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## **Economic Policies of Developed Countries in the Perspective of Islamic Teachings: Counter Economic Terrorism Strategies towards Islamic Developing Countries**

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### **Abstract**

The real status of wealth in the Islamic perspective is just a worldly thing like all other things, which will be ended definitely with the ending of this mortal world. But no doubt that all the done deeds in this world will be there in the immortal world whether these are virtues or evils with rewards by Allah Almighty. As knowing that, this world is the biggest factory of mortal lives having unlimited necessities and yearnings of these same lives. And to fulfill the requirements of daily routine lives wealth is needed, therefore it remains in unending circulation throughout the whole national and international economic societies whether designated by Islamic or non-Islamic policymakers. But Islamic teachings prospect a fact phenomenon about finances.

**Keywords:** Economics, Terrorism, Policies, Islamic, Developing

### **Introduction:**

The spirit of Islam indeed has a unique status and an inescapable reality apart from all the economic movements prevailing in the West. By participating you can offer your services in increasing the production rate.

In this way, economic justice and economic freedom are promoted in the society. And more opportunities can be provided to make better the climate of poverty and helplessness. Halal Rizq has been repeatedly emphasized in the Qur'an and the hadiths, which gives a good idea of the importance of lawfully earned Halal Rizq. An inspection of the Islamic perspective reveals that there is no place in the Islamic economy, for wealth accumulation and its concentration in few hands. Rather, Islamic economic law paves the way for a fair distribution of wealth so that wealth can circulate easily throughout society

We will first discuss the matter in light of the Quran and Sunnah, and then proceed with the discussion. Many Quranic verses and Ahadith

اعْلَمُوا أَنَّمَا الْحَيَاةُ الدُّنْيَا لَعِبٌ وَلَهُمْ وَرَيْنَهُ وَتَفَاخُرٌ بَيْنَكُمْ وَتَكَاثُرٌ فِي الْأَمْوَالِ وَالْأَوْلَادِ

"Know that the life of this world is but amusement and diversion and adornment and boasting to one another and competition in increase of riches and kids."<sup>1,2,3,4,5</sup>

At the same point three things distinguished simply but firmly interrelated, belongings in the worldwide plan before the whole Muslim nation as set down in the above verses. The Muslim monetary local area ought to never hold an unethical attitude; it should lead every one of its activities, including global financial relations, as per the Islamic standards of ethical quality and equity. Working to benefit humanity lays direct stress on what is as of now decided by an ethical position, for example focusing on the material prosperity of all people. The Ummat e Mohammad can't be unconcerned with destitution, deprivation and sickness anyplace on the earth as it can't neglect coercion or rejection of common freedoms whether for non-Muslims or Muslim society.

And it is narrated by Abu Huraira (R.A) that says: "Once bad remarks were made about the non-Arabs before the Prophet ﷺ. The Prophet ﷺ advised against doing so and said, "Do not abuse them because they developed the lands of Allah and (as a result) the servants of Allah could live in those lands".

<sup>1</sup>Al-Qūran: 57:20

<sup>2</sup>Al-Qūran 43:32

<sup>3</sup>Al-Qūran 57:20

<sup>4</sup>Al-Qūran 3:186

<sup>5</sup>Al-Bukhari: book of jihad, chapter, description about virtue of infaq feei sabilillah. No #2842.

The history gives witness to how Muslim traders of the land of Arabs, had propagated the message of Islam through their commercial travels in the whole world.

## **Is there Economic Supremacy for Non-Muslim Developed Countries?**

The economic supremacy has been considered for the non-Muslims, because all the shares of non-Muslims are just in this world and will not get any achievement in hereafter. Even Allah Almighty said:

وَلَوْ لَا أَنْ يَكُونَ النَّاسُ أُمَّةً وَاحِدَةً لَجَعَلْنَا لِمَنْ يَكْفُرُ بِالرَّحْمَنِ لِبُيُوتِهِمْ سُقْفًا مِّنْ فِضَّةٍ وَ مَعَارِجَ عَلَمًا يَظْهَرُونَ

“And if it were not that the people would become one community [of disbelievers], We would have made for those who disbelieve in the Most Merciful - for their houses - ceilings and stairways of silver upon which to mount”.<sup>6</sup>

وَلِبُيُوتِهِمْ أَبْوَابًا وَسُرُرًا عَلَيْهَا يَتَكئون

“And for their houses - doors and couches [of silver] upon which to recline”.<sup>7</sup>

وَرُحْرُفًا. وَإِنْ كُنْ ذَلِكْ لَمَّا مَتَاعُ الْحَيَاةِ الدُّنْيَا

“And gold ornament. But all that is not but the enjoyment of worldly life.”<sup>8</sup>

وَالَّذِينَ كَفَرُوا يَتَمَتَّعُونَ وَيَأْكُلُونَ كَمَا تَأْكُلُ الْأَنْعَامُ وَ النَّارُ مَثْوًى لَّهُمْ

But those who disbelieve enjoy themselves and eat as grazing livestock eat, and the Fire will be a residence for them.”<sup>9</sup>

## **The Islamic Policy of Trade**

Allah Almighty in Quran said:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالِكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِّنْكُمْ

“O you who have believed, do not consume one another's wealth unjustly but only [in lawful] business by mutual consent.”<sup>10</sup>

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<sup>6</sup> Al-Qūran :43:33

<sup>7</sup> Al-Qūran : 43:34

<sup>8</sup> Al-Qūran :43:35

<sup>9</sup> Al-Qūran :47:12

<sup>10</sup> Al-Qūran : 4:29

Furthermore, Prophet Muhammad ﷺ motivated his companions to be in a decent way in exchanging as he said in the hadith (Any Muslim merchant who well carry on, steadfastness, trustworthiness will be with prophets and holy people and saints on the Day of Resurrection).<sup>11</sup>

التاجر الصدوق الأمين مع النبيين و الصديقين و الشهداء

The Prophet Mohammad ﷺ was fond of traveling with colleagues toward the sides of the earth to look for sources of revenue, and to be self-motivated in exchange. This prompted the qualities being related to the Islamic mode of trade, for example, truth and trustworthiness. Islamic modes of trading likewise facilitated and gave safe access for merchants from background non-Muslims. Muslims had utilized the typical streets and camels because of the absence of information on the ocean until the time of Hazrat Muawiya (R.A).

