



THE MARKET INSTITUTION AND THE STATE IN ISLAMIC ECONOMICS: FROM PAST TO PRESENT AND FUTURE

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ABSTRACT

The market institution determines mutual cooperation, division of labor and coordination among producers and consumers. Free functioning of the market institution supplies information and knowledge to buyers and sellers thus enabling them to make economic decisions for their transaction according to the purchasing power of buyers and the amount of marketable goods and services. Free market institution enables buyers and sellers to use their resources efficiently. The market institution has played crucial roles in arranging balanced relations among demand and supply. The free market does not deceive buyers and sellers. Obstacles created by the state political or capitalist monopolistic powers prevent the market institution from functioning efficiently in providing the right information to sellers and buyers to establish balance between supply and demand. The free market has paved ways for effective mobilization of human and natural resources, whereas the controlled market either by bureaucratic or capitalist monopolies has hindered economic development by wasting and leaving idle some human and natural resources. Islamic economics emphasizes the crucial role of free market institution in arranging a suitable atmosphere for buyers and sellers to meet at a platform called the market. In Islamic economics, one of the main economic duties of the state is to arrange this suitable atmosphere for free functioning of the market institution. Within the limited framework of this article, we will try to give some brief theoretical information about the role of the state in establishing an atmosphere for free market institution functioning in the economic history of the Muslim world. The main duties of the state concerning the free market institution in our time will be evaluated and discussed according to the main economic principles of Islamic economics.

Key words: Islamic economics, Free commodity market, State, Madinah Islamic City State, Public economics

1. INTRODUCTION

The market institution is one of the basic economic institutions that determine mutual cooperation, division of labor and coordination among the owners of means of production and consumers. If this institution functions freely, it will supply information and knowledge to buyers and sellers thus enabling them to make reasonable decisions for their transactions according to the purchasing power of buyers and the amount of marketable goods and services. Free market institution enables buyers and sellers to use their sources efficiently.

Throughout human history, market institution has played a crucial role in establishing balanced relations among innumerable goods and services in the production and consumption process. Producers of food, clothes and houses have made their production decisions using information obtained from the free market. Consumers have tried to make their decisions of buying and consuming by evaluating information and knowledge provided by the market. It does not matter whether the market is a simple village, town, regional, national or international market; it supplies information and knowledge to sellers and buyers through price mechanism. This market may be a simple primitive market at the crossroads or the global market of our time which uses sophisticated means of transportation and communication facilities of the twenty-first century.

Free commodity market, which functions according to the law of supply and demand, does not deceive buyers and sellers; but bureaucratic or capitalist monopolistic powers create obstacles in providing the correct information. Here by the concept of free market we mean the free commodity market within the framework of Islamic economics. The commodity market institution which is functioning under the Islamic Economic principles “enables the market mechanism to serve private as well as social goals” (Chapra, 1992). From the Islamic economics perspective, the commodity market in Capitalism is under the control of capitalist monopolies. The main laws of the game are determined by the monopolist powers in order to maximize their interest. Therefore, the monopolistic intervention prevents the market institution from functioning efficiently. Neither Socialism and Fascism nor Monopolist Capitalism has been able to

develop another institution instead of the free market to supply reliable information among producers and consumers.

Islamic economics aims at establishing balance between living and working conditions of human beings. From this point of view, we can define Islamic economics as a discipline which tries to establish balance between living and working conditions of human beings. Economics contains principles aiming to establish balance between production and consumption and between supply and demand. By working, human beings consume physical energy to produce goods and services which they need. Besides, they consume goods and services in order to renew their energy. The production process determines the supply dimension of economic activities, while consumption determines the demand dimension of economic activities (Ersoy, 2011).

Islamic economics puts important emphasis on the crucial role of free market institution in arranging the meeting of buyers and sellers in the market. According to the main principles of Islamic economics, one of the main economic duties of the state is to arrange a suitable atmosphere for free functioning of the market institution.

In this paper, we would like to give some brief theoretical information about economic balance in Islamic economics and the main problems of our time created by political and economic monopolistic intervention in the market mechanism. Then, the main duties of the state concerning the functioning of the free market institution in our time will be evaluated and discussed according to the main economic principles of Islamic economics. The following section is on Islamic economics and economic balance; this is followed by discussion on the theory behind economic activities and the market institution; the market institution and the state in Islamic economics; the main duties of the state in establishing certain balances in the market; the main functions of the state in establishing balance in the different markets; and the conclusion.

2. ISLAMIC ECONOMICS AND ECONOMIC BALANCE

One of the main targets of Islamic economics is to establish balance between demand and supply sides of economic activities. Consumption and demand concern economic activities which are helping human beings to keep on living. Without consuming goods and services, we cannot renew our energy and live. On the other hand, the process of production concerns economic activities of producing goods and services. We spend our energy in order to realize production

of goods and services. Human centered Islamic economics all the time and everywhere tries to establish balance between human living and working conditions. Because, without production, we cannot live; and without living, we cannot produce. According to the Qur'ān:

“The Most Gracious! It is He Who has taught the Qur'ān. He has created man: He has taught him an intelligent speech. The sun and the moon follow courses (exactly) computed; and the herbs and the trees –both (alike) bow in adoration. And the Firmament has He raised high, and He has set up the Balance (of Justice), in order that ye may not transgress (due) balance. So establish weight with justice and fall not short in the balance. It is He Who has spread out the earth for (His) creatures.” (Qur'ān, 55:1–10).

According to the main Islamic principles, there is a great harmony and solidarity at the universal level. There is no any conflict and contradiction in nature. All creatures are functioning in compliance with the main aims of their creation. Each creature is supplementing others in order to sustain universal harmony. Allah as the only one Creator of the universe establishes peace and harmony at the universal level based on His divine laws (natural and revealed laws). He is the only “Cherisher and Sustainer of the worlds” (Qur'ān, 1:2).

There is no aimless creature at the universal level. From a very small cell to the greatest planet, every creature has an aim and a role in the universal system. Creatures on our planet can be divided into four categories: minerals, plants, animals and human beings. There is harmony and solidarity in the mineral world. In the mineral world, natural harmony and solidarity are prevailing according to physical and chemical laws. Harmony also exists in the world of plants. All plants on earth have certain aims and functions in the environmental balance. They function according to a program in their cells and seeds. Problems of climatic changes have been caused by humankind over using of natural environment and violating the environmental balance which has been set up by natural laws. Despite conflicts and struggle in the world of animals; there is harmony and solidarity in this world when we take the ecosystem as a whole. All animals on earth also have certain functions in the environmental balance. Animals function instinctively according to a certain program in their DNA.

