

An Islamic Perspective of Political Economy

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Chapter 1: An Islamic Perspective of Political Economy

With the collapse of communism in Eastern Europe and in its heartland, the Soviet Union, the world is yet again dominated by the practices and laws of capitalism. Today's world economy is shaped according to Adam Smith. No other alternative routes for economic development are envisaged but to let "the laws of the market" play their course in the marketplace.

The "invisible hand" of the market is more visible now than at anytime as the determining and decisive factor in the lives of nations and men. Consequently, the self-interest of members of society is to be the driving force of economy, and the law of supply and demand the regulating mechanism of profiteers in society. Even economists in what used to be the Marxist bloc are subscribing to such economic behaviour as the only alternative to remedy the ills of the economies of their nations.

Not quite true, say many Muslim thinkers and political activists. They believe that Islam provides humanity with solutions to problems created by imperfect man-made political systems and moral values.

Islam, according to them, is a divinely ordained social framework that should guide humanity to peace and tranquillity in all aspects of life, physical and metaphysical. One of these thinkers and political activists was Muhammad Baqir al-Sadr of Iraq. Sadr was executed because he led a revolutionary movement against the Ba'thist regime in Iraq in 1980. He had conceived an Islamic political system to replace the existing regimes in the Muslim world, which he considered corrupt.

His programme for the future is to create a new socioeconomic order that would replace the capitalist and socialist orders which are the dominating systems in the Muslim world. This paper intends to focus on his views and the basic principles of the Islamic economic system, which he believes is more capable of solving the contradictions of the capitalist system and, therefore, more able to satisfy human needs; more importantly, it has the capacity to develop and progress in accordance with human potentials.

As an Islamic jurist, Sadr derives his basis of argument from Islamic tenets and sacred sources. Here our purpose is to present his conceptual argument and economic engineering of society and to see how applicable these views and programmes are to reality. The aim of the study here is to highlight his argument and try to understand the structure of the Islamic economic system. His views in economics are part of his general political theory designed for the establishment of a complete Islamic social system.

The behaviour of the Islamic economic system should be judged after the creation of an Islamic State, where the whole realm of socioeconomic human behaviour is determined according to Islam. Sadr's major work in economics was written in 1960-61, and aside from the pamphlet that he wrote later in his life, the main argument of his thought is contained in one work, *Iqtisaduna* ('Our Economics').

The economy of the Islamic State, according to Sadr, is divided between that of the individual as the vicar of God (khalifah), and the ruler as the witness (shahid) who presides over the application of the laws of God. The economic structure of the Islamic State thus consist of private property and

public property. However, one should not think that the economic structure of the Islamic State is some sort of combination of capitalism and socialism. Sadr strongly rejects this misconception.

He argues that the juxtaposition of private and public right of ownership stems from the fundamental beliefs of Islam.^[1] This is similar to the way that private ownership is advocated in the capitalist system, or public ownership by socialist: as the logical conclusion of their ideological and philosophical beliefs. To justify private ownership and public ownership in Islam, one must understand the right and obligations of the individual and the State in Islam. Sadr's detailed description of economic relationships in the Islamic State and its economic structure represent the best available argument for the notion of Islamic economics.

Chapter 2: Economic Relationships

Man's behaviour, according to Sadr, is categorized into three types of relationships: social, economic and religious. They stem from man's basic relationship to other men, to the environment, and to God. The economic relations, however, are outcome of his inner instinct of self-love that "always drives him to seek good things for himself, to secure his interest, and satisfy his needs."^[2] Accordingly, man, in his relationship with the environment, was predisposed to utilize all possible resources to satisfy his needs and increase his pleasure. In due time, he was willing to use animals and plant to help him in his struggle against the environment.

Although his essential needs were simple in the early period of history, his mental capacities enabled him to develop new means to help him utilize the resources of the environment. Thus his needs are always expanding due to the complexity of utilizing the resources of the environment.

Man's relationship with others of his kind was the natural outcome of his need to satisfy his desires. The complexity of life, arising from his relationship with the environment, made it difficult for him to cope adequately with his needs. Cooperation with others made the effort to satisfy his needs manageable. Cooperation with others result in a sharing of benefit with all participant in the community.^[3] The inner instinct of self-love that drove man to create the first community are evident. These instinct gave rise to man's exploitation of his brother.

