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BEIRUT, LEBANON

APPROVAL OF RESEARCH TOPIC

^D
X
CANDIDATE: Mohamed A.A. Haidar DATE: Aug. 31 1984

DEGREE: M.S. In Business Management

ADVISOR: Dr. Hamdi Ali

TITLE OF RESEARCH TOPIC: Bait Al-Mal In Islam:

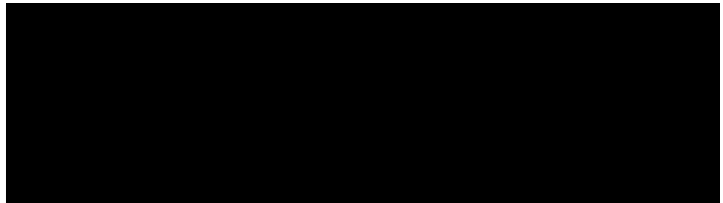
Historical Development And Financial And

Managerial Processes

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274

BAIT AL-MAL IN ISLAM
HISTORICAL DEVELOPMENT AND MANAGERIAL
AND FINANCIAL PROCESSES

A Research Topic
Presented to Business Division
Beirut University College

In Partial Fulfillment
of the Requirement for the Degree
Master of Science in Business
Management

By

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Aug. 31, 1984

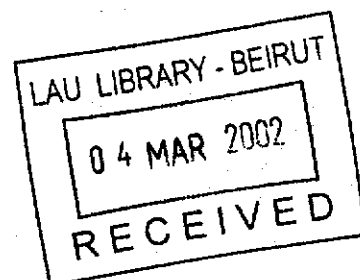


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CHAPTER 1

I N T R O D U C T I O N

At the beginning of this research, it is important to show that, this introduction consists of :

Subject, Purpose, Scope and plan of development, Methodology, and have a specific section for a glossary.

Starting that Bait-Al-Mal an important feature in Muslim societies, was yet studied comprehensively and what was written about it especially in English is Limited and not revealing of its purposes, and functions...etc.

This research is meant to fill a missing gap. It is an attempt to understand Bait-Al-Mal and to examine its historical as well as contemporary applications.

The welfare society which Islam has called for is a society where there was no accumulation of wealth and money in few hands, no hoarding, and no profiteering was to be. A society in which the state was responsible for providing a living wage or relief to every inhabitant, whether Muslim or non-Muslim. We are not talking of an utopia or an ideal state, but practically ; it was a society which existed for long time, and has gone into the Limbo of the Past. During that period (622 -661AD) there existed a single Muslim community , an institution permeated with the spirit of religion. It is those institutions that have endeavored to describe, without omitting the point have they evolved.

One of these institutions was Bait-Al -Mal or«The house of property», public treasury of a Muslim state. It was used only for the public good not for a ruler and his personal expenses.

PURPOSE AND SCOPE

The purpose of this research is to present in a handy and systematic form the fundamentals of Muslim finance, so as to provide a guide and outline to financiers, espically Muslim, who are well acquainted with the modern concepts and theories of finance, but are ignorant of the elements of the system which prevailed in the greater part of the civilized world for almost ten centuries.

The study shows how this is important for comparative purposes, especially comparative economic systems. Also the present research has been undertaken to accomplish the following objectives :

placing Bait Al-Mal in a modern approach that is in agreemant with the Islamic rules and regulations. An extra-ction or (deduction) process from the Holy Qora'n and Sunnah of the Prophet of all verses and traditions (hadith) which relates to Bait Al-Mal will take place . A historical development of Bait Al-Mal will be searched. Structuring the

financial process of Bait Al-Mal in a modern aspect will be accomplished. Sources of revenue and expenditures has to be shown and classified. Management of Bait Al-Mal ,procedures of raising and distributing revenue should be searched. And finally , stressing the importance of the financial system and the possibility of continuing in high of modern necessities and the concern of the subjects and government is required.

METHODOLOGY AND ORGANIZATION

This research is a compilation of all important matters which have a direct bearing on the practice of Bait Al-Mal in an Islamic state. They have been collected from various sources and are presented in a systematic form which have been organized as carefully as possible.

The main source of information has been from :

1. The Holy Qouran and the Sunnah of Prophet Mohammed.
2. The cardianl source of Muslim jurisprudance, as well as subsidiary sources of the said jurisprudance as expounded in a number of important figh books and other.

The research is divided into three parts. The first part deals with . Islam as a whole and its economic

system, and the historical development of Bait Al-Mal, the second with its financial precesses, and the third with its managerial processes or the administration of Bait Al-Mal . The research is concluded by a review of the modern application of this importante islamic institution.

GLOSSARY

The importance of definition of terms is to simplify the will-understanding of the Islamic terms which may most of them never been seen and read before.

- Ash-Shura : الشورى «The consultation», the title of the XLIII Surah of the Qurān . It is taken from the 36th verse in which the believers are commended to council in every matter of public interest.

- Bait Al-Māl: (بيت المال) «The house of property», which is the public treasury of a Muslim state, the ruler is not allowed to use for his personal expense, but only to be used for the publicgood.

- Dinar (دينار) A gold coin of one misqal weight or 96 barley grains, worth about ten shillings.

- Dirham : (درهم) A silver coin, the shape of which resembled that a data stone.

- Diwan (ديوان) The word signifies an account or record book. Diwan also means bags in which the Qady (Judge) records are kept. Further, also means a minister of state, the chief officer in a Muslim state; a finance minister, a modern term is bureau or ministry.

- Islam (اسلام) Resignation to the will of God. The word is used by Muslims as an application to their religion,

another meaning is Salam (peace) .

- Al-Jizya : (الجزية) Derived from «Jaza» it means compensation, requital for good or evil. The compensation is taken from the Zimmis (Dhimmi) , for the protection and services provided given them by the Muslim state.

- Khalifah(Imam) (خليفة - امام) It is the title given to the successor of Muhammed, who is vested with absolute authority in all matters of state, both civil and religious, as long as he rules in conformity with the law of the Qurān and sunnah. The word more frequently used for the office in Muslim works on Jurisprudence, is Imam(Leader) .

- Nabi,Rasul(Prophet (نبي) «Prophet», a nabi is anyone directly inspired by God; rasul and mursal are those to whom a special mission has been entrusted. The Arabic words used to express the prophetic office are nabi, rasul and mursal (a messenger) .

- Qurān (قرآن) The sacred book of the Muslims, believed to be the inspired of God. It was revealed in the Arabic language.

- Riba (Usury) (ربا) An excess according to a legal standard of measurement or weight. It is also one or two homogeneous articles opposed to each other in a contract of exchange, in which such excess is stipulated as an obligatory condition on one of the parties without any return.

- Rikaz : (رِكَاز) Treasures buried in the earth, particularly those treasures which have been buried at some remote period.

- Sadaqah (صدقة) From sadaq, «To be righteous, truthful». «Almsgiving».

- Sijil (سجل) A register, such as the record of a court of justice .

- Sharia (شريعة) The Law that covers what is spelled out in the Holy Quran and the sunnah of prophet Muhammed

- Sunnah (سنة) It is the belief of all muslims, whether Sunni, Shieh or others. It covers the explanations of prophet Mohammed of what was revealed to him as well as his sayings and deeds .

AL- Zakat (الزكاة) In the primitive sense of the word, Zakat means purification, whence it is also used to express a portion of property bestowed in alms as a sanctification of the remainder to the proprietor.

- Zimmi (Dhimmi) (ذممي) Protected non-Muslims, or Non-Muslim, believers who are under Muslim protection and are benefitting from the services of the Muslim state. They were entitled to have their own civil suits and their own judges without any governmental interference.

CHAPTER 2

ADVENTS OF ISLAM AND
ITS PILLARS.

Islam is an Arabic word, meaning the resignation to God. The origin of the word means peace from which comes the word «Aslama» which means «He submitted and resigned himself».

Al-Islam-or-Islam is the religion which brings peace to mankind when man commits himself to God according to the Holy Book revealed to Mohammed. The Message of Islam is considered the last and the most comprehensive message received by the last prophet Mohammed (after the Old testament by Mosis and the bible by Jesus) and the final form of God's message to Man.

This chapter deals with the circumstances of Arabia in which Islam was revealed, providing a clear back ground of Islam & revelation, The Islamic Message and finally the pillars of its religion .

I- MEKKA AND ARABIA IN THE 6th CENT AD:

Mekka, the Holy city in which Islam was revealed to prophet Mohammed, is located in the rocky and mountainous western region of Arabia, a crossroad of the great caravan-routes from Yeman to Syria. It developed as a meeting place of men from a score of nations and was a center of pilgrimage. From the time of the Kèbba Prophets Abraham and his

son Ishmael (1) , a mysterious glamour hung about. It had one God, Allah, and within its walls, for four months in every year, feuds had to be forgotten and swords sheathed.

The length of Mekka from south to north is about two miles . As it has had one spring, Zamzam, inhabitants are obliged to use rainwater which they collect in big buckets. The soil is barren. To compensate for this agricultural deficiency of the desert, Mohammed's great-grandfather, Hashim, head tribe of Al-Hashimeen, appointed two caravans to set out yearly to supply the inhabitants with provisions, one in summer , one in winter.

The inhabitants of Mekka were generally very rich, being considerable gainers by the prodigious intercourse between people from almost all nations at the yearly pilgrimage when a great fair or market was held for all kind of merchandise and cattels, particularly camels. However, the poor class could not but live differently in a place where almost the basic necessities of life had to have been purchased with money.

According to George sale «The most famous tribes amongst these ancient Arabians were Ad, Thamoud, Tasm, Jais(the

(1)- Ibrahim and his son Ishmael are the builder of the old house (kaba) (Al-Bait Al-Atiq), They are two Muslim prophets.

former Jorham) and Amalek». (2) The present Arabians, according to their own historians are traced to two genders, Kahtan (the same with Joctan the son of Eber) and Adnan, direct descendents of Ishmael , the son of Abraham and Hajar.

«The Arabians were for some centuries under the Judicial authority of kahtan's descendents. Yārab, one of his sons, founded the Kingdom of Yemen, and Jorham, another descendent , founded Hejaz»³ That was according to philip Hitti. After the expulsion of the Jorhamites, the government of Hejaz seems not to have continued for many centuries under one prince, but may have been divided among the heads of tribes , almost in the same manner as the Arabs of the desert are governed today.

Believes and sciences:

On Mekka an aristocracy prevailed ,managing most affairs until the time Mohammed was of the tribe of Quraish got custody of the Kaaba from the tribe of khozaah. The Arabs used to worship many Idols. The Holy Quoran mentioned only three femal pagan gods which the people worshipped : Al-Lat, Al-Uzza and Monat, considered daughters of God. Some of the

(2)- Sale , George; The Qoran p.6.

(3)- Hitti, philip; History of the Arabs, from the earliest time to the present. 10th ed.London.Macmillan,1970.

pagan Arabs believed in neither a creation past nor a resurrection to come.

Arabs were very active people, espically in sciences. «The sciences the Arabians chiefly cultivated before Mohamedism were : that of their genealogies and history, such a knowledge of the stars as to foretell the change of weather, and the interpretation of dreams.» (4).

B-Society:

The Arabians before Mohammed were divided into two genders, those who lived in cities and towns, and those who lived in tents. The former lived by tillage, cultivating palm trees, breeding and feeding cattle along with the exercising of all sorts of trades, particularly merchandising. They were eminent, even in the time of Jacob.

The Arabs who lived in tents employed themselves on pasturage, and sometimes in the pillaging of passengers. They lived chiefly on milk and the flesh of camels. They often changed their habitations. The presence of water and grass or pasture or their lack, obliged them to move from one place to another for their own existence as well as for their cattle.

C-Languages and Customs:

The Arabians are proud of their (Arabic) language, which

(4)- opcit p.33.

is undoubtedly one of the most ancient in the world. The accomplishments the Arabs valued themselves chiefly on were eloquence and a perfect skill in their own tongue. There was an emulation among their poets. The tribes had a general assembly at Ocadh, a famous place on this account, where they also held a weekly mart or fair. An annual meeting lasted a month, during which they employed themselves not only in trading but in repeating their poetical compositions, competing each other for a prize, whence the place it is said, took its name. Expertness in the use of arms, and horsemanship were highly viewed and encouraged to practice, in order to take an offensive side, at least, from a sudden attack as frequent jarings made wars were almost continual.

Hospitality was habitual to them and was so much esteemed that the examples of this kind among them exceeded whatever could be exercised in other nations.

II- THE ISLAMIC MESSAGE

As such, Islam grew up in a society characterized by lack of substantive values, in which theft and robbery dominated. Caravans of trade were discarded, camps attacked, girls violated and obliged to work as servants; it was a disgrace and a shame. That wasn't the basic reason why some tribes used to bury their infants females alive, this

case is called (Al-Waãed) (5). Islam grew up in a society of strong revenge. The people used to lend money with high interest rate or usury (riba), in which there were few coins and currency. Goods and merchandise were exchanged for goods. Their most important possessions were cattle and sheep, not so much for land and agriculture because of rain scarcity.

The rich behaved with arrogance and selfishness, while widows and orphans were doomed to starvation, because the rich always hungered for more privileges at the expence of the poor.

Islam grew up in an independent country, owing allegiance to no empire, no king. Their Society faced many difficulties to be achieved. Islam had to characterize, form and embody this society by itself. It also had to encourage, promote, order and regulate this society. «Such was the birth of Islam and such its tasks; so it was not liable to be isolated in human idealism for removed from practical wordly life; nor was it compelled to narrow the circle of its action out of fear for an empire or monarch». (6)

(5)- See Quran, The Overthrowing, verses no 8 and 9, page.431.

(6)- Kotob, Sayed ; Social justice in Islam, translated from the Arabic by John B. Haride Washington: Washington American council of learned societies, 1953, p.8 .

Mohammed grew up in Mekka in the last of the sixth century, and revelation from God began to receive in about A.D. 609. He worked in commerce for long time, and was very well known as the the trust worthy (Al-Ameen) . He criticized the ruling power and the bases it treated him as if he had. The hatefulness of Quraysh to Muslim in Mekka obliged prophet Mohammed and his supporters to seek refuge in the Oasis of Yathrib, later known as Medina. This was the date on which the Muslim lunar calander is based (The Hijrā, or the migration), 622 A.D. .

Islam addresses every human spirit and all of mankind. It follows that it must meet all spiritual and physical . needs of man in order to help him base his life on sound principles, which suit the human nature. Genuine freedom would be enjoyed when a Muslim strictly abides by God's revealed laws and believes that all humans are equal in thier servitude to God , the Almighty. This equal freedom in behaviours is enjoined among all Muslim communities.

Islam has one universal theory which covers the universe and life and humanity, a theory in which many different questions are integrated. Islam sytematizes all aspects of its beliefs, laws and statues , as well as its modes of worship and work . The treatment of all these matters emanates from one universal and comprehensive theory . Questions concerning Islam are not dealt on an individual basis, nor is every

problem with its needs treated in isolation from all other problems. (7) Thus the universe is a unity emanating from a single will, because man is a part of the world and of the universe . «So the Islamic belief is that humanity is an essential unity; its scattered elements must be brought together , its diversity must give place to uniformity, its variety of creeds must in the end be brought into one.»(8) Life is a unity made up of materials and spiritual powers, between which no separation can ever be made without resultant disorder and confusion.

Beyond doubt, faith in Islam is the unity of all powers in the world . It stands for the unity of God, and for the unity of all religions who have faith in Allah. The Islam which Mohammed the Apostle came with and preached .«Verily this community of yours is one, and I am your Lord; So worship Me.»(9) .

III- PILLARS OF ISLAM:

The religious duties (ibadât) of the Moslem center on the so-called pillars (arkan) of Islame include:

(7)- Ibid p . 12.

(8)- Ibid, p 20 .

(9)- Qoran , Sura 23, verse, 54.

- Al-Shahādeh, Resurrection (Al-giyamah), Al-Adalah (Justice), Imama or khalifate, Al-Salat (prayer), Al-Zakat, (الزكاة) A- Sawm (Fasting) , Al-Haj (pilgrimage), Al-khums (one-fifth) , Al-Jihad (holy war) , and Al-amr-be-L-Marwf wa-Nahy-an-Al-Munkar (enjoying kindness and forbidding inequity).

A- Al-Shahadah ^(الشهادة): (The profession of faith), is summed up in the Qouranic double formula, la ilaha illa -l-lah, Muhammadun rasulu-l-lah (No god whatsoever but Allah; Muhammad is the messenger of Allah) . These are the first word to strike the ear of the new-born Moslem baby; they are the last uttered at the grave. Once the formula is accepted and reproduced, the person is nominally a moslem. «say: He is God, one, God, the everlasting refuge, who has not begotten and has not been begotten. None is equal to Him ¹⁰

By Shahadah a believer declares his belief in the unity of God and bears witness that Mohammed is the Messenger of God. When one believes and is aware of the unity of God, man is prepared to service His teaching to lead his requirement in life according to the divine decree . Hence, the primary pillar is testifying the unity of God, who is the source of Islamic principles and values that direct society toward the behavior of the true Muslim.

