

# Crises & Crossroads

# The Urgency of Islam To Save the world

Saturday, May 13, 2023 12-5 pm



**The Islamic Economic System**  
Tranquility... Stability... Prosperity

**The Economic System of Capitalism**  
Virtual... Market Crashes... Interest & Debt  
Disparity... Poverty...

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**HIZB UT-TAHRIR**  
**AMERICA**



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# The World is at a Crossroad

An Ideological Problem that Can Only Be Solved with an Ideological Solution

*The social norms, beliefs and concepts of a society define acceptable standards of public discourse when it comes to cultural, racial and religious sensitivities.*

*Such standards should be applied equally on all peoples.*

The facade of freedom, equality and other values the West hides behind and parades in Afghanistan, Iraq, Syria, Somalia, Palestine, Yemen, Uyghur provinces & all over the world as standards for civilization are neither objective nor consistent. For the past 100 years, the Western torch of civilization has brought nothing but darkness to the masses of the world with the exception of a few elite classes of society.

Time and time again, we have witnessed the decadence of secular liberal societies, under which the Quran is desecrated, the torture centers (such as Abu Ghuraib and Baghram) and rendition take place, the religious beliefs of Muslims, Christians or Jews carry no sanctity and people are killed without reservation.

The world is at a crossroad where a new civilization is much needed, a civilization that is free from disparity & contradictions, a civilization that truly cares for the people of the world, a civilization that can bring lasting peace and tranquility to the masses. The only civilization that can do this is the 'Islamic Civilization', the 'Caliphate', the 'Khilafah'.

The true problem that Muslims & non Muslims face is ideological in nature. It is not simply racism, sexism, religious discrimination, vulgarity, fear of crime, disparity, poverty, corruption, lack of social cohesion, da'wah to non-Muslims, or the economical hardship, it is all of these and more. Such are the results of an ideological problem, a man made ideology that produces disorder.

Therefore, as thinking Muslims, we must be aware of the true problem, so that we will not just target mere

symptoms, but the disease itself.

What people failed to fully grasp is the ideological nature of the solution. Muslims need to understand that our problems will not be solved, & humanity's problems will not be solved until they are dealt with systematically and comprehensively. For example, racism & discrimination is a huge problem in society for non-whites, especially African Americans & Latinos. African Americans are denied jobs, paid less, and kept in urban ghettos because of the systemic problem of racism. This same racism has reared its ugly head in the Muslim Ummah through colonialism, westernization, and Kufr domination in Western and Eastern societies.

If we were to ask African Americans about how serious the problem is, most would admit that racism is a very critical lingering problem. Even if racism was eliminated, which will never happen under man-made systems, it would not mean that other problems would not exist.

In addition to racism, everywhere we turn in the societies, Islamic values are being contradicted. Drinking alcohol, having extra-marital affairs, cursing one's elders, dealing in Riba, showing one's private parts or body curves, and generally taking life as mere sport and play are practiced widespread in societies. This is not limited to Western societies alone, but also Muslim majority countries which are controlled and ruled by secular people who take their "Way of Life" from the West with little regard. These problems are systemic, meaning that they are widespread and related to the systems we live in. Therefore, Muslims must never be trapped into trying to solve one problem only.



Even if we attempted to feed the poor, stop crime, work exclusively with a particular group of people that have been oppressed, these problems would still happen under this capitalistic secular system. It would be similar to trying to stop a flood with small cup. If we attempted to only address the problems that were closest to our neighborhood or personal situation, we would be going against the example of Prophet Muhammad (saw).

The method of our example, Prophet Muhammad, (saw), was to work for the comprehensive solution to human problems. He targeted people to change their minds and dispositions based on a rational doctrine, and hence created a society based on Islam and its rulings, and established it as a state and ideology by implementing the laws of Allah (swt) in all aspects of life.

***“O mankind! There hath come to you a direction from your Lord and a healing for the (diseases) in your hearts, - and for those who believe, a guidance and a Mercy.”*** [TMQ 10:57]

It is very easy to be sidetracked with minor issues in the societies that we live in. Even if we managed to accomplish feeding all of the poor, or uplifting an oppressed community, it would not mean that we have been successful in solving all problems comprehensively.

The only solution is the Islamic State, which implements the ideological creed of Islam, not for one particular group of people or problem, but for the entire Muslim Ummah as well as humanity at large and all its problems. To be successful, we must work for the ideological solution, which is the reestablishment of the Khilafah, that deals with all of mankind's problems.

History is a witness to its justice, mercy, progress, protection, its intellectual and cultural prowess and above all the obedience to the Creator (swt). Its return is eminent as stated by the Prophet (saw):

***“The Prophethood will be among you as long as Allah wills, then he will eliminate it if He so wills. Then a khilafah on the model of Prophethood will prevail so long as Allah wills, then He will eliminate it if he so wills. Then there will be a biting monarchy as long as Allah wills, then He will eliminate it if He so wills. Then there will be an oppressive monarchy as long as Allah wills, then He will eliminate it if he so wills. Then a Khilafah on***

***the way of Prophethood will prevail and he kept silent.”***  
[Ahmed]

***“Allah has promised to those among you who believe and work righteous deeds, that He will of a surety grant them in the land inheritance (of power), as He granted it to those before them, that He will establish in authority their Deen (Way of life), the one which He has chosen for them...”*** [TMQ 24:55]

According to the above evidences, we see that Allah (swt) has promised to the Muslims the return of the Islamic State (Khilafah).

The Khilafah's system of governance is built upon a concept of citizenship regardless of ethnicity, race, gender or creed and is totally opposed to the oppression of any religious, ethnic or racial groups. There is no concept of 'minorities' in the Khilafah and the rights of Muslims and non-Muslims are enshrined in the shariah and cannot be reversed by legal precedent or the whims of any government or any people.

***“O You who believe! Indeed We have created you from a single male and female and We have made you into nations and tribes so that you know each other, Verily the noblest among you in the sight of Allah is the one who is most deeply conscious of Him. Behold Allah is all knowing, all aware.”*** [TMQ 49:13]

***“He who harms a person under covenant, or charged him more than he can, I will argue against him on the Day of Judgment.”*** [Sunan Abu Dawoud]

Imam Qarafi (R.H) summed up the responsibility of the Caliphate to the Dhimmi when he said:

***“It is the responsibility of the Muslims to the People of the Dhimma to care for their weak, fulfill the needs of the poor, feed the hungry, provide clothes, address them politely and even tolerate their harm even if it was from a neighbor, even though the Muslim would have an upper hand. The Muslims must also advise them sincerely on their affairs and protect them against anyone who tries to hurt them or their family, steal their wealth, or violates their rights.”***

Ultimately, the future of the world and its people rests on a civilization whose principles are laid down by the Creator (swt) and not by the created (man). **END**

# Riba is not a Solution

## The Shaitaan Promises You Poverty and Orders You to Immorality

This article is an attempt to discourage participating in riba for the temporary satisfaction of acquiring worldly gain at the expense of the Hereafter. Gains acquired in the hereafter, by leaving riba, far outweigh the advantages of using riba as the means to accomplish one's objectives. The dangers of riba may not be apparent or it may seem that the harm will be avoidable at the time a transaction is made, but it is dangerous to lose sight of the fact that Allah (swt) has declared engaging in riba to be a major sin and the consequences of disregarding the warning of the Lord and Master of the Day of Judgment are far beyond the limited vision and intellect of human beings.

From the time of the Prophet (saw) to the present day, the overwhelming majority of Muslims, both scholars and laymen, have regarded usury and interest, both as riba. Whether it is a home loan, car loan, installment loan, student loan, Pay Day loan, credit card, or it's a 401K, IRA, life insurance, 529 Education Savings account, CDs, Bank Savings account or many other kind of financial instruments, Muslims should know that these things are all riba bearing and in violation of the Shari'ah rule on riba.

Riba, interest, or usury, is an "increase of principle" in "the medium of exchange" that places extra liability on a party when something is loaned or swapped. Riba is an institutionalized way to take advantage of those in need, and is against the natural concern humans have for the well being of others. Islam's teachings abolished riba more than 1400 years ago in most parts of the world that flourished under Islamic government.

*"(Because) of their taking riba when they were forbidden it, and of their devouring people's wealth by false pretenses We have prepared for those of them who disbelieve a painful doom."* [TMQ 4:160-161]

*"Those who devour riba will not stand except as stands one whom the Evil One by his touch has driven to madness. That is because they say, 'Trade is like usury,'*

*but Allah has permitted trade, and forbidden usury. Those who after receiving direction from their Lord desist, shall be pardoned for the past, their case is for Allah (to judge). But those who repeat (the offense) are Companions of the Fire. They will abide therein (forever). Allah will deprive usury of all blessing, but will give increase for deeds of charity; for He loves not Creatures ungrateful and wicked."* [TMQ 2:275-277]

Obedience to the laws of Allah is the foremost reason why riba is to be avoided. In the Glorious Qur'an and the Sunnah, there are clear orders for avoiding that, which is dangerous and harmful for the individual and the society, and the shariah gives clear direction to the path toward that which makes one successful in this world and in the Hereafter.

As compared to other prohibitions, it may be viewed that Allah (swt) has condemned riba with the harshest of punishments –war with Allah Almighty and the Holy Prophet (saw) has been declared for those who participate in riba-

*"O you who believe! Remain conscious of Allah, and give up all outstanding gains from usury, if you are [truly] believers; for if you do it not, then know that you are at war with Allah and His Messenger. But if you repent, then you shall be entitled to [the return of] your principal; you will do no wrong, and neither will you be wronged."* [TMQ: 2:278-279]

Prophet Muhammad (saw) also said:

*"The sin of taking riba has 70 parts and the smallest part of the same is equivalent to having intercourse with one's mother."* [Sunan Ibn Majah]

It has been concluded by a number of respectable economists, riba is the prime cause of inflation in an economy. One has only to look past the glitter and stop being dazzled by the temporary pleasures of America and see the devalued dollar and a suffering economy. America



has a key position in the world economic system, which is based on riba. Riba is usually translated as usury, which is the lending of money on interest regardless of the rate of interest. However, the definition of riba in Islam may also include transactions that are based on deception that give to the receiver a profit or gain to which he is not justly entitled. As revelations came to Prophet Muhammad (saw) for the establishment of the Islamic way of life, the first verse revealed prohibiting riba came during the Makkan period.

*“That which you give in usury in order that it may increase on (other) people’s property hath no increase with Allah; but that which ye give in charity, seeking Allah’s countenance, hath increase manifold.” [TMQ 30:39]*

The second verse of the Qur’an revealed on riba is considered to have come after the battle of Uhud in which seventy Muslim men returned to Allah (swt) during the battle when a portion of the army disobeyed the orders of Rasulallah (saw). It reads,

*“O you who believe! Devour not usury, doubling and quadrupling (the sum lent). Observe your duty to Allah, that ye may be successful.” [TMQ 3:130]*

*“The Shaitaan promises you [the] poverty and orders you to immorality, while Allah promises you forgiveness from Him and bounty. And Allah (is) All-Encompassing, All-Knowing.” [TMQ 2:268]*

The desire for this world and love of it can be blinding to the eyes and the heart in deciding what is truly needed. Of the disbelievers who claim that they believe,

*“There are some people who say, ‘We believe in Allah and the Last Day,’ whereas they really do not believe. They try to deceive Allah and the Believers, but they succeed in deceiving none except themselves, and they realize it not. In their hearts is a disease which Allah has increased all the more, and a painful doom is in store for them for the lie they utter.” [TMQ 2:8-10]*

The disease of the heart is the love of other than Allah (swt). One might lie to himself about what he must have

in order to live, thus deceiving himself and others, but not the All Knowing, and All Aware Lord of all the worlds.

There is a principle of Islamic jurisprudence, which states: “When the evidences of prohibition conflict with the evidences of permissibility, preference is given to prohibition”. Islam guides one to make pleasing Allah the goal in all situations, therefore, in all transactions the aim must be to close the door to the possibility of becoming involved in anything that Allah (swt) has warned humanity against. An-Nu`man bin Bashir (may Allah be pleased with him) said that he heard the Messenger of Allah (saw) say:

*“What is lawful is evident, and what is unlawful is evident, and in between them are the things doubtful which many people do not know. So he who guards against doubtful things keeps his religion and honor blameless, and he who indulges in doubtful things indulges in fact in unlawful things. Just as a shepherd who pastures his animals round a preserve will soon pasture them in it. Beware, every king has a preserve, and the things God has declared unlawful are His preserves.” [Muslim]*

For those who believe in the guidance of the Qur`an and the teaching of Prophet Muhammad (saw), the goal must not be to find ways to fit into the current economic system and to use a little riba – the goal must be to live the life of a Muslim and work to revive the Islamic economic system, which can only be done with the establishment of the Islamic State.

The Vatican offered Islamic finance principles to western banks as a solution for the worldwide economic crisis, according to the following statement – “The Vatican’s official newspaper, ‘L’Osservatore Romano’, reported that Islamic banking system may help to overcome global crisis. ‘The ethical principles on which Islamic finance is based may bring banks closer to their clients and to the true spirit which should mark every financial service, Turkish media reported, ‘The Vatican said banks should look at the ethical rules of Islamic finance to restore confidence amongst their clients at a time of global economic crisis.’”

After He (swt) warns about riba, He immediately mentions the return to Him on the Day of Judgement to highlight the importance of its prohibition.

See *RIBA* page8

# Usury; Decline in Human Potential

## Slavery in the Modern Day

**“But seek the abode of the Hereafter in that which Allah has given you, and do not neglect your portion of the worldly life, and be kind even as Allah has been kind to you, and seek not corruption in the earth. Verily, Allah likes not the Mufsidun (those who are mischief-makers, corrupted).” [TMQ28:77]**

Allah (swt) has created the pleasures and luxuries of this life so that people may enjoy their share, and work towards obtaining them. Thus, human life is set on the way to progress based on its concepts about man, life and the universe. The believers’ fountainhead for these concepts is Islam and they seek to fulfil the task Allah has assigned them. The only condition is that in such enjoyment and pleasures they should seek the reward of the hereafter.

Therefore, the wealthy neither deviate from the road leading them to paradise, nor neglect their duties as a result of their riches. These acts of submission elevate man into a perfect marriage of the spiritual and the material. The same act of submission frees mankind from the servitude of others. Nowhere is this more apparent than

Allah’s prohibition against usury.

Let us retrace our steps to what some historians refer to as the “Golden Age of Islam”. By the 10th century CE, Cordoba (Spain) had 700 mosques, 60,000 palaces, and 70 libraries, the largest of which had 600,000 books. In the whole al-Andalus, 60,000 treatises, poems, polemics and compilations were published each year. The library of Cairo had two million books, while the library of Tripoli is said to have had as many as three million books before it was destroyed by the Crusaders. During the Muslim Agricultural Revolution, sugar production was refined and transformed into a large-scale industry. Muslims introduced cash cropping and the modern crop rotation system where land was cropped four or more times in a two-year period. Jabir ibn Hayyan (Geber) introduced the

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RIBA, cont. from page 7

***“And be conscious of the Day on which you shall be brought back unto Allah, whereupon every human being shall be repaid in full for what he has earned, and none shall be wronged.” [TMQ 2:28]***

In his sermon during his Farewell Pilgrimage the Prophet (saw) reportedly said: ***“All riba of the pre-Islamic period are null and void. The first riba I am canceling is that of Abbas Ibn `Abdul al-Muttalib.”*** Prophet Muhammad, (saw) succeeded in establishing a way of life that brought humanity out of all forms of darkness into the light of Islam. Humanity came into the worship of Allah, the Creator, Lord of the worlds and Master of the Day of Judgment alone and learned to obey Him in all aspects of life. Out of obedience to Allah (swt) the Prophet (saw) and his followers established a model government that enforced the divine prohibition of riba (usury or lending and borrowing money on interest) and maintained the integrity of money as a means of exchange. In addition, he (saw) enforced a penal code that gave deterrent punishment to those found violating the rights of others. Yet, after living under the prosperity of Islam, greedy and unscrupulous business practices that were contrary to Allah’s decree were adopted, and Muslims abandoned Islamic economic principles. As a result people throughout the world today are living under the oppression and tribulations of riba based societies. Muslims are obligated to revive Islam and obedience to Allah (swt) as a way of life. END



experimental method to chemistry. Muslim engineers in the Islamic world made a number of innovative industrial uses of hydropower, and early industrial uses of tidal power, wind power, steam power, fossil fuels such as petroleum, and early large factory complexes (tiraz in Arabic).

Modern school books generally portray the Middle Ages as a time of poverty, backwardness, and economic slavery, from which people were only freed by the Industrial Revolution; but reliable early historians painted a quite different picture. Thorold Rogers, nineteenth century Oxford historian, wrote that in the Middle Ages, "A laborer could provide all the necessities for his family for a year by working 14 weeks." Fourteen weeks is only a quarter of a year! The rest of the time, some men worked for themselves; some studied; some fished; Some helped build the Cathedrals that appeared all over Germany, France, and England during the period massive works of art were built mainly with volunteer labor.

Fast forward to the present where we have both spouses working to support a household. Former President John Adams, is quoted as saying, "There are two ways to conquer and enslave a nation. One is by the sword. The other is by debt."

Sheldon Emry, expanding on this concept two centuries later, observed that conquest by the sword has the disadvantage that the conquered are likely to rebel. Continual force is required to keep them at bay. Conquest by debt can occur so silently and insidiously that the conquered don't even realize they have new masters.

American chattel slavery was viewed as inefficient by the British because you had to feed the slaves. Under economic slavery you make the slaves responsible for feeding themselves.

"It is difficult to get a man to understand something when his salary depends upon his not understanding it." Upton Sinclair.

The shiny car in the driveway has blinded Americans to their new masters. If the house that's attached to the driveway has a mortgage of around \$250,000 at approximately 10% over a period of 25 years. They will pay for the house about three times. That means, in the time it took them to earn half a million dollars, someone was living off of their sweat. Every payroll check he receives

is reduced by approximately 20% for the payment of federal income tax. The federal income tax was instituted specifically to coerce taxpayers to pay the interest due to the banks on the federal debt. If the money supply had been created by the government rather than borrowed from banks that created it, the income tax would have been unnecessary. Of course, credit card interest needs no introduction when you see the bankruptcies going through the roof as a result. Minimum payments can prolong credit card payments over a lifetime.

Professor Henry C. K. Liu is an economist who graduated from Harvard and chaired a graduate department at UCLA before becoming an investment advisor for developing countries. He calls the current monetary scheme a "cruel hoax". When we wake up to that fact, he says, our entire economic worldview will need to be reordered, "just as physics was subject to reordering when man's world view changed with the realization that the earth is not stationary nor is it the center of the universe." The hoax is that there is no real money in the system, only debts. Except for coins, which are issued by the government and make up only one-thousandth of the money supply, the entire U.S. money supply now consists of debt to private banks. This is a result of money they created with accounting entries on their books.

