

DISTRIBUTION OF WEALTH AND RESOURCES IN ISLAM: RESTORING SOCIAL JUSTICE, PEACE AND PROSPERITY

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Abstract: Purpose: This paper primarily aims to investigate and discuss the underlying principles of distribution of wealth and resources in Islam. In addition, this paper also aims to derive contradictions between these principles and that of materialistic ways of acquiring wealth and resources. **Design/Methodology/Approach:** Fairness and justice are fundamental virtues in Islam. With respect to fair and equitable distribution of wealth and resources in Islam this article follows the Tawhidi approach. **Findings:** The paradigms and guidelines set out in Qur'an regarding the creation, possession and disposition of wealth have been discussed and several contradictions are found with materialistic ways of acquiring wealth and resources. **Research Limitations/implications:** As there is no Tawhidi methodology perfectly implemented in any country of the world, the proposal of this paper is still open to discussions and improvements. This paper will, hopefully, spark off quite a discussion on the topic; may result in a better understanding of the Tawhidi methodology and its operation. **Practical Implications:** The paper provides some ideas for implementation of Shariah principles in case of distribution of wealth and resources in order to establish peace, prosperity, justice, security and economic balance in society. **Originality/Value:** The paper shows its originality in substance and makes unique contribution to the literature on Tawhidisystems and ethics.

Keywords: Tawhidi methodology, wealth and resources, fairness and justice, equitable distribution, Qur'an, Sunnah, Shariah, Islam.

Paper type: Research paper

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1. INTRODUCTION

The impacts of lacking of justice and equitable distribution of income in a society are tremendous which invite health, social, moral and economic problems. For example, obesity, mental illness, drug and alcohol abuse, homicides, imprisonment rates, lowered life expectancy, over consumption of resources, teen pregnancy and the lack of social mobility, all these health and social problems have strong links to inequality of wealth and resources. Such lacking of equitable distribution of income also generates poorer health, lower educational attainment, higher crime rates, drug and alcohol addiction, lower spending of social capital, lower cooperation with and trust of government. In fact, inequality is as bad for the rich as it is for the poor. Society is poorer as inequality becomes greater. Many studies reveal that there is a wide, though not unanimous, consensus on income inequality having a strongly negative effect on economic growth, see for a detailed discussion, Friedman (2010).

In order to overcome such unappealing problems of the society, Islam highly emphasizes on fairness, justice and equitable distribution of wealth and resources. In case of fairness and justice the *Qur'an* clearly says 'Give full measure when you measure out and weigh with a fair balance. This is fair and better in the end' (*Qur'an* 17:35). Islam is not against seeking financial wealth by an individual as it says that, 'And when the prayer is ended, disperse abroad in the land and seek of God's bounty' (*Qur'an* 62:10). However, there is a clear message in the *Qur'an* that wealth will not save a person who has strayed from the path of submission and righteousness. Therefore, the earnings by men or women should be based on honesty simply because honesty is always honourable regardless of how great or minimal the work appears.

Islam is against discrimination, intolerance, and injustice in the workplace. This is evidenced from the statement of Prophet Muhammad that, 'When you hire, compensate the workers and treat them fairly'. Another statement by Prophet Muhammad, which is cited most frequently is that, 'Compensate the workers before their sweat dries'. In Islam, wealth is not used as an indicator of measuring the quality of a person. It does not matter whether a person is rich or poor. Rather in Islam, the status of a person is based on his or her God-consciousness, *taqwa*¹. Islam teaches us to treat every person equally, with justice and fairness. In this regard, Prophet Muhammad said, 'None of you has faith unless you love for your brother what you love for yourself'. Islam is unique in a sense that it has an exclusive dispensation on the concept of wealth, its ownership, distribution and social relationships. In defining wealth and resources in Islam, *Tawhidi*² methodology is applied in this article to analyse the distribution of wealth and resources.

The rest of the paper is structured as follows. Section 2 discusses resource and resource creation in Islam, followed by a comparative analysis between resource creation in Islam and in the materialistic society in Section 3. Section 4 presents the principles and guidelines of fair and equitable distribution of wealth and resources in Islam. Section 5 concludes the paper.

2. RESOURCE AND RESOURCE CREATION IN ISLAM

Resource is declared as Allah's 'blessing' and seeking resources in a proper way is considered as an act of worship in Islam. The Qur'an has explicit guidelines about the ways of resource creation and the rights to resources. From Islamic point of view, all resources belong to Allah and man is only a trustee. Therefore, the first right to resource is Allah Himself though He does not need it at all. Allah has prescribed conditions as to how to use the resources or assets that has bestowed on us. Allah has also asked us to follow the guidelines and injunctions of the Qur'an in their respective professions. What are prohibited in resource creation is also indicated in the Qur'an. The Qur'an rules out all illegal ways of resource creation. Examples include *riba*³, *gharar*⁴, *qimar*⁵, bribery, smuggling, money laundering, etc.

