

UNDERSTANDING
ZAKĀT

AN INQUIRY INTO
THE METHODOLOGICAL PROBLEMS OF
THE SCIENCE OF ECONOMICS

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Preface

As well as practical research and analysis, our institute continues in the steady re-evaluation of the basic factors which are necessary for our understanding of the contemporary Middle East. Certainly, Orientalist research in the United States and Europe has contributed greatly to Middle East studies, however we must ask ourselves whether their concentration on clarifying specific details of socio-culture has not neglected basic approaches to important matters concerning socio-cultural structure and synthesis.

To cite one example, it is difficult to find books which can answer precisely questions such as "what is the difference between Judaism, Christianity and Islam?" We can rarely find works that deal with the Tawhīd which is crucial for an understanding of the

above question. It is even more difficult to find works that deal with the influence of the Tawhīd World view on Middle Eastern socio-culture. In other words there is a tendency in Western academic work to present the Middle East as an area without its own defining characteristics, evaluations have been made therefore, on the presentation of others criteria. Furthermore, how can the current Orientalism correctly grasp the true nature of Islam when its analysis describes it as the religion of a warrior group, and examination of muslim society and culture is done through analysis of the Mamluk and Ottoman dynasties? This too, at a time when many muslims are criticising these dynasties for their thin base in Islam.

The young author of this volume has thrown new light on the essence and function of Zakat -- a basic institution of Islam which has seemingly been exhausted in discussion yet still remains unclear. The author is careful to examine first the skeleton of the question, and in the course of the study I believe, strikes the very core of the answer. This kind of examination will inevitably be used in the future as an example for the clarification of other questions.

Mr. Sato, the author of this volume, is a research

fellow of IMES. He is a promising researcher with a strong sense of methodology, plus sharp analytical capability, especially concerning economic issues.

Toshio Kuroda
Director

Introduction

The Islamic economy has been considered a backward economy by many non-Islamic economists. Islamic economy is usually analyzed in a narrow economic term, ignoring the relationship between Islamic economy and society. Because of this narrow focus, their formalistic interpretations are often misleading. For example, they often stress such aspects as the prohibition of Ribā(usury) as being representative of Islamic economy. They attempt to argue that Zakat in Islam is just one kind of tax, because they tend to stress the obligatory sense of Zakat and to overlook its real social and spiritual function in the society.

Although Marcel Mauss touched on almsgivings as a gift-giving, most scholars have yet to analyze the phenomenon of Zakat in terms of gift-giving. Formalism tries to adopt a market economy approach which stresses

a means-end relationship in all economies. Within this approach, Zakat is seen as only a religious wealth tax and the substance of gift-giving is ignored. However, from the perspective of substantivism, which tries to empirically analyze human economy as an interchange between the social environment and men, Zakat can be considered as a variation of the gift and analyzed by the theory of gift. Thus, this study will attempt to apply the substantivist view to Zakat.

This study will attempt to demonstrate that Zakat, when analyzed from a substantive perspective, should be considered as a gift. This is in contrast to the formalistic approach in which Zakat is considered merely a religious and/or income tax, that is, merely serving as a mechanism for the redistribution of income. Nevertheless, the real importance of Zakat is as a gift from the main body of Muslim believers to the poor, which works as a community fund. Specifically, the purpose of the community fund in Islam is to promote unity in the Ummah (Muslim world) and enlargement of the Ummah.

This dissertation is composed of two parts. The first part examines three substantive approaches to economic analysis. The second part discusses the main features of Zakat, and applies the substantive

perspective to the analysis of Zakat, with particular focus on the concept of reciprocity in gift-giving, a key concept for the understanding of Zakat.

The first section in Part I discusses the methodology of Karl Polanyi, the founder of substantive school of economic anthropology. For Polanyi, economic activity can be understood only when it is embedded in a particular society.

The second section discusses the methodology of Mauss, who characterizes the gift-giving system in ancient society as a phenomenes sociaux(totaux). In other words, the gift system contains the integrated lawful, religious and ethical aspects which cannot be understood in terms of market economics which focuses on the mode of exchange alone. Mauss defines three obligations in the gift-giving relationship, these are, giving, receiving and repayment. These three aspects will be key concepts in this study.

The last section in Part I discusses the methodology of Marshall Sahlins, especially the concept of pooling. Sahlins develops the concept of pooling from Mauss's notion of redistribution. This pooling refers to the movement toward the center and its reverse in a tribal society. While reciprocity is a symmetrical movement of goods, often between two

groups, pooling is usually an in-group action, and is characterized by centrality.

In Part II I apply these three notions to Zakat. Section I describes the main features of Zakat, mainly from the side of giver and the receiver. The analysis used here is based mainly on the work of al-Ghazālī, a respected Islamic theologian and jurist. This section stresses four duties for givers; anonymity, lack of haughtiness and self-conceit, punctuality and obligation, and three duties for receivers; they should know the decision of God, they should not thank the giver but God, and they should know the source of Zakat. These duties are ultimately connected to the obligations to give, receive and repay a gift. Performing these duties keeps the recipients from feeling inferiority which may come from being unable to repay a gift as charity may easily damage the self-esteem of recipients.

In Section II the formalist and substantivist approaches to Zakat are compared, and an attempt is made to show the superiority of the latter approach. When analyzing Zakat in terms of the substantivist approach, it will be argued, using the notions of "pooling" and "reciprocity", that Zakat can be considered as a community fund.

Gift-giving is an eternal theme. People look forward to receiving gifts, although they often forget that receiving a gift entails an obligation to repay it. This study is heavily indebted to the excellent work of Marcel Mauss on gift. Just as Mauss's famous Essay on the Gift¹ became his "gift to the ages",² this paper hopes to be a repayment in the form of an analysis of Zakat.

Notes

1 There is another book on gift; Lewis Hyde, The Gift, (New York: Random House, 1979).

2 Marshall Sahlins, Stone Age Economics, (London: Tavistock Publications Ltd., 1974), p.149.

Part I.

