

## REFORMING FINANCE AND ECONOMICS IN LIGHT OF THE ABRAHAMIC PRINCIPLES

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### ABSTRACT

The modern day economic system is built upon and around interest-based lending, which allows one class of people to grow rich at the expense of the majority of the population. Interest has been prohibited in all Abrahamic religions for essentially the same reasons, which includes the well-being of humanity, the avoidance of segregating society into the oppressor and oppressed, and encouraging productive trade, economic growth, and the egalitarian distribution and flow of money throughout all segments of society. When the economic structure is engineered in a manner, which allows people to make money from money in an unproductive activity, this enables some people to exploit the majority for profit without doing any work. In this set-up, money is essentially created out of nothing and the people exist on a giant Ponzi scheme of debt, which slowly erodes their wealth through inflation, deflation, and extortion. The people essentially becomes slaves to the private banks who are printing money and then lending it out with interest. These banks create money out of nothing and then manipulate the interest rates, inflation, and deflation with the aim of maximizing their own wealth and the wealth of the bank's shareholders. Inflation decreases your purchasing power while deflations decreases the value of the currency. As you can see, inflation combined with deflation in an economic structure built upon and around interest-based lending and fractional reserve banking is a no- win situation for the vast majority of the population of the planet. If this scheme continues, the end result will be a small percentage of extremely wealthy people controlling an extremely poor majority in an environmentally degraded and polluted atmosphere and planet. This structure is not sustainable in the long-run, however, contains many benefits for a select few in the immediate short-run.

**KEYWORDS:** Finance and Economics

### INTRODUCTION

Lending money is not prohibited in the Bible. What is prohibited is charging abusively high interest. This is because high-interest loans tend to prey on the most under resourced people in society. God strongly rebukes usury because it oppresses the poor. The Bible also teaches us to be very cautious regarding borrowing money. This is because “the borrower is the slave of the lender” (Proverbs 22:7). Once we borrow money we are beholding to the lender — and this can be a form of slavery God wants us to avoid.

*Riba* (interest) was prohibited in both Judaism and Christianity long before Islam and the *Qu'ran* is just re-stating what the two previous Holy Books have already mentioned. In fact, many of the economic principles in Islam can be traced back through the Holy Books to the messages expounded by Jesus (p.b.u.h.) and Moses (p.b.u.h.). Choudhury explains,

“Indeed, to protect society's integrity and means of self-support for its members, every religion in history perceived that the system of usury was opposed to the proper workings of society.” (Choudhury, 2007:59). Islamic

banking can in fact be seen as a form of Abrahamic or Holy Book Banking, encompassing principles found in Judaism, Christianity, and Islam. This idea is further supported by the fact that the concept of *Risalah* in Islam is based on the teachings of all of God's prophets including Muhammad (s.a.w.), Jesus (p.b.u.h.), Moses (p.b.u.h.), and Abraham (p.b.u.h.), the Bible, Torah, *Qu'ran* and *Sunnah*.

The Abrahamic banking system should reflect the teachings of all of God's prophets including Abraham, Moses, Jesus, David, and Muhammad (s.a.w.) and the Torah, Bible, and Qu'ran. God's messages were delivered to earth at different times in history through various messengers, the first being through Moses in the 1525-1405 BC, the second through Jesus who lived approximately between 4 BC – 30 AD, and between 572- 632 AD through Muhammad (s.a.w.). The deliverance of these messages through different messengers at different times of history was not meant to divide the believing people, however, believers should be unified through the stories of the Book, which correspond and correlate with each other in terms of events, characters, and messages and is in fact a continuation of the same story through different periods of time and history.