Robert H. Hemphill, Credit Manager of the Federal Reserve of Atlanta, wrote in 1934:

"We are completely dependent on the commercial Banks. Someone has to borrow every dollar we have in circulation, cash or credit. If the banks create ample synthetic money we are prosperous; if not, we starve. We are absolutely without a permanent money system. When one gets a complete grasp of the picture, the tragic absurdity of our hopeless position is almost incredible, but there it is. It is the most important subject intelligent persons can investigate and reflect upon."

It should be apparent at this point something unnatural is being heaped upon humanity. Hopefully Muslims can explore this conversation further in more detail with the objective of creating an environment exclusive of these shell games.

*"Do not spread corruption on the Earth after it has been so well ordered. Call on Him with fear and hope. Truly, Allah's grace is ever near to the righteous."* [TMQ 7:56] END

# Scene Behind the Scene

## Economic Slavery, the Engine of American Economic Growth

*“Those who devour (take) usury (riba) cannot stand except as the one whom Satan, by (his) touch, drives him to madness. That is because they say: Trade is just like riba, whereas Allah permitted trade and forbade riba. The one to whom an admonition from his Lord comes and he refrains (in obedience thereto), he shall keep (the profits of) that which is past, and his affair (henceforth) is with Allah. As for him who returns (to usury), such are rightful owners of the fire. They will abide therein eternally.” [TMQ 2: 275]*

**The Quran** likens the one who lends money with interest to a madman. Just as a madman loses his sense on account of his disordered intellect, in the same way the lender is so obsessed with making money that he divorces himself from common sense. He is so senselessly foolish and does not mind how his selfishness and greed are cutting at the very root of love, brotherhood and feelings for fellow human beings, and destroying the common good of mankind. He does not care that he is gaining prosperity at the expense of many.

*“... That is because they say: Trade is just like riba, whereas Allah permitted trade and forbade riba.” [TMQ 2:275]*

This argument is based on a theory that does not see the fundamental difference between profit and interest. Their position is this: When profit on capital is lawful in trade, why then should interest on money invested in loans be unlawful? The bankers and money-lenders of today also put forward similar arguments for charging interest. They argue that a person, who lends a sum of money to another, could himself make a profit from it and that the debtor actually invests it in a profitable business. Why should not the creditor, then get a portion of that profit from the debtor for his productive credit?

However, what they forget is that there is no business in the world where there is a fixed and guaranteed profit without any risk. In trade, commerce, industry, agriculture etc., one has to spend both labor and capital, while at the

same time one has to face risks, without any guarantee of a fixed profit. On the contrary, the money-lender (Bankers), who lends his capital only, goes on receiving a fixed amount of profit without any risk whatsoever. By what reasoning and on what principle of logic, justice and economics is it right for him to receive a fixed amount of profit? How can one be justified in lending on a fixed rate of interest to a business today for twenty years, when no one can say what rise and fall in price may take place in those twenty years?

To eliminate some of the wiggle room for the consumers, the 2005 bankruptcy bill was written by and for credit card companies. Credit card debt reached \$735 billion by 2003, more than 11 times the tab in 1980. Approximately 60 percent of credit card users do not pay off their monthly balances; and among those users, the average debt carried on their cards is close to \$12,000. This “subprime” market is actually targeted by banks credit card companies, which count on the working poor and the financially strapped to not be able to make their payments. According to a 2003 book titled *The Two-Income Trap* by Warren and Tyagi:

More than 75 percent of credit card profits come from people who make those low, minimum monthly payments. And who makes monthly payments at 26 percent interest? Who pays late fees, over-balance charges, and cash advance premiums? Families that can barely make ends meet, households precariously balanced between financial survival and complete collapse. These are the families that are singled out by the lending industry, barraged with special offers, personalized advertisements, and home phone calls, all with one objective in mind: get them to borrow more money.



“Payday” lender operations offering small “paycheck advance” loans have mushroomed. Particularly popular in poor and minority communities, they can carry usurious interest rates as high as 500 percent. The debt crisis has been blamed on the imprudent spending habits of people buying frivolous things, but Warren and Tyagi observe that two-income families are actually spending 44 percent less on clothing, 22 percent less on food, and 44 percent less on appliances than one-income families spent a generation earlier. The reason is that they are spending substantially more on soaring housing prices and medical costs.

In 2003, the average family was spending 69 percent more on home mortgage payments in inflation-adjusted dollars than their parents spent a generation earlier, and 61 percent more on health needs. At the same time, real wages had stagnated and declined. Most people were struggling to get by with less; and in order to get by, many turned to credit cards to pay for basic necessities. Credit card companies and their affiliated banks capitalize on the extremity of poor and working-class people by using high pressure tactics to sign up borrowers they know can't afford their loans. They then jacking up interest rates or force customers to buy “insurance” on the loans. People who can make only minimum payments on their credit card bills wind up being “sharecroppers” to the banks.

The supposed justification for allowing lenders to charge whatever interest the market will bear is that it recognizes the time value of money. Lenders are said to be entitled to this fee in return for foregoing the use of their money for a period of time. That argument might have some merit if the lenders were actually lending their own money, but in the case of credit card and other commercial bank debt, they aren't. They aren't even lending their depositors money. They are lending nothing but the borrowers own credit. This was made public because of what the Chicago Fed said in “Modern Money Mechanics”:

Of course, [banks] do not really pay out loans from the money they receive as deposits. If they did this, no additional money would be created. What they do when they make loans is to accept promissory notes in exchange for credits to the borrower's transaction accounts. Loans (assets) and deposits (liabilities) both rise [by the same amount].

Here is how the credit card scheme works: when

you sign a merchant's credit card slip, you are creating a “negotiable instrument”. A negotiable instrument is anything that is signed and convertible into money or that can be used as money. The merchant takes this negotiable instrument and deposits it into his merchant's checking account, a special account required of all businesses that accept credit. The account goes up by the amount on the slip, indicating that the merchant has been paid. The charge slip is forwarded to the credit card company (Visa, MasterCard, etc.), which bundles your charges and sends them to a bank. The bank then sends you a statement, which you pay with a check, causing your transaction account to be debited at your bank. At no point has a bank lent you its money or its depositor's money. Rather, your charge slip (a negotiable instrument) has become an “asset” against which credit has been advanced. Your bank has done nothing but monetize your own I. O. U. or promise to repay. The bank turns your promise to pay into an asset and a liability at the same time, balancing its books without actually transferring any pre-existing money to you.

*“Allah has blighted usury and made almsgiving fruitful. Allah loveth not the impious and guilty.” [TMQ 2:276]*

You can see from this Ayah that Allah (swt) treats usury and charity as opposites. From the above credit card example you can easily see the contrast. When one gives in charity they take nothing in return. The practitioners of usury only take but give nothing in return.

The spiraling debt trap that has subjected financially-strapped people to usurious interest charges for the use of something the lenders never had to lend is a fraud on the borrowers. In 2006, profits to lenders from interest charges and late fees on U. S. credit card debt came to \$90 billion.

From the above it becomes quite clear that even from the economic point of view, trade helps construct society but interest leads to its ruin. As for the moral point of view, interest, by its very nature, creates parasitic behavior, selfishness, cruelty, hard heartedness, money worship etc., and kills the spirit of cooperation and feelings for fellow human beings. It is therefore disastrous for society both morally and economically.

END

# 10 Truths about Western Debt

## The Western "Civilized Countries" are Bankrupt!

The glitz of Western capitals with their tall skyscrapers and ostentatious lifestyles betrays a hollow economic existence built on debt that is on the verge of collapse under its own weight. As the Muslim world seeks new beginnings from western backed tyrants they would do well to avoid the clutches of the western capitalist model of debt fuelled growth.

With the EU drowning in debt, the US having struggled to raise its debt ceiling again and having its credit rating downgraded, debt is the perennial bane of western economies. Here we present 10 truths about western debt that exposes the fallacy of the capitalist model that is fast losing credibility:

1. The US is the biggest debtor in the world – owing a colossal \$199,000,000,000,000 (\$199 trillion).
2. With the US economy producing \$26 trillion worth of goods and services a year, its total debt is equivalent to 764% of GDP.
3. The debt amounts to every single man, woman and child in the US indebted to the tune of over \$600,000. However, half of the US population lives on less than \$54,000 a year.
4. US debt amounts to 86 times the \$2.3 trillion of actual currency (or hard cash) in circulation.





### Total Public & Private Debt to GDP



Source: Federal Reserve, Z.1 Financial Accounts, BEA, EPB Macro Research | Data Last Updated: Q3 2021 | Secular Trends > Debt & Demographics

5. Interest payments on US debt totalled \$475,000,000,000 (\$475 billion) alone in 2022. This is equivalent to the annual GDP of Egypt.

6. Paradoxically, the US borrows to pay back existing debt

7. The US 'debt ceiling' has had to be raised 78 times since 1961

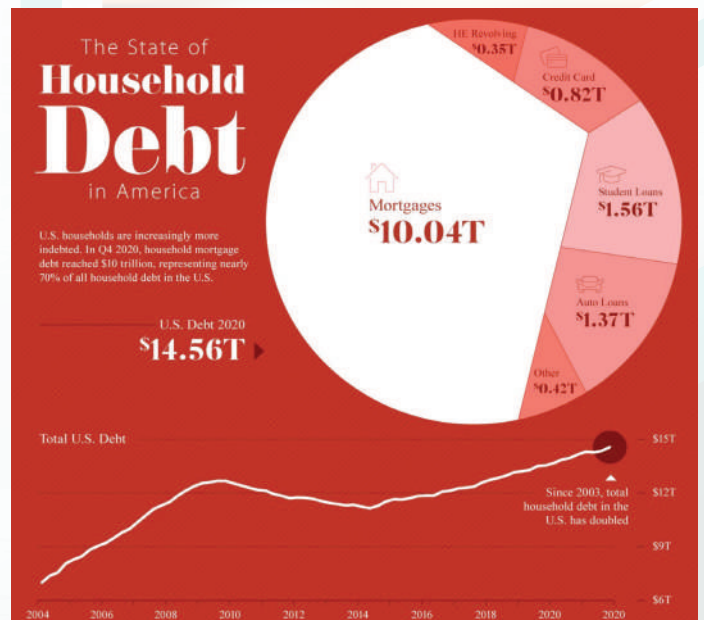
8. In 2008 the US Government bailed out the financial sector to the tune of at least \$13 trillion which is nearly equivalent to total value of goods and services produced in the whole country in one year then. During Covid-19 pandemic, the US Government rescue and relief plan added over \$11 trillion of debt.

9. In Europe, most of the debt is held by the so-called economic power houses of France, Germany and Britain together totalling \$85,000,000,000,000 (\$85 trillion)

10. In comparison to western (US and France, Germany, Britain) debt of over \$284 trillion, total Third World debt is a relatively meagre \$9 trillion.

While the Shariah permits debt and borrowing,

interest is forbidden which will greatly inhibit the growth of the debt menace in the Islamic state reducing it to the margins of the economy unlike in the western capitalist model where it is at the core of the system. In place of debt, Islam's economic model favors the use of 'equity' through the sharing of profit (or loss) in encouraging investment and thereby promotes an inherently stable economic model which is not susceptible to the whims of the financial markets.



# The Microfinance Disaster

No One Shall Escape this Fate

*The Islamic system is comprehensive and dynamic, accordingly, must be implemented in totality. Islam truly ends poverty with its system of land distribution, distribution of wealth, creating a currency backed by gold and silver, creating a real economy absent of the parasitic "paper economy" characterized by Wall Street, and making the distinction between luxurious items and necessities.*

The economic global collapse of 2008 forced the Capitalist world to think long and hard about how it does business. The collapse of financial behemoths like Lehman Brothers, Morgan Stanley, and Bear Stearns, in addition to the resuscitation of AIG with hundreds of billions of dollars of government loans highlighted just how wildly out of control the parasitic "Wall Street" economy had grown. Almost overnight, financial cash cows like credit default swaps and mortgage backed securities lost their magical ability to make money for the fund managers that employed them..... Millions of people around the world were affected by the financial crisis that ensued. But the dire consequences on the global economy didn't stop some leading economists from looking for the next cash cow financial innovation. With much of the developed world's economy "tapped out", leading financiers set their sights on third-world countries and found the "socially conscious" investment tool known as "microfinance" or "micro loans" as their way in.

Microfinance was pioneered by the Nobel Prize-winning Bangladeshi economist Muhammad Yunus, the founder of the Grameen Bank. Microfinance was designed to provide credit for life-improving projects to people who would never qualify for a loan from a normal bank. This meant giving small loans (\$50 to \$500) to poor villagers, mostly women, to buy livestock, open a tea stand, or sell clothes. By lending to small groups of people – invariably women rather than one individual – and making everyone jointly responsible for the borrowed money, the system used peer pressure as a tool to ensure individuals did not skip on repayments.

In conventional microfinance schemes, the loan and

its interest are supposed to be repaid using profits from the business, and any surplus is kept by the woman and her family. As the business grows, larger loans are taken. In theory, a family should be able to escape poverty and achieve financial stability after a few cycles of this process. Since traditional credit ratings are unavailable for most microfinance borrowers, repayment of the loans is guaranteed through a process known as "social capital". Each woman who takes a loan is expected to sign a pledge promising to share responsibility for repayment with other borrowers in her neighborhood. If any person falls behind on repayments, the other borrowers are obliged to chip in on her behalf.

The idea has attracted international attention as an ingenious solution to help the world's poor bootstrap themselves out of poverty. But the dark reality is that it has also become an aggressive industry where more than 250 organizations compete to hand out loans that currently total about three billion dollars, but involve tens of millions of people. Moreover, the ferocity of competition has meant that over the past decade, many companies have been slack in their due diligence, offering considerable loans at interest rates of more than 30 per cent to people who have little chance of paying back such sums.

What's worse is that because this industry is so prevalent, oftentimes families owe three or four money lenders at a time, in addition to unlicensed money lenders. Families find themselves in very uncomfortable situations when they are unable to repay the companies, many of whom employ money collectors who are paid a commission of what they collect. The thuggish practices of these money collectors has cast suspicion on this industry



as a whole, because of the high level of suicides among poor Indians who are unable to repay their debts.

*“Shaitan threatens you with poverty and enjoins you to be niggardly, and Allah promises you forgiveness from Himself and abundance; and Allah is Ample-giving, All-Knowing” [TMQ 2:268]*

The problem has gotten so bad that the Nobel prize-winning founder, Muhammad Yunus has been forced out of his own bank by the Indian government. Even Indian government officials have claimed that the microfinance companies have no intention to reduce poverty, rather their aim is profit maximization. Their business model is very clear: they dump money on the poor because they have a better value system and are more likely to repay the money than the middle class. In fact, although many microloans do go towards starting businesses, a huge proportion was spent on simply getting by and surviving in poverty. The villagers used the loans to pay off other debts, meet medical fees or fund their children’s weddings. There is nothing necessarily wrong with this kind of spending, but clearly it is not a means of ending poverty.

**Despite its so-called ‘innovativeness’ and ‘brilliance’, the horror stories about the microfinance industry merely proves that the only system capable of satisfying human needs is Islam.**

In actuality, these microloans play a very similar role to Payday Loans in the West. Payday Loans and microloans provide a source of money when people are in need of ready cash, but they are not interest free, and for most people they are not a route to wealth and affluence. Those who are financially illiterate or unfortunate are at considerable risk of sinking into a spiral of debt when this kind of lending goes wrong. Pioneers of the microfinance industry who once claimed microfinance had the potential of making poverty a thing of the past are now being forced to eat their words.

Where the Capitalist system sees microfinance as a viable solution out of poverty, the Islamic perspective is stunningly clear. No system based on disbelief and secularism will ever truly meet the needs of the individuals in the society. The growth of these institutions is

predicated on riba, which is proven to enslave people into debt rather than liberate them from poverty as has been claimed many times by proponents of the microfinance industry. What has actually happened is that the usurers of the Capitalist world have figured out that with their own economic system in deep trouble because of their unbridled greed and faith in riba, they should, now, turn to the monies held by the people of the Muslim world. Finally, the microfinance system is just the latest weapon in the usurers arsenal. The 4 billion people who live below the poverty line in this capitalist world were not bankable, until the microfinanciers showed the world that it is possible to get up to 99% loan recovery by strong arm tactics against the poor. Thus, the two thirds of the world’s population who were outside the mainstream riba based culture have been rehabilitated and can now be sucked dry.

Despite its so-called ‘innovativeness’ and ‘brilliance’, the horror stories about the microfinance industry merely proves that the only system capable of satisfying human needs is Islam. Whereas microfinance revolves around interest, Islamic loans truly set borrowers on a course of financial independence.

The role of banks in Islam will be to collect the nation’s deposits and to also act as a central pool whereby money can be collected and invested in the economy, with the returns being distributed amongst investors. The banks would only be able to invest what they have. As interest (Riba) is haram the main function of banks will become the pooling of wealth which can then be invested across the economy aiding wealth distribution and economic growth. Borrowers will only have to repay the principal which they borrowed, leading to more economic activity. The Islamic economy is stripped of interest as this is something Islam has categorically forbidden in the Qur’an.

The Islamic system is comprehensive and dynamic, accordingly, must be implemented in totality. Islam truly ends poverty with its system of land distribution, distribution of wealth, creating a currency backed by gold and silver, creating a real economy absent of the parasitic “paper economy” characterized by Wall Street, and making the distinction between luxurious items and necessities. All of this cannot be realized until Islam is implemented in the form of the Khilafah, which will apply all of the rules of Islam. END

# House of the Spider

## The Intrinsic Destructive Mechanism

*“O you who believe! Fear Allah, and give up what remains of your demand for usury, if you are indeed believers. 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” [TMQ 2:278-9]*

The reoccurring problems in the US Financial sector have sent chills down the spines of bankers and financiers across the world: governments are on the verge of bankruptcy, Countries around the world have called emergency meetings, Asian stock markets dropped dramatically, the International Monetary Fund (IMF), and World Bank called special meetings to deal with the effects of the economic crisis on the rest of the world. The financial crises of 2008 -2009 has left an epic scale of the failure in the US where household names worth mega-billions have collapsed like a house of a spider: Fannie Mae, Freddie Mac, A.I.G., Lehman Brothers, Wachovia and Merrill Lynch are just a few of the companies to have been stung by the “credit crunch” or “sub-prime mortgage” mess as it has been now known.

