

## CHAPTER EIGHT

# The Islamic Welfare State and its Role in the Economy

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ISLAM has a set of goals and values encompassing all aspects of human life including social, economic and political. Since all aspects of life are interdependent and the Islamic way of life is a consistent whole, its goals and values in one field determine the goals and values in the other fields as well. This paper seeks to examine the interrelationship between the economic and political content of the Islamic way of life and discusses the functions and nature of the Islamic state in the light of its basic imperatives within the framework of financial constraints.

### **a. The Basic Imperatives**

The Islamic way of life, being goal-oriented, is inconceivable without an organised community governed in accordance with the tenets of Islam. The Qur'ān unequivocally condemns disorder and anarchy (2: 205) and the Prophet (peace be on him) stressed the need for organisation and authority in Muslim society. This stress is also vividly reflected in several statements as well as the actual behaviour of his Companions and in the thinking of Muslim jurists. 'Umar, the second Caliph, emphasised that there could be no organised society without an *imām* (sovereign) and that there could be no *imām* without obedience.<sup>1</sup> The famous jurist Shāfi'i recorded the mood of his age (A.H. 150–204) by stating that there is *ijmā'* (consensus) among Muslims that there must be a caliph.<sup>2</sup> Likewise, Ibn Ḥanbal stressed that the absence of an *imām* could only result in disorder.<sup>3</sup>

This teaching of Islam with respect to authority and organisation has continually influenced all Muslim political thinking except perhaps that of the Khawārij. Abū Ya'lā and Māwardī, both contemporaries in Baghdad during the first half of the fifth century of the *Hijrah* (eleventh century C.E.), and both writing on the characteristics of an ideal state, stressed that the exercise of *imāmah* (sovereignty) is an absolute necessity.<sup>4</sup> Māwardī went even further, stating that the existence of an *imām* was as

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necessary as the striving for truth and the acquisition of knowledge.<sup>5</sup> Ibn Khaldūn emphasised that the institution of caliphate is a *shar'i* obligation and that Muslims are obliged to establish and maintain it.<sup>6</sup> Similar ideas were expressed by Ibn Taymiyah,<sup>7</sup> Shāh Wali-Allāh<sup>8</sup> and a number of other scholars. Such an attitude toward the state is quite natural since Islam advocates certain goals and ideals which would be difficult of realisation without a value- and goal-oriented state. This idea was expressed beautifully by the famous Muslim poet-thinker Muḥammad Iqbāl (d. 1938) when he stated that "the state according to Islam is only an effort to realise the spiritual in human organisation".<sup>9</sup>

Thus the state is viewed by Islam as an instrument for the realisation of the ultimate goals, both spiritual and material, of the Islamic society. However, the authority exercised by the state is not absolute. It is a trust from God and is to be exercised in accordance with the terms of the trust as laid down in the *Shari'ah*. Two of the most important terms of this trust are that the state should be democratic and welfare-oriented.

#### Democratic Orientation

Sovereignty, according to Islam, vests in God. It is only His Will that should prevail in this world. Says the Qur'ān:

Is it not His to create and to govern? (7: 54)

Sovereignty is for none but God. (12: 40)

Follow the Revelation sent to you from your Lord, and follow not, as friends or protectors, other than Him (7: 3).

The sovereignty of God implies the rule of the Divine Law as revealed by Him in the Qur'ān to the Holy Prophet and as elaborated in the Prophet's *sunnah* during the course of his mission. Man as vicegerent of God on earth (2: 30, 6: 165) can neither make nor abrogate the Divine Law. Man must necessarily submit to it if he realises that the All-knowing God in His Great Wisdom is the best guide of man in all his affairs. Given the Divine Law, all individuals who submit to it must be partners in its implementation. Hence, once the sovereignty of God is recognised, the authority for its establishment is vested in the whole *ummah* and is to be exercised in the light of the Qur'ān and *Sunnah* through the democratic process of consultation with the *ummah*,<sup>10</sup> (or its rightful representatives) as the Qur'ān enjoins:

And consult them in affairs. (3: 159)

And they conduct their affairs by mutual consultation. (42: 38)

#### Welfare Commitment

The mission of the Holy Prophet is defined by the Qur'ān to be a merciful blessing (*rahmah*) for all mankind (2: 107). Some manifestations of this merciful blessing are stated explicitly in the Qur'ān. These include, among

others, the fostering of "good life" (*hayāt ṭayyibah*) and "welfare" (*ḥalāl*),<sup>11</sup> provision of ease and alleviation of hardship,<sup>12</sup> generation of prosperity,<sup>13</sup> nurturing a climate of love and affection,<sup>14</sup> and ensuring freedom from moral corruption,<sup>15</sup> hunger, fear<sup>16</sup> and mental tensions.<sup>17</sup> Hence; all organisations and institutions, including the state, should reflect the character of merciful blessing, and cater to the "welfare" of all people.

The welfare function of the Islamic state was particularly stressed by the Prophet when he stated: "Any ruler who is responsible for the affairs of Muslims but does not strive sincerely for their well-being will not enter Paradise with them."<sup>18</sup> The Companions of the Prophet clearly appreciated this welfare role of the Islamic state as is evidenced by numerous utterances of the early caliphs and their instructions to their governors. 'Umar, the second Caliph, wrote to Abū Mūsā, the governor of a province: "The best of men in authority is he under whom people prosper and the worst of them is he under whom people encounter hardships".<sup>19</sup> Muslim jurists have unanimously held that catering to the welfare of the people and relieving them of hardships is the basic objective of the *Shari'ah* and hence of the Islamic state.<sup>20</sup> The letter addressed to Caliph Hārūn al-Rashīd by his Chief Justice, Abū Yūsuf, vividly clarifies the welfare character of the Islamic state,<sup>21</sup> and the same stress is evident in the writings of medieval Muslim thinkers like Māwardī, Abū Ya'la, al-Ghazālī, Ibn Khaldūn, Ibn al-Qayyim and Ibn Taymiyah. The evidence in the Qur'ān and *Sunnah* and the writings of Islamic scholars for the welfare function of the Islamic state is so overwhelming that it would be absolutely unjustified not to term the Islamic state as a "welfare state".

### Strategy of Welfare

But there are other political systems which also claim to be welfare-oriented. The difference lies essentially in their basic philosophy of what constitutes human welfare. Islam distinguishes itself by its own unique philosophy of welfare which is comprehensive and consistent with its concept of human nature. Man has been created from matter<sup>22</sup> but has been infused with a part of the Divine spirit.<sup>23</sup> The matter and the spirit together constitute the indivisible human self which is free but responsible before God for all its actions within the frame of reference of Divine guidance. He is intelligent and capable of differentiating between right and wrong and acting on his own initiative. His mission is to fulfil his obligations as the vicegerent of God on earth. He is not only a member of the brotherhood of Islam but also a part of mankind, the family of God.<sup>24</sup> Only that philosophy of welfare is best suited to man which enables him, firstly, to attain a fuller realisation of his complete indivisible self (spiritual as well as material) in keeping with his status as vicegerent of God and, secondly, to make the optimum all-round contribution to his *ummah* and to mankind.

The concept of welfare in Islam can hence be neither exclusively "other-worldly" nor purely "this-worldly". While urging Muslims to gain mastery over nature and utilising the resources provided by God for the service and betterment of mankind, Islam warns Muslims against single-minded concentration on material acquisitions as the highest measure of human achievement and ignoring the indispensable spiritual content of the human self. Islam rather provides a spiritual orientation to all material effort and creates a harmony between the innate spiritual and material urges of individuals and groups. Islam has so firmly and exquisitely dovetailed the spiritual and material aspects of life that they may serve as a source of mutual strength and together serve as the foundation of true human welfare and happiness. According to Islam, negligence of either of the two aspects of life will prevent mankind from achieving true welfare. In fact there is no division between material and spiritual aspects of life in Islam. All human effort whether for "material", "social", "educational", or "scientific" goals is spiritual in character as long as it conforms to the value system of Islam. Working hard for the material well-being of one's own self, family and society is as spiritual as the offering of prayers, provided that the material effort is guided by spiritual values. This synthesis of the material and the spiritual is what is missing in the welfare concept of the other two systems, capitalism and socialism, as they are morally neutral.