Because people were not equal in their physical and mental capacities, they obviously differed in their utilization of the resources of the environment. Such differentiation of capabilities is part of the divine plan for bringing about cohesion through the division of labour to the human community. People of different capabilities function in different tasks within the social order.

^[4] However, man's desire to maximize his interest drove some men to exploit the situation for their benefit. Human needs were growing due to man's mental and economic development. His experience broadened his capacities to utilize the resources of his environment. His passion to acquire more of the environmental resources for himself became prevalent. Consequently, some men were willing to oppress others to satisfy their greed and egos (both outcome of self-love). It was then that the human community faced oppression in the form of economic exploitation.

This conflict between social peace and individual instinct of maximizing interest was persistent throughout history. This historical conflict, Sadr argues, is between two classes: those individuals who control the environmental resources (economic and social) and endeavour to protect their interest, and the rest of the society which strives to live in peace and cooperation. Marxist believe the problem originated with a few people controlling economic resources.

The only way to bring about peace to the social order is through the revolution of the oppressed class to destroy the special interest of the privileged class. Capitalist, on the other hand, believe such social conflict to be the result of limited natural resources of the environment, which are not sufficient to satisfy the needs of all people.^[5] Thus, social conflict will

always be prevalent. Only through incremental and gradual reforms can society hope to manage social conflict from overtaking human progress. On this basis, capitalists oppose any type of social revolution. However, Islam disagrees with both the views and considers environmental resources to be sufficient to satisfy all people's needs.

According to Sadr, the problem rests with the channelling of human nature: how can the instinct of self-love be directed in a proper manner? Unless a solution emerges to control human desires and deflect the potential for exploitation of others, social order rests on shaky foundations. Therefore, Sadr clearly states that the socioeconomic problem is the result of the misconduct of man. He specifies two reasons for the socioeconomic problems: (1) the oppressive character of man, arising from his self-love; and (2) man's inefficiency in the utilization of economic resources.

According to Sadr's interpretation, the ills stemming from man's oppressiveness in the economic realm of life persist in the form of inequitable distribution of economic resources on the one hand and from inefficient utilization of these resources, which result in under-development of economic resources and their waste. A solution must overcome these two basic ills of the economic behaviour of man. Sadr specifies three components of the Islamic solution: (1) cessation of the various forms of oppression manifest in the unjust distribution of economic resources; (2) disciplining of "human nature to achieve control of the instinct of self-love; and (3) utilization of economic resources to satisfy the needs of all humanity.

Chapter 3: The Islamic Theory of Distribution

The first step to end the contradictions in the economic structure of society begins with the distribution of economic resources among people. A just social system is one that allows all people to benefit from economic wealth. The Islamic economic system, accordingly, is based upon this criterion.

The first form of economic wealth is the natural resources of the environment. Unjust distribution of economic wealth begins with the problem of ownership of these natural resources. One must know who has the right of ownership of these resources in Islam. Sadr, thus, must develop the theory of distribution of natural resources at two stages:

preproduction and postproduction stages, or what he calls primary wealth and secondary wealth, respectively. ^[6] His endeavour is to discover the doctrinal basis of Islamic teaching concerning economic ownership. For him, the study of economics in its empirical sense at this stage is irrelevant to the issue of social justice. In other words, he is building an ideological theory which addresses this issue. The empirical study of economics comes much later to evaluate whether the application of the ideological theory in the realm of life has an adequate basis in reality.

Chapter 4: Distribution of Natural Wealth

In constructing the conceptual framework of his theory, Sadr also disagrees with political economists on the scope of economic resources. He disregards capital and labour as parts of economic resources.

It is only nature that can be taken into account in the theory of distribution of natural resources. "For capital is, in fact, a produced wealth and not a primary source of production, because it represents, economically [speaking], any wealth which is produced and generated through human labour that can be reinvested in the development of new wealth."^[7]

On the other hand, nature itself is classified into four categories: 1) land; 2) raw material; 3) water; and 4) other natural resources such as living species in the air, sea and on land.^[8] Although the laws of Islam seemingly contain different regulations for each one of these categories, Sadr used his ingenuity to discover the common ground between them, giving his interpretation of what he calls "The General Economic Theory of Islam."

The sole owner of land and raw materials is the Islamic State. People may gain special rights of ownership if they invest their labour to develop these natural resources, such as cultivating land and mining minerals.