All in all, harmony and solidarity in the worlds of minerals, plants and animals are based on the proper functioning of laws of

nature, divine laws of the Creator. These three worlds function as if there are balanced economic relations among minerals, plants and animals. There is no wastefulness. Hence, the system of peace (*silm* – سلم) is prevailing.

Man is the most developed creature. He behaves consciously. He has freedom of choice among different alternatives. He can establish peace and harmony in social life by implementing the natural and divine laws and arranging a just social and economic order. In this case, man can be one of the best creatures (*khair al-barīyah*).¹ However, man can also cause conflicts by supporting unlawful orders and desires of political and economic monopolists who want to shape social and economic order to maximize their interests. In this case, man can also be one of the worst creatures (*sharr al-barīyah*).² No creature can compete with human beings in reconstruction or demolition, in establishing peace and harmony or in conducting wars and conflicts (Ersoy, 2011).

The market institution arranges voluntary cooperation, division of labor and solidarity among the actors of economic activity. Price mechanism functioning in the free market is a universal language understood by everyone regardless of their national languages, nations and religions. Sellers and buyers in the market use this language to realize trade activities (Friedman and Friedman, 1980). The market establishes balance between commodity supply and demand. Prices of commodities that are subject to buying and selling activities provide knowledge and information to buyers and sellers (Hodgson, 1988).

Many attempts have been made to replace the market institution with other artificial man-made institutions throughout human history, but all these attempts ended with failure. For example, Socialism tried to replace the market institution with the sophisticated planning organization, but the central planning institution created many problems. Socialism could not mobilize economic resources of socialist countries efficiently. The system could not produce viable solutions for the encountered social and economic problems created by bureaucratic orders. Today one of the main economic problems of our time is to take away the obstacles hindering free operation of the market institution. These obstacles are created either by bureaucratic monopolies in the Socialist System or by financial capital monopolies in the Capitalist System. Both of these monopolistic systems have created social, economic, and political problems at the national, regional and international levels, such as conflicts, unemployment and unjust income distribution. Foreign debts, interest mechanism and

monopolistic tendencies are menacing not only internal but also international peace and solidarity.

At this crucial turning point of human history, we do believe we need to evaluate the human centered principles of Islamic economics concerning the free functioning of the market institution in order to mobilize idle human and natural resources of our world, especially those of less developed countries (LDCs) and the Muslim World. This scientific attempt may help us to find new solutions for encountered problems of our time.

With this paper, we would like to reanalyze the main functions of the market institution in mobilizing idle human and natural resources. Moreover, we would like to draw attention to the essential duties of the state in enabling the market institution to perform its economic functions according to the main principles of Islamic economics.

3. THEORETICAL EXPLANATIONS ABOUT ECONOMIC ACTIVITIES AND THE MARKET INSTITUTION

We can divide human economic history into two stages: Closed Economic Stage and Market Stage. The process of civilization began after humans settled in fertile lands and started to cultivate these lands for producing needed agricultural products. Human settlement paved the way for division of labor and specialization in the process of production and necessitated bartering goods and services and also sharing knowledge and experiences. At this stage, the market institution started to function between the bartering sides by supplying information among them. The level of division of labor and specialization determines the conditions of economic change, development and invention of new methods of production and the level of technological inventions. Wherever on earth the market institution has carried out its economic functions, the productivity of factors of production has been increased and level of community welfare has been raised constantly. On the other hand, wherever the economic functions of the market institution have been curtailed by bureaucratic and traditional hierarchy, trade activities have not intensified and developed (Boserup, 1965; Ersoy, 1986).

The market institution is a platform, more than a place, where the amount of supplied products meets with the demand of consumers with the supported purchasing power. The amount of marketed goods and the number of buyers with purchasing power determine the level of market price. For proper market functioning, buyers and sellers

should be able to enter the market freely. Market prices are determined by the amount of supplied goods and the volume of demand supported with purchasing power of buyers. Any change in the level of market prices determines the amount of supplied goods and demand (More, 1997).

Before the Industrial Revolution, the market places were physical sites in which trading activities were realized in the narrow sense. In such markets, prices were being decided according to the amount of supplied goods and the demand level of buyers (Marshall, 1990). The development process of technology and advances in transportation and communication extended the market area and also its forms tremendously. Owing to these advances, the market has become a global economic institution. Therefore, the market is no more a physical place, but it has become a global platform where global supply and demand meet.

Today the market institution has gained a global dimension. The present interventionist and monopolist structure of the local, regional, national and international markets prevents economic functioning of the market institution at local, regional, national and global level. As a result of this, a great deal of human labor and natural sources are not employed efficiently, especially in the LDCs. Many LDCs are not poor in human and natural resource, but they are left poor by inadequate functioning of their cumbersome economic and social institutional structure.

According to the theories which had shaped the institutional structure of Liberal Capitalism, the market mechanism can establish balance between demand and supply automatically. Hence liberal economists defended the free operation of the market institution. They put forward the ideas which were against all kinds of interventions and attempts preventing the economic functioning of the market (Friedman and Friedman, 1980). However, interest (*ribā*) creates a suitable atmosphere of monopolization in the Capitalist System. Therefore, Capitalism as an economic system has not realized the proper free functioning of the market institution in any stage of the recent economic history (Foster, McChesney and Jonna, 2011). The wheels of Liberal Capitalism were rotated by the labor class who had lived in misery during industrialization in the West and by the masses of colonized countries all over the world during the 18th to 20th centuries. Contrary to Capitalism, Socialism based on the Marxist Ideology tried to replace the market institution with the central planning institution in order to prevent exploitation of the labor class by the capitalists. The socialist thinkers proposed that replacing the

market institution with the central planning institution would enable movement from capitalist monopolies as a source of exploitation of the masses; besides the Socialists believed that central planning would create a suitable atmosphere for mobilizing human and natural factors of production more efficiently. However, implementing of the Socialist Economic System produced different results from that forecasted by socialist thinkers of the 19th and early 20th centuries (Harrison, 2003). The bureaucratic monopolistic power replaced the market institution. Decisions through central planning caused economic problems and wastage of human and natural resources by employing them inefficiently. The central planning organizations did hasten the collapse of Socialism at the end of the twentieth century.

