

The Four Fundamental Principles of Business & Economics:

Generally, an economic system comprises of the following four basic principles:

1. Determination of Priorities
2. Allocation of Resources
3. Distribution & Income
4. Development

Socialism and Capitalism are only economic systems. They do not represent a complete way of life whereas Islām is not only about economics. It is a complete way of life. Allāh ﷻ says,

﴿ الْيَوْمَ أَكْمَلْتُ لَكُمْ دِينَكُمْ وَأَتْمَمْتُ عَلَيْكُمْ نِعْمَتِي وَرَضِيتُ لَكُمُ الْإِسْلَامَ دِينًا ﴾

﴿This day I have perfected your religion for you and completed my favour upon you and I am pleased with Islām as your religion﴾ (Qur'ān 5:3)

Islāmic Economics is just one facet of Islām, whereas Socialism and Capitalism are complete within themselves. In spite of the variance between the two systems, the economic system of Islām is complete, comprehensive and perfect as it is a system designed by the Perfect – Almighty Allāh ﷻ. Consider the following:

In a Socialist system, the above four are under the total control of the central Government and every citizen is an employee of the state. The Government decrees what the priorities of the day are and thus they divert the money and capital towards those priorities which they deem fit. If the Government sees that the needs of the country lie in certain areas such as scientific research, they will apply the above-mentioned four principles to acquire the desired goal that they had set in the scientific field. They will allocate a certain percentage of the country's resources to that industry. They will then distribute the work force to try to acquire the desired goal of that specific venture and similarly distribute the gains and income among the workers according to the rate they feel appropriate. Finally, they dictate the amount of funds needed for further development of that venture and re-invest the gains therein. In brief, the central Government is in total control of the entire economic process leaving no opportunity for the layman to individually prosper in business.

In a capitalist system, there is total liberty for every citizen. There are no restrictions and rules from the side of the Government to inhibit the freedom of trade. Every citizen has the opportunity to increase his wealth through business. This is a much better system than a socialist system. However, this system also has its deficiencies. The Capitalist system has no boundaries of morality and ethics in trade. One person can virtually financially enslave the masses in shackles of debt without any recourse from the side of the Government for the oppressed and enslaved masses.

The Islāmic system varies greatly from both of these systems. It offers the freedom of trade of the Capitalist system but with a system of ethics and principles that govern every type of transaction. These principles are designed by Allāh ﷻ to safeguard the interests of every person and to safeguard the people from financial oppression and injustice. There is no other system that can match the Islāmic system in terms of equality, fairness, humanity and

morality. One will only be able to understand the beauty of the Islāmic system of business and trade after studying it in depth and comparing it with the other modern systems.

Ahadīth concerning Business in General:

Sayyiduna ‘Abdullāh ibn Mas’ūd ؓ narrates that Allāh's Messenger ﷺ said, 'No man who acquires unlawful property and gives some of it in alms will have it accepted from him; neither will he receive a blessing for it if he contributes some of it; and if he leaves some of it behind him, it will be his provision for Hell. Allāh ﷻ does not obliterate an evil deed by an evil one, but He obliterates an evil deed by a good one. What is impure does not obliterate what is impure.' (*Al-Tirmidhī*)

Sayyiduna Jābir ibn ‘Abdullāh ؓ narrates that Allāh's Messenger ﷺ said, "Flesh which has grown out of what is unlawful will not enter Paradise, but Hell is more fitting for all flesh which has grown out of what is unlawful." (*Al-Tirmidhī*)

Sayyiduna Al-Hasan ibn ‘Ali ؓ narrates that I have retained in my memory these words of Allāh's Messenger ﷺ, "Leave what causes you doubt and turn to what does not cause you doubt. Truth is tranquillity, whereas lies are perturbing." (*Al-Tirmidhī*)

Sayyiduna Rafī' ibn Khadij ؓ narrates that Allāh's Messenger ﷺ was asked what type of earning was best and replied, "A man's work with his hand and every business transaction which is approved." (*Ahmad*)

Sayyiduna Rifa'ah ibn Rafī' ؓ narrates that The Prophet ﷺ said, "The merchants will be raised on the Day of Resurrection as evildoers, except those who fear Allāh ﷻ, are honest and speak the truth." (*Al-Darimi / Ibn Majāh*)

Sayyiduna ‘Abdullāh ibn ‘Abbās ؓ narrates that Allāh's Messenger ﷺ said, "A dirham which a man knowingly receives in usury is more serious than thirty-six acts of fornication. Hell is more fitting for him whose flesh is nourished by what is unlawful." (*Ahmad / Al-Daraqutni*)

Sayyiduna Abu Hurayrah ؓ narrates that Allāh's Messenger ﷺ said, "On the night when I was taken up to Heaven I came upon people whose bellies were like houses and contained snakes which could be seen from outside their bellies. I asked Jibrīl who they were and he told me that they were people who had practiced usury." (*Ahmad / Ibn Majāh*)