Three Substantivist Methodologies

Section I. The Methodology of Karl Polanyi

The work of Karl Polanyi crosses the traditional boundaries dividing social science. Although he was influenced by Weber, Durkheim and indirectly Marx¹, Polanyi established his own style of economic analysis, especially developing a holistic approach to the comparative study of economy and, the economic anthropological aspect of economy, the latter in contrast to conventional economics or formal economics. Specifically, he argues that the formalistic approach in which the economy is disembedded from society, is wrong. What is of importance is that we should notice the interrelationship between the economy and the society, the economy and the individual, and the

society and the individual. Thus, "economic behavior is interwoven with the general fabric of social, political, and religious life."² These relationships are important in an analysis, not only of the Western economies but also of the Islamic economy. In the Islamic economy, conceptually the "economic man" who can maximize his profit everytime, does not exist, because the "economic" action of Muslims reflects Islamic ethics. In other words "economic" action in Islamic economy is also motivated by non-economic(non-"economizing" by Polanyi) purposes. The almsgiving and prohibition of Ribā and almsgiving or Zakat are two prime examples. While formalistic economists tend to ignore Zakat because of their views that Zakat is only a tax, in fact, as one of the Five Pillars of Islam, Zakat is one of the most important religious duties for the Muslim believers.

In this section I will discuss two books by Polanyi, The Great Transformation and Trade Market in Early Empires. It is generally said that the first book provides a critical analysis of the universality of the market economy during 19th century and that the second one is more relevant to economic anthropology. According to F.Block and M.R.Somers, Polanyi "sought to demonstrate that the market had played a subordinate

role before the rise of capitalism."3

Y.Tamanoi, who translated and edited the Japanese version of Trade Market in Early Empires, stresses three developments4 concerning historical civilization: i. the development of cultural anthropology,5 ii. the revolution of Western scholars' view point in history, iii. unsolved issues in conventional economics. Firstly, cultural anthropology provides the perception of the different culture. Secondly, as E.W.Said points out, Western historians have started to notice their Orientalism. Intentionally or unintentionally they centered only on Europe in describing world history. Thirdly, many factors such as gender, energy, communication, the environment, etc., have appeared. These problems have been caused by a mistaken belief that the market is almighty. Of course conventional political economists have analyzed these problems using non-market factors, but their attempts are not widely recognized. Working from the standpoint of Polanyi, I. Illich and B. Duden have illustrated these factors in 20th century more precisely.

Polanyi's perspective is quite suggestive for the analysis of Islamic economy as dominated by the Islamic ethic, because he analyzes economy in relation to society and focuses on economic institutions not from

the center but from the periphery, avoiding ethnocentrism. His perspective derives from the fact he was born in Hungary, not the center of Europe, and as a result he had doubts about the market economy which was self-evident in Western society. This will become clear as we examine Zakat.

A. The Particularity of Market Economy

Karl Polanyi argues that in the formalistic view, economy is disembedded from society. He states that:

There are two critical transformations: the emergence of market society out of mercantilism and the collapse of market society into fascism and world war. 6

In detail he examines three preconditions or institutions, what he terms the "Catallactic Triad": trade, money and market. They are joined with three integrations or "transactional modes": reciprocity, redistribution and exchange. He thoroughly develops three classifications of integrations of society in The Economy as Instituted Process. His focus on economy in primitive society is the antitheses of market universality; people in primitive society, which is not

dominated by market force in the Western sense, do not prefer to barter for maximizing their utility. Polanyi argues that economic motivation or rationality cannot be applied to non-market societies directly. The axiom of formalism, i.e., that economic men barter goods to maximize their utilities, is thus criticized as being highly ethnocentric. Block and Somers maintain that:

Polany's primary task was to develop a method that avoided the assumption that all societies operated on the same economic principle, he chose to focus his analysis at the level of concrete institutions. 7

For Polanyi, built-in labor and land in the market was indispensable for the development of market economy in the 18th century. In the process of forming the market economy, labor and land were transformed into goods in the market during the 19th century. However, Polanyi found out that laborers were motivated not only by purely economic factors but also by non-economic factors. More specifically, they tried to keep increasing income and had to work from "fear of hunger." Polanyi says that:

Single out whatever motive you please, and organize production in such a manner as to make that motive that individual's incentive to produce, and you will have induced a picture of man as altogether absorbed by that particular motive. Let that motive be religious, political or aesthetic; let it be pride, prejudice, love, or envy, and man will appear as essentially religious, political, aesthetic, proud, prejudiced in love or envy. Other motives, in contrast, will appear distant and shadowy since they cannot be relied upon to operate in the vital business or production. The particular motive selected will represent "real" man. As a matter of fact, human beings will labor for a large variety of reasons as long as things are arranged accordingly. 8

In a wide sense the present paper insists that non-economic motives must also be key factors in the analysis of Islamic economy. There is the contrast between economic and non-economic motives, like materialistic vs. conceptual or rational or irrational.⁹ Islamic economy, which directly reflects the ethics of Muslims, should be analyzed through the concept of Tawhīd(the principle of unification) and Ummah(Muslim society). Polanyi also says that:

Rational action is here defined as choice of means in relation to ends. Means are anything appropriate to serve the end, whether by virtue of the laws of nature or by virtue of the laws of the game. Thus "rational" does not refer either to ends or to means, but rather to the relating of means to ends. 10

As Polanyi doubts the universality of market economy and turns his eyes to the origin of economy in society earlier than the market economy, so the present author suspects that the "rationality" of Western countries cannot be applied directly to the Islamic economy.

