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Guidelines of Islamic Economy

Before explaining the guidelines of Islamic economy it appears to be necessary to keep in view two points regarding economics and its general importance.

(1) Economics

Whatever be his circumstances, man always needs food, clothing, accommodation and other necessities of life, and commensurate to his intellectual and social growth, he tries to secure them in the largest possible quantity and the best possible quality in the easiest possible way.

As far as we know, the question of securing the means of living has always and everywhere been considered and is still considered to be an important and essential problem of human life. In all periods of human life it has been one of the main problems which have attracted the attention of the individuals as well as the nations.

One of the prominent features of the present age also is the attention to the economic questions. On the one hand everyday new efforts are being made to find and preserve the natural resources and to explore new sources of wealth to be utilized in increasing and improving production to the maximum possible extent; and on the other action is being taken not only to meet the economic requirements in the easiest and the quickest possible manner but also to create even new requirements. The methods of distribution and consumption are being continuously revised.

Hence such topics as ownership, capital, enterprise labour and other related questions are the problems which are studied and discussed from various angles in a scientific way.

(2) Importance of Economic problems

Contrary to what is claimed, economy is neither the source of all social affairs, nor the basic of all moral and doctrinal questions. Anyhow, it cannot be denied that it has great impact on the culture, customs, usages and the events of the daily life of the individuals as well as the nations. The impact is so multilateral and subtle and sometimes so complicated that it is not easy to identify it. It is only through a scientific study of the economic and social factors that it is possible to determine it.

Islamic Economy

From a study of the Islamic teachings in the economic field we come to the conclusion that this divine system has paid profound attention to the effective role of economic questions in human life and has taken precautionary measures against the harmful effects of economic injustice.

Before entering on the detailed discussion of Islamic economy, we would like to draw your attention to a few points deduced from the Islamic texts:

Man should always maintain his freedom and should see that his human dignity is not hurt. Imam Ali (P) says:

"Do not be a slave of others because Allah has created you free".

(2) The divine teachings always revolve round the principles of justice, virtue and benevolence to the kindred. They are at war against all that is nasty, undesirable and unjust.

The Qur'an says:

"Surely Allah enjoins justice, kindness and giving to kindred, and He forbids indecency, wickedness and oppression. He exhorts you so that you may take heed". (Surah al-Nahl, 16:90).

Hence the general spirit, which governs all Islamic teachings, consists of support to justice and fair-play, doing good to others, care of the kindred and fight against injustice and corruption. This is the basic criterion for judging the true teachings of Islam in all fields.

(3) The earth and all that is in it belongs to all the people and not to any particular group or class.

The Qur'an says:

"He has laid the earth for His creatures. On it there are fruit and blossom-bearing palm trees, chaff-covered grain and fragrant herbs". (Surah al-Rahman, 55: 10 – 12).

(4) Allah has entrusted the task of reclaiming the land to human beings:

"He brought you forth from the earth and has made you husband it". (Surah Hud, 11:61).

(5) Allah does not like that the economic benefits may be monopolized by a particular class or that wealth may circulate only among the affluent:

"So that wealth may not become exclusive for the rich among you ". (Surah al-Hashr, 59:7).

(6) To live on the labour of others and to be a burden on them debars one from the favour of Allah:

The holy Prophet has said:

"Accursed are those who put their burden on the people".

(7) Wealth should be acquired by lawful and not by unlawful means:

The Qur'an says:

"Do not usurp one another's property by unjust means". (Surah al-Baqarah, 2:188).

The profit of an individual or a group should not involve the loss to others:

The holy Prophet has said:

"In Islam there is nothing causing damage to the people or allowing anyone to cause damage to others".

These are some of the general principles which should always be kept in mind while identifying practical systems of Islam including its economic system.

Ownership

'This book belongs to Ahmad'. What do you understand from this sentence?

Do you not understand from it that there is a relation between this book and Ahmad on the basis of

which he has a right to use it, to keep it for his use, to sell it, to lend it to others and to receive it back from a borrower. This relationship between the book and Ahmad which entitles him to dispose it of and carry it from one place to another is called the bond of ownership.

Kinds of Ownership

There are three kinds of ownership:

- (1) Absolute ownership
- (2) Public ownership
- (3) Private ownership

Absolute ownership

Absolute ownership is that bond which entitles the owner to do whatever he likes with his property without any restriction or restraint.

From the Islamic point of view this kind of ownership belongs to Allah only. He alone can do whatever He likes with all the existing things of this world. He can bring and can take away. He can give life and can take it. He can make ill and can cure. He can give and can take. He can punish and can forgive. And so on and so forth. No external restriction exists in His case, for everything rightly belongs to Him.

The Qur'an says:

"Whatever is in the heavens and the earth belongs to Allah". (Surah al-Najm, 53:31).

It may be noted that all the dispensations of Allah have the nature of mercy, bestowal, conferring and granting perfection and not that of using, exploitation or taking advantage. He disposes of what really belongs to Him, for it is He who has brought everything into existence. This world and everything in it belongs to Him and is sustained by Him. Nothing is self-existing. Hence everything is owned by Him.

The ownership of everyone else, whosoever and whatsoever he may be is only relative, that is of that kind which entitles the owner to deal with his property within the framework fixed for him, without any right of going beyond its limit.

When a man works, exerts himself and earns money, he is recognized to be its owner. But he is not the absolute owner of it. He is only the relative owner of it. He cannot dispose of the money earned by him absolutely according to his will. He cannot throw his money into the sea and that it is his money and hence he can do with it whatever he likes. His right of ownership is limited. For example, he cannot

squander and waste it, for that is not a financial proposition.

Public ownership

According to the economic laws of Islam, all natural resources on the land, in the sea and in the space belong to the general public. They cannot be personal property of anyone. The Islamic traditions have described a large number of natural resources as public property.

According to one tradition, a question was put to imam Ja`far al-Sadiq (P) in this respect.

In reply he said:

"Water-courses, hills, forests, fallow lands left by their owners, are all public property. Furthermore, there are certain other kinds of wealth which, though not included in natural resources, are from the Islamic point of view, a part of public property, for example, the estate of those deceased persons who leave no heir, goes to public treasury".

Private ownership if you go to the bank of a river and catch a fish by hand, or with a hook or net, it becomes your personal property. Before you caught it anybody could go to the river and catch fish including this particular one. But now as you have caught it, none else has a right to take it. Only you can utilize it. If anybody else utilizes it, he can do so only with your permission. Thus you personally are the owner of it.

Islam respects personal property to a certain extent. The basis of personal property in Islam is the respect of the rights of the individual and his aspiration for free enterprise. Islam wants to give incentive to everyone to work and exert himself to the best of his ability, and to hope for the return of his labour. But while Islam wants that everyone should get the produce of his labour, it does not allow anyone to dominate others and deprive them of the fruits of their labour.

Wealth

From economic point of view wealth is not abundant, easily obtainable or unlimited in quantity. It can be used personally and is transferable to others. Wealth in society is like blood in human body. As blood should be in circulation in the body so that all organs in proportion to their need and position may use it to their advantage, similarly wealth also should remain in circulation among all the strata of society so that its members may maintain their life and be vigorous and energetic. If blood is blocked in one organ so that it does not flow to other parts of the body in sufficient quantity thrombosis will cause serious trouble. It may upset the entire system or may even lead to death. Similarly if wealth is blocked in a

particular class of society, many social ailments are likely to develop. As blood keeps all the organs alive and enables the whole body to function in a co-ordinated manner, the same is the case with wealth in society. Without economic equilibrium members of the society cannot make co-ordinated efforts, which are necessary to save the society from decay and ruin.

Islam has given consideration to wealth from different angles. It has been mentioned in more than 70 verses of the holy Qur'an.

In the Surah al-Nisa, verse 5, wealth has been referred to as a means of support for man. The Qur'an says:

"Do not give away to the idiots your property which Allah has made for you a means of your sustenance".

In the Surah al-Baqarah, verse 180, the Surah Saad, verse 32 and the Surah al-Adiyat, verse 8 it has been described as *Khayr*, that is good and beneficial.

Has wealth been censured in the Qur'an?

Though in the Qur'an we find certain verses in which a reference has been made to wealth in a way that gives the impression that this Divine Book regards it as base and despicable, yet if we go a little deeper we can discover that what has been really censured is the excessive reliance on it or attaching too much importance to it and not its real worth. What is opposed in these verses is the love of wealth for the sake of wealth and its use for pomp and show:

"Nay, but you show no kindness to the orphan, nor do you urge the feeding of the needy. On the other hand you devour the inheritance of the orphans greedily along with your own share and love wealth ardently". (Sarah al-Fajr, 89:17 - 20).

"Wealth and children are an ornament of this worldly life. But the good deeds of lasting value are better in the sight of your Lord and hold for you a greater hope". (Sarah al-Kahf, 18:46).

From Islamic point of view money can be used as a means of the welfare of life and satisfaction of human wants. It should be used for improving the general conditions of the people and guiding them to the path of Allah. But it is not to be used as a means of the display of splendour and vanity, nor is it to be hoarded. To make the amassing of wealth a goal of life causes only misery and not happiness.

The Qur'an says:

"Alas for every slanderer and back-biter who amasses wealth and boards it! Does he think that his wealth will make him immortal? Certainly not. He will surely be thrown into the Consuming Furnace". (Sarah al-Humazah, 104: 1 –4).