This teaching has infiltrated all Muslim thinking throughout the ages. Ghazālī defines the objective of the *Shari'ah* to be the promotion of welfare of people which lies in safeguarding their faith, their life, their intellect, their posterity, and their property, and concludes that whatever ensures the safeguard of these five serves public interest and is desirable.<sup>25</sup> Ibn al-Qayyim emphasised that the "basis of the *Shari'ah* is wisdom and welfare of the people in this world as well as the Hereafter. This welfare lies in complete justice, mercy, welfare, and wisdom; anything that departs from justice to injustice, from mercy to harshness, from welfare to misery and from wisdom to folly has nothing to do with the *Shari'ah*".<sup>26</sup>

This is, of course, a general indication of what is implied by welfare in Islam. More specific positions have been taken by the *Shari'ah* on many issues, which need not be elaborated here. In brief it may be stated that the welfare of individuals in an Islamic society may be realised if there is a proper environment for:

- (a) a fuller realisation of Islamic spiritual values in the individual as well as in society,
- (b) an adequate fulfilment of all basic needs of life.

These are briefly discussed below under the spiritual and material roles of the state. This dichotomy is only for the convenience of discussion and does not imply a separate identity for the two roles which are closely integrated.

### Spiritual Uplift

Since Islam lays a preponderant stress on moral values, the Islamic state cannot be a passive observer of the ethical scene in society. It is the responsibility of the Islamic welfare state to look after the spiritual health of its people. Hence the need of taking practical measures by the state to bring to a living reality the moral code of Islam has been stressed by all Muslim political thinkers and jurists. This does not necessarily imply that the Islamic state is a police state forcing people into certain channels of behaviour by use of its coercive power. There is some kind of built-in indoctrination in all systems, including the capitalist, and the Islamic system is no exception. The Islamic system, however, in compliance with the spirit of the Qur'anic verse: "There is no compulsion in religion" (2: 256), shuns the extreme course of regimentation of thought and action, as it gives significant value to individual freedom. It is for this reason that Islam lays stress on education and creation of conditions conducive to the practice of the moral norms on which the edifice of the whole Islamic way of life is raised.

The realisation of the spiritual values of Islam in the individual and society demands that the Islamic state should strive in three major directions. First, it must foster conditions conducive to the creation of homes which would inculcate respect for and adherence to Islamic moral teachings in the rising generation. Islam has provided a blueprint for fostering love and affection, and mutual help and co-operation among the members of the family (nuclear as well as extended), and for generating a suitable environment for the proper upbringing of children. Second, the Islamic state must cast the educational system in the mould of Islam so that educational institutions produce young men and women imbued with the ideals of Islam. Third, the state should enforce those norms and values of Islam which are amenable to legal enforcement and should inflict the prescribed penalties for violations so that they serve as a deterrent to prospective violators.

### Material Well-being

Adequate fulfilment of basic material needs, is, in the Islamic frame of reference, as necessary for human welfare as spiritual uplift. Therefore, while arranging for the spiritual guidance of men by a chain of prophets to all people through space and time, God has also provided all necessary resources for his material well-being. Says the Qur'an: "He it is Who has created for you everything on earth" (2: 29) and "has made subservient to you whatever is in the heavens and the earth and granted you His bounties, manifest and hidden" (31: 20, see also 4: 32-3, 16: 12-14, 22: 65 and 45: 12). Two fundamental principles may be derived from these verses. One, that God-given resources are for "you", which is addressed to all people and not to any privileged group or class; and two, that they are meant for

general human welfare, and at least, for eradicating poverty and fulfilling the basic material needs of all people.

There can be little dispute that some of the basic material needs of individuals that must be satisfied are:

- (i) training and education to develop the innate abilities of the individual and to enable him to cater for his well-being independently without becoming a burden on others;
- (ii) a suitable job, profession, or trade in keeping with his aptitude, ability, ambition, and needs of society so that he and society both benefit from his ability and training;
- (iii) adequate food and clothing;
- (iv) comfortable housing;
- (v) a generally healthy environment combined with appropriate medical facilities, and
- (vi) adequate transport facilities to enable a worker to commute to his place of work without unreasonable discomfort and to convey his product to appropriate markets at reasonable cost.

These material needs of the individual and their fulfilment have been so explicitly recognised by the *Shari'ah* that quotations from the Qur'an and the *Sunnah* and Islamic writings would be tantamount to elaborating the obvious.<sup>27</sup>

The fulfilment of these spiritual and material needs of individuals and society would naturally necessitate the playing of a vital role by the state in the economic system of Islam. Nevertheless, it may be stressed here for the sake of clarity, that it is basically the moral responsibility of the individual to cater for his own needs through his own volition and effort. Islam categorically condemns begging and sloth and places great stress on hard work. The Prophet enjoined: "Beg not anything from people"<sup>28</sup> and that: "A man has not earned better income than that which is from his own labour".<sup>29</sup> Umar, the second Caliph, symbolised this Islamic teaching for earning one's own livelihood through hard work by saying: "No one of you should stay away from seeking livelihood and say: 'O God! Give me sustenance', for the sky will not rain gold and silver";<sup>30</sup> and that: "Seek of the bounty of God and be not a burden on others".<sup>31</sup>

The individual is not only expected to work for his own livelihood and welfare but is also expected to do his best on every job or mission he undertakes. "God desires that whenever anyone of you performs a job he does it perfectly."<sup>32</sup> In fact the spiritual and material goals of the Islamic society cannot be fully realised until all Muslims, men or women, put forth their best in keeping with the optimum potential of their God-given talents.

Although it is essentially the responsibility of the individual to depend on himself and to try to do his best, the market forces need not always automatically be conducive to this. And even if the individual does his

best it is a well-recognised fact that the blind operation of market forces may not always reward him optimally for his socially-productive effort. It would hence be the responsibility of the state to play a positive role in guiding and regulating the economy to ensure that the objectives of the *Shari'ah* are fulfilled. This positive role of the Islamic state cannot be equated with the term "intervention" of the state under capitalism. The term "intervention", in addition to carrying an opprobrious connotation, smacks of commitment to *laissez faire* capitalism under which the best state is the one which plays the least role.

The question is: what specific role should the Islamic state play in the economy and how much regulation or control should it exercise? In principle it may be stated that the state should play an adequate role to bring to fulfilment the goals of the Islamic system without unduly sacrificing individual freedom or compromising social welfare. An important measure would be to contain the self-interest of individuals within moral restraints so as to prevent the individual from exploiting society to gratify his self-interest, and to safeguard against society exploiting the individual by curbing his inherent rights or preventing him from enjoying the lawful fruits of his labour and skill. The goal should be to bring about a healthy balance between the interests of the individual and of society in harmony with one of the fundamental teachings of the Prophet: "The individual should not inflict harm [on others] nor should any harm be inflicted on him [by others]". This brings all instruments of direct and indirect controls, including wage-price controls and nationalisation, to the extent considered necessary in the overall interest of the Muslim society, within the tool-kit of the Islamic state. What instruments are to be used and to what extent, would be determined essentially by circumstances, given the guiding principles of the *Shari'ah* and particularly the commitment of the Islamic state to social welfare in a manner that would not destroy individual freedom.

Specification of certain essential elements of the positive role, or the essential economic functions of the Islamic welfare state hence becomes necessary. The following section of this paper briefly specifies these functions.

#### **b. Economic Functions**

Some of the essential functions of the Islamic welfare state with respect to the economy may be stated to be:

- (1) to eradicate poverty and create conditions for full employment and a high rate of growth;
- (2) to promote stability in the real value of money;
- (3) to maintain law and order;
- (4) to ensure social and economic justice;

- (5) to arrange social security and foster equitable distribution of income and wealth;
- (6) to harmonise international relations and ensure national defence.

There is no specific significance in the order in which the above functions have been stated. All the functions are important and none may be ignored. Each of these functions is briefly discussed below.

