

Economic Justice: the Major New Paradigm for the 4th Industrial Revolution

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Abstract

Imam Khomeini said that the aims of the Iranian Revolution include national independence and Economic Justice. But he also said that Economic Justice cannot be found in today's "incorrect system of economy prevalent in the world of Islam." The incorrect system, therefore, must be replaced. How can that be done? Only a change of paradigm (on the scale of the Copernican Revolution) is capable of overthrowing both the incorrect system and the failing Western one. To that end an amazing fifty nine assumptions underlying conventional Islamic and Western Finance/Economics have been identified and shown to be false. Even more amazing is that each false assumption has a reversal or opposite (or near-opposite) which is obviously true or at least truer than the conventional false one. Most amazing of all, after only two or three reversals, a completely new paradigm – and the possibility of a new world truly implementing the aims of the Revolution – begins to be seen. In that new world (unlike today's Western and Islamic Economics which continually narrow ownership) the real economy and real income are spread to every person in society; rich-poor division is ended; *riba* is greatly diminished; and solutions to intractable environmental problems become available. Most important of all, the new paradigm enables Iran to give the world a hugely positive, and sorely needed, lead.

Keywords

Economic Justice, New Paradigm, Industrial Revolution, Islam Economy, Western Economy.

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Introduction

Imam Khomeini was very clear about the aims of the Revolution. Thus he advocated the need for a country to have an independent base: We want our country to be independent in every respect. Hence, for the satisfaction of God, we must pursue this matter so that not only our country but all of the peoples of the world will be independent.' (Imam Khomeini, 1982: 81) The Imam was opposed to despotic and colonial powers — he wanted freedom from the West, and freedom from dependency on the West. Moreover, he extended the concept of independence to include cultural, economic and social issues: 'You must closely guard your independence, cultural independence, economic independence and social independence.' (Imam Khomeini, 1983: 238).

Furthermore, he explained that, in addition to Islam, material comfort is necessary. 'Our aim is that Islam, the laws of Islam, the universal laws of Islam, would be revived and implemented and that everyone would live a comfortable and free life.' Imam Khomeini, 1979: 22).

The Imam also made a call for Economic Justice: 'It is incumbent upon the ulema (Islamic scholars) and Islamic researchers and experts to propose constructive and universal plans which safeguard the interests of the Deprived and the dispossessed in order to replace the incorrect system of economy prevalent in the world of Islam, thereby liberating the Deprived and the Muslims from the straitjackets of poverty.' (Imam Khomeini, 1987: 128) The call is remarkable for two reasons:

- Scholars, academics, researchers etc. have a duty to provide constructive and universal plans to safeguard the interests of the Deprived and dispossessed and so relieve them from the straitjackets of poverty.
- There is a need to replace the incorrect system of economy prevalent in the world of Islam.

Thus the Imam was asking for a widespread Economic Justice as part of his call for the exportation of Revolution. However, whereas political, religious and cultural independence have been achieved – and these concepts can be taken up by others – there is no strong, widely recognised, concept of Economic Justice available for exportation. The Revolution certainly aspires to creating such Justice (Imam Khomeini, 1982: 81)¹ but the key detail is missing.

So where do we start? Is there anywhere an Economic Justice model which can be replicated or implemented so that, in effect the Revolution is exported? Alas, no! At present, no such model exists.

1. Islamic Finance and Economic Justice

1.1. Riba/Interest

Islamic Finance- that we know today- Unfortunately, is neither Islamic nor true finance. Firstly, Islamic Finance is riddled with riba/interest. This is disguised by devising legal contracts which do not appear to have riba/interest at their core but which, in practice, are riddled with it. Thus in the Western model a contract has riba/interest embodied in it but in the Islamic Finance model the riba/interest is disguised as ‘rent’ or agglomerated as ‘mark-up’, or ‘profit’, even ‘partnership’.²

Secondly, the rates of Islamic interest (although disguised) are higher than Western ones – in practice, Islamic Finance rips off more from borrowers than does Western finance.³

Thirdly, like Western finance, Islamic Finance has no desire to spread the real economy so that every person in society may benefit. In practice, it keeps the economy narrowly owned.

