mobility of the factors of production and complete knowledge of the conditions of the market are essential conditions of perfect competition.

It is now generally recognised that the conditions of perfect competition do not obtain in reality. There are hardly a few individual markets where one or two or all of these conditions are fulfilled. But, as Professor Chamberlein has pointed out, "the idea of a purely competitive system is inadmissible."¹ Hence the theory of monopolistic conception has now become a part of modern economic theory, and tends to dominate it more and more.

The basic assumption of economic rationality is still generally retained. But the consequences of imperfect knowledge, indivisibility of goods, and imperfect mobility of factors of production are now being taken into consideration. Forces and factors which tend to distort rational choice, *e.g.* advertisement and product differentiation, are gaining more and more importance with the theorists.

Yet it is these very assumptions which are so essential to the modern economic theory. To abandon them would be knocking the bottom off it. Hence the position of modern economics in this regard is this: The departure of reality from the normal conditions envisaged in this theory are numerous and sometimes wide enough, but it is still the only approximation to reality. It still supplies the only scientific basis from which to start our study of the reality

taking the various deviations one by one and modifying the normal conclusions accordingly.

It is pointed out that but for these basic assumptions economics would lose its scientific nature. It would be lost into the jungle of inconsistency of facts which the reality presents.

The above estimation of the efficacy of market mechanism goes to the credit of the free-enterprise economists. The socialists on the other hand, have no faith in this estimation. The system, they say, does not bring about results that are socially desirable. Consumers' sovereignty is a myth as it is not the individual himself but the purchasing power in his hand that really counts. This purchasing power is most unevenly distributed under this system. As a result the needs of the poor go unfulfilled while the whims of the rich direct production for their satisfaction. Production is, therefore, never in accordance with the real needs of the community. Markets are seldom ruled by conditions of perfect competition. The result is that producers acquire power to manipulate the working of the economic forces to their own advantage. They exploit the wage earners by paying them less than their actual contribution to the produce. They acquire monopolistic powers and charge higher prices from the consumers. They distort the consumers' choices by persuasive advertisement. They discriminate between various groups of buyers, and differentiate their products artificially to mislead the buyers. All this is rendered possible by the lack of perfect competition conditions and the obvious rigidities of the system. Advantages of monopoly tend to transform competition into monopolistic combination. Large numbers and small units yield to the few big concerns in each industry. Profit mongering entrepreneurs and not the consumers are the sovereign in the market economy. Alloca-

tion of resources is not in the general interest but in the interest of the capitalist class. Distribution is highly inequitable. Profits swell while the wage earners receive a diminishing share of national income. The resulting overall picture is far from being desirable. Anarchy is the rule in production. Everything is misplaced antisocial, and undesirable.

The suggested remedy is a suppression of market mechanism and conscious planning of the economy. Consumers' needs are to be intelligently assessed and the various resources of the community are to be allocated to the production of required goods in a preplanned manner. The produce is to be distributed according to the needs of the individuals. All this is to be done by a Central Authority.

These are the theoretical stands of the two schools of free enterprise and socialist planning. A more detailed study would do full justice to their stands by taking into consideration the recent developments which have tended to moderation and rendered the respective models more realistic and practical. Still the basic divergence, the contrast of the two approaches, would remain. This would remain in spite of the fact that various in-between types of schools have come into being. Their essence lies in regarding the market mechanism less efficient and less sacrosanct and conceding more or less social control of the market and centralised planning of the economic affairs. It can also be held that the first school has, in practice at least, conceded partial suppression of the market by social control and planned economy. Likewise the socialists could not do away with the market economy completely as they had originally planned. They still rely upon this mechanism as reflecting the needs of the consumers and their scales of preferences. They make use of it in the or-

ganisation of production as well. Productivity is still the major criterion of rewards of the factors of production. Yet all this is rather insignificant as the market mechanism is only a tool in the hands of Social Authority. Many a vital economic decision is arrived at by this Authority independent of the market and these decisions are superimposed upon the mechanism of supply and demand. Consequently consciously adopted norms govern distribution of the national income. National consideration rather than individual choices determine what goods are to be made available to the consumers and in what quantities they are to be produced. The system, in short, is far removed from a return to the market.

We have briefly stated the two stands regarding the market mechanism to serve as a background for the study of the Islamic position in this respect. Does Islam rely solely upon the market mechanism in solving the fundamental economic problems, or does it not? If it does, how does it eliminate the undesirable results, if any, of the working of this system? If it does not, does it take recourse to the second solution...ordering of the economy by the Social Authority. And if it conceives of a planned economy, what are the guiding principles for vital economic decisions.

It is the answer to these questions which we shall now attempt. In doing so we shall be explaining the Islamic stand as well as criticising the stands it rejects. Our main interest would, however, still lie in the entrepreneurial behaviour as moulded in conformity with the Islamic injunctions. We study the Islamic position as regards the mechanism of market chiefly because it is in this perspective that the behaviour of businessmen as enjoined by Islam can best be understood.

Islam, to begin with, does not propose to suppress the market mechanism completely. Neither does it regard the working of this mechanism as a sure method to bring about the desirable results. Unlike capitalism it possesses clearly defined norms for economic activity. A particular pattern of consumption and distribution is what is required, and the productive machinery must be so organised as to achieve this pattern. It differs from the free-enterprise capitalistic system in which no particular scheme of consumption and distribution is taken to be the objective of the market economy. The patterns resulting from the working of the market system are regarded normal (and, tacitly, desirable) simply because they result from the working of the market system.

It may appear that Islam is akin to socialism in so far it starts with definite economic objectives to be achieved. But it is a poor resemblance, as Islam does not believe that these objectives can be achieved only through centralised planning and state organisation of the productive machinery. Even though it aims at definite objectives it relies upon the market mechanism up to a very great extent. It is where this mechanism fails to achieve these ends that Islam asks the Social Authority to take necessary steps for the achievement of these objectives. But Islam's reliance upon the market mechanism has got to be understood in a highly qualified sense. Islam requires a particular type of behaviour from the economic agents, the consumers and the producers. The extent of its reliance upon the free working of market mechanism is directly related to the extent these economic agents behave in the prescribed manner. The behaviours prescribed for the economic units of the society are so devised as to lead to the desirable state of affairs which are aimed by Islam. Naturally, therefore, the more these objectives are

achieved by free actions of the economic units the less need there is for the Social Authority to intervene, and *vice versa*.

The essential features of the Islamic approach to the market mechanism are therefore the following:

1. A particular solution of the fundamental economic problems—consumption, production, and distribution—is set as the goal of market mechanism.
2. Under the influence of the Islamic teachings, consumers behave in a manner which makes the market mechanism achieve the above mentioned objectives, to a very great extent.
3. State intervention is to supplement or supersede the market mechanism, as the need be, to ensure that these objectives are fully achieved.

A possible misunderstanding calls for clarification. Should the consumers and the producers fully conform to the given behaviour, would there remain no need for any intervention by the state? The answer is: there would. For, human life, and the material world in which it has to be lived, is so constituted that the desired ends always call for some intervention by the state. This fact, supplemented by the equally important fact that full conformity of all the economic units to the prescribed behaviour is a highly unrealistic supposition, goes to explain the presence of many interventionist laws in the Islamic code on a permanent basis. While the economic role of the state, in bringing about the desired conditions, is liable to contractions or expansion, according to the exigencies of the situation, it is never allowed to contract beyond the limits set in the Islamic law. State is always an active participant in economic life. Market mechanism is never fully relied upon. The other extreme of total regimentation is also rejected,

as it is preposterous to assume that the economic agents in an Islamic society would totally refuse to comply with the prescribed behaviour pattern. The concept of Islamic economic is valid only when we conceive of a society where the individuals—consumers as well as producers—are appreciably influenced by the teachings and do conform to them up to a certain extent, at least.

We shall make one more point to clarify the position of the Islamic state in relation to the market. One of the chief responsibilities of the Islamic State is to see that the individuals live up to the teachings of Islam. It is supposed to discharge this duty—establishment of the Islamic way of life—by means of education as well as by means of law. The state would therefore make every effort to make consumers and producers behave in an Islamic manner. Should education fail to achieve this purpose, it will take recourse to Law to ensure a minimum of Islamic behaviour on part of these units.

It is not the purpose of this book to undertake a complete study of the Islamic approach in all the three aspects mentioned above, as it would entail a complete study of the Islamic economy. In this study we are concerned with the nature and scope of economic enterprise in Islam. Our chief concern lies, therefore, in studying the behaviour pattern Islam imparts to the entrepreneurs. As this would remain incomplete without a study of the consumer behaviour we shall have to include it as well. We shall have to content ourselves with brief references to the economic role of the Islamic state as a complete discussion of this requires a separate study.

The main objectives that Islam wants to achieve in the field of consumption can be stated as below:

1. Every individual should consume enough economic goods to lead an efficient life.
2. Certain (prohibited) goods should not be consumed.
3. Consumption of economic goods must not be extravagant, as also it should not amount to excessive indulgence in luxurious living.
4. Consumption of economic goods, and the consequent satisfaction, must not be the ultimate objective of the individuals. It should serve as a means to the achievement of the higher ends of a purposive life.

Regarding distribution Islam aims at a pattern under which:

1. Every individual receives, at the least, an income sufficient to enable him to maintain an efficient living.
2. Wealth does not tend to concentrate in a limited class of the community.
3. No individual is obliged to work beyond his capacity, to earn his living as defined above.
4. Cash amounts lent with the guarantee of being repaid do not make the lender entitled to any reward (*i.e.* interest).
5. Prices are just and reasonable, neither too high nor too low with reference to costs incurred and the services extended.

SECTION II

BEHAVIOUR OF THE CONSUMER UNDER THE INFLUENCE OF THE ISLAMIC SPIRIT

We shall keep the usual assumptions of modern economic theory regarding the behaviour of the consumer, except some modification in the concept of economic rationality. We add a new assumption, that is, the consumer has imbibed the Islamic teachings. It is this important assumption that calls for a revision of the concept of economic rationality.

Economic rationality assumes the consumers to be aiming at maximisation of their 'satisfaction'. Modern economics, as well as all the past schools of economics, use the term 'satisfaction' in a peculiar sense which is not altogether devoid of utilitarian meaning.² It is said that the concept does not refer to any particular type of satisfaction, spiritual or material or any other. But even this meaning would not be admissible in our frame of reference. That the consumer acts under the influences of Islamic spirit gives a peculiar tinge to his motivation. He must, first of all, be satisfied that he is living up to the Islamic standards. To get this satisfaction he can forgo any satisfaction in the economic or utilitarian sense of the word. The point can be explained by means of an example. A consumer feels the urge for a glass of wine. Its consumption would undoubtedly give him a lot of satisfaction, in the economic sense. Economic rationality implies that he will consume it, provided the price paid causes a lesser dissatisfaction (or dis-utility). But the assumption of Islamic influences changes the whole outlook. The feeling of not living up to the Islamic standards in this respect

would cause a major dissatisfaction, so as to make the satisfaction, expected from the drink insignificant. As a result, the consumption would not take place.

It is now evident that we cannot speak of maximisation of satisfaction in the ordinary sense while we describe the motivation of the Muslim consumer. It is in itself an independent norm upheld by the materialistic civilisation, which Islam supersedes, partially though, and replaces by new norms. The consumer is still expected to seek maximisation of satisfaction in the ordinary sense.

The essential difference in the two positions is that the consumer forgoes his (economic) satisfaction when it clashes with any of the demands of the Islamic spirit.

This modification of the assumption of economic rationality does not deprive us of the necessary basis for a scientific analysis of consumers' behaviour. Scientifically speaking, rational behaviour does not assume any *specific* norms or goals. It does assume that there are some norms or goals. The meaning of rationality is therefore limited to the orientation of action towards maximal conformity with a norm.³ In a similar vein, Professor Knight has defined the rational man as "the man who knows what he wants and orders his conduct intelligently with a view to getting it."⁴ It is obvious that the assumption of Islamic norms is in no way inconsistent with 'rationality' so defined. A rational Islamic individual would order his behaviour with a view to achieving maximal conformity with the Islamic norms. Consistency and knowledge of the market conditions are assumptions fully consistent with 'Islamic rationality'. We shall keep these assumptions throughout the following analysis. In so far as the influences of the Islamic spirit can be clearly determined, and the channels into which they lead human behaviour are found to be

determinate, scientific treatment of the subject is still possible. It will be our purpose to trace these determinate effects as far as possible. Such effects of the Islamic spirit as are less susceptible to calculation or accurate measurement shall also be studied in a guarded manner.

We shall also assume that the above mentioned first objective of Islam's policy regarding distribution is achieved. While discussing consumers' behaviour it would not be unscientific to assume that each individual has got enough purchasing power to afford a living for himself. By definition, this condition must obtain in an Islamic society. For the state must achieve these end if, and to the extent, market mechanism fails to do so. This assumption, however, does not imply an equal distribution of wealth, or even a tendency towards that.

Lastly it should be kept in mind that we are not going to attempt the formulation of a theory of demand; our interest mainly lies in the charges that Islamic influences effect in the behaviour of the consumers, and hence in the pattern of demand, as compared to the contemporary conditions.

- (a) The first determinate effect of the Islamic teachings upon the behaviour of the consumers would be to make certain articles of consumption disappear from the individual demand schedules. These are articles whose consumption has been strictly prohibited by Islam. Hard drinks and pork are the most obvious examples. But the institution or practice of prostitution, professional dancing and all immoral entertainments are also included in this category. All such articles of consumption would disappear from the individual demand schedules. As a logical con-

sequence, total demand of these articles would fall to zero.

The use of gold and pure silk is prohibited for men, though women are entitled to use them in their ornaments and dress. This injunction will also have the same effect as the above one, as far as the male consumers are concerned, and total demand would decrease accordingly.

- (b) Islam has strictly forbidden indulgence in luxuries as foreign to the Islamic way of life. Relevant lines from the Qur'an and Sunnah have already been quoted above.* A man is fully entitled to such comforts of the life over and above the necessities, as are not out of place in his own economy in general. Regarding the consumption of luxuries the actual condition or state of the society must be taken in to consideration. If the general standard is very low, it would be sufficient to make the consumption of certain luxuries morally reprehensible. While a comparatively better general standard would justify their consumption. Besides this fact, spurious luxuries which contribute nothing to our efficiency or well-being are discouraged, whatever the social standards. Consumption aiming at making a show of one's riches or the pomp and show associated with the inordinate craving for name and fame is severely condemned. It is totally incompatible with the spirit of the Islamic way of life.

Observing the nature and extent of luxuries consumed, and of "conspicuous consumption" in the contemporary society, it is but reasonable to assume

* Chapter one

that these teachings of Islam would exercise a deep influence upon the individuals demand schedules and therefore upon the total demand of these goods. While there must follow a decrease of demand of the luxury goods taken as a whole, certain luxury goods may totally go out of consumption.

This tendency would be still more marked in the underdeveloped countries where the social interests would demand sacrifice of consumption to make speedy development possible. The good sense of the Islamic people is expected to prevail against indulgence in luxuries while the majority of the people are underfed and underclothed. This vast consequences of this change upon the demand of the various goods and services which are consumed by the luxurious few can easily be imagined.

These effects; elimination of certain goods and services from the demand schedule and decrease in the demand of certain other goods and services; will call for a similar effect upon the goods and services which are complementary to these. It would not be unrealistic to assume that the extent of complementarity amongst this group of goods and services is much more than that in the group that constitutes the necessities of life. The abandonment of 'wine, woman and gambling' as a way of life is, therefore, sure to tell upon a host of other goods and still more upon services attached to this way of life.

The Islamic structures against extravagance and prodigality are also a case in point. They imply that the Islamic individuals, while consuming many luxuries and comforts, may feel obliged to limit his

consumption quantitatively. Once again this quantitative limit would be defined in any particular circumstance by the individual's own purse, and by the social conditions. If social considerations require that the national resources should be applied to these goods only to a limited extent, the individual would willingly co-operate by limiting his own consumption before the state feels it necessary to impose restrictive measures. The impacts of these influences are in the same direction that we have studied above.

- (c) An entirely different state of affairs is likely to prevail regarding the primary necessities of life. Except in the highly advanced economies, there are large number of persons who are not adequately supplied with these necessities, in most of the countries. This is not likely to happen in an Islamic Society, whatever the state of the economy. The redistributive function of *Zakat* and *Ushr*, supplemented by the declared policy of the Islamic state to see that every individual is supplied with the primary needs of life are sufficient to effect this change. The total effect of this change is a relative increase in the demand of the necessities, other things remaining the same.

What is true of the primary necessities is also applicable to a limited extent to the comforts of life which directly contribute to human efficiency and to the dignity of Man's life. This tendency would be the strongest when the moral sense of the people is the most alive. Though Islam does not seek to establish an egalitarian society by force of law, the spirit of Islam clearly requires a great change in that direction. On the whole it would be reasonable to

expect a relative increase in the demand of these goods as well, even in the average Islamic Society, as compared with the contemporary societies.

- (d) The above discussion mainly refers to those wants which can be loosely described as the 'material' or 'economic' wants as contrasted with the 'crucial' wants. By cultural wants we mean the want of education, intellectual enlightenment and social contact, etc. The materialist way of life views cultural wants from the utilitarian viewpoint. In an Islamic society greater significance would be attached to proper cultural pursuits as a means to better living and spiritual progress. The spiritual viewpoint will effect great changes in the pattern of education and of other cultural activities. The changed type of education and of cultural services would be in demand much more than they are in the contemporary societies.

