

# Economic Thoughts of Redistribution of Income and Wealth: A Comparative Analysis

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## Abstrak

*Artikel ini membincangkan tentang agihan semula pendapatan dari perspektif pemikiran ekonomi barat dan Islam. Dalam pemikiran ekonomi barat didapati terdapat pihak yang menentang agihan semula pendapatan dan dalam masa yang sama terdapat sarjana yang mendokong langkah ini. Dari perspektif Islam pula, agihan semula pendapatan dan kekayaan memang telah menjadi bahagian yang sepadu dalam ajarannya. Kertas ini mengutarakan pendapat yang dikemukakan oleh dua tokoh Islam iaitu Ibn Taymiyyah dan Ibn Hazm.*

## Introduction

One of the highly important roles of most modern governments is redistribution. It is a very traditional function of any government. In fact, the initial motive of forming governments was probably the desire for special types of redistribution.<sup>1</sup>

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<sup>1</sup> Gordon Tullock (1983), *Economics of Income Redistribution*. London: Kluwer-Nijhoff Publishing, p. 1.

The imperfectionness of the market system is – among others – the reason for redistribution to have its importance. The market system is an impersonal mechanism, and the distribution of income to which it gives rise may result in more inequality than society desires.<sup>2</sup>

Economics textbooks state that the factors of production – labour, capital, land and entrepreneurship – receive their respective income in form of wages, interest, rent and profits. In the same time, the market system yields very large incomes to those whose labour, by virtue of inherent ability and acquired education and skills, commands high wages. Similarly, those who possess — by virtue of hard work or easy inheritance — valuable capital and land receive large property incomes. But others in our society, have less ability and have received modest amounts of education and training. And these same people typically have accumulated or inherited no property resources. Hence, their incomes are very low. Furthermore, many of the aged, the physically and mentally handicapped, and husbandless women with dependent children earn only very small incomes or, like the unemployed, no incomes at all through the market system. In short, the market system entails considerable inequality in the distribution of money income and therefore in the distribution of total output among individual households. Although progress has been made, poverty amidst overall plenty in the economy persists as a major economic and political issue.

The distribution of income and wealth is one of the most important and controversial subjects. The subject is directly related to the “life of man”. It is the subject which has given birth to many global revolutions and chaos in the world today. It has affected every sphere of human activity from international politics down to the private life of an individual. Since long this question has remained centre of debate and discussion and many theories and ‘isms’ emerged to solve this problem but none of them succeeded in bringing about a just society or distribution on the basis of justice. Consequently, those isms or theories produced utter confusion.<sup>3</sup>

The glaring income inequalities at the national and regional level in the Muslim countries appear un-Islamic, because Islam places a profound emphasis on equity and social justice. Distributive justice is not merely a narrow theoretical concept in

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<sup>2</sup> Campbell R. McConnel & Stanley L. Brue (1990), *Economics, Principles, Problems, and Policies*, 11<sup>th</sup> ed. Singapore: McGraw-Hill Book Co., p. 88.

<sup>3</sup> Mohd. Manzoor Alam (1408 A.H.), *Researches on Islamic Economics*. Saudi Arabia: Imam University Press, p. 123.

Islam; it implies equality in all spheres of life. The institutional framework is also geared to achieve this end. Moreover, there is enough flexibility within the fundamental policy framework to tackle the problem of inequality and injustice.

A just and equitable distribution of income and wealth, in fact, depends on the concept of justice or *falāḥ* (welfare) and happiness of the whole community. So, this subject is not independent but it is closely related to the ideology the community subscribes to. That is why one school of thought i.e. capitalism advocates unlimited freedom and right of private property in the field of production and inequality in the distribution of wealth, while the other school i.e. communism favours a complete abolition of individual liberty and private property and at the same time wants economic equality among people. Muslim economists on the same time have their own perceptions pertinent to the issue of unequal distribution.

Following the issue of distribution is redistribution which is one of the main aspects of distribution of income and wealth. Due to the failure of market system to assure equality in distribution, the government plays a vital role in ensuring a just and harmony society. This role can be realized through several ways and measures; one of them is redistribution of income and wealth.

