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An Islamic View on Poverty

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WHAT IS POVERTY?

There are essentially two distinct concepts of poverty: the absolute and the relative poverty concepts. The former is normally associated with some income level required to sustain a minimum standard of living. That income level, defined as poverty line income is often used to determine whether an individual is poor or otherwise. The individual is considered poor if his income is below poverty line income. He is not poor otherwise. The poverty line income is therefore a very useful concept which defines the income required to sustain a minimum standard of living. One of the approaches adapted to measure the minimum standard of living is the basic needs approach. It looks at the economic, social, political and even cultural needs. One is said to attain a minimum standard of living if all his basic needs are satisfied.

THE ISLAMIC VIEW OF POVERTY

Human Needs

Before we dwell into the concept of poverty in Islam, it would be very helpful to discuss what constitute human needs and also basic needs. These concepts will be very useful for a meaningful discussion of poverty in the Islamic framework. There are essentially five groups of activities and things which make up the human needs. These are: (a) Religion, (b) Physical self, (c) Intellect or Knowledge, (d) Offspring, and (e) Wealth.

The fulfillment of these needs is considered one of the basic goals of the religion of Islam. This is so because Islam aims at providing every opportunity for good living both at the individual as well as the societal levels. The starting point is that Islam sets goals for human life. All matters (be they activities or things) that help to achieve the goals increase welfare or standard of living and are called *masalih* or utilities; the opposite are *mafasid* or dis-utilities. Let us discuss the five foundations one by one.

Wealth

Wealth is obviously a fundamental human need. Wealth here can be interpreted as a stock or flow. In other words, one may talk about a piece of property that generates income or an employment that brings remuneration. These needs which define the foundations for good individual and social life, are classified into three levels, or hierarchy, namely (1) necessities (*dharuriyyat*); (2) convenience (*haji*); and (3) refinements (*kamaliyat*).

Necessities (*dharuriyyat*)

Necessities consist of all activities and things that are essential to preserve the five needs discussed above at the lowest level or the barest minimum for an acceptable level of living. Necessities therefore should include the ability to perform the five pillars of Islam (Belief, Prayer, Fasting, *Zakah* and Pilgrimage) and calling to the way of God; protection of life, securing food, clothing and shelter, education, the right to earn a living, to set up a family, etc. It is to be understood that at this level, one has enough to live but not necessarily to be in some comfort.

Conveniences

Conveniences comprise all activities and things that are not vital to preserve the five foundations, but rather, are needed to remove difficulties or impediments in life. Examples include the use and enjoyment of things that man can do without, but with difficulty, such as the use of some mode of transport (a car), a carpet in winter, etc.

Refinements

This category includes items that are beyond those for convenience. They do not only remove difficulty but improve the comfort. For example, if a car is considered as an item of convenience, then a chauffeur-driven car is obviously a refinement.

Poverty in Islam

Poverty in Islam is related to the concept of necessities discussed above. One is considered poor if he does not possess sufficient necessities to fulfil his basic needs in each of the five foundations for good individual and social life. In other words, one of the basic goals of Islam, i.e. to establish a reasonably good life has not been fulfilled. This definition also implies that all the five foundations or needs must be fulfilled. If only one of the needs is not fulfilled, then one is still considered poor.

Poverty is also associated with the concept of *nisab* which is one of the two prerequisites for a Muslim to pay the *zakah*. *Nisab* is a certain minimum quantum of any good or wealth that must be possessed before that good or wealth is subject to *zakah*. In this context, Islam defines two categories of poor, namely the poor and needy or destitute. The former are those who do not possess the necessities, whilst the latter implies those whose level of necessities do not reach half of that of the poor. It is the destitute or the so-called hard-core poor who should receive more attention. The distinction between the poor and the destitute has been very clearly defined for the development of a proper approach to poverty eradication in Islam.

Present status of poverty in the world

- Half the world - nearly three billion people - live on less than two dollars a day.
- The GDP (Gross Domestic Product) of the 41 Heavily Indebted Poor Countries (567 million people) is less than the wealth of the world's 7 richest people combined.
- Nearly a billion people entered the 21st century unable to read a book or sign their names.
- Less than one per cent of what the world spent every year on weapons was needed to put every child into school by the year 2000 and yet it didn't happen.
- 1 billion children live in poverty (1 in 2 children in the world). 640 million live without adequate shelter, 400 million have no access to safe water, 270 million have no access to health services. 10.6 million died in 2003 before they reached the age of 5 (or roughly 29,000 children per day).

