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# THE THEORY OF DISTRIBUTION AND BASIS OF ITS APPLICATION IN ISLAMIC ECONOMICS

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# **ABSTRACT**

The economic problem is expanding in many Islamic countries, and the poor distribution is one of the most important reasons for the expansion of this phenomenon, which reflects its effects on the standard of living and well-being of the Islamic society. Therefore, Islamic countries should deal with this dangerous phenomenon through their inference on the Islamic Sharia law, which represents the legitimate basis of the Islamic economy, which makes it capable of finding solutions to this problem and distributing resources equitably to ensure that all members of the Islamic community enjoy a happy and decent life by enjoying these bountiful benefits. This economic and doctrinal topic has been chosen for the theory of distribution, which they consider to be one of the important topics that have preoccupied the interest of many economists throughout history and history, and everyone who interprets this theory according to the philosophical, social and political system on which it is based. Through this research, we will arrive in some detail in preparation for finding legitimate solutions through the Qur'anic and prophetic texts, to leave the Islamic countries as a result of the application of Islamic Sharia in practice from this serious problem and the maintenance of their resources and options for their children to save them from submissive and some colonial countries. In the light of this, the question of poverty and deprivation for some people is linked to the conditions of the rich, because many of the rich have earned their money from

the efforts of the poor, by using their financial influence to insult the poor and gain the wealth by doing so in exchange for a wage to pay them.

#### INTRODUCTION

The general structure of the Islamic economy calculated the opinions of the scholars and explained that the Islamic economy is based on three main elements: The principle of dual ownership, the principle of economic freedom and the principle of social justice. It is stated that the third pillar is what scholars in Islam show, which is the principle of social justice, which is linked to the theory of distribution, the distribution of wealth in the Islamic society through the elements and the proceeds of production. Islam has defined this concept and developed it in a particular social scheme and can then embody this determination in a living social reality, which is full of its arteries and which is engrained in the Islamic concept of justice. It is not enough to know from Islam its call for social justice, but also to present its detailed concepts of justice. There are two principles in Islam's image of social justice (one general interdependence, the other social balance). The steps taken by Islam to find the best human society, through its historical experience, were clear and clear about its interest in the issue of distribution theory from its economy.

The importance of Research the importance of research is based on the concept of redistribution in the Islamic economy on a special and distinct philosophy from the view of positive regimes, which is based on the view of Islam that the structural planning of Islam is adjusted on the basis of balance, convenience and equity between the interests of the individual and society.

The problem of research is the disparity between the strata of society which has led to the emergence of class struggle to satisfy this segment of the poor. In addition to the fact that the Arab countries are not in a state of control over the Arab world, the Arab countries are not in a state of control over the Arab world, and the Arab world is in a state of crisis. In order to build a cooperative and efficient society based on established moral values in the distribution process, thus guaranteeing the right of the incompetent group to work and reducing the suffering of the disadvantaged which the Islamic societies have long suffered, so that Islam not only imposes the assumption and expectation of the recovery of this disadvantaged group, but also makes it an imposition on the Muslim community, God God says (And in their properties there was the right of the beggar, and the Mahrum)

The objective of study is to mainly lay down the foundations of the Islamic economy, which will be referred to in the second research to achieve the principle of equity in the distribution of wealth in order to achieve stability and economic balance in general and in society in particular through the following objectives:

- **I-** The theory of distribution in Islamic economics, which it describes as one of the most important pillars in economics.
- 2- The income obtained from the various production processes is distributed among the factors contributing to the production process.

The hypothesis of research of the Islamic economy with its mechanism of action derived from the Islamic Shariah, based on the laws of harnessing and assimilation in a fundamental way and managed by efficient economic management to accommodate these two pillars through sub-hypotheses:

- **I-** Be able to manage and exploit economic resources in a more physical and acceptable use.
- 2- It has the capacity to solve the problems of society if applied in a legitimate way, so the premise we have based it is that distribution is at the core of the economic problem.
- 3- The right to a fair and equitable distribution contributes to the achievement of economic and social balance and to the performance of community members.
- 4- The Islamic economic system has acquired a comprehensive theoretical building of the economy, so it is capable of achieving the happiness of humanity and saving it from all forms of exploitation and deprivation to achieve distributive justice.

#### Previous Studies:

We will present a series of studies on the importance of the issue of distribution theory in Islamic economy, the most important of which are:

The first: The study of Ghaleb Shakir Bakhit Al-Rekabi (the theory of distribution and the basis of its application in Islamic economy).

The researcher emphasized the goal of interrelation between the three forms of ownership approved by the Islamic system and based mainly on the theory of disagreement, as he defined the bases for each property and specified its function and justification. In addition to the need for the establishment of a new system of government, it is important to ensure that the new system is fully implemented, and that the new system is fully implemented, and that the new system is fully implemented.

The most important result reached by the researcher is to guarantee the authenticity of the individual and society at the same time, while at the same time providing damage to the public interest, if necessary, within the limits of the Islamic Shariah, which distinguishes the Islamic system from the capitalist and socialist systems, each of which sought to establish distributional foundations that fit its philosophy in society. Private property has been allowed without any constraints at the expense of the pillaging of the rights of society on the one hand, and social property is dominant on the other hand, the promise of private property because of distribution and the emergence of economic problems. This has led to the lack of a natural right of property for society, which has resulted in an imbalance in social balance, weak economic motivation and activity.

Second: Dr. Hodgins. Hasan Muhammad Akl (Theory of Distribution in Islamic Economics).

The research team aims at how the distribution theory distributes the benefits of the components of production of a particular economic cycle among individuals or a certain group of them, the most important of which is wages. The most important conclusion is that distribution theory is not a purely economic theory, but rather an abstract of views expressed in price theories, or a form of price theory. Without having a material relationship with the production elements that receive income.