In short, Islamic Finance/Banking is very much like Western finance.⁴

1-2. Use of Gold

Although gold-backed money – and a return to a gold standard – may happen in the future,⁵ a return to simple physical gold does not provide a solution. The use of physical gold:

- is incapable of spreading the real economy to all individuals in society
- results in an increase of rich-poor division (because gold owners would be in control of the money supply)
- does NOT eliminate riba/interest and its attendant evils
- is totally impractical for use in shops

It is moreover observed that gold as currency is not demanded by the Prophet (PBUH) and so is not obligatory in Islam (Iqbal Anjum, 2005).

1-3. Khums/Zakah

Nor is Khums/Zakah a large-scale solution. Khums/Zakah is one of the five pillars of Islam. However, it is a form of charity, and charity does not provide a structural solution to the problems of poverty.

Indeed, Khums/Zakah is the pillar which blocks a solution because it encourages Muslims to think that poverty is soluble with Khums/Zakah whereas, in practice, it is not.

Moreover, Khums/Zakah never addresses the question — Why are people poor in the first place?

At best Khums/Zakah is only a temporary, limited, micro-economic practice although the spirit of Khums/Zakah — of genuinely wanting to solve the problems of poverty — is a positive one.

2. Western mainstream economics and Economic Justice

Does Western mainstream economics have a solution? After all, it claims to be an established science with a system which is efficient, always in balance and with outcomes which are always just. But, in truth, mainstream economics is not a science,⁶ not efficient, not in balance and all its outcomes are not just. For example:

- there are preposterous accumulations of wealth which do NOT ‘trickle down’ to ordinary people because it is impossible for the very rich to spend all their money, even if they want to (which they do not).
- the middle classes are being hollowed out. In America real middle class incomes have been going backwards for 25 years. How is that possible when, nowadays, the technological physical capacity to produce is hugely increasing?
- there is ever-increasing debt – personal, corporate, governmental – at levels higher than those of 2008.

And there is inability to address the great technological shift which is smashing out traditional jobs and replacing them with temporary, part-time, zero-hours-contract ‘gig economy’ jobs which are not really jobs at all.

Indeed, mainstream economics has no answer to the inevitable advance of artificial intelligence which is massively increasing potential output while destroying jobs.

Furthermore, mainstream economics thinks that the plastic building up in the oceans (and – Alas! – in our bodies) is not its concern. And it even thinks that a woman, doing caring 24/7, does no work because she is not part of the formal economy! But the woman works hard and, without her work, there would be no human race.

Lastly, the financialised global economy (which operates for the benefit of the tiny few rather than the bulk of the population) is tottering on the cusp of collapse although it is being desperately propped up by astonishing amounts of quick-fix money which only prolong the party a little longer, but create huge crises to come. Many alternative and many conventional economists all say the same.

3. Major paradigmatic change is needed – Copernicus and Galileo

A great change is needed and so we turn to Thomas Kuhn who pointed out that a major new paradigm is incompatible with the old one and completely replaces it (Kuhn, 1962).

Yes, we are talking Copernicus and Galileo. The new paradigm of the Copernican Revolution was a new way of understanding reality. The new way resulted in an overthrow of science and led to modern astronomy and rocketry. It also led to the overthrow of kings and autocrats without which there would be no democracy today.

Yes, we are talking Louis Pasteur (germs), Charles Darwin (evolution), Alfred Wegener (tectonic plate theory) and Barbara McClintock (jumping genes) all of whom revolutionised their areas of science by changing the understanding of reality.

NB. Any change in understanding reality always has a hugely important consequence – it opens up fresh vistas wherein many new animals and plants can be seen i.e., new policy options become available....

4. The Hollingsworth research – the three factors in the creation of big, new ideas

Over twenty years ago, at the behest of the American government, Professor Rogers Hollingsworth and colleagues did some truly remarkable research. It cost millions of dollars and is not widely known. Indeed, it may have been suppressed because it implies that American society, for example, is NOT the End of History i.e., at some point in time, American power and influence will come to an end. The researchers found that three factors contribute to the creation of big new, paradigm-changing ideas.

- First factor – deep, widespread, conservative knowledge of the main subject.

The first factor contributing to the creation of big new ideas is deep, widespread, conservative knowledge of the main subject. For example, the old Ptolemaic belief that the Earth is the centre of the universe and therefore Allah has appointed all the rulers (with the consequence that democrats are attempting to overthrow divinely-appointed authority...!)