Abrahamic principles center around the belief in God as well the prohibition of interest and usury. Christianity varies the principle of monotheism by advocating that Jesus is the son of God and the Holy Trinity. Christianity and Islam are in fact two separate streams of light from the same source. This was recognized by the King of Abyssinia or Ethiopia during the first Hijrah when 83 of the first followers of Prophet Muhammad (p.b.u.h.), the Sahabah, sought refuge from persecution of the Quraysh in Mecca in Abyssinia. The King of Abyssinia proclaimed that Christianity and Islam were in fact two streams of light from the same origin and thus granted refuge to the Muslims for 15 years, from 7 BH (615 CE) to AH 7 (628/629) taking into the account the similarity between Christian and Islamic beliefs and values. The King of Abyssinia at this time, known in Arabic as *Ashama ibn Abjar* was a Christian who was considered well-known for being a just and God-fearing man and spiritual leader. Christians and Muslims do indeed worship the same God through different avenues, thought-processes, rituals, lenses, and forms of prayer and hold similar beliefs and compassionate values. Muslims recognize Jesus as a Prophet, however, acknowledge Muhammad (S.A.W.) as the last and final Prophet of God, the seal of all Prophets. Jews do not recognize Muhammad (S.A.W.) as the last and final Prophet of God and also believe that Uzair, the scribe of the Torah, was the son of God. Therefore, in regards to the people of the Holy Book, Muslims remain the sole group, which believe in the oneness of God and monotheism and acknowledge all three segments of the Holy Book and all of God's Prophets. This is the main reason why in fact many Christians and Jews convert to Islam and not vice versa as many discover that Islam is in fact the last chapter of the Holy Book, completing the story.

In light of this background, what then will economics and finance look like if reformed in the light of Abrahamic principles? What if we molded an economic structure with Shari'ah, Christian, and Jewish law, values, and principles and removed interest from the financial structures thereby transforming the entire economy from one based on a creditor/lender relationship and interest-based loans to one based on partnership and profit and loss sharing utilizing gold and silver currency issued by the government and people geared around productive trade? The Abrahamic structure may create a stable economy based on real assets and productive interactions between finance houses and people in a partnership format where profit and loss are shared between the parties in a business venture. This structure allows the economy to grow and expand, stabilizes the value of currency and prices, and encourages the distribution of wealth across a broader cross-section of society.

Similar to the ideas found in Judaism, Christianity, and Islam, Western philosophers such as Aristotle (384-322 BCE), who preceded Christ, considered interest an unnatural income because the lender gains without performing any work. Aristotle believed that money cannot beget money similar to Islamic belief and ideas found in all of the Holy Books. According to Aristotle, there are three ways of seeking profit in business: (1) Through natural trade, that is, through the exchange of essential commodities in daily transactions, such as the exchange of clothing with food; (2) Through the exchange of essential commodities for money, such as the exchange of dollars for food. This form of trading is practiced in modern society; and (3) Through unnatural trade where money is treated as a commodity that can be traded (rather than as a means of exchange). The profit realized from such a trade is classified as interest. (Abdullah and Chee, 2010:39) This fiscal knowledge actually amounts to financial common sense and fiscal logic as well as a deep philosophical insight into economic structures and monetary policy and the impact of such structures and policies.

### **Islam Explains Why Interest is Prohibited in the Bible and Torah**

Islam takes the discourse on interest one step further than Judaism and Christianity and explains in detail why exactly interest is prohibited throughout all of the chapters of the Holy Book. In Islam, it is permissible to trade money for commodity, commodity for commodity, however, not money for money as this produces *riba* (interest). *Riba* (interest) is in fact just a form of *gharar* (uncertainty). The philosophical and conceptual foundations behind the prohibition on *riba* (interest) can be derived through the *Shuratic* process in discursive interpretation of the *Qu'ran* and *Sunnah* as well as in the Islamic concept of *Risalah*, which states that Muslims should adhere to the teachings of all of God's prophets including Abraham (*pbuh*), Moses (*pbuh*), Jesus (*pbuh*), and Muhammad (*pbuh*). All of God's prophets prohibited *riba* and this is clearly stated in all of the chapters of the Holy Book, including the Torah, the Bible, and the Qu'ran. The prohibition of *riba* can therefore be considered a Holy Book concept and a common and unifying theme amongst all of the people of the Holy Book. All Abrahamic religions and faiths ban interest as it is believed that producing money from money is an unproductive activity, which leads to the exploitation of human beings by other human beings, conflict, and societal and environmental decay. Money should be generated from productive activities, which helps the economy to grow and expand. Therefore, in all modes of Islamic finance, interest is absent and risk and profit and loss are shared between the parties to the contract.