Third: Study by Dr. Abderrahman Zaki Ibrahim (Features of production, distribution and exchange in the Islamic economy).

The researcher is concerned that the Islamic economy is based on the principle of the collective solidarity of natural resources for all members of society. In the first place, the theory of distribution in the Islamic economy began by distributing these sources and determining the form of their ownership and the philosophical foundations of royalty, then it was clear that the functional distribution between the factors of production that are actively involved in the production process and away from the residual or ideological discrimination that was necessitated by the theory of distribution in the systems of place.

The results of the research that he identified and confirmed were the adaptation of production to the principles of distribution, which is an initial stage of achieving the level of efficiency, which is contrary to what Marxism has put in place in which each stage of production has distribution laws that are appropriate and adapted to the form of production.

Fourth, the study of Dr. Ahmed Ibrahim Mansour (Distribution Justice and Economic Development, a comparative Islamic vision).

The researcher aims that the importance of equity and efficiency in economic activity is that economic effectiveness, which has moral, social and economic extensions, that neglecting any aspect of it will hinder economic efficiency capabilities and prevent the results from being distributed in a meaningful way. At all levels, therefore, the basic idea of this topic is addressed through the integration of concepts that provide a measure of distributive justice that ensures that economic resources move to an equitable level of allocation, which reflects positively on issues of economic The most important result of the positive economic theory was the material aspects of economic efficiency, and it did not detract from the aspects of distributive justice. This makes it an appropriate alternative to address the imbalance in the value ethic that postulated positive economic theory with high capitalist accumulation and the absence of justice.

#### Innovation And Development of The Researcher

The role of the Islamic economy differs from the capitalist system and the socialist system in the theory of distribution, which is fundamentally determined by the capitalist society, which, as a general rule, believe in private property in order to allow individuals to own different kinds of wealth according to their activities and circumstances, and does not recognize public

property. The socialist society, by contrast, is the general principle and the main objective of applying all kinds of wealth in the country.

In the same way that the rights of the individual converge with the rights of the group, Islam decides on the distribution theory of the Islamic society, which means that he believes in private property, public property, and state property, and each of these three forms is assigned a special field in which he works. In addition, the group has not taken away its dignity and threatened its life, which is distinct from the various distribution societies experienced throughout the history of the Islamic economy, as well as the sense and results of the researchers in the previous four studies that confirm that the theory of distribution, which is based on both capitalism and socialism.

The structure of the research is composed of researchers for the purpose of conlisting the subject:

The first research is entitled the concept of distribution theory and its historical development.

The second research is entitled General foundations of Islamic economy of distributive theory.

#### **PART FIRST**

#### Concept of Distributive Theory and its Historical Development

## First: The Concept of Distribution Theory

Since economic ideas appeared to reflect some facts studied by sciencse, but they were initially conceived not as a special and systematic research tool <sup>1</sup>. so the views of economists about distributional theory still form part of economic theory. The ideas and concepts associated with the theory of distribution are based on determining the absolute and relative decisions and concepts that each factor of production receives in exchange for its participation in the industrial process, This is the dominant meaning of the concept of distribution<sup>2</sup>. Some of them are known or: Some economists distribute that (the distribution of inputs received by the elements or proceeds of production among members of the social body)<sup>3</sup>, Any distribution of income among members of society, each according to its relationship to any factor of production, and according to the effort that he makes in the production processes, for example, the rent element is seen: it is the individual's share of his land as income, or the income element that comes through a specific work he does The individual is called (wage), or as income from his capital and is called (interest), or the income that belongs to the individual in exchange for his management and organization and is called (profit), and we note from this that the distribution theory focuses on determining the prices and elements of factors of production, so the distribution of income in this way is a stage

<sup>&</sup>lt;sup>1</sup> Lipib Shukair, the history of economic thought, the Egyptian Dar al-Nahda for printing and publishing, Beirut, 1986, p. 25

p. 25.

<sup>2</sup> Jafar Abbas Haji, Economic Doctrine in Islam, Section I, Library of the Millennium, Kuwait, pp. 397-399

<sup>&</sup>lt;sup>3</sup> Muhammad Ali Reda Al-Jassem, Basic Rules of Applied Economics, Al-Tadamon Press, Baghdad, 1969, pg. 464

Follow production in an economic society in which the cooperation of individuals is determined to reach their ends, and when the individual produces for himself, that is, he consumes what he produces at the beginning of human development. A natural issue, as for the importance of the economic individual when distributing it has become secondary to the importance of income and its level in society<sup>1</sup>.

So distribution theory emphasizes relative income levels) an extension of private incomes or the entry of a group of individuals, and the relative incomes mentioned are the correct and basic measure of the assessment of distribution equity as seen in distribution theories, since each factor contributing to income production receives its share in the amount of its contribution<sup>2</sup>. Some economists presented the distribution as (a case of how factors of production obtain a crop that contributes to the production process)<sup>3</sup>, The issues in this sense are agreed in principle among economists, even if they differ in some locations, and this is evident in how factors of production are identified and the resulting returns on these factors<sup>4</sup>. In our view, the capitalist system defines factors of production in four axes: (Land, labour, capital, regulation) and determines for each of these factors its due return and its contribution to production, While Marxism emphasizes the sole factor of production, which is work alone, and thus the greatest benefit for that factor, socialism takes the method of confiscating sources of wealth and elements of production, making the State a capitalist with all means of wealth and production and referring individuals to small production units that take the fruits of their efforts only as permitted by the State in accordance with its planned economic plan and approach.