Al-giyamah, (Resurrection) : Life-After-death: the

10- Ibid, Surah, 112 , verses 1,2,3 and 4.

world , according to Islam , is a place of trial. Man will have to give account of all that he does herein. Life on the earth will, one day, come to an end, and after that a new world will be ressurected. It will be in this life-after-death that man will be rewarded or purished for his deeds and misdeeds, Those who live in the present world, a life of obedience to the Lord, will enjoy eternal bliss in the hereafter; and those who disobey his commands will have to garner the bitter fruits of their disobedience. According to the Quron, «And every man's deeds have we fastened around his neck , and on the day of Resurrection will bring forth a book which shall be proffered to him wide open : «Read your record: This day there need be none but yourself to make out an account against you.»(11)

B- Al-Adalah: (Justice) is a part of the unity of God. Justice is one of God's name (Al-Aadel). For one thing, it is a comprehensve human justice embracing all sides and basic factors of human life. It is not merely a limited economic justice. It, therefore, deals with all aspects of life and its activities, even as it is concerned with the mind and attitude , with heart and conscience. The values with which this justice deals are not only economic values, nor are they merely material values in general; rather they are a mixture of these values and moral and spiritual values .

(11)- Ibid, Quran, 17: 13-14 .

together.

Justice in Islam is a human equality envisaging the adjustment of all values of which the economic forms a part. Justice in Islam means equal opportunity and freedom of talents which work within the limits that do not come into conflict with the high ideals of life.

C- Imam or Khalifate (Caliphate) : The essential function of the head of the muslim community is to be its Imam, the leader of the Umma (nation) with the full power and the authority as an Imam or Khalifah, he represents God's will on the earth; he is the leader of Holy wars, commander of the forces of Allah that go up against the infidels. The Imam delegates his power to his agents , to those who leads the Salat(prayer) , (especially to the leadership of the Friday prayer) and to the khutbeh to an Imam, to the Qadi(judge), the tax collector, to the army commander, etc.

D-ALSalat (prayer) The religious meaning of the Salat is to regulate the relationship between God and Man . It is an ever-renewed link. It acts like the soul of the believer , as life for the believer ceases to exist without prayer. Its spiritual function fulfils the rights of servitude to God, submitting to his will and guidance. Worship would be better name, on the worshipper must be ritually clean. It is enough to wash the face, hands, head touching, and feet.

If no water can be had, sand or dust may be used. The daily prayers are five; distributed throughout daily activities from dawn until evening are regulated periods for rest three times at noon, mid afternoon and sunset.

E- Al-Zakat (purification) It is also used to express a portion of property bestowed in also, as a sanctification of the remainder to the proprietor. This term will be explained later on.

F- A-Saum (Fasting) means that the believer must abstain from food, drink, carnal intercourse, and a modern addition , smoking , from before dawn until after sunset. Fasting is a means of educating the will of man. Ramadan is the month of fasting, that is, to free oneself of habits and the inability to change. The individual deprives himself of eating, drinking and other lawful enjoyment, reminders. of those who are deprived of such in life.

G- Al-Haj (Pilgrimage) Is the duty of every adult Muslim, if he is sound mind , and can afford the expenses.

Pilgrimage has to be to Mekka (Saudi Arabia). It is the climax in which an individual reaches in his life, and the unity of brotherhood irrespective of color, tongue, race and nationality.

H- Al-Khums (one-fifth) One of the Islamic treasury revenues. It is a part of the Booty revenue, which is divided

into five equal parts: one fifth goes to certain people(12) and four fifths subdivided after the battle among people or warriors still living.

I- Al-Jihad (Holy war) The Qourân sanctions war against unbelievers . Another meaning is that «The Holy war has ten parts, (Al-Jihad Al-Asgar(smaller) is fighting the enemy of Islam , nine (Aljihad Al-Akbar) (greater) are fighting the self». The real war is against the sin, though, there was another extension of the meaning : «He who loves fades away, conceal his love, and dies, is a martyr.»(13).

J- Enjoining kindness and Forbidding Inequity: In the Holy Qouran , « You are the best nation sent forth to mankind; you enjoin the right conduct and forbid the wrong; and you believe in Allah ». It will readily become manifest to anyone who reflects upon this verse and other verses that the purpose of the state visualized by the holy Qourân is not negative but positive. The object of the state is not merely to prevent people from exploiting each other and to safeguard their liberty and to protect its subjects from foreign invasions. It also aims at evolving and developing that well-balanced system of social justice which has been set forth by God in his Holy Book. Its object is to eradicate

(12)- Those people will be mentioned later on

(13)- al Quran 57: 25 .

all forms of evil and to encourage all types of virtue and excellence expressly mentioned by God in the Holy Qur'an.

CHAPTER 3
ECONOMIC ORGANIZATION
IN ISLAM.

Islam is a constitution of life; it deals with the human being and faith in particular, and, with all his needs emotionally , socially, spiritually , and economically. That's why this constitution covers the economical principles in order to be able to practice this constitution of life.

I-Islamic economic theory:

Islamic has a universal message addressed itself to all questions relative to human activities, whether social, economical or political . As such, its position toward economic aspects of life cannot be understood without understanding its universal principles that call for the establishment of the welfare state and balanced human society, based on justice , social welfare, etc. This is quite evident in a multitude of economic principles that are stressed and called for their application. Some principle for example deal with the factors of production, which are the subject of the following section.

A-Islamic concept of production:

Economy of Islam with social trends in the world, in the matter of importance of production and in development and improvment. Actually, purposes of production and all economic activities in Islam are the attainment of social welfare and social justice, but not at the expenses of

individual enterprise . Beside, that, production does not vary according to the demand indicators of the market only, but varies positively to meet all needs of the individual in the society, regardless of the conditions of the demand in the market. This process is very much appreciated; it is considered as a worship. It offsets inflation in the market if production meets consumers' needs, but not the producers' and the retailers' needs.

Production in Islam is the result of the interplay of the three kinds of factors of production, namely:

- a- Nature
- b- Labor
- c- Al-Mal (Capital)

Nature: Is determined as the first source of production . It consists of the following:

1. Land
2. Minerals
3. Water
4. Power
5. Animals resources and others.

Labor: Is the second factor of production in Islam. It is the performance of human activity to achieve certain goals or output. In the Glorious Quran , labor, has the same rank as worship: from Quran, «whosoever doeth right , whether »

male or female, and is a believer, him verily we shall quicken with good life, and we shall pay them a recompense in proportion to the best of what they used to do»¹⁰

All kinds of work in Islam are accepted, except for those which are forbidden according to the Shariâ (law) of Islam such as buying and selling spirits, slavery, gambling, usury (Interest rate), prostitution,¹¹ etc. Such kinds of work must be prevented by the state. Labor has to be very well organized. In Islam good and bad work are rewarded: « And whose doeth good work, whether of male or female, and he (or she) is a believer, such enter paradise and they will not be wronged the dint in a date-stone.»¹² Beside , that the government of the state has the right to direct people toward needy work in the society.

Al-Mal (Capital): Some of the Ulamâ (jurists) do not consider Al-Mal as one of the factors of production, because of certain technical reasons. Al-Mal is no more than money that had been produced by human beings . neither a factor of the production of which the product consists. There is no clear

10- The meaning of the Glorious Qoran, See Qoran: The bee; 79,p.201., The cave, 31,108,pp.214,219, The clear proof, 7,p.447, Marry, 96; p.226, The cow, 277.p,59.Johan,10, p,157.

11- Ibid, Women, 124.p.91./The earth quick,7,8,p.447.

12- See definition.

statement in the Qourân or Sunah ¹³ that contradicts what we mentioned above. At the same time there is no reason to put this factor away or aside.

Al-Mal is a past activity, or money had been possessed as a result of an activity like agricultural, industrial or commercial . It can be used again and again to produce more goods, and more money , in certain fields of work. But if the money used in this investment had been generated from a lawful venture before the investment in the future, this amount of money can be invested to generate more money, or it could have another benefits such as social activities and public services, medical insurance, telecommunication, electricity, defense., etc.

II. - PROPERTY IN ISLAM

The glorious Qouran says: « Believe in Allah and in his Messenger and spend of that of which He has given you the stewardship.»¹⁴ The text of this verse needs no explanation to bring out the meaning : property which is in hand of men belongs, to Allah, and that men are its stewards rather than its masters. We have also here the concept of a communal wealth which cannot be restricted to individuals, a wealth of which the messenger enumerated three aspects: «people are

13- See definition.

14- Ibid

share in three things, water, herbage, and fire» regardless of the necessities changing communal life. It varies from one to another and from generation to another; but the analogy is a fundamental law of Islam and can be easily applied to all other things which may fall into this category of necessities.

A. Private Property: Islam ratifies the right of individual property by legal means and acquisition. There is nothing else similar to this clear and definite ratification of such right, as is made by Islam. Men shall have a portion of what they have earned, and women shall have a portion of what they have earned. This statement is known as tradition: Everyone is created with a natural love of wealth for its own sake: « Verily the love of wealth is strong.»¹⁵ Man is naturally endowed with love of property. But let us say originally the possession is of God and then is delegated to a human being. (« say: Unto whom belongeth whatsoever is in the heavens and the earth Say: Unto Allah...»¹⁶.

B. Public property: This type property is the property of the Islamic state, whatever the kind : natural resources, factors of production, Zakat, khums, fay revenue and all kinds of revenue which will be the subject of coming chapters. This property must be used for the benefits of

15/ - Qouran; Kattle; 12, p 109

16- Ibid, Iron, 7, p.387 .

Muslim in particular and others in general. It must be controlled by the government to help develop the state, satisfy the needs of help poor, and support defense. The government has the right to transfer private property to public if it is necessary, or if was badly used. Public property has its strict channels of distribution , according to the Quran.

III- THE SUQ (MARKET) ECONOMY IN ISLAM:

Suq economy in Islam corresponds to what is called in modern terms market economy. In Moslem economic terminology it is the meeting place where the factors of production are bought and sold. The Suq plays a considerable part in the life of the city.

Pre-Islamic Mekka had a place in which goods from Yemen and Syria were stored for exchange purpose, for further transportation. Market were held on fixed days, such as Monday markets, wednesday markets (Suq Al-ahad, Suq Al-arbā) Still we have like this Suq in LEBANON: suq AL-NABATIEH is held every Monday. All Suqs were not necessarily situated together in one part of the town; each trade could have its Suq apart from the other. The names of gates mark the position of the Suq of perfumiers (AL-Attarin) sourers of wool(Suq Al-qassārin),etc.

The activities of the Suq are not limited to the sale of native production . Foreign merchants can bring their products to the Suq, but their product should meet the Islamic canon and can meet needs of Zimmi people. Dealing with nature and exact classification of the thing sold, the value to be attached to written documents are disputed. It is unlawful to sell a thing that one may not be able to deliver, such as bird on the wing nor anything without social value, such as musical instruments, or the materials of games; nor an unclean (dirty) thing like a pig, or wine, but this last prohibition does not apply to a Zimmi or a mustamin foreigner.

In Islam, competition is a lawful Suq process , but within certain limits and conditions, or under the governmental control.

1. Advertizing without consumer cheating.
2. Consumer has the right to test the product, to testify the its quality and its specification.
3. Any interference is foribidden when other seller try to offer simillar product with less price during the dealing time of buying, in order to banish troubles.
4. Attaining appropriate level of prices . That is , any natural change in price is lawful, if prices increased in the market, and a logical reasons should be

behind it, this price should meet the consumer need and the consumer ability of payment. Prices decreased or increased individually are lawful, on condition that the government control them in order to avoid market troubles and fluctuation.¹⁷

A-Monopoly: The Prophet said ;«No one do monopolize, but wrongdoer.» and Monopoly, on the requirements of life are not recognised by Islam as one of the legal methods of gain, or of the increase of wealth. That is to say, a monopoly is an infringement on the right of trade and of manufacture his goods. Thus, he had control over the market, imposing whatever prices, inflicting hardships and distress on people . It would injure them through their livelihood and necessities, and keeping away opportunities for those who try hard to earn their livings . A monopolist has the power to control prices either up or down for no one could compete with him. So, monopoly is forbidden.

B-Prices and Profits: Prices are directly dependent on supply and demand, or the condition of the market, since in Islam competition is lawful, but monopoly is not. Prices would be controlled by government , and also are subject to the quality and quantity of the production, and the cost of production , as well as the lawful percentage of the profit

17-These points had been mentioned in the book «Islam and Economy» by Dr.Najar Abd el-Hadi,p.

on the product.

Craft improve and increase when the demand for their product increase, and this is the meaning of the reported saying of Al-Imam Ali Ibn Abi Talib¹⁸: «Man is valued by which craft he master»¹⁹ that or rather by the value of his labor which is the source of his livelihoods. What is required from the market in Islam, is very well controlled on the price mechanism which attain the social justice for every one whether he is the producer or the consumer, Social justice is attained by honest competition in the market, but not with perfect conception known as the capitalism. The fair price which attain the consumer ability to pay and at the same time covers the cost of production and satisfy the appropriate marginal profit to the producer, is lawful in Islam. the government has to attain this Social justice in a way or another, profit generated by Muslim must be divided by five, or into five shares (khums), Once fifth has to be paid to Bait-Al-Mal, or to one of the Ulama to contribute for their specific beneficiaries, this would be discussed further and in detail in the chapter of Revenues of Bait-al-Mal.

18- Ali is the fourth and last of the Orthodox khalifat, cousin and Son-in-law of the prophet (603-61)

19- Issawi, Charles, An arab philosophy and History, selections from the prolegomera of Ibn khaldun of tunis (1332-1406) London, Murray, 1952, p.27.

IV- OTHER SECTORS:

In this section we will be dealing with the most important and widely despread economic sectors all over the world , like, Industrial sector, agriculture and services sectors as banking and interes rate, Usuary, ... etc. These items will be considered according to Islam.

The Islamic economic system is follow by the prici-
pal of social justice based on social justice and a balan-
cerd relationships between human beings on the basis of eq-
uality. Islam takes good care of all lawful activities of
life, and the prophet also directed Muslims in a way to
cover all these activities and warned them not to give att-
ention to one of these activities more than others, as they
are equally important.

A- Industry is one of the important sector given attention
by Islam, this fact is very clear, as industry mainly de-
pend on iron and steel, and there is a special chapter in
the Holy Quran about Iron, its uses and benefits,²⁰ The
iron is not the only element of industry mentioned in Qu-
rân , there are many sources of industry, like sugar extrac-
tion , This industry is based on agriculture production.
Carpentry also mentioned in Quran .

20- Qouran; Iron, 25.p.389; for more information see Qoran:
Saba, 10.p.308, Saba, 12.p.308, The cave, 97.p.219.

Textile and garments are mentioned also, «and we taught him the art of making garments to protect you in your doing. Are you then thankful?»²¹, many industrial professions mentioned in the Holy Quran had been explained by Prophet to his people.

B-Agriculture, was one of the most important sectors to muslims communities , espically in Arabia, Islam encouraged people to plant lands, qouted from the prophet: «Who have land he must plant it». Agriculture in Islam is constrained to the Islamic Canon and values, and the individual behaviour, like other productive sectors, in Quran «He it is who produthe gardens trellised and untrellised, and the date palm, and corps divers flavour, and the olive and the pomegrate, like and unlike. Eat ye of the fruit thereof when it fruiteth, and pay the due thereof upon the harvest day, and be not prodigal. Lo! Allah loveth not the prodogals.»²²

C-Banking

The last economic sector is the services sector. This sector is considered part of the government responsibility of the Islamic state. This sector is very wide and includes many kinds of services like the infra-structure services of the country, banking sector, education, employment,...etc. among these services we will talke about banking sector in general, and how can be run in Islamic state, what are his

21- Ibid, The Prophet, 80,p.239.

22- Ibid, The cow, 29 p.25.

functions , and how islam stands with the interest rate.

The practical handling of banking operations under an Islamic financial system ,based ont the PLS principal (profit and loss sharing system) , and the concept of the banking with no interest seems contradictory to the nature of banking in economic terms, that is why this bank is based on the PLS system or Al-Shirakah, or Al-Mudarabah.