To amass wealth is a matter of vanity

"Obey not any mean swearer, defamer, going about with slander, hinderer of good, out stepping the limits, sinful, ignoble, besides all that, notoriously mischievous because he possesses wealth and sons. When our verses are recited to him, he says that they are but stories of those of your. We shall brand him on the snout (bring him to disgrace) ". (Surah al Qalam, 68: 10 – 15).

Power and riches should be used as a means of securing the high and noble objectives of life. That is the only proper use of them. Otherwise if they are used to compete with other people in the field of life, they become degrading, and at the most can give only a transient pleasure of this world.

The Qur'an says:

"Know that the life of this world is only a sport and pastime, pageantry and a cause of boasting among you and a vying in the multiplication of wealth and children ". (Surah al Hadid, 57:20).

Such attachment to power and self makes one oblivious of Allah and those ever-lasting values on which humanity of man depends. It makes him engrossed in the trivial matters of daily life – a state not worthy of a purposeful and honest man.

"Believers, let not your wealth and children divert you from the remembrance of Allah. Those who do so shall surely be the losers". (Surah al Munafiqun, 63:9).

That is why the Qur'an has described money and wealth as *Fitnah* or an object of testing and trial. The 28th verse of the Surah al Anfal and the 15th.verse of the Surah al Taghabun introduce it as a means of testing man as to what he does with it and testing others as to how they react to the person who possesses it. If they hold him in respect simply because he is rich, then they have lost two thirds of their faith.

The holy Prophet has said:

"If a man shows humble behaviour toward a rich person because of his riches, two thirds of his faith is gone".

Property rights in the various economic systems of the olden days property rights were almost unlimited.

On the basis of them an owner could utilize and dispose of his property as he liked and did not consider himself subject to any appreciable restriction.

In the capitalistic and semi-capitalistic systems of modern times the basic question for which people work is that of unrestricted freedom to increase private income and to spend it in accordance with personal propensities. As to the question how this income is secured and how it is spent, it is regarded as an uncalled-for intervention in the personal freedom. Only in the cases where the interests of the capitalists clash, restrictions are imposed and regulations are formulated, but not with a view to safeguard the interests of the masses but with a view to regulate the division of wealth among the capitalists.

In these systems the field of economic enterprise is open to only one class, viz. the capitalists. Only those persons belonging to other classes of society who render befitting services to the interests of the capitalists may be allowed to take advantage of this field to some extent. As for the masses the field of economic progress is more or less shut to them and they perforce have to follow the way planned for them invisibly by the capitalists under their overall policy.

In the present socialist systems the right of property has mostly been taken away from the individuals and transferred to the state. In these systems the economic injustice prevailing under the capitalistic system has been considerably reduced, but at the same time a part of the natural human incentive has also disappeared.

Right of property in Islam

In the Islamic system the right of property has a special form by the help of which most of the evil effects of private property under the capitalistic and semi-capitalistic systems can be avoided and at the same time the personal incentive to economic effort can to a great extent be maintained.

According to Islamic concept three basic conditions of the right of property have been visualized.

(1) Property should not have been acquired by unlawful means, that is the means repugnant to any definite rule of Islam.

(2) This acquisition and its continuity should not involve any damage to others.

(3) This acquisition should not invalidate any valid claim nor should establish an invalid one.

On this basis a person who purchases stolen property will not be regarded its owner, though he may not be aware of the fact of the matter, because it has not come to him through lawful means.

Similarly anything obtained by a person through cheating, forgery or coercion will not become his property and he will have no right to transfer it to anyone else.

No individual or group will be regarded as the rightful owner of the money obtained as a result of the transfer of national sources of wealth to others.

Natural Sources of Wealth

Identification of natural resources of wealth and the rules concerning them is one of the most important parts of the Islamic teachings. Some of these sources exist outside the earth which is the abode of the human beings; such as the sun, which is the source of heat and light for the earth, its dwellers and many other planets, and also the moon by the light and other effects of which, such as ebb and tide of the seas, we are benefited. Similarly air, clouds and the stars produce ample effect on human life.

It is evident that resources of this kind are for the benefit of all creatures of Allah and nobody has a right to monopolize them. Allah has described them as His bounty to all man.

Another part of the natural resources to which man has direct access exists on the surface of the earth, the important portion of it being water in the form of oceans, seas and rivers. Still another part is the dry portion of the earth, which comprises 27% of its surface. Then there are all the minerals and other treasures hidden in the depth of the oceans, seas, rivers and mountains, which have an effective role in the life of the human beings.

These are the main sources of wealth existing in the earth. As we have already mentioned the real and true ownership of all these natural resources as well as of man himself pertains to Allah. It must be remembered that the permission of being benefited by these sources has been given to us in human interest, and hence they should not be monopolized by any particular person, persons, class or society to the deprivation of other human beings.

Earth

The earth is one of the most valuable sources of wealth. Concerning the earth there are certain interesting points which are worth knowing.

Ownership of land

In Islam there are three kinds of land from the stand-point of ownership:

- (1) Lands owned by society
- (2) Lands owned by State
- (3) Lands owned by private individuals

Lands owned by society

This kind of lands is not salable. Even the State has no right to sell them. Lands developed and tilled by human hands and those which come under Muslim control consequent on *jihad* are considered to be the property of the Muslim society and none can purchase or sell even one metre thereof. The Muslim government may grant their lease to persons or associations in consideration of rent, called *kharaj* to be deposited in the public treasury.

The lands of Mesopotamia (situated between the two rivers, the Tigris and the Euphrates) in Iraq come under this category. On being asked by Halabi about them, Imam Ja'far al Sadiq (P) said: "These are the property of all Muslims, the Muslims of the present day, those who join the Muslim ummah later, and those who are not born yet".

Abu Bardah asked Imam al Sadiq (P) about the sale and purchase of *kharaj* bearing lands. The Imam replied: "Who can sell them? They belong to all the Muslims".

During the regime of Caliph Umar a man purchased a plot of land on the bank of the Euphrates for laying a garden. After the transaction was finalized, he intimated Umar of it. Umar asked him from whom he had purchased it. He told him that he had purchased it from its owners.

When the Muslims (the Muhajirs and the Ansar,) assembled, Umar turned to that man and said:

"These are the owners of that piece of land. Have you purchased it from these people? The man replied in the negative. Thereupon Umar said: "Then hand over the plot to those from whom you have purchased it and take back your money".

The following points may be noted in respect of these lands: They are forever the property of the Muslim society and can never become personal property of anyone. Hence they cannot be sold, purchased or mortgaged.

The Muslim government, being the custodian of the general interests of the Muslim ummah, is responsible to see that these lands, the national assets as they are, should be put to the best use in accordance with the circumstances prevailing at a particular time, and the income accruing from them should be spent for the welfare of the ummah as a whole.

Lands owned by the State

All undeveloped fallow lands and all uncultivated forests and pastures are the property of the State. The Islamic state must discharge its duty in respect of them keeping in view the interests of the present as well as the future generations. Whenever deemed in the national interest that the land may be given in grant to an individual, society or association, it may be leased. In every case it should be put to the best use.

Lands owned by private individuals

If a person living in a non-Muslim territory decides to embrace Islam and joins the Muslim society his right to the movable and immovable property held by him will be respected. If he was the owner of any land, he will continue to be so.

If the Muslim government in any case deems it in the national interest to assign any plot of land to an individual or a partnership, it can do so. In that case the individual will become the owner of that plot independently or as the member of a partnership.

As you might have observed, in the economic system of Islam the field of personal ownership of land is very limited in principle, and it may be said that, as a rule, this great and all-pervasive source of wealth should not be personal property.

The utilization of the sources of wealth is one of the questions to which heed has been given in the Islamic economy. From Islamic point of view anything which can be used as raw material for producing the stuff required by the members of society, should not be left unattended. Everybody within his means is required to try to reclaim land, bring it under cultivation or put it to some other use, for, according to the Qur'an, Allah has brought forth man on the earth to husband it.

In Islamic jurisprudence the waste land, which has not been developed and put to any use yet, is called 'dead land' and to reclaim it is called 'giving life to the dead land'. According to the Islamic point of view he who takes action to reclaim such land, has a special claim to it.

The holy Prophet has said:

"He who brought a dead (barren) piece of land to life (brought it under cultivation) is the owner of that land".

"Those who reclaim a piece of land and bring it under cultivation, have a better claim to it, and hence it is theirs".

A companion of the Prophet, whose name was Asmar says: "I was with the Prophet along with certain other persons. The Prophet said: "He who takes action first to reclaim a piece of waste land will be the owner of that land".

After this announcement the people became so enthusiastic that they regularly went to the desert to select a suitable piece of land with a view to reclaim it.

It is evident that with the right of occupying the reclaimable land, the enthusiastic people are encouraged to bring more and more land under cultivation with the result that the level of production naturally goes up.

To reclaim land through cultivation or construction of a building, house, factory, etc. naturally takes a long time and cannot be completed in a day. For example, you decide to turn a hectare of land into a garden or a farm. First you go and select a suitable piece of land and then start making necessary arrangements to secure all that is necessary to carry out the intended job.

Obviously all this will require time. Suppose in the meantime some one else selects the same tract of land for his use and starts working on it, then where will you stand? To avert such a situation the economic rules of Islam allow a man who intends to reclaim a tract of land to mark it by stones or fencing. By doing so he will establish a prior claim to it, and nobody else will be able to occupy it while he is making due preparations to reclaim it. Anyhow, marking will have no legal value if resort to it is made with a view to either merely grabbing the land, or depriving others, or to earn money by selling it subsequently.