It is in this connection that we must mention the relative importance of 'leisure' to an Islamic consumer. Leisure, meaning absence of 'work' that is economically profitable would be in greater demand in an Islamic society for more than one reason. First there are the non-economic activities such as prayer, propagation of the truth, personal care of the children and personal interest in their moral and spiritual welfare. These activities are directly required from each and every Muslim individual. This will have two distinct consequences upon the behaviour of the consumer. First, he will not attach so much importance to profitable work as he does at present, once he has earned enough to supply himself with the necessaries and the necessary comforts of life. He would provide leisure to expend on the

above mentioned activities. The impact of this tendency will be a relative increase in the demand of 'leisure' and a consequent decrease in the supply of 'labour', especially of the higher qualities of labour. Secondly, those services, which directly supplement these activities, would increase in demand. These services are the same that we have mentioned above as cultural services. Then, what goes further to strengthen this trend is that Islam does not attach any spiritual significance to 'work' beyond what is necessary for the support of individual's life for his efficiency, and beyond what is required of the individual from the view point of the social interest. This characteristic of the Islamic way of life is important in view of the undue emphasis that the Western way of life has placed on economic work. The materialistic nature of the contemporary civilisation is obviously the major cause of this phenomenon. But the background of the Capitalistic civilisation in the Protestant ethic is also no less important.⁵ The present state of affairs in the advanced countries of the west particularly that obtaining in the U.S.A. is a testimony to the above fact. So much emphasis has been laid on economic activities that man has degenerated into a production machine, only to consume the produce in the most inhuman way. The impact of the Islamic spirit in this connection would be that of moderation. Islam is not an ascetic way of life which condemns economic activities as such. This we have made quite clear in the first chapter of this study. What is required is a balance between the economic and non-economic interest of life. Now it is quite evident that many no-economic interests of human life require direct consumption of time and energy, without the inter-

mediary of economic goods and services. These non-economic claims upon time and energy have to compete with the claims of economic pursuits. In the contemporary society the result of this competition is generally a submission of non-economic claim in favour of the economic one. This situation must change under the influence of the Islamic spirit. It is this aspect of the change that is important for our present purpose. It would not be unrealistic, therefore, to conclude that the impact of the Islamic spirit would be, in normal conditions of life, to decrease the supply of labour and to increase the demand of leisure for the purpose mentioned above.

The same idea can be put in another way. Modern man tends to maximise his economic wants and spends his personal factors—time and energy—in the acquisition of the goods and services which cater to his expanding wants, Islam's influence would be to change this attitude. While the other extreme of minimisation of wants is also un-Islamic, a moderation is undoubtedly required by Islam. Personal factors, of time and energy, would therefore be re-distributed between economic work and non-economic activities.

It is, however, obvious that the decrease in the demands of material goods and services caused by this tendency would be mainly felt in the section of luxury goods and only very slightly, if any, in the necessaries of life.

- (e) The last thing to be noted concerning the behaviour of the consumer is his attitude towards the 'Social Wants' as contrasted with the purely individual wants. Besides the goods and services which are

consumed by each individual in his personal capacity, there are social wants which require the production of certain goods and services to be consumed socially. Two examples would be sufficient to give an idea of these. Propagation of the message of Allah is a duty of the Islamic society as a whole, besides being an individual duty of a Muslim. This social want would call for the expenditure of much energy and time. The purpose would be achieved by direct expenditure of time and energy as well as indirectly through such goods as books and such services as that of learned preachers. While planning his individual budget the Muslim consumer cannot remain oblivious of this social want. He may respond to it by allotting a certain portion of his own time, as also by separating out a fund from his own income, to be dedicated to this cause. The impact of these individual decisions upon the social demand pattern can be easily traced out. It would add to the demand of certain goods and services and keep away a portion of time and energy from the economically productive pursuits. Another example could be the defence of the territorial integrity of Islam. It would also result in the two consequences noted above.

- (f) One more characteristic of the behaviour of the individual consumer is worthy of being noted at this stage. It is the individual consumer's attitude towards the group and towards the Social Authority. It is reasonable to assume that in all these respects noted above the individual would welcome any initiative coming from the state. He would co-operate with the group, the society and the state in the realisation of the Islamic spirit in these respects. At pre-

sent most of the initiative regarding social wants come from the state and the individual seldom cooperates in this respect. He evades taxes and seeks to avoid social control directed towards the safeguard of non-individual social interests. The oneness of the spirit that guides the individual, the group, the society, and the state in Islam are sure to do away with this discrepancy. In as far as the steps directed towards the materialisation of the Islamic spirit are concerned, we must assume a harmony of interests between individual, society and state in a normally Islamic society.

These are the main points which should be noted regarding the behaviour of the consumer under the Islamic influence. As has already been stated, they have important bearings upon the pattern of demand in an Islamic economy. It will be useful to summarise these trends of demand below:

1. The demand for alcoholic drinks and other prohibited goods and services would fall to zero.
2. The trend of the luxury goods to multiply would be checked and their demand, as a whole, would decrease... as compared with the contemporary societies. Certain luxury goods may even go out of demand.
3. The demand for necessities and some of the comforts would increase, other things being the same, due to the more equitable distribution of wealth and income.
4. Social needs *e.g.* defence, education etc. would be reflected in the demand in the form of a decrease in the demand for luxuries and an increase in the de-

mand for service and goods associated with these social needs.

5. The demand for cultural services, and leisure would increase, adversely affecting the demand for material comfort and luxuries of life.

Given these trends of demand and the particular behaviour-pattern on part of the consumers responsible for these trends, the resulting impact on the machinery of production can be easily traced, under different conditions that may prevail in the market. This is the task we shall take up in the following sections.

SECTION III

BEHAVIOUR OF THE FIRMS UNDER THE INFLUENCE OF ISLAMIC SPIRIT

Above we have studied consumer behaviour under the influence of Islamic spirit which has enabled us to note the trends of market demand what would follow this particular behaviour pattern on the part of the consumers.

In this section we shall study the behaviour of the producer, the firm. First of all we shall trace the consequences of the changed pattern of demand upon production, assuming *capitalistic* firms, under conditions of perfect competition. Then we shall introduce the Islamic influences and study the behaviour of the firm, and the resulting picture of production and allocation of resources. This would give us an idea of the functioning of price system when both consumers and producers behave in the Islamic manner, under the conditions of perfect competition. In the forth-coming section the assumption of perfect competition shall be abandoned and conditions of monopoly and monopolistic competition shall be introduced.

Under the conditions of perfect competition the price system results in an organisation of production faithfully reflecting the pattern of demand. It is a necessary condition if the firms are to maximise their profits, as they try to do, in a capitalist economy. Every major decision regarding the organisation of production has to be made as dictated by the market demand, as we have seen in the beginning of this chapter. The individual firm cannot take any initiative in these respects. Its role is entirely passive. Given profit maximisation as the only objective of the

firms, production of goods and allocation of resources directly follows the pattern of demand.

In view of this principle we can translate the pattern of demand arrived at in the previous section into a pattern of production and allocation of resources. It can be summarised as follow:

1. Prohibited goods and services would no more be produced and no economic resources would be allocated to their production.
2. Following a general decrease in the number as well as the quantity of the luxury goods demanded, their production would fall substantially, as compared with the contemporary economies. Accordingly less resources would now be allowed to the production of these goods.
3. There would be a consequent expansion in the industries producing the necessaries and the primary comforts of life. More resources would be allocated to the production of these goods as compared with the contemporary economies, other things being the same. Similarly the industries catering to 'social wants' would expand following an urge for a fuller satisfaction of these wants.
4. More and more of the resources of the economy, particularly mental labour and related facilities would be allocated to the production of cultural goods and services.
5. Following an increase in the demand of leisure and a tendency to spend time and energy directly upon the various non-pecuniary pursuits, the supply of labour, particularly of mental labour and the services of those in the higher income groups, would

fall. This may imply decrease in the supply of entrepreneurship along with the other services. Relatively more man-hours would now be spent, directly upon 'culture', upon 'living' as contrasted with the contemporary situation where material means of living are regarded more important than living itself.

It should be remembered that this pattern of production refers to the hypothetical situation where consumers behave in an Islamic manner while producers behave in the Capitalistic way.

Let us now expose our entrepreneurs to the influence of the Islamic spirit. The first result of this impact is a change in motivation which we shall now study. All the usual assumptions associated with 'perfect competition', are still maintained, except where this motivational change calls for a modification. These exceptions shall be clearly stated, and their consequences carefully traced out, in the following analysis.

The injunction of Islam condemning profit maximisation as the sole objective of the entrepreneur have been discussed at some length in the first chapter. In the second chapter we have shown how the Islamic ideas of justice and benevolence act as the norm of business policy. This discussion need not be repeated. A Muslim entrepreneur cannot be motivated by the urge always to maximise his pecuniary profit, due to the simple reason that he is possessed of a stronger urge for always acting up to the Islamic ideals of justice and benevolence. His case, with respect to 'economic rationality', is similar to that of the consumer. Should a conflict occur between the dictates of 'economic rationality' and Islamic injunctions he is, by assumption, expected to decide in favour of the latter. His 'economic rationality' becomes so to say, confined within

the limits set by the Islamic spirit. Within this limit, he may seek to maximise his profits as far as possible. The realistic assumption would be that he shall. It may be urged that while the demands of justice are to a large extent determinate, those of benevolence know no bounds. That would mean that the confines within which profit maximisation is allowed are not well defined. This objection does contain some truth, but not the whole of it. So far as the principle that the entrepreneur must take the welfare of others into consideration is concerned, it must be regarded as a well-defined obligation. This least demand of benevolence is a duty of the Muslim entrepreneur, a norm for the business policy, as we have seen above. When we speak of the confines within which profit maximisation is allowed we have this obligation in our mind. Beyond that lies the unbounded field of social service and altruistic helps. An entrepreneur may sacrifice a part or whole of his profit for the sake of social good; or he may not. He cannot be obliged to make this sacrifice under normal conditions. The main aspects of business motivation in Islam can therefore be summarised as below:

1. Full compliance with the Islamic idea of justice.
2. An urge to serve the society which makes the entrepreneur take the welfare of others into consideration, while he makes his entrepreneurial decisions.
3. Profit maximisation within the limits set by the operation of the above principles.

Modern economics is fast losing its faith in profit maximisation being the sole or even the major objective of business policy in the present developed economies. Stability, security, continuity, good reputation in the eyes of the community, etc., are replacing maximisation of profits

as the norm of business policy, so far as the large corporations are concerned. But some recent studies have emphasised profits as the index of status and power. Big business still seeks big profit, not for its own sake but as a demonstration of its bigness. The sense of an ever growing bigness, or an increasing power over the market, and of the high prestige associated with being the owner (or directors) of a big industrial empire is what in he inspires the modern entrepreneurs, at least those of them who are at the top.

In so far as this argument is correct, it should be recalled that Islam condemns power and prestige as the objectives of entrepreneurial activities no less than it condemns unqualified profit maximisation.

But the argument is not always correct. Once a corporation is big enough it is obliged to give much weight to public opinion about its character. Should the millions of consumers who buy its goods become suspicious towards its role in the economy it could be threatened with a danger of failure. The public is generally very sensitive in this respect.

A big corporation is always in the eyes of the public. It knows how many profits are being made and for what purpose they are being used. Should these profits be much higher than what is the public is inclined to approve of, or should they be spent in a selfish manner for the further enrichment of the vested interests, the public reacts unfavourable by attacking it in the press, organising boycott of its goods, etc. The force of public opinion, therefore, acts as a check upon the craving for ever-increasing profits. Prestige is inalienably associated with good name in the eyes of the public, and those who care for it are obliged to please the public by keeping the rate of profit at

a moderate level and/or spending a part of it for philanthropic purposes.

Social standards of judgement in the Islamic society are bound to undergo a revolution. The entrepreneur who is just and benevolent in his policies is sure to command much more respect and confidence with the public than the one with highest achievements in terms of profits. Prestige and good name would become a by-product of social service and piety. Status would cease to be determined merely upon the basis of wealth and power. In such a society the psychological urges for recognition and acceptance would lead the entrepreneurs in directions other than those they choose in the contemporaneous situation. The social norms would change and, with them, the direction of business activity and entrepreneurial policy as well.

As regards continuity and security there is nothing un-Islamic in their being the norms of business policy. Within the limits set by the Islamic injunctions the entrepreneur is at liberty to prefer security to a hazardous and risky enterprise, and *vice versa*.

So far we have been able to define only the upper limits of profits in an Islamic economy. Let us see if there is much to be said regarding its lower limits.

There can be no lower limits of profits inasmuch as the possibilities of losses are always there. As a matter of fact the entrepreneurs as a whole must suffer losses besides earning profits. The sense in which we are looking for any lower limits of profits refers to the mind of the individual entrepreneur. It is concerned with his motivation. It requires the definition of that lower level beyond which the entrepreneur is not expected to sacrifice his own interests for the welfare of others. It is the minimum of profits

which the entrepreneur would normally tend to stick to, in case of a competition between benevolence and prudence.

Such a lower limit could be determined with reference to two points, and no more. First, every businessman knows that he has suffered, or may suffer in future, losses which are to be made good by profits. Secondly, these profits and losses put together must result in a surplus of profits over losses sufficient to ensure him an average income necessary for his living. This latter objective, of earning an income sufficient to live an efficient life is the minimum which, normally, no economic agent is expected to sacrifice. In the eyes of Islam he has a right to stick to this minimum. The entrepreneur is no exception to this rule. Irrespective of the amount of capital he has himself supplied, or the labour he has himself expanded it is this 'human' principle which determines the lower limit below which he would not like his profits to fall.*

This lower limit, it should be noted, cannot be calculated by the entrepreneur in advance. All he can do is to have a tentative approximation before him, which is generally expected to be, as a matter of precaution, slightly inflated.

While we proceed further, it should be kept in mind that this is only the minimum, the lowest level that the Muslim entrepreneur would keep before him in the extraordinary situations mentioned above. Otherwise normally he would try to maintain an average higher than the minimum in order to save something for re-investment in his business and live a better life. Islam approves of his urge to earn more than this minimum, up to the upper limit

* Profit, in this part of the study, is not being used in the strict sense in which it does not include interest and entrepreneurial wages. Hence it refers to the gross income of the entrepreneur.

of profit defined above, provided the ends for which he is trying to earn more are the desirable ones.

For want of any suitable term let us suppose that the Muslim entrepreneur shall seek to attain 'satisfactory profits' in all circumstances. Satisfactory profits, in this respect is any profit, in between the two limits defined above, which satisfies the entrepreneur's sense of goodness as well as his urge to earn money, maintain and develop his enterprise and keep it in the good books of the customers, the government, and the people in general.

Let us suppose, for the time being that the entrepreneur's own sense of justice and his own estimation of the requirements of the social good are not at variance with the pattern of market demand. That is to say, *she has no inclination to violate the commands of the consumers expressed in market demand.* This, it should be noted, implies that in his opinion no genuine needs are going unprovided for merely due to the present (high) level of prices of any particular goods. If the necessary good A is selling at one rupee per unit and a luxury good B at ten rupees per unit it does not appear to him that producing A will be of more service to the society than producing B; or that offering A or B at a cheaper rate is urgently called for by the good of the society.

Under these circumstances the entrepreneur would make the major decisions of his business in the light of the profit motive, remaining within the confines of justice. Prospects of success in the sense of making satisfactory profits would guide the course of the economy. From the viewpoint of the entrepreneur, genuine needs are being justly reflected by the prices which consumers are prepared to pay for the various goods. The service of the consumer would, therefore lie in making these very goods and

offering them at the prices consumers are ready to pay. It matters little which producer produces this good and which produces that, as far as we assume that all goods that are being demanded are being produced in quantities sufficient enough to meet these demands.

Given the conditions of perfect competition each entrepreneur has to take the market prices as given. His interest would lie in producing the goods at the minimum costs that are possible and selling them at their market prices. The resulting order of production, allocation of resources, and distribution would be the same as that of a free-enterprise economy, with the only difference that the pattern of demand, the distribution of purchasing power among consumers, and their scales of preferences are now so modified as to get the approval of the entrepreneur's sense of justice and benevolence.

But the assumptions upon which the above case is based are not realistic. There may be many reasons why one or more of them may not be found true in any practical situation. For example, in the eyes of the entrepreneur:

1. The poor may not have enough purchasing power to meet their requirements, mostly of the necessary goods and comforts, adequately at the present market prices; or,
2. Consumers as a whole may be inclined too heavily towards luxury goods with the result that if the dictates of market demand are faithfully followed by the producers, they would result in an allocation of resources which is not desirable from the view point of social good; or,
3. Demand for cultural goods and services are not up to the extent which is necessary for a healthy Islamic life.