B. Economic Anthropology and Karl Polanyi

1. Three Integrations: Reciprocity, Redistribution and Exchange

Polanyi presents three integrations which show how empirical economy is instituted. They are reciprocity, redistribution and exchange:

Since they occur side by side on different levels in different sectors of the economy it may often be impossible to select one of them as dominant so that they could be employed for a classification of empirical economies as a whole. 11

Polanyi insists that we should know how empirical economies are instituted in the particular society, while formalists focus on the only one mode of transaction -- exchange. "Each of these patterns of integrations is a mode by which individual social

units are linked together to form a social whole." 12
Polanyi explains:

If mutuality between individuals were frequent, a reciprocative integration would emerge; where sharing among individuals were common, redistributive integration would be present; similarly, frequent acts of barter between individuals would result in exchange as a form of integration. 13

i. Reciprocity

Polanyi points out the reciprocal relationships between members in society:

The outstanding discovery of recent historical and anthropological research is that man's economy, as a rule, is submerged in his social relationships. 14

Polanyi defines that reciprocity is characterized by "symmetry." Give-and-take relies on this symmetric pattern. He says that even in the huge Kula circle in Melanesia pendant partners exist in this symmetry. The concepts of M.Sahlins, symmetry and centricity deeply owe to this concept of Polanyi. (For more detail, see Section III.)

Reciprocity cannot be analyzed in terms of conventional market economics. In this pattern of

integration, non-economic motives play a principal role. That is, the economy which formalists analyze in terms of rationality and scarcity did not exist in primitive society. The action of tribal members was not only motivated from purely economic purposes but also by such non-economic purposes as dignity and generosity. And it is because of this that the community was stable.

ii. Redistribution

There always exists a center to distribute or to redistribute goods in a community. This movement from a periphery to a center is called "centricity." For Polanyi, the area for redistribution covers not the larger state but a rather small area, the community. He states that redistribution occurred together with reciprocity in ancient society and was connected with storage of food. That is, the movement of goods depends on "storage-cum-redistribution."¹⁵

The transfer of use-right generally does not cause the decline in the dignity of owner in comparison to the transfer of ownership. Furthermore, in ancient societies which were not dominated by the market, the concept of ownership was rare; all members had

reciprocal interrelations with a chief and they valued not the accumulation of wealth but the dignity and honor given by a chief. Almsgiving and ownership in Islamic countries, which will be discussed in detail in Part II, conforms to this structure, particularly in that excessive accumulation of wealth is prohibited.

We know that redistribution is one variation of reciprocity. Of course, the former moves vertically "within group" while the latter moves horizontally "between groups." In addition, Polanyi suggests that "today's giving will be recompensed by tomorrow's taking."¹⁶ Reciprocity is more directly maintained between two parties: redistribution is more moderate with one intermediate as a chief or ruler.¹⁷ This cooperative relationship can be applied to Muslim society. With the concept of time, governed by God, the Muslim naturally imagines that today's poor may become tomorrow's rich or vice versa. This reciprocal relationship among Muslims centers around God, and represents Islamic ethics, that is, the brotherhood and unity in Ummah or society. Needless to say, it is clear that the ethic is based on non-economic motives.

iii. Exchange

Exchange in order to serve as a form of integration requires the support of a system of price-making markets. Three kinds of exchange should therefore be distinguished: the merely locational movement of a "changing of places" between the hands (operational exchange); the appropriational movements of exchange, either at a set rate (decisional exchange) or at a bargained rate (integrative exchange). In so far as exchange at a set rate in question, the economy is integrated by the factors which fix that rate, not by the market mechanism. Even price-making markets are integrative only if they are linked up in a system which tends to spread the effect of prices to markets other than those directly affected. 18

According to Polanyi, this form of integration, exchange, does not equal the final developed "stage" in the Marxist theory. In ancient society redistribution was prior to exchange. The act of exchange was limited to a specific area in which goods were traded between local communities. It is noteworthy that the rate for trading was usually fixed and traders were not motivated by economic purposes to gain profit.

Polanyi succeeded in comparing reciprocity and redistribution with exchange, although these two integration modes are roughly illustrated. He also insists that:

Viewed as an exchange system, or, in brief, catallactically, trade, money and , market form an indivisible whole. Their common conceptual framework is the market. Trade appears as a two-way movement of goods through the market, and the money as quantifiable goods used for indirect exchange in order to facilitate that movement. 19

While most economists and historians undoubtedly accepted the universality of market society during the 19th century, Polanyi points out the particularistic nature of the market economy at that time.

2. The Genealogy of Economic Anthropology

i. The Genealogy of Economic Anthropology : A Brief Outline

The field of economic anthropology is an interdisciplinary social science focusing on human economy. Shinichiro Kurimoto, an economic anthropologist, insists that economic anthropology means not only the mixture of economics and cultural anthropology but also research into human social action, especially economic behavior.²⁰ He also maintains that the economy is linked with social custom, law and tradition and that the economy alone cannot be taken from a society for analysis. According

to Kurimoto, B.Malinowski, the founder of cultural anthropology, describes the primitive people in the Trobriand Islands in West Melanesia in Argonauts of Western Pacific and focuses on their economic behaviour, especially their use of ceremonial gift and interchange. He describes the Kula system which is the interchange circulation among the people in the Islands. Using Kula, they circulated and exchanged shell bracelets and shell necklaces in the opposite direction. Malinowski argues that Kula has an economic function and a ceremonial function at the same time.

According to Kurimoto's classification,²² economic anthropology has basically four schools: i. the functionalist school, ii. the Marxist school, iii. the classical economics school and iv. the Polanyi school, or substantivists. This present author supports the statement of Kurimoto that substantivists alone can accurately focus on human economy, due to their broad perspective.

The founder of the functionalist school is Raymond Firth, Malinowski's disciple. The functionalist school argues that ceremonial action implies an economic action and that all social action systems must be analyzed through this aspect. In a broad sense the formalist school can include ethnologists. The most

crucial disadvantage of this approach is that they unintentionally fall prey to ethnocentrism. Ethnocentrism here means that ethnologists can understand primitive societies only through their own biases and, as a result, they think their countries are more advanced than the primitive societies which they study.

The French authority M. Godelier represents the Marxist school. In this approach religion is prescribed as the super structure and productive relations as the substructure. Because they try to analyze all matters through class struggle, they ignore other important factors. More specifically, they fail to notice the real function of laborers and capitalists. As a result, their views cannot be applied to analyzing tribal societies.

