

ISLAM AND THE PROBLEM OF ECONOMIC JUSTICE

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Editor's Note

Fazlur Rahman passed away in September 1988 in Naperville Illinois. He was a Professor of Islamic Thought and Head of the Near-Eastern Studies at the University of Chicago. In 1983 he won the Levi Della Award in Islamic Studies, the highest recognition for scholarly work on Islamic studies in the United States. Among his books are *The Psychology of Ibn Sina* (1952), *Prophecy in Islam: Philosophy and Orthodoxy* (1958), *Averroes's De Anima* (1959), *Islamic Methodology in History* (1965), *Islam* (1967), *Letters of Sheikh Ahmad Sirhindi* (1961), *Philosophy of Mulla Sadra* (1975), *Major Themes of the Quran* (1979), *Islam and Modernity: Transformation of an Intellectual Tradition* (1984) and *Health and Medicine in Islam* (1987). We would like to thank Madam Bilqis for the permission to publish the article which first appeared in the *Pakistan Economist* 1970. The need to revitalize and steer Islamic economics to a refreshing path is urgent as the discipline is replete with figh muamalat oriented economic studies. It is timely to give equally serious attention to Islamic theological, ethical and psychological approach to the discipline so that the study of man and his economic behaviour is not ignored in research. This journal will selectively publish reprints of scholarly works on these areas with a hope to initiate fresh debates and perspectives on the discipline.

1. Introduction

The Muslim world is today passing through a period of rapid social change, and at the center of this change lies the problem of economic reconstruction and economic justice. Governments and leaders throughout

Muslim countries - as in all developing countries - are desperately grappling with the question of mass poverty and the two basic issues are: how to create sufficient wealth for at least the basic human needs, and how to distribute wealth for at least the basic human needs, and how to distribute wealth equitably so that every man can preserve and exercise his dignity as man and is able to develop and realize the potentialities latent in him. At this crucial juncture, Muslim nations, like other developing ones, have to make certain choices: the two gigantic and competing economic systems in the world - capitalism and communism - necessarily tend to draw developing countries into their respective orbits and accordingly orient their socio-economic policies. Of course, internal changes and adjustments have been occurring in both systems with the passage of time and also according to local conditions, but their basic philosophies remain unchanged. Capitalism stands basically for a laissez-faire and grossly competitive society, while communism stands for a monolithic and totalitarian society. The irony of it all is that, while both claim to give man his due dignity, in either case the individual has become no more than a cog in the gigantic wheel of production, a mere 'x' of the mathematician.

Surely, at this critical point it is supremely important for developing countries to pause and think if they can find within their own culture tangible factors which can serve as guidelines for the socio-economic reshaping of this society and can help them fix social goals and economic targets to satisfy the needs mentioned above. If a people can fortunately find such principles and guidelines, it can benefit thereby in two fundamental ways. First, a reformulation or a restatement of these principles will enable it to take an ideological stand which will be independent of the two major competing economic systems of capitalism and communism and it will be able to preserve its national-cultural ethos and satisfy its own demands, rather than blindly ape foreign models. But secondly, and equally importantly the discovery and identification of these principles in one's own culture will be able to strongly motivate people for positive action: that is to say, the knowledge that in this form of socio-economic reconstruction, one is developing one's own heritage will act as a potent force for development, since it will supply a greatly needed source of inspiration. Both these allied goals are of such importance that no self-respecting nation can afford to ignore them unless it wants to pay the penalty of its distinct cultural identity being wiped out.

But let us not be misunderstood here: when we talk about a "distinct cultural identity" we are not talking about any kind of isolationism from the rest of the world. Today more than in the past, and even more rapidly in the future, a new "world" is coming into existence, the keynote of which will be international cooperation rather than national isolation. What we are saying is that to the new world each nation can make a positive contribution to the extent that it has an inherent creativity of spirit and an inner strength. This creativity and this strength it will discover in its own cultural resources, which will give it mobility, purposiveness, and direction; if it has so such cultural resources or it cannot discover and formulate them for its present needs, then it will be static and inert from within and will at best be merely receptive of influences from without, and forces of history will play with it rather than it helping to mold the future of the world. Indeed, the principles we are searching for are universalistic, not isolationist principles, but if a culture does yield such principles, it can not only develop internally and gain strength on their basis, but also make a positive contribution to the international, intercultural community.

Before proceeding further, one important distinction needs to be made, that between economic principles providing a general but clear orientation toward goals, and the particular economic programs, plans and blueprints. What we are talking about in this essay is the first, not the second, which will vary from time to time and place to place, according to the specific set of conditions obtaining. The first pertains to socio-economic ideology, while the second is economic engineering. Suppose a person wants to build a house. He himself has an idea of what kind of house he wants in order to satisfy what he needs but in order to build a good house of the type he wants, he puts his needs and demands to an architect or a builder, who will then lay down a specific blueprint for the house, together with the quantities of building materials, etc., etc. The first is the conception of the house, the second is its engineering. Now so far as socio-economic principles of orientation are concerned, these may well be found in a culture or its moral sources, but it is clearly vain to look there for specific economic blueprints, for conditions change with the passage of time. Let us illustrate this with an example from Muslim history. The Islamic law of Zakat was clearly meant by the Qur'an as a principle of interference in the private wealth in the interest of the general welfare of society, and particularly for the amelioration of the poorer sections of the society, as we shall see. But the classical lawyers of Islam stuck so tenaciously to the actual manner (in terms of quantities, etc.) in which the

those who [pray for] show and [even] refuse the [use of] utensils [to needy people]". (Sura 107). The Qur'an thus seems to declare: one God - one humanity, and the two i.e., monotheism and socio-economic welfare, appear as two sides of the same coin.

The second fundamental factor which distinguished the Qur'anic teaching was a deep sense of the gravity of the situation expressed in the idea of judgment - a judgment which not only will occur on a distant and final Day of Judgment but one which occurs continuously in history upon nations and which is the inevitable and imminent consequence of the collective evil existing in a society. It is through this sense of the imminence of judgment which seized the Prophet so alarmingly that the Qur'an ceaselessly brings in accounts of the rise and downfall of earlier peoples. The Meccans are warned that if they do nothing to relieve the situation they will go down the same way as other peoples have done since the "conduct of God in history *[sunnat]* is inalterable" (Suras 17, 17, 33, 72).

That the poverty and other social evils connected with it was a fundamental factor in the rise of the Islamic movement is so clearly set out in the pages of the Qur'an that even western scholars of Islam have attested to it, as shown by the following words of the late Professor H.A.R. Gibb: "But there was a darker side to the prosperity of Mecca. It displayed the familiar evils of a wealthy commercial society, extremes of wealth and poverty, an underworld of slaves and hirelings, social class barriers. It is clear from Muhammed's fervent denunciation of social injustice and fraud that this was one of the deep inner causes of his unsettlement" (Gibb: *Mohammedanism*, New York, 1963, p. 25). Gibb, however, goes on to suggest that this deep-seated malaise of the Prophet, instead of issuing into a movement of social revolution, was transformed into a religious movement under the impact of a vivid and immediate experience of a unique God. This picture of the relationship between social reform and religion in Islam is somewhat inaccurate, because it apparently suggests either that Islam became a religion instead of remaining a social reform thrust or that this social reform was cast in a religious mold. This presupposes some kind of duality between the two. From this duality, some Western scholars, having accentuated the religious side, have declared Islam to be a "theocentric" religion. While this picture may have some justification on the basis of later medieval developments in Islam, it is certainly not true of what the Qur'an itself says.

In the Qur'an, as we have said above, monotheism and social justice are two sides of the same coin and the two organically involve each other. The interest of the Qur'an, indeed, centers not around God but around man, with whose guidance and conduct it is concerned. Although the Qur'an mentions God thousands of times, it tells us little about His nature. Indeed, the concept of God in the Qur'an is strictly functional: He has created the universe and man with certain autonomous laws of behaviour; He guides man and judges him. The conduct of man, individually and collectively, ought to conform to certain objective and transcendental laws which he can discover and formulate but cannot make and unmake at his own will and convenience. God is that Being who guarantees the objective existence of this law which is also the criterion of judgment upon human conduct - the criterion which, as indicated above, the Qur'an describes as "the inalterable conduct (*sunnat*) of God". In the light of these considerations, it would be more correct to say that Islam is a doctrine centrally concerned with the moral and material well-being of individuals and societies, where the material well-being requires certain moral standards of behaviour which are objectively there for man to conform to and which in the terminology of the Qur'an constitute "the Command of God for man". It is because of this integrating and sustaining function of God [ultimately] causes them to forget themselves" (Sura 59:19); that is to say, people gradually lose the integrating principle of their personality individually and corporately when they let go and "forget" the anchoring point of their conduct in terms of an objective and transcendental Higher Law.

It is these very considerations which the Qur'an urges again and again when it talks about the downfall of societies: they went under because individuals and groups aggrandized themselves at the expense of their fellow-men and lost *taqwa*, i.e., their moral safeguards against decay and destruction: "When God tests man and honours him and showers His favors upon him, he says, "My God has honoured me"; but when He tests him by straitening his circumstances, he cries out, "My God has laid me low". Not at all - on the contrary [this happens because] you do not honour your orphans, nor do you actively work for feeding the poor; you [illegitimately] devour inheritances wholesale and you are attached to wealth with excessive greed". (Sura 89: 15-20).

