



## Comparative Analyses of The Islamic System with Other Economy System in The World

Ayesha Awan<sup>1</sup>, Wajahat Ali<sup>2</sup>, Hafiz Khalil Ur Rehman<sup>3</sup>, Sadia Idrees<sup>4</sup>

<sup>1</sup>The Sahara University Narowal, Pakistan. Email: [awan995@hotmail.com](mailto:awan995@hotmail.com)

<sup>2</sup>The Superior University Lahore, Pakistan. Email: [wajahat.ali@superior.edu.pk](mailto:wajahat.ali@superior.edu.pk)

<sup>3</sup>The Superior University Lahore, Pakistan. Email: [rehman.edu1@gmail.com](mailto:rehman.edu1@gmail.com)

<sup>4</sup>The Superior University Lahore, Pakistan. Email: [midrees485@gmail.com](mailto:midrees485@gmail.com)

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### ABSTRACT

There are rumours that Islamic economic systems exist in developed nations with sizable Muslim populations. I have made an effort to regard the Islamic economic system primarily as a theoretical construct to organize the perspectives of many Islamic social philosophers on various significant concerns with other economic structures. The Holy Quran and modern science serve as their respective grounds, regardless of the many theories linked to these beliefs. In this article, we tried to distinguish between various economic systems, keep concepts straightforward, and explain them all. One of the traits of the capitalist economy is the free competition between suppliers and consumers. The core idea of socialism is a socioeconomic system in which social control owns both money and property. Poverty is one of socialism's unfavorable side effects, despite its ideals encouraging and facilitating corruption at the highest echelons of want-to-be regimes. The unbridled competition of the capitalist system benefits the wealthy while the unfortunate is exploited and endure. Due to its structured and particular knowledge sources, the Islamic economic system, in comparison, is independent of Islamic society, the Islamic state, and even the Islamic people. Islam successfully controls people completely, provides means for them to safeguard their property rights, and promotes both the acquisition of property and the development of moral prosperity. The Islamic economy requires sound management now more than ever. Due to these reasons, the Islamic economic system is a strong candidate to replace both capitalism and socialism. The comparative technique was applied in this essay. In contrast to "the dynamism of capitalism" and "the egalitarianism of socialism," the argument goes, that the Islamic economic system has created positive outcomes. This study suggests those countries implement the Islamic economic model because it has been scientifically demonstrated to be superior to other systems. This research imparts insight to academicians, aspiring researchers, and decision-makers.

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Corresponding Author's Email: [awan995@hotmail.com](mailto:awan995@hotmail.com)

## 1. Introduction

This paper assesses the shortcomings of the Islamic economic system, particularly those of capitalism and socialism, and compares it to contemporary economic systems. Muslims have increasingly grown more irritated with the religious element of their economic success. According to those who support it, an Islamic economic system is a fair and compassionate social structure that maintains Islamic principles. This socioeconomic system is defined as "neither capitalism nor communism, but living on its own and embracing all of the beneficial features of a healthy and balanced society". (Behdad, 1989). By researching the history of Islamic finance, decision-makers can gain a better knowledge of how to tackle their current financial challenges. Contrarily, Islamic economics upholds wealth and money in line with the Qur'an and the Sunnah.

furthermore,". There is no disagreement on the subject since the limitations are clearly mentioned in both the Qur'an and the Sunnah. (M. U. Chapra, 1979). This author focuses on the Islamic economic structure as a possible model for any future Islamic-practicing businesses. This has surely contributed to the evolution of the Islamic monetary system over time. Even if I am more curious about how Muslims choose their future than I am about how they see their past or present, the purpose of this study is not to analyze actual economic systems. This article examines analytical issues. Several Muslim academics are currently conducting study on the Islamic economic system, which could provide a wealth of information. Islamic economies have thrived over the past 20 years through enforcing legal contracts in the marketplace.(Zaman, 2012).

