of ownership to Libyans within two years. Nevertheless, between 1955 and 1972, prices rose by about 300 per cent (Sayigh, 1978, pp. 458–60).

The economy was reliant on indirect taxes and the economic plan favoured the oil sector and services. Thus, with the rise in oil income and the government's concomitant higher level of expenditure in infrastructural investment, distribution of income deteriorated yet further, and the few big cities were benefiting more than the rest of the country from the economic boom (Khader, 1987, pp. 61–2).

The growth of the market, the flourishing economy and the prospect of oil revenues led King Idris to replace the federal constitution with a unitary one. In December 1962, the king abolished the political status of the provinces and changed them into administrative units (Allan, 1982, pp. 124–5). With controlled parliamentary elections and suppression of opposition movements, he was able to balance the power of various political elements outside and inside the government and pursue his national and pro-Western international policies. However, the slow spread of education, urbanisation, the socio-economic consequences of oil revenues, the rise of Nasserian Arab nationalism and the growth of the doctrinaire parties in the Arab world changed the situation. Arab nationalism was gaining ground among young Libyans and loyalty to the king's government was drastically eroded by the government's preferential treatment of Cyrenaica. Islam, too, seemed to many Libyans to be devalued by the corruption of the king's associates and by the lopsided favouritism towards the Sanussi religious establishment which was alienating the orthodox Sunni *ulama*. All the above changes and developments reduced the credibility of the regime and shook the power base of the traditional political élite. Eventually, in September 1969, the monarchy was overthrown and a new political leadership with a different, but evolving, interpretation of Islamic imperatives replaced it.

The Arab Libyan Republic: 1969–73

Arab Nationalism inspired by Nasser provided the ideological force guiding the policies of the new regime, under the leadership of Qadhafi. The new constitution, which was presented shortly after the "revolution" by the Revolutionary Command Council (RCC), was literally taken from the Egyptian National Charter. It emphasised the Nasserist slogan "liberty, socialism and unity", rather than the Ba'athist slogan "unity, socialism and liberty". It sought to gain freedom by opposing Western dominance, socialism by extending the role and power of the government in the economy, and unity by the creation of a single Arab nation (Joffe, 1988, p. 621).

Initially, during the period 1969–73, Qadhafi and the RCC paid only lip service to the socialist element of the Constitutional Communiqué which proclaimed the goal of the state to be the realisation of socialism through social justice and peaceful resolution of class differences. After all, agrarian reform was not very relevant in an underpopulated society. Nationalisation of the economy was not very important either, since, except for the oil industry, there were few large industrial enterprises in Libya. With respect to class-based

political parties, Qadhafi and the RCC were of the opinion that in Libya class differences were not significant enough to justify their existence. Thus, in the Constitutional Communiqué which reserved the supreme power in the hand of the RCC, there was no mention of a general election or national assembly and it continued the former regime's ban on political parties. In fact, in December 1969, the RCC decreed as a criminal offence any activity against the state, any incitement based on class hatred, and participation in strikes or demonstrations (Bearman, 1986, pp. 65–9). However, an important difference between the RCC and Nasserism was Qadhafi's and the RCC's stress on Islam. Article 2 of the Constitution declared Islam the national religion and stated that all laws should be based on the values of the Islamic-Arab heritage. Thus, Qadhafi tried to appear as the champion of Islam, constantly referring to his attachment to Islamic ideas and practices. Yet he was against the Muslim Brotherhood because of their rejection of Arab nationalism and socialism. Qadhafi's ultimate goal, as stated in his initial speeches, was to reconcile "religion and progressivism" (Allan, 1982, p. 141). In spite of his personal belief in Islam, Qadhafi was also aware of the need for the new regime to legitimise itself before Libyans, who were practising Sunni Muslims following the Shafi'i school of law, or supporters of the Sanussi Order. Thus, Islam was explicitly used by the new regime against its opponents to encourage people's participation in the political process. For this reason the new regime banned the use of alcoholic beverages and the *ulama* were appointed to legal administrative positions. The RCC encouraged Islamic missionary activity in Africa and promised a revision of the legal code in accordance with the *Shari'a* (which implied no practical changes) (Joffe, 1988, pp. 621–2; Allan, 1982, p. 141).

The deposition of the monarchy was welcomed by most sections of Libyan society, with the notable exception of Sanussi tribal sheiks and very rich merchant families who had close relations with the court. This was reflected in the absence of initial opposition, virtually no armed resistance, relatively few arrests and no deaths.

The initial issues raised in the RCC's programme were: first, the promotion of Arabism, which was linked to anti-Israeli actions; second, nationalisation of foreign property in Libya and the removal of US and British military bases; and third, the expansion of Libya's role in the oil industry.

To consolidate the power of the RCC, individuals associated with the new forces replaced elements of the former regime, whose bank accounts were then frozen. Officers above the rank of major were retired or posted abroad. The King's guard was integrated into the regular army and the salary of the lower ranks was raised by 200 per cent. Comprehensive national conscription replaced the favoured recruitment from Cyrenaica, and Egyptian military intelligence officers replaced the British and American advisors and technicians. The *zawaya*, the religious institutional basis of Sanussi control, was dissolved. The Islamic University established by Idris was closed and Crown lands were expropriated and held for redistribution. The key personalities of the old order were tried and imprisoned.

In accordance with the RCC's assertion of Islam and Arabism, the prece-

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dence of the Arabic over the Latin alphabet was reinstated, Italian names were changed to Arabic, and Christian churches closed (Bearman, 1986, pp. 70–73). In addition to these measures, the RCC's economic policies consisted of restrictions imposed on foreign firms and individuals. The RCC annulled the 1956 Italo-Libyan Treaty which guaranteed the property rights of Italian immigrants in Libya. This led to the confiscation of land, agricultural equipment, livestock and farm holdings of Italian settlers, with no compensation, and the expulsion of 20,000 Italians. The confiscated lands (37,000 hectares) were leased to farmers subsidised by the government (El-Khawas, 1986, p. 65). The transfer of funds by foreign residents was limited to 60 per cent of their income and various restrictions were imposed on foreign commercial firms, which were mostly Italian. In 1969, of the 189 large industrial plants employing more than twenty workers 70 per cent were Italian owned. These industries included tobacco, tanning, leather, textiles and units for canning sardines and tomatoes. These foreign-owned industries were all taken over by the government (Deeb, 1987, p. 3).

In November 1969, intensifying the process of Libyanisation that had started during the former regime, foreign banks, mainly British and Italian, were asked to choose between converting into joint-stock companies or pulling out. At the time there were eight commercial foreign banks and two Libyan banks. First, the RCC decided to take over 51 per cent of the capital of foreign banks and, later, all foreign ownership in the banking sector was nationalised and a limit of 5,000 LD set on private Libyan shareholding. By the end of 1970, after the reorganisation of the banking sector, two commercial banks were state-controlled and three state-owned (Khader, 1987, p. 184). All the insurance companies were nationalised by 1971 and merged into two. Basic infrastructural units were nationalised and the National Organisation for the Supply of Commodities was set up by the government for the import of certain consumer goods (Deeb, 1987, p. 3).

In December 1971, the currency was changed from pounds to dinars and Libya left the sterling bloc. The Libyan Dinar was revalued twice and in February 1972 the rate of exchange was LD 1 = $3.04 (Khader, 1987, p. 183).

In July 1970, the RCC nationalised all petroleum distribution facilities in Libya and in April 1971 long negotiations with the oil companies led to a five-year agreement, increasing the posted price for Libyan crude oil to $3.447 per barrel. In the final stage of these negotiations, the Libyan government was also representing the interests of the governments of Algeria, Iraq and Saudi Arabia (Fisher, 1988, p. 629).

In December 1971, in retaliation against the UK's support of the Iranian occupation of the Tumbs and Abu Musa islands in the Persian Gulf, the RCC nationalised the assets of the British Petroleum Company. By September 1973, the Libyan government had succeeded in participating in the activities of almost all foreign oil companies in Libya and had acquired up to 51 per cent or more of the shares of these companies' Libyan activities. Since then the licensing system has been abolished and foreign oil companies now operate under product-sharing agreements (Khader, 1987, p. 196). Of course, in these agree-

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ments Libya benefited from competition between major and independent oil companies for the European market, the continued closure of the Suez Canal, and threats of an embargo on the export of oil by OPEC.

Finally, in accordance with Arab nationalist feelings, the British and US governments were asked to remove their bases from Libya. These bases were turned over to the Libyan government in March and June of 1970.

In the field of economic development, the new government, unlike the former regime, viewed itself as an agent of change. Thus, more emphasis was laid on the development of public sector projects. The National Public Organisation for Industrialisation (NPOI) was set up to plan and implement state investment. When the five-year plans were resumed, the share of industrial investment in the annual development budget increased from an average of 3 per cent in the 1960s to 15 per cent in 1970–71 (Allan, 1982, p. 57). The NPOI commissioned most of its large industrial projects from French, West German and Spanish companies (Bearman, 1986, pp. 76–9 and 123).

Despite the government's emphasis on the leading role of the public sector, the RCC's attitude towards the private sector was positive. To encourage Libyan businesses, the role of the Industrial Bank was expanded and the Bank participated in small private-sector projects in the food processing and construction industries and granted generous loans to finance commercial enterprises. The number of licences for retail trade establishments increased dramatically, as did the private sector investment in manufacturing. This trend was later reversed when local entrepreneurs became antagonistic towards the RCC's negative attitude to the private sector in 1972.

