



*Islamic Economics Translation Series
No. 1*

**MAN IS THE BASIS
OF THE ISLAMIC STRATEGY
FOR ECONOMIC DEVELOPMENT**

*ISLAMIC RESEARCH AND TRAINING INSTITUTE, (IDB)
JEDDAH, SAUDI ARABIA*

**ISLAMIC DEVELOPMENT BANK
ISLAMIC RESEARCH AND TRAINING INSTITUTE**

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OF THE ISLAMIC STRATEGY
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Prof. Dr. Abdel Hamid El-Ghazali

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In the name of God, the Beneficent, the Merciful

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FOREWORD

The Islamic Research and Training Institute (IRTI) of the Islamic Development Bank (IDB), has embarked on an ambitious translation program that aims, among other things, to translate not only studies conducted by IRTI itself but also outstanding studies that have been carried out elsewhere. University post-graduate theses, studies from international research centers, publications of renowned authors and public lectures of internationally recognized specialists, are carefully selected and included in this program.

The ultimate objective of IRTI in this line of activity is to widen the readership base through the three main languages: Arabic, English and French, for a start. Further languages may be considered in the future Insha' Allah. By doing so, IRTI hopes to contribute to the spread of knowledge among all Muslims so that they, albeit the difference of their tongues, may learn, apply and benefit.

The translation in hand is selected from an Arabic series of studies conducted by the Islamic Economics Center of the International Islamic Bank for Investment and Development, Cairo. The research, originally in Arabic, is written by a well-known professor of economics, Professor Dr. Abdel Hamid El Ghazali who is now Director of IRTI. Besides his interest in planning and economic development, Prof. Dr. El Ghazali has long developed a particular interest in Islamic economics on which he has written several books and articles. He is a staunch supporter of the Islamic economics cause and a genuine believer that Muslims can build their economies on a full fledged Islamic economic system.

As the title indicates, this study focuses on the place of Man as the basis of development strategy within the Islamic economic system. The topic is wide-ranging in its coverage and could easily constitute a rich input to many academic theses. However, Prof. Dr. El Ghazali draws the skeleton and crosses many boundaries to present a cogent and thought-provoking overview of this important topic, opening the way to others working in the various aspects of the field, to undertake a deeper and more detailed investigation of the topics covered in this book.

It may be mentioned here that consent of both the author, Prof. Dr. Abdel Hamid El Ghazali, and the publisher, The International Islamic Bank

for Investment and Development, Cairo, Egypt, has been obtained before undertaking translation of this work. As per rules governing the translation, this study has also been cleared by IRTI Academic Committee.

The study, the translation of which the Research Division of IRTI is very pleased to present, is an important reading to both specialists and non-specialists. It is hoped that this translation will be of great benefit to all and will seriously contribute to the development of Islamic Economics and its successful application.

May God the Almighty guide us all to the right path.

Research Division, IRTI

INTRODUCTION

Praise be to Allah, Who said: "He that chooses a religion other than Islam, it will not be accepted from him, and in the Hereafter he will be one of the losers" (Sura Al Imran: 85) and: "When my guidance is revealed to you, he who follows it shall neither err nor be afflicted but he who gives no heed to My warning shall live in distress" (Sura Taha, 123-124).

Blessings and peace be upon Allah's Messenger, who said: "I leave to you that which if you adhere to, you will never go astray ... Allah's Book and my Sunna" (Al Tirmithi).

Actually, the idea of writing briefly on the Islamic strategy for economic development troubled me for some time. How to cover in such a limited time and space a subject that is taught for four years, in order to obtain a Bachelor degree in Islamic Economics ?

To settle this problem, as an exception of the rules of scientific research, without seriously departing from them, my solution has been to approach this important subject in a general way, without being bogged down, to a large extent, with details, definitions and technical terms, in order to highlight the basic principles, or rather, the essence of the Islamic strategy for economic development.

Hence, my attempt will include, as a background and foundation for the subject, the following four points or chapters, in this order:

- Chapter One: Some basic premises;
- Chapter Two: Quick diagnosis, or analysis of the problem of economic underdevelopment;
- Chapter Three: Brief narration of man-made strategies for development;
- Chapter four: The fundamentals of the Islamic strategy.
- Conclusion.

Cairo, Zamalek, 1408H (1988 AD)

Abdel Hamid EI-Ghazali

CHAPTER I

BASIC PREMISES

There are many premises which by themselves demonstrate basic principles of Islamic Economics. At the same time, they compose a necessary background for a deeper and more detailed understanding of the Islamic strategy for development. The most important of these premises may be summarized hereunder.

1. The Ethical Basis of Islamic Economics :

There is a popular myth that man-made, secular. economics and systems like capitalism and socialism are value neutral and, concerned as they are with the material world, transcend ethical and moral values and focus their main interest on "material things."

History teaches us that every system known to mankind is unavoidably influenced by ethics and morality, in one way or another. However, in Western economic thought, be it capitalist or socialist, ethical values have come to be considered as existing outside the context of the mechanism of the system, i.e., exogenous. By contrast, ethical values are axiomatic to the Islamic system, operating as indigenous variables in its mechanism and working as its main driving force.

So, here we have a religious economics or an economic religion. These designations are not simply rhetorical or playing with words. It is rather a confirmation of the fact that Islamic economics is an integral part of a complete, divinely-inspired way of life, interacting harmoniously with and complementary to all the other constituents of Islam and operating absolutely within its religious doctrines.

It is, indeed, a science of seeking out the wealth and provisions (*Al Rizq*) that have been pre-ordained, in accordance with Divine law. For this reason, Islamic economics can legitimately be described as religious economics, ethical economics, or humanomics.

Consequently, this science is based factually, with respect to its analytical premises, on the notion of the "ethical man" and not the "economic man" as in capitalism, or the "social cogwheel" as in socialism. Therefore, Islamic economics is based on a clear ethical pillar aiming at being more attentive to "people". It is perfectly ethical and humane.

2. Islamic Economics is Open to Human Heritage :

Islamic economics deals with the human heritage with complete open-mindedness. Many of the principles and practices on which Islamic economics draws need not be "Islamised" due to the fact that in Islam "matters are basically permissible" and that "wisdom is the goal of the believer, and it is his right to seek it whenever and wherever he may find it, so long as it does not violate the tenets of *Shari'ah*." It may be added that the contributions of Islam have profoundly enriched human knowledge and advanced human progress. Therefore, the utilization of any aspect of contemporary experience by Islamic economics can be considered as a justifiable return to this legacy. It is also a legitimate act in itself, for wherever there is good (*Maslaha*), Allah's law is behind it.

The teachings of Islam urge the Muslim community to keep abreast with intellectual advances in the fields of organization, technical methods, technological innovations and administrative systems, etc., for dealing effectively and efficiently with material "things" in order to finally develop the economy and promote human welfare and social progress.

3. The Need to Cease Being Apologetic about our Advocacy of Islamic Economics :

It is imperative that Muslims renounce the attitude of defeatism when dealing with Islamic issues. When we discuss Islam or any of its aspects, we normally tend to be apologetic; we defend Islam, Islamic economics or the Islamic economic system and attempt to prove that it is similar to, in keeping with, or in no conflict with contemporary secular systems, as if these systems were the source and Islam were a mere tributary.

Islam as a way of life is considered more complete and comprehensive, and even superior to any man-made system; it does not allow "matching" with other secular systems, let alone the impossibility of "comparison" with any of such systems. There is no doubt in this, for it has been made by the Creator, the Exalted, the Sublime. Therefore, we should get rid of this inferiority complex which we ourselves have created and which our enemies have been making sustained attempts to convince us of its reality. This attitude is an unjustifiable denigration of Islam on the part of Muslims who, consciously or unconsciously, attribute their sense of inferiority and helplessness to Islam.

Muslims must overcome this inferiority complex which has been induced by prolonged and systematic cultural assassination carried out by

the enemies of Islam. We have lived too long in the shadow of civilization. This state of affairs has been the result of our own deviation from Islam as well as the alien life styles imposed upon us by the enemies of Islam.

In truth, Islam stands aloof in perfection and comprehensiveness from all man-made systems, for it has come from the Creator, the Exalted, the Sublime.

4. The Absence of Islamic Economics is the Main Cause of Underdevelopment :

Some writings on economic development have relegated Islamic countries to the group of underdeveloped nations. There is some truth to this evaluation and there are underlying reasons for this state of affairs, but this claim represents only half of the truth. Advocates of this opinion jump to unjustified conclusions and claim that such situation is partially (as if they strictly apply the principle of academic objectivity !) attributable to some of the values and practices intrinsic to Islam.

This conclusion is based upon absolute ignorance of the truth of orthodox Islam and has been arrived at through a specious economic analysis full of intentional distortions. The Islamic system is founded on four interactive elements: the declaration of faith, worship, morality and good deeds (transactions). These elements form an integrated system in which intellect and action are unified in the Muslim's consciousness and behavior. The implementation of Islam serves to operationally achieve the "objectives of *Shari'ah*"; i.e. to protect faith, life, intellect, property and progeny through which the world can be developed and progress in every aspect of life can be achieved.

During the first three centuries of Islamic history when this system was applied, Islamic society flourished on every level, proving that the Islamic system was an effective and scientifically sound way of life, oriented to development and universal in outlook. Islam is not merely a religion in the western sense of the word but a comprehensive life system that is pragmatic, open-minded, dynamic and efficient, based upon the Divine guidance of the Book and *Sunnah*.

We are indeed underdeveloped, not because of Islam but because we are Muslims only in name, no longer true to our faith and practice. We abandoned Islam and, as a result, our countries fell behind other nations and were defeated and overrun from the East and the West. We have lost our identity. Our societies flounder with man-made systems. When we

adopted Western capitalism, we did so as consumers not as producers. We consumed both manufactured goods and the culture of the colonial civilizations. We were subjugated and exploited. When some of our countries experimented with eastern socialism, we consumed rhetoric, slogans and ideology. Under socialism we were even more oppressed and exploited.