#### (1) Eradication of Poverty, Full Employment and Optimum Rate of Growth

Since economic resources are a trust from God, it is the moral obligation of the trustee to employ these resources efficiently to realise the purpose of the trust which is the welfare of all the vicegerents of God. This naturally implies: firstly, eradication of poverty and satisfaction of all basic human needs; secondly, full and efficient employment of all human and material resources to attain an optimum rate of economic growth and improve the standard of living of all people; and, thirdly, avoidance of conditions generating deficient or excess demand and leading to unemployment or inflation. The word "optimum" has been preferred here in place of "maximum" or "high" to allow for a margin for harmony with the goals of spiritual uplift and social welfare. This is because economic growth is not an isolated phenomenon and is to be viewed against its impact on the moral fabric of Muslim society, the goal of social and economic justice, and the overall "welfare" of *all* people.

For a realisation of this objective it would be incumbent upon the Islamic state not to leave the essential function of allocation of resources, particularly scarce resources, or the determination of aggregate demand to the unhindered operation of blind market forces. It should itself play a positive role and consciously contribute towards the attainment of desired goals through (i) rational planning, and (ii) building the necessary physical and social infra-structure.

(i) *Planning*. It is now widely recognised that undisciplined self-interest and unguided play of market forces may not always work out for the best of all strata of society and may not necessarily lead to optimum efficiency in the use of resources because of limitations of individual horizon, lack of awareness or appreciation of social costs, and unbalanced growth in different sectors of the economy unrelated to the welfare needs of the people. The Islamic state should, therefore, resort to planning and play an active role in the implementation of its plans.

The need for planning does not imply that the Islamic state can resort to regimentation or unscrupulous control of the private sector. What it does imply is that instead of leaving the allocation of resources and the management of aggregate demand primarily to the blind interplay of



market forces, the state should play an active and conscious role in not only determining priorities and guiding or channelling the scarce resources in the light of those priorities, but also regulating demand so that occurrence of recession or inflation is avoided.

Priorities should, of course, be determined in accordance with, firstly, the terms of the trust as laid down in the *Shari'ah* by the Creator of all resources, and secondly, the needs and general overall welfare of God's vicegerents. The basic teachings of the *Shari'ah* are eternal and universal but the needs of man might differ with changes in time, geographical environment, stages of economic and social development and progress of technology. It may be stated that in general the efficient use of resources for the satisfaction of fundamental needs of *all* trustees should receive the utmost priority.

(ii) *Physical and social infrastructure.* For the growth of an economy and the development of a healthy and prosperous society, the existence of a basic physical and social infrastructure is generally recognised to be an absolute necessity. Much as investment in necessary physical capital leads to the development of an economy, the provision of such capital does not appeal to private entrepreneurs because direct monetary returns for investors are small and the amount of capital required is generally beyond their capacity. But since social benefits are so much in excess of private benefits, investment in these sectors must rank high in the development plans of an Islamic state as it should in the development plans of any developing economy.

The Qur'an enjoins upon Muslims to gather whatever strength they are capable of (8: 60). The significance of "strength" here need not be confined to military strength. It could also be implied to refer to the economic strength which, among others, lies at the root of military strength. An essential part of this latter strength is the provision of an infrastructure through the improvement and extension of roads and highways, building of dams and bridges, provision of irrigation networks, construction of ports, airports and telecommunication services, and furnishing of facilities essential for providing external economies to different sectors of the economy. The role of the state here is obviously of primary importance. Therefore, whenever the Prophet appointed a governor, he instructed him to strive for creating ease rather than hardship for the people.<sup>33</sup> One of the means by which the state could generate prosperity is to provide the necessary infrastructure. Public works programmes, therefore, received significant attention during the days of 'Umar and other caliphs.

The provision of social capital (education, public health, etc.) should also be an undisputed area of the activity of an Islamic state. The general case for education is obvious. Since according to the Prophet, "acquisition of knowledge is obligatory for every Muslim",<sup>34</sup> public investment in

education is necessary. Educational efforts must, however, go beyond attempts to increase the degree of literacy, for literacy is only a means to real education and not an end in itself. The general aim of education in Muslim society must be to raise Muslims who would conform to the ideals laid down in the Qur'an and the *Sunnah*, to introduce the process of change that would bring about the Islamic environment, to teach ever-new skills, and to stimulate the incentive for research and invention of new techniques of production and distribution so as to utilise God-given resources more efficiently. The education system, in addition to building upright moral character, should also inculcate in the student the spirit of hard work and efficiency, economy and frugality, avoiding waste and extravagance, and making productive investment of savings so that in addition to the individual, it benefits society in general as well.

If education is one sphere of social capital towards which the government should take positive steps, another is public health. The Prophet declared that "a strong Muslim is better and more beloved before God than a weak one",<sup>35</sup> and that "cleanliness is half of faith".<sup>36</sup> Therefore, it may be inferred that it is the responsibility of the Islamic state to provide a healthy environment combined with adequate medical facilities so as to improve the health and efficiency of people and to reduce suffering from sickness and disease. With respect to a clean and healthy environment one may also argue in favour of better sanitation facilities, curbing of pollution, provision of clean and safe water supplies, hygienic and comfortable housing, and clearance of slums.

## (2) Stability in the Real Value of Money

One of the most serious problems of contemporary society is persistent inflation with accompanying decline in the real value of money and monetary assets. This is not because inflation and growth are necessary counterparts of each other but because of a number of inflation-prone post-War phenomena which it is not necessary to delve into in this paper. In fact stability in the real value of money is vitally important not only for the continued long-term growth of an economy but also for social justice and economic welfare.

Honesty and justice in all measures of value has been unequivocally stressed in the Qur'an:

And give full measure and weight with justice (6: 152).

So give full measure and weight without defrauding men in their belongings and do not corrupt the world after its reform. This is better for you, if you are believers (7: 85; see also, 11: 84-85, 17: 35, and 26: 181).

These verses should be considered to apply not only to individuals but also to society and the state and should not be confined merely to conven-

tional weights and measures but should also encompass all measures of value.

Money also being a measure of value, any continuous and significant erosion in its real value may be interpreted in the light of the Qur'an to be tantamount to corrupting the world because of the adverse effect this erosion has on social justice and general welfare which are among the central goals of the Islamic system. This implies that any activity or behaviour of individuals, groups, or institutions in an Islamic state which significantly erodes the real value of money should be considered to be a national issue of paramount importance and treated with a sense of concern. Nevertheless, there are other goals which are of equal, or greater, importance. If there is an unavoidable conflict between the realisation of these goals and a compromise becomes inevitable then the goal of stable real value for money may be somewhat relaxed provided that the damage done by such relaxing is more than offset by the realisation of other indispensable national goals.

It may hence be considered obligatory for the Islamic state to resort to healthy monetary, fiscal and incomes policies and appropriate direct controls when necessary, including wage-price controls, to minimise erosion in the real value of money, thus preventing one group of society from knowingly or unknowingly shortchanging others and violating the Islamic norms of honesty and justice in measures.

This does not imply that Muslim countries, individually or collectively, would be able to stabilise the value of their currencies by their own effort. In a world where all countries are mutually interdependent and where the monetary and fiscal policies of some major industrial countries are responsible for a substantial degree of price instability, it may not be possible for the small and open economy of an individual Muslim country to achieve the desired stability unless the major industrial countries follow saner policies. However, what it does imply is that an Islamic state should itself be clear about its role with respect to price stability and should be determined to contribute whatever it can for the attainment of that goal.