Other case of divergence of market demand from entrepreneur's own sense of goodness may be enumerated. But we shall confine ourselves to these examples as our main interest does not lie in the detailed picture but in the fundamental question: How the Muslim entrepreneur would behave when *his sense of justice and benevolence dictates a policy other than dictated by the market demand.*

It should be remembered that a capitalist entrepreneur is simply indifferent to these problems. Economic rationality being the only assumption determining his attitude, his interest lies merely in taking the dictates of the market as they are, and earning maximum profits that are possible while complying with these dictates. Secondly, the capitalist entrepreneur, whose behaviour is analysed by modern economic theory, is devoid of any power over the market. That is, even if he is inclined to go against the dictates of the market he simply cannot do so. For if he does so, he cannot maximise his profits, most probably he would incur a loss. By assumption, he does seek to maximise his profits, therefore, by the logic of this assumption, he cannot go against the dictates of the market.

That the Islamic entrepreneur is not indifferent to social food and, therefore, to the circumstances pointed above, is given to us by our own assumption. As the entrepreneur acts according to the Islamic spirit, he wants to make his entrepreneurial activities subservient to social good. His impulse in the above-mentioned situations would, therefore, be to go against the dictates of the demand and to correct the wrong.

In the first of these situations, he would like to offer the necessaries and comforts at lower prices, to enable the poor to buy more of these goods.

In the second situation he would like to check further flow of resources into production of luxuries and divert these very resources into other socially more useful channels.

In the third situation he would like to offer cultural goods and services at cheaper prices and take recourse to persuasive advertisement to induce the consumers to consume more of these goods and services.

But the question arises: Can he do so? The answer arrives at by the following analysis is that he can, to a limited extent.

The reason why it is possible for him to do so lies in the fact that his logic does not bind him to maximise his profits. Urges stronger than the urge of getting more wealth inspire his soul and he is, at least, prepared to sacrifice a part of his profits for the sake of social good. The limit up to which he may normally be expected to do so is determined by the lower limit of profits, defined above. This ability and willingness to stand partial sacrifice gives the Muslim entrepreneur a freedom and a power, which the logic of profit maximisation denies to the capitalist entrepreneur. Let us understand this principle with reference to the first situation mentioned above.

The entrepreneur is eager to see that the necessities and comforts needed by the poor are produced in larger quantities and offered at cheaper rate than they are under the prevailing conditions of demand. The industries producing these goods at present offer a rate of profit that is equal to that offered by other industries in the economy, (which is the normal assumption associated with the concept of competitive equilibrium). The present demand is being fully met by the existing firms; *i.e.* the industry is in a state of equilibrium. Increased production and increased

sales are possible only at a higher cost of production and a lower price (of the goods sold). That means the price-cost margin, that is profits, would be narrowed down. The entrepreneur would have to content himself with a rate of profit lesser than he would get if he could abandon his protracted policies. This would be true whether he enters this industry a fresh (leaving any other industry) or changes price policy as a member firm in the industry.

If the individual entrepreneur's understanding of the situation is correct, there is no reason why other entrepreneurs would also not apprehend the same and therefore decide upon the same policy. We are discussing a society deeply saturated by the Islamic spirit and it would be but natural to take all or almost all of its entrepreneurs to behave in Islamic manner.

If this estimation of the demand of the social good is generally endorsed by the entrepreneurs then there will be a large number of them trying to do the same. As a result production of these goods would increase and prices fall till profits are narrowed down to an extent beyond which any body or at least the majority of entrepreneurs are not going to let it fall. It may be the lower limit defined above or it may be a little higher. With the fall in prices demand of these goods would increase. Consumers who had to go without these goods will now be able to purchase some quantities of it due to the fall in prices. Those who needed more without being able to spend more on these goods will be able to fulfil their needs. The goods would be substituted for other goods with which they compete, on the individual's scale of preferences.

But these movements may not extend to the extent that was necessary to do full justice to the cause of the poor. Yet the entrepreneurs are powerless to do anything

beyond this extent, realistically speaking. If there is still some gap between the 'ought to be' prices and amounts of production and that which has resulted after these moves, it can be filled only in one of the three ways:

1. More purchasing power is given to the poor consumers through redistribute measures; or direct state aid; or,
2. The industries producing these goods are subsidised to be able to meet the increased costs and yet to offer the goods at still lower prices; or
3. The producers decide to incur losses in the productions of these goods to achieve the goal mentioned above.

Under normal conditions, the third alternative must be ruled out. There remain the first two alternatives which require a social initiative. The working of market mechanism, *even under the influence of Islamic spirit* could not, in this case, reach the target. Hence the need for some social efforts, most probably through the state, to fill the gap.

But what would happen, if such a move was to be confined to a few small producers alone? The reason of this may lie in the fact that other entrepreneurs could not agree with this view of the situation. This estimation of the situation, and therefore, this sense of obligation towards social good, happened to be, in their opinion, misconceived and illusory.

In such cases the move would fail to achieve its purpose. For, the firm offering the good at a rate lower than the market price will be faced with a rush of buyers. But it could not expand its production of the goods beyond a certain limit due to rising costs. The result would

be that either it will have to raise its price or stop expanding production after a certain point. In the long run it would either remain content with this situation or drop its ambition to change the market price in view of the fact that its individual move could not exceed in doing so. The thing we should normally expect in an Islamic society is that either he will be convinced by other entrepreneurs or convince them to adopt the policy suggested by him. Whatever be the actual outcome, we can safely conclude that a will to violate market demand to effect a more just and benevolent fulfilment of human needs would be effective when, and only when, it is endorsed by the producers of the major portion of supply, in the relevant field or production. A similar treatment of the second and third situations mentioned above would lead to the same conclusion. Whenever a number of entrepreneurs, large enough to dominate a particular industry,* decides to effect a change in the market solution regarding that industry, it can do so by sacrificing a part of its profits, to the extent this sacrifice would lower the prices, under the given conditions of cost and demand.

The above discussion has clearly brought out the fact that the entrepreneur may be impelled to make such a move, under the influence of the Islamic spirit, in certain circumstances. It has also given an idea of how such circumstances could arise.

It will be shown at some further stage of this study that this power of the entrepreneurs increases further in its scope if they actively co-operate between themselves.

*These may be few big concerns supplying the major portion of supply or many small firms in the same position. As we are dealing with perfect competition conditions we can assume that it is the 'majority of producers' which supplies the major quantity of the goods demanded.

Though this book does not discuss the effect upon entrepreneurial function of the abolition of interest, it can be demonstrated that this has some important bearings upon costs, as well as in making entrepreneur more enterprising and more 'free'.

Given this particular tendency of the entrepreneurs to modify, up to some extent, the market solution of the problem of production, so as to make it more conducive to the social good, the resulting picture of production and consumption can be easily understood. It will improve upon the pattern already noted before, as it would supplement the healthy trends in the 'modified pattern of demand' studied above. It is evident that the tendency we have just observed is likely to carry the process further in the same direction.

SECTION IV

MONOPOLY AND MONOPOLISTIC COMPETITION

Thus far we have studied the impact of the Islamic spirit upon entrepreneurial behaviour under the assumption of perfect competition. This assumption, however, is too far removed from reality to be kept any longer. The contemporary situation does not bear even a remote resemblance with the conditions of pure or perfect competition. As A. R. Burns has rightly pointed out "elements of monopoly can no longer be regarded as occasional and relatively unimportant abstractions from competition. They are such an organic part of the industrial system that it is useless to hope that they can be removed by law."⁶ This is not something peculiar with the contemporary stage of capitalism, as it can be justifiably questioned whether capitalism ever conformed to the vision of its theorists. As a matter of fact capitalistic competition has always been impure and imperfect. Frictions, and rigidities; and indivisibility of goods and immobility of productive factors were always there to make competition imperfect. The assumption of perfect knowledge was never justified; and the consumers have always been exposed to the distortive influence of advertisement. Lately, large numbers also began to disappear, at least on the sellers' side of the market. Economies of the large scale production with the increasing mechanisation of the production processes along with the increasing strength of financial capitalism has led the market to a situation where almost every industry is virtually dominated by a few big firms. This, let us note, has not occurred due to any exogenous factors or chance circumstances; the tendency was hidden in the

very nature of the process. Let us listen to the testimony of a contemporary scholar:

*"The competitive process, by its own ruthless strength and in accordance with its own inner logic, continually creates bigger and fewer units with which to fight out the competitive battle. It does so by carrying far further an integrating process which had in fact been at work, underneath the destructive atomising process, from almost the beginning of capitalism. Ever since the eighteenth century the individual craftsman, individual merchant and later the individual industrialist has been gradually outclassed; he has been outclassed by the partnership and the firm; then the firm and the partnership have in turn been defeated by the Joint Stock Company: Next the small private Joint Stock Company has itself been outclassed by the large Public Company: Finally there has emerged the giant company or corporation, typically a dozen of them or so to every industry, sometimes in the form of trusts, combines or cartels, occasionally though not typically as semi-monopolies or even monopolies. Such giant units are now the dominant, although by no means universal economic institution of our period. They have become the decisive dramatis-personae of contemporary economic life."*⁷

The contemporary situation in the leading capitalist economy of our time has been presented by Professor Galbraith in the following words:

"Over an important sector of the American economy individual markets are shared by a small number of producers. In the production of motor vehicles, agricultural machinery, rubber tyres, cigarettes, aluminium, liquor, meat products, copper, tin containers and

office machinery, the largest three firms in 1947 did two-thirds or more of all business. In steel, glass, industrial chemicals and dairy products, the largest six accounted for two-thirds. There is a similar degree of concentration in a host of less important or derivative industries. And in a number more—gasoline, cement mixed fertiliser and milk distribution—markets that are necessarily regional or local, are typically divided between a similarly small number of sellers... oligopoly is the rule, large numbers of the exception."⁸

Now a situation where most of the conditions of pure or perfect competition no longer hold, and, particularly where the number of sellers is small, is entirely different from that conforming to pure or perfect competition. As Hayek has pointed out, true capitalism was that in which "the individual producer has to adopt himself to price changes and cannot control them."⁹ But "if there are only a handful of firms in a typical industry, and if they recognise their interdependence, as they must both for profit and for survival, the privately exercised economic power is less the exception than the rule in the economy. It is also a piece of power anciently associated with monopoly. This was the clear conclusion of the new ideas."¹⁰ This new power in the hands of these firms is, under capitalism, used to influence the market so as to increase their own profits. As John Strachey point out:

"The reader will see immediately, however, that in principle, and in so far as this power exists, it enables such firms to effect the level of their own profits. For their profits are determined by the margins between the prices, which they charge for what, they sell and the prices, which they give for what, they buy. If they could set those margins wide enough, their profits could be, in principle unlimited. In fact there are al-

ways limiting factors which prevent those margins being widened beyond a certain point. But the limits within which they can; in the absence of outside, non-economic pressures, be widened, and consequently profits be increased, are great enough to be highly significant. The vast consequences of all this for a system, which has the making of profits as its direct aim and object, can be readily envisaged. Thus a tacit understanding to abstain from the basic feature of competition, which is competitive pricing, is the essence of the metamorphosis which has taken place in our economy. Moreover, in this form the metamorphosis is impossible to prevent."¹¹

Thus something did happen with capitalistic economy, which has changed its very nature by changing the powers of the chief agent of the system—the entrepreneur. Here we are not interested in the consequences of this mutation for the entire economy as such. Our interest lies in studying the transformed entrepreneur, then subjecting him to the Islamic influences, and studying the resultant situation. This was the method we had followed while keeping the assumption of perfect competition. We shall stick to these methods in studying the cases of monopoly, oligopoly, and monopolistic competition as well. There is however a fundamental difference in the two studies. The case of perfect competition was merely a hypothetical case which had to be studied in conformity with the existing traditions of the science of Economics. It had, besides that, certain methodological advantages, too well-known to the student of Economics to be explained which make it a better starting point than the cases, which more closely approximate to the reality.

Now we are undertaking the cases, which, as we have observed above, are closer to the reality. An objec-

tion might, however, be raised on our starting with the case of monopoly instead of directly approaching the realistic cases of oligopoly and of monopolistic competition. But two important reasons go to justify our scheme. First, certain industries do conform, very closely at least, to the case of perfect monopoly.* Then there is a strong tendency in various oligopolistic industries to behave like monopolies. Secondly, there are obvious scientific advantages in starting from a limiting case and then introducing modifications to make it come closer to reality.

A. Monopoly

Monopoly ordinarily means control over the supply, and therefore, over price. Perfect monopoly means a single firm being the only producer of a commodity of which there is no close substitute available in the market. Hence the definition of monopoly as a firm producing a product whose cross-elasticity of demand is small. The distinctive feature of a monopolist is that, unlike the competitive firm, he is not bound to take the market price of his product as given. Being the sole supplier in his market he can fix the price of his product that he likes. Given the motive of profit maximisation he will fix his price so as to ensure the sale of a quantity that, when sold at this price, results in the largest net profits possible under the given conditions. The only incentive to change this price would be the possibility of increasing total net revenue by selling a larger quantity at a lower price, or a smaller quantity at a higher price. The significant point is, therefore, that the monopolist has a power to control his price or his output within certain limits (imposed by the motive of profit

*The case of the Aluminium industry in the U.S.A. can be cited as an approximation to perfect monopoly.

maximisation). This power is, by definition, not available to a competitive firm. It has been rightly pointed out that the prices charged by a monopolist are always higher than the price that would rule, had the industry been a competitive one; as also, the output is always smaller as compared with the competitive cases.

*"Where monopoly elements are present, the equilibrium price is ...inevitably higher than the one indicated by the intersection of competitive demand and cost curves."*¹²

*"The effect of monopoly elements on the individuals adjustment—is characteristically to render his price higher and his scale of production smaller than under pure competition."*¹³

Thus given the motive of profit maximisation, the fact that an industry is working under monopoly invariably results in the anti-social phenomenon of smaller supply and higher price. It is anti-social because it implies that with the given resources of the economy a larger demand could be satisfied with lesser disutility to the consumers, but for the monopoly.

Besides that, a monopolist can also arbitrarily affect the quality of the goods or services he produces.

In case no near substitutes are available for the goods or services in question, the consumers will have willy-nilly to accept such measures. For the only choice that they have is to leave the consumption of the monopolist's goods, which they do not always, or even often find agreeable.

If the monopolist is also a monopsonist, *i.e.* the only buyer of certain raw materials or factors of production, his powers are doubled. For now he can exercise his

powers in lowering his cost of production as well. His capacity to widen the revenue-cost margin has increased. These increased profits, it should be remembered, would not call for any new entries in the industry as that is ruled out by definition.

Now suppose a monopolist, enjoying all the powers that go with monopoly is deeply influenced by the Islamic spirit. It is obvious that he can no more continue his profit maximisation policy, as it would be a flagrant violation of the Islamic principles. First, because it is un-Islamic to make profit maximisation the only objective of business policy. Secondly, because his policies are (most probably) resulting in an injury to the society in the form of unsatisfied needs. Let us now study what changes are likely to follow this 'spiritual' transformation of the monopolist.

First of all, he would lower his price as he is now content with 'satisfactory profits', contrasted with the maximum possible profits. This is likely to imply a fall in the price of his goods which would call for increased supply. The short run difficulties being overcome in due course of time, price and output would settle at a level not much different from what they would have been under competitive condition. If the monopolist is enjoying the economies of large scale production, price would be lower and output larger than that of the competitive alternative. But if the monopolist has to produce under increasing costs, prices would not go down to the competitive level. In any case his price and output would be either identical with, or very close to, the price and output obtaining if there was to be perfect competition in the industry.

If the monopolist had been a monopsonist as well, forcing down the factor prices by virtue of that power, he would now abandon that policy, under the influence of the

Islamic spirit. For it is un-Islamic to exploit the weakness and need of a seller and thus to force him to accept 'un-just' prices.* This change would increase his cost of production. But this cost would definitely not be higher than what would obtain under competitive conditions where no monopsony would have been possible.

Thus we see that the least impact of the Islamic spirit upon a monopolist is to lower his prices, and increase his output to that level, or very close to the level, which, would obtain if the industry was to run under competitive conditions, provided he cuts his profits to a level not above the level of normal profit that would have obtained under competition. As we have discussed above (section 3) there are reasons to believe that it would be so. Moreover the monopolist is expected to be contented with a still lower rate of profit, as, being a very large seller, even a small rate or profit would mean a large income for him. Even if the monopolist firm comprises of a body of shareholders the principle is likely to hold good, for the tendency in monopolistic companies is against large membership.

Let us now take into consideration the positive role that the monopolist's unique power can possibly play. Assuming sincere devotion to the Islamic spirit, which calls for a benevolent policy and exalts the cause of social service this power can achieve what the competitive industry is by its very nature always unable to achieve.

It can, due to the economies of large-scale production, maintain a cost of production lower than the competitive cost.

*See Chapter Two for the principles guiding an Islamic entrepreneur. *Just price* has been used here simply to denote that under monopsony conditions the sellers are forced to accept prices lower than what it would have been without monopsony.

It can, due to the number of the recipients of profit being unity, or, at the most, very small as compared to the competitive case, be content upon a rate of profit much below the corresponding competitive rate.

By virtue of these two facts, it would be able to charge prices below the competitive prices.

Then it would be able to improve the quality of the goods, an act which could happen under competition only more than proportionate increase in prices (other things remaining the same) as the additional cost of such an improvement is likely to be higher where the scales of operation are smaller. A monopolist is also in a better position to avoid waste, undertake research and effect technical improvements, in comparison to the large number of small competitive firms.