Individuals may gain precedence over others for a piece of land or source of minerals which they work. The special right of ownership may be gained only through labour invested in developing that land or raw material, and such right expires as soon as that development ends.^[9] People utilizing these resources must pay property taxes for their use to the Islamic State.

Water, on the other hand, can be owned if it is possessed for economic development. Although the sole proprietor of the natural resource of water is the State, all people have access to it for their use. The only exception is underground water, where the individual who invests his labour to develop its utility has an exclusive right to its use and benefits.^[10]

Other natural resources, such as birds, animals, plants and marine life, are publicly owned. These sources of economic wealth may become private property through individual effort.^[11] As such, people, not the State, have the exclusive right to own resources via their labour. They may not lose this right indefinitely, or pay property taxes for their possession.

Based on this view, Sadr concludes that people themselves or, in more concrete terms, their representative government, are the sole and legitimate owner of the natural resources. Individuals may gain special privileges to make use of these resources only through their invested labour to develop these resources. Other types of individual labour, such as the use of force to possess, are not considered legitimate means to ownership.

Specifically, it is only invested human work that has legal significance for ownership of natural resources. Generally speaking, Islam gives individuals the right to own private property only through their continuous effort to develop these resources to benefit society as a whole. Once private development of these natural resources is suspended, the right of private ownership would cease too.^[12] From this Sadr derives the first principle of his theory:

All natural wealth is part of the public sector and individuals gain the special rights to use them only on one ground, that is, labour characterized

by development [of these resources] by the direct work [of the individual himself].^[13]

According to the above principle, an individual may not use other individuals to develop a natural resource in order to have the right of ownership of a large estate, for example; otherwise they will share the ownership and the benefits of that natural wealth on the basis of their labour. Islam totally rejects the capitalistic principle of individual ownership of vast natural resources on the ground that they are developed by the labour of others.

For the same reason, industries for the development of such natural resources as oil and minerals can be owned and managed only by the State. Notwithstanding the emphasis on public ownership of natural resources, Sadr introduces the concept of the "priority right of use" of natural economic resources by the individual. He states that those who possess the labour and will to exploit the resources have the right to gain access to them if such exploitation serves public interest.

Chapter 5: Distribution of Produced Wealth

Sadr, furthermore, develops an Islamic theory of distribution of produced commodities. Produced wealth is classified into: (1) primary commodities, such as agricultural produce and raw materials; and (2) secondary commodities, which are the primary commodities manufactured into different products.

In both of these stages of production, capital generated from previous economic endeavour as well as the means of production (tools and machineries) take part in the production process in these advanced economic activities. However, contrary to the capitalist theory, each of these components has no share of the product but they gain special rights for their use and their wear-and-tear in the production process.

As mentioned under the previous principle, Islam gives the worker the sole right of ownership of produced goods. However, Sadr realizes that human labour is but one of the components in the production of primary commodities. The other components are the natural environment and the tools which help man in the process of production. The tools, or means of production, according to Sadr, "contain stored up work of previous stages of production that will be exhausted and depleted during their use in the process of production.

"^[14] In this case, if the tools are not property of the worker who benefits from their use during the process of production, then the legitimate owner of these tools must get paid for the use of his tools, i.e., the depleted stored up work in the tools.^[15] According to Sadr, herein lies one of the major ideological differences between capitalism and Islam.

The former regards the owner of the means of production as the sole owner of the produced commodities, whereas Islam considers only the labourer to have the legitimate claim to the commodities produced. In capitalism, tools get a share of the product because their use, like human labour, represents expenditure of a certain amount of work in the production process. In Islam, tools only assist and aid man to facilitate the process of production; thus, they must be compensated for in rent, not in profit sharing.^[16]

Accordingly, only the labourer has the legitimate claim to the products of his effort. Therefore, it is unthinkable in Islamic economics, states Sadr, for someone to employ others and provide them with rent and tools so that he alone owns the products of their labour.^[17] Likewise, industries and production units that employ many workers can function in an Islamic State only if they are owned publically.

In Sadr's theoretical vision industrial capitalist production can no way evolve in an Islamic economic system except through State's direct involvement and control in economic development. The State, on behalf of society, which is the sole owner of economic resources, can employ people and pay them only wages for their work and not give them share of the produced commodities.