Hazrat Muhammad (peace be upon him), shed light on trade and economy with great consideration, so that this sector could be removed from the commercial evils such as lying, fraud, adulteration, false swearing and hoarding and unjust profiteering. The Prophet (peace and blessings of Allaah be upon him) said: “Whoever buys and sells, he should abstain from the five ways of nature, namely,“ trade and food, concealing defects, praising when selling and finding fault when buying ”, otherwise he should never Buy and don't sell”.<sup>12</sup>

According to Islamic teachings, it is very important for a person who trades in the Muslim market to have certain characteristics, that is, to have the intellect to buy and sell, and to have the rules of buying and selling. As should have the knowledge of Islamic laws of trading like (Sahib e Tafiqah). Islam provides the basic concepts of economics that acquiring and spending (kasb and sarf) one's wealth in such a way that it is beneficial to individuals and also for society and it should be not harmful. Islam forbids the trade of things, which are harmful to people, such as narcotics and etc.

<sup>11</sup> Sunan Tirmizi: kitabul-buyu 'e. No#1209.

<sup>12</sup>Tarazi, Mohammad Ahmad. *Islamic system of trade and economy and modern economics*. <https://nafseislam.net/articles/islami-nizam-e-tijarat-o-maeeshat-aur-dor-e-jadeed-ki-muashiat>

There is also a legitimate natural concept of profit in Islam and usury has been declared (haram) in terms of getting profit because it is quite an unnatural thing. Money itself cannot produce money, while usurers assume that the profit is gained just on the base of interest that will inevitably increase money.

Similarly, in Islam, human labor is given great importance. The natural principle is that unless human labor is involved with wealth, it is not profitable. It is also a lie to cover up the aspect of the disadvantages of things and to exaggerate the benefits of something. And definitely, this type of trading can be seen sharply in the advertisements of the present era.

The Holy Prophet ﷺ said: “No one ate better food than what he earned with the labor of his own hands. Allah's Prophet Da'wood (A.S) used to earn and eat with the labor of his own hands.”<sup>13</sup>

In fact, Islam has introduced a code of business ethics. Islam promotes honesty and piety in commercial transactions and prohibits all means based on oppression and abuse and deprivation of the rights of others. Islam teaches mutual consent in trade because trade is based on mutual cooperation, as well as honesty, and legitimate and permissible things, moreover, there is the prohibition of hoarding, prohibition of extravagance (israf). It is righteously said: “Eat and drink, but do not be extravagant”.<sup>14</sup>

قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ «إِيَّاكُمْ وَكَثْرَةَ الْحَلْفِ فِي الْبَيْعِ فَإِنَّهُ يُنْفِقُ ثُمَّ يَمَحِقُ»

The Prophet Mohammed ﷺ said: “Beware of taking too many oaths when selling because it promotes trade, but then it ends.”<sup>15</sup>

Islamic pearls of wisdom clarify the strategy that when any party receives hurtful goals the distressed party has a permit to ensure its benefits and strike back; however the finest arrangement is to predict such activity through mutual activity and peaceful compromises. The quest for both public and worldwide financial interest should be in similarity with the

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<sup>13</sup> Bukhari Shareef: kitabul-buyu'e, no#2072 Sahi Hadees.

<sup>14</sup>Tarazi, Mohammad Ahmad. *Islamic system of trade and economy and modern economics*. <https://nafseislam.net/articles/islami-nizam-e-tijarat-o-maeshat-aur-dor-e-jadeed-ki-muashiat>

<sup>15</sup> *Mishkat ul Masabeeh*: book of sales, no#2793. Sahi Hadees.

values of the Shari'ah which doesn't permit biased mistreatment of one group by another in any monetary interactions.

Besides, economic dependency of employment in which the cash of the poor developing Muslim nation is straightforwardly connected to the money of the foremost developed country, which impacts both the outside and the interior financial strategy of that developing nation. Typically, these poor financial conditions - exchange, asset, cash, and relief - are strengthened by different sorts of associations with the developed countries' social links, approvals and settlements.

"A man does not believe unless he likes for his brother what he likes for himself".<sup>16</sup>

### The Islamic Policy of Rationality

The non-Islamic point of view of economic rationality is fixed that, the objective of financial rationalists is just making of cash more and more which suggests that the securing of richness is the topper objective of life and measuring stick of monetary achievement. Islamic economic rationality doesn't negate the personal circumstance as the roots of effectiveness increase in man's habits yet clean it through a religious, social and strict channel. It isn't simply a convenience maximization of an individual but additionally for the entire humanity.<sup>17</sup>

Islamic teachings professed the different phenomenons of economic rationality in the following;

لَنْ تَنَالُوا الْبِرَّ حَتَّى تُنْفِقُوا مِمَّا تُحِبُّونَ

“Never will you attain the good [reward] until you spend [in the way of Allah] from that which you love.”<sup>18</sup>

وَ السَّمَاءَ رَفَعَهَا وَ وَضَعَ الْمِيزَانَ. أَلَّا تَطْغَوْا فِي الْمِيزَانِ. وَ أَقِيمُوا الْوَزْنَ بِالْقِسْطِ وَ لَا تُخْسِرُوا الْمِيزَانَ

“And the heaven He raised and imposed the balance. That, you do not exceed the bounds; but observe the balance strictly; And establish weight in justice and do not make deficient the balance.”<sup>19</sup>

<sup>16</sup> Bukhari Sharif: book of belief, Bab min al iman 'an yuhibba li Akhiih, no#13. Sahi Hadees.

