

ECONOMICS AND ISLAM

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INTRODUCTION

The split of the world into two competitive economic systems capitalism and communism has made it necessary for the Muslims to decide how to plan their life. There are two schools of thought on this particular issue. The one, deluded by the glamour of Western civilization, cannot think of the application of Islamic principles to the economic sphere of life, the other, in its obedience to Divine Laws, assumes that Islam as a universal and all-embracing religion embodies in it economic principles of lasting nature which restore to life its equipoise and render it virtuous. As a result, while the former has blind faith in the Western method of planning social and economic life, the latter rejects it outright and persists in adhering to the Islamic principles.

It is an admitted fact that the Quran does not give detailed rules of human behavior in all conceivable directions and for all conceivable situations in life, but the broad principles of Islamic law do accommodate the growing needs of society and this cannot be questioned, for it is claimed in the Quran itself: 'We have neglected nothing in the Book' (6:38); 'and those who strive in Our way, We shall show them the way' (29:69).

One has to bear in mind that, in Islam, neither politics, can be separated from religion, nor economics, nor even ethics, nor again other elements, they have all to submit to the overall authority of Divine Laws. But it does not mean that the separate treatment of each is absurd. In our economic planning we have to look upon life as an organic whole and try to get the best that is in this world and the best that is in the Hereafter, neither lean nor depend upon other economic systems, for they are designed to meet the needs of this life alone without caring for the life to come. They are the products of those thinkers

who are short-sighted and who fail to see that which is beyond the grave. And in the words of Keynes, a well known economist, such systems are all dead in the long run.

The purpose of the Quran is, therefore, to blend the material with the spiritual 'Seek with the (wealth)', says the Quran, 'the House of the Hereafter, and neglect not thy share in this world' (28:77). Full sanction is thus given by the Quran to exploit the sources of nature and get the maximum out of them to purchase the House of the Hereafter which consists in nothing but righteous deeds. This world is viewed as but a vestibule to another, more enduring and a better one (87:17). Our economic planning, therefore, will be lacking in essentials if we lose sight of the intimate relationship that exists between the present and the future, this world and the next.

This is, in brief, what made us probe deep and deeper still, into the Divine Plan and try to delineate thereby the real form and features of the economics of Islam. May God give us light and lead us to the noble destiny-destiny of those whom he has favoured and who are:

Type of the wise that soar but never roam

True to the kindred point of Heaven and Home

Chapter-I

ECONOMICS IN GENERAL

Definition and Scope

Before we proceed with the economics of Islam it is worthwhile to know some of the outstanding features of the economics in general so that we may distinguish it from that of Islam.

Economics, in the main, is the study of human behavior in using resources to satisfy wants. The name is derived from the Greek Words *oikos* (house) and *nemein* (to manage). It has been defined in different ways. Classical economists, Adam Smith, Ricardo and Mill, have given its definition as "the science of wealth". This definition is considered to be unsatisfactory since it lays great stress upon wealth and places it in the forefront whereas economics as a science is primarily a study of man although in relation to wealth. The study of man is, thus, of prime importance and hence the definition by Alfred Marshall was accepted as the best working basis for the study of economics. According to him, economics is a study of mankind in the ordinary business of life. Still later Professor Lionel Robbins offered a new definition of economics as a substitute for the Marshallian definition. Robbins defines economics as "the science which studies human behavior as a relationship between ends and scarce means which have alternative uses". Land, for instance, may be used for cultivation or building houses, and if we choose one way we must give up the other. So the problem is one of choice.

The definition given by Robbins is criticized as too wide and at the same time too narrow. Too wide because the problem of choice confronts even a solitary savage whereas economic problems are essentially social in character, involving relations between different groups of people in a

society. Too narrow because it excludes some of the most important questions discussed by economists such as relations between capital and labour and so on. There are other definitions also, but to our purpose it is enough if economics as a social science considers man not in isolation but as a member of a group and takes into account only that part of his activity which is related to the acquisition and enjoyment of wealth.

Human wants and their satisfaction from the subject-matter of economics. Wants are the driving incentives to activity and the satisfaction of wants is the culmination of economic process. Such activities of primitive man must have been confined to satisfy hunger and thirst, to provide himself with shelter and clothing but with the passage of time his wants increased and these he could not satisfy by his individual efforts and had to depend more and more upon the help of others. Thus came into existence the mutual exchange of services and with them the exchange of requirements. And as these exchanges became complex and frequent, a common medium of exchange, 'money', had to be introduced which occupies an important place in the economic life of today.

In order to solve the intricate nature of economic problems and to obtain exact results, the economists use the conception of Economic Man. It is assumed that the efforts and activities of Economic Man, in pursuit of wealth, are always guided by his self-interest. And he is of a selfish nature. Let us first study how far this basic postulate of economists is correct and whether it fits in with the ideology of Islam.

Human Nature

If we probe deep into the history of social philosophy it becomes evident that man was the subject of study and there has been a great controversy about human nature as to what it is like, the object being to find something permanent in man upon which to base their theories of lasting character.

According to the Epicurean philosophy human nature is identical with selfishness resulting from the desire of man for happiness. The political theory of Machiavelli is based upon the assumption that man is extremely selfish, acquisitive and aggressive. Hobbes in his book *Leviathan* draws the pen portrait of man as worse than the beast for he feels no compunction in shedding the blood even of his own kith and kin to gain his ends. Locke describes human nature as actuated by selfish motives and fundamentally egoistic. Many others share his opinion.

Before we proceed to discuss this point the light of Divine Revelations, let us see how this philosophical thought has affected social and economic theories. Human nature, identified as it is with egoism, was considered injurious to society, hence the question arose whether or not to suppress the freedom of man.

There are some who vehemently oppose the idea of suppression on the ground that it will not only undermine the individuality of man but also destroy his natural and indefeasible right of liberty. They stand for the life as regulate by Natural Law according to which all human beings are free to consult their own advantage and live in accordance with their natural inclinations without any let or hindrance. They further contend that in allowing liberty to the individual there is no possibility of injury to society as man being rational would himself avoid strife, while others allege that individuality of man has no significance, he has nothing permanent in himself except that he is a social being. His nature being subject to change, his freedom must be curbed in the interest of society, for individual are but the means and society the end. The problem is quite serious depending, for its solution, upon the disposal of the issue whether society is for man or man is for society.

*Chapter-II***SOCIAL AND ECONOMIC THEORIES****Conflict of Opinion**

On the issue of Man *versus* Society, there has been a conflict of opinion giving birth to different social and economic theories. There is a class of philosopher who hold that society has no intrinsic or moral value, it is only the fear of another, who is equally selfish, that drives man into a union for the sake of self preservation. Hobbes falls within this category as he says that human behavior is motivated by self-interest and society is formed only to protect such interest, so it (society) be regarded as a means to this end. Society is no more than an 'artificial body'. Self-interest cannot do harm to society as human nature consists of desire and reason. While desire or self-interest spurs men on to make encroachment upon others, reason warns them against the risk they are running and suggests to them to join together in an association for their own security. Hobbes is, thus, a staunch supporter of individualism and the natural rights of man. His thought formed the main strand of social and political thinking in the succeeding centuries. Locke also shares his views in holding that it is enlightened self-interest which drags men into society for their mutual advantage. To him society is utilitarian in the sense that it offers protection to humanity and comes into existence on the tacit agreement of individuals with the implication that it may be dissolved if the utility ceases to exist. Society, as such has no intrinsic value.

There is arrayed on the opposite side a group of philosophers important among them being Plato, Aristotle, Rousseau and Hegel. Rousseau is famous for his revolt against reason which is so predominant in the social philosophy of Hobbes. According to Rousseau the inner urge to join society is not reason but it is reverence for society on account of its

moral value to which Rousseau attaches great importance. For Rousseau, society is possessed of 'general will' that regulates the conduct of its members. Guided by Plato's thought, he sets a high estimation on society and considers it to be the end in itself.

To Plato, society is the outcome of social needs. Man loses his value if he separates himself from society. Aristotle speaks highly of society and says that man can attain his perfection in it alone and to live without it he must be either a beast or a god. Hegel believes that individualism is fraught with evils as it gives rise to terrorism and aggressiveness. The individual is but a creation of social milieu and there can be no hard and fast rule about his individuality, for it changes with the social development. This he tries to prove with the help of the dialectic which he claims to be the logic of reason based upon his study of history. For him, individuals are but means, society being the end. All the desires and ambitions of individuals are to be sacrificed for the achievement of higher aims of society which grows out of social needs and does not depend, for its existence, upon the consent of individuals. Thus he is opposed to individualism.

Individualism

Individualism is a social theory which lays stress upon the free and independent action of the individual. A general survey of history reveals the fact that individualism could not find place in the Greek concept of society wherein man had no significance except that his value lay in the duties he performed for society. According to Aristotle, man is but a fraction of polity. This assumption of Aristotle was disregarded by no less a personality than Alexander, his own pupil, who founded the Macedonian Empire. He restored to man his individuality. But with the fall of his empire there arose a sort of anarchy giving birth to feudalism or the landed gentry which formed the upper strata of society.

Feudalism directed its efforts to subvert individualism which in turn offered strong resistance. The struggle continued and spread over a series of vexatious centuries and at last ended, with the approach of the French Revolution, in a victory to individualism which swept away even the last debris of feudalism bringing to the fore 'bourgeoisie' or the middle class who formed the spearhead of reforms. In consequence, man was considered an individual and constitutional limitation was imposed upon the government to safeguard the civil liberties of subjects which found its expression in *laissez-faire* on the economic side.

Laissez-faire

The reforms could not fail to exert their influence on the whole of Western Europe and even on America but the effect was more pronounced in England where radical changes took place and with the advent of the Industrial Revolution (last quarter of the eighteenth century) economic policy shifted from the old system of state regulation to that of natural liberty or *Laissez-faire* (which is expressive of non-interference by government with the action of individuals especially in trade and industrial affairs).

It was assumed that free market would contribute to the greatest good of the greatest number while freedom of exchange would create the natural harmony of interests. Economic society, according to the classical economists, chief among them Adam Smith, was considered to be self-regulating by competition, especially because human activities, based as they are upon self-interest, if given free play would automatically tend towards competition conducive to the greatest good of the society. The upshot was capitalism at its worst. Unequal distribution of wealth, owing to competition encouraged the rich to exploit the poor. Concentration of wealth in a few hands resulted in the poverty of a large majority and divided humanity into two main classes of the Haves and Have-nots always at daggers drawn with each other.

Capitalism

The very word 'Capitalism' conjures up an idea that it is the antithesis of 'Socialism' in recognizing private ownership of the means of production such as land, mines, industrial plant and equipment and in allowing private initiative for private profit. The evils resulting from this system, especially with regard to the unequal distribution of wealth, are reflected in unemployment, pinching poverty followed by strikes, demonstrations and a constant struggle between the rich and the poor, between the bourgeois and the proletarian.

The glaring inequalities of wealth have been the target of bitter socialist criticism. The cause of inequality of wealth may be divided into two main heads: (1) differences in born ability or natural endowment; (2) environment and inheritance of property. So far as differences in inborn gifts are concerned they will continue to operate, for the more intelligent businessman will earn much higher profits than the less intelligent and in this way inequalities of earnings and possessions are inevitable. These are the natural causes, while there are artificial factors such as the influence of environment, usury and inheritance of property by the right of primogeniture which have really aggravated the inequalities and tend to create grave social discontent. The socialists maintain that wealth so in equally distributed fails to yield the maximum social satisfaction which it would yield if it were rationally distributed.

Possession of wealth by a favoured few means almost tyrannical power enjoyed by them over thousands of their fellow men. This unbalanced state of society could not go unobserved in England. It gave rise to a political movement called Modernized Liberalism, as a result of which, individualism was discarded in the third quarter of the nineteenth century and restrictions were imposed on Laissez-fair.

The government policy was revised in England and in this connection John Stuart Mill's philosophical thought is worth of note. Social welfare being the prime concern of a state he urged its importance on humanitarian grounds and also stressed the need for social legislation. Finding fault with the Classical Economists, he said that they had failed to observe that laws of production and its distribution change with the development of economic and social institutions, hence their theories and particularly those relating to the distribution of product were out-dated and inapplicable to modern times. He was more emphatic in his declaration that injustice in such matters should be brought under legislative control. The theory of natural economic law and self regulating system was, thus, torn to shreds and, in consequence, volume of social legislation grew in bulk. Laws were formulated, acts were passed to curtail the liberty of the employer, taxes were imposed on income and property so as to do away with the unequal distribution of wealth, trade unions were established to safeguard the interests of workers and arrangements were made for social insurance and social security.

In short, all such measures were taken as drive out the evils of capitalism, for capitalism in its severe form gives rise to socialism.

Socialism

It is generally argued that inequality in the distribution of wealth could have been tolerated, if it were for the differences among men in point of their inborn ability, which may, no doubt, be attributed to the gifts of God but there is no justification for inequalities created by factors such as influence of rank, advantage of birth and inheritance of property. The law of Primogeniture entitles the eldest son to inherit the whole of the real estate of his father to the exclusion of his younger brothers, while savings of the rich multiplied by the interest add to the disparity between man and man.

These are the views advanced by socialists and, therefore, socialism has been described as a protest against the inhuman treatment of capitalist. It aims at the subordination of individual interests and collective control of the means of production. In the words of Bertrand Russell, it is 'the advocacy of communal ownership of land and capital in place of the present capitalistic system based upon individualism and private property'.

The chief grievance of socialists, as stated above, is the unequal distribution of wealth. Socialists may be divided into two distinct groups-evolutionary and revolutionary. Those who are evolutionary are said to have belief in the gradual introduction of socialism by allowing private ownership of property in articles of consumption but not in the instruments of production, while the revolutionary or communists are not prepared to recognize private property in any form.

But viewed in the context of their creed both the groups are one and the same, for socialism at bottom is a dogma of force, its main objective being suppression of the individual and abolition of private ownership.

Communism

The revolutionary theory of Marxian socialism as developed by Lenin is called communism which aims at common property of the means of production and believes in equal distribution of wealth and income. Marx's social philosophy like that of Hegel depends upon his intensive study of history wherein he found a constant struggle between two classes: the one, stripped of humanitarianism and only seeking after its profits by its ownership of the means of production, and the other, groaning under pinching poverty. This led him to formulate a theory of his own which according to him is 'Scientific Socialism'.

His philosophical thought is derived from that of Hegel who regarded all social evolution as a development of

`thought' which according to him is an outcome of action and reaction of event in the physical world and, nonetheless, serves to indicate the trend of events in future. The dialectic which Hegel has evolved is described as 'thesis', 'anti-thesis' and 'synthesis', which may well be explained as action, reaction and the combination of both. Every period of human history, says Hegel, is a unity of events or thesis out of which springs diversity or anti-thesis which brings in new ideals and thoughts giving rise to a conflict between the new and the old ideas. This conflict ends in a compromise between the thesis and the anti-thesis and thus a synthesis is arrived at. To be brief, it is thought which, in order to create a sort of coherence out of events towards something better and in this way evolution continues. This is what history revealed to Hegel.

Marx differs from Hegel on this point and, by substituting materialism for Hegel's idealism; he develops his own method called 'Dialectical Materialism'. He has struck out quite a new line for himself as the study of history disclosed to him that social development depends not upon the evolution of 'thought' but upon the evolution of the 'means of production'. For him, it is the mode of production which determines the social, political and intellectual life of the community.

Capitalism, as presented by Marx, is an institution which not only creates but also enlarges a class of men who live on wages alone. The relationship between employer and employee is without the tinge of fellow feeling, for it is entirely based upon the selfish motive of exploitation. The French Revolution was, to him, a revolution of the middle class or 'bourgeoisie' which swept away the remnants of feudalism, and established itself by dividing society into two classes, bourgeoisie and proletariat (middle class and the lowest class). The upper class of the landed gentry or feudalism was completely wiped out and from this he inferred that the struggle between the middle class and the lowest class would as well culminate in a revolution resulting in the abolition of the middle class or bourgeoisie and the establishment of proletariat in the form of a

classless society-classless because there will be no class except proletariat, i.e., the lowest class.