### (3) Law and Order

The importance of this universally recognised function of the state cannot be overstressed. This is because the degree of law and order in a society and the extent of security of life and property are one of the prime determinants of growth and stability of an economy and the inner happiness of individuals. In his remarkably terse but powerful farewell pilgrimage address, in which the Holy Prophet forcefully enunciated a number of principles for the socio-politico-economic system of Islam, he declared: "Your lives and your properties are as sacred as this day of *Hajj*".<sup>37</sup> On another occasion he emphasised: "Whatever a Muslim possesses is unlawful for another Muslim, his wealth and property and his life".<sup>38</sup>

On the basis of this, Muslim jurists have unanimously stressed the duty of the Islamic state to safeguard the life and property of all individuals within its boundaries<sup>39</sup> so that, in the words of the Prophet, “a woman travelling alone from Ḥira’ to the Ka’bah feels such security that she has fear of none but God”.<sup>40</sup>

#### (4) Social and Economic Justice

Since Islam considers mankind as one family, all members of this family are alike in the eyes of God and before the Law revealed by Him. There is no difference between the rich and the poor, the high and the low, or the white and the black. There is to be no discrimination due to race, colour or position. The only criterion for a man’s worth is character, ability, and service to Islam and humanity. Said the Holy Prophet: “Certainly God does not look at your faces or your wealth; He looks at your heart and your deeds”.<sup>41</sup> “The noblest of you are the best in character.”<sup>42</sup> To be even more emphatic the Prophet warned of the disastrous consequences of discrimination and inequality before the Law for an individual or a nation:

Communities before you strayed because when the high committed theft they were set free, but when the low committed theft the Law was enforced on them. By God, even if my daughter, Fāṭimah, committed theft I will certainly cut her hand.<sup>43</sup>

Whoever humiliates or despises a Muslim, male or female, for his poverty or paucity of resources, will be disgraced by God on the Day of Judgment.<sup>44</sup>

‘Umar, the second Caliph, wrote to Abū Mūsā al-Ash‘arī, one of his governors, asking him to treat everyone before him alike in respect so that the weak did not despair of justice from him and the high did not crave for undue advantage.<sup>45</sup> This spirit of social justice thoroughly permeated the Muslim society during the period of the first four caliphs, and even in the later period, though a little subdued, did not fail to find its manifestation on several occasions. It may be pertinent to quote what the renowned jurist Abū Yūsuf wrote in a letter addressed to Caliph Hārūn al-Rashīd: “Treat alike all individuals irrespective of whether they are near you or remote from you”, and that “the welfare of your subjects depends on establishing the Divine Law and eliminating injustice”.<sup>46</sup>

The Islamic teaching of brotherhood and equal treatment of all individuals in society and before the Law would not be meaningful unless accompanied by economic justice so that everyone gets his due for his contribution to society or to the social product and that there is no exploitation of one individual by another. This point is also very well stressed in Islamic writings. The Qur’ān urges Muslims to “withhold not what is justly due to others” (26: 183),<sup>47</sup> implying thereby that every individual must get what is really due to him, and not more by depriving others of their share. The

Prophet aptly warned: "Beware of injustice for injustice will be equivalent to darkness on the Day of Judgment".<sup>48</sup> This warning against injustice and exploitation is designed to protect the rights of all individuals in society (whether consumers or producers and distributors, and whether employers or employees) and to promote general welfare, the ultimate goal of Islam.

Of special significance here is the relationship between the employer and the employee which Islam places in a proper setting, specifying norms for the mutual treatment of both so as to establish justice between them. An employee is entitled to a "just" wage for his contribution to output and it is unlawful for a Muslim employer to exploit his employee. Three persons, declared the Prophet, who will certainly face God's displeasure on the Day of Judgment are: he who does not fulfil his covenant with God; he who sells a free person and enjoys the price; and he who engages a labourer, receives due work from him, but does not pay him his wage.<sup>49</sup> This *hadith*, by placing exploitation of labour on an equal footing with contravention of the covenant with God and enslaving of a free person suggests how repugnant exploitation of labour is to the spirit of Islam. Besides being paid the "just" wage, Islam requires that labourers should not be made to work so hard or in such miserable conditions that their efficiency declines, their health deteriorates, or their ability to enjoy income or participate in family life gets impaired. If they are made to perform a task which is beyond their capacity they should be provided with sufficient help (manual or technical) to enable them to do the job without undue hardship. Said the Holy Prophet:

"Your employees are your brethren whom God has made your subordinates. So he who has his brother under him, let him feed him with what he feeds himself and clothe him with what he clothes himself and not burden him with what overpowers him. If you do so then help him".<sup>50</sup>

On the basis of these teachings, fixation of minimum wages and maximum working hours, creation of appropriate working conditions, enforcement of precautionary measures against industrial hazards, and adoption of technological innovations to reduce hardships would be fully in conformity with the spirit of Islamic teachings.

While this is the treatment expected of an employer to his employees, Islam, because of its commitment to justice, protects the employers by placing certain moral obligations on the employee as well. These include, among others, honesty, diligence and efficiency in the performance of the function for which the employee has been hired. "An employee who excels in his devotion to God and also renders to his employer the duty, sincerity and obedience that he owes him, for him there is double reward [with God]."<sup>51</sup> In this field, the Islamic state could play an important role

through inculcation of Islamic work ethics in employees and imparting of appropriate vocational education.

(5) Social Security and Equitable Distribution of Income and Wealth

Given the commitment of Islam to human brotherhood and to social and economic justice, gross inequalities of income and wealth could only be repugnant to its spirit. Such inequalities could only destroy rather than foster the feelings of brotherhood that Islam wishes to create. Besides, since all resources are gifts of God to all human beings (al-Qur'ān, 2: 29), there is no reason why they should remain concentrated in a few hands. Hence, Islam emphasises distributive justice and incorporates in its system a programme for redistribution of income and wealth so that every individual is guaranteed a standard of living that is humane and respectable and in harmony with the dignity of man inherent in his being the vicegerent of God on earth. A Muslim society that fails to guarantee such a humane standard is really not worthy of the name as the Prophet declared: "He is not a true Muslim who eats his fill when his next-door neighbour is hungry".<sup>52</sup>

Hence, Islam emphasises distributive justice and incorporates in its system a programme which seems to contain the following five essential elements: one, as discussed earlier, making arrangements for training, and then rendering assistance in finding gainful employment to those unemployed and looking for work in accordance with their ability; two, enforcing a system of "just" remuneration for those working; three, making compulsory arrangements for insurance against unemployment and occupational hazards, old-age pensions and survivors benefits for those who can afford to provide for this; four, providing assistance to those who, because of disability, physical or mental handicaps, or adolescence are unable to support themselves or to attain a respectable standard of living by their own effort; and five, collecting and distributing *Zakāt* and enforcing Islamic teachings related to the division of the estate of a deceased person to accelerate the distribution of income and wealth in Muslim society so that, in the words of the Qur'ān: "wealth does not continue to circulate merely among your rich" (59: 7).

It is the duty of the Islamic state to ensure a respectable standard of living for every individual, who is unable to take care of his own needs and hence requires assistance. The Prophet clearly declared that: "He whom God has made an administrator over the affairs of Muslims but remains indifferent to their needs and their poverty, God will also be indifferent to his needs and poverty".<sup>53</sup> He also said that: "He who leaves behind him dependants, they are our responsibility,<sup>54</sup> and that "the ruler [state] is the supporter of him who has no supporter".<sup>55</sup> These and other similar *ḥadīths* lay down the gist of Islamic teachings in the realm of social security.

'Umar, the second Caliph, explaining redistributive justice in Islam, emphasised in one of his public addresses that everyone had an equal right

in the wealth of the community, that none, not even he himself, enjoyed a greater right in it than anyone else, and that if he were to live longer, he would see to it that even a shepherd on Mount Sinai received his share from this wealth.<sup>56</sup> Caliph 'Ali is reported to have stressed that "God has made it obligatory on the rich to provide the poor with what is adequate for them; if the poor are hungry or naked or troubled, it is because the rich have deprived them [of their right], and it will be proper for God to hold them responsible for this deprivation and to punish them".<sup>57</sup> The jurists have almost unanimously held the position that it is the duty of the whole Muslim society in general, and of its rich in particular, to take care of the basic needs of the poor, and if the well-to-do do not fulfil their responsibility in spite of their ability to do so, the state should compel them.

The Islamic concept of justice in the distribution of income and wealth does not require equal reward for everyone irrespective of his contribution to society. Islam tolerates some inequalities of income because all men are not equal in their character, ability, and service to society (6: 165, 61: 71, and 43: 32). Therefore, distributive justice in the Islamic society, after (i) guaranteeing a humane standard of living to all members through proper training, suitable job, "just" wages, social security and financial assistance to the needy through the institution of *Zakāt*, and (ii) intensifying the distribution of wealth through its system of dispersal of the estate of a deceased person, allows such differentials in earning as are in keeping with the differences in the value of the contribution made or services rendered to society.