Activities of the Islamic bank, in theory can be categorised :

- a. activities which the bank renders on a fee commission.
- b. investment of capital on the principal of partnership. or Mudarabah,.
- c. free services.²³

The fundamental principle underlying the Islamic bank is the prohibition against Usury... Defined as the giving or taking of interest. In the Holy Quran, usury comes under the category of wrong or unlawful, called Zulm, which affects the society and is considered an encroachment of the rights of others. Interest rate or Usury, as we said affect the society, the basis are the following:

1. Interest or usury reinforces the tendency for the

23- Islamic bank, A paper is written in the george washington University, school of commerce, Bus Adm,p.19.

wealth to accumulate in the hands.

2. Islam does not allow gain from financial activities, unless the beneficiary is also subject to the risk of potential loss.

3. Islam views accumulation of wealth through interest as selfishness.

This view is defended by the argument about interest rates that discourage investment and employment creation.²⁴

24-For more details you can see Al-Bank Ilā-Rabaue, Fi-Al-Islam, (non Usury Bank In Islam Al-Sayd Mohamed Baqr Al-Sadr, or the related references been used in this chapter.

H I T O R I C A L D E V E L O P M E N T
O F
B A I T - A L - M A L

Fourteen centuries ago a new freternity was born, which saved the Arab society from the idols of tribalism and human injustice in the desert by the faith in God, the kinit work of economic, political, and social regualtions were fused together in the worldy and spiritual laws in a globale whole. The positive attitude to economic enterprise is interpreted in Quran : « It is he who hath produced you from the earth and settled you there into develop it ». The profet was quoted as saying « there is a reward for anyone who cultivates land whose product feeds a livingbeing. »²⁵

Bait Al-Mal is a Muslim phenomenon. It was unknown in Arabia whether among its tribes or those tribes in its major cities as Mekka and Yathrib. Institutional thought was limited .Moreover, economic exchanges were simple, essentially trade . Its economy was based on barter system.

Bait-Al-Mal is defined as the highest financial institution in the islamic state, with authority over all belongings of the Muslim. It is considered as an asset to the general community (proved before as the property of God.)²⁶ The concept of Bait-Al-Mal refers to the destination and not the actual location of property.

25- Qouran , Hūd; 16.

I- FUNCTIONS AND PURPOSES OF BAIT-AL-MAL:

Bait-al-Mal has a dual function; collection and distribution (financial function). As a financial institution it aims to collect revenues from the inhabitants of Dar-AL-Islam Whether Muslims or non-Muslims. Collections are from different sources will be mentioned in details later, also, distribution of revenues are in many different channels, they are mentioned clearly in the Holy Qouran.

Unearned income through usury, gambling, monopolistic, trade, or any money generated from unlawful trade or investment is prohibited .

Bait-Al-Mal has many functions and purposes besides what we mentioned before, the following verse may give a clear picture about these purposes: «Alms are only for the poor and the needy, and those who collect them, and those whose hearts are to be reconciled, and to free the slaves, and for Allah, and (for) the way finders; a duty imposed by Allah. Allah is knower, wise.» This verse shows us the comprehensive purposes of Bait-Al-Mal from the aspects social and economic, fiscal and spiritual, as well as the human aspects. Certain activities in the Islamic State are defined and prescribed by the (Shariā) concerning revenues and expenses that are considered necessary. Other functions have full discretion of the State.

The important role of this institution, both in the long and short-run in the financial planning should not be forgotten. Bait-Al-Mal as an Islamic institution and as a part of the Islamic texture, has its own role within the purposes of Islam. At the beginning of this section, purpose of Bait-Al-Mal have been mentioned and clarified,

Additional purposes may arise according to certain cases and situations or due to the contemporary civilization. So it aims to balance, social welfare, social justice which is attainable by helping the poor, the needy, those who collect the alms, helping those whose hearts are to be reconciled, and to free the slaves and captives and revenue and help debtors overcome financial problems, and for the cause of Allah, and help the wayfarers. Are there perfect purposes other than those that are provided by Qouran as directions for economic behavior??

The importance of Bait-Al-Mal is nothing less than the importance of any other institution in the state. It is considered as the Ministry of Finance, to a certain extent. So its importance covers many aspects. It covers the following : helping poor people, solving social problems such as indigents, supporting new believers whose hearts need conciliation are socially rewarded. The number of beggars, masters and slaves decreases. Economically speaking, since

needy people are financially helped through Bait-al-Mal, actually economically are supported and reinforced to meet their needs and obligations.

These are not the only benifists that could be attained, Bait-Al-Mal can play an important financial role, in the short run as well as in the long run. An important story mentioned in the Holy Qouran about Yousef (Joseph) showing the importance of financial planning. It is when prophet Youssef interpreted the King's vision.²⁶ The King assigned prophet Yousef to manage the storehouse land. Yousef succeeded. This success was due to the perfect planning and had implemintation attained. Another example could be cited of the importance of reserve in planning. Al-Imam Ali Bin Abi Talib, sent a letter to one of his deputies In akbara asking him to take care of the reserve and be aware of emergent cases, espically war cases. Bait -Al-Mal in the state is as important as the Nerves system in the human body.

II-HISTORICAL DEVELOPMENT AND THE ORGANISATION OF BAIT-AL-MAL

This section will cover the period starting with the establishment of Bait-al-Mal by prophet Mohammed and ending in the period of Al-Khulafâ Al-Rashedeen, by consequitively:

- Al-Khalifa Abu Baker Al Sidiq, Omar Ibn Al-Khatab;
Othman Ibn Affan; Al-Imam Ali Ibn Abi Talib.

26- Qouran , Joseph , 42-88.

following that it will consider the successive states of Al-Umayyads, the Abbaside and later on.

A- THE Prophet's Life

The rise of the Muslim state starts back when Mohamed immigrate from Mekka to Madena. In Madina he had the opportunity to address himself to the question of organising the growing Muslim community.

Meanwhile, there was nothing called Bait-Al-Mal , but everything were in the beginning of the road, of the establishment of the new Muslim community.

The first revenue(spoils) gained by Muslims, was when the prophet's investigator Abdullah Ibn Jahsh Al-Asady and few persons of eight to twelve with him, while investigating the road between Mekka and Al-Taief, arrested a caravan (few camels headed with merchandeze).²⁷

The second gained spoils was after raid Badr, Muslims gained plenty of weapons and money , but Muslims disagreed upon the winnings, prophet Mohammed kept them to himself, immediatly God revealed this verse of (Al-Anfal) The spoils, «They ask the (Mohammed) of the spoils of war, Say: the spoils of war belong to Allah and the Messenger, so keep

your duty to Allah, and adjust the matter of your difference, and obey Allah and his messenger, if you are (true) believers.)

After that the Muslims gained the Jewish's of Madenas properties after they failed to respect the agreement with the prophet, the prophet put them out of Al-Madina, so they went to Mekka. These Jewish were rich. Then God revealed this important verse of the same sura, The spoils, «And know that whatever ye take as spoils of war, lo! a fifth thereof if for Allah, and for the messenger and for the kinsman (who hath need) and orphans and the ; needy and the wayfarers, if you believe in Allah and that we revealed unto our slave on the day of Discrimination, the day when the two armies met, and Allah is able to do all things.» The first land owned by Prophet Mohammed as a property, was (Mukhariq's) who recommended his Lands to the prophets.

In the year 627 after the besiegment (Al-ahzab) or Al-khandaq, and after the fighting finished, and Saâd Ibn Muaz ordered: the following : killing the killers and distributing the Money.²⁸ Tabary told, according to Ibn Ishaq, that the Messenger of Allah divided that money between muslims, in which two shares for horse owner and two shares for men were distributed, and he extracted the fifth away. The warriors

28- Al-Balazery; Futouh Al-Buldan.

got three shares, two for the horse men and one for the horse rider, the footmen got only one share. It was the first Fa'ï revenue in which the two shares were combined, and of it the fifth was extracted. ²⁹ In the A.H 5 the agreement of Al-Hudaybiyah was held among the Prophet and the Quraish (his people)/. Then the raid of «Khaybar» ; inhabited by jews, was between jews were in eight castles ³⁰, Then all shares were divided according to the law, the fifth, was Al-Khatiba (one of the jews castles) , and others for the Muslims; the inhabitants of Al-Hudaibya, were one thousand and four hundred : 200 warriors 600 shares, ³¹.

Lands of Khaibar was divided by the prophet and its palm trees «Muqasama» fifty fifty of all yields of fruits and beams, Prophet appointed Abdullah Ibn Rawaha as his representative. Then inhabitants of «Fadak» ³² agreed with the prophet upon their lands and palm-trees «Muqasama» , half for him and the other half for them, Fadak was purely the prophet's property, because it never been footed by horses or catlles, in another meaning, without fighting.

In A.H. 9 after the battle of Tabuk , on the frontier of

29- Tabbari, History; v.3. p 58.

30- Mawardi; p.161.

31- Ibid, pp 161-162 .

32- A hitorical study been made about Fadak by Al-Sayed Moh'd Baqr El-Sader unde, the title«Fadak-fi-Al-Tarikh»Fadask in history.

Ghassanland , «The jews and Christian were taken under the protection of the newly arising Islamic community in consideration of a payment later called «Jizya». This act set a precedent for reaching in its consequences». This year was called the «Year of delegation » ³³ (630-31) (Sanat al-Wufūd). Tribes joined out of convenience if not conviction, and Islam contended itself with faith and payment of «Zakat».

Three months after his return from « the farewell pilgrimage, unexpectedly He was ill and died on June 8,632. Ad or 11 A.H. . That was a simple sample about the prophet's financial administration of different sources of revenues, and expenditures , following God rules as revealed to him in the Holy Qouran which contains religious laws governing every thing. «Everything have we recorded in a book»³⁴.

The Prophet himself, in his lifetime had appointed agents, «Ummal » (singular Ammel) to collect the alms-revenue in every part of the Dar al Islam . Along with these affairs he appointed Amirs over the Muslim teretories, there followed an amil, so that the gained tributs be collected, although there were times , in the absence of an amir, when the Khalifat's agent were appointed for all pruposes, military as civil ³⁵.

33- Hitti; philipe , History . p. 119.

34- Qouran; The Tidings

35- Opcit p, 121.

So, Mohammed built the sturcture of Bait al-Mal both, theoretically and practically, and the devised system was convenient to the prevailing conditions and circumstances, during his time, and goals were perfectly attained.

B- AL-KHULAFAL RASHIDIN'S PERIOD:

As long as Mohammed lived he performed the functions of the Prophets, lawgiver, religious leader, chief judge, commander of the army and the civil head of the state. With his death, the Muslims had to address themselves to the problem of organizing their affairs guided by the Holy Qouran and the Sunnah.

The period of Al-Khulafa started with the death of the messenger of God. Abu Baker (al-Siddiq) Ibn abu Quhafah headed the list of the four orthodox khalifa, in II A.H and ended when the Commander of the faithful, Ali Bin Abi Tabib, was killed in A.H 40, including Umar Ibn al-Khatib and Othman Ibn Affan. All four were close associates and relatives of the Prophet. They lived in Al-Madinah, with the exception of Ali, who chose Al-Kufa in Al-Iraq for his capital.

The truth is that its (out ward) fashions were those of the prophets, its conduct that of the saints, its conduct that of the saints, its conquest those of mighty kings, but it had a style of roughness living. They used to walk in the markets affot, wearing an old patched shirt reaching

half way down his leg, with fiber sandel on his feet, and a whip in his hand, in which full penalty was upon anyone who was abnoxious to punishment. Their food was (the same) as the humblest which propounded a proberb about honey and «White» bread. It was not poverty, nor inability (to obtain) the best clothes and the most delicious food, but they used to do so in order to consol their poor subject . They abstained . Themseves willingly and took Just a required amount of food and drink which is appropriate.

Each one had a lagre fortune of palmtrees, orchards and other means, but most of their expenditures was in (various) forms of piety and good works.³⁶

1- Abu Bakr Al-Siddiq, was the first khalifa of the four orthodox khulāfā. His period (632-4) was mostly occupied with the so-called riddah (secession) wars. As represented by Arab chroniclers all Arabia outside of al-Hijaz, which is alleged to have accepted Islam and acknowledged the temporal authority of the Prophet, upon his death broke off from the newly organised state and followed a number of local and false prophets³⁷. Such false prophets, Musaylimah and Sajāh.³⁸ The death of the Prophet provided the excuse for active refusal, espically those tribes like

36- Ibn Tabataba, Mohammed; Al-Fakhri, pp. 69-70.

37- Hitti, History. pp. 140, 141 .

38- Muir, Sir, William; The Caliphate, its rise, decline, and fall
Edinburgh, Grant, 1924, pp. 16, 19, 24, 27, ff, 139 and Sajāh, 20
23, ff, 28,

in al-Yamen, al-Yamamah and Uman felt reluctant to pay al-Zakat to al-Madinā. Abu Bakr, however, was adamant in his insistences on unconditional surrender of «the seceders» or war unto destruction ³⁹.

Period of Abu Bakr was not more than two years fully of military activities, but, it was an important period in the Muslim expansion period, Abu Bakr brought into Dar al-Islam a great region and then Omar started to organize it. Our main concern of this period is, how Bait-al-Mal had been organized; as we already knew the region of the Islamic state had been growing up more and more. Jizya was evidently one dinar and one jarab (measure of wheat) on every person which « Umar Ibn Al-Khatab later increased Baalbek, Hims, Hamah and other towns fell one after the other like ninepins. Nothing stood in the way of the advancing conqueror » ⁴⁰ In this period Al-Jizya remained the same as in the Prophet's period; One dinar per each aged person ⁴¹. This tax mostly revenue in cash, the inhabitants of these conquered countries used money and coins, contrary to the Arabs who used cattels, sheep and cows as an exchange element, adding to the silver.

39- Baladhuri; p 94 .

40- Hitti ; p 150 .

41- Told by Al-Balaziry.

Bait-al-Mal was very simple, it needed neither a guard or an office of account. The tithes as they came in were given to the poor, or spent on military equipage and arms; the spoils of war were distributed upon receiving them to the recent convert, male and female, bond and free as claimant on the Muslim treasury, every believer was his brother's equal. When urged to recognize precedence in the faith as ground of preference, Abu Bakr would reply, »that is for God; He will fulfil the reward of such, in the world to come. These gifts are but an accident of the present life»⁴² He used to distribute these revenues whether in the Great Mosque or in his home. After his death, Omar had the treasury opened; he found but a solitary golden piece, that had slipped out of the bags; so they lifted up their voices and wept, and blessed the departed khalifa memory.⁴³

2- Umar Ibn Al-Khatib, the second khalifa after abu Bakr, that period started A.H 13 /634 A.D and ended 23 A.H/644 A.D. Bait al-Mal in this period took much important role, as funds and revenues flows unexpectedly, Omar organized and administered the financial process of money in and out. The order of registration, in the case of Arabs, the tribes and clans entered in the order of the closeness relationship to the prophet. In this order of registration, the first was made

42- Abu Yusef; Kitab ul-Kharaj pp, 42,43.

43- Ibn Tabataba, p.75.

with the origin of the linkage, then with successive generation in the male line. Of the two broad divisions of the Arabs, the Adnas and Qahtans, the Hashimites came first. In the case of non-Arabs, the organisation may be either in accordance with ties of race, or according to that of home. In this division, the first are those who were the first believers, then the nearest relation of the ruler, then those who obeyed him first.

This order of precedence was laid down by the khalifa Omar who did not like the recommendations of the committee (consisting of Mukhrama-Bin-Nawfal,,Jubair Bin Mutiim and Ageel Bin Abi Talib) appointed for the purposes and who recommended the placing first of the Hashimite, then the family of the Khalifa Abu Bakr and thereafter the tribe to which the khalifa Omar belonged⁴⁴. Registration of every man woman, and child was kept.

The role itself , as well as the office for its maintenance and for pensionery account, was called the Diwan. The state had by this time an income aquired by tribute of conquered cities,poll tax of subjugated peoples, land assessments, spoils of war, and tithes, and the Arabian Moslems were not to hold or cultivate landed property outside the peninsula. The land tax was levied in the land wherever the

44- Abu Yousof, p 44.

land was considered «Fay», «Waqf», i.e., for the whole Moslem community, and the Moslem continued to pay it. Instead of the poll-tax, the convert incurred a new obligation, that of the Zakat.

From the very beginning taxation varied according to the nature of the soil and the system that has prevailed in that locality under the old rule, whether Byzantine or Persian; it did not necessarily depend upon the acquisition of land by capitulation (sulhan) or by force (anwatan) nor upon any legislative act on the part of Omar. The last two terms used to explain the variation in taxation, like wise the distinction between jizya as «poll-tax» and the Kharaj as «land-tax», the differentiation implied in Jizya and kharaj was not made until the time of the late Umayyads.