Initially, the RCC did not have a clear strategy for the agricultural sector. For almost two years, the agricultural policies of the former regime largely continued to be implemented. In 1972, the government endorsed the small-farm land settlement approach of the 1960s to prevent the acceleration of migration from the land. In fact, in the early years of the revolution, Qadhafi insisted that Libyans work their own farms, and that service workers in cities return to rural areas (Khader, 1987, p. 160). However, the expansion of the land settlement projects soon lost its vigour, the government was unable to slow down migration from rural areas and was thus forced to increase the number of state farms, and foreign labour became an important part of the labour force in the agricultural sector in western and southern Libya.

Rising demand for foodstuffs and a drastic increase in the budget allocation for private agricultural activities in the form of expenditures on soil and water preservation, interest-free credits and generous subsidies led to the expansion of private farming and animal husbandry. However, the negative attitude of the government towards private activity in the late 1970s led to its decline and to its replacement by the dominance of state farms (Allan, 1982, pp. 15–19).

In this period, rising oil revenues removed the constraint on the accumulation of capital. However, manpower shortages and the dependence of small-scale private activities on cheap government loans and subsidies were growing. The government became the chief owner and administrator of a large number of enterprises and the major investor in the economy. Small scale activities pros-

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pered and the economy became more diversified. However, the existence of thousands of small, understaffed, inefficient and high-cost operations, dependent on government loans, subsidies and foreign workers, reduced the incentives of Libyans to rely on their own resources.

In 1973, the indigenous Libyan active labour force was 432,700 in a population of over two million. Most were employed in the government or low-productivity private services. Between 1970 and 1975, the number of foreign workers grew from 50,000 to 323,000. Fifty-eight per cent of the professional and managerial labour force and 41 per cent of the non-skilled labour force were non-Libyans. For a long time Libya did not have any difficulty in financing the outflow of foreign exchange due to remittances by migrant workers. In 1970–74, Libyan gold and foreign exchange reserves increased from LD 576 million to 1,110 million. However, dependence on imported labour, despite the RCC's objective of self-sufficiency in labour, led to the withdrawal of Libyans from the industrial and agricultural sectors (Khader, 1987, pp. 58–67).In the light of the above changes and structural developments and without the introduction of Islamic contracts and economic institutions such as *zakat* or the abolition of interest in the banking system, Qadhafi was ready to label the Libyan economy as a socialist variant of Islam:

> I declare that the Arab nation is honoured by being the precursor of socialism, since socialist principles are found in the Qur'an. Neither Marx nor Lenin, nor other theoreticians and philosophers have succeeded in devising a better system than Islam in the economic, social and moral fields. (Quoted in Allan, 1982, p. 143)

However, despite its economic dominance, the state that was shaped by the RCC lacked the same degree of authority in politics and was in need of a mass ideological following. Thus in May 1970 the RCC, under the guidance of Qadhafi, convened a series of seminars with participants such as the Mufti of Tripoli and "revolutionary intellectuals". The objective of the seminars was to come up with a definition of the working forces of the revolution. The participants identified the "crushed" classes as the pillars of the revolution, yet at the same time rejected the notion of class domination. Following the model of the Egyptian Arab Socialist Union, the Libyan Arab Socialist Union (LASU) was formed on 11 June 1971, consisting of "crushed" classes: intellectuals, farmers, soldiers, workers and "non-exploitative capitalists". With the creation of LASU, the formation of political parties and independent trade unions was ruled out. According to Qadhafi, LASU was a popular political organisation and "trade unions had nothing to do with politics — at no time and at no place" (quoted in Bearman, 1986, p. 137). Of course, at that time there were no independent unions since all had been banned in 1969 and a government-sponsored union had replaced them to perform, according to Qadhafi, "ordinary administrative duties" (*ibid.*, p. 138).

The RCC was at the top of the LASU pyramid of organisation. LASU had a membership of 300,000 by 1972. However, very soon the LASU came under

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the control of officials who, in collusion with local businessmen and other sectors of the "crushed" classes, tried to gain power and wealth by controlling different sectors of the government and political apparatus. The "pecuniary lust" of officials and businessmen and their lack of zeal for Qadhafi's ideals led to his resignation from premiership in July 1972, even though he continued to occupy the Presidency and the Command of the Armed Forces. By the beginning of 1972, the disenchanted Qadhafi called for a "popular and cultural revolution" against what he called the bureaucratic-business alliance. His new initiative was against liberal nationalists on the one hand and the Muslim Brotherhood, the Islamic Liberation Movement, the Ba'ath Socialist movement and the Marxists on the other hand. The liberal nationalists had supported the new government's initial adherence to the Arab nationalist cause and independence from the West in political and economic matters. They were in favour of a market economy, which they believed would flourish with government help. However, they were against Qadhafi's pan-Arab military orientation, and his intervention in the internal affairs of other Arab countries. They were also against excessive nationalisation of enterprises and the minimisation of the role of the private sector in the development of the country. The RCC leaders of this trend were eventually forced into exile in Cairo in 1975–76, and in 1979 they founded the Libyan Front against Qadhafi's regime in exile (Anderson, 1986, p. 230).

The transitional stage to *Jamahiriya*: 1973–75

The deviation of the RCC from the path of conventional Arab nationalism and Nasserism took place in 1973, three years after Nasser's death in September 1970. Criticising the influence of "the bourgeoisie and the bureaucrats" who, according to Qadhafi, had penetrated the LASU and the institutions of the government, the Libyan leader tried to undermine their power and purify the revolutionary movement by launching a "popular and cultural revolution". At the same time, Qadhafi was on the verge of a definite break with the Egyptian president, Sadat. Libya was about to enter the transitional period to domestic radicalisation and regional isolation.

On 15 April 1973, Qadhafi called for the liquidation of those who prevented the allegiance of the masses to his leadership. To eliminate the threats to his revolution and eradicate all forms of political allegiances, except that between the people and his leadership, he offered a five-point programme:

1. the replacement of all existing laws by revolutionary procedures;
2. purging the politically "unhealthy";
3. civil liberties only for "the masses of common people";
4. the replacement of the existing administration by popular committees;
5. cultural revolution against all the "reactionary", "poisonous foreign ideas" that would mislead young people's minds (El-Khawas, 1986, p. 49).

The response to Qadhafi's call for the establishment of popular committees was slow, and so Qadhafi turned to the students who, at his instigation, had set up the first committee at the Faculty of Law, Qar Younis University in Benghazi

(*ibid.*, p. 50). These university committees revised curricula and censored politically "poisonous" books that propagated communism, atheism and capitalism. The students also brought the cultural revolution to government offices, harbours, factories and the countryside, dismissing local administrators and managers, and tried to lead peasants and workers in a campaign to increase output. The only branches of the government that were saved from the intrusion of the student zealots were the army, the ministries of the central government and the oil fields. This was because the committees were never a spontaneous and independent movement.

By August 1973, about 2,000 committees had been set up. These committees were legally institutionalised within the national government in October 1973 and charged with the supervision of local services, state-run companies and the distribution network. However, due to the passive response of the population and their low level of participation, the former administrators, managers and local notables soon reasserted their influence on committees. This led Qadhafi to the next stage of his experimentation with the *Jamahiriya* (literally "the state of the masses") and the popular militia (Bearman, 1986, pp. 100–102).

In 1973–75, in spite of political changes and the disregard for professionalism associated with the mood of "cultural revolution", the economic policy of the previous period was continued. In 1973, the first three-year plan, for the period 1973–75, was launched. The implicit objectives of the plan were: to consolidate the power of the state by expanding its popular base of support, to reduce the dependency of the economy on the oil sector, and finally, to achieve "self-sufficiency" by diversifying the economic structure. To realise the first objective, the service sector received the largest share of the development budget. Housing, health, education, transport, electricity and water and public services constituted 67.3 per cent of the total plan expenditure (Deeb, 1987, p. 3).

To make people "master in their own castles", the housing shortages had to be resolved. In 1969–75, more than 100,000 housing units were built by the private and public sectors. Shanty houses were destroyed and the last hut was symbolically burnt in 1976. These units were either sold to Libyans with generous state loans or distributed free of charge to tent dwellers (El-Khawas, 1986, pp. 69–70).

In response to the dock workers' strike of 1972, the RCC introduced new measures. First, strikes and all forms of workplace disruption were completely forbidden. Later, in mid-1973, a profit-sharing scheme was introduced in many workplaces, and in larger enterprises joint worker-management councils established (Bearman, 1986, p. 138).

In agriculture, the plan emphasised massive government irrigation projects to make Libya self-sufficient in cereals and meat. In the industrial sector, the government opted for capital intensive industrialisation. By 1977, about ninety new plants and factories had been set up, a third in food-processing industries (El-Khawas, 1986, pp. 69–77). Many privately owned small industries were exempted from tax and custom duties on imports (Deeb, 1987, p. 4).

Imports of goods and services were under the control of the state and private

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sectors and there appeared to be no financial constraints. Oil revenues rose from $1.35 billion in 1970 to $5 billion in 1975 and the current account had a surplus despite the rapid rise of imports — from $555 million in 1970 to $3.5 billion in 1975. Libya's major foreign trade partners were Western European countries, the US, Canada and Japan (Khader, 1987, pp. 65 and 201).