The Islamic stress on distributive justice is so emphatic that there have been some Muslims who have been led to believe in absolute equality of wealth. Abū Dharr, a companion of the Prophet, was of the opinion that it is unlawful for a Muslim to possess wealth beyond the essential needs of his family. However, most of the Prophet's companions did not agree with him in this extreme view and tried to prevail upon him to change his position.<sup>58</sup> But even Abū Dharr was not a protagonist of equality of flows (income). He was in favour of equality of stocks (wealth accumulations). This, he asserted, could be attained if the entire surplus of income over "genuine" expenses (*al-'afw*) was spent by the individual in improving the lot of his less fortunate brothers in particular and society in general. The consensus of Muslim scholars in spite of being intensely in favour of distributive justice, has, however, always been that if a Muslim earns by rightful means and from his own income and wealth fulfils his obligations toward the welfare of the society by paying *Zakāt* and other compulsory and voluntary contributions, there is nothing wrong in his possessing more wealth than other fellow Muslims.<sup>59</sup>

In reality, however, if the Islamic teachings of *halāl* and *ḥarām* about income and acquisition of wealth are sincerely followed, if the norm of justice to employees and consumers is applied, if provisions for redistribu-

tion of income and wealth are implemented, and if the Islamic law of inheritance is enforced, there will remain no gross inequalities of income and wealth in Muslim society.

#### (6) International Relations and National Defence

With respect to the wider sphere of mankind and the Muslim *ummah*, it is the responsibility of the Islamic state to try to make as rich a contribution as it can toward the spiritual and material uplift of mankind. If resources permit, it should provide assistance to relieve hardship and promote growth and accelerated development in deserving countries. The guiding principles of its policies in international economic relations may in the light of Islamic teachings be briefly stated to be: one, to co-operate in all matters contributing to "righteousness" and "piety" and to refrain from co-operating in "aggression" and "sin",<sup>60</sup> and two, to work positively for the welfare of mankind because it is the family of God.<sup>61</sup>

These principles, of course, relate to all countries and all people to whom the Islamic state is linked by bonds of universal human brotherhood as propounded by Islam. However, with Muslim countries to which the Islamic state is also united by bonds of common ideology, it should manifest greater solidarity and co-operation in all fields of life to enhance the unity and dignity of the *ummah* and the glory of Islam.

The Islamic state should also promote international understanding and peace in keeping with the teachings of Islam which by its very name stands for peace. It should encourage and support any constructive move towards peace, and should honour all treaties and agreements to which it is a partner. Nevertheless, while working for peace as a basic objective, the Islamic state should do its utmost to strengthen its defences so as to prevent or frustrate any aggression against its faith, territory, freedom and resources since the Qur'an enjoins: "And prepare against them whatever force you can" (8: 60). This may be understood to imply preparedness in terms of both men and hardware, including compulsory military service, efficient training, high morale, and diversification of sources of supplies if these cannot be produced locally or in collaboration with other Muslim countries. Nevertheless, in compliance with Islamic teachings, the military strength of the Islamic state should be used only for a "just" cause in a "just" manner against those who nurture, or resort to, aggressive designs:

And fight in the way of God against those who fight against you, but do not transgress limits for God loves not the transgressors (2: 190).

#### c. The Wherewithal

To live up to all the above obligations, the Islamic state would naturally stand in need of adequate financial resources. This is not the subject of this paper but without its review, even though it might have to be confined to a



consideration of some of its basic principles, the paper would remain incomplete.

One principle which is clearly recognised by all jurists is that the state has no right to acquire resources by *confiscating* property duly possessed by individuals or groups.<sup>62</sup> However, if income or property has been wrongfully acquired, then the state not only has the right to confiscate it, rather it is its moral responsibility to rectify this state of affairs.

As for the means of income of the Islamic state, they are the following:

### The Primary Sources

If the acquisition of resources through either confiscation or nationalisation without just compensation is to be ruled out then the primary sources left would be the following *in addition to the sale of relevant services*.

- (i) *Zakāt*;
- (ii) Income from natural resources;
- (iii) Taxation; and
- (iv) Borrowing.

In this paper these different heads cannot be treated in detail. What we are attempting to do below is merely to state some broad principles.

#### (i) *Zakāt*

To enable Muslims to bring to fulfilment a society which is like a single nuclear family, where wealth is equitably distributed and where the essential needs of all deserving individuals are met primarily by mutual help with the planning and organisational assistance of the state, Islam has instituted a powerful social security system giving it a religious sanctity which it enjoys nowhere else in the world. It is a part of the religious obligations of a Muslim to pay *Zakāt* at a prescribed rate on his net worth or specified income flows to the *Zakāt* fund.<sup>63</sup> Of such great significance is the institution of *Zakāt* in Islam that whenever the Qur'ān speaks of the obligation to establish prayers it also simultaneously stresses the obligation of Muslims to pay *Zakāt*. The Prophet went so far as to declare that "whoever offers prayers but does not pay *Zakāt*, his prayers are in vain".<sup>64</sup>

There is a general consensus among jurists that collection and disbursement of *Zakāt* is essentially the responsibility of the Islamic state.<sup>65</sup> This was the practice during the days of the Prophet and of the first two Caliphs, Abū Bakr and 'Umar. Abū Bakr even used coercion against those who refused to pay *Zakāt* to the state. It was 'Uthmān, the third caliph, who allowed the payment of *Zakāt* directly to the needy. Abū Bakr al-Jaṣṣāṣ, the renowned commentator of Qur'ānic legal injunctions, argues on the basis of the Qur'ānic verse: "Take alms out of their assets to cleanse and purify them thereby" (9: 103), that it is the duty of the state to institute a system for the collection of *Zakāt*.<sup>66</sup>

However, even if the state collects *Zakāt*, the proceeds are likely to be limited. Moreover, the expenditure heads for *Zakāt* are clearly enumerated in the Qur'ān.<sup>67</sup> Even though some jurists have widened somewhat the coverage of the expression *fi sabil Allāh* (in the way of Allah), it can hardly be made to include all expenditure heads of the Islamic state. Thus, if the Islamic state is to live up to its obligations it must have access to resources beyond the *Zakāt* collection. In view of this the contention of some jurists that the state has no claims on the wealth of individuals beyond the *Zakāt* is simply not tenable. Revenues would have to be raised through other means.

(ii) *Income from Natural Resources*

It has already been established that natural resources have been provided by God for the welfare of all people. The monetary benefit derived from these resources should, therefore, permeate to all people and should not under any circumstances be allowed to be diverted solely to certain individuals or groups. The acceptance of this principle does not necessarily restrict the management of these resources to the state alone. Whether the state or private enterprise should manage the exploitation of these resources should be determined by the criterion of efficiency. However, even if private enterprise is to manage and operate these resources the profit derived by it should not be more than what is justified by the services rendered and the efficiency attained.

In countries with abundant natural resources to contribute an adequate income to the state treasury to finance public expenditure (as is the case in some major oil-producing Muslim countries) there may be little need for additional sources of revenues. However, countries where income from this source is either not available, or if available, is not sufficient, the state would have to supplement its income by resorting to taxation and/or borrowing if necessary.

(iii) *Taxation*

The right of the Islamic state to raise resources through taxes cannot be challenged provided that taxes are raised in a just manner and are within a certain "bearable" limit. This right is defended on the basis of the Prophetic saying that "in your wealth there are also obligations beyond the *Zakāt*"<sup>68</sup>, and one of the fundamental principles of Islamic jurisprudence that "a small benefit may be sacrificed to attain a larger benefit and a smaller sacrifice may be imposed in order to avoid a larger sacrifice".