The economies and the financial institutions are facing similar situation today. The Federal government rushed

immediety to bailout the failing banks, like the Silicon Valley Bank (SVB) and Signature Bank, in an attempt to stop the domino effect that will result in many banks failing and the resulting failure of the FDIC and other Loan-Insurance groups as well.

It is an intoxicating greed that poisoned its victims and then slowly strangled them. Such financial crises were not a result of unforeseeable events such as war, natural disasters, drought, famine, etc. The cause of the problem was a system that ignores the commands of Allah. Allah warns us:

*“But whosoever turns away from My Reminder, verily, for him is a life of hardship, and We shall raise him up blind on the Day of Resurrection.” [TMQ 20:124]*

### What Happens

For example, to understand exactly what happend in 2008 crisis, we will read what Shumeet Banerji, CEO of the management consulting firm Booz & Co., said regarding that economic and financial crisis:

“This downturn originated almost entirely in the U.S. financial markets. Essentially, cheap credit from the U.S. Federal Reserve fueled an extraordinary leveraging of the U.S. economy over the past six years. The willingness and ability of regional and local lending institutions to then package and resell this debt (as “collateralized debt





obligations”), first to the big U.S. banks (who in turn used debt to buy it), and then ultimately to parts of the global system, freed up those banks’ balance sheets so they could go at it again. The overall cycle was predicated on the notion that the purchase of the debt would produce a perpetual stream of repayment income against secure collateral—for example, that the real estate market would always rise.”

What does “cheap credit” from the U.S. Federal Reserve” actually mean? The Fed (as it is known) is responsible for monitoring the U.S. Dollar by regulating interest rates. When the economy is bad, they lower interest rates so individuals and businesses borrow more money. The logic is that by borrowing money, they will spend it and this will improve the economy. When the economy is good, the Fed increases interest rates so that individuals and businesses don’t borrow too much. This is known as “regulating monetary policy”.

Banks loan money to individuals and businesses, but who gives money to the banks? Banks borrow money



in debt, as collecting interest allows them to make money without doing any work.

What is even more ludicrous is that one of the bank’s main assets is loans (debt). In other words, the banks make money by either providing loans or by selling those loans. So the banks make their money by lending the money of their clients and collecting the interest. In addition, the banks often sell these loans to other banks and financial

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from each other and from the Federal Reserve. This means that when the banks have no money, they go to the Federal Reserve.

The Fed is literally creating money from nothing and giving it to the banks. As an example of this is the recent \$250 billion bailout of the SVB and Signature Bank. The banks of course use this money for loans to the common man, all the while making their profits by charging interest. An example of this is that the banks may pay up to 5% interest to borrow from the Federal Reserve, but charge consumers up to 20% on purchases such as cars and as high as 40% on consumer goods purchased via credit cards. In fact, the banks want consumers to remain

institutions as IOU’s. For example, if the bank gives a \$100,000 loan for a house, in 30 years the borrower will have to pay back \$400,000. However, the bank may not want to wait that long so they will sell this loan to a Wall Street financial institution for \$250,000. Wall Street will then use that loan to fund even bigger and riskier deals, fueling this vicious cycle all over again.

The economic collapse happened because of the assumption that the homeowner will continue paying his loan. But when homeowners stopped making their payments, the whole scheme unraveled. Some estimates say that 1 in 6 homeowners could no longer pay their mortgage. The entire system was shaken because these

mortgages were packaged and sold numerous times across the globe. These loans that were once the cash cow of the finance industry, are now known as “toxic assets”. Since the loans were sold all over the world, the problem is even more complicated because no one knows exactly where these “toxic assets” are.

### Why it Happened

The failures of the Capitalist economic system can be traced back to 4 main factors:

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**First:** The curbing of gold as the sole standard for currency, by bringing in the dollar as a parallel standard at the end of the Second World War according to the Bretton Woods’ agreement, and then finally completely replacing gold by the dollar as the monetary standard in the early seventies, rendered the global economy susceptible to any economic shock in the United States. Currency by its very nature depreciates in value. For example, a home that cost \$7,354 in 1950, now costs \$467,700, not because the house appreciated in actual value, rather because the dollar is worth less. The US officially separated the dollar from gold in 1971 under the Nixon administration. By pegging the US dollar to oil, the US was catapulted into an international economic superpower.

**Second:** Interest based loans result in great economic difficulties. Interest creates an uneven distribution of wealth where it is constantly circulated amongst the wealthy class. This results in a loan repayment crisis when the economy is shaken.

**Third:** The system and practices in the financial markets and stock exchanges of buying and selling of shares, financial instruments and commodities does not require possession of goods. Rather these are sold and bought many times over, without being actually transferred from the original seller. This practice is invalid.

It causes difficulties rather than solving them, because it inflates and depreciates prices of goods, even though the goods are not in possession. Oftentimes, stock prices have no correlation to profitability, production, or output. They are anticipated values of how well a company is expected to perform. An example of this is when GM announced bankruptcy plans, its stock price actually jumped. All this triggers shocks in the markets, especially given the fact that tremors in the financial economy have such a large impact in the real economy. It is amazing that by merely

playing with paper in financial hubs, the lives of millions are affected.

**Fourth:** Capitalism does not clearly distinguish between the different types of property. Governments in the name of “greater efficiency” readily privatize public property and services like roads, natural minerals, etc. In reality, allowing private interests to control public resources increases the power of corporations and makes the governments dependent upon these corporations. A prime example of this is the 2:1 ratio of private contractors to military soldiers in Iraq. In reality, the Iraq war is a cash cow for the private corporations providing services to the Pentagon and State Department.

Some may dismiss this crisis as an extreme example of exuberance and claim that the system is still sound at its core, but this is not so. Even historical figures like Henry Ford (founder of Ford motor company) had this to say:

“It is well enough that the people of the nation do not understand our banking and monetary system, for if they did, I believe there would be a revolution before tomorrow morning.”

For all the talk of “free markets” and laissez-faire economics, being the economic creed in the western economy of Secular Capitalism, the US –as well as



Europe- is being forced to eat its words. The mantra of letting the markets run their course with minimal government intervention is little more than lip service, given the massive government bailout of the US and European financial industry totaling over \$4 Trillion. During the Asian stock market crisis of 1997, former Malaysian Prime Minister Mahatir Mohammed said: “we were told by Western leaders not to intervene, and to let the crisis cure itself”! This is the biggest violation of the western capitalistic economic creed, where they have violated the foundation the system is based upon; Free Market.

A quick look at the Islamic economic system shows Islam requires that currency be backed by gold or silver, guaranteeing financial stability. Additionally, Islam categorically prohibits interest and does not view money as a commodity; therefore you cannot sell money, collect interest on loans, or sell debt.

The aware Muslim does not feel sorry for what the Capitalist system and its Wall Street thugs suffer in terms of shocks. He rather feels sadness by what befalls the Muslims and the world’s poor masses as a result of these financial acrobatics. It is sad to see the intellectual bankruptcy of the Muslim rulers in handling these matters. Rather than seeing leadership to this crisis under the intellectual leadership of the deen of Allah, we see

fascination and contribution in the Capitalist markets and confidence in its claims that the only way towards economic progress is via “Free Market Policies”. What these Muslim rulers do not want us to realize is that the western powerful elite have used their 300 years of history to cultivate the most elaborate and complex schemes and styles to exploit the markets; and by the time the rest of the world realizes, it is too late.

The reality is that the Capitalist economic system persists to exist as long as the alternative sound system is prevented from practical implementation in life. This system is a web of debt, from its artificial paper money which has no backing, to its usurious loans, to the shares of publicly traded stock. It only appears stable in good times, but when it is tested, reveals its shaky foundations.

*“The parable of those who take guardians besides Allah is as the parable of the spider that makes for itself a house; and most surely the frailest of the houses is the spider’s house did they but know”* [TMQ 29:41]

This is how shady banking and cunning financial practices of Capitalism have led to its own failure. It is time that Muslims regain confidence in Islam as the solution to their problems, work to establish its ruling apparatus (the Islamic State) and boldly show that Islam is equipped to provide the stability and comfort the world needs now, as it did before. END



# Show Me the Money

## Fiat Money vs Gold & Silver Backed Currency

At-Tirmidhi reported that the Messenger of Allah (saws) said: *“Trade gold for silver as you wish, but hand to hand (without delay).”* Bukhari also reported that the Messenger of Allah (saws) said: *“Gold for silver would be Riba, unless it was hand to hand (without delay).”*

When Allah (swt) decreed the Zakat of money, He (swt) made it obligatory in gold and silver, and He (swt) determined a Nisab for the zakat in gold and silver. Therefore, to consider the Zakat of money as being gold and silver would also establish the money as being gold and silver.

Money is defined as being the medium by which all goods and services are measured. The price of a commodity and the wage of a worker for instance, each represents the society’s estimate of the value of that commodity (goods produced) and the effort of that worker (services provided). Bonds, shares and the like are not considered money. They represent a disconnect from reality.

The operative phrase in the below hadith is ‘hand to hand’. This simple phrase may be overlooked by today’s reader but its ramifications were very clear to many of the sahabah.

Jabir ibn Abdullah Narrated: Ya-hya related to me from Malik, from Ibn Shihab, from Malik ibn al-Hadthan an-Nasri that one time he asked to exchange 100 dinars. He said, “Talha ibn Ubaydullah called me over and we made a mutual agreement that he would make an exchange for me. He took the gold and turned it about in his hand, and then said, ‘I can’t do it until my treasurer brings the money to me from al-Ghaba. ‘Umar ibn al-Khattab was listening and Umar said, ‘By Allah! Do not leave him until you have taken it from him!’ Then he said, ‘The Messenger of Allah, may Allah bless and grant him peace, said,

*“Gold for silver is usury except hand to hand. Wheat*

*for wheat is usury except hand to hand. Dates for dates is usury except hand to hand. Barley for barley is usury except hand to hand.”*

Dates, wheat, and barley may seem a little out of place, but when precious metals are in short supply, specific commodities can be used. This is practiced today, unfortunately by plundering someone else’s resources.

The U.S. dollar, which had formerly been backed by gold, is now “backed” by oil. Every country had to acquire Federal Reserve Notes to purchase this essential commodity. Oil-importing countries around the world suddenly had to export goods to get the dollars to pay their expensive new oil import bills, diverting their productive capacity from feeding and clothing their own people. Countries that had a “negative trade balance” because they failed to export more goods than they imported were advised by the World Bank and the IMF to unpeg their currencies from the dollar and let them “float” in the currency market.

The system of “floating” exchange rates was particularly flawed for Third World countries. Currencies were now valued merely by their relative exchange rates in the “free” market. Foreign exchange markets became giant casinos, in which the investors were just betting on the relative positions of different currencies. Smaller countries were left at the mercy of major players- whether other countries, multinational corporations or multinational banks – which would radically devalue national currencies just by selling them short on the international market in large quantities. These currency manipulations could





be so devastating that they could be used to strongarm concessions from target economies.

If the benefits of letting the currency float were minor, the downsides were major: the currency was now subject to rampant manipulation by speculators. The result was a disastrous roller coaster ride, particularly for Third World economies. Today, most currency trades are done purely for speculative profit. Currencies rise or fall depending on quantities traded each day. Bernard Lietaer writes in *The Future of Money*.

Your money's value is determined by a global casino of unprecedented proportions: \$2 trillion are traded per day in foreign exchange markets, 100 times more than the trading volume of all the stock markets of the world combined. Only 2% of these foreign exchange transactions relate to the "real" economy reflecting movements of real goods and services in the world, and 98% are purely speculative. This global casino is triggering the foreign exchange crisis which shook Mexico in 1994-5, Asia in 1997 and Russia in 1998.

When you lose control of your money supply, speculators have a field day. They can float products under the guise of money that are totally disconnected from reality. One such product is derivatives. Derivatives are not assets. They are just bets on what the asset will do, and the bet can be placed with very little real money down. Most of the money is borrowed from banks that create it on a computer screen as it is lent. The connection with reality has been severed so completely that the market for over-the-counter derivatives has now reached many times the money supply of the world. The notional value

of outstanding over-the-counter (OTC) derivatives rose to \$632 trillion at end-June 2022, up from \$598 trillion at end-2021.

*"Say: "Have you seen (those) partners of yours whom you call upon besides Allah? Show me what it is they have created in the (wide) earth. Or have they a share in the heavens? Or have We given them a Book from which they (can derive) clear (evidence)? Nay, The wrongdoers promise each other nothing but delusions." [TMQ 35:40]*

The question that hangs out there is, how would all this speculation affect the value of the currency in an Islamic State? The Islamic State would not be affected because the Islamic lands would be self-sufficient, thereby eliminating a need for other countries' commodities. Its independence would make it unaffected by exchange fluctuations, because the Islamic lands possess commodities which other countries need, i.e., oil, their sale could be restricted unless paid for in gold. It would be the Islamic State who would be in control of its currency.

Ignoring this simple, but important principle of exchanging money hand to hand can enslave the individual, cripple a society, and plunder a nation of its wealth. It is almost tantamount to leaving your wallet outside on the curb. Stuff happens! Unfortunately, many Muslims take satisfaction from ignoring many details that relate to money, because to do so would make them appear less pious and more materialistic. This gives rise to a leadership that cannot deliver efficiently on social programs because they do not have the combination to the safe. A combination that can only be found in the comprehensive way of life given to us in the sunnah of the Prophet Muhammad (saw). END

# Blurring the Lines

## Types of Properties

*The Messenger of Allah (saw) said: "People are partners in three (things): Water, pastures, and fire." [Ahmad]*

Mixing private, public, and state (government) ownership constitutes one of the self-destruct mechanisms that has led to economic crisis. In Islam, these three types of ownership are described as follows:

**First: Public Ownership.** These comprise solid, liquid and gaseous minerals including petroleum, iron, copper, gold, natural gasses, etc., found in the depths of the earth, all forms of energies and the energy intensive heavy industrial plants. These public properties are to be managed by the state and distributed to people as services.

**Secondly: State Ownerships.** These comprise the various taxes that are collected by the state, along with the revenues accrued to the state from agricultural, trade and industrial activity outside of the domain of public properties. The state disposes of these incomes as state expenses.

**Thirdly: Private Ownership.** This, unlike the above two, is held by individuals and disposed of in accordance with the Shariah rules. We will briefly examine three tiers of the Western economic system relative to the current economic upheaval: The Parallel Economy, Multinational Corporations and the Banking System.

At the bottom tier, where it is the most crowded, we have a private economy that goes public. This tier contains a real economy based on goods produced and services provided and a speculative economy that depends on stock market activity and produces nothing. To the disservice of the real economy the speculative one runs parallel to it.

Corporations are subliminally prodded quarterly to perform at unrealistic levels in order to maintain share value. Cook the books is a slang term for using accounting tricks to make a company's financial results look better than they really are. Typically, cooking the books involves manipulating financial data to inflate a company's revenue and deflate its expenses in order to pump up its

earnings or profit to have a bigger virtual value in a speculative economy.

The speculative economy has destroyed every economic bubble. One of the examples being the Dotcom bubble led by internet giants like Amazon and AOL. More recent examples are the "Credit Default Swaps", and the "Digital Currency". The speculators overvalued many of the companies. A company was valued at over 22 Billion dollars even though its gross annual income was only few million dollars.

A clear example of the disconnect between Wall Street and Main Street was demonstrated on Tuesday, October 14, 2008. The market sky-rocketed, increasing shares of General Motors by a dollar. This is almost a 20 % increase, considering it had fallen below five dollars a share. At the same time GM's fortunes were so bad they were entertaining bankruptcy or merging with Chrysler.

One major self-destruct mechanism came into play with side bets against/for anything that moved on Wall Street called Credit Default Swaps. After causing the stock market crash of 1907, this type of activity became illegal from 1907 to 2000. At the height of the government's push for deregulation, the 106th Congress passed the Commodity Futures Modernization Act of 2000. Page 262 of the document pre-empted states from enforcing this illegal activity.

Opening this floodgate produced the largest financial service economy this country has ever known. It went from 100 billion dollars to 50 trillion in just eight years. The erosion started when the housing market failed and investors bought cheap insurance (side bet) against mortgage defaults called: Credit Default Swaps. When people began defaulting on their mortgages, these unregulated financial services did not have the money set aside to pay



off these policies. As a result J. P. Morgan was able to buy Bear/Stearns for pennies on the dollar. Lehman Bros was allowed to belly up and AIG was put on life support by a generous taxpayer bailout. In the second tier we have private Multinational Corporations replacing state /government functions (privatization). A dramatic example of this took place in the Georgia town of Sandy Springs.

In Sandy Springs, a wealthy suburb outside of Atlanta, its residents decided they were tired of watching their property taxes subsidize schools and police in the county's low income neighborhoods. They voted to incorporate as their own city so they could spend its taxes on services for its own citizens and not have its revenues redistributed throughout the larger Fulton County. The only difficulty was that Sandy Springs had no government structures and had to build them up from scratch— everything from tax collection, to zoning, to parks and recreation. In September 2005, the same month that New Orleans flooded, the residents were approached by the consulting and construction firm CH2M Hill, who honed their skills in Iraq's Green Zone. For the starting price of \$27 million a year, the contractor would build a complete city from scratch.

A few months later, Sandy Springs became the first "contract city". Only four people worked directly for the municipality --- everyone else was a contractor.

The Atlanta Journal Constitution reported that "when Sandy Springs hired corporate workers to run the new city, it was considered a bold experiment". Within a year, however, contract city mania was tearing through Atlanta's wealthy suburbs, and it had become "standard procedure in north Fulton (County)." Soon, a campaign began for the new corporate cities to join together to form their own county, which would mean that none of their tax dollars would go to the poor neighborhoods nearby. The end result as more government services become privatized, you begin to have a potent private industry alongside an impotent government. The shift will give the private industry all of the current technology which they can continue to sell to the highest bidder. Privatization of public utilities puts an even tighter grip on the citizenry.

Last, but at the top of the pecking order, is the central banking system (The Federal Reserve). When it comes to blurring the lines of ownership, no one else is even in the ballpark.

Although its chairman is appointed by the government, it is not Federal. It is a hybrid that is controlled by

private banking interest but has a unique partnership with the government.

This partnership gives the Federal Reserve a virtual monopoly on the money supply. This monopoly puts the Federal Reserve in position to orchestrate the country's boom and bust periods. If more money is printed, it is worthless, requiring more dollars to purchase a particular item, causing inflation. When the Federal Reserve constricts the money supply, making loans difficult to get, you create a recession. As a result the Federal Reserve has both the multinational corporations and the stock market on the hook along with many of the politicians whose pork barrel projects contribute to the national debt.

What can happen in an environment where traumatic events are taking place at a rapid pace and there is not enough information available out there to explain them? Enter the Emergency Stabilization Act.

