

February 25, 2010

Sultan Sharif Ali Islamic University, Brunei Darussalam

Regional Conference on Islam and World Peace

Global Wealth Circulation shall entail Peace

Syed Zafar Mahmood

President, Zakat Foundation of India, New Delhi

zakatindia.org info@zakatindia.org

The purpose of creation has been amply explained by God in the Holy Quran. It is to test among the human beings as to who are most righteous (11.7), positively contributing to make this world a better place for the human beings.

2. In verse 2.2-3 God clarifies that righteousness and piety do not result only from prayers. He demands the human beings to keep up prayers and to spend, out of what He has provided to them, for the needy. Such giving may be in the form of money, food, clothes, physical assistance, imparting of education. In verse 2.195 God cautions that failure to give adequately may result in social self-destruction. God further clarifies in verses 2.261-274 that the giving so mandated should also result in funds, equipment and training - for creating the wherewithal for jobs and professional vocation for the masses. These acts of giving should permeate the total social edifice. Consequently, the general economic benefits multiply in quality and quantity. Thus, spending for the cause of God becomes a social tradition across generations. The beneficiaries include non-Muslims also (2.272). All children of Adam deserve equal rights irrespective of their faith, race or gender (17.7). One is supposed to give to others what one loves and values (3.92 7 2.177). Such high virtue causes the giver move toward godliness, rejecting all selfishness. The purpose of giving obviously has to be God's pleasure, not expecting social recognition.

3. God has announced His scheme of having blessed some people more than others as far as material resources are concerned. Having said that, He renders the haves under obligation to ensure that the means of livelihood are equally distributed

among the human beings irrespective of their capacity to earn or personal economic status (16.17). In the context of the employer's relationship with the employees this obligation becomes more severe; same is true in cases of other similar payer-payee relationships. Among such list of recipients God includes the needy, the orphans and the 'captives' which term, in modern world, includes the domestic help. In fact, the giver is only a temporary trustee of God's bounties (57.7). Some times, God shows the negative consequences of violating this injunction by taking away from the trustee, His bounties, within the trustee's lifetime (68.17-33).

4. Not having an urge to feed the needy has been treated by God as equal to denial of faith in Him (107.1-7). Such a person's daily prayers may not be accepted by God. Thus, socio-economic parity is supreme virtue and the main purpose of creation of this world. Worships like prayer, fast and pilgrimage are not the end in themselves. These are the means pointing towards the larger purpose of creation, i.e. striving for socio-economic equality.

5. Dr Mohammad Hamidullah, in his book *Introduction to Islam*, emphasizes that Islam prohibits economic exploitation of the less blessed by the more blessed. In order to ensure the implementation of this injunction what God has prohibited is termed as Riba. About this term Caliph Umar (raziAllahu 'anhu) had wished that Prophet Mohammad (S) would have defined it. In Anglo-Saxon terminology the closest possible translation of Riba has been accepted to be usury. In some parts of the world the modern day concept of interest has been considered as equivalent to the divine concept of Riba. However, the scholarly opinion converges around the bottom-line that economic exploitation is a necessary and major concomitant of Riba.

6. Islam permits profit-making provided there is equality of the rights and obligations of the parties concerned. But, Riba gives an undue edge to the person who receives it while the payer of Riba bears the brunt of timely payment of the principal as well as the additional amount. The latter keeps on increasing with time before final repayment. Thus, the Riba-receiver's additional earning is a factor of the Riba-giver's necessity and incapacity to pay back. That is what is prohibited in Islam. Therefore, all those portions of usury and interest that emanate from such exploitative tendency are covered under the definition of Riba and are un-Islamic. Such practices entail mutual acrimony and undue temptation jeopardizing gross universal product and social disharmony (2.275-6). In fact, in cases of justifiable

claims to receive back in time what a person had earlier given to a needy by way of financial bail out, God likes generosity in the form of not penalizing delayed refund or even writing off the loan (2.278-281).

7. For all those who have been blessed more than many others, it is a must that their assets and resources should be utilized without prejudice to the general socio-economic welfare. If a wealthy person is, however, incapacitated, for some reason, to properly utilize what he owns and possesses, it is the duty of the civic society to play a constructive role to ensure the correct utilization of such individual's assets and resources. Thus, public interest has been elevated to supersede erratic private enterprise (4.5).

8. God denounces the tendency to devour one another's possessions by way of transgression. He prescribes mutual agreement in legitimate trades. By not doing so, "do not destroy yourselves", He warns (4.29). Socio-economic fair play is the cornerstone of Islamic social order.