Keeping arable land uncultivated

If anybody leaves his arable land untilled and does not take action to cultivate it, he loses his claim to it. His land may be handed over to someone else who may undertake to put it to use.

Imam Musa al Kazim (P) is reported to have said:

"Land belongs to Allah, who has given it to His bondmen to earn their livelihood. Hence, if anyone leaves a tract of land unattended and unused for three consecutive years without a valid reason, it goes out of his hands and may be handed over to someone else".

From the above it is clear that:

Firstly he who reclaims a tract of barren land has a right of ownership to it.

Secondly, without developing it and putting it to use, nobody can claim the ownership of barren land.

Thirdly, only superficial occupation and marking are not enough to claim ownership of land. There should be some work of productive and economic nature.

Fourthly, one who reclaims barren land, has a right to it only so long as he puts it to economic use.

Hence the action of those who occupy barren land in different ways simply to earn money by selling it to those who require it for agricultural or construction purposes, is unlawful and contrary to the economic teachings of Islam. They should be stopped from doing that.

Not only the lands which have been simply marked but even those which were reclaimed once but later left neglected and unused may be occupied and put to use by others without requiring permission of the original occupier.

Imam al Sadiq (P) is reported to have said:

"He who develops fallow land and cleans its water channels, has only to pay its *zakat* (tax under the Islamic law). If this land was previously under the occupation of someone else who neglected it and left it unused, he will not have a right to take possession of it again, for all land belongs to Allah and to him who puts it to use".

The Shahid-e-Thani, one of the greatest Shi'ah jurists of the 10th century (Hijri era) says in his book, *Masalik*:

"The waste land reclaimed by a person but left neglected for long, returns to its original position and can be lawfully reclaimed by any other person. The ownership of the first person was due to his reclamation and ceased to exist when he left the land neglected".

Water

Water is one of the first needs of every living being. It is also one of the most valuable natural resources from the agricultural and industrial point of view.

Under the Islamic economic system there are two kinds of water:

(1) The water which is naturally accessible and can be freely availed of.

(2) The water which is not naturally accessible, such as that of wells, underground channels, constructed canals etc.

Naturally accessible water

It is public property. Everyone can avail himself of it. One automatically becomes the owner of any amount of water taken by him for his consumption.

Shaykh Tusi, a great Shi'ah jurist of the 5th century (Hijri era) says in his book, *al-Mabsut*:

Water of sea, of the rivers, such as the Tigris and Euphrates and of the natural springs that issue forth at waste lands, is public property, and according to the unanimous verdict of all jurists can be used lawfully by anyone in any quantity, for ibn Abbas has reported that the holy Prophet said: "All people share three things: water, pasture and fuel".

Water not naturally accessible

There is water which is not directly accessible. For example to be able to make use of underground water it is necessary to dig a well or a subterranean channel. Similarly to utilize the water of big rivers for irrigation it is necessary to dig canals and channels. According to Islamic economy this kind of water is also regarded as public property and is not subject to sale and purchase. The only difference is that in consideration of the effort and exertion made by the person who dug the well or the canal, he has a prior right to use its water to the full satisfaction of his personal, agricultural or industrial needs. Others have no right to obstruct him. But once his need is satisfied, he cannot stop others from using water or demand money from them for being allowed to use it.

In this respect Shaykh Tusi says in *al Mabsut*:

"When we say that such and such person is the owner of that particular well, his ownership only means that he has a prior right to the use of its water for the purposes of drinking, watering the cattle and irrigation. Hence if he has water in excess of his need, it is obligatory on him to make it available free of cost to those who require it".

This rule is based on a tradition which has been quoted from imam al Sadiq (P). He is reported to have

said:

"The holy Prophet prohibited the sale of the water which a person has at his disposal because he has a right to its use for the purpose of drinking and watering of cattle, or because he has built a dam on a river to irrigate his land. If he does not require it, he must not stop others from using it. Hence do not sell such water, but make it available free of cost to your neighbour or brother".

Minerals

One of the other natural resources of great value are minerals.

A great amount of the minerals is found in the earth and on the land. Some amount of them is found in water and in the space also. Many kinds of salts and chemicals which can be extracted from water and the use of solar energy obtained through space have converted water and space into valuable sources of wealth.

According to the rules of Islamic economy, minerals, whatever be their form, cannot become personal property. They will always be the property of society. A reference to the books of the Islamic law shows that as far as those minerals are concerned the extraction of which does not involve large scale drilling, excavation etc. all the jurists and either Muslim scholars are almost unanimous on this point. As for those minerals the extraction and exploitation of which requires large scale excavation etc., though some difference of opinion exists, many of the prominent jurists subscribe to the view that they are also property of society. Muhaqqiq Thani says that this is the view of the majority of Shi'ah jurists.

Economic Role of Human Labour

From the foregoing study we come to the conclusion that the Almighty has put abundant natural resources at the disposal of man and has provided him with all that is necessary for life. There is no doubt that these resources have been provided to him so that he may make the best use of them in his life and not merely for watching them from a distance, or for disregarding them, resorting to monastic life and abandoning the world. Islam denounces renunciation. It is reported that the holy Prophet has said: "There is no monasticism in Islam".

Labour is the key of utilizing natural resources

Man can be benefited by the natural resources only if he works, exerts himself and makes efforts. Suppose a thirsty man is passing by a spring of sweet water. This spring has been created for his use

so that he may quench his thirst. But his thirst can be quenched only if he at least stretches out his hand, takes a handful of water and drinks it. Suppose a hungry man passes by a wild chestnut tree. Its nuts, natural food, are available to satiate his hunger. But at least he has to stretch out his hand, pick the nuts and put them in his mouth. Hence work and only work is the key of utilizing the natural resources, which have been described by the Qur'an as the treasures of Allah's mercy.

When that thirsty person stretched out his hand to the spring and took a handful of water or that hungry person plucked a few chestnuts, it is in the fitness of things that we acknowledge that that handful of water or those chestnuts belong to him, and that none has a right to snatch them from his hand and use them. This right and this bond between man and work is the bond of ownership.

From the study of the economic teachings of Islam we deduce that ownership is the fruit of labour only. When man applies his labour to natural resources, they become his property. His work may be elaborate and complicated or may be very easy and simple such as lifting a thing from its source, taking a handful of water from a river, a canal or a spring, plucking a number of fruits from a wild tree, picking a thorny plant from the forest or catching a bird. In the Islamic jurisprudence such acts are called 'acquiring'. If a person acquires a thing from such natural sources, as cannot be appropriated exclusively by anyone, technically called *Mubahat* ; it is his.

In certain cases it is not so easy to reach a natural source. One has to plan and exert himself to get what he requires. Suppose there is a thirsty person and he wants to get water, but there is no water above ground. Then he will have to dig a well, arrange a bucket and a rope, and then draw water. Or alternatively he will have to make a pump and install it, or dig several wells and connect them by means of an arterial channel, till the water reaches the surface of the earth.

To encourage man to undertake such jobs it is necessary that his right to what he produces is acknowledged and he is assured that the more he will exert himself, the more prosperous his life will be. Of course, while giving him such a right, it is essential to take all aspects of human life into consideration. His encouragement should not pave the way for his indulging in the oppression and exploitation of others and consequently result in their discouragement and disheartening.

That is why Islam, while recognizing man's ownership of the products of his labour, has also placed certain restrictions on personal property.

No gain without work

From an overall study of the economic teachings of Islam it may be deduced that the gain which anyone may make in life depends on his work. Nobody has a right to live on the labour of others without performing any useful work himself. The holy Prophet has been reported to have said: "Accursed is he

who puts his burden on others". (*Wasail al-Shi'ah*, vol. 12, p. 18).

It is reported that a supporter of the Commander of the Faithful, Imam Ali (P) requested him for financial aid. He was expecting that the Imam would grant him a sum from *Bayt al-Mall*, the exchequer.

But the Imam said:

"This money is neither mine nor yours. It is the output of the fights of the Muslims and the present of their swords. If you took part in the fighting you are entitled to a share. Otherwise nothing out of the produce of their labour will be given to others". (*Nahj al-Balaghah*, vol. II p. 226).

In order to safeguard the interests of those who work and exert themselves, the economic system of Islam is against any gains without work. It does not want to give the idle and cunning self-seekers an opportunity to live on the labour of others and deprive the diligent and industrious workers and their families of the bread earned by them by the sweat of their brow. Unemployment and idleness both are harmful to the individual and to the society.

Imam Musa al-Kazim (P) is reported to have said: "Allah hates the idle, sleepy man".

From the Islamic point of view a man who works hard to earn his livelihood is as good as a fighter in the way of Allah. Fighting in the way of Allah aims at strengthening the basis of human virtues and spreading social justice, whereas unemployment and idleness deal a hard blow to both of them.

Production, distribution, services etc.

From the economic point of view of Islam useful work is not confined to such productive activities as agriculture, animal husbandry and industry. Distribution, services and every useful work which meets any human need, is recognized as an economic work, and it is the right of the person who performs it to be benefited by it and to manage the affairs of his life with profit from it.

Production.

A farmer tills the land, scatters seeds in it, irrigates it, weeds it and sprays insecticides on it. At the time of harvest he gathers the produce and prepares it for consumption. But all the consumers cannot come to the farmer to purchase their requirements.