The *Shari'ah* allows for transactions where both counter-values are transacted at the time of the dealing or one counter-value now and one in the future, however, not both counter-values in the future as this creates *gharar* (uncertainty) about the fulfillment of the contract. However, this is allowed where the benefit outweighs the harm.

Since in interest financing, one counter-value is certain, the interest on the loan, and one counter-value is uncertain, the yield from investing the loan by the creditor, interest-finance is in fact an extreme case of *gharar* (uncertainty) and is prohibited under the *Shari'ah* as the harm outweighs the benefit. Saadallah says that in the case of *riba* (interest), the "variance in certitude between the two counter-values, the interest on the one hand and the opportunity cost on the other, constitutes the essence of the injustice of imposing interest on loans" (2009:111). Debt-finance replicates the result of interest-based financing and does not fulfill the requirements of the *Shari'ah*. Dusuki says "For a contract to be valid, there should be *Iwadh* or counter value present. Three elements of *iwadh* that should exist are risk (*ghorm*), work and effort (*ikhtiar*) and liability (*daman*). In the majority of debt-financing contracts, one or more of these elements of *Iwadh* are missing. If there is no risk, effort and liability, then such a contract cannot be considered to contain any element of justice" (2011:3).

RidhaSaadallah states that an often-cited reason for the *Qu'ranic* ban on interest is to “forestall injustice, since increasing the amount is in return of the time-term” (2009:111). Islam does not recognize the time value of money as time cannot be the sole consideration for an excess amount claimed in an exchange. Saadaallah says the excess amount must be claimed against an asset or commodity and not time as this would result in a money-money transaction. TaqiUsmani explains “Time of payment may act as an ancillary factor to determine the price of a commodity, but it cannot act as an exclusive basis for and the sole consideration of an excess claimed in exchange of money for money” (2000:10). Commodity-commodity and money-commodity transactions are allowed, however, not money-money transactions as this may result in (*riba*) interest. Interest financing leads to a false economy, creating instability, inflation, unemployment, and cyclical crashes. Islamic finance is asset-backed, which creates a real economy with real assets and inventories and promotes stability as well as creates an economy where speculators and bankers cannot crash markets for profit through greedy and reckless behavior. According to TaqiUsmani “Interest-based financing does not necessarily create real assets, therefore, the supply of money through the loans advanced by the financial institutions does not normally match with the real goods and services produced in the society, because the supply is increased, and sometimes multiplied without creating real assets in the same quantity” (2011:10). Usmani explains that “This gap between the supply of money and production of real assets creates or fuels inflation” (2011:10). In contrast, Usmani says “Since financing in an Islamic system is backed by assets, it is always matched with corresponding goods and services” (2011:10).

In an interest- based loan, the creditor receives a fixed rate of return no matter how much profit or loss the venture makes. If the venture makes a lot of money, the creditor receives a fixed rate of return. It would be more just if the creditor shared in the profits rather than just receiving a low fixed rate of return in the form of interest. If the venture makes a loss, the creditor still receives a fixed rate of return and the debtor bears the risk of the loss. It would be more equitable if the creditor shared in the loss rather than receiving an abnormally high rate of return in the form of interest. *Riba* (interest) results in a financial system where the debtors bear the majority of the risk and the creditor most of the reward.