However, there were serious problems associated with the first plan. Rising government and private sector expenditures led to a sharp rise in the import of labour. In the agricultural sector, many projects were confronted with lack of infrastructural facilities, and shortages of water and labour. Farmers were not induced to remain on their farms and the land settlement policy was not successful. Labour shortages and high-cost industrial projects created waste in the industrial sector.

Socially, the middle class was on the rise. However, Libyan entrepreneurs, who relied on government aid, subsidies and contracts, were investing part of their profits abroad. In fact, far from becoming a new class of small businessmen supportive of the populism of Qadhafi and the RCC, they were increasingly challenging his power. Qadhafi had exhausted his usefulness for this upcoming class with its liberal nationalistic orientation, represented in the RCC by the minister of planning, Muhayeshi. Muhayeshi was in favour of national industrial development with the help of the state and the private sector. However, Qadhafi, backed by the majority of the RCC, who had initially supported the role of "non-exploitative capitalists" in the revolution, was gradually leaning towards Islamic socialist development. The "cultural revolution" had not been able to resolve the conflict between liberal nationalists and the Qadhafi faction, and the continuing coexistence of these two tendencies within the RCC was no longer possible. The first open confrontation took place in May 1975, brought about by a drastic drop in 1974 oil revenues of about $1 billion (Khader, 1987, p. 201). This required a change in government expenditure priorities. Muhayeshi and a few other RCC members demanded major reductions in military spending in order to maintain development programmes. Qadhafi's supporters, including Jalloud, favoured a decrease in domestic consumption and a state monopoly of foreign trade. Qadhafi won the dispute and foreign trade became a state monopoly in the summer of 1975. The third congress of LASU, purged of Qadhafi's opponents, approved Qadhafi's position and endorsed the state monopoly of foreign trade and introduced rent control in urban areas. Unrest among businessmen increased and Muhayeshi tried to organise an underground opposition within the armed forces and the administration. However, his secret organisation was discovered and he fled to Tunisia in August 1975. By the end of 1975, the original twelve members of the RCC had been reduced to five. The RCC itself was becoming obsolete and power was increasingly concentrated in the hands of Qadhafi (Bearman, 1986, pp. 145–8).

Supporters of Muhayeshi, especially among the students, reacted to these changes, and in January 1976 ten anti-Qadhafi students were killed in demonstrations. To eliminate "the reactionary elements", Qadhafi urged his followers to form "revolutionary student committees" and seize control of the student councils. Since the *ulama* were also becoming critical of Qadhafi's unorthodox

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interpretation of Islam and were tacitly siding with businessmen, the "revolutionary students" closed down all private Islamic institutions and the Islamic Library in Tripoli. Several students were arrested and executed. Thus, the transitional period of 1973–75 culminated in the political crisis of 1975–76. Qadhafi emerged victorious. As he became more secure and powerful, he embarked on his experimentation with the *Jamahiriya*, based on the Islamic social, political and economic thoughts expressed in his *Green Book* (*ibid.*, pp. 148–9).

Jamahiriya as expressed in Qadhafi's *Green Book*

The three slim volumes of the *Green Book* were finally published in their complete form in 1976–78. The first volume presents Qadhafi's solution to the problem of democracy, the second his solution to the economic problem, and the third describes the social basis of his theory. All three volumes are the expression of his Islamic ideas although without explicit reference to Islamic sources or the Qur'an. Their main intellectual source, besides some Western theories, notably Marxism, are Islamic and Bedouin egalitarian ideas. On the whole, they are supposed to explain Qadhafi's Third Universal Theory. This is his interpretation of Islam as a superior general theory vis-à-vis capitalism or communism. The Third Universal Theory presents his general socio-economic theory and its application to the Libyan case.

In the three volumes, Qadhafi criticises what he sees as the oppressive political, economic and social systems of capitalism and communism. Their fault is represented by their failure to place "instruments of government" such as wealth and social laws (part 3) in the hands of people. Capitalism and communism are accused of creating artificial social systems and the usurpation of the people's power (*Green Book*, part 1, p. 7; part 2).

His solution to the political problem is "direct democracy" by people's committees and popular congresses formed at local (Basic Popular Congress), regional (Municipality People's Congress) and national (General People's Congress) levels. At all three levels, representatives from unions, syndicates and professional associations will be elected by their constituencies. Qadhafi asserts that parliaments misrepresent people and representation is a denial of participation. The party system eliminates democracy and the formation of parties would split society (*Green Book*, part 1, pp. 1–7). Class-based parties and systems, he argues, are as bad as tribal and sectarian systems since "class dominates society in the same way that a party, tribe or sect does" (*ibid.*, p. 18). Plebiscites are also rejected as "the most cruel and oppressive dictatorial system" (*ibid.*, p. 23).

Parallel to the problem of the instrument of government is the problem of drafting, amending and abrogating laws for society. "The genuine law of any society is either tradition (custom) or religion" (*ibid.*, p. 31). Any other forms of law, including constitutions, are "invalid and illogical", since they are man-made. The only legitimate sacred law is natural law. Freedom is threatened unless society has natural laws "based on stable rules which are not subject to change or substitution by any instrument of 'government'" (*ibid.*, p. 33).

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Society has to be safeguarded against any deviation from its natural law by people's rule through people's committees and people's congresses. What about the role of the press in the democratic process? Qadhafi's solution is a press controlled by popular committee. The press, therefore, cannot be owned by individuals, groups or classes (*ibid.*, pp. 38–40).

Qadhafi accepts that his presentation of true democracy is theoretical, but concludes that realistically, "the stronger part in society is the one that rules" (*ibid.*, p. 41). As regards the economic problem, Qadhafi sees neither capitalism nor communism as a solution. For him, both models deny wealth to the majority, either by concentrating it in the hands of a few or in the hands of the state. Thus, both models are considered exploitative of wage workers who "are a type of slave, however improved their wages may be" (*Green Book*, part 2, p. 9).

In Qadhafi's ideal system the only acceptable categories of property ownership are "personal property" and "socialist property". The former is that which satisfies a person's needs without his having to employ others; the latter is the property that is owned by individuals as partners. Thus, he asserts, the wage system must be abolished and societies return to "the natural law which defined relationships before the emergence of classes, forms of government and man-made laws" (*ibid.*, pp. 8–10). This is because "natural law has led to natural socialism based on equity of the economic factors of production" (*ibid.*, p. 10).

In Qadhafi's system, based on partnership in the ownership of the means of production, workers would receive a share of the output according to their contribution to production. Thus, if the factors of production are divided into labour, raw material and machinery, each would receive one-third of the output. This is because the "natural law of equality is that each of the factors has a share in the production ... Each factor has an essential role in the process ... [and] they are equal ..., they all should be equal in their right to what is produced ..." (*ibid.*, p. 11). What this amounts to is that two-thirds of the output goes back to the "general budget of the society" which also belongs to the people in the final analysis. The same principle also applies to the agricultural sector in which the three elements of production are the farmer, the land and the machine. If, however, land is worked by the farmer and his family without hiring other people, he would be entitled to one-third of the output. Thus, land is the collective property of all the people and farmers are allowed to use as much as they can with the toil of their own family. The same conception of land ownership applies to housing. Everyone would be entitled to a house for his own family use, but the house must not be offered for rent. Of course, in the early stages of this ideal society, money and income differences will exist, but in its final stages they will all disappear (*ibid.*, pp. 18–28).

Qadhafi's social programme is even more simplistic and controversial. Again it is influenced by his Bedouin culture and Islamic faith. Society is based on a natural model and the only authentic natural social link is considered to be one of blood. The individual is linked to others by family. Tribalism is originally based on family ties and naturalism is a form of tribalism. Individuals without family are merely vagabonds or rootless and the tribe is the healthiest unit of society. Nations rise and disappear, but religion solidifies national unity if it is

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compatible with nationalism. Religion provides for the relationship between God and man and between people and society. When religion is effectively followed, exploitation will fade away (*Green Book*, part 3, pp. 1–23). Qadhafi does not advocate Islam for all existing societies, but he asserts that Islam and the Qur'an have the answers to all the problems of man (El-Khawas, 1986, pp. 34–5). However, since Islam began with the Arabs, he believes that it can be renewed only by the Arabs. Therefore, the resurgence of Arab nationalism must culminate in the *Jamahiriya*, which provides the conditions for the renewal of Islam (Bearman, 1986, p. 161).

