

**Islamic Economic System is Promoting Peace and Sustainable Economic Development:
The Comparison of Islamic Economics Practices Between Socialist and Capitalist Economic
Systems Practices**

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Abstract

Some of the economic systems that were applied in the previous centuries have been replaced one by one. Even though some of them are still partially being implemented but socialism is wiped out completely. Although capitalism linked to globalism, it failed to balance income distribution and peace among people. Islamic economy has been implemented in different civilization for many centuries. The Islamic economy has ensured balance of income distribution and peace between people in the years when it was implemented correctly and fully. Islamic economic system is a divine source and peculiar. The Islamic economic system sources are: Qur'an, Hadith, Ijma and Qiyas. All aspects of economic life are done within the confines of Halal and Haram (Lawful and Unlawfulness). Islamic economy has a dynamic system that brings peace and harmony between people and within societies. It has some mechanisms such as zakat, giving alms and charities (infaq) that share income in an important way before and after production. There is an income distribution in societies you cannot encounter a very vast difference in between personal and household income in Islamic economic system. The income distribution imbalance in the some historical and existing Islamic countries is due to the fact that they do not fully implement the Islamic economy. The collapse of the Muslim countries in history is usually caused by political reasons. In this study; Firstly, we introduced our article and summarized Islamic Economic System then, discussed income distribution between Islamic Economics and others, finally it is concluded.

Keywords: Islamic Economic System; Qur'an; Hadith; Ijma; Qiyas; Zakat.

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1.0. Introduction

Our world is getting older. Population is growing rapidly. Comparatively, production is increasing more than the population. Resources are consumed wildly. Products are diversifying. Luxury and comfort are increasing. Life is flowing too fast. Advances in transport and communication have greatly increased the interaction between people and communities. Science and technology advanced. But many people in the world suffer from poverty, wars, terror and many other reasons. More than half of the world's population is not happy.

Presently, there are 213 states in the world, with a population of around 7.6 billion (**IMF & UN, 2018**). Unfortunately, the majority of these states are struggling with economic and security problems. Statistics has shown that, 10 percent of the world's population lived below \$1.90 per day. Similarly, poverty rate in Africa stood at 46.1% from total of 736 million populations in poverty across the world at large. (**World Bank, 2018**). According United Nations International Children's Emergency Fund (UNICEF) nearly \$4 billion is needed to protect 41 million children from conflict and disaster (**UN, 2019**).

In 2018, United Nations Secretary-General Antonio Guterres issued "a red alert" over a range of dangers confronting the world, which "still persist" as 2019 looms: "These are anxious times for many, and our world is undergoing a stress test," (UN, 2018). Many countries in the world and people are uncomfortable from the unfair distribution of income. World total GDP was 87.51 trillion in 2018, the share of Africa continent was around 1.5%, despite having 15% of the world's population. The disparity in income distribution in underdeveloped and developing countries, is significantly higher than developed countries.

Cross country survey shows that, some states Muslims, are plague with hostilities (war, insurgency and insecurities) problems for long years. For example;

Afghanistan: (1979-1989 Afghanistan-Russia war and civil war and Taliban, Al Qaida, Extremism and Terrorism, 1989- ... Continue) 40 years,

Iraq: (1980-1988 Iraq- Iran war, 1990-1991, 1.Gulf war 1991 Iraq-Kuwait-USA, 2. Gulf war 2003- ... Continue Iraq (Saddam Hussein after Al Qaida, ISIL and others) - USA - led coalition States) 39 years,

Turkey: (The Kurdistan Workers Party or PKK is a Kurdish far-left militant and political organization based in Turkey, Iraq, Iran and Syria; established in 1978 but since 1984 the PKK has been involved in an armed conflict with Turkey state (BBC, 2016) for 35 years,

Nigeria: Boko Haram, founded in 2002. When Boko Haram first formed, their actions were nonviolent. Their main goal was to “purify Islam in northern Nigeria.” From March 2015 to August 2016, the group was aligned with the Islamic State of Iraq and the Levant. Since the current insurgency started in 2009 (BBC, 2016) for 18 years,

Somalia: 1991-1993 Civil war, 1993 Somalia – USA,2006 Somalia- Ethiopia war, 2007 al-Shabaab militant group, founded in 2006 – Federal Government (AMISOM African Union Army Coalition supporting Federal Government of Somalia) (Sousa, 2014) for 29 years,

Syria: (2011- ... Continue, insurgency after armed rebellion civil war opposite to President Bashar al-Assad by few group as well as ISIL then intervention of USA, Russia, Iran, Turkey some time Israel) 9 years,

Yemen: (2014-... continue, Husi rebellion, civil war and since 2015-... continue, Saudi Arabiya led-coalition intervention) 6 years.

Palestine: (1948 Arabs-Israel war, Since 1948 Palestine struggling for independency) 72 years,

There are similar problems in almost all of the 57 Islamic countries such as **Bosnia, Libya, Egypt, Algeria, Mali, Sudan, Tajikistan** and others (Güçlü, 2017).

As seen above, the countries where the majority of Muslims are dealing with many problems. Hence, Islamic economics is not fully implemented or cannot be implemented in any of these countries. Therefore, we look back to the past for the good practices of the Islamic economy; as like period of Prophet Muhammad (S.A.W), the periods of Hulafa-i Rashid, Umayyad, Abbasids, Seljukians and like the Ottomans. There were conflicts some time in these countries but other economic systems were not dominant in the world.

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The Islamic Economic resources are divine and based on the Qur'an, Hadith, Ijma, Ijtihad and Qiyas. (Fazlur Rahman, Muhsin S. Mahdi, Annemarie Schimmel.) For the goodness of humankind in this world and hereafter, Allah (JJ) had arranged the humankind in a certain way and Allah made the economic laws by himself. Allah has made some laws for humanity in order to test them (Drews, 2014).

In Islamic economic system, zakat (alms), sadaqa and infaq are pillars of society. Especially zakat (alms) provides economic equivalence between individuals in society. Zakat is the insurance of the peace in Islamic society. In Islamic economic system, there are some institutions as charitable foundation that give loan and help raise capital without interests, thereby simplifying and promoting production. This increases employment and bring income to every family, making them happy.

In conclusion, all of these can solve the troubles in between the rich and the poor and the economic classes. Then, a community full of peace, hope and security could be established. History had shown this to be right because they had been put to practice.

This article claims that main reason of the problems summarised above are due to the capitalist economic system. In this study, it is also true that Islamic economy will provide balanced income distribution and peace when fully and correctly implemented. Therefore, this study emphasizes on the features and practices of Islamic economy and the peace and welfare it will bring to humanity. Correspondingly, study including the comparison of Islamic economic system practices with socialist and capitalist economic systems practices.

In this study, we investigated the Islamic economy primarily from the holy Qur'an and Hadiths. Secondary we used the Islamic economics and Islamic history books. Thirdly, we have benefited from other economic literatures and theories. In addition we have benefited from websites, articles and data from them.

The main purpose of this study is to explain the contribution to peace when Islamic economics is applied. For instance, Islamic economy can ensure peace between citizens when implemented in the country, Moreover, Islamic economy can contribute to world peace when applied by countries around the world.

This study seeks to find answers to the questions that have not been addressed by previous studies in the field of Islamic economics, peace and development. For example, what are the differences

between Islamic Economics System and others? How does Islamic Economics ensure peace between citizens in a country? How does Islamic Economics contribute to world peace?

This paper seeks to uncover the role of Islamic economic system in promoting peace and sustainable economic development. The paper is organized thus; the introduction, in which case, the general situation and needs of people in the world are mentioned in introduction. In addition, the insecurity problems of the Islamic countries, which have been going on for many years, are summarized. In the following sections; The Islamic Economics has been tried to be explained. Islamic economy and capitalism and socialism are compared to schemes in terms of income distribution. As well as, today's Islamic institutions are briefly evaluated. In conclusion section was summarized the topic and written recommendations.