Capital monopolies in Capitalism neglected the demand dimension of economies and increased prices in order to maximize their profits, thus caused the Great World Economic Crisis of 1929 and the Global Financial Crisis of 2008. Both of these crises reduced trust in the free market institution. These two crises were created by implementations of Financial Capitalism principles. The global economic relations had been shaped according to the trade of symbolic values. The new liberal policies, which had been brought to the world agenda, could establish a balance neither at the regional and national levels nor at the international level.

Financial Capitalism had been institutionalized as if it had no any alternative system at the global level. This system has been designed to maximize and sustain the interest of financial monopolies in the global market. The prevailing international economic problems have been created by this system. Because the system has been designed and managed by monopolist circles in order to maximize their interest through symbolic values trading, this system has lost its ability of solving the economic problems of our age. The monopolist tendencies have increased and intensified after the event of September 11, 2001. New conflicts, civil wars and terrorist attacks have increased and extended all over of the world. These terrorist attacks are negatively affecting internal and external economic and political relations. Some scholars and politicians have not yet realized the dominant position of financial monopolists in shaping international policies. Therefore, they are criticizing the free market mechanism instead of monopolist tendencies which are trying to extend the boundaries of monopolistic controls.

After the Global Financial Crisis of 2008, many economists and politicians defended the state interventionist policies instead of criticizing the global financial monopolistic interventionist attempts.

Most of the western countries including the US and the UK have left the liberal policies of the 1970s and supported the state intervention in the market mechanism as if the prevailing problems have been produced by the market institution. Today, the majority of economic problems are generally produced by the bureaucratic or financial monopolistic interventions to market mechanism (Hodgon, 2009). All the state interventionist policies to the free functioning of the market in our time are serving the interest of monopolistic circles, but not the interest of the masses. Moreover, such interventionist policies are paving the way for increasing either bureaucratic or capital monopolistic control of the market mechanism at the national as well as global levels.

The Financial Crisis of 2008 brought Islamic economics, especially Islamic Finance methods, to the world agenda. Many scholars, economists, politicians and also religious leaders including the Pope, the head of the Catholic Church, stated that “Islamic Finance may help Western Banks in crisis” to overcome the encountered financial problems (Totaro, 2009). Thus, the methods of Islamic Finance were brought to the agenda of the financial world at the beginning of the twenty-first century. The Islamic finance sector is growing rapidly. The value of Islamic financial assets worldwide was about 150 billion US dollars in the mid-1990s, and this amount reached 1.5 trillion US dollars by 2012. The rate of growth is about tenfold (Cammack, 2011).

The economic principles of Islam put human beings at the center of all social and economic activities. By scientific analysis of these principles, we may produce new methods for solving the economic problems of our time which have been created by the economic institutions of Financial Capitalism.

At this point of our paper, we will try to explain the main roles of the state concerning the market institution according to the principles of Islamic economics.

4. THE MARKET INSTITUTION AND THE STATE IN ISLAMIC ECONOMICS

According to the Islamic economic principles, owners of factors of production come together with their free will and consent to realize the production process according to the written or oral agreement among themselves. This is one of the essential principles. Why trade is halal and interest (*ribā*) is haram? Because trade activities are based on the free will and consent of both sides: buyers and sellers. As the

Qur'ān puts forward by the following *āyah*: "O ye who believe! Eat not up your property among yourselves in vanities: But let there be amongst you traffic and trade by mutual good-will (consent): Nor kill (or destroy) yourselves: for verily Allah hath been to you Most Merciful!" (Qur'ān, 3:29). Hence, they realize production with their free will and consent by establishing cooperation and solidarity without oppression of any side. Then they share output with their own will and consent after the payment of tax to the state. Tax rates are determined by the Qur'ān. As is well known by any Muslim scholar, there are three types of taxes in the Qur'ān: 1/40 as zakat, 1/10 from agricultural product, and 1/5 from mining and industrial products. The state rulers cannot put new taxes according to their own will, because they have not any authority to introduce new taxes beside taxes determined by the Qur'ān. The state can take additional contributions from its citizens when it is necessary to develop infrastructure services, but not more than their cost.

The state or any other monopolist authorities should not intervene in market operation. On the contrary, the state should prevent all monopolistic interventions in the market. The owners of factors of production can make their decisions of production and distribution with their own will and consent where the market system is functioning freely. Prices of supplied goods to the market should be determined by the operation of the natural laws of supply and demand. Market prices offer the correct information to both sides, sellers and buyers. These prices direct producers as well as consumers. Market prices establish mutual parallel interest among buyers and sellers, not conflicting interest as put forward by some western economists. Michel de Montaigne in 1580 argued that profit is gain of one side and loss of others. Without causing others loss, it is not possible for one side to make profit (Brue, 1994).

On the other hand, according to the main principles of Islamic economics, there are parallel interests among buyers and sellers. At the market, buyers have money and need goods; by trading they give money to sellers and obtain the needed goods. Besides, sellers have goods and need money; by trading they hand over goods to buyers and receive needed money from them. Both sides need each other, and also both sides gain. Trade activities establish parallel interest among buyers and sellers. However, monopolistic tendencies cause conflicts in the market (Kasper and Streit, 1998).

According to Al-Ghazālī (1989), human needs increase as long as populations grow. As a result of this change and development, trade activities increase and intensify. Every craftsman supplies

products to the market in order to buy their needs from other craftsmen. Trade by exchange of goods increases division of labor and specialization. For realizing this purpose, trade activities should occur in a free atmosphere. There should be no intervention in the market (*sūq*). The downtown market should not intervene in the uptown. There should not be any restriction to enter the market and it should be open to everyone (Ersoy, 2015). The market place should be owned by the public. Sellers and buyers should reach the market without any obstacles (Chalmeta, 1992).

Business transaction activities play crucial roles in supplying human needs in Islamic economics. Business transactions serve not only producers, but also consumers. Both sides gain from trade activities realized at the free functioning market. Islam urges merchants to be honest in their transaction activities by implementing the moral teachings and ethical principles of Islam. Prophet Muhammad (peace be upon him) pointed out that:

“The seller and buyer have the right to keep or return the goods so long as they have not parted or till they part; and if both parties spoke the truth and described the defects and quality (of the goods), then they would be blessed in their transaction, if they told lies or hid something, the blessings of their transaction would be lost.” (Al-Bukhārī).