This is what he dreamt of, but it was no better than an idle dream, an utopia which could not be realized even to this day though the dictatorship of proletariat was established in Russia in November 1917, and of a surety it cannot be realized in the future as there is always a lower middle class in existence. From within the working class or proletariat itself emerges a class of salaried employees, professional people and small stock holders who are stubborn in their refusal to be absorbed in the proletariat.

The trend of events shows that conditions in Russia are yielding place to the notion of private ownership of property. Personal banking is carried on through the State Savings Bank. It has a network of some 50,000 Savings Banks, interest is allowed at 3 percent on ordinary accounts, mortgage credits are available for those who are able to buy houses and since 1959, installment purchase has also been allowed (Collier's Encyclopedia, 1965, vol. 3, p. 592). Private ownership of property has, thus, gained ground in Russia which is a clear proof of the unwholesomeness of communism.

Marx's theory of surplus value stands shattered. His contention that labour, in the capitalist system, has to produce more and receive little is totally rejected on the ground that it ignores the contribution made by other factors of production.

Fallacious is the way in which Marx concludes things. His theory of evolution proceeds from the idea of feudalism yielding place to capitalism and capitalism to socialism which in his opinion shall reign supreme in this world and it is in this hope that Lenin adopted it in Russia. He proclaimed that dictatorship was only a transitional institution, democracy of free and equal members being the real aim. For this, so much of blood was shed and what is it that has been achieved? It is just the opposite—a totalitarian state, a prison house for humanity where labour is exacted of men by force and

coercion. What will be said of a man who takes away the very incentive to work in order to bring prosperity to the community?

So far we have tried to explain the present situation and how the world is divided into two power blocks-Capitalism and Communism-each representing its own form of economic system as regulated by its social structure and political needs. Here it is of interest to note that there are two schools of thought as to the relationship that exists between the social structure of a society and its economic life. One would regard the social structure as determined by the economic life; the other would regard the operation of economy as determined by the social structure or political frame-work.

If we probe into these two kinds of interacting relationships we find that it is chiefly the system of political power of a State which counts a great deal in determining the operation of its economy. State is a political organization with its particular laws which reflect its aims and objects and govern all its fields of action to which economics is not an exception. Economics is thus geared to the needs of the State and has to serve its purpose. A totalitarian state (which permits no rival parties) with aggrandizement as its aim has to adopt an economic policy well suited to achieve its aim. Having devoted its resources to capital development and armaments, it cannot be the same, on the economic side, as is a peace-loving democratic state. This may be further illustrated by the example of dictatorial forms of government and particularly Fascism and Nazism (National Socialism) which had their day in the recent past.

Fascism

In March 1919, it was Benito Mussolini who started this movement in Italy and as its offshoot emerged the National Socialism of Hitler. Both of these dictators depend, for their inspiration, upon the philosophy of irrationalism. Brute force was to them of vital importance for self-assertion and self-

affirmation, reason and rationalism being only a slave to morality, a sign of cowardice and timidity. Each of them aspired to be the Superman of Nietzsche who rides rough shod over moral values and crushes the opposition ruthlessly. War and War alone was their chief objective. The famous saying of Mussolini that 'War is to man what maternity is to woman' points unfailingly to his expansionist aims.

Fascism and National Socialism are, in fact, war governments and war economies.

Fascism believes in controlled capitalist economy and is definitely against the philosophy of *Laissez-faire*. It is an economy where individual and corporate enterprises are retained but the direction of production is controlled by the government. Except under its direction there could be neither manufacture, nor business nor even work. Government must control every act and every interest of the individual and the group alike in order to use it for enhancing national strength.

In respect of economic organization there was not considerable difference between Fascism and National Socialism. Both these movements directed their efforts to merge all differences of class and group in the single purpose of imperialist aggrandizement which found expression in their economic policies. Look at the Italian Labour Charter which Mussolini promulgated in 1927, according to which work in all its forms is a 'social duty' and production has single object, 'the well-being of individuals and the development of national power'.

From the above it is quite clear that political thought plays a great part in moulding the economic policy of state. Economic policy, so to say, is regulated according to the nature of state and we have, therefore, to determine first the nature of Islamic State so as to point out what precisely is the economic system of Islam.

*Chapter-HI***ISLAMIC STATE****Sovereignty of God**

God alone is the sovereign of Islamic State and in Him vests the supreme controlling power, absolute and independent authority of such State. The opening chapter of the Quran, rightly called the essence of the Book, gives us the attributes of God. 'Praise be to God, Lord of World' (1:2) are the words whereby God is firstly the *Rab* or Lord of the World. The Arabic word *Rab* is usually translated as Lord but it is a poor substitute for the word *Tab'* which signifies not only the Sovereign but also the Sustainer and Cherisher of the Worlds. This indicates the close relationship that exists between the politics and the economics of Islam.

'He is the best to command' (12:80); 'And none can command except God' (12:67); 'The command is for none but God' (12:40); 'Blessed is He in Whose hands is the Sovereignty and He over all things hath power' (67:1); 'His is the Sovereignty of the Heavens and the Earth' (57:5). Such and other are the verses which establish the Sovereignty of God beyond any doubt and nobody, not even the whole world can lay claim to His Sovereignty.

Sovereignty is derived from the Latin word 'super us' i.e., supreme. It has been defined in different ways and among its chief characteristics are indivisibility and absoluteness. According to Burgess, it is 'original, absolute, unlimited power over the individual subject and over all associations of subjects'. 'Sovereign', says John Austin, 'is a determinate human superior not in the habit of obedience to a like superior and who receives habitual obedience from a given society.'

God's sovereignty is much superior to the above definition and to all other definitions than the Modern Political Science

can think of. No word other than *Rab* can encompass the meaning of God's Sovereignty. He is at once a Sovereign, Sustainer, Cherisher, Nourisher, Regulator and Perfector. He cannot be compared to the Sovereigns of this World, nor is Islamic State similar to a democracy wherein sovereignty is vested with the people. It is a State ruled by Divine Laws which precede the state and are based upon righteousness; and naturally a state will be the same as are its laws.

Divine Laws

It cannot be denied that a state based upon the sovereignty of God has to obey the laws of God, that is, Divine Laws: **'O ye who believe, obey God, and obey the Messenger and those who are in authority, and if ye have a dispute concerning any matter, refer it to God and the Messenger if ye are (in truth) believers in God and the Last Day' (4:59)**, is the commandment which means that no laws can be formulated in contravention of the Quran and the *Sunna* (traditions of the Prophet). God is the Law Giver. The traditions of the Prophet being divinely inspired (53:3-4) are not only interpretive of the Quranic verses but also complementary to them. **Whoso obeyeth the Messenger obeyeth God' (4:80)**; **'Whatever the Messenger gives you take it, and whatever he forbids, abstain from it' (59:7)**, are the verses which invest the traditions of the Prophet with the authority of law.

Man is created to administer these laws and establish the Will of God on Earth and for this purpose he has been placed on this earth as a vicegerent of God: **'Behold, thy Lord said to the angels: I am about to place a vicegerent on earth' (2:30)**. *Khalifa* is the Arabic word used for vicegerent which means an agent with delegated powers. He has to exercise these powers according to the instructions of his Principal. The degree of care attached to his duties is very high and he has to observe it most obediently or he is degraded and denounced. The words with which Qadi Abu Yousuf addressed the Caliph Harun al-Rashid serve best to illustrate the position of a Caliph.

`Verily God, in His grace and mercy and indulgence has made those who exercise command vicegerents upon His earth, and has furnished for them a light that illuminates for the subjects those matters in their mutual relations which are obscure to them, and that makes manifest what is confused in the duties laid upon them. The illumination of the light of those who exercise command consists in maintaining the Divine Ordinances and giving to all men their rights with resolution and clear command (Abu Yusuf, Kitab al-Kharaj, p.5)

Khilafat or vicegerency is, in fact, a trust, a great responsibility undertaken by man whom other creatures of God, besides man, could not undertake: To! We offered the trust unto the heavens and the earth and the mountains but they shrank from bearing it and were afraid of it. Man alone undertook to bear it' (33:72). The undertaking was not an easy affair. In view of the seriousness of responsibility, surprise is expressed in the same verse at the audacity of man how harsh he was to himself not being aware of what exactly he undertook.

Trust, according to Ibn Abbas, implies duties imposed upon man. The giver of trust expect from the trustee its proper use and not otherwise. Trust is something over which the trustee has power of disposition and for this sake man was given will and discretion and a sense of balance was set in his nature so that he be judged according to the use he makes of it: `God it is Who hath revealed the Scripture with truth and the Balance' (42:17), 'By the soul and the balance given to it; and its sense of discrimination and power of choosing between the wrong and the right; happy is he who keepeth it pure and unhappy is he who corrupted it' (91:7-10). Balance is, therefore, to be applied in the manner and as required by God in administering His Trust. This implies that man should discharge his duties in strict conformity with Divine Laws.

Nature of Divine Laws

Divine Laws are eternal and immutable. 'No change wilt thou find in God's ways' (35:43). The peculiarity of these laws is that they cannot be changed or modified according the changing society because they have their own ethical norms of good and evil, virtue and vice which are not susceptible to alteration. These represent the standard of unity and uniformity for the many different peoples who constitute the World of Islam. These are, in short, moorings to control the society and not to let it stray.

The basis of life, as conceived by Islam, is spiritual. A society based on such a conception must have eternal and immutable laws but since it does not lose sight of the material world which is subject to change, the laws contain broad principles that admit of interpretation so as to accommodate the change in life and to provide for the growing needs of society. Divine Laws, thus, take in their sweep not only this world but the world to come: 'Ye prefer the life of the world although the Hereafter is better and more lasting'(87:17). Islamic life, as such, is a harmonious blend of the material with the spiritual. Bare spirituality is never preached in Islam as it says 'yes' to life and to the worldly things. God has made all things in nature available for man so that he may harness them to suit his purpose. 'Whatever is in the heavens and whatever is in the earth are made of service unto him' (45:13).

The broad principles, referred to above, may be extended to cover all the requirements of life. **The Quranic verse:**

'God hath permitted trade and forbidden *riba*, i.e., interest or usury' (2:275), serves best to illustrate our point. The law is eternal and immutable as to the permissibility of trade and prohibition of *riba*. The word trade being a general term is broad enough to be interpreted in the light of its meaning, context and traditions of the Prophet, to cover all sorts of commercial activities and transactions of the modern world.

Such is the elasticity which Shafii, the eminent architect of Islamic jurisprudence, refers in his monumental work *al-Risala*.

According to shafii, Divine Laws, as contained in the Book and the Sunna (traditions of the Prophet), provide for all the eventualities in life. This is further borne out by the claim advanced by the Book itself: 'And we have revealed to you a Book as an exposition of all things' (16:89). 'We have neglected nothing in the Book' (6:38); 'There is nothing fresh nor dry, but is to be found in the revealed Book' (6:59). There is no denying the fact that the broad principles laid down in the Book go all the way to cope with the changing situation in life and to cover the varying needs of society and if anything essential is left uncovered then the Rule of Necessity and Need may be invoked. 'God desireth for you ease; He desireth not hardship for you' (2:185), is the voice of the Quran. In order to provide facilities to those who are subject to hardships there is the Rule of Necessity and Need. And who is driven by necessity, neither craving, nor transgressing, it is no sin for him' (2:173). It is, perhaps, for these reasons that Fitzgerald considers the Rule of Necessity and Need as a source of law.

Aim of Divine Laws

'And hold fast, all of you together, to the cable of God, and do not separate' (3:103) is the Quranic verse. Divine Laws, thus, aim at the integration of society by means of social justice which creates a harmonious union of individuals. Divine Laws as stated previously stand for unity and uniformity. Life is treated as an indivisible whole. All its spheres whether political or economic, social or religious, sex or others, are to be guided and controlled by Divine Laws. This leads to social solidarity and turns the society into a composite whole or, in the words of the Prophet, an edifice, parts of which strengthen each other. Justice is, indeed, the bond which holds a society together and transforms it into one brotherhood (49:10), every one of which a keeper unto every other and accountable for the welfare of the whole, as eloquently put by the Prophet (Bukhari, *Sahih*,

Kitab al-Ahkam). The welfare of society is further guaranteed as Divine Laws take into account even the intent of man. 'Acts are determined by the intention' is the famous saying of the Prophet; hence one cannot harbour evil intention, let alone evil act.

The object of a state, according to Plato, is to produce the highest moral type of human beings and this, he says, is possible under the supremacy of good laws because laws have an impersonal quality, which no man, however good, can attain. Man, if separated from law, is the worst of all. The real purpose of state ought to include the moral improvement of its citizens since it ought to be an association of men living together to achieve the best possible life. This is what Plato talked of an ideal state which he could only dream but never attained as he aspired to attain it through human laws that are imperfect.

In a striking contrast; the State of Medina which the Prophet shaped was entirely based upon Divine Laws that impart social justice, hence it was an ideal state. The Prophet had simply to follow, even as every other member of the organization, the regulations revealed to him from time to time. On this account, the new state could not be styled as a kingship or monarchy, much less a dictatorship, for neither the Prophet nor the Orthodox Caliphs did ever assume this title. It was a democracy, fundamentally different from that of the Athenians. In it no other criterion of superiority between the citizens was recognized except that of righteous living. The Prophet has repeatedly asserted that 'No one is superior to another except in point of righteousness. All men are descended from Adam and Adam was made of clay' and further 'An Arab has no superiority over a non-Arab, nor a non-Arab over an Arab; neither does a white man possess any superiority over a black man, nor a black man over white one, except in relation to righteousness. This is the ethical basis which marks off the Islamic State as superior by far to the modern state which ignores the laws of morality in all its affairs and thinks of

sovereignty in the human terms. Divine Laws which govern the Islamic State are based upon righteousness. Righteousness is, indeed, the true measure of greatness of men. This is addressed to all mankind and not only to the Muslims. Islam is a precious privilege and whoever embraces it attains an equal status in its social organization.

The pride of ancestry and noble descent dwindles into insignificance, for the nobles of men in the eyes of God is the noblest in character: 'O mankind! We created you from a single (pair) of a male and a female, and made you into nations and tribes, that ye may know each other (not that ye may despise each other). Verily the most honoured of you in the sight of God is (he who is) the most righteous of you (49:13). Here we refer to the memorable address delivered by the Prophet when he performed his valedictory Haj at the head of 120,000 devoted and faithful followers: 'Ye people', said he, 'Hearken unto my speech and comprehend it. No that every Muslim is the brother of every other Muslim. All of you are on the same equality: Ye are one brotherhood'.

The Head of Islamic State, His Duties and Responsibilities

The above address serves to outlaw the distinction that exists between man and man on the basis of material things. No Individual under Islamic social organization, shall be handicapped or placed at disadvantage on account of birth or social status. He shall have equal opportunities to develop his faculties and personality and there will be unrestricted scope for personal achievements. This sort of society cannot tolerate dictatorship of any person. The man at the helm of affairs is no despotic monarch, nor is he an absolute ruler but a servant of the community, an ordinary citizen, neither enjoying special prerogatives of the type that 'King can do no wrong', nor above the law. But he must be a believer, for no disbeliever can be the head of Islamic State. Further he must possess these four qualities as specified by `Abd al-Qadir al-Baghdadi (*Usul al-Din* Vol. 1, p. 270): (1) Knowledge, the minimum requirement

being that of a *mujtahid* in regard to things lawful and unlawful and all other ordinances, (2) Probity of character and piety, the minimum requirement being that he should be one whose witness is acceptable before a *qadi*, (3) good judgment in the various function of government and administrative capacity and also an acquaintance with the organization of warfare, and (4) descent from Quraysh, but this has lost its force with the passage of time. His duties and functions as summed up by al-Mawardi (*al-ahkam al-Sultaniyya*, p. 11) are:

1. To safeguard and defend the established principles of religion;
2. To dispense justice and dispose of all litigation in accordance with the Sharia, *i.e.*, Divine Law. He should restrain the strong from exploiting the weak and help the weak in getting due from the strong;
3. To maintain law and order to render it possible for the people to lead a peaceful life, proceed with their economic activities freely and travel in the land without fear;
4. To enforce the criminal code of the Quran so that fundamental rights of men are not violated;
5. To defend the frontiers against foreign invasions to guarantee the security of life and property to Muslims and non-Muslims alike;
6. To organize and wage religious war against those who are hostile to Islam and oppose its call;
7. To collect Kharaj or land tax and Zakat or poor-due according to the Islamic Laws;
8. To fix allowances and stipends from the State Treasury to those who are entitled to them;
9. To appoint honest and sincere men to the principal offices of the State and to the Treasury;

10. To look into the affairs of the State so that he may himself direct its policy and protect the interests of the people.

