

## Summary of the Economic System By Bo Perrin

Every nation-state must concern itself with the economic well-being of its citizens and the Khilafah state is no exception. Hizb ut-Tahrir and other Khilafah-minded groups reject outright either a dictatorship (includes communist regimes) or a democracy for religious reasons. Rather, they tend to opt for a more state-oriented system in which the state has its hands on every aspect of economic life to some degree.

According to Hizb the state's responsibility is to fulfill each citizen's basic needs while providing each citizen the opportunity to acquire luxurious items. (A) Poverty and deprivation cannot be overcome merely by an increase in production. Rather, property and deprivation can be overcome only by a redistribution of wealth. This sounds very Marxist. Hizb admits that over time an increase in production will create more stuff and even more jobs but the more is concentrated only in the hands of the few. Hizb uses Surah Al-Hashr 59:7 to justify redistributing the wealth among all the Ummah. (B)

Under the Khilafah system the entire Ummah, not just a few private owners, will benefit from the energy sources. Energy sources are considered public property (belongs to the whole Ummah) under Islam so argue Hizb. Hizb uses a hadith from Ahmad to support this interpretation.

“The Muslims are partners in three things, waters, feeding pastures and fire.”

The items in this hadith are considered public property because the “Muslims are partners.” Hizb argues the three items to which the hadith refers encompass all energy sources. Therefore, under the Khilafah system the state, nor a few private business owners, can monopolize energy sources.

Oppressive taxation is haram (evil) under the Khilafah system. The Khilafah collects taxes from two sources. The Khilafah collects kharaj which is a tax on public properties. It also collects Zakah which is a tax on manufactured goods. (C) These two taxes will eliminate or at least reduce greatly the need for an income tax under the Khilafah. The income tax is considered oppressive because the tax eats into a person's salary reducing their buying power. This reduces the state's revenues who then increase the tax to make up for what they have lost. No doubt, there is truth to this. Americans will remember the Boston Tea Party! Additionally, Islam is not merely against the income tax but according to another hadith by Musnad Ahmad hell is reserved for the tax collector. (D)

The Bayt-ul Mal (Khilafah state) is closed to foreign investment. In capitalistic states foreign investment funds many public and private projects. The Islamic state is no different for it also must fund public and private projects for the good of the state. The money needed to invest in these projects will come from the Khilafah who has raised the revenue from the kharaj and Zakah. I do find it interesting that Hizb seems deliberately to leave out a third source of state income – the dhimmi. The dhimmi is required by the Qur'an to pay a jizya or protection tax. (AT-Tawba 9:29) On the other hand, some might compare the Islamic state to the mob and the jizya to an extortion tax. I do. The jizya is a rather large source of state income which they can also invest into projects of the Ummah.

The Khilafah also will abolish oppressive loans. It is not so much the loan which is the problem but the Kufir system of interest. Interest is riba in Arabic and Mohammad condemns its use among Muslims (Surah al-Baqarah 2:275). Hizb argues that interest is a trap and in this they are correct. In a capitalistic system interest is one means by which a company makes profit yet, interest becomes a prison for the person who borrowed the loan. The Khilafah state will lend money to fuel both private and public projects but there will be no interest. Part of the reason is that the Khilafah is not in business to make

money for itself. This will allow the borrowers to be able to pay back the loan in a reasonable amount of time.

Another issue the Khilafah state will attack is inflation. First, the Khilafah state will not be a part of the IMF, nor any other global organization, which Hizb blames for devaluating Pakistan's currency for the good of the capitalistic states. Second, the Khilafah state will use only gold and silver as currency. (E) No fiat money. If the Ummah is able to create a Khilafah state whose currency is only gold or silver it will cause considerable problems for capitalistic nations whose currency is fiat. Americans who study economic history realize the power of a gold standard. America was an economic powerhouse when she remained on the gold standard and has diminished economically ever since she reverted to the fiat system. Such a disparity would give the Khilafah a powerful advantage.