Business transaction at the market prepares a suitable atmosphere to employ the factors of production efficiently. International free trade extends the world market and mobilizes the idle human and natural resources at the global level. Therefore, it will reduce poverty and lessen unfair income distribution globally.

According to the principles of Islamic economics, transaction of goods and the gains from trade activities are halal. Transaction (money-goods exchange) increases production and benefit of goods. It will raise the welfare of the societies. On the other hand, the gains obtained from money and trade of symbolic values without increase in production, are interest (*ribā*). Any gain from transaction of money-money is *ribā* and it is haram. Because *ribā* is the share of money owner who takes from the production of workers without taking the risk and burden of such products, it is an unlawful gain. *Ribā* is the source of unemployment, unlawful gains and monopolization. The prohibition of *ribā* by the Qur’ān is one of its economic miracles in our age. Today many economic problems are created by *ribā*. The Qur’ān declares:

“Those who devour usury will not stand except as stand one whom Satan by his touch hath driven to madness. That is because they say: “Trade is like usury,” but Allah hath permitted trade and forbidden usury. Those who after receiving direction from their Lord, desist, shall be pardoned for the past; their case is for Allah (to judge); but those who repeat (the offense) are companions of the Fire: They will abide therein (forever).” (Qur’an, 2:275).

Prophet Muhammad (peace be upon him) as the head of the Madinah City State did not intervene in economic activities. He had prepared the environment for business transactions which had been realized with mutual decisions of buyers and sellers at the Madinah market according to their free will and consent. Individuals, as long as they paid their taxes and did not harm others, had carried out their economic activities freely without any intervention by the state or monopolies.

When prices at the Madinah market had increased during the time of Prophet Muhammad (peace be upon him), his companions came to him and asked him to intervene in the market by using the state authority. He said that the intervention act may upset the functioning of the market. This intervention may cause some unfair results. In such an atmosphere, somebody may gain while others may lose. He said that by intervening in the market, he did not want to risk his hereafter life by inhalation of somebody’s rights. According to him, intervention to a free operating market may cause some unfair results. Owing to this reason, he did not intervene in the Madinah Market. Moreover, he prohibited any act of buying goods before reaching the market and preventing any act of stopping entrance to the Madinah Market (Essid, 1986).

It is one of the essential duties of the state in Islamic economics to arrange a free functioning market for goods which have inverse relations between their amount and their marginal utility. These kinds of goods should be produced and marketed by the private individuals and firms. The state should not deal with production and trading of such goods. If it does so, it will prevent the free functioning of the market institution since the scarcity or abundance of these goods will be best reflected by the price level formed at the free market in accordance with the laws of supply and demand. It is not possible for private firms to compete with the organizations supported by the state. Monopolist interventions to the market limit the freedom of choice of sellers and buyers in the decision-making process with their own will

and consent. According to the main principles of Islamic economics, both sides of the transaction process should make their decisions with their own will and consent without any oppression.

According to Ibn Khaldūn, the state should not produce and trade goods for which prices are determined by the market. No individual and firm can compete with the state in the market. He put forward that state administrators' involvement in trade activities will not benefit the state nor society. It will disrupt the economic balance and prevent competition, because nobody can compete with the state in buying and selling activities. The people who have the state authority can impose any price to sellers as well as to buyers. The state monopoly upsets operation of the law of supply and demand in the market. For these reasons, the state should not deal with trade activities to increase its revenues (Ibn Khaldūn, 1983). If the state deals directly with trade or intervenes in trading activities, it may cause unfairness and upset social and economic balances. This kind of intervention will impoverish society (Falay, 1978). The direct dealing of the state in commercial activities does not enrich the state; in contrast, it will eventually lead to fall in national income and impoverish society (Mieczowski, 1987).

The main principles of Islamic economics brought significant limitations to the state interventions to economic activities which are occurring in the market. It is accepted that the price mechanism should function freely in the market according to the laws of supply and demand. Hence, one of the essential duties of the state is to establish security and confidence in commercial activities. When and where these principles of Islamic economics were implemented in the history of Muslim Civilization, economic activities gained dynamism and public welfare improved rapidly. The Middle Ages saw rapid urbanization process in the Islamic world due to the dynamism of economic and commercial activities. Between the 8th and 15th centuries, alongside the Historical Silk Road Route, several scientific, business and cultural centers emerged and in those centers economies had grown rapidly and the community welfare level had increased significantly. The administrators in those cities and regions prepared secure environments for free functioning of the market institution and helped people to solve their disputes by legal means. They also encouraged people to establish caravanserais for travelers along the Silk Road in form of foundations (*waqfs*). The city administrators who had taken the Madinah City Sate as an example did not intervene in the market mechanism. They accepted that it was essential according to the main principles of Islamic economics that the market should

function in compliance with the laws of supply and demand for trade activities; otherwise unfairness in economic and trade activities will ensue (Essid, 1995).

Some goods and services have prices that cannot be formed by the market with the laws of supply and demand because there are no direct relations between their amount and their marginal utilities. These goods include medicines and roads, education and health services; they are called basic goods and infrastructure services. Such goods and services should be produced by foundations (*waqfs*) or public enterprises with a price which covers only their cost, because the demand for such products is not elastic. It is easy to establish monopoly in producing such goods. Inadequate production or high cost production of such goods and services may cause problems or economic imbalance.

To sum up, according to Islamic economics, the international economic relations should be based on the parallel interest approach. It reduces conflicts and increases cooperation, thus paving the way to solidarity and peace. People living in countries, regions and basins in which free trade activities are based on this approach do not want conflicts and tensions; they prefer peace and cooperation. High tariff walls have always served certain interest groups. The free market which is not controlled by monopolies produces results which will benefit almost everyone. Throughout human history, mutual free trade has increased peace, mutual cooperation and solidarity among various nations and regions. The free markets can supply favorable results for owners of factors of production including labor. The free market supplies information, knowledge and technology for producers and consumers, if there are no obstacles preventing free functioning of the market mechanism.

5. THE MARKET INSTITUTION AND THE MAIN DUTIES OF THE STATE IN ESTABLISHING CERTAIN BALANCES

Islamic economic order is a natural economic order which suits human nature. In such economic order, owners of factors of production come together and make an oral or a written agreement on how to organize the production and distribution process according to their free will and consent. It is a sharing economy based on voluntary cooperation and solidarity. Hence, we also can call Islamic economics “sharing economics”. It is a natural reality for human beings to come together and try to find out common solutions for their common problems and also produce their common needs jointly.