To illustrate his natural theory, Qadhafi discusses specific issues such as the rights and status of women. According to Qadhafi, due to biological differences, women have a "natural function", motherhood. "The West regards her as a commodity for buying and selling, while the East does not recognise her femininity" (*Green Book*, part 3, p. 39). Therefore, he recommends a revolution against all conditions that hinder women from performing their "natural role" and force them "to carry out men's duties in order to be equal in rights" (*ibid.*, p. 41). Of course society must provide work for all, "but on condition that each individual should work in the field that suits him ..." (*ibid.*, p. 41)

This, on the whole, is the gist of the political, economic and social components of Qadhafi's Third Universal Theory. However, it is interesting to note that he does not quote from the Qur'an. In the *Green Book* Qadhafi talks of religions in general, for his intention is to create a universal socio-economic and political model. However, his position on economic issues and his hatred towards the monopolisation of religious learning and spread of what he considers to be erroneous information about religion by the *ulama* of traditional Sunni Islam and the Sanussi Order, was bound to intensify his conflict with them. Qadhafi's conflict with the *ulama* was more important than his conflict with the Sanussi Order since the latter had lost its influence in Libya except in the Eastern Province. The majority of Libyans are Sunni Muslims, accepting the Qur'an and the *Sunna* as the primary sources of the Islamic faith. In fact until 1973, Qadhafi had always paid lip service to the *Shari'a* as the law of the land. Later, he explicitly criticised Islamic law (*fiqh*) and the various Islamic schools of jurisprudence. He called for an Islamic position which would "transcend sectarianism by going back to the origin" (quoted in El-Khawas, 1986, p. 87). His emphasis on the Qur'an and his rejection of the necessity of any mediation between God and man indicated an implicit rejection of the *Sunna*. This forced the *ulama* to decide whether or not to submit to a political power who was rejecting the fundamental sources of Islamic law. Islam does not distinguish between the spiritual and the temporal, so any conflict between the two is political. Thus, the leading *ulama* complained that the *Green Book* mocked the *Sunna*, was inspired by Marxism and was therefore incompatible with Islam. Qadhafi warned the *ulama* against forming an alliance with reactionaries and the exploitative classes. He denounced them for "propagating heretical stories elaborated over the course of centuries of decadence and conducting a reactionary campaign against the progressive, egalitarian, socialist concepts of the regime" (quoted in Bearman, 1986, p. 163). Later, in a debate with a group of

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ulama, he argued against accepting the *hadith* as a source of Islamic faith. In fact, he even defended Ataturk. According to Qadhafi, the Turkish leader was forced to abandon Islam in favour of Western secularism in reaction to the fanatical *ulama* who "have been [a] disaster for Islam" (quoted in Ayoub, 1987, p. 82).

Thus, in order to quieten the *ulama*, in May 1978 Qadhafi declared an "Islamic Revolution". He called on the *jamahir* (masses), who according to him could interpret Islam better than the *ulama*, to seize the mosques and liberate them from the mediaeval specialists of Islamic law (*fiqh*). Later, he asserted that the *Green Book* was based only on the Qur'an, because the *Sunna*, *qias* and *ijma'* were all unnecessary components of Sunni Islam, for they, unlike the Qur'an, introduced man-made laws (Joffe, 1988, pp. 623–4). He also asserted that the Third Universal Theory was an example of *ijtihad* or the exercise of independent judgement in relation to the Qur'an, and that he would not accept the mediation of the *ulama*. By invoking individual *ijtihad*, Qadhafi intended to proceed to apply the *Green Book* to Libya, which according to the *ulama* would have been in violation of Islam. To reiterate his point, he invoked *ijtihad* with respect to certain Islamic practices. In November 1978, he recommended that the Islamic date which had its origin in the migration of the Prophet from Mecca to Medina, be changed to the death of the Prophet. This was because he believed that the Prophet's death signified the cessation of revelations and was therefore more important for Muslims. Qadhafi's recommendation was adopted by the Libyan government in 1979 (Ayoub, 1987, pp. 91–2). He also declared that the *zakat* rate can be varied and is not to be fixed as in the *Shari'a*. In Libya, however, *zakat* is not imposed, nor is there an institution responsible for its application. Qadhafi is also of the opinion that the amputation of the hand or foot as the Islamic penalty for theft has only symbolic rather than literal interpretation (Bearman, 1986, p. 163).

Qadhafi's version of Islam was duly condemned by the orthodox *ulama* as heretical. The Muslim World League's journal accused Qadhafi of heretical beliefs on several accounts: his alleged rejection of the *Sunna*; his denial of the authenticity of the *hadith* and his doubts about the correctness of certain Qur'anic texts; his rejection of polygamy, which is sanctioned in the Qur'an; and his decision to change the traditional Muslim calendar (Ayoub, 1987, p. 136). Thus, on the eve of the application of the *Green Book* to Libyan society, Qadhafi had managed to alienate not only middle-class businessmen, professionals and technocrats, but also the *ulama* and the believers of orthodox Sunni Islam. Religious figures who had opposed Qadhafi's doctrine either disappeared or were forced into silence, and the role of the mosque in the social and political life of Libya was eliminated. However, the diversified Islamic opposition, many of whose members were imprisoned or executed, still has its followers inside and outside Libya and represents a potential threat to the regime. The opposition includes the Muslim Brotherhood and the Islamic Salvation party, both of which have been opposing Qadhafi since 1970. The Islamic Jihad Organisation and the Lebanese Shi'a Movement can also be added to the Islamic opponents of Qadhafi's brand of Islam (Joffe, 1988, pp. 628–31). In fact, the fundamentalist

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Islamic movement is the greatest concern of Qadhafi's regime; it accuses the regime of heresy; and for its part has claimed responsibility for various acts of sabotage in Libya (Vandewalle, 1991, pp. 220–21).

The application of the *Green Book*

In the first General People's Congress (GPC) in November 1976, Qadhafi announced his intention to introduce constitutional changes; these were finally endorsed by the GPC in March 1977. The official name of the country was changed to the Socialist People's Libyan Arab Jamahiriya. The RCC was abolished and a General Secretariat of the GPC, with Qadhafi as Secretary General, was set up. In 1979, Qadhafi resigned from this position to devote his time to "revolutionary work". The General People's Committee replaced the Council of Ministers, and People's Committees were established at a local level.

However, the new system of direct democracy did not arouse widespread enthusiasm, and low attendance and abstentionism were on the rise. Some representatives criticised the *Green Book* and its application. Thus, in 1978, Qadhafi called on the ideologically committed, i.e. young male adults and students who had been carefully screened by Qadhafi's office, to ensure the success of the revolution by imposing Qadhafi's will on the People's Committees. Thus, "Revolutionary Committees" (RCs) were formed to eradicate political and economic corruption. The RCs quickly assumed certain administrative functions and received more power to execute their decisions. In March 1979, the GPC gave the RCs the right to supervise selection procedures within the Basic People's Congresses (BPC) with a right to nominate and veto candidates who were not desirable in the eyes of the new revolutionary elites of the RCs. The RCs also acquired the right to arrest and detain and to hold revolutionary tribunals, thereby becoming part of the judiciary, propaganda, security and police apparatus of the state. Their members had political immunity and benefited from frequent visits abroad. Thecommittees had no structural links among themselves, yet all formed part of the highly centralised command of Qadhafi who resided in the "Lion's Den" in Tripoli.

After the "Islamic Revolution" and the "Political Revolution", Qadhafi launched the "Producers' Revolutions". In September 1978, he called on the RCs to establish workers' committees and set up "Producers' Partnership" in large enterprises, private and public, except the oil industry. By the end of 1978, there were 180 state farms, commercial enterprises and factories administered by the employees and supervised by elected committees. In the case of private enterprises, financial indemnities were granted to compensate their former owners. The functions of management were given to a people's committee chosen by members of the Vocational People's Congress within each work place. Other enterprises, i.e. the self-employed units, were left intact.

Despite some degree of workers' control over economic decisions, workers' partnerships were constrained by the government planning agency, which was charged with the implementation of the overall development plan. Each produc-

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tive unit was to compete for inputs and resources, although these remained subordinated to the political priorities of the *Jamahiriya*. These partnerships are confined to Libyans working in the non-oil sectors. Thus, half of the labour force remained outside the scheme (Bearman, 1986, pp. 187–95).

Foreign trade also came under the complete monopoly of the state and public corporations replaced 45,000 merchants who were considered as "non-productive Libyans" (Deeb, 1987, p. 5).

Private agricultural ownerships employing workers were spared from expropriation until 1985. Since 1985, all forms of private land ownership, other than single proprietorship, have been eliminated and the RCs have burned land-ownership records at the Land Registry in Tripoli. In addition to single proprietorships, 420 self-sufficiency farms were organised, selling their output to the state (Bearman, 1986, p. 275).

In the distribution sector all enterprises, except individual or family proprietorships, were turned into state-sponsored distribution agencies, controlled by vocational People's Economic Committees. Then, in 1981, all the retail outlets, including the markets (*souks*), grocers, butchers, shoe and household appliance shops were closed and turned into partnerships. The government built 158 market places and consumers' centres in various regions. Five supermarkets were built in Tripoli and Benghazi and a General Marketing Company was set up to supply "people's supermarkets" with goods heavily subsidised by the government. All private firms engaged in business with the government were consolidated into national firms. To prevent businessmen from keeping their assets in cash, the government changed the bank notes and the banks were instructed to permit the withdrawal of no more than LD 100 (*ibid.*, pp. 195–6 and Deeb, 1987, p. 5).

As a result, even small traders who had long backed Qadhafi joined the silent opposition, alongside the Sanussis, technocrats, professionals, businessmen and the *ulama*. Capital and skill were withdrawn from the market and over time even left the country. A number of merchants were arrested and tried and some dissenting *ulama* and preachers disappeared. However, with the drastic expansion of the role of the government in all economic sectors, foreign companies benefited from contracts granted to them by the government. In addition, the number of administrative personnel increased to 186,000 in 1979, in a country with a population of 3 million (*ibid.*, p. 6).