In both cases, and despite the shortcomings of both systems which we tried to adopt, we have even misapplied them and thus caused them great injustice; we could not achieve what each of the two systems in its camp was concretely able to achieve. Despite the innate deficiencies of these two systems, we misapplied them both in governing our societies. As a result, we were not able to reproduce the concrete material results attained by these secular societies. This failure was essentially due to the absence in Islamic societies of elements necessary for success. There has also been, on the individual and community levels, a lack of commitment to the secular principles and beliefs which motivate secular development. The clash between the deep personal beliefs of Muslims and alien ideologies imposed upon their societies has created a psychology of ambivalence and dislocation, and social inertia and entropy which have led to economic decline and, ultimately, to the state of underdevelopment we are presently experiencing.

5. The Fundamentalistic Nature of Islamic Economics is an Enlightened Creativity :

The inevitable adoption of the Islamic economic system is definitely not meant as a return to the age of decadence and economic decline which reigned from the Seljuk to Ottoman eras. It is, rather, a return to the spirit of the first epoch of Islamic history which was characterized by enlightenment and creativity based on a total adherence to the Book and Sunnah, down to the smallest detail.

This distinguishes the Islamic system from all other man-made systems. It is a system driven by the knowledge of Allah the Almighty, the sincere worship of Him and behavior in accordance with the divine principles that unlock human potential. In economic terms, the Islamic system can encompass commercial transactions and empirical sciences within the moral context of the Divine law. Under this system Muslim society can adapt to modern civilization upto the maximum attained while retaining its traditions and beliefs.

The economic problems that afflict our so-called Islamic countries have never been the result of "fundamentalism." Would that we were fundamentalists in the true sense of the word. The real problem stems from a retrograde, synthetic fundamentalism which resembles the backwardness of medieval Europe; a vague, rootless amalgam of philosophies.

Our ill-defined economic system defies scholarly description, regardless of the prevailing influences of capitalism or socialism. There is no coherent pattern to be found.

We are suffering from a sense of dislocation manifest in our alienation from Islamic tradition and in our estrangement from the age in which we live. The cure is to return to our identity and to reinstate our Islamic system based upon Divine principles. Only in this way can we adapt our societies to contemporary life with enlightenment and creativity, in harmony with our traditions.

6. Islamic Economics is an Inter-marriage and Harmonization between Spirit and Matter :

Islam, as a religion and a way of life, has come to creatively unite in a marriage bond characterized by meticulous balance and harmony between heaven and earth, spirit and matter, Makkah and Madina, this life and the hereafter, or more directly and specifically, between the two sides of *Shari'ah*: worship and business transactions. The latter side is characterized by being basically "permissible" as has been emphasized earlier, as long as such transactions are in harmony with the objectives of *Shari'ah*, particularly that of Man's development of earth in accordance with the basic immutable principles as well as changing variables in time and space according to the interests recognized by *Shari'ah*. In this way all transactions in conformity with *Shari'ah* may be utilized for development to meet the interests (*Masaleh*) of people, in a system where knowledge and work are raised in status to the level of worship.

This outlook is expressed in the traditional saying: "Work for this life as if you will live for ever and for the hereafter as if you will die tomorrow." This balance of opposites leads to integration, not separation. With this understanding, spirit and matter are not irreconcilable. In the Islamic perspective they form two integrated aspects of existence, set in balance without exaggeration or negligence to support and strengthen each other.

Religious practice refines the soul and encourages the acquisition of knowledge and the fulfillment of human potential. The learning and work

carried out in the name of Allah are a form of worship. Indeed, they are among the most exalted forms of worship. Sincere, accomplished work toward progress and development is, therefore, an act of religious worship and is rewarded as such. The end result will be a serious scrupulous and perfected work, true scientific progress and hence actual achievement of balanced and comprehensive development.

7. Islamic Economics Aims at the Achievement of Full Sufficiency :

The prime purpose of the Islamic Economic System, as expressed in all its aspects (its concepts and perceptions; its constants and variables; its balances and dynamics, its internal order and external motivations; its controls and regulations; its traditions and modernity; its efficiency and fairness; its timeless relevance and its historical achievements; its spiritual and material aspects) is the worship of the Creator, which, in the broadest sense encompasses man's obligation to develop life on earth. This development effort should secure a decent standard of living for the individual i.e. full self-sufficiency (*Tamam Al Kifayah*).

To achieve this aim, the Islamic system integrates human nature with the absolute; matter with spirit; ritual with canonic law; the individual with the group; and this life with the hereafter. This integration is achieved through a series of well-defined principles and practices: moderation and justice; the clear definition of occupations within the society; the imposition of specific regulations to prevent malpractices which obstruct the full and efficient utilization of resources. The inevitable violations which do occur can be corrected within the Islamic economic system itself: through active and responsible monitoring and intervention of the individual; through government participation in finance and economy; through the Islamic system of " *Hisba*, " and through a definitive system of reward and punishment which encompasses this life and the hereafter.

During the early period, the implementation of this divinely- inspired system established a productive and pious society which actually realized in practice, full sufficiency for its citizens.

To follow up these indisputable premises about the fundamentals of Islam and its economic system, and to define the basics of Islamic strategy for development, it is more appropriate, methodologically, to discuss the problem of underdevelopment and the strategies modern man has improvised to tackle it.

CHAPTER II

ECONOMIC UNDERDEVELOPMENT DEFINITION AND ANALYSIS

Definition :

Economic underdevelopment is generally defined as the relatively low level of economic activity of a community. This is normally described as a relative "economic poverty" usually expressed quantitatively by the relatively low level of the "average" per capita real income, i.e. the income in monetary terms after the elimination of the effect of prices.

This relative low performance means that the amount of goods and services an individual gets in the average, is relatively less in quantity and inferior in quality. Relativity in this sense relates to what the society can actually achieve if production resources were fully and properly utilized and to what has actually been achieved in other economically more developed countries.

Problem Analysis :

Prior to any discussion of the subject of development it is necessary and logical to identify the causes of underdevelopment.

There are a number of diagnostic approaches in use, including the single-cause approach, the partial or one-sided approach and the comprehensive approach.

The single-cause approach attributes economic underdevelopment to a single cause, such as scarcity of capital, poor organization, lack of skilled labor, a dearth of natural resources, or, even poor environmental or climatic conditions. This one-sided approach is completely unsuitable for an analysis of underdevelopment which must take into account a variety of contributing factors.

The partial approach is, in fact, comprised of two approaches: the quantitative approach and the social approach.

The quantitative approach attributes underdevelopment to the nature and characteristics of economic variables that can be measured and which are conventionally referred to as production resources or elements of

production. Although this approach is more thorough than the single-cause approach, still it overlooks the existence of non-economic variables and does not go far enough to account fully for the causes underlying underdevelopment.

In contrast, the social approach considers underdevelopment to be the result of the nature and characteristics of these variables themselves which are non-material; and unquantifiable; underdevelopment is seen as the result of social factors in the broad sense of the word "social" (i.e. social, political, psychological, cultural, etc.). These factors are crucial but the approach itself is incomplete in that it relegates economic variables to a secondary or neutral role..

All these approaches are rejected for being incomplete in one way or another and, in consequence, incapable of producing a precise diagnosis of underdevelopment.

The comprehensive approach is, therefore, the only acceptable method for defining the causes of underdevelopment. This approach attributes underdevelopment to factors that contribute to the decline of economic activity, whether economic or non-economic in nature, quantitative or non-quantitative, direct or indirect. We cannot determine beforehand, on an analytic basis, which of these factors is more important than the others in order to work out a remedial system of priorities unless this comprehensive analytic framework is applied to a specific case study.

The application of the comprehensive approach reveals that underdevelopment is generally caused by six groups of factors:-

- Quantitative and qualitative limitation of production resources.
- Misuse of available production resources.
- Negative characteristics of the environment in which the production process takes place..
- Negative effects of the phenomenon of circular causation.
- Negative effects of the phenomenon of dualism in the national economy.
- Negative effects of international economic relations. I.

Limitation of Production Resources :

By production resources we mean the elements of production: land or natural resources; labor or human resources, capital or capitalist produc-

tion resources; administrative and organizational skills; and production technologies used.

For the purpose of this analysis, all this being equal, the qualitative and quantitative limitation of one or more of these resources, or their total or partial absence, is considered a primary cause for the relative decline in economic activity.

It is possible that the limitation of natural resources, capital, organizational skills and appropriate technologies is the clearest indicator of structural deficiency in the production processes of underdeveloped countries._

II. Misuse of Available Production Resources :

Despite the quantitative and qualitative limitation of the resources available to developing countries, yet such resources are misused. Thus we see the wasting of resources by countries that have no choice but to make an optimal use of them if they wish to upgrade the level of their economic activity. This wasteful utilization of resources at the national level is technically referred to by saying that the government is following a "bad macro-economic indicator." Poor utilization of resources is manifest in any of the following forms:

1. **Non-Utilization** : By this is meant to refrain from partial or total use of one or more of the factors of production, thus wasting a clear opportunity to increase production. This situation is a direct cause for decline of the level of economic activity.
2. **Partial Utilization** : Low national economic productivity results when one or more of the production elements available are only partially utilized.
3. **Poor Utilization** : This situation arises when part of one or more of the production elements is used in a proper line of activity but in an improper quantity, or when such part is utilized in a line of activity that is improper in the first place. This distorts the "mixture" of elements of production employed in a certain line of activity, which in its turn causes productivity of the line of activity to decline, and ultimately that of the entire economy.

Underdeveloped countries are characterized by extremely negative production indicators. Production in these countries, even at its highest levels, falls well below potential "maximum" production capacity. This means that it is technically and practically feasible for any underdeveloped

country to increase its national production, without any change in the supply of production resources, by improving distribution and utilization of these resources. Thus poor utilization of production resources is a major cause of underdevelopment.

III. Negative Characteristics of the Environment in which the Production Process Takes Place :

Underdevelopment is not only caused by problems in the supply and utilization of production resources. It is also caused by negative characteristics in the environment in which the production process takes place. This environment includes non-economic factors (i.e. social, political, psychological, cultural, etc.) which influence economic activity.