Accordingly, using the term distribution theory, changing political and social circumstances, and the general development of economic analysis tools, intellectuals focused attention on the process of distributing income and wealth on technical aspects and related problems. In this way, the rules and bases that determine the nature of each factor of production and its corresponding prices rather than the consideration of doctrinal issues and issues, the economic analysis of modern economists has been interpreted as the price of factors of production, which is the distribution mechanism in the income-to-income classification (Wage, profit, interest and revenue)<sup>5</sup>.

# Second: The Historical Development of The Theory of Distribution

The theory of distribution is an important topic that has preoccupied many economists over time, and is interpreted by each of them in accordance with its philosophical, social, and political systems. In fact, the Greek people were associated with philosophy, politics, and ethics<sup>6</sup>, so that the Greek civilization

<sup>&</sup>lt;sup>1</sup> Khudair Abbas Al-Mahr, A Brief Study in Distribution Theories, University of Baghdad, 1975, p. 13.

<sup>&</sup>lt;sup>2</sup> Muhammad Ali Reda Al-Jassem, previous source, pg. 465.

<sup>&</sup>lt;sup>3</sup> Basil Al-Bustani, Economic thought from contradiction to maturity, House of General Cultural Affairs, Baghdad, 1086, p. 15

<sup>&</sup>lt;sup>4</sup> Jaafar Abbas Haji, previous source, pg. 401

<sup>&</sup>lt;sup>5</sup> Jafar Abbas Haji, op., pp. 412-413

<sup>&</sup>lt;sup>6</sup> Labib Shukair, a previous source, p. 27.

was dismally of work and economic activity, the Greek citizen should be concerned with philosophy and politics, not to be concerned with economic activity, and we note the emergence of exploitative and worshiping, so that work and production for them were associated with slavery and injustice for the majority of people.

The idea of the distribution of wealth was expressed in Plato in the year 427-347 BCE, mainly in his famous (Republic)<sup>1</sup>. in which he discussed the issue of the ideal city or the just city, where he explained that the descent of the state is due to an economic factor. In the case of the United States, and the United States. He has set the tasks of each layer responsible for it.

In the holding of the above-mentioned posts or functions<sup>2</sup>, no distinction was made between the sexes and women, and a special social system was established and property and the family were called for, and public property was given high priority and considered necessary to overcome private property, and to be called for to spread it because of its importance in the life of the individual and society. He explained that public property is the property of all individuals and that discussing it to all means giving everyone the opportunity to take advantage of it<sup>3</sup>, this is what is reflected in the idea of right and justice as proposed.

The world, Aristotle, appeared in 384-322 BCE, considered by some scholars to be one of the ancient thinkers who had contributed to the formation of the economic theory based on analysis and research<sup>4</sup>, which Plato opposed on the issue of ownership. He criticized the system of collective ownership with regard to the distribution of production, which divided the categories of society which Plato divided into three categories, and in this way suggested that Aristotle made the distribution related to production, allowing private ownership, with production to be directed to them in a way that would benefit all and in accordance with the principles of behavior<sup>5</sup>, In addition, he disapproved of Plato's opinion on the issue of the establishment of the state, noting that the emergence of the state is only a natural consequence of the development of the human meeting<sup>6</sup>.

I believe that money is used as an intermediary for exchange and does not generate money, that any increase in the amount of the loan is unjustifiable, and that this is because of the interest and its illegality as a result of the idea of equal or fair exchange. This idea, which Plato explained in the ideal city, in which he imposed justice and a happy life, called for fighting all forms of monopoly and use, and the goal was not to achieve equal or fair distribution. Rather, it is proceeding from the fact that morality under the principle of justice does not allow any party to exploit the exchange process to gain its advantage at the expense of the other party.

<sup>&</sup>lt;sup>1</sup> Adnan Abbas Ali, History of Economic Thought, Al-Mustansiriya University, 1979, p. 14

<sup>&</sup>lt;sup>2</sup> Labib Shukair, previous source, pg. 32

<sup>&</sup>lt;sup>3</sup> Abdul-Jabbar Al-Sabhani, Al-Wajeez in Positive and Islamic Economic Thought, Dar Wael for Printing and Publishing, Amman, 2001, pg. 30

<sup>&</sup>lt;sup>4</sup> Labib Shukair, previous source, p. 39

<sup>&</sup>lt;sup>5</sup> Same source, p. 41

<sup>&</sup>lt;sup>6</sup> Adnan Abbas Ali, History of the E.P. thought, Mustansiriyah University, 1979, p. 14.

The Roman people were interested in legal ideas, such as natural law, which they created and is characterized by permanence and generality, that is, not changing the times and applies to all countries, this law which allowed for the absolute ownership of the individual and the absolute disposal of his or her property as he pleases. This meant that there was an unfair distribution among members of society in those ages, since they attributed the distribution of wealth and absolute property to nature, so these Romans' ideas blunted the ways for the capitalist system to be established.

In the early years of the Ottoman Empire, the Roman Empire was replaced by the Roman Empire after its collapse, and the prominent phenomenon or the feature of this new order was the division of the order, which indicates that there was an unequal distribution that prevailed at that time. It is noted that the power of the princes and the nobles and the absolute sovereignty of those in political and economic matters has emerged, so that society is proceeding under the principle of absolute fragmentation, which shows the gross disparity between the individual members of society<sup>2</sup>.

The Viscount, who made significant contributions to the problem of distribution in economic theory, divided society into three social groups, in which Kenai tried. (1694-1774) provide a simplified picture of how national output is distributed among the social classes mentioned<sup>3</sup>, These classes are (the farmers' class, the owners' class, and the third class is the industrialists' and tradesmen's class). It is believed that the production cycle begins with the first class, the landowners, and they are entitled to the surplus through agricultural activity, that is, the farmers' class is the only productive class, and the third and last class is not sterile.

