

Islamic Economy Is it the way out?

الاقتصاد الإسلامي هل هو المخرج؟

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Abstract:

The Islamic economy is grounded in moral principles that combat exploitation by prohibiting usury, monopoly, hoarding, extravagance, deceit, manipulation, understatement, and fraud. Today's Islamic economy comprises both the real and financial sectors, with the real sector encompassing tangible goods and services. The financial structure of the banking system is overseen by central banks and monetary institutions. Any imbalance in either sector leads to a corresponding imbalance, potentially causing severe recession if not addressed seriously and comprehensively. It is imperative to translate the Islamic strategy into a cohesive set of policies, reflected in fundamental measures and key requirements across a range of public policies studied in this regard. These policies must be inspired by Islam and need to be applied ethically and legally, as the Islamic world requires a transformation in its economic outlook. Aligning with the principles of Islam entails economic and social reform.

Keywords : transformation, Reform, strategy.

Jel Classification Codes : P52 - O11 - H11

ملخص :

الاقتصاد الإسلامي مرتكز على المبادئ الأخلاقية التي تحارب استغلال الموارد من خلال منع الربا، والاحتكار، والتخزين، والتبذير، والخداع، والتلاعب، والتقليل، والاحتيايل. يتألف الاقتصاد الإسلامي الحالي من قطاعين: القطاع الحقيقي والمالي، حيث يشمل القطاع الحقيقي السلع والخدمات الملموسة. تُراقب البنية المالية لنظام البنوك من قبل البنوك المركزية والمؤسسات النقدية. أي عدم توازن في أحد القطاعين يؤدي إلى عدم توازن مماثل، مما قد يتسبب في ركود حاد إذا لم يُعالج الأمر بجدية وشمولية. من الضروري ترجمة الاستراتيجية الإسلامية إلى مجموعة من السياسات المتكاملة، تتجلى فيها التدابير الأساسية والمتطلبات الرئيسية عبر مجموعة من السياسات العامة المدروسة في هذا الصدد. يجب أن تكون هذه السياسات مستلهمة من الإسلام ويجب تطبيقها بشكل أخلاقي وقانوني، حيث يحتاج العالم الإسلامي إلى تحول في آفاقه الاقتصادية. والمواءمة مع مبادئ الإسلام تستلزم إجراء إصلاحات اقتصادية واجتماعية.

كلمات مفتاحية : التحول، الإصلاح، الاستراتيجية.

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INTRODUCTION :

Islamic economics, in its overall concept, is an economic activity subject to Islamic law in its provisions. It is also referred to as the discipline that examines economic activities based on Islamic teachings, encompassing both theoretical and practical aspects. The theoretical aspect focuses on fundamental principles derived from the Quran and Sunnah, serving as a guide for societal application. It provides the foundation for the economic side. The practical side represents the system that must prevail under Islam, emphasizing the necessity of implementing practical and realistic approaches that embody the principles established in the theoretical aspect.

However, in light of global alliances and the capitalist dominance of the Western bloc, led by the United States in the international arena, Arab and Islamic countries have tended to adopt a market economy as a model for economic development. Many of these countries, in need of financial and technical assistance, have turned to international financial institutions to revitalize their economic activities and initiate extensive economic reform processes. These reforms encompass significant changes in the political, economic, and social aspects of the state. Consequently, this policy, promoting both political democracy and economic freedom, has resulted in a shift in the behavior of individuals and production and service units.

The Islamic program, aiming to achieve the objectives of the law, will continue to hold a significant position in the political life of Islamic countries. Therefore, there is a need for the development of several fundamental and essential measures. However, to accomplish this, it is imperative to ensure the fulfillment of public policy dimensions rooted in the fundamental principles of Islamic countries. The selection of various policy measures and procedures intended for adoption should also empower governments to formulate policies that are acceptable in the public sphere.

The categorization of procedures and the fundamental policy measures proposed in this context, especially within the reform program, are well-designed and represent an efficient outlet. This approach is the sole way to restore the social and economic well-being of Islamic countries. Although these components of the integrated economic reform program may appear challenging and bitter, they should not be discredited. Instead, they are inherent to the system of Islamic values, where the policies of Islamic countries are framed within the bounds of the law.

The objective of the study :

One of our goals in this article is to attempt to highlight the best ways to achieve the efficiency that the Muslim world needs, using the fundamental measures of public policies proposed to address the socio-economic challenges in Islamic countries.