Thus besides eliminating the antisocial nature of monopoly, the influence of Islamic spirit would make it serve the society in a manner better than the small competitive firms.

The more important question regarding the impact of the Islamic spirit on a monopoly is, however, whether or not it would call for its dissolution. For the majority of monopolies (or near-monopolies) in the real world are created and then maintained artificially, through unfair means. The only type of monopoly which emerges and may be, maintained without such manipulations is what has been termed as natural monopoly. This type is relatively scarce and it is mostly specific personal services and rare and non-reproducible goods which are amenable to such a monopolistic control. A distinguished physician or the owner of some rare precious stones or minerals and the like can be cited as examples. The general criterion of

a perfectly monopolistic industry is that entry of new firms is impossible by nature.

In case of artificially created monopolies the entry of new firms is consciously opposed and determinedly suppressed. This may be effected by control of indispensable resources or basic production process. Moreover, associated with the creation and sustenance of such monopolies, there is a long list of unfair trade practices, localised price cutting, bribery and coercion of sources of supply, bribery and coercion of customers, fake infringement suits, creation of dissent among employees, spreading rumours that competing products are inferior, and sabotage. It is obvious that all such practices are immoral and un-Islamic.

The same is the nature of the other practices in which the monopolist has often to indulge in order to maintain his monopolistic position. Underselling or purchasing off the competitors or collusion with the competitors to maintain high prices are only few of these. The monopoly thus maintained is decidedly injurious to the interest of the general consumers as well as of the would-be competitors. As we have shown above such injurious practices are contradictory to the Islamic attitude. It is, therefore, imperative that the influence of the Islamic spirit would abolish such monopolies. For once the monopolists leave the immoral policies they used to follow in suppressing competition, the industry would automatically become competitive, in most of the cases.

Our conclusion in this respect can, therefore, be summed up as the following:

1. The impact of Islamic spirit would dissolve the monopoly and render the industry competitive,* in case the monopoly was artificial, its maintenance being

dependent upon certain un-Islamic restrictive practices.

2. The monopolies, which are spared, would lose their anti-social character and use their market power to further the good of the society. In such cases prices would not be higher nor the output smaller than the same under competitive conditions.

B. Oligopoly

The study of perfect monopoly has given us one result. If a producer comes to be vested with power to control his prices and affect the conditions of the market, this power under the influence of the Islamic spirit, would be used for the good of the society and not otherwise. Let us keep this principle before us and study the case of the industry (or market) which is dominated by a very small number of producers (or sellers).

Chamberlain has defined duopoly and oligopoly as those cases 'where the number of sellers in a market is greater than one yet not great enough to render negligible the influence of any one of them upon the market price.'¹⁴ As the number is small it is possible for the seller to observe the policies of the others, calculate its possible repercussions upon his own sales, and to frame his own policy accordingly. One more characteristic of an oligopolistic market is that entry of new firms in the industry is either not possible or too difficult to present any immediate danger of outside competition to the existing firms. Due to these characteristics the oligopolistic market bears close resemblance

* A word of caution seems necessary as regards the type of the resulting competitive character of the industries under Islamic influence. The nature of competition in an Islamic economy shall be discussed in the chapter that follows.

with the market for a monopoly in certain respects. Profits of oligopolistic firms are *maximised when all of them taken as a group, behave as if they were a single firm, a monopoly.*

This can be effected through an open agreement between the firms or tacitly, by accepting one of the firms as the price leader. Whatever the means, once this position is reached all firms would be charging the 'monopoly price' and reaping the maximum profit possible under these conditions. It would be foolish for any single firm to disturb this position by changing its own price. It cannot raise its prices, for in that case no buyers would be forthcoming. It will not be advisable to lower the price either, for it would immediately call for a similar stop from all the other firms thus leaving no room for the first firm to increase its profits by increased sales. Where all firms are charging identical prices, there would be no reason for the buyer to prefer any one firm to the others. Moreover, a price cut by one firm may lead to retaliation by others in the form of a greater cut, thus starting a price war the result of which could only be ruinous of all. There is, therefore, no gain to be reaped by competition with other firms when the number of the firms is small. Profit motive is best served by maintaining the *status quo*, preferably at the level of the monopoly price.

Other forms of competition like advertisement, improvement of the product, better services, trade facilities, as well as rigorous attempts at technical improvements to reduce the cost do, however, exist with price leadership type of oligopoly. An explicit agreement may, on the other hand, eliminate many or even all of these forms of competition. For such competition between the firms which have to stick to the same price mostly results in waste from the viewpoint of the industry as a whole.

We need not however, enter into any further details of the very complex and the varied nature of oligopolistic competition. The significant aspects are only that the price charged is always higher, hence the output lower than what would have been, had the industry been working under competitive conditions. Each firm has the power to control the market, which, however, is dependent upon whether the other firms would co-operate in the exercise of this power or not; for under oligopoly every firm has a power which can become effective only when other firms having similar powers, also synchronise the exercise of their power with the initiating firm. If motives other than profit maximisation are assumed to have no effect on their behaviour, there is no reason why they would not do so.*

The conclude: If there is only a small number of firms (sellers) in any industry (market) and all of them act so as to maximise their profits, the most probable solution of the market would be that conforming to the solution of the same market under monopoly.

Moreover each firm, in explicit or implicit collusion with the others, would enjoy a power to alter the market solution, as is the case with a monopoly.

This conclusion, however, does not rule out the strong possibility of the most wasteful type of competition between these firms excepting price competition.

Subjecting these firms to the influence of the Islamic spirit we get results similar to those we obtained in the case of monopoly. To avoid repetition we may note that prices are bound to go down and, as a result, output

*In reality, however, many other motives such as desires to remain in the good books of the public and urge for security do guide the big oligopolist's behaviour.

would as surely increase. These firms, no more motivated by profits alone, and inspired by the Islamic spirit of justice and benevolence, would recognise such a move as their first duty.

Then, all those types of competition which were dependent on false advertisement and other unfair practices are bound to be eliminated, though these firms would still remain competitive as they have to share a limited market between themselves. Prices, although reduced, would maintain a level, the disturbance of which might threaten even a reasonable rate of profit to the participants.

As regards the prospects of the entry of new firms they would remain more or less unchanged if the smallness of the number was the result of the bigness of the size of the plant and the huge expenses of establishing a new one. To the extent new entries were barred by those artificial means we have noted above in the discussion of monopoly, these restrictive practices being un-Islamic, bound to go.

One interesting aspect of an oligopolistic market under the Islamic influence is the increase call of the Islamic spirit upon these firms to co-operate—to co-operate for the good of the society and not against it. For all co-operation which aims at exploitation of the customers to increase private profits is anti-Islamic as it is injurious in nature. The prospects of healthy co-operation between these firms are greater simply because the less the number of firms in an industry the greater is the possibility of such co-operation. The realisation that co-operation could do a lot to eliminate waste of economic resources and improve the service to the consumers, would undoubtedly lead Muslim entrepreneurs towards such co-operation. Joint

organisation of technical research and elimination of competitive advertisement are some of the most outstanding types of healthy co-operation.

Such co-operation would have far reaching effects upon the resulting solution of the market. We need not go into the details of this solution. It would suffice to note that these modifications of the market solution would be for the good of the society.

Here again market power, in so far as it is not abolished, has been harnessed to serve the society by the motivational change effected by the Islamic spirit.

C. Monopolistic Competition

As we have noted above the more developed capitalist economies of the day like U.S.A, Britain, France and Germany are becoming increasingly oligopolistic. Yet in the majority of less developed capitalist countries the dominant situation is somewhat different. This situation conforms neither to the concept of pure competition nor have these economies reached that stage of technical development that calls for increased bigness and decreased number of the firms. This situation is best explained by what is called imperfect or monopolistic competition. Even in the most developed economies this type of competition exists side by side with oligopolistic competition.

Imperfections arise out of the lack of few of the important characteristics of the perfect market, characteristic other than large numbers. For example, the commodities may not be homogeneous, there being qualitative differences (real or assumed) among them to call for semi-independent demands for each separate brand of the same commodity. Or, there may be heavy transport costs between the various parts of the market, so as to allow dif-

ferent prices in different areas. Thirdly, the buyers may lack correct knowledge of the market conditions so that they may not always go to the seller charging the lowest price.

These and similar deficiencies of the market make it imperfect, which means that the solution of the market is now different from that of the perfectly competitive solution. By taking advantage of one or all of these deficiencies the firm can alter the market solution, or adjust its own policies to the existing solution, so as to reap monopoly gains.

Lack of knowledge and high costs of transport make it possible to discriminate between various buyers or various sellers—a thing impossible under perfect competition. Supposed differences in the various brands of the same commodity make it possible to adopt a policy of product differentiation. Persuasive advertisement tactfully directed at degrading the close substitutes of one's commodity and exaggerating its own utility becomes something gainful. Price discrimination, product differentiation and persuasive advertisement put the firm in semi-monopolistic position. Price no longer equals marginal costs. They are always higher, hence the output smaller than the perfectly competitive alternative. There is rigorous competition among various sellers of the commodity, or commodities, which are close substitutes of one another. Yet each succeeds in creating a semi-independent market of his own. Advertisement warfare and other unfair practices to attract more and more customers are at the highest pitch.

A seller in an imperfect market may also be buying the required factors of production in an imperfect market. Imperfection in the market of productive services arises

when the wages paid by the individual employer become more and more sensitive to his volume of employment. In this case the producer no longer takes the wages (of any particular kind of labour) as given, as is the case under perfect competition. He has some power to alter the wages by increasing or decreasing the number of labourers employed.

Similar may be the case with the other factors of production he hires or purchase. In such circumstances the factors of production are paid a price lower than their marginal productivity.

Thus we find that imperfections of the market enable the producer to lower his costs and raise his revenue, thus getting profits larger than what they would have been without these imperfections. Consumers have to pay more as prices while they receive lesser amounts as wages. Also a lesser volume of needs is satisfied as compared with what would have been possible had there been no imperfections in the market.

This market solution under the conditions of imperfect competition is, however, based upon the assumption that every firm seeks to maximise its profits. It is interesting to note that once his assumption is discarded there is nothing in the system to bind the firm with the above mentioned policies. Unless the entrepreneur *feels bound* to maximise his profits *he is not bound* to discriminate between various buyers and artificially differentiate his product.

Then it is maximisation of profits which makes him pay lower wages, charge higher prices and produce lesser amounts. Imperfections of the market only enable him to exploit; by no means could they compel him to do so.

Subjecting the firm under imperfect competition to the influences of the Islamic spirit the simple result would be that the firm would not take advantage of the ability to exploit. As we have remarked above, there is nothing in the system itself that could compel him to do so. That he can well exist and continue his enterprise even if he does not invariably seek to maximise is quite obvious. Even if the firm does not exploit it would gain normal profits; *i.e.*, the same that it would have earned under perfectly competitive conditions. It is not even bound to indulge in a strong advertisement drive if it does not want to make consumers believe what they would not believe by mere information and matter of fact statements. His competitors could, no doubt, drag him into rigorous advertisement by their false advertising policy (degrading this particular firm's brand or substitute of the commodity in question), but it is only reasonable to suppose, in view of the assumed change in the ethos, that they would not do so. Price discrimination and false advertisement, it should be recalled, are prohibited by Islam. The immoral nature of distortive advertisement is quite obvious. As regards price discrimination it is regarded as a type of exploitation and the state is called upon to abolish the practice. According to Ibn Taimiya:

*"The traders are not entitled to charge one price from hagglers and a higher one from those who rely upon their word, or those who are ignorant of the market price. This is a practice from which the sellers are to be checked. A tradition says: 'To exploit the person who confides in you is akin to usury.' This practice is similar to the practice of intercepting the market supplies."*¹⁵

There remains the case of product differentiation. If this differentiation is genuine, based upon some real

qualitative difference between a particular brand and the other brands of the same good, there is nothing morally wrong about it. The new brand becomes a new commodity for all practical purposes, and as false advertisement is ruled out, it would not prove a means of exploiting the consumers. But if there is no real difference, there is simply no justification for it. Such deceptive differentiation is invariably supported by a false advertisement policy. The producer of the new differentiated product wants to impress the buyers that his particular brand is better and more useful than the others. If such advertisement is ruled out, little gain could be expected out of such differentiation, even if effected.

To conclude, in this situation, as elsewhere, the same fundamental principle applies. While the forces of the market may be so working as to give entrepreneur a small or large power to exploit the consumers for the maximisation of his own profit, the Islamic spirit, by effecting a motivational and attitudinal change, would make them disfavour exploitation. *There is nothing, beside the internal drive to maximise profits, to force the firms to exploit.*

Another consequence of the influence of the Islamic spirit would be to check the entrepreneurs from consciously manipulating the forces of the market so as to increase their power to exploit. Once they do not seek to exploit there is no point in their seeking the power to exploit. This later consequence is very significant.

For, to a very large extent, the market power contemporaneously enjoyed by the entrepreneurs under imperfect, oligopolistic or monopoly conditions are manipulated power. It is not, however, to deny that there is a tendency in the economic forces themselves to generate such

power. There is. But the contribution of conscious manipulation is by no means meagre.

Throughout the preceding discussion it has tacitly been assumed that the producer—a monopolist, an oligopolist or one under monopolistic competition—does not find any reason to violate the dictates of market demand. Let us now suppose, as we had done earlier in the case of a competitive firm, that *the producers' sense of justice and benevolence dictates a policy other than that dictated by the market demand.*

It would be noted that a monopolist enjoys greater power than the competitive firm to alter supply in accordance with his sense of justice. He can, if he wants to provide his goods to the largest possible number, lower his price and expand the supply. If he is a producer of luxury goods he can, if he wants that only a limited amount of the national resources should be allocated to its production, restrict the supply.* Similarly the conditions of oligopolistic and monopolistic competition offer greater scope to take initiative and influence the final solution of the market in the desired directions.

Conclusions

In this chapter we have tried to trace the impact of Islamic injunctions upon the behaviour of consumers and producers in a broad and general way. We have noted the main modifications on the demand side first. Then we have studied the supply side under the various assumptions of competitions and monopoly. On the demand side we

* As a result of this restriction the prices would go up making the margin of profits bigger. This should lead either to appropriation of a part of these profits by the state or its expenditure by the producer in some social service.

noted the following:

1. The demand for alcoholic drinks and other prohibited goods and services would fall to zero.
2. The trend of the luxury goods to multiply would be checked and their demand, as a whole, would decrease... as compared to the contemporary societies, certain luxury goods may even go out of demand.
3. The demand for necessities and some of the comforts would increase, other things being the same, due to a more equitable distribution of wealth and income.
4. Social needs *e.g.*, defence, education etc. would be reflected in the demand in the form of a decrease in the demand for services and goods associated with these social needs.
5. The demand for cultural services and leisure would increase, adversely affecting the demand for material comforts and luxuries of life.*

Our analysis of the supply side has, on the other hand yielded the following points in conclusion:

1. Producers would not be maximising their profits if, and when, they feel that by lowering their profit margin they can further the good of the society by satisfying unsatisfied needs.
2. No producer, in any circumstances, shall increase his profits at the cost of explicit injury to the consumers or to his competitors. The injury to consumers may be exemplified by unsatisfied needs and privations.

* Chapter Three, Section 2.

3. Producers will generally be content with satisfactory profits as defined above. **
4. Producers would be in a position to influence the market solution to a limited extent under conditions of perfect competition, and to increasingly greater extent in the case of monopolistic competition, oligopoly, and monopoly. They would use this power to further the good of the society by offering necessities, comforts and cultural goods and services at cheaper rates. They may also use this power to divert the resources of the economy into channels they regard more useful for the society though not more profitable for themselves.
5. That the decisive factor with respect to the use of market power by the producers would be the climate of opinion as regards the ways and means of furthering the social good. The opinion of the majority, or of the quantitatively effective minority, would prevail, assuming no intervention by the state.
6. That in the conditions of an oligopolistic market particularly, and in all conditions generally, the producers would feel the need of co-operating with one another for the furtherance of social good besides the safeguard of their own interest.
7. That no producer, behaving in an Islamic manner would use his market power to gain a monopolistic position, or manipulate the forces of the market to further his own interest. This would result in dissolution of many monopolies and near-monopolies. This would also lower the cost of advertisement for the economy as a whole.

** Chapter Three, Section 3.

Now we are in a position to infer some general and broad features of the pattern of production and allocation of resources in the economy resulting from the modified pattern of demand and supply.

Thus we can infer that the Islamic behaviour on the part of the two economic agents—consumers and producers, would certainly improve upon the conditions that otherwise prevail in a market economy under the norm of profit maximisation. But, at the same time, we must also note that even these improvements do not carry us very far. There may still remain unsatisfied needs and disbalanced allocation of resources, because, as we have seen above, individual producers do not have power enough to eliminate these evils. As regards distribution of income our analysis has thrown no light upon it. While we shall study this subject separately we can anticipate its conclusion to the extent of making the remark that free play of the forces of the market, *even when the actors behave under the influence of Islamic spirit*, cannot by itself ensure an equitable distribution of wealth and income. The state has a significant role to play in this regard.

MUSLIM ENTREPRENEUR AND THE ECONOMY

SECTION 1.