As for the classical school, whose pupils contributed to revealing the laws governing the distribution of output among the classes that contributed to its production, they considered the theory of distribution as a reflection of the theory of prices by confirming that the natural price is the determinant of the input of factors of production. Thus, the classical analysis included the basic ideas of the economic characteristics of social strata, similar to the former Kennai analysis of the astronomers, landowners and artisans, so the Classics developed a new framework composed of workers, capitalists and landowners<sup>4</sup>. They claim that wages are close to the level of subsistence and sufficiency, the consumption of the worker is close to that level, while the employment of capitalists is the accumulation, Adam Smith (1723-1790) believed that the formation of capital would grow in capitalist societies at a higher rate than the increase in the population. This is reflected in higher wages, but for owners it is a cut from the surplus available for accumulation, Adam Smith notes that the subject of human society development leads to new distribution laws, and recalls that distribution is the division<sup>5</sup> of goods

<sup>&</sup>lt;sup>1</sup> Abdul-Jabbar Al-Sabhani, a previous source, pg. 30

<sup>&</sup>lt;sup>2</sup> Adnan Abbas Ali, a previous source, pp. 27-28.

<sup>\*</sup> He was a doctor of King Louis XV, and was written by the Economic Table in 1758 in which he asserted that agriculture was the only productive sector

<sup>&</sup>lt;sup>3</sup> Abdel Rahman Yousri Ahmed, the Development of Economic thought, part 5, University Publishing House, Faculty of Commerce, Alexandria University, Cairo, 2003. P. 228

<sup>&</sup>lt;sup>4</sup> Adnan Abbas Ali, a previous source, pp. 252-253.

produced or their value among the members of society who contributed to their production<sup>1</sup>.

The economist Ricardo (1766-1834), who emphasized his interest in the distribution of wealth after the economic scientist Adam Smith had been interested in the exploration of wealth and its causes<sup>2</sup>, holds that the search for laws that control the distribution of production among the strata of society is the fundamental problem in economics<sup>3</sup>. It was pointed out that the land product and its derived from work and capital are divided among the three strata and classes of society: (Landowners, shareholders and workers), and it is believed that the share of these strata changes with different stages of development of societies<sup>4</sup>. In this way, the theory of classical distribution was linked to the theory of labor, which was confirmed by economists Adam Smith and Ricardo, and to the fact that work was the source of value, which led to the neoclassical contradiction, since capital gain could not be interpreted on the basis of the theory of labor value.

Marxist analysis's ideas in distribution theory were based on the foundations and principles of classical theory in the prestige of work, the German economist Marx believed (1818- 1883) that (in general, property entry is a transfer from the output of the labour income stolen from the worker, they are forms of excess value) <sup>5</sup>, The Marxists believe that interest, rent and profit are different images of the surplus that the capitalist system takes away from workers and places it in the hands of owners or owners without their contribution to production, and hence the rise of poverty in the working class and the shortage of aggregate demand, as it strips workers of the means of purchasing to drain supply and the general shortage of consumption.

Marshall (1842-1924), one of the pioneers of this marginal school, believes that the value of production is determined by the cost of production with the benefit to be gained by the consumer. Because it was limited to the demand side to factors of production, so I introduced the cost of production, that is, the price of production services assumes the limiting factor (whose share in distribution tends to be equal to the value of the output attributed to its work)<sup>6</sup>, but with regard to the fairness of distribution, it is believed to cause an increase in wealth. The Classics, for they decided that (any distribution of wealth that increased wage earners' income and lower the income of capitalists would tend to increase financial wealth quickly)<sup>7</sup>.

<sup>&</sup>lt;sup>1</sup> Abdul-Jabbar Al-Sabhani, previous source, p. 34

<sup>&</sup>lt;sup>2</sup> Abdul-Jabbar Al-Sabhani, previous source, p. 34

<sup>&</sup>lt;sup>3</sup> Abdul-Jabbar Al-Sabhani, previous source, p. 34

<sup>&</sup>lt;sup>4</sup> Abdul-Jabbar Al-Sabhani, previous source, p. 34

<sup>&</sup>lt;sup>5</sup> Abdul-Jabbar Al-Sabhani, Prices and Resource Allocation in Islam, PhD thesis approved by the College of Administration and Economics, University of Baghdad, 1990, p. 262

<sup>&</sup>lt;sup>6</sup> Abdul-Jabbar Al-Sabhani, Prices and the allocation of resources in Islam, previous source, p. 263.

<sup>&</sup>lt;sup>7</sup> Sobhi Fandy Al-Kubaisi, Islamic Financial Loans and Their Distributional Impact, Ph.D. Thesis, College of Administration and Economics, University of Baghdad, 1987, p.13

# Third: Types of Distribution

# The Distribution Is Divided into Two Types:

#### Personal Distribution: -

This means the distribution of income among individuals<sup>1</sup>, the distribution of factor returns among members of society, or the actual income that members of the society receive during a fixed period such as one year, for example, as individuals in a capitalist society own all or some of the factors of production. This means that there are people who own capital, or land and others who invest in these factors, and there must be workers who have nothing but their human resources and effort<sup>2</sup>.

We see how much interest many scholars and intellectuals and their various philosophical doctrines are in studying and analyzing the extent of the inequality, difference and disparity in the distribution of national income among different categories and classes of society<sup>3</sup>, so that the theories of distribution have given great importance to the level of proportional income, and that this importance is not limited to the individual's personal income. This form is subject to several dilemmas, that is, when examining the question of distribution for the entry of factors of production, including the problem of determining the amount of economic participation in the whole production and the problem of classifying economic individuals in a given society. In our view, the national economy has determined the income level and has thus established the hierarchy of those income levels, with the lower classes representing the high-income earners of society and the higher strata of the pyramid representing the low-income earners of society, in other words, ownership was considered the basis of distribution, not the size of the population and the proportion of each class<sup>4</sup>.