One of the measures that could be taken in order to avoid this circumstances is via redistribution of income and wealth. In the discussion on redistribution, the role of the government will come to the front line, i.e. government plays a vital role in assuring equality and just distribution in the society.

The discussion in this paper will be divided into two parts; part one is regarding redistribution as it is perceived by the westerns, and part two which will focus on the issue in the light of Islamic perspective, specifically as it is viewed by two noted classical scholars, Ibn Taymiyyah and Ibn Ḥazm. In the first part, both sides of the arguments, i.e. those which advocate redistribution and the ones which against it will be properly laid up. As with the Islamic perspective, it is found that both scholars did support redistribution.

## 1) The Western Perspective

### Debates Regarding Redistribution: General Points

Debates about the role of government in correcting for inequity in the distribution of income revolve around two kinds of issues, philosophical and practical. Philosophical issues are those dealing with the “ideal.” What should the distribution of income be if we could give it any shape we desired? What is “fair”? What is “just”? Practical issues, on the other hand, deal with what is, and what is not possible, suppose we wanted to eliminate poverty altogether. How much would it cost, and what would we sacrifice to do so? When we take wealth or income away from higher-income people and give it to lower-income people, do we destroy incentives? What are the effects of this kind of redistribution?<sup>4</sup>

However, the fact is that the total amount of serious research in this area is low, both in quality and in quantity. As stated by Tullock, this sad state of research on redistribution is due to a belief that essentially it is a moral rather than a scientific issue. People favour or oppose particular income redistribution programs essentially on moral grounds and tend to believe that science and morals do not mix very well. Most people believe that science should be the servant of morals, and this leads to a de-emphasis of scientific research on the foundations of income redistribution programs. They are thought to be morally required, or morally wicked, depending on the particular moral code used to judge them. This gives an adequate motive for favoring or opposing the programs, so there is no need to consider the foundations further.<sup>5</sup>

In short, there are some arguments that support redistribution, although there are also arguments which are against it. In the next section, we will firstly point out to the arguments against redistribution, followed by some reasons and arguments which support redistribution.

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<sup>4</sup> Karl E. Case & Ray C. Fair (1994). *Principles of Economics*, 3<sup>rd</sup> ed. New Jersey: Prentice-Hall Inc., p. 419.

<sup>5</sup> Gordon Tullock, *op. cit.*

## **Arguments Against Redistribution**

Those who argue against government redistribution believe that the market, when left to operate on its own, is fair. This argument rests on the proposition that “one is entitled to the fruits of one’s efforts.” We know that if market theory is correct, rewards paid in the market are linked to productivity. In other words, labour and capital are paid in accordance with the value of what they produce.

This view also holds that property income — that is, income from land or capital — is no less justified than labour income. All factors of production have marginal products. Capital owners receive profits or interest because the capital that they own is productive.

The argument against redistribution also rests on the principles behind “freedom of contract” and the protection of property rights. When someone enters into an agreement either to sell his labour or to commit his capital to use, he does so freely, and in return he contracts to receive payment, which becomes his “property.” When a government taxes this person and gives his income to someone else, that action violates these two basic rights.<sup>6</sup>

The more common arguments against redistribution are not philosophical. Rather, they point to more practical problems. First, it is said that taxation and transfer programs interfere with the basic incentives provided by the market. Taxing higher-income people reduces their incentive to work, save and invest. Taxing the “winners” of the economic game also discourages risk taking. Furthermore, providing transfers to those at the bottom reduces their incentive to work. The problem of disincentives occur. This is true especially in the case of progressive tax system, which results in the situation known as poverty trap.<sup>7</sup> All of this leads to a reduction in total output that is the “cost” of redistribution.

Another practical argument against redistribution is that it does not work. Some critics point to the rise in the poverty rate in the U.S. during the early 1980s and again in the early 1990s as an indication that antipoverty programs simply drain money without really helping the poor out of poverty. Whether or not these programs actually help people break out of poverty, the charge of bureaucratic inefficiency in administration always exists. Social programs must be administered by people who

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<sup>6</sup> Karl E. Case & Ray C. Fair, *op. cit.*, p. 440.

