What are the disadvantages of concentration of wealth? What economic measures has Islam introduced to prevent this?

Islamic Economic system has long advocated the fair distribution of wealth, that balances individual rights with social justice. Rooted in both religious tenets and moral imperatives, Islamic economics is well aware of disadvantages of inequality of distribution of wealth among people. In history, extreme inequality destabilizes societies. From the French Revolution to Arab Spring, concentration of wealth has repeatedly ignited revolts.

I. Disadvantages of Concentration of wealth

Some important disadvantages of concentration of wealth are mentioned below:

* Economic inequality
* Economic instability
* Social unrest & class conflict
* Violation of Justice and Moral values

Economic inequality

Economy is something on which a country runs itself. Economic inequality is the unequal distribution of wealth among people of the country. One class of society possesses all the luxuries while other class lives hand to mouth. Concentration of wealth creates this cycle where the rich become richer and the poor become poorer (Mathew Effect). In Quran, Allah strongly condemns the accumulation of wealth.

کی لا یکون دولۃ بین الاغنیاء منکم

--: so that wealth may not merely circulate between the rich among you.

~ Surah Al-Hashr (59:7)

Economic Inequality brings unequal opportunities for improving the life. It can ignite the extreme emotions of rebellious nature, shatter the societal balance, exploit the poor, instabilize the social equilibrium. The hoarding of financial resources, creates a bifurcated society that, increases the gap between the affluent and less fortunate people. To counter this gap, islam implements a fair and just economic system.

Economic Instability

Economic stability rests on three pillars:

- Sound Macroeconomic policies
- Strong Institutions
- Social Equity

Concentration of wealth creates pressure groups and cartels that capture the state policy. This weakens fiscal deficit and taxation remains regressive, ultimately lead to accumulation of wealth by one class (elite) of society. When wealth is concentrated, the strong institutions are captured by elites such as courts, banks, and regulators. It diminishes rule of law and accountability of actions. Investors lose interest and economy become fragile. The Quran says:

> And there are those who hoard gold
> and silver and do not spend it in the
> way of Allah, give them tidings of a
> painful punishment.
>
> (Al-Tawbah 9:34)

In a polarized society, the poor lack purchasing power that leads to shrinkage of demand and economy slows down. Economic instability comes from economic inequality when middle class erodes by wealth concentration of elites results in social unrest, social imbalance, resentment, no social harmony, repeated crisis and revolutions (such as 1980s debt crisis of Latin America when elites capture the institutions).

Islamic economic system has given a holistic framework to overcome such societal imbalance by redistributing the money of financially able person to the form of zakat (Obligatory almsgiving), Sadaqah (volunteering the charity), and Waqf (Endowments).

Social Unrest & Class Conflict

Equality creates balance in the society. Unequal distribution of resources, wealth, opportunities and even basic needs creates social unrest. Social unrest is the collective expression of anger against economic injustice, social discrimination, and political corruption. It is often manifested through revolutions, strikes, and protests. To prevent the society from injustice, Quran states the justice conduct in this way:

> Indeed, Allah commands justice
> and good conduct.
>
> (An-Nahl 16:90)

The influence of one class (elite) over the other (poor) ignites the movements of civil disobedience. The lack of representation, authoritarianism of elites, Unemployment, class-based biasness creates class conflict. People tend to show dissatisfaction from system, raise voice against unjust authority, and reject the obediency towards state. The chaos starts from individual / family level become problem of the country and hence, shatter the system. By combining the guidance from Quran and Sunnah, Islam has stated the principles of just and fair system. If we look into Riasat-e-Madina system, the pillars of its standing was based on just system. So, Justice is an essential ingredient not only for equilibrium in society but to stabilize the economy as well.

Violation of Justice & Moral Values

The concentration of wealth promotes corruption and undue influence. This gives room to elites to manipulate the institutions for their own sake, ~~this~~ that results in marginalization of poor. The induced disparity imports society, undermines justice and erodes public confidence. PBUH warned against excessive attachment to material as:

> Wretched is the slave of
> dinar and dirham.

(Sahih al-Bukhari 6435)

Justice and moral values violates when certain group of people remains wealthy while other suffers. Wealth fosters arrogance and insensitivity towards less fortunate people, contradicting the value of compassion and values of justice. To uphold islamic economic practices, Islam encourages circulation of money, distribution and redistribution of wealth ensuring that wealth serves as a means of collective well-being rather than a source of moral decay.

