normative Islamic point of view, the aim of this dialogical mode should be to engage theologians, scholars and policy makers in the world economic system to search for better ways of redestributing wealth and preserving social justice across nations. This normative focus clearly is evident in Islamic jurisprudence regarding the charging or paying of interest. When the Qur'an banned transactions involving interest, the purpose was to protect financially weak in one way or another against the wealthy who might take advantage of them. The attitude which dominated Islamic jurists was fear of arbitrariness in the decisions of those who held financial and political power. It is an appropriate attitude today.

The Islamic position is an important contribution to international business ethics, for it is supported by a general cross-cultural moral belief that the poor ought to be protected as well as a specific revelation within Islam that regards interest as a form of disregard for the downtrodden in society. All cultures share certain moral principles like beneficence or nonmaleficence. All require rules like truthfulness in advertising as an essential element in regulating morally responsible merchant-consumer relationship. The Islamic prohibition of interest therefore seems to be an extension of the ethical requirement that human beings must treat each other fairly, rather than an obstruction to commerce.

بقیہ: - صفحہ ۷۴ سے

مستغلين تباين المواقف والمدارس والمناهج والعرق والاقطار والانتماءات. واذا استطاع المؤمنون أن يرتفعوا بأنفسهم دون الانشغال بالقضايا الهامشية، وركزوا جهودهم في تحسين مصائرهم والانكباب على الاعمال التي من شأنها أن توحد صفوفهم وتكرس جهودهم لصالح الامة ككل، فيومئذ يتحقق النصر الموعود لهم إن شاء الله. قال الله جل جلاله في محكم تنزيله: ﴿ولينصرن الله من ينصره إن الله لقوي عزيز﴾.

حضرت امام شافعی رحمۃ اللہ علیہ فرمایا کرتے کہ امام مالک اور سفیان بن عیینہ نہ ہوتے تو حجاز سے علم رخصت ہو جاتا۔

parites to the mudaraba share in the profit and losses of the enterprises.

Conclusion

Despite efforts to evade it, the prohibition of interest remains a key element in the Islamic vision of a socially responsible economy, and an important element in Islamic business practice. In the last few decades of the twentieth century, according to a report by the Institute of Islamic Banking and Insurance, as many as 150 Islamic banking institutions manage $100 billion in the Muslim countries and abroad. There is a huge market demand for religiously guided investing among Muslims. Committees of Muslim jurists are consulted to decide what companies are Qur`an-safe (i.e., for example, do not sell alcohol, pork products, tobacco or charge interest on loans) for investment. Interest in Islamic investment is growing, with international stock markets launching their own Islamic market index to track Qur`an-safe stocks. The influence of Islamic ethics extends further. Besides ruling out certain items as forbidden, the Shari`ah (Muslim religious law) also governs how much debt a company can carry and how much it can earn from interest. From the Islamic perspective, with its bias towards fair distribution of wealth and social justice, the Qur`an's strictures against riba remains at the heart of the Muslim individual as well as national financial institutions in international economic activity.

The prohibition of interest may become an important benchmark of justice in international political economy. As the world economies move closer to integration there is a growing consensus in the international community to move towards a more or less transcultural framework of ethical principles and rules. What is needed is a meta-ethics, a way for the different cultures and religions of the world to interpret their norms and practices to each other. From a

governed by the directives received from the latter group of scholars.