The decade of crisis and mellowing of ideals: the 1980s

Due to its basic dependence on oil revenues, Libya has had an economic crisis since 1980. By 1980, demand for OPEC oil started to decline because of economic recession in the industrialised countries and the measures introduced there to economise on oil consumption. Libya's oil production fell from 2 million barrels a day (MBD) in 1979, to 1.1 MBD in 1981 and 1.017 MBD in 1982. At the same time, the market price of crude oil fell to $10.5 below the price prevailing in January 1981. Libya's income from oil decreased from $22.527 billion in 1980, to $14.350 billion in 1982, and to less than $10 billion

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in 1983 (Khader, 1987, p. 67). The decline continued until 1986, when Libya received only some $5 billion (*Le Monde, Bilan Economique, 1987*, p. 111). The decline in oil revenues, which accounted for 99 per cent of foreign exchange earnings and more than 50 per cent of GDP, led to a drastic decrease in trade surplus and the current account balance was in deficit by 1984, giving rise to a continuous deficit in the remaining years of the 1980s. As a result of this deficit, Libya's foreign-exchange reserves also decreased. In March 1982, US President Reagan imposed trade sanctions on Libya. A trade ban was imposed on imports of Libyan crude oil to the US, which had accounted for 35 per cent of Libyan oil exports, and on US exports to Libya except food and medical supplies (Bearman, 1986, p. 268).

The loss of oil revenues forced the government to change its economic policy in 1982. The GPC opted for a new general policy of "maximum production and minimum consumption". Austerity measures, especially in consumption, were introduced. Certain commodities were declared unnecessary and their import banned. In 1983, developmental expenditures favoured heavy industries at the expense of light industries, and some projects were either postponed or cancelled (Fisher, 1988, p. 641). In the agricultural sector, the land of farmers who employed workers was expropriated and land-ownership records were destroyed (Bearman, 1986, p. 275). The government, however, continued its $25 billion project of "the great man-made river", a pipeline of 1,990 kilometres, which is designed to carry two million cubic metres of water a day from an underground reservoir in the south-east of Libya to the north of the country (Khader, 1987, p. 68). Several US companies were involved in the first phase of this project. However, after President Reagan's ban, South Korean contractors replaced the US companies. To help further with the financing of the project, taxes were imposed on certain goods (Deeb, 1987, p. 7).

In general, since the early 1980s, expenditures were successively reduced each year (Khader, 1987, pp. 206–7). This led to a decline in GDP from $35.5 billion to $24 billion in 1986, the latest year for which government data are available. In the same period, per-capita income fell from $10,900 to $6,404. The government budget deficit and the balance of payments have been covered by drawing on foreign-exchange reserves, which in 1984 were estimated to be between $1 and 4 billion. On the whole, foreign debt, mostly in the form of delayed payment to foreign contractors, increased in this period, though money supply increased only slowly (Deeb, 1987, p. 6). In order to absorb liquidity outside the banks and take the pressure off the market, all interest rates paid on savings, notice and fixed deposits were raised in April 1980. Saving deposit rates rose from 4.5 to 38.5 per cent, notice deposit rates from 4.75 to 35.7 per cent, and the rate on three-year fixed deposits was changed from 8 to 100 per cent to encourage investors to keep their deposits for a longer period (Khader, 1987, pp. 186–90). Due to balance-of-payments and investment difficulties in summer 1985, many foreign Arab workers were expelled; some were replaced by Asian, non-Arab workers, mainly Indians, Pakistanis or South Koreans, who were more apolitical than the Arab workers (Deeb, 1987, p. 7).

In 1985, relations with the US worsened due to Libya's involvement in Chad

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and its alleged association with international terrorism. In January 1986, President Reagan froze Libyan assets in the US, estimated to be only several hundred million dollars, and banned all trade between the two countries (Fisher, 1989, p. 637). US companies, including oil companies, were asked to leave Libya. Libya now had to sell its oil directly to European refineries, competing with Algeria and Nigeria (Deeb, 1987, p. 6). However, the Libyan government did not nationalise the assets of US oil companies in Libya; they then signed agreements with Libya that gave them the right to negotiate their return in the future. Finally, in June 1986, the US government banned the export to third countries of goods and technology destined for the Libyan oil industry (Fisher, 1989, p. 637). By 1989, the price of oil had declined further, drawing down Libya's oil revenues to $7 billion, intensifying the economic problems in the country (*Le Monde, Bilan Economique, 1990*, p. 112).

The imposition of restrictions on imports and the state monopolisation of foreign trade in the late 1970s created severe shortages and led to Libyans circumvening government rules and regulations. Farmers sold part of their output to middlemen "who then managed to sell them to consumers at higher prices than those in the government's cooperatives" (Deeb, 1987, p. 7). Black markets spread for goods that could not be bought from government supermarkets and retail stores. Some subsidised goods, such as oil, rice and tea, were smuggled to neighbouring countries. Even the housing sector experienced shortages in the mid-1980s, due to cuts in the housing budget (Fisher, 1988, p. 644. *Le Monde, Bilan Economique, 1987*, p. 111).

The continuous decline of GDP, shortages of basic commodities, increasing dissatisfaction with internal political repression and the external assassination of members of the opposition, and regional and international political isolation finally led Qadhafi to reconsider his policies, and forced him to accept a more pragmatic approach to his Islamic socialism.

In February 1987, rising tension between the Islamists and the regime after the assassination of a prominent member of the RC, led to the execution of six civilians, allegedly members of the Islamic Jihad, and three military "traitors". At the same time, delegates at the General People's Congress raised their voice against the excesses of the RCs' involvement in Chad and economic hardships. In response, Qadhafi came out for a "Revolution within the Revolution". He admitted his foreign policy mistake in Chad after the defeat of the Libyan forces in 1987 and toned down his plans for union with other countries. He stated his opposition to terrorism and accused his own RCs of assassinating his political opponents. The RCs lost their right to arrest and imprison people, and in May 1988 a new secretariat was set up to monitor and supervise them. In March 1988, the People's Court and the People's Prosecution Bureau replaced the notorious revolutionary courts. Hundreds of political prisoners were released and Qadhafi personally took part in the demolition of Tripoli's central prison and the destruction of the files of the four existing security organisations. Libyans were granted freedom to travel abroad; and Qadhafi personally supervised the elimination of the border post with Tunisia. In 1988, Tunisia received one million Libyans who were provided generous hard-currency allowances. At

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the same time, Qadhafi called on Libyan exiles to return without fear of persecution, and met with some of the non-Islamist opposition leaders "in an attempt at conciliation" (Vandewalle, 1991, p. 221). Finally, in June 1988, a Great Green Charter of Human Rights, condemning violence and advocating legality, accountability, freedom and human rights, yet disallowing free press, political parties and strikes, was approved by the GPC.

The Green Charter is heavily based on the ideas formulated in the three volumes of the *Green Book*. The charter envisages a society without discord in which the concept of individual civil liberties is absent. It calls private property "sacred and protected", but "concludes that it can be circumscribed by the public interest without specifying what the public interest entails". It asserts that all Libyans have "the right to legal counsel and to an independent judiciary ...but offers no real guarantees" (*ibid.*, p. 225). It states that every Libyan is under the protection of the "Qur'anic *Shari'a*", but immediately emphasises the equal rights of men and women, stating that the unequal right between men and women "is a blatant injustice that nothing can justify". It recognises the freedom of opinion, but the means for the realisation of this right and the judicial protection for it are not pronounced. Direct democracy under the rule of the people is advocated, but Qadhafi and his entourage are given an exclusive and infallible right to leadership (Djaziri, 1990, p. 631). The Green Charter recognises the right to hold religious beliefs but denies any religious hierarchy the right to act as intermediary on behalf of the creator. It also condemns the use of Islam for political ends, "conspiracy or parasitic activities" (quoted in *ibid.*, p. 632). In fact, the Green Charter has a definite political character and provides a legal foundation for the repression exercised against the opposition (especially the Islamic opposition).

With respect to economic reforms, Qadhafi, in 1987–88, in a retroactive move, advocated economic liberalisation: privatisation and open-door economic policies. He justified this move by arguing that his new policies were against the bureaucratisation of the economy by the state as expressed in the *Green Book*: that the revolution was completed and the economy could be shaped by what we have called "plan-then-market" (see Chapter 3). He cynically stated that people were now free to live like the bourgeoisie in their "ivory tower" (quoted in Vandewalle, 1991, p. 226).