Several theories of capitalism, such as classical political economics, may address this subject in different ways. This human-made theory, which initially emerged in Britain in the late 18th century, was introduced by way of his attitude. The sheer number of fatalities serves as a powerful case against socialism. We know from historical data that communist forms of government at the time are believed to have killed more than 100 million people. Contrary to popular belief, socialism does not have a large government; rather, the system is primarily criticized for having a frequently untrustworthy and corrupt administration. Another component that highlights the limitations of capitalism is institutional economics.

This analysis, which takes into account all financial systems, seeks to pinpoint the economic system most likely to advance society as a whole. The numerous studies that have been done on the subject in the past do not promote the development of the Islamic financial system. The Islamic economic system has more advantages than disadvantages, and any problems that might exist are due to incorrect interpretations of Islam. Future effects will be more in line with this perspective if it turns out that the western economic system, including capitalism, is unable to meet all human ambitions.

Islamic finance is receiving previously unheard-of levels of attention from the west and Muslim America as a result of recent events. But, in order to promote thorough research into why various economic systems have failed, we need to better comprehend the guiding ideas and beliefs of each system. Islamic finance is willing to take replaceable components into account. based on a number of studies (Salimi, 2012) Europeans frequently ignore Muslims' steadfast adherence to their religion. They think that Muslims must publicly pray and demonstrate their commitment. They also assert that adhering to Islamic principles is necessary for everyone's salvation in the afterlife as well as satisfaction of this life.

In order to pinpoint the elements that would make an Islamic economic system operate differently from a capitalism or socialist financial system, this analysis emphasises a few ethical practises and institutions of an Islamic economic system. The study's backdrop is broken down into four sections. Both the most significant and fascinating macro- and microeconomic repercussions of those specific Islamic economic systems are covered in the first and second portions, respectively, along with fundamental rights and obligations pertaining to personal economic concerns. Sections 3 and 4 contrast capitalism with the Islamic economic system and examine how moral principles and the economy are related. The primary issues that comparative economists are concerned with are briefly summarised below.

This essay's main objective is to show why the economic system of Islam is preferable to capitalism and socialism, which historically lagged behind their upstart rival. Using the right data analysis, this essay makes an effort to assess the state of the economy. The remainder of this essay will focus on the distinctions between capitalism, socialism, and the Islamic financial system. The Islamic economic system is a theoretical assemble of an industrial economic system whose members observe the Islamic faith. it's far useful to begin with the aid of analyzing a few key Islamic beliefs and institutions. A few important points are beneath in line with distinctive economic system.

## **2. Some Important Economic Rights and Duties of the Individual**

### **2.1 Avoidance of Riba**

Riba literally means "over and beyond." Koran explicitly condemns Riba(Yousefi, Abizadeh, & McCormick, 1997) (Robinson & Bell, 1978) Some Islamic students have chosen to

dismiss the criticism levelled at the original concept of Riba by adopting this "absolutist" perspective, for example while making financial transactions and investing decisions. Considerations for economies with negative nominal interest rates are crucial.. (Pryor, 1985).

## **2.2 Payment of Zakat**

The Quran mentions this time period, which is connected to the cost of unpaid responsibilities. Even if many various kinds of wealth are routinely declared with a 2.5% cost, more in-depth conversations are advised. (Rahman, 2022) . Provide exquisitely designed items at competitive prices. Regardless of how it was portrayed, the zakat does not seem to have consistently paid in the Muslim economy of the past. Despite the asset's market value containing all types of monetary wealth and real economic capital, including money, the price is a predetermined percentage of that value. actively seeking employment that matches (S. C. Chapra, 1980) . Muhammad reportedly said, "A person has never made more money than he does through his own labour," according to a Sunnah. Although several contemporary Muslim countries' cultural customs and financial incentives seem to go against this advice to work hard,

## **2.3 Obeying Numerous Behavioural Injunctions**

Prohibitions against engaging in unethical business practises, accepting bribes, engaging in prostitution, and other similar behaviours, as well as some specialised cuisine taboos, are a few examples (such as the prohibition of pork, carrion, and alcoholic beverages). They do, however, include some more vaguely defined positive recommendations, such as cutting back on one's expenditures, eating less, participating in the community, paying optional bad dues in addition to the zakat, providing for one's family, etc. Avoidance of aleatory contracts and other organizations of "chance"

Because the buyer or seller is unable to foresee all of the financial ramifications of a transaction, many other sorts of precautionary precautions are, in fact, doctrine-relevant under certain cover arrangements, according to Naqvi (1981). avoiding doing anything to harm other people(Pryor, 1985). translates the various religious texts to suggest that this mandate supports price-cutting, dumping, hoarding, and monopolising in a market that is highly competitive. The doctrine, in any event, raises a number of logical problems and, at least as it is currently presented, doesn't appear to offer a precise set of guidelines for behaviour.