Cause-and-effect Flowchart of Concentration of wealth

Economic inequality
Example: Pakistan's feudal system

Economic instability
Example: French revolution

Social unrest & class Conflict
Example: Latin America in 1990s and Pakistan sugar mafia

Violation of Justice and Moral values
Example: Gulf migrant workers

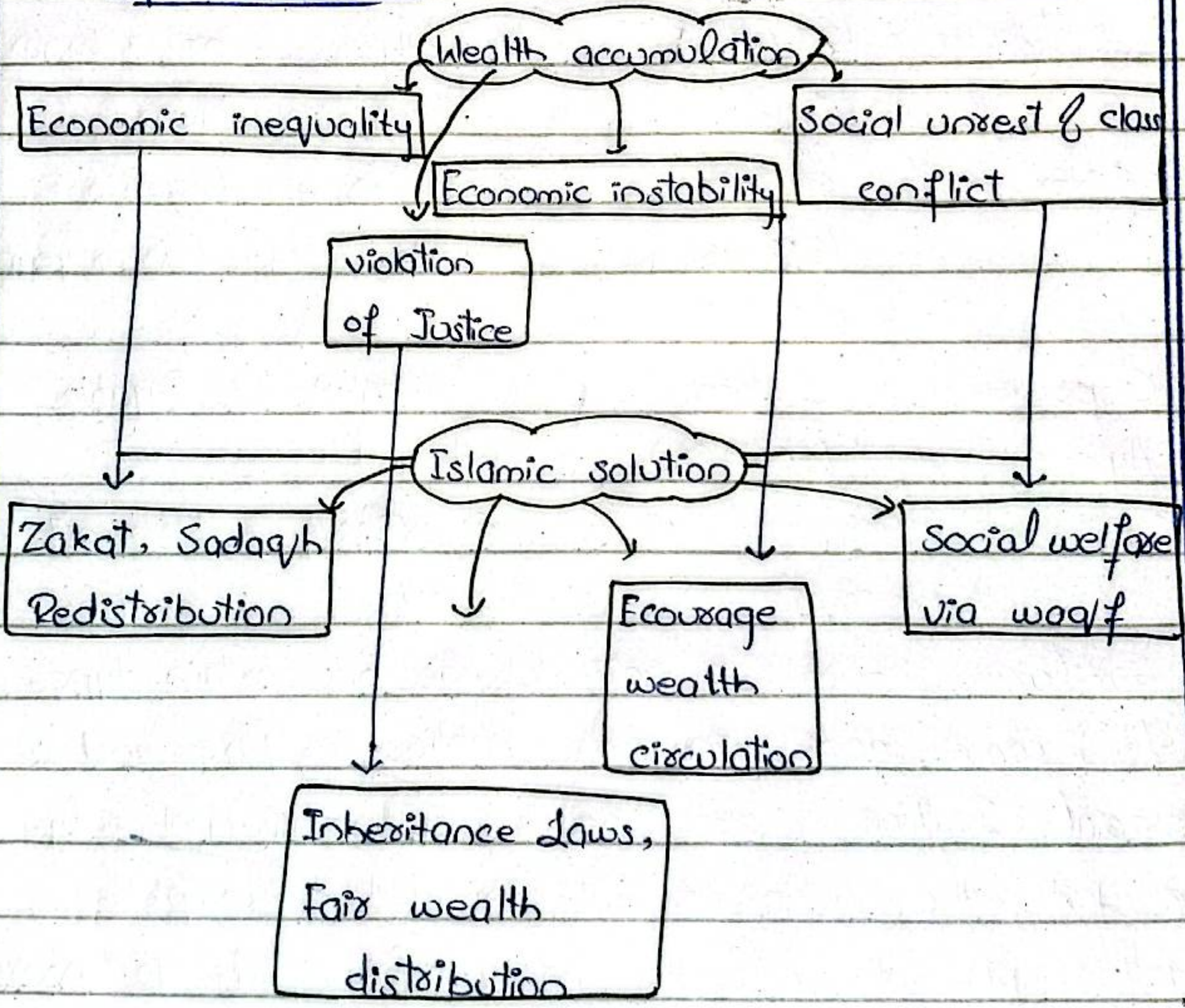
Hindrance to growth and institutional capture by elites.

II. Islamic Economic Measures to prevent wealth accumulation

Islamic economic system enacts the comprehensive guide to run a stable economy, such as:

* Zakat and Khums
* Prohibition of Riba and Hoarding
* Sadaqah and Waqf encouragement
* Wealth redistribution and inheritance law

Problem-solution chart of concentration of wealth



Zakat and khums
(Obligatory Almsgiving)

Zakat (زکوٰۃ), an obligatory almsgiving system, strictly ordered a fortunate to pay certain amount of money from his income to less fortunate. It ensures that some extra money (2.5%) is allocated to poor people. Zakat is different for different assets.

Assets	Nisab	Zakat Rate	Conditions
Gold	7.5 Tola (87.48gm)	2.5% annually	possession for 1 Lunar year.
Silver	52 Tola (612.36gm)	2.5% annually	possession = 1 Lunar year
Crops and Agri..	5 wasq (~652.8kg)	-10% irrigated land and 5% artificially irrigated	Payable at harvest time.

Similarly, khums, a 20% charge on certain types of income goes towards public welfare and social Justice. Islamic Economic system has not only enacted the guidelines but provided a complete tested plan to circulate money from rich to poor.