In general, it is safe to assume that majority of the Muslim businesses have come to recognize a fait accompli in dealing with interest-based transactions. Devout Muslims may remain hesitant to invest their money in the international stock market, but continue to avail themselves of modern banking with its religiously questionable practice of charging or paying interest. Most businesspeople simply consent to the western model as long as the financial institution happens to be non-Muslim. And some jurists regard banking with interest permissible, as long as, a person does not negotiate the interest and the bank is non-Muslim. Others seek to justify such excusatory thinking. Some leading Sunni jurists in Egypt defend their positive rulings on bank interest by regarding the modern bank interest as something different than the riba (usury) forbidden in the Qur`an. Their judgment rests on the ordinary lexical meaning of the term riba, which literally and simply means "increase" (ziyadah). They argue that since not every increase or profit is unlawful in the Shari`ah, the Qur`anic text remains open to further extrapolation as to what type of increase God intends to forbid. Another tactic is used by Islamic banking institutions in many countries, including traditionally Muslim countries like Algeria and United Arab Emirates. They maintain their economic viability by describing themselves using the Islamic legal concept of "partnership for profit and loss" (mudaraba). There are basically three parties to the "partnership": the depositor (mudarib), the entrepreneur-investor (mudarab) or agent (`amil) and the bank which is intermediary between the depositer and the entrepreneur, as well as the agent of the owner of capital deposited in its safes. In this form of organization, all the

test imposed by "Necessity overrides prohibition"; if one manoeuvers carefully to make interest fall within the acceptable limits , it may meet the test required by the rule "No harm and no harrassment." The case of deferred sales (buyu` al-`ajal) presses this line of interpretation farther. Where the delivery of the item or the payment of its price is deferred to a later date, there is no certainty nor even a strong probability that such a sale would lead to evil. Hence, if A sells his car to B for $10,000 with the price being payable in six months' time, and then A buys the same car for $8,000 from B with the price being payable immediately, this transaction in fact amounts to a loan of $8,000 to B on which he pays an interest of $2,000 after six months. From a legal viewpoint, there is a strong probability that this sale would lead to riba although there remains enough uncertainty that some jurists have regarded this type of transaction to be valid and legally binding. The uncertainty concerns whether the arrangement is actually exploitative. For if two businessmen have agreed, then it might be legitimate for the one who is to profit by the consequences of the present deal to be bound to share his profit in a complementary future deal.

Still, more strict jurists continue to regard any loan contract specifying a fixed return to the lender as immoral and illegal, regardless of the purpose for which a loan is sought, its amount and, or the prevailing institutional framework. The reason is that a distinction made in the loan operation by those who justify this operation, between the money on which the contract is made and the operation of lending itself is actually money rewarding money,which is unacceptable under the Shari`ah. This vocal minority in juridical opinion takes the Qur`anic prohibition as categorical, and hence, not open to any further debate or discussion. There is little doubt that in the case cited for this study, Mr. Kamaluddin's religious tenets were

who is regarded as the creditor, reaps the advantage of avoiding the cost of transport. To be sure, many merchants used bills of exchange in the Muslim middle ages. But they were always conscious that a direct breach of the prohibition of usury was a grave sin.

Remembering such strict interpretations, conscientious Muslims to this day therefore not infrequently refuse to take bank interest. It is accurate to say that riba has operated in a negative manner. The thrust of the debate over riba has centered on the definition of the term, and has included little by way of a positive construction of a viable alternative in the contemporary financial world. The oil boom changed the picture of money flow radically, and one urgent problem facing the Arab and Islamic world was how to utilize effectively the petrodollars without openly flouting the Shari`ah. The question of riba emerged again, but in a different context. For many concerned with its prohibition, the premise was that riba simply meant interest, and loans for interest could consequently not be accepted. Still, the importance of riba-based commerce and its requirement to charge interest have given rise to a number of methods to evade the prohibition. Some Sunni schools and the Shi`ites have recognized such methods of evasion in their discussion about the purpose of divinely ordained restrictions. In applied jurisprudence, these methods are not seen as contrary to the strict enforcement of the prohibition. Legal interpreters argue that two firm principles-"Necessity overrides prohibition" and "No harm and harrassment in Islam"-provide a reason to take into consideration the situational aspects (mawdu`at) of the original prohibition, to the extent that these two principles reflect the effective causes (`ilal) and inner significance (maqasid) of the Qur`anic ordinance. For example, if the categorical prohibition of interest has an adverse impact upon those who are manipulated in society, it may fail the