<sup>17</sup> Hossain, Basharat. (2014) *Islamic Economic Rationalism and Consumer Theory*. October. International Islamic University Chittagong. Pg.274, 275.

<sup>18</sup> Al-Qūran : 3:92

The prophet ﷺ said, all drinks that intoxicate are Haram (unlawful) and every intoxicants are haram.<sup>20</sup>

Holy Prophet ﷺ says: ALLAH receives the donation from the lawful wealth directly. As a result, the wealth increases day by day even become the big more than the mountain.<sup>21</sup>

Islam urges the buyer to make use of worthy and supportive things and debilitate inefficient and useless consumption to guarantee great quality and transparency.

يَا أَيُّهَا الَّذِينَ آمَنُوا كُلُوا مِن طَيِّبَاتِ مَا رَزَقْنَاكُمْ وَاشْكُرُوا لِلَّهِ

“O you, who have believed, eat from the good things which We have provided for you and be grateful to Allah.”<sup>22</sup>

Holy Quran dictates the word (Tayyab) as best and valuable to indicate the great and unadulterated items which implies whatever one discovers satisfying, sweetened, great, pleasant in vision, eating with its good smell, is caring for welfare.

Hazrat Umar ibn Khattab (R.A) said: He who buys and sells in our bazaars should do so only if he understands the trade rules of the Islamic religion.

لَا يَبِيعُ فِي سُوقِنَا إِلَّا مَنْ قَد تَفَقَّهَ فِي الدِّينِ

“No one should sell in our markets except one who has understanding in the religion”.<sup>23</sup>

Then again, it is usual that the part of rationality in (Islamic bank) clients are not influenced by changes in rates of usury, the current proof gives a clashing connection. It is additionally inspected that how (Islamic bank) and developed countries bank investors react to changes in rates of usury to see whether religious concern is a critical factor in Islamic bank contributors' financial choices.

## **Borrowing Policy in Islamic Banking**

Islamic Bankers have long acknowledged that perhaps the best

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<sup>19</sup> Al-Qūran : 55:7–9

<sup>20</sup> *Al-Bukhari*. book of drinks, no#5585. Sahi Hadees.

<sup>21</sup> *Sunan Tirmidhi*: book on Zakat. no# 661. Sahi Hadees.

<sup>22</sup> Al-Qūran : 2:172

<sup>23</sup> *Jami 'al-Tirmidhi*: book on Al-Witr. No#487.

technique for altering singular conduct toward the objective of making an asset scheme for long-lasting investment is through giving profitable arrangements (Qarz). These debts are made without security prerequisites which the debtor could presumably not give at any rate. In any case, usury isn't permitted regardless of practical pursuits.

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا مُضَاعَفَةً، وَاتَّقُوا اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ

“O you, who have believed, do not consume usury, doubled and multiplied, but fear Allah that you may be successful”.<sup>24</sup>

On account of (Qarz), a mathematically critical segment of the populace that customarily experiences low yield, for example, workers and jobless youngsters, could be furnished with a way to increase their expectation of existing and developed independence. All the more explicitly, these credits can be beneficial:

1. To increase the general public's financial base in developing countries of Muslims.
2. To make possible customers for the Bank.
3. To enlarge investment funds and help direct utilization appropriately.
4. To make more improved relations amongst people and monetary foundations by encouraging sensations of shared co-activity and wiping out corruption.
5. To struggle against joblessness.
6. To advocate big business worries by consolidation funds facilities.
7. To deliver preparation for Bank employees in the practice of skill this is more to what would be acquired in a schoolroom setting.
8. To motivate assurance in the Bank by generous people and participate in future for the process of investment.
9. To develop marketplaces via rise of buying control.

Absolutely these can be accomplished via an activity pointed toward giving motivations to the recipients of Muslim developing countries to offer their assets accessible to the Bank. Besides, (Qarz) has a preferred position in that difficult persons are moderately straightforward and economical to regulate. The same individuals just need, for instance, the

<sup>24</sup> Al-Qūran : 3:130

Bank to establish some conditional settings for giving the debt.

These could incorporate the specification that the debtor is a steady customer of the Bank, is a participant from the local area in the zone where the Bank is found, has insight into a particular field, is a specialist in a business, or is an individual with a decent repute nearby the Bank. In endeavor this movement the Bank participates in training for improvement. Perceived from this point of view the idea of (Qarz) can be viewed as a communicating of fortitude just as a creative technique for improvement funding, offering Islamic Bank a chance to prevail in a region where numerous different organizations and managements have ineffective.<sup>25</sup>

### **The Islamic Policy of Debt**

Islamic religion does not forbid the way of debts, but the fixed payments of usury on the money of debt are quite (haram) and not allowed at any cost.

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ذَٰلِكَ  
بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا وَاللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا

Those who consume interest cannot stand [on the Day of Resurrection] except as one stands that is being beaten by Satan into insanity. That is because they say, "Trade is [just] like interest." But Allah has permitted trade and has forbidden interest.<sup>26</sup>

فَإِنْ لَّمْ تَفْعَلُوا فَأْذَنُوا بِحَرْبٍ مِّنَ اللَّهِ وَرَسُولِهِ وَإِنْ تُبْتُمْ فَلَكُمْ رُءُوسُ أَمْوَالِكُمْ لَا  
تَظْلِمُونَ وَلَا تُظْلَمُونَ

"If you do it not, take notice of war from Allah and His Messenger: but if you turn back, you shall have your capital sums: Deal not unjustly, and you shall not be dealt with unjustly".<sup>27</sup>

The financial debts have become inevitable syndromes causing disorder as further trial to be analyzed to be freed with every one of its

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<sup>25</sup> A. MANNAN, M. & KAHF, MONZER. & AHMAD, AUSAF. *INTERNATIONAL ECONOMIC RELATIONS FROM ISLAMIC PERSPECTIVES*. Islamic Research and Training Institute Islamic Development Bank, Jeddah, Saudi Arabia. Pg.142,143.