The study hypothesis : To address these questions, it is crucial to begin with the basic premise and assumptions, emphasizing the necessity and inevitability of rationalizing social transformation, economic processes, and legislative requirements. These efforts are designed to achieve the objectives of the law.

Problem of the study: The question that arises in this context is: What are the different policies that Islamic countries should adopt in light of Islamic teachings to achieve objectives without causing long-term imbalances? Are there significant and precise basic measures related to public policy procedures that the Islamic world should adopt to rebuild the

economies of these countries, benefiting from Islamic teachings to achieve desired outcomes in the future?

The initial response addresses three main proposed themes, which will be thoroughly explored in this article and discussed across three distinct dimensions to resolve the problems faced by Islamic countries. Each dimension represents a separate axis. The first axis focuses on strengthening the human factor through individual empowerment, enabling individuals to enhance their economic tasks and social status. The second and third dimensions revolve around the restructuring of the societal model in Islamic societies, necessitating reforms in the fields of public finance, economic systems, and financial structures within Islamic countries.

1. To promote basic and strengthen the human element and protection requirements :

The task presents the greatest possible challenge in achieving the objectives of the law. Even in a favorable policy environment, stimulating the human factor to engage in all necessary efforts for efficient allocation of resources and equitable distribution is essential. Individuals must be willing to provide their best through hard work, efficiency, integrity, and motivation driven by a sense of conscience and societal responsibility. This commitment also demands a readiness to change consumption, savings, and investment behaviours in line with the requirements to increase employment, enhance growth rates, and reduce economic imbalances. Achieving a significant economic balance and fulfilling the objectives of the law require overcoming obstacles to development..

1.1 Stimulus within the framework of social justice and the economy restrictions:

It is possible to summarize such measures and arrangements according to the following points: (Abaza, 1990)

1.1.1. The need for motivation and reward:

If individuals lack motivation in an appropriate manner, how can the system achieve efficient use of resources? Moreover, if there is no justice in the distribution of opportunities for individuals to contribute their best and utilize scarce resources with maximum efficiency for their own benefit, it becomes challenging to motivate people to work efficiently and achieve justice. To address this, we must introduce a moral dimension in their pursuit of their own interests. Otherwise, social interests might be threatened, especially when they conflict with specific interests that primarily rely on persuasive communication. Encouraging all human beings to adhere to ethical values through speeches alone would be unrealistic. Hence, it is crucial to strengthen moral values through a proper social and economic structure. This ensures that personal advantages align with the service of social justice and adhere to economic restrictions.

1.1.2. social justice in the creation of realism and save social balance mechanism: (Grand, 1982)

Material rewards in many Islamic countries have become egregiously unfair, to the extent that most people do not receive what they rightfully deserve for their hard work, creativity, and contributions to production. This unfairness affects their initiative, enthusiasm, and competence, leading to prejudice and a lack of realism in official policies. These policies distort home prices, unconsciously reducing the opportunities for tenant farmers to access

land and diminishing rewards for small-scale workers and projects. Consequently, there is a misallocation of resources, reducing demand for goods and services. This situation has led to the concentration of wealth and power, partly due to exploitative economic systems and official policies that have been prevalent for centuries. This environment of competition and complicity has created conditions conducive to the suffering of the masses.

1.2 Insert reform policy as a stronger force to rein in exploitation:

Islamic values dictate that employers should regard their employees as family members, necessitating respectful and compassionate treatment, ensuring their well-being. In the Muslim community, the ideal situation mandates real wages at a level enabling employees to meet all their needs and their families' basic requirements in a humanitarian manner. Training should be secure, offering job opportunities, and employees should have a stake in profits within a long-term harmonious relationship. However, real wages in Islamic countries are often so low that despite working 10 to 14 hours, workers struggle to meet their basic needs. Additionally, employees lack job security due to exploitative forces like inappropriate policies, wealth concentration, and limited training facilities and funding.

To address these issues, a range of policies is essential, including:

1. Providing better training to enhance productivity.
2. Expanding financing facilities to support small enterprises.

1.3 Reorganizing the economy as a whole for the needs and achieving a more equitable distribution of income and wealth: (Ibrahim, 1989)

These policies should also promote profit-sharing and encourage user contributions to spread across companies as widely as possible. It should be a requirement for each company to develop a program for users, involving their participation in profits through the allocation of an agreed percentage of the company's net profit. This enables workers to become shareholders, increasing their vested interest in the company and allowing them to participate in its administration.