Distribution

Here the requirement of social life paves the way for another essential and useful work. It is necessary that someone else should come, take the commodities of this farmer and other producers and make them available to the consumers. He may carry his wares to the doors of the consumers as a pedlar or may open a shop in the area where the consumers live. In either case it is his job to collect the required commodities from the centres of their production and to sell them to the consumers.

The distribution, that is carrying the goods to the consumer, is in itself a positive, useful and essential work. It is necessary that he who undertakes it must get some profit. It is for this reason that the price of the commodities purchased from a shop or a pedlar is always somewhat higher than the price of the same commodities if purchased direct from a producer.

In healthy economy this difference of price remains within the limit of the value of the additional work undertaken by the distributor in carrying the commodities to the consumer. He is not allowed to make large profit by the goods by purchasing them from the producer at a nominal price and selling them to the consumer at exorbitant rates. The work which is performed by the distributor is called trade and commerce.

Services

There are certain requirements of human life which are neither met by production nor by distribution. When your child falls ill, you take him to the physician. The physician must perform some work to cure him. This work is useful and essential. But is it production or distribution? It is neither. Then what is it? It is a service to you and to your child, a very valuable and effective service. In consideration for his services the physician must get such remuneration as may provide him with the means of living.

In social life there are many occupations which can be considered neither to be a part of production nor that of distribution, but the wheels of life do not revolve without them. In modern terminology they are called services. Under the Islamic economy every kind of useful and essential work, whatever be its nature, production, distribution or services, is acknowledged to be of value, and hence it should fetch a suitable profit.

False work or a device for exploitation

According to the economic principles of Islam only useful and value-generating activity is considered to be true work, that is the work that facilitates basic human life and makes it more pleasant. A thorough study of some Islamic traditions makes it clear that under Islamic economy there is no place for the activities which have no effective role in production, distribution or services. Nobody has a right to contemplate any profit on account of such superfluous and fruitless work.

Imam al Sadiq (P) is reported to have said:

"I don't like to hire a water-mill and let the same for a higher rent, without at least offering a security for it or adding anything to it or equipping it better". (*Wasail al Shi'ah*, vol. 13, p. 259).

Imam al Baqir (P) was asked: "Is it lawful if a craftsman takes an order, but without doing anything himself transfers it to someone else and in this process makes some profit?"

The Imam replied: "He should not do so".

In another version of the report it has been added:

"He should not do so, unless he has carried out the order partly". (*Wasail al Shi'ah*, vol. 13, p. 264 – 265).

A coppersmith referred his case to Imam al Sadiq (P). He said: "I sometimes take an order and then transfer the job to the apprentices working under me on the condition that they will get only 2/3 of the wages settled".

The Imam said: "This is improper, unless you join them in carrying out the job". (*Wasail al Shi'ah*, vol. 13, p. 266).

One of the very effective factors in the increase of the prices is the existence of several middlemen through whose hands the commodity passes from producer to consumer, each of them demanding income for himself without performing any useful and essential work. From the above traditions it may be deduced that so long as these middlemen carry out a useful role at least from the distribution point of view, they are entitled to get profit in proportion to their work, but those middlemen who simply slow down the process of distribution deserve no profit. They should be stopped from carrying out their false work which is only a device for exploiting the producer and the consumer.

The brother of Imam al Kazim (P) asked him:

"Can a man, who has bought some foodstuff, sell it to another person before actually taking possession of the same? "

The Imam replied: "If he sells at profit, he can't; but if he sells it at the cost price, there is no objection".

Usury

One of the false works of the worst kind is usury which should be regarded as one of the most cruel sorts of exploitation. Islam is severely against this dirty form of exploitation, in whatever garb it may appear, and rigorously denounces the usurers. Before we undertake the discussion of usury, it will be well to explain the real role of money in human society.

It is said that money has come into existence to facilitate the exchange of commodities.

In small and primitive societies exchange was made by means of barter. If anybody produced a commodity in a quantity bigger than he required, and needed some other commodities produced or possessed by others, he would exchange his commodity with what others had at a ratio to be fixed mutually by the parties concerned. For example a farmer would exchange his food grains with other necessities of life, such as clothes and other household requirements. In spite of being simple, the barter system presented serious problems in bigger societies because for such a transaction it was necessary to find a person or a market:

- Requiring the commodity offered;
- Ready to exchange it;
- Offering another required commodity of equal value.

For this reason the system of business underwent many changes. Many kinds of markets at various levels were set up and at last money was introduced as a medium of exchange.

Deviation of money from its course

This solution resolved many difficulties, but in its turn created new problems. One of these problems was that money which was designed as a medium of exchange and had to play the role of a measure of the value of production and distribution, gradually lost its original function and itself became an object of transaction.

This situation arose in this manner that some people concentrated some amount of money with them and without accomplishing any work and taking any risk lent it as loan to those who needed it. They demanded from the borrower some additional money or services in lieu of making the loan to him.

In doing so their only objective was to maintain their power and to increase their capital. They did not care whether by receiving that money the borrower made any gain or suffered a loss, and whether he had spent it for the purpose of production or to meet his personal needs. The practice of lending money with the condition that the borrower will return it along with something in addition thereto is called usury.

Today the investment of their hoarded money in usury by the big capitalists has created a queer scene in the economic world. Now the capitalists control both production and consumption as well as the prices. This situation has led to the creation of two opposite classes of the rich and the poor, the well-fed and the starving, the powerful and the powerless in society. This totally undesirable state of affairs may be described as imperceptible slavery.

Islam severely forbids usury and is not in favour of the use of money as an independent factor to earn profit, for such a practice causes economic rift. Islam is also opposed to the stagnation of money. It does not want that it should be withheld from circulation and hoarded by anybody. Money should be used for increasing economic activity, enhancing production and creating new jobs for the members of society so that it may play its correct and effective role. Under Islamic economy if the stagnant money reaches a certain level and is not utilized for one year, a tax of 2 1/2 per cent, called zakat is levied on it.

Precedents of usury in history

In Egypt: As recorded in history, usury existed in ancient Egypt. The only condition was that the total of interest should not exceed the principal, viz. the original sum lent.

In Greece and Rome: In these two lands usury was practised. If the borrower failed to repay the loan with interest, he was captured and enslaved.

In China: In ancient China the practice of usury and the resultant malice and hatred between the exploiting class and the exploited had assumed such proportions that there is still a proverb in Chinese which says that "the major thieves are the money-changers".

In Arabia: Before the advent of Islam usury was rampant in this land. In Madina there were Jewish tribes engaged in trade. Though there are injunctions in the Old Testament which forbid usury, they advanced money as loan on interest to the people who in their turn lent it at a higher rate of interest to others.

Usury in the Qur'an

The basic objective of Islam being the emancipation of people from every kind of material and doctrinal slavery, in the economic field also it has paid due attention to all the factors which restrict the freedom of action and lead to material and intellectual bondage. It has formulated rules to save the situation. One of these rules is the prohibition of usury, which was enforced by the Qur'an in several stages. In the first stage the practice of usury was declared undesirable, and attention was drawn to meeting the social needs of the needy without thinking of making any profit.

"What you give by way of usury, so that it may increase in the wealth of others does not increase in the sight of Allah. But what zakat you give in desiring Allah's pleasure, will be repaid to you manifold". (Surah al-Rum, 30:39).

In the second stage the Jewish usurers were denounced, as they indulged in the practice of usury in spite of the fact that their own religious injunctions prohibited it. They were told that they were destined to painful chastisement:

"Because of their practising usury, though they were forbidden it and their devouring the property of people wrongfully. We have prepared a painful punishment for the disbelievers among there ". (Surah al-Nisa, 4:161).

In the third stage exorbitant and compound interest was forbidden.

"Believers, do not devour usury doubled and redoubled". (Surah Ale Imran, 3:130).

At last in the fourth stage usury was abolished altogether and its practice was declared tantamount to an act of hostility against Allah and His Messenger. The Muslims were asked to return what they had taken by way of interest and this was declared to be one of the conditions of faith.

"Believers, have fear of Allah and forego what is still due to you from usury, if you are (true) believers. But if you do not do, be warred of war against you by Allah and His Messenger". (Surah al-Baqarah, 2:278).

Why has usury been so strictly prohibited?

As to the reasons of the prohibition of usury and that too with such severity, a number of traditions have come down to us from the leaders of Islam who have pointed out how

harmful it is to the moral and economic life of the individual and society. We quote one tradition as an example.

One of his companions sent certain questions to Imam al-Riza (P) and requested him to reply to them in writing. One of the questions was about usury. In this respect the Imam wrote as under:

"Usury is unlawful, for Allah, the Almighty has forbidden it because it brings ruin and leads to the wastage of the property of the people. When a person borrows one dirham, but pays back two, he pays one in lieu of that what he had taken, but his second dirham has been wasted. Thus one of the two parties has suffered loss. That is why Allah has forbidden usury. It is just as Allah has decreed that the

property of a person of weak intellect will not be made over to him until he has developed sufficient judgment and discretion, because it is feared that his property will go waste.

For the same reason the charging of interest in the case of sale on credit is also forbidden. That also does away with fellow-feeling and causes loss of property. Everybody becomes interested in making easy profit and gives up the practice of advancing interest-free loans, though it is an act of virtue to help the needy and to lend them money without charging interest. In any case, usury leads to corruption, injustice, violation of the rights of others and the wastage of property". (*Wasail al Shi'ah*, vol. 12, pp. 425 – 426).

