



OPERATIONALIZING DISTRIBUTIVE JUSTICE FROM THE PERSPECTIVE OF ISLAMIC ECONOMICS

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ABSTRACT

The idea of distributive justice is an important subject matter immensely debated in studies of philosophy, political, behavioral and social sciences; it has yet to be thoroughly analyzed in economics. Despite its relevance, works in the formulation of models of distributive justice in Islamic Economics are lacking relative to those available in Western scholarship. The existing scholarly products deal mainly with limited applied aspects of distributive justice. Alternatively, the current conceptual paper is an inaugural analysis of the notion of distributive justice from the sources of Islamic heritage (*Turath*). The effort is aimed at guiding practitioners and policymakers to find solutions to economic distributional problems in the Muslim world in particular. This research attempts to critically review accessible Islamic Economic literature written on distributive justice and propose a model of distributive justice using the operationalization method introduced by Sekaran and Bougie (2010). It begins with a brief survey of related works by exploring justice and distribution separately. Next the concept of distributive justice is translated into principles and observable dimensions found in the sources of revealed knowledge. Lastly the findings are presented in the form of the proposed model of distributive justice based solely on evidence in the Holy *Qur'an* and *Hadith*. Recommendations are made for expanding the model to fit the special needs of different Islamic economies battling severe distributive injustices stemming from the reliance on conventional theories. Empirical analysis to further defend the viability of the proposed model of distributive justice is highly valued.

JEL Classification: D31, Z28

Key words: Distribution, Equity, Islamic heritage, Justice, Model

1. INTRODUCTION

Distributive justice concerns what some consider to be ‘socially just’ with respect to the allocation of goods in a society. Thus, a community in which incidental inequalities in outcome do not arise would be considered a society guided by the principles of distributive justice. Allocation of goods takes into account the total amount of goods to be handed out, the process used by people of that civilization in dispensing, and their preferred pattern of division.

It remains an important topic in economics and political economy literature that addresses normative issues in social and economic justice. A variety of economic theories and approaches provide many insights into these matters, including the theory of inequality and poverty measurement, welfare economics, the theory of social choice, the theory of bargaining and of cooperative games, and the theory of fair allocation (Fleurbaey, 2012).

Nevertheless, the reality in the Muslim world is otherwise due to, among others, the prevalence of distortions in the distributional processes. Understandably the concept of distributive justice per se has come about as a fundamental economic issue due to the increased socioeconomic problems in this region.

To classical Muslim theologians and philosophers, justice is an abstract and idealistic concept. They made no serious attempt to view it from a positive concept and analyze it from the existing social conditions. Al-Ghazali (505/1111) discussed the concept of justice from several dimensions, focusing mainly on distributive justice. He emphasized that for justice to prevail, the state must remove poverty and distress in society. Abu Bakr al-Turtushi (520/1127), Najm al-Din al-Tawfi (716/1316) and Ibn Taymiya (728/1325) while remaining faithful to Revelation, employed a form of inductive method which reached its full development in the writings of Ibn Khaldun (806/1408). Turtushi considered justice as the very foundation of polity, the ‘foundation of foundations.’

Baqir al-Sadr in his celebrated work *Iqtisaduna* (originally written in 1960, later translated to English in 1981) had discussed distribution and distributive justice extensively. Contemporary Muslim scholars Umar Chapra (1981, 1995, 2001) and Nejatullah Siddiqui (1982) initiated creative ways to incorporate the relevance of

justice in distributive functions. For instance, they began to steer attention away from the overwhelming research interests in production and consumption in Islamic scholarship toward issues of distribution. A more recent addition to Islamic Economics literature made its debut through the publication of Munawar Iqbal's, *Distributive Justice and the Need Fulfillment in an Islamic Economy* published in 1988.

Even so the existing works of Muslim scholars appear to focus only on certain aspects of distributive justice in Islam such as factor payments and redistributive mechanisms namely *zakāh* (Abdelbaki, 2013; Ibrahim, 2006) and *awqaf* (Saad, 2011) when addressing income inequalities. The failures of secularism in meeting the economic needs of humankind combined with the challenges it has created in economics are currently analyzed under various topics (Masud, 2005; Marranchi, 2010; Birt, 2011).

While works on justice or distributive justice are readily available in Western literature, the absence of a systematically developed economic theory of distributive justice from an Islamic perspective makes it difficult for policymakers to find Islamic solutions to economic problems in the Muslim world. The lack of choice obliges them to continue applying Western models in facing the challenges of poverty and underdevelopment.

1.1 DISTRIBUTION IN THE MUSLIM WORLD

Poverty eradication is a key economic concern in Islam, and given the present state of economic inequalities among and within many Muslim countries, distribution remains an important subject matter for policy. The following *hadīths* reflects the deep concern against poverty:

“Poverty is almost like unbelief in God.”¹

“Oh Allāh, I seek your refuge from poverty, insufficiency and lowliness.”²

However, the latest report by OIC states that Malaysia, despite recording the lowest percentage population below the poverty line, of 1.7% among others with data available, tops the chart for income inequality. With a Gini coefficient of 46.2, Malaysia is far above Indonesia, Pakistan and Bangladesh with recorded poverty rate of 11.3%, 12.4% and 31.51% respectively. Such contradicting information between the measures of poverty and distribution of

income demands closer attention in explaining the probable causes for ineffectiveness of poverty alleviation strategies.

In addition, the prevailing adverse trends of Gini coefficients of many OIC countries, including Malaysia, call for immediate attention from economists to better understand the role of distributive justice from an Islamic Economics perspective and the implications of applying a model of distributive justice based on *Sharī'ah*.

The 2013 Key Socioeconomic Statistics on IDB Member Countries provides a summary of a wide range of economic indicators over time. Interestingly, a lower Gini index among households within an economy does not mean the gap between the rich and the poor is acceptable. In fact, information on the Human Development Index (HDI) reveals the degree of distribution or a lack of it on a much broader scale. While a diminishing Gini coefficient is favored at national levels, whether it is representative of the society as a whole and in what exact ways is the concern in Islamic Economics. Table 1 provides an overview of the recent estimates of the above mentioned indices and their ranking within the group for Asian OIC Countries selected due to their socioeconomic similarities but varying degrees of income inequality and human development indices.