- Second factor – tension between conservatives in the centre of the subject and progressive thinkers on the edge

The second factor is that tension arises between mainstream conservatives in the centre of the subject and progressive thinkers on the edge. Copernicus, for example, observed that some of the stars (today known as planets) had to-and-fro movements, slow-quick changes and light-dark differences.

The observations were obviously incompatible with the notion of an earth-centred universe but the incompatibility was dismissed by the mainstream conservatives. Recognising that a change of paradigm was involved (and fearful of the huge social and, in particular, political consequences stemming from the change), they invented the theory of

‘epicycles’ (which said that the planets revolve in tiny circles while also going round the earth). The epicycle theory was totally false and its falsity served only one purpose – to defend the narrow interests of the rulers and so prevent any evolution of democracy. Falsity was the weapon used to maintain power. All of which demonstrates a salutary lesson – existing power structures will do anything (in particular, maintaining false, dishonest beliefs) to stop a new paradigm coming into existence.

- The key third factor – force or opposition coming from the outside. So what was the third factor discovered by the Hollingsworth research? It is some force or opposition coming from outside which interacts with the progressive thinkers on the edge of the subject to create the major new paradigm. But what force? What opposition? The key to understanding this force or opposition is to remember that, in the Ptolemaic belief system, Allah had put the world at the centre of the universe and so the world’s rulers were appointed by Allah. This meant that any re-thinking of geocentric theory was certain to be of revolutionary consequence and so anybody doing that re-thinking would be killed. Copernicus and, later on, Galileo knew they could die.⁷ Thus the ‘force or opposition, powerfully present, coming from the outside’ can only be a deep-seated, radical willingness to challenge everything about a society at its root even though death would be the penalty. So it was a combination of radical cast of mind, physical bravery and huge intellectual courage which was the third factor leading to the paradigm shift of the Copernican Revolution.

5. The present situation

What is the situation today? Firstly, conservative economic thought exists widely and its underlying assumptions are deeply embodied in ALL the institutions and practices of society. These assumptions are all interlinked and so there will be no substantial change in future unless there is a paradigm shift.

Secondly, there is tension with progressive thinkers on the edge of the subject who have identified fifty nine – yes, fifty nine – false interconnected assumptions underlying mainstream economics and all of the false assumptions are interconnected.

Moreover, please remember that, because of the interconnection, it only needs one false assumption to be shown to be false whereon the whole intellectual edifice of mainstream economics begins to crack and crumble and soon comes tumbling down. The fifty nine false assumptions are briefly set out at the end of this paper.

6. First false assumption of mainstream economics – that banks lend existing money

The fifty nine false assumptions are interconnected so a start could be made with any one of them. However, it is convenient to begin with the false assumption that the banks lend existing money. But they do NOT lend existing money. The lent money is created out of nothing by pressing computer buttons! Nobody's private money — not yours, not mine, not even the bank's — is being lent. New money is created⁸. The process of creating the new money is admitted at high levels. For example, the Bank of England says: 'In the modern economy, most money takes the form of bank deposits. But how those bank deposits are created is often misunderstood: the principal way is through commercial banks making loans. Whenever a bank makes a loan, it simultaneously creates a matching deposit in the borrower's bank account, thereby creating new money. The reality of how money is created today differs from the description found in some economics textbooks — Rather than banks receiving deposits when households save and then lending them out, bank lending creates deposits' (McLeay, 2014). Nothing could be clearer — by pressing computer buttons the banks create the money that they lend and the economics textbooks tell untruths. Furthermore, the famous American economist J.K. Galbraith has said: 'The process by which banks create money is so simple that the mind is repelled. It is, moreover, one that is almost breathtaking in its audacity' (Galbraith, 1975).

This quotation is highly significant because J.K. Galbraith, perhaps the world's greatest economist, was never awarded a Nobel Prize. The reason is simple — he blazoned out the truth ('....so simple that the mind is repelled....breathtaking in its audacity....') and so the Western power structures never, ever forgave him. The plain truth is that the banking system is usurping society's right to create money, to create money for itself. It is no wonder that J.K. Galbraith did not get the Nobel Prize!

7. Getting away with counterfeiting

So how is it that the banking system is able to get away with what is essentially counterfeiting, usually punishable by long prison sentences? How is it that the banking system is able to misappropriate society's money supply for its own purposes?