<sup>7</sup> John Sloman (1991), *Economics*. Hertfordshire: Harvester Wheatsheaf, p. 358.

### **Utilitarian Justice**

The essence of the utilitarian argument in favor of redistribution is that “a dollar in the hand of a rich person is worth less than a dollar in the hand of a poor person.” The rich spend their marginal dollars on luxury goods. The poor, in contrast, spend their marginal dollars on necessities—food, clothing, and medical care. If the “marginal utility” of income declines as income rises, the value of a dollar’s worth of luxury goods is worth less than a dollar’s worth of necessity — Thus, redistributing from the rich to the poor increases total utility. To put this notion of utilitarian justice in everyday language: Through income redistribution, the rich sacrifice a little and the poor gain a lot. The example given by John Harsanyi proves that we should maximize total utility and that we should quite deliberately transfer income to people who are efficient generators of utility and away from people who are poor generators of it. He tells a little story in which he has the opportunity of giving a small toy to one of two children. One is a happy, cheerful little boy who seems to enjoy almost anything that happens and the other is a morose little fellow who shows little sign of getting satisfaction out of anything. Harsanyi recommends giving the toy to the happy, cheerful little boy on the grounds that this will lead to more total utility.<sup>14</sup>

Each of the various utilitarian philosophers who wrote in the late eighteenth and nineteenth centuries (including, most notably, the Englishmen Jeremy Bentham and John Stuart Mill) took a slightly different approach to the utilitarian argument. Some positions were quite formal. If, for example, the marginal utility of income declines with income and everyone has identical “utility functions,” then as long as anyone has more income than anyone else, a utility gain will result from transferring income from those with more to those with less. If A has more income than B and diminishing marginal utility of income sets in, taking from A and giving to B will increase total utility, because A values those marginal dollars less than B does.<sup>15</sup>

The other reasons proposed in this approach is simple fellow feeling on the part of the citizens of the community. This can be incorporated into the utilitarian approach to welfare judgments in two ways. One might suppose that judgements about distribution are made in a state of primordial ignorance about one’s own position in the distribution: social aversion to inequality is thus rationalized as individual

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<sup>14</sup> John J. Harsanyi (1983), “Essays on Ethics, Social Behavior, and Scientific Explanation”, in Gordon Tullock, *Economics of Income Redistribution*. London: Kluwer Nijhoff Publishing, p. 7.

<sup>15</sup> Karl E. Case & Ray C. Fair, *op. cit.*, p. 441.

aversion to risk. Secondly, it might be supposed that the poor are made to feel worse off in their plight by the very knowledge that the well-to-do are well-to-do, and the rich are made to feel uncomfortable by the low living standards of the poor. Thus the problems of inequality are rationalized within individual utilities as ‘externalities’ in a manner similar to health hazards from pollution.<sup>16</sup>

However, the utilitarian position is not without its problems. People have very different tastes and preferences. Who is to say that you value a dollar more or less than I do? Because utility is unobservable and unmeasurable, comparisons between individuals cannot be easily made. Nonetheless, many people find the basic logic of the utilitarians persuasive. When you weigh luxuries against necessities in your own mind, you consult your own “utility function.” And, as we know, necessities are by definition worth more than luxuries.<sup>17</sup>

### ***Social Contract Theory — Rawlsian Justice***

The work of Harvard philosopher John Rawls has generated a great deal of recent discussion, both within the discipline of economics and between economists and philosophers. In the tradition of Hobbes, Locke, and Kousseau, Rawls argues that, as members of society, we have a contract with one another. In the theoretical world that Rawls imagines, an original social contract is drawn up, and all parties agree to it without knowledge of who they are or who they will be in society. This condition is called the “original position,” or the “state of nature.” With no vested interests to protect, members of society are able to make disinterested choices.

As we approach the contract, everyone has a chance to end up very rich or homeless, male or female. On the assumption that we are all “risk averse,” Rawls believes that people will attach great importance to the position of the least fortunate members of society because anyone could end up there. Rawlsian justice, then, is argued from the assumption of risk aversion. Rawls concludes that any contract emerging from the original position would call for an income distribution that would “maximize the well-being of the worst-off member of society.”<sup>18</sup>

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<sup>16</sup> “Redistribution of Income and Wealth”, *The New Palgrave A Dictionary of Economics*, vol. 4, p. 109.