WHY POVERTY - CAUSES OF POVERTY

- **Exploitation - Economic**
- **Political**
- **Interest- Riba**

Debt is an efficient tool. It ensures access to other peoples' raw materials and infrastructure on the cheapest possible terms. Dozens of countries must compete for shrinking export markets and can export only a limited range of products because of Northern protectionism and their lack of cash to invest in diversification. Market saturation ensues, reducing exporters' income to a bare minimum

while the North enjoys huge savings. The IMF cannot seem to understand that investing in . [a] healthy, well-fed, literate population . is the most intelligent economic choice a country can make.

Many developing nations are in debt and poverty partly due to the policies of international institutions such as the International Monetary Fund (IMF) and the World Bank. Their programs have been heavily criticized for many years for resulting in poverty. In addition, for developing or third world countries, there has been an increased dependency on the richer nations. This is despite the IMF and World Bank's claim that they will reduce poverty.

When IMF donors keep the [exchange rates in their favor](#), it often means that the poor nations remain poor, or get even poorer. Even the [1997/98/99 global financial crisis](#) can be partly blamed on structural adjustment and early, overly aggressive deregulation for emerging economies.

This is one of the backbones to today's so-called "free" trade. In this form, as a result, it is seen by some as unfair and one-way, or extractionalist. It also serves to [maintain unequal free trade](#) as pointed out by J.W. Smith.

The current systems have created a vampire club of institutions - such as the IMF (International Monetary Fund), World Bank, and NGO's (Non Governmental Organizations) - that employ tactics such as loans and structural deficit re-planning to siphon off the world's resources to the so-called developed nations, leaving behind a gross inequality in distribution of wealth. The world order has resulted in a bleak scenario in which most of the world chokes from the exploitation of a few elitist nations that continue, under the protection of laws and systems that are designed to serve their interests, to squander the wealth of the world and systematically tighten their control of societies around the globe.

Unfortunately, the current systems cleverly mask the inequality in wealth that they produce by assessing the wealth and productivity by the GNP (Gross National Product) or the average income per capita, deceptively duping the observer into regarding the total production as a means of measuring the well being of each citizen when, in actuality, such figures give no indication of the status of the individuals. America, for example, sucks up over a third of the world's resources, yet poverty in America has escalated to such levels that a new class of people - the "fourth" or under class - has emerged.

By using labels like "Third World" and "First World," this economic conspiracy has worked behind a deceived populace who fail to realize that the "Third World" countries are actually First World in terms of resources. While organizations like Mercy International and UNICEF keep the masses content under the circus act of "humanitarian aid," the capitalist machine works behind the stage to gobble up the resources of the world.

The implementation of Islam would eliminate the stranglehold by which the elites control the polices of the world and milk its resources. Unlike the current systems, Islam will not impose any limits on the amount of wealth that an individual can acquire, thus creating and maintaining an incentive to work. Because the Islamic system reflects the wisdom of the Creator, then the implementation of Islam will provide a society conducive to life that will address the needs of humanity based on the correct understanding of life. Muhammad (pbuh) said, "The son of Adam, if he had two valleys of gold, would desire a third and would not be satisfied till he bites the dust."

While generating massive abundance and wealth of resources by eliminating all the restrictions and oppressive systems that prevent production, Islam will safeguard against abuses of exploitation in acquiring wealth by limiting the way in which wealth is acquired. For instance, Islam denies the "free" market of Capitalism which has led to the situation of "survival of the fittest". Such an unrestricted environment has led directly to the current situation where multinational companies have scavenged the resources of the world like parasites unrestricted in their "freedom." Under the Khilafah, natural and vital resources would be categorized as public property and a right of every citizen of the state - Muslim or otherwise - in accordance with the Prophet's (saw) Hadith that states, "The humans have a right to three things - water, green pastures, and fire-based fuels (An-Naar)." In Islam, public revenue from oil and natural resources would be used to secure the needs of the whole Muslim Ummah, and not to line the pockets of casino owners. The Khilafah would provide public and vital resources without charge to cover the needs of every individual and family, and the monopolies that multinational corporations maintain to dictate the lives of the people would dissipate.

The Shariah also defines certain rules that regulate company structure, effectively preventing abuse and corruption. For instance, Islam forbids monopolies by outlawing the hoarding of wealth (Al-Ihtikar), and eliminating copyright or patency laws that would open the avenue for potential monopolies to develop. Also, Islam protects the ownership of businesses and companies by restricting ownership of companies only to those who contribute both capital and effort to the company or business, thus effectively putting the seal on such concepts as "corporate takeover" from ever becoming a reality.

In the systems of today, the stock market offers no such protection and allows for any outsider to secure a share in any business or corporation and impose his policies on the company agenda, even if that individual puts no effort or work into the business. Today, food manufacturers have cultivated the art of burning surplus food and dumping surplus milk into the ocean to artificially inflate prices by creating "scarcity," an art that would cease to exist with the implementation of Islam.