## **3. Economic Institutions**

### **3.1 Property**

This research shows that the framework for property relations preferred by Islamic reformers is, at most, that of a capitalist economy with a welfare state that intervenes because all Islamic economists concur that God is the true owner of everything.(şiddīqī, 1981). Everything in the skies and on earth is acceptable in the eyes of Allah, according to the Quran, which is very clear about who has what in relation to God. In numerous locations throughout the Qur'an, the same or similar passages are repeated.

People continue to believe they are the true owners of this property, have access to the earnings, and are accountable to Him for abiding by His numerous instructions for its use, as mentioned in the Quran, despite the Islamic perspective on property emphasising that Allah is the true proprietor. To maintain property, however, is regarded as a reputational trait. Because of this, a country that upholds God's rules, like an Islamic state, may also impose limitations on a person's right to own property. Possible restrictions on the right to own private property could be made by the Islamic authority. As a consequence, there are three viewpoints on private property rights that Islamic economists tend to agree on.

### **3.2 "Populist" and "Populist-State Control" Approaches**

Laissez faire approach You can convey a carefree attitude through the use of faruqi: Islam fosters individualism to its greatest level. To this individualism, any relationships that do not fall under the purview of morality are irrelevant. In accordance with Islamic principles, acquiring as much wealth as one can for one's personal benefit as well as that of one's biological or adopted children is both acceptable and essential. Hence, Islam may impose limitations on the amount of property a man may hold even in the absence of proof of a moral infraction. Zakat (a wealth tax) is intended to "sweeten or render harmless" a man's enjoyment of money while benefiting the "poor and in need". [(Al-Faruqi, 1980) Faruqi says that there are several ways in which Muslims are distinct from "extremely individualistic and capitalist" humans.

Abdul-Raof emphasises the "clear" contrast between Islam and "the communistic machine" even if he believes there are little differences between Islam and capitalism. This idea is supported by some Quranic verses, particularly those translated by Faruqi and Abdul-Rauf. In contrast to the mediaeval concept of Christianity, the Quran promotes charitable giving, which widens economic inequity.

There is nothing in the traditional texts of Islamic law, claim proponents of a permissive view of private property rights, like Nowaihi, that accepts the paradox [on property rights].

### **3.3 Populist Technique**

The nationalist viewpoint holds that Islam "reserves" ownership of land. This shows that even though Islam encourages individual property ownership, it must be accessible to all. No one should therefore be without belongings. In his opinion, everyone in society is the owner of all natural resources, as well as of property, money, and "standard occasions," and nobody has the right to claim a larger share than others. He accomplishes this by relating property ownership to the idea of tawhid. In the first, men are compared to a big, joyful family, whereas Allah is referred to as the Creator in the second. Abu Sulayman thinks that redistribution of property (priority of use) is improper, even though it might be acceptable in theory. He asserts that taxation, charitable giving, and "modern-day tactics" of profit allocation are all in favour despite the possibility that frequent redistribution may be required and "damaging to financial interest and social members of the family." (Sulayman & Ahmad, 1980). He displays considerably more laissez-faire thinking when he listens to Abu Sulayman's advice than his analysis would imply. The only thing that separates the two situations is the degree of taxation and compulsion in exchange for "charity" in each nation. Abu Sulayman grossly undervalues the significance of national autonomy in his portrayal of Islamic society.