The Qur'an does not accept Christian idea of an original state of sin into which man is born. Its criticism of man concentrates fundamentally on an inner weakness which is describable as "petty-mindedness", which

gives rise to all human ills, moral and material. Man is called "small-minded (*Qatur*)" (Sura 17:10) and "weak (*daif*)" (Sura 4:28). It is because of this fundamental weakness that man is liable to fall into two extreme states - of conceit and a placid sense of self-sufficiency (*takabbur and istighna'*) where, instead of conceding the existence of a Higher Law and submitting to it, he simply identified himself with that Law, on the one hand, and of utter hopelessness and despair, on the other: "Man is by nature unstable: when he is stricken by evil, he panics, but when good things come his way, he strenuously prevents them from being accessible [to others]". (Sura 70: 19). The Qur'an describes both these states as *kuf*r, i.e., Satanic states which are out of congruity with or in alienation from the ultimate principle of existence, God. There is no other creature which is so quickly inflated and deflated as man. When man falls into the first state, he only sees the causal laws and forgets that within these causal laws there is also at work a moral law. It is only when causal laws fail him that, in a state of acute disillusionment, he discovers God, the source of moral law. The Qur'an gives several examples of this. A thirsty person sees a mirage in a desert and, thinking it to be water, goes after it. When he gets there, he finds no water, but in a state of utter disillusionment, he discovers God (Sura 24: 39), or, again, when people are sailing in a ship, and the waters are calm and winds favourable, the whole chain of causes appears to work fine. In this easy and placid state men are apt to forget that this causal process has an inner moral meaning and they are likely to "forget God", as the Qur'an puts it. But suddenly a storm rises and the ship is overwhelmed on all sides by angry and seething waves. In this moment of desperate distress, men begin to discover God (Sura 10: 22; cf. also Sura 30: 36).

We have dilated somewhat on the Qur'anic account of human nature as suffering basically from a narrow vision and petty mind because this is the very ill that afflicts human nature in the social sphere and to indicate that the Qur'anic remedy is to seek to overcome this pettiness and enlarge the human self. We have already quoted the Qur'an in the preceding paragraph (Sura 70: 19) to indicate that this is the root of man's selfishness and greed. The Qur'an says that man suffers from deception, under Satan's dictates, when he thinks that by sacrificing wealth for other's sake, he will become impoverished, whereas God promises prosperity in return for such investment in society (Sura 11: 208). This is what the Qur'an calls "establishing good credit with God" (Sura 2: 245; Sura 5: 12; Sura 57: 11, 18; Sura 64: 17, etc.); it is also termed "spending in the way of God" (Sura 2: 262; Sura 8: 60), and is also called *Zakat* (i.e., purification of wealth and

one's self) in Sura 30, 39. In its condemnation of the investment of money in usury, the Qur'an, beginning from this last-mentioned verse onward, opposes usurious exploitation of the poor to this "spending in Allah's way" or "credit with God". That this "credit with God" means investment in the larger social welfare is shown clearly by the fact that the Qur'an, while describing the qualities of good Muslims, says "[and they are] those in whose wealth there is a definite share belonging to those who seek help and the have-nots" (Sura 70: 24; cf. also Sura 51: 19).

That the Qur'an does not consider a person a proper Muslim but a kind of hypocrite who prays but does not make financial contributions to the welfare of the society has been made clear by Sura 107. In Sura 53, 35, it is said: "Did you see the one who turned his back [on Islam]? He gave but a little [of his wealth] and then ran dry". Further, "You shall never attain goodness [*birr*] until you expend from the choicest [parts] of your wealth". (Sura 3: 92). And even more emphatically, "It is not goodness that you turn your faces towards the East or the West [in prayer] but good is he who believes in Allah, in the Last Day, in the angels, in the [revealed] Books and in the Prophets, and who gives of his wealth — despite his life for it — to [poor] relations, orphans, the poor [in general], the wayfarer, those who seek financial help, and for freeing slaves..." (Sura 2: 177). After showing that social justice reform thrust constituted the very heart of the Islamic movement, we turn to an account of the place of wealth in Islam.

3. Place of Economic Values in Islam

The attitude of the Qur'an and the Prophet (peace and blessings of God upon him) is unequivocally positive towards wealth and its earning. The Prophet himself had been a trader by profession and even after the Call to Prophethood he did not give up business altogether. For this, some of his opponents passed sarcastic remarks against him, as the Qur'an tells us, "These people say: 'He is a strange prophet who eats food and goes about in the market-place'" (Sura 25: 7). Before we elaborate this point, however, we should point out that the Qur'an had also criticized the Meccans and others not only for malpractices in trade, using fraudulent methods (Sura 83: 1-3, for example) and employing oppressive institutions like usury, but also for regarding the making of money, by hook or by crook, as an end in itself. "Woe betide every obstinate and slanderous person who has amassed wealth is going to bestow eternal life upon him?" (Sura 104: 1-3). This theme is frequent in the Qur'an: "Vying with one another in

amassing wealth is your sole preoccupation [i.e., to the neglect of all higher values] until you visit your graves" (Sura 102: 1-2). Many world-denying tendencies that appeared in Islam in the Middle Ages and, indeed, wrought havoc in the Muslim society in the name of an "other" -worldly spiritualism", tried to appeal to the type of verses just quoted.

But this criticism of the Qur'an is directed against that pursuit of wealth which regards the amassing of wealth to be per se the absolute good and the highest end or, secondly, against misuse of wealth and power. Addressing the Prophet, the Qur'an says, "So leave him alone who rejects our teaching [i.e., of higher values of life] and has the material life as his sole end: this is the apogee of their knowledge" (Sura 53: 30). Again, "They know [well] the externalities of this material life, but are heedless of the higher [meaning of life]", (Sura 30: 7). We must translate, it seems, the word *akhira* as "higher", as we have done, because the Qur'an has used the term "externalities or superficialities of life" in the first part of the verse, secondly, as we have indicated, the Qur'an regards the misuse of wealth and power as evil: "Say [Muhammad!], shall we point out to you those people whose actions are the greatest losers [in the end]? It is those whose efforts have got lost in [the use of] this material life but who, nevertheless, believe they have achieved high performance" (Sura 18: 104). Again, "when it is said to these people, 'Do not sow mischief and corruption on the earth', they reply, 'We are only reforming'. Beware, it is they who are the corrupters, but they do not realize it" (Sura 2: 11-12).

The attitude of the Qur'an is, therefore, clear on the point. Wealth is good and necessary in order to create a just, healthy, and progressive social order but it cannot become the sole purpose of life. Max Weber described the Protestant ethic as "this - worldly asceticism". This view is not unIslamic, if we bear in mind certain important reservations. Of course, Weber himself has been interpreted differently: some have held that, for Weber, the "Protestant ethic" means pure and unmitigated capitalism, a cut-throat and brutal competition in earning wealth which is the supreme value of life, while for others it means that economic values are invested with high value, in contrast to early and medieval Christianity, but do not constitute the be-all and end-all of life. The first interpretation of the Weberian view of Protestantism is obviously inimical to the Islamic teaching. But in any case, Weber does not put much store by the creation of a health moral social order which stands at the very center of the Islamic view and concentrates, rather, on one-sided and unreasoned individual-

ism. The Qur'an certainly envisages the individual's right - indeed, obligation - to earn and create wealth, but this right exists and is finally sanctioned in the interests of the society as a whole. Should individual wealth come into conflict with the overall interests of the society, and adequate interference in private wealth is necessarily called for, as we shall see below.

So far as "asceticism" is concerned, this also calls for some comment. Individual consumption is not at all disallowed in Islam — not only minimal consumption but good, comfortable consumption. As good, comfortable consumption. As the Qur'an has it, "Who has made unlawful [the enjoyment of] nice and beautiful things which God has produced for His servants (i.e., mankind) and good food?" (Sura 7: 32). Indeed, the Qur'an repeatedly condemns excessive restrictions on consumption (cf. also Sura 10: 59, etc.). But there is the other side to the picture as well. The Qur'an severely criticizes undue or "conspicuous" consumption "Does man think that there is no limit set upon him [in consumption]? He boasts, 'I have spent stacks of money'" (Sura 90: 5-6). Now, of course, if a person spent "stacks of money" and boasted of this, he had obviously spent his "own" money. Yet the Qur'an insists this is wrong. Why? Because, as we have already said, individually property is, finally, sanctioned by the society and while an individual can spend money, it is not just his "own" purse he has to look to while spending it but to the purse of the society as a whole. Islam, therefore, cannot countenance a human society where a few individuals are mere "islands" of money in a sea of poverty. In Sura 11, 104 ff., the Prophet Shuaib admonishes his people to worship one God and not resort to fraudulent methods in business, for "I see you in a prosperous condition and I fear the time when an inevitable punishment will overtake you". His people reply, "Do your prayers [to one God] tell you that we should give up our ancestral gods and that we cannot do with our own wealth what we like? You are [other-wise] a man of prudence and good guidance". In his answer Shuaib tells them that what he has told them stands on a firm basis; he is only trying to reform their society and has no wish to disagree with them purposelessly and ends by saying, "O my people! Let your disagreement with me not lead you to a situation where you may be hit by the same fate as that of the peoples of Noah, Hud and Salih and the fate of the people of Lot is not too far way from you".

We now turn to an analysis of the key terms used by the Qur'an in connection with wealth and its earning by man's own effort and

endeavor. That the Qur'an looks with appreciation and favour upon property and wealth is clearly proved by the fact that it constantly uses the terms "khair (good)" and "Fadl Allah" (God's abundance) for them. These two terms although they generally mean "moral or religious goodness and favour", are used by the Qur'an specifically to denote wealth. The following verses illustrate this (Sura 2: 180). "If a person leave property (*khair*), he should make will" (Sura 100: 8). "Man is excessively attached to wealth (*khair*)". In Sura 2: 215 the term *khair* is used distinctly in both senses, "Whatever you spend of your wealth (*khair*), you should spend it on your parents, your [poor] relatives, on orphans, the needy [in general] and the wayfarers, and whatever good (*khair*) you do, God is well aware of it". In the same Sura, 272, we are told, "Whatever wealth (*khair*) you spend; it will be to your own good that you will spend it ... and whatever wealth you spend, you will fully get it back (in the end) and you shall not be made to lose it". In the story of the Prophet Shuaib quoted in the preceding paragraph, he says to his people, "I see you in a prosperous condition (*bikhairin*)". It is clear, therefore, that "good (*khair*)" is used by the Qur'an in the sense of property of wealth. This term, as indicated above, means general moral goodness or righteousness and its specific use for wealth is not a different use but is a specific case of this general use. The inevitable conclusion must be that wealth is regarded by the Qur'an as morally good.