These factors form an overall social system with intrinsic values that govern interpersonal relations, social organization and institutions, combining into a recognizable social structure.

Every society needs an environment for its production processes which is in harmony with its social system and structure. Underdevelopment is caused when the social systems and structures of a country militate against high productivity. In consequence, they constitute a major obstacle to development. The following are examples of the negative characteristics in the environment:

1. **The Predetermined Social Status of the Individual;** This situation prevails when the individual in society does not attain his position on the basis of his personal accomplishments or ability. Social mobility (i.e. the ability of an individual to raise his standing in the social hierarchy) is nil, or nearly 'so. The distribution of human resources is not based on merit or capacity but on kinship, class, family, favoritism, etc. This results in a misuse of the element of work which consequently leads to low productivity of this element and ultimately the low productivity of the whole economy at large.
2. **The Negative Attitude Towards Work;** This occurs when the relationship between social status and work is a converse one. In other words, the more effort one exerts in his work, the less is his social status, and vice-versa. This acts as a disincentive to work, leading to inertia in the work force, rises in the unemployment ratio and a lowering of production in the national economy.
3. **Society is not Based upon Economic Responsibility;** Production units are managed and supervised at random, without planning

or adherence to sound economic principles and practices. Without proper planning and the implementation of feasibility studies, a waste of available resources will result which will contribute to a decline in economic activity.

4. **Lack of a Well-Defined Legal Responsibility;** This would result in the absence of well-defined, fair-minded criteria for accountability with a built-in system of reward and punishment. This would, in turn, lead to the absence of proper performance evaluation in all fields, thus rendering any effort aiming at improvement of the prevailing conditions increasingly difficult over time. The absence of legal responsibility leads to a decline in overall productivity. At the local level production units become negligent in honoring contracts. At the national level confusion and disorder in the production process multiplies. On an international level, important markets are lost.

5. **Allegiance by Groups to Authorities Other than the Central Government;** Clan-like groups within the society are yet one of the negative characteristics of the environment which affect the production process. Such groups usually have allegiance to their chieftains. The central authority cannot plan social and economic development policies, let alone execute, monitor and evaluate them, if there are large groupings within the society owing allegiance to another authority. Waste and poor utilization of available resources is one result of this situation, which is common in tribal societies and to a lesser extent in underdeveloped countries with closed, introvert groupings. Economic and social paralysis ensue.

6. **The Rapid Turnover of Top Management;** accompanied by staff lay-offs based on the above groupings phenomenon. This creates an atmosphere of extreme instability and impotence as management decisions are thrown into a constant and unresolved state of flux. In consequence, the production sector, and by extension, the national economy as a whole, would lose stability because of the inability to absorb the rapid and successive changes. The insecurity that results from this state of affairs affects individual productivity and that of the society as a whole.

7. **State of Rising Expectations;** This situation is characterized by a constantly widening gap between abilities and expectations at both the individual and national levels. This yawning gap results in feelings of despondency, disappointment, impotence and non-achievement.

Such feelings, in turn, will result in negative psychological effects on the productivity level of the individual and the entire society.

This negative characteristic is generally manifest in the gap between promises of the executive authority and its modest achievements, and in particular in the over-ambitious development plans - the objectives of which cannot be achieved even under optimal conditions - and the actual achievements that are realized. This results in growing doubts regarding the ability of the authority to keep its promises, and consequently, in loss of confidence in such authority, which will result in lowering the individual's as well as the entire society's productivity level.

8. Primitive and Unfair Distribution Systems; There are two systems in operation which produce this negative characteristic.

The first exists in backward, tribal societies. In this system products are indiscriminately distributed on an equal basis regardless of the individual's participation in production effort. This discourages any attempt to increase production or even to take part in it in the first place.

In the second system a tiny minority of the populace receives the largest share of production while the majority, who put the most effort into the production process, receive next to nothing. This is also a system of extreme inequity in which there is no motivation to produce or increase production.

Both these systems have a manifestly negative impact on individual productivity and, by extension, on that of the entire national economy.

9. Cultural lag; This refers to the existence of principles, values and relationships dominating a society which are inconsistent with the spirit of the age. This lag is a manifest obstacle to progress and development, requiring social attitudes which can accommodate modern production methods, distribution techniques and consumption patterns. In societies where values, habits and behavior militate against progress, the economy is constricted and trapped in an extremely low imbalance.

10. Cultural Lead; This refers to the existence in an underdeveloped society of principles, values, and habits imported from relatively advanced societies. These alien attitudes and practices are implanted

in societies which are unable to cope with them. Importation of technology, production methodology, distribution practices and consumption patterns which are inconsistent with the available production resources, is an obvious example of this.

Certain oil-producing countries which are yet underdeveloped have been negatively affected by such a contradiction. This phenomenon has been called the Dutch Disease, which attributes structural disorders in the national economy to the oil boom of the 1970s that led to a surplus of cash in the economy, unaccompanied by real progress. Other non-oil sectors, particularly the commodities sector, were debilitated, giving rise to a community of consumers, dependent on importation of commodities from foreign countries.

In aggregate, these negative characteristics are a major contributor to underdevelopment.

IV. Negative Effects of Circular Causation :

When variables controlling economic patterns are not related in a linear way, with cause and effect or action and reaction, but instead, in a convoluted way in which every variable can be the cause and the effect at the same time of other variables, underdeveloped countries can be adversely affected.

Although all economies, advanced and underdeveloped, contain elements of circular causation, underdeveloped economies are particularly vulnerable to its negative effects. Underdevelopment can actually be perpetuated in a vortex of poverty. In impoverished countries with low average per capita income a vicious circle of poverty overwhelms the dynamics of the economy: average per capita income is low because national investment is low; national investment is low because national saving is low; national saving is low because average per capita income is low; average per capita income is low because the country is impoverished; and on and on.

These "low" levels represent the negative aspects of the variables or links in this vicious circle. From this it becomes clear that the strategic link is national investment.

It should be pointed out that these vicious circles are not inexorable or inextricably interlinked. This would imply that underdeveloped countries are hopelessly trapped in poverty which is a denial of the nature of the way things work in the real world of economic development and human

progress. It is also contradicted by the experiences of advanced economies on the one hand, and the modest achievements of developing economies, on the other. Developed countries were underdeveloped at some point in the past. They were able to break the shackles of poverty and freely develop. Similarly, developing countries have been able to eradicate some of their vicious circles of poverty and advance.

It is crucial, then, for underdeveloped countries to isolate and define these negative circles of causation and eradicate them. In the end they will actually be able to benefit from circular causation through the feedback mechanism in this dynamic which perpetuates the development process. Increasing national investment will increase average per capita income, which will increase national saving, which, in turn, will increase national investment, and so on. This cycle will set the economy on the course of development providing there is a concerted effort to break the vicious circles of poverty that have been defined. An increase of investment is a necessary prerequisite to this remedial process but it is not enough, in itself, to generate economic development.

Without treating the negative characteristics of circular causation, vicious circles of poverty will perpetuate and exacerbate the bane of underdevelopment.

V. Negative Effects of Dualism on the National Economy :

Dualism in this context refers to the division of the national economy into two opposing sectors. One sector occupies a very large part of the national economy and is usually highly underdeveloped in terms of production methods employed, effective productivity of invested production elements and the standard of living of individuals who live on the income generated. This sector is most often the agricultural private sector which produces usually at a subsistence level. The other sector occupies a very small part of the economy and, in the above mentioned terms, is relatively advanced. It is most often composed of emerging industrial, financial, mining, or modern agricultural enterprises, like rubber plantations, and is usually linked to a former colonial power. This sector tends to be marginal and dominated by foreign interests and influences and constitutes a foreign enclave. Rather than aiding the process of development, this small sector actually tends to aggravate underdevelopment through unfair intratrade practices with the underdeveloped sector. These intratrade practices favor the developed sector at the expense of the larger sector. There can be no mutual development while this dualism exists because the surpluses

of the advanced sector are not re-invested in developing the large sector but rather transferred abroad to the former colonial power or another exploitative foreign country to which this foreign enclave is organically linked.

VI. Negative Effects of International Economic Relations :

Since the dawn of history international economic relations have been contributing to the backwardness or rather the underdevelopmentization of underdeveloped countries, through three distinct and inter-active practices: colonization; foreign investment; and unfair exchange of products.

1. **Colonization;** Countries that are now described as underdeveloped were ruthlessly, regularly and doubly exploited by colonial powers, first as a source of cheap raw materials for the emerging industries begotten by the industrial revolution, and second, as controlled markets for the industrial products of these colonial powers. These colonized countries were thus linked to the industrialized powers as underdeveloped units and were prevented intentionally from any effective attempts to modernize and develop their economies.

2. **Foreign Investments;** The concentrated and systematic exploitation of underdeveloped countries was further intensified by the manipulation of foreign investment. This manipulation took two forms: type of project and type of financing. First of all, investments were selectively made in transport and communications projects to increase a country's dependency upon the outside world and perpetuate the exploitation of its resources. Secondly, these investments were financed with foreign loans under unfair terms, exacting heavy service charges in the form of commissions, interest and premiums at a time when these loans could have been financed by the underdeveloped country from its existing surpluses. The target was to drain whatever remained of economic surpluses and to leave these countries in desperate financial straits.

Foreign investment, or what has been termed as foreign aid, from both the Eastern and Western blocs has perpetuated the exploitation of underdeveloped countries, with increasing cynicism and on a larger and larger scale to the point where it is now sometimes termed "the new imperialism." This negative impact of foreign investment and foreign aid can be attributed to the fact that recipient countries are restricted in the use of aid and investment to projects that stipulate

the purchase of goods produced by the donor country or, in the case of capital investment, through turn-key projects.

In many cases these purchased capital products are incompatible with the needs of the local market and the nature of available production resources of the recipient country. The limitations of the local market and the heavy interest on finance loans render these products of limited use within the country: Moreover, the absence, or extreme scarcity, of local components which are the result of the imposition of turn-key delivery, has the effect of limiting or even preventing the growth of intermediate industries in the recipient country, resulting in the inhibition of national productivity and a reinforcement of technical dependency. When the recipient country attempts to expand its limited markets and create full employment by exporting, it frequently comes up against intense competition from the donor country which is more established in international markets. In the face of such competition export opportunities of the underdeveloped country evaporate.