TABLE 1
Distributive Indicators for Selected Members of
OIC Countries in Asia

	Bangladesh	Indonesia	Malaysia	Maldives
Gini Coefficient	32.1	38.1	46.2	37.4
HDI/Ranking	0.52/ 146	0.63/ 121	0.77/ 64	0.69/ 104
I-HDI	0.43/ 32	0.58/ 18	0.77/ 6	0.58/ 20

Source: IDB Monograph 34, 36, 2014

Despite taking similar human factors into consideration, the three respective indices tend to relay unusual messages as far as socioeconomic rankings are concerned. A satisfactory HDI does not translate into favorable degree of concentration (inequality) of income among households of a country. Therefore, issues related to economic distribution must look at all relevant measures in understanding its implications.

Hashmi (2010) asserts that the continued growth in the gap between the rich and the poor may well prove distributive justice to be

the most controversial issue within the Muslim world in the coming century. Underlying the recent discussions among the Muslim scholars of Islamic Economics, he adds, is the strong Islamic ethic in providing for basic subsistence for the most disadvantaged members of society. Unfortunately, discussions of distributive justice remain at a higher conceptual level, reaffirming the obligations of Islamic society instead of specifying its identity in modern times.³

This research attempts to demonstrate that institutional roles must be considered in ensuring a just distribution in an economy. From an Islamic Economics perspective, distributive justice is emphasized at all stages of production. Income equality alone may not suffice in meeting the objectives of the *Sharī'ah*. The distributive justice promoted by Islam has deemed certain guiding principles as rules to any form of distribution to be recognized as just.

1.2 THE MEANING AND THE CONCEPT OF JUSTICE

The Islamic discourse on justice starts with the complete acceptance of Allāh as the Supreme Law- Giver and the *Qur'an* as containing those laws. This is clearly mentioned in His Book:

“And We have sent down to you the Book (this Qur'ān) in truth, confirming the Scripture that came before it and as Mohayminan (trustworthy in highness and a witness) over it (old Scriptures). So judge among them by what Allāh has revealed, and follow not their vain desires, diverging away from the truth that has come to you. To each among you, We have prescribed a law and a clear way.” (Qur'ān, 5:48)

Justice, (*'adl*) is part of the metaphysical rationale for creation:

“God created the heavens and earth for a purpose: to reward each soul (i.e. provide just recompense) according to its deeds. They will not be wronged.”(Qur'ān, 45: 22)

“Mankind alone is responsible for whatever justice or injustice is in the world.”

Moral values and virtues (e.g., fairness, temperance, honesty) are implicitly or explicitly integral to the objective concept of justice in the Qur'ān and are, in turn, said to be ingrained in the human soul:

“Verily Allāh will not deal unjustly with man in aught: It is man that wrongs his own soul. Allāh cannot be blamed for man's evil, nor will He deal unjustly with man. He has given him faculties and means of guidance. If man goes wrong, it is because he wrongs himself.” (Qur’ān, 10: 44)

The idea of justice was of particular interest to Prophet Muhammad (*ṣal-Allāhu ‘alayhi wa sallam*), as he found widespread inequality and oppression in his society. The Prophet (*ṣal-Allāhu ‘alayhi wa sallam*) himself valued virtues honored by his followers, for instance courage, honor and liberty, epitomized in the word ‘*muruwwa*’ consisting of everything to be taken as praiseworthy. In the Traditions, he sought to explain the meaning of the abstract maxims of justice to indicate what the scale of justice ought to be. Since the Prophet (*ṣal-Allāhu ‘alayhi wa sallam*) dealt with essentially practical questions, the theologians and scholars found in the Traditions precedents on the strength of which they formulated the theories of justice. Islam demands that justice to be upheld in all aspects of our lives, including our economic activities (Khadduri, 1984).

According to Ayatollah Muhammad Taqī Misbah Yazdī (1934), truth, justice and equity permeate all aspects in Islam. They appear in the *Qur’an* as *Al-Haqq* (227 times), *Al-Adl* (15 times) and *Al-Qist* (13 times) respectively.⁴

The foremost themes in the *Qur’ān* refer to secondary terms of justice as *haqq* (truth) and *ihsān* (virtue or beneficence). The primary term of justice is ‘*adl*, and it is closely related to *haqq* (right) and *qist* (equity). It is part of the metaphysical rationale for creation:

“God created the heavens and earth for a purpose: to reward each soul [i.e. provide just recompense] according to its deeds. They will not be wronged” (Qur’ān, 45: 22)

The antonym of *adl* is ‘*jawr*’. It is expressed in slightly different shades of meaning such as *zulm* (wrongdoing), *tughyan* (tyranny), *mayl* (inclination) and *inhiraf* (deviation). Moreover, the *Qur’ānic* reference to justice can also be inferred from the fact that mankind is endowed with a universal and objective moral nature or *fiṭra* (incipient or dispositional moral and spiritual awareness). It is *fiṭra* that forms the objective basis for the equal treatment of all human

beings, linking natural law, human nature, and the divine command to build a just society.⁵

Literally the word *adl*' is an abstract noun, derived from the verb *adalāh* which means to straighten, amend or modify, run away, depart or defect from one wrong path to the other right path, be equal, alike or match and balance or be in a state of equilibrium (Khadduri, 2001).

At this point, it is useful to expand on the implications of the above forms the term *adl* can assume. Ibn Manzur, a lexicographer, states that the thing that is established in the mind as being straightforward is the meaning of justice. Hence, in the conceptual sense, the notion of *adl* as right is equivalent to the ideas of fairness and equitableness, precisely expressed in the term of *istiqama*.

Khadduri (2001) in *The Islamic Conception of Justice* explored the experiences of Islam with justice and how its leaders and thinkers grappled with the problem of establishing a standard definition of justice and determining it in accordance with an order of ideals and values that would set the conscience of the public at rest.

In short, justice remains a central issue in the revealed knowledge and continues to be a major concern among Muslim economists requiring intellectual work focussing mainly on a broader application of distributive justice to overcome socio-economic injustices resulting from market failures.