Islamic economics makes rightful people powerful, not people who are in monopolistic positions in social life. In an environment where law and order prevails, all public institutions will take position on the side of the rightful people. As the first caliph Abu Bakr (may God be pleased with him) also declared in his first sermon: “The state will support the rightful people against unfair people” (Bassiouni, 2003).

For functioning of Sharing Economics, two basic conditions must be met. First is the establishment of law and order in every stage of social activities. The person who obeys law and order should be empowered, but not those who are politically and economically powerful. Second is that cost and benefit should be shared justly among members of society. Owners of factors of production should organize production processes with their free will and consent, and distribute output according to their oral or written agreement after taxes paid to the state. Islamic economic order is the natural economic order that takes human beings as a whole and deals with human physical and spiritual needs in balance. It aims at establishing balance between production and consumption and between supply and demand by ensuring the following balances in social life (Ersoy, 1986).

5.1 THE BALANCE IN OPPORTUNITY EQUALITY

For market mechanism functioning, there should a balance between sellers and buyers in reaching the market. The state should prevent all kinds of direct or indirect monopolistic tendencies in the market. Therefore, it should establish equal opportunities in entering the market for individuals, firms, businessmen and public economic enterprises dealing with economic activities at all levels. The state should also remove all obstacles preventing formation of prices according to the law of supply and demand in the market. It should supply the necessary facilities for sharing right information provided by the market mechanism. The market mechanism does not function economically if there is no balance in opportunities among sellers and buyers.

5.2 THE BALANCE OF PARALLEL INTEREST AMONG PARTICIPANTS

For free formation of commodity market prices, there should be parallel interest among the participating sides: sellers and buyers. According to the Islamic worldview, all human relations are based on

the parallel interest approach, because human beings need each other. Where there is no parallel interest between both sides, the politically or economically powerful will affect the market mechanism operation by using their powerful position. Such a market does not play a proper role in supplying reliable information for sellers or buyers. The powerful will try to impose their will on the weak. Trade activities in the free commodity market must be based on parallel interest. Producers need consumers. Without consumers, to whom will producers sell their products? Likewise, consumers also need producers who supply needed goods to the market. Without producers, from whom will consumers buy their needs? (Ben-Amittay, 1983).

The free market through the price mechanism establishes parallel interest among producers and consumers, sellers and buyers. Intervention in the market mechanism leads to conflicts of interest among them. If the intervention is in favor of consumers, producers will lose out. If the intervention is in favor of producers, consumers will lose out. Intervening in the market operation in the long run will be against the interests of both sides; thus both producers and consumers will lose out. The decline of production will increase prices; in this situation consumers will lose. But the decline in prices will cause loss for producers. Therefore, every kind of intervention in the market leads to losses for both consumers and producers (Hardach and Karras, 1978).

Islamic economics takes harmony of interest into account in all social activities. Therefore, it encourages transaction activities based on the free will and consent of sellers and buyers. It forbids trade of money with money or exchange of symbolic values with the same symbolic values, because trading money with money is based on conflict of interest. With this transaction, the gain of money owners (*ribā*) is the loss of money borrowers. Existing national and international relations are based on conflict of interest mentality. In an environment where the conflicting interest is prevailing, rules of the game will be determined by economic and political monopolies. Whoever sets these rules will determine the methods of maximizing their own interest. The existing world order and its institutions have been shaped according to the conflicts interest approach after the Second World War by the leaders of the three victorious countries. The present sharing system of world resources is functioning usually in favor of monopolist multinational firms which are shaping international relations (Ersoy, 1992). Thus, the present World Order is preventing just sharing of world resources. The prevailing dominant mentality accepts power as a source of human rights. They believe that

they are powerful and they have the right to determine the rules of the game. With this mentality and paradigm, it is impossible to establish and maintain global peace and solidarity (Ersoy, 1986).

5.3 THE BALANCE IN SHARING COST AND BENEFIT

Islamic economics aims at increasing real production and arranging just sharing of output among owners of factors of production. It is not possible to arrange voluntary cooperation and establish sharing economic institutions where there is no just distribution of cost and benefits among owners of factors of production. In such a situation, it would be difficult to establish division of labor and solidarity among them voluntarily. Moreover, it is also not possible to mobilize human talents and idle sources productively.

Today one of the main reasons for idle capacity in the world's human labor and natural resources is the unfair distribution of cost and benefit in output distribution at the national, regional and international levels. If present obstacles which are limiting the flow of factors of production are removed and output is shared fairly, the level of poverty and misery would be significantly reduced. Idle resources could be mobilized and global output would increase rapidly. The existing poverty and misery arise from unfair distribution of output at the national, regional and global levels and the prevailing limitations to free movement of labor, knowledge, technology and factors of production except capital.

Social justice does not mean only just distribution of economic resources and income. Social justice is only meaningful in an environment where basic human rights and freedom are protected. While fair income distribution is realized, the basic human rights and freedom should also be protected. On the other hand, it is not so meaningful to give free right of voting for a person who is left poor and hungry. The equality of people before the law will also be meaningful, if they have enough money to pay the salary of lawyers who will defend them (Govier, 1997).

5.4 THE BALANCE BETWEEN FREEDOM AT THE MICRO LEVEL AND INTERVENTION AT THE MACRO LEVEL

The basic principles of Islamic economics aim at establishing an economic order which functions according to human nature and scientific rules. In this economic order, all individual have the right of conducting their economic activities to employ their talents and

resources freely with their own will and consent. If individuals use their talents and resources freely to maximize their benefit and know that benefit or loss will belong to themselves, they will behave more rationally and also use their abilities and resources economically. For this reason, in the Islamic economic order, individuals and firms should have freedom of making decisions concerning their production and consumption activities at the micro level. On the other hand, the state and economic institutions should arrange a suitable atmosphere for participants to shape their economic activities. Actors of economic activities should have freedom of preparing oral and written agreements and implementing them in the frame of Islamic laws without harming others. If one participant violates such agreement and causes losses to other participants, the state has to help the victimized participants by taking the case to court.

At the macro level, the state can plan economic activities. Moreover, to reach macroeconomic targets, it can intervene in the economy according to national strategies and policies. The state also can support and encourage individuals and firms by offering interest free credits and incentives. The main targets of these kinds of interventions are to harmonize the economic activities of individuals and firms with the national interest to benefit society. The state is a kind of referee to help solve problems among the participants of economic activities (Akdemir, 1984). The state should not take position in favor of one side. The side supported by the state in the economic activities, sooner or later, will increase its wealth and easily become one of the monopolists. Over time, the people given priority in using public facilities will try to prevent free operation of the market mechanism.