9. Zakat and Sadaqa are obligatory and optional Islamic charities. Zakat has been mandated to be one-fortieth of one's wealth and savings. For the quantification of Sadaqa, there is Prophet's directive principle of social policy. He told his companions, including the would be first and second caliphs, that retaining what is and would be needed for proper family upkeep, the balance saving deserves to be given away as Sadaqa. Heads of Zakat payment have been enumerated in Quran (9.60) while Sadaqa heads are not regimented. These have been left to the community's and individual's decision from time to time within, of course, broad Islamic contours. The collection and utilization of charity is the compulsory / voluntary responsibility of 'Ulul-amr', people who have competence – mundane, state, spiritual, scholarly, social, etc (9.103 read with 4.59). Self-indulgence in excessive luxury has been discouraged (6.141, 7.31, 11.16, 21.13). It isolates the person from society and God, stops intellectual and social dynamics. Squandering of wealth has also been prohibited (17.26-27). It is the duty of some persons of virtue and righteousness to periodically speak out against the spread of corruption and invite people to the right path (3.104, 110, 11.116-117). Prohibiting the games of chance, Qur'an (5:90) describes them as the satanic work. In these, there is temptation for quick gain without hard work.

10. For streamlining the matter of inheritance, Islam prescribes (a) obligatory distribution of the belongings of a deceased person among his close relatives and

(b) restriction on the freedom of bequest. The legal heirs inherit the property of the deceased in the proportions determined by Islamic law.

11. The first charges on the property left by the deceased are the expenses of his burial. The balance passes to his creditors. Repayment of debt has precedence over the rights of inheritors. The spouse, parents, descendant sons and daughters are the first heirs. They inherit necessarily.

12. Zakat and Sadaqa were the only taxes of the State in the time of the Prophet and the Righteous Caliphs. In later times, on account of extraordinary requirements, there used to be supplementary charges, on a strictly provisional basis, to meet contingencies. These levies were called *nawa'ib*.

13. The larger purpose of the above mentioned Quranic principles has been plainly mentioned in the Book: "So that this (wealth) may not circulate solely among the rich from among you" (59.7).

14. Caliph Umar had organized a pension system for all the inhabitants of the country, and according to the *Kitab al-Amwal* of Ibn Zanjawaih and *ar-Risalahal-'Uthmaniyah* of al-Jahiz, even non-Muslim subjects were among the beneficiaries of these pensions - so much so that as soon as a child was born, he began to receive a certain pension. The adults received the minimum necessary for living. In the beginning, the caliph practiced a certain discrimination amongst the different categories of the pensioners, and if the minimum was one, the most favored person received forty; yet towards the end of his life, he decided to observe complete equality, but he died before this reform could be introduced.

15. In the case of commercial loans, there is also the system of *mudarabah*, in which one lends money and participates equally in gains as well as in risks. If, for instance, two individuals form a company, each one furnishing half of the capital and labour, then the distribution of the profit is not difficult. However, if the capital comes from one party and the labour from the other, or if the two furnish the capital though only one of them works, or the proportions of the partners' share are not equal, in such cases a reasonable remuneration of the labour, on the basis of the previously agreed conditions is taken into consideration before the distribution of gains and profit is effected. Of course all possible precautions are taken, in order to

prevent risks, yet Islam demands that in all contractual negotiations, the profit as well as the loss should be shared by both the contracting parties.

16. As far as the banks are concerned, their activities are principally of three kinds (i) remitting of amounts from one place to another, (ii) assuring safety of the savings of the clients, and (iii) lending money to others on profit. The expenses of the functioning are borne by those who utilize the service of banks. The question remains of loans for commerce, industry or any other trade motive. If the bank participates in the profit of its debtors as well as in their risks, Islam allows such banking activities, otherwise not.

17. In all planning, it is necessary to have an idea of the available resources. The Prophet organized the census of the Muslim population, as al-Bukhari informs us. In the caliphate of 'Umar, the census of beasts, fruit-trees, and other goods was organized; and cultivable lands were measured in the newly-acquired provinces. With a large spirit, full of concern for the well-being of the public, caliph 'Umar had the habit of inviting representatives of the people of different provinces, after the collection of taxes, to find out if they had any complaint against the behavior of the collectors during the year.

18. In day to day life, the use of alcohol has the peculiarity that its consumption in a small quantity makes one gay and weakens his resolution to drink no more. And when one becomes drunk, one loses control over one's acts. One may then squander money without noticing it. To these evils may be added the unhygienic effects of alcoholic beverages which are transmitted in the children and their progeny also. One of the Quranic verses (2:219) speaks of it in interesting terms: *"They question you about wine and games of chance; say: in both is great sin and some profits for men; but the sin of them is greater than their usefulness."* (Qur'an 2:219). In another verse (5:90) it relegates it to the same level as idolatry. It exhorts that if one desires to be happy in both the worlds, one should abstain from games of chance and alcoholic beverages.