2.0. Literature Review

2.1. The Islamic Economic System Overview

The Islamic economic System (IES) provides welfare and peace for society. The Islamic economic system has various and lots of definitions, but I have summarized it as thus; Islamic Economic System: There are laws made by Allah (Subhana Wa Te'ala - SWT) to design individual and society economic relationship and principles of life in a certain and unique system (Drews, 2014).

2.1.1. IES is unique

It is not an imitation of other economic systems. There are some ways in which other economic systems may look alike with Islamic economic system, some terms may be the same but this still cannot spoil the uniqueness of Islamic economic system. (Gulen, 2009, p. 213) It differs from the other systems. IES, it is one within the others in life, and it is a reality. Human character, social life, and Islamic Economic System are compatible with human brain and body. There are sources of Islamic Economic System said by Tusi (Gulen, 2009, p. 230). Islamic economics is a set of fundamental rules (institutions) structured on the Unity of Creation, as discussed above, that the Almighty has prescribed for those that choose to follow His Path. (Askari, Hossein and Iqbal, Zamir and Krichene, Nouredine and Mirakhor, Abbas., 2013) Islamic Economic System older than Socialism, Capitalism, Mix Economics and their different applications.

2.1.2. Islamic economic system as a whole is a divine system

There are founders of the other economic systems, but for Islamic economic system, we cannot mention an individual founder; the system is preached through Qur'an by Allah (SWT) and His prophet Muhammad (SAW) put it into practice. (Gulen, 2009, pp. 226-228) The foundation of the system is divine according to the mode of application and period in other not to do anything outside the foundation rules; we have Qur'an, Hadith, Ijma, Ijtihad and Qiyas.

2.1.3. Economic laws are being revealed by Allah (SWT) Himself

All resources, human beings and events are well known by Allah and like other laws, He revealed this one also for our prophet to use them and to teach people.

2.1.4. Islamic economic system is a reliable system

Islamic economy has a rich heritage both institutionally and theoretically (Tabakoğlu, 2008).

(Gulen, 2009, p. 230) A believer is a person who is ready sacrifices his country or he needs to be like that. If his country is in the condition that it cannot pay up its debt, he is ready to give 39% out of his 40%, not one part out of his properties, or he should be ready to give all of it. These are qualitative of a true believer and we have some examples of this in our history.

2.1.5. Generosity and sacrifices are known to be the ethics of a true believer

The prophet Muhammad (saw) said: "he is not of us, he who slept after he was full and his brother was hungry" according to these principles, he does not feed himself before feeding his brother therefore, a believer should imitate this character. Again, while some people are hungry, he does not feed himself. The God glory says in the Qur'an repeatedly: "Those who believe in the unseen, establish the prayer in conformity with its conditions and out of what we have provided for them (of wealth, knowledge, power etc...), they spent (to provide sustenance to the need and in God's cause, purely for good pleasure of God and without placing others under obligation)." (Suratul Baqara: 3, 83,110,177, Suratul Tauba: 71 and Suratul Maryam: 31) and says:

"... and give his due to the relative, as well as the destitute and the wayfarer; and do not squander (your wealth) senselessly." – (Al- Isra' 17/26 – 27) and says: "If the debtor is in

straitened circumstances, let him have respite until the time of ease; if you make any remission this is better for you, if only you knew.” (Baqara 280), (Unal).³

2.1.6. Islamic economic system sources are either divine or inferential

The main source of Islamic economic system is Holy Qur’an. Other sources which include Hadith, Ijma, Ijtihad and Qiyas depend on the rulings in the Qur’an as explained below (Fazlur Rahman, Muhsin S. Mahdi, Annemarie Schimmel.), (Drews, 2014).

a- The Holy Qur’an: The holy book of Muslims. According to the belief of Muslims, God lowered Holy Qur’an to the Prophet Muhammad (S. A.W) between 610 (A.C) and 632 (A.C).

b- Sunnah and Hadith; the practical form of the revelations from the life of our prophet Muhammad (SAW)

c- Ijma is the coming together of the generous companions and having scholars’ intellectual understanding on a fact.

d- Ijtihad and Qiyas are those with the perfect knowledge and understanding of Islamic principles and lawful decision on a matter or an issue (Gulen, 2009, pp. 238-247), (Senturk, 2016)

2.2. Basic Features of Islamic Economics

2.2.1. Encourage production, trade and restrain consumption

The factors of production in Islamic Economic System (IES) have to be active and efficient. Since, the system is dynamic, production will be encouraged. Likewise, consumption level is limited to needs of the society. Also, farmlands that are not in use for three consecutive years should be retrieved from the owner and given out to someone who is ready to use it effectively. (Gulen, 227-303, cited in Mevsili El Ihtiyar, Drews, 2014) In other hand Islam banned wasteful namely;

The God glory says in the Holy Qur’an: “O children of Adam! Dress cleanly and beautifully for every act of worship; and (without making unlawful things which God has made it lawful for you) eat and drink, but do not be wasteful (by over-eating or consuming in unnecessary ways) indeed, He

³ All verses and the interpretations of Holy Quran was cited the publication of Ali Unal”

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does not love the wasteful” (Al-A’raf, 31). Then Islam usually encourages trade, Prophet Muhammad (S.A.W) says:” Nine – tenths of sustenance lies in trade” (El-Munavi M. e.-M., 1936).

IES is contributed to work and protected worker rights in highest level. There are many verses, hadiths and practices but we want to mention with one following hadith below;

Prophet Muhammad (S.A.W) says:” You should pay the rights of someone that worked for you, before his sweats dries off” (İbn Mace, 1992, mukaddeme 10; Zuhd 14).

2.2.2. Private ownership

Generally, ownership belongs to Allah alone. In the Holy Qur’an, Allah (SWT) said: “Do you not know that God is He whom belongs to sovereignty of the heavens and the earth...?” (Al-Baqara, 107). Also Allah (SWT) said: “To God belongs the sovereignty of the heavens and earth; to God is the homecoming” (Noor, 42). However, the Almighty Allah gives ownership to His servants as trust. (MFG 299 – 300). In Qur’an, Allah (SWT) said “The real owners of the earth and its controllers are the righteous servants of Allah.” And says: “He makes the night pass into the day, and He makes the day pass into the night (and so makes each grow longer or shorter); and He has made the sun the Moon subservient to His command, each running its course for a term appointed. Such is God, your Lord: His is the sovereignty (the absolute ownership and dominion of all things). But those whom you defy and invoke, apart from Him, own not so much as a pellicle of a date-stone” - (Al- Fatir, 13). (Zumer 39/6, Tagabun 64/1) and says:” Do you not seen that God has made all that is in the heavens and all that is on the earth of service to you, and lavished on you His favors, outward and inward? And yet, among people are those who dispute about God without having any true knowledge or any true guidance or an enlightening divine book. – (Lukman 31/20) (Unal) Islam is in favour of special ownership. Special ownership is natural, human psychology is compatible with this point. (Gulen, 2009, p. 299) However, people have to use their property as a trust that almighty God has given them.

2.2.3. Wealth Accumulation

Wealth accumulation is not prohibited. In Islamic Economic System wealth accumulation and becoming rich is allowed, moreover, it is even encouraged. Almighty God says in the Holy

Qur'an:"... and so, human – when his Lord tries him by bestowing favors on him – says: “my Lord has honored me”.” – (Al- Fecir 89/15 – 20)

Prophet Muhammad (SAW) said that, “Strong Muslims are better than weakness Muslims” (Muslim, el-Camiu’s-sahih, 2. baskı,, 1992) , (Muslim, fate 34), (ibn Mace, mukaddeme 10; Zuhd 14).