1.3 HISTORIAL ACCOUNT OF SCHOLARLY VIEWS ON JUSTICE

Traditionally, the Islamic legal system did not require any lawyers, as litigants in person pleaded their own case. Justice Rahman (1998) states: "In disputes between Muslims, the Holy Prophet (*ṣal-Allāhu 'alayhi wa sallam*) administered justice according to the Holy *Qur'ān* but his decisions also became precedents for the future." However, disagreements centered on which line possessed the capacity to rule justly and which procedures for rule should hold sway. Notwithstanding its claims for continuity, the model of the caliphate does not seem to provide specific guidelines for a theory of just sovereign.

During the brief period in the eighth century when the Abbasid favored, the *Mu'tazilah* argued that divine justice is beyond human grasp but can be best approximated through the exercise of reason and free will. Their emphasis on reason and unity not only brought them into conflict with powerful opponents, but also set the terms of debate alive. As Islam spread into new territories and its

contacts with classical Western thought increased, Islamic thinkers had to consider the practical applications of justice in law and politics (Rosen, 2000).

All leading jurists throughout Muslim history held justice to be an indispensable ingredient of the *maqāṣid*. Abu Yusuf (d.182H/798G) indicated to Caliph Harun al-Rashid (d. 193H/809G) that rendering justice to those wronged and eradicating injustice accelerates development. Al-Mawardi (d. 450H/1058G) argued that there is nothing that destroys the world and the conscience of the people faster than injustice.⁶ Abu Bakr al-Turtushi (d. 520H/1127G) considered justice as the very foundation of polity, the “foundation of foundations” in his words, the highest virtue, with which a Ruler must be clothed. In other words, justice as the basis of an organized society or state as a political entity.

To Ibn Taymiya (d.728H/1328G) justice is an essential outcome of belief in One God (*Tawheed*). Hence, according to him, “justice towards everything and everyone is imperative for everyone and injustice is prohibited to everything and everyone. Injustice is absolutely not permissible irrespective of whether it is to a Muslim or a non-Muslim or even to an unjust person.” He asserted that: “God upholds a just State even if it is unbelieving, but does not uphold one that is unjust even if it is believing.”⁷

Ibn Khaldun (d.732H/1332G) and his predecessors realized the relevance of justice and fair play in human dealings towards specialization of labor in the long run. He elaborated these ideas in his most celebrated work, *Muqaddimah* (1377). According to Khaldun, it is justice that provides for an equitable distribution outcome and an enabling environment for solidarity.

Jamal al-Din al-Afghani (1838-1897) and his student Muhammad Abduh (1849-1905) saw no reason to choose between reason and revelation. From Afghani’s point of view, social justice is the fulfillment of the highest quality of being human and requires the adoption of virtues of self-restraint (*al-haya*), trust (*al-amanah*) and truth (*al-siddiq*) that can contribute to righteousness (Keddie, 1972).⁸

To Sayyid Abul A’la Mawdudi (1903 - 1979) however, justice is the ‘only’ purpose of Islam. That is to say, the promulgation of Islam and establishment of justice is one and the same. According to al Mawdudi (1986), the proper kind of justice existed when man accepts the position that he is not an autonomous being who can do anything he likes or what serves his interest.

Syed Qutb (1906 – 1966) through his publication, *Al-‘adalah al-ijtima’iyah fil ‘I-Islam* (1946), later translated into English

language by John B. Hardie in 1953 and titled as Social Justice in Islam, describes three foundations upon which Islam establishes justice; freedom of conscience, human equality and mutual responsibility. To Qutb's mind, once we are liberated from the feeling of servitude to any other than Allāh and filled with a sense of knowledge that we can gain complete access to Him, without fear about livelihood, the natural desire to be treated as an equal regardless of physical differences ensues. The final basis of instituting justice according to his understanding was the collective responsibility of the community.

Rahman (1995) in his discussion on Islam and the Problem of Economic Justice, says that monotheism and social justice are two sides of the same coin, in the *Qur'ān*. In light of the consideration of the unalterable conduct (*sunnat*) of God, he goes on to explain why it is more correct to say that Islam is a doctrine centrally concerned with the moral and material well-being of individuals and societies. He refers to the following verse to support his claim that social justice reform thrust constituted the very heart of the Islamic movements.

It is not righteousness that ye turn your faces towards East or West; but it is righteousness-- to believe in Allāh and the Last Day, and the Angels, and the Book, and the Messengers; to spend of your substance, out of love for Him, for your kin, for orphans, for the needy, for the wayfarer, for those who ask, and for the ransom of slaves; to be steadfast in prayer, and practice regular charity; to fulfill the contracts which ye have made; and to be firm and patient, in pain (or suffering) and adversity, and throughout all periods of panic. Such are the people of truth, the Allāh fearing. (Qur'ān, 2:177)

In his earlier work, titled the Major Themes in *Qur'ān* (1980), Rahman provides ample *Qur'ānic* evidence reflecting the relevance of socio-economic justice to the daily lives of every Muslim. He devotes an entire chapter in describing the importance of earning wealth, spending it in the cause of Allāh, the notion of *taqwa*, and the ultimate purpose of the *Sharī'ah* to establish an egalitarian social order.

The renowned Islamic economist, Khurshid Ahmad (1979, 1994) clarified that achieving human well-being and justice in all aspects of life is key to economic development.

Syukri Salleh (2013) quotes Khurshid's argumentative synthesis (1994:26):

“Development means moral, spiritual and material development of the individual and society leading to maximum socioeconomic well-being with the establishment of a just order resulting in the ultimate good of mankind, here and hereafter.”

Khurshid saw justice as an important ingredient in man’s role as *Khalīfah* in Islam.

Taha J. Alawany (2005) writes that as a faith and a way of life, Islam includes among its most important objectives, the realization of justice as an Islamic ideal under all circumstances and times. Justice is to be imparted without fear or favor and also has to be free from any subjective element. What Islam suggests is a just disposal of disputes.

