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3. Economic System

It is the system that outlines for Muslims how to gain wealth, invest, spend and distribute it. The ultimate goal of the economic system in Islam is to spread justice among people so that not a single person remains destitute among the people.

"Surely Allah enjoins the doing of justice and the doing of good (to others)..." Holy Qur'an (16:90)

How Wealth is Distributed in Islam

By wealth we mean money and possessions such as land, minerals, livestock, water, woodlands, crops, foodstuffs, clothes, furniture, means of transportation, all of which are of great benefit to the Muslims.

Allah, the Beneficent, has created whatever man needs to lead his life on earth. Wealth is abundant and plentiful. This wealth is for all people and everyone has the right to have his share.

The Most High says in the Qur'an:

"And the earth, He has set it for living creatures." Holy Qur'an (55:10)

Man can get his wealth through two channels:

1. Labor

The Holy Qur'an says:

"...so walk in its broad ways and eat of His provision, and to Him is the return." *Holy Qur'an (67:15)*

Man can work and get whatever he deserves as a reward. He can work in agriculture, industry, trade, or any other acceptable domain.

2. Need

The man who can no longer meet his basic requirements due to sickness, infirmity, disability, old age,

loss of the one who supports him or because his income cannot meet his needs, is supported by the Islamic government.

He is given a share from the money collected from *zakat,* khums and other sources. Man's life is financially secure in Islam if he is unable to work. But, if he can work and does not want to work, then he is deprived of any financial support. Islam wants man to be an active, fruitful worker who depends on himself to secure his needs and provisions.

Poverty and its Solution in Islam

Imam Ja'far al-Sadiq (a) is quoted as saying:

"Allah, the Most Powerful and High, certainly made in the wealth of the rich an adequate share for the poor, if it was not so He would certainly make their share greater. If they are needy, it is because some of the rich *refuse to give them their share."* [1]

This tradition *hadith* shows the extent of attention given to solving the problem of poverty and preventing its evil consequences. Poverty is a dangerously grave problem for society and is one of the root causes of backwardness and decay. Poverty is often the primary cause of ignorance, crime, disease, unbelief and corruption. To solve this complicated dilemma, Islam sets certain laws like the poor-rates (*zakat*) which is mandatory on the rich, exhortation to work, warning against wastefulness, monopolies, etc.

In Islam's view, the main reasons behind poverty are:

1. *Insufficient Production.*

2. *Poor Consumption Habits.*

3. *Weak Distribution System.*

1. Insufficient Production

One basic reason for poverty is an inadequacy in manufacturing whatever man needs, such as food, clothing, household goods, housing, etc. Underproduction is attributed to:

A. Laziness and Unemployment

Islam warns man against laziness and unemployment and orders him to work actively, diligently and patiently to gain the means to satisfy his needs. Islam regards work as something endearing to Allah.

Allah, the Glorified, says:

"And say: Work; so Allah will see your work and* (*so will*) *His Apostle and the faithful; and you shall be brought back to the Knower of the unseen and the seen, then He will inform you of what

***you did." Holy Qur'an* (*9:105*)**

The Prophet Muhammad (s) is quoted as saying:

"Allah certainly likes the faithful professional"

He had labelled work and seeking provisions "the greater *jihad."*

B. Ignorance of Technology

A man who knows how to produce machines and equipment, how to develop them and make them more efficient, can multiply his production. The result would be the satisfaction of people's basic needs.

Islam urges us to seek knowledge, and to think and devise new products through inventions and discoveries. Ignorance of technology makes it impossible to progress and causes the society to be dependent on others for their needs.

The Holy Prophet (s) said:

"Seeking knowledge is *an obligation on every male and female Muslim."*

2. Poor Consumption Habits

The Most High says in the Qur'an:

***"And give to the near of kin their right, and to the destitute and the traveller; and squander not wastefully. Surely the squanderers are Satan's brothers..." Holy Qur'an* (*17:26-27*)**

Squandering is the second cause of poverty. Extravagance, prodigality and spending money on forbidden things like drinking alcohol, dancing, singing, corruption, and the production of weapons that can wipe mankind off the face of the earth, are but a few examples of the misuse of the fruits and wealth of the earth.

Such abuses of wealth lead to the depletion of means, and create poverty and destitution.

3. Weak Distribution System

When a group of people monopolises a great amount of wealth, while the rest of the people can hardly make both ends meet, the community becomes divided into two groups.

A. The Affluent

B. The Deprived

This particular distribution system is found prevalent in the capitalist system today in which communities are subjugated to the rule of man–made laws.

It is for the amelioration of all people that Islam makes it an obligation to distribute wealth fairly and equally. It makes usury and monopoly forbidden, and sets rules for *zakat, khums,* atonements, vows to Allah, alms, etc. These taxes and payments bring in great amounts of money that are given by the rich and those who are obliged to pay them, and are distributed to the poor.

Furthermore, the Islamic state opens the doors for employment to all the unemployed, and supports the needy and the disabled, the aged, orphans and the sick. In addition to that, Islam forbids usury which is an interest taken by a creditor from the debtor as practised in banks, companies and between individuals. The ruling has been instituted so that money will not be accumulated in the pockets of some people while others remain deprived. Islam thus makes usury forbidden.

Profiteering refers to hoarding articles and badly needed goods such as foodstuffs and medicines for a period of time, then selling them at staggeringly high prices. Islam forbids this kind of monopoly so that merchants cannot play with these much needed commodities, or their prices, to amass wealth at the expense of the people.

Summary

1. The Islamic Economic System is the system which outlines how to gain wealth, invest it, spend and distribute it justly and also how to achieve financial equality among the people.

2. The Islamic Economic System is established on the foundation of justice and providing the needs of the people to save them from poverty and need.

3. The main reasons for poverty are unemployment, poor consumption habits, weak distribution, hoarding commodities and cheating with prices.

4. Islam forbids usury and monopoly and sets the rules of financial obligations so that money and wealth will not be in the hands of a few while the masses live in poverty and misery.

5. Islam forbids extravagance, prodigality and spending money on forbidden things like drinking alcohol, dancing, singing, gambling, etc. It preserves human wealth from corruption and loss. Allah has created the earth with ample provisions for the needs of all creatures.

6. The Islamic state is responsible for the poor, disabled people, and those who are unable to find a source of living or who cannot find anyone to support them and should provide them with their needs.

1. Kulaini, al–Kafi, vol.3, p. 497, 3rd Edition

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