Active engagement in the company's overall policies can not only improve relations between workers and managers but also reduce industrial disputes. It can enhance the dedication of conscientious workers, making them more efficient, increasing savings, and discouraging hoarding of wealth. Additionally, this approach helps elevate the social status of workers within the company and the broader community.

1.4 Valuation revenue fair to small depositors and shareholders policy.

The low rates of return on deposits in banks and shares in many Muslim countries are a result of administrative orders and corporate corruption, adversely affecting small savers and investors. Large companies employ various methods to secure adequate revenue. It is also reported that they keep most of their savings abroad for tax evasion, safeguarding against the devaluation of the national currency, and establishing closer ties with the global market. Consequently, these companies borrow from local banks and government financial institutions at lower rates than what others receive for domestic investment. This exacerbates inequality. It is not a call to increase interest rates, which could harm investment. Instead, it emphasizes the urgent need for fair and equitable funding and the reform of both banking and

non-banking institutions in alignment with legal requirements. This approach would enable savers and investors to receive fair returns and contribute to enhancing efficiency, stability, and economic growth (Mohamed Abdel Moneim, 1989).

1.5 Addressing the policy to strengthen the enrichment of the minority :

The exchange rate is unrealistic, and unnecessary price restrictions harm producers and exporters, while high protective tariffs damage consumers. Claiming that these measures serve the common man's interest and promote the country's development is misleading; they do not achieve these goals but rather benefit the rich and powerful at the expense of the masses. This situation leads to increasing poverty as these policies prevent authorities from adopting sound policies that could limit inflation, expand the supply of goods and services according to demand, and enhance accessibility and affordability.

All measures favoring a minority over the majority are unjust according to the law. To protect the interests of the poor, it is necessary to take adequate measures, including restoring prices to normal levels and removing price restrictions. These measures can take various forms, such as providing additional income, relief payments from Zakat, and other allocated funds for this purpose. These initiatives should be accompanied by incentives and facilities to increase the supply of goods and services according to demand and improve income-earning opportunities.

1.6 Promotion of education and training policy as a right of the worker to increase social equality :

There is a consensus now on the recognition of education and training as invaluable contributions to improving the quality of human beings, increasing social justice, and accelerating economic growth. Education opens the door to social equality and economic opportunities and is considered a fundamental right that levels the playing field among individuals in terms of their human conditions. It acts as a safeguard, preserving balance in the social machinery. However, Islamic governments often fall short, displaying severe neglect of this vital sector in resource allocation.

Even basic skills like reading and writing represent the first step on the road to education, a step that has not been comprehensively implemented in most Islamic countries. Additionally, there is a notable neglect of female education, despite its critical importance for moral development, health, and social awareness. This neglect affects not only social justice but also economic and ethical awareness, emphasizing the need for an appropriate social environment that encourages efficiency and justice.

In any given society, two individuals might have different incentives, but their ability to contribute to achieving the objectives of the law can vary significantly. These differences in estimation are not solely inherent but can also be acquired through education and training on the one hand and access to financing on the other hand.

2. Analytical reading in the course of reform measures as a means to adjust the financial structure and consolidation : (Mirakhor, 1987)

The financial system, which is based on interest or usury, is utilized by Islamic countries. Capitalist countries are one of the main reasons for the concentration of wealth and power. Even the full implementation of the policies proposed in this area, in particular, may not succeed in achieving substantial progress, and maintaining the progress would be challenging

for small and partial cases of economic inequality unless the entire financial system is reformed in accordance with Islamic teachings.

2.1 Promotion effective and efficient functioning of financial institutions :

2.1.1 Funding serves as a powerful political, social, and economic tool in the modern world. Its role extends beyond the allocation of scarce resources; it influences the stability and growth of the economy and establishes power dynamics, social status, and economic conditions for individuals within the economy. Therefore, any social or economic reform would be meaningless unless there is a comprehensive restructuring of the financial system in line with the social and economic goals of the community. This restructuring should be substantial enough to enable financial institutions to actively contribute to balancing disparities and function as fair, efficient intermediaries in managing financial resources.

2.1.2 Enterprise resources come from deposits held by the population across different strata. It is logical to consider them a national resource, similar to water from a general supply tank, which should be utilized for the welfare of all segments of the population rather than increasing the wealth of the rich and powerful. Given the scarcity of financial resources in comparison, their use must be optimized with a focus on justice and efficiency.

2.1.3 The traditional funding system, which is based on interest rates, is unable to assist in achieving any of these goals; it leads to a lack of justice and inefficiencies in the use of resources.