### **3.4 Populist-state Control Approach**

The "populist-country control" approach broadens Suleyman's understanding of property rights by emphasising the significance of the state. A person requires a specific object in order to attain a particular social status. The fiduciary principle is put to the test by the right to private property, which shows that neither it is inherent nor unbreakable. (Behdad, 1989). An Islamic monarch may really put limitations on the use of property or even take it if the moral code is violated. Sadr asserts that the wealth disparity between Islamic households and those in other economic organisations still persists in theory, despite the fact that it is no longer true in practise. Even while the market and the government may compete to control accumulation, capitalism will still rule the economy. According to Islamic laws that forbid excessive material hoarding (excessive be) and Riba, these prohibitions are far more stringent.

Whether they legally offer a yield or not, cash, government bonds, and private loans seem to be a part of the Islamic economic system. If the Zakaat fees for the three properties were different, it might be possible to surpass the competing property types merely in terms of money (because its risk is significantly lower). Naturally, despite fluctuating expenses, commercial real estate can generate a true (effective or negative) return. According to the Islamic economic system, one may also engage in the three potential profitable economic assets of property, bank deposits that are later invested in a specific market basket of securities, and publicly traded common stock. Even though common stock may cover the complete company while bank ownership stocks may only cover specific investments, these assets are very different from one another.

### **3.5 Enterprise Companies**

In the year instead of banning specific varieties of contracts, (Udovitch, 1970), There doesn't seem to be much information about the nature of commercial business activity in the Qur'an or other religious writings. Some students argue that the records may still be useful even though it is clear that historical records won't have much to say about contemporary business practices, like the enterprise.. (Pryor, 1985). Modern Islamic economists, who have a propensity to think that corporate structure and other forms of modern trade are normal, appear to ignore the problem. In conclusion, the Islamic economic system mandates that companies emulate their counterparts abroad in a variety of ways.

### **3.6 The Government Sector**

I haven't seen any convincing justifications for the Islamic economic system's planned deficit spending or monetary policy. According to certain Islamic economists, if the government collects funding through coerced loans from the wealthy, there might not be any issues. To increase the creation of fresh money, however, is the quickest approach to minimise a budget deficit.

### **3.7 Some Important Macroeconomic Implications**

When comparing the advantages of an Islamic economic system to other economic systems, including that of Islam, I only analyse a short-term scenario with comparable economies and the same physical capital. There would be much too many topics to cover in a thorough analysis if we attempted to investigate the beginnings of those two economies and analyse their long-term evolution.

All economic systems can be recognised and categorised because they all adhere to a similar set of standards and values that act as their guiding principles. Although though the capitalist worldview may not be problematic, the Islamic perspective holds that because humans are God's agents on Earth, they only have limited ownership rights over production. A just distribution of wealth, a ban on hoarding and pressure on the flow of wealth, the elimination of hobbies, the establishment of charity and Zakat, the concept of right and wrong, a ban on hoarding and pressure on the flow of wealth, and concern for the well-being of the poor are additional requirements of the Islamic economic system, which are not always present in a capitalist economic system.

Some contend that these features—significant wealth disparities, financial exploitation of the powerless by the powerful, economic freedom, the use of profit as a motivator for effective interest, a free market and competition, monopolies, banking, and the organisation of interest—make capitalism superior to other economic systems.

## **4. Comparison Capitalism with Islamic Economic System**

Islam and traditional economics (capitalism or socialism) must first be fully analysed in light of a number of shared principles before we can compare them. By using this broad yardstick of comparison, it is meant to provide a clear comparative analysis between Islamic financial goods and the traditional financial system. Realizing material and fiscal equality does not ensure that everyone will benefit equally from human progress. This essay discusses the idea of economics, property ownership, the role of government in making decisions, as well as other choices and actions like consumption, output, and distribution.

### **4.1 Income Inequality**

The massive gap between the wealthy and the poor has clear causes, one of which is income inequality. Strong and unrestrained discrimination is already a result of the widening economic disparity between developed and developing countries. This money disparity has also damaged the sector's reputation. The main criticism of capitalism is that it fosters inequality by giving the creative and intellectuals an advantage over the less learned. (Sunarsih, 2015). Even if a sizable segment of society suffers from poverty, wealth inequality still leads to a lot of discrimination. Wealthy people frequently boost their wealth by eating unsavoury others. This artwork offended a lot of people, yet by exerting pressure, it was also skillfully positioned into the market. The loop of positive feedback is increasing wealth and income disparity. For instance, the total income of the bottom 45% of American families is less than what Bill Gates, the CEO of Microsoft, earns overall. The disparities between the most and least developed countries are emphasised in the first line. Islamic economics in this area prohibited waste and unfair income distribution and emphasised the importance of equitable resource distribution for socioeconomic advancement.