Most people are aware that banks do not have enough cash to pay their depositors should all of them want their money at once (fractional reserve system). The amazing thing is that in the current bailout the required amount on hand "may be zero." This shift to a 0 percent reserve was already legislated in 2006, but was not to become effective until 2011. The Bailout Stabilization bill simply moved up by three years the active date of a section 203 provision of a Financial Service Regulatory Relief Act of 2006. Of course, this is for our benefit (sarcasm), hence the Emergency Stabilization Act of 2008.

Apparently it gets a little too crowded at the top for the Federal Reserve's taste. In the not so distant past, the US experienced an economic banking crisis similar to the sub-prime. We only have to go back to the Savings and Loan scandal of 1985. Savings and Loan (S&L) institutions were local banks which made home loans and took deposits from retail investors. Under financial deregulation in the 1980's, they were allowed to engage in more complex and often unwise financial transactions, competing with the big commercial banks. By 1985 many of these institutions were all but bankrupt, and a run began on S&L institutions in Ohio and Maryland.

The US government insured many of the individual deposits in the S&Ls, and therefore had a big financial liability when they collapsed. It set up the Resolution Trust Company to take over and sell any S&L assets that it could, including repossessed homes, taking over the bankrupt institutions. The cost of the bailout eventually totaled about \$150 billion. Sound familiar? END

# Pyramid of Junk

## Illegal (Haram) Means of Ownership

*“The Muslim is the brother of the Muslim, and it is not allowed for a Muslim to buy a faulty thing from his brother without being shown that fault.” [Ibn Majah]*

It’s been said, “The only thing wrong with America is that it is not an Islamic State.” This article examines some of the things that are intrinsic to the Islamic economic system that would have eliminated the systemic problems related to the current economic crisis. The focus will be on ownership and the prohibited methods of increasing ownership. They include gambling, usury and criminal fraud. Deceit in trade, monopoly, and price fixing will be dealt with in this article inshallah.

*“Oh, you who believe! Verily khamr (alcohol/intoxicants) and gambling and idols and divining arrows are only an infamy of Satan’s handiwork. Leave them aside in order that you may succeed. Satan seeks only to cast among you enmity and hatred by means of alcohol and games of chance, and turn you away from the remembrance of Allah and from prayer. Will you then stop (doing that)?” [TMQ 5:90-91]*

On an individual level, it is easy to see how gambling and all games of chance leave people with grudges and a sense of loss. It is natural that a loser nurses a grudge against someone who takes his money and leaves him broke.

Let us now examine a more subtle form of gambling that is just as/if not more dangerous. Subprime mortgages have been blamed for the financial crisis, but they’re spending five times more money (in Federal loans, injections, bailouts and guarantees) than the value of every subprime loan in the country combined. It should be clear that something other than subprime loans defaulting or a “housing correction”, as then U.S. Treasury Secretary Paulson put it, is wrong with the system. How were those loans packaged and leveraged, according to the Bank of In-

ternational Settlement into what amounts to a \$700 trillion global derivative market? About a quarter of that amount can be attributed to a form of gambling called credit default swaps. It is referred to as a side bet because the actual players are not physically in the game. They bet for or against someone’s ability to pay a mortgage under the guise of an insurance policy. This policy pays off whenever a mortgagee defaults on his payments. This transaction is supposed to take place even though the purchaser of the insurance policy is not the one who owns the property. The word “supposed” was used here because the financial institutions involved in this form of gambling were caught off guard with the magnitude of the mortgage defaults, and had not put aside enough money to pay them off, thus resulting in their insolvency. In the interim, some of the players in this game were getting filthy rich off the misery of the home buyers who ended up in the streets. This form of gambling has the capacity to gut out the economy of a whole nation.

This practice (credit default swaps) was responsible for the Stock Market Crash of 1907, at which time it was outlawed. It resurfaced amidst a wave of deregulation hoopla in 2000, and the assumption that these financial institutions were in the hands of grown, responsible men. Their doctrine proved to be “Git it, while the gittins good.” Unfortunately, the subprime mortgage crisis is only the first wave. Another wave resulting from option ARM (adjustable-rate mortgages) along with a collapse in the commercial real estate market will put some more juice in the game for credit default swaps. This probably accounts for why at this late date, no one of any importance has been called on the carpet for these deceptive practices.

**Secondly**, there is usury.



*“Those who devour (take) interest (riba) cannot stand except as the one whom Satan, by his touch, drives him to madness. That is because they say: Trade is just like riba, Allah permitted trade and forbade riba. The one to whom an admonition from his Lord comes and he refrains (in obedience thereto), he shall keep (the profits of) that which is past, and his affair (henceforth) is with Allah. As for him who returns (to riba), such are rightful owners of the fire. They will abide therein eternally.” [TMQ 2:275]*

The reality is that the one who takes interest is exploiting the effort of the person who gives it, and the receiver is compensated without spending any effort. Because the principal is not subject to any loss, it does not agree with the general rule: “Loss goes with gain.” Nowhere is this more apparent than in the banking system and the credit industry. The banking institutions parallel a Ponzi scheme in that they loan out their depositors’ money and collect a vulgar amount of interest. If a home mortgage is amortized at 10% over twenty or more years, the house is paid for three times over. The difference between Madoff (Ponzi scheme rip off artist) and the larger banks when their greed caught up to them, is that the larger banks were anointed “too big to fail.” So these larger banks were able to gobble up already failed banks with tax dollars

Bukhari narrated from ‘Abdullah ibn ‘Umar that a man mentioned to the Prophet (saws) that he deceives in trading. The Messenger of Allah (saws) said:

*“If you entered into trading say there is no deceit (kh-ilaba).”*

If fraud is proven, the deceived person has the choice to abrogate the sale or conclude it, i.e., if fraud appears in the sale then the seller has to return the money and take the commodity. The purchaser is not allowed to take the indemnity, i.e., the difference between the actual price of the commodity and the sale price. This is because the Messenger of Allah (saws) gave him the choice to abrogate the sale or conclude it.

Ad-Daraqutni mentioned from Muhammad ibn Yahya ibn Hibban, he said that the Messenger of Allah (saw) said:

*“If you purchased say there is no deception, then in every commodity you purchased you have the choice after three nights to accept (the commodity) and thus hold it or to return it back to the owner.”*

During the hard times ahead, we can expect criminal fraud to magnify as desperate retailers scramble to unload

*“Do not tie the udder (mammary glands with two or more teats) of the camels and sheep, and whoever purchased it after doing that, he has the choice after he milked it either to hold it if he liked it or to return it back together with a sa’a (a cubic measure) of dates.” [Ibn Majah]*

(around \$8 trillion bailout; Bloomberg November, 2008) Even though like Madoff, the banks finally admitted that all their public statements were false and the supposed assets were worthless. This kind of merger can only create a riskier environment with more complicated books and less transparency. We need not spend a lot of time on the credit industry. You talk about someone living off your sweat. Anyone making minimum payments can be put into servitude most of their adult life for a mere \$5,000 of credit and debt.

**Thirdly**, there is criminal fraud. Fraud linguistically means deceit. If someone was defrauded in the marketplace, some deception took place. Criminal fraud is prohibited in Shar’a because it was confirmed in an authentic Hadith.

their inventory and hucksters come out of the woodwork selling dreams. Dreams of a society that are used to consume a disproportionate amount of the world’s resources as long as they can reach for the plastic (credit cards); a people that have been so reduced to available markets via the media and the secondary school system that the word sale has almost become an aphrodisiac. This is evidenced by the 17 Black Friday deaths at shopping centers

With tens of millions layoffs in the past few years, and the resulting joblessness increase, you can expect deceit based (bait and switch) scams to multiply. The current Oceans Eleven culture (get over, and walk away cool) has the American economic system saturated with the evil side of money. Instead of “Change we can believe in” the stretch will have to be made to change based on a belief

system. A comprehensive system that deals with every area of human endeavor.

### Deceit in Trade

The sale contract is binding once the contract of offer and acceptance between the seller and the purchaser is completed and/or executed. To eliminate disputes, the Shar'a made it prohibited for the people to deceive in trading, and it made the one who deceives sinful, whether he was the seller or the purchaser.

The deceit of the seller regarding the commodity is by hiding the defect from the purchaser, while he knows about it; or by covering the defect from the purchaser in a way which implies to the purchaser that there is no defect; or by covering the commodity in a way which shows that it is good. Deceit by the purchaser in the price is by counterfeiting the currency or by concealing a forgery while he is aware of it. The price (of the commodity) could vary according to the sold (commodity) because of the deceit in it; and the purchaser may be encouraged to buy a commodity because of the deceit in it.

Such deceit in all types is Haram according to what Abu Hurairah narrated from the Messenger of Allah (saw), who said:

*“Do not tie the udder (mammary glands with two or more teats) of the camels and sheep, and whoever purchased it after doing that, he has the choice after he milked it either to hold it if he liked it or to return it back together with a sa'a (a cubic measure) of dates.”*

Ibn Majah also narrated from Abu Hurairah, who said that the Messenger of Allah (saw) said:

*“Whoever bought a camel or a sheep with a tied udder, he has the choice to return it within three days together with a sa'a of dates or wheat”* (which represents the price of the milk he has gained).

Al-Bazzar narrated from Anas from the Messenger of Allah (saw) that:

*“He prohibited the selling of animals that are left not milked.”*

So, these Ahadith are clear in forbidding the tying of the udders of camels and sheep, and forbidding the selling of an animal after it was left un milked until its udder became enlarged to give the appearance that it is dairy cattle, because this is deceit and is prohibited (Haram). This

is because the prohibition of the Prophet (saw) regarding this was decisive. Ibn Majah narrated from 'Uqbah ibn 'Amir from the Prophet (saw) that said:

*“The Muslim is the brother of the Muslim, and it is not allowed for a Muslim to buy a faulty thing from his brother without being shown that fault.”*

Bukhari narrated also from Hakeem ibn Hizam from the Prophet (saw) that he said:

*“The two traders (the seller and the purchaser) have the choice (to conclude or cancel the deal) before they depart (from each other). If they were honest and explained (the commodity and the currency), their sale would be blessed. But if they hide (the defect) and lie (to each other) the blessing of their sale will be eradicated.”*

The Prophet (saw) also said:

*“No one of us is allowed to deceive”,* as narrated by Ibn Majah and Abu Dawud from Abu Hurairah.

Whoever earned something through deceit and cheating would not (legally) possess it, because deceit is not one of the means of ownership, rather it is of the prohibited means, and thus it (the thing obtained by deception) is a prohibited and illegal (Suht) property. The Prophet (saw) said:

*“Any (human) flesh that grows from illegal (suht) property will not enter paradise, then the Hellfire deserves it more”,* narrated by Ahmad from Jabir ibn Abdullah.

### Monopoly

The monopolizer is the one who hoards the commodities until the price rises so as to sell them expensively such that it becomes difficult for the citizens to buy them. “No one monopolizes except the wrongdoer.” Al-Athram narrated from Abu Umamah, he said:

*“The Messenger of Allah (saw) forbade that a food-stuff be monopolized”.*

The condition of the monopoly is that it should reach a limit at which it becomes difficult for the citizens to buy the monopolized commodity. This is because the reality of the monopoly is not conceived except in such a situation. If it did not become difficult for the people to buy the commodity, then it would not have been gathered or held back to be sold expensively. A prime example of this type of wrongdoing was Enron. Before its demise from being the



seventh largest corporation in the U.S., Enron was heavily involved in providing electricity to California. Because of its dominance, Enron was able to create a bidding environment (auction) for its services. To drive up the bids, some of the power grids were eliminated from the auction to create scarcity. When the smoke cleared, Californians had paid over \$5 billion dollars in overcharges. To add to the insult, Californians were still subjected to rolling blackouts.

### Price Fixing (Tas'eer)

Allah (swt) has left to everybody the right to sell his commodity at the price he likes. Ibn Majah has narrated from Abu S'aid, that he said, the Messenger of Allah (saw) said:

*"Selling (trading) is by consent."*

But because it is possible that the State (government) may force pricing over the people, Allah (swt) prohibited it to set certain prices for commodities and then force people to trade (selling and buying) according to them. Therefore, price-fixing was prohibited in Islam due to

***"Any (human) flesh that grows from illegal (suht) property will not enter paradise, then the Hell-fire deserves it more"*** [Ahmad.]

what Imam Ahmad narrated from Anas who said:

"Prices increased at the time of the Messenger of Allah (saw), so they said, O Messenger of Allah, we wish you would price (fix the prices). He (saw) said: "Indeed Allah is the Creator, the holder (Qabidh), the Open-handed (Basit), the Provider (Raziq), the Pricer (who fixes prices); and I wish I will meet Allah, and nobody demands (complains) of me for unjust act I did against him, neither in blood or property."

Also, Abu Dawud narrated from Abu Hurairah, he said, "A man came and said, O Messenger of Allah, fix prices. He (saw) said:

*"Rather Allah reduces and increases."*

The reality of pricing is that it is a grave haram upon the nation under all circumstances, whether in the situation of war or peace, as it opens a hidden market (black

market) in which people trade unseen by the government and away from its supervision. Price increases shift the possession of commodities in the direction of the wealthy to the exclusion of the poor. Moreover, pricing would have an effect on consumption, thereby affecting the production, and may lead to an economic crisis.

In the famine year, which was called Ramadha (ashes) year, when famine occurred only in Hijaz due to food shortage in that year and thus food prices increased, 'Umar ibn Al- Khattab did not fix the prices of the foodstuffs. Rather he ordered supplies of foodstuffs from Egypt and ash-Sham to be sent to Hijaz; thus prices dropped naturally without the need for pricing (any artificial adjustment).

We are all too familiar with the way farmers in the U.S. are subsidized not to grow certain products in order to keep the prices up. Let us compare the supply and demand scenario that occurred in Hijaz with the recent spike in oil prices. Contrary to popular belief, the price increases had nothing to do with oil sheiks or oil companies like Chevron. Large investment houses like Morgan Stanley, Goldman Sachs, and Barclays floated oil futures contracts to its customers. Even though Morgan Stanley does not own any refineries or gas stations, it does have an oil storage facility in New Haven Connecticut where it can hold (take out of circulation) 20 million barrels of oil. In this environment, a barrel of oil was traded at a ratio of 27:1 for every actual barrel of oil consumed in the U.S. The investor demand artificially lifted the price of oil from about \$60 to \$150 a barrel. To show the disconnect with reality, on September 22nd 2008 there was a \$25 a barrel jump in one day. This jump occurred when the supply was high and the demand was low. This meant that prices should have fallen instead of going up, if left to adjust naturally.

We can see from some of the examples in our current reality, Islam is the only solution to any economic crisis. Islam does not give fertile ground for these destructive practices to take root. It is punished both judicially and psychologically. Because of its comprehensive nature, the Islamic system cannot be administered piece meal. We Muslims need to ask ourselves the fundamental question: Does the authority in human life on earth belong to Allah, or does it belong, even partially, to any one of His creatures exercising the power to enact laws that are not endorsed by Allah?

*"Do they desire to be ruled by the law of pagan ignorance? But for those who are firm in their faith, who can be a better lawgiver than Allah?"* [TMQ 5:50] END

# Pharaohs' Wealth

## Politicians Always Lie

*“And Moses said, “Our Lord, indeed You have given Pharaoh and his establishment splendor and wealth in the worldly life, our Lord, that they may lead [men] astray from Your way. Our Lord, obliterate their wealth and harden their hearts so that they will not believe until they see the painful punishment.” [TMQ: 10:88]*

Today, the world's financial markets and economy are teetering on the brink of a catastrophe. Since the beginning of the 21st century, in the US, tens of trillion of dollars have been lost in the stock market, inflation, loss of resources, failure of companies, and many more trillions in the housing market & commercial real estate. Not to mention the trillions lost in the Asian and European economies. Never in the history of Western civilization has so much wealth been lost in such a short period of time.

No matter what rescue plan emerges from the pitched political battle in Washington, the debate over the nation's overseen harrowing economic crisis has made one thing clear; as dire as the situation seems to be, nobody really knows whether any of the proposed solutions will work. In the recent COVID-19 pandemic/crisis, the US government launched a stimulus & Bailout plan that exceeded \$10 Trillion, most of which was given to big corporations. For example, Rich Berg, chief executive of Chicago-based Performance Trust Capital Partners, LLC said, “What's the government going to buy and what are they going to pay? This thing is an unbelievable can of worms.”

During the economic crisis, of 2008-2009, the U.S. government launched a bailout plan exceeding 3 trillion dollars, which was approved by Congress that these funds were to be infused into the banking industry in an effort to pump up the credit market, stating that in effect, they

(the congress or the White House) do not know if such a plan will have any effect on the financial crisis. But, in every financial and economic crisis, what is known is that the wealthy investors in the banking institutions can appreciate that the taxpayer will be giving them the financial resources they need to keep them from absorbing large financial losses. Thus, the rich get richer, and the main street citizen foots the bills for their losses. The government puts forth the ‘fear’ argument that if they do not prop up the rich, there will be a meltdown, and the average citizen will be the big loser in income, jobs & higher prices through inflation. This is the same old story of Reaganomics of “Trickle-down economics,” which has been proven to only enrich the rich at the expense of the middle class and the poor.



What the masses should be questioning is why don't these politicians do something that will benefit the average citizen, such as regulating these financial institutions that charge them with exorbitant interest rates, charge high fees and penalties, high real estate taxes, higher college tuitions with higher interest rates for student loans, increases in the price of gas and utility bills, high bank overdraft fees, and loan-sharking rates by the financial institutions that prey on the unenlightened public. Before deregulation of these financial institutions in the 1970s, it was illegal for them to charge such exorbitant interest rates, and any institution charging the rates that they charge today



was at that time considered loan sharking and a criminal offense.

When over 90 percent of the nation's wealth in the hands of 1 percent of the population, whom do you think the politicians favour? Whether you like it or not, this government is a plutocracy; ruled by the wealthy few. During this election year, with all of the chaos in the market economy, politicians talk of reform and of their concern for main street America, yet they have not said in what way these reforms will take place. It's the same old smoke and mirror political talk, and the end result is that the only beneficiaries are the wealthy and the major corporations who gain from the political legislation that is passed by the houses of Congress.

These phony politicians claim that they are concerned for health care for all, which is a subject that they have been talking about for more than 20 years, yet nothing has become of such legislation. All the while, they have given themselves free healthcare, even after they leave office. They also have given themselves a life-time pension, while at the same time passing legislation that gives the large corporate companies the right to raid their corporate pension plans, and in most cases bankrupt the plan, leav-

- Stock market volatility, which has seen falls as steep as 39 percent in just a few days.

- Inflation: the U.S. dollar of 1950 is now worth less than 8 cents.

- By the end of 2022, over 40 million Americans are living in poverty.