The term "abundance or favour of God (*fadl Allah*)" is used by the Qur'an recurrently for earning wealth. The effort to create wealth is often called "*ibtigha' fadl Allah* (seeking the abundance of Allah)". Sura 62, 10 tells the Muslims, "When the [Friday] prayers are over, scatter out on the earth and seek the abundance of Allah". In Suras 16, 14; 17, 66; 30, 46; 35, 12; and 45, 12, seafaring is cited in almost identical terms, where ships "sail with goods so that you may earn the bounty or abundance of Allah". In Suras 17:12; 28:73 and 78:11, the creation of night and day is explained by saying that while night is meant for rest, the day is meant for earning wealth. In Sura 2: 197-198, where the Qur'an is discussing the pilgrimage, it states that while "lascivity, transgression, and fighting" are strictly forbidden during pilgrimage, "there is no harm in [taking this occasion for] doing trade". Even in the pre-Islamic times, pilgrimage was an occasion where trading markets were set up, a practice confirmed by the Qur'an. Here again it should be pointed out that the term "abundance or favour of Allah" is generally used in the Qur'an as moral and spiritual uplift, and therefore creating and earning wealth is a specific and essential part of this moral uplift.

That peace and material prosperity are highly valued by the Qur'an as preconditions of a viable and progressive moral social order is clearly brought out by Sura 106, which refers to the prosperity of the Quraish arising from their regular trade missions in the winter to the south, where they bought Indian goods, and in the summer to the north where they sold Indian goods and purchased Byzantine goods. "How smooth and regular have become the trade missions of the Quraishites in the winter and the summer. Let them, then, serve the Lord of this House (i.e., the Kaba) who has satiated them from hunger and made them secure from war".

Besides the Qur'an, Hadith literature is full of praise for trade and business and one Hadith assigns to business the status of *jihad*. Elaborating this point, Ibrahim al-Nakha'i, teacher of Abu Hanifa's teacher and an indirect pupil of the Companion Abd Allah ibn Masud, when he was asked which of the two men is better, an honest tradesman or a man who left all worldly affairs and devoted himself to the service of God, said, "The honest merchant is more dear to me because he is like the holy warrior: the devil comes to him [to seduce him] in the matter of his weights and measures ... and thus he unleashes a holy war against him" (Murtadi al-Zahidi's commentary on the *Ihya'* of al-Ghazali, Cairo, 1311, A.H., Vol. V, p. 417). According to one Hadith, the Prophet said, "Earning wealth by honest means is an unceasing duty [upon Muslims]. The Prophet was asked about the best way to earn; he replied, "either by labor or by business" (*ibid*). The Prophet also said, "An honest businessman (*tajir*) shall be in the category of the Prophets, their truthful followers (*Siddiqun*) and martyrs" (*Mishkat*, Chapter on "Humane Methods in Business"). A Companion of the Prophet, Qais ibn Abi Gharaza, says that he and his people were called "brokers" or "middlemen" (*samasira*), which was supposed to be a derogatory term — but the Prophet called them "traders *tujjar*" (*ibid*). Another Companion, Miqdad ibn M'adi Kariub, sold milk for money. When someone said to him, "Are you not stooping to meanness?" he replied, "This is not stooping to meanness, for the Prophet told me that in future everyone will have to earn money, since nothing will count except money" (*ibid.*, Chapter on "Earning Wealth," Section 3; also the commentary on the same by Ali al-Qari, Cairo, Vol. 3, p. 299).

Ali al-Qari states that many early Muslims (*salaf*) used to tell people to trade and earn money since, if they did not, they were likely to fall into evil ways. He also tells us that the famous jurist of the second century Hijri,

Sufyan al-Thawri, engaged in business. He used to say, "If I did not do this, the [ruling] dynasty of the Banu Abbas will use me and then throw me away as they do with their handkerchiefs!" (ibid., p. 299). These examples are enough to show how positive the attitude of Islam has been towards trade and other means of earning wealth.

4. Exploitation of Universe

The creation of wealth and elimination of poverty is, therefore, a supreme Islamic imperative for man. This is because, so long as a man is poor, undernourished, without proper clothing, shelter, and education — he cannot be expected to play the role of a proper human being in society. This is why the Islamic movement started with this very idea. We must remember that this task is far more imperative today than it was in the time of the Prophet because the exploited resources of wealth per capita today in the Muslim lands are much fewer than they were in the Prophet's time and, consequently, the problem of general poverty is much more acute today. But, fortunately, the technological mastery of man over the physical universe has also made miraculous strides in recent times and the goal of providing men with the basic necessities of life mentioned just now is not a vain hope. What is needed is organization, prudent planning, and effective and relentless effort in this direction.

The Qur'an insists that the entire physical universe has been created for the sake of man and has been made subservient to him. After the intellectual efforts of Namik Kemal, Mufti Muhammad Abduh, Sayyid Ahmad Khan, and others, it is now common knowledge among educated Muslims (and also most non-Muslim scholars of Islam) that the Qur'an, far from smothering human intelligence, summons it to come into operation. The oft-repeated words of the Qur'an, "Why do you not think?" "Why do you not reflect?" "Why do you not ponder?" etc. today ring into the ears of every educated Muslim. The physical universe is called the "signs of God" by the Qur'an. Basically, the Qur'an is interested in encouraging three types of knowledge. First, knowledge of history; we have drawn attention earlier in this paper to the fact that the Qur'an invites Muslims to study the rise and fall of earlier societies and it is not perhaps accidental that the first philosopher of history was a Muslim, Ibn Khaldun. This, also includes, of course, study of geography and the contribution of Muslims to this field is no longer a secret, although full justice has not yet been done to the Muslim

"God has subjugated to you the night and the day and the sun and the moon" (Suras 16, 121, 14, 33). "It is He who has created for you all that is in the earth" or "has created for all of you what is in the earth." (Sura 2:29).

These and a number of other similar verses make it abundantly clear that every item of the furniture of the universe was created in order to be put at man's use. This first of all requires that man have an adequate capacity for original and creative knowledge in order to get at the secrets of the universe. Man was given this capacity. According to the Qur'an (Sura 2:30), when God wanted to create Adam, the angels protested on the ground that man will "work mischief on earth and shed blood." Then God asked the angels to "name" things, which they were unable to do, but Adam successfully "named" them. That is to say, man proved his superiority over angels by his capacity of creative knowledge. In the entire range of creation, then, only man is capable of original and creative knowledge. However, the Qur'an also tells us (Sura 33: 72), that God offered His Trust "to the heavens, the earth, and the mountains, but they refused to bear it and were frightened of the [burden] but man bore: [yet] man is unjust and foolhardy." What was this Trust? It obviously refers to the fact that man is the vicegerent of God on earth (Sura 2:30), and alludes to the discharge of moral responsibility attached therewith. Thus, while the Qur'an attests to the intellectual powers of man and his ability to discover new knowledge, the upshot of man's moral ability (the discharge of the Trust) is still in doubt. This responsibility can be discharged only through a social order based on higher moral values and for which the amelioration of the economic conditions and social justice is a must.

But of first-rate importance for the Qur'an though the scientific knowledge and the discovery of the secrets of the universe is, the Muslims, after an initial period of scientific development, criminally neglected this aspect. As the Madrasa system got organized in the medieval period, positive sciences were excluded from the curricula, as being "non-Sharia sciences" — in the teeth of the Quranic teaching which had expressly stated, "Oh humans and jin! if you wish to be able to penetrate into the corners of the heaven and the earth, you will not be able to do so except through sure knowledge" (Sura 55:33). No Muslim people can be better aware of this fact than the Turks themselves who waged a long and grave struggle on this issue against the traditionalists who completely failed to see that even religious thought suffers and ultimately decays if positive knowledge is negated. In the mid-seventeenth century, Haji Khalifa wrote

in his book *Mizan al-Haqq*: "But many unintelligent people ... remained as inert as rocks, frozen in blind imitation of the ancients. Without deliberation, they rejected and repudiated the new sciences. They passed for learned men, while all the time they were ignoramuses, fond of disparaging what they called 'philosophical [i.e., rational] sciences,' and knowing nothing of earth or sky. The [Qur'anic] admonition, "Have they not contemplated the Kingdom of Heaven and the Earth" (Sura 7:184) made no impression on them; they thought "contemplating the world and the firmament" meant staring at them like a cow" (quoted from my book *Islam*, Anchor Books, New York, 1968, p. 229).

But critiques like this one by Haji Khalifa and others fell on deaf ears and the self-styled custodians of the Sharia at first excluded the positive, scientific knowledge from their. Madrasa system, but thereby also did devastating harm to religious knowledge as well which, without challenge and dialectical movement of the mind, ultimately ceased to be creative, stagnated, and petrified. For the Qur'an, "knowledge (*ilmu*)" is a unity and is, therefore, indivisible. "Specialization" is necessary for progress in each field of knowledge but, unless the results of specialist knowledge continue to be integrated by great minds to produce an overall picture of life and the universe, mankind suffers incalculable damage. In our time, specialization in sciences and technology and a disproportionate concentration in these fields to the exclusion of higher values which would give science and technology a purposeful orientation, has resulted in men of drastically myopic vision creating an unrest and a vacuity of mind whose harmful consequences have only just begun to appear. As the great Mawlana said in his *Methnevi*: "If you apply knowledge [only] to your body, it will become a poisonous snake; if you apply to the heart, it will become your friend."

We have spent a few lines on the question of knowledge and research and its proper nature because it grew directly from the Qur'anic demand to study and harness nature for the economic and other benefits of mankind and we have pointed out that if Muslim societies neglected to fulfill this demand, it was at their own risk and peril that they did so. As a result, many Muslim societies suffered political, intellectual, and economic subjugation by the more advanced Western nations. It is obvious from what we have said that the cultivation and advancement of knowledge and research is an *'ibada*, a fundamental service to God in the eyes of the Qur'an. But now that Muslims are keenly aware of the importance of scientific knowledge and research, let us hope that they will also avoid the

pitfalls of the modern Western experience and will not be one-sidedly materialistic in the pursuit of knowledge and will aim at an integration of scientific and positive knowledge with higher moral values indicated by the Qur'an.