In another narration he is quoted to have said to Ka’b Bin Malik “...it is better to leave them as rich after leaving you as a handful of people to your heirs after you” (Heysemi, 1986) and said:” Most accepted wealth of a believer is the one whose source is from the booty” (Ahmed Bin Hanbel, el-Musned, 2/33).

2.2.4. Halal and Haram

In IES, all economic activities are grouped into permissible (Halal) and prohibited (Haram) transaction. Economic goods, food items, inheritance, inheritor’s properties, rights etc., all have their rulings spelt out in the Holy Qur’an. (Fazlur Rahman,Muhsin S. Mahdi, Annemarie Schimmel.)

2.2.5. Utility and Benefit

IES is making the public to benefit freely from personal or collective events and public’s basic targets are satisfied.

We need goods and services to satisfy our wants as defined earlier. However, Islamic scholars tend to confuse needs with wants. They equate the two, and classify needs into three categories, providing linkages between them. To begin with, there are the “daruriyat” or necessities of life like food, clothing, shelter, education, health care and so on. What would improve the quality of the necessities is regarded as “hajiyat” i.e. complements or improvements. Lastly, we have “tahsiniyat” or the needs whose satisfaction accords us social status or recognition. The latter two are seen as a sort of expansion of the necessities of life. The three are thus interlinked and picture a graded improvement in the quality of life. The focus of attention is on goods that satisfy needs falling in each category . The needs remain the same but their satisfaction improves as we move higher up on the scale. (Hasan, 2005)

2.2.6. Interest, Hoarding, Harmful products and services are forbidden

Usury (interest), alcohol, gambling, game of chance and other gambling related economic events are forbidden. The God in the Holy Qur’an says: “As to those who consume interest, (even though they seem, for a time, to be making a profit), they turned out like one whom Satan has bewitched and

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confounded by his touch, (and they will rise up from their graves in the same way before God). That is because they say interest is just lie trading, whereas God had made trading lawful, and interest unlawful. To whomever an instruction comes from his Lord, and he desist (from interest), he may keep his past gains (legally), and his affair is committed to God (- if he repents sincerely and never again reverts to taking interest, he may hope that God will forgive him). But whomever reverts to it (by judging to be lawful), they are companions of the fire; therein they will abide (Al- Baqara 2/275).” and “God deprives interest (which is thought to increase wealth) of any blessing and blights it, but makes alms-giving (which is thought to decrease wealth) productive. God does not love any obstinate unbeliever (who regards what God has made lawful as unlawful, or vice versa), any obstinate sinner (Al-Baqara 2/276).” And “You who believe! Keep from disobedience to God and try to attain piety in due reverence for Him, and give up what remains (due to you) from interest if you are (in truth) believers. – (Al- Baqara 2/278, 279)” and “You who believe! Intoxicants, games of chance, sacrifices to (anything serving the function of) idols (and at places consecrated for offerings to any other than God), and (the Pagan practice of) divination by arrows (and similar practices) are a loathsome evil of Satan’s doing; so turn wholly away from it so that you may prosper (in both worlds) – (Al- Ma’ide 5/90, 91). Allah’s messenger (PBUH) has cursed the one who receives interest and the one who pays it, the one who records it and the two witnesses to the transactions and He (PBUH) said: they are all sinners (Tirmizi, 1992, bewitch 74). One another is hadith about hoarding:” Whoever hoarded food for more than forty nights have become for from Allah and Allah is far from him” (Ahmed Bin Hanbel, el-Musned, 2/33).

2.2.7. Free Market and Competition but no fraud and corruption

Competition and free market is allowed in Islamic economic system. However, extreme pricing and unjust competition is prohibited. The interference of monopoly in the prices of food items affects free market therefore, it should be avoided. The God glory says in the Holy Qur’an:” “But seek, by means of what God has granted you, the abode of the hereafter (by spending in alms and other good causes), without forgetting your share (which God has appointed) in this world. Do good to others as God has done good to you (out of His pure grace) Do not seek corruption and mischief in the land, for God does not love those who cause corruption and make mischief.” – (Al- Qasas, 28/77, Al-Baqara 2/60, Al-A’raf 7/74, Hud 11/85 Ash-shu’ara 26/183, Ankabut 29/36)” and ” Oh my people! Give full measures and weight, with perfect equity, and do not wrong people by depriving them of what is rightfully theirs and do not go about acting wickedly in the land, causing disorder and

corruption” (Hud 85, Israa 35, and Ash-shu’ara 181). Prophet Muhammad (S.A.W) says:” A strong believer is better than a weak one”. (Muslim, 1992, musaqat 106), (İbn Mace,1992 , trade 58). And He (S.A.W) said:” Whoever cheats us is not one of us,” (Muslim, 1992, musaqat 129),(Tirmizi, 1992, bewitch, 40), The person doing black-market business is doing wrong.” (El-Munavi M. e.-M., 1936, 3/278)

And, “Honest businessman will be resurrected under the shade of Allah when there will be no shade except He’s” (El-Munavi M. e.-M., 1936, 3/244).

2.2.8. Even Development

Islam promotes progress and development in all areas. Prophet Muhammad (S.A.V) said, "A person who has the equivalent of two days is in losses." This means; your next day should be better than before.

The development of a country is determined through social and economic contributions of that country (Gulen, 2009). Development and growth are measured through the adjustment of economics situation in the country. Namely, institutional economic structure is taking important place in Islamic Economics.

The availability of resources, technology and the efficiency of their utilization determine the level of economic development and the rate of economic growth. Technological progress is encouraged in Islam since this provides the means by which humans can satisfy their material needs and thus remove the economic barriers on the path to their spiritual progress. Moreover, institutions (rules and norms plus their enforcement) have been found to play a crucial role in determining total factor productivity (TFP). The closer the compliance of actions—in production, exchange, distribution, and redistribution—of society with the governing rules, the higher the total factor productivity, the rate of growth, and the level of economic development. We now turn to important Islamic values, such as abstinence from hoarding of wealth, and summarize the rules for: property rights, market behaviour, exchange and trade, and contracts and trust. (Askari, Hossein and Iqbal, Zamir and Krichene, Noureddine and Mirakhor, Abbas., 2013)

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According to the Islamic understanding, stasis collapses the social and economic system. Therefore, progress and development should be continuous.

2.2.9. Legitimate profit in Islam is essential

Islamic economic system will not harm people if there are profits in a particular business and if people's right, institutional right, and government/state right are properly maintained. Profit must be legitimately minimized without violation, otherwise it will be prohibited. Prophet Muhammad (S.A.W) continue at above hadith and says:" An honest businessman will be resurrected among the Prophets, Martyrs and the pious ones" (El-Munavi M. e.-M., 1936, p.278). Islamic provisional Imam A'zam Abu Hanife decided: If one is fond of cheating between a seller & a buyer, the oppressed must be given his due rights. (al-Shaybani, 2004) , (Ebu Hanife, 1997)

2.2.10. Sacred Motivation

The social and economic activities of people in Islam are hereby guided and directed by the teachings of Islam. In Islamic economic system, one has to act according to the teachings of Islamic faith by doing what he is expected to do and avoiding its prohibitions (that is, Halal and Haram). One is also expected to act according to the rules of the state he lives in. (Fazlur Rahman, Muhsin S. Mahdi, Annemarie Schimmel.), (Drews, 2014). For believers, their religion is sacred. When they abide by the rules of their religion, they expect their reward only from the god of faith. Muslims also believe that when they obey the rules of Islam, they will be rewarded by Allah (SWT) both in the Hereafter and in the world. Therefore, everyone does worship and goodness according to the degree of their faith.