Most jurists have upheld the right of the state to tax. According to Marghinānī, if the resources of the state are not sufficient, the state should collect funds from the people to serve the public interest because if the benefit accrues to the people it is their obligation to bear the cost.<sup>69</sup> Abū Yūsuf also supports the right of the ruler to increase or decrease

taxes depending on the ability of the people to bear the burden.<sup>70</sup> However, only a just tax system has been held to be in harmony with the spirit of Islam. A tax system which is oppressive and too onerous as compared with the ability of the people to bear has been unanimously condemned. All rightly-guided caliphs, particularly 'Umar, 'Alī, and 'Umar ibn 'Abd al-'Azīz are reported to have stressed that taxes should be collected with justice and kindness, that they should not be beyond the ability of the people to bear, and should not deprive the people of the basic necessities of life.<sup>71</sup> Abū Yūsuf indicated that a just tax system could only lead to an increase in tax receipts and the development of the country.<sup>72</sup> Māwardī emphasised that taking more is iniquitous with respect to the rights of the people, whereas taking less is unfair with respect to the rights of the public treasury.<sup>73</sup>

Ibn Khaldūn genuinely reflects the trend of thinking during his time on the question of justice in the distribution of the tax burden by quoting from the letter of Ṭāhir ibn al-Ḥusain to his son who was the Governor of a province:

So distribute [taxes] among all people with justice and equity, making them general and not exempting anyone because of his nobility or wealth, and not exempting even your own officials or courtiers or followers. And do not levy on anyone a tax which is beyond his capacity to pay.<sup>74</sup>

In view of the goals of social justice and equitable distribution of income a progressive tax system seems to be perfectly in harmony with the goals of Islam. It must, however, be emphasised that from the discussion of the jurists what is relevant from the point of view of modern times is the right of the Islamic state to tax with justice. It would not be proper to conclude that taxation should be strictly confined to the items mentioned by the jurists. Circumstances have changed and there seems to be the need for devising a tax system which is in harmony with the goals of Islam and yields sufficient revenue to allow a modern Islamic state to discharge its functions as a welfare state.

#### (iv) *Borrowing*

If total revenue from all the above sources (including sale of services) is not sufficient, the Islamic state would stand in need of borrowing. In this case because of the Islamic injunction against interest, the borrowing would need to be free of interest.

For certain sound income-yielding projects amenable to sale of services and distribution of dividends it may be possible to raise funds on the basis of profit-sharing. However, the scope for this is limited in the case of most public projects. In case profit-sharing is not possible or feasible, the

Islamic state may have to borrow funds and this would be possible only if the private sector of the Muslim society is so highly inspired by the ideals of Islam that it is willing to forego the return. In modern acquisitive Muslim societies imbued perhaps more with hedonistic ideals of the economic man as conceived by Adam Smith rather than by the altruistic teachings of Islam, and with continuous erosion of the real value of savings because of the high rate of inflation, it may be expected that borrowing without any return may tend to be unproductive unless it is made compulsory.

Expenditures financed by borrowing from the central bank tend to be inflationary, unless accompanied by a corresponding increase in the supply of goods and services, thus violating the norm of monetary stability as already discussed. Therefore, under normal circumstances borrowing from the central bank may be resorted to when a corresponding increase in output can be more or less ensured. Borrowing from the central bank may also be defended under certain special circumstances even if there is no corresponding rise in output provided it is felt that damage done by a small degree of inflationary financing is more than offset by other economic or non-economic gains that are likely to be realised. This seems to conform to the principle that a smaller sacrifice may be imposed to avoid a larger sacrifice and that the smaller of two evils may be tolerated.

#### **“Richest” or “Ideal”**

It may be contended here that all Islamic states may not have access to “adequate” resources to finance the functions discussed above and could not hence become “ideal”. Here it is important to clarify that the “ideal” Islamic state should not be confused with the “richest” one. The ideal is to be construed in the light of general spiritual and material welfare attained for God’s vicegerents within the framework of resources. Hence an Islamic state may be considered to have attained the position of “ideal” if it has at least (i) elevated the spiritual level of the Muslim society and minimised moral laxity and corruption; (ii) fulfilled its obligations for general economic welfare within the limits of its resources; and (iii) ensured distributive justice and has weeded out exploitation. Adequacy of resources is a relative term and is to be judged against attainable standards in the light of the stage of economic development.

It is, of course, the duty of the Islamic state to make a concerted effort to muster the maximum feasible level of resources and to harness them as efficiently as possible for fulfilling the widest possible range of responsibilities. Resources at the disposal of any society, rich or poor, may generally be expected to be scarce compared with the demands on them and every Islamic state would have to establish a schedule of priorities in the light of the *Shari’ah* and the welfare needs of the people. Planning would hence be an essential function of every state. Since planning could be misdirected to satisfy certain vested interests, decision-making in planning

should be through the Islamic process of consultation so that different viewpoints and interests are given due consideration.

Raising an optimum level of resources and utilising it efficiently within the framework of a "just" plan demands unscrupulous honesty on the part of the common man as well as government employees. This demands that, on the one hand, the common man should be willing to provide honestly to the treasury the resources needed for attaining general social welfare, and, that on the other hand, corruption, including offering of gifts, let alone undisguised bribery, for obtaining an undue advantage in money, position, jobs or contracts is to be completely eliminated:

And swallow not your wealth among yourselves by false means, nor seek to gain access thereby to judges to swallow other people's property wrongfully with knowledge thereof (2: 188).

The Prophet (peace be on him) is reported to have said:

"How can a governor I have appointed say, this is for you [the treasury] and this is a gift for me! Why doesn't he sit in his parent's home and see if he gets those gifts? By God, in Whose Hand is Muḥammad's life, anyone of you who takes [unduly] anything from this [what belongs to the treasury] will have it around his neck on the Day of Judgment." The Prophet then raised his hands and said twice: "O God! Have I conveyed?"<sup>75</sup>

While this honesty is expected in both the public and the private sectors, there are certain additional demands which public sector employees must fulfil. A Muslim public servant would be failing in his duty to God and society if he takes his remuneration but does not render his due in terms of diligence, efficiency and conscientiousness:

Any Muslim ruler entrusted with the affairs of Muslims who dies while he was cheating the people will find Paradise foreclosed for him.<sup>76</sup>

Unless this level of honesty is attained and every individual works diligently and conscientiously for the implementation of Islamic teachings, the Islamic ideal of a morally-orientated welfare state cannot be fully realised. The ruler and the ruled must work hand in hand for the realisation of these goals. While the state stands duty-bound to make an honest effort to create the ideal conditions which Islam visualises, it is also obligatory for the public to render to the state their best in terms of co-operation and goodwill to crown the state efforts with success. It must be fully realised that the extent of movement towards the "ideal" Islamic state would necessarily depend on the quality and character of the people and the power *elite* in Muslim society.

#### d. Nature and Identity

The above discussion indicates that the Islamic state is essentially a welfare state and is duty-bound to play an important role in the economy for the fulfilment of the goals of the *Shāri'ah* in the economic field as briefly specified above. This welfare role is, however, to be played within the framework of individual freedom which Islam values greatly. The most important pillar of the Islamic faith is the belief that man has been created by God and is subservient to none but Him (13: 36) and that one of the primary objectives of the prophetic mission of Muḥammad (peace be on him) is to release mankind from all burdens and chains enslaving it (7: 157). This provides not only the essence of the Islamic charter for individual freedom from all bondage but also subjects man to the sovereignty of God in all aspects of life which essentially implies subordination of man to the moral law as specified in the Qur'ān and the *Sunnah*.

Because man is born free, no one, not even the state, has the right to abrogate this freedom and to subject him to regimentation. It is this respect for freedom which prompted 'Umar, the second caliph, to declare: "Since when have you begun to enslave people although their mothers bore them as free men?"<sup>77</sup> This commitment of Islam to individual freedom has led to a consensus among Muslim jurists that in normal circumstances restrictions may not be imposed on a free and sane adult. Thus freedom of expression, occupation and movement are assured in an Islamic state.

It is to realise this norm of individual freedom that Islam has incorporated in its economic system the essential elements of free enterprise after conditioning it to its own norms and values. The institution of private property along with the market mechanism has been integrated into the Islamic system in such a manner that an "appropriate" part of the production and distribution of goods and services is left to individuals and voluntarily-constituted groups enjoying freedom in their dealings and transactions.<sup>78</sup> The profit motive has also been upheld as, besides being consistent with human nature, it provides the necessary incentive for efficiency in the use of resources which God has provided to mankind.

However, since social welfare has a place of absolute importance in Islam, individual freedom – though of considerable significance – does not enjoy a place independent of its social consequences. It is sacred only as long as it does not conflict with the larger social interest or the overall spiritual and material goals of Muslim society, or as long as the individual does not transgress the rights of others. Property can be owned privately but is to be considered a *trust* from God and is to be acquired and spent in accordance with the terms of the trust. The profit motive has also been subjected to certain moral constraints so that it serves individual interest within a social context and does not lead to economic and social ills or violate the Islamic goals of social justice and equitable distribution of income and wealth.