The points we have made so far, then, can be summed up as follows. The amelioration of the lot of the common man is a religious "must" according to the Qur'an. To do this, creation and earning of wealth is an equal "must" and, for this, the undertaking of the study of positive sciences in order to "subjugate" or "harness" nature — as the Qur'an put it — is a third and integral "must". There is no religious scripture known to us till now, which puts so much emphasis on each of these three factors severally and as an integrated whole. While this strikingly brings home to us the great gap between the Islamic demands and the actual performance of the Muslims — without necessarily minimizing the great achievements of Muslims in history — it also shows us the immensity and urgency of the task that has to be accomplished. We shall now take up the central theme of this essay, viz., a discussion of the principles and conceptual instruments given by the Qur'an and other Islamic sources explicitly or implicitly for economic creativity and equitable distribution of wealth.

5. Creation and Distribution of Wealth

5.1. The two opposing camps

The twentieth century has witnessed the greatest and most prolonged battle between two opposing socio-economic ideologies, which still continues. The communists produced a monolithic and totalitarian system wherein they justified nationalization of all capital on the basis that capital itself was the "congealed labour" of past generations and could not be left in private hands. This argument is highly fallacious. Everything present, including human beings themselves, is the product of the "labour" of past generations. If it is said that man is different from capital because the latter is "congealed" or "inert", this cannot be allowed because the materialist philosophy of communism itself denies any higher principle in man called "mind" and regards man himself as nothing more than matter. But a still greater irony is that the working humans in whose name the state nationalized wealth themselves come perforce to be "nationalized" as well. Labor was denied its reward in the name of a future when the truly millennial era would be ushered in when the state would disappear and give

way to a normative society. In the meantime, however, society must be indefinitely kept in abeyance in the name of a totalitarian and Titanic State! In practice, communism has acted as though both the past and the future are real, or at least more real for it than the present.

As for capitalism, its ruthless consequences, after the Industrial Revolution got underway in Western Europe, appeared both at home and abroad. Goods produced by the machine needed outlets and these outlets were sought through colonialism, through gunboat diplomacy, and through other forms like capitulations of the Ottoman Empire. At home, the lower classes were rendered weaker and poorer; in Britain, where the Industrial Revolution developed earlier and more rapidly, children were still being literally sold for money by poor parents until the 1880s when a law was passed to put an end to it. But the worst damage done by this system is its legacy of class hatred, which appears unending, which has pitched man against man with disastrous results for capitalist nations themselves. (Not that class hatred was less in communism, whose method to overcome it was, however, simple; elimination of the upper classes). As against the communist totalitarianism, the capitalist camp proffered the ideology of "freedom". But this means, among other things, that a poor person is free to go and hang himself, while the capitalist is free to add to his millions. "Freedom" by itself, of course, does not mean anything, and you have to ask: "Freedom" from what? and "freedom" for what? If you ask the teeming millions of developing countries about their ideas on "freedom", they are bound to reply "freedom from poverty and want", which is crushing their very existence.

To these doctrinaire stands, then, to which the two camps seem to have become mortgaged, Islam is neutral. As between the two camps, it has to be admitted, the capitalist one can be more easily modified and is more flexible, where the governments of capitalist countries are willing and strong enough to introduce suitable changes. Yet the fundamental evil of worker versus capitalist remains and in no capitalist country has this evil been overcome. This, despite the fact that in a country like the United States the average worker is comfortably off, some workers highly comfortably off, indeed. This shows, if anything, that so long as capitalism is the "floor policy" of a nation, workers' attitude to capital will be that of continuous opposition and that class hatred probably is finally ineradicable. Humanly speaking, the pernicious effects of this phenomenon far outstrip the outpouring of factories with luxury goods (which ever tend to become

and his obligation — it is the very fountain of life.

Work is, of course, of various kinds. Manual labor is work, intellectual labor is work, and indeed, moral endeavor or labor is equally work. The division of work into manual labor and other "services" is purely technical, for all work is geared to production, its facilitation, its level, and its quality. The Qur'an, therefore, employs the two basic terms *amal* (work or labor) and *kasb* (earning) interchangeably and inclusively for all work — whether manual, intellectual, or moral. But since for the Qur'an all work has a moral import, the moral aspect is more commonly mentioned in the Qur'an. In the eyes of the Qur'an, indeed, both *amal* and *kasb* are "holistic" terms, i.e., they refer to the total performance of a man or a society — whether it be manual work or other — rather than to the discrete actions. Typical of their use are the following verses, "Mischiefs and corruption have become rampant on the earth and the seas because of what the hands of man have earned" (Sura 30:41). "That is a people [speaking of earlier peoples and communities] which is by gone; to them belongs what they have earned and to you shall belong what you will have earned and you are not responsible for what they did " (Sura 2: 134, 141). "Every soul is mortgaged to what it does" (Sura 74:38).

But sometimes the terms *amal* and *kasb* are employed by the Qur'an explicitly for work and labor alone: "That they may eat of its fruit and what their labor has produced" (Sura 26: 25). "Those people who aim at material life and its beauty, we fully reward their labor whose fruits they will not be denied" (Sura 11: 15). "The boat belonged to some poor people who plied (*yamaluna*) it in the river" (Sura 18:79). The situation of a person who gives his wealth out of his sheer whim and without being convinced of its merit and without any plan is "like a rock which is covered by earth. [When he tills this soil] it is struck by a torrential rain which washes away the earth and leaves the rock bare — thus depriving him of the result of his labor (*kasabu*)" (Sura 2: 264). The Hadiths quoted by us are explicit in employing these terms in the sense of work and business. These terms must be taken to cover agriculture which falls both under work and business. In the later medieval ages, labor and agriculture came to be looked down upon by some Muslims and from this have arisen certain misconceptions in the West as well that Islam is derogatory of agriculture in particular and labor in general. There can be nothing farther from the truth than this view. We know fully well that most of the Companions of the Prophet at Madina were

agriculturists. How could the Prophet have condemned their way of livelihood? Ta'if which came to Muslim hands and its citizens became Muslim a little after Mecca, grew fruits, including grapes, and was a prosperous town from where even Meccans raised capital for their trade. Indeed, labor in general has a great deal of Hadith to support it, some of which we have already quoted. According to a report from the Prophet, all forms of productive labor are endowed with positive worth and many Prophets themselves pursued such profession: Nuh was a carpenter, Idris a tailor, and David used to manufacture helmets, while Moses was employed as a shepherd. The Prophet of Islam was himself a shepherd in early life and later became a trader (see Labib al-Said: *al-Shuyū'ya wa'l-Islam [Communism and Islam]* Cairo, 1961, pp. 40-41).

The reason why agriculture was, in the later centuries, degraded by several Muslim intellectuals has to do with the historical evolution of Islam. It is well known that the Islamic civilization, as it evolved during the Middle Ages, was essentially urban-centered. The two most important institutions of historic Islam, the government and the ulama and their educational system, were city-based and the countryside and its peasants and farmers were generally regarded as being outside of the higher cultural orbit. When Sufism spread in the later medieval centuries, the character of urban Sufi orders was again different in many important respects from that of the countryside orders. Whereas the former were closer to the "orthodox" religion, with intellectual refinements, the countryside orders were less disciplined and more lawless. In this atmosphere, a great gulf developed between townsmen and villagers whose very way of life and occupation came to be regarded as a kind of disvalue. This attitude did not represent Islam but had its roots in the high class snobbery. Yet agriculture remained, for the most part, the most fundamental backbone of the economy and, in times of financial stress, governments resorted to heavy land taxation policies, which reduced the village economy to a mere subsistence level. We shall further elaborate on the agricultural question in terms of land-holding, etc., in the following sub-section concerned with distributive justice.

Hadith authorities, like Ali al-Qari, think that all work, including agricultural work, is a form of trade which is the over-arching principle of the organization of a civilized society. If people did not sell their services or the products of their labor, then either anarchy would ensue there some people would plunder others' goods by force or beggary would become

5.3 Distributive justice

Although Islam had laid stress on the creation of wealth which, as we have seen, it considered to be "the bounty of or abundance of God" and it greatly emphasised the virtues of work and business without which man would lose dignity in its view, yet, since in those days production was generally quite sufficient for human needs, its stress on social justice and reduction of economic disparities is far greater, for it was this issue which centrally engaged the attention of the Qur'an and the Sunna of the Prophet. Early in this essay we have given numerous examples of the importance of economic justice and social welfare as central themes of Islam. This phenomenon is, indeed, unparalleled in the history of world religions. Before we go deeper into the analysis of the principles of socio-economic justice in Islam, it is worthwhile citing a lengthy passage from the Qur'an to show of what first-rate concern this issue was to Islam. This passage comes from a Madinese Sura of the Qur'an whereas the quotations cited earlier are from the Meccan and especially the early Meccan period to demonstrate the fact that the impulse of economic justice lay at the very roots of the Islamic movement:

"Those people who expend of their wealth 'in the way of Allah' (for an explanation of this expression and the expression 'credit with God', their likeness is a single seed which grows seven ears [i.e., of wheat or corn], each of which has a hundred grains — and God multiplies farther for whomsoever He wills: His knowledge is boundless. Those people who expend of their wealth in the way of Allah and then do not follow it up with counting their favors [i.e., because it is their duty to spend] and with harm, their reward is with their Lord and they have nothing to fear nor shall they come to grief. A word of kindness and forgiveness is better than a payment of charity which is followed by harm and God is independent [i.e., He does not become the beneficiary of charity, but in the final analysis, the giver himself] and forbearing. O you who believe! do not set a naught your welfare — spending by counting your favors and doing harm — like the one who spends his wealth for show while he does not believe in Allah and the Last Day. His likeness is a rock which is covered by earth: suddenly torrential rains strike it and leave the rock bare [upon which nothing can be shown] depriving its cultivators of the results of their efforts — God does not guide disbelieving people. The likeness of those who [on the contrary] spend their wealth seeking God's pleasure [i.e., in order to establish credit with God, and with a conviction from within themselves, is a garden (grown) on a high

ground which, if heavy rains fall upon it, gives double yield, but if rains do not fall upon it, dew [is sufficient for it — since it is one high ground] — and God knows well what you do.