Furthermore, since the utilization of the economic wealth of the environment is the responsibility of society as a whole-the sole proprietor and beneficiary of natural resources- it gets a share of the produce of

primary commodities. The State, in this stage of production, has the right to collect what is known as *tasq* (income tax) from producers to finance social welfare expenditures and meet the economic needs of the people. ^[18]

As for the production of secondary commodities, Islam gives the owner of primary commodities the right to establish his claim to final products. The legitimacy of his ownership does not cease because someone aids him in transforming his commodity into different forms. An individual, if he/she owns the raw materials, has the right to manufactured commodities produced out of that material.

To put it plainly, the worker, in this case, does not only own the product of the natural resources but also the produced commodities in latter stages of production. If the State, for example, extracts or mines certain natural resources through its publically owned enterprises, then it also has the right of ownership of all the finished goods extracted from those natural resources. People who participate in the production would get paid for their labour. Industries that develop natural resources, such as oil and minerals, theoretically speaking, cannot be owned privately in an Islamic economic system. It is because the State is the primary owner of natural resources, which gives it the right to own the produced product.

However, there is a theoretical loophole to make capitalists flourish in an Islamic economic system, which is through the obtaining of natural resources from the State on lease by private enterprises, where the latter can claim legitimate ownership of the produced commodities.

In any case, ownership is not affected by the use of the means of production belonging to someone else. The owners of tools and machines get paid for the use of these in the production process. By the same token, the owner of primary commodities may also hire someone else to manufacture his goods. The worker, in this case, gets the salary for his labour, which should be specified in the job contract. The worker, consequently, has no claim on the final product he produces. ^[19]

Islam specifies two means of payment for a hired worker: the first one is through wages, where he is paid for the amount of work he performs in accomplishing a task; the second is by sharing in the profit of the final product. In this case, the worker gets only a percentage of the profit specified in the agreement between him and the owner of the primary commodities. The general principle, in Islam, for earning is:

...that earning is only based on contribution of labour during the process (of production), so the contributed labour is the only legitimate means for someone to get paid by the owner of the process...and without such contribution, there is no legitimacy for his earning. ^[20]

Based on this economic principle, the owner of capital will not receive fixed payment from the owner of primary goods, i.e., it is usury, which is prohibited. Monetary capital will not be considered as contributing any amount of labour at all.

^[21] Fixed payment is allowed in Islam only in one case, where there is a consumption of labour, either directly through a worker, or indirectly (accumulated work) through the means of production. As for monetary capital, no such work is exhausted or depleted. In this matter, the owner of

the capital is allowed to share the profit and the loss with the owner of primary commodities. The legitimacy of earning in this situation is based on his help in facilitating the process of production, for which he deserves to be rewarded in the form of profit sharing.

Chapter 6: Channelling Human Nature

The first task of the Islamic political system is to eliminate all forms of oppression within economic relationships and to lay the ground for the establishment of a just system of distribution of economic resources. However, the source of the injustice, according to Sadr, is neither social settings nor the means of production, but rather human nature itself, the inner instincts of self-love that drive man to secure survival for himself only. Such an instinct is essential for the survival of human life on earth. Profit, which is the economic manifestation of self-love and is generated from private investment, is the great engine of human economic accomplishment.

It gives the individual the personal incentive to work hard and to overcome difficulties and challenges. However, when left without moral control it will manifest itself in different forms of oppression. Man will be concerned only with securing his own interests to the point of abusing the interests of others. Unless a solution to the problem of human nature is found, man will find escape routes to abuse even in a just system of distribution.

In fact, the social contradiction stems from the individual instinct of self-love. In the capitalist system, it manifests itself in the form of economic exploitation of others. In the communist system, where private property is eliminated, man's self-love manifests itself in political oppression, such as the struggle for power and the securing of special social privileges. ^[22]

Religion, according to Sadr, gives humanity the only solution to this basic and deep-rooted problem of human nature. Religion overcomes the problem of human nature by specifying many channels of self-control that properly regulate or direct man's instincts into appropriate social behaviour. In other words, it will end the contradiction between social and private interests.

The first of these mechanisms for self-control is a spiritual one, the psychological power that makes man control his behaviour. Man is the vicar of God, which means that he is the representative of the Almighty on earth. In an economic sense, he is the trustee of God for the wealth created for mankind. This sense of vicarage implies that man is responsible for his economic deeds before God. Vicarage also means controlling personal behaviour and directing the use of natural resources according to God's will.