The neo-classical school tries to illustrate a primitive society only through an econometric model, which of course is based on formalistic assumptions and assumes a formalistic method of analysis.

The Polanyi school or substantivists, argue that "interchange" between human and nature or society should be analyzed from the context of society, in other words, he insists that the economy is embedded in the society. Human action is understood as being

regulated by kinship, religion and ceremonial gift-giving in the non-market economy.

ii. Formalism

Polanyi insists that "economic" has two meanings; "economizing" as means-end relation and the substantive meaning as the interchange between men and social environment. Polanyi argues that:

The formal meaning of economic derives from the logical character of the mean-ends relationship, as apparent in such words as "economical" or "economizing." It refers to a definite situation of choice, namely, that between the different uses of means induced by an insufficiency of those means. If we call the rules governing choice of means the logic of rational action, then we may denote this variant logic, with an improvised term, as formal economics. 22

As the difference between "economic" and "economizing" shows both characteristics, the difference between formalism and substantivism depends on the analysis of formalist use of "tools" for economizing or "human economy" -- the interchange between men and nature. Formal economics requires a set of autonomous men who always pursue their profit through markets and easily ignore cultural institutions like custom, law and

religion.

As mentioned earlier, formalists often reflect their ethnocentrism when focusing on primitive and ancient society. J.R.Stanfield explains that:

Polanyi saw that the formalist perspective is patently ethnocentric in that it universalizes the historically specific culture of market capitalism. 23

As a result, formalists ignore actual human needs, motivation and institutions because of their premises.

iii. Substantivism

Polanyi himself defines the meaning of substantive as follows:

The substantive meaning of economic derives from man's dependence for his living upon nature and his fellows. It refers to the interchange with his natural and social environment, in so far as this results in supplying him with the means of material want satisfaction. 24

In other words substantivists try to understand human economy, although only the next generation can judge the analytical attitudes of substantivism. Stanfield continues:

Formalist ethnocentrism limits the ability of modern social scientists to investigate the actual character of earlier economies that were embedded in the social structure, largely and autonomous without logic and laws of their own. 25

iv. The Critique of Substantivism

Mary Douglas criticizes economic anthropology as follows:

Only stone age tools are ready for it because the unguided and unconscious interaction between centre and fringe in the institutional arrangements of the subject have left this one social science which claims to see mankind as a whole without an adequately developed theory of economics. 26

On the other hand, one substantivist criticizes the conventional economic aspects used by formalists:

Substantivists, on the other hand, argued that formal, in the sense of conventional, economic concepts were particularistic and ethnocentric and that only substantive concepts were cross-cultural because only they dealt with patterns and validity in livelihood process. 27

K.Iwai, a Japanese economist compares economic anthropology to the thumb of a Panda.²⁸ He argues that economic anthropology tends to stress the origin of

economy in ancient society and to ignore the transaction of present economy. According to him, a thumb of the Panda used to be a wrist. This "radical sesamoid" evolved accidentally for grasping bamboo leaves, their feed. He stresses that the present thumb of Panda never implies the former wrist. This wrist represents trade, money and market in ancient society, while the thumb symbolizes those of modern and contemporary societies. In other words you cannot analyze the ancient society in the same way as modern society, in the same way that the Panda's thumb cannot be analyzed as a wrist. However, is it possible to analyze all human action now only through market economics?

The difference between substantivists and conventional economists²⁹ is indicative of the complexity of contemporary economy. For instance, even in a highly capitalistic country like Japan, the gift system (Oseibo and Ochūgen) exists not only among people but also among corporations,³⁰ which are generally considered as organizations designed to pursue only economic benefits. According to this logic, this gift system among corporations must be a useless tool. However, the actual existence of the semiannual gift system shows friendship among

corporations and to stop giving gifts means to stop doing business. The gift is used to maintain status and a peaceful relationship between donors and recipients. Accordingly, this author believes that this phenomena cannot be analyzed through market economics alone. Furthermore, even in the market economy, the formalistic analysis can be valued only within certain conditions. According to Stanfield:

The contemporary crises in the social economy and economic thought mandates a fundamental reconsideration of the meaning, place, and function of human economy in society. This substantive institutional analysis that Karl Polanyi suggested provides a basis for this new departure. 31

Section II. The Methodology of Marcel Mauss

A. "The Gift" by Marcel Mauss

Conventional economics has yet to focus on gift-giving; through their paradigm conventional or formal economists can analyze only the mode of exchange under certain circumstances. They believe that the terms

"scarcity" and "maximizing profit" and "tendency to exchange" can be applied even to primitive society, thus insisting that the "economic man" or homo economicus in formalism is appropriate not only to a market economy but also to a primitive, or nonmarket economy. However, it can be asked whether men in primitive society always aimed at maximizing profit and exchanging their goods only for this purpose. Marcel Mauss defines the action of "gift" in contrast to "exchange" and three obligation to give, accept and return. His book The Gift greatly contributed to the development of economic anthropology together with the excellent intellectual contributions of Karl Polanyi. Despite her negative views on economic anthropology in general, Douglas applauds Mauss's work:

Although it got off to a brilliant start with Mauss's Essay On the Gift in 1925, fifty years later economic anthropology is very much on the fringe of the subject. 32

Mauss's theory of gift basically comes from the Argonaut of the Western Pacific by B. Malinowski, especially the phenomena of Kula, the circulation of goods in Melanesia. Although G. Simmel had also written about gift in his book Philosophie des Geldes before Mauss, his theory is not as systematic as Mauss's.

As mentioned in section I, Karl Polanyi analyzed three integrations; reciprocity, redistribution and exchange. On the other hand Mauss focuses on the "archaic form of exchange-the gift and return" 33 with obligation. Polanyi stresses individual reciprocity, whereas Mauss states reciprocity between or among groups. In this sense members make much of the maintenance of their community without pursuing personal profits. Because of dignity, honor and generosity, the excessive accumulation of personal wealth is against their rules. Unless they obey this ethic, they have to cut themselves off from the community and cannot remain as members of the tribe. In this sense both scholars attack the universality of the market economy and as a result, both began to criticize conventional economics as they shared the belief that human action is not always motivated only by economizing intention.

