

# ECONOMIC SYSTEM IN ISLAM

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## PART — II

Zakat constitutes the fundamental principle of both Islamic economic system and the Islamic social justice.

Zakat is social side of worship; it is an obligation of the individual towards society. One of the principles of the Islamic economic doctrine is to accept that the destitute are entitled to have a little to some of the goods of the world which are in possession of the affluent. Zakat is an automatic mechanism which fulfils this principle. However, for the purpose of understanding, Zakat can be translated as an Islamic tax levied by God on eligible Muslims in each community for social welfare which equalizes the life of haves with the life of have-nots in Islamic community. By this definition we have to clarify two following questions, who are the eligible? and how much tax should be levied on the eligible? The eligible are those whose income, is above the limit of an-Nesab. An-Nesab is minimum limit of income which permits individuals earning less than that amount to be exempted from paying Zakat. This limit which one may call "the poverty line", for a particular community, separates necessities from luxuries on a plane of social ranking. An-Nesab, is an accepted level of living for each particular community at a particular economic period. It is dynamic not static. An-Nesab in each community indicates the amount of income which covers all necessities compatible with that particular society.

The following items are subject to Zakat:

- 1) Pure economic profit from any productive activity.
- 2) Consumable goods such as merchandise, foods or cash which are kept in an inventory for one full year. Precious metals or stones which do not depreciate by the passing of time are included in this category.
- 3) "Inheritance once for all" (1)
- 4) "Windfalls once for all" (2)

The rate of Zakat on each of the above stated categories is not necessarily the same. Except for windfalls which have a straight cut of one fifth. (3)

*Koran IV:60*

*Koran 51:19, 6:141*

*Koran 4:8, 57:7, 89:19*

The percentage of Zakat can be arranged on the basis of one who obtains more riches should pay more compensation.

The rate of Zakat on incomes occurring from the firms with less risks and less uncertainties could be levied higher than that of other firms. In economic terminology one may also say that the firms having higher economic dividends should pay a higher percentage than those who do not have this privilege.

The rate of Zakat is dynamic like an-Nesab. This rate is a function of the social welfare condition. The Islamic scripture, in spite of importance given to Zakat, does not mention the ratio of Zakat except for distribution of inheritance. We can conclude that this matter is left to jurisprudence which can adjust to different circumstances. In fact, it should be open-ended to permit the practitioners to readjust the ratio of Zakat according to the socio-economic conditions of each society at different economic time periods. The Zakat performs a social and an economic work of primary importance. It attempts to bring the standard of life of the poor classes closer to that of the rich. The promotion of the release of the slaves by the Zakat favours greater productivity of man power which otherwise lacks the incentive of personal interest which was marked by poor output of laborers. In helping the destitute increases then working efficiency which previously remained unemployed and contributes to the prosperity of society for the benefit of all. This seems to be the purport of the following Koranic passage: "Whatever goods ye contribute will be repaid you in full." (1)

The object of goods (wouquouf-habous) is similar, they belong to God and must be used for welfare of the sick, the destitute and soldiers. Likewise, the life of Prophet represents the example of how Mohammed was concerned about the poor class. Mohammed did

*Koran 8:41*

*Koran 8:41*

*Koran 11:274*

not hoard any riches; he distributed among the warriors and the destitute all the produce of the tithe which he had established on property as well as the gifts which he received. He took a vow of poverty for himself, he did not despise the poor. It was a pleasure for him to be kept informed about their affairs. He lived a simple life, although public revenue was at his disposal. He took pleasure to distribute it generously and kept only a strict minimum for the needs of his own family. The surrounding of his house, the building around the mosque, the adjoining courtyards, were a large alms-house where the poor, the widows, orphans and the sick came to wait for their food and their recovery; they were called "guest of bench" because they passed their life sitting or lying on the bench of the Prophet's abode. Every evening, Mohammed (pbuh) came to see them, to comfort them, to clothe them and to feed them with barley or dates. He took every day some of them into his house to share meal with him. He found a place for the others as God's guests among the wealthiest of disciples. His herd of camels and flock of sheep, his only inheritance which were left, after his death became community property. The treasury being entrusted to pay an alimony to his widows and servants. The Prophet did not leave any inheritance to his family in this world. His property belonged to the community. Similarly, the eminent Khalif Abu Bakr said in his last address to the people - "My food and that of my family cost the Moslems a thousand dirhams while I was Khalif. I bequeath to them the garden which I possess at Medina to compensate them for the expense incurred on my behalf."

Islam has tried by other means also to limit the wealth of rich class and by means of different regulations prohibited the exploitation of the weak by the powerful money lenders. Usury was prohibited with this end in view. Consequently, Koranic verses and the Prophet's life demonstrate that Islam does not remain indifferent in regards to the abuse to which poor class is subject and the evils caused by inequality of social conditions. Islam is not only a religion which defends liberty of man, but it insists specifically on equality. Islam is a deeply egalitarian religion. A French scholar Massignon defines Islam in the following way: "Moslem religion is based on equality."