Al-Kharaj was paid in installments and from the products of the land and from cattle, but never in the form of wine, pigs and dead animals. Jizya was paid in a lump sum and as an index of lower status. The later was generally for dinars for the well-to-do, two for the middle class and one for the poor. These taxes applied only to the able-bodied; woman, children, beggars, monks, the aged, ... etc. The movable property and prisoners won as booty constituted «Ghanimah» and belonged to the warriors

as hitherto, but not the land. The land as well as all money received from Fay⁴⁵, belonged to Moslem community as a whole. Cultivators of Fay' estates continued to be bound to pay lands tax even if they adopted Islam.

All such revenues were deposited in «Bait-Al-Mal» and whatever remained after the payment of the common expenses of administration and warfare had to be divided among the Moslems.

3- Othman Ibn Affan, The third Khalifa (23A.H/644A.D 35A.H/656 A.D) the successor of a great mekkan family of the Banu Umaiya, Othman was a rich merchant and an accomplished man of the world, tradition represented as a modlle of beauty and elegance. His indolent character, which was accompanied by a very living faith, is another feature ascribed by tradition to'Othman and it is unlikely that we have here an invention intended to excuse the inaction of this khali-fa against his lying officals ; just because lack of energy and initiative is evident, in Othman from the very beginning of his career, this defect must have been a real one.

Othman followed the same general policies as had Omar, but he had a less forceful personality than his predecessor he continued the conquest that had steadily increased the size of the Islamic Empire, but the victories now come at a great cost and brought less booty in return. «The occupation

45- Al-Mawardi;Al-Ahkam Al-Soultaniyah, ed.M.Enger,(Bonn.1853)
pp. 217-45 .

of Armenia, a series of expeditions along the north coast of Africa, into Nubia, into Asia Minor, and by sea into the eastern basin of the mediterranean ... Nevertheless the booty produced by these expeditions was perhaps not so great as had been hoped; beside, Othman this is another of the grevances against him-instead, of assingning it entirely to the soldiers, reserved a share for his governors and for the members of his family , by developing the system of fiefs (Katâi') which Omar had already made great use of⁴⁶.

Othman thought he could obtain the same results as Omar made before by using officials connected with him by ties of blood, he was unsuccessful; the parts were reserved and it was the Khalifa who was under the influence of his relative. Indeed the diwan system instituted by Omar demanded that plunder taken in war should increase steadily in perpetuity , the regular reciept from the taxation of the Ahl-Al-Dhimma (Zimmi) not sufficient for the new recruits who has tened to the provinces from the depths of Arabia. Regardless of the bad way in which Bait-Al-Mal was used and distribution of its revenues to X or Y , « In any way Othman incapable in himself , was also badly adviced and the Ummys, whom he had overwhelmed with riches and honours, thought more than of their relative in the hour of danger.»⁴⁷

46- Encyclopedia of Islam, p.1009.

47- Ibid, p 1009 .

4- Ali Ibn Abi Talib: The fourth orthodox khalifa (35 40 A.H.) (656-661 A.D) , was a cousin and son-in-law of Mohammed. Alic received the surname Abu Turab from Mohammed, whose doughter Fatima he married. He embraced Islam at an early age, after khadiedja, He was the first Muslim.⁴⁸ Ali accompanied Mohammed in the battles of Badr, Uhud, Al-Khandak(the ditch) , and in nearly all his expeditions , except that of Tabouk, during which he had the commands at Madina in the absence of Mohammed, he himself conducted Fadak expedition against the jews.⁴⁹ The party he represented, Ahl al-nass wal-Tâyin,⁵⁰ had stoutly averned that from the beginning Allah and his prophet had clearly designated Ali as the only legitimate successor⁵⁰. Since Ali was acknowledged as Khalifa, he faced all the cumulative problems that had arised in the preceding periods espically Othmans period. When Ali administrated Bait al-Mal , Aqeil, son of Abu Talib, left his brother, Ali, and sought Muawiyah in hope of wealth. This was not because the cammander of the faithful was stingy, for he rivalled the wind in generosity and openhandad, He used to spend his time and his money in alms and good works, All his revenues from his properties, but Aqeil wished for more than his share from the common treaury, which the integrity of the commander of

48- (Buraida b. al-Hussaib, according to Abu Dahrr, al-Mikdad, Abu Said al-khudari ... etc.)

49- Op cit.

50- Hitti, p.179.

51- Ibid.

of the faithful did not sanction .⁵²

His activity and his rest were entirely (devoted) to God, he did not implement the interest of any individual. He neither took nor gave save in equity and justice ⁵³. He said to his brother Aqeil refusing «My brother, you have no claims on the treasury apart from what I have given you. But wait patiently, till my revenues come in, when I will give you from them what you want»⁵⁴.

After the battle of the Camel, «Then Ali allowed the people to bury the slain -amounting to 10,000 on both sides ordered that the spoils be collected, brought them into the cathedral mosque of Basrah, and made proclamation to the people that who ever recognised any of his kit might take it⁵⁵. And he recommended to his deputy Camil, his collector tax at Okbara saying: «You are forbidden to lay your hands on the cultivator's clothes, both Summer and winter, or article of their daily sustenance, or cattle used in cultivation or, their household efforts, and don't hit any of them for a Dirham and asked him not work for a Dirham, dont sell for any of them anything of Al-Kharaj, we been asked to get mercy of them.»⁵⁶

This letter was sent by Ali to his Tax-collectors all

52- Ibn Tabataba; p 67.

53- Ibid.

54- Ibid.

over his region to be a guide for them whenever they collect obligations. This was very famous about Ali, that he used to clean Bait-al-Mal every day and leave no single Dirham, he used to distribute all money in alms-giving, and for the needy, and indigents, and the wayfares. Further information about his administration is cited in his famous letter to his deputy in Egypt Al-Ashtar al-Nakhaie⁵⁷. In this letter he ordered his deputy every single thing, his function as a leader, his authority and responsibility, how to govern people and their affairs, functions of the governor offices of public affairs, defence, distribution of Sadaqa and other revenues, Tax-collecting, participation in decision making, Justice, etc...

In the year 40 A.H. 661 A.D. early one morning while praying in a Mosque at Kuffa in Iraq, Ali was struck with a poisoned sword by a kharijitic, two days later Ali died and was buried near Kufa.

III The Following Periods.

A- Umayyads State: administration under the Umayyads; at the head of the province stood the amir, or wasali, who was appointed by the khalifa and changed with every change in the monarch, Generally, he would be the leadership in

57- Asharief al-Radi, Nahj Al-Balagah, and later commented by Ibn Abi-Hadid, v.5, pp 23-95.

prayer, with which he might sometimes combine the function of revenue and administration (Kharaj) . But generally there was what called Sahib-Il-Kharaj, who was independent of him and communicated directly with the khalifa. The amil was responsible for the revenue and increased in importance, his rank came to be equal with the amir, and sometimes the treasury officier had greater power. The governors had powers to appoint subordinate officials, including those who were kept to continue the business of the old revenue system. The tribal chieftains and village headman were in the majority of cases held responsible for every thing in general and payment of taxes in particular. The work of collecting Taxes remained with the officials of the old regims, likewise the revenue system remained in Syria, what it was before the coming of Islam, and the tax list remained in Greek . Similarly in Iraq, at Kufa and Basra, there were two diwans, or tax registers, one in Arabia and the other in Persian. The former for Arabs and the Persian and the purposes of revenue due from the native inhabitants, continued in persian till Al-Hajjaj Ibn Yousof changed into Arabic.

According to Maqrizi, the Egyptian revenues registers were written in Coptic, In that country whether amir or amil was the chief of the revenue department, the actual work of the financial administration was carried by the Coptic advisors. They divided Egypt into Kuras, or districts, each consist of a chief town or large village with the surr-

ounding territory to be as an economic center. This system continued with the Fatimid period.

Taxation, indeed, was collective, specified groups being responsible for particular amounts . In addition, Jizya, the money and materials received from rent and levies in the province were first applied in the province itself for the payment of troops and officials and the ensuring of necessary military supplies. What remained was sent to the central Bait-al-Mal at Damascus.

The Abbasides State

With the downfall of the Umayyads the unity of the Islamic Khalifa, was broken as hence on wards Cordova became a rival of Baghdad and there emerged two khalifats, the eastern khalifa of the abbasides and the Amirat of Andalusia under the Umayyads at the Cordova. For the system of revenue administration under the Abbasids, that followed in the Sawad, may be regarded as typical. It was divided into two Kuras, each of which consisted of several divisions known as a tassu, Badurayya was the richest, and it was composed of twelve reustaga (rural area) of which the best was that of Al-Kharaj, comprising twelve Qaryas (village). The part of Iraq known as tariq Kurasan (the Khurasan high way) with Baquba as its center, was similarly divided into a number

of tassuj, Another part that centered about wasit had as the revenue unit the Umal, which may be regarded as e equivalent to the tassuj. Like the larger administrative units under the control of an amil, the Kura was not of fixed dimentions, and it could be expanded or made part of others at the will of the central government.

With the weakness of the central governments, various autonomus daynasties were eastablished, e,g,Tohinda, the Saffands, the Ghasanards, etc.⁵⁸

C - Samanid officers

The amirate of the samanids, which that of the Saffarids, was , in fact, the largest independent kingdom that had existed in Persia. Its Capital was at Bijhara.They eas-
tablished very well orqanized diwans, like; the mwstawfi (the treasurer). The chief palace; official was the hajib al-Hujjab, «the chamberlain in chief» who was palced extremely high in the order of precedence and was considered more important than an amil or a provincial revenue officer.

D- The Safawais State.

The Safawis dynasty in Persia which followed on the heels of the Monogol interregnum tried to confirm the Islamic

58- Siddiqi; public finance in Islam , p. 191.

pattern of administration. The Ghaznawids normally made the wali himself responsible for the revenues, but gave him a sahib-diwan as a financial assistant. Under their predecessors the Samanids, however, there might be an amil in each province who had charge of the finances independently of the wali.

E- The Andalusia State.

From the beginning the policy followed by the Arab conquerors in the treatment of their subjects in Spain was not fundamentally different from that pursued in other conquered land. Jizya, levied on Christians and Jews only, varied between twelve, twenty-four and forty-eight dirhams a year according to the economic status of the payer. Women and children, the aged and distitue as well as monks and people afflicted with chronic diseases, were of course exempt. Kharaj averaging about twenty per cent of the yield, was also collected from Moslems and non-Moslems, but, unlike the Jizya remained unaffected by the conversion of the tax-payer. Of this confiscated territory, however, one-fifth was appropriated by the state. Commerce and agriculture consequently flourished and the source of income for the state were multiplied. The royal revenue amounted to 6,245,000 dinars, a third of which sufficed for the army and a third for public works, while the balance was placed in reserve ⁵⁹. Never

59- Ibn, Khalikan; vol iii p ,413,.

befor was Cordova so prosperous, al-Andalws so rich and the state so triumphart.

F- The Fatimid Administration and Diwan

The Fatimds left the details of administration to a number of ministers and diwans, of which some were concerned with the palace and others with the state. The vizer was the chief personage in the state after the khalif, being in charge of all the civil adminstration and the finances. Of the ministries, the diwan of the majlis was primarily concerned with the privy purse and civil list, keeping account of all gifts customairly made by the sovereign at established seasons, and of all allowances made to members of the royal family and its retainers, but also keeping a record of iqtaat, the grant of land made on guarantee of an annual return of revenue to the treasury.

The various departments of the public treasury «Bait-al-Mal» were under the control of the diwan al-Nazar (ministry of supervision) whose director had power to appoint and dismiss subordinates, there existed still another financial department of the state, the diwan al-Jaysh wal Rawatib (the diwan of the army and the Emoluments) , which , as its name implies, war primarily and army pay office.⁶⁰ It had to charge of the muster rolls; keeping a record of all men on the active service list and of all who for any reason fell out;

it had the ordering of equipment and descrrations, and kept a register of military fiefs and of all who drew pay from funds assigned to military purposes. In his latter conect-ion the emoluments of different officals are mentioned; the vizier is shown as reciving 5,000 Dinar per month, while the officer next in importance the direttore of the palace, the treasury, the bearer of the state parasol, etc, recieved only 100 dinars.

G- The Othman Empire

The system had used in this period is the diwan's system , in which, the Grand vizier minister was the most important functionary and supervised all its affairs, civil, military, financial and political. Further , the grand vizier held the seals of the sultan, had power to enter the treasury in case of need, saw to the policing of the capital, and during the frequent absence of the prince in war, presided over the diwan . Under Sultan Murad IV, the diwan was composed of the grand vizier, the Mufti , the Qapudan Pasha(the grand Admiral) , and the daftardar (the chief financial officer).

An official known as the Daftardar was employed , even by the earlist of the Ottman Sultans.Later, the number of dafardars increased to four, but finally on centralization

of the administration, only one daftardar remained as grand treasurer. He received nightly an account, which he communicated to the grand vizier, of each days transactions of the public treasury, though perhaps his most important duty was to ensure that the troops in the capital received their pay at the due date.

CHAPTER 5

REVENUES OF BAIT-AL-MAL

This chapter will cover the first part and step of the financial process of Bait-al-Mal, as the financial process is not more than the way of financial and non financial acquisition, sources of these money , and their expenditures. Financially speaking the inflow and outflow process of money, inflow might be cash and non-cash, like money, gold, silver, land, or any possible asset, and the same with the outflow. In this chapter also we will be dealing with the nature of each item of the sources and the rules which govern each of them.

Revenues of Bait-al-Mal are subject to the lawful and unlawful principle in Islame. Money which are generated by lawful trade or investment are acceptable. If money comes from interest rate or alcoholic trade, these are considered unlawful, thus unacceptable, regardless the article of trade is. It could be a result of monopoly or any unlawful action. These money are not acceptable as revenue of Bait-al-Mal , So, first all revenues should be lawfully gained (halal) . Second; revenues are acceptable in Bait-al-Mal whether represented in cash or non-cash. Bait-al-Mal accept all kinds of revenues; money,land, minerals(silver, gold, ect) cattles, services sometimes are acceptable,example; those who cannot afford to give financial help may give

their personal services in lieu. This contingency would only arise if the state does not possess available funds in the public treasury.

An important question :raise itself here, is it possible that Bait al-Mal can accept any more huge quantities of cattles, corp, silver or gold? This question can be easily answered. The common exchange article between people is money . So, each person can predict or can ask, how much this camel is worth: this piece of gold or silver how much is it worth in the market? Then payment would not be a problem any more. Everything have a price, whatever the article is. But financial contribution is a preferable aspect. «For such financial contributions there is also the precedent of the prophet who asked for financial help on the occasion of the battle of Yarmouk which was generously complied with the Muslim»⁶¹ Ibn Hazm has dealt with the property of the state financial contribution on its well-to-do inhabitants in order to meet the needs of the poor and the provided the ordinary resources of the Treasury are insufficient to meet this change. He advocated the use of force if some resisted payment especially those from the wealthy class. According to him the verse «Give to the relatives their right and to the poor and the wayfarers». Is a clear for improving the extra-Shariah taxes when necessary». ⁶²

61- Ibn Hazm Moqalla. v.6.p.156.

62- Ibid

It is relevant to mention in additional saying of the Khalifat Ali which had been related by Ibn Hazm. The Khalifat reported saying « The right of the poor in the wealth of the rich is limited to the amount which may supply the needs of all the poor and hence if the poor are hungry or in tatters, the cause is the negligence on the part of the rich» .⁶³

I-CLASSIFICATION AND DESCRIPTION OF REVENUES

The Islamic conception about classification of the revenue, follows the religious structure and character of Islamic state. Many trials for classification were done by many writers, like J.S Mill who attempted a division between «Necessary » and «Optional» Revenues and expenditures, but where the Necessary begins and the others ends⁶⁴.

Here is no vagueness in Islamic classification. On contrary, it is scientific and simple, In Islam the revenue of Bait-al-Mal which is derived as sadaqah or non sadaqah source or in other words, from the Muslims and the non-Muslims in non-Islamic state, the Muslims send their obligation to the Islamic state or an agent (Religious person usually called Imam) represents the Islamic state in their homeland.

63- Ibid.

64- Siddiqui p 250.

A. Al-Zakat: The corner-stone of the financial structure in the Islamic state is Al-Zakat. Other than its financial importance, it is one of the five pillars on which the entire structure of Islam is built upon. It is next to prayer the most important religious duties Muslims are obliged to. Its importance (Zakat) lies in the fact that in 20 different verses quoted in the Quran, the order to perform prayers is followed by the commandments and obligation regarding Al-Zakat. Quotations from the Quran, «Establish worship, pay the poor-due, and bow your heads with those who bow (in worship) .⁶⁵.

There are many verses in Quran mentioning the importance paying of Al-Zakat.

