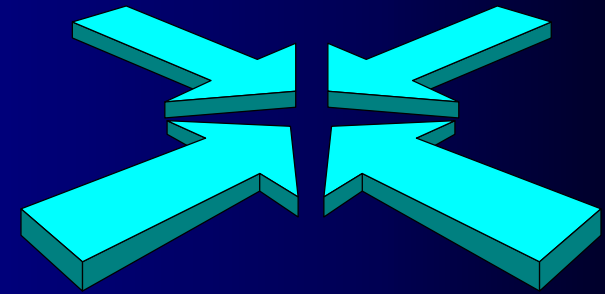


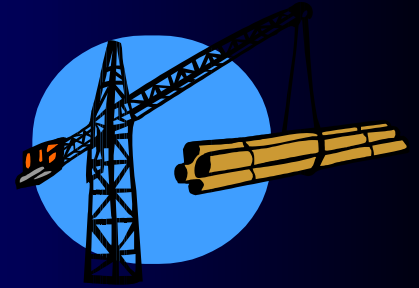
Economics and Islamic Economics



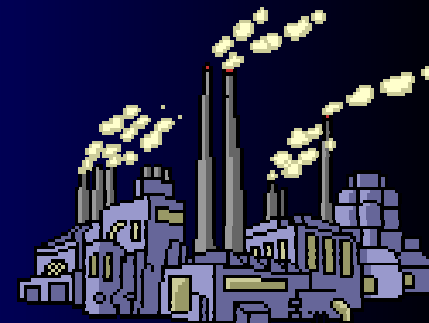
By Ustaaz,
Ahmed Fazel Ebrahim

Contents

- Basic Economics
- Macro Economics
- Monetary Economics
- Economics teaches us
- Introduction to Islamic Economics – The Qur'an and History
- Pre-Islamic Arabia
- Prophetic Introduction
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- Contemporary needs to be fulfilled
- Duties of Muslim businessmen
- The Educational Sectors



Basic Economics



1. Supply and demand
2. Price factors
3. Decisions on the production of goods
4. Capital or wealth creation
5. Taxation and expenditure
6. Inflation - Stagflation - Hyper-inflation
7. Savings and Investment
8. Planning
9. Micro Economics
10. Macro Economics
11. Monetary Economics

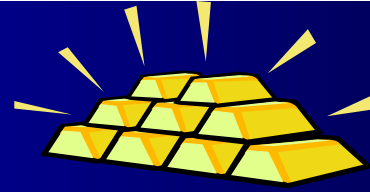


Macro Economics

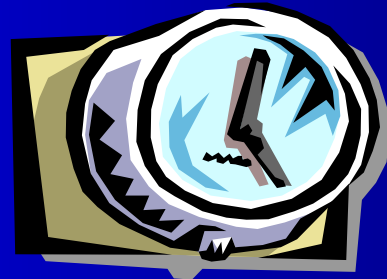
- Entire country – provincial governance
- Foreign debt
- Political stability or instability
- GNP – gross national product – total of goods and services



Monetary Economics



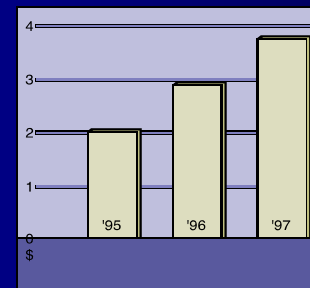
- Banking – reserve and central banks.
- Currency valuation - political and production factors.
- The gold standard terminated - backing money with gold.
- Credit supply.
- The creation of paper money and fractional reserve banking.
- Basket of goods – indexation – inflation rate. Does it represent true inflation? The time value of money is not fully valid since economic losses do occur.



Economics Teaches Us



- Turning forest into wooden homes.
- Turning forests into paper and paper into libraries.
- Consuming forests through use of wood for energy and heat.
- Using synthetics to make CDs and super increase the content size of knowledge and information.
- Transformation of monetary resources to capital assets.
- It deals with wealth building.
- Also – with finding direction.