<sup>26</sup> Al-Qūran : 2:275

<sup>27</sup> Al-Qūran : 2:279

condemnations. Notwithstanding all empty talk to the ethical establishments of financial aids' debt, the reality stays that countries of the Third World engulfed at this time in debts, to the western developed countries as much as 4 1.2 trillion dollars. On the public surface, issues of again distribution of richness and incomes, of government backed retirement and means and government assistance sharing have been confronted and arrangement functioned more inside a public financial system. Equal improvements at the global level have not gotten hope at present. In this situation, this initiate in the zakat system of Islamic religion where deprived remain capable for a specific offer or share in the plenty of wealthy people just as rightfully. The Qur'anic verse pronounces:

وَفِي أَمْوَالِهِمْ حَقٌّ لِّلسَّائِلِ وَالْمَحْرُومِ

'In their wealth, there is a right of the poor and needy'.<sup>28</sup>

And it can't be considered as debts or charities, honestly a supernaturally rightful reason of unfortunate in the gaining of wealthy people. Obviously, Islam urges beneficent spending full of charitable things to the greatest degree however that is away of the obligatory exchange of risks of debts.

Restriction of usury is urged by the refrains in the Holy Qur'an most clearly and the individuals who deny stopping this type of dealing remain notified of "**war from Allah and His Messenger**".<sup>29</sup> Various legitimate sayings of the Holy Prophet ﷺ explain the Quranic directives as forbidding usury.

30 ما عال من اقتصد-

Hazrat Mohammed ﷺ said: "The guarantor (of the debt) is responsible, and the payment of the debt is very important".<sup>31</sup>

The Prophet Mohammad ﷺ said: "A man's life hangs in the balance until his debt is paid".<sup>32</sup>

<sup>28</sup> Al-Qūran : 51:19

<sup>29</sup> Al-Qūran : 2:279

<sup>30</sup> *Musnad Ahmad*: book on problems of contentment. No# 8935. Za'eef Hadees.

<sup>31</sup> *Sunan Ibn Majah*. Chapters on charity. No. 2405. Sahi Hadees.

## **The Islamic Policy of Price Controlling**

Comfort of markets is conditional on marketplace factors in all developing or developed countries that can make a reasonable level for prices, to be specific price mechanism initiated because of the interaction between supply and demand powers dependent on practice as social custom ('urf), with no different impacts, for example, imposing business model and such or absence of impact of government control. On the possibility that this situation is typical and ordinary with no damage, the cost consequently steady, yet on chance that unreasonable struggle happens, balance of price is disturbed also eventually upsets individuals' freedoms usually.

Besides, fixing of prices is the assurance of a cost by the public authority or the establishments ruling the local area and the community authority compels them to trade and purchase on settled cost. Furthermore, it is just admissible if the national authority or rulers do not discovered any other approach to settle costs and standardize the situations of the markets' financing as well forcing the strategies of cost range. According to acceptable settings, range of prices should expect to remove issues and damages for both participants; the maker/vender and the customer/purchaser, specifically by deciding a worth cost that is reasonable for every partner.<sup>33</sup>

Moreover, the case, recognized that price settings consist of components in three;

1. Firstly, related authority allotting the policy of prices as a party.
2. Secondly, dealers of the market turn into the objective of this policy as another party.
3. Thirdly, fixed costing of specific items by way of the body of issuing the policy.<sup>34</sup>

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<sup>32</sup> Ibid, No#2413. Sahi Hadees.

<sup>33</sup> Kusnadi, Jamaludin Fakultas Syariah dan Ekonomi Islam, IAIN Syekh Nurjati. (2019) *Price Control in Islamic Economics*. Cirebon. July 1. Pg.10.

<sup>34</sup> Id, Pg.1,2.

The government of any Muslim community or country has been assured as the fully righteous to set the prices in difficult circumstances according to Islamic teachings because Allah Almighty declared as;

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالِكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِّنْكُمْ.

"O ye who believe, do not eat each other's treasures with a vanity, except by the way of commerce that applies with mutual pleasure between you."<sup>35</sup>

Now it is required that the structure is usually good in the exchange besides those settings mayn't be satisfied at what time the national authority fixes a specific cost by utilizing its force powerfully.

The significance of the section above is the hadith of the Prophet Muhammad ﷺ which peruses:

لا يحل مال امرئ مسلم الا بطيب من نفسه

"It is not lawful for a Muslim's property unless it is obtained by pleasure from him."

Additionally, a hadith described by Anas bin Malik (R.A), as said about the time of the Prophet Mohammad ﷺ, costs constantly occurred to rise, fellows at that time requested Mohammed ﷺ, "ORasulullah. Maintain the cost for us." Rasulallah ﷺ answer: "Verily Allah is the One who sets the price, who holds back, who makes it easy, and the one who grants sustenance. Really, I wish I could meet God without anyone claiming me for the tyranny I did in blood matters and not in matters of wealth."

Shah Abd-al-Hannan observed that cost controlling as: that it is up to the national government an essential obligation to reduce the issues of general society. However, the Government of a Muslim country should not fix or direct costs in typical peaceful circumstances. Teachings of Islamic economics energize the liberal or substantial economy with no limit; if, it did not hurt other people. Nevertheless, if the merchants raise the cost of

<sup>35</sup> Al-Qūran : 4: 29

items unreasonably and in surplus by embracing unjustifiable methods, then cost of merchandise should be settled fixed.<sup>36</sup>

## The Islamic Policy of Tariffs

This is right that the Islamic religion doesn't give the instruction of taking tax on income like established in capitalist and developed countries of the West. Tariffs are just imposed on an overabundance of money or wealth but not on incomes. The government is likewise not permitted to apply duties indirectly, for example, charges (sales tax) on selling products and projects. Furthermore, it can't be forced tariffs as expenses of courts' fees, charges on appeals sent towards the State, dealing for sale or enlistment of land, constructions or estimations, or different sorts of tariffs further than those in Islamic teachings.

قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ: إِنَّمَا الْعُشُورُ عَلَى الْيَهُودِ وَالنَّصَارَى وَلَيْسَ عَلَى  
الْمُسْلِمِينَ عُشُورٌ

“Tithes are to be levied on Jews and Christians, but not on Muslims”.<sup>37</sup>

“The tax collector will be in hell”.<sup>38</sup>

صَاحِبُ الْمَكْسِ فِي النَّارِ

During the caliphate of Umar ibn al-Khattab, the economic relations between Muslims with non-Muslims flourished. Merchants from non-Muslim states began to come to Muslim states for trade. It was the custom of the non-Muslim states to levy a customs duty of ten percent on Muslim traders. Because Muslim traders pay taxes in non-Muslim states, Hazrat Omar (RA) made it a law that non-Muslims who bring goods to trade in Islamic areas should be taxed at the same rate.

In the context of Islamic teachings, the government has never

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<sup>36</sup> Shāh ‘Abd al-Ḥannān, (2006) *Role of Government in an Islamic Economy*, accessed March 20, 2015, <http://www.witnesspioneer.org/Articles/economics/role-of-government-in-Islamic-economy.Htm>: 5.

<sup>37</sup> *Sunan Abu Da’wood*, book on kharaj, fai’ and imarah. No# 3046. Za’eef Hadees.

<sup>38</sup> *Musnad Ahmad*: book of sales, income and trade matters. No# 5771. Sahi Hadees.

allowed violence and coercion to collect taxes. On the contrary, kindness and gentleness have been emphasized by all the people. In this regard, Mujahid Al-Husseini has narrated an incident from the book Al-Kharaj of Qazi Abu Yusuf (R.A) that Hazrat Umar (RA) once saw that some people were beheaded for not paying Jizyah due to poverty, being punished by pouring oil on it. On this occasion, Hazrat Umar (RA) forbade punishing and told:

لا تعذب الناس فان الذين يعذبون الناس في الدنيا يعذبهم الله يوم القيامة

Do not punish the people! Because those who torment the people in this world, Allah will punish severely on the Day of Resurrection.<sup>39</sup>

Tariffs are demanded on the richness of Muslims in states which is in surplus of individuals' fundamental requirements and nonessentials as indicated by ordinary ways of life. Tax charges are just gotten from individuals, who have excess richness and zero is taken from the individuals who have no overflow riches. As Hazrat Mohammad صلى الله عليه وسلم said: **“The best Sadaqah is that given out of richness.”** The richness here means what the person can afford after satisfying one's needs.

Restrictions about trade are additionally legitimized in counter to comparable limitations forced by the other party. As comprehending that tariffs on import were first presented in Islam by the second Caliph Hazrat Umar (R.A), when Muslim merchants objected that different states are gathering levies at entrance from them. Henceforth, if different states don't force any type of tax, the Muslims are similarly encouraged not to force any tax. Yet, monetary hypothesis has advised of homeless person about fellow citizen results of such strategies, which point ought to get accurate thought in the calculation of maslaha and mafsada in a specific situation. In actuality, policies of free trade succeed just because of peaceful consensuses, which give adequate motivating forces to those nation-states that get a preferred

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<sup>39</sup> Hussaini, Mujahid. (2015) *Tax system of Khilafah Rashidah*. August 5. <https://www.google.com/amp/s/dailypakistan.com.pk/05-Aug-2015/252488%3fversion=amp>

position in arrangements of protectionist.<sup>40</sup>

## **The Islamic Policy of Investment**

The Islamic policy of investment is mainly strengthened by the following factors;

- Firstly, the obligation of Zakat debilitates the increase of inactive riches and commands rich proprietors to place their resources into profitable networks.
- Secondly, the end of usury gives just a single alternative for the venture, for example, to be a business personality or to put resources into risk and profit distribution dealings.
- Qarz e Hasanah, sadaqa and khairat is likewise the finest kind of venture needed for the few grounds for further advancements in Muslim Developing Countries.

Allah Almighty has been clearly given the most profitable way of automatic investment, as people used the money to fulfill the religious matters and the requirements of needy people of daily routine and definitely find it in reverse uncountably. As all people know about the reality that Allah alone is the Owner of every type of wealth, and Allah alone is the Biggest Planner to circulating money among different people.

مَنْ ذَا الَّذِي يُقْرِضُ اللَّهَ قَرْضًا حَسَنًا فَيُضِعَّهُ لَهُ أَضْعَافًا كَثِيرَةً وَاللَّهُ يَقْبِضُ وَيَبْصُطُ وَإِلَيْهِ تُرْجَعُونَ

Who is it that would loan Allah a goodly loan so He may multiply it for him many times over? And it is Allah who withholds and grants abundance, and to Him, you will be returned.<sup>41</sup>

Every amount of money which spent in a just way automatically gets unexpected increments with the grace of Allah Almighty.

مَنْ ذَا الَّذِي يُقْرِضُ اللَّهَ قَرْضًا حَسَنًا فَيُضِعَّهُ لَهُ وَلَهُ أَجْرٌ كَرِيمٌ

Who is it that would loan Allah a goodly loan so He will multiply it

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<sup>40</sup>A. MANNAN,M. & KAHF, MONZER. & AHMAD, AUSAF. *INTERNATIONAL ECONOMIC RELATIONS FROM ISLAMIC PERSPECTIVES*. Islamic Research and Training Institute Islamic Development Bank, Jeddah, Saudi Arabia. Pg.23.

<sup>41</sup> Al-Qūran : 2:245

for him and he will have a noble reward?<sup>42</sup>

وَاللَّهُ يَرْزُقُ مَنْ يَشَاءُ بِغَيْرِ حِسَابٍ

And Allah gives provision to which He wills without account.<sup>43</sup>

And this is just because of the approval of Sovereign power to let the money be too much among different people without being counted.