### **4.2 Right to Ownership**

Each person may have an unfettered right to private possession of the property in a capitalist system. These individuals are free to purchase and sell their goods as they like. (Uusmani & Taqī 'Uṣmānī, 2002). Nonetheless, it may lead to a concentration of wealth in the hands of a small number of individuals. When citizens are separated into the wealthy and the poor, capitalism likely leads to ruin, in contrast to Islam, which has placed a strong emphasis on

an equitable and just distribution of wealth in society. Except that in an Islamic country, advantages include the coexistence of public ownership and its miles.

The Islamic monarchy has the authority to nationalise beneficial things that are not privately owned in order to benefit the community and prevent the accumulation of wealth in the hands of a small number of people. But, as a form of government, neither capitalism nor socialism succeeded in shielding their populations from exploitation. These crimes have demonstrated the effectiveness and speed of the Islamic finance system as a means of achieving release. Under this system, the importance of justice, freedom, and stability is recognised and controlled.

### **4.3 Economic Freedom**

In a socialist nation, there is no concurrent consumer independence. Production that complies with regulatory criteria is typically preferred by consumers. The availability and cost of necessities are still impacted by societal expectations. In capitalism, where the vast majority of financial transactions are independently controlled by private firms, production, transformation, distribution, and consumption are all dominated by private interests. As a result, fraud and dishonesty are rampant in business. It is also widely known that firms profit from unethical activities like prostitution, illegal trade, black marketing, stockpiling, speculation, advance trades, fraud, exploitation, and adulteration. Islam gives people the financial freedom they need to achieve their goals, yet such freedom is subject to some limitations. In all areas of economic activity, including the primary sectors of production, alternative, and consumption, Islam distinguishes between what is thought to be legal (halal) and what is regarded to be banned (haram). (forbidden as unlawful). Muslims are not allowed to engage in prostitution, the sale of alcohol and illegal drugs, singing and dancing, hurried weighing and measuring, trade in haram goods, and many other immoral and exploitative economic practises. Gambling, bribery, threat games, hypothesis games, monopoly games, stealing from the possessions of orphans and other vulnerable people, threat games, threat games, hypothesis games, and gambling are some more ways to make money. All of these ideas promote Islamic moral principles and ban competition that is driven by avarice and profit. The Islamic economic system has no bearing on a person's moral character (M. U. Chapra, 1979). The Islamic economic system offers the possibility of a certain level of monetary, political, and economic independence.

### **4.4 Monopoly**

Another middle-class feature of capitalism that has the potential to devastate businesses is competition. In order to prevent one of these bankruptcies, which encourages the creation of cartels or monopolies, smaller businesses are advised to work with larger ones. A monopoly system restricts unrestricted competition, raises prices, and could eventually lead to job losses. As a result, in one of these scenarios, the client as well as the staff are being misled. The additional negative effects of monopolies, which include alternate cycles, unplanned output, heightened opposition, and larger capital accumulation, can lead to a supply-demand imbalance and, ultimately, a financial crisis.

In conclusion, unhealthy competition and any actions that encourage it are forbidden in Islam. Monopolies are prohibited in Islam. According to the Muslim prophet, monopolies are a significant sin, and Islam forbids having a monopoly on commodities or services that people frequently use. As a result, both customers and employees have access to activities, and supply and demand are continually balanced.