- As of 2023, tens of million without healthcare.

These rotten politicians claim to be concerned with people earning a living wage, yet they fight to keep the minimum wage at a minimum of which no one can live on.

In the meantime, they passed a law that gives them an automatic raise every year while they are in office. They even give themselves a large expense account to cover their cost while in office, leaving free the large salaries they have voted for themselves. To make matters worse, most of them come into office with little more than the average person, but leave office millionaires. Now how do you suppose that happened? Nearly all of them are for sale, and the record proves it to be so. Many go to work for the large corporations for whom they passed favoura-

**No matter what rescue plan emerges from the pitched political battle in Washington, the debate over the nation's overseen harrowing economic crisis has made one thing clear; as dire as the situation seems to be, nobody really knows whether any of the proposed solutions will work.**

ing their retired, and soon to be retired employees, with little or nothing.

If you think what was just stated above is bad, take a look at the following:

- Current personal debt nation-wide is more than 17 trillion.

- The nation's pension funds have been plundered, a few trillions in the hole.

- The 2008-09 crisis saw a record of home foreclosures, bankruptcies, and rising unemployment (the threat of which is always looming under the present economic system).

ble legislation or go to work for some influential lobbying groups who write most of the legislation that benefit the rich. One writer, Gary North in an article, wrote:

"Politicians always lie. Their job is to lie. We pay them to lie. We re-elect them for lying well. The question for each voting bloc is this one: 'Which political party's lies seem to favour us?' Politics is about wealth-distribution by force, and the greatest tool of political wealth-redistribution is the lie.' [They say] 'Everyone will retire in comfort.' 'We will not break our promise to our senior citizens.' 'The Social Security trust fund is secure, and the fact that it is filled with IOU's has nothing to do with anything.' 'Taxes will not go up.' 'We will not go to war.' And so on. Allies. We know they are lies, and we select which lies we will

vote for or believe... the fractional reserve banking system is a gigantic lie."

They show their disdain for the common person by passing a bankruptcy law that makes it impossible for you to be absolved of your debt, making it easy for the financial institutions to relieve you of your bank account and garnish your wages or take your private property. It matters little to them if you lose your job or have been hit with high medical bills which your insurance company refuses to pay, due to favourable legislation these lawmakers have given to the insurance companies. When the financial institutions and government can't hit you with higher charges, they pass legislation favouring them to add additional

cept applies to governments as well, once a government overextends itself and carries a heavy debt load. America's debt is over \$31 trillion, and it will take at least 143 years just to pay off the debt, leaving future generations to pay higher taxes, and lower incomes to satisfy the debt obligation. Eventually the chickens come home to roost, and the consequences lead to recessions, and from that to a depression. This is the current situation America finds itself in today.

The eventual collapse of the Western World's economic system has to happen because it is built on a quicksand of debt. This debt is caused by a credit system based on what is called fractional reserve banking (based on fiat

**"We won't even be able to pay the interest on the national debt. Knowing this, the federal government has allowed the trend to continue, almost as if they're trying to run our economy into the ground. It seems obvious that the destruction of the American economy will eventually be a result of trying to keep people in deep debt, and financially enslaved."**

fees when billing their customers. Just check out your utility bills (gas, electric, water), bank statements, etc.

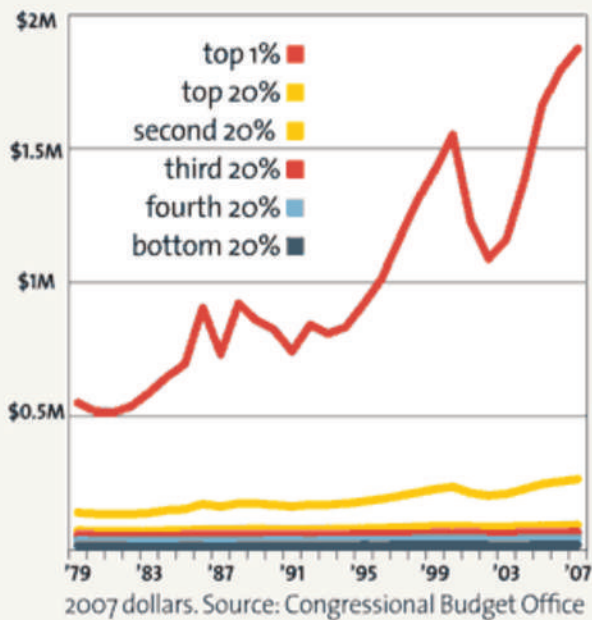
What the average person does not realize is that once you become heavily in debt, you become a slave to the institution that holds the debt against you. This same con-

funny money created out of nothing) used by the financial institutions of the world, which are controlled by the ones who instituted this banking system. Such a system allows the banks to lend out nine times more than it has in actual deposits on hand. In other words, if you deposit \$10 in your account, the bank can lend out \$90 to those who take out a loan, which is a 9:1 ratio. Thus, the bank is required to have only 10% of their loans in reserves.

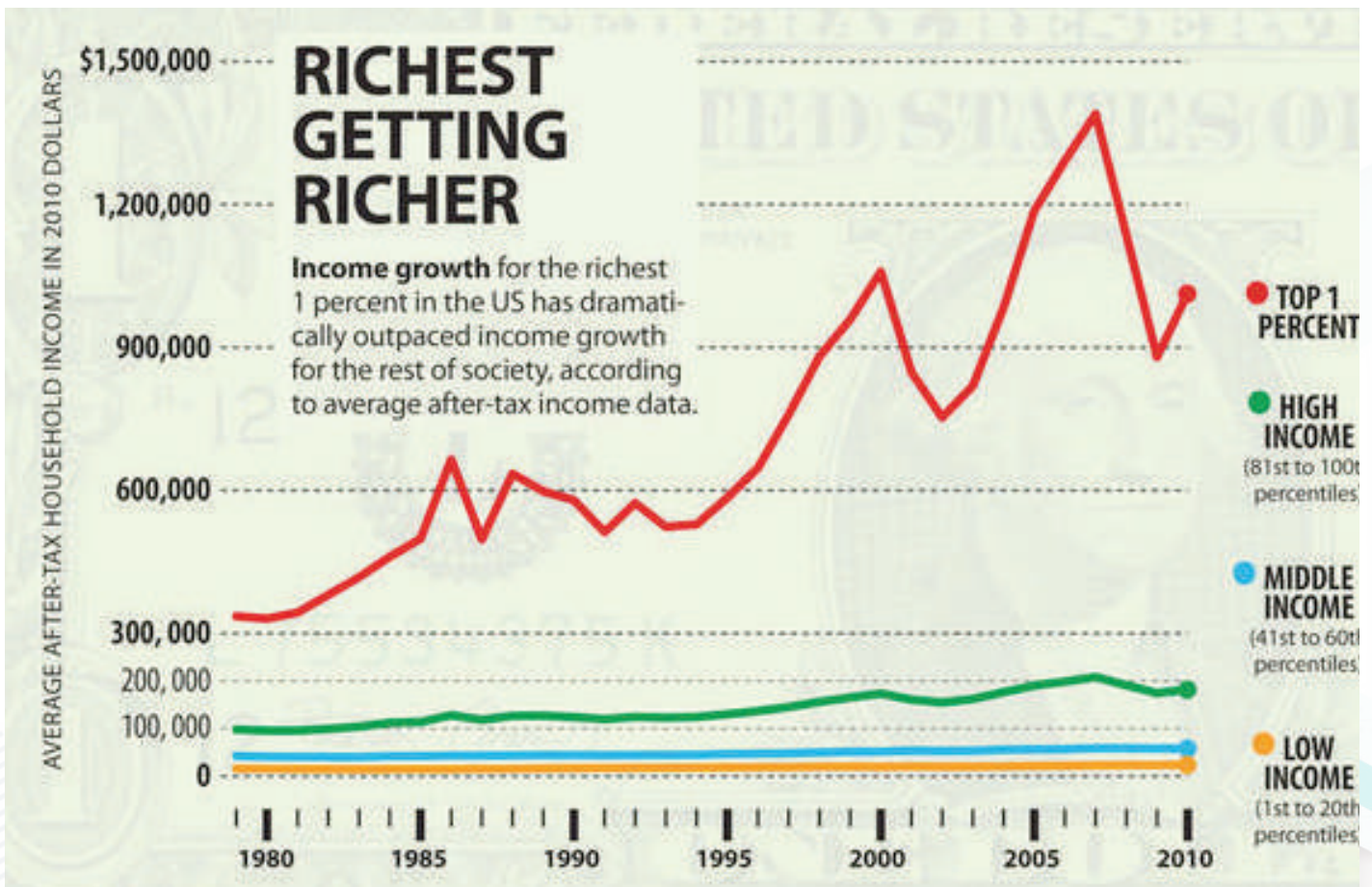
If the depositors decide to take out a large amount of their money from the bank, and the bank cannot meet the demands of its depositors, the bank becomes insolvent (bankrupt), thus the FDIC (Federal Deposit Insurance Corporation) is responsible to pay out to the depositors their demands of what they have put into such a bank. But this is a shaky proposition for the FDIC, because it has only \$52 billion to cover the cost of 8,000 banks that have trillions of dollars in deposits. With the insolvency of one of the larger banks, there goes the \$52 billion. If the government does not come to the rescue of the banks, there will be a breakdown in the system, leading to a disastrous situation for the entire economy of the nation and the world.

At the time, Senator Bob Kerry, who headed a committee to study the condition of the American economy made

**AVERAGE HOUSEHOLD INCOME**  
before taxes







the following prediction:

“...by the year 2012, unless drastic changes are made, we won’t even be able to pay the interest on the national debt. Knowing this, the federal government has allowed the trend to continue, almost as if they’re trying to run our economy into the ground. It seems obvious that the destruction of the American economy will eventually be a result of trying to keep people in deep debt, and financially enslaved.”

In retrospect, this prediction rings eerily true, as both the national and personal debt of Americans has continued to sky-rocket.

As many of the economic pundits have noted, the financial crises that have taken place in America since 1913 is due to the Federal Reserve, which is a quasi-government controlled privately owned bank that controls the monetary system and influences the politicians in passing legislation favourable to the banking system. In 1913, the struggle for a better monetary system was lost when President Woodrow Wilson signed the Federal Reserve Act, giving the privately owned international banking cartel the power to create the United States money. Later, Presi-

dent Wilson stated:

“I am the most unhappy man. I have unwittingly ruined my country. A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the nation, therefore, and all our activities are in the hands of a few men. We have come to be one of the worst ruled, one of the most completely controlled and dominated governments in the civilized world, no longer a government by free opinion, no longer a government by conviction and the vote of the majority, but a government by the opinion and duress of a small group of dominant men.” Woodrow Wilson, President of the U.S. 1913-1921.

One of the creators of the Federal Reserve, (Paul Warburg, drafter of the Federal Reserve Act, and a major partner) stated:

“Whoever controls the volume of money in any country is the absolute master of all industry and commerce.” Another one of the owners and partners in the Federal Reserve, Mayer Amschel Rothschild of the Rothschild financial dynasty in Europe and America stated:

“Permit me to issue and control the money of a nation, and I care not who makes its laws.” As they say of the ‘Golden Rule,’ “He who has the gold makes the rules.”END

# Manufacturing Poverty

## Unfair Trade Practices & Manipulation of Currency

**While Islam allows international trade, Muslims should not join groups like the World Trade Organization or participate in the financial schemes of institutions like the World Bank and IMF**

Anyone that follows current events is aware of the “global food crisis”, the severe increase in oil prices, and the so-called “global credit crunch”. These economic calamities affect hundreds of millions of people across the world in rich and poor nations alike. With the exception of the Great Depression of the 1930’s, the toll these crises have taken are unlike anything seen in near history. But unlike their natural counterpart, these man-made disasters were preventable. In fact, close study of each of these crises shows that the poverty in the world is actually manufactured.

Despite their denials, poverty is not an accident, or an uncontrollable event. Rather, it is a by-product of the Capitalist system. Capitalism, which vehemently denies the role of religion in life, created an economic system which enriches wealthy corporate interests at the expense of the weakest parts of its population. It uses the elaborate scheme known as “trickle-down economics” to convince people that it is in their best interests to enrich the corporations, so the benefits trickle down to the rest of society.

Recent events have proven this theory wrong over and over again. The growing gap between the rich and poor in the United States proves that the production of wealth doesn’t mean that it will circulate to the rest of society. Rather than circulating to the entire society, in Capitalism wealth merely circulates amongst the wealthy elite. Despite their best efforts, these man-made policies are responsible for every economic crisis in recent history. Allah sets forth the example that if the truth were in accordance with their desires the heavens and earth themselves would have become corrupted. We’re seeing the corruption of the earth by their hands before our very eyes.

Consider the current inflation crisis, & the increased

food crisis, where the prices of wheat, meat and rice shot up 150% in a very short period of time. The sudden rise in food prices created emergency food shortages in every corner of the world. While there were many purported reasons mentioned for this dramatic rise of food prices, the Western Capitalist nations laid most of the blame on the growing populations of India and China. They claimed that as these countries developed a larger middle class, their consumption habits changed. In other words, they are eating more because they have more money. The most shocking part of this claim is that global food production has increased twice as fast as the growth in population. Additionally, the populations of India and China have been growing for the past 40 years. So how could anyone conclude that food prices would jump up so dramatically and without warning? In reality, the food crisis, and global poverty in general is a man-made phenomenon and can be traced to 3 main causes:

**1. Unfair Trade Practices:** For all their talk of free market capitalism and free trade, the United States and European Union have for many years given their farmers generous subsidies leading to an overproduction of crops like corn, wheat, etc. The resultant mountains of food are deliberately burned or dumped in the sea to maintain prices. In other instances, they are dumped to poor countries at lower than the production cost, putting local farmers out of business. Similarly, in the 1980’s, 90’s & 2000s, Mexican markets were flooded with frozen chickens from the United States, making it very difficult for local chicken farmers to compete. When the markets became reliant on cheap American chickens, US companies were able to easily raise prices. The result is that while the IMF and the World bank force third world countries to end any support they may give to their farming industry, Western farmers derive a major portion of their income from government



subsidies. This type of economic bullying is not new. In fact, U.S. President Woodrow Wilson once said:

“Since trade ignores national boundaries and the manufacturer insists on having the world as a market, the flag of his nation must follow him, and the doors of the nations which are closed against him must be battered down... even if ... unwilling nations be outraged in the process.”

**2. Manipulation of Currency:** It's no coincidence that the rise in food prices happened at the same time as the global credit crisis. To remedy the severe loss in the global financial markets, central banks such as the US Federal Reserve pumped hundreds of billions of dollars into the banking system to save their financial system. This is one of the techniques America uses ever since it stopped backing the dollar with gold. Western governments have chosen to bail out these banks by printing and lending them money, or government approved counterfeiting, rather than risk the financial and political consequences of these banks going bankrupt. The result of arbitrarily printing money is inflation. Prices increase because money is worth less.

*Islam uniquely solves poverty problems by ensuring that money is tied to gold and silver, preventing arbitrary inflation and deflation that we see in Capitalism.*

Since most commodities such as rice, wheat & corn are bought and sold in dollars, the influx of US dollars in the market diluted its buying power and drove food prices up. Poor countries which relied heavily on the US for food such as Eritrea, Sierra Leone, Niger, Liberia, Botswana, Haiti, Bangladesh, Egypt, Jordan and Lebanon suffered severely.

**3. Corrupt Rulers:** In his book “Confessions of an Economic Hitman”, author John Perkins discusses the role of corrupt rulers, greedy corporate executives, and international banks in creating global poverty. He was an economist for a large US government contractor. His role

was to convince foreign governments how new projects such as dams, power plants, bridges, etc. would eventually result in economic development for their country. He reveals how he manipulated his economic forecasts to make it appear that these projects would lead to economic prosperity.

In actuality, they were elaborate lies which were used to sell these mega-engineering projects, hence his nickname as an “economic hitman”. He also discloses how corrupt rulers betrayed their own people by embarking on these projects, knowing that they wouldn't actually help the people.

One example is where a company like Halliburton proposes a power plant. Their economists will convince the country that it is in their best interests. The IMF and World Bank will then finance the deal but will place strict stipulations on how the money is repaid. Oftentimes they demand large interest payments, which takes money away from health care and education programs. The corrupt Muslim rulers happily comply with these requests in return for protection and support from their Western masters.

#### **Conclusion:**

These are just some of the causes of global poverty. While Islam allows international trade, Muslims should not join groups like the World Trade Organization or participate in the financial schemes of institutions like the World Bank and IMF. Islam uniquely solves poverty problems by ensuring that money is tied to gold and silver, preventing arbitrary inflation and deflation that we see in Capitalism. Furthermore, Islam demands that we hold corrupt rulers accountable for their treachery and replace them when necessary.

The poverty we see today is indeed manufactured but is made to appear like a natural occurrence. Just like Fir'aun used his magicians to trick his people, today's magicians are economists and financial analysts who trick the world with statistics and economic forecasts. Every empire has its magicians. They are those who, with a few words, impress the public with their tricks and charms. The magicians are highly coveted by the emperors and kings. Their purpose is to inform, entertain, and legitimize their masters. Though they are called “priests”, “magicians”, “advisers”, and today “economists”, these people do the same thing... manipulate the truth and justify the status quo.

END

# America's System of Economic Slavery

## Capitalism's Pursuit of Profit

*“Do you not see that over those disbelievers We have appointed the Satans who incite them urgently to oppose the Truth? Well, you need not to become impatient for the coming of the scourge on them, for We are numbering their days”... [TMQ 19:83-84]*

There is a very important question that Muslims in America should want to know the answer to: Why is the American administration so dead set against the reestablishment of the Khilafah (Islamic State)?

The answer is quite simple. If you are ruling the world with an ‘unjust system (Satanic rule)’, then you certainly do not want an opposing or a ‘just system (Allah’s rule of truth)’ challenging your system. Allah says of such people,

*“Do you not see that over those disbelievers We have appointed the Satans who incite them urgently to oppose the Truth? Well, you need not to become impatient for the coming of the scourge on them, for We are numbering their days”... [TMQ 19:83-84]*

It is obvious that American capitalism is on the rise, and under the current administration, capitalist rule has shone its ugly head. With its use of lobbying and political power, the capitalist through deregulations have removed all major regulations that had kept them somewhat in check. Under today’s rule of tyranny, free access has been given to design an economic and ruling system that not only continues to enslave the so-called ‘Third World,’ but also makes the people in the democratic Western world slaves to the economic policies through taxation, high interest rates and high prices. It is through the charge of interest, the Federal Reserve, the World Bank, Central Banks and the International Monetary Fund that a small group of

people has been able to enslave the rest of the world.

Whose country is it anyway?