يَمْحَقُ اللَّهُ الرِّبَا وَيُزِيلُ الصَّدَقَاتِ

Allah destroys interest and gives increase for charities.<sup>44</sup>

The same thing as sadaqa comes in form of an easy and fixed investment in the Islamic religion.

Holding groups of investment in the Islamic world have one or the other a public or global order and have been genuinely dynamic in advancing the development of different kinds of Islamic foundations for financing. The establishment of (Dar-al-Maal Al-Islami) (DMI) justifies extraordinary notice in this association. It is a global holding organization and has assumed an influential part in advancing Islamic monetary establishments in different regions of the Islamic realm to put the cash in an unpredicted way.

Different investment organizations and development finance foundations of the Muslim world give source and extended term money for the improvement of manufacturing, agribusiness and different areas. Amid the Islamic development finance foundations, the spot of pride has a place with the Islamic Development Bank (IDB) has headquarter in city of Saudi Arabia named Jaddah.

In spite of the fact that financing trade is a significant part of program for all the banks, it is fundamental in the developing countries of Muslims to draft banks in the immediate funding of agriculture and manufacturing field additionally to quicken the cycle of monetary development. Professional banks usually try not to coordinate money of

<sup>42</sup> Al-Qūran :57:11

<sup>43</sup> Al-Qūran :2:212.

<sup>44</sup> Al-Qūran :2:276

agribusiness and manufacturing part. Adequate information is not accessible on the sectorial circulation of funding for several activities of banks in Muslim countries as cared about. Nevertheless, literature provides a specific measure of data about the sectorial example of contributing with cash of a couple of Islamic banks. Yet, in a few time Islamic banks so far have not given a lot of account to agribusiness and limited scope of production field. For example, as banks (non-Islamic) of developed countries, Islamic banks additionally send the greater part of their assets in transient funding of a half year or a reduced amount or middle duration of supporting for a whole year or a reduced time.<sup>45</sup>

In point of fact, Islamic banks should serve the ability of investment providing assets to lengthy but gainful deeds. These establishments are required to support little business people who don't approach funds in the framework of non-Islamic banks and to stretch out their connections to country locales that are frequently ended from official admittance to urbanite or civic monetary business sectors. Islamic banks might be a motor of development in developing countries of Islamic domain. Supporters claim that profit and loss sharing (PLS) funding gives the gear to achieving these objectives in a reasonable and proficient way. Islamic banks put resources into enterprising activities in areas that are normally seen as development arranged. Farming and manufacturing are apparently areas in which pioneering tasks would have the best suggestions for development.

There is terror for developing countries of Muslim world that of capital and strength by outsiders, which is liable for the restraint factors, is not reasonable. Programmed working of the realm investment and business sectors makes certain to profit the more powerful, bigger and better educated commercial groups, all situated in the regions of developed countries to the harm of the frail, unfortunate and asset-deprived of developing who can give no safety and no soundness. The government

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<sup>45</sup> A. MANNAN, M. & KAHF, MONZER. & AHMAD, AUSAF. *INTERNATIONAL ECONOMIC RELATIONS FROM ISLAMIC PERSPECTIVES*. Islamic Research and Training Institute Islamic Development Bank, Jeddah, Saudi Arabia. Pg. 269, 271.

stages in, so to deal with the investment marketplace and control the part of the outsiders in light of a legitimate concern for investment arrangement at home. Overseas investment by natives is usually not permitted. Overseas private or reserved investment is welcome in certain states; however others favor toward official as true aid. International businesses are permitted with conditional settings connecting with neighborhood interest and transference of modern technology.

Different strategies flourish, however if more here remain the additional they will in general support a little part of finance managers at home-based lifetime harder for the rest. In the event that the motivation behind these procedures is to maintain capital strategies in accordance with public needs, it ought to be plainly set down and afterward let overseas financial supporters come in the national marketplace. It will too work for the benefit of the Islamic countries to make conditional situations ideal for more noteworthy movability of asset inside the group of Islamic states. Absence of such conditional aspects has been the significant reason for the Muslims' investment's go on the way to the west.<sup>46</sup>

### **Islamic Policy during Economic Crisis**

Hazrat Mohammed ﷺ not ever wondered to stretch out material assistance to individuals in trouble or misfortunes, in any event, even the influenced individuals ended up living across the boundaries. It is accounted for that once Hazrat Mohammad ﷺ sent 500 dinars to be circulated among the deprived people of Makkah (before it arose under his decree) when folks were suffering a starvation. Throughout a similar era when the stock of wheat from Yamama to Makkah was halted at the command of a dominant person, Thumama, had newly accepted Islam, the people of Makkah spoke to the Prophet ﷺ for the sake of connection and great relations. The Prophet ﷺ kept in touch with Thumama to let the provisions as normal.<sup>47</sup>

It is also narrated by Allah Almighty in Quran about the time of crisis that Muslims should repent and also seek His Mercy through not just prayers but do fair and just actions.

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<sup>46</sup> Id. Pg.25.

<sup>47</sup> Id. Pg.15.

وَيَقُومِ اسْتَغْفِرُوا رَبَّكُمْ ثُمَّ تُوبُوا إِلَيْهِ يُرْسِلِ السَّمَاءَ عَلَيْكُمْ مِدْرَارًا وَ يَزِدْكُمْ قُوَّةً إِلَى قُوَّتِكُمْ وَلَا تَتَوَلَّوْا مُجْرِمِينَ

“And O my people ask forgiveness of your Lord and then repent to Him. He will send [rain from] the sky upon you in showers and increase you in strength [added] to your strength. And do not turn away, [being] criminals.”<sup>48</sup>

Again Islamic policy is expected to be generous during time of crisis whether on individual level or on a societal level, or in national or international economic relations. But it all should be without any greed.