Mauss stresses the notion of the gift as a "total social phenomena" 34 which involves all the religious, legal, moral and economic institutions. In other words he emphasizes the relationship between economy and society. Especially he stresses "the moral and economic features of these institutions." 35 His major concerns are with what compels people in early society

to give and repay a gift.³⁶ Sahlins argues that Mauss's "essai sur le don" is a central of social contract [sic] for the primitives.³⁷ Mauss replaces "total contract" by "total prestation". He proposes that gift-exchange works as law in primitive society. Mauss also says that:

Material and moral life, as exemplified in gift-exchange, functions there in a manner at once interested and obligatory. 38

Sahlins thinks that "Mauss saw exchange as a form of political contracts."³⁹ Of course in primitive or ancient society gift means "alliance, solidarity and communion."⁴⁰ In other words the primitive society in the "war of every man against every man" needs law or gift to keep balance. Sahlins says that the gift exchange embodies sociability.

To elaborate this point, he explains that "total prestations"⁴¹, not individuals but groups in ancient or primitive society carry on exchange with obligation. This raises doubt about the human tendency to barter in early society. We can then criticize the oversimplified view in formalism that even in early society people prefer exchange for maximizing profit. On the other hand Mauss calls Potlach "the agnostic type of

total prestation."⁴² Here it is noteworthy that the accumulation of wealth can be considered through conventional economics in the process of exchange, while wealth cannot be accumulated in the cycle of the Potlach. That is, the Potlatch means destruction or expenditure.⁴³ According to the classifications of Mauss, the Potlach consists of two essential elements; one is the Mana,⁴⁴ the honour or prestige when recipients are given a gift, and the other is the absolute obligation to repay a gift because of Mana.

B. Hau, Mana and Taonga

Mauss attempts to probe the mysteries of gift-giving in his analysis of the Maori; the Hau, Mana and Taonga. He explains that:

I shall tell you about hau. Hau is not the wind. Not at all. Suppose you have some particular object, taonga, and you give it to me; you give it to me without a pride. We do not bargain over it. Now I give this thing to a third person who after a time decides to give me something in repayment for it (utu), and he makes me a present of something (taonga). Now this taonga I received from him is the spirit (hau) of the taonga I received from you and which I passed on to him. The taonga which I received on account of the taonga that came from you, I

must return to you. It would not be right on my part to keep these taonga whether they were desirable or not. I must give them to you since they are the hau of the taonga which you gave me, If I were to keep this second taonga for myself I might become ill or even die. Such is hau of personal property, the hau of the taonga, the hau of the forest. Enough on that subject." 45

It is not so easy to see the Hau is "the spirit of thing" 46 , and that the Taonga is "the vehicle of the Mana." 47 It is believed that if recipients do not obey their obligation to repay the Taonga, it will kill them. In addition, the Mana has some "magical, religious and spiritual power." 48 According to Mauss, the Taonga is closely linked with "the individual, the clan and the land." 49 It is clear from this point that, for the Maori, giving is not motivated by economic purpose but by religious motivations, rooted in the relationship between people and their land.

C. Three Obligations to Give, Receive and Repay a Gift

Mauss divides gift-giving into three obligations; to give, to receive and to repay. The first obligation comes from being in the present position of donors or

demonstrating the power of donors. To reject a gift means to reject peaceful relations with the donors. To repay a gift means to demonstrate the power or prestige for receivers. Sometimes it means destruction for demonstration like the Potlach. Mauss states that:

One gives because one is forced to do so, because the recipient has a sort of proprietary right over everything which belongs to the donor. 50

That is, giving gifts means saving face for the donors.

The obligation to receive a gift means that if recipients refuses to accept a gift, there are two possibilities. The first is, the recipients already noticed the obligation to repay a gift or, they have already felt inferiority as they could not repay a gift. The last is, rejecting a gift means losing dignity for the recipients.

The third obligation to return also derives from concerns for saving face. If people of the Kwakitul fail to return gifts, they simultaneously lose their fame because of the power of the Mana. Thus, all three obligations are really linked with saving face or dignity.

D. A Critique of "The Gift"

The Gift should be valued highly on these three points. Firstly, Mauss tries to clarify that there is demonstration and enforcement in gifts, he uses the term Mana and recipients feel an obligation to repay a gift in order to remove the Taonga, for it can kill them unless they repay. Secondly, he could settle the gift problem using the theory of reciprocity. Thirdly, with the indirect critique on conventional economics, especially the market approach, he challenges the idea of homo economicus, the axioms of market economy, and its tendency to overestimate the role of barter in primitive society. In a wider sense, he warns not to apply ethnocentrism to an earlier society intentionally or unintentionally. Specifically he stresses the mode of gift before the mode of exchange appeared from the mixture of ritual, legal, habitual and economic.

The second point reinforces the first one. Concerning the Mana, the explanation is not sufficiently convincing; according to Mauss, the Mana derives from some agreements in society,⁵¹ not only religious and ritual bond but also the bond of the thing itself. It is hard to deny the existence of "the spirit of thing." The presence of animism in his book

is clearly evident, I would like to point out that Mana cannot be the sole motivation alone when we discuss contemporary society. This spirit might rather transform the shapes of morality or the ethics of people.

In short, in spite of some weaknesses, I applaud the foresight which Mauss showed in his analysis of gift-giving, especially in his approach to gift and the hidden obligations to give, receive, and repay a gift. As a result, he succeeded in defining the gift relationship which conventional economists could not have approached.