Sayyiduna ‘Ali ibn Abu Tālib ؓ narrates that he heard Allāh's Messenger ﷺ curse those who took usury, those who paid it, those who recorded it, and those who refused to give Sadaqah. (*Al-Nasā'i*)

Sayyiduna Wāthilah ibn al-Asqa' ؓ narrates that he heard Allāh's Messenger ﷺ say, "If anyone sells a defective article without drawing attention to it, he will remain under Allāh's anger," or, "the angels will continue to curse him." (*Ibn Majāh*)

Ahadīth regarding conducting proper Business:

Allāh's Messenger ﷺ has stated, "An honest truthful businessman will be among the Prophets, sincere believers and martyrs." (*Al-Tirmidhī*)

Allāh's Messenger ﷺ said, "There was a merchant who used to grant loans to people, and

whenever his debtors were in straitened circumstances, he would say to his employees, 'Forgive them so that Allāh ﷻ may forgive us.' So, Allāh ﷻ forgave him." (*Al-Bukhārī*)

Allāh's Apostle ﷺ said, "The seller and the buyer have the right to keep or return goods as long as they have not parted or till they part; and if both the parties spoke the truth and described the defects and qualities (of the goods), then they would be blessed in their transaction, and if they told lies or hid something, then the blessings of their transaction would be lost." (*Al-Bukhārī*)

Ahadīth regarding Truthfulness:

Allāh's Apostle ﷺ narrated to us two narrations, one of which I have seen (happening) and I am awaiting the other. He narrated that honesty was preserved in the recesses of the hearts of men and then they learnt it from the Qur'ān, and then from the Prophet's ﷺ Sunnah. He also told us about its disappearance, saying, "A man will go to sleep whereupon honesty will be taken away from his heart, and only its trace will remain, resembling the traces of fire. He then will sleep whereupon the remainder of the honesty will also be taken away (from his heart) and its trace will resemble a blister that is raised over the surface of skin when an ember touches one's foot; and in fact, this blister does not contain anything. So there will come a day when people will deal in business with each other but there will hardly be any trustworthy persons among them. Then it will be said that in such-and-such a tribe there is so and so person who is honest, and a man will be admired for his intelligence, good manners and strength, though indeed he will not have Imān equal to a mustard seed in his heart." The narrator added: There came upon me a time when I did not mind dealing with anyone of you, for if he was a Muslim, his religion would prevent him from cheating; and if he was a Christian, his Muslim ruler would prevent him from cheating; but today I cannot deal except with so-and-so and so-and-so. (*Al-Bukhārī*)

The Prophet ﷺ said, "Truthfulness leads to righteousness, and righteousness leads to Paradise. A man keeps on telling the truth until he becomes a truthful person.

Falsehood leads to wickedness, and wickedness leads to the Fire, and a man may keep on telling lies until such time that he is recorded to be a liar in the sight of Allāh ﷻ ." (*Al-Bukhārī*)

Imām Mālik رحمه الله related to me that he heard that someone said to Luqmān "the Wise" ؑ, "What has brought you to this lofty status that we see?" Luqmān ؑ said, "Truthful speech, fulfilling the trust, and leaving what does not concern me." (*Muatta Imām Mālik*)

Stories:

1. Allāh's Messenger ﷺ states that a man once purchased from another a piece of land. The man who purchased the land then found a container filled with gold. He told the seller, "Take your gold from me. I only purchased the land from you not the gold." The seller then replied, "I sold you the land and all that is contained therein." The two then brought the case before a third person to decide the affair between them. The arbitrator asked them if they had any children. One of them stated that he has a son. The other stated that he has a daughter. The arbitrator then told them to get their children married to one another and to spend the wealth upon them. (*Ibn Mājah*)

2. A man was in desperate need for a loan. He approached one of his acquaintances to request him for a loan of 10,000 dirhams. His acquaintance didn't mind giving him the loan but he wanted a witness or a guarantor for this transaction since it was such a large amount of money. He asked the person for a witness and he could not find anyone to stand as a witness for him. He told him that Allāh ﷻ is sufficient as a witness. He then asked him for some sort of guarantee. Unfortunately, he had no means of providing collateral either. Thus, he stated that Allāh ﷻ suffices as a guarantor. His acquaintance accepted this statement and gave him the loan of 10,000 dirhams. After securing the loan, the person travelled to another location on the other side of a river. The due date for the loan had approached and this person wanted to repay his creditor but he could not find any way of delivering the money. There were no boats readily available to carry him over to the other side of the river. He wanted to keep his promise and tried desperately to fulfil it. He decided to cut out a piece of wood and carve out the inside. He placed the money along with a letter to his creditor in the carved out wood and sealed it tightly. He then released it into the river placing his trust in Allāh ﷻ. When the appointed time approached, the creditor waited by the shore-side to meet his debtor. Amazingly, the box reached its destination and the creditor opened the box with the letter from his debtor. This is the result of both parties placing their trust on Allāh ﷻ and trying their best to act according to His laws. (*Al-Bukhārī*)