The Khilafah state will also revolutionize the industrial system. Two types of factories exist in the Islamic state. The first type of factory is publically owned. The state establishes these factories for the good of all the Ummah. The second type of factory is privately owned. These factories included heavy industry and weapons manufacture. Private individuals may own these types of factories yet, it takes tremendous amounts of money to begin and maintain. The state, while it does not own these factories, will supply noninterest loans to individuals to own such resources. Keep in mind two things about these factories. First, the jobs created are for the Ummah and dhimmi alone. Second, only Muslims can own factories which produce military or sensitive products.

The Khilafah state will also maintain an offensive military force. Pro-Islamic apologists, both within and without Islam, continually argue that jihad is an internal conflict. The apologists who have the guts to call jihad what it is, try to limit jihad to a defensive conflict. Hizb disagrees. Hizb argues Islam is to be promoted by Da'wah and jihad. Once the Da'wah is given, the world is divided into two groups. The first group is the faithful and includes only faithful Muslims. Dhimmis and kufirs make up the second group. Dhimmis pay the jizya tax for protection. Kufirs refuse to accept Islam or pay the extortion tax and so they become a hindrance to the worldwide acceptance of Islam. Islam must remove this hindrance and the tool Allah provides is jihad. The Khilafah state uses jihad to remove kufirs so that the only people left are Muslims and dhimmis. It is true that Islam is not allowed to force its religion on non-believers. (AL-Baqara 2:256) Now, I am not saying that Islam does not force conversion because history clearly shows that they have and do. Nevertheless, when the Khilafah state exists and the Da'wah is rejected they will simply kill those who reject it. This jihad needs a massive military machine. The Khilafah state will not buy the military hardware it needs from colonial powers like the U.S. Instead, the Khilafah will create its own military industrial-complex and produce their own weapons. Hizb uses Surah Al-Anfal 8:060 to support the argument that the Khilafah state is to possess a military. Every state needs a military to protect itself. This would also be true of the Khilafah system. What is worrisome is how the Islamic state is to use this military. According to Al-Anfal 8:060 the state is to use this military to strike terror in the hearts of Allah's enemy. Hizb believes that the Khilafah must possess the most powerful and up-to-date military possible in order to remove the kufirs who are the only impediment to the worldwide acceptance of Islam.

Finally, the Khilafah state will remove agricultural exploitation. Hizb believes true agricultural exploitation is separating ownership of the land from cultivation. In Pakistan there is much land which is not being cultivated because no one owns it. Hizb teaches that Islam believes the agricultural problem is not the amount of land which is or is not owned but instead, the amount of land or the lack of it that is or is not cultivated. Therefore, Islam solves the problem by refusing to separate cultivation from ownership not ownership from cultivation. According to a hadith by Bukhari the individual who is cultivating a land which is not owned automatically becomes the owner of that piece of land. (G) Another problem that arises is that a person cultivates a piece of land, becomes the owner of that land but then refuses to

cultivate it now that he owns it. Islam's solution is to give the owner three years to cultivate the land. If that piece of land is not cultivated then the land can be claimed by another. If the owner is financially strapped he can appeal to the Khilafah state who will assist the landowner by providing him a non-interest loan or grant. Hizb believes this setup will ensure the full utilization of the land.

Next: Judiciary

A) Hizb ut-Tahrir, Manifesto of Hizb ut-Tahrir for Pakistan: Pakistan Khilafah and the re-unification of the Muslim World, [online] (Hizb ut-Tahrir Wilayah Pakistan, date unknown, accessed 27 July 2010) , 11 available from

<http://www.hizb-pakistan.com/home/wp-content/uploads/2009/02/manifesto-english1.pdf>

B) "It is so that it does not circulate solely among the wealthy from amongst you."

C) Hizb ut-Tahrir, Manifesto of Hizb ut-Tahrir for Pakistan: Pakistan Khilafah and the re-unification of the Muslim World , 12

D) "The collector of taxes will not enter heaven"

E) Hizb ut-Tahrir, Manifesto of Hizb ut-Tahrir for Pakistan: Pakistan Khilafah and the re-unification of the Muslim World , 13

F) "Make ready against them all you can of force including steeds of war, to cast terror into the hearts of your enemy and the enemy of Allah and besides those whom you do not know but Allah knows."

G) "Whosoever cultivated a land that is not owned by anybody, then he deserved it more."