^[23] Improper behaviour and the waste of God-given wealth will make man accountable for his deeds and bring severe punishment. In the same manner, abiding by God's will guarantees a good reward and Divine approval. It is He Who has appointed you viceroys in the earth, and has raised some of you in rank above others, that He may try you in what He has given you. Surely thy Lord is swift in retribution; and surely He is All-forgiving, All-compassionate. (6:165)

Accordingly, man is expected to receive guidance as to how God-given wealth should be distributed and treated. It is this link between the here and now and the hereafter that brings accommodation between social and private interests. Anyone who sacrifices for the sake of others is rewarded.

The religious solution, then, is not materialistic, but spiritual and trains man to serve others and to sacrifice private interest for the sake of social benefit.

In doing so, he serves and benefits himself as well. In Islam, it is the fear of God and the desire to seek His good pleasure that replaces the competitive, greed of human nature. Once religion succeeds in bringing up men who have control over their inner instincts and passions, the social order can be saved from contradictions and individual abuses and manipulations.

Since this goal is utopian in its outlook, Islam has derived a social mechanism to secure peace and harmony in human society. God has assigned the vicarage role not to the individual per se, but rather to mankind. It is the community that is the trustee of God over economic wealth. It, as a group, holds the responsibilities of managing natural resources and human wealth to the benefit and welfare of the group. The following Qur'anic verse refers to such social responsibility.

But do not give to fools their property that God has assigned to you to manage. (4:5)

According to Sadr's interpretation of the above verse, God considers the financial wealth of the mentally incapable as the wealth of the community. The whole society is then responsible for not allowing any misappropriation of the fool's wealth. Such social control over economic wealth makes the individual accountable not only before God, but before his own people.

Islam also disavows any values that a society attaches to the possession of economic wealth. Affluence and economic prosperity of the individual are not signs of social prestige. Islam wants the individual to consider wealth as burdensome and places a responsibility on the shoulders of the wealthy individual to serve both himself and others.

It is a means to achieve the goals of humanity.^[24] Affluence should not be the goal for the individual to achieve in his life, as in a capitalist society which makes man use all possible means to increase his possession of wealth even if it brings harm and oppresses others' interests.

However, if one thinks of wealth as the means to realize the good pleasure of God, then helping others, not oppressing them, becomes the social norm of the rich and wealthy. In other words, Islam is determined to change the social values related to the possession of wealth and private property. There is no need to abolish ownership of private property as suggested by Marxism. The social policy of elimination of private property, according to Sadr, will not be successful because it goes against human nature. The only solution is to reform the social ethos in such a way that wealth is changed from an individual goal to a social means to achieve a higher moral goal.

Chapter 7: Economic Development

The third part of the Islamic solution to the economic problem, according to Sadr, deals with "fostering production and utilization of natural resources of the environment to their fullest extent." ^[25] God has created an abundance of resources in nature to satisfy human needs on earth. Man, accordingly, is encouraged to use the abundance of God's bounties to his benefit. According to Sadr, "Islam, ideologically speaking, has set the development of economic wealth and the utilization of natural resources to the greatest possible extent as a goal for society." ^[26] Islam is similar to capitalism in affirming this economic objective; however, they differ in their approach to achieving it.

While capitalism "rejects any means of development of production or increase of wealth that hinders the principle of economic freedom, Islam, on the other hand, rejects those means which are contrary to its theories of distribution (of the economic resources) and its principle of justice." ^[27]

Notwithstanding, Islam, as mentioned before, discourages individuals from pursuing strictly materialistic objectives, downgrading the passing gains of this transitory existence. Sadr regards economic prosperity as the goal of a virtuous society, not of the individual. God, after all, has created everything on earth and the heavens to serve the existence of man.

^[28] Islam only rejects materialistic gain as the ultimate ambition of man, which leads him to the oppression of others. Islam encourages zuhd (austerity) as a value which trains man not to consider materialistic wealth as his final goal in life. ^[29] Zuhd is man's mechanism for self-regulation which he utilizes to fight his desires and direct his objectives toward God. However, it is not the goal of the social order of the faithful.

Suffice it to mention that affluence and a high standard of living help mankind in its journey to God. Suffering can hinder such movement. In fact, there is a direct relation between man's relationship to God and his relationship to nature. The more men strive for God, the more bountiful nature will be in providing for man's needs. Social affluence is the sign of God's satisfaction with man. On the other hand, man's thankless attitude to God, of which social injustice is the outward expression or symptom, results in the ruin of economic resources and productivity as well as degeneration of man's social existence. ^[30]

Islam also expedites the social drive toward production in its religious regulations. Under the Islamic economic system, earning is exclusively linked to working. All other means of earning and ownership are abolished. The possession of natural resources is not considered legitimate without continuous human efforts to develop it. Any type of earning that does not require any human labour, in commerce as well as in production, is forbidden.