According to Sheikh Wahba al Zuhayli, “*Riba* is a surplus of commodity without counter-value in commutative transaction of property for property” (2006:25). The intent of such a transaction is a surplus of commodities. Therefore, the definition of *riba* includes both credit *riba* and invalid sales, since postponement in either of the indemnities is a legal surplus without perceivable material recompense, the delay usually due to an increase in compensation (Zuhayli, 2006:25). In Islam, money – money transactions are not allowed and there is no time value of money concept. TaqiUsmani explains that “Any excess amount charged against late payment is *riba* only where the subject- matter is money on both sides” (2011:10). Furthermore, “Any excess claimed in a credit transaction (of money exchange of money) is against nothing but time” (Usmani, 2011: 10).

There are two types of *riba* forbidden in Islam, credit and surplus *riba*. “Credit *riba* is taken against a delay in settlement of a due debt, regardless whether the debt be that of goods sold or a loan” (Zuhayli, 2006: 26). Therefore, “Credit *riba* occurs due to their inclusion of an increase in one of the two exchanged goods without any counter-value (Zuhayli, 2006: 28). The impermissibility of exchanging equal amounts is due to the resulting increase in value. Zuhayli explains that this is because neither of the contracting parties would usually accept to postpone the receiving of the payment save if there were some benefit by increase in the value thereby (Zuhayli, 2006: 28). Credit *riba* represents a violation of the ‘hand to hand’ rule when one or both counter-values of a transaction are postponed to a future date (of

goods of same genus). *Riba* of delay or credit *riba* prohibits sale of commodities in the future even if the counter-values are equal (Ahmed, 2011:32).

Ubida b. al-Simit (Allah be pleased with him) reported Allah's Messenger (may peace be upon him) as saying: Gold is to be paid for by gold, silver by silver, wheat by wheat, barley by barley, dates by dates, and salt by salt, like for like and equal for equal, payment being made hand to hand. If these classes differ, then sell as you wish if payment is made hand to hand (Muslim, book 10, number 3853) (Visser, 2009: 34).

The six goods mentioned in this hadith are *ribawi* goods. Violation of "same for same" can lead to *riba* of excess (*riba al fadl*) or surplus *riba* and not fulfilling "hand to hand" (i.e. spot transaction) would constitute *riba* of delay (*riba al nasi'ah*) or credit *riba* (Ahmed, 2011: 31). Furthermore, "gold for gold" and "silver for silver" provides the rules of monetary exchange (*sarf*) during this time (Ahmed, 2011:31). If there is exchange among the same specie of *ribawi* goods, it has to be done on the spot and should be of equal quantities (Ahmed, 2011:31). If the quantities exchanged differ, even in spot transactions, then it will constitute *riba* of excess (*riba al fadl*) or surplus *riba* (Ahmed, 2011:31). Rules of *riba* of excess also prohibit exchange of dissimilar quantities of a genus with different qualities (such as exchanging one unit of high quality dates with two units of low quality dates) (Ahmed, 2011:31). According to Visser, there is a ban on exchanging, for example, two low-quality dates for one high-quality date, even if it is permitted to sell the low-quality dates for money and use the receipts for buying a high-quality date (2009: 35).

Zuhayli says that "Surplus *riba* is the sale of similar items with a disparity in amount in the six canonically-forbidden categories of goods; gold, silver, wheat, barley, salt, and dry dates" (2006: 26). It is the violation of the 'equal for equal' rule in spot transactions of the same goods of a particular genus. Zuhayli explains that "This type of *riba* is forbidden in order to prevent it being used as a pretext to committing credit *riba*, such that a person sells gold, for example, on credit, then pays back in silver more than the equivalent of what he had taken in gold" (2006: 26). To avoid *riba*, the commodity has to be exchanged with some other genus and then traded with the desired commodity (high quality dates with wheat or silver and then wheat or silver with low quality dates) (Ahmed, 2011: 32).