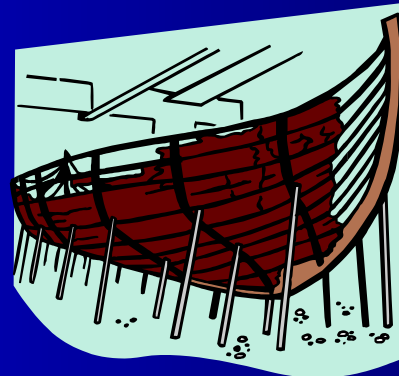


Introduction to Islamic Economics

The Qur'an and History



- Practical Realities not denied – Yusuf A.S. and Dawood A.S.
- Tawakkul – Ebrahim A.S. and Nuh A.S. - water
- Historical Position.
- Prophetic introduction and governance.



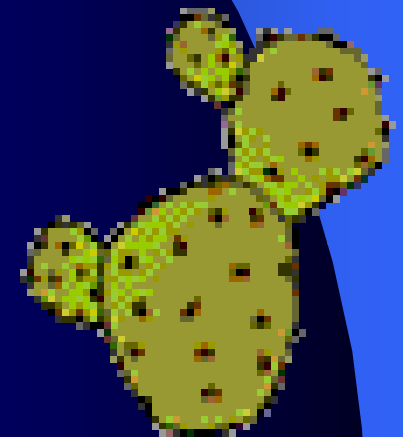
Pre-Islamic Arabia

- Barter system.
- Prevalence of the Dinar and Dirham (gold & silver coins).
- Measurement techniques available.
- Interest usage and its practice, also by the Jews of Arabia.
- No barrier to type of goods produced (wine made).
- No divine definitions to formats of trade.



Pre-Islamic Arabia 2

- Gambling as an instrument of earning and charity
- The need to have trustable individuals for security deposits. Thus, Nabi SAW was titled as al-Amien



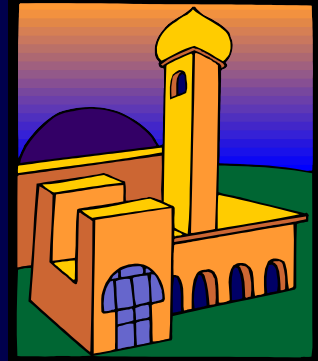
Prophetic Introduction 1

- The prohibition of Riba
- The annulment of previous interest debt
- Rules of Sarf
- Zakaah and Ushr
- Interest free debt allowed
- Trade contracts, Murabaha, Musharakah, Mudharaba and Ijarah
- Encouraging economic mobility, earning and not hoarding



Prophetic Introduction 2

- Usage of money for Halaal purposes
- Prohibition of wine manufacture
- Prohibition of gambling
- Creating the Jizya – tax framework
- Baitul Maal – Islamic treasury
- Modelling Islamic trust law – Waqf
- Rights to property ownership
- Inheritance rules and wealth re-distribution
- Debt transfer – Hawala



Prophetic Introduction 3

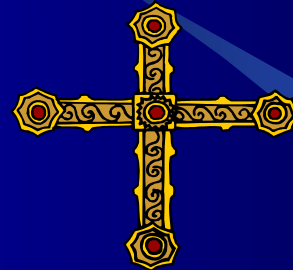


- Rules of Wakala - agency – mandate provisions.
- Mortgage and pledge rules.
- Quranic prescription on fair weights and measures.
- Qur'anic prescription on recording business contracts.
- Other trade rules.



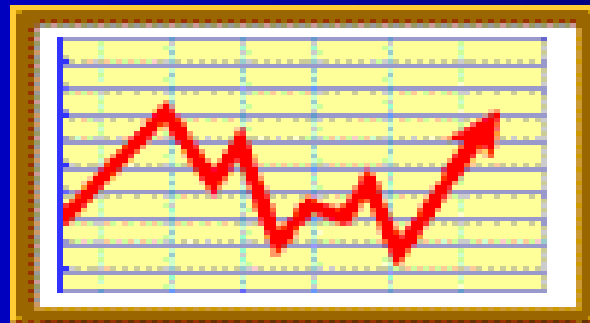
Collapse of the Growth and Development of Islamic Finance

- Crusades
- Emergence and growth of Riba banking



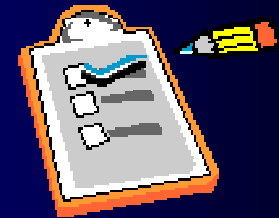
Revival of Islamic Finance

- Islamic Banks
- Globalization
- Islamic Insurance
- Unit Trust and asset management
- Dow Jones Islamic Index



Contemporary Needs to Be Fulfilled 1

- Islamic medical aid schemes.
- Islamic funeral plans.
- Acceptable Awqaaf models that integrated with the secular law of states within which these Islamic trusts are created.
- Revival of the Islamic rules of Nafaqah.
- Islamic pension funds.
- Development of Islamic insurance schemes.