In Islamic economics, if the abovementioned balances are established by the state, the market institution can function economically. The market will arrange a suitable atmosphere for price formation according to the laws of supply and demand. Today both capitalist and socialist political and economic institutions which are shaping economic activities are unable to establish the abovementioned balances adequately. Therefore, both of these systems are producing many problems. Small and medium firms are unable to compete with public and private monopolies and some international economic monopolies are trying to shape the present international economic and political order to maximize profits originating from their monopolistic position at the national and global level.

Today the institutional structure of Capitalism causes monopolization process. The present usurious monetary and credit system is paving the way to monopolization at the national and international level. The monopolization process is upsetting economic and political balances. Owing to this institutional structure of Capitalism, cyclical crises are occurring and the economic and social costs of such crises are paid by the masses.

The institutional structure of Islamic economics prevents monopolization in the market and arranges competition among individuals and firms, because the Islamic economic order is based on profit and loss sharing and credits are supplied without usury. The state will implement strategies which arrange an environment for deciding market prices according to the law of supply and demand. During the recent half century, implementation of the Islamic financial methods, despite their implementation in the frame of Capitalism, has played an important role in mobilizing human and natural resources in many countries. For this reason, Islamic finance has been brought to the international agenda.

6. THE MAIN FUNCTIONS OF THE STATE IN ESTABLISHING BALANCE IN THE DIFFERENT MARKETS

The market institution resolves an equation which has several unknown points without restricting the freedom of choice of sellers and buyers. This institution has been restructured after the Industrial Revolution. The commodity market has played crucial roles in shaping supply and demand throughout human economic history. Before the Industrial Revolution, the other markets (labor, money-credit, and capital markets) had played very limited roles. But since the middle of the 17th century, the labor market, the money-credit market and the capital market have played significant roles in shaping economic activities, especially in developed economies.

We have plenty of information and knowledge about the economic history of Muslim countries and geographies concerning theories and implementation for the commodity market. But the labor, money-credit and capital markets had not been established and developed in any Muslim countries until the second half of the 20th century. The present labor, money-credit and capital markets in the Muslim World have been transferred from the Western countries. Nevertheless, during the recent half century, some institutional reforms have been carried out according to the principles of Islamic economics. With this paper, we also try to share some new approaches

with the distinguished economists and politicians concerning labor, money-credit and capital markets according to the principles of Islamic economics. Muslim scholars can produce some solutions based on Islamic principles for the encountered problems of our time.

6.1 THE COMMODITY MARKET

Free trading activities throughout human history have played crucial roles in supplying economic needs and employing resources as mentioned before. The commodity market institution tries to establish balance between supply and demand through the price mechanism. Interventions by the public or private monopolist authorities in the goods market have caused several economic problems by upsetting the flow of information about shortages or surpluses of supplied and demanded goods. All kinds of intervention actions in the goods market have prevented efficient employment of economic resources as witnessed in planned economies.³

Throughout the economic history of Muslims, the state authorities had generally not intervened in commodity markets. They had established security for the goods market and encouraged foundations to host merchants at caravanserais until the end of the sixteenth century. These economic policies had extended the market areas and increased the volume of traded good. The state had played active roles in facilitating free flow of goods, labor, capital, knowledge and technologies in countries and regions where Islamic Civilization was dominant. From the Chinese Great Wall to the Atlantic Ocean and from Yemen to Kazan (the capital city of Tatarstan), all the factors of production had flown freely. Free trade activities in such a wide area during eighth till sixteenth centuries had made the Muslim World the most prosperous part of the world of that time. Islamic Civilization had advanced in the fields of sciences, technology and arts and affected the Western World throughout the Middle Ages in economic, technological and social development and changes.

Today unilateral or multilateral protectionist agreements, especially the private and public monopolies, are significantly restricting the economic functioning of the international commodity markets. These interventionist policies are also hindering the international flow of goods and resources between regions and countries.

As pointed out earlier, in the Islamic economic order the production and trading of commodities which have inverse relations between their amount and marginal utilities should be carried out by

individuals and firms. The state should not deal with the production and trading of such commodities. Commodity prices should be decided by the free operation of the commodity market according to the laws of supply and demand. It is one of the economic duties of the state to supply infrastructure services by public institutions and foundations (*waqfs*) for free functioning of the commodity market.

6.2 THE LABOR MARKET

With the Industrial Revolution, the labor market became an important institution where labor supply and demand are met. The labor market can be defined as a platform where supply of labor meets demand for labor. In the labor market, workers supply their labor for obtaining wages; and entrepreneurs demand labor for realization of production process and pay wages to hire workers. The labor market is one of the important institutions which play a crucial role in establishing balance between supply and demand at the macro level.

After the Industrial Revolution, slaves gained the status of free working class. Before that, labor needs of the medium and large firms were supplied by slaves and serfs. The working class became free to leave their working places, while slaves and serfs had no freedom of leaving their working units. As long as workers produce more than their salaries, they can continue their job. If their marginal contribution to output is less than their salaries, workers may be fired. However, in the slavery system, slave owners did not usually calculate the marginal cost and contribution of slaves.

The imbalance between labor supply and demand in capitalism affects the whole economy, because there is a close relationship between labor supply and commodity supply and demand. Workers supply their labor to earn money/income because they need commodities to satisfy their needs. They buy commodities in the commodity market with their incomes paid by employers. Employing workers determines commodity supply at the market; paid wages determine demand. For this reason, the unemployment problem reduces total supply as well as total demand. The employment of labor supplied to the labor market increases commodity supply by increasing products. In countries with imbalance between labor supply and demand, it is not possible to establish balance in production and consumption to realize sustainable development.

The planned economies during the 20th century tried to realize sustainable development by the planning institution, without the commodity and the labor market. But they could not succeed,

because the economic plan had been prepared by the state bureaucracy.⁴

As mentioned before, in Islamic economics, it is essential for the owners of factors of production to realize production by their own will and consent according to oral or written agreements. Therefore, workers are theoretically accepted as participants; and compulsory employment of labor is prohibited. It is an essential duty of society to meet the subsistence of needy members of society in Islamic economics. Otherwise the jobless person may be employed without his own will and consent. In such case, he will lose his ability of bargaining with his employer. In an economic order based on this approach, the owners of factors of production will manage their firm jointly through their representatives. They will share output with joint decisions based on their free will and consent. The management of the firm will be based on consultation. The enterprise will be managed according to the parallel interest approach, not the conflicting interest approach. The jointly produced output will be shared justly among the participants.