In this new programme Qadhafi called for the elimination of customs and immigration posts with neighbouring countries. Thus, along the border with Tunisia, a free zone was set up where Libyans could buy goods unavailable in their own country (*Le Monde, Bilan Economique, 1990*, p. 112). More importantly, Qadhafi advocated expansion of the role of the private sector, reopening of private retail trade, abolition of state monopoly of foreign trade, and an opening up to foreign investment. He also recommended the establishment of worker cooperatives based on the idea of producers' partnership (the so-called *tasharukiyya* principle). His new policy was justified by the need to increase efficiency, and enter a new phase in the revolution, since "the previous phase was only an exceptional one in order to settle scores with the *ancien* generation who had squandered everything" (quoted in Djaziri, 1990, p. 640). Duly, the

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Ministry of Industry came up with a two-year timetable for the privatisation of small and medium-sized enterprises in the agricultural sector, restaurants and hotels, retail trade, transport, textile, construction and consumer goods industries, based on *tasharukiyya* and single proprietorship. According to the *tasharukiyya* scheme, as an employee one would receive a salary based on one's work, productivity, education and responsibility; as a partner, one would receive an equal share of the net revenue of the enterprise. Net revenue was defined as gross revenue minus all costs and the amortisation rate of the value of the enterprise (8 per cent of gross revenue). By August 1988, 141 small factories were turned over to their employees and the lifting of injunctions against private retail trade and private medical clinics fostered the development of private initiatives. The *souks* (markets) in the cities were reopened and the import of consumer goods improved the distribution system. In addition, the rise of oil revenues in 1990 and during the Persian Gulf crisis enabled the financing of imports and government development projects (*ibid.*, pp. 639 and 641). However, after two decades of experimentation with what Qadhafi calls "Islamic scientific socialism", the Libyan economy still suffers from the typical imbalances of a developing, single-commodity economy. Libya remains dependent on oil revenues, foreign supply of goods and services, and immigrant labour (see International Colloquium, 1979, p. 201). The oil sector contributes to more than half of GDP; it provides over 99 per cent of export earnings and financing of development projects. Efforts to diversify exports by producing chemicals has not been successful in an already glutted and highly competitive world market. Libya is still not able to produce enough capital goods, consumer goods and foodstuffs to satisfy its rising population. Continuous labour shortages (skilled and unskilled) due to the wide gap between the level of investment financed by oil revenues and the locally available labour force has been a real dilemma for the economy. Today, more than ever before, Libyans are relying on foreign labour expertise and know-how in their economic activities. Responsibility for production and distribution has been shifted to the state, which hires immigrant, skilled and unskilled workers, giving rise to high cost, low incentives and a lack of local initiatives.

Ideological and political experimentation within Libyan society has constituted a serious constraint on the country's development. The economy is burdened by a large, non-productive and highly ideological government sector. Despite major achievements in housing, education, transport and communication that could also have been achieved through other less costly means than the *Jamahiriya*, Libya remains a lopsided, dependent economy. Nevertheless, Libya today is very different compared to the early 1970s, although the new economic structure and its political and economic institutions remain transitional and fragile.

Qadhafi calls the Libyan economy an Islamic socialist system. This is based on his unorthodox interpretation of the *Shari'a* which consists only of the Qur'an: "The Glorious Koran is the *Shari'a* of our new socialist society" (International Colloquium, 1979, p. 199). However, the system is very much based on Qadhafi's eclectic combination of religion, nationalism and populism.

Whether or not it is based on the Qur'an is not a fruitful discussion. But by the mid-1980s it had become clear that many Libyans remained unconvinced by his vision and the success of his practices. The state created by Qadhafi has become increasingly independent of the social forces, due to oil revenue and state ownership. The *Al-Fatih* revolution in Libya started by relying on all potential constituencies, but has alienated itself from the Libyan *jamahir*, and beyond, and has had to rely increasingly on repression. Of course, Islam and Islamic sentiments will continue to play a role in the future of Libyan development. It is ironic that today the success of Qadhafi's Islamically inspired political and economic liberalisation process depends on the outcome of the conflict between him and the Islamic fundamentalist opposition, which Qadhafi has branded as "more dangerous than AIDS" (Mattes, 1991, p. 80).

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Resalat, 29 Shahrivar 1366; 20 Khordad 1370; 17 Mordad 1370.

Index

Abd al Wahhab, Muhammad-ibn, 137, 150
Abdul Aziz, King, 137, 138, 139, 141
Abdul Aziz Talal-ibn, 142
Abdullah, Prince, 144, 148
abrogation *see naskh*
Abu-Bakr, Caliph, 3, 7, 8, 9, 70
Abu Hanifa, Imam, 6, 12, 15
adl, 33, 35
agriculture, 145, 176, 193, 197, 203
Ahl-e hadith, 14, 15, 16
Ahl-e ra'y, 15
al-Ghazali, 90, 94
al-maslah al mursalah source of law, 13, 16
alcohol consumption of, 85, 191
Ali, Caliph, 3, 8, 10, 11, 24, 31, 37, 39, 58, 62, 69, 73, 78, 80
All India Muslim League, 112, 113
All India National Congress, 112, 113
altruism *see mu'asat*
amanat, 96
amputation of hands, 129
analogical deduction, 12, 15, 16
aqd, 65, 66
Arab Islamic Republic, 190-5
Arabian American Oil Company, 140, 141
Arif, Muhammad, 55, 56
asceticism, 91, 92
Association for Social Advancement, 53
Ataturk, Mustafa Kemal, 181
Awami League (Malaysia), 185

Bahrain, 190, 191
banking, 191
Bani Sadr, A., 58, 166, 168, 169, 170, 171
Basic Democracies, 122, abolition of, 130
banking, interest in, 165, 168, 176
commercial, 99, 101, Islamic, 177, 99, 164, 179

banks, 162, nationalisation of, 192, Saudisation of, 154
Basic People's Congresses (Libya), 202
bay'ah, 33
bazaar class, 189, interests of, 164
Bazargan, M., 160-4
Behbahani, Mohammed-Bagerr, 16
Beheshti, Ayatollah, 57, 168
benevolence *see ihsan*
Bentham, Jeremy, 28, 29
Bhutto, Benazir, 128, 129
Bhutto, Zulfiqar Ali, 119, 121-6, 136, economic reforms of, 123-6
black market, 177, 205
British Petroleum Company, 192
brotherhood, Islamic, 94, 95
bureaucracy, in Pakistan's politics, 114-15
business organisation, Islamic, 94-8

capital accumulation of, 45, flows of, 106
capitalism, 72, 81, 84, 96, 106, 170, 198
Catholic Church, 28, 29
charity *see sadaqa*
Civil Service of Pakistan (CSP), 114
co-ordination, 53, 66
communism, 65, 198
compassion, as driving force, 94-5
competition, 56, 58, as driving force, 94-5
consensus, 10, as source of legislation, 8
consumer behaviour, Islamic, 84-91
consumption, average, 87, conspicuous, 148, constraints on, 89, excessive, 47, forbidden, 89, of refinements, 86, permissible, 86, wasteful, 85, 103, 105, 107
contract, 170, 195
conversion to Islam, 28
corruption, 176, 190

decentralisation, financial, 101
debt, 150, 161, 204, purchase of, 129
decision-making, 42, 49, 53, centralised, 51, 52, decentralised, 51, 173

Marfat.com

democracy, 33, 136; direct, 198, 206
Descartes, René, 28
disutilities *see mafasid*
divorce, 27
drug production, 133
dues: obligatory, 62; voluntary, 62

economic man, 28-31
economic philosophy of Islam, 21-40
economic systems of Islam, 41-82
education, 174, 190
egalitarianism, 54, 62, 88
Egypt, 190, 191, 195
equity, 35-8
evil, forbidding of, 38-40
extravagance, 87, 88

Fahd, King, 147-59
Fahd, Prince, 144
fai', 61, 69
Faisal, Amir, 142, 143, 144
fallah, achievement of, 91
Family Ordinance Law (Pakistan), 117
famine, 62, 76
faqih, 1, 2, 27, 164
fard activities, 2
fatwa, 14, 148, 166
financial market, 103-4
fiqh, 1, 2, 46, 75; sources of, 2-16
firm, Islamic theory of, 91-5; moral duty of, 92
fiscal policies: in Iran, 180-2; in Saudi Arabia, 155-7
Five Necessities, 59, 60
Five Year Plans: Iran, 180; Libya, 188, 189; Pakistan, 117, 119, 120; Saudi Arabia, 146, 158
foreign exchange, 167, 173, 176, 204; controls on, 120; shortages of, 189
Foundation for the Disinherited, 162
foundations, Iranian, 175
fraud, 49, 57, 58
free choice, 23, 89
free trade zones, 186

gambling, 26, 102
General People's Congress (GPC) (Libya), 202, 205
God: acts pleasing to, 78, 91; as owner of all things, 46; as owner of natural resources, 65; creation of world, 83; good commanding of, 38-40
Green Book, 198, 202, 202-3
Green Charter of Human Rights, 206
Gulf Co-operation Council, 148
Gulf War, 140, 157, 159

hadd, 27
hadith, 4, 15, 46, 70, 95, 200, 201; authenticity of, 5; discontinuous, 6, weak, 6
halal, 75, 89
Hamal, Abyaz bin, 67
Hanafi school, 2, 7, 12, 16
Hanbal, Ahmad-ibn, 6
Hanbali school, 2, 6, 16, 76, 139, 150
Hanifa, Imam abu, 97
haram activities, 2, 54
hell, as punishment, 57, 60, 62, 63, 80, 85
Helli, Alameh, 73
Helli, Mohaqeq-e, 39, 98
Hezbollah party, 164, 170
highway robbery, 27
hire purchase, 101, 179
hoarding, 47, 57, 60, 62
house, entry into, 59
housing, 61, 76, 86, 87, 131, 163, 165-6, 199, 205; loans for, 152; shortages of, 196
Hussain, Imam, 39

ibadah, 17, 23, 24, 25, 27, 31, 32, 78, 90
ibda', 33
Ibn Baz, 149
Ibn Hazm, 60, 62
Ibn Taymiya, 62
Ibn-Anas, Imam Malik, 6
ideal Islamic society, 31-4
Idris, King, 190, 191
ihsan, 94
ijarah see labour, hiring of
ijma', 3, 7-9, 17, 33, 201
ijtihad, 11, 12, 15-16, 17, 139, 201
iman, 92
import-substitution, 145, 176
incentives, 42, 77-80; divine, 78; private material, 79
independence movement, Pakistani, 112-13
indexation of loans, 107, 109
India, 112, 113, 115
Indo-Pakistan war, 118, 120
industrialisation, 176, 186, 196
inflation, 105, 109, 125, 134, 158, 182, 184; tax on, 182
information, provision of, 42, 53-66
inheritance, 27, 71
insurance, 102, 154, 172, 192
interest *see riba*
interest-free banking, 99, 101, 108, 109, 131, 162, 178, 179, 180
International Monetary Fund (IMF), 134, 142, 183