### **4.5 Mode Of Uprising Capital in the Market**

Stock market investments are not immediately useful in a communist economy. However, there is a growing demand for this machinery. The government, banks, and insurance firms were among the organisations that started to promote sports as hobbies. While this is going on, capitalism is being encouraged to overindulge at the expense of people who lack moral memory. Islam's economic system allows for risky investment. The hobby has been outlawed forever on this economic system, which also upholds a fantastic socio-monetary policy for the benefit of the people. Utilising Islamic currency is part of the traditional Islamic way of life. The only economic system that can be likened to capitalism is the Islamic banking system.. (Awang, Asutay, & Azman Jusoh, 2014). The fundamental benefit of Islamic banking to society is control over the complex financial system, which has greatly benefited the financial sector. Islamic financial inclusion is built on genuine personal connections rather than WTO or IMF rules. Political coverage

is occasionally considered when analysing how money is included. Islam, which is entirely built on the idea of reciprocal accountability, is the only religion whose monetary system can guarantee someone's financial independence. As a result, studying the Islamic economy has a number of advantages for marketers.

## **5. Balance and Socio-Economic Goals**

It is crucial to include other factors, including as stability and societal goals, while analysing various monetary systems. The Islamic monetary system manages the financial equilibrium while upholding the proper moral standards and social ties. The population is becoming more dependent on and confident in the Islamic economy. We can interact with people in accordance with Islamic law if we comprehend Islamic economics as a paradigm, the justification for developing an Islamic economic system, as well as its moral foundation. (Asutay, Wang, & Avdukic, 2021).

### **5.1 Institutions of Interest**

The established order of banking machines for borrowing money and generating interest is the primary objective of the capitalistic economic system. Islamic financial products are available to consumers, such as "zakat," which is contributing a percentage of your income to charity. Islamic banks also contribute all late fees, expenditures, and lost income to charity. Global Islamic funds' asset style steadily improved from 2009 to 2018. Islamic economics is currently at its most advanced stage, with a framework that prioritises freedom, talent, equality, justice, and employment in the marketplace (Maududi, 2002). But in Islam, leisure activities are a squandering of human potential. Islam bases its monetary system on free-market ideas and lays a great emphasis on the growth of partnerships and income as incentives for trade and saving.

### **5.2 Exploitation**

The weak are nearly always taken advantage of in a capitalist society because of the added impacts of unrestrained control over financial freedom and a lack of interference with private property. In a capitalist economy, workers are taken advantage of. Landlords, the wealthy, and leaders and rulers, for example, mistreat farmers, the poor, servants, and the general populace. Therefore, everyone tries to rob as many people as they can of their money. The Islamic economic system, in contrast, aims to eradicate all instances of one person taking advantage of another. There are, however, a variety of methods for doing this, among them Islam.

One of the deadliest forms of human exploitation is usury, which Islam has worked to eliminate. Extortion can take many different forms. Examples include exploiting individuals who are socially vulnerable, such as women, children, slaves, labourers, buyers, tenants, and others, through bribery, gambling, speculative dealings, embezzlement, prostitution, and other means. also been declared unlawful. For the first time in human history, Islam strives to accord special respect to marginalised communities.

### **5.3 Economic Development**

The economic engine that manages the money flow into the economy is built on the foundation of market trade. Despite tremendous advancements, capitalism still has a negative impact on the world's countries and their economic growth systems. However, socialism hasn't been able to convince people of its value in the real world. But this technology is put through an Islamic process in order to create a system that is moral in terms of society and the environment. Regarding the collection and distribution of zakat, which is largely for socioeconomic development, there is consensus among certain Muslims [M. U. Chapra, (2000)]. Islam and economic advancement are linked through a participatory process that enables nations to prosper more economically and effectively on the basis of fairness and equality (Voll, 2019).

### **5.4 Distribution of Wealth**

The distribution of wealth is another distinction between capitalism and Islamic economics. Islam is in favour of a fair and acceptable method of revenue distribution, in contrast to capitalism, which is opposed to it. Therefore, proponents of capitalism defend the concept in complete financial freedom and private ownership in terms of change and production even though their capitalistic economic system may cover a broad array of financial variances. In contrast to capitalism, Islam aims to reunite the social classes and stabilise the distribution of economic

resources. Islam ensures access to necessities like clothing, food, and shelter as well as an equitable distribution of income and resources.

