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**The main causes of the crisis
from the perspective of Islamic
Economics**

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**Исламдық экономиканың
тұрғысынан дағдарыстың
негізгі себептері**

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**Основные причины кризиса
с точки зрения Исламской
экономики**

The economic crisis, its causes and consequences are one of the most actively debated topics of the world economy, which is in the center of the attention of politicians, economists, scientists, experts, even among ordinary people. There are different theories, opinions, concepts identified the causes contributing to the economic crisis. Due to the cyclical nature of the market economy system of states faced with the crisis, which must be overcome in order to achieve economic growth of the state. you need to know to overcome the crisis, as well as their causes, consequences and what tools, models should be used. One of the tools for solving the economic problems of the world economy can currently serve the Islamic (ethical) economic system. Islamic model – it is quite dynamic in the world, a young model, which is based on Sharia law. Its prospects are very broad, as well as in foreign countries, as well as all over the world.

Key words: economic crisis, the causes of the crisis, Islamic economy, the traditional model.

Экономикалық дағдарыс, оның себептері мен салдары тіпті қарапайым адамдардың арасында да, саясаткерлердің де, экономистердің де, ғалымдардың да, сарапшылардың да назарында болып, әлемдік экономиканың, ең белсенді талқыланатын тақырыптардың бірі болып табылады. Түрлі теориялар, нанымдар, ұғымдар экономикалық дағдарысқа ықпал ететін себептерді анықтады. Мемлекеттердің нарықтық экономика жүйесінің циклдік сипаттылығына байланысты мемлекеттің экономикасының өсіміне қол жеткізу үшін дағдарысты еңсеруге тиіс. Экономикалық дағдарысты жеңу үшін олардың себептерін, салдарын және қандай құралдар еңсеруін білу қажет. Әлемдік экономиканың экономикалық проблемаларды шешу үшін құралдарының бірі қазіргі уақытта ислам (этикалық) экономикалық жүйе бола алады. Ислам моделі – бұл, шарифат заңдары негізінде пайда болған жас модель, әлемде өте динамикалық түрде дамып келе жатқан модель болып табылады. Оның болашақ дамуы өте кең, сондай-ақ шет елдерде де және бүкіл әлемде қолданысын тауып келеді.

Түйін сөздер: экономикалық дағдарыс, дағдарыс себептері, ислам экономикасы, дәстүрлі моделі.

Экономический кризис, его причины и последствия являются одним из самых активно обсуждаемых тем мировой экономики, находящийся в центре внимания политиков, экономистов, ученых, экспертов, даже среди простого населения. Существует разные теории, мнения, концепции выявленных причин, способствующих экономическому кризису. В связи с циклическим характером рыночной системы экономика государств сталкивается с кризисными явлениями, которых необходимо преодолеть, чтобы достичь экономического роста государства. Для преодоления кризисных явлений необходимо знать, каковы их причины, последствия и какие инструменты, модели надо использовать. Одним из инструментов решения экономических проблем мировой экономики в настоящее время может выступать исламская (этическая) экономическая система. Исламская модель – это довольно динамично развивающаяся в мире, молодая модель, которая основана на законах Шариата. Ее перспективы развития очень широки, как и в зарубежных странах, так и во всем мире.

Ключевые слова: экономический кризис, причины кризиса, исламская экономика, традиционные модели.

THE MAIN CAUSES OF THE CRISIS FROM THE PERSPECTIVE OF ISLAMIC ECONOMICS

Introduction

Today, Islamic Financial Institutions (IFIs) exist in 75 countries, including non-Muslims (among them the countries of Western Europe and the United States). According to the IMF about 400 Islamic banks operate in the world. According to the data from the Islamic Development Bank, the increments of Islamic financial assets was about 15% per annum over the past 15 years (over the last 10 years – 20%), and their overall volume by the end of 2015 had to be more than 2.8 trillion dollars (currently 1 trillion dollars).