In order to discharge the above duties it is provided under Islamic Law to levy taxes to meet the eventualities and the rich among the people are required, in case there is a lack of funds in the State Treasury, to respond to the call of the Imam or the Head of Islamic State and contribute munificently to the defence and welfare of the State (Ghazzali, *al-Mustasfa*, vol. 1, p. 203; Shatibi, *al-'Atesam*, vol. 2, p. 104).

Here it may be mentioned that the State Treasury or Bayt al-Mal is entirely concerned with public finance, its collection and expenditure. The revenues of Islamic State, in the main, are what is collected from Zakat or poor-due, Jazia or poll tax, Kharaj or land tax, booty and Property lost and found. This relates to the income, while the expenditure of the State, according to Mawardi (*al-Ahkam al-Sultaniyya*, p. 236) falls into two categories: (1) Claims in regard to the services rendered to the State and particularly of the armed forces and their equipment etc. which is a first obligation upon the State, (2) Claims, next in importance, are such as relate to the public welfare, e.g., the construction of roads, canals etc. depending upon the existence of the necessary funds. Defiance of the State is thus, of prime concern to the Head of State and, as such, it becomes his duty to impose tax upon the rich, if there be no funds in the Treasury to meet such expenses, so is the case with the public welfare which is next only to defiance.

As to surplus, if any, after meeting all the outstanding obligations, it is suggested by the Hanafi jurists that it should be reserved to insure against the possible future needs, while the followers of Shafii are of the opinion that it should be expended immediately. But the steps in this regard may be taken as it suits the particular circumstances of the State.

Responsibilities of the Head of Islamic State may be imagined by the fact that he is answerable to God for the

welfare of the people. According to the Prophet his position is that of a shepherd responsible for the fold (Bukhari, Sahih) and God deprives him of Paradise if he dies having played false with his subjects (Bukhari, Sahih). Again, as said the Prophet, God will be averse to the needs and poverty of him whom He made the Ruler and yet he was averse to the needs and poverty of the people (Abu Dawud, Sunan). Now it remains to be seen what exactly is the purpose of Islamic State.

*Chapter-IV***PURPOSE OF ISLAMIC STATE****Righteous Life**

What is, after all, the purpose of Islamic State? The answer is to be sought in the oft repeated Quranic words: 'Believe and act righteously' which form the leading theme of the Quran. The purpose of Islamic State-the specific purpose of Islam is to endow humanity with righteous life and for this object to prepare a band of *Saleheen* or the righteous who may lead humanity in the right direction. 'Believers', says the Quran, 'are the best community that has been raised up for mankind to enjoin right conduct and forbid indecency' (3:110)

The righteous life is the life lived in strict conformity with Divine Law. The Quran is the code of right conduct which equips men to establish the Will of God on earth and to lead humanity to its noblest destiny. 'It is a guidance sure unto those who ward off evil; who believe in the Unseen, and are steadfast in prayers and spend of what God has bestowed upon them; and who believe in that which was revealed unto the Prophet (Muhammad) and that which was revealed before him and are certain of the Hereafter' (2:2-4). It is, indeed, under such guidance that the righteous try to fulfill the eternal purpose of the Most High.

Righteous life cannot be achieved unless society is purged of evils and virtue prevails. Virtue consists in moral excellence and in conformity of life and conduct with the laws of God. It is for this object that the Prophet suffered persecution yet did not fail to carry out the mission entrusted to him by God. His greatness lies in this that he stood for the reform of humanity which was steeped in ignorance and strayed, and raised out of it a community of believers who practiced the religion of truth and justice and who set an example for mankind as the Prophet himself had set an example for them. They were justly

balanced and as such are called the people of the Middle Path (2:143).

The essence of Islam is to avoid all extravagances on either side. It follows the Golden Mean and steers the middle course in life, for virtue is nothing but to cast off the extremes. Divine Laws are God's gifts rather than a discovery of human reason and as such lead humanity to the right path and regulate the relations between the individual and society in such a way that righteousness flow from it and the state achieves its end.

Marvelous is the definition of righteousness as given in the Quran. 'It is not righteousness that ye turn your faces to the East and the West, but righteous is he who believeth in God and the Last Day and the Angels and the Scripture and the Messengers; and giveth his wealth, for love of Him, to kinsfolk and to orphans and the needy and the wayfarer and to those who ask, and to set slaves free; and observeth proper worship and payeth the poor-due. And those who keep their treaty when they make one, and the patient in tribulation and adversity and in time of stress. Such are they who are sincere. Such are the God fearing' (2:177). And the supreme note in regard to the financial protection of the needy is struck in the verse: 'By no means shall ye attain righteousness unless ye give (freely) of that which ye love; and whatever ye give, of a truth God knows it well' (3:92). It will be of great interest to note at this stage, the directives given by the Quran to the Head of Islamic State who is treated as an ordinary citizen thereof.

Directives for State Policy

Here are the directives, for the state policy contained in verses (17:23-39) revealed at an epoch making event when the Meccan period was drawing to a close and a new era was to be ushered in with the beginning of the Madianite period. The verse (17:39) is worthy of note as it particularly points to the Divine Wisdom with which the Prophet, as the Head of Islamic State, was inspired to formulate its policy:

1. Thy Lord hath decreed, that ye worship none save Him, and (that ye show) kindness to parents. If one of them or both of them are to attain old age with thee, say not 'Fie' unto them nor repulse them, but speak unto them a gracious word.
2. And lower unto them the wing of submission through mercy, and say 'My Lord! Have mercy on them both as they did care for me when I was little'.
3. Your Lord is best aware of what is in your minds. If ye are righteous, verily, He was ever Forgiving unto those who turn (unto Him).
4. Give to the kindred their due rights, and (also) to the needy, and to the wayfarer, and squander not (the wealth) in wantonness.
5. Verily, squanderers were ever brothers of the devils, and devil was ever an ingrate to his Lord.
6. But if thou turn away from them (the kinsman, the needy and the wayfarer), seeking mercy from the Lord, for which thou hopest, then speak unto them a reasonable word.
7. And let not thy hand be chained to thy neck nor open it with a complete opening, lest thou sit down rebuked, denuded.
8. Verily, thy Lord enlarged the provision for whom He will, and straiteneth (it for whom He will). Verily He was ever Knower, Seer of His Slaves.
9. Slay not your children, fearing a fall to poverty. We shall provide for them and for you. Verily slaying of them is a great sin.
10. And come not near unto adultery. Verily it is an abomination and an evil way.

11. And slay not the life which God hath forbidden except for a just cause. Whoso is slain wrongfully We have given his heir authority (to demand *Qisas*, *i.e.* life for life or to forgive): but let him not exceed bound in the matter of taking life; for he is helped (by the Law).
12. Come not near the orphan's property except to improve it, until he attains the age of full strength and keep the covenant. Verily of the covenant it will be asked.
13. Give full measure when ye measure, and weigh with a balance that is right: that is the most fitting and better in the end.
14. And follow not that whereof thou hast no knowledge. Verily every act of hearing and of seeing and of (feeling in) the heart will be enquired into (on the Day of Reckoning).
15. And walk not in the earth exultant. Verily thou cannot rend the earth asunder, nor reach the mountains in height.
16. Of all such things evil is hateful in the sight of God.
17. This is (part) of that wisdom wherewith the Lord hath inspired thee (O Muhammad).

The spiritual and moral duties are, here, brought into juxtaposition. The state formed according to such directives cannot be designated by any one of the terms applied to the different forms of governments known to the World. It was not theocracy or a system of government by a sacerdotal order claiming a divine commission. Islam cannot countenance sacerdotalism in any form. What is represented by Islamic State is a thorough-going political and economic democracy which does not accept the basic postulate of modern democracy that sovereignty of state vests in its people.

Islamic State may well be defined as the kingdom of God administered and ruled by Divine Laws which impart Social Justice.

Having dealt with the political structure of Islam we turn its economic system to show the intimate relation which it bears to the political structure.

Chapter-V

ECONOMIC SYSTEM OF ISLAM

Significance of Economics

The practical significance of economics lies in this that it enables us to solve the problem of poverty and to give everyone at least the necessities of life if not the means of comfort. The investigations of an economist are of the highest importance in this respect. If the economist discovers the causes that lead to the increase of national wealth and the causes that lead to the decline of national wealth; the practical statesmen will naturally encourage the former set of causes and avoid the latter. Thus, statesmen, businessmen, capitalists and workers will all benefit from a sound knowledge of economics.

Economics is a social science and deals with man as a member of society and his activities in pursuit of wealth. The question is: What is wealth? Everything that is in nature cannot be called wealth. To constitute wealth a thing has to possess utility and must be limited in quantity.

Wealth and Welfare

The utility of a thing is its 'desirability' and before a thing becomes economic wealth, someone must have a desire to enjoy it. Barren rocks and ice at the north-pole are not wealth or economic goods because no one has a desire to enjoy them similarly free goods such as light, air and water possess utility but they are not economic goods or wealth because they are found in unlimited quantities in relation to wants and do not necessitate choice and economy. These free goods become wealth if they cease to be free, for example water in city or light in a theater. So utility must be combined with scarcity to form economic wealth. The characteristics of wealth are its utility, scarcity, transferability and capacity of being

appropriated and in other words wealth consists of goods which possess exchange value.

Money should not be confused with wealth. Money is what money does. It is a universal means of purchasing power. With it one can obtain wealth. The pecuniary test of economic wealth is the ability of a thing to be sold for money and the amount of the wealth, in the pecuniary sense, will be the amount of money offered for the thing.

We have given an idea of wealth because economics deals with man in relation to wealth. The economic process contains four important links-production, consumption, exchange and distribution. To these links we add the final link of the Hereafter which imparts to the changing theories of economists a permanent character and without which the planning of life will result in chaos. All the activities of man are, therefore, to be carried on with an eye upon the world to come for which the present world is but a stepping stone and probation.

Economic system of Islam admits the principles and laws of the modern economics provided they are not in contravention of what has been forbidden in Islam. What wealth is to a pure materialist will not be the same to a Muslim imbued with the spirit of combining the material with the spiritual. Self interest, the basic postulate of the classical economists will not be compatible with the idea of Economic Trust in Islam whereby man has to infer into economic activity actuated by an impersonal motive of fulfilling his obligations to society. The economic set-up as envisaged by Islam is practical and complete in itself and holds out prospects of development along with the changing times. Let us, examine the nature of Economic Man in the light of Quranic verses, whether it is the same as postulated by the economists.

*Chapter-VI***THE ECONOMIC MAN****His Nature**

Economics in general is theory based on the hypothesis that man is, by nature, a selfish creature, a violent animal dominated by his ego or self-interest. Man's nature has been the subject of great controversy among philosophers in the past and the assumption, that he is selfish by nature, has given birth to different social and economic theories which we have dealt with, at some length, in the preceding chapters. Now, it is our concern to examine in the light of Islamic ideology and Divine revelations what, in reality, is the nature of man and whether he is selfish by nature.

It is stated in the Quran: 'We have, indeed, created man in the best of moulds, then do We abase him (to be) the lowest of the low, except such as believe and act righteously' (95:4-6). The Arabic word *taqwim* is translated as mould, fabric and constitution as well. In this context man cannot be ill natured particularly when it is 'The nature of God in which he has been created' (30:30). God has given him the purest and best nature so much so that even angels were required to make an obeisance to him (2:34). Had he been born ill natured and vile, God would not have honoured him (17:70) to be his vicegerent on earth (2:30). Let us, therefore, probe into the Divine Plan so as to know with precision, why man is, then, abased to be the lowest of the low.

God created man and assigned to him the highest position of His vicegerent on earth. He taught him the nature of things (2:31) and also gave him will and discretion and power to distinguish right from wrong (91: 7-10), so that he may administer His laws properly. What is required of man is to preserve his good nature by acting righteously. This saves him from falling a prey to the temptation of the world which is

made glittering in order to test his conduct. 'We have placed', says God, 'all that is on earth as a glittering show for the earth in order that We test them-as to which of them are best in conduct' (18:7). Here is the test and if man does not control himself and falls into temptation, it amounts to the wrong use of his will and discretion with the result that he sinks into sins and becomes the lowest of the low. And generally it happens so, because man loses his control upon himself in view of the temptations and this weakness of his has been referred to in the Quran in such words as 'Man is impatient' (70:19); and 'violent in his love of wealth' (100:8), but the purity of his nature cannot be questioned.

Self-Interest

In the light of the above verses, the very hypothesis and basic postulate of self-interest, upon which the economists have built their theory of economics, becomes inconsistent with the ideology of Islam. Self-interest means regard to one's own advantage or welfare to the exclusion of regard for others and hence selfish is he who is devoted solely to his personal advantage and welfare and his economic activities are actuated by this end only. This is quite out of tune with the Economic Trusteeship envisaged by Islam according to which man is held a trustee for others-in-need and is bound to have regard for them in whatever he earns. He, therefore, cannot be considered a selfish creature, for his economic activities are not actuated by his desire to serve only his own self or interest to the exclusion of regard for others.

Self-interest, as specified above, is not in the nature of man but his intensity of love for wealth, to which reference is made in the Quran, may possibly turn him into a selfish creature. This is only a possibility, not a permanent character or nature of man and, as such, a matter for control and can be lawfully controlled by means of Divine Laws. Even if he is considered selfish by nature, it is not to be crushed but controlled.

To achieve this end man is charged with duties to God, to self and to fellow beings or society. Duties to God comprise belief, prayers and obedience to His commands; duties to self are well described by the Prophet! 'Thy soul has a right on you and thy body has a right on you,' that is, harmonious development of body and soul together.

It cannot be gain said that this sort of attitude towards life maintains balance between the interests of individuals and those of society; conflicts, if any, may be removed through reconciliation and adjustment rather than repression and force. In this respect what the individual needs is a better understanding of his duties and a fuller development of his capacities and this is made possible by seeking knowledge, for the objective good cannot be known without it.

Knowledge is virtue and, therefore, its acquirement is made obligatory to every Muslim by the Prophet. 'Acquire knowledge,' said he, 'it enables the possessor to distinguish right from wrong, it lightens the way to heaven; it is our companion when friendless; it guides us to happiness; it sustains us in adversity; it is a weapon against enemies, and ornament among friends. By virtue of it God exalted nations, and maketh them guides in good pursuits, and giveth them leadership; so much so, that their footsteps are followed, their deeds are imitated and their opinions are accepted and held in respect' (Ibn Abd-Al-Bar, *Fadl Al-Ilm*).

The solution of economic problems lies in fashioning the life of man according to the directives contained in Divine Laws. Some lay stress on faith or belief as the means of salvation. But belief alone will not do, righteous deeds are also equally important. That vicegerency is taken to mean the Divine Right of Rule but it is, in fact, the inherent urge of good conscience to regulate our lives in conformity with the principles of Divine Laws which lead to social justice: 'Turn steadfast to the path of devotion the-path of God- for which

man is fitted by nature. There is no altering of the ways of God. That is the right path, but most people know it not' (30:30).