Now we should focus on some basic principles that are related with resource creation in Islam. There are four general governing principles in Islam in regards to resource creation: (i) Freedom of contract within *shari'ah*⁶; (ii) Conscious voluntary agreement; (iii) Honouring the rights of third parties; (iv) Honouring both the letter and the spirit of contract. Types of goods recommended by *shari'ah* for consciousness consumption are necessities, comforts, and refinements, all of which belong to the category of life-fulfilment.

There are two kinds of contract namely, compensatory and gracious (charity). Compensatory contracts are those whereby goods, services, and rights are exchanged on the basis of some compensation. It includes all contracts, which create resources by someone, and hence his claim for compensation. The second type, charity, involves transfer of 'value' owned by someone without compensation. The two types of contracts are naturally different. However, there are few basic rules in the case of implementing the compensatory contract. These are as follows.

1. Freedom in determining the conditions of a contract
2. Prohibition of taking others' property without compensation
3. Value equivalence
4. Prohibition of "unequal exchange" (e.g. monopoly)
5. Provision of maximum possible information

In order to apply these rules, we could cite few more examples like prohibition of *riba*, *gharar* and *gambling*⁷. The list of prohibitive means of resource creation in Islam includes interest, bribery, usurpation of orphan's property, trade in wine and narcotics, gambling and games of chance, theft and robbery, hoarding of essential goods, embezzlement, wrong measuring and weighing, prostitution, begging, miscellaneous unfair means, excessiveness in both consumption and production is also forbidden as waste in Islam.

How individual preferences on resource formation ought to be utilized within the social meaning is also pointed out in various verses of the Qur'an (Qur'an, 2:86,

3:14, 3:117, 104:1- 9). In each of the verses, the recommended resource is defined on the basis of the Tawhidi methodology which is considered as an endogenously inducing factor of learning and moral consciousness in the acquisition of resources. Consequently, recognition of the Tawhidimethodology underlying the acquisition of all material things indicates the criteria for permissible resources. Islamic law considers the private and social resources in the same way like the individual and society and thereby characterizes what should and what should not be considered as recommended resources (Choudhury, 2003).

Resources can be explained by a system of interrelationships between the tenets of justice, equitable distribution and fairness, and limits of ownership, all governed by the tenets of the Islamic law. The example as mentioned in the above-mentioned verses, interpreted in terms of its extensive meaning, represents sons, women, gold and silver, horses and mules, land and power and many more that are legitimated as resources by the Islamic law.

Resources in Islam is not used in a 'static' sense as it is not an end in itself, but used as means of reaping the benefits of it through creating higher values through investment. Thus the resources should be earned, invested and spent in the correct avenues or as per the spirit of Islam, which implies that the reward should be distributed to the individual, his family and the society as a whole.

Islam also provides a broad foundation of the distribution of income and resource to avoid its accumulation to a great extent. However, Islam warrants a process of distribution where all participants in the marketplace are rewarded for being exposed to risk and liability. Land, labour and capital jointly create value. The owner of those inputs has to share in the profit as well as in the loss.

In addition, Islam compulsorily retains a share of produced resources by paying the *zakat*⁸ on it to the needy and other charitable deeds; and therefore spreads out resources for the wellbeing of the community. The institution of *zakat* is not only a source of alleviating the sufferings of the poor, but also provides an incentive to invest the surplus resources in the real sectors of the economy. Muslims are yet encouraged to voluntary contribution of their income as a *waqf* for social and economic welfare. Moreover, the abolition of *riba* prevents unfair lending schemes which penalize the poor and allow for those possible alternatives of investment which distribute the return on capital on a broader basis.

3. ISLAMIC VERSUS MATERIALISTIC PERCEPTION OF RESOURCES CREATION

Haq (2013) argues that Islamic economic system, contrary to capitalism and socialism, is based on the following three divine principles to establish a *falah*⁹ or Islamic wellbeing.

- (a) Man is not absolute owner of resources. Allah owns all the resources and man is only the trustee to use these resources according to guidelines and protection provided to him.