Because the rulings inferred by earlier jurists were not strictly uniform, there now exists a variety of views regarding the permissibility of charging interest in the buying and selling of goods. Outside of precious metals there remain differences of opinion about the items that are liable to usury ordinances. Thus, for instance, should all business dealings in things of the same kind be considered capable of riba? The opinions vary according to the documentation used to deduce juridical decision. Some argue that interest is permitted if the transfer of ownership of goods capable of riba takes place immediately. This is also known as riba al-fadl (`immediate' credit), which occurs in a contract of sales when there is an increase in the terms of exchange themselves. The more strict Muslims limit riba to the exchange of goods of same kind in equal quantities in accordance with a tradition that says: `Gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates, salt for salt, each kind for each kind, in hand. He who increases or asks for an increase commits riba, alike whether he gives or takes.' In the case of loans, which occasioned the Qur`anic prohibition of interest in the first place, it is forbidden to make a condition that a larger quantity shall be returned without regard to the kind of article. This is known as riba al-nasi`a (`delayed' credit) which entails a fixed increase in the amount of money over a time period. This kind of riba is the main source of contention.

The law regarding interest in lending is formally more strict. Muslims are prohibited either from taking or paying interest. Much of the Islamic law of contract is aimed at enforcing this prohibition of usury and risk (maysir). Riba in a loan exists not only when one insists upon the repayment of larger quantity, but also if any advantage at all is demanded. Therefore, it can even be forbidden to draw up a bill of exchange (suftaja) because the vendor,

☆امام اعظم ابوحنیفہ رحمۃ اللہ علیہ کا سنِ ولادت ۸۰ ہجری اور سن وفات ۱۵۰ ہجری ہے۔☆

economic imbalances. But such denunciations were not consistently absolute. The Qur`an sometimes softens its position on a matter of interpersonal justice it has fulminated against just before, recognizing the human conditions that prompt such behavior. At other times, the Prophet, as its interpreter, moderated the Qur`anic stance by providing exceptions to the overall prohibition. The case of usury points to this confrontation between revelation and social inertia in the early community. In spite of all the deterrent threats voiced in the Qur`an, some jurists foresaw that transactions involving interest would prevail. In pre-modern judicial decisions, gold and silver were generally regarded as items capable of riba. A number of traditions show that the severe prohibition of usury was moderated by reference to the changed circumstances of a transaction involving specific items and the way they exchanged hands in active trade. In general, Muslim jurists developed cases to permit exceptions to the categorical prohibition in the Qur`an. The cases were reported in the traditions that were open to various interpretations. There were monetary transactions that led to principles that now govern when and where interest may be accepted. For instance, some Muslims practiced money exchange during the Prophet's life time. They asked the Prophet if this was alright. The Prophet said: "If it is from hand to hand (yadan bi-yadin, that is, immediately), there is no harm in it; but if it is delayed (nasa'an) it is not right." Some jurists extrapolated these traditions to maintain the view that riba consists only in the increase of original amount of a loan in a business agreement with a fixed period (dayn); others opined that there is no riba if the transfer of ownership takes place immediately. In other words, interest was to be permitted if transfer of ownership took place at once.

Contemporary attitudes towards interest (riba)

But if you do not, then beware that God and His prophet shall war with you. If you repent, you shall have your principal, without doing an injustice or suffering an injustice. If any one is in difficulty let there be a delay till he is able to pay, but it is better for you to give freewill offerings if you are wise.

It is important to note that instructions about usury are connected to the message about "freewill offerings" (sadaqat), encouraging people to "spend in the path of God." The Qur`an compares and contrasts two practices: usury earned without giving anything in return, and charity given without taking anything in return. Measured in risk-benefit terms, the evil effects of usury surpass by far the good effects of charity. The Qur`an indicates that the practice of usury leads to the concentration of wealth in few hands, giving these people power over the less fortunate in society: "And they accepted usury even though they had been forbidden to do so; and they devoured and misappropriated the goods and monies of others in their greed." The practice is seen to lead to social unrest and corruption because the rich become richer as a result of reckless profiteering, whereas the poor remain poor: "That which you entrust to commercial organizations with a view to making profit will not be increased by God; nor will it increase your sustenance...Corruption appears on land and sea because of the evil that human hands have done...". Clearly, the Qur`an regards usury a practice of unbelievers. It requires, as a test of belief, that it be abandoned. The Prophetic traditions which elaborate the Qur`anic passages declare that taking interest on loans is one of the gravest of sins. All who take part in transactions involving interest are cursed, and the guilty are threatened with hell. Various kinds of punishment are described.