Marfat.com

interpretation *see ijtihad*
investment, 96, 101, 104, 108, 120, 132, 133, 178, 183, 188, 207; foreign, 149, 151, 168-9, 176
Iran: Islamisation of economy, 160-86; population structure of, 173-5
Iran-Iraq war, 167, 168, 173, 174, 177, 183, 184
Iraq, 69; invasion of Kuwait, 149, 187
isar, 95
Isfahani, Mohaqeq, 73
Ishaq Khan, Ghulam, 128, 129
Ishraqi, Ja'far, 75
Islam, and Pakistan's constitution, 134-6; fundamentalism, 148, 208; objectives of, 44
Islamic Democratic Alliance (IDA), 128, 129
Islamic Economic Organisation, 180
Islamic economics, restrictive parameters of, 47-9
Islamic Jihad Organisation, 201, 205
Islamic man, 34-44, 85, 89, 90, 95
Islamic Republic Party (IRP), 166, 169, 170, 173
Islamisation, 127, 128; in Pakistan, 121; of financial sector, 130, 132; of Iranian economy, 160-86; of labour movement, 166-7; of Pakistan's economy, 112-36; under General Zia, 129-34
israf consumption, 85, 87, 88, 103
istidlal, 14
istihsan, 12, 13, 14, 16
istislah process, 14, 16
itraf consumption, 85, 88, 90

jaiz activities, 2
jahiliyyah, 32
Jama'at-e Islami party, 122, 127, 128, 129, 134, 136
Jamahiriya, 198-8, 198-202
jihad, 23, 28, 92
Jihad group, 148
Jinnah, Muhammad Ali, 112, 113, 115
jurists, Islamic, 57, 62, 66, 71, 80, 96, 97; on free thought of, 12, 13; opinion of, on subjectivity of, 46; traditional, vs, 48, 170, 171

justice, 85, 86; and abolition of, 86; and inequalities, laws of, 86; social, 87, 88, 89, 91

Kalantar, Rafe'i-Isfahani, 97
Kashif, Kazim, 14, 59
Khalid, Prince, 144
Khamenei, Ayatollah, 171, 184
Khan, Liaquat Ali, 114, 115
Khan, Ayub, 114, 117, 119, 135
kharaj tax, 69
Khomeini, Ayatollah, 57, 163, 164, 166, 170, 171, 173, 184
Khorasani, Va'ezzadeh, 4
Khudhri, Abu Sa'id, 62, 88
khums tax, 26, 47, 50, 60, 63, 68

labour code, 124, 143, 151, 175
labour, application of, 72; at origins of property, 71; hiring of, 73, 95, 96, shortages of, 174, 189, 207
labour movement, Islamisation of, 166-7
land, as property, 69 (collective, 199), confiscation of, 192; dead see *mawat*; ownership of, 75, 203; seizure of, 161, 166; settlement of, 193
land reform, 120, 122-124, 134, 163, 165-6
Libya, 187-205; accused of terrorism, 205
Libyan Arab Socialist Union (LASU), 194
liquidity, 182; ratio requirement, 132

macroeconomics, Islamic, 83-111, 99-109
mafsada, 91
Mahallati, Ayatollah, 166
Mahmasani, S., 3, 10
makruh, 54
Malik, Imam, 13, 67, 68, 97
Maliki school, 2, 6, 7, 13, 16, 76
man, Islamic concept of, 22-4
management, Islamic, 53, 166, 167, one-man, 53
mandub activities, 2
market economy, 59, 77, 80, 146
market mechanism, Islamic, 55-9
martial law (Pakistan), 117, 118, 123
Marx, Karl, 194
Marxism, 21, 42, 43, 68, 195, 198, 200
masalih, 86
maslaha, 91-139
Maududi, Abul-Ala, 33, 112, 135, 136
mawat, 66, 69, 70, 71-74; nationalised, 163; reclamation of, 74
al-Mazini, Bilal ibn Harith, 67
Meshkini, Ayatollah, 168
microeconomics, Islamic, 83-111
migrant labour, 128, 178, 184, 189, 204, 207
Mirza Iskandar, 114, 115
moderation, 85, 87, 96; limits of, 88
modernisation, 113, 114, 150
Mohammad Prophet, 1, 3, 4, 5, 7, 11, 15, 16, 21, 24, 26, 28, 60, 61, 65, 67, 73, 75, 78, 79, 83, 85, 87, 88, 89, 90, 91, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135,

Mohammed, Prince, 144
mojahid, status of, 78
monetary policy, 158; in Iran, 180-2; in Saudi Arabia, 155-7
money: excess of, 104; supply of, 104
monotheism *see towhid*
Montazeri, Ayatollah, 165
montazafin, 185
Motahhari, Ayatollah, 16, 36
Moussavi, Mir-Hossein, 171, 172, 184
movasat, 77, 79, 94
Movement for the Restoration of Democracy (MRD) (Pakistan), 127, 128
mu'amelat law, 2, 8, 25, 26, 27
Mu'awyyeh, Caliph, 11
mu'men, 47, 50
Mu'tazilah sect, 17
muhajerin, 31
munakehat laws, 2, 25, 26
musaqat, 96, 97, 98
musharaka, 96, 99, 131, 132, 133, 178, 179
Muslim Brotherhood, 138, 147, 191, 195, 201
Muslim League, 114, 115, 134
Muslim World League, 201
muttaqin, 24-8
muzara'a, 96, 97, 98
muzaraba, 96, 97, 98, 99, 131, 133, 155, 156, 178, 179, 180, 181, industrial, 98

naskh, 17-19
Nasserism, 141, 147, 187, 190, 195
National Awami League (NAL), 122
National Iranian Oil company, 162
National Public Organisation for Industrialisation, 193
nationalisation, 68, 122-124, 134, 162, 205, of banks, 164, 179, 192, of foreign trade, 167, of oil industry, 192
natural resources, 66, 68, 73, scarcity of, 83
Navel, Prince, 147
Nazer, Shaykh, 149
needs: basic, 60, 63, 65, 80, 86
neo-classical economics, 95, 107

oil, 148, 151, 152, 188, 189, 162, 168, 188, 191, 203, 205, Iranian, 168, price of, 128, 141, 147, 188, 189, revenues, 181, 188, 193, 197
Omar, Caliph, 3, 8, 10, 18, 69, 70
ordinances: governmental, 48, primary, 47, 48, secondary, 47, 59, 62
Organisation of Petroleum Exporting Countries (OPEC), 147, 149, 159, 193
ownership: distribution of, 42; establishment of, 71; initial, 72, 73; of land, 75, 199, 203; of means of production, 1; of mines, 67; permanence of, 72; private, 165 (of factors of production, 51; of rivers, 47)

Pakistan, 112-36; independence of, 112; partition of, 118
Pakistan Muslim League-Parago Group (PML-PG), 127
Pakistan National Alliance (PNA), 123
Pakistan People's Party (PPP), 118
people's committees (Libya), 198, 202, 203
People's Party of Pakistan (PPP), 121-6
piety *see iman*
plan mechanism, Islamic, 55, 59-64, 77, 80
plan-then-market mechanism, Islamic, 55, 64-6, 77, 80, 206
planning, 51, 117, 157-9, 165, 182-3; central, 43
polytheism, 22, 137
poor, 38, 62, 63; charity to, 50; consideration for, 4, 23, 26, 54, 61; needs of, 64; share in wealth, 60
population structure of Iran, 173-5
poverty, 66, 184
prayer, 24, 59
prices, 56, 57, 58, 63, 87, 105; controls on, 185; fixing of, 56, 152; guaranteed, 177; market, 48, 93-4; stability, 105, 106, 109, 120
private property, 1, 26, 43, 54, 133; right to, 76
private sector, 153, 158, 163, 170, 175-7, 179, 182; role of, 151
privatisation, 67, 68, 129, 173, 207
profit, 104, 178; maximisation, 91; pursuit of, 1, 57, 153; rate of, 105, 108, 179
profit-sharing, 95-8, 102, 104, 105, 106, 108, 109, 131, 132, 155, 179, 196
property: contractual, 66; personal, 199; private, 66, 70-7, socialist, 199; state, 66, 67, 68-70, unlimited ownership, 75, rights, 66-77; usurpation of, 70
Public Morality Committees, 143
punishment, 25, 26, 27, 62, 71, 85, 129; of theft, 18 *see also* hell

Qadhafi, Muammar, 187-208
Qar Younis University, 195
qarz al-hassana, 178, 180
qisas, 27
qiyas, 3, 9-16
Qumi, Ayatollah, 165, 166