- (b) Economic activities are not guided by self-interest only, as in capitalism. There are binding Islamic moral and legal constraints to acquire and develop resources. Since social conscious values are foremost to uphold in Islam, consciousness for acquiring and owning resources is guided by collective wellbeing. This invokes the practice of the Tawhidiworldview in self and society.
- (c) The religious aspect of earning and spending are as important as other worship obligations and practices in Islam.

The Islamic concept of *falah* refers to spiritual, moral and socio-economic wellbeing in this world and the success in the life Hereafter. At the micro level, *falah* refers to a situation where an individual is adequately provided for in respect of his basic needs, and enjoys the necessary freedom and leisure to work for his spiritual and material advancement. At the macro level, on the other hand, it aims to establish a happy society with clean environment, with freedom from want and with opportunities to its members for needs and progress in socio-political and religious affairs (Chaudhury 2003).

The primary difference between Islamic economics and all materialist ones is that economic acquisition is not viewed as the ultimate end of human life, and cannot be the true purpose of life. Economic endeavors become a delusion if human beings lose sight of the real purpose in their pursuit. Instead, Islam insists on the concept of human wellbeing that has both material and spiritual dimensions. In addition, unlike the materialistic perspective, Islam considers that the main economic problem that mankind will ever face is that of distribution of resources and not of production. In the eyes of the conventional economic systems, there is relative scarcity of resources available on the earth, and people's demands for these resources are endless. Hence individuals and organizations should concentrate on more and more production. Whereas, Islam makes a distinction between basic needs such as food, clothing, shelter, education and health services and does not want that are not necessities of life.

In the Islamic perspective, there are people who acquire resources by engaging in the production process and others who have an indirect access to resources in the form of *zakat*, *ushr*, *waqf*, inheritance, etc. which are given to the poor, the needy and bestowed to later generations.

Despite this, Islam gives full incentives to individuals to fully participate in the economy and it does not impose a maximum on the total of resources that individuals or organizations can own. Rather, it controls the means of ownership such that everybody gets the right to resources in a just manner. Through these ownership principles, Islam guarantees that everyone gets what is rightfully due to him from Allah. This principle is unlike the capitalist system where only those who take part in the production process have the right to resources.

Additionally, interest rates form the backbone of the capitalist system in many fields. It is used as a tool to regulate economic growth and monetary supply by acting as an incentive for those who have surplus money to save. In Islam interest is totally prohibited. Investment according to the *shari'ah* should offer individuals the opportunity to profit, not by lending at a guaranteed rate of return, but by sharing in ownership, and thus committing to share in the risks associated with ownership. The abolition of *riba* helps to avoid inequitable transactions that penalize the deprived part of society. By this means, Islamic economics seeks to provide for a just and equitable distribution of resources and aims at re-establishing a socio-economic balance, with a clear bias in favour of the poor, the needy, and the deprived.

3.1. Public Property

Public property in Islam refers to natural resources e.g., forests, pastures, uncultivated land, water, mines, oceanic resources etc. to which all humans have equal right. Such resources are considered the common property of the community and are placed under the guardianship and control of the Islamic state, and can be used by any citizen, as long as that use does not undermine the rights of other citizens.

Some types of public property cannot be privatized under Islamic law. In this regard Prophet Muhammad said, "people are partners in three things: water, fire and pastures". This guidance led some scholars to believe that the privatization of water and energy is not permissible. Prophet Muhammad allowed other types of public property, such as gold mines, to be privatized, in return for tax payments to the Islamic state.

3.2. State Property

State property includes certain natural resources, as well as other property that cannot be privatized immediately. Islamic state property can be movable or immovable, and can be acquired through conquest or peaceful means. Unclaimed, unoccupied, and heir-less properties, including uncultivated land, can be considered as state property.

During the life of Prophet Muhammad, one fifth of military equipment captured from the enemy in the battlefield was considered as state property. The second Caliph Umar considered conquered land to be state rather than private property. The reason for this was that privatizing this property would concentrate resources in the hands of a few, and prevent it from being used for the general advantage. The property remained under the occupation of the cultivators, but the taxes collected on it went to the state treasury.

Prophet Muhammad said "Old and fallow lands are for Allah and His Messenger (i.e. state property); then they are for you". Jurists draw from this conclusion that, ultimately private ownership takes over state property.

Islamic law is also applicable in the acquisition of resources by the state. As per Islamic law, the state can also generate resources by holding on to natural resources

like oil and gas, minerals, agriculture, water resource, education and the like, for the sake of wellbeing for all humans and the ecology.