The Qur`anic denunciations of usury were occasioned by the needs of a developing community faced with socio-

devout Muslims reject any hints that the interpretation of revelation reflects cultural or historical variables. In the wake of both quantitative and qualitative change in the modern Muslim economies, the question arises as to how far traditional readings of the revelation are relevant in assessing the negative and positive limits governing the present economic system? It is this critical theological question with drastic ramifications for the overall status of normative tradition that is usually swept under the rug.

Rather than peek further under this rug, I will consider some of this historical and theological issues connected with the institution of riba. At the time that the Prophet emerged in Mecca, transactions with a fixed time limit and payment of interest (riba), as well as speculations of all kinds, formed an essential element in the highly developed regional system of trade in Arabia. A debtor who could not repay the capital (money or goods) with the accumulated interest at the time it became due was given an extension of time in which to pay, but at the same time the sum due was doubled. The practice was prevalent during the early part of the Prophet's mission in Mecca before he migrated to Medina in 622 CE, where he denounced it. Like other social reforms the Prophet introduced into his growing community, the prohibition against interest was introduced in stages in the Qur`an. It began with a caution: "O believers, devour not usury (riba) doubled and redoubled, and fear you God." Later, , the prohibition was proclaimed in no uncertain terms:

Those who devour usury (riba) shall only rise as one whom Satan strikes with his touch; that is because they say: `selling is like usury.' God has permitted selling and forbidden usury...God blots out usury, but freewill offerings He augments with interest. God does not love any guilty unbeliever... O believers, be aware of your duties, and give up usury that is outstanding, if you are believers.

حضرت امام شافعی رحمۃ اللہ علیہ کا قول ہے کہ تمام لوگ فقہ میں امام ابوحنیفہ (رحمۃ اللہ تعالیٰ علیہ) کے پروردہ ہیں۔

Market Ethics and the Charging of Interest

In general, it can be said that in every ethical situation Islamic juridical tradition seeks to address and accommodate the demands of justice and public good. Perhaps one of the most difficult issues to test the Islamic concern for fairness in business dealings was its early prohibition of business transactions that called for charging interest (riba). Often translated by "usury", this term in its Qur`anic meaning, refers to using money to buy the use of money. Muslims have struggled with the problem of interest ever since the Qur`an categorically denounced it, and have not achieved agreement among themselves. Some jurists have interpreted the Qur`anic prohibition to permit exceptions as cases required in different contexts. There have been a number of rulings issued at different times in the history of Islamic jurisprudence making a distinction between `usury'' (riba) and `interest' to circumvent the categorical prohibition. Other scholars believe that there is a difference between Muslim and non-Muslim financial institutions, allowing Muslims to receive interest from the latter institutions while prohibiting it from the former.

This lack of unanimity reflects a common but misleading practice among Muslims: sweeping larger questions about the nature of divine revelation under the rug when it comes to addressing interest and usury and other major ethical problems exacerbated by the introduction of laissez faire economics. This uncritical approach to the normative sources has deep roots in the theology of revelation in Islam. Briefly stated, there are two major trends about the meaning and relevance of revelation for Muslims. According to one, Islamic revelation in its present form was `created' in time and space. As such, it reflects historical circumstances of that original divine command. According to the other view, revelation was `uncreated' and hence its current form is not conditioned by place and time. Most

☆ امام مالک بن انس رحمۃ اللہ علیہ کی ولادت سن ۹۳ ہجری میں اور وفات ۱۷۹ ہجری میں ہوئی۔ ☆

reason. The convergence between the divine command that human beings must treat each other justly and the rational cognition of justice being good encouraged Islamic jurists to formulate specific moral-legal judgments first and then to search for principles that can be generalized and then applied to new cases. The method, refined over centuries, yields certitude in moral judgment. By working back and forth between legal doctrines and rules, on the one hand, and analogical reasoning based on paradigm cases, on the other, Muslim jurists are able to resolve ethical dilemmas that face the community in dealing with immediate questions about economic issues: banking, taking interest, advertising, and so on. The practical judgments or legal opinions, known as fatawa, reflect the insights of a jurist who has been able to connect cases to an appropriate set of linguistic and rational principles and rules that provide keys to a valid conclusion of a case under consideration.