The answer, firstly, is simply that people are not generally aware that the banking system creates lent money out of nothing. Other people's deposits are not used for the lending but the public usually believes that they are and, all the time, various sorts of subtle propaganda are used to maintain this belief.

Secondly, Western economics claims that the purposes of the economy are being properly served because the (created-out-of-nothing) lent money is being directed at productive capacity (it claims) in an efficient and just way which creates growth from which all fairly benefit. That is the claim. So, according to Western economists and propagandists, bank money (which is created out of nothing and has *riba*/interest added — all for the benefit of its creator) is the magic element in the (claimed) successful operation of the ‘free market’ because the new money is directed at, and serving, the needs of the real economy, of society and of justice.

8. But bank loan money does NOT serve the needs of the real economy nor of justice

However, bank loan money is not serving the needs of the real economy, nor of society, nor of justice. There are two main aspects to this:

i) The claim of efficiently allocating resources, particularly for productive capacity, is a complete lie. Nowadays, the banking system does not allocate money to the spreading of new productive capacity and, instead, allocates it to:

- The gargantuan casino of derivatives⁹
- The bidding up of existing asset prices (such as stocks, shares, house prices)
- The concentration of ownership
- Consumer credit
- putting individuals, companies and whole societies into debt which, increasingly, can never be repaid
- Anything except the real, productive economy and the spreading of the real economy to every individual¹⁰.

And remember — unless productive power is widely spread in society, there can never be a true balance of supply and demand. When there is no spreading the rich get richer and the rich-poor gap increases¹¹.

ii) Moreover, very significantly, the speculative trading of currencies now swamps the world’s money exchanges and the capital development of a country becomes an irrelevance to the activities of a casino (Mydin, 2004). The bulk of the speculative trading is done by the currency trading departments of the banks (Lietaer, 2001). Greed has overtaken common sense and the situation is madness.

9. Second false assumption of mainstream economics – that interest is necessary

The second false assumption of mainstream economics is that interest is necessary. But it is NOT necessary. Genuine administration cost, collateral and business plan are necessary but interest is NOT.

Interest:

- diminishes ability to repay
- transfers resources from poor to rich
- puts the world into ever-increasing debt
- prevents clean water and green electricity
- trebles or more the cost of a capital project.

An example is the UK Humber Bridge. Starting at £28,000,000 (with some price rises), compound interest took the cost of the bridge to £439,000,000. That's fifteen times higher. Yet the bridge makes an operating profit: every year, its operating costs — repair, maintenance and salaries — are less than the fees it receives from travellers. In short, the bridge is a money-maker but, because of compound interest, it makes a continuous loss¹²

10. The new paradigm will NOT stop banks charging interest

PLEASE NOTE. The new paradigm will NOT stop banks charging interest. It only stops them creating new money and does that by a rise to 100% banking reserves — an idea long promoted by economists Simons, Fisher, Milton Friedman and even Mervyn King (former Governor of the Bank of England). However, none of them ever proposed the essential new paradigm aspect — the use of the national bank-issued interest-free loan supply for the development and spreading of productive (and associated purchasing) capacity to every individual in society.

11. The creation of the new paradigm – the crucial third factor

It is now time to reveal how the New Paradigm of Economic Justice for the 4th Industrial Revolution is created. Put simply, Islam is the third factor. Islam is powerfully present; it is distinctive — think of Ramadan and fasting for example; it comes from outside, and its most widely-known feature is its opposition to interest. The opposition to interest interacts with the progressive thinking on the edge of the subject namely that:

- Money is created out of nothing
- Interest is not necessary

The interaction then creates the basis of the New Paradigm which is simply that there is no intellectual or physical barrier to the creation by the national bank of a large supply of interest-free money for the spreading of the real economy to every person in society as long as the money is repaid and cancelled leaving behind, of course, in existence the productive assets.

The supply must always be for the spreading of the real economy. It must always be repayable and it can be administered by the commercial banks who may charge a reasonable administration cost. Because the money is

interest-free there is a rapid implementation of productive capacity and rapid repayment in a way which is inconceivable at present.

Producers and consumers become the same people.

For the first time ever, JB Say's Theorem – a genuine balance of supply and demand – will actually exist in practice.