2.2.11. Income Distribution and Zakat

In Islamic Economic System, the income distribution is generally arranged in two ways; before production and after the production. Zakat and charities, when given to the poor (low income earners) by the rich people, it reduces the difficulties of the poor people. It closes the gap between the riches and the poor, but in a situation whereby the rich does not give out Zakat, the poor will become poorer and the rich becomes richer. Giving Zakat, charity and foundations should be established in our societies in order to be used as means of alleviating poverty level. (Professor Shehu U.R Aliyu, 2013, p. 126). The Almighty God says in the Holy Qur'an: "If you dispense your alms openly, it is well, but if you conceal it and you give it to the poor (in secret), this is better for

you; and God will make it an atonement to block out some of your evil deeds, God is fully aware of all that you do”. (Baqara 271, 273, Taube 60, 75, 79, Mucadele 213) and says:”... and spend (in God’s cause and for the needy) out of whatever we provide for you before death comes to any of you and he says ‘ ‘ My Lord! If only you will grant me respite for a short while, so that I may give alms and be one of the righteous (Al- Munafiqun, 10) and “They established the prayer in conformity with its conditions and paid what is due to the needy out of their belongings and in the hereafter, they have certainty of faith (Suratul Lukman: 4, Suratul Hac 74, Suratul Fusilat 41, Suratul Ahzaab 33, Annisaa’I 77, Maa’ide 55, Nur 56, Mucadele 13) these verses have passed through the Holy qur’an many times. Also, Prophet Muhammad (S.A.W) says:” He is not of us, he who sleeps while his neighbor is hungry.” (El-Hakim, 1990, 2/15). There is no Muslim or non-Muslim distinction in this hadith. And He (PBUH) says:” There are five (5) Pillars of Islam; (i) Testifying that there is no deity of worship except Allah (cc), and Prophet Muhammad (saw) is His messenger. (ii) Observing the five daily Salat. (iii) Giving Zakat. (iv)Performing Pilgrimage for those who are due. (v) Fasting in the Month of Ramadhaan” (Prof. Al- Ashker, 2006, pp. 188-209).

2.3. Sources of Income in Islamic Economic System

The legitimate and accepted sources of income in Islam are;

1. Agriculture
2. Trade/Business
3. Mining
4. Labour
5. Industrial Works and Vocational Skills
6. Booty
7. Ikta
8. Hunting
9. Zakat (Alms) and Sadaqa (Charity)
10. Others (wakf, Kharaj, Jizya Fai, Rukaz, Luqta, Anwal)

This issue is also examined in another our article.

3.0. Historical Analysis

3.1. Welfare of Islamic Societies in History

Islamic economic system brings peace, health and security to humanity when fully and correctly applied while the other system brings poverty, disease, exploitation and wars. A prove of all these is what we can see by our eyes nowadays, but during the life of our prophet (saw) his companions, some of his caliphs during the life time of Umar ibn Abdulaziz, Umayyad, Abbasid, Seljuik and most importantly during centuries of Ottoman's rule, we can see that because they ruled their people with Islamic economics law, the people lived under security, peace and good welfare. The Period of Umayyads was very turbulent as the Islamic state was newly founded but, despite this they managed to expand their country (Aksu, 2006, pp. 63-81).

After the death of Prophet Muhammad and his four caliphs, Umayyads have not been able to achieve justice and fully implementation of Islamic economy for many years due to trap nationalism (Aycan, p. 167, Hasbal n.d.)

But, because of justice and fully implementation of Islamic economics, during the time of the 8th Caliph of Umayyad, Umar Ibn Abdulaziz, in a short time, (even 2,5 years) people did not find who to give Zakat (charity) in their country, so they transported their Zakat to other country to give to people because there were no poor people in Umar Ibn Abdulaziz's country. (Koyuncu, 1996) The situation was not different when Islamic economy was fully implemented during the Abbsids. After the death of Prophet Muhammad (S.A.W), the Umayyad Dynasty gained the reins of power. Based in Damascus, Syria, the Umayyad Caliphate faced internal pressures and resistance, partly because they displayed an obvious preference for Arab Muslims, excluding non-Arab Muslims. Taking advantage of this weakness, Sunni Arab Abu al-Abbas mounted a revolution in 750 CE. With support from his followers, he destroyed the Umayyad troops in a massive battle and formed the Abbasid Dynasty in its place.

Arab leaders were called caliphs. Caliphs built and established Baghdad as the hub of the Abbasid Caliphate. Baghdad was centrally located between Europe and Asia and was an

important area for trade and exchanges of ideas. Scholars living in Baghdad translated Greek texts and made scientific discoveries—which is why this era, from the seventh to thirteenth centuries CE, is named the Golden Age of Islam (Drews, 2014).

Baghdad, established in 762 CE as the capital city of the Abbasid Caliphate in nowadays Iraq. Scholars, philosophers, doctors, and other thinkers all gathered in this center of trade and cultural development. Academics (Mudarris) exchanged ideas and translated Greek, Chinese and Turkish texts into Arabic.

Chief Muslim leaders after Muhammad’s death were referred to as Caliphs. The era of the Abbasid Caliphs’ construction and rule of Baghdad is known as the Golden Age of Islam. It was an era when scholarship thrived. The Abbasids built Baghdad from scratch while maintaining the network of roads and trade routes the Persians had established before the Umayyad Dynasty took over. Baghdad was strategically located between Asia and Europe, which made it a prime spot on overland trade routes between the two continents. Some of the goods being traded through Baghdad were ivory, soap, honey, and diamonds. People in Baghdad made and exported silk, glass, tiles, and paper. The central location and lively trade culture of the city made a lively exchange of ideas possible as well (Drews, 2014), (Khan Academy, n.d), (Economy - Foley, n.d).

Science, technology, and other fields of knowledge developed rapidly during the golden age of Islam from the 8th to 13th century and beyond. Early Abbasid caliphs embarked on major campaigns seeking scientific and philosophical works from eastern and western worlds.

3.2. First university

The first Islamic academy, Bayt al-Hikmah (House of Wisdom) was established by the Abbasid caliph Harun al-Rashid and was expanded by his son the caliph al-Ma’mun (d. 833). Bayt-al-Hikamah served as a university and a center for research, where people could study and translate books from other languages into Arabic.

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By the ninth century, Baghdad had become a center of financial power and political prestige and intellectual pursuits flourished in numerous colleges, schools, hospitals, mosques, and libraries. Baghdad attracted visitors, ambassadors, and students from all parts of the empire.

3.3. Factory

Industry and handicrafts were very advanced in Muslim societies until the 17th century. As they spread to large geographies and mixed with other nations and acquired new foreign neighbors, they eventually learned new industries and sciences. So they developed more and more day by day.

In 751 the Arabs learned the technology of papermaking from the Chinese; the first paper mill was established in Baghdad around 793. The knowledge soon spread to Jerusalem, Egypt, and the Andalusia in Spain, which was instrumental in transmitting the technology to Europe. (Wendorf, 2019)

3.4. Science and Medicine

Muslims from the 7th century to the 17th-18th centuries lived their golden ages. They were ahead in many fields so, in the medical field too. They were also appreciated by Europeans.

Islamic scholars expanded on the works of Greek physicians such as Galen. Al-Razi (Rhazes, d. 925) was an alchemist, physician, and clinician who wrote the first medical description of smallpox and measles; he combined psychological methods with physiological explanations. He also developed the discipline of pharmacology, found treatment for kidney stones, and used alcohol as an antiseptic. In his medical encyclopedia he included 50 contraceptive methods for women. The Latin version of his work was published and used as a text in Milan, Venice, and Basle. Ibn Sina (Avicenna) was a philosopher, poet, and physician who wrote a vast canon of medicine. Ibn Sina's writing was held in high repute in Europe and was appreciated by Saint Thomas Aquinas and Roger Bacon. (Ackermann et.al., 2008)

Although Muslim scholars are not well known, they have made important discoveries in the medical field.