وَإِنْ كَانَ ذُو عُسْرَةٍ فَنَظِرَةٌ إِلَىٰ مَيْسَرَةٍ ۗ وَأَنْ تَصَدَّقُوا خَيْرٌ لَّكُمْ إِنْ كُنْتُمْ تَعْلَمُونَ

“And if someone is in hardship, then [let there be] postponement until [a time of] ease. But if you give [from your right as] charity, then it is better for you if you only knew.”<sup>49</sup>

Then there comes a true ray of hope for all troubled ones as;

“For indeed, with hardship [will be] ease.”<sup>50</sup> فَإِنَّ مَعَ الْعُسْرِ يُسْرًا.

During the time of the first caliph, Hazrat Abu Bakr Siddique (R.A), it was decided that if a person was disabled from working or became weak and unable to work or suffered in some other trouble or distress. Or if first was rich and later became poor and needy and the religious people started giving alms to that man, then the (jizya) of such a person will be suspended. And children of the same person who live in the Muslim state will also be given a discount. But if someone goes abroad, Muslims will be acquitted to fulfill the expenses.<sup>51</sup>

## The Islamic Policy of Digital Currency

At this time, new advancements from the improvement of money and currency as computerized or digitalized currencies prevailed, that

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<sup>48</sup> Surah Hood (11:52)

<sup>49</sup> (2:280) *Surah Al-Baqarah*.

<sup>50</sup> Al-Qūran : 94:5

<sup>51</sup> Hussaini, Mujahid. (2015) *Tax system of Khilafah Rashida*. August 5. <https://www.google.com/amp/s/dailypakistan.com.pk/05-Aug-2015/252488%3fversion=amp>

depend on a stronger establishment of store and supply of significant worth is offering a hint to a superior improvement of further steady cash or currency choices which remain resistant to impacts of inflation and marketplace control. It has been viewed at present that digital currency for example a sort of authorized cash in which a portion of the perspectives acknowledged it to remain a mode of trade regardless of the questionable contentions on authorized cash and its contrast with silver and gold. The idea of cash or currency was adapted so that issues be solved that occurred in deal or bartering background in earlier centuries. Humankind utilized a few things going from, stones, shells and metals, for example, silver, gold and paper cash/currency. A significant currency as digital, especially ones dependent on the innovation of blockchain, demonstrated to become a superior component for cash resources, increased of prices controlled and prevailing with regards to accomplishing other socio-financial targets, for example, availability for funding and straightforwardness. A blockchain is a computerized or digital record of exchanges that is copied and circulated across the whole system of personal computer networks on the blockchain. It is an arrangement to copy all data that makes it hard or difficult to hack, change or to avoid the fraud as well.

In reality, block chain and digital currencies' capability supposedly is remarkable. Notwithstanding, it is majorly talked about applying are seeking after the simpler methods for declaring that bit coin and its installment structure is Shariah truthful subsequently it is preferred option over fiat cash also according to the standard of need. The idea of (block chain) comprises of numerical and computational claims with no restricted components inside its substance. Besides, it serves to remove disallowed components, for example, (Gharar) fraud from exchanges meanwhile its confirmation cycle is solid and straightforward for all members on the organization. The main problem of digital currency, that it is completely dispersed money where nobody can handle its record or confirmation methods. Administrations these days are offering a few plans to incorporate digital currency, for example, (blockchain) inside explicit guidelines to advance its development.

In the perspective of Islamic economics, a matter of digital currency doesn't have a specific worth contrasted with stuff cash, for example, gold and silver. A few literary works may have contended that the \*mining cycle [mining includes blockchain miners/members who add bitcoin exchange information to bitcoin's worldwide public record of past exchange] in the blockchain is the reason for digital currency and bitcoin and also a struggle in bringing the cash/currency, it grips a motivation for that money. In any case, till now can't detect the actual presence of that money/currency in researched data which backs it active and takes its cause in reality which actually causes a problem in the meaning of cash in the Islamic viewpoint. Islamic economic perspective has many different ways of saving money. Also, money in Islamic perspective may be secured via seeking labor and getting via allowed businesses and swapping actions.

### **The Policy of the Paper Currency**

Hafiz Zulfiqar Ali has quoted the opinion of Justice Allama Umar bin Abdul Aziz Al-Mutrak (R.A) that, notes are a permanent currency and like gold and silver these also carry interest (usury) orders. In the case of usury and loss, in the case of bail, the rules of gold and silver apply to these at all. The government has the power to issue money, and the paper currency is issued by the government itself. Because paper money is as much a permanent currency as gold.<sup>52</sup>

It is very true that the use of cash and the currencies' idea which are considered of the fundamental components though making a monetary framework ever since it is developed as an installment framework to settle down exchange in the monetary framework just as regular day to day existence. These days, currencies of countries depend on the idea of cash as paper currency where the central or national bank design and print it and also govern its flow of circulation within the country, therefore it is called monetary policy.

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<sup>52</sup> Zulfiqar Ali, Hafiz. *Islamic Rules of Economy and Trade*. Publisher, Abu Huraira Academy. Pg. 196.

Fiqh Academy of the Muslim world association gave a Shariah goal as a resolution with respect to the use and nature of paper currency. Subsequently that paper money is a free type of currency and the doctrines put on gold and silver, also put on paper currency strategically. As in 9, D/3/07/86 resolution, Fiqh Academy of the OIC (organization of Islamic cooperation) concluded that paper money is a lawful delicate having complete characteristics of a mechanism of trade and the principles imposed to gold and silver are imposed to it.<sup>53</sup>

## CONCLUSION

This research majorly informs about both, first financial aid to developing countries which mainly based on conditional terms with its many other policies and second, the economic policies of developed countries which comes abundantly as self-centered and terrorized interests. In fact, it is cause for many economic dilemmas in developing countries. According to the outward announcement for giving financial aid, the goal is to eradicate all the hardships and poverty of the backward countries. Electronic and print media has played an important role to promote such so-called ambitions.