### **5.5 The function of Moral Values**

Individual citizens frequently participate in well-established economic systems like capitalism and socialism. Islamic economics, on the other hand, is distinct from traditional economics in that it places a great emphasis on moral development in order to improve both social and individual behaviour. All of God's messengers, including Muhammad and Jesus, who came to this world, had this as their ultimate objective. By influencing people's preferences, decisions, and actions, raising moral standards brings the process of improving society's well-being to a successful conclusion.

Islamic economics also focuses a similar emphasis on achieving religious objectives, whereas the capitalist economic system is more focused on the difficulties involved with aid distribution, aid allocation, and the satisfaction of material desires. According to Islamic economics, markets might not be able to meet even the most basic clothing needs of all people because the wealthiest constantly waste scarce resources at the expense of the poor in the capitalist economic system. The government must nevertheless make sure that fundamental needs are met even though this problem is not present in the Islamic banking system.

## **6. Literature Review**

The traditional economic systems (capitalism and socialism) as well as the Islamic economic system will both be critically studied in this article. The fundamental tenets of capitalism are individualism, the pursuit of pride, and complete disdain for social obligations. (Pryor, 1985) The Islamic economic system's perspective is very different, though. It is entirely predicated on mutual aid and friendliness. Despite the Qur'an's few mentions of economic issues and inheritance law. Finding or looking for pro- or anti-capitalism attitudes is pointless. The claim is that, with the exception of socialism or feudalism, there is no support for or opposition to any economic systems that are consistent with individualism. (Aydin, 2013).

Over the past few centuries, we have seen the emergence and fall of many different economic systems, including feudalism, socialism, capitalism, fascism, and Islamism. The expansion of the Islamic economy is one convincing argument in favour of global capitalism and moral compatibility. The socialist premise contends that the state ought to control all of the public wealth. You'll compile a list of verses from the Qur'an that can be applied to various forms of capitalism or socialism (Asutay, 2007).

As a result, communist countries usually adhere to capitalism's standards while capitalist countries operate their financial institutions according to socialist ideas. (Reilly & Zangeneh, 1990), Instead of viewing the choice as being between capitalism and socialism, the majority of the Islamic economists examined in this analysis favour the Islamic monetary system as a means of avoiding the excesses, crises, and flaws of both traditional capitalism and Soviet-style socialism. The Islamic economic system is viewed by Islamic thinkers as a just and humane alternative to capitalism and socialism (Haneef, 1995).

In addition, a number of religions have said that they disagree with certain features of capitalism. For instance, Islam, Christianity, and Judaism all forbid lending money for amusement. Christians have attacked capitalism because of its emphasis on materialism and how it impairs everyone's ability to support themselves. (Salimi, 2012). The discussion claims that effective outcomes of the Islamic monetary system have combined "the dynamism of capitalism" and "equality of socialism" with the Islamic economic system. Even now, the human race as a whole still greatly benefits from the Islamic banking system. (Kolodko, 2018). Simply put, the capitalism economic system and the Islamic economy are incompatible. Keep one component and use the money to purchase the other. In a socialist economy, private ownership is not allowed, which concentrates the nation's wealth in the hands of the ruling class. (Van Parijs, 1995).



## **7. Methodology**

Qualitative research based essay analyses research papers, journals, and books using a variety of methodologies. Information gathered using a qualitative methodology. This entire investigation has also been supported by a comparative methodology.

### **7.1. Why We Select Islamic Economic System to Make Considerable**

Each of the three major economic systems—capitalism, socialism, and Islam—has advantages and disadvantages. But it's important to understand Islam as a whole in light of both history and modern culture. It's correct for a number of reasons, actually. The first is the expanding interdependence of the political, economic, and cultural systems of the world. However, the importance is being increased even further by the growing ties between Muslim and non-Muslim countries. Therefore, these occurrences significantly affect the system of buying and selling as well as a global sample of the economy. The last but not least reasons why managers need to grasp Islamic economics are the over one billion Muslims in the world, who must be considered, and the fact that Islamic economics is preferred to other economic systems for all countries.