In Spain, Ibn al-Khatib (Ibn al-Jatib, d. 1375) of Granada composed a treatise on the theory of infection. Ibn Zuhr (Avenzoar, d. 1162) of Seville was another prominent physician. Al-Zahraw (Alzahravius, d. 1013), a famous surgeon, left the first descriptive account of hemophilia. Ibn al-Nafis (d. 1288) was the first to describe the anatomy of the pulmonary vessels; his medical writing was translated to Latin. (Virk)

In 1258 the Abbasid Caliphate ended when the Mongols, under Genghis Khan's grandson Hulagu Khan, conquered all of Central Asia, Iran, and Iraq. The Mongols massacred tens of thousands of people including many scientists; they destroyed Baghdad with its libraries, schools, mosques, and residential quarters (Ackermann et.al., 2008).

The coming of the Mongols marked the end of the golden age of Baghdad as a center of scientific and literary achievement of the Muslim world.

Much of the Arab Islamic scientific heritage passed to Europe through the crusaders, the Normans in Sicily, and the Mozarabic (Musta'rabeen) in Spain. Arab-Islamic science, medicine, mathematics, and technology were transmitted to Europe in written forms, especially the translation of the Greek heritage into Latin that was generated by Arab scholars in Salerno, Palermo, Toledo, Seville, and Córdoba (Quora, 2016).

3.5. The Ottoman Economy is Human Oriented

The basic understanding of economy in the Ottoman Empire is that the economy is very 'simple'. The basis of the Ottoman economic thought is hidden: Human is not for the economy; economy is for people. Ottoman economic life was built on economic freedom. When we examine the Ottoman laws, we see that each place / land is allocated to families /related

Ottoman economic is a unit according to the efficiency level. The Ottoman government took control of the labor market in cities indirectly by the artisan guilds. The State has a very positive approach to the organization of artisan; the labor force, which shows technical expertise, has encouraged the organization of labor and capital markets as guilds.

Ottoman economic life was bound to some basic rules from the 15th and 16th centuries. One

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of the priority principles was to provide the needs of all groups involved in economic activity. There was a low profit rate in the Ottoman Empire. The profits were at 10 percent. Laws have this place. In the trades of buying-selling trade, the profit rate was even lower, at 5% level. Even 2 percent and 3 percent has been seen in the limit of the profit rates. (Duran, Bünyamin and Çamlı, Ahmet Yavuz., 2019)

Ottoman workers and artisans worked 8 hours. Like the tradesmen, the Ottoman bureaucrats worked 8 hours a day. Even the work of the animals assigned to the Ottoman production has been determined by the meticulous care of the animals carrying the load 8 hours as determined. There are edicts arranging horses. The lunch and break of the horse and donkey is taken under the memorandum. The Ottomans envisioned an economic system in which everyone would live in dignity. It was aimed not to have too many differences between the groups. Money foundations also served as a vehicle at this point. As it is known, the tax of the Ottoman and finance sector has financed by goldsmiths usually.

The Ottoman Administration, paid special attention to the right of the poor, wretches, widows and orphans. Ottoman did not adopt capitalism and never closed the egalitarian market. As in the case of the USSR, however, one has sought ways to keep the market constantly open and alive. The Ottoman experience taught the equal treatment of society, trade, and occupational groups with various languages, religions, races and colors. Like, Money Foundations and Asam (Association of non-interest loan) applications of non-interest shapes introduced to the market because of related Holy Qur'an "qard-i hasen" verses. (Holy Qur'an 57/11, 73/20).

The Ottoman Empire has eliminated subjects of poverty among citizens. The foreign travelers, who visited to the Ottoman Empire, wrote that they could not find beggars in their travelogues. London is the largest city in Europe after Istanbul until the 1750s. At that time there was no single beggar in Istanbul. And also, during the Ottoman Caliph, they are sending grain by ship to Jeddah, then to Madina to distribute to needy Muslims. During Ottoman's era, there were so many foundations, so they started to serve not only people but animals as well, e.g. birds and canary. Those foundations served people wherever they were. For example, they constructed roads, bridges, hostels and bath houses in the Balkan regions and down to Africa, and we can still find these artifacts in some countries in those regions (Genc, 2012).

3.6. The Islamic Economy is Organized in The Context of Permissible and Prohibited.

The Islamic economy is organized in the context of permissible (Halal) and prohibited (Haram). There are also Islamic morals and these two cannot be separated. Before anything, your gain has to be Halal (lawful) and you should not take other people's rights. All business gains are arranged within the circle of Halal (lawfulness) and Haram (unlawfulness). For example; interest, (Baqara, verse 275, Ali Imran, 130, Nur 42 & Mulk 1) Regarding the welfare and economic system of community, revelations from the Holy Qur'an and prophet's Sunnah (his business, life and some Hadiths) are the most important sources of Islamic economy (Drews, 2014).

Prophet Muhammad (S.A.W) called as "Al-Amin" because of his truthfulness throughout his life, if not because he is a trustworthy, they will not have called him as *Al-Amin*. *Al-Amin* means reliable and trustworthy, so in business, one has to be reliable and trustworthy. There are so many Hadiths about the business life of Prophet Muhammad (saw) and in this study we allowed some of priorities which related to our topic.

In the Islamic economic system, business that can bring damage to society and individuals are not allowed, and also those items that can bring harm to individuals and society are not allowed to be bought and sold. But in other system, it is not like that because it is only economic laws that have been changed not the damage or harm individuals and communities can sometimes face from the business. Even some things that can give harm to our societies are protected both laws, for example: interest, it is way that spoils all social economics. Alcohol, it is to harm to both individuals and community health. Lottery, gambling and chance games are acceptable in conventional economic system, but they are all harmful. In the Islamic perspective, anything that is going to spoil individuals and community's health and peace are forbidden, but capitalism, (liberalism, socialism and mix economic system and our today's modern economic doctrine like the game theory) is supporting and protecting them by laws. The above listed are still damaging and harming families and society's peace and health.

4.0. Analysis and Results of Findings

4.1. Comparing Income Distribution in Capitalism, Socialism and Islamic Economic System

The problems facing all economic systems are what goods and services to produce, how to combine factors of production to produce them, and for whom should these be produced? The reason why all