This pattern of moral reasoning should not be seen as a lock-step deductive model. The Qur`an uses the word al-ma`ruf (the "commonly known" paradigms) for the generalized principles which must be inferred from concrete ethical practice of everyday life. It made no attempt to lay down a comprehensive moral system because it treated morality as "the known," al-ma`ruf. Al-ma`ruf, in the meaning of moral behavior in the Qur`an, signifies "goodness," a "good quality or action," gentleness in any action, or deed, of which goodness is known by reason and by the revelation." Muslim jurists have been working out practical ways of carrying out more efficient proceedings in view of the changed circumstances of commercial life, without setting aside the more idealistic provisions of the law as basic norms. The justification provided by these jurists was to argue that there is a correlation between "known" moral convictions and God's purposes as mentioned in revelation.

☆امام محمد بن ادریس شافعی رحمۃ اللہ علیہ کا سن ولادت ۱۵۰ ہجری اور سن وفات ۲۰۴ ہجری ہے۔☆

Shari`ah courts when they occur within Muslim communities. However, when a Muslim businessman living in the West sometimes has to entertain his non-Muslim clients with alcohol while abstaining himself, his action, although sinful in itself, is regarded as being beyond the jurisdiction of the Shari`ah court.

Reason and Revelation in Islamic Moral Reasoning

In recent years, attempts have been made to engage Muslim scholars in the ongoing debate in the area of business ethics in the West. At the center of this debate is the role of ethical principles and rules in the moral assessment of an action in Western thinking. Such assessment can be developed from at least four different perspectives: those of the agent, the act itself, the end, and the consequences. They offer different viewpoints about the meaning and nature of moral principles and rules as they are applied to different types of moral dilmmas. In fact, many disputes in applied ethics in the West stem from disputes about the generalizability and applicability of more than one of these normative principles that function as action-guides, categorizing actions as morally required, prohibited, or permitted. Moreover, there exists the great variety of principle-based approaches that focus on general principles as sources of rules, and rules that specify type of prohibited, required, or permitted actions before any particular judgments can be derived in cases dealing with questionable business practices.

While this conceptual apparatus is helpful, it does not enable Westerners to delineate the pattern of Islamic moral reasoning. Without adequate training in the Islamic legal sciences, especially legal theory, one cannot pinpoint the principles and the rules that Muslim jurists utilize to justify and assess moral-legal decisions within their own cultural environment. The process has combined revelation and

☆ امام اعظم ابوحنیفہ رحمۃ اللہ علیہ کا سنِ ولادت ۸۰ ہجری اور سن وفات ۱۵۰ ہجری ہے۔ ☆

were to be determined by the exercise of independent personal judgment of lawyers. As developed in the classical Islamic legal theory (usul al-fiqh), justifications in religious-moral action consists of a dialectic between judgments (fatawa) in specific cases and the generalizations derived from effective causes (`ilal) in cases in the light of which generalizations themselves are modified. Hence, to derive a specific ethical judgment - for example, that an act of distribution of surplus wealth among the needy is obligatory - is to confirm that it satisfies a certain description of the religious-moral concept of justice according to one's belief in social responsibility. Social responsibility as part of the generalizable command to be just could then be applied to other acts.