The average working American pays out at least 16 to 20 weeks of their personal income for taxes levied against them. And when you consider the interest and fees, it can amount to as much as 70% or 80% of their personal income. All of these policies that have been put in place to rob the people legally have been designed by corporate lobbyists, and voted into effect by the politicians that the people put in office. It is obvious that the politicians do not serve the interest of the people. The American people say “This is my country,” yet they don’t own or have any share in its resources or even the homes and land on which they live. The State governments impose ‘real estate’ taxes for life on any property you possess. If you fail to pay your



real estate taxes, you lose your property. The fact is that America is a plutocracy that is owned and controlled by the wealthy. Among the plutocracy, as little as 400 people own as much as 160,000,000 Americans at the lower level of society, and 1% of the wealthiest has more than 65% of America’s income, and of this same group of 1%, they own twice as much as the 99% of Americans (estimate

as of Januray 2023).

The problem for the American administration and Western capitalists is that the reestablishment of the Khilafah (Islamic State) spells the death-knell of capitalist rule



under the guise of democracy. You cannot say 'This is my country' if you don't own or control the natural resources of the land on which you live. Prophet Muhammad (saw) said, *"The people are partners in three things: water, pastures (land) and fire,"* fire meaning the natural resources such as oil, gas, coal, gold, copper, zinc, silver, etc. Public resources such as water like rivers and lakes; sources of energy like electricity and public utilities such as parks, roads and railways cannot be privatized according to Islam. They remain public property as originally classified by Islam. Under the Khilafah, they will always remain public and cannot be owned by individuals. Profits from the above listed resources go into the State Treasury (Bait ul-Mall), which is used to serve the interest of its citizens.

To give you just a brief look at some of the ways in which the people are exploited and enslaved, let's look at a few examples of how it is done. If you think you own your own home, think again. By buying a home or property, you must pay a yearly real estate tax for as long as you live in it, regardless of whether it is paid for or not. You also have to pay interest on the loan as well as buy liability insurance on the loan, and home insurance on the property. On a \$300,000 house, you pay out more than \$1,000,000,

***"Riba has seventy segments, the least serious being equivalent to a man committing adultery with his own mother."***

should you live long enough to pay off the loan. To add insult to injury, when you die, the inheritor of your property must pay inheritance tax or lose the property.

Consider the cost when you buy a car. Sales taxes and interest cost you thousands of dollars. Then you have yearly license and city sticker fees, and more taxes on gas, oil, repairs, parts, etc., to list just a few of the additional costs you have to pay to operate the car. Consider your bank that charges you for transactions, overdraft fees, credit card interest and service cost. Don't even think about the cost of getting an education of which interest is a major cost to attend any institution of learning. Let us not forget payroll income taxes, social security and Medicare taxes, as well as city, county and state taxes.

What about the installment loan taxes and interest for

your furniture, appliances and any work on your property? Then you have to pay interest and taxes for medical care, along with the taxes and fees you pay for utilities, such as gas, water, electricity, phone, trash pickup and more. Once you pay the taxes for food, household goods and other essentials, you find that you never seem to have enough money to get out of debt. In fact, most people are only a few paychecks from bankruptcy. In a most recent event, the politicians have passed a law (The Bankruptcy Reform Act) to the benefit of the large financial institutions that makes it almost impossible to file for bankruptcy, and easier for them to take your personal property from you.

In the Islamic system of taxation, there is no taxation of the poor. There are no income taxes, city, state or county, inheritance, sales, payroll, medical or social security taxes. In fact, Muslim citizens are required to pay only 2 ½% on what is left of their income after all living expenses have been paid. In other words, if you earn \$35,000 and spend \$33,000, you pay 2 ½% which would come out to be \$50 on the remaining \$2,000. There is no such thing as interest charges on anything. When we say no taxes or interest, we mean that under Islamic rule, you pay no interest or taxes such as those you pay in the democratic/capitalist form of government or system, for Allah says,

*"Those who devour usury (interest) will not stand except as stands one whom the Satan by his touch has driven to madness" [TMQ 2:275]*

*"O Believers, fear Allah and give up the interest that remains outstanding if you are believers. If you do not do so, then be sure of being at war with Allah and His Messenger." [TMQ 2:278-279]*

*"The Prophet (saw) cursed the receiver and the payer of interest, the one who records it and the one who witnesses it, and he (saw) said, 'They are alike.'" Reported by Jabir, transmitted by Muslim, Tirmidhi and Ahmad.*

The Prophet (saw) also said,

***"Riba has seventy segments, the least serious being equivalent to a man committing adultery with his own mother."***

Under the Islamic State, it is compulsory on the husband to work to earn nafaqah (provision) for his family, but if he cannot do so for any genuine reason, it is the responsibility of the state to provide tangible basic needs of food, clothing, shelter and intangible needs of education, health and security. Education, health care, utilities such as gas, water and electricity are free. END

# Income Tax: the Islamic Perspective

## “Class Warfare” and “Romneyhood”

*The Islamic State funds come from unique surces like public property revenues (oil, minerals, coal, etc.), the properties of Zakah (only disbursed to the appropriate people), spoils of war, land tax (kharaj), head tax (jizya), tec...*

*“The one who collects tax (maks) is in hell fire”*  
[Ahmed]

The aftermath of every economic crisis, including the previous ones, is still making its ugly presence known for many years later. Countries like Greece, Spain, Portugal, Italy, France, Britain, Canada and even the United States face austerity measures where expenditure on social services like education and health care are being cut to balance ominous national budgets.

The method that these governments seek to bridge these budget gaps is through taxation. Liberals tend to favor an increased tax policy and conservatives tend to favor a decrease in taxes on the wealthy. These divergent philosophies have spurned much vitriol in the United States, giving birth to terms like “class warfare”, “Romneyhood”, and other childish attacks often heard in the media.

They also expose the opposing views of the role of government. Liberals favor “big government” with government-funded healthcare, education, infrastructure development, and consumer protection agencies, all funded by taxes. The conservatives favor “smaller government” and less regulation. They believe that social services should be provided by private businesses with profit as their motive for providing superior service.

In reality, tax policy is used as a political weapon, where candidates try to out-do each other to win popularity among voters, particularly during the election season. The Capitalist system funds itself based on taxes, which not only harms the people, but creates a very fragile situation where the entire economy is subject to a perpetual increase in taxes to keep up with expenses. And in the event that taxes are not increased, the poorest and lowest rung of society suffers the most by losing their state-funded healthcare and education.

### Islam’s Unique Stance on Taxes

Islam is unique from the Capitalist system in that Allah has legislated a unique system that addresses the role of government and how it funds itself. Furthermore, Islam has generally forbid-den taxes as is seen in these two noble ahadith:

*“He who imposes maks (custom duty) would not enter par-adise.”* [Ad-Darimi, Ahmed and Abu ‘Ubayd]



*“The one who collects tax (maks) is in hell fire”*  
[Ahmed]

This means both direct and indirect taxes such as sales tax, value added tax, even fees for things like license plates and city stickers. In Islam however, the State funds itself from 5 distinct sources:

Public property revenues (oil, minerals, coal, etc.), the properties of Zakah (only disbursed to the appropriate





# A Brief Summary of the Systems of Islam

## Solutions to Humanities Problems

*“O human beings! We created you from a pair, male and female, and we fashioned you into tribes and races that you may recognize each other. Indeed the best among you is the one who is most conscious of Allah.” [TMQ 49:13]*

Today the entire world is a witness to the dynamic growth of Islam. In Muslim lands which previously formed the bedrock of the Khilafah, there is a strong desire for the return of Islamic rule. In the Muslim world, this desire is manifest in an intellectual struggle among the Muslim masses against the tyrannical puppets supported by the kufr governments of the West. On lands yet to experience the Khilafah, Islam is growing with a new generation of converts.

Today, many questions arise in peoples' minds about the world order that Islam offers to Muslims and non-Muslims. Distorted answers have been given which are shrouded by the veils of a history of propaganda espoused by the media machine of the existing World Order. The clear understanding of Islam is clouded by images of harms, beheading of infidels, gun toting mullahs and the like.

### A World Without Borders

Borders between people have become a fact of life of our times, and this is a fact that is blindly accepted. From childhood we are presented with a divided world, where the map is a mosaic of different colors representing separate nation States. In adulthood this is reinforced as we unquestioningly accept the need to apply for visas when making the Hajj to Mecca, or visiting relatives in Tajikistan. Muslims from Pakistan are “foreigners” when they go to Somalia or other Muslim countries.

The world is full of divided nations even if we bestow on them the token title of “United Nations.”

*“O human beings! We created you from a pair, male and female, and we fashioned you into tribes and races that you may recognize each other. Indeed the best among you is the one who is most conscious of Allah.” [TMQ 49:13]*

In the framework of the Khilafah, Islam questions the issue of divided nations. In the Khilafah, Muslims and





non-Muslims that accept to live under the ideology of Islam can never be divided on racial grounds. Under Islam, the world will witness a land without borders. People of different races will stand together as one.

### Islam, A Cure for Community Strife

Nationalism is so deeply etched into the world today, that it causes a lot of suffering worldwide. The present system enforces color bias by dividing the communities into ethnic majorities and minorities. By offering community services, like centers on the basis of race and nationality or by organizing events like Asian festivals and Black cultural evenings, divisions are put into the minds of the people. These kinds of activities are accepted blindly. Why should we need to state our ethnic origin when filling in forms? In fact, this encourages a subtle form of racism, whether in the form of discrimination or so-called positive discrimination, because it creates a color conscious society.

In Islam, such apartheid (racial segregation) is prevented. In the Khilafah, once citizenship is granted, the Muslim or non-Muslim is not viewed as a minority or a majority. All the systems of Islam ensure this. Jobs are offered on suitability not ethnicity. Schools work to ensure

If the rulers had taqwa, why wouldn't they collect the Islamic land tax of kharaj and ushr on the over 10 million acres of land? Why did they not collect zakah from the remaining wealth of the rich people in the society?

that racism is not an issue. Organizations referring to race or nationality are illegal.

Under Islam, the non-Muslim as a dhimmi (non-Muslim citizen of the Islamic State,) is a protected citizen whose belief, property and honor are protected. Prophet Muhammad (saw) said in one hadith,

*"Whosoever harmed a dhimmi has harmed me."*

### The Economic Life in Islam

Islam does not deny ownership of material or property, however it does not allow humans to dictate the way it is acquired and used. Life in the Khilafah will offer a dramatic change in the way material is viewed. In Islam, wealth is a trust from the Creator. Consequently it is Allah alone who decides what can and cannot be bought and

sold.

This is unlike the situation today where the rights and wrongs of a society are at the mercy of market forces and the laws of supply and demand, and where commercial viability of a product takes precedence over the detrimental effects on society that are produced as a result of the product's existence.

In Britain the richest man has based his fortune on pornography. There is little interest in the damaging effects pornography and other forms of exploitation of man and woman have on society. Instead, concern for humans is viewed in economic terms. This is not the case in Islam, where honor is a vital issue. There are no advertisements using the sexuality of men and women for the hard sell. No top-shelf magazines, pornographic videos and no cyber sex can be found in the Islamic State.

There is no commercializing of alcohol consumption, or of legalizing other types of drugs as is being discussed today. In the Islamic State, public consumption of intoxicants is forbidden. There would be no bars, no drunkards and no drunk driving under the Khilafah.

### No Free Market

In our world today, there is a gross disparity in terms of wealth distribution, nationally and globally. In America and Britain, 90% of the wealth is owned by about 5% of the population.

Most of the world's reserves are in the so-called "Third World," countries which the West exploits, yet most of the people live in poverty. In many of these countries children die of hunger and disease, while in others there is so much excess production of food, that much of it is stored by governments or destroyed in order to keep the prices at exorbitant levels. Islam stands alone as the only solution in its vision of the economic problem, striking at the root of this iniquitous situation. Unlike Capitalism and Communism, Islam does not preoccupy itself with means of production. Islam solves this problem by ensuring distribution by not only limiting the type of wealth that can be acquired, but also the means by which it is acquired.

In Islam, natural resources cannot be privatized by the right to make them richer at the expense of the other members in the society. Natural utilities such as gas and oil cannot be owned privately, as we see in a world today where multinational companies stake their rights on the wealth

of the Muslim Ummah. Prophet Muhammad (saw) said,

*“The people are partners in three things: water, green pastures and fire.”*

In Islam, such wealth is distributed to ensure that society’s needs can be met, enabling the Khilafah to provide for its citizens services’ that would seem unimaginable to us in today’s world.

Today we provide guide dogs for the blind, but during the time of ‘Umar ibn Abdul-Aziz, two men were employed by the State to care for each blind person. Public transportation is also regarded as a State service, and is free to its citizens.

Islam also prevents other unfair means of acquiring wealth, thereby ensuring distribution. Islam forbids the giving and taking of riba (interest). Consequently banks would not be able to extract interest from those who are in need of loans. Today we find a situation where those who are able to pay off their mortgage sometimes find themselves paying more than twice the value of the house. Furthermore, many fail and have their homes repossessed.

On a global scale, the “Third World” is unable to pay the interest on loans from the World Bank and the IMF (International Monetary Fund), thus their ability to feed their populations is practically impossible.

Under Islam, the whole concept of banking is different. Banks are not companies but are services. Any profits are reinvested for the benefit of the citizens. There is no incentive for banks to exploit other individuals or nations in the way that banks do today. Just as banks would not be able to exploit the masses, neither can the government do as we see it being done today. Under Islam there is no income tax, Value Added Tax, road tax, etc. In the Khilafah (Islamic State), only those who can afford to pay taxes are subject to them when it’s needed.

### **Islam and Education**

The Khilafah ensures that education is provided free of charge. Schools, colleges and laboratories are provided in every locality as needed by the community. Private schools will be allowed, but they must conform to Islamic curriculum.

Other media such as educational, magazines, computers or television, will be in accordance with Islamic guidelines. Any violation will lead to criminal proceedings against the responsible person. There will be no such

articles that slander and scandalize people as we find in the pages of today’s tabloids. There will be no fantasizing in the form of movies because in Islam acting is forbidden. Instead, the mass media will be used in a far more constructive way, being informative rather than just a form of escapism.

### **Islam and the Judiciary**

To see some horrendous punishments in a public display, like cutting the hand of the thief, or the execution of murderers, these are terrible sights that will take place in open areas. Seeing such things leave a lasting impression on the hearts and minds of the society. Therefore, anyone even thinking of committing such a crime will think twice.

Such punishments are rarely executed, because the punishment has a powerful deterrent effect. It is extremely difficult to cut the hand of the thief, because circumstantial evidence is not sufficient, plus, there must be many conditions before it can be done. In this way, the judiciary ensures that there would be no wrongful convictions.

Severe punishments are not the only means to deter crime. Islam deals with the problems of crime from every perspective. The economic system assures the needs of the people and removes the need or desire to steal. The educational system continually reminds the society of its accountability to the Creator, thus criminal acts are undesirable.

Islam in its judiciary upholds values that are disregarded in so-called modern society. Under Islam, accusing someone of adultery is a punishable offense if one does not have the necessary witnesses.

### **Islam and Foreign Policy**

Islam has its own unique view about foreign policy. The Khilafah’s dealings with other states are not on the basis of securing national interest. Rather, its sole interest is to free the human being from the slavery to others, and return them to their true purpose; the worship of the Creator, Allah. Therefore, the objective of the foreign policy is to spread Islam by invitation (da’wah) and Jihad which is holy fighting in the Cause of Allah or any other kind of effort to make Allah’s Word superior. Jihad is regarded as one of the principles of Islam.

### **Muslim Land is One Land**

Land that previously formed the bedrock upon which the Khilafah was established is called Muslim land. It is



one land, and is considered as such by the Khilafah. When the Khilafah is re-established in any part of Muslim land, its outlook on the rest of the Muslim lands would be with a view to reunite it under Allah's deen, Islam. Allah says,

*“Hold fast all of you to the rope of Allah and be not divided.”* [TMQ 3:103]

The meaning of this is that there would be no embassies to other Muslim countries within the Khilafah, for these countries are not considered as foreign nations to the Khilafah.

#### The Global Effect of the Khilafah

*“The Imam is a shield behind which the Muslims fight, and behind whom the Muslims are protected.”*

This is far removed from what we witness today, where our so-called leaders act not as shields but as shackles around our necks, fighting and torturing those who seek to bring back the rule of Allah, while making deals with those who illegally occupy Muslim land. Allah says,

*“Allah forbids you from making alliance with those who fight you for your deen, drive you out of your homes, and support those who drive you out.”* [TMQ 60:9]

We should understand that the Khilafah is not a state which will work within the confines of international law

# The System of Islam

Taqiuddin An-Nabhani

*Hizb Ut Tabrir*

Today Muslim land is the wealthiest land in the world, with an abundance of oil, gas, minerals, food and textiles, and it is also wealthy in terms of population.

The Khilafah offers a united economy, thus Muslims and non-Muslims who suffer poverty in Bangladesh and Somalia or elsewhere would have a right on the wealth of the Gulf or any wealthy Muslim lands.

The Khilafah would have a united army. Gone will be the days when Muslim armies fight Muslim armies. All Muslim soldiers will fight side by side with their fellow citizens of the State, under one leader, the Amir of Jihad.

Gone also will be the days when the cries of the oppressed Muslims and non-Muslims in Bosnia, Chechnya, Kashmir and Palestine would go unheard.

A united Muslim army would defend all Muslims and free them from their oppressors; not being bound by the chains of international law and the United Nations. Prophet Muhammad (saw) said,

like the present so-called Muslim regimes. The Khilafah is concerned with the spread of Islam all over the world that will end the wars of man on man. The Khilafah will have nothing to do with the United Nations, because it will aim to unite the whole world under the banner of “La Ilaha Illallah.” The media of the Khilafah would broadcast the beauty of Islam to the rest of the world, inviting all people to worship the Creator.

The prospect of life under the Khilafah is an inspiring one, while the future of humanity living under the shackles of man-made law is bleak. Only under the system of Allah will there be hope for the future generations to escape from such a plight. Such a future is no fairy tale; rather it is only a matter of time.

*“It is He Who has sent His Apostle with Guidance and the Religion of Truth, that he may proclaim it over all religions, even though the Pagans may detest (it).”* [TMQ 61:9]

END

# Building the Economy of the Rightly Guided Khilafah

## Everyone's Basic Needs Are Guaranteed

*“But seek, through that which Allah has given you, the home of the Hereafter; and [yet], do not forget your share of the world. And do good as Allah has done good to you. And desire not corruption in the land. Indeed, Allah does not like corrupters.” [TMQ 28:77]*

Since the inception of the Islamic State, when the Prophet (saw) immigrated to Madinah along with his honorable companions, he laid down for us the foundation of what makes the global unified Ummah. One of these foundations was the true and practical unity he brought forth between the Muhajireen and the Ansaar. From an economic perspective, this was the everlasting mechanism by which he (saw) properly distributed the resources so that the poor, foreign, emotionally exhausted immigrants, the refugees at that time -the Muhajireen- were able to live with honor and dignity in a newly formed society in which the resources were limited, the land was scarce, and industry and trade was primitive.