<sup>17</sup> Karl E. Case & Ray C. Fair, *op. cit.*, p. 441.

<sup>18</sup> See John Rawls (1971), *A Theory of Justice*. Cambridge: Harvard University.

Any society bound by such a contract would allow for inequality, but only if that inequality had the effect of improving the lot of the very poor. If inequality provided an incentive for people to work hard and innovate, for example, those inequalities should be tolerated as long as some of the benefits went to those at the bottom.<sup>19</sup>

### ***The Works of Karl Marx***

For many decades, the most dangerous rivalry on earth was that between the two super powers, the United States and the Soviet Union. At the heart of this rivalry was a fundamental philosophical difference of opinion about how economic systems work and how they should be managed. At the center of the debate were the writings of Karl Marx.

Marx did not write very much about socialism or communism. His major work, *Das Kapital* (published in the nineteenth century), was a three-volume analysis and critique of the capitalist system that he saw at work in the world around him. We know what Marx thought was wrong with capitalism, but he was not very clear about what would replace it. In one essay, written late in his life, he put forward the oft-quoted line “from each according to his ability, to each according to his needs,” but he was not specific about the applications of this principle.

Marx’s view of capital income, however, does have important implications for income distribution. As we know, profit is a return to a productive factor: Capital, like labour, is productive and has a marginal product. By contrast, Marx attributed all value to labour and none to capital. According to Marx’s labour theory of value, the value of any commodity depends only on the amount of labour needed to produce it. The owners of capital are able to extract profit, or “surplus value,” because labour creates more value in a day than it is paid for. Like any other good, labour power is worth only what it takes to “produce” it.<sup>20</sup> Translated into simple language, this means that under capitalism labour is paid a subsistence wage.

Marx saw profit as an illegitimate expropriation by capitalists of the fruits of labour’s efforts. It follows, then, that Marxians see the property income component

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<sup>19</sup> Karl E. Case & Ray C. Fair. *op. cit.*, p. 442.

<sup>20</sup> Harry Landreth (1976). *History of Economic Theory*. United State of Amerika: Houghton Mifflin Company, p. 166.



of income distribution as the primary source of inequality in the United States today. Without capital income, the distribution of income would be much more equal.<sup>21</sup>

Despite the fact that the Soviet Union no longer exists, Marxism remains a powerful force in the world. China, Vietnam, Cuba, and a number of other countries remain communist, and many believe that the Marxian critique of capitalism was correct even though one version of an alternative has failed.

### ***Income Distribution as a Public Good***

Those who argue that the unfettered market produces a just income distribution certainly do not believe that private charity should be forbidden. Voluntary redistribution does not involve any violation of property rights by the state.

However, there may be a problem with private charity. Suppose that people really do want to end the hunger problem, for example. As they write out their checks to charity, they encounter the classic “public goods” problem. First, there are “free riders.” If hunger and starvation are eliminated, the benefits — even the merely psychological benefits — flow to everyone whether they contributed or not. Second, any contribution is a “drop in the bucket.” One individual contribution is so small that it can have no real effect.

With private charity, as with national defense, nothing depends upon whether I pay or not — there is no contingency. Thus, private charity may fail for the same reason that the private sector is likely to fail to produce national defense and other public goods. People will find it in their interest not to contribute. Thus, we turn to government to provide things that we want that will not be provided adequately if we act separately — in this case, help for the poor and hungry.<sup>22</sup>

## **2) The Islamic Perspective**

### **Islamic View on Redistribution**

The Islamic system of distribution is different from the western system; so does its redistribution system. If we look at the crux of issue (of distribution) we find

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<sup>21</sup> Karl E. Case & Ray C. Fair, *op. cit.*, p. 442.