According to the first khalifa in Islam differentiation between prayers and zakat, where as, prayer is a duty on Muslims for his linkage with God, and Zakat is a compulsory tax levied by an Islamic state on the members of the Muslim community. It is leviable on Cattle, articles of trade and every production of the soil. The rate of Zakah is applied on articles of trade as well as on gold or silver. The same applies to transaction relating to sale and purchase of horses, which is considered a business. However, no Zakat is leviable on vegetables which are perishable and hence are

65-Quran the cow, 43, p. 37, 116, p. 43 the light 56.

exempted from the operation of Zakat. No Zakat is Leviable on instruments, residential houses, clothers, household affects, conveyance, precious stones and other objects , which are not capable of production or increase . Zakat is levaible on things which have the capacity to cumulate: a capital which is capable of being set aside for the production of future wealth. It is not leviable on wealth which has no capacity for growth. etc..

Zakat is levied on a yearly basis, this «assessment » period of 12 months is in conformity with the ordinary business or governmental practice of all civilised peoples. In the eyes of God, the calculation of months is 12 months, the day God created the earth and the heavens»⁶⁶ This period facilitate all kind of business and articles of trade even for various animals on whom Zakat is due.

Zakat can be defined technically as « the giving, as an act of piety, of legally stated portion of one's property to a poor Muslim who is not of the Hashim family or their clients in such a way as to preclude for the given any sort of benefit» .⁶⁷

Zakat becomes an imposed obligation when an individual

66- Quran , Repetance.

67- Ibn B.M. al - halabi , Majma ; 157 .

is in possession of full ownership of a productive (minimum) of property. The Prophet said to Muaz: «Tell them that God has prescribed for the Sadaga to be taken from the rich among them in order to be given to the poor. Since, however, wealthiness results from the possession of definite quantity of wealth, this minimum quantity is termed nisab'. The nisab becomes a cause of Zakat only when it is productives, for zakat is a contribution set a part from superfluous property. The Quranic verse: «And they shall ask you as to who they shall bestow in alms; Say, the superfluous»⁶⁸

It is necessary that nothing should happen to dissolve the nisab during the cause of the year, such as dissolution of the nisab on the year has the effect of creating a new nisab and the year is calculated from the date of the dissolution of the old nisab. The nisab should be completed in the beginning and the end of the year and should not disappear altogether during the course of the year because the year starts from that point and its completion at the end of the year is necessary to enable the levying of the Zakat. It is obvious then that the nisab necessarily disappear altogether during the course of the year as in that event it will constitute a break.

The following conditions must be fulfilled before and individual is subject to Zakat:

1. Responsibility is held upn those who have reason/maturity.
2. State of Islam, because the payment of Zakat is an act of worship and as such it is a valid performance by a Muslim.
3. Freedom of person in order that the provision in the definition of Zakat concerning the transferring of ownership by the Zakat prayer to own any property.⁶⁹

. «If , however, only a part of the nisab has been destroyed, then only its share of the Zakat since the rest can tstill pay Zakat. If for example, out of 130 sleep all but 40 are destroyed. there will still be due a Zakat of one sleep on the 40. The rule in this respect is that the part destroyed is applied first to the asu i.e., the surplus over the nisab which does not pay Zakat, and if it does not cover the afu entierly, the amount of the Zakat to be paid is not affected since the nisab has been left in fact. But if the destroyed part more than covers the afu and runs over into nisav, the excess over the afu is applied to the various nisabs successively.

beginning with the nisap next to the afu until the first nisab is reaced. or instance, if 15 out of 40 camels were deceased, the various nisabs begin 5,10,15,20,25,36,and 46 camels and the intervals between those numbers being the respective afu, the 15 camels be are aplied successivly to the nisab of be a bint makhad Sidial S.A.Public finance in Islam pp36-37

On the contrary, the Zakat of gold and silver and articles of trade, are due on their commercial value, such, in the articles of trade the meaning of productivity is considered with reference to their value, just as in the case of Sawaim animals which is considered with reference to the animals. The classes of goods subject to the Zakat of of wealth are:

- a. Gold whether bullion, or wrought.
- b. Silver, wether bullion or wrought
- c. Articles of trade.

The nisab of gold is 20 mithgals and the nisab of silver is 200 dirhams. * The rate of Zakat both in gold and silver is one-fourth of one tenth, or 2.5% . The following saying of the prophet constitute the authority. «There is no Zakat on gold until its value amounts to 20 mithgals,» and «there is no Zakat on silver until it reaches 200 dirhams and when it reaches 200 dirhams, the zakat on it is 5 dirhams .»⁷⁰ After the first 20 mithgals and 40 dirhams is 2 more qirats of gold and 1 more dirhams of silver respectively. If the additional amount after the 20 mithgal or 200 dirhams is below the above mentioned quantities, there is no Zakat on it ⁷¹. Articles of trade, is a comprehensible item. As a matter of fact, it covers every article except gold and silver since every article become an article of trade and Zakat should be paid. For example a piece of land may become an article of trade although ordinarily it is subject

* - see definition of terms.

70- opcit, p 41.

71- Ibid p 41 .

to kharaj or tithe as the case may be , provided there is the intention to trade in it. Any article mechanically becomes an article of trade provided that there is the intention of trade coupled with the act of bear the intention out. The word act as used here includes both commission of an act as well as its ommission.⁷²

The articles of trade are appraised in gold or silver coins as one way , or the other way is to pay advantageous to the poor. There is also Zakat on rental and wages as whenever 40 dirhams have been collected on account of the rental or wages. Their correspondance Zakat is paid.

Only the Sawaim animals specfied in the Sunnah pay Zakat of Sawaim animals and they are camels; oxen, bulls, cows sheep and goats. See table (1)

But from 120 to 144 , the process is started again, according to Hanafites , namely, 1 goat for every 5 camels after the 120th camel plus 2 hiqqahs for the 120. Thus for 125 up to 129, 2 hiqqahs and 1 goat and so on up to 144 and for 145 up to 149 , 2 hiqqahs, 1 bint makhad, and for 150 hiqqahs, After 150 the process of calculation is again repeated from the beginning as follows . From 150 up to 174 , 3 hiqqahs plus 1 goat for every 5 camels after 150th; from 175 up to 185, 3 hiqqahs plus 1 bint markhad; from 186 up

to 195 , 3 hiqqahs plus I bint laun; from 196 to 200 , 4 hiqqahs or if the owner pleases, 5 bint labun. The same applies to every 50 camels after the 150th, namely, for 205 up to 209 , I goat together with the 4 hiqqahs or 5 bint labun.

Zakat on sheep and Goats.⁷³

There is no zakat on fewer than 40 heads of ghanam, whereas upon 40 and more up to 120, the zakat is I shat. It is a generic term applying to sheep as well as to goats. Upon 120 and more up to 200, the zakat is 2 Shats, and upon 400 and up to 499 the Zakat is 4 Shats, upon 500 and up to 599 , the zakat is 5 shats and so on, at the rate of I shat for every additional 100 heads after 500, fractions being neglected. In reckoning up the nisab , the sheep and goats are counted alike, In the payment of their zakat, however, the youngest ghanam which are subject to zakat and are accepted in payment are Tahanis, i.e., I year old ghanam and young Jadhaah, i.e., young ghanam under 1 year and above 6 months of age.

In the case of zakat of ghanam both sexes are acceptable for payment as zakat. When the sheep and goats are mixed together, they are to be counted indiscriminately in reckoning the nisab; when , however, two species are mixed, the Zakat, is taken from animals of average value.

zakat on oxen , bulls and goats

Cows is a generic term meaning the whole bovine genus, both male and female .Buffaloes are considered species of Baqr, and upon 30 and more up to 39, the zakat is 1 tobi or 1 tobiah, i.e, one male or female calf in the second year and upon 40 , 1 musin or 1 mussinah, i.e., 1 male or female calf in the third year.

The following makes the position clear:

Up to 29 nil, 30 to 39, 1 tobi or tabiah, i.e., 1 male or female calf in second year 40 to 59, 1 musin or mussinah i.e. 1 male or female calf in 3rd year 60 to 69 , 2 tabias or tobiahs; 70 to 79 musin or mussinah, and 1 tobi or tobiah; 100 to 109, 1 musin or mussina and , 2 toi up to 110 , and 119 , 2 musin or mussinah and 1 tobi or tobiah; 120 up to 129 , the zakat is 3 musin or mussinah or 4 tobi or tobiah and so on. After 60 , the rate is 1 tobiah for every 30, a and 1 musin or mussinah for every head of Baqan. In the intervals between successive multiples of 30 or 40 both for every additional 10 heads a musin or mussinah is substituted for the tobi or tobiah.

Tithe is the zakat upon any production from the earth it is levied on property owned by minors, in same persons, waqfs...etc. The authority for the tithe is the Quarnic verse : «And on the day of Harvest give its right».The prophet

said; « the land irrigated by rainfall, streams or rivers shall be charged one-tenth of the produce, and the land, irrigated by well one-twentieth.»⁷⁴ The tithe is due only when there is a production. One-tenth, one twentieth in either cases, the rate applies before deducting the expenses of cultivation. The tithe is also due on the land which is not owned by any one, also on the fruits that have grown in wilderness. Tithe is due on the production of waqf lands as well as on the lands belonging to the minors. the insane, the makatabs the slave who have permission to trade, and the indebt person. Tithe is charged upon the production land and , no matter who the owner is.⁷⁵

Zakat al-fitr: (zakat at the end of the fasting days) is meant to be an obligatory gift of provisions at the end of the month of Ramadan, this was 'as a Sunnah ordered by the Prophet in the year 2A.H. a fixed ,amount, however, the fixed amount certainly not historical, The view which have finally prevailed, that the zakat al-fitr is obligatory and has to be given by every free Muslim for himself and all persons whom is legally bound to support on the first of the month Shawal which follows Rammadan.⁷⁶

74- Bukhari ch zakat.

75- opcit.

76- Shorter Encyclopedia of Islam p 656.

B - AL-JIZYA (poll-tax)

The word jizya is derived from «Jaza» meaning compensation, requited for good or evil. The tax taken from the Zimmis, charged as a money for the protection and services given by the Islamic state.

»Zimmis has the right to keep his land and all the rights connected with the ownership of the lands are retained e.g., rights of sale, mortgage, inheritance.. etc. The amount of Jizya will be fixed after taking due account of their financial conditions the rich paying a higher rate than the middle class and the low classes. Those who are not in a position to pay, such as beggars, or those physically incapable, etc., are exempt from the levy. Though no fixed rate have been laid down. Some scientists mentioned the rates of:

Rich	1% per month
Middle-class	0.8% per month
Poor	0.4% per month

Jizya is levied on those who are capable of bearing arms. Women, children, blind, maimed, recluses, old man, slaves and slave girls, etc. are exempted. Jizya is leviable for the protection of the nonbelievers against their enemies, but Zimmis are not liable to conscription. If however, Zimmis render military service, their jizya is omitted and they are given full pay and allowances for the

service rendered. As already mentioned jizya is either imposed by agreement and treaty, in which case the amounts fixed with reference to the term of the treaty and may not be changed later, or it is imposed by the Imam upon the population of a district conquered by force of arms.⁷⁷

When, however, Jazzia is imposed by the Imam upon the population of district conquered by force of arms, the yearly rate for the rich is 48 Dirhams, for the middle class half of this sum and for the poor, who can earn their living, one fourth of this sum. As regards the classification of the population into classes, rich, middle and poor, it is stated in Al-Twahi that the person who owns, 1,000 Dirhams and upwards is rich, the person owning from 200 upwards is middle class and finally the person owning less than 200 is poor. According to others, however, the person who needs to work in order to earn a living is poor, the person who though having possessions works belongs to the middle class and person who owns enough to afford to be idle comes under the category of rich.⁷⁸

We have already mentioned that the three rates of Jazaya are equivalent to Rs.48,24 and 12 per annum.

77- Al-Mawardi, pp. 249-50 .

78- The author of the Ikhtiar believes that this point should be settled by the State on the basis of the particular conditions prevailing in each locality.
Al- Balazry v.l.p.71.

After Tabuk battle the Prophet Mohammed changed the amount of Al-Jizya, one dinar for each aged person (mature)

Finally it is necessary to mention the humiliation attendant regarding the payment of Jizya. The Quranic verse which provides a complete issue about the payment of Jizya has some times been interpreted to mean that the tax is intended to humiliate the Zimmis at the time of the payment of the tax. In fact, the verse is «Until they pay by their hands the jazya, in humiliation ⁷⁹» refers to the submission of the infidels to the Muslim rule, which is inherent in the conquest of the country of the unbelievers by the Muslim army. Jizya must be collected at the beginning of the year, but is calculated at the end of the year, two or three days before, there are many points of view, however, this can be decided by the Imam of the Islamic state, or by the state.

C- AL-KHUMS (ONE FIFTH)

Al-khums is one of the Islamic treasury revenues. It is a part of the Booty revenue. This body revenue is divided into unequal parts: one fifth goes to certain people, and four fifths are subdivided after the battle among people or warriors still living. But Booty could be derived from different sources. its Arabic word is (al-Ganiemah) or the profit and interest. «Al-Sheikh according to Hakim prayer

79- Quran, the Repentance verse 99 (In the Islamic state only)

caller of Bani Issa according to Abi Abdullah al-Houssain; said «I said: whatever Booty fall into your hands, one fifth thereof is for Allah, the profit?» said: «Honor to God it is the interest day by day.»⁸⁰ So the fifth is leviabable on the following: a) Booty from war, b) mineral, c) scoopdiving, d) profits of articles of trade, Industries agriculture, e) treasures, f) Zimma land of bought from Muslim g) and any fullaction mixed with any unlawful one that cannot be distinguished.

a) One fifth of the profit or interest means 20% out of the net profit. This amount must be due by the end of the year, regardless the turnover period. khumms is supposed to be given to the state or the Imam and there must be divided according to its expenditures as mentioned in Quran: «Whatever spoils fall into your hands, one-fifth thereof is for Allah, the prophet, his relations, the Orphans the poor and the waifares.»

As body or spoils of war, which taken a Ghanema from infidels in a battle by the powerful true Muslims. Majmah Al-Bahrien said: «Al-Ghanimah originally is the gained interest, but by concensus what taken from infidels unforcedly is considered «fag», and what is taken by force considered spoils or Booty, but I said: But All-Fwkaha and other

80- Al-Hally - Book of fifth by IMam Al-Sayed Abd Al-kareim al-Khan, p 11.

said: what is gained without the Imam permission and order, it will be part of Al-Anfal and its belong to IMam, others; gained in his presence in purpose of state defence will be considered booty and is subject to khums »⁸¹

b) Minerals are different in kinds and quality , mostly what is considered as mineral are those that are exctracted from the earth, like, copper, brase, irn mercury, godl, silver or what is considered «Rikkaz» like Al-Jagiliah treasures and Iraq minerals , sulfer, and oil. According to Ibn Alathier the Book Al-Nehayah said in Al-sadaqa speech:«There is khums in Al-Rikkaz»⁸² and its nisab(mineral) is 20 dinars»⁸³.

c) Scoop diving This is the sailors job and those who are interested in diving and looking what is under the water sea, like pearls, antiques, lost gold or silver, and sea animals, all these or any else can be extracted by diving is subject to Al-Khums . Nisab of diving one dinar or if the value of the thing extracted amounted by one dinar is subject to Al-khums.⁸⁴

d) Profits of articles of trade , Industries agriculture; articles of trade applies to everything, every article except gold and silver which are subject to Zakat.

81- Ibid, p. 6

82- Ibid, p. 13.

83- Ibid, p. 17.

84- Al_hally , Sharie , Al-Islam, v.1, p. 180.

Technically any article would one of trade if there has been with regard to it an intention of trade coupled with an act to bear the intention out. The work act as used above includes both commission of a act as well as its omission. The same would be applied on Industry, but should be lawful industry. Whereas, all kinds of agriculture are included except those who are mentioned in al-Zakat, as these are subject to Al-Zakat pay, The profit is considered as the following: at the end of the business year, the person calculates his expenses and his total revenues, then he will get the profit after all business operations. He calculate or can except his needs through the year, then he subtract the expected figure from the total profit after all business operation, net profit is concluded. This net profit is subject to Al-Khums which is divided by 5, so Al-Khums is one-fifth of the net profit or 20%.

e) Rikaz(Treasures) The treasure is supposed to be money gold or silver burried underground, usually gold or and silver. It is conditional to the following: It must have the ability to stay underground for a certain time, the action of burying should be planned ⁸⁵. It is subject to a nisab tof 20 dinar.⁸⁶

85- Opcit,p.189.

