Ingredients of an Islamic Welfare State: 
Comparative Study of Different Contemporary Economic Systems

Abstract

After 9/11, there is a heated debate on the political and economic aspects of Islam. Islamic socio economic order, being an effective part of Islamic code of life, finds solution to everyday problems which a person faces at individual and collective levels. Woking at the core of an Islamic State, how Islamic economic system behaves differently and uniquely from other ideologies, isms and codes of life is the core theme of article in hand.

Keywords: Islam, socio-economic order, communism, socialism, Marxism, Shariah

Islam and Isms in Historical Perspective

Islam has its specific character which distinguishes it from other ideologies, isms and religions. It is a theoligico-political religion, a means not only for each individual to seek his own salvation but for the creation of a society in keeping with divine law—the Shari’ah. Being a complete code of life, as the Islam claims, the Islamic jurisprudence seeks solutions or answers to the eternal existential questions and uses such notions as ihya (revival), tajdid (renovation) and islah (reform) as modes to reach the ultimate destiny. If Islam needs to be periodically revivified, reformed or renovated it is only because it has fallen prey to various deviations which call for correction. Religious Muslim thought proclaims that this variation is not total… at the foundations of Islam there is a core, an inspiration an initial impetus, be it from Allah or from Muhammad; and this inspiration has become at least prepared, if not conditioned, by social, historical, political and cultural circumstances. Being conditioned in this way does not, of course, invalidate core’s claim to provide answers to eternal existential questions. The initial inspiration “persists in talent form and underlies the various manifestations of the Muslim faith, as source of reference.”

However, for revival and reformation, Islam does not seek guidance from any other faith, ideology, ism or even religion. It has its own patent process to be initiated by the religious scholars of profound knowledge and expertise and the process is equally transparent and is done through the consultancy and consensus to meet the incessant needs. That’s why apart from the history of law, Islamic jurisprudence has been a subject of special interest for the religious scholars and experts. Islamic Jurisprudence covers even the socio economic aspects of both an individual and the state, to establish an Islamic socio economic order viz-a-viz other well-known existing socio-economic systems e.g. Capitalism and Communism (Marxism), the role ‘economics’ plays in the life of people cannot be exaggerated and economic enslavement is equally if not worse, than political enslavement. Developed nations of the world are tentacles as to make the other nations especially of the third world to create a situation of economic enslavement.
because with the death of colonization, the days of political enslavement are over. Here the question is to what extent Muslim countries responded to this challenge setting up any example of equipoise and balanced socio economic development in the world. Moreover, to what extent the scholars and researchers of the independent Muslim countries contributed to pool their intellectual resources and by that learning and researches prepared thesis for various branches of economic life including banking insurance, reinsurance, etc. To what extent the Muslim intelligentsia worked for an intellectual movement to face tyrannies of both the Communism as well as the Capitalism.

As far as Capitalism is concerned, in its despicable form, it leads to monopolies and cartels and resultantly wealth becomes concentrated in the hands of few individuals or at best in a few families. Marxism, on the other hand, is a mechanistic philosophy, treating Man as a part of a machine—the State. Islam discards both the views, giving the highest consideration to the Man. In Islam, the Man is above automation and an impersonal being—subject to any ‘dialectic materialism’; rather an ‘apex of creation to which everything is subservient’. Islam does not teach man to be self-centered and so self-possessed as to become the very symbol of diehard individualism nor does it want the man to be lost in the colossal sea of collectivism. Islam strikes a balance between the individual and society and makes one complementary to the other. Furthermore, Islam does not divide man on the basis of class, and does not base history on class struggle. In Islam the only yardstick which differentiates man from man is one’s piety and righteousness. Islam brings a harmonious blend between one’s duties to one’s self, one’s duties to Allah and one’s duties to fellow men. The above combination chisels off any sharp edges which come in the way of a healthy and poised growth of human society rather it helps in the building up of a healthy classless society of equals and brothers.