2.1.4 Dependence on the Islamic financial system can be the most feasible way to achieve the necessary reform. Such a system would enable the Muslim community to harness the capabilities of both the poor and the matured rich, encouraging contributions from small businesses for production and operation, and facilitating the fair distribution of income. In this system, funding is based on the participation of financial institutions at risk, leading to a decrease in profit to a large degree. The unstable situation of the contractor is relieved from the burden of back-breaking interest in difficult times, compared to their willingness to pay a higher rate of return in good times. Financial institutions are well-equipped to participate in the risk and can do so without weakening their financial strength, especially during good times when they can establish reserves to offset potential losses.

2.2 Financial system solutions in accordance with the purposes of the legitimate: (El-Khatib, 1989)

2.2.1 Even if the financial system operates based on risk and profit-sharing, there are two main reasons for the potential failure of commercial banks or their inability to finance the small farm sector and small businesses. The first reason is the major economic difficulties faced by the sector, and the second reason is the increased risk and expenses experienced by private commercial banks.

2.2.2 The removal of this drawback requires addressing the implicit discrimination in official policies that favor large-scale civil projects. Instead, there should be a strong commitment to supporting small farmers and small enterprises. Adopting and implementing appropriate government policies and budget support can facilitate the gradual transition of commercial banks to finance small farmers and small businesses.

2.2.3 The second disadvantage cannot be removed without reducing the risk and costs for commercial banks lending to these units. Microfinance is associated with stringent guarantees, which makes it difficult for these projects to obtain funding. This situation jeopardizes their

growth and expansion, even though they have the potential to enhance operations, production, and income distribution. As a result, funding primarily benefits the wealthy who can more easily meet the guarantee requirements due to their substantial wealth.

2.2.4 The expectation within the Islamic framework is that banks can participate in the profit and risk, which may encourage them to provide more funding for small businesses due to their potentially higher profitability. Small firms have a better track record in terms of real profit growth per capita in industrialized countries. The promotion of small contractors has been and is generally more efficient than that of large-scale projects. Thus, the economic profit rate for small businesses is consistently greater than that of big companies (Kheraigi, 1989).

2.2.5 To reduce the risk for small enterprises, a government-backed financing program could be established, involving both commercial banks and Islamic banks. Unlike the traditional system, Islamic banks cannot guarantee loan repayments with interest. However, this program would cover the moral hazard in case of default or betrayal by the recipients. The bank would be exempt from requiring collateral from small projects that have been studied and approved under the guarantee program. Consequently, a large number of small projects could secure funding from banks without providing the security typically required by conventional banks. In the event of moral failure by the company, the guarantee program would compensate the bank's capital. Additionally, in the case of market failure and resulting losses for the bank, the program could cover some non-commercial risks, increasing the availability of funds for small businesses.

2.2.6 The additional expenses incurred by commercial banks in the evaluation and micro-finance can be partially compensated by the government to achieve the objectives of the law. Governments have historically supported large companies in various ways, including concessional financing, importing licenses, national currency disbursements, and assistance with input prices to balance the unexplained. This support, previously provided to large companies, should now be directed towards helping small farmers and enterprises, aligning with the objectives of the law and principles of personalized public spending from government resources. Moreover, a portion of the excess costs borne by banks and small enterprises should also be collected to promote responsibility and efficiency. As the micro-enterprise system starts functioning effectively, these costs can be shared and are expected to decrease over time.

2.3 performance in the efficient allocation of financial resources : (Khaled, 1990)

2.3.1. The inefficient allocation of financial resources in the traditional banking system is a logical consequence of offering credit to the private sector based on guarantees or a stable source of income to service the debt. Additionally, this system assumes that the risk of inability to pay is minimal. Requests for funding are not subjected to rigorous evaluation, and the intended use of credit becomes a secondary consideration. Consequently, credit becomes available for any purpose, irrespective of whether the investment is productive or not. The private sector can even obtain credit for consumption and speculation on prices, leading to excessive monetary expansion and the wasteful use of society's deposits.

2.3.2. The Islamic system, grounded in justice and participation in risk and profit, considers value judgments and justifications submitted with funding requests. These factors play a vital role in resource allocation, making the credit allocation process more efficient. On the

demand side, adherence to Islamic consumption values significantly reduces the demand for financing non-essential goods consumption. From the supply side, Islamic funding, involving participation in risk and profit, compels banks to exercise caution in assessing funding requests. Consequently, available funding is channeled towards the private sector and government projects, primarily focusing on productive ventures. Unlike conventional financing where the applicant's ability to provide security and pay interest is paramount, Islamic credit prioritizes the adherence to legal guidelines. However, this is done within specified limits to fulfill essential needs for durable goods. This approach significantly reduces the total flow of credit to non-productive purposes, contributing to the removal of imbalances and promoting both justice and efficiency.