It is clear from the discussions above that, in Islam doing justice with God, with His creations, including oneself and imparting justice between litigants is considered to be a noble act of carrying out the trust from Allāh; it is in fact an act of worship (*ibadah*). On the contrary, the western idea of imparting all kinds of justice is merely the carrying out of worldly acts, having nothing to do with the hereafter.

2. ECONOMIC DISTRIBUTION IN THE QUR’ĀN

Having explored the history of justice from the perspectives of Muslim scholars, the next agenda is to better understand distribution in Islamic Economics.

Five salient features underline the economic vision of distribution in Islam. The first being grounded in a general ideological base that Allāh is the Only Real and absolute Owner of everything, including man. Man plays two simultaneous roles: as His *‘abd* (servant) and *Khalīfah fi’l ard* (vicegerent on earth). Man manages all resources created by Allāh for his use, and therefore, must do so according to the guidelines and rules specified by Allāh. An evidence of the dual purpose follows:

“Behold. Thy Lord said to the angels. “I will create a vicegerent (trustee) on earth.” (Qur’ān, 2:30)

The second relates to the acceptability of natural differences in abilities and skills endowed to men. While mankind is equally *‘abd* Allāh and *khalīfah* on earth, not all have the same capabilities. This

indicates that equality is not absolute and there are bound to be some forms of disparity even on the basis of *taqwa* (God consciousness). Allāh says,

“Hath exalted some of you in rank above others” (Qur’ān, 6:165)

The third feature of Islamic economic vision of a distribution system is to enable everyone to get what is rightfully his. The following verse reflects the key criteria for entitlement in Islam.

“That man can have nothing but what he strives for.”
(Qur’ān, 53:39)

The justification for the fulfilment of the basic needs of the less fortunate is the fourth element of the economic distribution system in Islam. This disadvantaged group deserves to share the wealth and income of the rest of a society for the sake of returning what is rightfully theirs in order to seek Allāh’s pleasure.

The *Qur’ān* makes it quite explicit that in doing so they would not be obliging the poor and the needy in any way, but only discharging their obligation, for the poor and the needy are entitled to a share in their wealth as a matter of right.

“And in their wealth and possessions [was remembered] the right of the [needy,] him who asked, and him who [for some reason] was prevented [from asking]. (Qur’ān, 51:19)

The last salient feature of the Islamic distribution system is for wealth to circulate and not be concentrated within the hands of a few which is feared to inevitably lead to excessive inequalities between different groups of people.

“What Allāh has bestowed on His Messenger (and taken away) from the people of the townships, belongs to Allāh, to His Messenger and to kindred and orphans, the needy and the wayfarer; In order that it may not (merely) make a circuit between the wealthy among you. So take what the Messenger assigns to you, and deny yourselves that which he withholds from you. And fear Allāh, for Allāh is strict in Punishment. (Qur’ān, 59:7)

All of the above relates closely to the objectives of distribution in an Islamic Economy, which includes provision of basic needs to the marginalized groups in a society, equal opportunity to livelihood and the reduction of extreme inequality.

2.1 CONTEMPORARY SCHOLARS' VIEWS ON DISTRIBUTION

The first step to correcting the contradictions in the economic structure of society begins with the distribution of economic resources among people, claims Sadr (1982). He adds that the foremost form of economic wealth are the natural resources of the environment and an unjust distribution of it begins with the problem of their ownership. He developed the theory of distribution of natural resources at two stages: preproduction and postproduction stages, or what he calls the primary wealth and secondary wealth, respectively. This was the beginning of treating distribution as a process with different stages, which will serve as the basis of the proposed framework in section 4.

Ausaf Ahmad (1984) admitted to the non-existence of an optimal system of distribution to date and worked out a macro model of distribution in the Kaldor- Pasinetto tradition. Applying some institutional features of an Islamic economy, he showed how the greater interdependence between the rate of profit, share of profit in income, rate of *zakat* and the share of wages going to *zakāh* recipient workers in an Islamic economy has growth implication in comparison to other economic systems.

Mabid Al-Jarhi (1985) in his paper, Towards an Islamic Macro Model of Distribution: A Comparative Approach attempted to construct a macro-distribution model for an Islamic Economy. As the division of social class is theoretically meaningless in a hypothetical Islamic economy, in general society is seen as capital holders (salaried predominantly). The significances of *nisab* and the market-order of an Islamic financial system are highlighted. Based on the premise that the prevailing distribution of wealth could deviate from the most desirable level, the genuine observance of the *Sharī'ah* provides for means of modifying people's behavior toward saving and investment; a quality seemingly lacking in the Western models, given their preference for being value-free.

2.2 DISTRIBUTIVE JUSTICE IN ISLAMIC ECONOMICS

Resource distribution was one of the earliest issues to be addressed by Prophet Muhammad (*ṣal-Allāhu 'alayhi wa sallam*), in establishing a fair and just society. The understanding of distributive justice varied among his successors, Abu Bakar and Umar. Justice was observed and dispensed according to the current needs of the people of their times. Sadr (1960/1982) highlights the relevance of changed social realities of the Arabs throughout the history of Islamic civilization.

While need was the main criteria of concern in the times of the Prophet (*ṣal-Allāhu 'alayhi wa sallam*), Khalīfah Abu Bakar adopted the rule of equality and Khalīfah Umar implemented a distribution on the basis of recipient merit. The varying approaches in the traditions helps to support arguments that inequalities in any society are a function of the level of prosperity achieved by it. Another point in this connection is whether the rule of equal distribution is only applicable to resources owned by the state or may include factor incomes.

Distributive justice gained interest among the scholars of Islamic Economics as early as the 1960s when *maqāṣid al-sharī'ah* became a major theme for the system in general. Recently it received increased attention due to the widening wealth disparity and increased socioeconomic imbalance in the majority of OIC countries. However, the absence of an official definition of distributive justice in Islamic Economics forced researchers to refer to literature relating to social justice when studying issues concerning economic distribution from Islamic perspectives.

The *Iqtisaduuna* or Our Economics by Baqir al -Sadr (1960/1982), is first of its kind to objectively study the economic doctrines of Marxism, Capitalism and Islam. Sadr presents one of the earliest and most elaborate contributions to understanding the relationship between production and distribution in establishing justice in the two interrelated economic processes.