### Mixed Capitalism ? Socialism ?

All these various considerations make the Islamic state completely distinct from both the socialist and the capitalist systems. First of all, socialism, as conceived by Marx, is basically amoral and based on the concept of dialectical materialism; while capitalism, being a secular ideology is, at best, morally neutral. In contrast Islam lays emphasis on both the moral and the material aspects of life and erects the edifice of economic well-being on the foundation of moral values. The foundation being different, the superstructure is bound to be different too.

Moreover, Islam is also fully committed to human brotherhood with social and economic justice, to equitable distribution of income, and to individual freedom within the context of social welfare. Although both socialism and mixed capitalism also claim to pay allegiance to social justice, the concept of justice in socialism or mixed capitalism is not based on human brotherhood reinforced by inviolable spiritual criteria for social and economic justice. In fact Marxist socialism under the influence of dialectics condones injustice done by one group to the other and even the annihilation of one group by the other. In *laissez faire* capitalism with its slogan of "Don't interfere, the world will take care of itself" there was no innate ideal of social justice to be attained through conscious state effort, while in mixed capitalism the roots of social justice lie in group pressures rather than in an intrinsic belief in human brotherhood.

Although capitalism also recognises freedom of the individual there are no spiritual constraints on this freedom. The constraints that do exist are determined primarily by the pressures of competition or the coercive power of the state, and secondarily by changing social norms without any spiritual sanctity. In the Islamic system, however, the individual is subject to inviolable spiritual values in all aspects of life, including the acquisition, spending and distribution of wealth. Islam normally recognises, like capitalism, the freedom of enterprise with the institution of private property, the market system and the profit motive, but it differs from capitalism because, as already indicated, property in Islam is a trust from God and man as trustee and vicegerent of God is responsible to Him and subject to His guiding principles.

Although both socialism and capitalism recognise equitable distribution of income, in capitalism this recognition is again an outcome of group pressure while in socialism it is accompanied by negation of individual freedom. Islam achieves this equitable distribution within the framework of individual freedom but with spiritual and legal imperatives to safeguard public interest, moral constraints against unearned income, and social obligations to ensure a just distribution of income and wealth.

The Islamic welfare state is hence neither capitalist nor socialist. It is based on its own values and guided by its own goals. It has its own identity and bears no resemblance to any other form of state.

## Notes and Sources

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- 7 ‘Abd al-Salām ibn Taymiyyah, *al-Siyāsah al-Shar‘iyyah fī Iṣlāḥ al-Rā‘i wa al-Ra‘iyyah*, ed. Muḥammad al-Mubārak (Beirut, Dār-al-Kutub al-‘Arabiyyah, 1961), pp. 138–44.
- 8 Shāh Wali-Allāh al-Dihlawī, *Hujjat-Allāh al-Bālighah*, Urdu translation by ‘Abdul Raḥīm (Lahore: Qawmī Kutubkhānā, 1953), vol. 2, p. 601.
- 9 Muḥammad Iqbal, *The Reconstruction of Religious Thought in Islam* (Lahore: Shaikh Muḥammad Ashraf, 1954), p. 155.
- 10 For a discussion of the essential difference between Islam, democracy and theocracy, the significance of man’s vicegerency and the implication of this for the political system of Islam, see Abul A‘lā Mawdūdī: “Economic and Political Teachings of the Qur‘ān” in M. M. Sharif (ed.), *A History of Muslim Philosophy* (Wiesbaden: Otto Harrassowitz, 1963), vol. 1, pp. 193–4 and 197, and *Khilāfat wa Mulūkiyyat* (Lahore, Islamic Publications, 1966), pp. 31–36 and 69–70, *The Political Theory of Islam* (Lahore, 1960), and *Islamic Law and Constitution* (Karachi, 1955).
- 11 “Whoever, male or female, does good and is a believer, We shall certainly make him live a good life and give him his reward for the best of what he did” (16: 97). “Serve your Lord and do good that you may have welfare (*falāḥ*)” (22: 77).
- 12 “God desires ease and not hardship for you” (2: 185).
- 13 “And if the people of the towns had believed and kept their duty, We would certainly have opened for them blessings from the heavens and the earth” (7: 96). “And the good land – its vegetation comes forth abundantly by the permission of its Lord. And the bad land, its vegetation comes forth but scantily. Thus do We repeat the messages for a people who give thanks” (7: 58).
- 14 “Those who believe and do good deeds for them the Beneficent will surely bring about love” (19: 97).
- 15 “If you do it not there will be discord and great mischief” (8: 73). “Corruption has appeared in the land and sea on account of what people have done to make them taste a part of their doing so that they may return” (30: 41).
- 16 “And Allah sets forth a parable: A town safe and secure to which its provisions come in abundance from every quarter; but it was ungrateful for Allah’s favours, so Allah made it taste a pall of hunger and fear because of what they did” (16: 112): “So let them serve the Lord of this House who feeds them against hunger and gives them security against fear” (106: 4).
- 17 “Those who believe and whose hearts find peace in the remembrance of Allah. Surely it is in the remembrance of Allah that hearts find peace” (13: 28).
- 18 Abū al-Ḥusayn Muslim al-Nīsābūrī, *Ṣaḥīḥ Muslim* (Cairo: ‘Isā al-Bābī al-Ḥalabī, 1955), vol. 1, p. 126.
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- 20 Muḥammad Abū Zahrah, *Uṣūl al-Fiqh* (Damascus: Dār al-Fikr al-‘Arabī, 1957), p. 355.



- 21 Abū Yūsuf, op. cit., pp. 3–17.
- 22 “He it is Who created you from clay” (al-Qur’ān, 6: 2).
- 23 “And when thy Lord said to the angels: ‘I am going to create a mortal of sounding clay, of black mud fashioned into shape; so when I have made him complete and breathed into him of My Spirit, fall down making obeisance to him’” (15: 28–29).
- 24 “But if they repent and keep up prayer and pay the *zakāt* they are your brothers-in-faith” (9: 11).  
 “The believers are nothing but brethren; so make peace between your brethren and keep your duty to Allah that you may be treated mercifully” (49: 10).  
 “Mankind is the family of God and the most beloved of them before Him is he who is best to His family”, Walī al-Dīn al-Tabrīzī, *Mishkāt al-Maṣābiḥ* (Damascus: al-Maktab al-Islāmī, A.H. 1381), ed. M. Nāṣir al-Dīn al-Albānī, vol. 2, p. 613: 4998.
- 25 Abū Ḥāmid Muḥammad al-Ghazālī, *al-Muṣtaṣfā* (Cairo: al-Maktabah al-Tijārīyah al-Kubrā, 1937), vol. 1, pp. 139–40.
- 26 Ibn al-Qayyim al-Jawziyyah, *I’lām al-Muwaqqi’in* (Cairo: al-Maktabah al-Tijārīyah al-Kubrā, 1955), vol. 3, p. 14.
- 27 By way of example it may be pointed out here that Ibn Ḥazm, on the basis of the Qur’ānic verse: “Then if one of them does wrong to the other, fight the one who does wrong until he returns to the command of God” (49: 9), argues that it is proper to fight with those who deprive others of basic necessities of life because the one who has denied his brother his due right has in essence wronged him. He also argues that it is the responsibility of the rich in every country to fulfil the needs of the poor and the ruler [state] should compel them to provide the necessary sustenance, protective clothing, and housing that ensures protection and privacy. He also quotes the following *ḥadīth* of the Prophet narrated by Abū Sa’id al-Khuḍrī: “He who has a surplus animal to ride on should give it to one who has none, and he who has surplus provisions should give them to him who has none, and the Prophet mentioned so many items of wealth that we felt none of us has any right over his surplus wealth” (Ibn Ḥazm, *al-Muḥallā*, vol. 6, pp. 156–59: 725). See also p. 200 ff. above.
- 28 Abū Dāwūd al-Sijistānī, *Sunan Abū Dāwūd* (Cairo: ‘Isā al-Bābī al-Ḥalabī, 1952), vol. 1, p. 382.
- 29 Muḥammad ibn Yazid ibn Mājah al-Qazwīnī, *Sunan Ibn Mājah* (Cairo: ‘Isā al-Bābī al-Ḥalabī, 1952), vol. 2, p. 723: 2138; and Abū ‘Abd al-Raḥmān ibn Shu’ayb al-Nisā’ī, *Sunan al-Nisā’ī* (Cairo: Muṣtafā al-Bābī al-Ḥalabī, 1964), vol. 7, p. 212.
- 30 ‘Alī al-Ṭanṭāwī and Nājī al-Ṭanṭāwī, *Akhbāru ‘Umar* (Damascus: Dār al-Fikr, 1959), p. 268.
- 31 Qurṭubī, op. cit., vol. 2, p. 15.
- 32 Cited on the authority of Bayhaqī, *Shu’ab al-Imān* by Jalāl al-Dīn al-Suyūṭī, *al-Jāmi’ al-Ṣaḡhir* (Cairo: ‘Abd al-Ḥamid Aḥmad Ḥanafī, n.d.), vol. 1, p. 15.
- 33 Muslim, op. cit., vol. 3, p. 1358; and Abū Dāwūd, op. cit., vol. 2, p. 559.
- 34 Muḥammad ibn Yazīd ibn Mājah al-Qazwīnī, *Sunan Ibn Mājah* (Cairo: ‘Isā al-Bābī al-Ḥalabī, 1952), vol. 1, pp. 81–224; see also, Qurṭubī, op. cit., vol. 1, pp. 3–13.
- 35 Ibn Mājah, op. cit., vol. 1, p. 31: 79.
- 36 Muslim, op. cit., vol. 1, p. 203: 1.
- 37 Muslim, op. cit., vol. 2, p. 889: 147; and Ibn Mājah, op. cit., vol. 2, p. 1297: 393.
- 38 Abū Dāwūd, op. cit., vol. 2, p. 568.
- 39 Abū Ya’lā, op. cit., p. 11; Māwardī, op. cit., p. 16; and Abū al-Ḥasan ‘Alī al-Marghīnānī, *al-Hidāyah* (Cairo: ‘Isā al-Bābī al-Ḥalabī, 1965), vol. 2, pp. 98 and 132.
- 40 Muḥammad ibn Isma’īl al-Bukhārī, *al-Jāmi’ al-Ṣaḡhir* (Cairo: Muḥammad ‘Alī Ṣubayḥ, n.d.), vol. 4, p. 239.
- 41 Muslim, op. cit., vol. 4, p. 1987: 34.
- 42 Bukhārī, op. cit., vol. 8, p. 15.
- 43 *Ibid.*, p. 199.