2.3.3 So We can assert that the application of Islamic principles enables banks to attract a significant portion of the rural population's savings, individuals who have not yet engaged with the banking system due to their lack of confidence in traditional banks that operate on an interest-based model. Additionally, the banks' indifferent stance towards these individuals has contributed to this lack of trust. Addressing this issue could result in increased savings flowing into the economy, stimulating higher non-inflationary growth rates. Furthermore, this approach may reduce the appeal of gold as a store of value, freeing up savings for productive investment.

3. the necessary reform of the economic structure to determine its needs with measures : (Toufik Younes, 1989)

To address macro economic imbalances and achieve the objectives of the law, it is essential to reduce the overall absorption of resources. This necessitates the reform of the economic structure, focusing on consumption and investment patterns in both the private and public sectors. The key is to halt the flow of resources towards uses that do not contribute to the intended objectives. Structural reform can only be achieved by opening the field for the elements of the Islamic strategy and considering the following relevant aspects of structural change.

3.1 Changing consumer tastes :

The goal of reducing consumption to increase savings and capital formation presents a dilemma. The Islamic principle of unequivocal brotherhood and social equality demands a reduction in overall consumption. However, this reduction should not lead only to a deterioration in meeting the basic needs of the poor but also aim for improvement. These consumption patterns have resulted from non-Muslims imitating illogical customs and rituals that are not justified by the values of their countries or their available resources. This kind of competition has forced individuals to live beyond their means and resort to corrupt and unethical methods to cover the deficit arising from the gap between income and spending. As a result, total consumption has increased, and savings have decreased, while capital formation based on domestic savings alone is insufficient. Moreover, since most goods and luxury services are of foreign origin, the demand from the foreign sector has sharply risen, contributing to the increase in debt service burden and putting additional pressure on future resources.

3.1.1 The essence of the problem lies in distinguishing between necessary and unnecessary demands on resources and figuring out how to encourage everyone to refrain from unnecessary requests. To achieve this purpose, a mechanism involving incentives needs to be established (Mawdudi, 1984).

Using prices as a mechanism to reduce imbalances and ensure the efficient use of resources is inevitable, but it is not enough to achieve justice. Regardless of the extent to which prices are raised through taxes, customs duties, or devaluation of the local currency, corrupt and illegal means can distort resource allocation. Developing a country characterized by efficient tax management, avoiding corruption, and implementing appropriate tax policies is essential. However, merely relying on price mechanisms is insufficient. Efforts to curb unnecessary consumption, once the price mechanism is in use, should be complemented by changing consumer preferences. Utilizing moral values and incentive systems can encourage not only the general public but also the wealthy to adhere to these changes.

In a planned economy, the absence of moral incentives and the lack of consumer sovereignty make resource allocation subject to the whims of Politburo members and other powerful individuals. Moreover, the absence of realistic market-determined rates removes secular incentives for achieving efficiency in resource utilization.

3.1.2 Classification of goods and services on the basis of Islamic values :

- As long as Islamic countries continue to employ the strategies of capitalism and socialism, they will be unable to prevent the utilization of scarce resources for non-essential purposes. This will deplete the availability of resources, making it challenging to automatically achieve the fundamental objectives of the law, despite the increase in wealth.
- This category of goods and services on the basis of Islamic values and there is a basic search in the literature about the necessities and needs of improvements, and all of them by scholars definition, fall within the scope of what we called a nose needs and do not include luxuries, and scholars has been called everything beyond needs extravagance and luxury, and they saw that abominations and the development of this research can be contained in the literature of Fiqh further in the light of the Holy Quran and Sunah to enable Islamic countries to achieve the purposes of the law and reduce the prevailing imbalances.