We have to respect the ways of God, i.e., Divine Laws and follow them scrupulously in all our life, political or economic, ethical or religious, sex or others, for all these have to yield to the overall control and authority of Divine Laws.

The function of man is, therefore, not only to earn and live in peace with himself and with the external world but also to serve and sustain others: 'The best among men is he who does good to others' is the saying of the Prophet.

Islamic society does not depend merely upon reciprocal needs and the resulting exchange of goods and services but largely depends upon self-sacrifice and fellow feeling which go a long way to set right our economy. Help ye one another unto righteousness and piety (5:2) is the call of the Quran. The economic man, as such, is never selfish as assumed by the economists but a never despairing individual whose activities in the pursuit of wealth are guided by the noble object of help to others rather than appropriate the whole to himself alone. In his earning and expending he keeps in mind others' rights including his own and strikes a just balance between the two.

This is due to the fact that the teachings of Islam create in the individual a social conscience which responds to the needs of society and he affords to be a selfish creature. In his prayers he entreats God to bestow on him what is good in this life and in the Hereafter (2:201) and this is the *summum bonum* of economic life. Good as distinguished from evil eliminates all that is harmful and unfair in life, expels vice and replaces it with virtue is its own reward as it stands for the balance in life. Now we turn to the principles of the economics of Islam.

Chapter-VII

PRINCIPLES OF THE ECONOMICS OF ISLAM

Basic Principles

Principles of economics, in Islam, emanate from the Quranic verse: Tut seek with (the wealth) which God has bestowed on thee, the Home of the Hereafter, nor neglect thy portion in this world, but do thou good as God has been good to thee and seek not (occasion for) mischief in the land, for God loves no those who do mischief(28:77).

Man has enjoined to seek with the wealth which God has bestowed upon him, the Home of the Hereafter and not to neglect his portion in this world, nor create mischief in the land but do good to others as God has been good to him. The principles that stem from this verse are:

1. That God it is Who gives wealth to man and He is Owner of all things.
2. That man must seek with the wealth the Home of the Hereafter, i.e., he must spend it in charity and righteous deeds;
3. That he should not neglect his portion in this world, i.e., he should work hard and earn as much as possible by fair and lawful means;
4. That he should do good to others, i.e., he should fulfill his duties to society, and, instead of hoarding wealth, sustain and help the needy.
5. That he must not seek occasion for mischief in the land, i.e., he must abstain from sinful acts which include unjustified enrichment and unfair dealings.

Unequal distribution of wealth and its concentration into a few hands is due mainly to the assumption of man that he is the creator of wealth and as such entitled to spend it in any way he

likes or hoard it to the exclusion of others. Both these ways are detrimental to the interests of society.

Islam strikes at the root of this evil by adopting as a basic principle the Ownership of God, for God is the real creator of all things. It is He Who created Heavens and the Earth (12:101), and to Him belongs whatever is in the Heavens and in the Earth (16:52). It is He Who has spread out the Earth for (His) creatures (55:10), and made it manageable for man (67:15).

Man can only arrange but cannot create matter anymore than he can destroy it and this is accepted by even the present-day economists. He combines particles of matter and gives them a form and is, thus, able to add to the utility of a thing and no more. His activities in relation to wealth can never be successful if the help of God is not forthcoming. Even if man musters all his strength, courage and skill he cannot take a step forward in this direction, and more, cannot subsist in this world: 'Who is there', says the Quran, 'that can help you (even as) any army besides (God) Most Merciful' (67:20)? 'Who is there that can provide with sustenance if He were to withhold His provision (67:21)? 'And is there a creator other than God, to give you sustenance from Heaven and Earth' (35:3)?

Doctrine of Economic Trust

The efforts of man in producing wealth are destined to failure in the absence of God's help, yet God, in His all pervading Mercy, gives him wealth but holds him trustee, in what is above his legitimate wants, for those who are needy. This is the Economic Trusteeship according to which all the surplus of man must go to his fellow beings who are in want. 'Believe in God and His Messenger, and spend of that whereof He hath made you trustees' (57:7) is the Commandment. This is further reinforced by the Quranic verse: 'And bestow upon them (the needy) the wealth of God which He hath bestowed upon you' (24:33), for in the wealth of the rich is a right of the needy and the outcast (51:19). Hence those who hoard wealth

and disregard such rights are given the tidings of a most grievous penalty (9:34).

Trust means confidence in or reliance on some quality or attribute of person. In law, it is the confidence reposed in a person in whom the legal ownership of property is vested to hold it or use for the benefit of another who is usually called a beneficiary. A trustee is, therefore, a person to whom property is entrusted to be administered for the benefit to another. And man as a trustee for the needy has been commanded by God to spend his surplus in charity which is in fact, giving to the needy their rightful share. If he disobeys such command he is liable to be punished for breach of trust. This implies that taxes may be imposed upon the rich if all other sources of Islamic State fail to provide for the needs of the community.

At this stage we would like to refer to the Directives, for the state policy, set forth in Chapter N. Articles 1 to 9, of the Directives relate to the economic set-up wherein duties of man to God and society are explained.

Article 1, establishes the Authority of God and also draws attention of man towards the rights of parents. God alone and none else is to be worshipped, for He is the sovereign and Sustainer of the Worlds and His commands are to be carried out in every walk of life. This is the fundamental principle and the Article of Faith on which Islamic State of Madina was founded by the Prophet.

With regard to obligations towards society, family relations and particularly those of parents are to be considered first because they take precedence over others, and if everyone takes care of his family it results in the welfare of the whole society and ultimately of the state, for state is but a society enlarged and organized.

The object of Articles 4 and 5, is to impress upon the mind of man the urgency of his help to others. Mark the Arabic Word *haq* which means right or share in man's wealth of such as are his relations the needy and the wayfarer and he is called upon to give them their share. To help them, therefore, is not a

matter of charity but of giving them their due which cannot be avoided. Further, man has been enjoined not to squander his wealth in the manner of a spendthrift which will cause him to avoid payment of shares to the above claimants.

The difference between squandering and extravagance has been beautifully described by al-Mawardi. Squandering, according to him relates to the expenditure, quantity of which exceeds the limits and this means neglecting the rights of others, while extravagance relates to the expenditure, quality of which is not taken into account and this means ignoring the occasions on which it is necessary to expend. Both these are condemned in Islam.

Article 6, suggests to man to treat others kindly and with sympathy if he is unable to render them pecuniary help. 'Let not harsh words mar the beauty of decorum and good manners' must always be the principle.

Article 7, inculcates moderation in expenditure as Luqman said to his son 'Be moderate in thy pace' (31:19). The 'Golden Mean' is the pivot of the philosophy of Luqman as it is of the philosophy of Aristotle and indeed of Islam. Neither be too niggardly nor too lavish but maintain equipoise in life is the teachings of the Quran. Those who are tight fisted and hoard wealth and those who are extravagant and fritter away their money are both to blame, for they direct the wealth into improper channels while it should be made to flow and circulate so as to fight poverty and open up new vistas of prosperity for the community.

Article 8, is important in this respect that it gives us to understand that plenty and want are from God and hence those who have been given in abundance are not to be grudged against. God is well acquainted with His creatures and gives them according to His just measure.

The above are the guiding principles for the economic policy of Islamic State. Let us deal, for the sake of more clarity, with nature of the economics of Islam.

Chapter-VIII

NATURE OF THE ECONOMICS OF ISLAM

Right to Sustenance

To delineate the nature of economics of Islam one has to take into consideration its intimate relationship with the politics. Economics, as we know, deals with man's activities in pursuit of wealth, while politics deals with government and relations of the citizens to state. Since economic activities are carried on within the political framework of state, we would refer the reader to the form, features and purpose of Islamic state which we have explained in the preceding pages.

The Arabic word *rab*, which means not only the Sovereign but also the Sustainer, clearly indicates the close relation which the economics of Islam bears to its politics. Sovereign is to Politics, what Sustainer is to Economics. Economics of Islam cannot be separated from its politics, for both are guided by Divine Laws. Islamic State is an organic whole, a living being, whose health or peace consists in righteousness and in the orderly working of all its parts, if one of them is ailing the whole body suffers from sleeplessness and fever, as said the Prophet. Therefore, the theory: 'Render unto Caesar the things that are Caesar's and render unto God that are God's' has no application to Islam.

It is the effective performance of Islamic State through Divine Laws which guarantees the healthy growth of its economy and contributes largely to social security. The character, scale and capacity for growth of such economy are closely related to the purpose of State of which it is a part. Islamic State is a 'Divine Order' and obviously the best, righteousness being its sole purpose. It is preceded and controlled by Divine Laws which are universal in their scope and eternal in their character. They are not the product of such

fact as are subject to change but revelation from God who alone knows the objective good. With their double attributes of universality and immutability they remain the same for all times and for all men. Under such laws there can be no room for nationalism or aggression to raise its head and destroy the peace of the world.

Divine Laws while they admit equality of men in their social status, also recognize their right to sustenance on the same footing: 'There is no moving creature on earth but its sustenance dependeth on God' (11:6); God is He Who gives (all) sustenance' (51:58); 'And in Heaven is your sustenance, as (also) that which ye are promised' (51:22); Kill not your children on a plea of want, We provide sustenance for you and for them' (6:152).

The duty to see that sustenance is provided to all devolves, according to the above verses, upon the Head of Islamic State as the vicegerent of God. He has to collect Zakat or poor-due from the well-to-do and if it does not satisfy the wants of people he is further empowered to impose taxes upon the rich to provide sustenance to the poor. All this is in the ends of social justice aimed at by Divine Laws. God promises sustenance to all His creatures but provides it according to their needs and capacities. To some He grants in abundance; to others He straitens His provision but His promise to sustain all stands out unabated. He carries out His Plan according to His own measure. It is He who created all things and ordered them in due proportions (25:2). God's creation goes by Laws, proportion and measure. Nothing happens but according to His Plan: Verily all things have We created in proportion and measure (54:49). Life is a state of ceaseless change and represents activities in different forms and shapes. Under the circumstances if all men are granted in abundance and are endowed with the same gifts the result will be chaos and utter confusion. No one will obey the other and, in consequence, worldly affairs will come to a stand-still.

Proportion and Measure

`Glorify the name of the Lord, the Most High, Who createth and disposeth, who measureth, then guideth' (87:2-3) This Quranic verse rightly justifies the measure and the disposal of God and none can question His Wisdom. Men cannot know where the real good lies, for 'per chance ye dislike a thing which is good for you and ye love a thing which is bad for you' (2:216).

To execute His Plan most successfully God says: 'We have apportioned among them their livelihood in the life of the world, raised some of them above others in rank that some of them may take labour from others' (43:32); 'God doth enlarge or grant by (strict measure) the sustenance' (13:26); If He were to enlarge the provision for (all) His servants they would indeed, transgress beyond all bounds through the earth; but he sends(it) down in due measure as He pleases. For He is with His servants Well-acquainted, Watchful' (42:27).

The above verses while indicating the scheme of life, point to the fact that the economy of Islamic State is not controlled but on the other hand it is free. This is evident from the fact that the gifts of God are not the same for all men. To some God gives in abundance and to others in strict measure. Further, all are not equal in their inborn gifts. And this naturally gives rise to classes among men on material basis. Humanity presents, here, diversity amidst unity. Men are born alike and yet they differ in their capacities of mind and body. Strangely enough, this sort of diversity is necessary to save humanity from chaos, for otherwise, the very activities of man will come to a close; all being equally gifted none would work for the other. God is All Wise. He carries out His Plan in His own way.

Better and more precious gifts of the Hereafter may be withheld from those who are given plenty here or they may be tested, here, with the plenty to be chastised and punished in the world to come. And conversely, those who are scantily provided here may be in perfect enjoyment of eternal bliss in

the Hereafter. These are the ideas which do not allow class war to gain ground in Islamic State.

Class War

It may seem paradoxical that there should be no war when the classes exist on material basis. Class war, it must be remembered is due to discontent and dissatisfaction with the surrounding circumstances-boundless wealth on one side and abject poverty on the other. Men would have been at daggers drawn with each other had it not been for the assurance contained in the Quran of other gifts incomparably of more value than the ephemeral things of this world. Above all is the idea that God it is Who bestows more on some than others Which leaves no cause for fighting with each other. 'See how We have bestowed more on some than others, but verily the Hereafter is greater in rank and degree and greater in excellence' (17:21).

Trial in God's gifts suggests to man to have patience: 'It is He who hath made you as vicegerent upon the earth and hath exalted some of you in rank above others, that He may try you in the gift He hath given you' (6:166): 'Let not their wealth nor their (following in) sons dazzle thee: in reality God's Plan is to punish them with these things in this life' (9:55). Gifts are, thus, given as a test and trial and in each case temporary and passing away, while the gifts of everlasting nature are reserved by God for His devoted servants who seek (God's) help with patience and prayer (2:45).

The Arabic word *sabr* translated as patience is meaningful for it implies perseverance, constancy, steadfastness, firmness of purpose and those who observe it are not hasty but always put on a cheerful appearance in sorrows and sufferings. They resign themselves to the Will of God and though defeated in their purpose and longings are yet hopeful because God is with them (2:153).

Islam has its own ways of solving problems. Class strife is discouraged by the idea that there is a trial in the gifts of God and that there is a better and everlasting world and those who are not rewarded here shall be recompensed in the Hereafter provided they act righteously. 'And keep thy soul content with those who call on their Lord morning and evening, seeking His face; and let not thine eyes pass beyond them, seeking the pomp of this life' (18:28); 'Nor strain thine eyes in longing for things We have given for enjoyment to parties of them, the splendor of the life of this World, through which We try them: but the provision of thy Lord is better and more enduring' (20:131).

The glittering things of this life may make a brave show but they are nothing compared with the gifts of the Hereafter: 'Wealth and sons are allurements of the life of this World, but good deeds which endure are better in thy Lord's sight for reward and better in respect of hope' (18:47). So we have been asked to do good deeds and be hopeful of the rewards. The righteous will surely be rewarded as has been said again and again: 'As to those who believe and work righteousness, verily We suffer not the reward of one whose work is goodly to be lost' (18:31); 'Not a single deed of theirs shall go unrewarded: God truly will not wrong any one of the weight of an atom, and if there be any good deed He will multiply it, and from His presence shall be given a good reward' (4:40).

These are the Quranic verses which hold out the promise of compensation for those who have patience and the hope for better. This is the chief factor which serves to curb discontent and drives away class war. Here is a parable of two men, one who forgot that what he had was given to him by God to try him in this life, the other who had complete faith in God. The worldly wealth of the former was destroyed, while the other was happier in the end. This is the parable of didactic nature in the Quran.

It runs:

`Set forth to them the parable of two men, for one of them We provided two gardens of grape-vines and surrounded them with date palms, in between in two We placed corn fields. Each of those gardens brought forth its produce, and failed not in the least therein, in the midst of them. We caused a river to flow (Abundant) was the produce this man had: he said to his companion, in the course of a mutual argument: 'More wealth have I than you, and more honour and power in (my following of) men.

`He went into his garden in a state (of mind) unjust to his soul: He said, 'I deem not that this will ever perish, nor do I deem that hour (of judgment) will ever come, even if I am brought back to my Lord, I shall surely find (there) something better in exchange.

`His companion said to him, in the course of his argument with him: `Dost thou deny Him Who created thee out of dust, then out of a sperm-drop, then fashioned thee into a man? but (I think) for my part that He is God, My Lord, and none shall I associate with my Lord. Why didst thou not, as thou wentest into thy garden, say: 'God's Will (be done)': If thou dost see me less than thee in wealth and sons, it may be that my Lord will give me something better than thy garden, and that He will send on thy garden thunder-bolts (by way of reckoning) from heaven, making it (but) slippery sand: Or the water of the garden will run off, underground so that thou wilt never be able to find it.