In this tradition attention has been given to two basic reasons of the prohibition of usury:

(1) Wastage of a part of the property of the man who pays interest and its transfer to the pocket of the usurer for nothing. Usury is a sort of plundering the people and stealing the produce of their labour. It is grave injustice. It paves the way for economic crises. It makes the rich, richer and the poor, poorer. Hence it must be stopped.

(2) Kindling the fire of avarice, strengthening the spirit of profiteering and weakening that of fellow-feeling and philanthropy.

A scientific study of the effects of usury also points out the same economic and moral evils which have been reflected in this tradition. By studying the relation of the big and small usurers with life and the people everyone can feel this painful reality both in the economic and moral fields.

Banking

Usually when the subject of the prohibition of usury is discussed, a question is raised as to whether with its abolition the whole system of banking will not come to a standstill, while it is known that banking is an essential part of our modern life.

The reply to this question demands that we should discuss the problem in detail.

Banking activity can be divided into two distinct parts, one not normally linked to interest, and the other normally linked to it.

The first part includes such functions as those connected with drafts, pay orders and cheques, current account, saving account not bearing interest, money exchange etc.

The second part includes the advancing of commercial, agricultural, industrial, occupational, house

building, business opening loans etc.

The first kind of activities are very effective in facilitating the life and commercial dealings and have no inherent harmful effects, neither for the individual nor for the society.

Suppose a father wants to send money for the monthly expenses of the education of his son, studying in an education centre somewhere else, or a merchant of one city wants to make payment for the goods purchased by him in another city.

They either will have to undertake a journey themselves to make the payment at the other end and thus undergo heavy expenses and much inconvenience, or they will have to look for an honest and trust worthy passenger going to the place concerned. Alternatively they may search for a merchant in their town having a business link at the other place and send a draft through him. Evidently each of last two cases involves much inconvenience and worry.

Will it not be better to have a vast and reliable institution which may carry out this function conveniently and satisfactorily at a minimum cost? Such an institution is the bank.

A man engaged in his business dealings the whole day wants to go home in the evening with relaxed mind and wants to spend his rest hours with his wife and children peacefully. He may have a hundred or a thousand or more dollars with him in his store. If he carries the cash with him, he is afraid of robbery and if he leaves it at his store, there is a possibility of theft. He is worried about the safety of this money and cannot sleep with his mind at rest.

In these circumstances it is better if a well-equipped institution takes his money daily for safe custody and, whenever he wants, pays him back against a cheque or pays to anyone else in whose favour he draws a cheque. This is a very useful function of a bank.

An economical and discreet man, and for that matter a woman or a child, saves something from his daily income for the rainy day. However small this amount may be, it is difficult for him to keep it with himself for, on the one hand, any moment he may have a temptation to spend it, and on the other, there is a possibility of its being lost or stolen. If he hands over his savings to someone else for safe custody, that person may misappropriate it or may not be in a position to return it when demanded. It will be a great boon to the people if an institution undertakes to keep their savings and to return the same whenever required by them. This is another useful function of the banks.

In the case of big transactions involving large amounts it is difficult to count the money, especially the small currency notes. Their counting takes a long time and whatever care is taken there is always a possibility of a mistake. In such cases if the payment is made by means of a cheque much time is saved

and the possibility of a mistake is also averted.

These and similar other advantages of the banking system cannot be denied, and it will be foolish to overlook them.

The banks with their vast organization and reliable position render a very useful service in meeting such requirements of life, and this is enough vindication of the necessity of their existence.

The prohibition of usury, howsoever vast its sphere is supposed to be, does not in anyway hamper such banking activities. In Islamic society both the state and the individuals can set up institutions to carry out such functions and can charge their commission on percentage basis for the service rendered by them, without being involved in usury.

There is no reason why the banks instead of carrying out current account transactions free, giving interest on saving accounts, and meeting their expenses by charging interest from the borrowers should not charge adequate commission on current and saving accounts in the same way as they do in the case of drafts and letters of credit. Thus they will be able not only to meet their expenses but also to earn profit without being involved in usury.

Thus the total prohibition of usury in Islam does not in any way hamper the banking activities of the first kind, nor does it deprive the Muslim society from such useful and beneficial facilities of life.

As for the second kind of activities, in most parts of the world today they do not aim merely at economic welfare. Their main aim is usury accompanied by acquiring power and establishing grand formations. The economic welfare and the progress of knowledge and industry even if taken care of are only secondary considerations.

The banks are always on the lookout for the most suitable projects to invest their capital with a view to earn the maximum interest. If in certain cases they are found to lend money for strengthening the economy of an institution or a nation, they do so only to serve their own interest and not that of the institution or the nation concerned. These capitalists are wise enough to be anxious to preserve the source of their profit-making for ever. They are the discreet leeches. When they stick on a body, they do not suck so much blood out of it that it should fall totally exhausted. They leave some spark of life for it so that it may continue to struggle between life and death and keep on serving their interests.

The financial and commercial laws of Islam have no doubt forbidden this side of banking.

It is possible that with this prohibition, the big capitalists may not be found willing to invest their capital in bank loans and may not agree to lend their money without any interest. In this case the following

questions will arise:

(1) Big industrial, agricultural, transport and trade projects require huge capital investment. A part of the capital is normally supplied by the banks. If interest bearing loans are forbidden, the expansion of these activities and consequently the progress of science, industry and economy will be undermined.

(2) It often happens that a worker, a professional, a farmer or a craftsman falls into straitened circumstances and the solution of his problem depends on a small loan. Even an interest-bearing loan is a great boon for him. With the prohibition of interest such a solution will not be possible and many a family will have to face unbearable difficulties.

(3) The loans for house-building and starting business even if accompanied by interest are a means of the welfare of the under-privileged classes. These classes should not be deprived of the only means at their disposal by prohibiting usury.

Solution of the problem

in the foregoing question. each of these two has been put in the other's place.

It is true that the accomplishment of vast and extensive industrial and agricultural projects and the scientific and technological progress in the fields of industry and agriculture require huge sums of money. But it is not necessary that big capital should always belong to a particular person or a limited number of persons, and the way of procuring vast capital is not confined to the usual practice of the capitalist countries of taking full-interest or low interest loans from the banks.

Vast funds can be created out of the capital belonging to small capitalists, by forming joint stock companies and co-operative societies and invested in the development projects. There is no need of seeking any aid from the big capitalists and usurers. The profit of such companies, if any, will be distributed among a larger number of individuals, thus ensuring social justice and preventing the concentration of wealth in the hands of a limited number of self-indulgent and voluptuous capitalists in the society.

Thus the prohibition of usury does not stop the creation of big capital. It only stops the emergence of big capitalists, and that is what is wanted by Islam and has been advocated by most of the progressive social thinkers of the past few centuries.

Furthermore, the efficient and sound governments can make investment on a large scale in big industrial, irrigational and agricultural projects in a far better way than the private capitalists. As a good government represents the nation, naturally the investment made by it will be utilized in the best interest

of the nation.

The nationalization of the big industries by the capitalist countries and their action to build dams, roads, railways and shipping lines in the public sector, shows that big investment is not the monopoly of the big capitalists, the usurers.

It may possibly be said that the governments are not good traders and good employers and it is therefore, better to leave the management of economic affairs, and even of other development sectors like education, health and reconstruction and development in the hands of private sector subject to free competition. The governments should abstain from involving themselves direct in such activities. Their duty is only to undertake special projects and to provide correct guidelines in the best interest of the nation.

In that event the duty of the government will be to set up special banks in the public sector to provide interest-free loans to the individuals and the private institutions and thus control the economy of the country. Such a position will automatically give the government a good opportunity to give preference to the interests of the nation over the special interests of the borrowers and to see that the national capital does not fall into the hands of the private profiteers and hoarders.

The government can impose heavy taxes on the profits earned by the receivers of these loans and spend the income to the national benefit. This way it can again check the emergence of the petty-minded luxurious and licentious capitalists and guard against deep class rift in the society.

As for the second and the third questions, there are two possible ways of dealing with them:

(1) Setting up of `societies' for advancing interest-free loans by individuals or by groups of persons.

Allah has promised abundant reward for advancing interest-free loans and has regarded this act superior to giving alms and grants in aid. If this work is organized on proper lines and proper publicity is given to it, such `societies' are bound to become popular. Even now some such societies exist.

These societies may charge a fixed percentage in the name of service charges to meet their current expenses but there being no question of interest on the actual money advanced. Their annual statement of account should not show any profit.

(2) Establishment of interest-free banks

If the above method does not prove adequate, it is again the duty of the government to set up banks out

of the public budget to advance occupational, industrial, agricultural, house-building and business opening loans. To cover the current expenses these banks may collect service charges, but should not be allowed to charge any interest on the actual loan. (For details a reference may be made to ***Al-Bank al-Ja Rabawi fil Islam*** (Interest free bank in Islam) by Ayatullah Muhammad Baqir al-Sadr.)

Conclusion

The prohibition of usury does not hamper any social or economic benefits of the banks. True interest-free banking based on service charges is not lawful but is also a national duty obligatory on the Muslim community as a whole.

With the prohibition of usury what has been forbidden is the interest-bearing banking and the emergence of a self-indulgent and voluptuous class. This in itself is a big distinction of the financial and commercial laws of Islam.