“Would anyone of you like that he should possess a fruit garden of palms and grapes in which water-streams flow: he has all kinds of fruit [therein]; but when he becomes old while his children are still weak [i.e., too young to do work], the garden is struck by whirlwinds mixed with lightening fire and it is all burnt down. Even so does God make clear to you His signs, perchance you may reflect. O you who believe! give up for welfare the better parts of your earnings and of your produce from the land; do not give that portion [thereof] which is unworthy — such as you yourselves will not take except at a cheap price, and you should know that God is independent and deserving of praise. It is Satan who whispers [into your minds] poverty [i.e., through expenditure on welfare] and he commands you to commit obscenity; God [on the contrary] promises you His forgiveness and His bounty [i.e., prosperity through investment in social welfare] and God has limitless knowledge [i.e., while you tend to be shortsighted and think such expenditure is going to impoverish you]. God gives wisdom to whom He wills and whoever is given wisdom [i.e., instead of short-sightedness] he has been given a great good, but only people endowed with reason think so.

“Whatever you spend or make a vow [to spend], God knows it and the unjust will find no quarter. It is good if you give your welfare contributions openly, but it is still better if you give them secretly to the needy: this will cover your lapses while God [in any case] knows what you do. O Prophet! it is not up to you to guide these people; it is God who guides whomsoever He wills — and whatever wealth you spend, it is for your own good that you do so, that is, the wealth you spend for God's pleasure only, and whatever wealth you spend, you shall be fully requited — no injustice will come to you. [Worthy of expenditure] are those who could not march forth [to earn wealth] and were prevented from participating in *jihad* [for they had no resources to obtain horses and fighting equipment]: a person ignorant [of their circumstances] thinks they are well off because they do not stick around begging; but you can find them out from their facial expressions - whatever wealth you spend [on these people] God knows it. Those who spend their wealth night and day secretly and openly, they shall have their requital from their Lord and they shall have no fear, nor shall they come to grief.

"Those who devour usury shall not rise except like one who has been touched by the devil. This is because these people say that usury is just like [any other] business, while God has made business lawful and has prohibited usury. Thus, whosoever, when admonition from his Lord has come to him, desists, his past [usurious gains] will be considered bygone and his affair is entrusted to God; but whosoever returns [to usury], they are people of hellfire wherein they shall abide. God destroys usurious gains but makes welfare expenditure prosper, and He does not like a disbeliever who persists in wrong-doing. Indeed, those who believe and do good deeds, establish prayers and pay up *Zakat*, shall have their requital with their Lord and they have nothing to fear, nor shall they come to grief. O you who believe! fear God [i.e., do not act precipitously against His laws] and give up whatever remains of your usurious claims, if you are believers. But if you do not do so, this is an ultimatum of war [against you] from God and His Prophet. If, however, you desist, then you may claim back your [loaned] capital — you will thus neither do wrong nor will be wronged. If [your debtor] is in strained circumstances, give him respite till his financial condition [sufficiently] improves; yet it is better for you if you waive [your claim for the return of the loaned capital — since you have already consumed so much wealth through usury], if you would know the truth" (Sura 2: 261-280).

While several religions have, to some extent, addressed themselves to the question of human material misery, it remains true that no other religion except Islam has made it a focal point of its interest and this, as we have shown, is due to the conditions under which the Islamic movement took birth. But while its birth took place in the predominantly commercial Mecca, this clan became so embodied in Islam's nature that, as this passage shows, it remained as its most insistent theme in Medina as well. Indeed, it was in Medina that Islam developed some of its earliest institutions on this issue, like the banning of usury and the law of *Zakat*. Before going into the details of the distribution of wealth, it seems proper to discuss the banning of usury which forms the last part of the above-quoted passage of the Qur'an. We shall give here only the essential points of the problem of usury (*Riba*); we have treated it in much greater detail in an article published earlier (*In Islamic Studies*, Islamic Research Institute, Islamabad, Vol. 3, No. 1, March 1964, pp. 1-64).

Riba was a system of usurious exploitation in the Arabia of the Prophet's time. The basic feature of this system, as the Qur'an makes it

clear elsewhere and the Hadith corroborates it, was that a certain sum of loaned money was multiplied several fold in a very short period of time. Thus, the Qur'an says, "O you who believe! do not devour *riba* multiplied severalfold" (Sura 3:130). The standard form this transaction took was that a person borrowed money from another for a fixed period, say six months or a year, often at a certain interest. At the end of the term, the creditor came to the debtor and asked him, "Will you pay up or will you increase [the capital sum]?" The word *riba* means "to increase". If the debtor could not pay, the lender gave him another fixed period of time, six months or a year, and the capital sum was doubled, and so, by giving him three or four respites, the original sum often became multiplied tenfold or more. In due course, it became so heavy that it was mostly impossible for an ordinary borrower to pay and when the debtor could not extricate himself from the debt he, and often his whole family, became slaves of the creditor.

Although there is no direct evidence yet to prove that *riba* was employed in business, the instances given in Hadith, history works and literature definitely refer to three areas where *riba* was employed in business, the instances given in Hadith, history works and literature definitely refer to three areas where *riba* was operative. It was operative firstly at the level of the consumer since many poor consumers bought their necessities "on credit" which doubled and redoubled itself in this fashion. Secondly, it was operative in the agricultural sphere, where poor farmers borrowed seeds at the sowing time on highly exploitative terms. Thirdly any poor person was liable to borrow money to pay for his basic needs, including health needs. In the agricultural sector the Hadith (but this is not mentioned in the Qur'an) mentioned two other types of transaction which are rejected as *riba*. One kind of transaction was that a person would bid for a crop or, more particularly, for the would-be product of a fruit orchard while the fruit had not yet formed. Such transactions were rejected as being "speculation". In the second form of transaction, a person would exchange, for example, six pounds of low-grade dates for two pounds of high-grade ones. This type of transaction is called in Hadith " *riba* of concurrent exchange". Several jurists do not, however, accept this latter Hadith.

On the crucial question of whether *riba* was used in business and trade, there is, so far, no specific and direct evidence available, as said above. There are, therefore, two assumptions possible to make. The first view is that *riba* was not used in raising capital for business, which was carried on, on the basis of profit-sharing (*mudaraba*). The holders of this

view contend that, apart from the fact of the lack of specific evidence, a strong presumption is created against the use of *riba* in business because if a businessman raised capital on such exorbitant conditions, it would be impossible for him to make a profit from his business. In my article referred to above, I took the view that since *riba* was prevalent, a strong presumption is created that it was also used in raising capital for business. My answer to the difficulty about lack of profit-making on the basis of *riba* is that if the businessman raised capital on *riba*, say on a hundred per cent, he could sell the goods bought, say, from Syria, at four times the original price, thus making a profit, say of one hundred per cent after returning the original sum to the creditor with a hundred per cent interest (see below, discussion of *mudaraba* or partnership).

Be that as it may, what is clear is that even if *riba* was present in business, it did not hurt the common man, since the goods bought from abroad were mostly luxury goods, not basic necessities. The sectors in which *riba* really hurt the people was agriculture, the consumer goods bought on credit or a simple loan incurred for basic needs. This is why the Qur'an in condemning it in the above-quoted passages, denounces it as "Injustice (*zulm*)."

This is further corroborated by what the eminent fourteenth century scholar Ibn al-Qayyim (a pupil of Ibn Taimiyya), after distinguishing between *riba* on credits and that on "concurrent exchange" and declaring that what was really banned was the former, says, "The standard form of *riba* practiced in the [Arabia of the] pre-Islamic days was the one on loans. This took the form that the creditor postponed his demand against an increase in the basic capital and the postponement continued to be repeated against repeated increments in capital until one hundred became several thousands. Now in most cases, the victim was none other than a needy and poor person. When he saw the creditor ready to delay his demand against capital increments on his part, he endured this increment in order to avoid nagging demands and imprisonment, and resorted to delaying tactics from one time to another. Thus, the danger to the debtor continually increased and his affliction became oppressive. He was [ultimately] overwhelmed by debt until he exhausted all he has [while the capital still remained outstanding]. The sum increased incessantly against the debtor without his benefiting anything from it while the wealth of the creditor increased continuously without his brother [i.e., the debtor] drawing any benefit from it; the creditor therefore, wrongfully consumed another's property" (Ibn al-Qayyim: *Ilam al-Muwaqqin*, quoted in Muhammad 'Abduh: *Tafsir al-Manar*, Part II, p. 114; Part III pp. 125-26).

When the original sum was loaned, it was loaned not free, but on a certain percentage which was relatively small (Muhammad Abduh, op., cit., Part III, p. 124, lines 4 ff.). But this interest rate was not called *riba*, a term used exclusively for doubling and redoubling the original sum for the debtor's failure to clear the debt within a specified time. This is corroborated by a report from Zaid ibn Thabit, a distinguished Companion of the Prophet, to the effect that *riba* was a process whereby a sum of one hundred became two hundred in the following year and four hundred in the next following year and so it was redoubled each successive year (ibid., p. 123, last line p. 124, line 3). Ibn Hajar al-Makki states that the creditor often extracted *riba* from the debtor every month, while the original sum always remained unpaid (ibid., p. 124, lines 13 ff.)