It is important to remember that Islam is not a religion of asceticism, it is not necessary to keep the classification of goods and services in three categories static inelastic. Given that Islam permits a man to meet his needs, but even that seeks to achieve a comfort that can increase efficiency and well-being and as classification of goods and services must reflect the development of the wealth of any particular Muslim country and general living standards, the perspective needs to be that change with time and with the evolution of technology and the increasing wealth and general standards of living. And in fact the vast majority of Islamic countries richest today than they were in the past and can achieve a level of needs higher than the previous Islamic societies levels is that which is inevitable is to meet the basic needs of all people in an Islamic society and this cannot be achieved what differences did not remain in the permitted levels of consumption, according to unbearable economic resources where it should not reflect boasting or lead to a deep social gaps can maintain a simplicity in life style as well as creativity and diversity. (Chapra, 1979)

3.1.3 Edit Needs to ensure proportionality :

This can be explained as liberation only within the framework of these three categories mentioned above that should edit the production and distribution of all goods and services that fall within the category of needs, and should allow market forces to play their role of construction and the government should do everything in its power to provide incentives and the necessary facilities to increase the supply of goods and services falling within this category, and should discourage the consumption of goods that fall within the average category through moral persuasion and the relative increase of tariffs and taxes.

However, it is necessary not to edit the use of resources in order to goods and services that fall within the category of luxuries in order to ensure proportionality between the allocation of resources in the economy and the social and economic priorities.

Even efforts directed towards reducing corruption must fail unless the government first hits one of the main roots of the corruption of style life that are now prevailing themes in Islamic countries. It is style of life that almost people are forced to resort to illegal means to earn a living and may reduce the conflicts of ownership and corruption among many people realizing that their efforts to gain more wealth through consumption which only leads to abusing their reputation and raising the question about the source of their money.

3.2 Reform of public financial resources procedures :

The simple life style undoubtedly leads to a reduction of the private sector that puts pressure on resources and increase savings for investment, and that will not be enough for governments in Muslim countries development, as is the case in developing countries to blame, such as the private sector that was not more blaming excessive demands on resources; they almost lost control of their public finances and suffered from incorrect levels for the budget deficit, which bed governments for a long period of time.

Priorities in spending in order to achieve the purposes of the law: despite the fact that spending excessive governments did not provide the minimum necessary for the balanced development infrastructure and accelerating, as it did not provide enough services that are not inevitable to achieve the purposes of the law, where the neglected rural infrastructure and services agricultural extension upon which the bulk of the population and education which should be a cornerstone of the Islamic community in responding to the social and economic needs, even in those countries that were in the budget confirms the failure. So the Islamic governments should reform the structure of its spending so that it can reduce overall spending, but on top of that increase its focuses on projects that will help to accelerate development and achieve the purposes of the law.

The absence of a serious effort on the part of governments to use their limited resources more efficiently for

3.2.1 several reasons, including the recall :

- They do not realize that the resources at their disposal have contributed to this failure, as well as the lives of government officials in corruption model and this defect cannot be removed only through the moral reform of society as well as the reform of the structure of the living model. (Mawdudi S. A., 1959)
- The lack of a local philosophy of development senses of self resources of the country led to the absence of thoughtful priorities good study. Without these priorities it cannot be agreed

upon criteria to determine what is essential and what is non-essential and what is the product position than is lavished in the use of resources, if not there is a long-term commitment to the development of Islamic philosophy, you cannot remove the confusion and contradiction in public policy. And The price system has not been used, but access to resources and especially foreign exchange or sold by governments and public projects for less than the cost of chance and this leads to inefficient use of resources.

- The absence of a free press and an elected parliament deprives the public of a platform through which to criticize government policy can not address this problem without establishing legitimate governments accountable to the people.

3.2.2 Should control public spending and rationalize:

Compliance with Islamic values and the purposes of the law should help eliminate the previous four reasons for inefficiency in government spending. Sharia principles, in particular, can reduce the current arbitrariness in government spending decisions by providing established criteria and priorities. Moreover, reinforcing Sharia rules of jurisprudence is essential. These rules should be based on fairness, avoiding harm, and promoting public welfare. Individuals may have to bear some loss to prevent a greater loss, which can also impact the taxes governments in Islamic countries impose. Such measures align with Islamic values and can significantly impact government spending.

However, the public interest should be the primary objective for each year's spending, in accordance with the first principle. This principle necessitates prioritizing all essential physical and social infrastructure projects that contribute to accelerated economic growth, employment generation, and meeting the fundamental needs of the population. These priorities should come before projects that do not directly contribute to these goals, even if they are necessary infrastructure projects themselves. The second principle requires giving priority to projects that alleviate prevailing difficulties and suffering, such as malnutrition, illiteracy, and inadequate housing conditions.

- If priorities are to serve the interests of the majority, in accordance with the third principle, secondary importance should be given to rural development programs.