`So his fruits (and enjoyment) were encompassed (with ruin) and he remained twisting and turning his hands over what he had spent on his property, which had (now) tumbled to pieces to its very foundations, and he could only say (Woe is me! Would I have never ascribed partners to my Lord and Cherisher! Nor had he numbers to help him against God, nor was he able to deliver himself. There, the (only) protection

comes from God, the True One; He is the Best to reward, and the Best to give success' (18:32-44).

The above parable is to show how God tries men in their gifts. Those who are patient are rewarded in the end. Patience, in Islam, does not mean passivity or complacency but it is to seek the help of God through active striving and perseverance (2:153). It is key to success and has been referred to in the Quran on nearly ninety occasions which shows its importance in life. The great odds can be overcome by patience alone. It inspires peace of mind and gives hope for the realization of object.

'Through patience,' says Umar, 'we have found the best way of life'.

Islam, with its emphasis on the other world, has wrought a radical change in the outlook on life. This has served a great deal to suppress blind love for wealth and, still more, has been successful in diverting the attention of man from the fleeting to the eternal, from the material to the spiritual and ultimately to the promise of better and more lasting rewards from God which sustains him amidst his sorrows and as a result, instead of violence, he bears with patience what has fallen to his lot. Hence no class war.

The superiority of Islam lies in this that it avoids the extremes which upset the harmony of life and often lead to conflict and class war. The economic policy of Islam occupies an intermediate position between the doctrines of 'Bourgeois Capitalism and Bolshevik Communism'.

'Within the Western world', says Gibb, 'Islam still remains the balance between the exaggerated opposites. Opposed equally to the anarchy of European Nationalism and the regimentation of Russian Communism, it has not yet succumbed to that obsession with the economic side of life which is characteristic of present day Europe and present day Russia alike (*Whither Islam*, London, 1932, p. 379).

It is, indeed, the fair and equitable distribution of wealth and the Doctrine of Economic Trust prescribed by Islam which restores to life its equipoise guaranteeing at the same time social security. In this respect Consumption, Production, Exchange and Distribution of wealth, the four links of modern economics, are to be treated in the light of Islam. Owing to their importance, each of them is treated under a separate chapter.

*Chapter-IX***CONSUMPTION****Moderation and Self Control**

Existence of wants being the starting point and basis of economic activity, it seems logical to deal with consumption first. The word consumption is used here in a particular sense, that is, satisfaction of human wants. It implies production of wealth without which one cannot conceive of consumption. Needless to say that there is no limit to human wants. They are insatiable. Therefore, Islam enjoins moderation and self control and exhorts its followers to avoid luxuries in favour of those in want. Plain living and high thinking should be the motto. This does not mean that one should take to asceticism or mortification and adopt the life of a recluse. Islam never preaches self abnegation, for that is the creed of Cynics nor does it advocate repression of emotions practiced by Stocis but only sets a limit to hedonistic desires as a deterrent against the evils resulting from the excesses, harmonious development of body and soul being the most desirable thing.

As a matter of fact, life in equal poise is a panacea for the economic ills resulting from irrational consumption of wealth. The theory that the more is the increase in consumption, the greater is the stimulus for economic activities and the better is the standard of living has proved destructive in view of the unrest it has created in the economically advanced countries, for it has served only to add to the craving of the rich for more and more luxuries at the expense of the poor, thus worsening still further the lot of the poor.

To ameliorate the condition of mankind and to contribute to the healthy growth of economy the consumption is required to be reasonable and rational as prescribed by Islam: 'And be moderate in the pace' (31:19). The 'Golden Mean' as stated previously is the basic principle and, indeed, the cardinal virtue

of Islam: 'Those when they spend, are not extravagant and not niggardly, but hold a just (balance) between these extremes' (25:67), 'Make not thy hand tied (like a niggard's) to thy neck, nor stretch it forth to its utmost reach, so that thou become blameworthy and destitute' (17:29).

Squandering and hoarding are both denounced: 'They who hoard up gold and silver and spend it not in the way of God, unto them give tidings (O Muhammad) of a painful doom, (9:34). We are ordained to spend in the way of God, neither squander nor hoard, so the issue is how to mould our life and what should be the standard of living.

Standard of Living

Human wants may be classified into: (1) Necessaries, (2) Comforts, and (3) Luxuries. It is hard to draw a line of demarcation between comforts and luxuries. What is a comfort to a millionaire is a luxury to the middle class man. So, Islam thinks in terms of necessities which can be classed as bare necessities of life and necessities for efficiency such as sufficient food of nutritive value, satisfactory shelter and clothing, facilities for recreation, provision for sickness and opportunity for giving education to children and so on.

Those who are blessed with the bounties of God are not expected to live in rags, for the Prophet has said that God likes to see traces of His bounty on His slave, but it does not mean that he be unmindful of his duties to his fellow creatures and abandon himself to lavishness, for the purpose of life is not to roll in luxuries but to earn an honest living and thereby serve humanity. And this requires necessities for efficiency to those who earn and are able-bodied and to the disabled at least bare necessities which, according to the Prophet as given in *Sahih Tinnidhi*, 'Abwab al-Zuhd' comprise a house wherein to live, necessary clothing wherewith to hide nakedness, bread and water to satisfy hunger and thirst. These two are the standards of living which may ensure satisfaction of the needs of all. The

significance of simple living under the austere policy of state may be imagined by the fact, that it, in the days of Umar Ibn Abdul-Aziz (d. 720 A.D.), added so much to the prosperity of the community that there was none to accept Zakat or poor-due.

*Chapter-X***PRODUCTION****Justice and Fairplay**

It is admitted on all hands that man does not create matter except that he adds to its utility or value by arranging its particles in a particular manner. Production as such may be defined as the creation or addition of utilities or values. The real creator of all things is God.

Land, labour, capital and organization are generally spoken of as the factors of production and as a result of Industrial Revolution plant and equipment have come to be included in this category. Islam is not averse or repellent to the idea of using them for production but makes one condition that there should be no exploitation of the weak and the poor. Islam allows trade and industry by mutual consent, without exploitation and destruction of one another, and this puts an end to all other disputes which would, otherwise, arise between the capitalist and the worker. Islam enjoins its followers 'not to with-hold from the people the things that are their due' (7:85). The Prophet is indignant with those 'who do not pay the labourer in full' and admonishes them 'to give the labourer what is his due before his sweat dries up'.

Justice, fairplay and mutual consent are to be the basic principles of all transactions in the life: 'O ye who believe! Squander not your wealth in vanities: but let there be amongst you traffic and trade by mutual consent and kill not one another' (4:29). This shows the role which wealth has to play in the large interest of economic life of the community. Wealth is not to be squandered for personal enjoyment as it is a trust, as specified above and, therefore, to be increased by economic use (traffic and trade). Mutual consent, in the above verse, refers to the agreement of each to the proposal of other, that is, co-operation which avoids the evils of both capitalism and

socialism. The words 'And kill not one another' point to the warning against exploitation and destruction of one another by unfair means which include all sorts of mischiefs, not to mention fraud, false representation, undue influence, duress etc.

Unjustified enrichment also forbidden. Islam permits trade and forbids *riba* (interest or usury) which is defined as a monetary advantage without a counter value. Islamic law is permeated by religious and ethical considerations and the economics of Islam is based upon high moral and spiritual principles. Each transaction is measured by the standard of religious and moral rules such as the prohibition of interest, the prohibition of uncertainty, the observance of equality of the two parties, definitiveness in point of time and measure. These are the measures to ensure the fairness of dealings and to avoid the exploitation of each other.

Dealings in futures or speculation in the hope of profit from anticipated change in the price of things are not acceptable to Islam, particularly because speculators driven as they are by their lust for riches, enter into these transactions entirely in a spirit of gambling which is prohibited in Islam (2:219). Likewise monopoly does not find favour, in Islam, for it is undoubtedly injurious to the community. A monopolist is often guided by the greed of gain and raises prices to enrich himself at the expense of others which is no other than the exploitation of the community.

Ownership of the means of production by the individual is recognized in Islam as his private property which includes rights to use and dispose of it by selling, pledging and letting and also by way of gift and bequest. The right to bequeath is limited to a third of the property after clearing it from burial expenses and the debts, if any, of the deceased. This limitation is, perhaps, imposed so that all the property may not be bequeathed to someone to the exclusion of legal heirs.

Here it may be pointed out that God is the real owner of all things and man only a legal owner and, more appropriately, a trustee with usufructuary rights. Private property is, indeed, a trust in possession and one has to deal with it as is expected of a trustee. By the transfer of such property the owner cannot give better rights than he has for himself.

Chapter-XI

EXCHANGE

Value and Exchange

Exchange forms one of the main divisions of economics and we have to see how the concept of exchange leads to that of value. In the early epochs of civilization, men met their wants by their direct efforts. But with the progress of civilization the exchanges became wider and more frequent and have, now assumed a vital role in the economic life.

Production being mostly for exchange (sale), and rarely for the producer's own use, we must look upon wealth from the stand point of exchange. The advantages of exchange are mainly of division of labour. The possibility of exchange enables nations and individuals alike to specialize in those works for which they are best fitted or have natural advantages. This provides conditions favourable to the prosperity of all. The conception of exchange gives rise to that of value and price that is the ratio at which exchanges take place.

Through exchange both the seller and the buyer stand to gain. Each of them is satisfied that what he has received in exchange is more valuable. Exchange by barter (direct exchange of goods against goods) being inconvenient to parties, it has been replaced by money as the common measure of value. The basic problem of exchange is the problem of value, that is, of the formulation of the principles which determine the ratio at which exchanges take place. Its importance may be imagined by the fact that every problem in economics can in a sense be regarded as a problem of value.

Value depends both on supply and demand. The phenomenon of value, according to Marshall, bears comparison to that of cutting by means of pair of scissors. The process of cutting requires both the lower and upper blades, they must not always be equally active but they must operate. This is the case with value. It cannot manifest itself unless the supply and

demand sides are both present, no matter which of the two exercises a larger determining influence under a particular set of circumstance. Modern economic analysis has drawn pointed attention to the behavior of both supply and demand at the margin.

The theory, in its origin, is based upon the assumption that the force of competition is a principal regulator of economic relations in society. But in the real life competition is imperfect owing to several causes such as the existence of a few producers of a commodity who may co-operate rather than compete with one another, the existence of imperfect markets as a result of consumers' ignorance of transport costs which create for each producer a semi-independent market composed of consumers nearest to his factory or shop, real or imaginary differences in quality or type of product which each individual producer is selling, influence of advertisement and of facilities by different producers and consumers' own preferences in some cases for a higher price as sign of quality. Imperfect competition may also rise when there are a few buyers for a commodity.

Such being the case, problems of economics may be more conveniently solved through co-operation rather than competition. Co-operation is always preferable in Islam and if co-operation becomes impossible in large scale commercial and industrial enterprises and competition assumes enormity then intervention of state and measures in keeping with the spirit of the moral precept of Islam are called for to restore conditions which make life more humane less coercive.

Credit and Banking

With the advance of civilization economic transactions have come to depend largely upon credit, buying and selling takes place not on a basis of cash but of credit which is a promise to pay in the future. Credit is, therefore, opposed to cash. There are different kinds of credit instruments such as promissory notes, cheques and bills of exchange which serve as

money. Credit stands for capital and helps particularly large scale transactions in commerce and industry. It requires careful regulation, for it may, otherwise, give rise to various evils such as speculation and over production.

Banks are the financial institutions which serve as the principal managers and dispensers of credit. The deposits which they receive take various forms such as discounting, issuing of notes (which is now mainly the function of central banks) and granting of loans. There are different kinds of banks, chief among them being commercial banks, which play a significant role in the economic field.

The main function of banks is to advance loans to commerce and industry against interest which is objected to by our *ulema* or the learned in religion for the obvious reason that it is forbidden by the sayings of the Prophet and the text of the Quran: 'Those who devour usury will not stand except as stands one whom the Evil one by his touch hath driven to madness. That is because they say: 'Trade is like usury' but God hath permitted trade and forbidden usury. Those who after receiving direction from their Lord, desist shall be pardoned for the past; their case is for God (to judge); but those who repeat (the offence) are companions of the Fire: they will abide therein (for ever). God will deprive usury of all blessings but will give increase for deeds of charity: for He loveth not creatures ungrateful and wicked. Those who believe and do deeds of righteousness and establish regular charity will have their reward with their Lord: on them shall be no fear, nor shall they grieve. O ye who believe! Fear God, and give up what remains of your demand for usury, if ye are indeed believers. If ye do it not, take notice of war from God and His Apostle: but if ye turn back, ye shall have your capital sums: deal not unjustly, and ye shall not be dealt with unjustly' (2:275-79).

In opposition to *ulema* there are some who make a distinction between the interest for productive purpose and the interest for unproductive purpose and hold that the former is permissible; while others maintain that simple interest is

permissible and what is forbidden is usury or lending of money at exorbitant interest.

The Arabic word, used (for interest and usury) in the Quran, is *riba* which means excess, so whatever the excess over the principal is counted as *riba*. It makes no difference whether it is for productive or unproductive purpose, or whether it is simple or compound interest. No interpretation of *riba* in such terms can be correct. We are, therefore, required to go deeper and unearth its meaning with reference to its context.

In the light that context affords us in this matter we find that excess over the principal was charged in the pre-Islamic period to grant extension, to the debtor, for the payment of debt. This is proved by the saying of the Prophet as narrated by ibn Abbas the cousin and companion of the Prophet, that *riba* is in *nasi'd*. Further, it is confirmed by the verdict of Ahmad ibn Hanbal who, upon being asked as to the meaning of *riba*, said that it consists in the excess over the principal charged to grant extension for the payment of debt. The word *nasi'd* itself means 'delay granted to the debtor', for the creditor, as it were overlooks the delayed payment of debt in return for the excess he is allowed to charge over the principal.

This is the sort of excess in loan transactions which is forbidden by the clear text of the Quran and the Prophet extended this prohibition to the sale transactions of cash as well, because he feared that excess charged in such transactions might lead to *riba nasi'c*⁷. He therefore, did not allow the exchange of gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates and salt for salt for these were the six commodities so often exchanged in those days. Gold for instance cannot be sold for gold unless there be equality and immediate delivery. Thus no excess can be charged in the exchange of the similars of the same species, for, according to the Prophet, it amounts to *riba fadal*. If they differ in species such as gold for wheat or barley for salt the equality in quantity is not insisted upon but there must be immediate delivery of the both.

In this way there are two kinds of *riba-nasi'd* and *fadal*. While *nasi'a* relates to credit, *fadal* relates to cash. While *nasi'd* is forbidden by the text of the Quran, *fadal* is prohibited by the Prophet.

The point brought home is that *nasi'd* is specifically forbidden by the Quran, while *fadal* is prohibited by the Prophet as a preventive measure which is further proved by the saying of the Prophet: 'Do not sell one dirham (coin) for two because I fear *rima* (riba) on your part'. This is narrated by Abu sa'id al-Khudri and the words 'I fear' point to the fact that *riba fadal* has been prohibited by way of precautionary measure.

Ibn Qayyim al —Jawziyya takes into consideration this distinction between *nasi'd* and *fadal* and holds that what is prohibited as a preventive measure becomes permissible in view of the needs of society. To substantiate his statement he has cited many examples, chief among them being the example of `araya, i.e., sale of fresh dates for dry dates (an exchange of the similars of the same species) which was allowed by the Prophet in view of the desire of the people for fresh dates although it was prohibited by him in the first instance. And this is an outstanding example whereby *riba fadal* was made permissible, by the Prophet himself, to satisfy the needs of society. (*Ilam*, vol. 2, pp. 265-274).