Section III. The Methodology of Marshall Sahlins

A. Mauss and Sahlins; Concerning Hau

Sahlins comments on Mauss's work as follows:

Marcel Mauss's famous Essay on the Gift becomes his own gift to the ages. Apparently completely lucid, with no secrets even for the novice, it remains a source of an unending ponderation for the anthropologist

du metier, compelled as if by the hau of the thing to come back to it again and again, perhaps to discover some new and unsuspected value, perhaps to enter into a dialogue which seems to impute some meaning of the reader's but in fact only renders the due of the original. 52

In his book Stone Age Economics Marshall Sahlins tries to repay Mauss for the gift he received from Mauss. More specifically, the Hau, means for Mauss the spirit of the thing and for Sahlins the excess. The discussion about the Hau by Sahlins is effective because it turned over the animistic interpretation of Mauss. Sahlins argues that:

Mauss simply had no warrant to gloss the hau of the taonga as the hau of the person who gives it. The whole idea that the exchange of gifts is an exchange of person is sequitur to a basic misinterpretation. 53

Secondly Mauss thinks that "the goods withheld are dangerous."⁵⁴ In contrast, Sahlins insists that "the hau explains only why gifts are repaid."⁵⁵ Mauss did not explain where obligation to give comes from, beside the problem of dignity. Thirdly Sahlins affirms that "withholding goods is immoral."⁵⁶ Lastly, Sahlins defines the meaning of the word, Hau as follows:

Hau is a verb meaning to "exceed, be in excess," as exemplified in the phrase *kei te hau te wharika nei* ("this mat is longer than necessary"); likewise, hau is the substantive, "excess parts, fraction over any complete measurement." Hau is also "property, spoils." 57

There is an apparent discrepancy between Sahlins and Mauss about the Hau. Sahlins' explanation of the Hau avoids a recourse to animism. However, we cannot see a visible difference between Mauss's "the goods withheld are dangerous." and Sahlins's "withholding goods are immoral" besides the presence of the spirit. We should rather understand the gift not through "spiritual notions" or "material objects" but through the total relationship including "economic, social, political and religious."⁵⁸

B. Sahlins' Concept of Pooling

Polanyi defines three modes of integration; reciprocity, redistribution and exchange. On the other hand, Mauss specifically observes reciprocity which contains three obligations to give, receive and repay. Both scholars had a powerful influence on the work of Sahlins. Sahlins develops Mauss's concept of

redistribution in his notion of "pooling" with the concept of ownership. Thus, when we see three methodologies, we can find the consistency of substantivism: the relationship between society and economy for Polanyi, the gift relationship and its role in ancient and primitive society for Mauss and the challenge to economic orthodoxy by the analysis for economy in primitive society for Sahlins. From a general perspective, it is quite apparent that non-economic motivation also decides economic action for all these scholars.

Sahlins insists that "the connection between material flow and social relation is reciprocal."⁵⁹ Then he divides reciprocity into three details: "generalized reciprocity,"⁶⁰ "balanced reciprocity"⁶¹ and "negative reciprocity."⁶² The first type of reciprocity includes "sharing, hospitality, free gift and help".⁶³ The second type, balanced reciprocity, includes "trade, gift-exchange and buying-selling."⁶⁴ The final type, negative reciprocity, is "haggling, barter and gambling"⁶⁵ and was not considered by Mauss.

For Sahlins, there is another economic transaction beside reciprocity, that is, redistribution or pooling. The pooling is described as "pooling is an

organization of reciprocities, a system of reciprocities."[sic]⁶⁶ When we compare pooling to reciprocity, "pooling is socially within relation, the collective or centrifugal action of group."⁶⁷ Reciprocity, on the other hand, is reciprocal and symmetrical movement. It does not mean that pooling is a more advanced type of reciprocity. Historically both modes of transactions coexisted: between or among groups reciprocity and within groups redistribution in tribal societies.

This concept of pooling is quite similar to the concept of community fund as is used in this study. Sahlins explains that:

This use "for the benefit of the whole community" takes various forms subsidizing religious ceremony, social pageantry, or war; underwriting craft production, trade, the construction of technical apparatus and public and religious edifices; redistributing diverse local products; hospitality and succor of the community (in severalty or in powers-that-be serves two purposes, either of which may be dominant in a given instance. The practical, logistic function--redistribution--sustains the community, or community effort, in a material sense. At the same time, or alternatively, it has an instrumental function: as a ritual of communion and subordination to central authority, redistribution sustains the corporate structure itself, that is in a social sense. 68

C. The Development of Substantivism and Its Application to Islamic Economy

The substantivist view is effective in overcoming ethnocentrism in the study of Islamic economy. This author would like to observe that the formal perspective view is accepted by not only non-Muslim or Western scholars, but also, on occasion by Muslim economists themselves.⁶⁹ Some Muslim economists show the only naive mixture of formal perspectives and Islamic thought. They accept "economic man", even in Islamic economy, without doubt. Formalistic analyses of Islamic economy already is isolated from the substantive Islamic economy. Muslims are not only motivated from pure economic motivation but also regulated the Islamic ethics. Block and Somers state that:

The formal definition refers solely to the process of economizing scarce means to make the most efficient use of what is available for particular ends. The substantive definition is "an instituted process of interaction between man and his environment."

70

From the substantivist view the formalists fail to see the interrelationship between the individual and society as Polanyi has already indicates:

The human economy then is embedded and emmeshed in institutions, economic and non-economic. The inclusion of the non-economic is vital. For religion and government may be as important for the structure and functioning of the economy as monetary institutions or the availability of tools and machines themselves that lighten the toil of labour. 71

The key note in understanding the Islamic economy is that theoretically the so-called "economic man" in western concept who does not merely pursue his own profit. This means even Muslims does not neglect "rationality" which formalists prescribe and but more emphasize the Ummah, or the Muslim society. That is why Polanyi's approach is highly appropriate in an analysis of Islamic economy; according to Islamic ethics the economy should be embedded in society in the Muslim world, although some practical difficulties exist. For Polanyi, Koinonia (community), Philia (a kind of good-will) and Antipeonthos (reciprocity)⁷² which was described by Aristotle, are the key factors for the community in ancient society. In fact, these words are also useful in examining the present-day Islamic economy.

Notes

1 Fred Block and Margaret.R.Somers, "Beyond the Economistic Fallacy: The Holistic Social Science of Karl Polanyi" in Vision and Method in Historical Sociology, (Cambridge: The University of Chicago), p.74.