- In order to reduce income and wealth inequalities, according to the sixth principle, efforts should be made to enhance the earning capabilities of the poor by improving their access to better education, training, and financial facilities.

3.2.3 Excessive waste and inefficiency within the issue of corruption: (Hamza Aljmehi, 1979)

- The way the first axiom to achieve significant savings are to be reduced to a minimum cases of corruption and inefficiency and waste that weaken the ability of governments to use scarce resources effectively, as wrote Tibor Mende Perhaps corruption is one of the most common symptoms of public life in the contribution to the weakening of morale the ordinary man, and had reached illegal practices to the extent that it is likely that the effects of her crash all the benefits that could have been the new economic projects that provided by this man. The lack of any effective measure to curb corruption evidenced by the continued increase.

3.2.4 Enhancing the status of subsidies in accordance with the purposes of the law:

The second area where significant progress can be made is in subsidies, with the well-being of the poor being a primary consideration in the Islamic state. The number of subsidies provided by Islamic governments, either directly or through public projects, cannot be supported convincingly. Subsidies are usually justified based on considerations of justice or economic factors, but they do not align with the purposes of the law or the principles of public spending.

- If justice is the goal, income should be redistributed to benefit the needy. Reducing prices below cost tends to benefit the rich more than the poor because they consume more and have easier access to subsidized goods. This cannot be justified in a system that is committed to social and economic justice.

- If the goal is efficiency, subsidies should strengthen incentives to achieve the purposes of the law and allocate resources more efficiently.

3.2.5 The performance of public sector projects, the cause of the budget deficit :

The third possible area for improvement is the gradual reduction of support given to public sector projects, especially state-owned enterprises in developing countries, which often disappoint in terms of performance. These enterprises may provide incentives for manufacturing and accelerate growth, but governments have relied on them without fostering competition or confirming their efficiency. Governments have been reluctant to liquidate non-performing projects, and the low profitability of these public sector ventures has limited their ability to self-finance investments. Consequently, this situation has led to significant budget deficits, monetary expansion, and increased external debt.

3.2.6 The burden of the defense budget on the state:

The fourth area that can be significantly addressed is military expenditure. According to the World Bank, there are increasing signs that high military spending leads to financial and debt crises, negatively impacting stability, growth, and development, especially within OECD countries. Within the framework of the purposes of Islamic law, allocating the lion's share of the budget to national defense loses its justification in the absence of a serious external aggression threat. Therefore, one of the most important policy objectives for Islamic countries should be to reduce defense spending through reconciliation policies and peaceful coexistence, allowing resources to be redirected to meet the majority's needs.

3.3 build and improve the effective tax system :

Abolishing or reducing non-essential projects with low priority may free up the resources needed to achieve socioeconomic development and justice, but this alone is not enough. It is crucial to increase the flow of resources to the state treasury through other means, especially taxes. There is a need to reform the tax system structure in Islamic countries so that governments can generate sufficient revenue in a fair and effective manner.

3.3.1 Tax policy development and the reduction of tax exemptions:

A number of scholars have defended the right of the Islamic state to mobilize resources through taxes, in addition to Zakat. This argument stems from the understanding that Zakat revenue must primarily be used for the welfare of the poor, while the state requires additional resources to effectively fulfill all its functions related to privatization, distribution, and stability.

3.3.2 The tax system standards in accordance with the purposes of the law:

- For a fair tax system in line with the spirit of Islam, scholars have considered that the tax system must meet three criteria: First, taxes should be imposed to finance what is considered an absolute necessity for achieving the purposes of the law. Secondly, taxes should not exceed what people can afford, and they should be distributed among all those who are able to pay. Thirdly, the taxes collected should be spent conscientiously and for the purpose for which they were collected. A tax system that does not meet these standards is considered unjust.
- Giving the goals of social justice and equitable distribution of income in a progressive taxation system seems consistent all harmony with the objectives of Islam.
- Commitment to taxpayers: the taxpayers in the Islamic countries should realize that they push them for taxes they do not give known to the state, but they are performing a duty to enable the State to perform its functions effectively.
- The tax represents mainly for payment for services enjoyed by taxpayers directly or indirectly, the attempt of tax evasion in an Islamic society is not only a legal crime it is also a moral crime punishable by God in the afterlife.
- The government must fulfill two conditions. First, it should consider tax revenues as a sacred trust and spend them according to ethical principles and efficiently, aligning expenditures with the objectives for which taxes were imposed. Second, the government should distribute the tax burden equitably among all those capable of paying taxes.