The Islamic socio-economic order, apart from the debate it is presumably of a utopian nature or not, is a system which is bound to give birth to a welfare society where nobody would be too rich to become tyrannical and nobody would be too poor to go a begging. Islam, through its evenhanded approach to life, does not allow lop-sided growth of human society but builds up, without regimentation, organized social welfare societies all over the world by doing away with economic maladjustment. This does not mean that Islam believes in equal distribution of wealth; it only wants to impede oppression and exploitation by demanding equitable distribution of wealth as far as possible. Islam by its war on poverty and distribution on the one side and its insistence with regard to the circulation of wealth on the other provides a positive answer to the challenge of both Capitalism and Communism. Extremist groups among Muslims today attempt to connect Islam either with capitalism or with Communism. Islam is neither of the two and in this continuum it is a class by itself. It is factual to say that it allows personal initiative, private enterprise and owning of property, but with equal keenness to condemn exploitation of man by man in the forms of hoarding, monopolies and the concentration of wealth in the hands of the privileged few, etc. ‘Absentee landlordism’ has no place in the Islamic economic order. Islam is not opposed to Banking as medium of financial transactions; what it is opposed to is its exploitation, and hence Islamic condemnation ofRibā.
Islamic institution of Zakat, its law of inheritance effectively help in the distribution of wealth. Islam proscribes any individual and private enterprise which may adversely affect the larger interests of society. In Islamic society, basic human needs i.e. food, housing, security, education, medical care, etc. are the prime responsibility of the state; and so far as the treatment of labourers and workers is concerned, no social order in the word gives them any better than what Islam enjoins upon its adherents. The message of Islam can be revived by establishing a certain kind of association between Islam and temporal problems faced by men and to be able to find practical and scientific solutions to them whereby a dignified human life, security and amicable peace is guaranteed. On the other hand, in an attempt to disconnect Islam from the temporal life of men, whereby negating to find a solution to its problems, would be drifting away from the spirit of Islam.

Modern scholars have, through their research, discovered that “materialistic renaissance movements” in history, including the renaissance of modern times have one main feature in common, they all aimed at, motivated by their own laws and systems creating groups of people or nations who would dominate and control the peace and security of other groups of people or nations. It is evident that the social privileges and the right to be guardians over others, as assumed by contradictory to the principles of human unity, ethics and natural rights of Man; and it is pertinent to note that it was the Islamic renaissance which emerged in the middle ages, on account of its laws and systems, faced this type of domination and established a new social system based on brotherhood, solidarity and fraternity for all without resort to aggression or exploitation. It is by the nature of its message and the laws inspired by it that Islam prohibited the creation of social strata, or racial discrimination or privileges based on financial factors or descent. It enforced the concept that the people of any nation had equal rights and responsibilities in life. Space does not permit to present Quranic injunctions and sayings of the Holy Prophet (PBUH) and precedence of the pious caliphs on equality of man regardless of colour or status and nearness to Allah Almighty is rendered to the piety, righteousness and service to the people.

However, the renaissance of the modern times experienced a transformation similar to the previous materialistic renaissance movements. In the wake of the Industrial Revolution in Europe, and particularly in the 19th century, it became evident that a new group of people and nations, motivated by their laws and systems, had emerged to dominate others through their control over the means of production, thereby introducing a cut-throat competition in the face of scarcity of sources. This phenomenon, as the Marxists claim, created two distinct groups of people came to be known as feudalists or the bourgeoisie class, and the people who came under their control (the opposite) were called “Proletariat”. Their counterparts on the international level were the imperialists and “the imperialized” respectively.

These conditions gave rise to a human crisis far wider in scope than any of its predecessors in history. Its repercussions threatened more seriously the life of man as each of the parties involved was convinced of the superiority of its system and its right for life and existence. While analyzing the situation, Maxime Rodinson (1972), an ardent leftist, is of the view:
“...The situation created during the 19th century by the impact of Europe on the Muslim world provoked universal feelings of humiliation and revolt. Some sort of implicit ideology took root in the masses of Muslim people, as response to the social and political situation. It is on the basis of this implicit ideology that intellectuals …have formed more or less divergent theories”.  

He further adds that:

“We must assume that each event has a complex history behind it. At each movement of history there is a struggle between contradictory tendencies, each expressing different social forces but all obliged to take into account the national aspirations which were, during the period in question, the foundation of Muslim people’s implicit ideology. There are and have been many contradictions, creating great tension, to say the least. For example, the ideal of Muslim solidarity is to some extent at odds with ideals of Egyptian patriotism and Arab fraternity. The search for compromise has often been successful but even when the various points of view are based on the same situation and the same diffuse general consciousness, clashes can occur. We must study the precise conditions of this complex dynamic, bearing in mind the basic nature of the various classes in Muslim society, but this does not mean we have to adopt either a pure economism or a schematic conception of classes, as has all too often been the case amongst institutional Marxists.”