Furthermore, Allah mentioned Zakat along with namaz to show its obligation on Muslims. Zakat is also called as the fourth pillar of Islam. The repetition of this act is highlighting its importance without exaggeration. To cope with economic inequality, that serves as the root cause of many social evils, zakat system should be ensured.

Prohibition of Riba and Hoarding

Riba (interest) and Hoarding of money is strictly prohibited in Islamic economics. The Quran heavily condemns it, and emphasize the Moral financial Dealings by declaring,

~~Allah has forbidden Riba, and~~
Allah has permitted Trade, and
forbidden Riba.

(2:275)

Financial inequalities widen due to Riba as it provide room for rich to benefit unfairly at the ~~cost~~ expense of the poor. The impacts of Riba result in the destruction of society such as exploits debtors, concentrates wealth, and creates injustice and instability. When Riba-based systems exploit the poor, Islamic finance provides equity based alternatives like Murabaha, Ijarah, Mudarabah, and Musharakah.

in line with Quranic injunctions.

Mode	Example
Murabaha (cost + profit sale)	Import machinery
Ijarah (Leasing)	Housing, car leasing
Musharakah (Partnership)	Joint ventures
Mudarabah (Profit sharing)	Investment in business

On the other hand, Hoarding of money refers to the excessive accumulation of cash, financial assets, and others often driven by fear or desire for security. In psychology, we call it maladaptive behavior. Prophet (PBUH), in his warning against this conduct, stated that:

"Whoever hoards food (to raise its price), he is a sinner."

(Sahih Muslim 1605)

Hence, Islam supports social welfare and equitable society that outlaws usury and hoarding. To achieve a guranteed balanced society riba and hoarding of money should be strictly prohibited. Moreover, Riba institutionalizes the capitalist economy by making interest the price of money, not of goods and services.

Sadaqah and Waqf (Endowments) encouragement

Sadaqah (voluntary almsgiving), as opposed to Zakat, which is required, is a voluntary way to maintain economic equilibrium. The Quran says,

> The example of those who spent in the way of Allah is like a seed of grain that sprouts ear seven, each ear a hundred grains.
>
> (Al-Baqarah 2:261)

Sadaqah is the source of obtaining Allah's happiness as a Muslim and encourage a culture of selfless giving. It is an act to break the barrier between man-made classes of society. Waqf, on the other hand, means to stop, hold, or dedicate. It is the permanent dedication of property or wealth by a Muslim for public welfare, where ownership belongs to Allah and benfit goes to people. Once a property is waqf, it cannot be sold, trasferred, and inherited. Waqf is a kind of Sadaqah or called as Sadaqah Jariyah. Some examples of sadaqah and Waqf are given below that describe its application:

Types of Sadaqah	Examples
Sadaqah Al-Tatawwu' (Voluntary Charity)	Giving food to poor and sponsoring education
Sadaqah Al-Jariya (Ongoing Charity)	Building school, water well, planting trees
Sadaqah Al-Fitr. (Charity at Eid)	Rice, wheat, or money to poor at Eid.
Non-Monetary Sadaqah (Good deeds)	Helping elderly, removing harm from road.

Types of Waqf	Examples
Religiou waqf	Mosque construction funds
Charitable Waqf	Waqf-based universities, hospitals
Family Waqf	Family endowments such as scholarships
Public utility Waqf	Public parks, libraries, roads

Wealth redistribution and inheritance Laws

Unlike capitalist inheritance where wealth can concentrate into dynasties, Islam ensures the circulation of wealth by mandating fixed shares for heirs. Islamic economies are designed to break the monopolies and creating equity. In this way, Quran explicitly outlines fair inheritance shares for heirs, stating.

> For the men is the share what the parents and close relatives leave, and for the women is a share of what parents and close relatives leave, be it little or much - a determined share.
>
> (An Nisa 4:7)

Islam not only ensures just distribution of wealth at the point of earning but also mandates redistribution of wealth through Zakat, Sadaqah, Waqf, and inheritance to maintain social harmony. Wealth distribution is the initial lawful earning and sharing of wealth while wealth redistribution is the allocation of earned amount for justice and equity such as Zakat, Sadaqah, and Inheritance. Inheritance is one of the aspect of wealth redistribution that Quran and Sunnah has stated clearly. Inheritance is called as Miraith in arabic. In Surah An-Nisa (4:11), Quran stated general rules to inherit the property.

Relation	Share (General Rule)
Son	Double the share of daughter
Daughter	1/2 of estate
Wife	1/4 if no children
Father	1/6 if deceased has children
Mother	1/6 if deceased has children
Siblings	Shares if no children/parents

Conclusion

The concentration of wealth has resulted in corporate greed, unfair wages, poor exploitation, corruption, marginalization of communities, capitalist economy and social inequality. In this way, Islam provides a comprehensive economic framework to counter these issues through Zakat, Sadaqah, prohibition of Riba, Waqf, and inheritance. While Islamic solutions offer effective principles but their impact depends on proper implementation of in contemporary economic systems.