By the blessings of Allah, the honorable Ansaar were given the blessed chance of sharing their wealth in this life



so that their status will be elevated in Paradise!

He (saw) also gave us the best example when he distributed the spoils of war of the battle of Hunayn among the new Muslims from Quraysh and did not give the Ansaar any share of it. The Ansaar felt disheartened and betrayed, despite having been the ones who had supported and protected him. When he heard about these feelings, the prophet addressed the Ansar in the most heart touching example when he said *“people will leave with (take) material gain and you (the Ansaar) would leave with (take) Rasoul Allah (saw).”* Then he (saw) said *“Oh Allah have mercy on the Ansaar, the sons of the Ansaar and the sons of the sons of the Ansaar.”*

In the above examples, the Prophet (saw) fulfilled the command of Allah (swt) and conformed with the economic policies of Islam and solved what Islam precisely recognized as the economic problem.

The economic system of Islam is a divine system revealed from the Creator, Allah (swt), and we should thank Allah (swt) for this gift – an obligation for which we’ll be rewarded with al-Jannah if we do it, or punished with Jahannam if we don’t.

When properly implemented, we enjoy the best of this life and the next one because poverty, pandemics, corruption, and mischief will be eliminated, and the exploitation of people and resources will be prevented.



In the Khilafah, Muslim youth were married, the individual debt of people was paid (for free), the money of Zakah & Sadaqah was left untouched many times because no one was in need. It was even narrated that Omar Ibn Abdelaziz, the fifth rightly guided Khaleefah commanded that the birds in the Muslim lands were fed, so no one would say that the birds were hungry in the Islamic State. Even the birds will chirp ALLAHU AKBAR, when the Islamic State returns.

More importantly, Muslims were not scared of growing old without securing ways to feed themselves and their families, not only because they trust Allah (swt) for provision, but also they know there is a State that will not fail them. This is the economic system of the noble State, the righteous State, the human State with the divine measures and spiritual criteria.

*“But seek, through that which Allah has given you, the home of the Hereafter; and [yet], do not forget your share of the world. And do good as Allah has done good to you. And desire not corruption in the land. Indeed, Allah does not like corrupters.”* [TMQ 28:77]

Islam is the system that is:

By the blessings of Allah, the honorable Ansaar were given the blessed chance of sharing their wealth in this life so that their status will be elevated in Paradise! the Prophet (saw) said *“Oh Allah have mercy on the Ansaar, the sons of the Ansaar and the sons of the sons of the Ansaar.”*

- **Divine**, as it was revealed, chosen, and obligated for us by our Creator Allah (swt),
- **Unique**, because it considers what the society should be of obedience to Allah (swt), morality and piety
- **Practical**, because it is suitable, & designed for humans, as it is simple to implement
- **Provides solutions** for all the economic issues without any single man-made problem like today.

This is a comprehensive system that governs all

aspects of the economic issues in any society of any time, whether it was at the time of the Prophet (saw), our time today or the future. The nature of man-man transactions are the same. What changes is the style or the means.

Islam addresses the economic system by specially designing its rules to address the different attributes of economic life and what influences it. We don't have to look anywhere except the Quran & Sunnah, as they contain the solutions for the smallest details to the biggest policies.

For example:

- 1- Islam has its unique vision of the economic policy in the Khilafa State
- 2- Islam also specifies the economic problem and its solution from the divine perspective
- 3- The sharia rules address ownership in Islam and types of properties
- 4- The economic system of Islam details the rules pertaining to partnership and types of companies allowed in Islam
- 5- Islam recognizes a stable and functional monetary where the currency must be based on gold & silver

standards

- 6- The Sharia rules firmly prohibit usury and interest-based transactions
- 7- In Islam, the Industrial, Agricultural and Foreign Trade policies conform with the State's self-sufficiency
- 8- The funds in the Khilafah State are distinguished and vast, the resources for which are decreed by Allah (swt), not taxes imposed by corrupt rulers.

In this article, Insha Allah, we will focus on few of the

above unique qualities of the economic system of Islam.

### 1- The Economic Policy of the State

The economic policy of the State is based on the principle that the society should be of high morality and piety, brotherhood and cooperation in good. It is to bring about a society where engaging in good based on

elevate us spiritually insha Allah, and bring us honor and dignity. You will receive (for sure) that which is meant for you.

Islam is providing for everyone's needs to free his worries in this life to be focused on the next life. This is what's unique about the Islamic economic policy and the view of the society.

**Islam recognizes the economic problem as the distribution of wealth, commodities and services among all people, & enabling them to benefit from this wealth by acquiring it and striving to achieve it**

what pleases Allah (swt) & abstaining from sin is the the intrinsic criteria for action.

The high aims of the Shari'a (Maqasid As-shari'a) are eight. They are: the preservation of religion, the human being, the mind, the offspring, the wealth, the State, the security and the human dignity. The Economic policy of the State driven by adhering to the rules of Allah (swt) guarantees the achievement of the much needed values.

When happiness is attained by pleasing Allah (swt), not by material and sensual gain, and the sense of responsibility is accepted and internalized, the wealth is protected by prohibiting exploitation, thievery, cheating and the privatization of natural resources. When no one is hungry or homeless because of poverty or need, no one is taken advantage of & enslaved as a result of Riba and heavy loans and everyone's basic needs are satisfied. Only then will this produce an atmosphere of unity with shared resources and helping, not enmity and hatred from financial conflict, greed, and excessive competition.

This will promote an environment of morally-based cooperation and competition in good, not evil and corruption. Islam's economic policy is based on nourishing and cultivating a society. When the law is intrinsically the command of Allah (swt), what's legal is what is pleasing to Him (swt) & what is illegal is what takes to hellfire.

Islam, as a mercy from Allah (swt), aims to free us from the constraints of this worldly life. Trust what Allah (swt) has chosen for you and rest assured that it will only

### 2- The Economic Problem

Islam recognizes the economic problem as the distribution of wealth, commodities and services among all people and enabling them to benefit from this wealth by acquiring it and striving to achieve it. The economic problem is not the never ending, always evolving and increasing human needs & desires, nor is it the insufficiency of the resources, being commodities and services.

Islam commands work and striving to support the family. Islam commands engagement and positivity. Islam promotes work, trade & partnership. Islam promotes science, industry, cultivation and reviving of every piece of land. Islam gives equal chances to everyone as we are all equal in front of Allah (swt), – much different from the racism, discrimination, and hoarding that dictate economic policies today.

*"Then when the prayer is ended, you may disperse through the land and seek the bounties of Allah"* [TMQ 62:10],

*"He it is, Who has made the earth subservient to you, so walk in the path thereof (of agriculture etc.) and eat of His provision"* [TMQ 67:15],

and the Prophet (saw) said

*"No one eats food better than that which he ate from his own handiwork"* [Bukhari].

By promoting and commanding work, striving and



engaging in life, acquiring the wealth and the means of satisfaction in the Halal way, Islam guarantees to satisfy the basic necessities of everyone at all times.

If a temporary shortage happens, Islam provides the peace of mind & patience of the heart to endure the test, until Allah (swt), the Merciful, makes an opening available whether it be 1 day or 100 years. If the people or individuals fail to meet their needs it will become the state's responsibility to provide and help.

Islam recognized that food, clothing and housing are the basic necessities of every individual and must be satisfied for everyone at all times.

Islam also recognizes that security, healthcare and education are basic necessities for the society that must be provided for everyone all the time.

To solve this problem, Islam focuses its rules and systems to distribute the wealth justly according to human needs decreed by Allah (swt), so that all necessities are satisfied for all people all the time.

By differentiating between three types of properties; being the private property, the state property and the public property; and specifying the Halal means of ownership, Islam creates a balance in the distribution of

wealth & provides a practical way that helps to satisfy everyone's basic necessities all the time.

Today, by adopting the law of man, Capitalism states that there aren't enough resources to satisfy all the needs and desires for all the people at all times. Hence, to solve this "relative scarcity" problem, which means limited resources compared to unlimited needs, the solution should be to increase production. Whether or not it reaches people who's survival depends on it is not the problem, rather. The one who is more fit and powerful will be more deserving of it, even if their needs were satisfied, so the rich gets richer and the poor gets poorer.

This capitalist way of life did not differentiate between basic necessities and luxury needs. All that is important is the GDP and finest production at the lowest cost possible, even if people and the natural resources are exploited.

In this secular system, labor exploitation & sexualization of society for economic reasons & the benefits of the few, are far more important than distributing the wealth to feed the hungry and treat the sick, let alone the status of morality and piety.

As a matter of fact, in this corrupt way of life, the governments and the contemporary systems create diseases by manipulating people and their styles of life.



They also capitalize on every disaster for material gain. For example, during the COVID-19 Pandemic where more than 99% of the world population has seen major loss of wealth, the fortune of the top 10 richest people has more than doubled. 25% or more of food production is destroyed to maintain prices, while hundreds of millions suffer from hunger and deprivation.

In the US alone, there are over 1-2 million people who are homeless, hundreds of thousands of which are families. Simultaneously, many high-rise buildings and homes decay with vacancy and dust. In America, the leading country of capitalism, there are hundreds of millions of people who are in debt and over fifty million under the poverty line. Americans don't have any health care coverage, are deprived of education and don't have a fair chance of employment and work.

*Islam focuses its rules and systems on distributing the wealth justly according to human needs decreed by Allah (swt), so that all necessities are satisfied for all people all the time.*

The top 1% of the population own more than 95% of the nation's wealth and resources, and this system has been imposed globally on other countries – especially on the Muslim world. This system fails to provide & protect the people & is inhumane.

### 3- Islam's Monetary & Currency

When Allah (swt) obligated Zakat, it was obligated based on gold and silver alone, and He (swt) specified the Nisab (the minimum amount for the zakat to become obligated) from gold and silver, and so the consideration that the Zakat on money is by gold and silver specifies that the currency is gold and silver.

The Shariah specified currency exchange, which is purely a monetary transaction with gold and silver alone, which is clear evidence that the currency must be from gold and silver. The prophet (saw) said,

*“Sell gold for silver or silver for gold as you like”*  
[Bukhari]

He (saw) also said,

*“Gold is to be paid for by gold with equal weight, like for like, and silver is to be paid for by silver with equal weight, like for like. He who made an addition to it or demanded an addition dealt in usury.”* [Muslim]

Above that, the Messenger (saw) specified gold and silver alone as the measure for the prices of goods and services. All of the trade and marriage contracts took place with gold and silver, as has been confirmed by overwhelming authentic narrations.

So the fact that the Prophet (saw) made gold and silver the currency, and the fact that the Shari'ah linked some of the Shari'ah rules with them alone, and that Zakat of

money is limited to them, and currency exchange and financial transactions were limited to them are all clear evidences that the money in Islam is only based on the gold and silver standards and nothing else.

By specifying and linking the Shari'a rules dealing with the monetary system to the gold and silver standards, there was never a long-term or severe financial crisis that our Ummah could not fairly quickly recover from when Islam was implemented properly – despite the rise of the West – until the colonial era and when the Khilafah was destroyed.

When gold was replaced with the dollar as the sole monetary standard in the 1970s, the US dollar became the overwhelming de facto currency of the world and as a result of this, every turmoil in the US economy caused a fatal blow to the economies of all other countries, including





the Muslim world. This is because most, if not all, the cash reserves of these countries are covered by the paper dollar whose intrinsic value does not exceed the value of the paper it is printed on!

Our Muslim lands have real wealth. These non-Muslim countries have paper wealth that has no intrinsic real value. So when this real wealth returns under the ruling of the rightly guided Khilafah then we will see a real change in our conditions as an Ummah.

In Islam there will be - as there was- no artificial inflation or worldwide spiking of the prices for profit, no devaluation of the currency (which means stealing people's money) to collect more gains, no manipulation of the monetary system to benefit the rich, no extreme fluctuations of wages that harm the poor, and none of the other corruptions we see today.

This is so because everyone's wealth and investment is protected, the interest-free loans are available, and the wealth and currency are allowed to naturally circulate and sustain their true value to the State and all its citizens.

In Islam there won't be IOUs and fiat money, there won't be printing of money out of thin air without being backed by gold or silver.

Today, we wake up every morning and our money is worth less, and our wages are less because the average exchange value of the currency every new day is less.

#### 4- Finance and the Prohibition of Riba

*“Those who eat Riba will not stand (on the Day of Resurrection) except like the standing of a person beaten*

*by Shaytan leading him to insanity. That is because they say: “Trading is only like Riba,” whereas Allah has permitted trading and forbidden Riba.*

*Allah will destroy Riba and will give increase for Sadaqat. And Allah likes not the disbelievers, sinners.*

*O you who believe! Have Taqwa of Allah and give up what remains from Riba, if you are (really) believers. And if you do not do it, then take a notice of war from Allah and His Messenger” [TMQ 2:275, 276, 278 & 279]*

Which one of us is ready for this war??? Which one will dare to pick up the sword to fight Almighty Allah (swt)??? Is it really worth risking this life and more importantly the hereafter???

The financial system in Islam is not based on usury and interest-based transactions. The financial institutions of Baitul mal (the State Treasury) will be organized by the State to help facilitate interest-free lending and investment partnerships. The financial policies of the Khilafah will ensure the circulation of the actual wealth and the continuous reinvestment in the society.

Under the economic system of the Khilafah State, there will be no credit default swaps, toxic lending or toxic assets, nor will there be subprime mortgages. There will be no cheap or “expensive” credit. People will be free, not enslaved to the creditors with continuously compounding debt for all of their adult lives or suffer indignity of bankruptcy and property confiscation or repossession. This will focus the attention of Muslims on the production economy, or the real economy, which will result in an abundance of goods in the Islamic State. This will be an

actual production of goods and services and will have a real value to the people, it will also result in imports and exports based on needs and not artificially financing cash crops and other production, and thereby will result in real competition, for the Sake of Allah, to carry out His (swt) orders, with His (swt) Limits, and by His (swt) guidance.

In response, The Muslim's capacity will be focused on pleasing Allah (swt) by endeavors that will only advance the Islamic cause, not filthy competitions that emanate from selfish low desires. Islam recognizes the spiritual potentials of the believer and provides for that the platform where spending, loaning, donating, and other exchanging and giving for the sake of Allah is where competition in good should be.

When usury, monopoly, deceit, and capitalizing on one's needs are forbidden, then enmity, envy, and hatred between the people are eliminated and the bonds of brotherhood and cooperation are strengthened.

### 5- Funds in the Khilafah State

The faith in the very system that is the cause and root of the problem will not give hope for a radical and comprehensive economic solution. Fundamentally, it is impossible to fix real problems with a virtual economy. We set our course to real solutions from the Creator of all Mankind. This section will focus on how the Prophet (saw) used the funds of the Muslims to take care of them, and likewise how the coming Khilafah -insha Allah- will use the funds of the Muslims to take care of their affairs.

The Prophet (saw) ruled the society from the minute he stepped foot in Madinah. He launched military campaigns, appointed governors to the different provinces, appointed judges to settle disputes, and assigned certain people to collect and distribute funds.

He sent 'Abdullah ibn Ruwahah to the Jews of Khaybar to assess their crops and fruits and collect their dues. He would instruct his governors to take the fifth of the booty, to collect what had been prescribed on the Muslims as Sadaqah and to tell the former Jews and Christians, who had embraced Islam that they had become believers enjoying the same rights and obliged to fulfill the same duties as any other Muslim. He would check the

administrators' collections and assess their revenues and expenditures.

The Prophet (saw) levied taxes upon Muslims and non-Muslims on land and on some properties, fruit and livestock. The Anfal and the booties belonged to the State treasury. The Zakat was distributed among the eight categories of people entitled to it, as mentioned in the Qur'an, and nobody else.

The funds were collected and dispersed by the State Treasury (Bait ul-Mal). The first Bait ul-Mal to be established was after the battle of Badr, when the Muslims engaged in dispute over the spoils of war. Sa'eed Ibn Jubair reported: I asked Ibn Abbas regarding the Surah of Al-Anfal. He said: "It was revealed in Badr." The spoils of Badr were the first funds the Muslims gained after the spoils of Abdullah Ibn Jahsh's (ra) expedition; Allah demonstrated the rule concerning their distribution. He (swt) made the spoils the property of the Muslims, and He commissioned the Messenger of Allah to dispose of them according to what he deemed in the best interest of the Muslims. So the spoils were the property of the Treasury, to be disposed of by the guardian of the Muslims according to what he deemed to be in their best interest.

In Islam, the money in Bait-ul-Mal benefits all citizens of the Khilafah, whether they are Muslim or not. The Treasury's account books (Diwans) consist of two main divisions. The first part deals with the Treasury's revenues and the funds owed to it. The second deals with the expenditure.

There are various sources of revenue for the Khilafah. In all cases of levies, only those with the ability to pay are required to pay. There is no taxation of the poor and no discrimination in who is able to receive money. The sources of revenue are:

- **Jizyah:** The levy that non-Muslim males with the ability to pay give to the Khilafah State.
- **Ushr:** The percentage levied on the lands gained without war (Arabian Peninsula, Indonesia, etc.) under the jurisdiction of the Khilafah. A specified amount of its crops is given to the Bait ul-Mal. 1/20th if it is irrigated and 1/10th if it is naturally irrigated.



- **Kharaj:** A levy on the land conquered through Jihad (Syria, North Africa, Spain, Turkey, Persia, India, Pakistan, etc.) whose rate is determined by the Khaleefah.

- **Fay'i:** Enemy property captured without fighting

- **Ghanima:** Enemy property captured after fighting

- **Khumus:** One-fifth of war spoils

- **Revenue from public property:** Such as natural resources like oil, gas, coal, etc.

- **Revenue from State property:** Such as land, buildings, State factories, etc.

- **Thoghoor:** Customs levied at the Khilafah's borders

- **Rikaz:** One-fifth of hidden treasures

- The **wealth** of people who die **without heirs**

- **Zakat:** The zakat money is put in a special section of Bait ul-Mal and used only on the 8 categories of people specified in the Quran (the poor, miserably poor, zakat collectors, new Muslims to soften their hearts, to free slaves,

such as roads, mosques, hospitals, and schools.

- Non-essential services are provided by Bait ul-Mal if there is leftover money like parks, playgrounds, etc.

- Essential services like relief for natural disasters is funded by Bait ul-Mal and extra taxes are levied if the money is not sufficient.