Transfer of Ownership

It is a right of the owner of a thing to be able to transfer it to others. In certain cases this transfer instead of being voluntary is forced.

A voluntary transfer takes place by means of a transaction and a forced transfer through inheritance etc.

Transactions

There are many kinds of transactions depending on their purpose, and in various economic systems they take different forms. Every transaction has its own rules. In this book we mention some of the most common forms of transactions, such as:

- (1) Sale: It means the transfer of a determinate commodity in exchange for another commodity or money, such as the sale of a house. In financial and other similar transactions money is exchanged for another money.
- (2) Gift: It means the transfer of a property or a sum of money to someone else as a present, either totally without compensation or accompanied by the acceptance of a present or gift made by the other party.
- (3) Loan: It means the transfer of a property or a sum of money on the condition that its equivalent will

be returned after the expiry of a fixed period.

(4) Mortgage: It means putting a thing in pawn, that is handing over property by a debtor to his creditors as a security for the debt with the promise that it shall be returned on payment of debt. If the creditor fails to pay the debt, the creditor can sell the property to satisfy his debt out of the sale proceeds in accordance with the relevant rules and hand over the surplus money, if any, to the owner of the mortgaged property.

(5) Letting: It means a transfer of the right of enjoying the use and advantages of property (and not its ownership) for a fixed period in consideration of a fixed rent, such as the letting of a house, a store, a car, an aeroplane etc.

(6) Borrowing: It means giving by a person of a thing to another person intending that the latter should enjoy its use gratis and return it. For example you lend your bicycle or car to a friend for going to a certain place and returning it to you after coming back from there.

There are two ways of effecting this kind of transaction. Either it may be stipulated that if the bicycle or the car in question is damaged, the borrower will be responsible, or no such condition is made.

In the first case the borrower will be responsible to make amends for any loss or damage. In the second case he will not be held liable if the bicycle or the car is destroyed or damaged without his fault.

(7) Guarantee: It means taking responsibility for the payment of debt incurred by another person. In this case if the debtor does not discharge his obligation, the guarantor is liable to make the payment. This is one of the most ancient forms of insurance. Most of the latest forms of insurance are also a kind of guarantee developed according to modern needs.

Those forms of insurance that do not fall under the category of guarantee, may be regarded as new and independent kinds of transaction. They will be governed by the general Islamic laws regarding transactions and contracts.

General rules of transaction

In all transactions the following rules must be observed:

(1) The two parties to the transaction must be adult.

(2) Besides being adult, they must be mature, viz. within the usual limits they must be able to understand the nature of the transaction. A transaction effected by a lunatic or an idiot, not having sufficient

judgement and understanding has no legal value.

(3) A transaction must be effected voluntarily. If effected under duress, it will have no legal value.

(4) A person effecting a contract must not have been placed under inhibition and restrained from alienation and disposition of property. The competent authorities may pass an interdiction or prohibitory order restraining all alienations by an insolvent.

(5) The two parties should have an adequate knowledge of the subject-matter of transaction in regard to its quantity and main characteristics such as its colour, shape, design, location, method of use etc. There should be no ambiguity which may cause any dispute subsequently.

If the parties concerned decide to effect a transaction without being meticulous about the details of the subject of transaction, the deal should be based on a compromise either with or without some recompense.

(6) The transaction which is being entered into should not be a help to sin, injustice or corruption. As a rule it must not involve a violation of any sound law.

(7) Every transaction should be clear and free from every kind of fraud and deceit. A purchaser should have no fear that defective goods will be passed to him or that he will be over-charged. Such suspicion and lack of confidence is the source of much bitterness in individual and social life.

Imam Ali (P) is reported to have said:

"Allah loves an honest professional". (*Wasail al-Shi'ah*; vol. 12, p. 96).

In the course of a lengthy tradition the holy Prophet is reported to have said: "He who cheats the people in the transactions is not a Muslim". (*Wasail al-Shi'ah* vol. 12, p. 210).

Imam Ja'far al-Sadiq (P) is reported to have said:

"The holy Prophet forbade the adulteration of milk for sale by the admixture of water". (*Wasail* , vol. 12, p. 208).

Hisham ibn Hakam is reported to have said:

"I was selling sabiri cloth (a kind of fine cloth, the quality of which is difficult to ascertain in shade) in shade. Imam Musa al Kazim (P) passed by that way mounted on a horse. He turned to me and said:

"Hisham to sell a thing in shade is a kind of fraud, which is forbidden". (*Wasail al-Shi'ah*, vol. 12, p. 208).

Imam Ja'far al-Sadiq (P) has said:

"It is prohibited to cheat a person who has not been meticulous about a transaction and has relied on you". (*Wasail al-Shi'ah*, vol. 12, p. 363).

Different kinds of sale

There are four kinds of sale dependant on whether the subject of sale and its price are delivered at the time of bargain or subsequently.

(1) Cash: Both the goods and the price are existent and are exchanged at the time of transaction.

(2) Credit: The goods are existent and are delivered to the purchaser immediately, but he pays the price subsequently.

(3) Forward sale/purchase: The goods are not existent, but the price is paid in cash.

(4) Speculation: Neither the goods are existent, nor their price is paid in cash. This kind of speculative transaction is void in Islam and has no legal effect. This kind of sale which now-a-days is considered to be normal in many cases, puts an extra burden on the consumer without the original producer gaining anything from the increase, in prices which go up unnecessarily with the intervention of additional middle-men.

Speculative sale and as a rule any sale before taking possession of the goods is one of the main causes of the deviation of trade from its normal course. As we have already said the true role of a merchant is to undertake distribution of goods and to 'earn a reasonable profit in consideration for his labour. But in the case of speculative transaction there is no actual give and take and hence the question of distribution does not arise. The dealing is only verbal or at the most merely on paper. Its official recognition means that a buyer, without investing anything, purchases the goods in the air and subsequently sells them at a profit. The next buyer also does the same, and again secures further profit without carrying out the least work of distribution. The only effect of such a transaction is the unnecessary increase in the number of the middlemen and their commission, leading to the false increase in the price. The producer and the real distributor not only are not benefited by this increase, but have to bear an extra burden as consumers.

A careful study of the Islamic traditions will show that in Islam special heed has been given to this economic deviation. We have already quoted a saying of Imam al-Kazim (P) in regard to the sale of the

goods before taking possession of them.

Necessity of knowing the laws of trade

Anybody who wants to start any kind of business should first make himself conversant with the religious laws of trade so that he may not be involved in unlawful activities and may not harm the society.

Imam Ali (P) has been reported to have said on many occasions:

"First law, then trade".

Some of the recommendations made by Islam in this behalf are the following:

There should be no disparity in the price of a commodity quoted to different customers.

The seller should not be severe and rude to the customers while bargaining.

He should not hesitate as far as possible to take back a sold item if a customer so desires.

There is a tradition which says:

"On the Day of Judgement Allah will forgive the mistakes of a person who takes back the goods sold to a Muslim".

He should abstain from swearing even if the subject of oath is true. He should point out if the goods are defective. He should not praise his goods too much. Similarly the buyer also should not disparage them.

He must strictly abstain from under-weighting and regard it as a deadly sin. He should always keep in mind what the holy Qur'an says in this respect:

'Alas for the defrauders who when others measure for them, demand it full. But when they measure to others or weigh for them, they defraud them! Do they not think that they will be raised to life again on a fateful day: The day when all mankind will stand before the Lord of the universe?' (Surah al-Mutaffifin, 83:1 – 6).

It may be pointed out that under-weighting should not be regarded as confined to trading only. It has a far wider significance. At every stage of social life one should behave towards others as he expects them to behave towards him. It is not only those who handle a weighing balance that under-weigh.

Revocation of contract

The parties to a contract of sale have a right to revoke if for a number of causes. It can be revoked:

- (1) In the case of animals within, three days, a period during which all the characteristics of the animal should become clear.
- (2) Before the parties disperse and leave the place where contract was made.
- (3) If it is discovered that either party has been wronged to an appreciable extent.
- (4) If the purchaser of an article subsequently discovers a defect in it.
- (5) If the purchaser unduly delays the payment of the price.
- (6) If the seller fails to give delivery of the article sold.
- (7) In pursuance of an option stipulated in the contract for one party or for both the parties.

Inheritance

Inheritance is the best known instance of the forced transfer of property from one person to other individuals.

On the whole inheritance has a natural basis. What is the natural incentive to make economic effort? Normally the foremost motive of everybody is to meet his own economic needs and those of his family.

There is no doubt that, this is not the only motive of all economic activity, but it cannot be denied that this is the most natural and the most common motive.

As we pointed out in the course of our discussion of the family one of the strongest family bonds is the economic tie and the mutual responsibility of members of a family to meet the needs of each other.

As it seldom happens that at the time of his death a man may not have even a suit of clothing, or a bedding consisting of at least a mat or a rough blanket, the question automatically arises with his death as to what should be done with his belongings, howsoever insignificant they may be.

The most natural answer to this question is that they should be put to the same use to which they were being put during his life time that is, to meet the economic needs of his family and near relatives.

If a person dies leaving no relative and no successor by contract, his property, whatever it may be, will go to the society in which he lived, and hence is given to the *Bayt al Mall*.

It may be mentioned that in Islam the official recognition of this natural transfer of the property of a deceased person to his relatives does not in any way imply that the hoarding of wealth for the heirs should become an economic goal of man.