The criterion of social responsibility has made it necessary for Islamic jurists to nuance the stringency of moral rules. In contemporary Islamic thinking, human conduct is to be determined in terms of how much legal weight is borne by a particular rule, and whether a rule renders a given practice obligatory or merely recommended. For instance, bribery is ethically and legally forbidden. But if it becomes necessary under an unjust system in order to influence a decision leading to the betterment of the community, then Islamic law excuses it after a careful risk-benefit analysis. The underlying principle in deciding such cases was the proportion of benefit as compared to harm to the well being of the community. Some rules are categorical. For example, cases involving blatant moral-spiritual corruption are excluded from risk-benefit analysis. Another factor in determining the weight of a rule is whether it is to be enforced by penalties in the courts because it occurs in Muslim territory, or whether it is to be left to God's judgment in the hereafter because it occurs outside. Thus, for instance, transactions involving selling or buying of alcohol are regarded as illicit and punishable by the

humans do to improve the quality of spiritual and moral and material life of humanity.

Islamic jurisprudence (fiqh) was developed to determine normative Islamic conduct as detailed in the Shari`ah. The legal precedents and principles provided by the Qur`an and Sunna were used to develop an elaborate system of rules of jurisprudence. By the middle of the eighth century, Islamic jurists had developed and laid down a legal theory to allow a judge or a mufti to find out in all circumstances what was the legal and moral action. The two sources for deriving authoritative guidance were the Qur`an, the basic scripture of Islam, and the Sunna, the normative directives deduced from the Prophet Muhammad's own actions. Two further resources in Sunni law were provided by the consensus (ijma`) of the scholars of legal tradition, and by a method of analogical deduction (qiyas). Sunni jurists used qiyas to project a new ruling from a known ruling by using data furnished by the Qur`an and the Sunna. Al-Shafi`i (d. 820), a rigorous legal thinker, systematically and comprehensively linked these four sources to extend Shari`ah to cover all possible contingencies. In the Shi`ite jurisrudence, the methodology of their founding scholar and Imam Ja`far al-Sadiq (d. 748) allowed greater use of human reason in deriving the entire system of the Shari`ah. Shi`ite jurists perfected the principle of the correlation between a judgment derived from reason and the one promulgated by the Qur'an and the Sunna, thereby giving human intuitive reason a substantial role in deriving legal decisions at all times. The `rule of correlation' (qa`idat al-mulazama) in Shi`ite law allows the jurists to infer the rulings in the Shari`ah from the sole verdict of reason.

Legal scholars and other administrative officials exercising judicial powers usually issued judgments of public interest, convenience or similar considerations. Duties and right actions that were not mentioned in the Qur`an and Sunna

☆ کتاب وسنت سے اخذ کردہ احکام، فقہی احکام کہلاتے ہیں۔☆

consume not your goods between you in vanity, except there be trading, by your agreeing together". Individual freedom in negotiating business transactions was recognized in the directive given by the Prophet: "Leave people alone for God provides them sustenance through each other". Thus freedom of enterprise leaves much of the production and distribution of goods and services to individuals or voluntarily constituted groups. However, even this otherwise absolute freedom was regulated by the legal principle of public interest that requires that faithful Muslims produce more good than harm.

The integration of ethics and law was most clearly worked out in Islamic economics. The need to regulate an economic system that would be compatible with Islamic concern for redistribution of wealth and social justice required Muslim jurists to resort to legal doctrines and practical rules where the validity of their rulings against certain forms of usury received judicious legal elaboration. The apparent meaning of those verses of the Qur`an that spoke about the prohibition of usury in a straightforward manner were developed through the legal principles and rules, case by case, to create the framework for a morally accountable financial exchange. The nature of this process of legal and ethical construction is taken up next.

Shari`ah and the Emergence of Principles from Cases

Islamic ethics, mediated through God's will, is an integral part of Islamic law: the Shari`ah. The Shari`ah is the divinely ordained blueprint for human conduct, which was inherently and essentially religious. It enjoys comprehensive scope, for it encompasses judgments of public interest and equity which link the overall prosperity of the community in this life and the next. The end of humanity is happiness, and this is attained fully through the rewards of God on the Day of Judgment for everything that

tribal kinship and noble family lineage that determined social relations in pre-Islamic Arabia, most human relations under Islam would take the form of contractual relations rather than be determined in advance by social status. Many provisions in the law attempted to back those who were weak in one way or another against the strong who might take advantage of them. While on the whole, faith in Islam constituted ten parts, only one part was related to the God-human relationship and claimed the status of a common universal obligation. The remaining nine parts were related to human relationships, and determined by contractual responsibilities and specific social and cultural experience.