12. Some practical consequences

There are many uses for the interest-free money supply. For example:

a) Micro-credit

It is outrageous that Asian commercial banks charge 60% per year for micro-credit while private lenders in rural areas can charge 200% or even 300%. The Grameen Bank averages around 34% – 17% is for borrowed money and the other 17% is for administration costs which are high AND include the cost of training the borrower. Grameen and similar organisations have a 98% repayment rate and so there is no substantial reason why they could not receive interest-free money, lend it on to their clients and then repay the money to the central bank. In this way the effective borrowing cost to the clients is halved (down to, say, 17%). That would be a huge improvement. And at 17% there would likely be a 100% repayment rate.

b) Start-up businesses, small businesses and small farms.

When these businesses have to borrow interest-bearing money, their chances of survival considerably diminish. But interest is not necessary when money is put into productive capacity and there are no training costs. Indeed, there is no need for these businesses to be burdened with the crushing burden of interest-bearing debt. As long as there is scrutiny to ensure that a business has a viable proposal with appropriate provision for collateral and administration cost, there is no reason for there to be interest at all.

c) Medium size businesses

Interest-free loans are available for medium-sized businesses ONLY IF the loans are associated with the widening of ownership.

d) Incomes for all

The New Paradigm opens the way for ALL individuals in society to have an independent income in some way related to the real economy. If a person has a job – that's good. BUT computers, artificial intelligence and marvellous new technology are smashing out the traditional, secure well-paid jobs and replacing them, if at all, with temporary, insecure, low-paid, 'gig economy' ones.

In short, there is a huge technological shift smashing out jobs and mainstream economics has no way of effectively ensuring that everybody has a steady, reasonable income.

However, in the New Paradigm, there is a way to ensure steady reasonable income. Using the practical mechanisms of Binary Economics and the interest-free money supply, it is possible to achieve wide capital ownership in the large corporations in which the capital pays out its full return which would be five to eight times existing returns.(www.binaryeconomics.net)

Indeed, in a world of increasing automation, spreading capital ownership to every individual is the only way of ensuring that all people have income from production and thus, in the society as a whole, there is a true balance of supply and demand. With a basket of full-pay-out shares, ALL individuals would have a steady income because they would have been directly connected to the real economy. The full payout is the crucial way for enabling all people to have an independent income. A child would have a small, independent income and this would increase over time.

e) Housing

Loans for public housing can be interest-free (making repayment one half or less of the present cost). In the case of private housing, again halving or more the cost to the owner, loans would be only 80% of valuation and there should be criminal penalties for deliberate false valuations and declarations of income.

f) Public capital projects

In the case of public capital projects the mechanism for the loans is simple – the national bank creates interest-free money and then lends it to the government for the purposes of the government's own capital expenditure. Money for repayment is collected, as at present, out of fees and taxes with the difference that the amount required to be collected would be half, even a quarter, of the usual amount. Interest-free loans for public capital projects have been used by the Channel Island of Guernsey which has minimal national debt. Malaysia is believed to be experimenting with such loans and, of late, has achieved some remarkable feats of public construction. Over the period 1939 - 1974 (a prosperous period) Canada used the loans and, today, many Canadian municipalities are demanding their use again to upgrade poor infrastructure. After 1935, New Zealand used such loans – for hydropower schemes, railways, state housing etc. – and had a remarkably prosperous period. In the late 1940s Taiwan used the loans to spread ownership of farm land without harming the rich. Public capital works include roads, bridges, waterworks, sewage works, railways etc.

g) Greenery!

An interest-free money supply is particularly important for the generation of clean, green electricity. There are many ways to do this .e.g., tidal lagoons, underwater turbines, wave machines, vertical axis windmills and geothermal

power stations. Tides come in and out twice a day and tidal lagoons use old technology – concrete walls and slow-moving turbines. They are easily built and environmentally-friendly. But compound interest stops them being built. It's as simple as that. Many countries are suitable for large-scale solar generation which is getting much more efficient. Interest-free loans for water desalination could help transform large areas of the world.

And there can be mangrove-crested sea barrages. Every year millions of tons of valuable soil are lost because of water erosion. Yet the solution is simple – the planting of mangrove-crested barrages. With all these things – and much, much more is possible – hope will come into the world. The full subject is dealt with in the book *A New Paradigm Response* which will be published in several languages by Islamic Republic of Iran Broadcasting.