Narrated by Abu Said Al-Khudri and Abu Huraira: Allah's Apostle appointed somebody as a governor of Khaibar. That governor brought to him an excellent kind of dates (from Khaibar). The Prophet asked, 'Are all the dates of Khaibar like this?' He replied, 'By Allah, no, Oh Allah's Apostle! But we bartered one Sa of this type (type of dates) for two Sas of dates of ours and two Sas of it for three of ours.' Allah's Apostle said, 'Do not do so (as that is a kind of usury) but sell the mixed dates (of inferior quality) for money, and then buy good dates with that money' (Bukhari, vol. 3, book 34, no. 405; see also Muslim, book 10, number 3875)(Visser, 2009:34).

The legal cause for the impermissibility of exchanging different amounts of edibles is, according to the Hanafi and Hanbali Schools, volume and weight; according to Imam Malik, its qualities being nutritious and storable; and for Imam Shafi, the mere fact that it is edible (Zuhayli, 2006: 39).

An economy which grows debt from debt cannot grow, but can only retract, causing the value of money to decrease, forcing people out of businesses, increasing the number of homeless, and forcing more and more people to struggle with their daily existence as the people become entrapped in a debt bubble, which eventually surrounds them and encapsulates their entire lives. Islamic finance is based on real assets and a real and productive economy. As Islamic finance is now booming around the world, we are presented with a momentous occasion for all of God's people to join

together in an effort to bring about divine finance in the light of Abrahamic principles in order to create a productive, just, and equitable system for all.

### **Prohibition of Interest in the Bible and Qu'ran**

Clear injunctions can be found throughout the Bible as well against interest and usury or lending at exorbitant interest rates. **Exodus 22:25** states “If you lend money to any of my people with you who is poor, you shall not be like a moneylender to him, and you shall not exact interest from him. [Leviticus 25:35](#) says 'If any of your fellow Israelites become poor and are unable to support themselves among you, help them as you would a foreigner and stranger, so they can continue to live among you.’” [Leviticus 25:36](#) reads “Do not take interest or any profit from them, but fear your God, so that they may continue to live among you.” [Deuteronomy 15:7](#) states, “If anyone is poor among your fellow Israelites in any of the towns of the land the LORD your God is giving you, do not be hardhearted or tightfisted toward them.” [Deuteronomy 23:19](#) reads “Do not charge a fellow Israelite interest, whether on money or food or anything else that may earn interest.” [Deuteronomy 23:20](#) says “You may charge a foreigner interest, but not a fellow Israelite, so that the LORD your God may bless you in everything you put your hand to in the land you are entering to possess.” [Psalm 15:5](#) states “Who lends money to the poor without interest; Who does not accept a bribe against the innocent. Whoever does these things will never be shaken.” [Proverbs 28:8](#) says “Whoever increases wealth by taking interest or profit from the poor amasses it for another, who will be kind to the poor.” [Jeremiah 15:10](#) states “Alas, my mother that you gave me birth, a man with whom the whole land strives and contends! I have neither lent nor borrowed, yet everyone curses me.” [Ezekiel 18:8](#) says “He does not lend to them at interest or take a profit from them. He withholds his hand from doing wrong and judges fairly between two parties.” [Ezekiel 18:13](#) states “He lends at interest and takes a profit. Will such a man live? He will not! Because he has done all these detestable things, he is to be put to death; his blood will be on his own head.”