Muslim juridical writings give detailed rulings related to the acquisition and disposal of private and business property and purchase and sale of merchandise. The underlying principle operative in market law is twofold: the autonomy of individual to own productive resources to further her or his economic interest, and the protection of the consumer from harm. The pursuit of individual economic interest was to be regulated within a communitarian ethic requiring the individual to take the competing interests of the community at large as morally binding. Therefore, any individual business undertaking seen to cause harm to the moral and spiritual fabric of the society was to be condemned and prohibited.

The protection of the consumer was regulated through the principle of non-maleficence (al-darar al-muhtamal). This principle required that resource-owners could not seek to cause harm to the buyers by using false information and other means to raise sales. Hence, deceptive advertising was regarded as morally wrong and legally punishable. The principle of public interest (maslahah) required that free mutual consent of the buyer and the seller be regarded as a necessary condition for any business transaction. The Qur`an provides the grounds for the ruling: "O believers,

well-being. Hence the law of the marketplace was given almost equal weight with the regulations connected with acts of worship in the mosque. This emphasis on economic relations in the context of commercial markets was not suprising, given that Mecca was the most important trading center of western and central Arabia. Meccans played a dominant role in the creation of a culture that nurtured the cultivation and development of socioeconomic system based on Islamic justice.

The market mechanism is an integral part of the Islamic economic system because the institution of private property depends on it for its operation. It also provides the consumers to express their desires for the production of goods of their liking by their willingness to pay the price. But the profit motive that is essential for the operation of free enterprise, if not controlled, can also become a tool of greed and violate the Islamic goals of social and economic justice and equitable distribution of income and wealth. The strictures against usury in the Qur`an can be seen in the clear distinction Islam makes between legitimate trade with profit motive and unchecked individual greed to increase one's possessions manifold without engaging in precarious trade in a market economy. According to Muslim jurists:

The law in order for the people to benefit mutually permits buying and selling. There is no doubt that this can also be a cause of injustice, because both buyer and seller desire more profit and the Lawgiver has neither prohibited profit nor has He set limits to it. He has, however, prohibited fraud and cheating and ascribing to a commodity attributes that it does not possess.

The main concern of the Islamic public order was not so much collective interest as individual justice in transactions that had to be protected outside of close friendship and family ties. It was expected that, contrary to the claims of

Zoroastrianism, shared an ethos of public order founded upon justice. It required the practice of a minimum of moral virtues intended to be a kind of "rule of life," to foster a sense of social responsibility. In the Islamic view, both reflection and intention must precede all human acts which infringe upon the spiritual and temporal well being of others. To guide such reflection and inform such intention, Islam has developed a cohesive body of ethical reflection. Islam, the third and last of the Abrahamic religions to emerge, literally means "submission to God's will". It was proclaimed by Muhammad (born 570 C.E.), the Prophet of Islam and the founder of Islamic public order during the 600s in Mecca, Arabia.

Along with certain rules, which were practical and material, temporary and external, Muslim jurists explicitly decreed various permanent restrictions designed to discipline both the body (rules about lawful foods and earning, about dress and public behavior) and the mind (prohibited subjects of thought and conversation that led to the corruption of conscience). In addition, Islam required certain expiatory works of charity to compensate for the sins of omission and commission. These works were intended primarily to inculcate a sense of social responsibility. Whereas the ritual acts, whether performed publicly in a group or privately, were the homage humankind paid to God and were intended to affect the conscience of the practicing believer, commercial engagements were closely tied to the notions of interpersonal justice and were intended to affect public behavior. In this latter sense, the rites are instruments provided by God for developing the conscience in the direction of greater social responsibility.