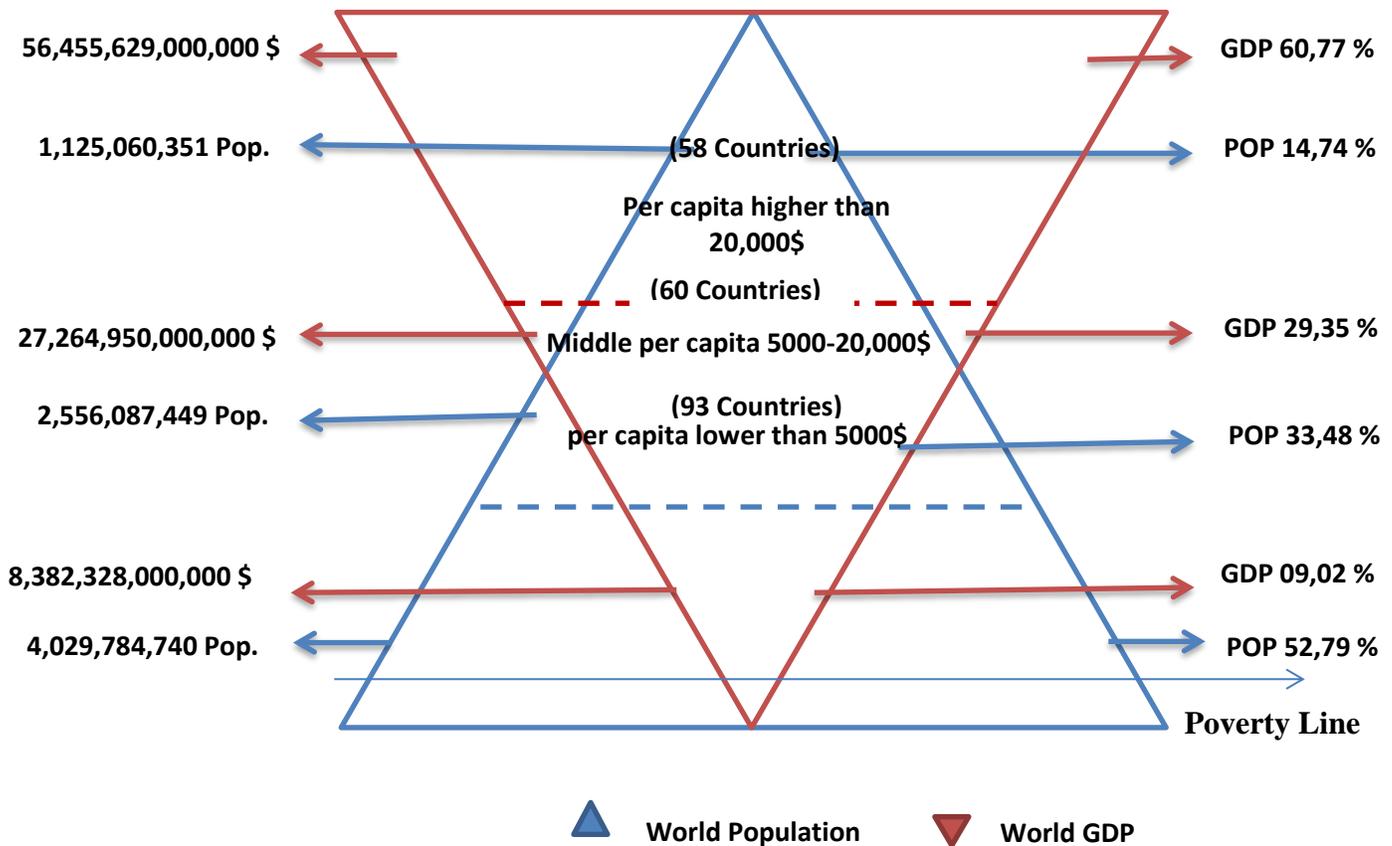
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economies have to tackle these questions is the assumption that resources are scarce—everything cannot be produced to satisfy the insatiable wants of all members of society. (Askari, Hossein and Iqbal, Zamir and Krichene, Noureddine and Mirakhor, Abbas., 2013)

4.2- Capitalism, Globalism Income Pyramid

In capitalism and globalism of present economics, when we look at people's income, it is in a form of pyramid. At the top of the Pyramid is the lesser population but getting the highest income from the GDP and the middle group population is taking lesser income than those at the top, while the peoples group which is the low group is taking lowest share from the GDP within the country and the globe. The situation is same between developed, developing and underdeveloped countries. This is based on the share the countries are getting from the global income.

Figure 1: Distribution of income in the world by capitalism.



Source, designed by authors, according to data from;

<http://worldpopulationreview.com/countries/countries-by-gdp/>

As shown in the figure above, international income distribution is unbalanced in the globalist economy, which is an advanced level of capitalism. In some countries especially in underdeveloped countries, income distribution is much worse than above rates. In the current system, in African countries, typically 10 % or 15% of the population obtains 90% or 85% of the income of its country.

The strongest countries are capitalizing on that to manipulate the developing and under developing countries economically. For this reason, rich and developed countries are becoming enemies of each other; every country wants to have power of controlling other countries. This is not good for the freedom and peace of the world. In its 2016 report, the international charity, Oxfam, announced that sixty two (62) richest peoples' income have increased from 500, 000\$, 000 to 1.76 trillion\$. They generated more than half of world's population income (Oxfam, 2016)

Because of the brutality of capitalism, many countries currently implement a capitalism-socialism economic system. Even China has been implementing a mixed economic system of Chinese peculiar characteristic since 1978. However, mixed economies are people-oriented as in Islamic economics; it is successful when avoided such as interest and things of destroys economics. The mixed economic system is successful in developed countries with less population, such as Nordic countries. These countries carry out some practices related to the characteristics of the Islamic economy; we can count similarities with Islamic economies such as; people-oriented, providing income balance with tax, interest rates being close to zero, being supportive of the poor by both society and the state, and taking harsh measures against some practices that paralyzed the economy. As a result, there are not many rich people in those countries, but they are generally comfortable and happy.

4.2. Socialism Income Rectangle

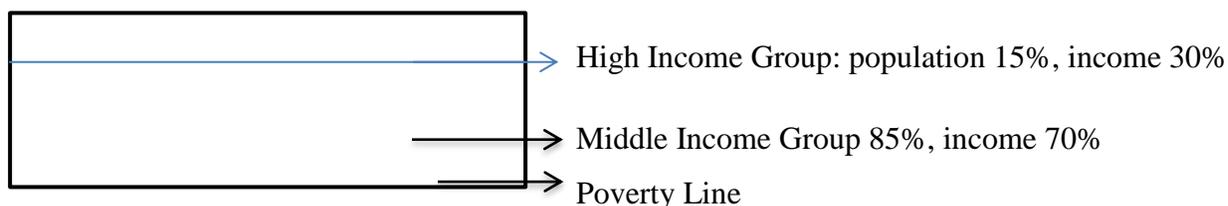
Theoretically, there is no class difference in the socialist economic system and income distribution is balanced among citizens. But that never happened exactly. "The movement from evidence on inequality of earnings to that on household incomes involves a number of factors, and these may change the view obtained of the level of inequality under socialism compared to that under

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capitalism. It may also alter the picture of how inequality changed over time under socialism” (Micklewright & Fileming & John 1999, p. 22).

Mr.Celik was witnessed it when he was working Uzbekistan and Kyrgyzstan when the Soviet Union was just destroyed (Dr. Bilal Celik 1993-1996 Uzbekistan and 1996-2002 Kyrgyzstan). The system started to change but was not completely destroyed and substantially continued. First of all there had been always a class difference between those working at the upper levels of the state and the leaders of the Communist Party or those who appeared in front of the public. Intelligence executives (KGB) and members were always privileged. Their income differences were a little bit higher. However, income differences between other civil servants and workers were not very high. In the years following the collapse of Soviet Union officially in 1991, the people began to uncover the wealth and money they had accumulated before. “In the past few years, researchers on transition economies have found that income inequality increased in spite of the liberalization of political and economic life in the former socialist countries of Eastern Europe and central Asia” (David R. Henderson, 2005).

Figure 2: Income distribution in socialist economies



Source: Figure 2 is compiled by authors according to the below source,

<https://pdfs.semanticscholar.org/5dae/d3574a23e4116fc929b11ebe793e2972ff2a.pdf>

“Although earnings inequality increased through the 1990s, the scale of the effect of the transition varied greatly. While the decile ratio rose by the order of 30-50 per cent between 1980 and 1997 (mostly after 1989) in Central Europe it doubled in the Ukraine and quadrupled, as least temporarily, in Russia although we noted reasons for doubting the veracity of everything one sees here” (Micklewright & Fileming & John 1999, p.75).

Because the currency has changed, people are going to their country and want to take advantage of opportunities that arise from system change. Thus, during Socialist Economic System some people had accumulated property. Perhaps Soviet Union was collapsed for this reason; In the nature of humankind has sense of accumulation and possession.

In fact, the distribution of income in general in the past socialist and communist governments was balanced, but the system was not sustainable because there were so aspects of human nature. The Soviet Union has invested a lot of gratuitous to all the countries it has sought to bring socialist and communist ideologies. He was doing this to build his own world. There was no place for divine beliefs in this world. Therefore, there was no religious faith-based cooperation among citizens; Government agencies could only help.