As a result, the Group of 77 (underdeveloped countries), has called for "Trade not Aid", indicating that they do not want more foreign aid but rather a fair share of international trade. As a result of borrowing with high interest, these countries have suffered from escalating foreign debt and debt servicing.

The so-called military aid only perpetuates the continued exploitation of underdeveloped countries, exacerbating their economic crises. These loans are used to buy military hardware which are absolutely unproductive and divert much needed foreign resources from development projects.

Underdeveloped countries are forced into seeking military aid because advanced countries in the Eastern and Western blocs have ignited hot spots by supporting client states in limited warfare, creating markets for the products of their lucrative arms industry.

3. Unfair Exchange of Products; Lastly and to an extent as a result of the old and new forms of colonization, and the past and modern foreign investments, an international division of work and specialization has been imposed on the underdeveloped countries. Underdeveloped countries have been restricted to producing raw materials - agricultural and mineral - for international markets. These raw materials have an inflexible supply and demand. In contrast, the supply and demand of industrial products manufactured by developed countries

is extremely flexible.

In consequence, the terms of international exchange have, without exception, been extremely unfair to underdeveloped countries. Oil had been the sole exception to this inequity for a period of less than a decade, but it is no longer. This unfair exchange of products exacerbated underdevelopment while enriching developed countries.

In reaction to this intolerable situation, a reform movement has emerged, calling for the replacement of the present economic world order with a new world order which is more equitable, just and effective in benefitting humanity as a whole. The chances of its success are minimal given that its aims conflict with the interests of developed Eastern and Western bloc countries. In conclusion, international economic relations have contributed significantly to underdevelopment and continue to exacerbate the problem as time goes on.

Islam's Attitude Towards Underdevelopment

On the basis of the above analysis, we conclude with complete confidence that the causes of underdevelopment have nothing whatsoever to do with the theory or practice of Islamic economics. Development is fundamental to Islam.

The Islamic system condemns poverty and promotes the practical struggle against it, to the extent that the Messenger of Allah, peace be upon him, prayed to Allah to guard him against poverty, equating it with unbelief. Islam attacked poverty with the aim of eradicating it. Work is considered to be an act of worship and social solidarity a fundamental principle of Islam. Together they act to achieve self-sufficiency.

Based upon the objectives of *Shari'ah*, all permissible actions - ritual or temporal - of the legally responsible Muslim constitute acts of worship. The act of worship, for which mankind has been created, is not expressed in Islam through monasticism, hermeticism and isolation, but through acting in accordance with the will of Allah to develop life on earth. Economic development is, therefore, a religious duty which must be carried out until the Day of Judgment.

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CHAPTER III

MAN-MADE CONVENTIONAL METHODS OF DEVELOPMENT

General Trends :

The above diagnosis of underdevelopment together with the definition of its causes suggest a course of action which can be outlined by first delineating general courses of action to promote comprehensive and continuous development, manifesting in the actual rise in the level of economic activity.

The following development methods fall into this category: quantitatively and qualitatively improving supplies of production resources; improving utilization of available resources; eradicating the negative characteristics of the environment in which the production process is carried out; identifying circular causation in the economy and converting negative cycles into positive ones; reinvesting surpluses to develop the macro-economic underdeveloped sector and prevent the flight of capital; and, finally, establishing more equitable and effective international economic relations.

Obviously, these are ideals rather than specific policies and programs. We have two available interrelated approaches to implement these courses of action: man-made development models and man-made development methods. We shall briefly discuss the feasibility of each of these approaches in dealing with the problem of underdevelopment.

Man-Made Development Models :

Two differing models are available to underdeveloped countries: the Western model with all its various patterns and the Eastern model with all its various ramifications.

The Western Model :

This model has been based upon the ideology and system of capitalism, centering upon individualism. The freedom of the individual and the importance of materialism is exalted. The Western model is characterized by freedom of enterprise, the profit motive, private ownership, the market mechanism, the credit mechanism and competition.

The intellectual ideal of humanism evolved out of the Renaissance and Reformation. Humanism advocated respect for the individual and the protection of his freedom and human rights and stimulated libertarianism, scientific enquiry and research, and exploration. These new trends contributed to a series of changes in attitude and practice which led to the development of capitalism. The process of creating wealth for its own sake was exalted and led to capitalist accumulation. Scientific enquiry led to technical and mechanical inventions. Exploration led to new geographical discoveries which, combined with the acquisition of wealth, led to economic and political colonization. The advent of the industrial revolution instigated the development process. Colonization played a pivotal role in this process by enslaving weaker nations and exploiting their economies.

The intellectual development that flourished in the West during the - Renaissance and Reformation can be traced directly to the influences of Islamic civilization, manifest in the Reformation in general and Protestantism in particular, which led to egalitarianism and freedom of the individual. Development followed. -

However, in spite of the many material achievements that characterized this model, exploitation and injustice re-emerged as a result of its essential class-ridden capitalism, its blatant materialism, the lack of theoretical safeguards against monopolism which opened the way to monopolistic practices.. With the onset of exploitation, freedom was threatened. This culminated in the Great Depression that swept the world at the end of the 1920s and through the 1930s.

Attempts were made to reform the model theoretically and revise its application. Keynes and his disciples argued that the theoretical ideals of a protectionist state and automatic balance were not practicable and urged that the state should intervene in economic activity in order to increase real demand through consumption and investment so that full employment could be realized. In terms of application Monnet called for government intervention modelled on the French experience in order to rationalize economic decision- making and to raise economic performance at the national level.

Yet, in spite of these modifications which have effected some modest successes in counteracting exploitation - implicit in the model's structure and explicit in its application - economic distress remains a consistent indication of the model's structural disorder that is unique in kind and constitutes a perpetual challenge to its theorizers. This manifests itself in

the simultaneous incidence of inflation and recession, or what is known as recessive inflation or inflationary recession. As inflation escalates, it is not accompanied by greater utilization of resources but by higher unemployment. With the increase of recession this leads to higher, rather than lower prices.

The Eastern Model :

This model has been based upon socialist ideology and practice, centering on the doctrine of collectivism which exalts the community at the expense of the individual. The dictatorship of the proletariat dominates during the transition period, inducing a socialist mentality which makes materialism the foundation of progress. This model is characterized by the following: state ownership of the tools of production, or state capitalism; the satisfaction of collective needs; heavy industrialization, controlled by central planning; and equal distribution of production. This model was applied by means of coercion, rigid centralization, and total central planning.

The implementation of the Eastern model assumes a comprehensive, minutely detailed knowledge of the existing economic system which the model aims to displace. The same attention to detail is also demanded of the leadership in formulating orders and instructions. And absolute discipline and dedication is demanded of those who execute these orders. This form-of planning is a pivotal myth in all totalitarian systems.

In spite of material advances achieved through this model in which all decisions were made by a central authority, these came at a high social and economic price. Traditional values were neglected and performance standards deteriorated, demonstrating the saying that "dictatorship which facilitates planning seems to produce nothing but bad planning."

This model is theoretically defective in that it is incapable of preventing state monopolies from forming. The model also gives rise to planning which does not reflect popular preferences, predetermined as they are by planners. The myth of the "omniscience" and "omnipotence" of central planning directors, encouraged a multiplication of abuses which led to exploitation on an institutional and individual level. Freedoms were curtailed. Human potentials were wasted and utilization of resources was increasingly inefficient.

Theoretical and practical attempts to rehabilitate the eastern model were made. A call for the introduction of profit motivation at the production

level was made. A new economic policy, adopting a kind of decentralization, particularly in the agricultural sector, was activated by the central

authorities.

In spite of these attempts, coercion and exploitation persist, and are apparently inherent in its structure.

Modest achievements in the field of reform have not eradicated the fundamental malaise which diminishes productivity and debilitates the economy as a whole. Theoreticians and policy makers attempted to remedy this malaise through Soviet glasnost, or openness and by the new "capitalist" openness attempted by China. The greatest failures of this kind of economic model have occurred in the agricultural sector. Suffice it to say that the failed Soviet experiment still depends upon the U.S.A., to make up for deficiencies in wheat production, which is a strategic crop.

Conclusion

On the basis of the above, it is clear that neither model can provide an effective remedy for underdevelopment for three reasons. The first is that these two models have innate theoretical and practical deficiencies. The second, beliefs and conditions in underdeveloped countries are incompatible with the principles and practices of these two models. The third, most of the underdeveloped countries lack the prerequisites needed to follow either model:

A complete imitation of one or the other as a framework for remedy is, therefore, impossible. On the other hand, it is inadvisable to completely dismiss both models. We must study them with an open mind to adapt aspects from both, to fit the conditions of each specific country, so long as they do not conflict with their indigenous values and customs:

Man-Made Conventional. Methods of Development :

Two schools of thought on development have evolved from these models: the first is based on the economic ideas of Adam Smith as developed by Harrod, Dumar and Hansen; the second is based on programs proposed by economists specializing in development.

The First School :

In actual fact, this school of thought has contributed very little toward remedying the problem of underdevelopment. Its proponents employed an analysis and methodology oriented toward relatively advanced industrial

economies. Growth within an existing productive structure was their primary concern, with a concentration on effective demand and the factors of its variation. The economics of supply were not dealt with to the same extent. On the other hand, many important variables governing the process of development were pointed out.

From classicists like Malthus and Ricardo we get an understanding of how the limitation of natural resources and population growth influence the course of development. From Marx we get an understanding of the importance of available technology and of the need to change the control, if not ownership, of production resources. From Neo-classicists like Marshal, we get an understanding of how underdeveloped countries can benefit from the redistribution of resources to realize higher production. From Schumpeter we get an understanding of how organizational skills influence the development process.