- Bait ul-Mal provides interest free loans to its citizens.

The currency of the Islamic economy is based on the gold and silver standard which insulates it from fluctuations. In the early 1900s the majority of countries in the world still had a gold standard including Great Britain and the United States. Britain moved away from the gold standard in 1931, and the United States continued to move away from the gold standard until 1971 when it completely abandoned the gold standard. The removal of the gold standard presented new problems including inflation and long term price instability.

The gold standard gives the currency an intrinsic value

When usury, monopoly, deceit, and capitalizing on one's needs are forbidden, then enmity, envy, and hatred between the people are eliminated and the bonds of brotherhood and cooperation are strengthened.

indebted people, mujahideen, and the travelers). The Zakat fund was never siphoned off to pay for government expenditures, as those were covered by the Fay'i, Kharaj, Jizyah and spoils of war. These were sufficient to cover the State's expenditure and finance the war effort. The State was never short of money.

The revenues of the State are then allocated to the following categories:

- There is a special account for Zakat money paid to the 8 categories mentioned in the Quran.

- The salaries of the government employees, soldiers, and governors (walis), and administrators.

- Bait ul-Mal funds essential services and utilities

that does not arbitrarily appreciate or depreciate. Islam tied certain rulings to specific measurements of gold and silver. For example, the blood money (compensation for someone killed) to be paid to relatives is a fixed amount of gold. In another hadith Aisha (ra) reported that the Messenger of Allah (saw) also said:

*"The hand is cut for the theft of one-quarter (gold) dinar and upward."* [Bukhari]

The current world economic crisis is indeed a by-product of capitalism where the interests of a few trump the interests of the many. Capitalism can only exist where there is an absence of Islam. So we observe that Kuwait feels free to invest \$800 billion in the United States stock

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# Companies in Islam

## The Islamically Allowed Types of Partnerships

**The source of the Shari'ah rules are from four components: (1) Qur'an, (2) Sunnah, (3) Ijma (consensus of the Companions), and (4) Qiyas (Divine analogy).**

Muslims know that the Qur'an is the Word of Allah. We read, quote and study it, and from this we are supposed to apply it in our lives. In the Qur'an we find how Allah wants us to live our lives—that is, according to His (swt) rules, orders and commandments. The Qur'an is a book with no doubt in it, and it will stand against us on the Day of Judgement if we violate and disregard the sinful things it warns us against. Every action that the Muslim performs is regulated by the Shari'ah rules, and the source of these rules are from four components: (1) Qur'an, (2) Sunnah, (3) Ijma (consensus of the Companions), and (4) Qiyas (Divine analogy).

Today, in the Western world, Muslims are being told to adopt and practice many unIslamic acts of the West. Some of these ideas come from Muslims as well as from non-Muslims, but the most deceptive are those ideas being promoted by Muslims whom the Ummah consider knowledgeable or leaders in the community. In our efforts to bring to your attention some of the violations Muslims are being told to embrace, we mention one of the worst and obvious ones that has severe consequences because it is a major sin of which no right-thinking Muslim wants to answer for on the Day of Judgment.

There are Muslims and non-Muslims who promote investing in the Stock Market, claiming that they have found a way of investing that is halal, and not in violation of the Hukm Shari. These people are either ignorant or intentionally disregarding the rules of what Hukm Shari defines as legal or illegal in the area of business ownership in Islam.

You must remember that investing in the stock market

is referred to by capitalists as a gamble, whereas you can either win or lose according to how you play the game. You lost with Allah when you first invested in a gambling stock market, as well as losing in this world. They use the term "invest" when in reality it is a form of gambling.

Using the term "Islamic," Dow Jones Islamic Market [DJIM], is designed to deceive the Muslims into thinking that this market index has met the definition of "Islam" as defined by Shari'ah, when in reality this is not the case.

*"Besides Truth, nothing remains but falsehood."*  
[TMQ 10:32]

Let's get to whether investing in the stock market is legal (halal) according to Islam.

According to Hukm Shari'ah, the Islamic system has five types of company structure: Anan, Abdan, Mudaraba, Wojooh, And Mufawada

1. **Anan** (Company of Equals). A partnership between two people, both contributing capital and effort in the company.

2. **Abdan** (Company of Bodies). A Company in which two or more persons participate by their effort only, without their capital.

3. **Mudaraba** (Company of Capital and Effort). A company in which one part provides the capital while the other provides the effort.

4. **Wojooh** (Company of Faces). A company involving





two or more parties who provide the effort with another party who guarantees the financial support through its name and trust in the market.

5. **Mufawada** (Company of Negotiation). This is a company, which combines any of the other four (4) types of company structures permitted by Islam.

According to Shari'ah rules, we see that Stocks and Share Companies are not allowed in Islam, as they do not fall into any of the above permitted categories. Having an incorrect company structure, is invalid, and is prohibited. For any company to be established on the basis of Shari'ah it has to meet certain conditions. Here are some:

- (a) All partners have to know and agree on each other.
- (b) Death or withdrawal of any partner results in an automatic dissolution of the company and a new company structure has to be formed.
- (c) Partners cannot be paid a fixed salary from the company instead they are paid based on the profit/loss percentage concept.
- (d) The company contract must be made on known industries sales or services.
- (e) Partners cannot deputize someone (this is the case

of the board of directors in the share stock company) to do their work in the company as the contract fell on their bodies themselves.

These are some of the required conditions that have to be met for any company to be founded on the basis of Shari'ah. In addition to this, the company can only conduct business on that which Allah (swt) made Halal; where there is no Riba or cheating, no liquor or pork products, no services or sales that strengthen the disbelievers (Kuffar) over Muslims. Any sale can only be made for goods that are actually owned by the company. It should also be noted that joint share corporations couldn't legally be owned by anyone, for it is a separate entity from its shareholders. Allah (swt) permits the ownership of some assets and prohibits the ownership of others. He (swt) also permits some contracts and prohibits others. Allah (swt) prohibits the ownership of property acquired through usury, and gambling. He (swt) permits the company of 'Anan (partnership by body and finance) and prohibits co-operatives, joint stock companies and insurance.

According to the Hukm Sharie, partnership in a company requires a contract with known conditions of ownership and responsibilities. Thus, the contract must include the concept of partnership in something. According to the capitalist, the joint stock company  
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*Companies*, cont. from page 50

is defined as a contract of which two or more persons contribute to a financial project by providing a share of capital in order to divide the profit or loss that may result from the project. From this definition, the forming of the company is not a contract between two or more persons according to the divine law (Shari'ah). This is because legally, according to Islam, a contract is an offer and acceptance between two parties of two or more persons, and if the contract is devoid of the existence of two sides, then it would not be established, and thus it would not be a divine contract. In this process, it is evident that there are no two sides who concluded the contract, nor is there an offer and acceptance. It can be seen from the capitalist concept that the joint stock company is not an agreement between two parties; rather it is an agreement of one party on certain conditions.

Investing in the stock market is not only one of the latest tricks being played on Muslims, but they are also being deceived into thinking that such investments in 529 education savings accounts, health savings accounts,

401Ks, and IRAs are approved according to Islam. Nothing could be farther from the truth. Many of these funds are interest-bearing (riba) accounts, and the money is invested in all kinds of funds, mutual or otherwise that

**According to Hukm Shari'ah, the Islamic system has five types of company structure: anan, abdan, mudaraba, wojooh, and mufawada**

they call Shari'ah compliant. In fact, in the stock market collapse of 2008, most of these funds lost as much as 40% to 100%. Now if you don't think that is a gamble, then you don't want to face reality. When you check into who the distributors of these funds are, and who set them up for the Muslims, you will find that they are companies set up by non-Muslims to accommodate Muslims.

END

*ECONOMY*, cont. from page 49

market, whereas the zakat due on that money is \$20 billion. Where is the authority to demand the zakat and distribute the funds to those Muslims who are in such a dreadful state across the Ummah and right here at home? Where is the righteous Khalifah who is entrusted with taking care of the affairs of the Muslims, discharging their interests and providing for their needs?

The solution for our problems and the world's problems will only be assured when the rule of Allah is implemented. All the quick fixes are to keep us hopeful that some kind of solution exists within a kufr system. Are the Muslims that easily deceived? The Muslims know and understand that Khalifah is the solution and working for its return is an obligation. We affirm this with our hearts, our minds and our actions.

The Khalifah State is a rich and wealthy State. It is a State that will have vast revenues enabling the Khalifah to take care of the affairs of the people with ease and efficiency insha Allah.

The State funds are categorized -administratively- in registry books called "Diwans" that will organize the

revenue collection and expenditure.

The revenues from the state properties, the public properties, the spoils of war, Kharaj, Jizyah and Zakat are only examples where the money comes from to Baitul Mal.



To highlight how best these revenues will be, just imagine that of the public property like the gold mines or the petroleum wells or the electricity and gas energy supplies not being privatized. Imagine them NOT being monopolized and 100% available at the disposal of the Khalifah, to benefit all muslims as well as the cause of Jihad.



Instead of a few pennies for the oppressed Muslims in the donation box at a masjid here and there, we'll have at our disposal the millions & billions of Dinars and Dirhams of wealth across our Ummah everywhere...

Imagine the Zakat being paid (willingly) to please Allah (swt). Imagine the vast majority of people making sure they pay what's due on their money to the State out of piety and consciousness to Allah (swt), imagine the virtue of giving outweighs -by far- the legal fear of collecting we see for example today...

When we pay and the State collects, we give for the sake of our lord, the One who blessed us and gives us every day...

Imagine then these funds being distributed properly and justly, according to the divine rules of the Shari'a.

Imagine the zakat paid to the deserving 8 categories practically and efficiently.

Imagine people share the revenues of the public properties without corruption, privatization or wastage.

***“What Allah has bestowed on His Messenger (and taken away) from the people of the townships, belongs to Allah and His Messenger, to kindred, orphans, the needy and the wayfarer; in order that it may not circulate between the wealthy among you and refrain from what he prohibits you...” [TMQ 59:7]***

Imagine Jihad, for the purpose of removing the obstacles before the Dawah, being funded to carry the light of Islam and its guidance to other nations.

Imagine State-of-the-art educational institutions and healthcare facilities providing services to all people for free.

Imagine the police forces trained & funded to protect and serve! Providing real protection & security that Islam guarantees, NOT intimidation and spying for the sake of power and control like today.

Imagine the essential services that are relief for natural disasters, like earthquakes or tsunamis, being funded by the State Treasury.

Imagine Bait ul-Mal providing interest-free loans to its citizens, Muslims or otherwise...

***“What Allah has bestowed on His Messenger (and taken away) from the people of the townships, belongs***



***to Allah and His Messenger, to kindred, orphans, the needy and the wayfarer; in order that it may not circulate between the wealthy among you and refrain from what he prohibits you...” [TMQ 59:7]***

#### **In conclusion**

Islam commands that everyone's basic needs are to be satisfied all the time. The divine rules of Islam promote work, dignity and positive engagement in worldly life.

It is the responsibility of The Khilafah State to provide work and employment to the people.

By recognizing the different types of properties and specifying the Halal means of ownership, Islam guarantees the proper -and Just- distribution of wealth and services. The economic system of Islam provides a dynamic and productive platform for true partnership and real economic growth.

Islam firmly prohibits Usury and commands interest-free lending, hence eliminating the underlying reasons for modern-day enslavement and subjugation.

Under the shade of the Khilafah our investments will be safe, our money and wealth will be protected as the monetary system is based on the stable gold and silver standards.

Islam has provided humanity with the practical example of a rightly guided State that attained worldly life by striving to achieve the Next sOne...

The Khilafah State will build, insha Allah, the most powerful economy, and most importantly, most pleasing to Allah swt.

END

# Employment in the Islamic State

The Responsibility of Providing is Not Only on the Individual

*“It is We who portion out between them their livelihood in this world, and We raised some of them above others in ranks so that some may employ others in their work....” [TMQ 43:32]*

**Allah** (swt) has commanded us to seek work and created the means to obtain work in his abundant earth. There is no greater feeling for a man to work and provide for his family. The social sciences have verified this value for men in many studies. Al Hamdulillah for the means Allah has provided for us. This article will discuss the kind of work called employment. First it will explain what employment is. Second, it will examine the Western history of employment, and finally will discuss employment under the Khilafah State.

## Employment

Work can be defined in many ways and occur in many types according to the Shar'a. The type of work where one works for others for a payment is called employment.

Allah gives some people abundance over others in terms of money and possessions. This is a reality of life. For this reason, some people must work for others as a means

of survival. This is easily grasped. However, should this work be uncertain, working in the West?

Working for wages from the Western perspective became crystallized during the Western industrialization period (the late 19th century C.E.). Employers sought greater control over workers through “Scientific Management,” conceptualized by the likes of Frederick Winslow Taylor, to maximize efficiency and profit for employers. Taylor believed that workers had the ability to work like oxen with the sole motivation being wages. It was during this period, Ford Motor Company created the assembly line for the same purposes. Workers had no rights, worked extreme hours under horrid conditions for the sake of pay and benefits. Nepotism, racial and ethnic discrimination, and prison-like conditions existed in the factory. The 1930s Wall street market crash resulting in the Great Depression where millions could not find work, houses were repossessed, or those who held jobs were forced to work for less money than for what they





were hired. These early conditions, which in many cases still exist today, caused workers to strike, organize, and form unions based on the common problems of workers to make ends meet.

The owners of capital or commodities (no distinction between public and private ownership of resources) are allowed to take resources (in any means necessary) in the first place. The Western capitalist goal is to maximize profit at all costs (including to workers). This issue is beyond exploiting workers for more than what they produced. The capitalist objective is to increase the GDP (Gross Domestic Product) of the nation as a whole regardless if some live in slums, streets, or shelters. This creates a problem for the average employee and employer, man and woman, Muslim and non-Muslim. In many instances, the very process of obtaining sustenance (Mal) contradicts the rights of the community for prosperity.

There is a real sense of “being out there alone” as a worker. People feel coerced to work under just about any condition (at times wages are not specified, what specific work is not stated, and employers are despised). There is no fundamental right of the human being to have his essential needs met. Unemployment is based on having employment to start with and does not mean that basic



capitalistic form of rule is premised on who can play the best tune, (has the most money to spend), and get the politicians to dance to their tune. When political pundits say, “the US Government is the best government money can buy,” they are speaking the truth. It is a known fact that there are 24 Wall Street and corporate lobbyist for every senator and congressman. These politicians have by law designed legislation that makes bribery legal for them, that is, to take money to serve their interest of those who can afford to pay the price through campaign funding and other accouter-ments allowed by law. These lobbyists not only legally bribe these lawmakers, they also write

**Only the Halaal means of work are allowed. Hence, the good of the community is looked after. There is no hoarding of money. Land is either utilized or redistributed. Interest free loans are provided as a means of encouraging industry and innovation.**

needs of food, shelter, and clothing will be met. Not only do employees get the short end of the stick, but people who would seek to be owners of commodities face problems of corporations who weed out the competition and employees who seek to have all the basic needs met through employment alone. It is clear that the State should play a role in defining what commodities should be shared by the public, what rights all citizens should be provided, and what methods of income are harmful or beneficial to the people of the State.

It has become obvious that this Western form of rule is corrupted to its very core. This so-called democratic/

the legislation they want passed that serves the interest of those they represent. This so-called “too big to fail” bailout of the big financial institutions is a prime example of such an act. These lobbyists wrote legislation of more than 1,000 pages, and gave the House and Senate less than 24 hours without reading it, to make it law, which they did.

The only system of governance that addresses these issues in a harmonious way with the employee and the employer is the Khilafah system of governance. We now turn toward gaining a greater view of the employee under this system.

## Working under the Khilafah

No part of the Islamic system exists outside of the whole. This is to say that working under the Khilafah occurs under the Islamic system that promotes and encourages work, and provides for the basic needs if work does not meet these critical needs of the human being. This does several things: 1) this allows workers to agree upon a salary which is more appropriate to the benefit they are providing. Hence, workers will not feel coerced into accepting any work based on any conditions in order to make their livelihood. 2) Employers will not feel the burden to provide retirement and health benefits because these will be provided by the State.

***“There are three persons of whom I am their opponent on the Day of Judgment: A man who gave (a word) in my name then he deceived, a man who sold a free person and devoured his price, and a man who hired a worker where he received (the work) from him in full and did not give him his wage.” [Bukhari]***

Only the Halaal means of work are allowed. Hence, the good of the community is looked after. There is no hoarding of money. Land is either utilized or redistributed. Interest free loans are provided as a means of encouraging industry and innovation. In addition to these things done by the Islamic State, employees and employers have defined relationships.

Working for someone under the Khilafah must be defined in terms of the specific type of work to be done, the length of time the work will take, the amount of effort to be spent, and the amount of money to be paid for this particular work. Abo Saeed Al-khudari said: The Prophet (saw) said:

***“If any one of you employs a worker then he has to inform him of his wage.” [Ahmad]***

In regards to overworking an employee,

***“Allah burdens not a person beyond his scope.” [TMQ 2: 286]***

and The Prophet (saw) said:

***“If I commanded you of something, do of it as much as you can.” [Nasa’i]***

The relationship between the employer and employee is based on the agreement (contract) of work, and Allah is the wit-ness. Abu Hurairah reported,

***“There are three persons of whom I am their opponent on the Day of Judgment: A man who gave (a word) in my name then he deceived, a man who sold a free person and devoured his price, and a man who hired a worker where he received (the work) from him in full and did not give him his wage.” [Bukhari].***

In the Khilafah, it is permissible for Muslim to hire a non-Muslims and for non-Muslims to hire a Muslim, because Prophet Muhammad (saw) did so himself and allowed Muslims to work for non-Muslims. However, the same contractual restrictions of specificity must be maintained.

In addition to the necessary contractual agreements between the employer and employee, the wage is based on the benefit that it provides the employer and the price is dictated by the desirability of the community in the market. This means that the beauty of one’s work is in the eye of the beholder of the means to benefit from one’s work. Hence, workers are naturally compensated for their work. The Islamic system stipulated that the value of goods is not equal to its production, hence any price beyond its production is exploitation. The end result is that the employee is paid for the benefit that he truly gives to the employer. This makes sense. Why would anyone pay for something that is not beneficial to them? Employers should not feel any greater coercion than employees.

## Summary

When people do not live under correct ideologies, oppression occurs. This oppression can be felt at work for most people where exploitation, coercion, abuse&vagueness exist. Employment does not exist in a vacuum; it is interrelated with the other systems in society. The capitalist system is perverted from its ideological beginning to its day to day practice in the market. Muslims, as well as non-Muslims, need the wisdom and soundness of the Khilafah system in order to flourish not only as workers and employers, but as human beings created by Allah.

END









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