There are a number of factors hindering the steady development of Islamic finance in the country, among them – the rapidly changing financial market conditions, the lack of people's practice in Islamic finance and knowledge in this area. The issue of the development and functioning of the Islamic financial system is faced with almost a complete lack of understanding on the part of the population, and on the part of financial institutions, as well as a shortage of personnel. Furthermore, the peculiarities of Kazakhstan as a multiethnic and multi-confessional country must be taken into account. In addition to the above, the Islamic financial model should mutually co-exist with the traditional model.

Experimental part

Currently, the difficult economic situation in Kazakhstan has come about. It occurs not only in our country but also in many countries of the world. The current financial crisis, which has shaken the entire economic world, actually began in 2008, but its devastating effects are still frightening for the financial world. The emergence of the global financial crisis made us think that there are some systematic errors in the economic life of the world that need to be adjusted.

Results and discussion

The market-oriented economy is recognized as an indispensable economic system by many countries of the world. Many of the laws and principles of a market-oriented economy caused some errors

in the economic system, and occasionally lead to crises. These include charging interest in any form: interest on loans, deposits, etc. Economic growth is important for the prosperity of the country. We tend to think that there is only one kind of growth, namely, that which we know from our own experience. Along with it, however, there are other kinds, that are less known for us (Figure 1).

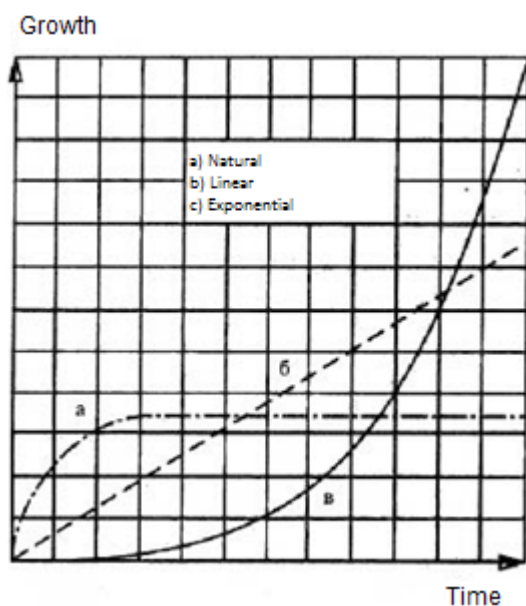


Figure 1 – The main types of growth dynamics

Note. On the basis of [1]

In Figure 1, the curve «a» in a simplified form shows the dynamics of growth in nature, within the control of which are our organism, plants and animals. At an early stage of life we grow fairly rapidly and then more slowly, and after reaching 21 years old, we tend to stop growing. From that moment, the longest period of our life, not «quantitative» but «qualitative» changes take place, so this curve is referred to as the curve of «quantum» growth. But in addition to it, as can be seen from Figure 1, there are two other, very different growth curves.

Curve «b» shows a mechanical or «linear» growth, ie, the more machines, the more products, the more coal, the more electric power, etc. For our analysis, this curve is less important.

For the so-called exponential growth, it is important to understand the curve «c», which could be called the exact opposite of the curve «a». For the curve «c» growth at the beginning is very insignificant, then, however, it steadily increases, and finally becomes almost vertical quantitative

growth. In the physical world, such growth usually occurs where there is illness or death. For example, the cancer develops according to the scenario of exponential growth. As a result of charging interest and compound interest, financial conditions double at regular intervals, ie, they have an exponential growth dynamics, which explains why difficulties with the system of circulation of money had occurred in the past at regular intervals, why they occur now. In fact, interest rates on loans is a cancer of our social structure. It is generally believed that the interest rates on loans have no effect on us if we do not take loans for our needs. However, this is a mistake, because there is a share of credit interest in the price of any product that we consume [1].

Market forces undoubtedly have a vital role to play in a market economy, if they are left to work in a natural and fluent manner. But there are certain factors in our existing system, which create a monopoly for the rich, and in turn prevent the achievement of a true balance by the natural function of market forces. Certain other factors give rise to a completely artificial mechanism of supply and demand, which never reflects the real economic needs and contributes only disturbance in the uninterrupted operation of the real economy. Now the economic situation needs the establishment of a number of values and principles that remove systematic errors from our current system.