In **Kings 4:1,7**, the wife of a man from the company of the prophets cried out to Elisha, “Your servant my husband is dead, and you know that he revered the Lord. But now his creditor is coming to take my two boys as his slaves.” Elisha replied to her, “How can I help you? Tell me, what do you have in your house?” “Your servant has nothing there at all,” she said, “except a small jar of olive oil.” Elisha said, “Go around and ask all your neighbors for empty jars. Don’t ask for just a few. 4 Then go inside and shut the door behind you and your sons. Pour oil into all the jars, and as each is filled, put it to one side.” She left him and shut the door behind her and her sons. They brought the jars to her and she kept pouring. 6 When all the jars were full, she said to her son, “Bring me another one.” But he replied, “There is not a jar left.” Then the oil stopped flowing. She went and told the man of God, and he said, “Go, sell the oil and pay your debts. You and your sons can live on what is left.” The Bible says that we should make it easier financially for one another and help others to relieve others of their debts and escape slavery. This is a similar theme in the Qu’ran, which states (2:280) “And if the debtor be in straitened circumstances, then grant him respite till a time of ease. And that you remit it as charity shall be better for you, if you only knew.” The Qu’ran tells us that if someone is indebted to you, however, is in a difficult financial situation, make it easy for him or her and if possible, relieve the entire debt completely as an act of charity. In a famous hadith, it was related on the authority of Abu Hurairah, *radiyallahu 'anhu*, that the Prophet, *sallallahu 'alayhiwasallam*, said: "Whosoever relieves from a believer some grief pertaining to this world, Allah will relieve from him some grief pertaining to the Hereafter. Whosoever alleviates the difficulties of a needy person who cannot pay his debt, Allah will alleviate his difficulties in both this world and the Hereafter. Whosoever conceals the faults of a Muslim, Allah will conceal his faults in this world and the Hereafter. Allah will aid a servant (of His) so long as the servant aids his

brother. Whosoever follows a path to seek knowledge therein, Allah will make easy for him a path to Paradise. No people gather together in one of the houses of Allah, reciting the Book of Allah and studying it among themselves, except that tranquility descends upon them, mercy covers them, the angels surround them, and Allah makes mention of them amongst those who are in His presence. Whosoever is slowed down by his deeds will not be hastened forward by his lineage." Therefore, Islam directs us to alleviate the difficulty of a needy person who cannot pay his debt similar to the Bible in **Kings 4:1,7**. Islam says that by doing so, Allah will alleviate his or her difficulties both in this world and in the Hereafter.

Parables in the Bible reveal the prohibition on and evils of usury and illustrate how this leads to slavery of the masses by the aristocrats of the same nationality in the same land. In the next story, the Bible shows how families were forced to mortgage land and homes to get grain in order to survive during periods of famine and borrow money with high-interest loans in order to pay taxes on the land. Although they were land owners, under this system, eventually, they lost their land through the trick of interest and nothing in fact belonged to them anymore and they had by default turned themselves and their next generation into slaves of the moneylenders. In [Nehemiah 5:2-5,7,10,11](#) Some were saying, "We and our sons and daughters are numerous; in order for us to eat and stay alive, we must get grain." **3** Others were saying, "We are mortgaging our fields, our vineyards and our homes to get grain during the famine." **4** Still others were saying, "We have had to borrow money to pay the king's tax on our fields and vineyards. **5** Although we are of the same flesh and blood as our countrymen and though our sons are as good as theirs, yet we have to subject our sons and daughters to slavery. Some of our daughters have already been enslaved, but we are powerless, because our fields and our vineyards belong to others." **7** I pondered them in my mind and then accused the nobles and officials. I told them, "You are exacting usury from your own countrymen!" So I called together a large meeting to deal with them. **10** I and my brothers and my men are also lending the people money and grain. But let the exacting of usury stop! **11** Give back to them immediately their fields, vineyards, olive groves and houses, and also the usury you are charging them--the hundredth part of the money, grain, new wine and oil."

In **Ezekiel 18:8,17**, lending with interest and profiting therefrom is clearly described as contrary to God's laws and an act of evil defiance to the Kingdom of God. In fact, this passage indicates that the person who does not charge interest to the people will "live" and flourish in His Kingdom. **Ezekiel 18:8,17** states, 'He does not lend to them at interest or take a profit from them. He withholds his hand from doing wrong and judges fairly between two parties. **9** He follows my decrees and faithfully keeps my laws. That man is righteous; he will surely live, declares the Sovereign Lord. **10** "Suppose he has a violent son, who sheds blood or does any of these other things[a] **11** (though the father has done none of them): "He eats at the mountain shrines. He defiles his neighbor's wife. **12** He oppresses the poor and needy. He commits robbery. He does not return what he took in pledge. He looks to the idols. He does detestable things. **13** He lends at interest and takes a profit. Will such a man live? He will not! Because he has done all these detestable things, he is to be put to death; his blood will be on his own head. **14** "But suppose this son has a son who sees all the sins his father commits, and though he sees them, he does not do such things: **15** "He does not eat at the mountain shrines or look to the idols of Israel. He does not defile his neighbor's wife. **16** He does not oppress anyone or require a pledge for a loan. He does not commit robbery but gives his food to the hungry and provides clothing for the naked. **17** He withholds his hand from mistreating the poor and takes no interest or profit from them. He keeps my laws and follows my decrees. He will not die for his father's sin; he will surely live.