CO-OPERATION

Till now our technique has been to expose the firm in various market situations to the influence of Islamic spirit and trace its consequences. It would now be appropriate to start directly from the individual entrepreneur under Islamic influence, in a Muslim society, and see what behaviour patterns are likely to emerge.

Our entrepreneur is a man* seeking to earn a decent living through business enterprise and also to serve the society through his business. In deciding which industry to enter where to locate the firm and on what scale to organise production, and similar other issues, he will, within limit set by his financial resources and entrepreneurial abilities, strive to keep both these ends in view. What he regards to be 'satisfactory profits' will determine the extent to which he can sacrifice personal interest for the attainment of such social benefits as he can. His own views about social needs and how best he can serve the society in a given situation will determine the channels through

* A firm may be jointly organised by a number of entrepreneurs, and in that case, especially in corporate enterprise, institutional arrangements have their own significance. Even then the approach of the individual is the most crucial. This preliminary study does not discuss the details of joint enterprise though it does underline its co-operative nature.

which he would seek to earn profits and serve the society.

Unlike earning pecuniary profits which is an individualistic aim, social service calls for mutual consultations, co-operations and joint action. The individual entrepreneur will, therefore, be drawn towards other fellow entrepreneur in order to devise a course of action which ensures simultaneous and harmonious attainment of both the ends, individual and social.

Co-operation amongst producers may take such forms as dissemination of knowledge regarding the needs of society in general or specific industries and localities in particular. Such information may be channelised through machinery voluntarily set up for this purpose by the producers themselves or through the agency of the state. Dissemination of such knowledge may go a long way to assist the individual producers in taking correct policy decisions, especially in the formative stage of the firm. Later on it may take the form of joint research projects, labour welfare schemes, and mutual consultations on such policy matter as quality and price of the product and advertisement etc. As this co-operation is motivated by social service and satisfactory profits it will be different from monopolistic combinations and collusion detrimental to public interest. Buyer, labour and other groups whose interests are involved may also be consulted and brought into the co-operative framework. The state, as guardian of individual interests and custodian of public good may play the most constructive role in this context, by consent of all concerned.

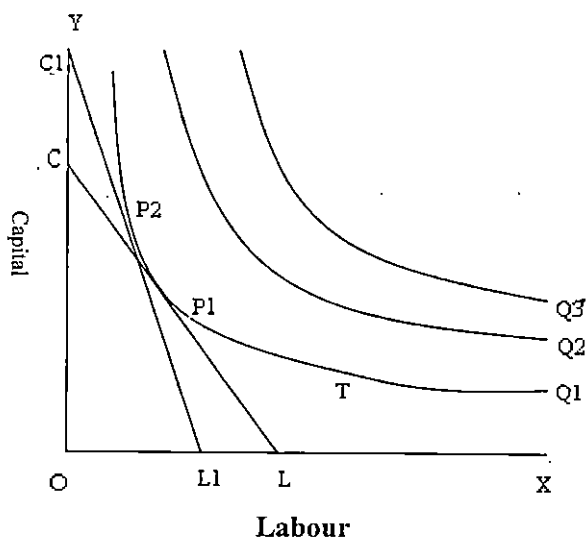
Before we proceed to trace the implications of this new attitude on production and supply, it is necessary to clarify an important point. The urge to maximise profits leading to atomistic competition is seen as the only guid-

ing principle determining entrepreneurial policies. Once this assumption is dropped and the sole objective of maximum profits is replaced by the twin objectives of satisfactory profits and social service leading to co-operative efforts, that guiding principle seems to disappear. But this does not mean that entrepreneur is left in a state of indecision. At a particular time he has definite views on satisfactory profits' as well as social service. These serve as guide to action till fresh information or a change in the situation calls for a revision. Profit maximisation is no longer held to be a realistic assumption, even by the capitalist economists. The only reason it is retained in a preliminary analysis of the economy is its simplicity. Analysis is possible with multiplicity of objectives and a degree of indeterminacy surrounding these objectives. We have noted this while discussing oligopoly in the previous chapter. Profit maximisation and atomistic competition are far removed from the contemporary reality; they would be farther removed from reality in an Islamic society. It is no use starting the study of Islamic economy from assumptions that militate against its very spirit. A less rigorous analysis which is nearer reality is preferable to one which, despite all its rigours, bears little semblance to reality.

SECTION II

COST CURVES AND SUPPLY

Above we have seen in what respects the behaviour of a Muslim producer will differ from that of a capitalist producer. But production is also governed by certain principles independent of moral attitudes of the producer. One such principle is the increasing marginal rate of substitution reflected in the shape of equal product curve or isoquants. These curves slope downwards from left to right and are convex to the origin. To produce a given quantity of a product, a number of different combinations of productive services can be used. But more and more of a productive service is needed to replace the units of that productive service whose employment is being decreased.



Given the price of these productive services a price line—the iso-cost line—can be drawn so as to be tangent to a particular product curve. This point on the curve indicates

the 'least cost' combination of productive services for the production of that particular quantity of product.

It seems reasonable to assume that, in so far as the producer is not desirous of raising the market price of productive services (and accordingly of paying a higher than market price himself, to begin with), or increasing the employment of any particular productive service, he will try to minimise costs, *i.e.* select the least cost combination. Such a combination is P_1 corresponding to price line CL and level of production Q_1 in the above figure.

Suppose the individual producer regards the market price of labour to be lower than socially desirable and decides to correct this wrong. He has to redraw the iso-cost line reflecting the new ratio between the market price of capital (machines, etc.) and his own price for labour. Such a line would be CL yielding a new point of tangency P_2 with the product curve Q_1 , which is the new least cost combination. Technically the new solution is arrived at in the manner the old one was done, though it now conforms to the producer's own sense of justice (or/and benevolence).

A rise in wage rate does in the first instance, imply reduced employment so far as the individual firm is concerned. But a universal rise in the wage rate does not necessarily reduce the volume of employment in the economy as a whole. A higher wage rate may justify, itself by increasing the productivity of labour. It may, by increasing the income of the wages earners whose marginal propensity to consume is relatively higher, increase effective demand, raising the level of income and volume of employment in the economy. Aware of these possibilities, the individual entrepreneur is not likely to attach much importance to the fact that he can employ a smaller number of labourers if he pay higher wages. He would rather try to

persuade other employers to emulate his example. In case the rise in wages does actually result in some unemployment, remedial measures have to be devised at the social level. The voluntary association of employers and the state should take suitable steps to provide jobs to the unemployed. The individual entrepreneur's urge to pay higher wages would not be suppressed by the fear of possible unemployment because this urge is likely to be based on specific human considerations.

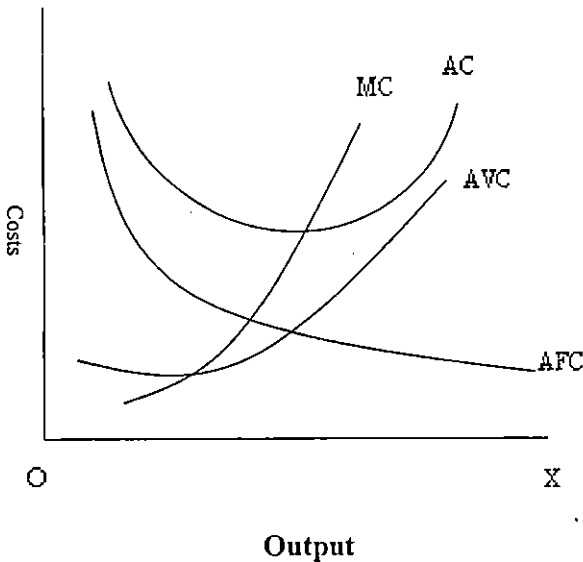
Suppose next that the producer aims at giving larger employment to labour, at the market rate of wages. In this case he has to leave the least cost combination and select one which involves higher total costs while ensuring larger employment to labourers. Such a combination is T in the figure above. Theoretically the limit of this choice is farther to the right on the product curve Q_1 where it become almost parallel to the X-axis. Actual choice will depend on the extent to which it is possible for the individual producer to produce at higher costs and still stay in the industry. Assuming the selling price to be given, being determined by free competition or mutual consent, state decree, etc., and also assuming a level of satisfactory profits which the entrepreneur is not willing to forgo, the choice is narrowed down to a much smaller range on the right of point P_1 in the figure.

In case the producer seeks to combine the desire to rise labourers' wages with that of giving them larger employment, the possibility of success in doing so will depend on the extent to which his actual profits, in case he selects the combination of P_1 , are above satisfactory profits. If they are not, he cannot succeed. If they are, he may choose a point slightly lower than P_1 and meet the extra cost from out of his above-satisfactory profits.

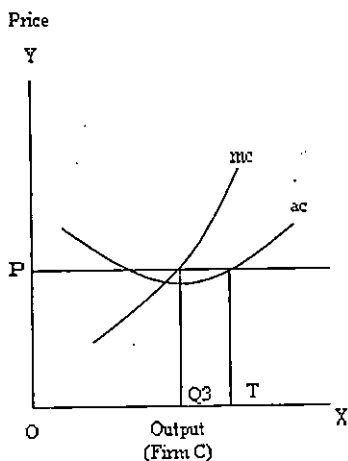
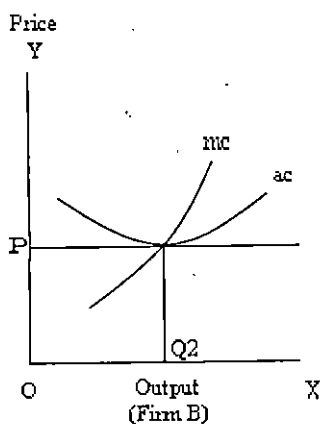
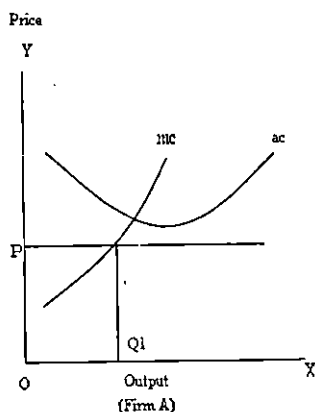
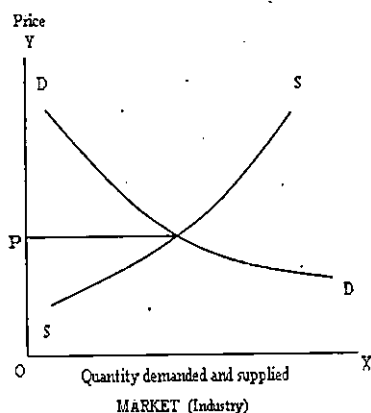
Let us now suppose that such a desire, as stated in the above three paragraphs, is not confined to one or a few producers but is universally held by all producers, or by a majority of them. In the first case then, it would result in a decreased demand for labour, in the first instance. But this decrease in demand may be partly made up by additional demand of goods and services by the labourers in case the higher rewards to a smaller number involve a larger total wage bill. Then, higher wages may cause productivity of labour to increase. To the extent this happens, there will be no reason for a decrease in demand for labour. In case some unemployment occurs, it has to be looked into separately. In the second case increased total demand for labour may push up its price, forcing producers to reduce part of the additional demand resulting from their new policy. In so far as the new policy succeeds, it will push the cost curve of the product higher up. Once again this result has to be qualified by the possibility of a rise in wages causing a rise in productivity. The third course of action may result in smaller total profits for the producers, larger employment and higher rewards for the labourers. The rise in costs may be smaller than that in the previous case, especially when a rise in wages causes a rise in productivity.

It is to be noted that the above departures from 'economic rationality' affect only the position of the cost curve. They do not affect its shape. The U shape of the average cost curve and the upward slope of the marginal cost curve, derived from it, would still be valid, as they reflect the eventually diminishing marginal productivity of productive services (or the law of diminishing returns to the variable input). The marginal cost curve from its point of intersection with the average variable cost curve upwards, is the individual producer's supply curve for the

product. A summation of the individual supply curves gives the market supply curve which is of the usual shape rising upwards from left to right.



When there are a large number of buyers and sellers, the market price of a commodity will be so determined as to equate demand and supply, *i.e.* at the point of intersection between the supply curve and demand curve. The individual producer of a product supplied by a large number of producers is faced by a price fixed by the market. He has to decide upon his output of which he can sell any amount at the market price. The demand curve for the individual seller is a horizontal line drawn at the height of market price. Depending on entrepreneurial abilities, etc., individual cost curves may have different positions; hence the individual producer is faced with one of the three situations depicted by the diagrams below:



Firm A is not being able to earn satisfactory profits (included in the cost curve) and may actually be incurring losses. It may eventually close down. Firm C is able to earn more than satisfactory profits. If a large number of firms in the industry are able to do so new firms will be established by entrepreneurs attracted by these profits. This may eventually increase supply and bring down the

price. But these above-satisfactory profits may well stay there as they accrue only to relatively more efficient firms. Firms of the type B earn just satisfactory profits and continue undisturbed till a change in price converts them into type A or C.

It might be suggested that in its zeal of serving the society by larger supply of goods firm C might decide upon the output OT where it earns just satisfactory profits. But the society is better served by an increase in the number of firms, each firm producing at the most efficient scale, *i.e.* at minimum unit-costs. In so far as more than satisfactory profits are a reward of better entrepreneurial abilities they might well be retained by the entrepreneur to be used in social service or personal betterment, as his good sense may dictate. Granting that despite these arguments the C type firm does produce an output OT, this will not bar fresh entry, as long as the possibility of additional profits is there.

If the price so determined and/or the amount supplied does not conform to an individual's views on what is socially desirable there is little that he can do about it. But if this view is universally shared by the producer they may devise joint action directed at achieving the desirable end. Such action may take the form of efforts to minimise costs, etc. It is difficult to spell out the possibilities in this connection. If voluntary co-operative efforts fail, the state may be called in to adopt such fiscal and monetary measures as may increase demand or supply, or change the price in the desired direction. There is little that the state can achieve by tampering directly with the forces of demand and supply where well intentioned entrepreneurs themselves fail to deliver the goods.

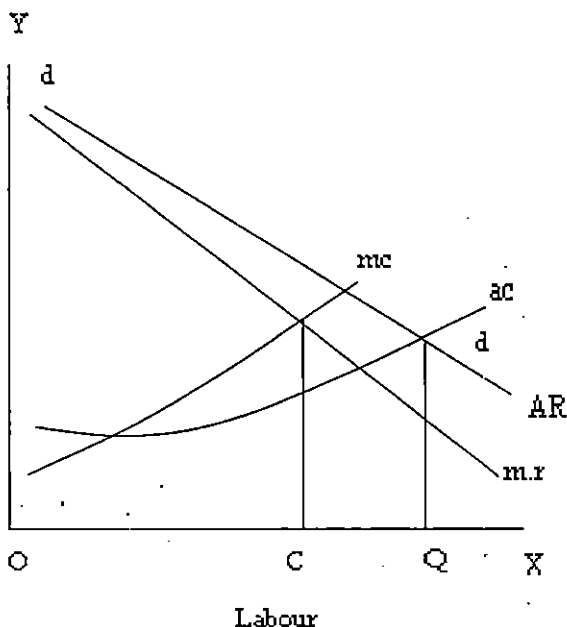
In a different situation the individual seller faces a downward sloping demand curve. This may occur when the product is differentiated and/or the number of sellers is small. Society's interests are best served when production takes place at the most efficient scale. This is possible only when the number of firms in the industry is adjusted accordingly. As free competition may fail to bring about this solution mutual consultation and joint action would be necessary.

Genuine differentiation of product serves a social need by catering to the demand for variety. In case where the demand curve for such a product is tangent to the cost curve at a point higher than and to the left of the point of minimum cost, expansion of sales may be brought about by advertisement or/and product variation. If such efforts fail to expand sales and make production at minimum cost possible, the higher cost of production has to be tolerated as a necessary price for differentiation.

A few words regarding the product policy of a Muslim entrepreneur are called for. Adulteration, deception or deterioration of the product to the detriment of the customer's interest are sinful and legally prohibited. In so far as the society conforms to the Islamic morality, voluntarily or under compulsion, it would be saved from the harmful effects of competition through product variation. Product variation would take the socially desirable form of product improvements, producers competing with one another in serving the customers by supply of better goods.

Where natural factors place the producer in a position of monopoly the Muslim entrepreneur, seeking satisfactory profits, would be willing to produce and sell an output corresponding to the point of intersection between

the demand curve and the average cost curve, that is OQ in the figure below, whereas OT would have been the output decided upon by the capitalist entrepreneur seeking



maximum profits. Whether he actually produces OQ or a smaller amount would depend on what is socially desirable in this view. A natural monopoly is a fit case for supervision and direction by the state, which may lay down a price-output policy in the interest of the society. Any policy, which is better suited to social needs, should be acceptable to the monopolist as long as it does not deprive him of satisfactory profits (included in the cost curve).

Conclusion

The essence of entrepreneurial behaviour in Islamic society lies in aiming at satisfactory profits, social service and co-operative attitude. Rigorous analysis is not possi-

ble because of multiplicity of possible assumptions regarding entrepreneur's views on satisfactory profits, social service and co-operation. Much can be done by well meaning people that cannot be foreseen or spelled out without reference to specific situations. Similar is the case with contemporary economic analysis which fails to take notice of many anti-social practices, coercive salesmanship, collusion and pressure tactics of organised profit-maximisers in the capitalist economy. A fuller understanding of the Islamic reality has to await its practical demonstration. A preliminary analysis does show that the new attitude will yield positive results. A spirit of co-operation and a positive constructive role by the state can ensure the avoidance of the evils of capitalistic competition and the making of best arrangements humanly possible.