<sup>22</sup> *Ibid.*, p. 443.

that there are two kinds of people who have a right to acquire wealth and property and to dispose of. (1) Those who have primary rights — that is to say, those who have a right to wealth directly in consequence of a participation in the process of production. In other words, it is those very “factors of production” which have taken a part in the process of producing some kind of wealth. (2) Those who have a secondary right that is to say, those who have not taken a direct part, or have taken a lesser part in the process of production. The problem with the contemporary economics is that “there exists no satisfactory theory of the size of distribution of income, comparable to marginal productivity theory which underlies the functional income distribution. The various measures of income inequality (such as the Gini coefficient, the Lorenz curve, the Lognormal method, and the Theil index) all suffer from inconsistencies and may lead to contradictory conclusions, as demonstrated by Atkinson, Champernowne, Radanive and others. It must be conceded, therefore, that such a concept as ‘the optimum distribution’ is a practical impossibility, and planning and policy have to rely on second-best solutions.” Even if the concept of ‘the optimum distribution’ is not practically impossible, this concept fails to provide any solution to second category of people (or secondary right). Islam provides best solution to this issue. It recognizes both kinds of people and gives injunctions to primary group of people as an instrument of functional distribution, and it enjoins upon the producers or richer to make the secondary group of people co-sharers in their wealth through personal, obligatory, and *ihsān* form of distribution.<sup>23</sup> This is where redistribution comes into the place.

Redistribution then, is aimed to maintain just and equity in the society. The main target is to decrease the gap between the high-income recipients and the lower. Mahfoz Ahmad, in regard to this, has pointed out the pillars of Islamic equity and social justice, which are:<sup>24</sup>

- (a) supremacy of social gains over private benefits;
- (b) public provision of basic minimum sustenance;
- (c) denigration of concentration of wealth and exploitation; and
- (d) stress on work effort and prohibition of interest.

Having taken this into consideration, we will now proceed to the discussion on the views of past notable Islamic scholars. For this paper we choose the views of Ibn Taymiyyah and Ibn Ḥazm.

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<sup>23</sup> *Ibid.*, p. 177-179.

<sup>24</sup> Mahfoz Ahmed (1982), “Distributive Justice and Fiscal and Monetary Economics in Islam”, in Mohammad Ariff (ed.), *Monetary and Fiscal Economics of Islam*. Jeddah: King Abdulaziz University Press, p. 319.

## Ibn Taymiyyah

### *General Views*

According to Ibn Taymiyyah, the eradication of poverty is an obligation of the state. Unlike certain medieval philosophers and many religious thinkers, Ibn Taymiyyah does not praise poverty. In his view, a man should seek prosperity and independence, since these are necessary for the fulfilment of a number of obligations and religious duties.<sup>25</sup> If an obligation cannot be met without certain means, then acquiring these means also becomes an obligation.<sup>26</sup>

It is the duty of the state to help people better themselves financially. Listing the heads of public expenditure, he writes: ‘There is a general consensus that whoever is unable to earn sufficiently must be aided with money to suffice him, no matter if he appear as a traditional beggar, or an army man, or trader, an artisan or a farmer. Revenue from poor-due (*ṣadaqah*) is not specific for any one kind of such persons. The artisan whose opportunity to work is not adequate or the trader whose trade is not adequate, or the army man whose land-grant (*iqṭāʾ*) is not adequate... all have a claim upon that revenue.’<sup>27</sup>

According to Ibn Taymiyyah: ‘It is the best of deeds for the authorities to differentiate between the deserving and the undeserving and to do justice in the distribution of means of livelihood and of public offices.’ Redistribution of income between rich and poor to just and equitable levels is a specific responsibility of the state: ‘It is the duty of the ruler to collect money from where it is due and put it where it is just and proper to do so and never to deprive the deserving.’ Of course, the aim of eradicating poverty is not served only by negative means or only by redistribution of existing wealth; it demands also a commitment to wealth creation. Ibn Taymiyyah does not deal explicitly with this aspect of the problem; but what he does say is that the state has the right to oblige producers and workers to provide those goods and services which people need but which are in short supply — implies this quite clearly.<sup>28</sup>

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<sup>25</sup> A. Azim Islahi (1988/1408 H.), *Economic Concepts of Ibn Taymiyyah*. London: The Islamic Foundation, p. 181.