For this reason, the use of financial capital to generate earning is abolished-The only legitimate way to make use of capital is to invest it in production and share the risk of profit and loss. To insure the utilization of capital in economic development, Islam strongly forbids the hoarding of money and initiates a yearly tax to downgrade any wealth that is not enrolled in the production process. Additionally, any type of useless

economic activities, such as gaming, magic and jugglery, are forbidden in Islam. ^[31]

Furthermore, Islam makes it a requirement for Muslims to explore all fields of knowledge and seek any efficient means of production in order to utilize to maximum benefit the natural resources of the environment. ^[32] The economic strength of Muslims is analogous to their military strength. The power of the Islamic State is judged on the merit of its economic progress and social prosperity. For this reason, Islam places a heavy emphasis on the role of political leadership to regulate social economic activities to enhance economic development and eliminate waste.

Chapter 8: The Role of the State

As indicated in the theory of distribution, the Islamic State possesses the sole right of ownership of natural resources. Consequently, it has absolute control over all aspects of economic activities. The owner of natural resources or, primary commodities, according to Sadr, is the sole owner of the secondary commodities. Basically, the government of the Islamic State can determine the flow of wealth in society and define the economic process. The major objective of the Islamic State is to set up policies to develop the natural resources to the fullest extent to benefit the entire society.

To achieve such an economic objective, the State has the right to distribute social economic resources to attain the maximum amount of production that brings prosperity to all people. The State has the responsibility to provide for the minimum essential needs of society and ensure the economic welfare of the people. It is unlike the capital-ist State, which leaves that function to the fluctuations of the market.

Nor it is like the Marxist-Leninist theory that advocates State control of all aspects of economic activities. The Islamic State sets the direction of economic activities, while giving individuals the right of private ownership to achieve the social goal. The government's role is to over-see and regulate economic activities. Accordingly, Islam has left the government with a high degree of flexibility in developing new regulations to meet any emergent economic circumstances. Sadr called the absence of restrictions in the Shari'ah as *manatiq al-faragh* (the discretionary sphere of the law), where the jurist; has the authority to make judgements and rulings according to the principles of jurisprudence.

^[33] He considers this area of legislation on the part of the lawgiver as a realistic approach to ensure the development of economic activities and the means of production. The leadership of the Islamic State then could initiate any new legislation and regulations that it sees as appropriate to the new emergent circumstances in order to meet the economic needs of the people and secure maximum utilization of economic resources.

In other words, the Islamic government is free to adopt a wide range of economic policies from full control of the economy to free-enterprise in order to achieve its social goals. In this case, the government must depend on the economists and experts to watch for the best possible alternative policies to set the direction of the State economy (provided that it will not overrule the theory of distribution.)

Such an unlimited role of government in the economy of the Islamic State is justified because of its substantial social involvement. The State is responsible for the social welfare of all people. ^[34] The economic resources in the Islamic State are distributed not only according to work and ability to produce, but also according to needs. Not all people in society are able to work, and some of those who do are not able to satisfy their needs. Sadr identifies three economic classes in society:

(1) those who have the mental and/or the physical power to produce more than their needs; (2) those who are able to work, but only to the extent of meeting their essential needs; and (3) those who do not have the mental or

physical power to work productively. The government's responsibility is to provide for the needs of the latter two classes, which are not limited to essential human needs. The people in the Islamic State must live in dignity, i.e., their economic status must be raised to an acceptable general level. Therefore, the State must have the economic resources to be able to finance the social welfare programme.

Whatsoever spoils of war God has given to His Messenger from the people of the cities belong to God, and His Messenger, and the near kinsman, orphans the needy and the traveller, so that it be not a thing taken in turns among the rich of you. (59:7)

The verse, according to Sadr, indicates two things: first, the allocation of economic resources between the government and the needy people; second, the distribution of wealth in such a way as to prevent the rich from controlling the economy. Based on the above interpretation, Sadr argues that the main principles of Islamic economics are:

(1) public (i.e., State) ownership of the means of production and distribution, and (2) centralized economic planning. It is only through the control of all the community's resources by society that the common need of social security is guaranteed and the essential economic rights of the individual are insured. Accordingly, the legitimate Islamic government has the responsibility to make longterm plans for serving the common good and overcoming instabilities of the market.