From Keynes and his revolutionary ideals of macroeconomics, we can understand the fundamental role played by fiscal policies in general, and by the positive intervention of the state in economic activity to improve performance and advance the course of development. Finally, Keynes's successors confirmed the importance of some of the aforementioned variables while stressing the importance of capital. This is expressed in analyses made by Harrod and Dumar. Hansen went further by warning against inflation and long-term recession and calling for more government intervention to remedy these disorders. This last suggestion is particularly relevant to the problems of development.

The Second School :

This school of thought has been directly involved in the treatment of the problem of underdevelopment. Its proponents, Development Economists, among them, Nerks, Mirdal, Herschman, Rosenstein, Roden, Rosteau, Lebenstein, Singer, Ecas, Perot, Higgins, Schultz and many others, have rejected the methodology utilized by the developed world because of the essential differences in what the two worlds face. The concern of these economists is concentrated upon initiating structural changes in economic activity, basically on the supply side, to ensure increasing growth rates which will benefit all members of society.

However, these economists employ the same analytical methodology used by the first school of thought and apply the major variables linked to its approach to the problem of underdevelopment. They belong to the

developed world and their approach to the problem of underdevelopment is a natural extension of the secular, materialistic attitude and outlook of the developed world.

Development economists have focused their efforts on the problem of initiating development or, rather, on finding the answer to the strategic question: What basic action is required to move countries from static and chronic underdevelopment into a new dynamic state of on-going development?

The solutions outlined constituted almost as many development strategies as there were economists to propose them, the most important of which are:

Balanced Growth; Unbalanced Growth; Agricultural Revolution/Industrial Revolution; Final Demand Industries; Heavy Industries; Big Push; Growth Centers or Poles; Penetration; Critical Minimum Effort; Take-Off; Import Substitution; Export Promotion; National Self-Reliance; Basic Needs.

Without going into the definition and detail of these methods, we can say that they differ not only in name but in the relative emphasis they place on specific aspects of development. However, they are all in agreement that development efforts should be of sufficient strength and scope to overcome anything that obstructs the process. Otherwise, underdeveloped countries will never be able to begin the process of development.

There is also agreement as to the basic question that must be answered before an on-going development process can be initiated. What is needed to ensure that development efforts of sufficient strength and scope are implemented? In other words, what material element is needed to effectively initiate the development process?

This question, which conforms to the materialist assumptions of these development economists, naturally elicited a materialist answer. The solution proposed was to overcome the scarcity of capital through investment, regardless of the various forms of investment used.

In consequence, development has revolved almost solely around investment methods which were worked out and implemented on the mistaken assumption that poverty is caused by scarcity of capital and that development will take place through the growth of gross product which will flow from developed areas into impoverished areas of a developing country. Development economists believed that the imitation of the

methodology advocated in the materialist Eastern or Western models of the developed North would place underdeveloped countries on the threshold of a golden age of real and on-going development.

Blinded by materialism and concentrating on abstract economic indicators such as gross product, these development economists overlooked or ignored the need for an environment of liberty and equality for the common man upon whom the burden of the development effort will fall. In almost every development experiment proposed by these economists, this need was overlooked and became a factor leading to the failure of most development efforts.

Conclusion :

The development methods emanating from the developed North did not contribute to the alleviation of underdevelopment but actually exacerbated it because the welfare of the common man was lost among its materialist methodology and mechanisms. No matter what definition of development one chooses, what little growth that did occur in underdeveloped countries was growth without development. The implementation of the idea of growth by industrialization - if it occurred at all - did not amount to more than industry without growth.

The Underdeveloped Situation :

We have stated earlier that development in advanced countries was the outcome of an internal environment characterized by liberty and egalitarianism combined with an external colonialism which enslaved and exploited weaker peoples. The enslaved and exploited colonies ultimately became the underdeveloped world, as a result of colonialism and the factors we have defined above. Their loss of identity led to their lack of development and to their exploitation by colonial powers.

With the rise of national liberation movements in the aftermath of World War II, most of the underdeveloped countries eventually became independent. Efforts were made to attain economic independence in order to reinforce political independence. Self-reliance and development efforts were promoted but the values and subservient attitudes caused by subjugation and exploitation, at a national and international level, continue to poison the environment of the underdeveloped countries.

In consequence, past and present man-made development methods have failed in most, if not all, underdeveloped countries. This has been

confirmed by the countries themselves and all international and regional organizations concerned. Social and economic problems have increased as a result.

The manifestations of this failure for almost half a century and the lessons coming from it, are undeniable. By overlooking the importance of the common man in this process, we find that more than three-quarters of humanity suffer from severe social and economic underdevelopment. The problems of the poorest and least developed countries have reached tragic proportions, plagued by starvation, disease, illiteracy, drought, desertification, waste of resources, minimal productivity, 'subjugation' to foreign interests, foreign debts, etc...

Exceptional Cases :

There are obvious exceptions to this bleak picture in South East Asia and certain Latin American countries. However, these, exceptions are tiny islands of development surrounded by a sea of backwardness and underdevelopment and only serve to prove the conclusions we have reached regarding the importance of the human factor in the process of development. These countries have been able to press their values and social beliefs into the service of development. They have been able to achieve a measure of liberty and equality, together with a degree of dignity and responsibility, a sense of belonging and self-esteem in the work place and the encouragement of team work.

This was accomplished through following the Japanese model which is based upon a strategic process of development revolving around the concept of self-discipline of the individual in the workplace. This concept of self-discipline is based upon loyalty, a sense of belonging, self-development and dedication to progress. The concept emanates from the values of Japanese culture in general and from the Shinto religion in particular.

Four countries in the Far East have achieved a measure of development and have made positive steps toward economic and social advancement. Korea, Taiwan, Singapore and Hong Kong have come to be called "The Gang of Four" because of their impressive development. They are even now beginning to pose a competitive threat to Japan, both at the economic and technological levels.

Conclusion :

With these notable exceptions, however, one can still safely say that enslavement and exploitation were the main causes of underdevelopment and have, in fact, exacerbated the condition. The persistence of these inequities at a national and international level, has led to the failure of man-made methods of development, which have concentrated on the correction of secondary causes utilizing the tools and mechanisms of materialist systems. In consequence, the problem of underdevelopment has dragged on far too long and given rise to a multiplicity of related problems which perpetuate human subjugation and humiliation, and the dissipation of creativity and productivity and prevent any kind of beneficial development from succeeding.

CHAPTER IV

.FUNDAMENTALS OF THE ISLAMIC METHODOLOGY

Man and Development :

It is clear from the above discussion of the problem of underdevelopment and the general results of the secular man-made methods employed to solve it that achievement of the "desired" socio-economic development requires, in the first place, purgation of "economic life" from all forms of "injustice" in order to, ultimately, provide the "appropriate" climate for "people" to deal with "things" in an effective development manner.

Axiomatically, Man is the driving force of economic activity and is definitely the living creature responsible for the level of economic performance. Man can do nothing when there is oppression and exploitation. No matter how abundant, diversified and of high quality the material resources might be, nothing of substance and significance would be achieved unless the injustice and exploitation were removed. No driving force, strategy or methodology can operate with adequate efficiency unless such oppression and exploitation are removed, irrespective of whether this force is the "hidden hand" of material incentives or the "visible oppressive hand" of the State, and whether the strategy adopted is the "strong injection" of investment or the "minimum crucial effort" needed for capital formation. Without the human factor nothing can work.

Islam and Man :

Islam as a religion and a life-system is here again to save humanity from the abyss of ignorance, from distress, corruption, injustice and misery, as it once did so long ago. Islam provides the perfect solution through its all-encompassing system of beliefs, ethics, worship and worldly transactions for the purification of humanity in this worldly life and by the doing of man himself. This can be achieved through the elimination of injustice and rectification of deviations through education, social controls and rules regulating aspects of life. The ultimate aim in Islam is man's transcendence over all created things through the knowledge of his place in the universe and the reason for which he was created while retaining his nobility as

ordained by Allah, the Creator, the Exalted. "Therefore, set your face in devotion to the true faith, the righteous nature with which Allah has endowed mankind. Allah's creation cannot be changed. This is surely a true religion, although most men do not know it." "Al-Rum (The Romans) 30."

"We have bestowed blessings on the children of Adam and carried them upon land and sea. We have provided them with good things and exalted them above many of Our creatures." "Al-Isra (The Night Journey) 70.

The Islamic Method :

The aim of the Islamic method of development is to restore mankind to its original divine nature by returning to first priorities: The first priority of development is the welfare of Man himself.

Unlike man-made development methodologies, Islam asks who it is that carries out the process of development. The answer, of course, is that man does. Realistically, development must begin with Man and can only progress from stage to stage by means of Man and for his benefit..

' According to this divinely inspired methodology, Man's place in this world is transcendental and he is the driving force of the development process.

"Serve Allah; you have no God but Him. It was He Who made you from the earth and gave you dwellings upon it. Seek forgiveness from Him and turn to Him in repentance. My Lord is near at hand." Hud, 61

At the same time, Man is also the *raison d'être* and beneficiary of development. Through human development, Man will fulfill his obligations for worship which can be carried out through every aspect of his work. Civilization is the end result of this process, as decreed by Allah. Development is, therefore, a continuous process that maintains its continuity from the continuity of human worship of the Creator, the Exalted, the Sublime. "I only created men and the jinn that they might worship Me. I demand no livelihood of them, nor do I ask that they should feed Me. Allah alone is the Munificent Giver, the Mighty One, the Invisible." Al-Dhariyat (The Scattering Winds) 56-58. "Say: My prayers and my devotions, my life and my death, are all for Allah, Lord of the Creation: He has no partner." Al-An'am (Cattle), 162-163.

The Common Man

The Islamic method is oriented toward the common Man with all his weaknesses and strengths, rather than the theoretical abstraction of man-

made systems that imagine man as an economic being, the "economic Man," or a material being, "the social cogwheel." He is a Man inculcated with the ethics of Islam for whom the practice and system of Islamic economics is an extension of his religious beliefs. He is an ordinary Man of integrity, decency and morality.