3.3. Private Property

There is consensus amongst Islamic jurists and social scientists that Islam recognizes and upholds the individual's right to private ownership. The Qur'an extensively discusses taxation, inheritance, prohibition against stealing, legality of ownership, recommendation to give charity and other topics related to private property. Islam also guarantees the protection of private property by imposing severe punishments on thieves. Prophet Muhammad said that he who dies defending his property is like a martyr. Islamic economists classify the acquisition of private property into involuntary, contractual and non-contractual categories. Involuntary means inheritances, bequests, and gifts. Contractual acquisition includes activities such as trading, buying, renting, hiring labour etc. Non-contractual acquisition involves the collection and exploitation of natural resources that have not previously been claimed as private property.

According to Prophet's tradition in cases where the right to private ownership causes harm to others, then Islam favours curtailing the private rights in those cases. When Prophet Muhammad migrated to Madinah many Muslims owned agricultural land. The Prophet confirmed this ownership and allocated land to individuals. The land allotted would be used for housing, farming or gardening. Private ownership has two aspects: i) Formal ownership title, and ii) Exercise of ownership rights.

The first aspect refers to the legal aspect, i.e., the one who holds the ownership title, and the second refers to the authority of making decisions. As we know from the Qur'anic verses that Allah has bestowed the rights of legal ownership upon individuals in some cases and upon society as a whole in others. Where the rights have been conferred upon the individual, nobody can deprive him of that except in cases where *shari'ah* (and not the state) provides express sanctions for that.

4. GUIDELINES OF FAIR AND EQUITABLE DISTRIBUTION OF WEALTH AND RESOURCES

4.1. Justice in Islam

According to Islam, justice refers to placing things in the rightful place. It also means all should be treated equally. Justice is a moral virtue and an attribute of human being. In the west, justice refers to the equality in a sense that it creates a state of equilibrium in the distribution of rights and duties, but they are not equal. The evidence regarding justice is clarified from the statement of Prophet Muhammad as "There are seven categories of people whom Allah will shelter under His shade on the day of judgement when there will be no shade except His. Of them one is the just leader" (*SaheehMuslim*¹⁰).

Allah spoke to His Messenger in this regard that “O My slaves, I have forbidden injustice for Myself and forbade it also for you. So avoid being unjust to one another” (*Saheeh Muslim*). Therefore, the justice represents moral rectitude and fairness as it implies things should be where they belong. In Qur’an, justice is considered a supreme virtue. The Qur’an says ‘Allah commands justice and fair dealing.....’(Qur’an, 16:90). The Qur’an further says, ‘O you who believe, be upright for Allah, and (be) bearers of witness with justice!.....’(Qur’an, 5:8). In fact, justice is an obligation of Islam and injustice is totally forbidden. The centrality of justice is evidenced from the Qur’anic statement like, ‘We sent our Messenger with clear signs and set down with them the Book and the Measure in order to establish justice among the people.....’(Qur’an, 57:25). Therefore, Islam’s approach to justice is comprehensive and wide-ranging. Allah has provided some general guidelines to achieve justice.

4.2. Equality in Justice

The Qur’anic standards of justice excel considerations of race, religion, colour and creed, and Muslims are commanded to be just to their friends and foes alike and to be just at all levels. The Qur’an says “O who you believe! Stand out firmly for justice, as witness to Allah, even if it be against yourselves, your parents, and your relatives, or whether it is against the rich or poor...” (Qur’an, 4:135). As per another message in the Qur’an, “Let not the hatred of a people swerves you away from justice. Be just, for this is closest to righteousness...” (Qur’an, 5:8). In regard to non-Muslims, the Qur’an states that “Allah does not forbid you from doing good and being just to those who have neither fought you over your faith nor evicted you from your homes...” (Qur’an, 60:8). As per the scholars’ statements, these rulings are applied to all nations, followers of all faiths as a matter of fact to all humanity (Kamali, 2008). In view of the Qur’an, justice is an obligation, which is evidenced from the fact that the Prophet was told “If you judge, judge between them with justice...” (Qur’an, 5:42). In addition to this, the Prophet himself was sent as a judge between peoples and he was guided by the Qur’an, “...Say: I believe in the Scripture, which Allah has sent down, and I am commanded to judge justly between you...” (Qur’an, 42:15). Thus the Qur’an demands that justice to be met for all, and that it is an inherent right of all human beings under Islamic law.

4.3. Distributive Justice

In social life, justice is considered in the light of fundamental needs as it encompasses all aspects of social interactions and provides legitimacy to social, political, religious and legal institutions and practices (Ahmad and Hassan, 2000). The issue of justice in Islam is very important as Islam accords to justice the foremost importance after the faith of believing in the Oneness of Allah (Tawhid) and the truth of the Prophethood of Muhammad.