It may be noted here that the chief cause for such permissibility is the need of the people and there are some who assert that what holds good in respect of dates may be equally applicable, in view of the same cause to the exchange of other similars of the same species such as gold and silver which represent monetary values and are considered as money. According to them loans may be advanced on the analogy of `araaya. They say that banks cannot be run on the principle of *mudaraba* or partnership, while others insist on *mudaraba*, for it will minimize the chances of loss as the Islamic banks will be there to supervise the projects for which loans have been advanced. *Mudaraba* is a contract whereby one gives a certain

sum to another to carry on business therewith and profit to be shared by them according to the specified terms such as Y2 of the profit or 1/3 and so on. *Mudarib* is the one who carries on business, and, according to the Jurists, the relations between *mudarib* and financier are that of agent and principal. The agent will not bear any loss, as it will be attributed to the principal or financier. Further, the agent as a skilled person must have freedom of action and nobody, not even the principal has any right to interfere in his activities. The law does not allow the principal to participate in the work. Such being the case, *mudaraba* is risky for banking and also of limited scope because it is rather impossible to supervise and control a large number of transactions while such control and supervision will amount to interference or participation in the activities of *mudarib* and thus vitiate the contract of *mudaraba*. There is also a danger that the *mudaraba* being apparently a partner may land the bank into encumbrances of grave nature as he may bind it by his activities.

The experts in banking are, therefore, of the opinion that *mudaraba* is not at all suitable for banking. They stress the point that the bankers are highly responsible for the depositors for whom they act as agents and trustees. Hence it would amount to gross negligence on the part of the bankers if they advance loans out of such deposits to *mudarib* who being an agent cannot be expected to furnish any security. Even if he is made to furnish security, it will be of no avail to the banker as the loss, in the case of *mudaraba*, is always attributable to the principal and the banker, being a principal, cannot fall back upon such security to recover the loss.

The experts in banking are dead against in secured loans and hold that one who carries on banking on the principle of *mudaraba* runs a great risk. They, instead, suggest discounting as the safe medium of advancing loans.

The word 'discount' literally means an abatement or deduction from the amount and in its commercial sense it is a deduction made for payment before it is due or for prompt

payment, of bill or account. It is more aptly described as the purchase and sale of commercial paper (Chandler, *Economics of Money and Banking*, p. 151).

When the banker discounts a bill (which stands for monetary value) he buys it outright for sum less than its face value, and in other words, he purchases it at its present worth. Discount is, in fact, the difference between the face value of the bill and its present worth or value. It is, the experts contend, a sale or exchange of the similars of the same species (as is the case with *araya*) referred to above, and, therefore, permissible as *'araya* was made permissible by the Prophet in view of the needs of the people. They further refer to the Article 32 of *Majallah* (Ottoman Civil Code) according to which need whether of a public or private nature is treated as necessity (which knows no law), to sanction certain transactions for which people are in need in their economic life.

In further illustration, they say that property of every sort, provided it is not prohibited under Islamic law may be pledged and the accompanying bills discounted in order to secure the credit of the banks. Suppose A, is in need of the bank credit, he will pledge his property with the bank and the bank would ask him to submit a promissory note with a memorandum, setting out the purpose of the deposit (i.e., security). The bank will, then, discount the bill or promissory note and thereby create a demand deposit in his favour for something less than the face value of the bill.

The problem is very delicate as *mudaraba* is not workable and the alternative suggested by the experts though backed by their reasons, is yet suspected of *riba*. Under the circumstances a scheme, which does not allow any profit to the banker, may be acceptable to Islamic law. The banker, therefore, should not be allowed any profit except his service charges to cover the expenses which he has to incur in supplying credit to the borrowers. Such charges may suitably be determined by the Central bank and a limit be fixed so that the banker do not overstep it. And discount may be allowed within this limit.

In this case, there being no profit for the Islamic banks, whatever they earn, through other lawful functions, shall constitute their profit which they may share and distribute among the depositors. Here it may be mentioned that Islamic law does not tolerate any profit which is stipulated at the time of contract (i.e., pre-determined profit) because apart from being *riba* it is risky in that it may not at all be realized, or even realized it may be less than the stipulated amount. So The Islamic bank may invite capital by offering a certain percentage of the profit to be earned.

This seems to be the sage and sound way of running Islamic banks parallel with those of commercial banks of the modern world without, in any way, violating the fundamentals of Islam.

It may be said that there should be no service charges whatever, but this will be unfair to the banks and they may not be able to carry on their business. According to the saying of the Prophet the loan that draws forth or stipulates profit is *riba* but service charges are not a profit. Further, service charges while they give to the banks their due are a deterrent against the violent rush and irresponsible demands which the loan seekers will make upon them. Such charges may be dispensed with if the State, instead of resorting to nationalization (disliked by Islam) participates in the management of the banks by holding a controlling share (i.e., by subscribing to the share-capital of the banks in the amount of at least 51%). Thus it may have a say in their affairs and contribute to their safety by alleviating the burden of administration and by determining the loan able amount and priorities. Banks, whose share-capital is fully subscribed, may increase it to the extent required by the State. *Mudarab* being unworkable interest-free loans will have to be advanced against securities and likewise bills paid without discount. The rest of the procedure will be the same as specified above.

*Chapter-XII***DISTRIBUTION****Circulation of Wealth**

To start with we quote the Quranic verse that it (wealth) become not a commodity between solely the rich among you' (59:7). It lays down in unequivocal terms that wealth should not make a circuit between the rich only but contribute to the welfare of the community as a whole. Whatever is produced is, first, to be divided among the factors of production. The entrepreneur is required to deduct from his gross receipts the returns attributable to the factors of production as specified above and whatever remains after all these deductions is called net profit that falls to the share of entrepreneur but honestly speaking most of it if not all is the share of God Who is the real Producer and Owner of all things and hence to be used for the Welfare of His creatures.

Efforts of man are fruitless, his plans abortive and his projects destined to failure if God withholds His help and to this fact attention of man is drawn by the following verses: `And verily ye know the first creator. Why, then do ye not reflect? See ye the seed that ye sow in the ground? Is it ye that cause it to grow, or are We the cause? If We willed, We verily could make it chaff, then would ye cease not to exclaim: Lo! We are laden with debt! Nay we are deprived! Have you observed the water which ye drink? Is it ye Who bring it down from the rain cloud, or do We? If We willed We verily could make it bitter. Why, then, give ye not thanks? (56:62-70). A number of other things are stated in the same strain which go all the way to convince man that, in fact, it is the invisible Hand of God that turns the wheels of life and He alone is the Creator and Owner of What is contained in the Universe.

Sadaqat or Charity

As God is above all needs (35:15), the whole of His share must go to His creatures in want, but He allows the entrepreneur what is enough to satisfy the reasonable wants and the rest is treated as a trust, in his hands (57:7) to be administered by him for the needy. This is the duty which he has to discharge without any demur: 'And what cause have ye,' says the Quran, 'why ye should not spend in the way of God, when unto God belongeth the heritage of the heavens and the earth' (57:10).

See how metaphorical is the presentation:

'The parable of those who spend their substance in the way of God is that of a grain of corn: it groweth seven ears and each ear hath a hundred grains. God giveth manifold increase to whom He pleaseth: and God careth for all and He knoweth all things' (2:261); 'And the likeness of those who spend their substance, seeking to please God and to strengthen their souls, is as a garden, high and fertile: heavy rain falls on it but makes it yield a double increase of harvest, and if it receives not heavy rain, light moisture sufficeth it. God seeth all whatever ye do' (2:265).

High is the standard set for charity. It should be in the cause of God, out of honest earning and neither followed by reference to it nor in ostentation: 'And feed with food the needy wretch, the orphan and the prisoner, for love of Him, (saying): 'We feed you, for the sake of God only. We wish for no reward nor thanks from you. Lo! We fear from our Lord a day of frowning and of fate' (76:8-10). 'O ye who believe! Give of the good things which ye have (honourably) earned, and of the fruits of the earth which We have produced for you, and do not even aim at getting anything which is bad, in order that out of it ye may give away something, when ye yourselves would not receive it except with closed eyes. And know that God is free of all wants and worthy of all praise' (2 : 267); 'Kind words and covering of faults are better than charity

followed by injury' (2 : 263); '**O** ye who believe! Cancel not charity by remarks of your generosity and by injury, — like those who spend their substance to be seen of men, but believe neither in God nor in the Last Day. They are in parable like a hard, barren rock, on which is a little moisture: on it falls heavy rain, which leaves it (just) a bare stone. They will be able to do nothing with aught they have earned' (2:264)

Charity is rewarded

The evil one threatens you with poverty (if things are given in charity) and bids you to conduct unseemly. God promiseth you His forgiveness and bounties. And God careth for all and He knoweth all things' (2 : 268)
 Whatever good ye give benefits your own souls, and ye still only do so seeking 'Face' of God. Whatever good ye give shall be rendered back to you, and ye shall not be dealt with unjustly' (2:272); 'Those who (in charity) spend of their goods by night and by day, in secret and in public, have their reward with their Lord : on them shall be no fear nor shall they grieve' (2 : 274) ; To! Those who read the Scripture of God, and establish worship and spend of that which We have bestowed on them secretly and openly, they look forward to imperishable gain, that He will pay them their wages and increase them of His grace. Lo! He is Forgiving, Responsive' (35 : 29-30); 'If ye disclose (acts of) charity, even so it is well, but if ye conceal them and make them reach those (really) in need, that is best for you : it will remove from you some of your (stains of) evil. And God is well acquainted with what ye do' (2:271).

Indiscriminate acts of charity may not be rewarded, for it is the duty of man to find those who are really in need. There are some who do not beg from door to door but do real and sincere service to humanity such as teaching or acquiring knowledge and skill or may be in exile for their faith or in other ways be prevented from seeking employment or doing work: `(Charity is) for those in need, who in God's cause are restricted (from travel) and cannot move about in the land,

seeing (for trade or work): the ignorant man thinks, because of their modesty, that they are free from want. Thou shall know them by their (unfailing) mark: They beg not importunately from all and sundry. And whatever good ye give, be assured God knoweth it well' (2 : 273).

Here, it is noteworthy that Divine Revelations, in the Meccan period when Islam had not yet gained in strength, laid stress upon charity alone to solve the economic problems of the community but with the momentum which Islam gathered towards formation of State they (revelations) took a new turn (17 : 26). This marks the responsibility of State to provide for the poor and the needy through such measures as ensure the proper distribution of wealth.

In conformity with this policy *sadaqa al-fitr* (alms given at the end of *Ramadan*, i.e., fasting month for the Muslims) was at first made obligatory when the State was established at Medina. Zakat or poor-due followed in its wake as the State became larger. (There is a difference of opinion as to the date of imposition of *zakat* tax as obligatory, but according to the majority of scholars it was imposed in the second year of Hijra). And with the further expansion of the State steps were taken to meet the situation and it was held that the rich are trustees for the poor (57: 7). Addressing the rich it is said in the following verse: 'And what aileth you that ye spend not in the way of God, when unto God belongeth the inheritance of the heavens and the earth?' (57:10). These are the verses contained in the *sura* or Chapter styled as Hadid or Iron which denoted the strong power of State to see that the wealth is properly distributed.

The probable date of this *sum* is A.H. 8, that is, after the conquest of Mecca when the Islamic State was more enlarged and it became necessary to look after the needy and has the proper distribution of wealth. This is how 'Economic Trust' came into existence and as a natural corollary State is empowered to make sure that the Trust is properly

administered and to impose further taxes upon the rich if *zakat* tax and other resources of the State fail to provide for the needy and the poor. Let us, now, dwell awhile upon the importance of *zakat*.

***Zakat* or Poor-due**

Alms in Islam are of two kinds: (1) voluntary called *sadaqaat* or charity which has already been dealt with, and (2) obligatory called *zakat*. The word *sadaqa* is also used for *zakat* but *sadaqa* may well be defined as spending in the cause of God while *zakat* is an obligatory tax imposed upon the rich by the State as ordained by God, in favour of the poor and the needy. It is rather a tax to purify the wealth of those who are in possession of it and this is what exactly the word *zakat* connotes, for the meaning of the word itself is purity: 'Of their goods take, wherewith thou mayst purify and sanctify them' (9:103).

It is a levy on cattle, grain, fruit, merchandise and money once a year after a year's possession. As regards cattle according to their age and other considerations but of grain and fruit a tenth if watered by rain, a twentieth of the result of irrigation; of the value of merchandise and of money fortieth; of mines and hidden treasures a fifth and of spoils of war a fifth.

The payment of *zakat* is a religious duty and it has to be collected by government to be distributed as follows: 'The alms are only for the poor and the needy, and those who collect them and those whose hearts are to be reconciled and to free the captives and the debtors, and for the cause of God, (for) the wayfarer; a duty imposed by God' (9:60).

The importance of *zakat* is such that it should not be treated merely as one of the five pillars of Islam but must be examined in relation to its social and economic effects. It aims at the abolition of poverty which is clearly manifested in the instructions of the Prophet to Maadh ibn Jabal, the then

Governor of Yaman. 'Announce ye to the people', said he, 'that God has laid upon them the duty to pay sadaqa or obligatory tax to be exacted from the rich to be paid to the poors'.

It has to be borne in mind that Islam, in its treatment of poverty, tries first to find out the causes and then prescribes the remedy. Inertia and sluggishness are, therefore, condemned outright and men are exhorted to work: 'It is He Who hath made the earth subservient unto you, so traverse ye through its tracts and enjoy of the sustenance which He furnishes' (67:15). The Prophet has said: 'Purest is the food which you eat of your earnings, and it is better to have a rope to bind therewith the wood and bring it on your back and sell than to ask for charity'; 'He who begs after having enough to maintain himself deserves Hell Fire'. According to the Prophet there is dignity in work and 'the worker is the friend of God' (Ahmad ibn Hanbal, *Musnad*). Every able bodied person should therefore work and earn a living, *zakat* being purely to help those who are not able to work nor have enough to sustain themselves.

The importance attached to *zakat* may be gathered from the fact that it has been repeatedly mentioned in the Quran on more than thirty occasions and non-payment of which made Abu Bakr, the first Orthodox Caliph, wage war against the recalcitrant's. He is reported to have said: 'By God I shall fight those who differentiate between prayers and *zakat*.' What more can be the proof of its social and economic importance!

Shah Waliullah, a great thinker of Islam, has remarkably elucidated the significance of *zakat* in the following words:

'There must be no mistake about the fact that *zakat* has been ordained to serve two purposes: self-discipline and provision against social destitution. Riches breed stinginess, selfishness, mutual hatred and aversion and even moral degeneracy. The best remedy against these evils is the charitable disposal of one's money. This uproots stinginess and cures one of selfishness. It also resolves social differences and

substitutes them with the spirit of brotherhood. This brotherhood becomes foundation stone of high moral character. In its development it promotes habits of honest dealings. Slowly but surely, these noble qualities transform man into a model of moral excellence. And this means self-improvement through self-discipline.

Zakat is the most effective insurance measure against communal and social misery because a social structure cannot be sound unless it rests on a sound economic basis. It is through the working of its economic mechanism that society can minister to the wants of its needy members in accordance with their status in life. It prevents the spread of beggary because the indigent, the defectives, the cripples, the orphans and the widows and likewise all other classes of the needy are duly provided for, and saved the humiliation and disgrace of begging. It is the state which must bear the responsibility of their sustenance. But it can discharge this heavy obligation satisfactorily only when, in addition to the usual source of public revenue, there is an adequate supply of money from the rich in the form of *zakat*'

The Muslim world is now confronted with a serious problem and that is to determine the applicability of the principle of *Zakat* to property which, in modern times, has taken many different forms. The Arab League held seminar on this subject and a comprehensive report in this regard was submitted to a meeting held in Damascus in December 1952. In this report it is expressly stated that *zakat* may be levied on all kinds of property not known in the early epochs of Islam. Industrial machinery, stocks, shares, bonds, profits made in profession and trade are all taken into consideration. In short, such things as are productive have been the subject of discussion and this augurs well for the welfare of the community as a whole.

Kaffarat

In addition to alms-obligatory and voluntary-there are *Kaffarat* or what is given to the needy and the poor in order to atone for the sins. All this is to have the distribution of wealth and not to let it concentrate in few hands.