Marfat.com

Qur'an, 2, 3-4, 7, 9, 11, 12, 14, 15, 17, 18, 22, 23, 26, 31, 34, 36, 37, 49, 50, 51, 52, 57, 58, 59, 60, 61, 62, 63, 66, 70, 71, 75, 79, 83, 85, 89, 91, 99, 135, 137, 139, 148, 201, 208, account of creation, 33; primacy over *Sunna*, 6
Outb, Seyyed, 33, 34

ra'y, 11, 14, 46, 139
Rafsanjani, Hojatolislam, 184, 170, 176, 177, 179, 182
rationing, 167, 168, 177
reason see *ra'y*
remittances from migrants, 125, 133–134
rent, 67, 100
repentance see *al tawbah*
Revolutionary Command Council (RCC) (Libya), 190, 191, 194, 196, 197–202
Revolutionary Committees (Libya), 202
Revolutionary Council (Iran), 162–164, 165–167
riba, 85–86, 96–97, 100, 102, 130, 133–134, 181–204, abolition of, 103–106, 129–130, 132, 192–194, and non-Muslims, 103, prohibition of, 107, 185–187
Rouhani, Ayatollah, 166
rupee devaluation of, 116, 124, 128

sacrifice see *udhiya*
sadaqa, 18
Sadeq, Imam, 8, 90
Sadr, Mohammad Baqir, 44–46, 67–72, 84–98
salaf transactions, 130
Sanussi Order, 187–190, 191–200
Sanussi rule in Libya, 187–190
Saud, House of, 137–138, 144–149
Saud, King, 141
Saud, Muhammad ibn, 137–138
Saudi Arabia, 102–125, 137–59
Saudi Arabian Monetary Agency (SAMA), 146–149, 183–184, 187
Saudi Basic Industries Corporation (SABIC), 185
savings, 88–105, 108–109
self purification see *tazkiyah*
Shafi'i school, 2–6, 7–14, 36–194
Shi'ism, Imams of, 7–14, 36
Shi'ite Imams, 6–7
Shi'ites, 68, 130, 148
Shirazi, Ayatollah, 166
Siddiqi, M.N., 93, 98
slavery, abolition of, 143
smuggling, 205
socialism, 76, 81–84, 126, 128, 170, 190, 207; Islamic, 136, 187–208, natural, 199
speculation, 26, 104
spiritual pursuits see *ibadah*
spoils of war see *anfal*
Standard Oil of California, 140
stock market, 101–2, in Iran, 180, in Saudi Arabia, 155
strikes, 120, 122, 141–151–161, 191, of dock workers, 196
subsidies, 65, 152, 177, 205, agricultural, 157, elimination of, 185
Sudan, Seven, 144
Sufyan, Mu'awiya ibn Abi, 75
Sultan, Prince, 147
Sunna, 2, 4–7, 8, 9, 11, 12, 14, 15, 17, 37, 45, 46–50, 51, 52, 57, 137, 148, 200, 201
Sunni Islam, 187, 188, 190, 191, 200, 201
Sunni jurisprudence, 2, 7, 12, 14, 36, 39, 46–47, 49, 51, 61, 63–67, 69, 70, 72, 74, 75–76, 80, 98, 102
Sunnis, 133, 137
supermarkets, people's, 203

ta'wil, 10
ta'zir, 27
tabzir consumption, 85, 88, 90
tax income, 131, 150, inflation, 182, land, 97 see also *khums*, *zakat* etc
taxation, 107, 121, 133, 140, 152, 181, 185, 189–190
Ten Point programme, 143
Texaco, 140
theft, 18, 27–36
Third Universal Theory, 198–200
time factor significance of, 17–19
tawhid, 1–33, 34–38
trade sanctions on Libya, 201
trade unions, 120–124–175
Tusi, Shaykh, 73

'Umar ibn 'Abd al-'Aziz, 9
'Umar, 89, 103, 107, 108, 112, 113, 120, 127, 129, 132, 133, 135, 137, 141, 142, 143, 147, 148, 150, 151, 154, 156, 157, 190, 197, 200, 201, 203

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ummah, 11, 31, 44, 59, 67, 150
unbelievers, 32, 61; payments to, 18
unemployment, 93, 161, 166, 174, 184
United Democratic Front (UDF), 121
United Front of East Pakistan, 114
United Kingdom (UK), 140–187, 188, 191, 193
United States of America (USA), 140, 144, 149, 168, 169, 187, 188, 191, 193, 204
university committees, 196
'uqubat laws, 1, 18, 25, 26, 27
'ushr tax, 50, 69, 130
Usuli school, 16
usury, 35, 36, 47, 49, 55, 76
Uthman, Caliph, 3, 8, 60
utilisation, priority of, 74, security of, 74
utilities *see* masalih
utility: principle of, 28, 29, social, 91, 93

wage-rent enterprises *see qarah*
wages, 93, 95, 96, 97, 120–152, 199, 207; minimum, 151
Wahhabism, 137–59
Waqqas, Sa'ad ibn Abi, 4
wealth, 61, 64; accumulation of, 46, 55; acquisition of, 75; concentration of, 163; distribution of, 63; giving of surplus, 62; inequalities of, 58, 59; pursuit of, 4, 5, 22, 79, 84; sharing of, 23, 38; surplus, 63
wine, consumption of, 9, 27; trading in, 32
women: as labour, 159; employment of, 151; natural function of, 200; schooling for, 143
workers' councils (Iran), 161
workers' management, 52
World Bank, 134, 185

Yahya Khan, 118, 119, 128
Yamani, Shaykh Zaki, 142, 144, 147, 149

zakat tax, 25, 26, 47, 50, 54, 60, 63, 67, 101, 103, 106, 107, 109, 117, 127, 130, 135, 136, 137, 152, 194, 201
zarqa, 86
zawya, 191
Zia-ul-Haq, M., 122, 126–34
zulm, 35

102 - 108

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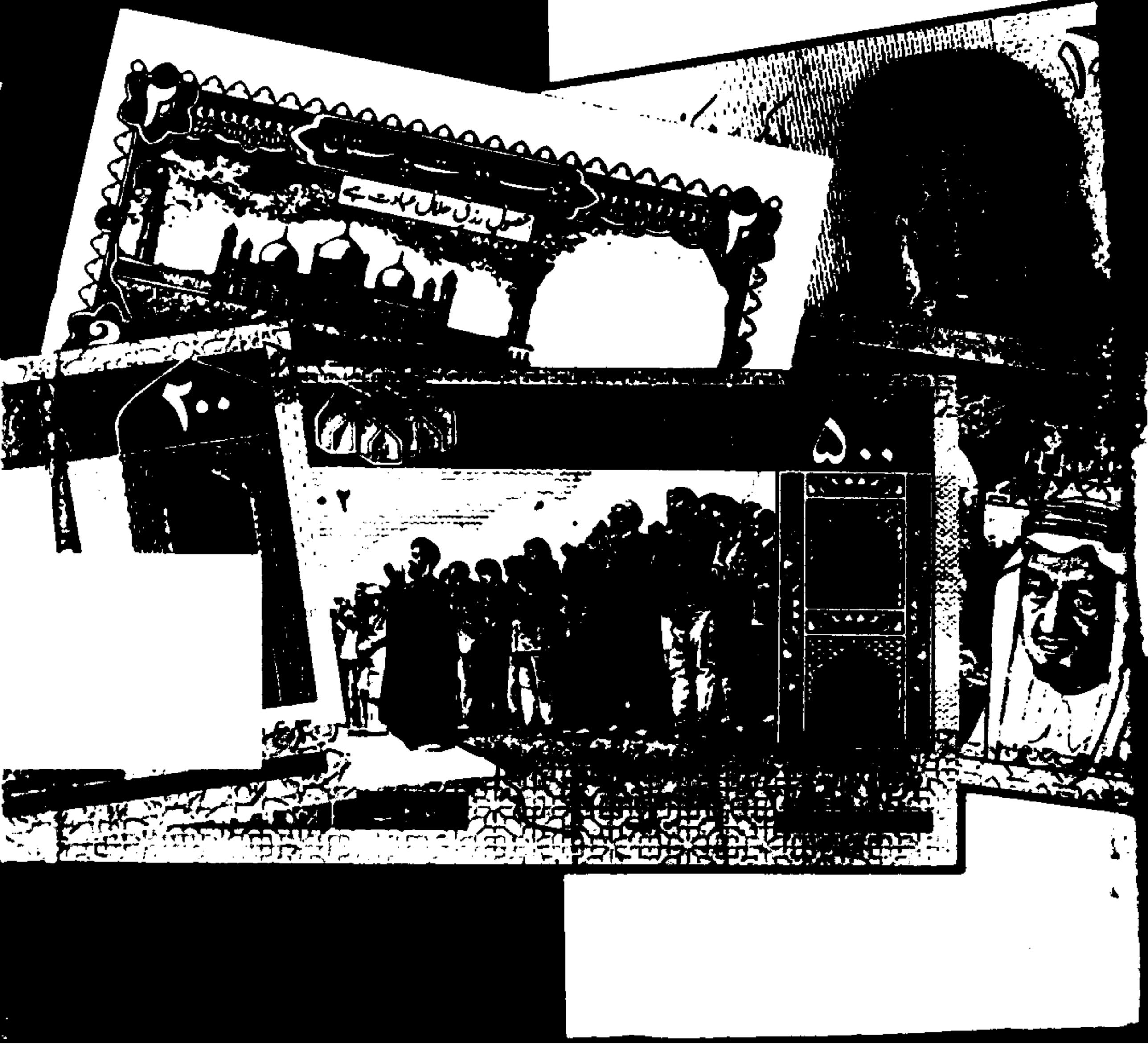

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