Economic studies have shown that there is a strong correlation between personal and functional distribution (that is, the distribution of property), and one economic thinker, Pareto (1848-1923), in the distribution of income and its relation to ownership, in quantity, and according to income levels, found that the personal distribution of income in different countries is almost identical in terms of the means by which the distribution is mentioned, despite the different place and time<sup>5</sup>.

In studying the views of the economist Pareto, he supported the ideas of those who distributed national income among members of society within a hierarchy that includes all strata of society. Or the poor become rich and settle in the pyramid without changing the base of the pyramid, but Pareto's view is neither well founded nor well founded, because the personal distribution was based on a good appreciation of individuals' personal competence<sup>6</sup>.

<sup>&</sup>lt;sup>1</sup> Ahmed Abu Ismail, The Origins of Economics, Dar Al-Nahda Al-Arabiya, Egypt, 1963, p. 373

<sup>&</sup>lt;sup>2</sup> Salah al-Din Namek, Distribution in the Socialist System, The Egyptian Renaissance Library, Cairo, 1959, p. 3

<sup>&</sup>lt;sup>3</sup> Khudair Abbas Al-Mahr, A Brief Study in Distribution Theories, 2nd Edition, University of Baghdad, 1975, p. 15.

<sup>&</sup>lt;sup>4</sup> Same source, p 16.

<sup>&</sup>lt;sup>5</sup> Khudair Abbas Al-Mahr, previous source, p. 18

<sup>&</sup>lt;sup>6</sup> Jassim Muhammed Shihab Al-Faris, Studies in Arab-Islamic Economic Thought, Al Jamhour Press, Mosul, 1990, p.

#### Functional Distribution: -

The mission of functional distribution has been of concern to many economic thinkers and researchers, and they have associated distribution theory with production in their research, who have argued that the functional distribution of income is similar to the distribution of benefits derived from joint production and not income distribution according to economists who point out that distribution theory is part of production theories. This is because it is of the greatest importance to every productive factor in the output.

The economist Hans-Myers has linked the functional distribution to the price system, claiming that this distribution represents the disclosure of the rules and laws governing the price system and the methods of its formation<sup>1</sup>, and also that the theory of functional distribution of income is strongly linked to the theory of marginal productivity of factors of production. In his theory, Pareto showed the determinants of the personal distribution of income over time and the geographical area, Karl Marx in the surplus-value theory, and the sum Bart in his theory of natural accumulation, these showed the way in which economic individuals behave in factors of production. In addition to the study of the functional distribution of income. In other words, determining the prices of factor services according<sup>2</sup> to their marginal productivity, the positive economy, which claims that the prices paid for the participation of factors of production represent the income of their owners, and that the analysis and study of the factors that determine these prices do not show us only the functions of the price system. It also explains how national income is distributed among the various owners of productive services, which is called functional distribution<sup>3</sup>.

The neo-classical school, which includes economists (Marshall, Clark, and Al-Heden), was based on the limited analysis of factor productivity, so that the distribution process takes a new course, known as (functional distribution of income), determining the prices<sup>4</sup> of factor services based on their marginal productivity<sup>5</sup>. Thus, the neo-classical theory of distribution was based on functional analysis and not class analysis, for example, we find that Marshall did not see the workers as class but on the basis of the production to which each of them contributed. On this basis, the high wage paid to the skilled worker is a reflection of his high marginal productivity and vice versa.

## **PART TWO**

# The General Basis of The Islamic Economy of The Theory of Distribution

The general bases of the Islamic economy are derived from the sources of legislation which include the Holy Qur'an, the Prophet's Sunna, and the hadith

<sup>1</sup> same source, p. 26.

<sup>&</sup>lt;sup>2</sup> Khudair Abbas Al-Mahr, a previous source, pg. 27

<sup>&</sup>lt;sup>3</sup> Abd al-Malik Abd al-Wahhab, a previous source, p. 7

<sup>&</sup>lt;sup>4</sup> Sobhi Tadros Gereida, Introduction to Economic Theory, Egyptian Universities House, Cairo, 1964, p. 254

<sup>&</sup>lt;sup>5</sup> Jassim Muhammad Shehab, a previous source, p. 45

about the Imams who are wrestless (peace be upon them), and these bases are as follows: -

# First: The Ideological and Ethical Bases

Every religious or non-religious belief and philosophy has a limited view of money, work and production, and each ideology and philosophy place these economic things in a particular position in the system of values that it takes and pretends to take or in another expression that each of them carries out its own evaluation of money, work and production. The result is that different doctrines and philosophies that give rise to different economic systems are behind an economic system a philosophy upon which to be based, to which concepts are derived and to which they are in line.