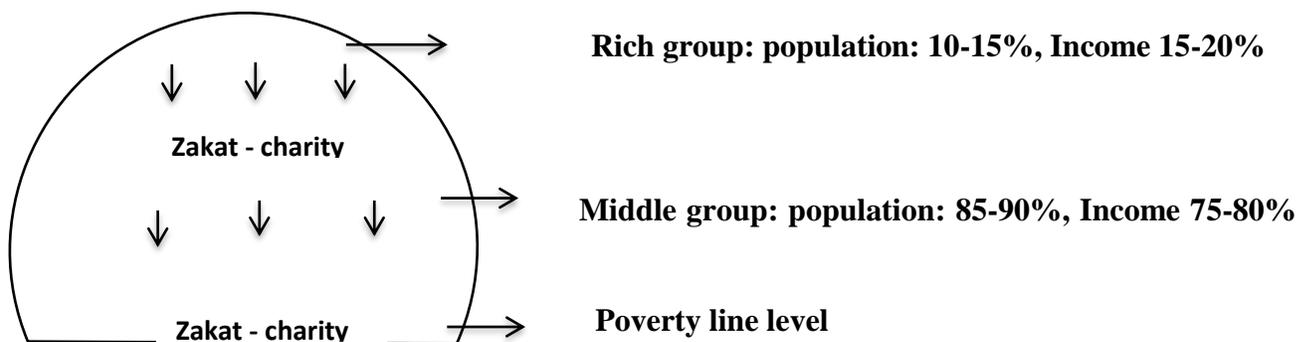
Today there is economic growth as a macro in the world, increases in production, technological development and increases in consumption. But, there are also poverty and misery. Economic growth does not reach economic welfare. Because, a large part of the income, five to four, in hand of ten to one of the population, remaining in the hand of ten to nine of the population. If there is a dispersion disorder, as the nineteenth-century philosopher Thomas Carlyle (Scottish, 1795-1881) says, misery walks with economic and technological development in society. He says that for the nineteenth century before the outbreak of socialism. The problem is the same today. The world is back in the nineteenth century. The nineteenth century was a rapid development age. Thomas Carlyle calls this one-wing development (Zaim).

One side is developing, the other side collapses. Production on one side is increasing, mines, banks and so on. On the other hand, children working in the mines for twenty hours, people working under the minimum wage, deprived of social security, are in miseries. Is this the goal? Not. Then so call the world flourished. Social policy measures were implemented. People objected to this. They said this is unethical, informal. Then, Socialism and Marxism emerged. The society went through the expiration. Then they attempted to do all this with the hand of the state. Again, they neglected human freedom. Someone took his freedom from the hands of people, this dictatorship and authoritarian system took away the freedom. The goal is the same for both: to bring the society to happiness. But the goal is not reached (Zaim).

4.3. The Islamic Economics Income Curve

In Islamic economic system, income distribution between citizens in balance for long term. There is income curve, neither pyramid nor rectangle. Because in Islamic economy, wealth accumulation is possible even encouraged but, via zakat and charities capital are flowing from riches to poor. Then, replace figure of pyramid or rectangle appears curve.

Figure 3: Income distribution curve in Islamic Economics



Source: Figure 3 is compiled by authors according to following sources:

<https://www.seajbel.com/wp-content/uploads/2014/07/Distribution-Of-Income-And-Wealth-In-Islam-Dr.S.Ghiasul-Haq.pdf>

https://mpr.ub.uni-muenchen.de/68744/1/MPRA_paper_68744.pdf

Indeed, throughout history of Islam, wealth and property have been popularized. Middle stratification was performed. Examples are Ahi community (The name of Turkish-Islamic guild in Seljukians and Ottomans) . They shaped the organization of artisans after the Ahi community. In other aspects, land use system and the double land system those are examples of showing the middle class, expansion of wealth and property.

Yes, Citizens were neither with very high incomes, nor are people with very low incomes. The middle class is essential. Here, in Islamic history, they realized this by the system of land and tradesmen. This is the most important and this middle class is the backbone of the social structure and the economic structure. Therefore, there is no classification of bourgeoisie or aristocratization in Western societies. A proletarian class has not been seen. The bourgeois-proletarian conflict or feudal periods have no conflicts of serf-senior in the history of Islam (Tabakođlu, 2008).

Mercantilist periods are the periods when merchants and states cooperate in the Europe. For example, British traders were under the guarantee of the British kingdom in foreign lands and the sea in their economic efforts. We can say the same for the French and the Spanish. In other words, it was state-sponsored trade. And at this point, we can say that production is not much. England is slowly moving to the production stage, but the actual production system copied from the Ottoman system. It considers Ottoman production as an important phenomenon in terms of both industrial and agricultural production.

Ottoman Empire has a systematic economy. When you look at budgets, you will see that the most important revenue items are never booty. We can say that it continued until 1918. Even when the Constitutional Monarchy was declared in 1908, the deficit in the Ottoman budget decreased. So, the II. Constitutional period is one of the times when the deficits decreased and the economy was getting better. It continues its existence from the beginning to the end with its production structure, free trade structure and robust bureaucratic structure. The bureaucratic structure depend the law. Ottoman power owes this understanding (Tabakođlu, 2008).

There is belief affect strongly. Motivation for zakat, sadaqa (small charity), infaq (big charity) and waqef (charity foundation) is sacred. Therefore, citizens give them voluntary. However, regulation for them is arranged by sources of Islam. All zakat implementations makes by state. Constantly capital flows from higher income groups to lower income groups, in long term society comes in balance economically and socially.

4.3.1. How Does Zakat Arrange Balance In Society?

People are trustees, they can have their personal prayer ties but they have to use it in a lawful way and the company or the persons having these properties have to give the rights of the poor which is Zakat.

The Zakat percentages in general are: For mining 20%, for uncultivated farming 10%, for cultivated farming 5% and for assets, animals, rent and profit 2.5% of the kinds of gain made by the person and this said in the jurisprudence (Fiqh) book of (Ebu Hanife, 1997), (al-Shaybani, 2004). Zakat collected and distributed by the state. In some cases it can be given directly to the poor by the rich. (Ebu Hanife, 1997)

Zakat shows the kindness and love the rich has for the poor and the respect and love the poor has for the rich and this provides a peaceful and happy community. Unlike in socialism, where there is fight in between proletarians and the bourgeois, even in socialism, there are some rebels groups like anarchists, and also in capitalism, the exploited and the imperialist, working class boycott, rise of unions, strikes and at the end, the employee, the employer, the poor and the rich will not be enemies if the Islamic economics way of giving charities is been followed. (Gulen, 2009, 308-310)

No matter how modern government and economic system tax the gain and assets, there will always be fight between the rich and the poor, and there will not be peace, security and happiness that is attainable in the Islamic economic system. The other systems always foster chaos and instability. In Islam, production has been hail, a verse says: “There is no better hand than the one you work with them.” (Suratul Najmi 39 – 40), and in another Hadith:” No one of you has ever eaten anything more than you win with your labor.” (İbn Mace, 1992, trade 1), (Buhari, 1992, bewitch 15) When someone is having some properties, is better you do business with it, if not; you are going to pay Zakat from it even if the property is one place.

Those families that are working and gaining are generally happy and peaceful. Firstly, as the core factor of families to be happy, you need to be working and this is a way to have a happy community.

Islam is a social, economic and political guide for individuals and communities. The spiritual and secular lives in Islam are closely interrelated. From an Islamic viewpoint, happiness is not restricted to material prosperity, though material reasons makeup some elements of happiness is on non-material concerns. Happiness depends totally on the degree of happiness. The material aspect is merely a means, but not an end in itself. The main focus is attaining growth and development attained by the soul. (Beseiso, 2016.)