**Surah al-Baqarah (2:275)** of the Qu’ran also prohibits interest and states that, “Those who consume interest cannot stand [on the Day of Resurrection] except as one stands who is being beaten by Satan into insanity. That is because they say, "Trade is [just] like interest." But Allah has permitted trade and has forbidden interest. So whoever has received an admonition from his Lord and desists may have what is past, and his affair rests with Allah. But whoever returns to [dealing in interest or usury] - those are the companions of the Fire; they will abide eternally therein.” The Qu’ran uses strong language to prohibit interest such as that Allah will wage a war on those who touch the dust of interest due to the fact that the moneylenders are in fact waging a war on humanity through charging interest on loans. The moneylenders are exploiting the masses for profit and stealing their wealth with the aim of first turning the masses into slaves and then eventually homeless beggars through the tool of oppression called interest.

### **The Abrahamic Economy**

Through using a system of knowledge based on a *tawhid* One-God epistemology we can deduce a set of moral teachings, which should guide us in the creation of a distinct Abrahamic economy. Choudhury explains that, “The unifying worldview is derived from the epistemology and ontology of Divine Unity... We thus have the epistemology of Divine Unity and the unification process of knowledge emanating from Divine Unity” (2001:3). According to Professor Mehmet Asutay, the basic principles of this Abrahamic economy based on the *tawhid* One-God World view and *Risalah* or the teachings of all of God’s prophets include the prohibition of interest (*Riba*) with the objective of providing a stable and socially efficient economic environment and prohibition of fixed return on nominal transactions with the aim of creating productive economic activity or asset-based financing as opposed to the debt-based system. In this Abrahamic economy, Asutay explains that money does not have any inherent value in itself and therefore it cannot be created through the credit system. Asutay asserts that the principle of ‘profit and loss sharing’ (PLS) and hence ‘risk sharing’ is the essential axis around which economic and business activity takes places. Asutay says that this prevents the capital owner from shifting the entire risk onto the borrower and hence it aims at establishing justice between work, effort, and return and between work, effort, and capital. Asutay reveals that an important consequence of the PLS concept is the participatory nature of economic and business activity, as Islamic banking and finance instruments, capital, and labor merges to establish partnerships through their individual contributions. Asutay concludes that essentializing productive economic and business activity, uncertainty, speculation and gambling is also prohibited with the same rationale of emphasizing asset-based productive economic activity over a debt-based system where money is made from unproductive activity (Asutay, 2012:20).

### **CONCLUSIONS**

It may be surprising to learn that the US Constitution says that each state shall issue currency in gold and silver and that Thomas Jefferson, one of the founding fathers of the United States of America, extensively studied the Qu’ran and valued and respected the principles of justice, equality, and economics found within the Holy Book. President Kennedy respected the US Constitution and in his role as President of the United States attempted to restore the power to issue currency from the Federal Reserve to the US government in the form of silver certificates, however, Executive Order 11110 was never implemented due to his untimely death.

"If the American people ever allow private banks to control the issue of their currency, first by inflation, then by deflation, the banks and corporations that will grow up around them will deprive the people of all property until their children wake up homeless on the continent their Fathers conquered...I believe that banking institutions are more



dangerous to our liberties than standing armies... The issuing power should be taken from the banks and restored to the people, to whom it properly belongs." -**Thomas Jefferson**.

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