A study of price determination ought to have been followed by a study on wages, a detailed discussion on 'Satisfactory Profits' and rents, followed by an analysis of distribution in general at the macroeconomic level, to give a clear idea of how productive services are rewarded in an Islamic economy. In this brief study we have underlined only the distinguishing features of man's economic behaviour under the guidance of Islam. We have indicated the new orientation of consumer and producer's behaviour and the resulting impact on demand and supply, price and output. The study is incomplete as it leaves out distribution and state's role in the economy. A fuller discussion of the possible forms of co-operation is also needed. Problems relating to economic growth would also come in a more comprehensive study. These in turn would necessitate discussions on money and banking, taxation and fiscal policy. The most important single feature of an Islamic economy being abolition of 'interest', its implications for

the system also require careful analysis. A new economic and social order can hardly be understood unless these important aspects are examined along with the issues discussed in this book. We hope to take up some of these subjects in later studies in the series.*

* See the writer's 'Some Aspects of the Islamic Economy', Markazi Maktaba Islami, 1972.

REFERENCES

CHAPTER ONE

1. ذَلِكَ خَيْرٌ لِلَّذِينَ يُرِيدُونَ وَجْهَ اللَّهِ وَأُولَئِكَ هُمُ الْمُفْلِحُونَ -
(الروم: ٣٨)
2. قَدْ أَفْلَحَ مَنْ تَزَكَّى وَذَكَرَ اسْمَ رَبِّهِ فَصَلَّى - (الاعلى: ١٥-١٤)
3. قَدْ أَفْلَحَ مَنْ تَزَكَّى - (الاعلى: ١٤)
4. قَدْ أَفْلَحَ مَنْ زَكَّاهَا - (الشمس: ٩)
5. فَمَنْ اتَّبَعَ هُدَايَ فَلَا يَضِلُّ وَلَا يَشْقَى - وَمَنْ أَعْرَضَ عَنِّي فَانِّ لَهُ
مَعِيشَةً ضَنْكًا وَنَحْشُرُهُ يَوْمَ الْقِيَامَةِ أَعْمَى - (طه: ١٢٣-١٢٤)
6. فَأَعْرَضَ عَنِّي مَنْ تَوَلَّى عَنِّي ذِكْرِنَا وَلَمْ يُرِدْ إِلَّا الْحَيَاةَ الدُّنْيَا -
(النجم: ٢٩)
7. وَمَنْ كَانَ يُرِيدُ حَرْثَ الدُّنْيَا نُؤْتِهِ مِنْهَا وَمَا لَهُ فِي الْآخِرَةِ مِنْ نَصِيبٍ -
(الشورى: ٢٠)
8. أَلْهَكُمُ التَّكَاثُرُ حَتَّى زُرْتُمُ الْمَقَابِرَ - كَلَّا سَوْفَ تَعْلَمُونَ - لَتَرَوُنَّ
الْحَجِجِمَ - (التكاثر)
9. عن حذيفه رضى الله عنه قال قال رسول الله ﷺ حب الدنيا رأس
كل خطيئة -
(ابو الحسن رزين بن معاوية العبدري: تلخيص الصحاح - كتاب المواعظ والرقاق)
10. عن ابى هريرة، قال قال رسول الله ﷺ: تعس عبدالدينارو
عبدالدرهم و عبدالخميصه -----
(نسائي: ابواب الزهد - باب فى المكثرين)

11. وَالَّذِينَ كَفَرُوا يَتَمَتَّعُونَ وَيَأْكُلُونَ كَمَا تَأْكُلُ الْأُنْعَامُ وَالنَّارُ مَثْوًى
لَهُمْ - (محمد: ١٢)
12. اَعْلَمُوا أَنَّمَا الْحَيَاةُ الدُّنْيَا لَعِبٌ وَلَهُوَ زِينَةٌ وَتَفَاخُرٌ بَيْنَكُمْ وَتَكَاثُرٌ فِي
الْأَمْوَالِ وَالْأَوْلَادِ - (الحديد: ٢٠)
13. عن ابن كعب ابن مالك عن ابيه قال قال رسول ﷺ : ما ذنبان
جائعان أرسلا في غنم بافسد لها من حرص المرء على المال و الشرف لدينه
(سنن دارمي : كتاب الرقاق - باب ما ذنبان جائعان)
14. "-----" فو الله ما الفقر اخشى عليكم و لكن اخشى عليكم ان
تبسط عليكم الدنيا كما بسطت على من كان قبلكم ، ففتنا فسوها كما تنان
فسوها ففتها. ككم كما اهلكتهم -
(بخارى : كتاب الرقاق - باب ما يحذر من زهرة الدنيا والتنافس فيها)
15. عن كعب بن عجرة ان رجلاً مر على النبي صلى الله عليه و آله و
سلم فرأى اصحاب رسول الله ﷺ من جلده و نشاطه ما اعجبهم - فقالوا يا
رسول الله لو كان هذا في سبيل الله ! فقال رسول الله ﷺ : ان كان يسعى
على ولده صفاراً فهو في سبيل الله - و ان كان خرج يسعى على نفسه ليغنيها
ففي سبيل الله - و ان كان خرج يسعى على اهله ففي سبيل الله و ان كان خرج
يسعى تفاحراً و تكاثراً ففي سبيل الطاغوت -
(ابو القاسم بن احمد بن ايوب الطبراني :
- المعجم الصغير - باب من اسمه احمد - صفحه ١٩٣ - مطبع انصار - دهلي ١٣١١هـ)
16. عن انس بن مالك رضى الله عنه قال غزونا مع رسول الله ﷺ
فمر بنا شاب نشيط يسوق غنيمة له فقلنا لو كان شاب هذا ونشاطه في
سبيل الله لكان خيراً له منها فانتهى قولنا حتى بلغ رسول الله ﷺ - فقال
ما قلتكم ؟ قلنا : كذا وكذا - قال : أما انه ان كان يسعى على والديه او احدهما
ففي سبيل الله و ان كان يسعى على عياله يكفبهم فهو في سبيل الله ، و ان كان

- يسعى على نفسه فهو فى سبيل الله عز وجل- (بيهقى: السنن الكبرى- كتاب النفقات- باب نفقة الأيوين دائرة المعارف حيدرآباد- ١٣٥٣هـ)
17. عن ابى سعيد الخدرى عن رسول الله ﷺ انه كان يقول: اللهم انى اعوذ بك من الكفر والفقير- فقال رجل: و يعدلان؟ قال: نعم- (نسائى: كتاب الاستعاذه- باب الاستعاذه من شر الكفر؛ نيزملاحظه هو ابو داؤد- كتاب الادب- باب ما يقول اذا اصبح)
18. عن ابى هريرة كان النبى ﷺ يقول: اللهم انى اعوذ بك من الفقر والقله والذلة----- (بخارى: الادب المفرد- صفحه ٩٩- المطبعة التازية- مصر- ١٣٤٩هـ)
19. عن ابى هريرة قال كان رسول الله ﷺ يقول: اللهم انى اعوذ بك من الجوع فانه يمس الضجيع- (نسائى: كتاب الاستعاذه- باب الاستعاذه من الجوع)
20. ---حدثنى ابو هريرة قال قال رسول الله ﷺ تعوذوا بالله من الفقر والقله والذلة وان تظلم او تظلم----- (نسائى: كتاب الاستعاذه- باب الاستعاذه من الذلة)
21. وَإِنْ خِفْتُمْ عَيْلَةً فَسَوْفَ يُغْنِيَكُمْ اللَّهُ مِنْ فَضْلِهِ إِنْ شَاءَ- (توبه: ٢٨)
22. ضَرَبَ اللَّهُ مَثَلًا عَبْدًا مَمْلُوكًا لَا يَقْدِرُ عَلَى شَيْءٍ وَ مِنْ رِزْقِنَاهُ مِنَّا رِزْقًا حَسَنًا فَهُوَ يُنْفِقُ مِنْهُ سِرًّا وَ جَهْرًا- (النحل: ٧٥)
23. اما كونها عينية فعلى كل مكلف فى نفسه ، فهو مأمور بحفظ دينه اعتقاداً و عملاً - و بحفظ نفسه قياماً بضرورة حياته، و عقله حفظاً لمورد الخطاب من ربه اليه - و بحفظ نسله التفاتاً الى بقاء عوضه فى عمارة هذا الدار و بحفظ ماله استعانةً على اقامة تلك الاوجه الاربعة - و يدل على ذلك انه لو فرض اختيار العبد خلاف هذه الامور لحجر عليه و لحيل بينه و

بين اختياره - فمن هنا صار فيها مسلوب الحظ محكوماً عليه في نفسه -

(ابو اسحاق شاطبي: الموافقات في اصول الشريعة -

جلد- ۳، صفحات ۱۷-۱۷۷ مکتبه التجاربه الكبرى ، مصر- سن طبع درج نهی هـ-)

24. عن عبد الله قال قال رسول ﷺ: طلب كسب الحلال فريضة بعد الفريضة -

(مشكوة: كتاب البيوع - باب الكسب و طلب الحلال بحواله بيهقي: شعب الايمان)

25. عن المقدم رضي الله عنه عن رسول ﷺ قال : ما اكل احد طعاماً خيراً من ان ياكل من عمل يده -----

(بخارى : كتاب البيوع باب كسب الرجل و عمله بيده)

26. 'نعم المال الصالح للرجل الصالح' -

(بخارى : الادب المفرد - صفحه ۴۵-۴۶ - المطبعة التازيه - مصر ۱۳۴۹هـ)

27. 'نيمعا بالمال الصالح للرجل الصالح' -

(حاكم: مستدرک ، جلد ۲، صفحه ۲، دايرة المعارف - حيدرآباد ۱۳۲۴هـ)

28. عن ابى سعيد لخرى عن النبى ﷺ قال : التاجر الصدوق

الامين المسلم مع الشهداء يوم القيامة -

(ابن ماجه : ابواب التجارات - باب الحث على المكاسب -)

29. وَلَقَدْ مَكَّنَّاكُمْ فِي الْأَرْضِ وَجَعَلْنَا لَكُمْ فِيهَا مَعَايِشَ -

(الاعرف: ۱۰)

30. هُوَ الَّذِي جَعَلَ لَكُمُ الْأَرْضَ ذَلُولًا فَامْشُوا فِي مَنَاكِبِهَا وَكُلُوا مِن رِّزْقِهِ -

(الملك: ۱۵)

31. وَجَعَلْنَا النَّهَارَ مَعَاشًا -

فَإِذَا قُضِيَتِ الصَّلَاةُ فَانْتَشِرُوا فِي الْأَرْضِ وَابْتَغُوا مِن فَضْلِ اللَّهِ -

(الجمعة: ۱۰)

33. وَآخَرُونَ يَضْرِبُونَ فِي الْأَرْضِ يَبْتَغُونَ مِن فَضْلِ اللَّهِ - (المزمل: ۲۰)

34. وَرَهْبَانِيَّةً ابْتَدَعُوهَا مَا كَتَبْنَاهَا عَلَيْهِمْ - (الحديد: ٢٧)
35. قُلْ مَنْ حَرَّمَ زِينَةَ اللَّهِ الَّتِي أَخْرَجَ لِعِبَادِهِ وَالطَّيِّبَاتِ مِنَ الرِّزْقِ -
(الاعراف: ٣٢)
36. لا تشددوا على انفسكم فيشدد عليكم - فان قوماً شددوا على انفسهم فشدد الله عليهم فتلك بقايا هم فى الصوامع و الديارات - رَهْبَانِيَّةً نِ ابْتَدَعُوها مَا كَتَبْنَاهَا عَلَيْهِمْ -
(ابوداؤد: كتاب الادب - باب فى الحد)
37. عن ابى عثمان النهدى عن عمر بن الخطاب انه قال: "اتزروا و ارتدوا و انتعلوا و القوا الخفاف و السراويلات و القواركب و انزوا نزواً....."
(مسند امام احمد)
38. حدثنى عبد الله بن عمرو بن العاص رضى الله عنه قال لى رسول الله ﷺ: الم أخبر انك تصوم النهار و تقوم الليل؟ فقلت: بلى يا رسول الله - قال: فلا تفعل - صم و افطر و قم و نم، فان لجسدك عليك حقاً، و ان لعينك عليك حقاً، و ان لزوجك عليك حقاً و ان لزورك عليك حقاً -----"
(بخارى: كتاب الصوم - باب حق الجسم فى الصوم)
39. عن نافع بن عبدالحارث عن النبى ﷺ قال: من سعادة المرء المسكن الواسع، و الجار الصالح، و المركب الهينى -
(بخارى: الادب المفرد - صفحه ٢٠ - المطبعة التازيه - مصر ١٣٤٩هـ)
40. عن ابى الاحوص عن ابيه قال: اتيت النبى ﷺ فى ثوب دون، فقال: ألك مال؟ قال: نعم - قال: من اى المال؟ قال: قد اتانى الله من الابل و الغنم و الخيل و الرقيق - قال: فاذا اتاك الله مالاً فليزك نعمته عليك و كرامته -
(ابوداؤد: كتاب اللباس - باب فى الخلقان و غسل الثوب)
41. عن ابن سيرين قال عمر بن الخطاب: اذا اوسع الله عليكم فاسعوا على انفسكم - (موطا امام مالك: كتاب الاحكام المتعلقة بالطعام و الشراب اللباس)

42. كَلُوا وَاشْرَبُوا وَلَا تُسْرِفُوا، إِنَّهُ لَا يُحِبُّ الْمُسْرِفِينَ -
(الاعراف : ٣٢)
43. وَلَا تُبَدِّرْ بَدِيرًا، إِنَّ الْمُبَدِّرِينَ كَانُوا إِخْوَانَ الشَّيَاطِينِ -
(بنی اسرائیل : ٢٦، ٢٧)
44. قال رسول الله ﷺ : كَلُوا وَاشْرَبُوا وَتَصَدَّقُوا وَابْسُوا مَالَكُمْ يَخَالطُ
اسراف او مخيلة -
(ابن ماجه : ابواب اللباس - باب البس ماشئت ما اخطاك سرف او مخيلة)
45. عن معاذ بن جبل ان رسول الله ﷺ لما بعث به الى اليمن قال: اياك و
التنعم فان عباد الله ليسوا بمتنعمين -
(مسند امام احمد - حديث معاذ بن جبل ؛ مشكوة : كتاب الرقاق - باب فضل الفقراء -)
46. عن جابر قال : اعتق رجل من بنى عبدة عبداً له عن دبر - فبلغ ذلك
رسول الله ﷺ، فقال: ألك مال "غيره؟" قال: لا - فقال رسول الله ﷺ: من
يشترية: منى؟ فاشتراه نعيم بن عبد الله العددي بثما مائة درهم - فجاء بها
رسول الله ﷺ، فدفعها اليه ثم قال: ابدأ بنفسك فتصدق عليها - فان فضل
شئ فلا هلك ، فان فضل شئ عن اهلك فلذئ قرابتك، فان فضل عن ذئ
قرابتك فهكذا و هكذا - يقول بين يديك و عن يمينك و عن شمالك -
(نسائى : كتاب الزكاة - باب اى الصدقة افضل)
47. عن ابى هريرة ان رسول الله ﷺ قال: خير الصدقة ما كان عن
ظهرغنى و ابدأ بمن تعول -
(بخارى: كتاب النفقات ، باب وجوب النفقة على الاهل والعيال)
48. عن ابن عمر رضئ الله عنه قال : مربهم رجل فتعجبوا من خلقه
فقالوا : لو كان هذا فى سبيل الله ! فاتوا النبئ ﷺ فقال النبئ ﷺ: ان كان
يسعئ على ابويه شيخين كبيرين فهو فى سبيل الله - و ان كان يسعئ على
ولدصغار فهو فى سبيل الله - و ان كان يسعئ على نفسه ليغنيها فهو فى سبيل

الله - (بيهقي: السن الكبرى - كتاب النفقات - باب نفقة الابوين -
دائرة المعارف حيدرآباد - ۱۳۵۳هـ)

49. See:

احمد ابراهيم ابراهيم: (نظام النفقات فى الشريعة الاسلاميه - قاهره -
۱۳۴۹هـ -

محمد نجات الله صديقى: اسلام كا نظريه ملكيت - جلد ۱ -
صفحات ۲۵۲-۲۵۹ اسلامك پبلى كيشنز لميٹڈ - لاهور ۱۹۶۸ء)

50. لَا تَجْعَلْ يَدَكَ مَغْلُولَةً إِلَىٰ عُنُقِكَ وَلَا تَبْسُطْهَا كُلَّ الْبَسْطِ فَتَقْعُدَ مَكُومًا
مَّحْسُورًا - (زى اسرائيل: ۲۹)

51. ان النبى ﷺ كان يبيع نخل بنى نضير و يحبس لاهله قوت سنتهم -
(بخارى: كتاب النفقات - باب حبس نفقة الرجل قوت سنة على اهله -)