It is abundantly clear from this evidence that *riba* was a heinously destructive form of exploitation perpetrated on the poor sections of society. The Prophet's own uncle Abbas had large sums invested on the basis of *riba* in the tribe of Banu Tha'qif. When the latter became Muslim after the fall of Mecca, the Banu Tha'qif made it a condition in their agreement with the Prophet that all *riba* money they owed their creditors, including his own uncle, would stand cancelled, a condition accepted by the Prophet and followed by a general ban on usury spoken of in the above-quoted passage from the Qur'an. In the commercial transactions, either *riba* was not used or, if it was used, it did not hurt the really poor people but only those who purchased luxury goods.

But the majority of the Muslim Fuqaha interpreted this ban on *riba* as a general ban on all increments on loaned capital, whether this was for commercial purposes or not, even if it was not a "doubling or redoubling" of the capital but only a relatively small percentage. And, having incarcerated themselves in their self-made prison, they then resorted to an extensive exercise in "fictional legal devices (*hiyal*)" which were a disgrace to any society which seriously meant to abide by its own laws. Resort to such devices corrodes and ultimately undermines confidence in the authority of law itself. But this is not the only issue on which such developments (or misdevelopments) occurred. This occurred in several other legal areas, including criminal law, which this is not the place to enter into. Nevertheless, there were certain bold minds which raised their voice on many of these issues against distortions which were supposed to have the sanction of the Ijma or consensus of the *ulama* behind them. One such example of

boldness is the prominent jurist of the twelfth century (6th century A.H, Izz al-Din ibn Abd al-Salam. In his work *Qawaid al-Ahkam fi Masalih al Anam* (Based on Law for the Betterment of People), after declaring that there is no genuine basis in Islam for the punishment of stoning to death of an adulterer, he says, "Similarly, I have not found anything reliable concerning the mischief wrought by [certain forms of] *riba*, which might necessitate considering them among the grave sins (*Kaba'ir*). The transaction of man who sells one thousand [gold] *dinars* for one [silver] *dirham*, is considered valid [by the Fuqaha] but a person who sells one measure of barley only on a short-term loan, his transaction is considered invalid. In none of these forms [of legal prohibitions] there appears any intelligible meaning which may be considered worthwhile" (Part I, p. 164).

Among modern economic ideologies, communism considers banking interest and the charge of rent on loaned money to be a fundamental root of all evil. The alternative was to nationalize all private wealth. But despite this drastic measure, interest could not be got rid of. In 1956 the U.S.S.R. for the first time openly admitted the efficacy of the "profit motive" in production. In the late Fifties, they also allowed inheritance which has been prohibited earlier. In the early Sixties when the Russians discovered that a large amount of capital had gathered in private hands, through savings from people's earnings which they did not invest in banks since they could not get any interest, they declared that if this private capital were invested, the government would pay interest up to 13 per cent. Among the non-communist economists, John Maynard Keynes, the British economist of the first half of the twentieth century, argued that governments must play a central role in public expenditure in order to create full employment. His views definitely contributed to Roosevelt's policy of the "Big Deal" in America and also influenced British economic policies. Keynes predicted that when the supply of money became sufficiently abundant, the rate of interest could be reduced to zero level. His prediction has not proved correct so far, and probably never will be; nevertheless, his advocacy of the centrality of government's role in the control of economy and finance has, on the whole, been vindicated and is the nearest of the Western models of the teaching of Islam.

It would appear, then, that the view of the majority of medieval Muslim jurists on the total ban on interest was not correct so far as the Islamic policies on *riba* are concerned, since *riba* must be distinguished from the modern banking system. The modern banking system is develop-

ment-oriented, whereas *riba* was a kind of usurious exploitation of the poor sectors of society by the rich, and was at least largely consumption-oriented. Modern banks do not, strictly speaking, "sell" less money for more money; interest is a rent or price of loaning money. But it is important to regulate and control the interest-rates of banking houses and the loans must be invested in productive ventures, not consumption.

The Qur'anic teaching on distribution of wealth is ultimately reducible to two basic principles and whether it is the banning of usury or the law of *zakat* and *Sadaqat* all come under these two principles. Let us first state and elaborate these principles and then discuss, in their light, the problems raised by modern economy. The first fundamental law is that no one shall get more or less than what is proportionate to his input either in terms of capital or in terms of labor. The Qur'an states, "Woe betide those who take more than they give (*wailun li'l-muta'fffin*)" (Sura 83: 1). Again, "Do not curtail or diminish (*bakhs*) what is due to other people" (Suras 11:5; 26:183). Further, "Do not consume the wealth of other people by wrongful means" (Sura 2: 188; 4:29). The second law states, "[Wealth] must not circulate only among the rich ones from among you" (Sura 59:7).

Taken together, these two principles yield the possibility of the entire range of institutions requisite for a welfare state. The first principle of "giving people their full due and not diminishing it" was actually directed against fraudulent trade-practices used by many Meccans, but in its meaning and intent it is an extremely comprehensive principle. It is a security against all curtailment of right dues, particularly in the economic sphere. If a landlord does not give a fair deal to the peasant and robs him of the just and fair fruits of his labor, while he himself prospers at his expense, he is guilty of *tatfif* the abridgment or curtailment of the peasant's rights. This is why, in a society where this kind of exploitation prevails, it may become necessary, as we shall see below, to either take away the lands from sleeping landlords and give them to the peasants or the government may take the lands over and lease them to the peasants. Again, if an industrialist makes large profits while the condition of the workers does not materially improve and prosper, he is equally guilty of *tatfif* and *bakhs* (i.e., curtailment of the worker's rights) in the sharing of the surplus value their sweat and labor have created. The rights of the capital and labor must be fairly and justly balanced. If this does not happen, the workers may be given 50 per cent shares in the ownership of the industry. This may also give the workers the necessary incentive to maximize production.

As for the second principle, it is a general law of social security. Those who have nothing or little by way of providing sustenance for themselves and their families - either through illness or old age or lack of employment, etc. — their basic needs must be taken care of and for this they must be provided with a minimum of purchasing power so that "wealth circulates in the whole society and not just among its rich strata." It was for this reason that Islam provided the Law of Zakat. Zakat is a compulsory levy and not a voluntary charity. Indeed, this was the only permanent levy or tax that the Qur'an legislated. It should also be borne in mind — which the medieval Fuqaha ignored — that the heads of the expenditure of Zakat (enunciated by the Qur'an) are not confined to helping the poor and needy; it also includes education, defense, salaries of the civil servants, improvement in communication and diplomatic expenditure. Among all the Muslim writers, medieval and modern, it is only Labib al-Said who, to my knowledge has been bold enough to state this matter properly in his work *Communism and Islam (al-Shuyukha Wa'l-Islam)* referred to earlier in this essay. He says, "Although Islam calls some of these levies Zakat and others Sadaqat, and praises those who pay them ... this is only in order to make it [psychologically] easier for them to pay these; otherwise, in any case they are compulsory levies collected by the state" (pp. 33-34); again, and even more importantly, "Islam has named expenditures for Zakat, which comprehend all the areas of individual and collective (private and public) importance — of both the state and the religion" (p. 35). The wording of the Qur'an is as follows: [Zakat and] Sadaqat money are to be spent on the poor and the needy [i.e., welfare of the poor], tax collectors [i.e., the civil services], and those people whose friendship is to be won over [i.e. diplomatic expenditure], to free captives and relief from chronic debts and in the 'Path of Allah' [The commentators say this can mean defense, education, health, etc.] and for [facilities for travelers i.e., improving communications]" (Sura 9: 60).

Can anyone say that this does not cover all state expenditures? If so, then can it be denied that Zakat represents the entirety of the consolidated revenues of the state? It is, of course, true that the Prophet (not the Qur'an) had fixed certain percentages on certain kinds of wealth for Zakat in view of what he judged to be the requirements of the society of his days. But, surely, it is open to a modern society to rethink and restructure these details, which are of secondary importance and which must change with change in social and economic conditions. Yet the vast majority of the ulama stuck to the details provided by the Prophet obviously

for his society and for the kind of economy obtaining in his own days. By being so hide-bound, not just on this issue but, as we have seen earlier in our discussion of *riba*, on innumerable other issues, the Fuqaha, the so-called custodians of the Sharia, successfully defeated the very objectives of the Qur'an. The consequence was inevitable: the Zakat, which was the only consolidated permanent tax levied by the Prophet and the Qur'an, necessarily degenerated into a pure voluntary charity by disbursing which privately a rich and exploitative man consoles his guilty conscience to himself that even if he may have resorted to such evil practices as smuggling, hoarding, profiteering, and exploiting other people — practices starkly prohibited by Islam — he has still paid odd "God's due". It is surely this kind of attitude which gives point to the communist maxim, "religion is the opium of the poor people", since it effectively throws dust in their eyes.

Yet the courageous Andalusian jurist Ibn Hazm, to whom we have referred earlier, says that if Zakat is unable to meet the needs of the poor, the government must compel the rich to make further contributions to cover the needs of the poor — needs for food, clothing, and shelter: "It is the obligation of the rich in every society to fulfill the needs of the poor. The government has to compel them to undertake this if Zakat is insufficient for their needs. The poor must be insured for their necessary food, for their winter and summer clothing, and for a shelter which is capable of warding off harm from them due to rains, cold, and heat and which gives them privacy from the public eye" (*al-Muhalla*, Part 6, p. 156). As stated earlier, Ibn Hazm even goes so far as to say that if the government does not do this, it is religiously lawful for the poor to take the law into their own hands and wrest these necessities of life from the rich. Ibn Hazm justifies this on the basis of the Qur'anic verse, "If a group [of Muslims] rebels against another, you must fight them until they return to the Path of Allah" (Sura 49.9). It is to be noted that by the "rebel group" here Ibn Hazm does not mean the formal rebels against the rich but the rich themselves who, by denying the necessities of life to the poor, are rebels against society! Ibn Hazm also justifies this action on the part of the have-nots on the ground that if they do not do this, they will die of hunger, disease, etc., and would thus be guilty of suicide (*al-Muhalla*, Part 6, p. 156.) This situation, of course, presupposes that there is no organized government in existence or, if it exists, it is not worthy of that name!