Islam does not admit of the faithful having spiritual power over other faithfuls. It proclaims absolute equality of all the faithful. All Moslems are equal before God because they are brothers. No brother has spiritual superiority over any other brother. This is the reason in Islam there is no ecclesiastical class.

The Moslems can address themselves directly to God. Moslems are not obliged to pass through any hierarchy of clerical class. Every faithful is responsible to God for his actions. There is no privilege existing before God. But this equality is not the equality of nothingness. For man is free in his action and not totally dependent on God. God has put into man a possibility, a power. Man is the creator of his actions; he is responsible to God for his actions, good or bad. Man is not the clay; he has an independent personality, having reciprocal relations with his creator. On other hand Islam proclaims the equality of men in their social relation. From the very beginning, Islam set out to fight against the racial prejudice of the Arabs and admitted political and social equality of all the citizens. It did away with the movement of "Chou Ou hiya" which professed the so-called Arab superiority. Indeed, Islam praised those muslims whose qualities set them higher than the Arabs. thus a Koranic verse asserts: "*Man! we have created you from a man and a woman, we have set you in tribes and families so that you may know one another; the most honorable among you in the eyes of Allah is the one who has the great respect for his duty.*" Nobody can claim to be honoured on account of his race, color, family or ethnic origin. "*Honour is due to the man who has the highest respect for his duty.*" The same opinion is upheld in another verse: "*If God had wanted, He would have made of you a single tribe; run a race towards good action with one another, you will all return to God; He himself will throw light on the matter of your quarrel.*"

Similarly, the Prophet Mohammed (pbuh) all his life stood up against racial distinction. He commands equality not only in the purely religious field, but also in social relations. He does away without the least hesitation with the caste barriers like in India. Several Hadiths proclaim that there is no basic difference between race to which God has sent His Mercy. The Prophet says: "God has sent (rahma) his goodness to all the races, to the black, white and yellow."

The Prophet did not admit any inferiority of the black and yellow races. A Moslem once called Belal, the Ethiopian, "a son of a Negro woman" for which he was rebuted by the Prophet for sinning against the spirit of Islam. Islam gives all the Moslems absolute equal rights and duties as far as social laws are concerned. By virtue of this absolute equality they may, if they are capable have access to all public functions. Islamic society is a fraternal society where no legal or social inequality should exist. At the time of four Khalifs, black and yellow people were treated the same manner as the white. At that time many freed

black slaves were the most important personalities of Moslem society. Thus Zaid Ibn Harris was the Prophet's slave, whom he set free and in order to give the same treatment as to Arabs, he married him to his cousin. Likewise, Islam does not admit of any privilege in social and economic life of one person over another. Historic examples taken at the time when Islamic law was applied according to Koranic texts give evidence to it. At the time of Khalif Ali, whose brother had many children, his salary did not suffice for the needs of the family. He asked his brother, Khalif Ali, for an increase of salary so that he might live decently. But Khalif Ali refused his brother's request, for he considered his brother's claim for an increase not justified and that it might by the origin of a privilege and social inequality. Islam makes no distinction between black and white people. The Koran puts all the nations on the same equal footing and it considers man as a human being and tries to uproot Arab chauvinism. It treats Arabs and non-Arabs in the same way. The Prophet Mohammed always proclaimed human equality in order to dispel from Arab minds all the prejudice of color, class and race which had been deeply rooted for centuries in Arab mores and customs. Thus, the right to freedom, the right of equality, the right of property and its use, the right to have a family are considered natural human rights that men possess unconditionally and without exception. Man has these rights until the end of his life.

Communism contrary to Islam denies totally individual freedom and hence, the property and all economic activities of the individual. It is only concerned with the interest of the society and sacrifices all individual interest for the sake of "society". It is only concerned with individual interests in so far as they contribute to the general interest. Islam, on the contrary, is concerned with the individual interests as well as the general interest of the society. It tries to conciliate and balance one by means of the other. The Marxist communism sacrifices freedom which is a natural right of the individual. Islam respects the individual liberty as part of man's dignity as well as all the rights incumbent to it such as private property, family and all economic activity. On the other hand, Islam differs from Adam Smith's doctrine of "Laissez faire-laissez passer" giving rise to capitalism with all of its injustices and inequalities of social conditions as a result of the abuse by the rich class.

If we want to compare the Islamic economic system to Western economic system, one can conclude that the Islamic economic system is somewhat akin to Western socialism which reconciles the individual interests with the interest of society.

Islam admits therefore, a social order which ensures the democratic principles of freedom and equality. It does not sacrifice liberty for equality as communism does. Islam complements one by means of the other. It gives man the freedom which allows him to evolve spiritually, so that he may enjoy life and be able to achieve in this world. It allows man to have his family, his private property and social, and economic activities without encroaching upon the rights and equality of others.

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