It clearly manifests that the reawakening of Islam, after a long period of slumber, happened to be a time when “materialistic schools in the West” were struggling of find solutions to the crises. Each school of thought had its own modus operandi (method and arguments) about it e.g. liberalism stressed the individualistic attitude of a person’s behaviour, while the Marxism in all its forms as applied in materialistic socialism, with its main feature of “collectivism” whereby the individual was completely suppressed.

These were the conditions which posed challenge to Islam throughout the world. There was as atmosphere full with contradictory Socialism at that time which aimed at the destruction of the Church on the grounds that it was representative of religion, which according to the socialists, was a characteristic of a retrogressive bourgeoisie society. Thus the Church, being unable to withstand that current and was resultantly defeated. As per socialists, the defeat of church meant the defeat of every religion. Islam at present is suffering from the consequences of that defeat. The subsequent circumstances gave an opportunity for the concept of the “omniscient state” to spread along a violent movement against religion aimed at reducing its authority.

However, Muslim scholars all over the world took up this challenge and countered the above mentioned circumstances knowledgeably and produced a number of research works. Dr. Khalifa Abdul Hakeem (1895-1959) taking the matter seriously, for instance, held a comprehensive comparative study and produced a number of works on Islamic ideology and its interaction with other –
isms and ideologies. His impressive piece of work related to comparative studies is *Islamic Ideology: the Fundamental Beliefs and Principles of Islam and their Application to Practical Life* in which he not only discussed the basic concepts of the Islamic state but also compared different ideologies with Islam including Marxism and Fascism. He quoted examples from Marxist views on dialectical materialism, religion and economy. According to him, although *dialectical materialism* was believed to be a comprehensive hypothesis, considered suitable for a universal explanation of all phenomena in all categories, the chief interest of Marxism was predominantly its application in the field of social institutions and processes. Moreover in social realms, economic phenomenon, comprised under the general concept of *modes of production*, were really creative and potent factors. Religion, politics, ethics and art, were considered “derivatives of the mode of production”.

Hakeem also discusses Fascism in its historical perspectives in detail and finds its similarities and contradictions with Communism. By summing up the basic concepts of Fascism, Hakeem points out a number of anomalies which the Fascist worldview contains. As per Fascists the Government by universal suffrage is wrong. The majority of citizens cannot be trusted to determine public policy. They should be taught their duties and not allowed to clamour for their rights. The natural fact is the inequality of men and not their fictitious equality. Mussolini, a Fascist *sui generis* urges that “the beneficial and fruitful inequality of mankind can never be permanently leveled through the mere operation of a mechanical process, such as universal suffrage.” According to the proponents of Fascism, it trains its guns on the whole block of democratic ideologies. In democratic regimes, people are, from time to time, deluded into the belief that they exercise sovereignty, while all the time real sovereignty is exercised by, rather resides in others who may be egotistic and despotic.

Having given brief sketches of capitalistic communist and fascist ideologies, Khalifa Abdul Hakeem compares and contrasts them with the basic Islamic concepts. In his views none of these ideologies can be accepted or rejected as a whole; they emphasize partial truths and fragmentary realities mixed with a good deal of false and untenable attitude towards life. About Islam he maintains that Islam is not only a metaphysical belief but it offers a system and scheme of life which has logical unity; it agrees with some parts of every great scheme and rejects some other parts. Every system thus far sketched has some vital defect that vitiates it either in its very foundations or in the consequences that inevitably follow from it. He presents a clear cut picture of Islamic economic system viz-a-viz Communism and Fascism. However; the paucity of space does not permit to include all details over here.

Hakeem sums up his discussion on the Islamic welfare state by maintaining that “it may be said that such a vast scheme of social insurance would require enormous funds; surely it may do so. Spreading out of wealth and equalization of opportunity were the basic aims of the Muslim polity. If the *Zakat* fund and other public revenues fail to relieve human distress the State can demand more from those who can afford to give. The right of individual ownership is not absolute; it is always subject to public weal. The capitalistic countries destroy their surplus production if the capitalists are afraid of a slump
and they are aided by the State in this act of destruction, while there are millions of needy persons who stand in dire need of those things. The capitalists say that fulfilling the needs of the needy by State aid would impoverish the producers of wealth and demoralise those who receive help. The Prophet (BPUH) too was conscious of the fact that the recipient of charity stands in danger of demoralisation. So we find him on the one hand exhorting people to be charitable and on the other hand discharging begging.