Islam recognizes differences of income between people, but strives to create an equitable standard of living. To realize such a socio-economic condition, Islam, although it specifies fixed taxes to be collected from prosperous people, establishes a social and moral mechanism. A lavish and extravagant style of living is totally discouraged in Islam.

Islam also forbids waste in production and consumption in order to direct the resources of the economy to produce commodities that satisfy the needs of all people and bring about social equity. The State also has the authority to regulate wages and prices so as to overcome the selfishness and greed of those who possess economic wealth and insure an equitable standard of living for all people. In sum, the major goal of the Islamic State is the prosperity of all citizens.

Notes:

- [1]. Al-Sadr, "al-Janib al-'iqtisadi min al-nizam al-Islami," (The Economic Perspective of Islamic System) in *Ikhtarnalak*, 112-113.
- [2]. Al-Sadr, "Al-Nizam al-Islami muqaranan bil-nizam al-ra'smali wa al-Markisi" (The Islamic System Compared with the Capitalist and the Marxist Systems) in *Ikhtarnalak*, 160.
- [3]. *Ibid.*, 161
- [4.] Al-Sadr, *Iqtisaduna* (Our Economics) (Beirut: Dir al-Ta'aruf, 1982), 311-313.
- [5]. Here Sadr seems to mention the view of Thomas Robert Malthus. He disregards other capitalist economic thinkers who believe that the source of economic problem is the distribution of economic wealth.
- [6]. Al-Sadr, "al-Nazariyyah al-Islamiyyah li-tawzi' al-masadir al-tabi'iyah" (Islamic Theory of Distribution of Natural Resources) in *Ikhtarnalak* (Beirut: Dar al-Zahra', 1982), 136-137.
- [7]. "Al-Nazariyyah," 138.
- [8]. *Iqtisaduna*, 433.
- [9]. *Ibid.*, 483.
- [10]. *Iqtisaduna*, 519-520.
- [11]. *Ibid.*, 5 2.
- [12]. "Al-Nazariyyah al-Islamiyyah li tawzi'," 148.
- [13]. Al-Sadr, *Khutat tafsiliyyah `an iqtisad al-mujtama` al-Islami* (General Basis of Economics of Islamic Society), in *al-Islam yaqud al-hayat*, 88.
- [14]. *Iqtisaduna*, 619.
- [15]. *Iqtisaduna*, 584.
- [16]. *Al-Khutut al-tafsiliyyah*, 97.
- [17]. *Ibid.*, 99.
- [18]. *Al-Khutut*, 561.
- [19]. *Iqtisaduna*, 605.
- [20]. *Iqtisaduna*, 618.
- [21]. *Ibid.*, 625-627.
- [22]. "Al-Nizam al-Islami muqaranan," 170.
- [23]. *Iqtisaduna*, 536-537.
- [24]. *Iqtisaduna*, 568.
- [25]. *Iqtisaduna*, 649.
- [26]. *Iqtisaduna*, 650.
- [27]. *Ibid.*, 649.
- [28]. Sadr, in support of his argument, cites a letter of Imam `All (A) to the governor of Egypt that exemplifies the social order of the believers as one that encompassed the affluence of the world and the hereafter. See *Iqtisaduna*, 651.
- [29]. Here Sadr gives his interpretation of two sets of apparently contradictory prophetic traditions of which some exhort austerity and reject materialistic gains, and others invite man to make use of wealth for his benefit. He sees no contradiction between the two when the former is looked at as discouraging man from making economic wealth as the final objective of his life. See *Iqtisaduna* 669-672.
- [30]. Al-Sadr, *Muqaddimah fi al- tafsir*(Kuwait:al-Dir al-Islimiyyah, 1982), 104-107.
- [31]. *Iqtisaduna*, 670.
- [32]. *Ibid.*, 671.
- [33]. The jurist, according to Sadr, shall not change any of the primary principles of Islam, i.e., the sphere of halal and haram, that which is obligatory and prohibited, respectively; but he may act within the realm of "secondary" matters, i.e the mandub and makruh, that which is 'desirable' and 'reprehensible', respectively. The jurist may forbid any mandub action, or encourage any makruh ones.
- [34]. *Iqtisaduna*, 607

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