19. The world GDP statistics fail to reveal the huge accumulated debt driving economic growth. In 2007, the external debt the US owed to the rest of the world amounted to \$12 trillion (85% of GDP).

As per IMF data, the top debtors and GDP of the world are, in trillion dollars, US (12.2, 13.5), UK (8.2, 2.2), Germany (3.9, 2.7), France (3.5, 2.0) and Italy (2.0, 1.9).

20. The GDP does not distinguish between good and bad economic output. Time, effort and resources devoted to producing, distributing, marketing and then dealing with the health and societal breakdown aspects of alcohol, for example, are all classified as 'economic output' and contributing to the GDP but these are in fact hugely destructive for society, families and households. Likewise, there are painfully adverse impacts on society of huge and rising debt levels and home repossessions, often contributing to family breakdowns and wider social ills. As the credit crunch bites there is real and present danger that a financial meltdown could result in economic depression.

21. The GDP tends to be only mildly related to the welfare of the citizens. Millions still live in poverty in the affluent West in spite of high GDP levels and growth rates. A big national 'cake' does not ensure that all individuals will get a bigger slice due to the elusive 'trickledown effect'. In contrast, the success of the economic model in Islam is judged by its ability to secure the satisfaction of the basic needs of every citizen. Bukhari narrated from Ibn Umar: The Prophet (saw) said: "The Imam is in charge (ra'i) and he is responsible for his citizens." The Prophet (saw) also said: "Do you have, son of Adam, of your property except that which you ate and consumed, that which you wore and exhausted, and that which you donated and kept (for yourself)?" In Islam, the distribution of income is the basis of the economic system and a principal role of the State. Wealth must circulate in the whole society and not just among the rich and wealthy. Allah (swt) says: The Prophet (saw) distributed wealth from the Ansar to the Muhajireen at the time of the hijra to Medina. It has been reported on the authority of Ibn Abbas that the Messenger of Allah (saw) said to the Ansar: "If you wish I could ask you to share your homes and your wealth with the Muhajireen and divide among you this booty, or if you wish you could keep your homes and your wealth and I shall not have to give you anything from this booty." Moreover, the hoarding of gold and silver, the currency in the Islamic State, is strictly prohibited. Allah (swt) says: "And let those who hoard gold and silver and do not spend in the way of Allah know that a severe and painful punishment is awaiting them."

22. The concept of work in Islam, *amal*, has different characteristics and objectives than generally understood in the modern economic tradition. In Islam, work ethic

is defined by the Quran itself, which mentions the word ‘amal in 360 verses. A closely related concept of *fe'l* (also translated as work) is mentioned in an additional 109 verses. These verses stress the need for work and action by human beings. It is based on this emphasis on work that Islam is considered as the ideology of practice and the practice of ideology, a religion of action, and “the praxis of the believers.” The Quran considers idleness - or squandering of time in pursuit of unproductive and non-beneficial work - as the manifestation of lack of faith and of unbelief. Man is called upon to utilize “time” in pursuit of work by declaring that God has made the day as means of seeking sustenance. A person who through hard work seeks God’s “bounty” - which includes all appropriate means of earning one’s livelihood - is most highly praised. All able-bodied persons are exhorted to work in order to earn their living. No one who is physically and mentally able is allowed to become a liability on one’s family or the state through idleness. The work which everyone is required to perform must be “good” or “beneficial” (al-’amal al-salih), but no work is considered as inconsequential in terms of its rewards or punishments in this world and in the next. One will have to reap whatever rewards or retributions are done as a result of his work (99:6-8). Work, therefore, is regarded not only as a right but a duty. Islam extends to the individual the right to choose the type of work he desires, but along with this freedom comes the obligation to consider the needs of the society as well as the selection of the type of the work permitted by the Shariah. Since all class distinctions are negated by Islam, no line of work permissible by the Shariah is considered demeaning by Islam, which countenances only diversification on the basis of natural talents, skills and technology, or personal inclinations. Based on its concepts of justice and contracts, Islam makes it an obligation for the worker to perform the tasks which he has contracted to the best of his ability, but since individuals are endowed with different abilities and talents, their productivities will differ. Justice, however, demands that return to work of every individual must be commensurate with his productivity. While Islam, in no uncertain terms, is against idleness and socially unproductive work, it maintains that those who are physically or mentally unable to work still retain a right to what the society produces (2:110, 2:254; 9:60; 73:20; 51:19; 17:26; 17:29; 9:34-36; and 51:19).