Nation's wealth cannot be wasted, while some goods that are not needed (Surplus) within the country will be exported to other countries. Every nation that can export so much goods can also form a strong economy and the gain can be shared among all the people working, unemployed, those in need and sick people in will balanced form. Those that gain so much among the patrons are going to give high amount of Zakat, because of these there is a balance in the income after production and profit.

Zakat and charities, when given to the poor (low income earners) by the rich people, it reduces the difficulties of the poor people. It closes the gap between the riches and the poor, but in a situation whereby the rich does not give out Zakat, the poor will become poorer and the rich becomes richer. Giving Zakat, charity and foundations should be established in our societies in order to be used as means of alleviating poverty level.

Thus, while working in an Islamic economy, to get a lot of working people, those who cannot work will not be victims of wealth and enmity. Anyway, Islam encourages everyone to work. Qur'an verse says: "And that human has only that for which labors." Suratul Najmi, 39 – 40) Islam also encourages hard work and discourages begging. Nowadays, capitalism has spread to a world global economic system; between developed, developing and underdeveloped countries. Because of this situation, world's freedom and peace is seriously depleting.

Antagonism and hatefulness will come to an end if the society can handle the brutal competition of capitalism; therefore, the customers are respectful to the sellers, so also the sellers are grateful and merciful towards the buyers. So, in this sort of society, then who is going to create dispute? Why is there going to be fight between customers and sellers? Why will they even commence the fight? In this instance we hereby present you with hope, security and peace.

4.3.2. Effect of Islamic Finance Institutions on Development of Islamic Economics

In our present days, Islamic finance is been made in order to allow people to negotiate in taking loans to start a business without putting interest into it. We are working diligently to ensure the establishment of these institutions (Gulen, 2009, pp. 482-483) like the above mentioned, I am supporting the motion, but according to Islamic laws, some substantial non-Islamic systems are not

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suitable as well as pure institutions to be established effectively. Islam has to do with everything, for instance, governmental structure, political management, social and economic structures are all in the same root, and it is self-reliant.

We know that the *Jehbezes*, who were known in the Middle East since the time of the *Sâşânî* period, have collected deposits and sometimes lend to the government. However, these are some institutions that enable the trade to be facilitated. That is, they were not at the heart of the system. There are no such institutions in the Ottoman Empire. There are similar institutions, such as money foundations, but they work for social security purposes. At least we cannot get away with this tradition. However, today's Islamic banking has no such problem or in the second plan. The first plan is profit maximization. Participation banking is commercial institutions. So they are not charities or foundations. Therefore, they do not have a mechanism to ensure fair income distribution. The poor are the institutions of the mechanism, which makes the poorer and the rich richer. (Tabakoğlu, 2008)

In addition, the Muslims living in the in the current economic system should follow the Islamic economics law in both personal and company issues because this is very important for our life in the world and the hereafter. Those Muslims who are employers or employees of the present economic system, transactions are made without problems and they should not put interest in their money. Human beings are held responsible for all their spending so they should not live a luxury and wasteful life. A Muslim should not show greediness and go out of lawful boundaries because it damages both human lives in the world and in the hereafter.

A Muslim who is not checking whether something is lawful or unlawful before eating can sustain some illness and those people eating unlawful things cannot give birth to good generation and their prayers will not be accepted (all these are Hadiths in Islam). Islamic economic system in every aspect of our lives, and we can say, it is life itself, and it is one of the issues that can make our lives better since childhood down to our youth life, if you can use this in a better way we can have a peace, security and trust.

In Islamic economics system saving is encouraged and used as an element, so this can encourage people and companies to work hard. Unlike in socialism those that are working hard and lazy ones are earning something and with time no one is going to work because there is no difference in the

earning of those that are working hard and those that are not. In order to increase future production we need to reduce today's consumption with this, the gain been made in savings can increase one's capital and this can increase production.

In Islamic economic system, there are certain ways of preventing raising capital in a monopolized way. It can be gathered only in the Musahame stock market for investment.

Takaful, or Islamic insurance, provides the risk protection to its policyholders and serves as an important mobiliser of long-term funds. In addition, development financial institutions, savings institutions and housing credit institutions need to be developed to meet the diversified customer demands. These specialized institutions will meet the different requirements of the economy. (Beseiso, 2016,)

In Islamic economics, gaining is encouraged for production if not; the property is going to be diminished by Zakat. In Islam, there is encouragement on both materialistic and moral.

5.0. Summary and Conclusion

Existing economic systems have not solved the problem of income imbalance between countries and within countries. A significant part of the world population is unsatisfied, unhappy and struggling with poverty. The powerful continue to exploit the weak in this case triggers and cause the chaos in the world. Wars, terror, disasters, economic and politic crises are one after another. Even the rich are not in the tranquility. So, wealth is not enough alone for peace. Comfort, technology and wealth rise but peace decreases, Because of unfair income distribution.

As in the capitalist world there is an imbalance of income distribution and globalism has increased and accelerated it. But it is fact that capitalism teaches people to work and find remedy. Capitalism has accelerated the development of technology and increased production and factors of production are used brutally in general but used saving in private. Many disciplines and researches have been developed in order to increase the profit and reduce the cost for capitalist approach. The merit system emerged as in the Islamic economy. Even big capitalist powers are trying to adjust the forms of governance of other countries according to capitalism and globalism. So they want to increase their own gains and power again. However, this situation increases the income imbalance further. So it's clear that will not bring much happiness to the world.

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When it is compared the economic systems, it is seen that the intellectual success of socialism does not happen in practice. Theoretically, there is no class difference in the socialist economic system and income distribution is balanced among citizens. But that never happened exactly. In this study we also tried to show income imbalance in the implementation of socialist economic system. In and among countries which are applying socialist economy, income distribution imbalance has started to increase in a long time. It is known that socialism is collapsed because of some basic practices against human and social structures.

We can say that mixed economic system applications are more successful in small developed countries. In these countries we can see some practices as in the Islamic economy.

Although the IES is a practiced system of divine origin, it is believed to be utopian by people. IES seems to be successful when fully and correctly implemented in the past. Current Islamic countries cannot implement the IES for different reason; First of all the dominant economy in the world of capitalism. Secondly Islamic countries are dealing with social problems such as war, terror, poverty and illiteracy. Today's Islamic financial institutions do not fit in the Islamic economy as a result of their structures and practices. These institutions are often engaged in the capitalist structure, but they are still good in terms of starting contribution to the IES.

There is sacred motivation on the basis of IES. The system is simple but suitable for the structure of people and society. In this system zakat is the most basic source and tool of fair income distribution among people. In the IES, zakat is the pillar of society. However, on a voluntary basis, foundations and charities also have an important role for balancing income distribution among people in the IES.

In this study, we tried to explain in history how that the IES provides social peace and wealth when it is fully and correctly applied. In the history, when Islamic world had a golden age while other countries had not exit from the Dark Age yet. However, the fact that the conception of conquest and jihad are in Muslims of that period brought welfare and peace to the richness of their own countries but not to the non-Muslims. It is also a fact that people of other faiths of that period have the same situation.

In fact so much verses, hadith and rules are we have written throughout in this study or have not written, all of them are command; peace, work, goodness, honesty, compromise and help while banishes people from bad and harmful practices in society. In other words, the problem is not in

Islam and its economic system but the real problem in Muslims; who do not understand and practice Islam correctly and fully.

In the economic systems applied from past to present, both capitalism and socialism or mixed systems follow-up have been achieved as much as the Islamic economy has done. This system divine source and belong everyone, so everyone can apply. The Islamic economy is peculiar and older than both capitalism and socialism also all rules are clear.

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