This is a realistic picture of a common Man freed from enslavement, exploitation, injustice and oppression in all its multifarious forms. He is a Man possessing dignity and self-respect, who enjoys liberty and justice. Without these two prerequisites, i.e., liberty and justice, owing to non-adherence to Allah's law, the earth will never be truly civilized by Man, underdevelopment will drag on and on and trials will continue to pervade Man's mind and means.

The Oneness of Allah :

The Islamic method is predicated upon belief and certainty in the Oneness of Allah. This belief in Oneness is the essence of worship and, in fact, the underlying reason Allah created all things. Implicit in the belief of Oneness of Allah is belief in oneness of His Essence, Names and Attributes. "Say: Allah is One, the Eternal God. He begot none, nor was He begotten. None is equal to Him." Al- Ikhlas (Sincerity), 1-4. "Allah has the Most Excellent Names. Call Him by His Names and keep away from those that pervert them. They shall be punished for their misdeeds." Al-A'raf (The Heights), 180. "Nothing can be compared with Him. He alone hears all and sees all." Al-Shura (The Counsel) 11. The Oneness of Allah Encompasses the Unity of Lordship and the Unity of Worship.

Unity of Lordship :

This is the belief in the oneness of Allah in all His acts which demands acceptance of all His laws defining morality, attitudes and practices which govern life. Belief in the Unity of Lordship demands the worship of and submission to Allah. "Yet your Lord is Allah, Who created the heavens and the earth in six days and then established Himself upon the Throne, regulating all things. There is no intercessor except by His permission. Such is Allah, your Lord: therefore, worship Him. Will you not take heed ?" Yunus (Jonah), 3.

Unity of Worship :

Belief in the Unity of Worship is the belief in the manifestation of worship in the actions of the Servants of Allah; by consecrating all devotion,

all rites of worship, all prayers and supplications, all hopes and fears, all anxieties and acts of piety to Him alone. Belief in the Unity of Worship demands from us to worship Allah the Almighty; the Absolute Master, with love, fear, helpless beseeching and intense hope. "We sent no Apostle before you to whom We did not send this inspiration: There is no God but Me. Therefore, worship Me." Al- Anbiya (The Prophets), 25. "

Belief in the Unity of Lordship and the Unity of Worship demands that . We submit to Him alone; that we accept laws and religious obligations from Him alone and consecrate our worldly intentions, emotions and actions to Him alone. In Islam all human actions should be devoted to worship. According to Shaykh al-Islam Ibn Taimiyyah, worship is by definition a generic term encompassing everything that Allah likes and accepts in words and deeds, apparent and subtle. Man has only two choices; He must either choose to surrender to Allah and be His servant, or he must refuse this servitude and become a servant of another power. "Did I not enjoin you, O Sons of Adam, not to worship Shaytan who is your manifest enemy, and that you should worship Me ? Surely that was the right path." Ya Sin, 60-61. , .

Belief in the Unity of Lordship and the Unity of Worship is the highest honor bestowed upon Man as this turns him away from the worship of created beings to the worship of Allah alone; from constriction to expansion; from this world to the next world; and from the injustice of falsehood' to the justice of the Truth of Islam. Belief in the Oneness of Allah in His all-encompassing Names and Attributes as defined' by Islam, ennobles Man by making him a slave of no one but Allah and liberating him from slavery to any other being. "You alone we worship, and to You alone we look for help." Al-Fatiha (The Opening), 5. This verse brings together these two aspects; the former referring to the Unity of Worship, and the latter the Unity of Lordship.

'The liberated. Man we are referring to is not an abstraction but a living person; a man who, through the application of a divinely revealed system, assumes the responsibility of developing earth in fulfillment of the obligation he' has been assigned' by Allah, for the attainment of the Divine Goal. Unbelief leads to injustice to mankind and, consequentially, to underdevelopment. Belief in the Oneness of Allah secures liberty and justice for Man and, consequentially, development is ensured. .

Livelihood and the Term of Life :

Allah has provided mankind with food to keep him from hunger and shelter as a safeguard against fear, to secure his livelihood as a pre-condition for developing the world based upon the knowledge of Allah in His Essence, Names and Attributes, so that he may attain deep-rooted spiritual liberation which is embodied in his behavior. It is Allah Who provides Man with his sustenance and livelihood and it is He, may He be Exalted, that pre-determines the duration of his life. Allah is the Creator, the Owner, the Provider, the Taker of Life, and the Overseer; He is the One Who is Worshipped with no partner. "In heaven is your sustenance and that which you are promised. I swear by the Lord of heaven and earth that this is the Truth, as true as you are speaking now!" Al-Dharyat (The Scattering Winds), 22-23. "There is not a creature upon the earth whose sustenance is not (provided) by Allah. He knows its resting place and its repository. All is (recorded) in a glorious Book." Hud, 6. "No one dies unless Allah permits. The term of every life is fixed." Al-Imran, 145.

Seeking a Livelihood :

In Islam, travel in search of livelihood has been related to Man's material and spiritual well-being and equated with fighting for the sake of Allah in fulfillment of his divinely ordained mission to develop life on earth. "Then when the prayers are ended, disperse and go in quest of Allah's bounty." Al-Jumu'a (The Congregation), 10. "And others travelling the road in quest of Allah's bounty; and yet others fighting for His cause." Al-Muzammil (The Enshrouded), 20.

The Messenger of Allah, peace be-upon him, confirms this in his saying: "He who strives to help a widow or a poor person is like a warrior for Allah" (Sahih Muslim). "He who strives to help a widow or a poor person is like a warrior for Allah; fasting during the day and praying at night" (Sahih Muslim). Thus, fighting for the sake of Allah is a duty to be performed by some of the Muslims and not all of the Muslims, otherwise no one will be left to undertake the divine assignment of developing this earth.

This quest for livelihood is carried out through honest and good work to earn a living to the best of one's abilities, in acceptance of the will of Allah and dependence upon Him, while retaining one's sense of dignity and self-respect. "Say: Do as you will. Allah will behold your works and so will His Apostle and the faithful; then you shall return to Him Who knows

alike the reward them according to their noblest actions." Al-Nahl (The Bee), 97. And it is related in the Hadith: "No one ever ate anything better than what he gets out of the work of his own hands. The Prophet of Allah, Dawood, peace be upon him, ate from what he got out of the work of his own hands. (Sahih Al-Bukhari) Omar ibn Al- Khattab, the Commander of the Faithful, may Allah be well-pleased with him, said: "No one is to remain without seeking a livelihood, saying: Allah provide me with livelihood! He knows that the heavens do not rain gold or silver." (Imam Abu 'Hamid Al-Ghazali in *Ihya 'Uloum al-Din* The Revival of Religious Sciences).

Basics of The Method

In the light of this precise definition of provision of sustenance and of the importance of labor elaborated above, here follow the basics of the divine method for development.

I. Viceregency :

The obligation to develop life on earth through balanced and wide-ranging development carried out by the common man, is based upon the Islamic doctrine that all wealth, which is to say resources; belongs to Allah and that man is the Viceregent of Allah upon the earth. "His is what the heavens-and the earth contain, and all that lies between them and beneath the soil.". Ta Ha, 6. "When your Lord said to the angels: I 'am placing on the earth one who shall be My deputy." Al-Bagara (The Cow), 30. "And make you. rulers in the land. Then He will see how you conduct yourselves.". Al-A'raf (The Heights), 129.

This doctrine of Viceregency indicates that wealth exists to serve the people who are Allah's Viceregents, so that they may make use of it and benefit from it. "He has created for you all the earth contains.".Al-Bagara (The Cow), 29. "He has subjected to you what the heavens and the earth contain; all is from Him. Surely there are signs in this for men of intellect. Al-Jathiya (The Kneeling), 13. "We established you with strength upon the ' earth and provided you with a livelihood; -yet you are. seldom thankful. Al-A'raf (The Heights), 10.

At the same-time, the responsibility of Viceregency demands that people work and toil unceasingly to invest this wealth so that it will continue to increase until the Day of Judgement. The work expected of Man is "the good work," as mentioned before, that work which purifies the soul, upholds morality, increases charity, deepens piety, and protects faith, body,

mind, property and progeny. In other words, this work is that which leads to peace of mind through the quest for the good of this world and the good of the next world.

The work we are referring to is that which leads to the development of the earth, bringing forth its bounties and realizing for mankind a life of decency and sufficiency. "Allah has promised those of you who believe and do good work to make them masters in the land as He made their ancestors before them, to strengthen the Faith He chose for them, and to change their fear to safety. Let them worship Me and worship no other god but Me." Al-Nur (The Light), 55. "And that each man shall be judged by his own labors; that his labors shall be scrutinized and that he shall be justly requited for them." Al-Najm (The Star), 39-41.

It is also related in the Had'th: "Work; everyone is capable of performing what he has been destined to do." (Sahih Muslim) "On the Day of Judgement, if one has a seed in one's hand and he is able to plant it before the Final Hour, let him do so; he will be rewarded for it." (Sahih Al-Bukhari).

Bound by this Viceregency, man, who is ennobled by it, has to honor this contract of viceregency and abide by its conditions as delineated by the real Proprietor, the Exalted, regarding wealth management, investment and dealings. One of the conditions laid down by Allah regarding wealth is that people should pay its dues to the Original Provider and to the society in *forms of* charity ordained by Allah, most important of which is *Zakah*, followed by voluntary *Sadaga*, expiations, and other expenditures in order to effect the equitable handling of wealth, establish social solidarity and ensure the optimum utilization of wealth in the course of time. "And bestow upon them a part of the wealth which Allah has given you." Al-Nur (The Light), 33. "Have faith in Allah and His Messenger and give in alms of that which He has made you inheritants; for whoever of you believes and gives in alms shall be richly rewarded." Al-Hadid (Iron), 7. "Take alms from their wealth, so that they may thereby be cleansed and purified." Al-Tawba (Repentance), 103.

And it is related in the Hadith: "Allah imposed upon them payment of alms, to be taken from the rich and distributed to the poor." (Sahih Al-Bukhari) "The best alms is that which comes from the rich; the upper hand is better than the lower one, and start with the nearest of kin." (Sahih Al-Bukhari).