### **7.2. Future Directions**

This is by no means a comprehensive list. I didn't examine every concern brought up by the entrance of an Islamic economic system to the global marketplace. I did not go into detail on the potential adoption of the Islamic economic system in Islamic countries or when it would happen. Moreover, how each nation's lifestyle is impacted by the Islamic economic system.

### **7.3. Did the Economic System Expand More Fully or Did it Revert to its Foundational Ideas?**

In contrast to capitalism and socialism, which are traditional forms of economics and are currently returning to their pre-Enlightenment beginnings, so Islamic economics never adopted a secular, materialist outlook (Baeck, 1994). Islamic economic principles do not restrict private property as did socialism, nor do they forbid people from pursuing their own interests—all of which go counter to the secularism and value neutrality that are the cornerstones of capitalism. Although the Islamic economic system recognises the importance of the market in efficient resource allocation, it opposes new competition and contends that it should only function to protect social interests. In order to promote social and economic justice, human fraternity, and everyone's well-being, the Islamic perspective promotes an integrated role for moral values, the market system, families, and good governance. And all of these are because Islam places a significant focus on intergroup peace and social justice, which capitalism does not (Chapra, 2010). Today, that we are able to watch as the Islamic economic system has grown over time as various other systems have gone backward to their original starting point.

His worldview and materialism are apexed by capitalism. In the language of capitalism, interest on interest, interest from interest, and money from money are all used. The Wall Street protests, which had a real-world motto, are an illustration of how the American capitalist economic system has crumbled. How much capitalism has impacted Islamic living is a really worrying occurrence. However, capitalism failed to end poverty or resolve the world's financial problems. But discrimination has broadened the population of the poor in diversity. Islamic economics didn't even tie his legs together, much less provide him the freedom to use his own initiative. One of the conditions for the existence of this economic and lifestyle-giving system is the realisation of stability across all regions. This passage recognises the character's right to produce and earn money. Islamic economics aspires to outlaw interest, threat-sharing, asset-based transactions, the use of cash as "capacity" capital, speculation, adherence to contracts, and the restoration of property rights. This is one of the pillars of this economy, along with the Zakat, Ushor, and spending in accordance with Allah's directives. Many people finally realise that, occasionally, Islamic economic and banking practises may be more thrilling than traditional financial services.

## **8. Conclusion**

The combination of "the dynamism of capitalism" and "the equality of socialism" with the Islamic economic system is a great signal, according to analysis of capitalism, socialism, and Islamic economics in comparison. After doing a comparative analysis of that economic system, this essay shows how the Soviet version of socialism failed and how capitalism was unfairly misused in the marketplace. Self-interest is constantly prioritised in capitalism, which ensures

that caprice, greed, and corruption are legitimate financial instruments. The capital market has already demolished socialism and its marketing approach. Both systems have some flaws that may be used to support a critique, as the one in the IWW poster from 1911. Those who oppose capitalism make the following claims:

- Unequal opportunities and instability in the economy
- Inclusion in society & injustice
- The lopsided allocation between wealth and authority
- Support for market monopolies or oligopolies
- Manipulation from a societal and economical perspective
- Suppression of workmen and unionists
- The Unemployment Rate

These aspects are considered to be the fundamental issues with the capitalism economic system. Significant criticisms of capitalism have been voiced by a variety of conservative organisations, as well as by Luddites, Narodnik's, anarchists, and technocrat associations. National socialists, socialists, and communists have all participated in this along with social democrats. The biased perception of human nature that is part of the capitalism economic system still has further flaws. These kinds of criticisms are frequently made by Islamists. They contend that western modernism ignores the dishonest side of human thinking.

I've attempted to examine the Islamic financial system primarily from a theoretical standpoint, to gather the opinions of many Islamic social theorists on some of the most crucial topics, and to take into consideration some of the discussion's most significant economic ramifications. Numerous significant issues in comparative economic structures and popular economics can be solved by paying closer attention to the unique difficulties with the Islamic economic system. People need to get rid of the current economic system that is still in place and hunt for a new, more sustainable financial structure that will guarantee economic freedom without unfairness. Islamic economics could be a great solution to stop capitalism and socialism from unfairly abusing poor and underdeveloped countries.

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