Distributive justice can be discussed from both social and Islamic perspectives. The former concentrates on social and organizational aspects. The latter focuses on

Islamic concerns, values, and practices. The word 'distributive justice' refers to the norms of resource allocation and perception of fairness by the recipients. The normative requirements may be merit, need, or equality. The norm that is perceived as fair is multidimensional in the sense that it depends on the type of resource, purpose of allocation, and relationship characteristics between the allocator and the recipients. Islamic view of distributive justice is much more concerned on moral perspectives. It follows three basic principles like *adl*¹¹, *insaf*¹² and *ihsan*¹³.

Distributive justice from the social perspective refers to the fairness of allocation of resources. This attribute contrasts with procedural justice, which focuses on the fairness of the decision-making aspects of the process. The theory of distributive justice propounded by humans draws from Aristotle that equates justice with a proper ratio of contributions to rewards, where each person receives returns that are commensurate with his/her investment (Homans, 1961). The concept of Homans is widely accepted. Equity theory conceives of social interaction as a series of exchanges and just distribution considered as a major dynamic of these exchanges. Social scientists believe that every culture has its own institutionalized system for allocating resources among its members and such measures may vary across cultures (Ahmad and Hassan, 2000). It is clear that equity is considered as the rational selection of a just distribution and it is explicitly dominant concept in many societies in the world. For discovering norms of distributive justice from a survey in the United States by Jasso and Rossi (1977), they confirmed that justice should be judged in terms of individuals' education, occupation, gender, number of children, and marital status. They considered justice matching rewards with investments with some adjustment for needs.

Apart from equity, social scientists have considered other forms of justice like need and equality (Leventhal, 1976). However, there are different forms of ideas of justice from the social perspective. But there are three independent justice norms which are closely linked with the allocation of resources. These are equity, equality, and need (Greenberg and Cohen, 1982). These three basic principles are outlined here, as they are closely connected with the current topic of discussion.

Equity implies that an individual's outcomes should be based upon their inputs. As per the rule of equity, an individual who has invested a large amount of input (e.g. time, money, and energy) should receive more from the group than someone who has contributed little. Members of large groups prefer to base allocations of rewards and costs on equity.

The issue of equality ignores any differential contribution of recipients and leads to an equal distribution of resources to all those involved. Equality supports that someone who contributes 20% of the group's resources should receive as much as someone who contributes 60%. Therefore, regardless of their inputs, all group members should be given an equal share of the rewards. As per the need principle, the resources should be allocated in response to the recipient's legitimate needs in order to prevent suffering.

Here we should focus on the distributive justice from Islamic point of view, where there is a guideline for the personal distribution of income. In Islam more emphasis is given on distributional equity, which refers to different things to different people. To some people it means equal amount of rewards regardless of their contribution. Others consider the fact of natural differences in the human capability, attitude towards work, skill, knowledge etc., thus the differential structures in the salary given out by an organization is just and fair.

In Islam, justice in resource distribution has always been a fundamental concept. From the history of Islam in regard to the distribution of money/material goods from *bait al maal*¹⁴(treasury), we can learn about different norms in the three periods covered by the Prophet and the caliphs, Abu Bakr and Umar. During the time of Prophet Muhammad, emphasis was given on the need of the recipients. It was equality during the time of Abu Bakr. Umar made special allocation to those who fought the first Islamic *battle of Badr*¹⁵ and emphasized on equity based on merit aspects of the recipients. He also made special consideration to those who belonged to the Prophet's family. Thus the principles of distribution of resource were modified by several factors like availability or scarcity of resources, the intensity of recipients' needs, merit or contribution of the recipients, and the purpose of the allocation decision.

The Islamic view of distributive justice incorporates three basic elements: i) guarantee of fulfillment of basic needs to all, ii) equity but not equality in personal incomes, and iii) elimination of extreme inequalities in personal income and resource. The Islamic scholars assert that the basic need fulfillment is guaranteed by Allah, which is evidenced by the Qur'an which says, "there is no moving creature on earth but its sustenance is dependent on Allah".

As per Islamic perspective, relative poverty seems to exist in all human societies and in all economic systems like free market, communism, or an Islamic socio-economic system. There are debates regarding the nature and causes of poverty. Distinctions are made between absolute versus relative poverty. Absolute poverty is considered as the extreme form of destitution; whereas in the concept of relative poverty, deprivation is measured in relative terms. In Islam, relative poverty is recognized due to the natural differentials in human potentials.