We shall now discuss the application of this economic justice teaching of Islam to certain crucial problems in the modern context.

1. **Work and Its Reward.** As we said earlier, Islam looks upon work as an essential feature of human dignity. The Prophet himself, before he assumed management of Khadija's business, worked as a shepherd for a *qirat* (i.e., one-sixth of a dirham) per day (*Mishkat al-Masabih*, related from Bukhari), chapter on "hiring (*ijara*). There are reports that people without work approached the Prophet and Caliphs, who found work for them and also provided them with the necessary implements. Labib al-Said concludes, "It can be inferred from the Sunna that an [unemployed] worker could ask the ruler to provide him with work; the ruler accepted this claim immediately, provided him with work and also the implements with which to work" (op. cit., p. 55). Indeed, for Islam, it is both the right and duty of a person to work and contribute to social security. Bukhari relates a Hadith to the effect that the Prophet once said, "It is the duty of every Muslim to contribute to social welfare (*Sadaqa*)". "What if he does not have anything to contribute?" he was asked. "Let him work", said the Prophet, and benefit himself as well as contribute to welfare" (Mahmud Shalabi: *Ishtirakiyat Muhammad*, second edition, Cairo, 1966, p. 162).

We have stated above the Qur'anic ban on *tatfil* and *bakhs*, i.e., depriving anyone of a part of his due through unfair deals. The Hadith is eloquent on the necessity of paying promptly the full due of a worker. Ibn Maja relates from the Prophet, who said, "Pay the due of a worker before his sweat dries" (*Mishkat*, Chapter on "*ijara*"). Bukhari also relates a Prophetic Hadith, "God shall, on the Day of Judgment, personally indict a person who employed a worker and got full work out of him but did not pay him his full due" (*Mishkat*, *ibid.*). What Islam fundamentally aims at, then, is the establishment of a proper ethic of work both for the employer and the employee and it is the obligation of a Muslim society to create such an ethic. This is in perfect tune with the general effort of Islam to create a sense of responsibility in each individual or group within its relevant spheres. In societies where this ethic either does not exist or does not work, the state is free to legislate and put in black and white the rights and obligations of workers and employers. This is a perfectly sound procedure so far as it goes. But the trouble is that, without an ethical basis, laws and rules merely lead to class trouble. Employers still find loopholes for undue profiteering and workers resort to strikes and refusal to work, thus weakening the nation in the long run.

Islam certainly gives due importance differences in people's abilities and skills. The Qur'an states, "Everyone has his reward for his work". People have not been created equal in their capacities: some are more capable than others; some work harder than others. To deny this under normal circumstances, and to withhold the due of better worker, is to deny nature and injure the incentives of people. The communists' classical maxim was "From each according to his capacity and to each according to his need." While this kind of idealism may work under abnormal national and social stresses and crises, it is an impracticable principle for normal situations, and, indeed, the communists have reformulated their principle as "From each according to his capacity and to each according to his work." The latter proposition, adopted by the Soviets on the ground that their society was not yet "Communist" but only a "Socialist" one, however, seems unintelligible. For the term "capacity" apparently means "capacity for work" and so the proposition reads "From each according to his capacity to work, to each according to his work," which is sheer verbal jugglery.

While Islam patently recognizes differences in human abilities and competencies and requires their just requital, it also recognizes, at the same time, that a certain type of worker or a certain segment of the society may have to be subsidized. While distributing money, Bukhari reports that the Prophet [at least sometimes] gave one share to a single man but a double share to a married person [Mustafa al-Sibai: *Ishtirakiyat al-Islam*, 1960, p. 99]. Bukhari also records that the Prophet said, "If a person undertakes work on our behalf (i.e., on behalf of the state), he may be given a house if he has no house of his own" (al-Sibai: op. cit., p. 99). Although this reference is to state employment, nevertheless, the basis on which this order was issued is not confined to state work but may equally apply to other work as well. The basis is that a worker must be relieved of such handicaps as are liable to impede his proper functioning. Actually, it is not any hard fast rule that Islam insists on implementing: it rather wants to create a proper atmosphere for work on the basis of an adequate ethic and the rules must remain flexible to tackle any given situation.

Indeed, this flexibility can be illuminatingly illustrated by an example. It is known that during the Prophet's lifetime in Madina, the Muslims were desperately short of horses which were needed for *jihad*. The Qur'an states that once when the Prophet told some people that they could not be allotted horses for *jihad* because of shortages of horses, these people

wept out of sorrow that they could not participate in *jihad*. In order to encourage the breeding of horses, the Prophet not only exempted horses from Zakat tax, but, after *jihad*, gave two shares of the booty to a horse, while he gave only one share to the soldier. Thus, a fighter who had his own horse received three shares but a fighter who was given a horse by the state or from another person received only one share, while two shares went to the owner of the horse. When, however, in 'Umar's time, horses became abundant, the Caliph imposed Zakat tax on them. Later, Abu Hanifa reversed the Prophet's decision on booty shares and recommended allotting two shares and recommended allotting two shares only to the horse (see my *Islamic Methodology in History*, Islamic Research Institute, Islamabad, 1985, pp. 39-40). Notice the stark difference between the attitude of the early generations of Muslims on the one hand and the later representatives of the Sharia, between an Umar and Abu Hanifa on the one hand and the later medieval Fugaha and Muftis on the other!

Legislation to regulate employer-worker relationship - just as in all human relationships will be necessary. If workers complain of continuous injustice, it may be well, as we pointed out earlier, to give workers shares in an economic venture say, industry. There would be nothing more acceptable to Islam as this measure, in the light of all that we have said so far. If not, then arbitration proceedings will be instituted. In the eyes of Islam, and, indeed, in the national interest, it is better that the workers do not strike and continue to work during the negotiation but it may be equally necessary, if the workers' complaints turn out to be genuine, that they are paid retroactively, i.e., from the time their complaints began. It may also be necessary that while the workers continue to work during the negotiation, the income of the employing firm may be impounded for that period by the government and given back to the firm only when a successful conclusion of the matter is reached.

However, with all the laws, we cannot over-emphasize that there is no substitute for inculcation of a proper work ethic. When there is no stable ethical basis, partisan and class struggles are inevitable, struggles which harm, and sometimes seriously, all the three concerned, the nation, the employer, and the worker. It is this stable ethical basis or a good faith between workers and industrialists and traders that Islam primarily aims at creating. There is nothing worse for a society than class bitterness, which communists are dedicated to creating and which Western capitalist societies are unable to overcome. Quite a different example, however, is

afforded by modern Japan, which, despite its miraculous industrial advance, has managed to keep herself almost free of this evil. Is it too much to ask Muslims to hearken to the spirit of Islam and to progress without corroding the society from within?

2. *Nationalization and Ceiling on Property.* From the evidence that we have adduced from the Qur'an, the Hadith and other sources, it is clear that Islam permits "private ownership" and earning of wealth. To deny this would be to deny both Islam and human nature itself. But our evidence has also established that this "private ownership" is not absolute. Many recent Muslim writers have said that "absolute ownership" belongs to God alone and that man is its "trustee". The phrase "ownership of God" means (1) that wealth is not to be misused or abused by any human and that God has put limits on its use so that it can be employed only for the benefit of mankind; and (2) that it is the society's right to interfere in private wealth in the larger interests of the society to the extent that those interests so demand. There may be crises of such dimensions that all private wealth over and above one's basic needs has to be turned over, temporarily, to the society. Thus, when the Prophet was once preparing for a *jihad* and the Muslims' resources were very meager, people asked him how much they should contribute. The Qur'an replied, "*al-qfw*" (Sura 2: 219), which many commentators say means "everything over and above your basic needs." On the other hand, there are many reports that, when some highly prosperous Companions of the Prophet like the business genius Abu al-Rahman ibn Awf and others offered to give away all their wealth for charity and welfare, the Prophet prohibited them from this on the ground that they and their children have the right to enjoy their property.

The truth, however, is that, as we have said earlier, the society has the right to interfere in private wealth in the interests of the welfare on the society as a whole. After all, the principle of Zakat is nothing more nor less than this. According to a famous Hadith reported by Abu Da'ud and Ahmad ibn Hanbal, the Prophet said, "Four things are common to all men [i.e., they cannot be so privately owned that others are excluded from them]: Water, grass, fire, and salt" (Mustafa al-Sibal, op. cit., p. 83). The Qur'an even states, "God it is who has created for you all whatever is in the earth" (Sura 2: 29); again, "God has subjugated for you all whatever is in the heavens and in the earth" (Sura 45: 13). Although the word "all" in these verses can mean either "for you all" or "all that is in the earth (and the heavens)", in either case it is clear that what the Qur'an is saying is that the treasures

of the earth and the heavens belong to all humanity and no class, group, or nation has the right to appropriate them to the exclusion of the rest of mankind. Should a family or a group so appropriate the resources of national wealth, the law of interference must come into operation. The Qur'an even says that if a person is imprudent and wastes his own wealth, he must be dispossessed of it but should be provided enough from it to live on (Sura 4: 5).

The Hadith quoted in the preceding paragraph provides a clear basis for nationalization of and/or putting a ceiling on the basic utilities and the "heavy industries" since the examples given in this Hadith do not mean to restrict common ownership of water, fire, grass, etc., only to these commodities which are obviously used as illustration. This is the reason why the majority of classical Fuqaha do not allow private ownership of mines. And if necessary, all big industry and business can be nationalized on the basis both of the Hadith and the Qur'anic verses quoted in the last paragraph. Indeed, when the Jews were expelled from Madina by the Prophet, a large part of their considerable immobile properties were declared to be "fay's" rather than "ghanimah" by the Prophet, i.e., they were made collective property of Muslims rather than being distributed among individual Muslims.