<sup>26</sup> This is one of the most popular phrase in *qawāʾid fiqh*, i.e. *ما لا يتم الواجب إلا به فهو واجب*.

<sup>27</sup> A. Azim Islahi, *op. cit.*, p. 181.

<sup>28</sup> *Ibid.*, p. 182.

Now, the question is whether the state may impose new taxes and demand more money over and above *zakāh*. The issue has been a very controversial one. One group of thinkers believes that after payment of *zakāh* a man has no monetary obligations to the state, and the state has no right to charge any new amount except in the most grave emergency, such as war, when the bayt al-māl is without funds.<sup>29</sup> Ibn Taymiyyah does not agree with this opinion. He argues that the necessity of contribution to war effort is very clear even when the ruler is not very just. The approach is the common sense one that it is wiser, for those who have the means, to contribute to war effort and pay their own rulers, though corrupt, for their own defence, than to allow an enemy to take all of their property unrightfully. Apart from traditions that seem to support the view that any taxation other than *zakāh* is unjust except in the case of war, the proponents would argue that revenue from sources prescribed in the Shari‘ah is adequate to meet the financial needs of the state and war is the only emergency that may require unusual finance. They had observed that heads of state were extravagant and most of their expenditure was not for public welfare. This is clear from the stand taken by al-Imām al-Nawawī (1223-77) who refused to give a legal ruling in favour of imposition of new taxes, at the request of the Sultan Zahir Baibars, unless he surrendered all ornaments owned by his family and household to the bait al-mal and desisted from extravagance.<sup>30</sup>

Ibn Taymiyyah, however, since he prescribes a number of duties for the state and is aware of the possibility of financial deficiency, holds firmly to the view that there may legitimately be other financial obligations upon Muslims apart from *zakāh*. His statement that ‘people should help each other in the matter of food, clothing and shelter; that the head of state should take this responsibility and he can oblige them to do it’, favours further taxes if needs cannot be met from the regular income of the state. He strongly criticizes the thinkers who deny the right of the state to impose new taxes. He says that those pseudo-jurists with imperfect knowledge who have denied the obligation imposed by the Shari‘ah and who believe that ‘there is no right in one’s property except *zakāh*’ is a general rule, must be unaware of the tradition reported by Fāṭimah in the book of Tirmidhī that there is a claim on one’s property other than *zakāh*. Ibn Taymiyyah’s synthesis of the two apparently contradictory traditions is most impressive. He says that *zakāh* and obligations other than *zakāh* are due on one’s property for two different reasons. The reason behind the imposition of *zakāh* is the very possession of property itself — above a certain minimum. It is therefore true that there is no right on one’s property by reason of having property except *zakāh*,

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<sup>29</sup> Al-Mawardī (1973), *Al-Aḥkām al-Sulṭāniyyah*. Egypt: al-Bābī al-Halabī, p. 113.

<sup>30</sup> A. Azim Islahi, *op. cit.*, p. 220.

which is thus, in the modern expression, a wealth tax. As for financial obligations other than *zakāh*, the reason for these is not the mere fact of property or wealth above a certain minimum, but the emergence of need in the society. For example, expenditure on or other help to relatives in time of calamity, etc. In such cases, property is the enabling condition, not the basis of financial obligation. Each must contribute according to his means. Thus, it is clear, for Ibn Taymiyyah, that there are rights other than *zakāh* when needs arise in the society, a positive response to which the Shari‘ah has stressed irrespective of the level of one’s wealth. Imposition of *zakāh* is due to the existence of wealth in a certain amount and it has to be paid even if there is no beneficiary of *zakāh* in that city, when it must be spent elsewhere. Before Ibn Taymiyyah no other thinker had so strongly advocated financial obligation other than *zakāh*, except Ibn Hazm (994-1064), who says that it is the duty of the rich of every country to support the poor, and that the ruler has a right to force them to do so, if *zakāh* and other public revenue is not sufficient.<sup>31</sup>

### ***Fay’ and Miscellaneous Income***

Unlike *ghanīmah* and *zakāh* revenues which are earmarked for specific categories of people, the benefit of *fay’* extends to the entire population and even to future generations. For Ibn Taymiyyah, all revenue other than *ghanīmah* and *zakāh* fall under this category which includes the following, part from booty received from the enemy without actual combat, for which the term *fay’* was first used.