The neo-classical theory of development, which is based on positive considerations, leaves everything to the market forces. Under this system, they feel more comfortable with blaming the victim rather than blaming the economic system when discussing the causes of poverty (Jenks, 1992). This explains why in the USA one third of the entire population lives in or near poverty although they are not deprived of food, drinks and shelter. Poverty in America is caused by a shortfall in the average level of income (Ropers, 1990).

Islam discourages extreme inequalities by ensuring social justice, which helps in promoting mutual love and kindness among the members of a community. Thus the inequalities that can cause extreme dislike, malice and ill-feeling among individuals

should be eliminated. However, begging as a target of social justice is discouraged as Islam asks not to beg. Rather, one is to make effort to earn. Islam also encourages the rich to do *ihsan* (extending cooperation towards the needy ones). Allah himself commands mankind to spend the excess of resource for the needy ones to gain the love of Allah. From Islamic perspective, inequalities might be controlled through elimination of all kinds of exploitation. For this purpose, Islam encourages promoting social cohesion. Islam suggests the distribution of resources with a view to earning the pleasure of Allah. These are possible if the three basic principles are followed: *adl*, *insaf* and *ihsan*. These virtues are used for establishing social justice, which considers need and merit as the principles of justice with a view to bring social harmony and harmonious relationships in the community. Though the differences between incomes are prescribed in Islam, it discourages extreme inequality in society.

The concept *zakat* is used for the redistribution of income in order to reduce extreme inequalities or disparities and this also take care of the issue of absolute poverty. *Zakat* is obligatory for the rich in Islam in a sense that the rich should pay a certain percentage of their resources to any disadvantaged member of the society. *Zakat* is a major instrument of restricting excessive accumulation of resource and performing distribution to the poor and disadvantaged. Those eligible for receiving *zakat* fall into eight categories (Qur'an, 9:60): 1. The destitute (*fukura*), 2. The poor (*miskin*), 3. Those who are deputed by the state to collect *zakat* (*amilinalaiha*), 4. Those whose hearts are to be reconciled to truth (*muallafat-al-qulub*), 5. For emancipation of slaves (*fi-al-riqab*), 6. For relieving one from the debt (*al-garimin*), 7. For the cause of Allah (*fi-sabilillah*), 8. Way farer (*ibn al-sabil*). Of these eight categories, six of them are directly related to betterment of sufferings of the poor in fulfilling their basic needs. In religions other than Islam, voluntary contributions are made towards reducing disparities and sufferings of the needy people though there is no particular signal whether it is an act of worship or religious obligation. But in Islam, *zakat* has been made compulsory for the rich in order to provide common benefit to the poor and needy.

Western discourses on social justice are predominantly philosophical; whereas it is legal and judicial in Islam as it is determined and directed by the Qur'an and *sunnah*. Payment of *zakat* is obligatory because it is one of the five fundamental pillars of Islam and thereby as an act of worship (*ibadah*), yet Islamic governments can prosecute a person for denial of *zakat* payment. This is evidenced from the reign of Abu Bakr, who declared Jihad against those who denied the *zakat* payment during the early days of his rule. In the *zakat* system, compulsory deduction of resource of the rich for the poor and needy encourages the use of resource in consumption. In turn the enhancement of consumption has a positive impact on production. It also helps utilization of idle cash and other resources through stimulating investment along with moral or spiritual stimulus. This kind of charity in turn opens up working opportunities for the poor.

There are two more key elements which can play an important role to establish a fair and equitable distribution of income and resource in the society. They are prohibition or elimination of current interest system in economics and proper implementation of inheritance law of Islam.

Interest is prohibited in Islam as it appears explicitly in the Qur'an and the *sunnah* of the Prophet. For example, the Qur'an declares, "Allah has allowed trade and has forbidden interest" (2:275). "O you who believe! Fear Allah and give up what remains of your demand for interest if you are indeed believers. If you do not, take notice of war from Allah and his Messenger: but if you repent, you shall have your capital sum: deal not unjustly, and you shall not be dealt with unjustly." (2:278-279). The Prophet Muhammad says in this regard "Avoid the seven destructive sins: associating partners with Allah, sorcery, killing a soul which Allah has forbidden- except through due course of the law, *devouring interest*, devouring the resource of orphans, fleeing when the armies meet, and slandering chaste, believing and innocent women." (*Bukhari and Muslim*). The Prophet also said, "One coin of interest that is knowingly consumed by a person is worse to Allah than 36 acts of illegal sexual intercourse" (*Ahmad, Darequtni, Al-Tabarani and Al-Hakim*).