3.4 Encouraging and valuing the investment climate : (Al-Fanguari, 1985)

Increased investment is important for promoting development, meeting needs, providing job opportunities, and increasing savings resulting from the implementation of Islamic consumption standards. However, experience has shown that a significant portion of these savings often goes towards hoarding and capital flight. This trend hampers domestic investment and makes it more challenging to achieve sustained investment growth.

3.4.1 Favorable investment conditions:

The mere presence of these values and appeal to the motives of faith and nationality in people are not enough to promote productivity and investment. This calls for a conducive investment climate that is necessary and adequate.

3.4.2 Cases of political instability :

The political instability generates concerns about sudden changes occurring in official policy, which could lead to expensive losses.

- The law clearly defines the rights and the limits of the owners and should help the legal force to remove investors' fears of arbitrary confiscation and nationalization.

- It is clear that this provision of the law should force the Islamic countries to do the legitimate classification of all sectors which is not allowed except for public projects and those sectors for special projects where the role is not restricted.

3.4.3 Currency decline and exchange restrictions:

You cannot stop the continuous decline of the currencies of most Islamic countries without reducing demands on resources through the reform of the structure of private consumption and government spending. Instead, most Islamic governments rely mainly on exchange restrictions, high tariffs, and promoting industries that compete with imports.

Evidence has shown that exchange restrictions have been largely ineffective. They lead to the existence of a dual market with official exchange rates and black market prices. Official exchange rates encourage imports, discourage exports, worsen external imbalances, distort resource allocation, and reduce economic growth rates. This situation also leads to social and economic injustice.

3.4.4 Tariffs and import substitution :

High tariffs, if effectively applied, could discourage imports but do not necessarily encourage exports. However, in developing countries where customs administration is weak and corrupt, the outcome often involves manipulated invoices and tariff evasion in the absence of any moral reform to change the social mindset.

3.4.5 Restrictions of bureaucracy:

Perhaps the biggest obstacle to investment in Islamic countries is bureaucratic inertia. This stems from governments heavily relying on restrictions to achieve their goals rather than focusing on moral reform and creating an enabling environment. These restrictions lead to wasting investors' time and energy, resulting in high unnecessary costs..

3.4.6 Foreign capital share holder :

Islam's prohibition of interest on loans necessitates that Islamic countries encourage and facilitate foreign investment based on profit-sharing principles rather than loans. This can be achieved by providing a favorable environment for investment.

- The favorable climate, resulting from the adjustment of economic policies in line with Islamic teachings, should be seen as a positive factor in attracting foreign venture capital.
- The confirmation Islam to fulfill all contractual obligations if codified clearly will provide reassurance that foreign investors need.

Conclusion :

In conclusion, it can be pointed out that the problem faced by most Islamic countries is a challenge not unique to them, as industrialized nations also encounter similar difficulties. However, Islamic countries face the additional challenge of having more limited resources. Addressing the imbalances in the economic and external balance is crucial to achieving the objectives of Islamic law. The real challenge for Islamic countries lies in resolving this conflict. Adopting successful strategies is essential, as previous approaches have failed. Relying solely on market strategies is not a comprehensive solution and may lead to further setbacks.

Islamic countries need to develop their own strategy to allocate scarce resources effectively and fairly, aligning with the requirements of environmental sustainability. This approach will also fulfill their moral obligation to set a good example for other nations and serve as a role model. These countries need to resolve their social and economic problems, recognizing that the objectives of Islam differ significantly from both capitalism and socialism. Islam's goals are absolute and stem from its underlying philosophy, rather than being a result of the struggle for survival or control among different social strata or groups. These objectives are primarily derived from the Islamic system, serving as a standard for measuring the level of development within Islamic society.

Harmony with global perspectives is not sufficient; there must be a strategy that logically aligns with the underlying philosophy. When applied seriously, such a strategy can enable the Muslim community to achieve its objectives. Islam already provides such strategies, focusing on reforming the entire system by addressing fundamental elements that mutually support economic and social mechanisms.

- A strong system of incentives motivates individuals to contribute their best efforts for their own benefit and for the benefit of society.
- Reforming the structure of the economy as a whole is essential to achieve the objectives of the law, despite the scarcity of resources.
- Assigning a strong and meaningful role to the government is essential. However, it is important to note that Islam does not offer a magical formula or strategy for resource allocation and distribution. Claims of any mechanism possessing magical properties indicate a lack of understanding of the complexities of human society and the challenges involved in balancing individual interests with societal and economic goals.

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