Iqbal (1986) attempted to identify the elements of distributive equity from a purely Islamic perspective. Notwithstanding the differences in opinions with reference to what constitutes basic needs, the Muslim economists are in consensus that the main objective of distributive justice is the guaranteeing of basic need fulfilment to all. They unanimously agree that the other two goals of distribution include achieving equity in personal income and eliminating extreme inequalities. Interpersonal differences in personal income are permitted to increase productive efficiency, whereas the idea of an optimal level of inequality is open to interpretation of an acceptable level by society.

TABLE 2
Selective Reviews of Muslim Scholars on Distribution

Scholars	Central Thesis of Contribution	Justifications
M.A. Mannan	Distribution to determine production and consumption	Inequalities permissible due to differing endowments but insist on equal opportunity to all
M. Nejatullah Siddiqi	Divides distribution to pre and post production. Need for government intervention	Emphasis on initial distribution of resources and societal needs
Syed N. Haider Naqvi	Dominant role of the State in redistributive schemes	Concept of Ownership
Monzer Kahf	Justice in functional distribution	Market mechanism in factor pricing
Sayyid Muhamad Taleghani	Added the element of redistribution while maintaining natural resources to common property	Work and need as the core basis of distribution
Muhammad Baqir Al-Sadr	Pioneered the view of distribution in three continual stages of production. Work and need as the basis for distribution	Economic labor as a source of ownership

The objective of *Sharī'ah* is to ensure that everyone has a basic standard of living, to enable individuals to earn according to their effort and to ensure that excessive or unfair inequalities are reduced. To Zubair Hassan (1988) the idea of distributive justice from an Islamic perspective is a matter of an integrated implementation of the inter-related socioeconomic mechanisms available in the system. Zakāt (obligatory alms), profit sharing (alternative to *ribā'* based lending), *waqf* (endowment) and *farā'id* (inheritance law) to name a few are expected to achieve the goals of justice in distribution when executed according to the spirit of *Sharī'ah*.

Islahi (1992) attempts to provide a comprehensive list of provisions with regard to institutional arrangement of Islam for distributive justice. As compared to production and functional distributions, Islam's focus is on personal distribution or the redistributive aspects of our economy.

Haneef (1995), in the Contemporary Islamic Economic Thought: A Selected Comparative Analysis had appraised the views of six Muslim scholars, on namely five areas, one of which is distribution. The differing opinions of these purposefully chosen trained economists and Islamic jurists are summarized in Table 2. It draws attention to the basic intellectual congruence of economic distribution and the basis of division among these scholars.

In line with Sadr's (1960/1982) initial idea and justifications of economic distribution which can be considered as taking effect in three continuous stages of production, the next sections present studies related to distribution at the pre-production, post production and redistributive stages respectively. However, based on the views expressed thus far, it would seem that the overall basic principle of distributive justice in Islamic economics can be best represented by rightfulness.

2.3 DISTRIBUTIVE JUSTICE BASED ON STAGES OF PRODUCTION

Sadr (1960/1982) in his discussion of the theory of distribution before production maintains that the distribution of wealth is accomplished at two places. One being the distribution of the material sources of production and the other is the distribution of productive wealth. He divides society into three distinct groups of individuals; one with the ability to provide for its luxurious livelihood, another whose produce of work only satisfies its basic needs and the other which cannot work due to genuine reasons of ailments or predicaments. He goes on to explain that it becomes a matter of justice to ensure that the third group

gets at least enough from the pre-production stage in order to maintain livelihood.

“Those in whose wealth is a right known for the beggar and the outcast.” (Qur’ān, 70: 24-25)

The *Shari’ah* guarantees equality of all Muslims before law, while the *Qur’ānic* enjoinders and legal penalties prescribed by Islamic law enables the state to enforce the administration of justice.

“O mankind! We created you from a single (pair) of a male and a female, and made you into nations and tribes, that ye may know each other (not that ye may despise each other). Verily the most honored of you in the sight of Allāh is (he who is) the most righteous of you. And Allāh has full knowledge and is well acquainted (with all things).” (Qur’ān, 49:13)

Discussions on state intervention in the free market began to re-emerge in Islamic economic literature in the 1950s. Islamic economists sought to redefine margins of state intervention by raising the questions: why, when, where and how the intervention will be justified. Their efforts led them to diverging conclusions on the matter. Islamic economists concentrated analytical efforts on the relevance or irrelevance of market mechanism in synchronizing individual and societal interests to establish permissibility of price regulation. One group of these economists including Siddiqi (1972:138), Kahf (1981:106), Mannan (1982:5) and Naqvi (1983:52) held that attainment of such synchrony of interests under unfettered market operations is unlikely. The other group including Haikal (1983:158-60), Ghanim (1984:87) and Mahboob (1992:43) opined that market mechanism guarantees harmony and synchrony of interests and will produce prices conforming to the aim of Islamic law.

Sadr (1960/1982) draws a clear argument for work as the main instrument in the distribution system. From the perspective of Islam, work is the cause for workers’ ownership of the material and its value.

“That man can have nothing but what he strives for” (Qur’ān, 53:39)

Kahf, in his short paper titled Allocation of Outputs to Factors of Production and the Implicit Islamic concept of market justice (2002), asserts that the Islamic approach to income distribution is one that is comprehensive, guided and practical. He recognizes the limitedness of the market in producing the 'desired' outcomes by leaving room for redistribution and government intervention.

The idea of returns to labour according to effort and contribution reinforces the significance of the rights to earn an income and own wealth (properties) in an Islamic framework.

Even with all efforts to ensure 'equal opportunity' and a level playing field, there will still be differences in one's knowledge, skills and ability, hence leading to unequal returns. Therefore, various forms of redistributive measures are found in an Islamic economic system to ensure that excessive or unfair inequalities are reduced, if not eradicated.

Azizi Che Seman (2004) shares the general views of past Muslim scholars with regard to the justification of redistribution of wealth and income in Islam. Ibn Taymiyyah for example claimed that whoever is unable to earn sufficiently must be aided with money. He added that, if an obligation cannot be met without certain means, then the acquisition of these means becomes an obligation.

