

FAIR TRADING

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Author: Dr. Asadullah Yate
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DR. ASADULLAH YATE

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FAIR TRADING

Fair trading (*‘adl*) in the market-place is based on trust. The establishment of healthy trade is an act of worship, modelled upon the trading practice of the Messenger of Allah, may the peace and blessings of Allah be upon him.

As a principle, any exchange of goods is permitted as long as it does not involve:

- a. forbidden commodities** (e.g. wine, pig)
- b. usury** (any increase without corresponding counter-value)
- c. uncertainty** (e.g. sale of wheat before it is harvested, or fish before they are caught)
- d. fraud** (e.g. charging higher prices to travellers unaware of local prices)
- e. extortion** (e.g. manipulation of market conditions, monopoly, monopsony)

CUSTOMARY PRACTICE

Fair trading is also based on a community’s understanding of the value of things, that is, their customary practice (*‘urf*); the local community must be left to make its own evaluation of goods. It cannot be an evaluation imposed from above or from outside.

USURY

Usury is the most pernicious destroyer of equity in the marketplace and is the gateway to social imbalance and oppression and the proliferation of other malpractices. Previous generations took great pains to identify those transactions in which elements of usury had been introduced wittingly or unwittingly.

However innocuous a usurious transaction may seem, there is always an underlying element of gain for one party at the expense of loss for the other. Those engaged in such activity, Ibn Rushd¹ states, “pay out money and receive more back without performing any deed or assuming any liability”.

Ibn Rushd insisted on the social importance of this question. “It is obvious from the *shari’ah* that the reason for prohibiting usury is to prevent the fraud that it entails. Justice in transactions consists in close approximation and equivalence [between the goods exchanged]”.

MEANS OF EXCHANGE (CURRENCIES)

Currencies exist in any trading situation. Ibn Rushd indicates the purpose of currency: “Since it is difficult to equate the values of things whose natures are different, *dinars* and *dirhams* are used to price them”. Here gold coins (*dinars*) and silver coins (*dirhams*) and similar non-perishable, easily quantifiable commodities with intrinsic value, not bank-notes, are referred to.

It is acceptable for those in authority to standardise currency to ensure its reliability, e.g. by issuing assayed and weighed gold

1 Ibn Rushd, the author of *Bidayat al-Mujtahid*.