The research into the ideological, philosophical and moral position of the element of economic activity is very important, because it is this position which generates strong positive or negative incentives for work and production that defines the objectives of economic activity and generates significant economic results. In addition, it is not true to infer the method of scientific method based on testing, because the experiment proves the sensory, and not the God of the intellect, if it is related to heart and faith, then the senses may doubt its error and be made clear through this brief summary of the meaning of monotheism. It is not an immediate matter and therefore, for some, monotheism is a problematic issue, so there are many theories in this matter<sup>1</sup>

It clarifies the monoism in the language, I mean, it is the integrity of God God, and this indicates that obedience to Allah is required to all Muslims and to comply with his rule, compliance with the Holy Quran and his Messenger (may Allah have reached upon him and never<sup>2</sup>, and the imams who are forgiven peace). When knowing the God Creator's unselfishness, he must comply with his orders by adhering to his noble book, and this is manifested in the first side of worship and the other side of the treatment, as we pointed out earlier that the general bases of the Islamic economy cannot be recognized only from the Holy Quran. It is necessary to study the economic conditions that prevailed, especially in the early years of Islam, during the time of the Prophet (peace be upon him), the infallible imams and the private companions, to observe the economic and social applications that were in force in those times, which varied according to the nature of the common systems<sup>3</sup>. It is clear that Islam has drawn a clear picture of this human being in the economic, social, political and scientific way of dealing with the nature of the means of mankind, and has made every factor a border that cannot be beyond the limits of man, as we note that the Islamic economy is not based on the material side like other positive ideas. This is what gives the spiritual happiness and the assurance of the human being in good life by good gain, and this has a strong

<sup>1</sup> same source, pp. 16-32

<sup>&</sup>lt;sup>2</sup> Abdel Hamid Brahimi, Social Justice and Development in the Islamic Economy, Center for Arab Unity Studies, Beirut, 1997, p. 23.

<sup>&</sup>lt;sup>3</sup> Adnan Abbas Ali, a previous source, p. 42.

connection to the relationship between the Creator and the creature, as well as the link between man and his surroundings and man and his brother<sup>1</sup>.

That is, it is above the limits of time and space, and we see it in the noble talk in the description of Al-Maftafa (God pray for God and God) to the Creator Az-Wadeel (God, you are first, you are not before you, you are not after you, you are not above you, you are sub, you are not without you)<sup>2</sup>, and to say it (Say: 'Who is the Lord of the heavens and the earth? 'Say: 'Allah. 'Say: 'Why then have you chosen guardians other than Him, even though they have neither the power to benefit nor harm themselves? 'Say: 'Are the blind and the seeing equal? Are darkness and light equal? Or, have they ascribed to Allah associates who create as He creates so that all creation is alike to them?" Say: 'Allah is the Creator of everything. He is the One, the Conqueror)<sup>3</sup>, And in this noble verse there is a clear confirmation of the oneness of the Creator, and that the king is all for God God, His Majesty, He is the owner of the heavens and the earth, its ruler, and its ruler, and its ruler with His wisdom and ability over the innovations in them in formation (Who is the Lord of the heavens and the earth)<sup>4</sup>, If humans admit that robotism is God, then why the trap (Why then have you chosen guardians other than Him, even though they have neither the power to benefit nor harm themselves?)<sup>5</sup>, The Islamic Ummah must change its faith to the process of building it (You are the best nation ever to be brought forth for people. You order honor and forbid dishonor, and you believe in Allah. Had the People of the Book believed, it would have surely been better for them. Some of them are believers, but most of them are evildoers)<sup>6</sup>, And God God said (And so We have made you a median nation, in order that you will be a witness above the people)<sup>7</sup>, These verses show the clear meaning that the Ummah cannot truly be Islamic, unless the Islamic faith serves as the basis for the exercise of its responsibilities and duties in all aspects of life, especially economic ones.

Islam did not call for the destruction of all preponderance, nor did it call for the abolition of property until things are set right, as did the man-made systems, nor did it call for reforming the depths and abandoning the phenomena, or saying that the issue of reforming morals and society occurs automatically and automatically. Rather, Islam called for spiritual and psychological monotheism in the shadow of belief in God and worshiping him, and at the same time it launched the call for social monotheism through jihad and struggle against social indifference. Here we look at the God's saying (People of the Book, let us come to a common word between us and you that we will worship none except Allah, that we will associate none with Him)<sup>8</sup>, In this opinion, he referred to the granting of unity to man through faith, one way and one kiss, to attain moral freedom, so the Muslim

<sup>&</sup>lt;sup>1</sup> Abdel Hamid Brahimi, previous source, p. 24

<sup>&</sup>lt;sup>2</sup> Al-Nawawi, Mirza Hussain, Al-Mustadrak, Part 17, i I, Aal al-Bayt Institute for Heritage Revival, AH 20914, Qom, 1407 AH, p. 114.

<sup>&</sup>lt;sup>3</sup> Ar-Ra'd, Verse 16

<sup>&</sup>lt;sup>4</sup> Ar-Ra'd, Verse 16

<sup>&</sup>lt;sup>5</sup> Ar-Ra'd, Verse 16

<sup>&</sup>lt;sup>6</sup> Al-Imran, Verse 110

Al-Bagarah, Verse 143

<sup>&</sup>lt;sup>8</sup> Al-Imran, Verse 64.

community is a society of equality, brotherhood, justice, and equality must be positive rather than negative<sup>1</sup>.

#### Second: Totalitarianism

The Islamic thought is different from the positive ideas, because it contains two aspects, one related to religious life and is reflected in worship, and the second is related to the worldly life, represented by transactions. The Holy Qur'an and the Sunna confirm human happiness through the conduct of economic activities by the human being. While respecting the Islamic traditions in dealing<sup>2</sup>, with society, and at the same time carrying out the duties of worship, so as to ensure eternal happiness on the Day of judgment, we note through this that the relationship between the material, moral and spiritual aspects is an integral relationship that has given Islam the status of totalitarianism. This means that it aims at achieving the material and spiritual aspirations of mankind, and therefore we believe that the Holy Qur'an confirms that the Prophet (may Allah bless him and grant him salvation) is an appeal to all human beings without exception to teach them justice, Brotherhood, freedom and dealing with others and responsibility, thus eliminating the bad characteristics of human society. In this case (We did not send you (Prophet Muhammad) for all mankind except to bring them glad tidings and to warn)<sup>3</sup>, the Prophet (peace and security) said, "We are all the people of the world, and that Allah has created all the good things in the universe and made them serve all mankind," he said (Do you not see how Allah has subjected to you all that is in the heavens and the earth, and lavished on you His visible and unseen favors? Yet some people would argue about Allah without knowledge, or guidance, or an Illuminating Book)<sup>4</sup>, In doing so, we believe that Islam urges action, perseverance, and non-inertia, and calls for good and productive work, and for the exploitation of natural resources to achieve a happy, non-exploitative and self-sustaining life, acting in accordance with ethical principles.

