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Islamic economy could do a lot of good for SA

But it cannot be imposed as a solution in a non-Islamic State

SAYED IQBAL MOHAMED looks at the Islamic response to the controversial subject of nationalisation, which looms large in a “New South Africa” and how this could be addressed.

“AN Islamic economy is neither a *laissez-faire* economy nor a centrally controlled economy with social management and guidance.”- Khurshid Ahmad, 1982.

Nationalisation has triggered off one of the most intense and interesting debates in South Africa. It has provoked a sharp reaction from the business and financial magnates. The capitalists, however, succeeded in bringing pressure on the African National Congress's (ANC) thinking on the issue; and from the tumbling of shares and shock waves Mr Nelson Mandela's first statement made, we now see a watered-down approach.

Yet the ANC did not change in its basic principle which is the urgent need of redressing the untold misery that capital monopoly has plunged millions of South Africans into. We are now faced with a “mixed” economy option in a way we can assume a combination of the positive aspects of both the capitalist and the socialist economic systems. The debate still continues on providing the best economic system. Besides, we have before us recent historical evidence of the advantages and disadvantages of various economic models.

So what is the Islamic response to nationalisation and how would an Islamic economist view the restructuring of the South African economy? What role can the Muslim business community play in the present situation? Would the redistribution of wealth improve the quality of life and spur the country towards real social progress?

The ultimate aim of an economic system is to provide for the well being of its citizens through a just socio-economic order. In this regard Karl Marx was a sincere social scientist who theorised solutions to correct the injustices of his time. Understandably, his philosophy grew from his reaction to among other factors, the church which advocated solutions for the hereafter but did not concern itself with the victims of an unjust socio-economic order.

To a Muslim sociologist or economist, neither politics nor economics nor matters spiritual is solely related to man. The entire facet of life including economics, politics, philosophy and law function as an integral part in the development of the individual and society at large. Islam view life in a holistic way and the human body is one example to illustrate this point. Every part is essential for the person to function well and is interconnected and linked to the spine and the brain. The nerves represent politics, economics, family ties, education, etc. in a given society; all interconnected and

eventually linked to the spinal cord- the State. The brain represents those who are entrusted to ensure a just social order, both the elected and the electorate. Any discordance or disease affects the body; similarly a society would be affected by contradictions or disharmony between the different aspects of life.

Hence, the Islamic economic system is an integral part of an Islamic State. The philosophy and principles of the economic order are historical proof of a just social order. The Islamic State itself is a welfare state ensuring such an order. Education is compulsory and is linked to this just social order because of its contribution to the economic and social development. Family relationships are just as crucial as relations between individuals and the need for food, shelter and clothing.

An Islamic economic system cannot exist outside an Islamic State and cannot therefore be imposed as a solution in a non-Islamic State. Secondly, the question of separation between religion and the State is unknown to a Muslim as was the case when Prophet Muhammad (God's bless him and grant him peace) was elected head of State in Medina by Jews, Christians and the small Muslim community. Thirdly, Islam is not forced onto citizens who are not Muslim; who are treated as a protected community with constitutional guarantees to their rights. Fourthly, there is no priestly class or priesthood and every person- men, women and children- has to strive towards social refinement since "a human being is created in the best of moulds" (Qur'an 95:4)

Below, I have made a brief reference to some of the salient points of the Islamic economic system.

- **Individual Freedom:** Islamic economics is opposed to man being reduced to machine or becoming a slave to the capitalists. Both private and public ownership are basic components operating within specific guidelines. Private ownership is based on public resources and interests. To view this from another perspective, let us look at an individual. A man or woman or a child is recognised as possessing an individuality and a personality and therefore having a fundamental right to be the owner of the fruits of his or her labour.

The individual is a spiritual unit while the family represents a social unit. Islam emphasises co-operative behaviour and through this to bring about change to an unjust social order; develop and maintain a just order. While Islam forbids individualism and totalitarianism, it encourages individual responsibility. (Qur'an 74:38) together with social responsibility (Qur'an 13:11,2:134). However social interest takes precedence over individual interest.

- **Monopoly:** Islam forbids monopoly and its related socio-economic practices, interest and usury. Islamic economy is based on an interest-free system. It favours peasant-owners in the agricultural sector, forbids hoarding and provides specific guidelines to circulate wealth to

uplift social imbalances (eg. Qur'an 59:7). Both the capitalist and socialist countries have exploited the resources of the so-called Third World countries. Financial aid usually means not grants but interest bearing loans. This leads to new loans to pay off the interest and quite often the affected countries have to export their resources and production to help absorb the loans. This is one of the reasons interest is forbidden at individual, local and international level in order to prevent "slavery".

Mr Billy Nair of the ANC-SA Communist Party- Natal Indian Congress, in discussing the case for nationalisation, vividly captures this fact for South Africans. "Not only the present but our future has been mortgaged at the altar of apartheid. Billions are paid annually in interest alone. When is the capital sum going to be paid back? Any future government, which is likely to be an African majority one, is going to inherit this insolvent legacy". However, having outlined some broad principles and indicated that the Islamic economic system can operate within an Islamic State only, what role can **Muslim businesses** play in contributing to a just socio-economic order in South Africa?

The first thing that must be done is role definition- what do they want to do for the upliftment of the oppressed community and how do they intend to achieve this? Short-term plans must be

clearly defined, that is, ways in which a meaningful contribution can be made within the present system.

The basis of the Muslim entrepreneurs must be to empower the disadvantaged, disfranchised masses. Business resources must be pooled perhaps into an investment corporation. Interest-free loans could be advanced to establish businesses or to assist existing businesses in black areas. Extended credit facilities could be another aspect of the short-term objectives.

- Providing workshops and regular free classes to impart certain skills or to improve existing skills. These could include the factories as well as accounting and other business skills. The Islamic principles governing employment must be strictly adhered to. Referring to the problems facing employers and employees, Muslims and people of other Faiths alike, Moulana Yunus Patel in his Foreword to an Association of Accountants and Lawyers for Islamic law (AMAL) publication on Employer / Employee Relationships and the problems of wages in Islam, said, "Only Islam has the solution to this problem. Unfortunately the solution is only in the books. If implemented in the practical lives of the people it would create an atmosphere of mutual trust, confidence, sympathy and affection". Practical ideas are endless but what is needed is an honest, selfless commitment.