13. A huge opportunity for Iran

At present Iran is giving the world a lead. Thus it stands firm against the arrogant powers who are blatant bullies and whose word can never be trusted. In contrast, Iran's calm common sense and balanced diplomacy are exemplary. Moreover, Iran upholds religious independence, cultural independence, political independence and unity between Muslims. Those things said, however, something is missing.

It is, of course, unreasonable, to expect everything of a country which is continually subject to attack and sanctions whilst being the object of apparently never-ending Western hostility. Yet, at the same time, a huge opportunity exists because the Western model, (particularly in its economic and social aspects) is on the verge of collapse and there is a crying need for some country to give major economic Leadership.

Iran is ideally suited to give such Leadership. Its Shia faith, for example, has at its core a deep sense of the need for Justice: the Islamic religion rightly opposes *riba*/interest; and Western hostility to Iran will rebound on itself when Western ideology and practices are seen to be the fundamental cause of the coming global economic (and associated political) crisis. So, for the sake of the future world, Iran can give the Lead and it is profoundly hoped that it will do so.

Conclusion

Western and conventional Islamic Economics are based upon fifty nine underlying assumptions all of which are false. At the same time, their opposites can be seen to be true or at least truer resulting in the opportunity to develop the major new paradigm. This is a matter of surpassing international importance because the global economy is teetering on the verge of collapse; American hegemony is weakening; and the global tectonic plates are shifting.

Iran, in particular, now has a huge opportunity to give a lead to the world thereby implementing Imam Khomeini's call for Justice.

Fifty Nine False Assumptions Underlying Mainstream Economics

Below are listed fifty nine assumptions which underlie mainstream economics. These assumptions are things believed to be true or taken for granted as inevitable or sensible but which, in fact, are false. This is a matter of considerable importance because if only one assumption is false (or, at the most, two or three assumptions are false) then the whole structure of mainstream economics becomes invalid. However, the Major New Paradigm becomes easily understood if the fifty nine false assumptions are one by one, and simply, reversed (as briefly seen in the italicised text). Indeed, after only two or three reversals a whole new world begins to come into view.

NB. Many people say that they "do not understand economics". This is NOT because they are stupid. It is because mainstream economics is full of contradictions and obvious falsities which make comprehension impossible. The false assumptions and obvious falsities of mainstream economics are:

1. Scarcity is an inevitable part of the human condition. (It is not inevitable.)
2. High taxation is necessary. (That is false.)
3. Labour physically creates all, or a large part, of the wealth. (That is false – it creates part. Of all the false assumptions this is among the most pernicious.)
4. The 'free market' is free. (It is unfree.)
5. The 'free market' is efficient and allocates resources efficiently. (It is inefficient.)
6. The outcomes of the 'free market' are always just. (They are unjust.)
7. Homo economicus is an accurate description of human psychology. (Homo reciprocans and homo co-operans are better.)
8. Conventional economics is an all-encompassing science of objective process and universal value and further improvement to economics is impossible. (That is false – further improvement is possible.)
9. It is a matter of small importance that the banking system creates money out of nothing sufficient for the repayment of the principal of a loan but not of the interest. (It is of huge importance and the implications must be addressed.)
10. The 'free market' consists of states of equilibrium: when there is disequilibrium there will always be a return to equilibrium. (That is plainly false.)
- 11 There Is No Such Thing as a Free Lunch (any improvement for the poor inevitably involves a detriment to the rich). (That is false — true Islamic economics is not a zero sum game.)

12. The 'free market' upholds private property for all. (It does not.)
13. It does not matter who owns the capital, particularly productive capital. (It matters hugely.)
14. The 'free market' implements Say's market Theorem ('Law') that producers and consumers should be the same people. (It does not implement the Theorem.)
15. Somebody who voluntarily looks after a sick child or adult does no work in the economic sense. (Try doing it!)
16. Financial interest is inevitable and always necessary. (Reasonable administration cost is inevitable and necessary; financial interest is not.)
17. Ethics/morality is not part of economics. (This is madness!)
18. The poor are poor because of lack of effort and lack of skill. (Have a think about this and then you will realise its great untruth. The poor are poor because of lack of productive capital, lack of access to capital credit and suffering the burden of riba/interest.)
19. Inflation is not caused by the banking system. (Oh yes it is!)
20. Financial savings are necessary before there can be investment. (They are not necessary because, today, money is created out of nothing by pressing computer buttons.)
21. Physical savings are necessary before there can be investment. (This is generally untrue because materials are available. Prices for things can rise but that only increases cost. Also substitutes are often available.)
22. Labour and welfare payment will always suffice. (They most certainly do not suffice....)
23. It is not necessary for every person to have an independent income. (This is completely untrue.)
24. The level of interest rates is all that is necessary to manage an economy properly. (What matters is who or what creates the wealth and who gets the benefit of the creation.)
25. Wide ownership is not necessary. (It is absolutely necessary to spread productive capacity.)
26. Student loans should bear financial interest. (Why should such loans bear interest?)
27. Public capital projects should be funded by borrowing interest-bearing money. (Interest free (repayable and cancellable) loans halve, even quarter, the cost.)
28. Micro-credit lending should bear financial interest. (Why? Collateral and repayment are required, but why interest?)
29. Environmental capital projects should bear financial interest. (Certainly not!)