Another scholarly effort on the concurrent theme is Umar Chapra’s *The Islamic Welfare State and its Role in the Economy.* In Chapra’s views the welfare function of the Islamic state was particularly stressed by the Prophet by declaring that any ruler who was responsible for the affairs of Muslims but did not strive sincerely for their wellbeing would not enter Paradise with them. He asserts that the Companions of the Prophet clearly appreciated this welfare role of the Islamic state as is evidenced by numerous utterances of the early caliphs and their instructions to their governors. For instance, Umar, the second Caliph, wrote to Abu Musa, the governor of a province that the best of men in authority was he under whom people prospered and the worst of them was he under whom people encountered hardships. In this way, catering to the welfare of the people and relieving them of hardships is the basic objective of the *Shari’ah* and hence of the Islamic state.

About the concept of “welfare” Chapra asserts that the evidence in the Qur’an and Sunnah and the writings of Islamic scholars for the welfare function of the Islamic state is so overwhelming that it would be absolutely unjustified not to term the Islamic state as a “welfare state”. But there are other political systems which also claim to be welfare oriented. The difference lies essentially in their basic philosophy of what constitutes human welfare. Islam distinguishes itself by its own unique philosophy of welfare which is comprehensive and consistent with its concept of human nature. Man has been created from matter but has been infused with a part of the Divine spirit.

In Chapra’s views, Islam presents a beautiful blend of “spiritual uplift” and “material well-being”. The concept of welfare in Islam can hence be neither exclusively “other-worldly” nor purely “this-worldly”. He discusses the “economic function” of the Islamic welfare state in detail. According to him, some of the essential functions of the Islamic welfare state with respect to the economy include the eradication of poverty and creation of conditions for full employment and a high rate of growth; promotion of stability in the real value of money; maintenance of law and order; assurance of social and economic justice; arrangement of social security and foster equitable distribution of income and wealth; and harmonizing international relations and ensure national defense. He maintains that there is no specific significance in the order in which the above functions have been stated. All the functions are important and none may be ignored.

After a detailed discussion on the economic function of the Islamic welfare state, he holds comparison with the Marxist or socialist notions of welfare. As per his findings various considerations make the Islamic state completely distinct from both the socialist and the capitalist systems. First of all, socialism, as
conceived by Marx, is basically amoral and based on the concept of dialectical materialism; while capitalism, being a secular ideology is, at best, morally neutral. In contrast Islam lays emphasis on both the moral and the material aspects of life and erects the edifice of economic well-being on the foundation of moral values. The foundation being different, the superstructure is bound to be different too. Moreover; Islam is also fully committed to human brotherhood with social and economic justice, to equitable distribution of income, and to individual freedom within the context of social welfare. Although both socialism and mixed capitalism also claim to pay allegiance to social justice, the concept of justice in socialism or mixed capitalism is not based on human brotherhood reinforced by inviolable spiritual criteria for social and economic justice. In fact Marxist socialism under the influence of dialectics condones injustice done by one group to the other and even the annihilation of one group by the other. In *laissez faire* capitalism with its slogan of “Don’t interfere, the world will take care of itself” there was no innate ideal of social justice to be attained through conscious state effort, while in mixed capitalism the roots of social justice lie in group pressures rather than in an intrinsic belief in human brotherhood.

Chapra further argues that “although capitalism also recognizes freedom of the individual there are no spiritual constraints on this freedom. The constraints that do exist are determined primarily by the pressures of competition or the coercive power of the state, and secondarily by changing social norms without any spiritual sanctity. In the Islamic system, however, the individual is subject to inviolable spiritual values in all aspects of life, including the acquisition, spending and distribution of wealth. Islam normally recognizes, like capitalism, the freedom of enterprise with the institution of private property, the market system and the profit motive, but it differs from capitalism because, as already indicated, property in Islam is a trust from God and man as trustee and vicegerent of God is responsible to Him and subject to His guiding principles.”

In his views, “although both socialism and capitalism recognize equitable distribution of income, in capitalism this recognition is again an outcome of group pressure while in socialism it is accompanied by negation of individual freedom. Islam achieves this equitable distribution within the framework of individual freedom but with spiritual and legal imperatives to safeguard public interest, moral constraints against unearned income, and social obligations to ensure a just distribution of income and wealth. The Islamic welfare state is hence neither capitalist nor socialist. It is based on its own values and guided by its own goals. It has its own identity and bears no resemblance to any other form of state.”