- 44 *Musnad al-Imām Zayd wa ‘Alī al-Riḍā ibn Mūsā al-Kāzīm* (Beirut: Maktabah al-Ḥayāt, 1966), p. 478.
- 45 Abū Yūsūf, op. cit., p. 117.
- 46 *Ibid.*, pp. 4 and 6.
- 47 See also 83: 1–3: “Woe to the cheaters; who when they take the measure [of their due] from men, take it fully. And when they measure out to others or weigh out for them, they give less than is due”.
- 48 Reported on the authority of *Musnad* of Aḥmad and Bayhaqī, *Shu‘ab al-Iman* by Suyuṭī, op. cit., vol. 1, p. 8.
- 49 Bukhārī, vol. 3, p. 112.
- 50 *Ibid.*, vol. 1, pp. 15–16. The word used in the *hadīth* is “slaves” and not “employees” as in the translation. If a humane treatment is expected to be meted out to slaves, then employees are certainly entitled to an even better treatment.
- 51 *Ibid.*, vol. 3, p. 186. See also footnote 50.
- 52 Abū ‘Abd-Allāh Muḥammad ibn Ismā‘il al-Bukhārī, *al-Adab al-Mufrad*, 2nd ed. (Cairo: Quṣayy Muḥibb al-Dīn al-Khaṭīb, A.H. 1379), p. 52: 112.
- 53 Abū Dāwūd, op. cit., vol. 2, p. 122.
- 54 *Ibid.*, p. 124.
- 55 *Ibid.*, vol. 1, p. 481.
- 56 Muḥammad Husayn Haykal, *al-Fārūq ‘Umar* (Cairo: Maktabah al-Nahdah al-Miṣriyyah, 1964), vol. 2, p. 233.
- 57 Abū ‘Ubayd Qāsim ibn Sallām, *Kitāb al-Amwāl* (Cairo: at-Maktabah al-Tijāriyyah al-Kubrā, A.H. 1353).
- 58 See the comments on verse 34 of *sūrah* 9 of the Qur’ān in the commentaries of Abū al-Fidā’ Ismā‘il ibn Kathīr, *Tafsīr al-Qur’ān al-‘Aẓīm* (Cairo: ‘Isā al-Bābī al-Ḥalabī, n.d.), vol. 2, p. 352; and Abū Bakr al-Jaṣṣāṣ, *Aḥkām al-Qur’ān* (Cairo: Maṭba‘ah al-Bahiyyah al-Miṣriyyah, A.H. 1347), vol. 3, p. 130. See also Mawdūdī, “Economic Teachings of the Qur’ān” op. cit., p. 179, for a critical discussion of the effort by some writers to establish “equal” distribution from verse 10 of *Sūrah* 41 of the Qur’ān: “And He made in it [the earth] mountains above its surface, blessed it, and placed therein provisions in due proportion, in four days, alike for [all] seekers”. The implication here is that provisions are equally accessible to all seekers.
- 59 See the commentary of Ibn Kathīr, op. cit., vol. 2, pp. 350–3.
- 60 Help one another in righteousness and piety but help not one another in sin and aggression (5: 3).
- 61 Mankind is the family of God and the most beloved of them before Him is the one who is best to His family (*Mishkāt*, op. cit., vol. 2, p. 613: 4998). Be kind to those on earth and He who is in the Heavens will be kind to you (*ibid.*, p. 608: 4669).
- 62 For example, Abū Yūsuf expressly voices this feeling by stating that “the state has no right to acquire forcibly the property that rightly belongs to an individual except by duly established methods”. (Abū Yūsuf, op. cit., p. 117.)
- 63 For a comprehensive treatment of the subject, see, Yūsuf al-Qarḍāwī, *Fiqh al-Zakāt* (Beirut, Dār al-Irshād, 1969), 2 vols.
- 64 Abū ‘Ubayd, op. cit., p. 354: 919.
- 65 Qarḍāwī, op. cit., vol. 2, pp. 747–91.
- 66 Jaṣṣāṣ, op. cit., see the commentary on verse 103 of *Sūrah* 9, vol. 3, pp. 190–92.
- 67 “The *zakāt* is for the poor, the needy, those employed to administer it, those whose hearts are desired to incline (to the Truth), freeing the slaves, those in debt, the way of Allah and the wayfarer – an injunction from Allah. And Allah is Knowing, Wise” (9: 60).
- 68 ‘Abd-Allāh ibn ‘Abd al-Raḥmān al-Dārimī, *Sunan al-Dārimī* (Damascus: Maṭba‘ah al-I’tidāl, A.H. 1349), vol. 1, p. 385. For a detailed discussion of this subject see Qarḍāwī, op. cit., pp. 963–92.

- 69 *al-Hidāyah*, op. cit., vol. 4, p. 105.
- 70 Abū Yūsuf, op. cit., p. 85.
- 71 *Ibid.*, pp. 14, 16 and 86.
- 72 *Ibid.*, p. 111.
- 73 Māwardī, op. cit., p. 209.
- 74 Ibn Khaldūn, op. cit., p. 308.
- 75 Muslim, op. cit., vol. 3, p. 1463: 26.
- 76 Mishkāt, op. cit., vol. 2, p. 321: 3686.
- 77 Ṭaṭṭāwī and Ṭaṭṭāwī, op. cit., p. 268.
- 78 The word “appropriate” may appear to be in contrast with “every” used by Mawlānā Mawdūdī: “The economic scheme presented in the Qur’ān is based entirely on the scheme of individual ownership in every field” – “Economic Teachings of the Qur’ān”, op. cit., p. 179. It is, however, not because he qualifies his statement on p. 180 by indicating that “there is nothing in the Qur’ān to prevent a certain thing being taken over from individual control and placed under collective control, if necessary”. Thus the choice of which sectors should be in private ownership and which should be nationalised would be made essentially on the basis of public interest.