There are many verses of the Qur'an and a large number of traditions which emphasize that the produce of the labour of man is meant to satisfy the needs of himself and his family and the society and not to be hoarded to serve as valuable treasure for himself and his wife, children and kinsfolk. We propose to quote a few verses and traditions as an example while studying the question of hoarding wealth.

Division of inheritance

All that is left by a man has to go to his near relatives, but how?

There are different methods of this division under various economic systems. Islam also has its own method, which is summarized hereunder:

According to the Islamic law of inheritance the relatives are divided into the following categories:

(1) Husband and wife.

(2) Parents, children and grand-children.

(3) Grand-father, grand-mother, sister and brother, children of sister and children of brother.

(4) Paternal uncle, paternal aunt, maternal uncle, maternal aunt and their children.

(5) Those with whom the deceased entered into a reciprocal contract that they would pay any fine or compensation to which he might become liable.

Each of the husband and the wife inherits from the other in all circumstances. But in the case of others a sequence is observed. Besides the husband and wife the property of a deceased goes first to his father, mother, children and grand children. If he did not have father, mother, child and grand child, then the turn of the next category, viz. grand-father, grand-mother, sister and brother or their children comes. If there is none of this category also, then the inheritance will go to the next category, viz. uncle, aunt and their children; and so on.

The share of each heir has been fixed by Islam according to a regular scheme. To know the details a reference may be made to Articles of Islamic Acts (Islamic Seminary Publication) or to some other book on the subject of inheritance.

Distribution of Wealth

Observation and social experiments under various social and economic systems show that from the point of view of physical and mental capabilities human beings widely differ from one another. What we are talking about is the innate and natural disparity and not that caused by social and economic injustice and privations which can be rectified by the removal of its causes. Such differences are caused by such factors as the lack or abundance of nutrition, the knowledge of its correct methods or the educational and training facilities, and do not constitute a natural disparity.

These differences should not be accepted as compulsion of destiny and every effort should be made to establish a just social and economic order.

However it appears that even after doing away with these artificial differences, there will still be variations in the physical and mental capabilities of the human beings, and their ways of thinking and doing will always differ even under the most equitable social and economic system.

As the result of this innate intellectual and practical disparity the proceeds of the economic effort of human beings cannot naturally be equal. Two fishermen go to the sea to catch fish. Both of them try from morning till evening. One of them does not catch more than fifteen fish, whereas the other on account of being more skilful catches within the same period of time and with the same amount of effort as many as sixty, viz. four times what the first man caught. In one year there is bound to be an appreciable difference in the economic positions of these two men. Hence, even if we admit that only proceeds of labour can be the foundation of personal property, we cannot avoid the emergence of differences in the economic level of human beings.

The above was the case of the difference in the level of the two healthy and fit persons. But we know that more or less in every society weak and disabled persons are also

found. Their economic position will certainly be far worse than even that of the low-income group and they will in all probability be living below subsistence level. Hence even under an economic system based on the natural principle of 'property is the outcome of labour' we should come across 'income less', 'low-income' and 'high-income' groups.

Should we content ourselves by saying that it is a natural necessity and that we cannot fight against

nature? Hence, should we leave the three groups to their fate? Should we let the high-income group remain plunged into luxuries; the low-income group committed to hard work; and the income-less group doomed to beggary and humiliation? Or should we think of some remedy?

This remedy has taken different forms under various economic systems. Anyhow, the main objective is the same, that is, to achieve more equitable distribution of wealth, and for that purpose to take something from the high-income groups and to give it to the low-income groups or to spend it to meet their requirements.

A prominent part of the economic teachings of Islam is devoted to the steps which this divine system has taken to achieve equitable distribution of wealth. Some of the actions which the Muslims should take for this purpose have been described by the holy Qur'an as *infaq* (spending).

Spending

Islam has not left the high-income people to themselves but has emphatically called on them to spend what they have in the way of Allah and for the welfare of the people.

The holy Qur'an says:

"You shall never attain righteousness until you spend (in charity) what you cherish, and whatever you spend, Allah is fully aware of it". (Surah Ale Imran, 3:92).

Describing the characteristics of the believers, the Surah al-Shura, 42:38, says:

"Those who obey their Lord and who keep up prayers and whose affairs are a matter of counsel and who spend (in charity) out of what We have provided them".

These and many other verses of the Qur'an exhort the rich to abandon love of money and spend it for the amelioration of the lot of the people.

The Surah al-Baqarah, 2:177, warns the rich that they will not be regarded as the virtuous till they spend money in charity:

"It is not righteousness that you turn your face to the East and the West, but the righteous is he who believes in Allah, the resurrection, the angels, the Book and the prophets; and gives his wealth for love of Allah to the kindred, the orphans, the destitutes, the wayfarers the needy for the redemption of the captives".

Having heard all these exhortations of the Qur'an, some devout Muslims asked the holy Prophet what portion of their wealth they were required to spend. In reply the following verse was revealed:

"They ask you what they ought to spend (in charity), say: That which you can spare". (Surah Baqarah, 2:219).

The Surah al-Hashr, 59:9, goes a step further and lauds those pious Muslims who in spite of being needy themselves, gave preference to the needs of their brother and sister Muslims over their own:

"Those who had their homes in the city and had accepted the faith before their arrival, love those who migrated to them for refuge, and do not feel jealous for what has been given to them. They give preference to them over themselves even though poverty became their own lot. Those who are saved from their own greed, shall surely be prosperous".

Generally speaking the Qur'an wants that out of his property and extra lawful earnings a Muslim should use a part to meet the moderate needs of himself and his family and should spend the rest in the way of Allah and for the welfare of the people. Otherwise he will either be guilty of extravagance or will commit a bigger sin of hoarding both of which have been severely denounced by Islam.

There are many verses in the Qur'an which denounce every kind of extravagance. We quote just one verse, as an example:

"It is He who produces all kinds of gardens (trallised and untrallised,) the date-palm, the various kinds of food crops, the olives and pomegranates, like each other and unlike each other. Eat of their fruit when they yield fruit and pay the due of them on the harvest day, and do not be prodigal. Surely Allah does not like the prodigal". (Surah al-An'am, 6: 141).

In this verse it has been laid down expressly that the entire produce of a field or a garden is not meant for the personal consumption of its owner. Others also have a rightful claim on it.

In the following verses prodigality has been censured thus:

"Give to the near of kin his due and also to the needy and the wayfarer. Don't squander your wealth wastefully. The squanderers are indeed Satan's brothers and Satan is ever ungrateful to his Lord". (Surah al-Isra, 17:26 - 27).

Prohibition of the hoarding of wealth

The holy Qur'an severely censures the hoarders of wealth and says:

"Those who board up gold and silver and spend it not in Allah's way unto them give tidings of a painful punishment. On the day when it will (all) be heated in the fire of Hell; then their foreheads and their sides and their backs will be branded therewith and it will be said to them. This is what you hoarded up for yourselves. Now taste what you used to board". (Surah al-Tawbah, 9:34 – 35).

These verses were revealed along with the verses regarding *jihad*, and it appears that they refer to those who in spite of their financial competence evaded contribution to the war expenses. From these verses we may deduce a general rule that so long as society is in need of money nobody should think of amassing it for himself or his dependants.

To keep money stagnant has been especially denounced in Islamic traditions. This denunciation underlines another aspect of Islam's fight against hoarding:

Imam al Sadiq (P) is reported to have said to one of his companions:

"A man on his death leaves nothing behind heavier and more laden with responsibility than cash". His companion asked, "Then what should he do with it?" The Imam replied, "He should invest it in a garden, a farm or a house".

Spending categories in the verse on 'spending' a number of categories have been mentioned, which may collectively be put under the heading of 'the needs and the needy'.

Among these categories we find the following headings:

(1) In the way of Allah:

"Those who spend their wealth in the way of Allah " (Surah al-Baqarah, 2:262).

(2) Parents and near of kin:

"They ask you (O Prophet) what they shall spend. Say: What you spend (in charity) must go to your parents and near of kin" : (Surah al-Baqarah, 2:215).

(3) The orphans, the needy and the way-farers:

***"To the orphans, the needy and the wayfarers "* (Surah al-Baqarah, 2:215).**

This category includes all those who are unable to secure means of living because they have lost the

head of the family, are unable to work, do not find a job, are away from their homes due to journeying or immigration and have no means of livelihood.

(4) **Expenses of Jihad:**

A good number of verses are about spending on Jihad which includes the purchase of arms and equipment as well as providing the means of living to the fighters and their families.

On the necessity of such spending and its vital role in the security of human life the Qur'an says:

"Spend your wealth for the cause of Allah, and do not cast by your own hands to ruin, and do good. Surely Allah loves those who do good". (Surah al-Baqarah, 2:195).

An overall study of the verses and the traditions on the question of spending shows that in the economic field Islam requires that: Everybody should contribute within his limits to the expenses of the useful social activities.

There should be no one left in the Islamic society having no means of living. The rich should not think that their entire income belongs to them. They should realize that on a part of it there is a claim of other Muslims also.

The Qur'an says:

"In their wealth there is a due share for those who ask for help and those who are under – privileged". (Surah al-Zariyat, 51:19).

A society in which there are two classes of haves and have-nots is not an Islamic society.

The holy Prophet has said:

"He who sleeps satiated while his neighbour is hungry, is not a Muslim".

All this munificence should be to gain the pleasure of Allah and to serve humanity, so that the spender may attain spiritual progress and his brotherly relations with others may be strengthened.