II. Zakah

Zakah is one of the Five Pillars of Islam and a fundamental of the Islamic economic system. It is an obligation, levied on growing wealth, according to specific conditions as 'to amount, time, 'kind and recipients. Zakah is an essential tool to effect the increase of wealth within the society in order to develop life on earth. Under this condition, the possessor of wealth has two choices. Either he can invest his wealth and deduct Zakah' from his profits or he can hold it and have his wealth eroded at a specific yearly rate through the payment of Zakah. It is for this reason that the Messenger of Allah, peace be upon him, has said: "He who is given the custody of an orphan in possession of wealth, must trade in: it and not leave it until it is eroded by Zakah." (Al-Tirmidhi). ' '

The expenditure of Zakah upon specific categories of recipients effects a fair redistribution of wealth for the benefit of the poor, helping the needy to increase their participation in production and to increase their consumption. This redistribution can increase active demand and trigger an economic boom. Zakah expenditure can encourage investment and production. On this point, jurists are in unanimous agreement. that he. who can take up a trade, no matter what it may be, is given only what is enough to enable him to earn his living from his trade. (Al-Mawardi, *Al-Ahkam Al-Sultaniyya*). It is said that Omar, may Allah be well-pleased with him, said to his governors: "If you give, satisfy." (Abu Obeid, *A/ Amwal*). At the same time Zakah must not be given to the one who is capable of earning a living through work or from his own resources. In this respect the Messenger of Allah, peace be upon him, said: "Neither a rich man nor a physically fit person-are entitled to Zakah.",(Al-Nisai).

III. Priorities :

The investment of wealth and its increase is carried out through collective self-reliance and within the framework of a very clear and precisely defined system of priorities. This system classifies production, distribution and consumption according to the need for each to sustain life. The highest priority is given to those essential things, without which life cannot continue. These priorities are followed by those necessities without which the continuation of life may be possible, but with extreme hardship. Finally, there are those, accessories which make life better, easier and more enjoyable, but without extravagance or excess. ' '

The Islamic method lays relatively more emphasis upon the production of goods which people need for sustenance and for a decent, pious life. This method aims at providing a good, honorable life for all who live within Islam.

According to this method, resources are to be efficiently utilized with balance and without the dissipation of potentialities and capacities. This resource utilization allots a specific role to the state and the public sector by assigning to them the task of developing the infrastructure and public utilities and the projects and enterprises which the private sector either cannot or will not undertake due to the excessive capital investment required, the high risks involved, the low returns, or the protracted and slow return on capital investment. This is in addition to the state's primary responsibility to provide for the creation of a healthy environment for the production process with the essential aim of protecting man's dignity and self-respect, preserving his liberty and safeguarding his human rights.

The Private Sector, which is to say the common man, plays the primary role in the efficient utilization of resources and the implementation of development, in cooperation with the public sector, provided he is possessed of the necessary means. Economic development is the outcome of the efficient and appropriate utilization of resources.

Basic needs do not only comprise material needs, like food, drink, clothing, shelter, transportation, education, health services, employment opportunities and marriage. They also encompass spiritual and moral needs such as cultural identity, a sense of belonging and dignity, and liberty and justice for all. These are the objectives promoted in the Islamic Shari'ah as they aim at safeguarding faith, life, intellect, property and progeny. Once these needs are satisfied, people will naturally behave as decent human beings and will fulfill their duty as Viceregents of Allah, bearing the responsibility of developing the world, which means the realization of true socio-economic development in real life.

Socio-economic development may be implemented through small-scale development enterprises that do not cost millions but are millions in number, geared to the needs of individual members of the community in response to their regulated, lawful aspirations and based upon the use of a technology which corresponds with the economic situation of the society and its available production resources. Constructive development can then commence in all economic and social sectors. This will be reflected in the increasingly efficient performance that will enhance produc-

tivity over the course of time. Thus, development will emanate from man and radiate out across the society for his benefit in every aspect of life.

IV. Balance and Complementarity between Sectors :

Within the Islamic order of priorities, 'development can be realized on the basis of a sufficiency duty exacted' on the basis of a person's capabilities and wherewithal. An integrated, balanced and systematic development program can be promoted in every sector, public and private, of the economy: Balance and complementarity between. sectors enhance development: of institutions; of commodities and services; of agricultural and industrial commodities; of heavy industrial and consumer production; of both rural and urban areas; of international 'import replacement products; and of the promotion of export products. This balance is achieved through prescribed development programs that are interrelated and concerted in terms of goals and means,' and realistic in terms of indigenous capacities and the possibility of executing them.

V. Modes of Investment_:

The primary responsibility for investment rest with the individual in society, carried out in conformity with specifically' Islamic , transactions, including commutative contracts (sale, lease and 'stisna').and partnerships (*Ana, Mufawadha, A'mal, Sana'i, Wujooh, Mudharabah, Muzar^a"ah," MUSAQAH*). Clear, meticulously detailed explanations of these Islamic: modes of investment are contained in books of Islamic jurisprudence (*Fiqh*). This seminal literature in the field provides practical and equitable Islamic investment prototypes, which will produce efficient performance and fair distribution of wealth. All modes of Islamic partnership are based upon risk for which lies the justification of profit and loss sharing. Accordingly, no gains are justified without the risk of loss. It is related in the Hadith that *Kharaj* (rental of land) depends upon produce. This means that profit is legal only if risk is involved. Thus, there is no chance of one class exploiting another. All people play, a part in economic activity through entrepreneurship or capital investment according to the capacities of each participant and consequently enjoy the fruits of this partnership.

VI. Institutional Aspect of Investment

Islamic investment is based upon the establishment of enterprises to produce goods needed by members of the society **and** upon a **profound**

understanding of the nature of wealth. Wealth does not, in itself, produce wealth; it increases as a result of effective and risk-bearing participation in economic activity. Islamic banking in its present form rests upon this foundation. An Islamic bank does not trade in wealth or money. It does not act as an intermediary between depositors and borrowers or consumers and producers. It acts instead as a genuine investment company. Its client relations *visa vis* the supply of resources, are controlled by the *Mudharabah* contract, in which the owner of wealth invests with entrepreneurs. The profits of the enterprise are mutually shared as per conditions of the contract. If there is loss, the investor loses his money while the entrepreneur loses his effort.

Depositors in Islamic banks are investors and the bank is the *Mudharib* or entrepreneur. The bank acts as a trustee and not as a guarantor. Any losses incurred not directly caused by the bank will be borne by the depositor. This comprises the risk factor which gives the depositors the right to receive a part of any profit, as per contractual agreement. In terms of utilization of resources, the bank invests the money it holds in a variety of roles: as a working partner in the case of depositors' money; and as an equity participant with other shareholders' capital by offering it to producing and investing clients in accordance with an Islamic mode of financing like *Murabaha*, *Mudharaba*, or any other form of partnership.

VII. Fair Distribution :

This method has thus emphasized that the just and equitable way to increase wealth is through real participation in economic activity. Sweat, effort and risk must accompany honest and honorable earning. No individual, group or class of people should live upon the sweat, effort and wealth of others. Accordingly, everyone produces, takes part in the production process and bears the risk. The outcome should be distributed fairly, according to the effort expended, the risk borne and the social solidarity aimed at. Islamic criteria for this fair distribution are: wages for the wage-earner; guarantees or the risk factor in profit/loss sharing for capital investment provided in the case of "*Mudharaba*," and effort or "sweat equity" in the case of the entrepreneur; and need, for those who are either partly or completely unable to earn a livelihood. Both the state and individuals within the society are responsible for distributing wealth to the poor and needy in order for them to lead a decent life.

Thus, one of the basic fundamentals of this method is "fair" distribution for the realization and continuity of the development process. Hence,

criteria of distribution based upon the principles of "similarity" and "sound established practice" are linked to production, fairness and solidarity. This will result *in continuous development, fair distribution and decent living standards for all citizens living, under the Islamic system. Justice in all its meanings is the basis of Islamic life.* "Allah enjoins justice and kindness." Al-Nahl (The Bee), 90. "And do not cheat others of what is rightly theirs; nor corrupt the land with evil." Al-Shu'ara (The Poets), 183. "Do not usurp one another's property by unjust means." Al-Baqara (The Cow), 188. "Do not think that Allah is unaware of the wrongdoer's actions." Ibrahim, 42.

In the Divine Saying (*Hadith Qudsi*): "My worshippers, I refrain from injustice and I make it forbidden amongst you. Let no one of you be unjust to the other." (Sahih Muslim) "Allah said: three people .1 am against on the Day of Judgement: a man who gave in My Name, then resorted to treachery; a man who sold a free man and consumed his price; and a man who employed a wage-earner, made him work and then paid him no wage. (Sahih Al-Bukhari) And it is further, related in Hadith: "Avoid the imprecation of the unjustly treated; nothing stops it from reaching Allah." (Sahih Al-Bukhari) "Those *who* wade in Allah's money without having any right to it will end in hell on the Day of Judgement." (Sahih Al-Bukhari)

VIII. Incentives to Spend : .

In this system, economic activity is stimulated by incentives to responsible and measured spending in three forms: consumption, investment and charity. Spending is, in fact, the ultimate aim of production. Without production there would be no income; without income there would be no spending; without spending there would be no markets; without markets *there would be no production, and so on. Therefore, without spending the cycle of economic activity would not exist. An incentive to regulated spending is an incentive to production and earning and, by extension, an incentive to develop life on earth.*

IX. Islamic Markets ,

This economic activity takes place in the context of the Islamic market which is based upon the mechanisms of cooperative competition, rather than the cut-throat competition found in capitalist systems. Cooperative competition is based upon fair play in the market which stimulates increased production. Production quality is improved through just financial compensation combined with clear investment partnership. carried out in an atmosphere of piety, charity, control and mutual consultation.

The Islamic market is not characterized by dishonesty or niggardliness. "Woe to those that deal in fraud, who, when others measure for them, exact in full, but when they measure or weigh for others, defraud them!" Al-Mutaffifeen (The Defrauders), 1-3. "And do not cheat others of what is rightly theirs; nor corrupt the land with evil." Al-Shu'ara (The Poets), 183.