Briefly speaking Islam not only addresses all the economic predicaments of individual and collective life but also deals them accordingly. It differentiates its functionality in both in letter and spirit and comes up to its claim as a complete code of life. It not only takes this worldly life into consideration but also the life hereafter. This element, as per views of the Islamic scholars, is totally missing in the ideologies, isms and systems other than Islam.

**Conclusion:**

Islam, being a complete code of life, as it claims finds solutions to day to day problems both at individual as well as collective level. It strikes a balance
between the individual and society and makes one complementary to the other. Furthermore, Islam does not divide man on the basis of class, and does not base history on class struggle. The Islamic socio-economic order, apart from the debate it is presumably of a utopian nature or not, is a system which is bound to give birth to a welfare society where nobody would be too rich to become tyrannical and nobody would be too poor to go a begging. Islam, through its evenhanded approach to life, does not allow lop-sided growth of human society but builds up, without regimentation, organized social welfare societies all over the world by doing away with economic maladjustment. Moreover, by its war on poverty and distribution on the one side and its insistence with regard to the circulation of wealth on the other, Islam provides a positive answer to the challenge of both Capitalism and Communism.
Notes and References

1. According to the established belief the Canon Law of Islam is the Shariah. [Ishtiaq Ahmad (1987), The Concept of an Islamic State, London: Frances Pinter, p.49]

2. Islamic jurisprudence is the Islamic study of law (Ibid. p.53)

3. Ibid., pp.53-62

4. Ibid., p.71


6. Capitalism, also called free market economy, or free enterprise economy is the economic system. [Ibid.]

7. The Concept of an Islamic State, p.83


10. Ibid., p.13

11. Ibid., pp.14-15

12. Ibid., p.16

13. Ibid., pp.16-17


16. Marxism and the Muslim world, p.23

17. Ibid., pp.23-24

18. Renaissance movements based on Materialism; in philosophy, Materialism is the view that all facts (including facts about the human mind and will and the course of human history) are causally dependent upon physical processes, or even

19. For instance see Dr. JavidIqbal (2003), Islam and Pakistan’s Identity, Lahore: Iqbal Academy Pakistan-Vanguard, pp.42-61

20. Ibid., pp.74-75

21. Ibid., pp.78-79

22. Bourgeoisie is the social order that is dominated by the so-called middle class. [Encyclopedia Britannica (2010), Encyclopedia Britannica Ultimate Reference Suite. Chicago: Encyclopedia Britannica]

23. Proletariat is the lowest or one of the lowest economic and social classes in a society. (Ibid.)

24. Marxism and the Muslim world, pp.10-12


26. Ibid., pp.140-141

27. The Church and the State and their subsequent separation is the concept, largely Christian, that the religious and political powers in society are clearly distinct, though both claim the people’s loyalty. [Encyclopedia Britannica (2010), Encyclopaedia Britannica Ultimate Reference Suite. Chicago: Encyclopedia Britannica]


29. Ibid.p.144

30. Khalifa Abdul Hakim, Pakistan based philosopher and writer, in order to promote Islamic cause established Idara-i-Thaqafat-i-Islamia (Institute of Islamic Culture) at Lahore. (Nawa-i-Waqt, Lahore, 31 January 1959)

31. For a useful discussion on the subject see Khalifa Abdul Hakim (1993), Islamic Ideology: The Fundamental Beliefs and Principles of Islam and their Application to Practical Life, Lahore: Institute of Islamic Culture, pp.204-232

32. Fascism is a political ideology and mass movement that dominated many parts of central, southern, and Eastern Europe between 1919 and 1945 and that also had adherents in Western Europe, the United States, South Africa, Japan, Latin America, and the Middle East. Europe's first fascist leader, Benito Mussolini, took the name of his party from the Latin word fasces, which referred to a bundle of elm or birch rods (usually containing an axe) used as a symbol of penal authority in ancient Rome. [Encyclopedia Britannica (2010), Encyclopedia Britannica Ultimate Reference Suite. Chicago: Encyclopedia Britannica]
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34. *Islamic Ideology*, pp.113-114

35. Ibid., p.115

36. Ibid., p.117

37. For details on Laissez Faire see *Islamic Ideology*, pp.278-279


39. Ibid., p.19

40. Ibid., pp.22-24

41. Ibid., p.24


43. Ibid., p.34

44. Ibid., pp.34-35

45. Ibid., p.36

46. *Abstracts of Researches in Islamic Economics*, p.26

47. Ibid., pp.26-27

48. Ibid., p.28

49. Ibid., p.29

50. Ibid., pp.29-30

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