30. An economy requires two lots of financing – one for production and one for consumption. (NB. Only one lot of financing is necessary if it is simulfinancing as in Binary Economics.)
31. There is no such thing as society. (Oh please! Why don't mainstream economists grow up?)
32. Personal debt is healthy for an economy; as also national debt. (This is nonsense! Because of the need to repay financial interest, people in debt have less consuming power than those without debt.)
33. There is no power imbalance between actors (participants, including individuals) in an economy. (Whoever first thought of this has never lived an ordinary life!)
34. Social and economic justice on the one hand and efficiency on the other are incompatible. (Wrong! In true Islamic Economics the justice and efficiency are compatible and intertwined.)
35. Economic history is irrelevant. (Really? The trouble with mainstream economists is that they never learn anything.)
36. Outdated economic theory (Adam Smith, 1776, basically conceived before the Industrial Revolution had got under way), suffices to guide modern economic theory and practice. (The modern analysis of Binary Economics is badly needed.)
37. The important things in economics are anything except the development and spreading of productive capacity so as to make producers and consumers the same people thereby enabling a Say's Theorem ('Law') balance of supply and demand and also enabling the forwarding of social and economic justice. (This is the biggest lie of al.)
38. Banks should be able to offer interest-bearing mortgages (as distinct from administering national bank mortgages). (The whole subject of housing needs to be reviewed and new policy considered.)
39. Economic inequality is desirable; the greater the ratio between top earnings and bottom earnings, the better. (Another lie not least because the rich do not (and cannot) spend all their earnings.)
40. 'Trickle down' economics works. (It does not! The rich are incapable of spending all their wealth so they accumulate it.)
41. Rising house and stock market prices are necessarily a sign of genuinely increased wealth. (That is not so — they usually only reflect newly-created money being put into anything except the spreading of the productive economy.)
42. Economic cycles are inevitable. (They are not inevitable.)
43. Individual greed is good and institutionalised greed is even better. (This is homo economicus at work. Let us have homo reciprocans.)

44. Countries should raise money at riba/interest on the international markets. (No.)
 45. Countries should not be autonomous; they should be controlled by others. (They should be independent.)
 46. A country's assets should be owned by outsiders. (This lie stops a nation's people owning their own assets and getting the benefits thereof.)
 47. A country's money supply should originate in the banking system rather than the national bank. (When it originates in the banking system it is not put to proper purpose and financial interest is added.)
 48. Employee shareholdings and involvement do not improve efficiency. (Oh yes they do!)
 49. Political democracy does not require economic democracy. (All the talk about 'democracy' amounts to a lie unless the economic aspect is also considered.)
 50. Even though today's banking system money is created out of nothing there is a Time Value to borrowed money. (If the money is created out of nothing, it has no time value.)
 51. Environmental matters are extraneous and impose extraneous cost. (Good heavens! These madmen (they are usually men) are destroying the world and they don't care!)
 52. Not only ethics but belief in Allah/God should be eschewed. (Ethics is certainly essential if we are to hold up our heads as human beings.)
 53. Economics is essentially a separate subject which does not have to take account of other subjects. (Oh yes it does! And true Islamic Economics takes account of physics, ethics, biology, history, psychology and many other subjects.)
 54. The creation of money out of nothing and the addition of financial interest does not require even more creation and even more debt. (Oh yes it does!)
 55. Population growth is inevitable. (It is not inevitable. Moreover, smaller populations do NOT necessarily have a diminished ability to create wealth.)
 56. An understanding of technology is irrelevant to economics. (It is highly relevant.)
 57. Jobs can be exported. (If they are exported, the spending power of the jobs is removed from the domestic economy.)
 58. Domestic manufacturing does not matter. (It matters very much.)
 59. Education and training suffice for economic needs. (They do not suffice — wide capital ownership is also necessary.)
- The revelation of Major New Paradigm economics and the true Islamic landscape

Major New Paradigm Economics is easily revealed if the fifty nine false assumptions of prevailing economics are one by one, and simply, reversed (see the italicised reversals above).