According to Islamic economics, the state has to support firms in increasing employment opportunities by supplying credit without interest within the macro planning targets, because human labor is the main factor which produces value by the production process. The Qur'an refers to this aspect in the following verses: "That man can have nothing but what he strives for; that (the fruit of) his striving will soon come in sight." (Qur'an, 53:39–40).

From these verses of the Qur'an, we can understand that if a worker is employed, he will turn natural resources into valuable commodities. If workers are enabled to earn, then they will have purchasing power and so commodities become valuable. Their demand will increase the value of the marketed commodities. In Islamic economics, the state will provide the interest free "working credit" to employers who employ a person who is able to work and wants to work. The labor of an unemployed person is a potential wealth. Money in reality is a receipt which represents products produced by labor. The state, by supplying the working credit to workers, enables them to produce wealth. Since the state is taking taxes from produced commodities according to Islamic principles, interest free working credit will not add financial burden to the state budget. The enterprise which employs workers will be supported by the interest free working credit to pay wages of employed labor. This indebted enterprise will pay back its credit after marketing the

produced commodities. All in all, in Islamic economics public credit will be used to increase output by employing jobless people.

6.3 THE MONEY AND CREDIT MARKET

Today the financial market is divided into the “money-credit” and the “capital” markets. The money-credit market is a market where supply and demand for money, money-like values and credit are met. In this market, the short-term liquidity transaction and credit supply and demand take place. The basic institutions of the money-credit market are the financial institutions which function as banks and banking activities. The basic functions of conventional banks are to borrow money from depositors and to give credits to their customers. They make profits from transaction of money and money-like symbolic values through charging different interest rates. In other words, conventional banks borrow and lend money with interest and they profit from money and money-like symbolic values transactions.

The money and credit market usually covers short term transactions. There is a continuous flow of liquidity in this market in various ways. In our time, the functions of the organized money and credit markets are realized by the institutions of banking and credit.⁵ If these institutions keep the cost of funds lower, they may encourage entrepreneurs to increase the volume of investments. If the cost of credit is high, entrepreneurs will reduce the volume of their investment. This tendency will also reduce the economic growth rate. As long as the financial institutions increase saving and encourage investment, the economy will have a sustainable economic growth rate (Szostak, 2009).

Circulations of values in the money and credit market depend on the circulations of commodities in the commodity market. Money is a bill which has been given to a person who delivers his product to the state which has the authority of printing money. The kind and amount of commodity received is not known. The bearer of this bill can purchase any kind of goods in the market. Money is a common measurement of values. There is no written knowledge concerning debtors and lenders on this bill. The bearer of this bill can buy all commodities and services at the market with it, because there is no date on the bill indicating payment time (Karagülle, 1975). The invention of such a tool which facilitates transactions could be accepted as a great revolution from the economic and political angle in human history.

During the last three centuries, the money and credit institutions have become fundamental institutions which have shaped economic activities and determined the level of economic development. Any imbalances in the money and credit market have also upset the commodity and the capital markets. During the nineteenth century and the early twentieth century, there were close interrelations between imbalances in the money and credit markets and encountered economic crises. The Financial Crisis of September 2008 triggered by the failure in paying back credits in the housing sector in the US could be evaluated as a consequence of imbalances occurring between real products and money and money-like symbolic values. This financial crisis led to the bankruptcy of banks and later became an economic crisis by upsetting all economic activities at the global level.

While state intervention in the commodity market leads to imbalances in economic activities, the lack of state control in the money and credit market causes economic problems and unfair income distribution problems. In the commodity markets, transaction activities are related with real values. Speculation on real values is difficult and costly. But it is easy to speculate on symbolic values. On 15 August 1971, the termination of the relationship between the US dollar and gold ended the necessity of relating money supply with commodity supply. This monetary policy has paved the way to unprecedented unfairness in human history.

The current global monetary order or disorder causes global instability and impoverishment of three-quarters of the world population. At this turning point of human history, it is possible to produce new economic and monetary policies for prevailing problems by evaluating the main economic and monetary principles of Islamic economics. By developing the institutional infrastructures of Islamic finance methods, we can break the vicious circle of poverty in the Muslim World and in the LDCs.

One of the main duties of the state in Islamic economics is to provide “money = goods” balance. The state has to establish the independent audit institutions to prevent unfair gains from transactions of symbolic values which have not been defined with the real materials and the state monetary policies should ensure that money = goods balance.

The state has to form trustworthy organizations for controlling transaction of symbolic values in the money and credit market. New methods and policies based on Islamic economics principles could be developed to establish macroeconomic balance by implementing

credit and incentive policies. Every symbolic value circulating in the money and credit market should be defined in terms of real commodities. The circulation of symbolic values which have not been defined with real commodities in the money and credit market upset the money = goods balance, also causing unfair gains obtained from transactions of unrequited symbolic values.

Any increase in the supply of money and money-like symbolic values without any increase in the supply of goods and services will increase the wealth of some and at the same time decrease the wealth of the others. While some people are increasing their wealth, others are becoming poor. As in gambling, the gain of one side is the loss of others.

Today, increases in the supply of the symbolic values which have not been defined in kind of the real products both cause imbalances in macroeconomic targets and lead to injustice in income distribution among the members of societies and countries at the global level. In the prevailing Capitalist System, increases in the supply of banknotes, electronic money and dematerialized money generated by the conventional banks which are circulating in the national money and credit markets lead to injustice in income distribution and exploitation which had not been witnessed in any stages of human history before. With these current monetary and credit policies, it is not possible to produce new solutions for global poverty and misery.

6.4 THE CAPITAL MARKET

The speed of economic development is determined by the amount of savings channeled to the capital market. For increasing the productivity of factors of production and raising the welfare level of society, it is necessary to canalize savings into efficient investments. The capital market is an institution that regulates the relationship between saving and investment activities. This institution brings investors and depositors together to arrange the long and medium-term debt exchange and investment activities (Ulusoy, 1981). In the Capitalist System, saving owners supply their savings to the capital market in order to obtain incomes from interest, shares or profits; while entrepreneurs demand these funds for realizing investment (Demirkan, 1981). In the market economy, the saving and investment activities can be regulated by an efficient functioning capital market.