There is consensus among all Islamic scholars regarding the prohibition of interest. On the other hand, the modern banking system is completely based on interest and hence the practices of the modern banking system are in conflict with the principles of Islam. To charge interest from someone who is forced to borrow to meet his essential consumption requirement is considered as an exploitative practice in Islam. Charging of interest on loans for productive purposes is also prohibited because it is not an equitable form of transaction.

The interest has a number of harms including economic, social and moral harms. For example, a person is getting \$120 in place of \$100 after a fixed period by interest means that he is actually selling \$100 for \$120. In this case, the person gets extra \$20 without exchanging anything and making any effort. So, this is undoubtedly an economic exploitation. On the other hand, the wide scope to take loan can be exploited by a selfish class of people who take millions of money in the name of their business, but in reality they use that money for their own interest. They do not feel to refund the original money to the bank. As a result, billions of money of the country is kept in the hands of a few dishonest people for unlimited time and the total economy of the country is captured by some loan defaulters and hence the whole nation is being highly affected financially.

The second harm behind the interest is the social harm. Normally, we see that in case of loan, the poor and needy borrow from the rich. In this situation, the rich get scope to have extra money in the name of interest. In consequence, the rich become richer and the poor become poorer. The class distinction therefore grows and takes the shape of class conflict in course of time. From societal point of view, this is one of the main reasons of interest being prohibited.

The third harm associated with interest is a moral harm. If the interest system exists in the society, the interest-free loan giving and taking is being collapsed. Nobody wants to lend money to anybody without interest. If the question of lending money comes, the question of the possible interest comes even before than that. As a result, the kindness, affection, love, fellow-feeling, amity, sense of brotherhood and the mentality of helping others gradually disappear from the society. This is the moral reason of interest being forbidden (Hossain, 2009).

In fact, interest cuts the roots of human love, brotherhood and fellow-feeling, and undermines the welfare and happiness of human society. Thus, lending money with interest was disliked and, in most cases, prohibited by all the monotheistic religions. An eminent western economist, Harrod (1973) recommended the abolition of interest in order to collapse of capitalism. He clearly mentioned in his book that, "It is not the profit itself, earned by services, by assiduity, by imagination, or by courage, but the continued interest accruing from the accumulation that makes that profit taker eventually appear parasitical.....". He further states that "an interest-free society which will be a totally new kind of society" would be the correct and final answer to all that is justly advanced by the critics of capitalism.

From the above discussion we clearly understand that according to the Islamic economic system, the elimination of interest from the entire economy is an obligatory step. Needless to say that it is a revolutionary step with profound effects on all spheres of economic activities but unfortunately this approach of many Muslim countries is yet to execute. Although we find in a few cases that the conventional interest under an Islamic title (e.g. profit and loss sharing accounts, markup, *mudharibah*¹⁶ etc.) have been introduced but this could not yet produce the expected results of total elimination of interest from the system.

The last issue is the Islamic law of inheritance which conceives a very broad-based distribution pattern compared to other laws in the world. This not only makes the male and female children of the deceased his legal heirs but also includes among his legal heirs like his spouse or spouses and his brothers, sisters and parents. In case the deceased leaves no children and no parents on earth, his estate goes to his brothers and sisters and sometimes even to his distant kindred. In case a deceased person leaves behind him no near or distant relatives, his property may go to the community or the state for benefit of all the members or the citizens of the state or community. The basic principle of inheritance has been setup by the verses 7 and 8 of chapter 4 of the Qur'an where it says, "To the men is an assignment of whatever the parents and the nearest kin have left, and to the women is an assignment of whatever the parents and the nearest kin have left, of whatever it be, little or much, an ordained assignment. And when the near of kin and the orphans and the indigent are present at the division, then provide for them out of it, and say to them beneficent sayings". According to these verses, both men and women of a family would inherit the estate left by their parents and near relatives and something shall also be bestowed on

kinsfolk, orphans and the needy, who are present at the time of division of inheritance. The fundamental principle of Inheritance law is that it starts the distribution of property of a deceased person from closest family members and moving towards farthest of family. Son(s), daughter(s), wife(s), husband and parents are the prime recipients of the resources of a deceased person.

