

Excerpt from the book: 'Comparative Economics: Islam's Panacea to the Maladies of Capitalism', written by Omar Abdul-Latif. Purchase the paperback on Amazon at: <http://www.amazon.co.uk/dp/1517338956/>.

INTRODUCTION: THE CURRENT ECONOMIC PARADIGM

"The decadent international but individualistic capitalism in the hands of which we found ourselves after the war is not a success. It is not intelligent. It is not beautiful. It is not just. It is not virtuous. And it doesn't deliver the goods." - John Maynard Keynes^[1]

In its youth, capitalism paved the way towards a new era of economic advancement and progression. From the industrial to the technological revolution, economists consistently praised the free market for its ability to achieve what was then considered inconceivable. In the eyes of many, this prosperity was indicative of systemic success. However, as capitalism aged, this deceptive euphoria was short-lived and mankind realised its true volatility through the many paroxysms it exhibited. In fact, since its inception, capitalism has suffered from multiple tremors that have cascaded through time and in the late 2000's it endured what many have hastened to label as the most inimical crisis this world has ever witnessed.

Many attempts have been made to explain the reasons behind these seizures. Alan Greenspan (former chairman of the Federal Reserve) claimed they were a result of human frailty and error^[2], pushing the blame from the system to those who managed it. Some focused on institutional failure whilst others criticised the function of economic policy, but most began to seriously question core economic theory behind the free market and if it was the right way forward for humanity.

Over time, capitalism has matured, its volatility has deteriorated and its cells have grown uncontrollably, giving birth to an aggressive cancer. The current global economy suffers from a number of issues such as severe resource misallocation, high wealth inequality, rapid currency depreciation, irresponsible banking sectors, unstable financial markets and an extortionate level of interest based debt.

It is quite clear that the limited success capitalism once enjoyed was merely an unsubstantiated boom, which misled many economists into believing that this system was the ultimate salvation for mankind.

"It is impossible for capitalism to survive, primarily because the system of capitalism needs some blood to suck. Capitalism used to be like an eagle, but now it is more like a vulture. It used to be strong enough to go and suck anybody's blood whether they were strong or not. But now it has become more cowardly, like the vulture, and it can only suck the blood of the helpless. As the nations of the world free themselves, capitalism has less victims, less to suck, and it becomes weaker and weaker. It's only a matter of time in my opinion before it will collapse completely." - Malcolm X^[3]

Amid this anarchy we find that mainstream economic discourse revolves around either the economic agent or economic policy. Men have been blinded by this oratory and have failed to read between the lines; economies do not suffer due to the nature of a few policies nor the effectiveness of an economic agent.

Rather, the true problem is chained to the capitalist ideology and we must shift the focus from framework to foundation by realising that the quickest way to resolve any issue is to first recognise its source. It is therefore incumbent that we put an end to this economic recidivism by turning to an alternative that is effective and efficient in resolving the basic human problems that man currently faces.

Let it be clear and well known; the fundamental error of capitalism is its misjudgment of man and his nature. It is the concentration of wealth in the hands of the few as opposed to the many and the incessant inclination towards growth at the expense of distribution. Allah (ﷻ) responds to this error in *Surah Al-Fajr*, for the benefit of this book it is crucial that we keep these verses in our mind whilst investigating other economic concepts, as they will remind us of the true origin of all problems faced by the capitalist.

Allah (swt) says in the Quran: *"And as for man, when his Lord tries him and [thus] is generous to him and favours him, he says, "My Lord has honoured me." But when He tries him and restricts his provision, he says, "My Lord has humiliated me."*

No! But you do not honour the orphan and you do not encourage one another to feed the poor. And you consume inheritance, devouring [it] altogether, And you love wealth with immense love.

No! When the earth has been levelled - pounded and crushed - And your Lord has come and the angels, rank upon rank, And brought [within view], that Day, is Hell - that Day, man will remember, but what good to him will be the remembrance?''^[4]

[1] Keynes, John M. 1933

[2] Thaler, R and Sunstein, C. 2008

[3] Bojicic, S. 2010

[4] TMQ, Al-Fajr (15-20)