Muhammad Taqi Usmani, one of the best Islamic scholars of the world, highlights four main causes of the crisis.

1. Deviation of «money» from its main function as a medium of exchange, and their change into an object of unrestricted trade, the birth of greed for making money out of money, and the transformation of the entire economy into the debts on debts ball.

To save the world from such devastating consequences, the trade by money must be stopped. The exchange of different currencies, of course, is inevitable for international trade, for which a single currency should be sold for another currency, and profit margin for the seller can be built into the exchange rate. While these exchange transactions carrying out the true purpose of international trade of real goods, they do not create a problem. The problem occurs when the currency exchange is designated for the speculative transactions by the money itself. Unfortunately, the majority of foreign exchange transactions carried out on the market is purely speculative.

2. Derivatives are a major cause of the financial problems.

3. Debt sale was one of the most impressive reasons for this crisis.

4. Short selling in stocks, commodities and currencies are the main factors in the creation of speculation, which has disastrous consequences for the uninterrupted operation of a real business. Realizing the negative effects of the short sale, many regulating authorities have turned to a temporary ban on short sales. These factors influence the emergence of crisis.

Crisis as a difficult economic situation is the result of many negative factors, many of which are the result of violations of basic economic laws.

There exists a law in economics that works in all circumstances and in any country: the law of correspondence of production relations to the nature and level of development of the productive forces.

Let's try to describe this law through the example of the plant for the manufacture of machinery parts. The production relations in the factory are set between the owners, managers, employees, suppliers of the plant. The main factor, what is worth paying attention to is the education and qualification of employees of the plant. Since they are the driving force of the entire production their role as human capital assets is of no little interest. The skills and qualifications of workers shall comply with the production forces. For the production of high quality and advanced products the plant should use the most advanced technologies and modern production systems, which in turn require specific knowledge to operate them. Therefore, if the workers do not know the «language» of use of the latest equipment of the plant, the production will stand in one place.

Another highlight in the law of correspondence of production relations to the nature and level of development of the productive forces is who owns the productive forces: the government or the private sector. Wherefore the private owners are only interested in how to get the maximum profit at the lowest cost of its activities. Through the example of the plant for the manufacture of machinery parts, the owners of the factory have the profit that they get consistently, and they are not interested in

upgrading or expanding the production. If the same plant belonged to the state, it will be interested in the development of production and will invest some funds for the improvement of the plant capital. The law of correspondence of the productive forces and production relations is violated in Kazakhstan.

Conclusion

Existing economic problems of the world economy can not be solved using traditional models. To overcome the consequences of the crisis and partly to eradicate it, changes to the economic system need to be made and many of the provisions of the economy must be changed. Or to replace the existing economic system by the other system in which there is no place for the factors that cause the crisis. Such economic system exists, it is an Islamic economy. Islam regulates all spheres of life, including the social and economic area. Islam does not deny the power of the market and the market economy. Even the profit motive is acceptable in Islam, within reasonable limits. Private property is not completely excluded. However, the main difference between capitalist and Islamic economics is that in a secular capitalist the profit motive or private ownership is given the leading role in making economic decisions. Islamic finance is based on Sharia law. Interest rate, gambling and speculation lead to a concentration of wealth in the hands of a minority. Islamic finance has a ban on usury, gambling, speculative savings, the realization of illegal products or services, the sale of the missing goods. All these prohibitions collectively contribute to the preservation of balance, distributive justice and equal possibilities. One of the most important characteristics of Islamic finance is the finance provided by assets. The traditional, capitalist financing concept lies in the fact that banks and financial institutions work only with money and securities. In an Islamic economy, money is not treated as an object of trade. Money lacks intrinsic value, it is only a medium of exchange. Thus, Islamic finance disclaims all that contributes to the emergence of problems in the economy.

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