Islamic juridical discourse on the market

Islam required a good public order in which spiritual interests were organically related to individual material

have done had the amount of the interest been significant. And because the stakes are often much higher, the prohibition on interest-taking presents serious problems to Muslim business people. While Mr. Kamaluddin had enough resources to make the down payment, those Muslims who don't, face a quandary. Either they would have to apply for a loan to an interest-charging bank or they would simply have to give up an opportunity to start a new business.

Conscience and social responsibility in Islam

Mr. Kamaluddin's case underscores one of the fundamental value differences in business practice between Muslims and their counterparts in the West, namely, the ethical status of interest related transactions. Religious rulings related to the charging, paying and taking of interest in Islamic legal tradition have been at the center of ethical deliberations among Muslims for many centuries. Around the world, mainstream Islamic opinion continues to regard interest as an impediment to social justice. As a result, the question of whether interest is a legitimate financial instrument or not remains an important issue of conscience. In the Islamic tradition, human acts have a direct impact upon the development of conscience, the source of determining the rightness or wrongness of human undertakings. The conscience must be constantly guarded against being corrupted. For when the conscience of individuals becomes corrupted as a result of neglecting ethical matters related to the production of daily sustenance, there remains no moral safeguard to prevent these individuals from engaging into more serious acts that would lead to the destruction of the very fabric of social relations founded upon divinely ingrained sense of justice and fairness.

Islam, as it developed in the regions inhabited by other monotheistic faiths like Judaism, Christianity and

discussions about the business world today is equivalent to saying that the highly technicalized business world is moving at a pace uncontrollable by human beings and that no human conscience is able to direct the moral consequences of wealth-generating enterprises, however exploitative or corruptive they might appear to morally conscious individual or group of individuals. The following case illustrates the ethical dilemma presented by the Qur`anic stricture against paying and charging interest in business dealings.

A Religious Ethical Dilemma for a Muslim Businessman

Mr. Kamaluddin, a highly successful businessman, was faced with an ethical dilemma of a religious kind when he bought his company some twenty-three years ago. At first he did not let the owner of the property know that he had an ethical and religious problem with a transaction that involved him paying interest, because he was concerned that the seller would have factored that interest into his selling price. So after Mr. Kamaluddin had negotiated the price, he told the owner that he make a down payment, and then cover the rest in installments over a period of time. However, he could not pay interest on the unpaid balance because that was not allowed by his religion. The owner suggested that the selling price be increased to cover the interest. Mr. Kamaluddin argued that it would amount to the same thing as paying interest and in good conscience he could not justify that. He also made it clear that if this were not acceptable then he would simply not proceed with the transaction. At this point, the owner agreed not to charge the interest. Mr. Kamaluddin finalized the deal and bought the business.

In this case the amount of the interest was not significant and the owner was not going to lose much money. Nevertheless, it is hard to predict what the owner would

The Issue of Riba in Islamic Faith and Law

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Perhaps one of the most difficult issues in Islamic concern for fairness in business dealings is its prohibition of business transactions that call for charging riba (usury and interest). Riba, in its Qur`anic meaning, means paying money for the use of money. Muslims have struggled with the problem ever since the Qur`an categorically denounced riba. From the Islamic perspective, with its bias towards fair distribution of wealth and social justice, the Qur`an's strictures against riba have implications for international political economy. The issue also confronts devout Muslim business people as they struggle to make their investments religiously and morally legitimate.

This essay will analyze the controversy around riba as a prime example of how Muslims engage in ethical reasoning about business practice. It will show that ethical judgements in Islam amalgamate cultural elements derived from the particular experience of Muslims living in a specific place and time, as verified by the timeless universal norms derived from the scriptural sources like the Qur`an and the Tradition (Sunna), which themselves possess common elements applicable to all humans as humans.

Although the business world today is moving towards globalization in which small businesses are going to be further marginalized, the paragon of business ethics in the Muslim world as well as the West remains a devout individual who exhibits unusual sense of ethical-religious responsibility towards the higher goals set by his/her religious teachings. To dismiss this dimension from