Developing countries face so many problems and where it seems that despite of difficult conditions, there is no way without taking debts and loans from donor institutions. But this funding is only a temporary support. Then later, this same financial aid becomes a threat to their all national interests whether these are social, moral, economic or religious. The economic policies that have been formulated by the developed countries at the global level are mostly beneficial for the countries themselves. The shackles of slavery have to be put against the freedom of recipient countries. Often these financial aid and economic policies are based on fraud and deception, which participates in promoting hatred between the mass and the government. The economies of these countries are not strong enough to fight such unseen wars.

The dynamics of financial aid are low incomes, unemployment and uncontrolled inflation rates in developing countries. In addition, donors are so much involved in political and official matters of recipient countries so that for getting the wrong goals through the government.

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<sup>53</sup> Abdullah, Adam. (2017) *Developing a Digital Currency from an Islamic Perspective: Case of Blockchain Technology* Article in International Business Research September. Al Qasimia University.

There is a deep but regrettable link between financial aid and economic terrorism. And the same aid greatly hurts the moral values of recipient countries, after which business people lose trust and confidence in each other. This distrust has a detrimental effect on the business environment. But the IMF and the World Bank are not ready to change or soften their tough loan policies, and quite ignored these negative effects. It is ridiculous but kettle of fish that economic issues do not end after the financial aid, but also worries gets more as randomly. All these economic problems continue to increase in line with the usury rates paid on financial aid and repayment of loans.

Furthermore, developing countries have to bear the burdens of huge taxes on commercial goods. Subsequently, the prices of commodities increase at the national level as well. Due to these unjust economic policies, the concentration of wealth is limited to a few institutions. It can be seen that there is so significant and clear link between the economy and terrorism. In real, terrorism in any region has the most dangerous direct consequences on the economy of that region. Hence, due to the terroristic attacks there comes a sharp decline in investment, both nationally and internationally.

Developed countries pave the way for their trade goods to be sold in markets of developing countries. Governments in developing countries also receive money to meet their demands. But they do not use money in the right places. It was stipulated by the World Bank with the disbursement of loans that the required tasks must be completed before getting the loans. The selfish policy of imposing unreasonable conditions is considered to be the most inevitable and major part of financial aid. Electricity and oil, and other necessities of life as well, are subject to limitless increases in prices. And concerned governments have been banned from any type of interfering in price risings. That is why economic growth remains minimal or just equal to non-existent. Developing Muslim countries are the mostly victims of this economic terrorism. The value of the rupee and the currency continues to decline. And economy is not stabilized due to the proliferation of taxes.

In today's economic world, most Muslim countries are considered as incomplete or emerging economies. Even, nature has endowed Muslim countries with many mineral and water resources. Muslim states also have a great blessing of manpower. Despite being unique in moral and cultural values, Muslim countries lag behind Western countries in terms of technical education, wealth and power. By the grace of Allah Almighty, Pakistan is a country in the world which is rich in coal, gas, oil, forests and

also other types of mineral wealth. But it is a matter of great concern that Pakistan relies on financial aid instead of enhancing its ability to make better use of these resources. Therefore, due to the economic problems here is lack of energy which is needed to run factories. Trade relations with foreign countries are also unpleasant.

There are monetary changes in economic policies that directly affect the transactions of government elements with foreign countries, such as collecting taxes and doing business and investing through banks, because this all involved in irreparable losses like usury.

The new policies of the elements hostile to economic peace do not miss any opportunity to loot the wealth of peace-loving countries.

سَمْعُونَ لِلْكَذِبِ أَكْلُونَ لِّلْسُحْرِ

These people (Jews)listen to lies (rumors) with great interest and are very keen for haraam eating.

Most Western countries support digital currency. Which is a modern way of looting through banks? Except it, paper currency also plays a major role in accumulating the wealth of the subcontinent in past.

On the other hand, China's economic and trade policies with Muslim countries are beneficial for China as well as Muslim developing countries.

However, Islam has laid down the best principles to protect all from the fabrications biased policies of the false elements. Acting upon these principles, it does not deprive anyone of their rights, but gives everyone's rights in a timely manner, whether nationally or internationally. Wealth earned through illicit means has been declared haraam. Because, in terms of its use, it is a cause of unhappiness everywhere as well as punishment in this world and in the hereafter. Usury is not permissible in any kind of compulsion or financial crisis. The Islamic economic system is so stable and peaceful that no other economic system in the world can compare it. It is the only system whose justice protects the rights of both Muslims and non-Muslims. Islam is superior to regional and religious distinctions. Islamic economics does not deny the growth of wealth, but it makes boundaries just to avoid the illicit means for the accumulation of riches, with the lesson of contentment, that is liked in Islam. As knowing very well that the Owner of all assets is Allah with His Sovereignty, Muslim governments should not take temporary fiscal aid by hook or by crook.

Apart from reading and writing this research paper, there are more places for further research works to conduct integral but most appreciated traditions of Shariah, to formulate the smooth economic climate to get rid of its terroristic policies. Because economic mobility, now, needs improve its way of uncomfoting situations. In fact, this will help to generate the ample knowledge of Holy theorems. And find out the thread and identify the curse, due to which our economy remains in its toddle period from years and years.

## **Results**

1. Interest-bearing financial aid to alleviate poverty and economic issues, proved often but constantly the result of the poor intentions of Western developed countries.
2. In fact, this funding is provided under specific agendas. And most of its benefits come as share of donors.
3. Interest-bearing financial aid is a complete violation from Islamic economic principles.
4. The economic blessings of Muslim countries are affected when they follow the false economic policies that are being promoted globally by the developed countries.
5. None of the international economic policies take into account Islamic teachings at all.
6. The vain slogan to eradicate poverty in developed countries paralyzes mentally both the people and government of developing countries instead of eradicating it.
7. Developing Muslim countries do not express any reservations in view of unfair economic policies.
8. It is considered a duty by developed countries to hold the economic rights of developing countries.
9. The economic development of any country depends on the proper use as possible, of all its natural resources and agricultural resources.



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