In the book *Distributive Justice and Need Fulfilment in an Islamic Economy* edited by Iqbal (1986), the spectrum of redistributive tools in Islam are categorized as positive, voluntary and prohibitive. The positive obligatory redistributive measures in Islam include *zakāh* and *farā'id*. The negative measures, preferably known as prohibitive are the ban on *ribā'* and other exploitative trade practices. The common voluntary acts of redistributive justice involve instruments such as *sadaqah* and *awqāf*, generally aimed at providing and maintaining mutual support for the nearest of kin to the community at large.

A pillar of the Islamic faith system, *zakāt* is a form of worship and becomes an inevitable part of obeying God and it therefore has spiritual significance.

"Of their wealth take alms so that, through it, you may purify and sanctify them..." (Qur'an, 9:103)

Nearly all of the renowned Islamic economists have assigned a crucial role to the state in managing the future of an Islamic economy and advocated that the state should redistribute income in favor of the poor, interfere in the markets when necessary, ensure provision of

basic necessities, and even, according to Haneef (1985), initiate massive land reforms.

Other mechanisms of private distribution of wealth available in the *Qur'ān* are *infāq*, *sadaqah* and *qard*. All acts of wealth distribution are to be made according to the capacity of the owner aimed at overall prosperity. *Infāq* qualifies itself to become virtuous spending in the case it is made for Allāh's pleasure. The *Qur'ān* mentions it repetitively reminding the Believers that whatever good they give shall be rendered back to them provided they acted just.

“So fear Allāh as much as you can; listen and obey, and spend in charity; that is better for you. And whosoever is saved from his own greed, they are the successful ones. If you lend to Allāh a beautiful loan, He will double it for you and forgive you.” (Qur'ān, 64:17)

In conclusion, distribution at the redistributive phase in an Islamic economic framework is aimed at reducing excessive inequality in wealth amongst the society.

2.4 THE PRINCIPLE OF DISTRIBUTIVE JUSTICE IN ISLAMIC ECONOMICS

From the above discussions on distributions at the three different stages of production, one can conclude that the underlying principle of distributive justice in Islamic Economics is equity. It can be defined as the quality of being fair and impartial.

Islamic economists are in agreement that fulfilling basic needs of all humans is an essential part of the Islamic economic vision and a primary objective of organized Islamic living, with differences of opinion limited to what these needs are and how they should be met.

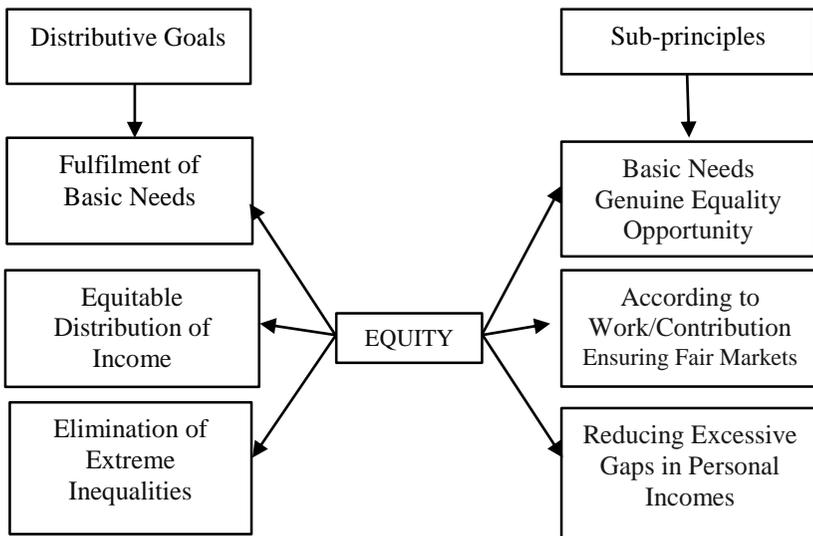
In view of natural interpersonal differences in human talent and capacity, Islam permits variations in income to encourage productive efficiency. Justice is achieved when labor is compensated according to mutually agreed terms for the exchange of service to complete a certain task within a stipulated period.

At the redistributive phase, whereby the objective of distribution is to reduce excessive inequality in personal income and wealth within a society, justice is effected by eliminating exploitative practices such as *ribā'* and through the facilitation of direct transfers to special groups (entitled, old and ailed) as a means of social insurance or public trust.

The single all-inclusive notion of equity underlying distribution in all three stages of production dominates as the principle of distributive justice in an Islamic framework. The various distributive mechanisms available in an Islamic economic system make it possible for equity to function as both the means and the ends of a given distribution process.

A general set of sub-principles of distributive justice, i.e. equity for the three stages of distribution as thoroughly discussed throughout this chapter and prescribed by Islam is shown in Figure 1.

FIGURE 1
Sub-Principles of Distributive Justice Based on Stages of Production



On the far left are the three goals of distribution in an Islamic Economy achieved by focusing on equity as the underlying key principle. The boxes on the right reflect the breakdown of equity into 5 sub-principles but grouped into three to match the stages of distribution; pre-production, post production and redistribution.

With reference to the list of distributive and redistributive tools discussed in the preceding sections and in connection to the sub-principles as shown by Figure 1, certain dimensions can be drawn in support of the proposed model of distributive justice. These implicit dimensions normally appear and signify themselves through the establishment and enforcement of institutions in the public, private and voluntary sectors.

Under ideal conditions, markets are institutions enabling the factors of production, such as labor and capital to negotiate just returns based on demand and supply. In reality though, when markets fail to provide environments necessary for fair dealings, the State intervenes to regulate and compensate for market imperfections. For instance, the enforcement of property rights to ensure that assets are acquired and transferred equitably, i.e. without infringing the rights of any parties involved. Another example is the case of the labor market, whereby the government's introduction of a minimum wage policy provides the floor price to guarantee the right to earn a decent level of income for workers in general. The non-governmental and non-profit organizations making up the third sector of the economy play an important intermediary role in creating awareness and facilitating the flow of resources from the surplus units of the economy to the deficit units.