Just value is achieved in the Islamic market by the interaction between supply and demand in the market and through the mechanism of prices. Anas, may Allah be well-pleased with him, is reported to have said: Prices rose in Al Madinah during the time of the Messenger of Allah, peace be upon him. People said, 'O, Messenger of Allah, prices have gone up. Fix prices for us.' The Messenger of Allah, peace be upon him, said, 'Allah is the Fixer of Prices and the Provider. I hope to face Allah and no one of you calls me to account for an injustice - for blood or money.' (Sahih Al-Bukhari) Monopoly is unheard of in the Islamic market. "No one monopolizes but the blameworthy." (Sahih Muslim) "The one who begets is given, the one who monopolizes is cursed." (Sahih Al- Bukhari).

Usury is absent from the Islamic market because it is forbidden by Allah and His Messenger, peace be upon him. "O believers, fear Allah and waive what is still due to you from usury, if your faith be true; or war shall be declared against you by Allah and His Messenger. If you repent, you may retain your principal, wronging none (with an increase) without being wronged (by suffering a loss)." Al-Baqara (The Cow), 278-279. Moreover, hoarding is forbidden in the Islamic market, as the hoarder is subject to the punishment of Hell-fire. "On (that) day their treasures will be heated with the fires of Hell, and their foreheads, sides and backs branded by them. They will be told: These are the riches which you hoarded. Taste, then, that which you were hoarding." Al-Tawba (The Repentance), 35.

In general, the Islamic market is based on justice and fair dealing and is free from all forms of exploitation and unjustly devouring people's money. It is in fact, a clean market that is void of all malpractices.

X. Controls and Incentives :

This method depends on controls that are intrinsic to the Islamic economic system. The state is responsible for specific controls, including the establishment of regulations, passing of judgements, supplying of finance and supervision of *Hisba* (or public morality) in the market place. State institutions control *Qata'i*, *Hema*, *Tahjeer*, *Ihya'e*, Ownership and *Awqaf*, in accordance with established administrative standards and prac-

tices for management, follow-up and correction, ' and for rewards and penalties. Islamic state institutions also combat exploitation and the waste of resources and potentials. through the absolute prohibition of *riba*, *gharar*, monopoly; hoarding, extravagance, niggardliness, fraud in weights and measures and all forms of illegal expropriation of wealth.

These controls are effected through an integrated system of positive incentives inherent to Islam: the call to piety and hard work; productivity and distribution of wealth; payment of *Zakah* and other forms of almsgiving; solidarity, fairness and philanthropy; cooperation and mutual consultation; enjoining what is good and forbidding what is evil; and honesty and trustworthiness.'. The two highest. incentives which inform the Islamic economic 'system of controls are the. call for brotherhood in .Islam and for setting a good example to others.

XI.' Brotherhood':

Brotherhood is a cornerstone of Islamic society and one of the pillars of its economic system. In its Islamic sense brotherhood is invested with the transcendent qualities of mercy, empathy, supportiveness, solidarity, etc., which inform all human relationships emanating from brotherly love. In this 'respect, brotherhood acts as a powerful social catalyst, uniting citizens together in a coherent society operating under one creed, one law, ' one form of worship and one goal. Brotherhood in Islam, creates a strong sense of belonging and participation in the national life and a powerful incentive for citizens to work for the good of the society to realize its goals. In this way, brotherhood is a basic and powerful incentive for man to perform his obligations for worship as ordained 'by Allah, the Creator and, by 'extension, to develop life on earth for the pleasure of Allah, the Almighty. "The believers are brethren." Al-Hujurat (The Chambers), 10.

The Messenger of Allah, peace be upon him, has said: Believers in loving one another, being merciful to one another, sympathizing with one another, are similar to one body: if one organ complains, all other organs of the body rise to help and look after it." (Sahih Al-Bukhari).

XII. The Setting of Excellent Example

Brotherhood without a good example is like a ship without a captain. Good example is crucial to every aspect of the Islamic system for the wise and rightly-guided administration of society to successfully develop life on earth. The Messenger of Allah; peace. and blessings be upon' him,

delivered his message by means of his ordinary human attributes. Although many miracles occurred in the course of his blessed life, he did not rely upon them for his call to Islam. Rather, the Divine message was transmitted on the basis of the Prophet's innate humanity and human capability. It was for this reason that Muslim society was able to take up the burden of Viceregency, to develop life on earth and to build the model Islamic state in Al-Madinah within the lifetime of the Messenger of Allah, peace and blessings be upon him.

The Prophet, peace be upon him, set an excellent example for mankind to follow in all the multifarious aspects of public and private life, expressed in the smallest detail as a complete teaching. "Whatever the Messenger gives you, accept it; and whatever he forbids you, forbear from it." Al-Hashr (Exile), 7. "You have an excellent example in the Messenger of Allah for anyone who looks to Allah and the Last Day." Al-Ahzab (The Confederates), 21.

And it is related in Hadith that the Messenger of Allah said: "All my people will enter paradise, except those who refuse." 'Who refuses,' he was asked. 'He who obeys me enters paradise, and he who disobeys me, refuses.'" (Sahih Al-Bukhari)

The Development of Man :

Islam stresses that man is the principal agent for developing life on earth. In consequence, the Islamic system is based upon the need for the development of mankind prior to the development of life on earth. The development of man is a necessary condition for the on-going development of society.

As a religion and system of life Islam sets out to create a realistic environment of liberty and justice for mankind to thrive. All the various aspects of the Islamic system work dynamically together to produce this environment of liberty and justice in which human society can thrive.

Hence, the education and cultivation of man is the highest priority of Islam. Education in Islam is a constant refining process in man's daily life. This process encompasses every aspect of human life to develop the complete Muslim, capable of fulfilling his obligations to worship while bearing the full responsibility of developing life on earth. Islamic education covers every aspect of human behavior from morning to night, from the moment of awakening to the moment of sleep - eating, drinking, dressing, speaking, conversation, greeting and departing, work and repose, travel

and return, etc... The aim of Islam is to inculcate virtues and noble conduct in man - honesty, dignity, knowledge . of one's rights and obligations, cooperativeness, self-sacrifice, altruism, love, sincerity, loyalty, etc.

At the same time, Islam combats unrighteousness and evil behavior in conflict with 'the dignity of man' and the fulfillment of his obligations to Allah, the Almighty. Through the application of Qur'anic teachings and the imitation of the example of our Master Muhammad, peace and blessings be upon him, Islam aims at perfecting the noble character of man.

To attain this goal, Islam has established an on-going process of education: Although we do not have 'space to describe this process in detail, we can list its most important elements. Islamic education relies upon acts of worship like prayer; *Zakah*; fasting and pilgrimage as a continuous educational process; supplication to Allah as an essential to worship and a relief from begging from anyone save Allah; learning as a means of refining character, elevating human values and facilitating worldly transactions; recitation of Qur'an for peace of mind and elevation of the soul; counteracting the evil desires of the heart, for enhancing self-control in conformity with Allah's commands, patience, satisfaction, modesty and correct behavior; asking forgiveness in order to purify the self and awaken the conscience; self-control and the right to choose one's spouse to restrain passions; and self-reckoning to rectify wrong thinking and behavior.

These and other elements of education serve to develop a rightly-guided human being' who is modest, thankful, contented, and contrite. Islam also stresses the importance of the practice of Remembrance of Allah, so that he will never forget for what he was created. Allah has promised the believer protection from the devil on condition that he hold to his teachings.. Allah, the Exalted, has' promised provision to the pious and, freedom from injustice. For those who adhere to their faith and do what is good, Allah has promised a good life.

The Creator allows mankind to choose one of two ways - the good or the evil, the permissible or forbidden, obedience to Allah or rebellion - which will elicit Allah's grace or His anger. The outcome of man's- choice is either Paradise or Hell. "By the soul and Him that molded it and inspired it with (knowledge of) sin and piety; blessed is the man who has kept it pure, and ruined is he that has corrupted, it!" Al-Shams (The Sun), 7-10.

And it is related' in the Hadith that the Messenger of Allah, peace be upon him, said: "O Allah, show me what is permissible to avoid what is not; make me obey You and shun disobedience to You, and do what

pleases You and keep me away from what displeases You; show me Paradise and keep me away from Hell. Let me beseech You and no other." (Al-Tirmidhi)

The Result :

The Islamic educational program outlined above is composed of factors that realistically regulate life patterns and rhythms, develop human talents and abilities and realize the objectives of worshipping the Creator in order to develop life on earth with sincerity and continuity.

Conclusion :

In conclusion, these general notes concerning the background and fundamentals of the Islamic strategy for development were intended as a compendium of elements rather than analysis. My aim has been to highlight essential elements without entering into a detailed exposition of them. Most of these elements outlined have already been, or may constitute in the future, the subject matter of university academic theses. It is my hope that they will attract the interest of specialists, on the one hand, and makers of economic policy, on the other. The system of Islamic economics and the Islamic , strategy for development is a subject that is profound and crucial to contemporary life, on both a theoretical and practical level. It is a subject that begins with man, continues by means of man and ends with man. It is by man and for him.

In my opinion Islamic economics is an intrinsically moral and ethical system in which man occupies the central place as both the means and the goal. Its intellectual foundation is comprehensive and clear. When it is applied, success is inevitable. It is realistic, progressive, civilized and moral.

The methodology of the Islamic economic system is thoughtful, realistic and effective. We are not jumping to unjustified conclusions based only upon.. theoretical analysis or upon wishful thinking. When it was correctly applied during the first Islamic period under the Prophet Muhammad, peace be upon him, and his four righteous successors, and later, under the Khalifa Omar ibn Abdul Aziz, may Allah be well-pleased with them, the Islamic economic system was a manifestly -successful reality.

Allah the Exalted is aware of our intentions. He it is Who guides us on the Straight Path. Praise be to Allah and peace be upon His Messengers, and thanks are to Allah, the Lord of the Universe.

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