1. Poll tax (*jizyah*) imposed on Jews and Christians.
2. Tribute paid by the enemy.
3. Gifts presented to the head of the state.
4. Custom duties or toll taxes imposed on traders of the enemy country.
5. Financial penalties.
6. *Kharāj*.
7. Unclaimed property.
8. Heirless property.
9. Deposits, debts or usurped property whose actual owner is not known and which therefore cannot be returned.
10. Any other new source of income.<sup>32</sup>

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<sup>31</sup> *Ibid.*

<sup>32</sup> A. Azim Islahi (1992). “Economic Concepts of Ibn Taymiyyah”, AbulHasan M. Sadeq and Aidit Ghazali, *Readings in Islamic Economic Thought*. Petaling Jaya: Longman Malaysia Sdn. Bhd., pp. 145-146.

Regarding *waqf* (endowment or trust) property for the use of the rich is considered invalid by Ibn Taymiyyah, because it would be in violation of the divine instruction that wealth should not circulate among the rich only. In other words, it would violate the Islamic principle of distributive justice and may accentuate the gap between rich and poor.<sup>33</sup>

## **Ibn Ḥazm**

### ***Basic Needs and Poverty***

Ibn Ḥazm listed four forms of needs which make up the essentials of a basic standard of living for a human being: food, drink, clothing and shelter.

Each should satisfy the necessary conditions (as delineated by Islam). The question of who should bear the responsibility of ensuring the satisfaction of these basic needs must obviously be met by the state. However, Ibn Ḥazm emphasised also the role to be played by the rich, especially in helping out the needs problem prevalent within their regions. Ibn Ḥazm wrote:

“The rich are obliged to provide sustenance to the poor living in their region. If they try to neglect or avoid it or deflect from this responsibility, the Head of the State must compel them to part with some of their wealth for the maintenance of the poor and the needy. In case the *zakāh* is not sufficient to satisfy the basic needs of the poor, tax should be levied upon the rich Muslims to provide the poor with enough food, reasonable clothing and accommodation.”

The discussion of poverty is highly interrelated with the conceptual understanding of basic needs. Non-fulfilment of basic needs is in fact a fundamental indicator to the existence of poverty.<sup>34</sup>

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<sup>33</sup> A. Azim Islahi, *op. cit.*, p. 116.

<sup>34</sup> Aidit Ghazali (1992), “Economic Thought of Ibn Ḥazm”, AbulHasan M. Sadeq and Aidit Ghazali, *Readings in Islamic Economic Thought*. Petaling Jaya: Longman Malaysia Sdn. Bhd., p. 68.

## ***Zakāh***

Under the discussion of *zakāh*, Ibn Ḥazm emphasised its obligatory status, simultaneously stressing the role of the wealthy in eradicating poverty among the poor and the indigent. Ibn Ḥazm wrote that the penalty for those who do not support *zakāh* suffices with the state collecting the *zakāh* due either through voluntary means or through force. And if opposition against *zakāh* still persists, then that person(s) should be fought. If this opposition denies *zakāh* as an obligation, it should be declared *murtad* (apostate). Whichever way it is, punishment must be meted out to those who still persist in opposing this obligation, either hiddenly or explicitly.<sup>35</sup>

## ***Taxes***

Ibn Ḥazm was very much concerned with the factor of justice in the tax system. To him, before anything else is considered, the interests of the people must be considered when planning to impose tax compulsorily. The interests of the people must also be considered carefully in times of collecting taxes because the people are the pool of tax payers. Hence, whatever losses that need to be borne by the people can ultimately affect the (system and amount on tax collection. This should remind us of discussions in conventional public finance theories pertaining to willingness or propensity to pay taxes.

Ibn Ḥazm was especially concerned over the nature of the tax collection system. Abusive and exploitative means of collecting taxes must be prevented. Taxes were to be collected by not transgressing the limits of the Shari'ah. Losses to taxpayers (arising from such shortcomings) can mean losses to the state too. This can possibly refer to the fall in the propensity to pay taxes, the lack of public support for the ruling government and the decline in potential tax revenues either arising from unpaid taxes or some of the paid taxes being siphoned by unscrupulous tax collectors.