Institutions such as *awqāf*, micro-financing, *saqadah* and *takaful* are among the ones found effective in distributing funds to ease the financial burden of the less fortunate. They serve as channels to reduce the gap in personal incomes resulting from the natural differences in abilities and enable these groups to participate in market activities on equal grounds.

3. METHOD OF OPERATIONALIZATION

Using the method called operationalization introduced by Sekaran and Bougie (2010) to define the construct of equity implicit in Islamic heritage, the next step is to extract the relevant evidence in the Holy *Qur'ān* and *Hadīths* to justify the dimensions of these sub-principles of equity. This section leads to establishing the proposed model of distributive justice from the perspective of Islamic economics.

The three steps suggested in the process of converting distributive justice into quantifiable terms in the current context are:

1. Identifying the principle of the concept. In this case the identification of equity as the principle of distributive justice in Islamic Economics.
2. Translating the principle into behavioral elements or the 'sub-principling' of equity into several measures, according the goals of distribution at every stage of production.

3. Generating a set of dimensions that best represent the sub-principles. The selection is based on the evidence available in the Islamic heritage as will be presented next.

3.1 DIMENSIONS OF DISTRIBUTIVE JUSTICE IN THE HOLY QUR'AN

The revealed knowledge of Islam is replete with advocates for equity as a norm in upholding justice in all domains of one's life. M. Shafi (2000), highlights that justice and equity may be treated as two sides to a coin due to their close reflection of Allāh's attributes of *Al-'Adl* (The Just) and *Al-Muqsit* (The Upholder of Equity). Also the alikeness of the root meanings of the word '*Adl*' include the sense of justice, equity, fairness, non-discrimination, counter-balance, to rectify, put in order, evenness, proportion appears to be that of *Qist* (equity) which consists of equity, fairness, justice, fair distribution, correctness, balance, and scale.⁹ In addition, the term equity is often used interchangeably with the term justice (*adl*), appearing a total of 174 times in 178 verses in the *Qur'ān* alone.

“O ye who believe! stand out firmly for Allāh, as witnesses to fair dealing, and let not the hatred of others to you make you swerve to wrong and depart from justice. Be just; that is next to piety, and fear Allāh. For Allāh is well-acquainted with all that ye do.” (Qur'ān, 5:8)

“If thou judge, judge in equity between them. For Allāh loveth those who judge in equity.” (Qur'ān, 5:42)

“Allāh does not forbid you to treat kindly and act equitably toward those who have neither fought you in the matter of religion nor driven you out of your homes. Indeed Allāh loves the just.” (Qur'ān, 60:8)

In some episodes, the *Qur'ān* forewarns its believers on the consequences of failing to observe equity in its true meaning.

“Let the people of the Gospel judge by what Allāh hath revealed therein. If any do fail to judge by (the light of) what

Allāh hath revealed, they are (no better than) those who rebel. (Qur'ān, 5: 47)

The broad concept of equity visible in the Islamic heritage points to many guiding principles and processes representing the knowledge which they are based upon to facilitate the conceptualization of distributive justice. However, for the purpose of demonstrating that it is indeed possible to develop a model of distributive justice based upon Islamic heritage, sub-principles established earlier are expanded here in order to identify possible dimensions relating to basic needs, equal opportunity, work, wealth transfer and social security.

The task of departmentalizing the indispensable role of equity to any exclusive realm is inappropriate and pointless in Islam, as it is a way of life and therefore adopts a practically holistic approach. The subject matter remains the presentation of relevant evidence from the *Qur'ān* and *Hadīth*, focused on achieving objective of this study; which is to develop a model of distributive justice.

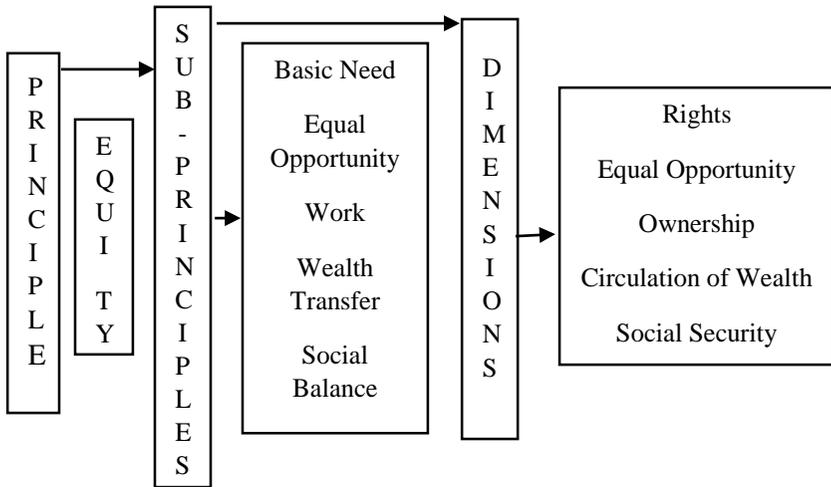
The *Qur'ān* is the Magna Carta of human rights (Rifaat, 2006). It offers an account of affirmation of fundamental rights which all human beings ought to possess, because they are so deeply rooted in our humanness that their denial or violation is tantamount to a negation or degradation of that which makes us human.

In this next stage, equity is emphasized in the form of procedural justice throughout the course of transforming factors of production and economic resources into marketable or usable outputs. Labor is a highly valued factor of production in Islam, given its source of creation, Allāh and the ability to coordinate all the other essentials of production. By implication, the ownership of *al-māl* is understood to be a trust and its disposal is considered to be a test of faith since the owner has to use it in accordance with God's revealed wisdom.

Wealth transfer and social security become the sub-principles of equity at the final stage of distribution, or better known as redistribution. Given that large sections of the marginalized population may not be possibly covered by the functional distribution of income and wealth in the post-production phase, Islam has put in place a set of guidelines to remedy any unwarranted distributive injustice at the next phase.

The completed method of operationalizing distributive justice will result in a proposed model as depicted below:

FIGURE 2
Diagrammatic Illustration of Equity Sub-Principles Translated into its Dimensions



Given the inclusive nature of Islam as a way of life (*ad-deen*), it is only natural and highly likely to come across equity dimensions that overlap and implicate other dimensions in this work. The normative nature of the sources in the revealed knowledge inevitably makes these dimensions reinforce one another. Collectively, they facilitate the observation and measurement of the primary sub-principles of equity in their corresponding stages of production.