We note that when the Islamic economy is adopted by the principle of universality in dealing with nature, it has a distinct character from the traditional positive theories, since the principle of totalitarianism adopted by Islam, which is consistent with respect for ethical principles and human values, man teaches how to deal with others and when it is in accordance with the divine teachings<sup>5</sup>, So the Islamic economy, when it calls for equality, is aimed at rejecting all grounds of inequality and at differential genealogy, or at the difference between male and female, calling for changing the perception of women in contrast to what happens in Western systems, but now, for some people with weak souls, we find contempt for women in several things, God says (People, We have created you from a male and a female, and made you into nations and tribes that you might know one another. The noblest of you

<sup>&</sup>lt;sup>1</sup> Morteza Motahari, The Universe and Monotheism in the Divine Perspective, I, Dar Al-Amir for Culture and Science, translated by Muhammad Abdel Moneim Al-Khaqani, Beirut, 1993, p. 61

<sup>&</sup>lt;sup>2</sup> Abdel Hamid Brahimi, previous source, p. 23

<sup>&</sup>lt;sup>3</sup> Saba, Verse 28

<sup>&</sup>lt;sup>4</sup> Lokman, Verse 20

<sup>&</sup>lt;sup>5</sup> Abdel Hamid Brahimi, previous source, p. 24

before Allah is the most righteous of you. Allah is the Knower, the Aware)<sup>1</sup>, and God says (Believers are indeed brothers, therefore make things right among your two brothers and fear Allah, so that you will be subject to mercy, Believers, do not let people mock other people who may be better than themselves. Do not let women mock women, who may be better than themselves. Do not find fault with one another, nor abuse one another with nicknames. An evil name is disobedience after belief. Those who do not repent are the harmdoers, Believers, abstain from most suspicion, some suspicion is a sin. Neither spy nor backbite one another would any of you like to eat the flesh of his dead brother? Surely, you would loathe it. Fear Allah, without doubt Allah turns (in mercy) and He is the Merciful, eople, We have created you from a male and a female...)<sup>2</sup>.

# Third: Unity

The concept of unity in Islam is distinct and clearly manifested in the two previous principles, namely, unity and comprehensiveness, and as long as every Muslim believes in God and his behavior must be based on those principles, the strengthening of God is the result of this unity, whether in religions or transactions (And hold fast to the Bond of Allah)<sup>3</sup>.

Economic integration is an inevitable and uniting matter among all Islamic States, especially in the current circumstances of the Islamic world, in which there are all the necessary requirements for the success of this integration or the process of economic unity, in terms of geographical and economic space, numerous and diverse natural and human resources and huge financial capacities. Most important of all is the one religion and one faith, but nevertheless we find an obstacle standing in the way of this task, represented by the ill political regimes, which are fed by external powers, whose aims are to control and entrench subordination in the Islamic countries, and overcoming these obstacles lies in unifying all political, economic, social and cultural efforts. In accordance with the teachings of the Qur'an<sup>4</sup>.

#### Fourth: Balance

As the economy of Islam combines material and spiritual aspects, it has distinctive characteristics for the creation of a social order, as pointed out in the following verses], says (Is He who creates as he who does not create? Will you not remember?)<sup>5</sup>, and says ()<sup>6</sup>,Islam allowed private property or the private sector, in addition to emphasizing public property and the need to achieve the public interest. Islam believed that wealth creation was permitted, but assistance to the poor and needy was necessary and compulsory, and allowed competition in economic activities, but monopoly was not allowed<sup>7</sup>.

<sup>&</sup>lt;sup>1</sup> Ar-Hujurat, Verse 13

<sup>&</sup>lt;sup>2</sup> Ar-Hujurat, Verse 10-13

<sup>&</sup>lt;sup>3</sup> Al-Imran, Verse 103

<sup>&</sup>lt;sup>4</sup> Abdel Hamid Brahimi, previous source, p. 27.

<sup>&</sup>lt;sup>5</sup> Al-Nahl, Verse 17

<sup>&</sup>lt;sup>6</sup> Al- Al-Furqan, Verse 67

<sup>&</sup>lt;sup>7</sup> Abdel Hamid Brahimi, previous source, p. 28

With regard to social balance, we believe that it is a balance in the standard of living rather than in the level of income, since balance in the standard of living means that money is transferred among members of society in such a way that everyone has the right to live to an adequate standard of living for himself and his family. <sup>1</sup>It should make this mission a target, through the clear principles and values of Islam, in helping the poor and needy, and in forgetting extravagance on the one hand, and raising the standard of living of individuals on the other, so as to bring the levels closer together<sup>2</sup>.

Let's look at Imam Ali's speech in his sermon addressed by one of his workers on Basra. (And I swear to God I truly swear to you that you betrayed the Muslims with something small or big, so I think you're gonna have to say you're a little bit too much for a little bit too much for a little bit of pride<sup>3</sup>, Emphasizing (Peace) the need to take care of the public finances of Muslims and that the Muslim human being must not exploit his position, influence or social status to take over the people and dispose of public funds at will, thus undermining the social and economic balance of humanity and contradicting Islamic teachings that emphasize equality and social balance<sup>4</sup>.