Inheritance

Distribution of wealth does not stop here, it continues further even after the death of a Muslim as the property of the deceased is distributed among his legal heirs according to their share prescribed by the Law of Inheritance and in case the deceased has no heirs the property goes to the state. Wealth, in this way, ceases to be a commodity between the rich only.

Divine laws strike at the very root of the evils resulting from capitalism. They enjoin rules of morality upon man in his earning and spending and hold him responsible for the well-being of his fellowmen. Hoarding is condemned (104:2) and usury forbidden (2:275); extravagance is denounced (17:26) and moderation enjoined (17:29). Wealth is not to be devoured in vanity (4:2) but is to be developed by fair means and through traffic and trade so that it is used for the welfare of the community, hence no cause for socialism.

Chapter-XIII

SOCALISM AND ISLAM

Socialism Defined

Socialism has come into existence as a protest against the evils of capitalism which is described as radically vicious and therefore to be replaced by another social order. Its object as openly declared is to establish a co-operative common-wealth, socialization of all means of production and regulation of distribution through collective control.

It has been defined in different ways but it is chiefly a theory of social organization which advocates the ownership and control of the means of production, capital, land, property etc by the community as whole and their administration and distribution in the general interest. All this is due to the assumption that man is of selfish nature. Individualism and Socialism, as stated previously, stem from the ideal whether or not to suppress this selfish nature of man. Those who advocate its suppression stand for Socialism and those who support its emancipation represent Individualism.

The supporters of Individualism believe in the law of nature and say that God made all men free, so the freedom of man should be preserved at all costs, for it is his birth right. The theory of law of nature has appeared again and again in the political thought which exercises a great influence in the formation of economic policy of state. Strangely enough, natural law has developed in two different directions. While the one view regards it as a law of justice and equality, the other holds it as simply egoism or self-interest. Nature, according to this theory, is not a rule of right but a rule of strength and natural justice is the right of strong man and this was later developed by Nietzsche as a doctrine of self-expression or egoism, the desire for pleasure or for power. It is anti-social in

character. This kind of liberty and desire for pleasure or for power was long ago deprecated and denounced by Plato, a lover of regimentation and rigid discipline in life.

Plato, in his *Republic*, criticizes the policy of the Athenian City State and attributes its fall to the unfettered freedom, factionalism and party selfishness which brought about discrepancy of economic interests between those who had property and those who had not—two classes always at war with each other. So abominable was this sight to Plato that he could see no other remedy except to abolish outright not only the institution of private property but also the system of marriage. This was the communism proposed by Plato for the rulers and the soldiers both, who formed the guardian class, while the artisans were left in possession of private property and their wives. The purpose of Plato, in suggesting these lines, is not to use government to equalize wealth but he equalizes wealth in order to discard a disturbing element in government.

Plato's plan has been the subject of chaffing criticism by others who call it utopian but it has to be admitted that he was the first among philosophers to think of communism though in the form of doctrinaire radicalism. This sort of communism is more in the nature of socialism which seeks to achieve collective control without recourse to force, while the communism preached by Marx aims at thorough going revolution, force and coercion, without which there can be no equalization of wealth.

Socialism as opposed to Social Justice

Whatever the form of socialism the element of force is always there because the chief aim of socialism is to crush the individuality of man in the interest of society. The theory of socialism, therefore, is not favourable to Islam which stands for social justice and not for socialism. The principle of Islam in solving the economic problem is one of adjustment and reconciliation rather than force and coercion. Commendable

are the words with which the Prophet addressed his followers on the occasion of Farewell Pilgrimage: 'Your lives and your property' said he, 'are sacred and inviolable amongst one another until the end of time'. This we have to follow in letter and spirit because it applies to all, be it individual or state. Man, as we have explained in the preceding pages, is not selfish by nature and if, at all, he is supposed to be so, it is a matter for reconciliation, not repression. Let us dwell awhile upon social justice.

*Chapter-XIV***SOCIAL JUSTICE****Definition**

Justice is the quality of being (morally) just. It consists in 'giving to man his due'. According to Plato what is due to every man is that he should be treated as what he is, in the light of his capacity and his training, while what is due from him is the honest performance of the work which the positions assigned to him requires.

He speaks of justice in terms of services and functions which the individuals perform. State, according to him, is created by mutual needs and hence services are to be reckoned with in describing justice. The individual has no intrinsic value except that his value lies in the performance of work for the state.

With this theory in view, social justice has been defined by Barker, in his *Greek Political Theory*, as the 'principle of a society, consisting of different types of men who have combined under the impulse of their need for one another, and by their combination in one society, and their concentration on their separate functions, have made a whole which is perfect because it is the product and the image of the whole of the human mind'.

State, as conceived by Plato, is diametrically opposed to that of Islam. 'Mutual needs,' he say, 'create the state and this is indicative of selfishness, while it is unselfishness that God demands and hence Islamic State is based upon 'mutual help unto righteousness' which implies self-sacrifice and piety' (5:3). The above definition of social justice does not accord with the spirit of Islam. In Islam State is not deity to be worshipped but a social organization subject to the dictates of Divine Law.

Men in this society are not combined under the impulse of their need for one another, for that would be again selfish; on the other hand, they are combined to look after one another and be responsible for the welfare of the whole, as said the Prophet.

Social justice may thus be defined as the principle of Divine Law: (1) to treat man as an individual with liberty and equality as his birth right, (2) to provide him with equal opportunities of developing his personality so that he is better fitted to fill the station to which he is entitled, (3) to give each such individual his due, wherever his course of life may lie, and (4) to regulate his relation with society in such a manner that, far from being harmful to the interests of society, he contributes his own to its moral value and welfare. This is achieved by saddling the individual with duties to society as specified by Divine Law and explained in connection with the Doctrine of Economic Trust which stands for social security. The individual is, thus, a contributing factor to the moral value and well-being of society which in return contributes to his moral improvement and helps him develop his faculties. The progress of society depends upon such interaction with the result that a balance is maintained between the individual and society.

Here it may be mentioned that God has created the whole universe with a particular measure or balance and man has been asked to observe it strictly: 'And the sky He hath uplifted; and He hath set the measure, that ye exceed not the measure, but observe the measure strictly, nor fall short thereof' (55:7-9). The measure and balance refer to justice, the heavenly virtue, which should be established among all types of men who constitute society just as a balance is maintained in the heavenly bodies. Man has to act justly with him and with the world around him. Here is again the Quranic verse: 'We verily sent our Messengers with clear proofs and revealed with them the Scripture and the Balance, that mankind may observe right measure' (57:25). Right measure in the context of mankind, unfolds itself into social justice. It weighs with exactitude all

material and moral issues, all questions of right and wrong in conduct.

Social justice, thus, has to make clear two ideas and to interweave them into a common scheme of life: The idea of the individual, a distinct item of humanity with his purely personal and private life and the idea of universality, a world-wide humanity in which all such individuals are interconnected.

In the great world an individual could hardly be said to have any significance but he has the right to lay claim to his freedom and equality, so the human rights fall into two categories and can be distinctly described as equality and freedom.

Equality of All

It is well said that man's law of nature is equality for they are born equal and to this there is a reference in the Quran: 'God did create you (all) from dust, then from a little fluid, then made you pairs, i.e., the male and female' (35:11). This is further supported by the famous words of the Caliph Umar, with which he reprimanded Umar ibn Al-'As the then Governor of Egypt, whose son had struck a Coptic. 'On what account', asked he, 'have you enslaved men who are born free of their mothers?' Admirable are again his instructions to Abu Musa al-Ashari: 'Establish equality among people in such a manner that neither a nobleman takes advantage of your injustice, or a weak person is made to go in despair on this account.'

The deep sense of equality awakened in the Muslims the sense of self-respect to such an extent that they thought it below the dignity to implore anybody, for help, except God Who alone is the Sovereign and Sustainer of all. They took all others to be the slaves of God. 'There is none in the heavens and the earth but cometh unto the Beneficent as slave' (19:93). No superiority, no distinction, no pre-eminence can be lawfully claimed in Islam by one over the other. They are all equal in

their social status and this is fully manifested in the congregational prayers where there is no room for any special privilege for anybody, be he Caliph or a slave, all are alike. 'Individuals are equal like the teeth of a comb', said the Prophet.

Individual Freedom

Individual freedom includes, in the main, freedom and the right to work, freedom of speech, freedom of belief, freedom of education and freedom to select professions. A good life, according to Plato and Aristotle, implies participation in the life of the state and as such the state is at bottom a division of labour in which men of different capacities satisfy their needs by mutual exchange. This conception attached more importance to the satisfaction of needs by mutual exchange and completely ignored the freedom of the individual while Islam recognizes such freedom as his birth right. Rights are usually followed by duties but, in Islam, there are more duties and less rights and this is to temper individual freedom with orderliness so that unlimited freedom may not impair the interests of community. Monopoly and cut throat competition are, therefore, discouraged, while all such activities as have not been expressly forbidden, are permissible under Islam.

Islam provides man with the freedom and right to work: 'And when the prayer is ended', says the Quran, 'then disperse in the land and seek the bounty of God' (62:10). 'Seek ye sustenance from God, serve Him and be grateful to Him' (29:17). Both these verses exhort man to work. To seek what is permitted by God is obligatory next only to the obligatory prayers and therefore Prophet has been more emphatic in asking the believers not to sleep but seek sustenance soon after they say the morning prayers.

As to the freedom of speech, we consider it enough to quote an instance of a woman who undauntedly said to the Caliph Umar that he had no right to denounce large sums given

in dower when God had permitted such dower in favour of wives and had enjoined husbands not to take back the least bit of it even if a whole treasure was given for dower (4:20).

‘There is no compulsion in religion’ (2:256), is the Quranic verse which points to the freedom of belief. Men are allowed to follow their own faith, receive education suited to their aptitude and adopt professions of their own choice. Islamic State, in short, provides every facility to develop the personality of its citizens. This is for the able bodied, while the disabled are protected and maintained at the expense of the State under social security which is of prime concern to social justice.

There is a marked difference between socialism and social justice. Whereas socialism suppresses the individuality of man, social justice affords full scope for its development with the only proviso that it should not come into conflict with the interests of community; whereas socialism strangles and stifles the incentive of man to work, social justice keeps it alive and reconciles it with the common interest; whereas socialism prohibits ownership of private property, social justice allows it under some restrictions.

Social Justice confused with Socialism

How social justice is confused with socialism is evident from the following examples:

The Caliph Umar is said to have forced Bilal ibn al-Harith, a companion of the Prophet, to give up a portion of the large tract of land granted to him by the Prophet. This has been construed as a step towards socialism whereas it is a step taken against Bilal in compliance with the law which insists upon surrender to the State of such lands as are kept unused for a period of three years. This is according to the saying of the Prophet: Land is originally for God and His Apostle and then for you. It is for him who revives or cultivates it, but he who

leaves it unused for three years, has no right (Abu Yousuf, *al-Kharaj*, p. 350).

Again the rule is that one-fifth of the booty acquired in war should be reserved for God and the Apostle and for charitable purpose: 'And know that of all the booty that ye may acquire (in war), a fifth is for God and for the Apostle and for the kinsman (who hath need) and orphans and the needy and the wayfarer' (8:41). The verse is silent as to the distribution of the rest, that is, four-fifths of the booty but the Prophet distributed it among the forces when Khyber was conquered.

Bilal and others asked the Caliph Umar to act upon the same principle when Iraq and Syria were conquered but he refused to do so alleging that he had to maintain a large army for the defence of State which had, by then, grown into an empire and had also to look after the interests of not only the present forces but their successors and those to come after them and all such interests could be well served if the land was allowed to remain in the possession of the vanquished who would pay *Kharaj* or land tax together with *Jizia* or poll tax. This argument of the Caliph is taken to be socialistic whereas it is not so, for it is not based upon socialism which stands for force and coercion; on the other hand, it has its bearing upon social justice which takes into consideration the interest and welfare of the community as a whole.

In holding to the principle of social justice the Caliph did not deviate from the text of the Quran especially when it is silent with regard to the distribution of four-fifths of the booty. Here it may be said that the Caliph should have followed the example set by the Prophet on the conquest of Khyber. The action of the Prophet was quite justified at that time when the State had not yet developed into an Empire, but with the expansion of the state Umar had to take into consideration the enlarged needs of the State. This is quite in accord with the principle of social justice and is further supported by the Quranic verses (59:7-10), revealed on a similar occasion,

whereby *fai* or property taken from the enemy without a formal war has been held as belonging to all including those who come (into the faith) after them. Further, the words of the Prophet himself bear up the truth that the Head of Islamic State has to take cognizance of the interests of all: 'Why should you be worried about your children' said he to the widow of Jafar ibn Abi Talib, 'when I am responsible for them' (*Ibn Kathir, Al-Bidaya Wa Al-Nihaya*). This shows his concern as the Head of Islamic State for all and even for Children.

In the presence of these words and the above quoted Quranic verses, the Caliph cannot be said to have violated the text of the Quran, nor did he diverge from the *Sunna* (traditions of the Prophet), nor even used his own arbitrary opinion, for the matter was put to vote and carried unanimously in his favour which constitutes *tjma* or concensus of opinion on this point. The Caliph, in short, acted according to the dictates of Divine Law which aims at social justice. Is it, then, fair to hold that he moved in the direction of socialism when he neither suppressed the individuality of any person (which is the function of socialism), nor did he interfere in the private ownership of property, for the property was yet to be distributed and had not passed into anyone's ownership? Hence what Umar did was in the ends of social justice not socialism.

Embarking upon this policy, Islamic state has to see that its citizens are all provided at least with the necessities of life. The uncared for state of the poor was shocking to Abu Dharr, an illustrious companion of the Prophet, who rose in revolt against the luxurious sybarites, selfish misers and thoughtless prodigals of his age, so much so that he was exiled from Damascus at the request of the then governor Muawiyah and even in Madina was asked to live at some distance from the city. His contention was that so long as the essential requirements of all the citizens are not satisfied the rich had no right to hoard wealth or live luxuriously. Keeping back of wealth in the face of pinching poverty of others was to him a crime more serious than breach of trust.

People call Abu Dharr a socialist which is a wrong view because he never preached suppression of man's individuality nor did he advocate collective control of the means of production nor was he against private ownership of property. He was up against the rich to remind them of their social duties and their obligations to the community.

It is on this account that Hazm, the famous Zahiri and author of *Muhalla* has said: 'If the income of Bayt al-Mal or State Treasury falls short of the needs of the poor, the Amir or Head of the State can compel the rich to provide the poor with the indispensable food and the necessary clothing to protect them against the heat of summer and the cold of winter and a shelter to save them from rain, heat and storm' (*Muhalla*, Vol. 6, p. 156). According to the Caliph Umar 'each and every individual Muslim has a right in the property of State Treasury whether he exercises it or not' (Abu Ubayd, *al-Amwal*, p. 304). And this is not socialism but social security, an offshoot of social justice.

Again, on the authority of Abu Saeed al-Khudri, the Prophet is reported to have said: 'He who has extra means of transport, let him pass it on to him who has none; he who has surplus food, let him give it to him who has no food'. The Prophet continued enumerating different kinds of property to such an extent that Abu Saeed thought he had no right to own whatever is surplus (*Muhalla*, Vol. 6, pp. 157-158). It is reported by Mohammad, the son of Caliph Ali, that his father (Ali) said, 'God has charged the rich with a duty to satisfy the needs of the poor and if they are left hungry and naked due to the negligence of the rich, then the rich shall be severely punished by God' (*Muhalla*, Vol. 6, p. 158). The Caliph Umar is reported to have said: 'Had I known what I came to know later I would have taken all the surplus (wealth) from the rich to distribute it among the poor and the immigrants' (*Muhalla* Vol. 6, p 158).