86- Ibid, p, 197 for more details see pp.188-256 the same reference.

f) The 'zimmi land if bought from Muslim: In case any of the zimmi people, who are inhabited in the Islamic state bought any peice of land from a Muslim this land is subject to Al-Khums. This piece of land could be plannted or inhabited, whatever the case, each one has its conditions.⁸⁷

g) The lawful mixed with unlawful.

Any lawful thing mixed with unlawful is subject to Al-Khums in order to be lawfu, and is conditional to the following: «His owner is unknow and its quanitiy, or his owner in unknown but its quantity known, or its quantity is unknown but his owner is know, or hi s owner is known and its quantity is known too»⁸⁸

Was a bräef veiw about Al-Khums and its parts, and the articles it deals with which are subject to the revenue of Bait-Al-Mal .

D- Al-Fay: It is Booty revenue, or property taken by Muslim with agreement from infidels without war. This case had place when the jews (bannu Al-Nather) broke the agreement with the prophet Mohammed. The prophet blocked away their castles and villaged until they left their villages empty handed, because they refused the alternatives which had been offered by the Prophet Mohammed.

So, Al-Fay, is the lands in particular and money in

87- Hally, Sharie , Al-Islam, vl pp 180-81.

88- Opcit , p . 411 for example , the milk mixed with water

general and other things which fall into the hands of the conquering army without actual warfare, This property is clarified to whom it belongs as mentioned in the Holy Quran in the following verse: «Whatever Allah has given to the prophet for the acquisition of which you have not used horses and camels , but Allah gives power to his Prophet over whom soever He whies, and Allah control everthing , hence such propert, which Allah bestowes upon the prophet as fay, is for the benefits of Allah, the prophet, his relation, the orphans, the poor and the wayfare-
rs so that it may not circulate among your well-to-do persons only». ⁸⁹

According to Ibn /Abaas : God revealed «Whatever Allah had given to prophet from inhabitants of the villages...» the verse is about infidels of villages, money , and property. These are for Quraيسان and Banu al-Nather in Al-Madena , Khaibar, and Arina, Yanbou Villages , these properties were given to the Prophet from God to govern them⁹⁰. This revenue also has its own purposes and beneficiaries. It is mentioned in the above Quranic verse, and there are many verses in the Quran mentionning about the Fay distribution , which will be dealt later on whether in the distributions chapter.

89- Quran, theEvile 7 .

90- Tabatabai, Moh; Al-Mizan fi Tafsir Al-Quranv.19.p209
Banu Al-Nather, part of the Madena inhabitants they.

Thus the ~~fat~~ay and its property obtained without fight, form an important source of revenue of the Islamic state and its Bait-al-Mal.

F- Al-Anfal:

Allah has mentioned it in sura VIII, the Anfal, Allah named it Anfal because it made an increase in the wealth of the Muslims. God says: «And know that whatever you acquire, a fifth of it is for Allah and the messenger and for the next of kin and the orphans and needy and wayfarer, if you believe in Allah and that which we revealed into our slave on the day of Discrimination, the day when the two armies met. And Allah is able to do all things».⁹¹ Al-Anfal as an Arabic word is the plural of (Nafel) it has the following meanings: Booty revenue, grant, increase... etc. Also it means and is used as when you pray more than enough, or additional prayers than required; it says, Nawafel Al-Salat In the Holy Quran also it says: «They ask thee (Mohammed) of the Al-Anfal . Say Al-Anfal belong to Allah and the messenger, so keep your duty to Allah, and adjust the matter of your difference, and obey Allah and his messenger, if you are (true) Believers»⁹².

So Al-Anfal is a property of Allah and the messenger.

91- Ibn Taimiyya.

92- Quran , Al-Anfal, verse 41.

«They said All Al-Anfal belong to the Imam transferred to him from the Prophet because he is the Khalifat and his inheritance». ⁹³ That what Ali Ibn Abi Talib said «Al-Anfal is the right of the Imam, especially money (Al-amwal), the same as it was for the prophet, and they are five a) The land owned without warfare whether left by their inhabitants or by agreement, b) unagreguted land whether owned by their owners and then of them is existary more, or not owned originally like, seaside, c) Zeniths of mountains, and deep valleies. hills and forests, d) all what is related to (Dar-AL-Harb) enemy land whether transferred or non-transferred, but must be not taken from Muslim or Zimmi (Muahed), e) whatever the imam want to take from the Booty before any division» ⁹⁴.

F-Al-Kharaj Wa-L-Mogasamah: Kharaj (land-tax) ; A word derived, via Syria from Greek XOPRYUIA, but attached by the Arabs to the native root kh.r.d., contrary to its original meaning, the word seems in the current usage of the near east, to have devoted «fex» in general, and is in fact found with reference to various specific taxes. Arabic technical and legal literature uses it more specifically, at least in the period before the formation of turkish states, in the sense of land tax. ⁹⁵

93- Ibid, verse 1 .

94- Al-Hally, vl, p. 183,

95- Islamic Encyclopedia v iii, p, 1030 .

so, this word denotes the revenue derived from a peice of land or slab, while technically means the tax imposed on land the categories of land on which kharaj is levied according to the kind of kharaj, they fall under two broad divisions: the proportional Kharaj (MOqasamah) , and the fixed Kharaj,.

The fixed kharaj is a fixed charge on the gorund at so much of natural producr or money per unit area or per tree. It is important to rote in this connection that kharaj is levied on land irrespective of whether the owner is minor or adult, free or lave, Muslim or infidel , and consequently if the Zimmi owner of the land accepts Islam. Infact , there was a mixed system in many provinces. i.e. proportional payment in kind was imposed on certain products of the ground (expecially grain) , while others were taxed on a monetary basis. Moreover, even in the case of payment in kind , it was allowed , by means of a table of equivalences (tasir), the substitution , at least in certain cases, of one product for another . The system of payment in kind had various names, the most general being mukasama «sharing», that of kharadj itself. At the same time others especially those which are connected with a particular technical term or usage (in Egypt, mufadana, taxation by faddan) , meaning taxation in kind generally .

In fact, muqasama brought the tax-payer into the same status as the share-cropper, especially the share-cropper on state lands, because the latter always paid his dues to the land lord (state government) in kind on a basis of proportional sharing out. It is possible that the muqasama system spread pari passu with that of the military ikta, since in general the wkfa was a person already accustomed in some circumstances to control property exploited by metayaage, and found the direct delivery of grain useful for many purposes especially his animals.⁹⁶

In regard to collection of taxation in kind, it happened often of the corp to sow for the following year, he might then be lent, perhaps as a simple uduana, a quantity of seed (takawi). A tax paid in kind is narrowly dependant on the harvests and would be naturally paid according the solar year, but in the case of tax-farming by contract or of a fixed amount the exchequer made as many as possible of its demands by the inner year, as with all other taxes not linked with the land. It appears also that payments were often made not all at once. Apart from this, the taxes levied in kind or in cash on cultivated land were naturally paid over at different times as the corps ripened at various times.

Kharadj was assessed in three main ways, by masaha (area)

96- Ibid, p. 1032.

magasama (sharing), and mukataa, these methods, known in the early centuries, continued to be used down to modern times. Under the first the amount due was based on the measurement of the land. Under the second it depended upon the crop yield, while under the third the tax was compounded for a lump sum in cash or kind or both, and did not vary with the area sown or the amount of the crop. Usually only the land sown was taken into account, which practice was sanctioned by the tradition « no Kharadj on land in a bad (ruined) condition », and the tax demand was based on the average yield from good, bad and medium land. However, there was difference of opinion among the jurists on the matter of land not cultivated as the number of years it had been planted being taken into account. The quality of the land was also taken into account. « Nasir al-Din Tusi asserts that under just kings in the past valuation (harz) had replaced other methods of assessment. They had ordered the tax to be assessed in kind at the rate of 10 % or 5 % of the annual produce of land and gardens, ... » ⁹⁷

The Jurists were generally agreed in the early centuries that the Imam could increase or decrease the rate of kharaj according to the ability of the land to pay and the taxable capacity of the land to pay and the taxable capacity

97- Ibid, p. 1037.

city of the land to pay and the taxable capacity of the payees»⁹⁸. In regard to the fixed kharaj the rate adopted by the khalifa Omar on the lands of Sawad in Iraq constitute the basis and may not be generally sugmented. See Table (2)

It is equitable to return to the farmer the cultivation expenses but in any case the kharaj must be remitted» This illustrated by the orders given by the khalifate Ali to the collectors of tax at Ukhana: «You are forbidden to lay your hands on the cultivators clothes, both summer and winter or articles of their daily sustenance, or cattle used in cultivation, or their household effuts ... and do not sell any thing belongs to them for Al-Kharaj.»⁹⁹ That was no spect of mercy from the khalifa towards his people which Islam in genral aims to attain.

That was an important source of revenue of Bait-Al-Mal. Beside all those sources of revenue we had mentioned, there are many other sources that has to be mentioned , but not detailly. They are not less important than what we had mentioned before; and we will deal with them under «Miscellaneous sources of revenue.»

II-MISCELLANEOUS SOURCES OF REVENUE:

A part from the above mentioned there are several sources of revenues which feed Bait-al-Mal of these are the following. These different sources of revenues of Bait al mal play an importan

99- Ibid, p. 69. Abu Yousef, Kitab Al-kharaj, p. 12.

an important role as other sources too. Those are different in source, in amount, and their dues, whereas, part of them are subject to the capacity and ability of the believer and some of them are not.

A) Revenue from public domain: The public domain consists of the lands belonging to persons who die intestate as well as lands which are unclaimed and have become the property of Bait-al-Mal, because the Imam reserved certain lands for the public treasury, the income derived from this land is called Kara (كرا) (as a large part is leased out to individuals in return for percentage of the crops grown of cash in lieu). Such land is neither subject to Tithe to kharaj named as public domain. » the Imam should go away barrier, unowed lands as jagirs اقطاع, so that they may become cultivated, and in this respect he should take such action as may redound to the benefit of the Muslim community in general.¹⁰⁰

B) Hemma (reservation of Grazing grounds)

This consists the act of preventing the enclosure of wasted land for private ownership in order to ensure their perpetual reservation for common use for grazing, cattle, the prophet said: « The reservation of grazing grounds is not permissible for any one except Allah and his prophet »¹⁰¹

100- Abu Yousof, p. 66.

101- Al-Budhari, chapter Al-Muzariat.

Thus , in such a case like grazing grounds, it will be an asset of Bait-al-Mal and can be used for many services, but not to be sold.

C) Treasure troves are of three kinds:

1. Treasures which bear a sign of Islam;
2. Treasures which do not bear any sign: and
3. Treasures which bear a sign of the pre-Islamic-

age «treasures of the first kind legally are property lost and found (Luktaa) that is, property owned by a Muslim and therefore, are not subject to tax»¹⁰². Treasures of the second and third kind are treated alike on the assumption that they are pre-Islamic origin¹⁰³. Such treasures are subject to a tax of one-fifth (khums), the remaining four-fifths belonging to the person who found them provided the land where the treasure has been discovered does not belong to anyone.

D) Waqf) All property whether movable or immovable which is voluntarily transferred by an individual from his ownership to the ownership of the state for the general good of the community is called endowment of waqf.

F) The following Quranic verse shows us different sources also, (and bestowed upon them of the wealth of Allah which bestowed upon you .»¹⁰⁴ «Lo ! Allah hath bought from

¹⁰²- Siddiqi, p. 114.

¹⁰³- Ibid, -p. 114.

¹⁰⁴- Quran, the light verse 33.

the believers their lives and their wealth because the Garden will be slain »¹⁰⁵, «... and strive with your wealth and your lives in the way of Allah...»¹⁰⁶ «take alms of their wealth, where with thou mayst purely them and mayst make them grow , and pray for them...»¹⁰⁷ «And in thier wealth the beggar and the outcast had due share».¹⁰⁸

We are not going to explain these mentioned Quranic verses, for they clearly refer to God's order of alms-giving and charity for many pruposes that are categorized in each verse.

This is a general vñew about revenues of BAit-al-Mal that cover the source of revenue of this Islamic institution (BAit-Al-Mal)

105- Ibid, Repetance verse III.

106- Ibid , REpetance , 41.

107- Ibid . Repetance , 103.

108- Ibid , the winnowing winds.

CHAPTER 6
EXPENDITURES OF

This chapter will cover the second step of the financial process of Bait-al-Mal . On one hand, we have the cash and non-cash flow to Bait-al-Mal or the flow of funds; on the other hand, we have the managerial finance of collected funds; categorization of each penny that comes to Bait - al-mal , each in its appropriate chanel of distribution. This step will be dealt in the next chapter in details.

I- PRELIMINARY CONSIDERATION :

The financial process of Bait-al-Mal is the expenditure of funds. The Islamic conception about classifiying the expenditures follow the religious character of the Islamic state. The classification of expenditure follows the chief lines that has been determined on the basis of the Qouranic verses concerning the distribution of money whether as a Sadaqat or non-sadaqat. Therefore, it constitutes the guiding principle in the classification of expenditure.

Hence the Sadaqat revenues are appropriated for the beneficiaries as mentioned in the Qouran, and the secular revenue for the secular purposes. Since, in the Islamic state, the expenditure is determined with reference to the Income. In other words certain items of income fall under the category of expenditures. So, befor starting expenditures classification, we will try to focus on the Qouranic verses which

deal with expenditures classification as a basis in this chapter.

The Qouranic verses are the following:

a/ «Verily the sadaqat are for the poor and the needy and those who collect them and those hearts are to be reconciled, and to free the captives and the debtors, and for the cause of Allah, and (for) the wayfarers; a duty imposed by Allah, . Allah is knower, Wise.»¹⁰⁹.

b/ «And know that whatever ye take as booty, lo! a fifth thereof is for Allah, and for the Messenger and for the kinsman and orphans and the needy and the wayfarer, if ye believe in Allah and that which we revealed unto Our slave on the Day of Discrimination , the day when the two armies met. And Allah is able to do all things.»¹¹⁰

c/ «Whatever Allah has given to the Prophet for the acquisition of which you have not used horses and camels- but Allah gives power to his prophet over whom so ever He wishes, and Allah controls everything, hence such property , which Allah bestows upon the Prophet as (Fay) , is for Allah, the Prophet, his relations, the Orphans , the poor and the wayfarers, so that it may not circulate among your well-to-do persons only.»¹¹¹.

109- Qouran, Repetance, 60,p.151.

110- Ibid, spoils of war (Al-Anfal) , 41

111- Ibid, Exile, 7 .

d/ «So give the kinsman his due, and to the needy , and to the wayfarer. That is best for those who seek Allah's countenance and Such are they who are successful.»¹¹²

e/ «Give the kinsman his due, and the needy , and the wayfarer, and squander not (they wealth) in wantonness.»¹¹³

f/ «And in their wealth the beggar and the outcast had due share»¹¹⁴

The above mentioned Qouranic verses will be examined as a whole in this chapter. We will try to categorise beneficiaries and relate them each in its position of distribution and his share according to the mentioned Qouranic verses.

II- CLASSIFICATION OF BENEFICIARIES

Let us first of all list all these beneficiaries, and then we will search and describe each' aside. These beneficiaries are mentioned in many verses, but here will be dealt once mentioning also thier discriptions. Beneficiaries of Bait-al-Mal are the following: Allah (benefits of Allah), the prophet, the cause of Allah, kinsman (near relatives of Prophet), poor, Needy (Indegents) , Orphans. collectors , person whose hearts need conciliation, Freeing of slaves , Devtors, the way farers, the beggar, the deprived.

112-Ibid, the Roman, 38,

113- Ibid, (Al-Isra) children fof Israel , 26.

114- Ibid, the winnowing Winds, 19 .

Mainly, there are certain Qouranic verses like we had mentioned before, in which expenditures of revenue are based on. Among those verses that mentions Sadaqat and fifths in particular and other mention expenditures in general. At the same time the Sadaqat and fifth verses covers all beneficiaries we had mentioned before. And, our explanation will be based on these two verses, the Sadaqat, and the fifthe (khums) verses.

According to the Sadaqat verse, the beneficiaries are the following:

A-poor: The first and foremost mentioned in the Qouranic verse are the poor , by the word «Poor» it is meant those whose income fall short of the (minimum) sum necessary to sustain living. In the Hol Qouran «Alms are) for the poor who are straitened for the cause of Allah, who cannot travel in the land (for trade). «The unthinking man accounteth them wealthy because of their restraint. Thou shall know them by the mark . They do not beg of men with importunity. And whatsoever good thing ye spend, lo, Allah knoweth it»¹¹⁵ . In short, the term includes all, poor, old, incapable individuals (lame, blinds, ...etc) and those who cannot earn a livelihood as well as those who are performing the duties of Islam, e.g., students , propagators and

115- Ibid, The cow, 37.

teachers of the religious lore, who have no time to devoted to earn a living livelihood, as well as the unemployed.