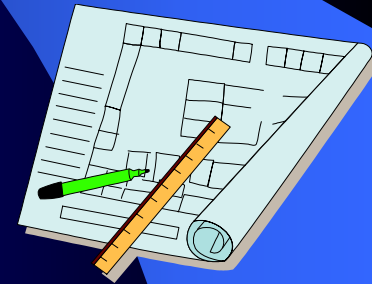
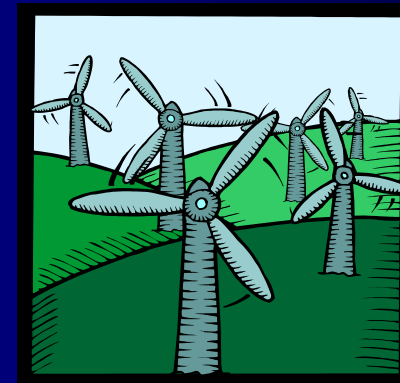
Contemporary Needs to Be Fulfilled 2

- Continuous study of newly developed and emerging financial products.
- Funding interest-free educational loans.
- Setting Islamic accounting and auditing standards.
- Governing the formats of the sale and purchase of shares/stocks and setting investment criteria for Islamic funds.
- The development of Islamic banking law.
- Research into Islamic monetary economics with a critical analyses of fractional reserve banking.
- Creating acceptable formats of contracts for an Islamic debit card and Islamic credit card.

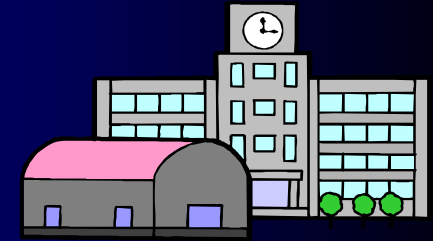


Duties of Muslim Businessmen

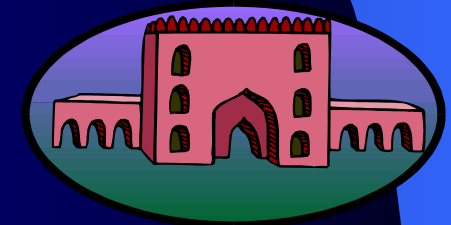
- The need to develop global perspectives to business.
- Proceed towards industrialization.
- Strategic planning for the Ummah and not absolutely concentrate on family empires.
- Establish solutions for unemployment and create small business concepts.
- Evaluate and consider cost saving solutions in all economic activity.



The Educational Sectors

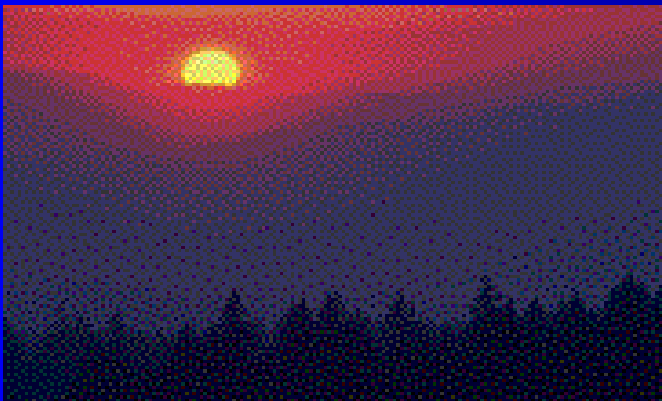


- There is an absence of a yearn for Islamic knowledge.
- A need exists to integrate and implement secular skills for the communal benefit of Muslim society.
- Very little or no financial resources are placed into academic research for the needs of Islamic societies.
- There seems to be a great tendency for trivial religious differences to become the only issues upon which we can focus.
- An absence of trust in our community also hampers mutual willingness to support initiatives.
- An orientation programme is urgently required for Muslim youth who seem to have no rudder to guide their activities.
- The luxury into which the Ummah has lapsed fails to support the major educational and other socio-religious needs that also form part of the obligations of the kalimah.



Summary

- State what has been learned
- Define ways to apply training
- Request feedback of training session



Where to Get More Information

- Other training sessions
- List books, articles, electronic sources
- Consulting services, other sources
- Have coffee and enjoy life