As mentioned before, according to the main principles of Islamic economics, all social relations are based on parallel interest.

All members of society need one another. If they are producers, they need consumers. If they are sellers, they need buyers. Hence trade activities are based on parallel interest; gains or losses from these activities are halal. However, usury is based on conflicting interest; so gains or losses from money trading activities are haram or unlawful according to Islamic Law because gain of one side in usurious activities is loss to the others. Throughout Muslim Economic history, trade activities were encouraged, and were supported by the state or foundations (*waqfs*) with interest free credits and infrastructure facilities. In Islamic law, freedom of mutual contract and agreement are essential. The owners of factors of production used to establish joint ventures based on their verbal or written contracts through their mutual will and consent. The realized output was also shared according to these contracts on risk and profits sharing basis. The owners of financial capital give their savings to the merchants; and merchants finance their trading activities with this financial capital. At the end of the trading activities, they share risk and profits according to the principles of mutual agreements. This method of cooperation is called *muḍārabah* (Kayaoğlu, 1984).

Inclusive articles concerning trade activities exist in Islamic law.⁶ Islamic banks which function according to the main principles of Islamic economics have developed some methods and instruments in transforming savings to finance investments and trade activities on the basis of the interest free banking system. The share of Islamic financial institutions which are known as interest free banks has started to increase very rapidly since the early years of the 1970s not only in the Muslim World but also in some Western countries.⁷ The share of sharia compliant financial institutions was about 1% of total world assets (Naveed, 2014). By 2014, the global share of total assets of sharia-compliant banks which function according to Islamic principles was around 2 trillion US dollars. The share of the interest free banks in the assets of the Muslim World is still very low but is growing rapidly. The annual growth rate was about 17.6% between 2009 and 2013. It was estimated that the average growth rate until 2018 will be 19.7% yearly (The Economist, 2014).

In our country, Turkey, during the last three decades, there has been a great change and development in the capital market. This market is playing a crucial role in national economic development. The first “Capital Market Law” was accepted by the Turkish Parliament on July 28, 1981. The capital market of Turkey was officially established by this law numbered 2499. This capital market was named “Istanbul Stock Exchange”. Over time, new institutions

concerning the Turkish Capital Market were established. Today, the capital market of Turkey is named “Borsa Istanbul”. Borsa Istanbul is the center of capital formation in Turkey. The shares of major industrial organizations in the country are bought and sold at Borsa Istanbul. New instruments of Islamic Finance are in the process of establishment at Borsa İstanbul.⁸

The present institutions which are functioning in the monopolized capital markets of the prevailing capitalist economic order have created several problems concerning the global sustainable economic development and resource sharing. The monopolist speculators’ gains are constantly increasing and the number of people in poverty and misery are rapidly increasing in the developed as well as in less developed countries. In fact, from time to time depending on the monopolization of the capital market, imbalances occur as economic and financial crises in the capitalist economic order. Owing to inadequate and inefficient institutional structures of the monopolistic capitalist economic order, price fluctuations are occurring caused by oversupply of symbolic values. The current institutional structure of the capitalist system is inadequate in producing new solutions for preventing unfair gains of monopolistic firms and great losses to the masses (Ozturk, 2009).

The legal and operational structure of the current capital market institutions should be reorganized according to the principles of Islamic economics. The operations of the capital market where shares of real values are bought and sold should be transparent.

According to the principles of Islamic economics there is no contradiction in selling and buying shares of real value in the capital markets where there is no cheating and trickery. The scholars of our time may develop new theories about how an interest-free capital market can function in mobilizing idle human natural resources of the Muslim world as well as LDCs. According to these theories, the present capital markets can be restructured, new financial methods can be developed and new financial institutions can be established. The interest-free financial institutions which have been reshaped according to Islamic principles can provide consulting services for the companies willing to implement the principles of Islamic economics. The interest-free banks can also buy and sell the shares of companies. They can also help in supplying the liquidity needs of companies by buying and selling their shares which are clearly defined in terms of real products. These banks in the Muslim world can channel small savings to the capital market by selling and buying shares of small and medium firms. Thus, it can be possible to realize capital formation in

Muslim countries as well as in LDCs by implementing new instruments of Islamic Finance.

7. CONCLUSION

Monopolistic institutional structures of Capitalism and state intervention under Socialism have been unable to produce new methods and institutions for solving the present economic and social problems of the Muslim world and also LDCs, because both Capitalism and Socialism are based on the conflicting interest approach. The gains of monopolist economies are the losses of LDCs. We need to change the prevailing paradigm. A new paradigm based on the parallel interest approach can be developed according to the main principles of Islamic economics. It is essential according to this paradigm that the owners of factors of production should come together and prepare an oral or written agreement with their free will and consent on how to realize the production process, then to decide how to share output justly by sharing costs and benefits. In the limited framework of this article, we tried to share our knowledge and theoretical approaches concerning the main duties of the state and functioning of market institutions. Our knowledge, theories, and ideas will become meaningful if they are further developed by others to enable new solutions to the current economic problems in society.

ENDNOTES

1. "Those who have faith and do righteous deeds - they are the best of creatures." (Qur'an, 98:7).
2. "Those who disbelieve, among the People of the Book and among the Polytheists, will be in Hell-Fire, to dwell therein (for aye). They are the worst of creatures" (Qur'an, 98:6).
3. A news report published in Russian "Pravda" newspaper on November 16, 1964 indicated that 20% of textile products were returned to the producers or sold at very low prices, because their production was realized according to State Planning Institute directive without taking consumer desire and tendencies into account (Haveman and Knopf, 1970).
4. For obtaining more information about the functioning of the planning institution, look at Rossman (1976).

5. In our time, banks supply the liquidity needs of economies by telephone, telex, internet and et cetera. They make very easy legal flow of commodities rather than physical movement of goods. By these institutions exchanges of goods are made easily and quickly (Yüksel, 1982).
6. In the Ottoman Society, savings of people were channelized by the institution of *waqfs* (foundations) to the investment in production and trade activities in form of *muḍārabah*, *salam* and *murābahah*. For more details see Akdağ (1974).
7. Many articles, studies and papers have been written and submitted at the national and international meetings concerning interest-free banking in the recent twenty years. For some conceptual explanations regarding this topic, see Karaman, (1993).
8. <http://www.borsaistanbul.com/en/home-page>.

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