B- Needy (Indegents) **المساكين** The needy, or the indigents are those who do not have anything and who need to resort to Begging in order to make a living. and obtain enough clothing to hide their nakedness. However , from a practice point of view, the difference in the definition of the poor «and needy» is not of much consequence. Also Zimmis are included, especially needy and incapacitated Zimmis out of Bait-al-Mal . However, it would be the duty of the state irrespective of whether they are Muslims or zimmis.

C-The collectors: **العاملين** The collectors are the persons appointed by the Imam or his agent (representative) for the collection of Zakat taxes and other revenues. The term collectore has a wide meaning, it includes also all officials who are employed to bring in revenues of Bait-al-Mal, and, in its disbursements. «Rewards of collectors, or their share, the generally accepted view is that, they should be given the price of their labours but that the total expenditure should not exceed the half of the Zakat collected ¹¹⁶» But as they are part of all those who are included in the verse . That is, the minimum reward will be one eight of the collected Sadaqat, or, equally shared as others .

D-Persons whose hearts need conciliation:

This consisted of the class who are newly converted to Islam and who are weak in their faith. Those would be given a share of the profit as Zakat to strengthen in their faith. Another mass of people were given also a share in order to deter them from doing harm to the new Islamic state.

E- Freeing of Slavery :

The freeing the slaves generally, means aiding the slaves in completing the price of manumission, in order to become free. Beside giving rights and privileges to slaves, but also exhorting the owners to show love and kindness toward these unfortunates. Islam linked this freeing of slavery as an appreciable part of the zakat taxes.

F-The Debtors:

This term includes those who do not possess a nisab over and above their debts and first necessities. Thus a person possessing a single month's food worth a full nisab over and above his debts is still entitled to a share. According to some Scientist (Ulama) , it also includes creditors who cannot collect their claims from the debtors. The term «Gharimin» is applicable to those pious men who stand security for others or have incurred financial obligation are met out of Bait-al-Mal . In short, the term has a wide scope by bringing about peace between tribes at war or in any other situation. Such financial obligation are met out of Bait-al-Mal. In short, the term has a wide scope and is intended to

provide relief to honest debtors.

G- The cause of Allah:

According to certain jurists, this term includes all acts of piety. From the Sirat-ul-Nabi (Biography of the prophet) ; The words «the way of God» to mean the religious war, the cause of Allah does not mean religious war only, but, every act of piety and every religious act, the term also means , paying prices and services of what is of general benefits such as the manning of the frontiers with horses and armes, and the maintenance of roads, bridges and waterways. However, according to Abu Yousof ; it is to finance and equip the poor Muslims to enable them to take part in the religious duty, so as to participate in the Holy war».

The expression also means pilgrimage, and judges also, Juris consultes prayer callers , and other functionairs whose services redound to the credit of Islma , provided they are not in receipt of pay from Bait-al-Mal.

H- The Wayfarers:

The term «wayfarer» denotes strangers cut off from thier property and by extension persons who have cut of their possessions, even if they should be in thier own cities , such as the resident who has property away from his home, these people do not recive more than they need, if they can do so. «The term includes not only wayfares who need financial aid to complete thier journy, but also the providing of conveniences to travellars. Such as making and repair of roads,

bridges, inns, etc. In short all that conduces to easy communications in the state and the encourgment of traffic fall under this category.»¹¹⁷

We have still six terms, theses terms are subject to the khums Qouranic verse (fifth), and , they are:

I- Benefits of Allah ;

Which are the same benifits as the cause of Allah, but the one who directed Allah share was the prophet, and after his death, the Imam is respondible for that, and he has the right to spend them in whatever way he wants.

K- The prophet:

The Messenger of Allah and his favorable Messenger (Habib-Ullah) , and Allah specialized him with the «Fay» and one share out of the one-fifth (Khums) , and he used to distribute them for the poor and Orphans in particular and in public in general.

L- Kinsman (Relations of the Prophet)

Kinsman are the relations of the Prophet, they are the families of Hashim and Al-Muttalib. It is a confirmed fact that the prophet in his life-time used to desburse this share among these mentioned families above. This right of the kinsman «near of kin» is mentioned in many Qouranic verses.¹¹⁸

117- Sirat-ul-Nabi,v,5,p,267.You can see also,Abu Yousof,kitab al-Sadaqat.

118- Quran, the Romen , 38,the cow, 177 ; The Exile, 7.

M- Orphans:

Are the children whose fathers are dead. The prophet gave very special care for them and strict instructions in the Qouran as to the treatment of Orphens. These verses declared the following «And give the Orphans thier property and substitute not worthless things of your own for their valuble ones, and enjoy not their property in addition to your own, veirly this is a great section».¹¹⁹

N- The Deprived:

The deprived is a poor person and he has not enough chance to meet his human rights and goals acheivement as other people, this person has his own right and share in Bait-al-Mal.

O- Miscellaneous Beneficar

That was all beneficentess that has been mentioned in Quran , this doesn't mean that there is no other benefica-ries , there are special cases sometimes , or contengency cases that may occur, . Those cases are as, earthquakes, or sea flows , river flows, winds, firs. All these cases might happen.

People in such circumstances or any dangerous things that might affect them , then who is responsible? Bait.al-Mal is reponsible for such cases and no doubt about it, and people are equally assisted and aided.

CHAPTER 7

MANAGEMENT OF BAIT-AL-MAL.

Bait al-Mal is an organization made up of a group of Muslim believers working together to attain certain objectives. What these objectives are and who attains has already been discussed above. While one cannot say that there is a best way to achieve these goals, there are nevertheless, way that are better than others.

In this chapter we will be dealing first with the organizational structure and its functions, as well as the organization chart. Secondly we will look at the management of Bait-al-Mal or the management of revenues and expenditures with its communication and collection procedures. Thirdly, we examine the qualifications of those who are work in this institution. In the light of what was considered in the previous chapters we can outline the following modern model with modern terminology. This system is characterized by the following organizational structure, function, etc.

I- ORGANIZATIONAL STRUCTURE

The organizational structure is the structure of relationship, responsibilities, and authorities through which the institution aims at achieving its objective. The organizational structure also comprises the formal communication network of the organization the decisions and instructions flow downwards while reports flow upwards, informing management how well the objectives are being formulated and achieved. (see fig A).

Fig A has the following interpretations and description.

First, this institution has four administrative levels. The first level is that of the Imam(Waly-al-Amr) and his councils. As regards functions, in addition to those qualities expected of any good manager, the Imam and his counselors are expected to enjoy kindness, forbid iniquities and legislate. The Imam is the highest authority in the state and he has full power to take decisions and his decisions are binding. Although it is his prerogative to take all and any decision, coordinating with this councils is deemed preferable. The Holy Qoran says: «So pardon them and ask forgiveness for them and consult with them upon the conduct of affairs»¹²⁰

The second level is that of the Muhtasib , or the ministerial level, which flows down directly from the first level. The Muhtasib deals directly with the Imam. Authority and responsibility concerning orders, directions, procedures and every thing related to his financial administration responsibilities are drawn from the Imam. His responsibilities are mainly the following:

a. Financial administration including

- Financial planning
- Financial forecasting and budgeting.
- Preparing in and out financial statements for each division.

120 - Qoran , the family of Imran, 159.

- b- Organizing and administrating the two divisions (division of revenues and division of expenditures) , this function Planning, organizing, controlling, leading and directing.
- c- Up-Ward reporting and recommending.
- d- Down-ward instructions and information.
- e- Follow-up and feed back.

The Muhtasib is appointed by the Imam himself In the Holy Qouran « Appoint for me a henchman from my folk. . . aron, my brother. Confirm my strength with him. And let him share my task.»¹²⁰

The third level is the departmental one , where departments of Bait al-Mal are located be they, revenues or expenditures dept's.

a. Revenues dept's (divisionsof revenues) are six:

1. Dept of Al-Zakat.
2. Dept of Al-Khums.
3. Dept of Al-Jizya.
4. Dept of Al-Anfal. and Fay.
5. Dept of Al-Kharaj and Al-Moqasama.
6. Dept of other revenues.

b. Expenditures dpt's (division of expenditures) are ten:

1. Dept of Allah and the cause of Allah.
2. Dept of Prophet's share.
3. Dept of kinsman's share.

120- Quran, Taha, 27, 28, 28,

- 4 4. Dept of Poor.
5. Dept of needy
6. Dept of collectors.
7. Dept of whose hearts need conciliation.
8. Dept of freeing slaves.
9. Dept of wayfares.
10. Dept of depriveds.

Each department is the responsibility of a manager, but his responsibility is subjected to the cause of Allah. His functions are subject to his dept and its specific concerns, whether Zakat or khums..etc. However, the manager of each department should be of just , efficient and effective.¹²¹

It is the responsibility of each dept to identify its sources of revenue , and expenditures. This is achieved by the assistance of the state government and the ministry of social affairs. This ministry as well as the expenditures depts information on the state inhabitants . Coordination with the expenditures dept's is required to reallocate revenues in their right places.

The fourth level is that of the employees (awmal);

The both officers and collectors, who are directly connected to their departments and their functions are subject to the specific nature of each department:

All those who are working in Bait al-Mal itself ,and specifically from the dept of collectors as, all employees are in pad, considered in fact collectors, except the Imamé.

His expenses are taken from those revenues collected through Al-khums for he is the agent and the owner of these revenues.

Central Bait-al-Mal:

The central Bait-al-Mal serves as the headquarters of all branches spread throughout the country. It must be located in the capital city. It must also have branches in all provincial and districts centers. Central Bait-al-Mal should assist with any monetary deficiencies in any of the branches, and even outside the country, if possible.

The organizational structure of any branch has the same organizational structure of the central Bait-al-Mal, that is, the same system that is applied in the central bait-al-Mal has to be applied in branches; contingency cases can be considered with the Imam's permission.

The central Bait-al-Mal is the center of communication and specially that of financial relationship. For example any transfer from the Zakat dept, of one branch to another has to go through the Central Bait-al-Mal, for the purposes of control and fair distributions.

II-MANAGEMENT OF BAIT AL-MAL (REVENUES AND EXPENDITURES)

The management of Bait-al-Mal is not different from that of any other similar institution. However, our main concern here is the management of revenues and expenditures, and especially the collection and distribution procedures, which will be discussed in detail.

A- Collection Procedures and Techniques.

The collection of revenues is one of the important steps for both the financial and managerial processes. Both are very much interrelated. However, this step has to be well prepared and organized. Let us focus on the preliminary steps and the preparation of this procedures, that is the collecting of revenues.

Bait-al-Mal should have the following information about the group of individuals from whom revenues are being collected:

Statistical information , which includes:

- a. Types of properties owned by the state inhabitants.
- b. Monetary value of each individual property.
- c. Actual income of each person in the state.
- d. Yearly estimated statement of expected productions (variances may be considered)
- e. Statments or lists of those who ware subject to
 - Al-Zakat.
 - Al-Khums
 - Al-Kharaj and al_Moqasama
 - Al-Jizya.
- f. Expected statments of revenues (Variances can be considered for contingency cases).

This information must be rprepared by the statistical

division of the state ,whereas, the computer center takes care to store the information. Preferably Bait-al-Mal will have its own computer center.

Those making payments of any kind should inform bait-al-Mal about thier investments and their costs, profits, turnovers harvest time and maturity, as each investment has its own peculiarit be it agriculture or trade...etc.Then Bait al-Mal will have a clear and comprehensive picture,and each dept in this institution can prepare a payment list which consists of the names and relevant data on evry obligations toward this institution.

The assessment period, as we said, is subject to the nature of the investment itself.

The collectors musb be informed of every single directive and instruction related to the payee, in order to be prepared in advance of any change. It is prefarable that revenues be paid in money gold , or silver. To make ease distribution the payees have to go to Bait-al-Mal and pay their due. A payee should be accompanied by two wittnesses (shahedy adel) , to establich with the legitimacy of erevenues, and they must cosign, with him, a receipt.¹²². Contingency cases are to be refered to the Imam and his council.

B- Distribution procedures and techniques.

The distribution of revenues to beneficieries is the function of the state in general , and Bait-al-Mal in part-

122- for more dtails you can see, Al-Mawardie, al-Ahkam,al-Sottanyah,p.p., 213-218.

cular . If is not to be supposed the beneficiary comes and asks for his share. Bait al-Mal should send him this share which is recommended by the state who is well informed on who the needy beneficiaries are; be they , poor, indigents, orphans, or kinsman, etc.

The distribution of revenues to beneficiaries starts as soon as the division of revenues receives its revenues from the payees». Then , immediatly the concerned dept transfer those revenues to the expenditures division ,mentionning the share of each expenditure dept.

This was a brief view of the internal managerial process of revenues distributions. But external distribution is a completly different procedure. It is the responsibility of each expenditure dept of know first of all the following:

1. The rate of income level of each beneficent.
2. The social circumstances of each beneficent.
3. No of each departmental beneficiaries, in order to distribute.fairly .
4. The accepted poverty criterial, and who are is to considered poor, needy, etc. These crieterai are determined by the Imam himself and his council, based on t the Holy Qouran and the Prophet's sunnah(tradition).
5. The distribution maturity is also determined by the Imam, and is usually taken to be one year. Continecy cases are to be considered and espicially in the dept of wayfarers.

Assessments of payments is to be done on a yearly basis, or, according to the Imam's decisions and his council. It is done yearly because payment is yearly too.

III-JOB REQUIREMENTS AND QUALIFICATIONS .

Job requirements and qualifications of each administrative level will be set down according to the proposed hierarchy of Bait-al-Mal . These levels are: the Imam and his council, minister(wazir), departmental managers, officers and collectors (Umal) . Every one of those who are working in Bait-al-Mal is subject to the following qualifications:

- 1- He must be an adult.
- 2- She must be a freeman.
- 3- He must be a Muslim.
- 4- He must be free from physical defect; a capable person .

That was in general, but, in particular and according to each level and its differentiation from others, there will be also different qualification, which is subject to the level itself.

A- The Imam is the head of the Muslim community whom, he rules, leads and commands . The Imam must possess the following qualifications.

1. Justice with all its conditions.
2. Science at the rank of ability to judge in rules and unclear divines, education and wisdom.
3. Taking good care of having, sight and tongue.

- 4- Taking good care of the different body parts.
- 5- Take good care of the people and their affairs.
- 6- He must be courage.
- 7- He must be (Qurashi) descenent from tribe of Quraish¹²³

B- Council:

The ruler cannot dispense without council; Allah be he exalted, has enjoined his prophet, (peace be upon him) to take council together (with his companions) . He said: «... So pardon them and ask forgiveness for them, and consult with them in (important) matters. But when thou hast determined , put thy trust in Allah. Surely Allah loves those who trust in Him.»¹²⁴ So counselors are rulers too. The rulers are of two classes: the princes (who have political authority) and the learned men (learned in the law), and in justice, enjoining kindness, forbidding iniquity and have capacity.

C- Minister (the second administrative level of Bait-al-Mal)

The minister of Bait-al-Mal must also meet the a above mentioned qualifications; besides, he must be a financial expert espicially in Quranic rules and regulations. Knowing how Bait-al-Mal should be managed well; effeciently and effectively are important requirements too.

D- On the third level (Dept level) at least themanager

123- Al-Mawardy, p.6.

124- Quaran, the Cow, 159.

must be a degree holder he must be responsible, manage the dept be involved in administrative sciences, and work in the study of Quranic laws.

E- On the fourth and the last level, (officers and collectors) persons who are working in this level must have in addition to what we mentioned before the following qualifications:

1. Expertise in the techniques of collecting revenues.
2. Expertise in what needs to attain goals.
3. Be just.
4. Be efficient ¹²⁵

Finally , we cannot say that our discription is the perfect one for things to be done and how the goals of BAit-al-Mal should be attained. There are amany contingency cases and variables that needs tolerance and information or the capability of an Imam to handle them.

CHAPTER 8

MODERN APPLICATION

AND CONCLUSION

In this section I will be dealing with the modern applications of Bait-al-Mal , mainly, the recommendations of this »Zakat confernce. I will be also dealing with the Bait-al-Mal of the Islamic Republic of Iran. Fianlly a summary and conclusion will be offered. There are many Islamic charitable Institutions throughout the world. Some of their are the bank of Chirity (bait-al-Zakat) of the Hashimite kingdom of Jordan, The bank of Charity of the Democratic REpublic of Sudan, social bank of Naser in Egypt , and Malezian bank of Chrity,etc. In Lebanon there are many non-profit Islamic institutions as the Association of Charity and almsgiving(al-ber Wal-Ehssan),. This association was established by a group of Muslims in tyre in 1949 and then supported by the Imam Moussa l Sader, and it has many subsidies in Lebanon. Another non-prophit association, Al-Makassed(Association) institution , was established by Sheikh Abd el-Kader Kabbane in 1877 and it now has many subsidies in Lebanon. Also a new charitable Association (BAit-al-Zakat) was wstablished in Tripoli in 1984.