Believing in these two facts is: Allowing the difference between individuals in wealth, and obtaining this wealth should be based on an Islamic basis, far from all kinds of exploitation, and this disparity or difference should not be to a great extent at the expense of the public interest. At the same time, Islam places great responsibilities on the State, the aim of which is to improve the lives of individuals who live at low levels or who are unable to work for reasons beyond their control, and thus to bring these groups of society to a state of balance in the standard of living<sup>5</sup>, as Islam has shown that this balance is achieved by providing wealth to other people. The law used this rich concept to keep it apart from the sanctities of Zakat and its prevention, so that it interpreted this separating limit to reach a certain level of living of individuals with others, and it ensured that the necessary possibilities are provided for the state to achieve these responsibilities<sup>6</sup>, including restoring balance in case of its imbalance and according to its legislative and executive powers, and we see this clearly in the time of the Prophet of Allah In the past, the United States and the United States have been in a position to do so, and the United States have been in a position to do so.

As for the issue of the hoarding of funds without need, the Islamic Shariah forbade this because the frozen money is far from spreading and contributing to the productive process, which leads to the weakness of economic growth and the failure to achieve real development, and the hoarding of funds leads to recession and economic decline, depriving the poor of low-income income and

<sup>&</sup>lt;sup>1</sup>Muhammad Ali al-Taskhiri, op., p. 261.

<sup>&</sup>lt;sup>2</sup> Muhammad Ali Al-Taskhiri, previous source, p. 261

<sup>&</sup>lt;sup>3</sup> Imam Ali (peace be upon him), Nahj al-Balagha, previous source, p. 19

<sup>&</sup>lt;sup>4</sup> Martyr Sayyid Muhammad Baqir al-Sadr (his Qadah), Our Economy, 1st Edition, Islamic Media Library, Qom, 1989, p. 671.

Source, Our Economy, p. 672- p. 673.

<sup>&</sup>lt;sup>6</sup> same source, pp. 661-692

<sup>(2)</sup> Ibid, pp. 661-692.

<sup>(3)</sup> Ibid, pp. 121-122.

<sup>&</sup>lt;sup>7</sup> The same source, pp. 121-122

Zakat transfers. He say) "God is the one who is the one who is the one (and write down what they have forwarded and what they have left behind; We have counted everything in a Clear Book)<sup>1</sup>, (Spend in the way of Allah and do not cast into destruction with your own hands. Be gooddoers; Allah loves the gooddoers)<sup>2</sup>, who is the one who is the one who is the one who is In this respect, Islam, when emphasizing the need to achieve social balance, aims at establishing an Islamic community based on Brotherhood, justice and equality, which is what the Islamic economy represents in all its objectives<sup>3</sup>.

#### **CONCLUSIONS**

After I have completed this important research with the help of God, I remember the most important conclusions and recommendations I have reached:

- I- The Islamic economy has complete and comprehensive treatment of optimal distribution in a manner that is independent and distinguished from other positive regimes.
- 2- The established foundations and principles derived from the Holy Qur'an and the honorable Sunnah upon which Islamic law is based have an active role, especially in its treatment of the issue of distribution.
- 3- The Islamic economy is based on the principle of the collective legalization of natural resources for all segments of society. In the first place, the theory of distribution in the Islamic economy began with the distribution of these sources and the establishment of their forms of ownership and the philosophical basis of ownership, then it clarified the functional distribution among the factors of production that actually participate in the production process and away from class or ideological discrimination, which resulted in the theory of distribution in the positive systems.
- 4- The Islamic State's primary duty in the economy is to deal with all forms of imbalances that lead to negative economic, political and social repercussions, because it considers administrative corruption to be the main cause of these economic and political crises.
- 5- the interrelationship between the three forms of property approved by the Islamic regime and based mainly on the theory of dissent, defining the bases of each property in addition to defining its function and justifications, and considering the members of society in all its categories and principles without any distinction, while reinforcing their duties toward themselves and others from a point of view. The Islamic State and the ruler on the other hand, proceeding from the concern of Islam to guarantee the rights of all members of society to achieve the important and paramount goal of distributive justice.

#### RECOMMENDATIONS

I- giving a great importance to the subject of Islamic economic thought in comparison with the positive thought, through the development and expansion of Islamic economic curricula and a special place in faculties and institutes.

<sup>&</sup>lt;sup>1</sup> YaSeen, Verse 12

<sup>&</sup>lt;sup>2</sup> Al-Baqarah, Verse 195

<sup>(6)</sup> Abd al-Hamid Brahimi, former source, p. 29.

<sup>(5)</sup> Sura al-Baqara, verse 195.

<sup>(4)</sup> Sura Es, verse 12.

<sup>&</sup>lt;sup>3</sup> Abdel Hamid Brahimi, previous source, p. 29

- I- The need to conduct a comprehensive and thorough scanning of agricultural and non-agricultural lands, and the bases of individual ownership of them, based on the Islamic Shariah orders, especially after land ownership has become based on the prevailing social customs, on the principle of domination and social influence, not on the basis of work and the need adopted by the Islamic economy.
- 2- As for social welfare institutions, an integrity authority or monitoring role should be established to follow up the files of persons and segments covered by these institutions, especially since these institutions have become a center for distributing money to the rich rather than to the poor.
- 3- In view of the economic importance of minerals and natural resources in the present era, the State must pay particular attention to them, as these resources have been looted and stolen by the corrupt rule class.
- 4- To increase the establishment of Islamic banks that are far from the point of view of the educational dealings, so as to limit the dealings of the members of the Islamic community with foreign or traditional banks.

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