It was not the tax administrative structure that contained the undesired elements voiced by Ibn Ḥazm. Rather, it was the manner of collection of certain taxes which at times were still collected despite justified reasons by taxpayers for not being able to pay the amount of tax demanded. This was the injustice that Ibn Ḥazm was concerned over. Absence of ethics can bring about the downfall of even the best structural and administrative system, because in the final analysis, this system must still be run by

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<sup>35</sup> *Ibid.*, p. 69.

human beings who may not possess the proper ethics commensurate with the beauty of the administration.<sup>36</sup>

## **Comparison Between the Two Scholars**

From the discussion above, we can see that there are some comparisons can be listed out:

1. Poverty: Ibn Taymiyyah does not praise poverty. According to him wealth is important in order to perform duties as an *'abd* as well as a *khalīfah*. The same thought has been shown by Ibn Ḥazm. In addition, Ibn Ḥazm specify the basic standard of living, while Ibn Taymiyyah does not.
2. Duty of the state: According to Ibn Taymiyyah, the role of the state include helping people better themselves financially. We may properly infer from what Ibn Taymiyyah has said that the state's responsibility does not end with the provision merely of subsistence income and minimum living standard. It must strive to provide for its people a good living standard and help them to become independent. The prohibition of interest, the institution of *zakāh*, of *kaffārāt* (financial penalty on certain offences), voluntary giving (*al-sadaqāt al-nāfilah*), grants (*'atāyā*) by the government, the obligation to spend on kinsmen and relatives, the rights of one's neighbour, the encouragement to work and do business and the condemnation of idleness. All these elements of Islamic principle or prescription are directed towards the removal of poverty. This view is also stated by Ibn Ḥazm where he says that the state must provide necessities. Both of them also agree that the function of eradicating poverty is not leaved to the state alone. It must also be played by the individuals, especially the rich ones.
3. *Zakāh* and tax: In order to enable the state to redistribute income and maintain equity and just in the society, *zakāh* plays a pivotal role. However when it comes to the discussion whether other measures and instruments can be implemented besides *zakāh*, there are some scholars who do not in favour of it. Ibn Taymiyyah and Ibn Ḥazm however, do agree that new taxes can be imposed in order to fulfil the need of the society, especially when the amount got from *zakāh* is not sufficient to satisfy the basic needs of the poor.

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<sup>36</sup> *Ibid.*, p. 70.



## Conclusion

As we could see from the discussion above, although there are some economists and philosophers who do not support redistribution function of a government, the arguments given by those who are in favour of redistribution are more convincing. And it is true if we compare the arguments with the reality of our daily life. The imperfectness of the market system has led our society into a situation where inequality (in income and wealth) exists. In order to achieve a prosperous society, not only it has to have more income, but also the level of inequality among the members of the society should be reduced. In this context, we can see that the redistribution of income and wealth plays the most important role.

As regarding to an Islamic economy, redistribution is given high priority in order to achieve the objective of economic activities. We can conclude that both Ibn Taymiyyah and Ibn Ḥazm share some common thought regarding redistribution of wealth and income. The discussion on redistribution is one with the most significance, especially regarding the role of the state. The state has to act efficiently in order to ensure equitable and just distribution of income in the society. As the Qur'an points, the objective is to make sure that the wealth is not circulate (only) between the wealthy.<sup>37</sup> Islam is against concentration of wealth and the Islamic state must ensure that this does not happen. This teaching is reinforced by the Qur'anic system of *zakāh*, the Qur'an emphasizes voluntary expenditure on the poor, relatives, and the weaker members of the community, and by the system of inheritance. If we take all these together, it is not difficult to grasp the spirit of the Islamic economy; means of livelihood must be ensured for everyone, concentration of wealth is undesirable and there must be a conscious effort to reduce inequality and bridge the gap between rich and poor.

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<sup>37</sup> كي لا يكون دولة بين الأغنياء منكم

*In order that it may not circulate (only) between the wealthy among you (al-Ḥasyr: 7)*