52. قال كعب رضى الله عنه قلت: يا رسول الله ، ان من توبتى ان
انخلع من مالى صدقة الى الله والى رسوله ﷺ - قال ﷺ : امسك عليك
بعض مالك فهو خير لك -----

(بخارى: كتاب الزكاة - باب لاصدقة الاعن ظهر غنى)

53. وَيُلْ لِكُلِّ هُمَزَةٍ لُّمَزَةٌ الَّذِي جَمَعَ مَالًا وَعَدَّدَهُ، يَحْسَبُ أَنَّ مَالَهُ
أَخْلَدَهُ - (الهمزة: ۱-۳)

54. الَّذِينَ يَكْتُمُونَ الذَّهَبَ وَالْفِضَّةَ وَلَا يُنْفِقُونَهَا فِي سَبِيلِ اللَّهِ فَبَشِّرْهُمْ
بِعَذَابٍ أَلِيمٍ - (التوبه: ۳۴)

55. عن سعد بن ابى وقاص رضى الله عنه قال جاء النبى ﷺ يعودنى
وانا بمكة --- و هو يكره ان يموت بالارض التى هاجر منها --- قال :
يرحم الله ابن عفرآء - قلت : يا رسول الله اوصى بمالى كله - قال: لا قلت :
فالشطر؟ قال: لا - قلت: الثلث؟ قال : فالثلث ، والثلث كثير - انك ان تدع
ورثتك اغنياء خبير من ان تدعهم عالة يتكففون الناس فى ايديهم وانك مهما

انفقت من نفقة فانها صدقة حتى اللقمة التي ترفعها الى في امرأتك-----

(بخارى: كتاب الوصايا - باب ان يترك ورثته اغنياء خير من ان يتكففوا الناس -)

56. وَجَاهِدُوا فِي اللَّهِ حَقَّ جِهَادِهِ - (الحج: ٧٨)

57. وَجَاهِدُوا بِأَمْوَالِكُمْ وَأَنْفُسِكُمْ فِي سَبِيلِ اللَّهِ - (التوبة: ٤١)

58. عن ابي واقد الليثي قال : كنا ناتي النبي ﷺ اذا أنزل عليه فيحدثنا

فقال لنا ذات يوم : ان الله عزوجل قال : انا انزلنا المال لاقام الصلاة و ايتاء الزكاة ---- (مسند امام احمد - حديث ابي واقد الليثي)

59. عن عمر قال : كتبت عليكم ثلاثة اسفار، الحج و العمرة و الجهاد

في سبيل الله - و الرجل يسئى بماله في وجه من هذه الوجوه - ابغى بمالى من فضل الله احب الى من ان اموت على فراشى - ولو قلت انها شهادة لرأيت انها شهادة - (على المتقى بن حسام الدين برهان پورى : كنز العمال -

جلد ٢ حديث نمبر ٤٧٢٥ بحواله مسند ابن ابي شيبه - حيدرآباد ١٣١٢هـ)

60. ومثل هذا محكى التزامه عن كثير من الفضلاء ، بل هو محكى عن

الصحابة والتابعين رضى الله عنهم - فانهم كانوا فى الاكتساب ماهرين و دائبين و متابعين لانواع الاكتسابات - لكن لا يلدخروها لانفسهم ولا ليحتجوا اموالهم، بل لينفقوها فى سبيل الخيرات، و مكارم الاخلاق، و ما نذب الشرع اليه، و ما حسنته العوائد الشرعية - فكانوا فى اموالهم كالولادة على بيوت الاموال - وهم فى ذلك على درجات حسبما تنصه اخبارهم -

(ابو اسحاق شاطبي:

الموافقات فى اصول الشريعة - جلد ٢ - صفحه ١٨٨ - مكتبة التجارية الكبرى - مصر)

61. عن جابر بن عبد الله قال قال رسول الله ﷺ ؛ ثلاثة من فعلهن ثقة بالله و

احتساباً باً كان حقاً على الله ان يعينه و ان يبارك له - من سعى فى فكاك رقة ثقة بالله و احتساباً كان حقاً على الله ان يعينه و ان يبارك له - و من تزوج ثقة بالله و احتساباً كان حقاً على الله ان يعينه و ان يبارك له - و من احب ارضاً ميتة ثقة بالله احتساباً كان حقاً على الله ان يعينه و ان يبارك له - (طبرانى :

62. المعجم الصغير ، صفحہ ۱۵۲ ، باب من اسمه غالب ، مطبع انصار دہلی (۱۳۱۱)
عن انس و عن عبد اللہ قال قال رسول ﷺ : الخلق عيال اللہ فاحب
الخلق الى اللہ من احسن الى عياله :-
63. (مشکوٰۃ : كتاب الآداب ، باب الشفقة والرحمة على الخلق بحواله بيهقي ، شعب الايمان)
عن ابن عمران رجلاً جاء الى النبي ﷺ فقال يا رسول اللہ اى الناس
احب الى اللہ و اى الاعمال احب الى اللہ ؟ فقال رسول ﷺ : ” احب الناس
الى اللہ انفعهم للناس ، و احب الاعمال الى اللہ سرور تدخله على مسلم ، او
تكشف عنه كربة ، او تقضى عنه ديناً ؛ او تطرد عنه جوعاً ---- “
(طبرانی)
64. المعجم الصغير، صفحہ ۱۷۹ ، باب من اسمه محمد ، مطبع انصار، دہلی (۱۳۱۱)
عن سالم عن ابيه ان النبي ﷺ : المسلم اخو المسلم لا يظلمه ولا
يسلمه - من كان في حاجة اخيه كان اللہ في حاجته -
(ابو داؤد : كتاب الادب - باب المواخاة)
65. عن ابي هريرة قال قال النبي ﷺ : الساعى على الارملة و المسكين
كالمجاهد في سبيل اللہ و القائم الليل و الصائم النهار -
(بخارى : كتاب النفقات - باب فضل النفقة على الاهل)
66. عن سهل ان النبي ﷺ قال : ” انا و كافل اليتيم كهاتين في الجنة - “
و قرن بين اصبعيه الوسطى و التى تلى الابهام -
(ابو داؤد : كتاب الادب - باب فى من ضمّ يتيماً)
67. عن انس عن النبي ﷺ ، قال : لا يوم من احدكم حتى يحب لاختيه ما
يحب لنفسه -
(بخارى: كتاب الايمان - باب من الايمان ان يحب لاختيه ما يحب لنفسه)
68. عن ابي موسى الأشعري عن ابيه عن جده قال قال النبي ﷺ على
كل مسلم صدقة - قالوا: فان لم يجد؟ قال: فليعمل بيده فينفع نفسه و يتصدق -

قالوا : فان لم يستطع، او لم يفعل؟ قال: فيعين ذا الحاجة الملهوف - قالوا: فان لم يفعل؟ قال فيأمر بالخير- او قال بالمعروف - قالوا: فان لم يفعل؟ قال- فيمسك عن الشرفانه له صدقة -

(بخارى: كتاب الزكاة- باب على كل مسلم صدقة)

69. عن ابن مسعود رضي الله عنه قال سمعت النبي صلى الله عليه وسلم يقول: لاحسد الا في اثنتين - و رجل آتاه الله مالا فسلطه على هلكته في الحق، ورجل آتاه الله حكمة فهو يقضى بها و يعلمها - (بخارى: كتاب الزكاة- باب انفاق المال في حقّه)
70. و من فروض الكفاية الصناعة المحتاج اليها - (ابن عابدين شامى: زد المختار على الدر المختار - جلد ١ صفحہ ٣٢، مطبع ميمنيه مصر ١٣١٨هـ)
71. و من فروض الكفاية----- و الحرف و الصنائع و ما تتم به المعاش - (ابو ذكريا احمد بن شرف النووي: منهاج الطالبين و عمدة المفتين - كتاب السير مع رملى: نهاية المحتاج الى شرح المنهاج- جلد ٦ - صفحہ ١٩٤ - دارالاحياء الكتب العربى - مصر ١٣١٨هـ)
72. قال غير و احد من الفقهاء من اصحاب الشافعى و احمد بن حنبل و غيرهم كابى حامد الغزالى و ابى الفرج ابن الجوزى و غيرهما ان هذه الصناعات فرض على الكفاية فانه لاتتم مصلحة الناس الا بها، كما ان الجهاد فرض على الكفاية-----
73. (ابو العباس احمد ابن تيمية: الحسبة فى الاسلام- مطبعة المويد- مصر- ١٣١٨هـ)
- رِجَالٌ لَا تُلْهِيهِمْ تِجَارَةٌ وَلَا بَيْعٌ عَنْ ذِكْرِ اللَّهِ وَإِقَامِ الصَّلَاةِ وَإِيتَاءِ الزَّكَاةِ - يَخَافُونَ يَوْمًا تَتَقَلَّبُ فِيهِ الْقُلُوبُ وَالْأَبْصَارُ - (النور: ٣٧)
74. وَتَعَاوَنُوا عَلَى الْبِرِّ وَالتَّقْوَىٰ وَلَا تَعَاوَنُوا عَلَى الْإِثْمِ وَالْعُدْوَانِ - (المائدة: ٢)
75. وَالمُؤْمِنُونَ وَالمُؤْمِنَاتُ بَعْضُهُمْ أَوْلِيَاءُ بَعْضٍ، يَأْمُرُونَ بِالمَعْرُوفِ وَ يَنْهَوْنَ عَنِ المُنْكَرِ - (التوبة: ٧١)
76. عن تميم الدارى قال قال رسول الله صلى الله عليه وسلم: ان الدين النصيحة ان

- الدين النصيحة ان الدين النصيحة - قالوا: لمن يا رسول الله ﷺ - قال لله
ولكتابه ولرسوله ولائمة المومنين وعامتهم - او لائمة المسلمين وعامتهم -
(ابو داؤد: كتاب الادب ، باب الدين النصيحة)
77. عن سالم عن ابيه ان النبي ﷺ قال المسلم اخو المسلم لا يظلمه و
لا يسلمه من كان في حاجة اخيه كان الله في حاجته ومن فرج عن مسلم
كربة فرج الله عنه بها كربة من كرب يوم القيامة ومن ستر مسلماً ستره الله يوم
القيامة - (ابو داؤد: كتاب الادب ، باب المواخاة)
78. عن زيد بن ارقم قال سمعت نبي الله ﷺ يقول: "----- انا شهيد
ان العباد كلهم اخوة -----"
- (ابو داؤد: كتاب الصلاة ، باب ما يقول الرجل اذا سلم)
79. عن ابي موسى عن النبي ﷺ قال المومن للمومن كا البنيان يشد
بعضه بعضاً - (بخارى: كتاب الادب ، باب تعاون المومنين بعضهم بعضاً)
80. عن ابي هريرة رضى الله عنه قال نهى رسول الله ﷺ ان يبيع حاضر لباد
، ولا تناجشوا، ولا يبيع الرجل على بيع اخيه ولا يخطب على خطبة اخيه ولا
تساءل المرأة طلاق اختها لتكفاء مافي اناءها -
(بخارى: كتاب البيوع - باب لا يبيع على بيع اخيه)
81. ومن احتكر يريد ان يتغالى بها على المسلمين فهو خاطى و قد
برئت منه ذمة الله تعالى -
(حاكم: مستدرک - جلد ۲ - صفحہ ۱۲ - عن ابي هريرة - دائرة المعارف - حيدرآباد ۱۳۲۴هـ)
82. عن الحسن عن معقل ابن يسار سمع النبي ﷺ يقول: من دخل في
شيئى من اسعار المسلمين يغلى عليهم كان حقاً على الله ان يقذفه في معظم
جهنم راسه اسفله - (حاكم: مستدرک - جلد ۲ - صفحہ ۱۲ - ۱۳)

CHAPTER TWO

1. ذكر الله سبحانه احكام الناس فى الاموال فى آخر سورة البقره،
وهى ثلاثة: عدل و ظلم و فضل-
(ابن قيم : اعلام الموقعين - جلد ١- صفحه ٣٦٣- المطبعة المنيرية -
مصر سن طبع درج نهين هـ)
2. إِنَّ اللَّهَ يَأْمُرُ بِالْعَدْلِ وَالْإِحْسَانِ وَأِيتَانِي ذِي الْقُرْبَىٰ وَيَنْهَىٰ عَنِ
الْفَحْشَاءِ وَالْمُنْكَرِ وَالْبَغْيِ-
(النحل : ٩٠)
3. إِنَّ اللَّهَ يَأْمُرُ أَنْ تَوَدُّوا الْأَمَانَاتِ إِلَىٰ أَهْلِهَا وَإِذَا حَكَمْتُمْ بَيْنَ النَّاسِ أَنْ
تَحْكُمُوا بِالْعَدْلِ-
(النساء: ٥٨)
4. يَا أَيُّهَا الَّذِينَ آمَنُوا كُونُوا قَوَّامِينَ بِالْقِسْطِ شُهَدَاءَ لِلَّهِ وَلَوْ عَلَىٰ
أَنْفُسِكُمْ أَوِ الْوَالِدِينَ وَالْأَقْرَبِينَ----- فَلَا تَتَّبِعُوا الْهَوَىٰ أَنْ تَعْدِلُوا-
(النساء: ١٣٥)
5. وَأَوْفُوا الْكَيْلَ وَالْمِيزَانَ بِالْقِسْطِ-
(الانعام: ١٥٣)
6. قُلْ إِنَّ اللَّهَ لَا يَأْمُرُ بِالْفَحْشَاءِ- اتَّقُوا لِرَبِّكُمْ عَلَى اللَّهِ مَا لَا تَعْلَمُونَ؟ قُلْ أَمَرَ
رَبِّي بِالْقِسْطِ-
(الاعراف: ٢٩، ٢٨)
7. لَقَدْ أَرْسَلْنَا رُسُلَنَا بِالْبَيِّنَاتِ وَأَنْزَلْنَا مَعَهُمُ الْكِتَابَ وَالْمِيزَانَ لِيَقُومَ النَّاسُ
بِالْقِسْطِ-
(الحديد: ٢٥)
8. يَا أَيُّهَا الْإِنْسَانُ مَا غَرَّبَكَ رَبِّكَ الْكَرِيمُ الَّذِي خَلَقَكَ فَسَوَّاكَ فَعَدَلَكَ-
(الانفطار: ٥)
9. فَضَيَّ بَيْنَهُم بِالْقِسْطِ وَهُمْ لَا يُظْلَمُونَ-
(يونس: ٤٧)
10. قُلْ آمَنْتُ بِمَا أَنْزَلَ اللَّهُ مِنَ الْكِتَابِ وَأُمِرْتُ لِأَعْدِلَ بَيْنَكُمْ-
(الشورى: ١٥)

11. وَأَوْفُوا الْكَيْلَ وَالْمِيزَانَ بِالْقِسْطِ - (الانعام: ١٥٢)
12. ان الله ليس بينه و بين احد نسب الابطاعة، فالناس شر يفهم و
وضيعهم فى دين الله سواء، الله ربهم وهم عباده-
(ابن كثير: البداية والنهاية - جلد ٧ صفحه ٣٥ (٥١٣) طبع قاهره ١٩٣٢ء)
13. سيد ابوالاعلى مودودى: تفهيم القرآن - جلد ٢ - صفحه ٥٦٥ -
طبع دهلى ١٩٦٥ء
14. إِنَّهُ لَا يَفْلِحُ الظَّالِمُونَ - (القصص: ٢٧)
15. إِنَّهُ لَا يُجِيبُ الْمُعْتَدِينَ - (الاعراف: ٥٥)
16. وَلَا تَأْكُلُوا أَمْوَالَكُم بَيْنَكُم بِالْبَاطِلِ - (البقرة: ١٨٨)
17. لَا تَضَارَّ وَالِدَهُ وَلَا مَوْلَاهُ وَلَا بَنِيهِ - (البقرة: ٢٣٣)
18. عن عبادة بن الصامت، ان رسول ﷺ قضى ان لا ضرر ولا ضرار
(ابن ماجه - ابواب الاحكام - باب من بنى فى حقه ما يضر بحاره)
19. عن ابى صرمة ان رسول ﷺ قال: من ضار ضار الله به و من شاق
شق الله عليه - (ترمذى: ابواب البر والصلة، باب ماجاه فى الخيانة والغش)
20. فاعتبار الضرر العام اولى - فيمنع الجالب او الدافع مماهم به، لان
المصالح العامة مقدمة على المصالح الخاصة، بدليل النهى عن تلقى السلع، و
عن بيع الحاضر للبادى، و اتفاق المسلمين على تضمين الصناع، مع ان الاصل
فيه الامانة - و قد زادوا فى مسجد رسول ﷺ من غيره مما رضى اهله اولاً - و
ذلك تقضى بمصلحة العموم على مصلحة الخصوص - لكن بحيث لا يلحق
الخصوص مضرة - (اى مضرة لا تنجبر - زيادة من شارح الموافقات - محمد
عبد الله الدار) (ابو اسحاق شاطبى: الموافقات فى اصول الشريعة - جلد ٢،
صفحه ٣٤٩ مكتبة التجارية الكبرى - مصر)
21. والشرع ينظر فى مثل هذه المسائل الى مصلحة الناس
والمصلحة تقتضى ان ينظر للجماعة على الواحد -