2 J.R.Stanfield, Karl Polanyi and Contemporary Thought, (Butapest: The Karl Polanyi Memorial Session, 1986), p.3.

3 Block and Somers, p.51.

4 Yoshiro Tamanoi et al., Keizai no Bunmei, trans. Trade Market in Early Empires (Tokyo: Nihon Keizai Shinbun), p.p.9-10.

5 In fact there still exist biases in anthropology in the Middle Eastern countries. For instance, Hassan Hanafite, an Egyptian intellectual exhibits this bias. However, this author stresses that this kind of bias may cause another type of Orientalism, not only in Western countries but also the middle Eastern countries themselves.

6 Block and Somers, p.53.

7 Ibid., p.69.

8 Karl Polanyi, Primitive Archaic, and Modern Economics, (N.Y.: Doubleday Anchor, 1968), p.68.

9 This dualism reflects the fact that the Christian secular-sacred dichotomy does not fit an analysis of Islamic economy. According to Christian ethics, values basically can be divided into material and spiritual. In market economics spiritual motivation is easily ignored.

10 Polanyi, The Economy as Instituted Process, p.124.

11 Ibid., p.128.

12 Block and Somers, p.70.

13 Polanyi, The Economy as Instituted Process, p.128.

14 Polanyi, The Great Transformation, (Boston: Beacon Press, 1957), p.46.

15 Polanyi, The Economy as Instituted Process, p.130

16 Polanyi, The Great Transformation, p.51.

17 It is noteworthy that modern Islamic governments have absorbed alms as a tax for their budget in contrast to the origin of alms in Islam. The Kingdom of Saudi Arabia is a typical case.

18 Polanyi, The Economy as Instituted Process, p.131.

19 Ibid., p.133.

20 Shinichiro Kurimoto, Keizai Jinruigaku, (Tokyo: Toyokeizai Shimpoo-sha, 1979), p.15.

21 see Ibid., pp.17-38.
Kurimoto and this author support the notion that substantivists should be considered true economic anthropologists.

22 Polanyi, The Economy as Instituted Process, p.122.

23 Stanfield, p.3.

24 Ploanyi, The Economy as Instituted Process, p.122.

25 Stanfield, p.16.

26 Mary Douglas, In the Active Voice, (London: Routledge and Kegan Paul, 1982), p.182.

27 Rhoda.H.Halperin, The Concept of the Formal in Economic Anthropology, Research in Economic Anthropology vol. 7. p.360.

28 Katsuhito Iwai, Venice no Syoonin no Shihonron, (Tokyo: Chikuma Shoboo, 1985), pp.130-145.

29 In this context conventional economists mainly means economists who adopt the market approach.

30 Kinya Abe states that reciprocity of gift-giving affects not only the personal level but also within group or kinship relations in Japan. On the contrary, in Europe this obligation to repay the gift does not affect the group.

See Chusei wo Tabisuru Hitobito, (Tokyo: Heibon-sha, 1987)

31 Stanfield, p.19.

There are, of course, some problems with Polanyi's analysis. "Cattalatic Triad" of market economy--trade, money and market are actually developed individually according to Polanyi. However, despite his explanation about land and labor, the reason why the market economy was universalized was not sufficiently clear to persuade all readers. Polanyi should have expressed the existing customs and habit for economy at present time rather than in ancient society. In addition, Polanyi should have defined the limited regionality, not the state but community level.

32 Douglas, p.174.

33 Marcel Mauss, The Gift, (Toronto: W.W.North & Co., 1967), p.45.

34 Ibid., p.1.

35 Ibid., p.2. Concerning this point, S.Iwai maintains that the Islamic economy is regulated by Islamic ethic.

See Satoshi Iwai, A New Approach to Human Economics: A Case Study of An Islamic Economy, (Niigata: The Institute of Middle Eastern Studies, International University of Japan, 1985)

36 Ibid., p.1.

37 Marshall Sahlins, Stone Age Economics, (London: Tavistock Publications, 1974), p.169.

38 Mauss, p.31.

39 Sahlins, p.162.

40 Ibid.

41 Sahlins, p.169.

42 Mauss, p.3.

43 G. Bataille states that expenditure is destructive production.

44 Mauss, p.5.

45 Mauss, p.6.

46 Mauss, p.6.

47 Mauss, p.8.

48 Mauss, p.6.

49 Mauss, p.8.

50 Mauss, p.11.

51 It is quite common that a paper will contain both excellent points and ambiguous explanations, and The Gift cannot be excluded. Speaking of reciprocity, although his analysis applies to between clans, can we apply the theory of reciprocity to relationships between two nations? I assert that reciprocal relationship should be described not in nation states but societies. In my view this society fits the concept of regional community.

52 Sahlins, p.149.

53 Sahlins, p.155.

54 Sahlins, p.162.

55 Sahlins, p.150.

56 Sahlins, p.162.

57 Ibid.

58 Sahlins, p.168.

59 Sahlins, p.186.

This generalized reciprocity can be applied to the concept of Zakat: the flow of gifts moves from the rich to the poor. Generally the repayment of Zakat should not be expected.

60 Sahlins, p.193.

61 Sahlins, p.194.

62 Sahlins, p.195.

63 Sahlins, p.194.

64 Sahlins, p.195.

65 Ibid.

66 Sahlins, p.188.

67 Ibid.

68 Sahlins, pp.189-190.

69 Khursid Ahmad, Chairman of the Institute of Policy Studies, Islamabad is a typical case.

See Studies in Islamic Economic, (Leicester: International Centre for Research in Islamic Economics and The Islamic Foundation, 1980)

70 Block and Somers, p.63.

71 Polanyi, The Livelihood of Man.

72 Polanyi, The Economy as Instituted Process, p.130.

Part II.

Zakāt

Section I.