Zakat

Zakat in its present sense is a stage of public spending in accordance with the special rules mentioned in the Islamic law. This sector of spending in fact ensures continuous flow of the resources from the rich

to the poor and the very poor. It also meets the social needs.

The minimum limits on which *zakat* is due in various cases indicate who is considered to be rich under the economic system of Islam.

In the days when paper currency had not yet been introduced, precious metals like gold and silver were used for coins of higher value and cheaper metals like copper for small currency.

Those whose income did not exceed small currency had to pay, nothing on account of *zakat*. But those whose income was so much that they kept with them 20 gold coins each weighing about 4.61 grams or 200 silver coins each weighing about 2.42 grams for more than 11 months without using them, were required to give 1/40 of their hoard for being consumed for the cause of Allah and for the welfare of the people.

A farmer who gathered in from his field or garden at least 864 kilograms of wheat, barley, dates or raisins, had to give 1/10 of the produce if his field or garden was watered by rain, flood or overflow of a river, and 1/20 if he irrigated it himself.

A cattle-breeder who fed his animals on pasture, had to give one sheep out of forty provided he possessed them for more than 11 months.

If he had thirty cows (includes bulls) for more than 11 months and did not use them as beasts of burden or draught he had to give one yearling calf which had entered the second year of its life. If he had twentysix camels for more than 11 months he was to give one yearling camel. If he had five camels not used as beasts of burden or draught for the same period, he was to give one sheep.

In certain traditions it has been expressly pointed out that *zakat* is paid to the poor to make the distribution of wealth more equitable.

Economic Responsibilities of the Islamic Rulers

One of the most interesting sectors of the economic teachings of Islam is that which relates to the financial and economic responsibilities of the Muslim government. There exist every detailed instructions in this connection but in this book we can deal only with a portion of them. On the whole the economic responsibilities of the government can be divided into two parts:

(1) Responsibility to meet the needs of the needy.

(2) Responsibility to provide guidance in the various sectors of production and distribution.

Public Treasury

Under the Islamic system a part of the income should go to the public treasury. It includes the following items:

- (1) *Kharaj*, that is, a part of the revenue of the government lands granted to private sector for cultivation.
- (2) *fizyah*, that is, poll-tax levied on the non-Muslims living in a Muslim country.
- (3) *Khums*, that is, 20 per cent of the spoils captured during a war by the Muslim lands or against truth, justice and freedom. In a wider sense Khums is 20 per cent of the net income of every individual after the deduction of his personal, family and occupational expenses. It is also 20 per cent of the income derived from pearl-fishing, extraction of minerals etc.
- (4) The property of those who die and leave behind no heir.

There are also other sources mentioned in the Islamic law, income from which is to be deposited in the public treasury.

It is the duty of the Muslim government to collect income from all these sources and keep it in the public treasury to satisfy such needs as:

- (1) Establishment and maintenance of educational and health institutions and centres for the spread of Islam.
- (2) Defence of the land of Islam and the fight for freedom of other areas.
- (3) Payment of the salaries, allowances and pensions of the government officials.
- (4) Subsidy to the poor, who are not entitled to receive charity such as the descendants of the holy Prophet.
- (5) Grant of relief to all the paupers.

If the public treasury has surplus funds after meeting all these and similar requirements, they should be spent on the general welfare of the Muslim Ummah, in accordance with the teachings of Islam and every individual should be given his due share.

The policy of the payment of subsistence allowance to the individuals was enforced from the very first century of Hijri era, and that is why we again and again come across reports in history by various persons that money was placed at their disposal to give it to the needy, and they made a search for them but were unable to find any.

The commitment of the Muslim government to provide means to all the needy people ensures that they should not be dependent even on the financial support of other Muslims.

Furthermore, in certain cases the Muslim governments are responsible to watch that the individuals discharge their financial responsibilities. In case they fail, it is the duty of the government to collect money from them and spend under its proper heads. That is why one of the official formations of the Muslim governments is an organization for the collection of *kharaj*, *zakat* and the like.

In this connection the Islamic traditions have laid down very valuable rules to make the government action agreeable so that the spirit of this joint and several economic responsibility may not be damaged.

The duty of a Muslim government in the economic field is not confined only to the above mentioned activities. As we have already said guidance in the sectors of production and distribution also forms an important part of its duties. An overall study of the relevant traditions indicates that it is the duty of a Muslim government to keep a watch on the economic activities and to intervene wherever it finds that the methods of production or distribution are deviating from the Islamic standards.

While appointing Malik bin al Harith al Ashtar as governor of Egypt, Imam Ali (P) wrote to him a detailed letter on the policy and duties of government. Complete text of this important and thought-provoking letter is available in our book *Rationality of Islam* and may be read by anybody who wants. We reproduce below some excerpts from it:

"Great care is to be exercised in revenue administration, to ensure the prosperity of those who pay the revenue to the State, for on their prosperity depends the prosperity of others, particularly the prosperity of the masses. Indeed, the State exists on its revenue. You should regard the proper upkeep of the land in cultivation as of greater importance than the collection of revenue, for revenue cannot be derived except by making the land productive. He who demands revenue without helping the cultivator to improve his land, inflicts unmerited hardship on the cultivator and ruins the State. The rule of such a person does not last long.

You are advised to treat well businessmen and artisans and direct others to do likewise. Some of them live in towns and some move from place to place with their ware and tools and earn their living by manual labour. They are the real source of profit to the state and provider of consumer goods.

While the general public are not inclined to bear the strain, those engaged in these professions take the trouble to collect commodities from far and near, from land and from across the sea, and from mountains and forests and naturally derived benefits.

It is this class of peace-loving people from whom no disturbance need be feared. They love peace and order. Indeed they are incapable of creating discord. Protect them whether they are transacting business at your place or in other towns. But bear in mind that a good many of them are intensely greedy and are immured in bad dealings. They hoard grain and try to sell it at a high price and this is most harmful to the public. It is a blot on the name of the ruler not to fight this evil. Prevent them from hoarding; for the Prophet of Allah had prohibited it. See to it that trade is carried on with the utmost ease, that the scales are evenly held and that prices are so fixed that neither the seller nor the buyer is put to a loss".

A study of the duties of an Islamic government in the economic field shows that a Muslim administration should always be a custodian of public interests, especially those of the poor, and not a protector of the unlawful profits of the rich. We reproduce another part of the letter to Malik bin al Harith al Ashtar:

"Maintain justice in administration and impose it on your own self and seek the consent of the people, for, the discontent of the masses sterilizes the contentment of the privileged few and the discontent of the few, loses itself in the contentment of the many. Remember! the privileged few will not rally round you in moments of difficulty. They will try to side-track justice. They will ask for more than what they deserve and will show no gratitude for favours done to them. They will feel restive in the face of trials and will offer no regret for their shortcomings. It is the common man who fights the enemy. So live in close contact with the masses and be mindful of their welfare".

An important social and economic principle

In Islamic traditions we meet with an important principle which has great economic significance.

From the Islamic point of view only those rulers can be called just who maintain their standard of living on a level with the low-income group.

This principle is worth noting. The level of the life of a Muslim ruler should be equal to that of the poorest people living in his dominion, so that there may exist a real tie between him and the poor. Otherwise the poor are not likely to accept his leadership and rule from their heart and to give him their whole-hearted support. The feeling of a distance between themselves and him will incite them to rise against him.

A tradition containing this important principle has come down from imam Ali (P):

Once he went in Basrah to the house of a companion of his, named Ala, to inquire about his health. Ala

had a big house. When the ruler of Islam saw the house, he said:

"What is the use of such a big house in this world. Were you not more in need of such a house in the Hereafter? Well, even now if you want to carry it there, convert it into a centre of hospitality, benevolence to the kindred and the defence of truth. Thus you can get salvation in the Hereafter by means of this house".

Ala said: "O Commander of the Faithful! I have to make a complaint to you against my brother, Asim".

"What has he done?"

"He has renounced the world and has assumed a woolen garb".

"Call him. here".

When Asim came, the imam said to him:

"You are an enemy of yourself. The Devil has hoodwinked you. Why don't you have mercy on your wife and children? Do you think that Allah who has made all good things lawful for you, doesn't like you to use them? You are too insignificant to be treated that way by Allah". (i.e. He should be bashful before you and should apparently say that these blessings are lawful for you but should not actually wish that you should utilize them).

Asim said: "O Commander of the Faithful. You yourself use very coarse cloth and extremely simple food".

The imam replied: "My case is quite different from yours. Allah has enjoined on the just rulers to keep their life within the limits of that of the poor, so that the masses may have no misunderstanding". (i.e. they may consider themselves strangers to the ruler and deviate from the right path). (*Nahj al-Balagha*, vol. 2).

On the basis of this important principle so expressly stated in this tradition, those who want to serve the Muslim ummah in the capacity of its rulers, should first clarify the position of themselves and their family with regard to their standard of living. If they are willing to lead the life of the poorest people living in their country, then and only then they should come forward, otherwise not.

In this way the ruler and his family will know that they can improve their economic position only if they pursue a social and economic program of ameliorating the condition of the poor. In other words, in Islamic society the rulers, from economic point of view, have a common destiny with the poor and not

with the rich. Such rulers not only will not support the capitalists in their efforts of making unjust and excessive profits, but will also prove a great force to keep the cupidity of the rich under check, and will be an assurance for the implementation of social justice of Islam.

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