- (نووی: شرح مسلم- کتاب البيوع باب تحريم تلقى الحب)
22. (البقره: ۲۸۶) لَا يَكْلَفُ اللَّهُ نَفْسًا أَوْ سَعْيًا -
23. (التغابن: ۱۶) فَأَتَقُوا اللَّهَ مَا اسْتَطَعْتُمْ -
24. ابن نجيم: الاشباه و النظائر -
(صفحات ۱۲۱- ۱۲۹- تعليميه پريس - کلکتہ ۱۹۶۰هـ)
25. عن ابى هريرة ان رسول ﷺ مرفى السوق على صبرة طعام فادخل يده فنالت اصابعه بللاء، فقال: ما هذا يا صاحب الطعام، فقال: اصابته الطعام، يا رسول الله - قال: أفلا جعلته فوق الطعام حتى يراه الناس؟ من غش فليس منى -
(مسلم: كتاب الايمان - باب قول النبي ﷺ من غش فليس منى)
26. الخديعة فى النار، و من عمل عملا ليس عليه امرنا فهو رد -
(بخارى: كتاب البيوع - باب النجش)
27. عن جابر قال قال رسول ﷺ: غبن المسترسل ربا -
(بيهقى: السنن الكبرى - جلد ۵ - صفحه ۳۴۸ - حيدرآباد ۱۳۵۳هـ)
28. عن عقبه ابن عامر قال سمعت رسول ﷺ يقول: المسلم اخوا المسلم، ولا يحل لمسلم باع من اخيه بيعاً فيه عيب الايئة -
(ابن ماجه: ابواب التجارات - باب من باع عيباً فلسينيه)
29. عن النبي ﷺ قال: البيعان بالخيار ما لم يتفرقا، فان صدقا وبينا بورك لهما فى بيعهما و ان كذبا و كتما محقت بركة بيعهما -
(بخارى: كتاب البيوع - باب البيعان ما لم يتفرقا)
30. نهى رسول ﷺ عن بيع الحصاة و عن بيع الغرر -
(مسلم: كتاب البيوع - باب ابطال - بيع الحصاة و بيع الغرر)
31. نهى رسول ﷺ عن بيع الملامسة و المنابذه -
(مسلم: كتاب البيوع - باب ابطال بيع الملامسة و المنابذه)
32. نهى رسول ﷺ عن بيع حبل الحبله -

- (مسلم: كتاب البيوع - باب تحريم بيع حبل الحبله -)
33. عن عمر بن الخطاب رضى الله تعالى عنه قال: لا تبايعوا السمك فى الماء فانه غرر- (ابو يوسف: كتاب الخراج - صفحه ١٠٤ - قاهره ١٣٤٦هـ)
34. لا يجوز بيع شئى لا يدرى بائعه و ان دراه المشتري، ولا ما لا يدرى المشتري ما هو و ان دراه البائع، ولا ما جهلاه جميعاً - (ابن حزم: المحلى جلد ٨ صفحه ٤٣٩ - مطبعة النهضة - مصر - ١٣٤٧هـ)
35. ليس فى كتاب الله و لا فى سنة رسول الله و لا فى كلام احد من الصحابة ان بيع المعلوم لا يجوز- لا بلفظ عام ولا بمعنى عام - انما فى السنة النهى عن بعض الاشياء التى هى معدومة كما فيها النهى عن بعض الاشياء الموجودة - فليست العلة فى المنع العدم ولا الوجود - بل الذى وردت به السنة النهى عن بيع الغرر، وهو ما لا يقدر على تسليمه، سواء كان موجوداً او معدوماً - (ابن قيم: اعلام الموقعين جلد ١ صفحه ٣٥٧ - المطبعة المنيرية - مصر)
36. See :
- مصطفى احمد الزرقاء: فكرتى الحق و الالتزام و نظريتى الاموال و الاشخاص فى الفقه الاسلامى - صفحه ٧٢ - دمشق - ١٩٤٨ء
37. إِنَّمَا الْخَمْرُ وَالْمَيْسِرُ وَالْأَنْصَابُ وَالْأَزْلَامُ رِجْسٌ مِّنْ عَمَلِ الشَّيْطَانِ فَاجْتَنِبُوهُ لَعَلَّكُمْ تُفْلِحُونَ - (المائدة: ٩٠)
38. يَسْأَلُونَكَ عَنِ الْخَمْرِ وَالْمَيْسِرِ - قُلْ فِيهِمَا إِثْمٌ كَبِيرٌ وَ مَنَافِعُ لِلنَّاسِ وَأَثْمُهُمَا أَكْبَرُ مِنْ نَّفْعِهِمَا - (البقرة: ٢١٩)
39. لَا تَأْكُلُوا أَمْوَالَكُم بَيْنَكُم بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِّنْكُمْ (النساء: ٢٩)
40. قد نهى النبي ﷺ عن بيع المضطر----- (ابوداؤد: كتاب البيوع - باب فى بيع المضطر).

REFERENCES

- قوله: بيع المضطر: - بان يكره بعضهم على بعض على العقد -
 (فتح الودود - شرح ابى داؤد)
41. سيد ابو الاعلى مودودى تفهيم القرآن - جلد ٢ - صفحہ ٥٦٥ -
 دہلی - ١٩٦٥
42. إِنَّ اللَّهَ يَأْمُرُ بِالْعَدْلِ وَالْإِحْسَانِ وَإِيتَايِ ذِي الْقُرْبَىٰ - (النحل: ٩٠)
43. وَلَا تَسْأُوا الْفَضْلَ بَيْنَكُمْ - (البقرة: ٢٣٧)
44. وَأَنْفِقُوا فِي سَبِيلِ اللَّهِ وَلَا تُلْقُوا بِأَيْدِيكُمْ إِلَى التَّهْلُكَةِ، وَأَحْسِنُوا، إِنَّ اللَّهَ يُحِبُّ الْمُحْسِنِينَ - (البقرة: ١٩٥)
45. الْأَطْلَاقُ مَرَّتَانٍ، فإِمْسَاكَ بِمَعْرُوفٍ أَوْ تَسْرِيحُ بِإِحْسَانٍ - (البقرة: ٢٢٩)
46. وَمَتَّعُوهُمْ، عَلَى الْمَوْسِعِ قَدْرَهُ وَعَلَى الْمُقْتِرِ قَدْرَهُ، مَتَاعًا بِالْمَعْرُوفِ حَقًّا عَلَى الْمُحْسِنِينَ - (البقرة: ٢٣٦)
47. فَمَنْ عَفَىٰ لَهُ مِنْ أَخِيهِ شَيْئًا فَاتَّبَاعُ بِالْمَعْرُوفِ وَأَدَاءُ إِلَيْهِ بِإِحْسَانٍ - (البقرة: ١٧٨)
48. هَلْ جَزَاءُ الْإِحْسَانِ إِلَّا الْإِحْسَانُ - (الرحمان: ٦٠)
49. وَلَا تَسْتَوِ الْحَسَنَةُ وَلَا السَّيِّئَةُ ادْفَعْ بِالَّتِي هِيَ أَحْسَنُ، فَإِذَا الَّذِي بَيْنَكَ وَبَيْنَهُ عَدَاوَةٌ كَأَنَّهُ وَلِيٌّ حَمِيمٌ - (حلم السجدة: ٣٤)
50. وَأَحْسِنُ كَمَا أَحْسَنَ اللَّهُ إِلَيْكَ وَلَا تَبِغِ الْفَسَادَ فِي الْأَرْضِ - (القصص: ٧٧)
51. من لا يرحم لا يرحم - (بخارى: كتاب الادب - باب رحمة الناس و البهائم)
52. عن جرير قال قال رسول ﷺ: من يحرم الرفق يحرم الخير كله
 (ابوداؤد: كتاب الادب - باب فى الرفق)

INDEX

A

Abject poverty, 17
Abstinence, 23, 24
Abundance, 15
Acquisitive, 123
Adulteration, 62, 157
Advertisement, 39, 61, 88,
118, 136, 148, 157
Aggressor, 51
Allocation of resources, 45,
89, 108, 116, 145
Alms, 27
Altruism (Altruistic), 71
Antisocial, 90, 131
Apostasy, 17
Asceticism (Ascetic), 17, 23
Asset, 19
Avarice, 74

B

Barter, 69
Benevolence, 70, 75, 82, 110,
116, 136, 142, 157
Benevolent, 38, 72, 113, 130
Bounty, 17, 20, 24
Bread, 18
Brother, 27, 34, 62, 72
Business, 33, 62, 69, 91, 114
Buyer, 58, 73, 89, 120, 139,
148, 154

C

Capitalism, 83, 123, 125
Capitalist

(Capitalistic), 90, 108, 124,
137, 150
Cause of Allah, 15, 22, 32, 73,
Charity, 29, 34, 35
Cheaper, 38, 54, 86, 144
Check, 12, 57, 87, 112, 141
Choice, 38, 60, 88, 89, 91
Clothing, 21
Collective, 11, 36, 77
Comforts, 21, 28, 43, 99, 116,
118, 144,
Competition
- atomistic, 148,
- capitalistic, 123,
159
- cut throat, 39
- imperfect, 140
- monopolistic, 108,
126, 144, 161
- perfect, 108, 121,
- 126, 144
- pure, 128, 137
Concentration, 125
Consumers' Sovereignty, 89
Consumption, 22, 39, 85, 128
Consumption goods, 22
Control, 50, 106, 135
Co-operation, 76, 78, 148
Cost of Production, 83, 119,
130, 157
Cost curves, 128, 154
Cultivation, 33
Culture, 12, 13, 44, 110.
- Materialistic, 7,
- 15, 97, 103
- Western, 87, 103
- Cultural goods,
109, 118, 144

- Demand
- curve, 155
 - market demand, 83, 116, 1142
- Differentiation of product
- genuinē, 157
- Distribution of wealth, 98, 106, 143, 145
- Dinar*, 14
- Dirham*, 14
- E**
- Earnings (earn), 16, 25, 75, 115, 148, 156
- Economic
- aspect of life, 7
 - activity, 11, 92
 - enterprise, 15, 20, 77, 94
 - goods, 12, 38, 79,
 - policies, 8
 - Rationality, 86, 96, 117, 153
- Economics, modern, 88, 111
- Economy
- capitalist, 108, 124, 159
 - Islamic, 113, 133, 160, 174
- Education, 21, 28, 102, 143
- Emergency, 70, 74, 82
- Employment, 37, 139, 153
- Ends of economic enterprise, 12, 38
- Ends
- sub, 11, 13
 - ultimate, 11
- Enterprise
- co-operative, 36
 - free, 93, 90
- Entrepreneur
- Capitalist, 117, 158
 - Muslim, 38, 75, 110, 111, 118, 136
- Equal (equality), 18, 25, 69, 85, 118, 150
- Equilibrium, 86, 118, 128
- Equity, 25, 48
- Exchange, 20, 48, 68
- Expediency, 56, 66
- Expenditure, 26, 34, 105, 142
- Extravagance, 22, 27, 100
- F**
- Falah*, 8, 10, 12, 17, 39
- Factors of production, 73, 91, 128, 139
- Fallow land, 33
- Farming, 19
- Fire (Hell), 14, 41
- Firm, 51, 60, 88, 120, 133, 147, 156, 157
- Food, 17, 21
- Freedom, 21, 118
- Future sales, 66
- Future, provision for, 20, 29
- G**
- Gambling, 226, 67, 100
- Gambulous (gamblesome), 66, 67, 68
- Generosity, 71
- Goods – cultural, 116, 118, 144
- intangible, 66
 - material, 104, 109

- non-material, 66
 - Gold, 30, 77, 99
 - Government, 13, 87, 115,
- H**
- Hard Drinks, 26, 98.
 - Harvest, 14,
 - Harmony (harmonious), 47, 49
50, 77, 79, 86, 106, 148,
 - Hereafter, 14, 35, 78
 - Hoarding, 30, 57
 - Honest (honesty), 19, 52, 61
 - Horticulture, 19
 - Hunger, 17, 18, 34
- I**
- Ignominy, 17
 - Incentive, 21, 28, 30, 35
 - Income, 37, 84, 95, 105, 114,
143, 151
 - Individualism (Individualistic)
9, 148
 - Industry, 84, 89, 118, 135,
151, 157
 - Inheritance, laws of, 31
 - Injury, 51, 57, 76, 129, 143
 - Injurious, 37, 39, 54, 67,
129, 136
 - Interest, 36, 69, 77, 95, 126,
144, 157, 159
 - Interests
 - common, 77, 78
 - individual, 55, 70,
74, 148
 - individualised, 80
 - like, 78, 79, 81
 - unlike, 81
 - Islam, 12, 20, 26, 31, 61, 103
- Islamic change, 7
 - Islamic philosophy of life, 8,
21
 - Islamic State, 62, 94, 101
 - Iso-quants, 150
- J**
- Jihad*, 25, 29, 32, 35
 - Just Price, 130
 - Justice, 6, 25, 39, 62, 110, 142
- K**
- Kindness, 72, 73
- L**
- Labour (labourer), 18, 35,
148, 150, 151, 158,
 - Law, 20, 35, 82, 94, 101, 153
 - Legal, 21, 30, 47, 49, 62
 - Leisure, 87, 102, 107, 143
 - Livelihood, 18, 21
 - Loss, 54, 56, 63, 81, 113, 117,
 - Lust, 13, 15, 21
 - Luxuries (luxury goods), 15,
22, 28, 99, 106, 141
 - Luxurious living, 27, 95
- M**
- Market Economy, 85, 92, 145
 - Market price, 85, 116, 154
 - Marginal
 - cost, 138, 153
 - productivity, 84,
139, 153
 - Marginal rate of substitution,
150

Masliha, 56

Materialism (materialistic), 7,
12, 13

Maximisation of profit, 39,
74, 87, 111, 139

Medical care, 21

Minimisation of wants, 104

Moderation (moderate), 31,
80, 103, 104

Monasticism, 23

Monopoly
- natural, 131, 158

Monopolistic
Competition, 108, 126,
138, 142, 161

Monopsony
(Monopsonist), 130, 131

Moral growth, 14

Moral
- obligation, 21
- sanction, 12
- sense, 102
- values, 11, 12, 61

Muslim
- business man, 43
- consumer, 97
- entrepreneur, 38,
75, 110, 137, 157

N

Natural resources, 38, 86

Necessaries, 99, 103, 106, 144

Necessity, 59

Needs
- individual, 60
- social, 60, 143,

Norm, 74, 91, 112, 145

O

Offensive (offence), 44

P

Permissible, 20, 28, 53

Planning, 90, 92, 105

Pleasure
- of the Lord, 9
- worldly, 15

Political, 10, 22, 44, 82

Poor, 33, 67, 92, 116, 120

Position, 10, 20, 79, 92, 122,
144, 150

Posterity, 18, 30, 31

Poverty, 15, 17, 62, 74

Power, 15, 19, 39, 77, 85

Prestige, 13, 22, 112, 113

Price
- determination of,
159
- policy, 118

Price discrimination, 138, 140

Price line, 150, 151

Prodigality (prodigal), 100

Production 147, 150, 151, 157

Productive, 16, 35, 38

Producer, 8, 84, 57, 108, 150,

Profit
- maximum, 134,
149, 157
- normal, 141
- satisfactory, 115,
148, 155

Profitable, 75, 108, 144

Prohibited
- goods, 53, 106

Property, 18, 24, 30, 32, 39

Proportion (proportionality),
47, 49, 52, 60, 80

R

Recommended, 21, 33
 Recognised, 21, 31, 32, 65, 88
 Rights, 19, 24, 150, 151, 152
 Righteous, 19
 Risk, 58, 66, 86,
 Rivalry, 14

S

Sacrifice, 56, 70, 81, 100,
 111, 121, 147
 Savings, 25
 Satisfactory Profits, 115, 129,
 144, 148, 149
 Scarcity, 17, 68, 79, 85
Shari'ah, 26, 47
 Shelter, 21
 Silver, 27, 30
 Slave, 14, 24
 Social Authority, 50, 81, 105
 Social Good, 38, 122, 144
 Social service, 24, 74, 113,
 146, 156, 159
 Socialism, 13, 92
 Speculation (Speculative), 66,
 67, 70
 Spiritual, 10, 26, 34, 62, 67
 State, 87, 92, 105, 140, 145
 Standard of life, 24, 26, 30
 Stock Exchange, 68
 Supply
 - curves, 104, 153

T

Tarbiat, 25
 Trade (trader)

- laws, 38, 43

Truth, truthfulness, 35, 61,
 102

Taxes, 106

U

Unjust, 45, 130
 Uncertainty (uncertain), 57,
 58, 64, 65
 Unemployment, 152
 Usury (usurious), 62, 69, 140
 Utility, 60, 68, 138
 Utilitarian, 62, 67, 96, 102
 Value
 - economic, 12
 - ethical, 11, 12, 61
 - moral, 11, 12, 61
 - spiritual, 12

W

Wages, 86, 114, 139, 152, 159
 Waste, 39, 131, 134, 136
 Wealth, 13, 14, 15, 19, 27, 33,
 39, 48, 69, 72, 95, 143, 145
 Welfare, 8, 9, 10, 35, 56, 102,
 111, 113, 148
 Well being, 13, 17, 24, 44
 Wine, 96, 100
 Work, 21, 29, 35, 53, 67, 86,
 95, 103, 104,
 World view, 8

Z

Zakat, 32, 37, 101