All of these are non-profit institutions; their main concerns and purposes are, orphans the poor, aid to educational institutions.etc. I was unable to obtain much information about the finanical system of each lack of time and the seruces that surrounds the finances of the institution were

may obstacles , However, they are working for a common goal: social services.

One very important charitable institutions (BAit-al-Zakat of Kuwait), called for « The first Zakat Conference» Which was held in Kuwait from April 30 to May 1984, During this conference a discussssion took place concerning Zakat and its importance , on both the individual and the social level.

The conference has adopted the following resolutions:

1. the conference stressed the need for all Muslims to work together to apply Islamic rules and regulations in their countries.
2. The conference suggested and asked that rulers of countries which not yet established (zakat) charitable organizations to encourage the establishment of independent charitable organizations.
3. The would need to work for the construction of a treasury or federation for charitable organizations which organize all charity matters and hold special conferences one country would be chsoen to serve as base.
4. The need to bring together group of intellectuals and specialists in current issues that relate to charity and take their suggestions to the right parties. The kuwait Ministry of zakat (وزارة الزكاة) will be responsible for raising the issue with the concerned partis in the Islamic world to execute this project.

5. to consider the organization of a bank of Charity (بنك المدقة) which would be responsible to the organization of Islamic Conference whereby Islamic countries will participate to coordinate the various charitable organizations their countries and solve their problems through research and studies. The Bank would organize the needed procedures and process of charity gathering and distributing it the Islamic world. The Kuwaiti ministry of Zakat and the Organization of the Islamic conference will be responsible for the continued execution of this policy and the preparation of needed studies in this area.
6. The conference suggests that the charity (zakat) conference should be held once every year in one of the Islamic countries to stress the importance of these meetings in solving related issues. The Kuwaiti Ministry of zakat will be responsible for the continued of this policy.
7. To invite the ministries of education and the Universities in Islamic countries to offer the various issues of charity as a subject within their curricula and to encourage scientific research in these issues.
8. The conference advised all promotional media to simplify and clarify issues related to charity and the preparation of programs for this concern.
9. The conference stressed the importance of choosing the right and efficient personal in administering

- the charity organizations and the establishment of training programs to further develop their abilities.
10. The conference suggested studying the present applications of the charity systems such as those used in Saudia Arabia, pakistan, and other Islamic countries.
 11. The conference stressed that charity banks should pay attention to the warriours in the cause of Islam (في سبيل الاسلام) and to offer them help.
 12. The conference suggested that charity organizations in the Islamic world should continuously organize and coordinate their work and exchange ideas concerning the various issues related to charity.¹

A modern application of Bait-al-Mal can also be seen in the Islamic Republic of Iran. For this prupose of the Islamic republic as and appendix (see Appendix-1) which consists The Theoretical system of the Islamic Republic of Iran, But, practically : The Iranian are trying to implement this system slowly and it is on operating to be fully applied as soon as possible, since , changing the x system with a new one , is not an easy step to be taken , as this period is a transitional one.

Two important points had to be mentioned also, public financial affairs, and al-khums.

1- Al-Ray Al-A'am. «the Public opinion»Kuwaiti newspaper,
May 3, 1984, N° 7348,p.5.

First, the old system is still working in the Public Adm, but purposes are changed completely and based on the objectives which will be mentioned in (Appenix - 2)

Second, the owner of the Khums is the Imam (Al-Khomeini) and he has the right to distribute the money based on the canon-law, in any way he wants. The Imam (al-Khomeini) is distributing the money exactly as the fifth Quranic vers declares, and each beneficiary receives his share based on his needs.

It is preferable to pay one year expense for the one who deserves one share of the fifth. Accordingly, the most applicable principle, is the fifth, mean while, the government of the Islamic republic is preparing new systems to fit and meet needs of the republic society. An example; there is a new housing Divisions, its main purpose is to built new houses for the public, it has many subsidies all over the republic and every person has the right to own a house regardless of the race, ... etc. Financially it is supported by the government (BAit-al-Mal) and the Imam himself. No Kharaj is taken yet in the Republic neither Jizya from Dhimmi people².

2- For more details you can see:

- a. The Imam Al-Khomeini; The Islamic Government:
- b. Khomeini, Iyat El-Ah Al-Mousawi, Tahrer Al-Waselah, Dar Al-Sirat Al Mostaquem, 1982.

CONCLUSION:

Bait al-Mal , is an important institution Its importance covers many aspects of life, socially, financially, economically and politically. It is one of the institutions that can contribute to the achievement of social justice. It is an important factor in eliminating poverty, and other social phenomena like beggring, indegents, debtors, wayfarers and Orpahans. It is a factor that helps bring about and economical balance for all calsses, whether poor or rich, Moslem or Non-Moslem.

As a financial system, it has proved its applicability whether at the begining of Islam or in moremodern societies, espically in the Islamic republic of Iran, and other Islamic coutries.

The management of Bait al-Mal can meet easily modern managerial concepts within the Islamic canon-law, as well as soft and hard technology like scomputer.

The system of Bait-al-Mal as demonstrated itself as and efficient model which can be applied not only in Islmaic State, but also in Non-Islmic state and societies.

S U M M A R Y

As was said above , what is presented here is no more than a proposed system clarifying the items of an Islmaic financial system, which I have attempted to relate to the comprehensive thought of Islam socialy, economicaly, and financially in particular, This system operates throughou Bait-al-Mal , which is to be adapted and constructed in line with the Quran, the Sunnah, of the prophet Mohammed , and the Ulamâ of Islam.

The perspective in which the research is projected and based on, is the following: First; a general idea about Islam and its basic pillars is offered, beginning with a survey of the Arabia life at the time of the revelation of Quran to prophet Mohammed to the period after this revelation. This information is given as a background to the development of the ideas to follow.

Then, a transitional step is presented ; a chapter about the economic organization in Islam is offered to serve as an approach to begin our research logically and gradually.

In this chapter the following aspects of Islamic economic theory are discurssed, Islamic concept of production (Nature, Labor, and Al-Mal) , property in Islam private and public, the Suq(Market) economy in Islam espically Monopoly and competition , prices and profits, and finally the Islamic concept and modern market economies (banking, Usury) as of course, interest rate is forbidden in Islam.

The second important thing in this research , is the

historical development of Bait-al-Mal from the time of the Prophet's life passing by Al-Khulafa' Al-Rashideen (the wise Caliphs), in order , Abu Bakr Al-Sidiq, Omar Ibn Al-Khatab, Othman Ibn Affan, and Al-Imam Ali Ibn Abi Talib/

Then a survey of this development is offered through the following periods, Umayyad, Abbasid, Samanid, Safawies, Andalusia, Fatimid, and Ottoman.

Revenues of Bait-al-Mal are classified and described consecutively; Al-Zakat and the rules which govern it, Al-Jizya, al-Khums , al-Fay', al-Anfal, Al-Kharaj, and al-Moqasama and other miscellaneous sources of revenue are discussed in chapter four. The revenues have very specific expenditures which are based on Quranic verses. The expenditures of revenues are to be made to the following : The poor, needy, collectors, those whose hearts need conciliation, The freeing of slavery, debtors, for the cause of Allah, benefits of Allah, the Prophet, Kinsman, orphans, and orphans. Each group has his share whether from kharaj or khums, or another source of revenue. The share is based on certain calculations according to the Quranic verse in which the group is mentioned.

The following is the financial procedure in Bait-al-Mal which is the third important point.

The analysis and explanation of the management of Bait-al-Mal was presented as the fourth point in the research which included the following: organizational structure, manage-

ment of revenues and expenditures, job requirements and qualifications. especially those of the Imam, the councils, ministers , as well as of those responsible for the departmental level and amanagers, officers and collectors. A final chapter is, included which considers, The modern application of this system, especially in the Islamic Republic of Iran, and the recommendations of the last Zakat conference which was held in kwaeit in May 2, 1984.

APPENDIX - 1

Economy and Financial Affairs

Article 43

To ensure economic independence of the society, eradicate poverty and deprivation and meet the needs of a developing nation while maintaining its liberty, the economy of the Islamic Republic of Iran shall be based on the following criteria:

1. To provide essential needs: housing, food, clothing, health and therapeutic services, education and all other necessities for all the people for family formation.
2. To provide circumstances and possibilities of full employment for all the people and also supply all those persons capable of work with required facilities through cooperative measures such as making interest-free loans or through any other legal channel, not resulting in accumulation of wealth by individuals or by private groups nor in making the government as the big absolute employer. Such measures shall be phased in with due observance of the requirements governing the country's public economic planning.
3. To draw up the economic plan of the country in such a manner as working conditions and hours make it possible for every person to have enough ability and leisure time to engage in self-making from moral, political and social standpoints, take an active part in furthering the leadership of the country and enhance his skill and initiative.
4. To observe the freedom in choosing occupations, refrain from forcing a person to accept a certain job and prevent exploitation of others.
5. To prohibit any professional activity that might prove detrimental to other people's interests and also any monopoly, hoarding, usury, and other invalid and prohibited transactions.
6. To prohibit prodigality and dissipation in all processes as far as economy is concerned, i.e., in consumption, investment, production, distribution and services.
7. To take advantage of technological breakthrough and train skilful man-power commensurate with the need of the country for economic growth.
8. To bar any alien control over the economy of the country.
9. To emphasise the necessity to augment agricultural, animal and industrial production with a view to meeting public needs until the country becomes self-sufficient.

Article 44

The economic system of the Islamic Republic of Iran shall be based on public, private and cooperative sectors with sound planning.

The public sector shall include all major industries, parent industries, foreign trade, mining enterprises banking, insurance, supply of electric power, damming and irrigation system, radio, television, post, telegraph, telephone, aviation, navigation, roads, railway and the like which shall be considered as public property and shall be under the control of the government.

The cooperative sector shall include cooperative societies for production and distribution which shall be set up in cities and rural areas according to the Islamic criteria.

The private sector shall include those agricultural, animal husbandry, industrial, commercial and services branches which shall supplement economic activities of the government and cooperative sectors.

The ownership in these three sectors shall be protected by the law of the Islamic Republic provided they are in conformity with other articles under this chapter and with the laws of Islam and also further the economic growth of the country and are not to the prejudice of the interests of the society.

The criteria for and the domain of requirements of these sectors shall be defined by law.

Article 45

Spoils of war and also natural resources of wealth belonging to the public such as waste land or abandoned land, mines, seas, lakes, rivers and other sources of water, mountains, valleys, forests, reeds, natural woodland, pastures with no boundary, inheritance that cannot be inherited, the property whose owner is not known and the public property taken back from usurpers shall be at the disposal of the Islamic government to be used in the interest of the public. The detailed method of implementing this article shall be determined by law.

Article 46

Every person shall be the owner of the income derived from his legitimate business and profession and no person shall be entitled to deprive others, under such ownership, of their profession and business.

Article 47

Private ownership established through legitimate activities shall be respected and the criteria therefor shall be determined by law.

Article 48

In exploiting natural resources and utilizing national revenue in provinces and distribution of economic activities among provinces and different areas of the country, no discrimination shall be allowed so that every area might benefit, in proportion to its needs and capabilities for development, from investments and possibilities for such purposes.

Article 49

The government shall confiscate the riches amassed through usury, usurpation, bribery, embezzlement, larceny, gambling, misappropriation of endowed property misappropriation of the government contracts and deals, disposal of waste land and the property belonging to no particular person, running brothels and other illegitimate activities and return such riches to their rightful owners and in case no such owner was found deliver the riches to the State Treasury. The ruling under this article shall be effected by the government after adequate investigation of the case and after it was legally proved.

Article 50

In the Islamic Republic, the preservation of the environment in which the present and future generation will live a social life bound to develop, shall be considered as a duty for all the people. Hence, any economic activity and otherwise which might pollute the environment or destroy it in such a way that cannot make up for losses incurred, shall be prohibited.

Article 51

No taxes shall be levied unless authorized by law. Instances of tax exemption and reduction shall be determined by law.

Article 52

The state annual budget shall be, as provided by law, prepared by the government and submitted for verification and ratification to the Majlis. Any alterations in the budget figures shall be subject to the provisions of the law.

Article 53

All government receipts shall be entered into the accounts of the Treasury General and all payments shall be made according to appropriations approved by law.

Article 54

The state court of accounts shall work under the supervision of the Majlis and its organization and method of administration in Tehran and in provinces shall be determined by law.

Article 55

The court of accounts shall audit as provided by law all accounts of ministries, government institutions and companies and other agencies somehow benefiting from the state budget in order to make sure that no item of expenditure does not exceed the approved appropriations and also that every item of appropriations shall be expended for due purposes.

The court of accounts shall collect pertinent accounts and documents, as the law ordains, and submit to the Majlis the budget liquidation report enclosed with its comments thereon. Such report shall be published for public notice.*

* Constitutional law of Islamic Republic of Iran.

APPENDIX - 2

Article 2

1. The one God (La ilaha illa-l-lah); that He establishes the shari'at (canon law) and that man should resign to His will.
2. The divine revelations and their fundamental role in the interpretation of laws.
3. The Resurrection and its constructive role in man's perfection towards God.
4. The justice of God in creation and in establishing the Canon law.
5. The uninterrupted imamate and leadership and its fundamental role in the continuity of the revolution of Islam.
6. Nobility and sublime value of man and of liberty and his responsibility before God, which ensure equity, justice and political, economic, social and cultural independence as well as national unity and solidarity through:
 - a. uninterrupted administration of canon law by fully qualified religious jurisprundents on the basis of the Scripture (the Koran) and the traditions of the fourteen Innocents for whom we invoke God's blessing.
 - b. Taking advantage of the advanced human knowledge and experience and endeavouring to further advance them.
 - c. Denouncing oppression of being oppressed; dominance or being dominated.

Article 3

The government of Islamic Republic of Iran is bound to take into consideration all its possibilities to achieve the objectives referred to under Article 2 above for:

1. Creation of favourable atmosphere for furtherance of moral virtues based on the faith and righteousness and struggle against all manifestations of corruption and ruin.
2. Promotion of standards of public knowledge in all fields through the sound utilization of the mass media.
3. Providing people with free education at all levels and facilitating and generalization of higher studies.
4. Furtherance of research and initiative in all scientific, technical, cultural and Islamic fields through setting up research centres and encouraging researchers.
5. Repelling any colonialism and prevention of alien influence.
6. Putting an end to any despotism, autocracy and oligarchy.
7. Ensuring political and social freedom within the domain of the law.
8. Participation of the people in determining their political, economic, social and cultural future.

9. Putting an end to unjust discriminations and ensuring the people all equitable possibilities from material and spiritual standpoints.
10. Creation of a sound administrative system and elimination of non-essential organizations.
11. Strengthening national defence system through providing the public with means of military training for safeguarding the independence, territorial integrity and Islamic system of the country.
12. Adoption of a sound, equitable economic policy according to the Islamic criteria with a view to ensuring public welfare, putting an end to destitution and indigence and deprivation as regards nourishment, housing, employment, health and insurance services.
13. Ensuring self-sufficiency in scientific, technical, industrial, agricultural and military domains.
14. Ensuring equal rights in every respect and equitable legal security for men and women alike and equality of all the people before the law.
15. Promotion and strengthening of Islamic fraternity and public cooperation among all the people.
16. Outlining the country's foreign policy on the basis of the Islamic criteria; fraternal alignment towards all moslems and unsparing support of all the feeble people in the world.*

TABLE - 1

No of animals	Rate of Zakat
1 to 4	nil
5 to 9	1 goat
10 to 14	2 goats
15 to 19	3 goats
20 to 24	4 goats
25 to 35	1 bint makhad,i.e a female colt in her second year.
36 to 45	1 bint labun,i.e a female colt in her third year.
46 to 60	1 hiqqah ,i.e .a female colt in her fourth year.
61 to 75	1 Jadhaah,i.e.a female camle in her fifth year.
76 to90	2 bint labun.
91 to 120	2 hiqqahs .
On each 40 camels after 120	2 years old females.
On each 50 camels after 120	3years old female colt.

TABLE -2

The rate for these are as follows:

Wheat	Every Jarab or 3/4 of a bigha	2 Dirhams annually
Barely	do	1 do
Wines	do	1 do
Gardens	do	1 do
Sugarcane	do	6 do
Cotton	do	5 do
Til	do	8 do
Vegetables	do	3 do *

*- Siddiqi .p.66 .

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