HOLISTIC APPROACH TO LIFE

The Islamic Concept of Life

The chief characteristic of Islam is that it makes no distinction between the spiritual and the secular in life. Its aim is to shape both individual lives as well as society as a whole in ways that will ensure that the Kingdom of *Allah* may really be established on earth and that peace, contentment and well-being may fill the world. The Islamic way of life is thus based on a unique concept of man's place in the universe.

The Scheme of Life

In Islam, man's entire individual and social life is an exercise in developing and strengthening his relationship with *Allah*. Man, the starting point of our religion, consists in the acceptance of this relationship by man's intellect and will; Islam means submission to the will of *Allah* in all aspects of life. The Islamic code of conduct is known as the Shariah. Its sources are the Qur'an and the Sunnah of the Prophet, blessings and peace be on him. The final Book of *Allah* and His final Messenger stand today as the repositories of this truth. Everyone who agrees that the concept of Reality stated by the Prophet, and the Holy Book is true, should step forward and surrender himself to the will of *Allah*. It is this submission which is called *Islam*, the result of *Man* in actual life. And those who of their own freewill accept *Allah* as their Sovereign, surrender to His Divine will and undertake to regulate their lives in accordance with His commandments, are called *Muslims*.

ISLAMIC PERSPECTIVE OF THE ECONOMIC PROBLEM

Islamic Economic system is based on four principles:

- All the wealth belongs to Allah (swt): "And give them of the wealth of Allah which He has given you." [An-Nur: 33]
- The community is the trustee of the wealth: "Believe in Allah and His Messenger, and spend whereof He has made you heirs." [Al-Hadid: 7]
- Hoarding of wealth is prohibited: "And those who hoard up gold and silver and spend not in the way of Allah; announce to them a painful chastisement." [At-Tauba: 34]
- Circulation of wealth is a duty: "Whatsoever Allah may restore unto His Messenger - is due unto Allah and unto His Messenger - the orphans and the needy ...so that it may not be confined to the rich amongst you." [Al-Hashr:7]

Based on these principles, Islam differs fundamentally from man-made systems (such as communism/socialism and capitalism) in defining the economic problem. Islam uniquely considers distribution as the economic problem, and Muslims do not share the obsession of capitalists and

communists with production. Because Islam differentiates between the basic needs and luxuries, there exists no concept of relative scarcity of resources in Islam. The resources available on earth are sufficient to secure the basic needs (food, clothing, and shelter) of fifty billion human beings.

Islamic Economic Thought

Economic Well-Being and the Moral Norms of Islam

Islam urges Muslims to enjoy the bounties provided by God and to set no quantitative limits to the extent of material growth of the Muslim society. It even equates the struggle for material well-being with acts of virtue. It also urges Muslims to gain mastery over nature because, according to the Quran, all resources in heavens and on earth have been created for the service of mankind.

- Universal Brotherhood
- Justice
- Social Justice
- Economic Justice
- Prohibition on Taking Interest (Riba)
- Zakat

Ownership According to the Quranic verses, everything in this universe belongs to God, the Almighty. "Whatever is in the heavens and whatever is on the earth belongs to Allah" [Al-Baqarah, 2:284]. He is the real owner of everything. "And Allah's is the kingdom of the heavens and the earth, and Allah has power over everything." [Al-Imran, 3:189]. Sadr (1994, 98-114) illustrated that individual ownership, state ownership and public ownership are three parallel forms of possession in Islamic law. Real ownership, however, belongs to Allah. Man holds property in trust and he is accountable to Him, in accordance with the rules which have been clearly laid down in the Shari'ah Islami'ah [Islamic Teaching].

Economic Freedom within Reason

Islamic economy allows individuals freedom within the boundary of spiritual and moral values. The execution of this 'freedom' is undertaken as follows:

- There is textual stipulation that forbids activities such as usury, monopoly or hoarding which, in Islam, would hinder the realization of ideals and values considered favorable to Islam.
- Islamic laws allow for the supervision of the ruler over general activities and the intervention of the state to protect and safeguard public interest through the limitation of freedom of individuals in the actions they perform.

OBJECTIVES AND CHARACTERISTICS

The main objectives of the Shari'ah are to ensure that human life is based on *ma'rufat* (good) and to cleanse it of *munkarat* (evils). The term *ma'rufat* denotes all the qualities that have always been accepted as 'good' by the human conscience. Conversely, the word *munkarat* denotes all those qualities that have always been condemned by human nature as 'evil'. In short, the *ma'rufat* are in harmony with human nature and the *munkarat* are against nature. The Shari'ah gives precise definitions of *ma'rufat* and *munkarat*, clearly indicating the standards of goodness for which individuals and society should aspire.

It does not, however, limit itself to an inventory of good and evil deeds; rather, it lays down an entire scheme of life whose aim is to make sure that good flourishes and evils do not destroy or harm human life.

