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به نام خداوند بخشنده مهربان

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## The Economic System of Islam

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# **The Economic System of Islam**

**Mohammad Javad Tavakoli**

## **Publisher's Forward**

To begin and execute a research is like walking in the path of development and evolvement. When the seeds of the “questions” are planted, in the soil of the mind of the researcher, this phase initiates, and its end is culminated when the result and the outcome of knowledge and wisdom is gained.

Evidently, this end is a new chapter in itself, for growth, and announces beforehand this good news to humans. For the result of all those mental efforts will not only bring the blooming and flowering of talent and all kinds of Blessings to humans, but it also makes the mind of the researcher to ponder and shape new, more questions.

This will produce a great collection of growing plants and flowers for the seeking mind... Those “questions” are in fact, the seeds, which according to the necessities of Time and the strength of the researchers will grow and bloom by themselves. They will make Culture and Civilization to move forward.

In like manner, the increasing rate of transferring oneself from one place to another place and the decrease of the distances will make those seeds travel miles and miles, to faraway places, in order to install them inside the curious mind of other seekers. This will bring an amazing diversity and a novelty for another civilization...

It is true then, that the presence of knowledge and a good, capable management will help this project to develop itself and one has to admit indeed, that it has always played an important role...

Al-Mustafa International Publication and Translation Center, because of its global mission, and its special position among the Religious Schools and the colorful human diversity that it has developed inside itself, sees it as a moral duty to procure all the appropriate conditions for any research works, and takes its role in this matter, most seriously. To procure all kinds of necessary grounds, with an excellent management of all the existing possibilities and talents, and to care and protect all its researchers in religious fields; these are the most crucial responsibilities of the Department of Research in this International center.

We dearly hope that by being attentive to all these autonomous scientific movements, and by fortifying all the existing motives, we shall be able to witness the blooming of the Religious Culture in every part of this wide world!

**Al-Mustafa International  
Publication and Translation Center**

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## Preface

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When we talk of the economic system of Islam, we point to a particular plan that Islam has for organizing the economy in the best manner. The economic teachings of Islam are not restricted to some normative restrictions on the inquiry of wealth. Instead, Islam develops a particular economic system, which differs from other available economic systems such as capitalism and socialism.

The study of the economic system of Islam could help Muslim countries to solve their economic problems and lead to development and flourishing. Nowadays, many Muslim countries followed the prescriptions of Capitalistic and Socialistic economic systems. Not being compatible with the institutional setting of Muslim countries, the adopted economic policies were not successful.

We could analyse the Islamic economic system in both theoretical and practical levels. A theoretical concern is to illustrate the particular plan of Islam for solving economic problems and building a prosperous economy. The practical aspect of the economic system of Islam is related to the performance of this system and its ability in solving economic problems. In this book, I mainly elaborate the economic system of Islam theoretically. I also take practical considerations into account when I consider issues like the Islamic banking and finance.

In this book I used a wide notion of the term "economic system of Islam". The term does not only refer to the institutional aspects of the Islamic economy or its normative aspects. It also refers to what we could call the science of Islamic economics, which deals with economic regularities and laws. Moreover, I used the term to cover also discussions on the philosophical aspects of Islamic economic to which we refer as the "philosophy of Islamic Economics".

The book contains 32 lessons. The first five lessons are devoted to the introduction and evaluation of three rival economic systems, namely, capitalism, socialism and mixed economies. In lessons 6 to 13, the economic system of Islami is introduced by reference to the Islamic viewpoints on property rights, resource allocation mechanism, distribution mechanism, production and consumption. There is also a reference to the performance the

economic system of Islam. Lessons 14 to 18 are mostly related to some philosophical and methodological aspects of Islamic economics. From lesson 19 to 21, some discussions on Islamic microeconomics are presented including theories of consumer and producer behavior from an Islamic viewpoint. The following three lessons, namely, lesson 22 to 24, are related to Islamic macroeconomics, including the ideal of Tayyib Gross Domestic Product. Lessons 25 and 26 are related to the theory of Islamic development to which I referred as flourishing. Lesson 27 is about the theory of international economic from an Islamic perspective. Finally Lessons 28 to 32 are devoted to different aspects of Islamic banking and finance.

I would like to thank all who helped me in writing this book. I particularly appreciate the helps of authorities of Al-Mustafa Virtual University, who facilitated the publication of the book. It is my pleasure that the readers of the book help me to improve it by sending their remarks and suggestions.