4. A MODEL OF DISTRIBUTIVE JUSTICE

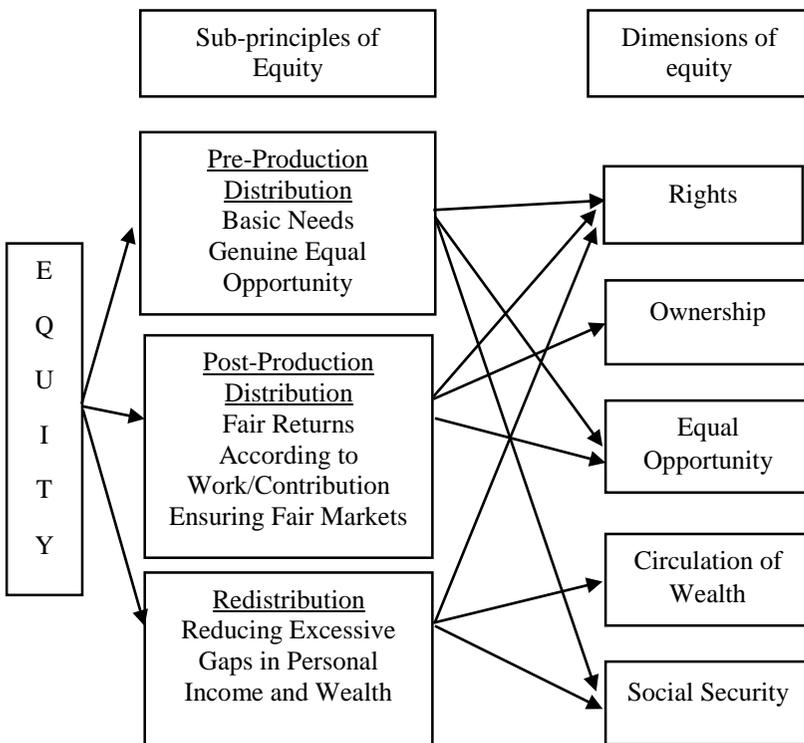
A typical model of distributive justice can be described as one that allows any and all distributions of resources, benefits and costs arising from economic activities to be benchmarked by the rule of justice according to the primary sources of *Shari'ah*.

Figure 2 infers equity to be the principal premise that enables justice in distribution to take effect by means of the sub-principles of basic needs, equal opportunity, work, wealth circulation and social balance. These sub-principles are neither mutually exclusive nor exhaustive but rather serve to demonstrate that it is actually possible to develop a model of distributive justice from the Islamic heritage.

Using the method of operationalization, the concept of distributive justice is translated into five quantifiable dimensions

reflective of the five sub-principles of equity as suggested by the sources of Islamic Economics. Technically, the placing of rights, ownership, equal opportunity, wealth circulation and social insurance as the dimensions to meet the three distributive equity goals from the perspective of Islamic Economics enables one to clearly justify the effects of distributive mechanisms available in the Islamic heritage. The function of ‘sub-principling’ the broad notion of equity from its original form to its parts, facilitates the smooth transformation of basic needs, equal opportunity, work, transfer of wealth and social balance into establishing distributive justice at every stage of production. Figure 3 illustrates these connections.

FIGURE 3
 Diagrammatic Illustration of Equity Sub-Principles Translated into Dimensions



As evident, Figure 3 is the extension of Figures 1 and 2, basically adopting Sekaran’s method of operationalization of an abstract concept, in the present case, equity. It helps to clarify how equity can

be identified with and more importantly applied in the existing economic system to achieve the goals of distribution in the different stages of production as discussed in the previous sections.

5. CONCLUDING REMARKS

Distributions at the three stages of the production process determine the ultimate or real purpose of a given distribution. Assuming we accept the three distributive justice goals established by Iqbal (1988) to include guaranteeing of fulfilling basic needs, achieving equitable personal incomes and eliminating extreme inequalities, the single principle of distributive justice that emerges is equity. It implies to give out what is rightfully one's based upon norms or a pre-agreed standard taking into account any extraordinary qualification of the recipient.

Equity is an extensive concept with far-reaching implications, hence demanding the exercise of decomposing it to sub-principles. This study effectively identified and justified the five sub-principles, and later the corresponding dimensions, that equity takes to align itself to the objectives of distribution at each stage of production. It presented the necessary evidence from the *Qur'ān* and a *Hadīth* to support the choice of the five dimensions.

The proposed five dimensions when put together in a form of a model of distributive justice, are able to support the broad concept of equity as described by the *Qur'ān* and explained in the preceding sections. Meeting basic rights and providing genuine equal opportunity are essential means of dispensing equity at the pre-production phase in advancing justice in an Islamic economic system. Ownership in the form of work is core at the post production phase, as ideally the basis of reward is contribution, more so when efforts benefit others. Circulation of wealth and social security aimed at reducing the inequalities brought about by market imperfections become significant at the redistributive phase, given the rightful function of the State in establishing justice.

In identifying with the dimensions of equity as the principle of distributive justice in Islam several other sub-systems endorsed by the *Sharī'ah* can also be explored. For example, the indispensable role of *al-Hisbah* in exercising administrative control that promotes and preserves public interest, especially in matters relating to provision of

necessities and supervision of trading practices. The democratic process of feedback and integration between the polity and the market enacted in *Shura*, is another salient feature of Islam that enables all active members of a society to engage in consultations when making collective decisions.

Contemporary Muslim scholars focused on subject matters that are believed to have lasting effects on the establishment and achievement of equitable distribution as envisioned by the *Qur'an*. They put forth ideas and strategies considered to translate the goal of distributive justice into tasks and practical schemes through the implementation and enforcement of rights, *Sharī'ah* based financial operation, provision of alternative social security systems and means of generating self-sufficiency among marginalized groups. These multifaceted dimensions enable equity to transform itself into different, suitable forms of sub-principles according to the contextual demands of justice.

END NOTES

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