Quite soon, it becomes apparent that a different picture is emerging and then, long before all the false assumptions have been reversed, it is brightly clear that a totally new landscape — the true Islamic landscape — has emerged.

Notes

- i. We hope that an Islamic power would emerge, a just power, a power which would depend on justice, and not on bayonets.....I want to tell you that there will be no more bullies and bullying.'
- ii. It is not generally understood that, apart from genuine administration cost, riba/interest is an addition to the repayment of the original principal and, disguising that addition (through various legal contracts) as rent, or 'profit' or 'partnership' benefit, is disingenuous, even dishonest.
- iii. In previous times, good pious Muslims, unwilling to be involved with riba, excluded themselves from banking services. The huge growth of Islamic Banking over the last forty years is because Islamic Banking can purport to be not involved with riba/interest while the reality is that it is involved with riba although the riba is hidden by legal devices.
- iv. And that is why Islamic Banking/Finance is supported by the West and embraced by Western banks which have 'Islamic windows'.]
- v. In 2006, Harvard University (USA) held a big conference attended by many Islamic and non-Islamic academics, bankers etc. The conference was entitled Integrating Islamic Finance in the Mainstream – Regulation, Standardization and Transparency.
- vi. Believe it or not, the conference was dedicated to asserting that 'Islamic Finance' is only another brand name for Western banking/finance and that is how it should be. The Harvard conference was essentially a piece of Western triumphalism stemming from the capitalist victory over communism in 1989/1990 and, significantly, the conference happened just before the great financial collapse which started in 2007/8.
- vii. In short, the Harvard Americans were claiming Western economic and financial superiority (as well as political and cultural superiority) and the Muslim academics and bankers etc. at the conference were fool enough to agree.
- viii. It is noted that gold-backed money differs considerably from simple gold particularly in that its source can be a national bank deliberately pursuing (in a non-inflationary way) a policy of spreading productive power to every individual in society.
- ix. Mainstream economics is based on at least fifty nine underlying false assumptions all of which are interconnected and so, if one is shown to be false, the whole structure begins to crack and crumble and soon comes tumbling down.
- x. When Copernicus received the printer's proofs of *On the Revolutions of the Celestial Spheres*, (1543) he was on his death bed and so would not be killed. Galileo would have been killed but, after the intervention of the Pope (who probably knew the truth) was sentenced for life to house imprisonment.
- xi. Depositors' and bank capital money acts as a reserve and the newly-created money is many times the reserve amount.
- xii. The USA Congress deregulated the derivatives markets by passing the Commodity Futures Modernization Act. The trillions of dollars involved in today's derivatives dealing have created an upside-down, unstable, pyramid which will one day topple the global financial system.

- xiii. Today, only a tiny percentage (less than 2%) of the money supply goes into new productive capacity. Bernard Lietaer (2001), *The Future of Money*. David Korten (2001), *When Corporations Rule the World*.
- xiv. The 2018 Oxfam Report says that, last year, billionaires increased their wealth by \$2.5 billion per day. While the poorest half of humanity saw its wealth decline by 11%, billionaires' wealth increased by 12%. In 2017 the top 26 wealthiest people owned as much as the 3.8 billion poorest. However, in 2016 the number had been 43 so there was a massive shift to an even smaller number of rich people.
- xv. Generally, half of the world's population lives on under \$3 per day.
- xvi. The rich-poor situation in 2021 is much worse.
- xvii. By the time the bridge opened in 1981, the original figure of £28,000,000 had spiralled to £98,000,000 (because of compound interest, inflation and cost increase). By 1992 compound interest had taken the figure to £439,000,000 whereon the UK government took the debt obligation away from the citizens of Humberside and put it on the National Debt where it remains an ever-increasing debt to this day.

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