As there are clear-cut guidelines in the Qur'an about the distribution of property of a deceased person, thus it cannot be changed or modified. Under varying conditions the share of relatives accordingly changes. However, during death of the owner of the resources, the important principle is that the owner cannot change these shares. This is a very powerful and effective instrument of redistribution of all kinds of assets and resource accumulated by a person during his/her life time. Under the Islamic law, no one can make a will for more than one third of their estate or property. One third has to be given toward charitable objectives or for persons not already entitled to a share in the estate. Both living parents of the deceased are assumed a share for not only assuring their welfare, but also enabling the distribution of the parent's shares to brothers and sisters of the deceased after the parents pass on. If applicable, spouses are also given a share. The remainder goes to the children of the deceased. However, it is impermissible in Islam that the entire of the remaining amount should not pass to a single child if there are other siblings. All of these rules in Islam are intended to generate an equitable and wider span of resource distribution in order to keep peace, prosperity, harmony and balance in the socio-economic characteristics of the households in a society.

5. CONCLUSION

There is a unique dispensation on the concept of wealth, its ownership and distribution in Islam. Much of the *Qur'anic* verses explain all of life's acquisitions in line with the basic underlying tenet in Islam that is the oneness of God (*Tawhid*). *Tawhidi* methodology is used in this article to analyse the distribution of wealth and resources in Islam. Wealth in Islam is not an end in itself, but a means to higher values. It should be earned, invested and spent in the correct avenues, and it should reward the individual, his family, and the society as a whole.

In Islam, wealth is regarded as an endowment or a gift from God and human beings are considered as trustees on God's resources on earth. These resources should be acquired, spent and invested in a correct ways by following the principles outlined in the *Qur'an*. Islam doesn't oppose any material pursuit neither it is against the expansion of wealth. However, the main concern is the danger of obsessive preoccupation in accumulating and conglomerating wealth to the extent side-lining the right spirit of Islam that is fairness and justice.

Islam provides comprehensive guidelines of the distribution of income and wealth to avoid its accumulation or hoarding. However, equal distribution of wealth in the sense that all individuals should have the same means from livelihood is not the

ideal of Islam. But it guarantees a process of distribution in that all participants in the marketplace are rewarded on the basis of their exposition to risk and liability. Land, labour and capital jointly create goods and the owner of capital has to share in the profit as well as in the loss. In addition, Islam compulsorily suggests retaining a share of produced wealth for paying the *zakat* (charity) to the needy and other charitable deeds; and therefore spreads out wealth in the community. Finally, the accumulated wealth and large holdings should be divided into relatively smaller fragments to be distributed to the relatives according the law of inheritance of Islam. All these measures ensure fairness and justice in the society.

Notes

1. *taqwa* is a concept in Islam that is interpreted by some Islamic scholars as god-consciousness. It is perceived from the Qur'an in English as one being enlightened or enlightenment.
2. unity of God or the unity of divine law.
3. *riba* is roughly translated as interest in modern economy which is forbidden in Islamic economic jurisprudence (*fiqh*) and considered as a major sin. Simply, unjust gains in trade or business, generally through exploitation.
4. *gharar* is an Islamic finance term describing a risky or hazardous sale, where details concerning the sale item are unknown or uncertain. *Gharar* is prohibited in Islam, which explicitly forbids trades that are considered to have excessive risk due to uncertainty.
5. *qimar* defined as the game of chance. It is a kind of gambling that includes every game in which the winner receives something (money, goods, etc.) from the loser which *shari'ah* outspokenly forbids.
6. *shari'ah* means the moral code and religious law of prophetic religion. The basis of *shari'ah* is the Qur'an and Sunnah.
7. *gambling* is the wagering of money or something of material value (referred to as "the stakes") on an event with an uncertain outcome with the primary intent of winning additional money and/or material goods.
8. *zakat* is one kind of charitable practice done by Muslims based on accumulated resources, and is obligatory for all who are able to do so.
9. *falah* is the Arabic word for *success* (especially from self-improvement), *happiness* and *wellbeing*. In Islamic context, according to the Qur'an, actions such as conforming to Allah's commands, establishing the *zakat* (charity tax), not taking intoxicants and not gambling will all lead to *falah*.
10. *Sahih Muslim* is a collection of *hadith* compiled by Imam Muslim.
11. *adl* means justice and essentially part of Tawheed.
12. *insaf* means justice and equity in Islam.
13. *ihsan* means perfection and excellence in Islam.
14. *bait al maal* is an Arabic term that is translated as "house of money" or "house of wealth". Historically, it was a financial institution responsible for the administration of taxes in Islamic states, particularly in the early Islamic Caliphate.

15. *battle of Badr* was the most decisive battle between truth and falsehood held in *Badr* near the city of Madinah Al-Munawara on 13 March 624 AC and 17 Ramadan, 2 AH in Islamic calendar.
16. This is a kind of partnership where one partner gives money to another for investing in a commercial enterprise.

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