23. All human beings have a right in the resources which God has provided for mankind. Islam refers to wealth as “good”, an object of delight and pleasure, and a support for the community (29:61; 14:32; 16:14; 45:13; 22:36-37; 2:180 and 215; 62:10; 73:20; 16:6; 17:70; and 7:32). Conversely, involuntary poverty is considered as undesirable. This particular conception of wealth, however, is qualified in terms of earning, possession and disposition of wealth. The earning of

wealth is qualified through the emphasis on the fact that wealth is only a means for the achievement of man's ultimate objective and not an end in itself. It must be earned through "good", "productive" and "beneficial" work. This type of work is specified by the Shariah which defines the methods of earning wealth lawfully, not only are lawful methods of earning wealth specified, but also the types of economic activity which are prohibited are outlined. The Shariah specifies non-permissible professions and trade and economic activity which may lead to unlawfully acquired wealth. Even within each profession, the Shariah specifies proper and improper practices. Unlawfully acquired or accumulated wealth for its own sake is condemned as "corruption" and retrogression to the basis of all human negative qualities, i.e., greed.

24. Islam considers wealth as the life-blood of the community which must be constantly in circulation; therefore, its possession excludes the right of hoarding (Quran 9:34-35). The implication is that lawfully earned wealth must be invested within the community to improve its economic well-being. Investing wealth is not only measured by the monetary gain associated with it, but also by the benefit which accrues to the society. The needs of the society, therefore, must be a consideration for the owner of wealth. Utilization of wealth is subjected to the rules of the Shariah as well. The first and foremost among these rules is the recognition of the rights of others in this wealth, resulting from the principle of invariant claim to ownership. Also among these rules are the levies whose amounts are specified and those levies whose amounts are left to the determination by the wealth owner. All these levies fall due when wealth exceeds a specific minimum amount called nisab. After these obligations are met, the remainder of wealth belongs to the owner but must be used in accordance with the rules of the Shariah. Among these are rules which forbid extravagance, opulence, waste or general abuse of wealth (2:190; 2:195; 9:34). It cannot be used to harm others or to acquire political powers to corrupt the polity. While Islam considers lawfully acquired wealth as subject to the protection of the Shariah, it regards the wealth owner as a trustee who holds his wealth as a trust on behalf of God and the community. Hence, his inability to use his wealth properly provides the basis for the forfeiture of his right to his wealth. Extravagance, waste and general abuse of wealth is the basis upon which the community can consider him a "*safih*", a person of weak understanding and one in possession of "weak intellect"; and a person who along with his own financial and moral loss is damaging the interest of the community. There is a principle (*hajr*) according to which such a person's wealth is made the ward of the community, or its legitimate representatives, which may limit his right to use only a part of his property to meet his basic needs (4:5). That

wealth, therefore, is considered “good” and a “support” for the community in attainment, possession, and disposition of which all rules of the Shariah are observed.

25. Islam does not ascribe that high level of importance and precedence to national geographical boundaries as is usually done in the world today. When deeply pondered upon, today’s concept of nation appears to be more of a manifestation of the political class selfish interest in, somehow, sticking on to power. That’s why it sometimes catapults the national geographical entity that it rules to that of a deity. Consider this in the background of the kaleidoscopic changes that the earth’s crust has been undergoing over millennia. Does it mean that the deity has been changing its composition and shape ? To some extent, same is the case with the concept of national interest ? how does one justify that an individual born in a geographical entity known as X today is necessarily superior to or deserves more attention of the authorities as compared to his or her counterpart borne in an adjoining geographical entity called as Y today ? What when two nations merge or a nation splits ? Re-demarcation of national boundaries has been a widely prevalent universal phenomenon based on factors like continental shift, war, economic meltdown, etc. Crux of the matter is that what is important is welfare of the individuals inhabiting the planet. Geographical boundaries can at best play the role of administrative convenience for managing the affairs of the humanity keeping in mind the maximum good of the maximum number. But the fate of the individuals of the world should never be rendered subservient to the interests of a given geographical entity as it appears at a given point of time.

26. There is no dearth of instances in the world today and in history when wars have been unnecessarily fought because of improper appreciation of human realities, when extra-territorial encroachments have occurred because of the whims of the ruling individuals, when a chunk of the humanity has been decimated because of governmental despotism, when a section of its own population has been maltreated by national governmental leaders.

27. On the other hand, having been victorious, the Prophet, hailing from Arab, declared that there is no difference between an Arab and a non-Arab. For calling Azan in the first mosque, he invited an African. He sent messages of goodwill to the adjoining rulers asking them to join him in good works for the larger human cause, irrespective of the then prevailing national geographical boundaries.

28. Today's universal expenditure on national defense stares in the face of even minimum human prudence. There is international disagreement on climate change parameters. World discord is now at the verge of entering water and space. Each one of these factors, and many more, is driven by avoidable economic selfishness and parochialism. Imagine, if we could minimize the importance of current national geographical boundaries, what a wonderfully positive impact will it have on equitable utilization of universal resources for the humanity.

That's what Islam wishes us to strive for.