The Arabs before Islam had known the institution of "*himn*", i.e., land which was reserved by a tribe as a whole as grazing ground and which was therefore public, not private, property. This institution was expanded after Islam and Umar reserved extensive lands for state use. Yet it is instructive that when he the *himn* of Rabadha, he asked him to allow the use of this land to owners of small numbers of camels and sheep for grazing: "Be not harsh upon people ... Allow owners of small herds to enter [into the *himn* for grazing purposes]. But do not allow [rich people like] Uthman ibn Affan and Abd. al-Rahman ibn Awf, for even if their cattle perish, they have their agriculture and palm-growing. But if you prevent a poor herdsman and if his flock is destroyed, he is going to come straight to me crying, 'O Commander of the Faithful! Can I let them perish? So giving them grass is easier for me than dishing out to them gold and silver [from the public treasury]. These poor people fought for these very lands after Islam came and they think I have unjustly deprived them of these lands'" (Abu Ubaid ibn Salam: *Kitab al-Amwal* or "Public Finance", p. 299).

This policy Umar reached its climax when Iraq, Syria, and Egypt were conquered. Umar refused to distribute these lands away to conquering Muslim soldiers but made them state property on which the original peasants were allowed to work and pay a tax direct to the State. Umar's stand created a crisis within the Muslim leadership, many among whom strongly advocated the distribution of lands among Muslims. Umar, however, carried through his policy, supported by some senior members of the Muslim community and appealing to the Qur'an, which says that in the distribution of property, not only is the present generation to be considered but "also those who come after them" (Sura 59:10). It is, of course, correct that state-farming was an old institution practiced in Persia and elsewhere. But an examination of the crisis among Muslims over the question clearly reveals Umar's solution to be a result of internal developments. Further, in these early tax-farming practices the peasant serf between whom and the state powerful landlord-officials intervened. But Umar forbade any Muslim from buying these lands. His policy was, of course, also influenced by his idea that the Muslim Arabs should not settle on land but should remain in the garrison towns. This policy continued until Abid al-Malik ibn Marwan's time, who reversed it and later, when Umar II wished to return to the policy of Umar I, he was unable to do so.

When Umar's policy was reversed and land was converted to private ownership, the Muslim lawyers sought to legalize it subsequently by reinterpreting the Prophet's deal with the Jews of Khaibar who were allowed to retain their lands on a 50% share-cropping basis. While Abu Hanifa held that the lands of Khaibar were not private but belonged to the Muslim state, which allowed shares to individual Muslims, his pupil Abu Yusuf, among others, contended that the deal at Khaibar represented a private share-cropping (*muzara'a*) transaction. So far as the Hadith on this problem is concerned, there seems no doubt (despite what F. Lokkegaard has written) that its earliest version, reported by the Companions Jabir and Rafi' ibn Khadij, also disallows muzaraa, i.e., a share-cropping or renting of land by a sleeping landlord to a peasant. The Hadith quoted by Bukhari and others in the Chapter on Muzaraa says, "If a person is unable to till his own land, then he should give it free to someone else". Lokkegaard thinks that this type of Hadith represent the later idealism of the Muslim jurists against the actual practice of muzaraa or sleeping landlordship (*The Islamic Taxation in the Classic Period*, Copenhagen, 1950, p. 174). But the historical development as described briefly by us above, viz., the decision of Umar and its subsequent reversal under Abd. al-Malik, tends to confirm that the anti-

state that when the officials must be checked; otherwise, nationalization would become a curse both for the state and for the peasant. Abu Yusuf in his *Kitab al-Kharaj* (p. 37) and Abu Ubaid ibn al-Salam in his *Kitab al-Amwal* (p. 40) state that when the officials sent by Umar to Iraq to measure out the land and fix the rate tax returned, Umar asked them if the rate of taxation was too high for the peasants. One replied, "I have left a good margin for them"; the other said, "I have given them 50% and if you like, you can take more". Umar replied, "If I survive, I shall leave the poor [peasants] of Iraq alone, so that they will not need to resort to any other ruler after me". But if land is distributed among peasants as its owners, it has to be borne in mind that allotments should not be too small to be economically unsound in terms of production. It appears from experience that the second alternative, i.e., of economic private holdings is economically better than nationalization of land or sleeping landlordism, which Islam, on the whole, does not favor, despite medieval practice which seems to be a deviation from original Islamic norms.

As with agriculture, so with industry and commerce. It cannot be successfully argued, I think, that Islam is against private capital, industry, and commerce, provided again that private ventures do not prosper at the expense of the worker and the society at large. When it does so the state must interfere and set a limit to capital, industry, or commerce private individual can own. Among early Islamic developments, we find, indeed, on the one hand that certain people like Abd al-Rahman ibn Awf and Uthman ibn Affan became highly rich capitalists. But there is no evidence that the Prophet prohibited them from further commercial ventures. The reason was that these men were always ready to give up their property for the common good. In fact, we have referred above to the fact that when Saad ibn Abi Waqqas and Ibn Awf and others offered to give up their properties, the Prophet asked them not to do so (see Chapters on "*Sadaqa*" and "*Wasiya*" in Major Hadith works).

Ibn Awf had started his business from scratch when he came to Madina from Mecca and became and unusually successful and rich businessman. The opposite instance is that of Abu Dharr of the tribe of Ghifar, who revolted in Uthman's caliphate against the spirit of wealthiness and riches that has come to prevail among Muslims. His argument was that both the Qur'an and the Sunna forbid amassing of wealth and he demanded spending all this wealth on the poor. Uthman exiled him to a place outside Madina where he died. Both these apparently contradictory instances,

nevertheless, illustrate the basic Islamic orientation of earning but not hoarding of wealth. Earning of wealth, as we have repeatedly brought out before, is a religious duty but it is an equally religious duty that what is left over after good living must be invested in society in one form or another.

The normal way in which capital was raised in pre-Islamic Arabia for commercial ventures was partnership or stock shares called *mudaraba*. This Mecca trade caravan which went to Syria in the second year of the Hijra and over which the battle of Badr took place is estimated to have been financed to the tune of about half a million dirhams. What the Qur'an condemns is the "hoarding" of money which it insists must either be invested or spent in the "path of Allah". But, besides raising capital on the basis of *mudaraba*, where the profits were split between the capitalist and the worker or manager but the loss was entirely incurred by the capitalist, there were most probably capitalists who loaned their money on exorbitant interest rates. This is evidenced by the strong Qur'anic condemnation of hoarding gold and silver, "Those who hoard gold and silver and do not spend them in the 'Path of Allah', give them good tidings of a torturous punishment. Keep in mind the Day when these [metals] will be heated in the furnace of hell and their faces, and backs will be branded with them" (Sura 9: 24). This evidence would tend to confirm my view that *Riba* was used in business undertakings, those people who hoarded money and did not circulate it among the society either through trade or through welfare spending, invested it only in usury in order to hoard more money.

This provided the chief basis for Islamic law against hoarding cash and provided religious inspiration for the growth of opulent commerce in the Muslim world during the Middle Ages. Even the eleventh century scientist and historian of Indian religion al-Biruni declared, in accordance with the above verse of the Qur'an, that "to hoard gold and silver and remove them from circulation was a crime against society" (Hail Inalcik, "Capital Formation in the Ottoman Empire", *Journal of Economic History*, XXIX, p. 107). Inalcik writes, "Muslim sources emphasize that the basic wealth [capital?] of the merchant consists of money-coin which for them is the only real 'wealth'... They [i.e., the rich in the Ottoman Empire] did not entirely abandon the method of burying their wealth in the ground, but the hints provided by the sources that money should always be 'set to work' and not left idle are the expression of a real general tendency. In all classes of Ottoman society there was apparent a great desire to put cash into making profit and the most profitable field for investment of cash-wealth was

capital" (*ibid.*, p. 99). This entire article is worth reading as an illustration of the high level of Muslim industry and commerce.

3. *Commercial Malpractices.* Just as Islam forbade the hoarding of capital, so it forbade the hoarding of capital, so it forbade the hoarding of products — agricultural and industrial — in order to sell them later at a higher price. This is called *ihtikar*, which is particularly forbidden in the case of essential products. Ibn Maja and al-Darimi have reported a Hadith from Umar, the second Caliph, that the Prophet said, "A trader is one who obtains a lawful profit but a hoarder is one who is cursed by God". It is to be noted that if a person buys a product in a place where it is cheap and sells it in a place where it is more expensive, this is not *ihtikar* but lawful trade. This point is made by al-Nawawi in his commentary on the Sahih of Muslim (in the chapter on *ihtikar*) on the Prophet's Hadith which says, "A person who hoards [a product] commits a serious error". Al-Nawawi also says that in non-essential, i.e. luxury goods, hoarding is not banned. The point here is that in the case of those who can pay high prices for luxury goods, there is nothing wrong with it and, in any case, if a trader hoards luxury goods, he himself will suffer because his goods will not have a wide enough sale.

One Hadith recorded by al-Tirmidhi, Abu Da'ud, and others on the matter suggests that price-control may not be an effective remedy for inflation because hoarding may take place. Anas ibn Malik reports that once when, at a time of inflation, the Prophet was asked to fix prices, he declined to do so. Ali al-Qari, the commentator of *Mishkar al-Masabih* (op. cit., vol. 3, p. 334) quotes an authority to the effect that the Prophet did not intervene with price controls because this measure might have caused the goods to disappear from the market through hoarding, thus causing a famine. There is a good deal of evidence that, at such times, the Prophet and particularly, later on Umar organized the distribution of free food for the poor. This practice was often resorted to by Muslim governments later on and it was a well-known institution during the Ottoman rule.

But the ban on *ihtikar* applies not only to ordinary hoarding; it applies equally to all forms of monopoly and cartels which have the same effect as hoarding. This is because monopolistic practices and cartel empower a few people to control market prices and impose them at their will. Thus if a person or a family or any closed group simultaneously institutes a bank or a family or any closed group simultaneously institutes

thinking is automatically right: "Have they not traveled on the earth [and carefully observed] so that they may develop minds which think correctly or they may come to possess ears which listen rightly? — for it is not eyes that become blind, it is the hearts in people's breasts that become blind [and lose the sense of discrimination]" (Sura 22:46).