It must have been clear by now that Islam does not stand for the equalization of wealth but upholds its fair and equitable distribution and ensures that essentials of life are provided to all. Inequalities of wealth are to some extent necessary owing to inborn capacities of men. The spur of private property is still necessary to stimulate individual initiative and enterprise and to call forth the best exertion of man's abilities and energies. Let us, at this stage, see what private property connotes and how the individuality of man stands in the Islamic ideology.

Chapter-XV

INDIVIDUALITY OF MAN

Inherent Right

Individuality of man lies in his inherent right to have his personality respected. In the ideology of Islam, man is not a figment or nonentity but a responsible person as established by the Quranic verses: 'No laden one shall bear another's load' (53:38): 'Tor each soul is only that which it hath earned' (2:286). Such and other verses point to the doctrine of personal responsibility of man which implies that he will be treated in his individual capacity and not in relation to society. Thus value of man is not relative but intrinsic and this is well specified in the philosophy of Kant according to whom man must be treated as an end and never as a means.

With Islam man attains his real perfection and ceases to be a mere fraction of polity as considered by Aristotle. He has the right to live and enjoy freedom of thought and action with the only limitation that he should not come into conflict with society. In Islamic society man does not lose his importance, for his personality is respected and he is a centre of great many social relations. Each such relation depends on him, on his qualities, on his actions and also affects him and modifies his qualities and his actions.

Man for Society and Society for Man

Society being a system of interconnected human actions the individual is as essential for it as it is for the individual. Neither is the individual alone of greater importance as in individualism nor is the society only of more significance as in socialism. And, as such, Islam cannot entertain the idea of suppressing one or the other for the individual and society are both of equal importance to the progress in life. Instead of suppression, it prefers to retain the individuality of man under

some restrictions; instead of strangulating his incentive to work it keeps this stimulus alive. Control lawfully rather than crush the individuality of man being the policy of Islam it draws forth what is best in him and this contributes largely to the wealth and welfare of the community.

It is of significance to note that Islamic society is based neither upon the idealism of Hegel nor is it the materialism of Marx, but a happy synthesis of the material and the spiritual both. The evolution of this society is not the result of thesis, antithesis and synthesis of thought as Hegel pronounced, nor is it dependent upon the evolution of the means of production as Marx professed, but it is the outcome of the moral force generated by the hearty interaction of the individual and society both.

The individual and society are, thus, correlatives and, therefore, each responsible for the welfare of the other. This is the conception on which private ownership of property is based in Islam.

Chapter-XVI

PRIVATE OWNERSHIP OF PROPERTY

Meaning of Ownership

Private ownership of property is regarded as a spur to stimulate the best efforts of man which add enormously to the wealth of the community but to a socialist it is the main cause of irrational and unjust distribution of wealth. The Islamic concept of private ownership is of a unique nature. Ownership, in essence is that of God while some rights only, under specific conditions, vest in man so that he may fulfill the purpose of God, that is, the purpose of community by acting as a trustee for those in need.

Ownership, in its most comprehensive significance, denotes the relation between a person and any right that is vested in him. That which a man owns is in all cases a right. To own a piece of land, for instance, is to own a particular kind of right. Such rights, in Islam, carry with them a sense of sanctity as they are not to be used in the interest of a possessor alone but also in the interests of community. And as such, once they are vested in a person he cannot be deprived of them. He can defend such rights with all his might and main and if he is killed in defending them he is considered a martyr (*Ahmed, Musnad*) and he who steals private property receives a severe punishment in the form of amputation of his hand (5:41) because he is supposed to have committed a crime against the whole community.

Conditions under which private ownership of property is allowed are:

1. that it should be acquired by lawful and fair means:
 'they ask thee what is lawful to them; say: lawful unto you are (all) things good and pure' (5:5); 'O ye who believe! Give of the good things that ye have

(honourably) earned' (2:267). Mark the word 'good and pure' and the phrase 'honourably earned'. The condition of 'lawful and fair means' exclude from it all other means which are unlawful and unfair such as gambling, interest, fraud, forgery, false representation and duress etc.;

2. that it should be qualified to form the subject matter of a contract under Islamic law which excludes from this category all other things which are forbidden in Islam such as dead meat (carrion), blood, swine flesh and that on which hath been invoked the name of other than God, that which hath been killed by strangling, or by a violent blow or by head fall or by being gored to death; that hath been (partly) eaten by a wild animal; that which is immolated unto idols (5:4); and also intoxicants (5:93);
3. that *zakat* or poor due must be paid as prescribed by Islamic law and in proportion to the property owned;
4. that the property be so used as not to be injurious to others and also benefit of use be allowed to others if no injury results to the property.

Ownership or *milk* (as it is called in Arabic) has been defined by *Sadr al-Sharia* in *Sharh Viqayah* (vol. 2, p. 173) as the expression of the connection between a man and a thing which is under his absolute power and control to the exclusion of control and disposition by others and *Allama Taftazani* in his *Talwih* (p. 325) has defined it as the power of exclusive control and disposition.

The word *mal* or property applies to that which can be hoarded or secured for use at the time of need. There are three attributes of *mal*: (1) that it must have some value, (2) that it must be a thing the benefit of which is permitted under Islamic law, and (3) that it must be possessed. Things of common use such as light and air cannot be counted as property. It should be

something towards which human nature is inclined and which can be held in reserve as described in *Majalla*, the Ottoman Civil Code. Property consists of two principal classes, movable and immovable; the former includes such thing as can be moved from one place to another, while the latter pertains to things which cannot be moved, for example, land.

Acquisition of Ownership

Ownership, as laid down in *Majalla*, is acquired either by (1) *ihraz*, that is, securing or taking possession of things not already owned by another. This is the original way of acquiring things, (2) *naqal*, that is, transfer by the owner, and (3) *Khalf*, that is, succession for which there is a special law of inheritance.

Air, light, fire, grass, water of the sea, rivers, streams are considered to be the things of common use and they must be so used as not to be injurious to the community. Fire, grass and water have been particularly declared by the Prophet as things of common use or *res nullius*. But the declaration refers to the things which were already in common use and no private. If a person lights a fire in a desert he cannot prevent others from utilizing its warmth and heat. Similarly if there is grass growing wild on a man's land which has no boundary wall or fence or something else to guard against the public, no action will lie against a person for cutting it. But if the grass is cultivated or wild grass is cut and gathered by anyone it becomes his property. Water is common to all but if it is stored in a jar it is turned into private property. Game likewise becomes secured when it is disabled from running or escaping. (See *Majallah*, Articles 1234-1261).

Nature of Private Property

From the above it is quite clear that the conception of private ownership may arise in things not already owned by anyone of possession thereof is lawfully acquired. This shows the wide scope of acquiring private ownership through

possession except that possession cannot be allowed in certain cases as (1) places of worship, public roads, gardens and pastures and the like (2) minerals, but there is a conflict of opinion in this regard. Some are of the opinion that minerals cannot be privately owned and it matters little whether they are mined and extracted by the individual with or without the sanction of State, for in any case the individual will not be entitled to more than his wages, the ownership remaining vested in the State. This sort of opinion, mostly of the Malikites, seems to have its basis upon the conception that property by its nature is such that no one except State is in a position to extract it for the common good. There are others and particularly the Hanafites who say that minerals in the land are subject to ownership of the surface. And, therefore, owner of the land is entitled to derive benefit from the minerals and pay to the State one-fifth of the total proceeds. The Prophet is reported to have granted a mine to Bilal ibn Harith which according to the jurists was only for use not for ownership.

But in view of their importance to the public, minerals and particularly of the type of oil and salt are held, by the jurists like Ibn Abidin and others, to be the things of common use and as such it would be injurious to the public interest if they are granted by the state to any particular person (*Ibn Abidin, Radd al-Muhtar, Kitab Ihya; Al-Haskafi, Durr al-Mukhtar, Kitab Ihya*).

Here we refer to salt mine ownership and possession of which was retained for the state by the Prophet himself.

It is narrated that Abyad ibn Hammal requested the Prophet to allot him a salt mine in *Maarib* which he allotted. But when Abyad turned back the allotment was cancelled as it was pointed out to the Prophet that what he allotted was *al-Ma al-Id* or a perpetual source of salt for the community (Abu Ubaid, *Kitab-al-Amwal*, p. 390).

This version differs from what is given by Yahya b. Adam (*Al-Kharaj*, p. 110). According to it the Prophet, on the request of Abyad ibn Hammal, thought of allotting the salt mine to him

but refused to do so as a person pointed out to him that it was *al-Ma al-Id* (a perpetual source of salt for the community).

Whatever be the case it is fully proved that the allotment was drawn back and the salt mine could not pass into the possession and ownership of Abyad. In other words, the ownership and possession of the mine was retained for the State. The salt being of common use to the public was not allowed to be converted into private property.

This indicates that things of common use may be retained by the State in the Public interest. Hence the verdicts of the jurists that the Imam or Head of the Islamic State should not allot anyone such things as are indispensable for the community.

This rule may be successfully applied to all things of common concern before they pass into private ownership. Also the State may acquire such private property as is indispensable for the community. But it may be permissible to do so, in exceptional cases and on payment of a fair price, as did the Caliph Umar, but not as an oppressive and declared policy of the socialist state.

Mawat or waste land *i.e.*, the land which is not the property of any one, nor forms part of the pasture or forest can be taken by anybody as his private property if he revives it (*i.e.*, brings it under cultivation) with the sanction of the Amir or Head of the State, because all property (excluding private property) is presumed to belong to State. This is according to Abu Hanifa, while it is generally held that no such sanction is necessary and he, who is first in point of reviving it, becomes its owner. The view of Abu Hanifa seems to be correct otherwise it will give rise to disputes.

From the above it is clear that lawful possession of waste land gives the right of ownership but it should be borne in mind that one has to make proper use of it. The Caliph Umar allowed only that much of land to remain in the possession of Bilal ibn Harith which he could use, *i.e.*, cultivate and manage properly (Yahya Ibn Adam, *al-Kharaj*, p. 93).

The point which particularly deserves mention is that Islam lays great stress on the use of land and so long as it is in proper use nobody has the right to dispossess the owner or take it by force, for private property is treated as sacred and the rights relating to it are inviolable. There is not a single case, in the life-time of the Prophet and that of the Orthodox Caliphs, wherein private property was declared as free for the common use or unlawfully brought under government control as it happens in nationalization. And how could it be possible to do so when the Prophet himself in his famous Farwell Hajj Address likened the sanctity of private ownership to the sanctity of human life. Further it may be recalled that in Islam there is free and not controlled economy which itself negates the idea of socialism.

Therefore it is not correct to conclude that Islam is socialism. This sort of conclusion is due mainly to the failure in making distinction between socialism and social justice. Socialism is a theory entirely based upon materialism and materialism is a belief that nothing is real except matter. This implies an outright rejection of religion and is indeed, militant atheism which Islam cannot countenance in any form.

Here we refer to the pastures which are often cited as an example of nationalization of private property by the Prophet and the Caliph Umar, whereas these were the common lands and did not belong to any particular person. One of them called *al-Naqi*, which was declared by the Prophet as a pasture, lay at a distance of eight miles of Medina and according to Abu Ubaid (*al-Amwal*, p. 417) formed a sort of stagnant pool with the result that grass grew on it. And, as such, it was already in common use for cattle to graze on. The other in *ribdha*, which the Caliph Umar declared as a pasture, is proved to be a common land by the very words of those who approached him in protest against this declaration (see, Bukhari, *Sahih*).

Chapter-X VII

ECONOMIC PLANING

Its Importance

Increasing importance is, nowadays, attached to economic planning by the State and this is because of the significant role which the modern States have played in the economic life of the nations. With the abandonment of laissez-faire creed, a great number of economic functions are undertaken by the modern States. We have, therefore, to carve out our own planning to suit the modern conditions. Islam, as we have already stated steers middle course in life avoiding all the evils of Capitalism on the one hand and of Socialism on the other. Islam does not think in terms of unbridled individual liberty and, instead of crushing such liberty, it controls it, in a lawful manner, by imposing upon it obligations to society. Islamic State can exercise its powers in the ends of justice and to ensure social security but not to establish the coercive control as does the Socialist State.

Islam is a universal religion of all embracing character, so is its ideology. It is based upon broad principles which have an amazing capacity to accommodate the growing needs of society. These principles do not change with the times yet absorb all that is in the changing times. The economic planning, therefore, must be a far-sighted planning that view, in the context of life, both temporal and eternal, material and spiritual.

Islamic life lays stress on self-sacrifice which solved the economic problems of the community in the early epochs of Islam. *Ansar* (the Helpers) at Madina have presented an example unparalleled in the history of mankind. They established the most remarkable ties of full brotherhood with *Muhajirs* (the immigrants) who had forsaken their homes and property in Mecca and had migrated to Madina in the cause of

God. The Helpers counted in a privilege and even the poor vied with the rich in their spirit of self-sacrifice until the whole community settled down to its own resources. The Quran has admirably summed up the sacrifice of *Ansar* in these words. '(They) give them (Muhajirs) preference over themselves though poverty becomes their lot' (59:9).

If we could only avoid luxuries in favour of the needy, most of our economic problems will be solved. *Afu* is the Arabic word used in the Quran for what is beyond our legitimate needs and this should go to the welfare of the community 'They ask thee what they ought to spend. Say: that which is surplus' (2:219)

Islamic planning must take into consideration the whole picture of development and all aspects of life in the light of moral values and with an eye upon the Hereafter which alone can restore to life the required balance and equipoise. We must not overstress material comforts and the high standard of living. Human welfare does not consist in giving free reins to our carnal desires but consists in self-control and moderation in life. Our wants should be such as to make their satisfaction a means of raising mankind higher and higher in the scale of righteousness. Only thus can we provide the conditions for a satisfactory existence of all.

General Pattern

Proceeding on these lines we particularly emphasize the importance of alms in Islam—alms which include *sadaqat* or voluntary alms and *zakat* or obligatory alms as well. 'Economic Trust' is a term which covers them both and to administer this Trust, man has to exert his best efforts to utilize the sources of nature in the most efficient and lawful manner and get the maximum output that they can yield so as to satisfy not only his own wants but the wants of community at large. And to achieve this goal, State has to take upon itself the following functions:

- (a) that *zakat* tax be given the widest applicability and be levied on all kinds of property not known in the early epochs of Islam and its collection be well regulated and efficiently managed;
- (b) that land is not allowed to remain without use. It must revert to State if it lies uncultivated for three years or the owner is unable to make proper use of it;
- (c) that the fragmentation of land be controlled by encouraging co-operative farming;
- (d) that private property rights in certain national assets such as forests, mines, means of transport and communication, currency, water and electric supply and the like be suitably limited. It does not mean that those who are in possession of such rights be dispossessed, but the State must be careful in granting such rights and in renewing such contracts;
- (e) that natural sources and particularly those in which the State is in an advantageous position over others must be developed so as to fight poverty and produce more than is consumed and thus make provision for full employment. The assumption of continuous full employment implies a relation between the proportions of income consumed and invested which would yield steady full employment. And investment here means producing more than is currently consumed; it takes the form of adding to the accumulated wealth of society.
- (f) that free education and other facilities intended to equalize opportunity of all be provided. Conditions of public health be improved through sanitation and precautions against infection; medical aid be made free and easily available;

- (g) that cut throat competition is replaced by co-operation and laissez-faire be tempered with a dozen of social legislation in the light of the moral precepts of Islam.
- (h) that progressive taxation, if necessary, be imposed upon large incomes and expenditure for the amelioration of conditions of the numerically large section of community.

Here it seems necessary to mention that the manufacture of armament and munitions which is of vital importance for the purpose of defiance must be under the direct control of State. So far as loans for this and other productive purposes are concerned, the State may borrow from public as well as from other agencies and institutions on such terms as are permissible under Islamic law.

This is the general pattern of economic planning; the details will have to be worked out according to the particular nature of needs and requirements without, in any way, violating the fundamentals of Islam.

The need for planning is evident from the Quranic Verse: 'praise the name of thy Lord the most High, who createth then, disposeth; who measureth, then guideth' (87:2-3).

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