To achieve this, the Shari'ah has embraced in its scheme everything that encourages the growth of good and has recommended ways to remove obstacles that might prevent this growth. This

process gives rise to a subsidiary series of *ma'rufat* consisting of ways of initiating and nurturing the good, and yet another set of *ma'rufat* consisting of prohibitions in relation to those things which act as impediments to good. Similarly, there is a subsidiary list of *munkarat* which might initiate or allow the growth of evil.

The Shari'ah shapes Islamic society in a way conducive to the unfettered growth of good, righteousness and truth in every sphere of human activity. At the same time it removes all the impediments along the path of goodness. And it attempts to eradicate corruption from its social scheme by prohibiting evil, by removing the causes of its appearance and growth, by closing the inlets through which it creeps into a society and by adopting deterrent measures to check its occurrence.

Sources of Funds for the Poor

Zakah

Zakah is the fourth of five pillars of Islam and hence is obligatory on every Muslim, who fulfils the stipulated conditions, to pay. Being a pillar of Islam, it has to be paid and collected whether the destitute and the poor exist in society or not. As such it is indeed a permanent source of revenue for the alleviation of the destitute and the poor.

Charitable Trusts or Endowments (Al Awqaf)

Charitable trusts transfer wealth from private ownership to beneficial, social, collective ownership. Islam does not make this practice obligatory but has strongly encouraged it and left it to voluntary initiatives of individuals. In spite of this, the Muslims accepted it wholeheartedly (even in periods of economic decline) and created charitable trusts, since the period of the Holy Prophet (s.a.w.) for important social and economic functions. Such trusts that were created in different countries and ages have successfully brought about tremendous changes in the welfare of the needy.

Gifts (Al Maniha)

Al Minha and *Al Maniha* are special kinds of gifts. The Holy Prophet (s.a.w.) in his various traditions used this method to provide some assistance to the early Muslim migrants from Mecca to Madinah who were in real need of some help. *Al Maniha* means the granting of the usufruct of a productive asset to a needy person for a specific period. These gifts as mentioned in the various Prophetic traditions, include money (cash), riding animals, dairy animals, agricultural land, fruit bearing trees, houses, kitchen utensils, tools, etc. However it should be general in application to include other productive assets such as cars, ships, industries, etc.

Al Fay'

Al Fay' is the wealth that Muslims acquire from the enemy without actual fighting. The recipients of *fay'* are the Prophet (s.a.w.), his family, the orphans, the needy and the wayfarer. (Quran 59: 7-10)

Spoils of War (Al Ghanimah)

Al Ghanimah is the wealth acquired from enemy by force during war. One-fifth of the *al ghanimah* is to be distributed to all the recipients of the *fay'* and the remaining four-fifths go to the soldiers who participated in the war.

Treasure (Rikaz)

Rikaz is buried wealth found in land which has no owner. The finder will have to pay 20% or one-fifth of the wealth. The opinions of the jurists on the recipients of this one-fifth of the wealth are divided. Some are of the opinion that it should be distributed to the recipients of the *fay'*. Some others opine

that it should be distributed as *zakah*. Whichever way it is distributed, it is still an important source for the needy.

Obligatory Maintenance By Relatives

It is interesting to note that the Islamic system makes it obligatory on each wealthy person to provide sufficient (customarily) maintenance for his poor relative who is unable to earn a living. The juristic opinion that seems to be most appropriate is that it is based upon inheritance rights. The maintenance of the incapacitated poor man is obligatory on his rich relative(s) who will inherit from this poor man if this poor man leaves any inheritance. If there are a number of such rich relatives, the amount of maintenance is distributed amongst them according to the share of their inheritance from him.

Guarantee By The Public Treasury Of A Minimum Level Of Living For Each Citizen

Guarantee by the public treasury of a minimum level of living is not a recent innovation (*ijtihad*) as the following excerpt shows: " This is an epistle (of peace) from Khalid ibn al-Walid to the people of Hirah ... and I have promised them that: any old person who is unable to work or has been struck by a calamity, was rich and then became poor to the extent that the people of his faith started giving him charity, his *jizya* stands waived, and he and his dependents are to be provided from the treasury as long as he resides in Dar-al-Islam (Islamic State) ..." (al Kharaj by Abu Yusuf, quoted by M.A.Zarqa). The above excerpt is a good example of an objective determination of the circumstances entitling Non-Muslims to help. The general implementation of this policy of providing minimum level of living by the public treasury likewise needs the conditions to be clearly spelled out.

Rights to Acquire Necessities Of Life

The jurists have established that a man under duress has the right to free food and drink if he is poor, but will have to pay for the food and drink if he can afford it. This principle has also been extended to other necessities such as clothing, shelter and medicine