A. The Meaning of Zakat

The word Zakat ¹ comes from Zakā a verb which means "to grow," "to be pure in heart," "just and righteous."² A derivative Tazkīyah signifies purification and chastening.³ These meanings express the functions and characteristics of Zakat. In English Zakat is generally translated as "almsgiving," "alms," "almstax," "charity" and "wealth tax." Whereas the conventional economists, especially the formalists, prefer to use the term religious tax or wealth tax, sociologists tend to use the term almsgiving. In detail the word "almstax" itself contains a contradiction,

because in general, alms is given voluntarily and tax is collected by force. While in form it is voluntary, in substance, i.e. functional reality, it appears to be obligatory. Although the translation sometimes brings about some difficulties and misconceptions, in this paper I adopt the term "almsgiving" as being closest to the original connotation. In a broad sense, this term "almsgiving" actually presents community fund, that is, the circulated wealth in the Muslim community. This will be described in Section III.

B. Zakat--one of Five Pillars

1. Five Pillars

The life of Muslims cannot be discussed without mentioning the Five Pillars. The Pillars are fundamental religious duties and embody the relationship between Muslims and Allah, their Creator. The Five Pillars contain both private and communal duties. E.M.A.El-Khouly explains;

All five pillars stand on the firm foundation of God's being the Lord of all creation, and men being His servants: in this lies the completeness of their humanity, while the

deficiency of their humanity lies in their rebellion against the requirement of service to Him. He declares in the Qur'an: "I have created jinn [spirit] and mankind only that they might serve me." (li:56) 4

Muslims can identify themselves only by practicing the Five Pillars. In other words, when they intentionally submit themselves to hardship they are conscious of being Muslims and of the presence of Allah in their heart. The Five Pillars⁵ are: i. Shahādah, to witness their faith as Muslims, ii. Salāt, to pray five times a day, iii. Zakat, to pay alms, iv. Sawm, to fast during the month of Ramadān and, v. Hajj, to make a pilgrimage to Mecca if they can afford it.

2. The Positioning of Zakat among the Five Pillars

i. The Relationship between Zakat and Salāt

The Salāt of the Five Pillars is most closely linked with Zakat, as stated clearly in the Qur'an:

What (plea) have they that Allah should not punish them, when they debar (His servants) from the Inviolable Place of Worship, though they are not its fitting guardians. Its fitting guardians are those only who keep their duty to Allah. But most of them know not. (VIII:34)

Maualna Muhammad Yusuf Ishahi also insists that;

The utmost importance of Zakat in Islam is borne out by the fact that the Quran has mentioned Salāt and Zakat together at about 32 places as two of the foremost duties of the Muslims after the affirmation of Faith. Thus, a person who carries out these two duties duly can be regarded as having fulfilled all his religious obligations. A person who presents his body and soul in the spirit of complete obedience before his God inside the mosque, cannot be expected to ignore the rights of God outside the mosque. [sic] 7

Practically speaking Zakat is collected and redistributed "outside mosque." However, it should be noticed that Salāt is performed not only "inside mosque" but also "outside mosque." Muslims pray daily at their homes or officies which are, of course, outside mosque. In other words, while Salāt is the obligation of the body, Zakat is the obligation of wealth.

Through Zakat Muslims join the fellowship.⁸ Thus, in order to be conscious of the presence of God, the Salāt and Zakat of followers of Allah are inseparable for purification of bodies and wealth.

ii. The Relationship between Zakat and Sawm

The Sawm is a fast during a certain period every year. There is some relationship between Zakat and Sawm, although it is not so explicit as that between Zakat and Salāt. The analysis here is divided into three relationships; i) the experience of hardship in front of the Allah, ii) to grow in the feeling of togetherness in the Ummah, or society, and iii) the identical time of the payment of Zakat and the Sawm(fasting).

First of all, whenever Muslims pay Zakat and fast in the month of Ramādān, they physically realize hardship. As Muslims pay Zakat to the poor Muslims, it makes the rich sacrifice by reducing their assets. According to Islamic ethics, Allah prohibits Muslims from keeping excessive wealth. This phenomenon resembles the action in which the growth of a tree is promoted by cutting away the unnecessary branches every year. Paying Zakat means purification, which means the removal of the stigma that is attached to the people who possess their property.

Muslims have to fast from a dawn to sunset during the month of Ramādān. Of course it brings about some difficulties mentally and physically. They need self-

restraint at that time and often feel great hunger and thirst, because during Ramadān they are forbidden to swallow anything. Thus, under these hard circumstances they can feel the pain which poor and hungry people endure. In addition, fasting purifies their bodies. In short, whenever Muslims perform Zakat and Sawm, they endure discomfort and can experience the pain of poor people and this makes them purified.

Secondly, Zakat and Ramadān are connected in the sense they both promote unity in the Ummah. Giving alms and fasting demands some sacrifice by Muslims as mentioned above. However, when they perform both duties, they can experience the togetherness in the Ummah. Therefore, Zakat and Ramadān can help build unity in the Ummah.

Thirdly Zakat-fitr, which is special almsgiving during Sawm, promotes the sympathy for the poor.

iii. The Relationship between Zakat and Shahādah

The first pillar is Shahādah which is the witness of belief in the Oneness of God and Prophethood of Muhammad. The Arabic expressions lā ilāha illa-llāh, "No Divine But Allah" and Muhammad rasūl-llāh, "Muhammad is Allah's Messenger" shows the nature of the

fundamental relationship between the individuals and God. The first verse signifies relationship between Muslims and God, and the latter one means that individuals are regulated in the Ummah or society by the ordinances expressed in the Qur'an and Sunna (Prophetic norm.)

According to Islam, Shahādah, "witness of belief," should be acted both inwardly and outwardly. Zakat also has this twofold aspect; inside, or mental, and outside, or actual, especially about purification. In this way Zakat is visible social action toward the poor and Shahādah is a visible outward expression of Islamic belief. Both Zakat and Shahādah promotes purification in the hearts of Muslims.

To conclude this sub-section, Zakat itself is closely related to the other Pillars, and as such should be analyzed as something more than merely a religious "wealth tax", as it is tightly connected with other fundamental aspects of Islamic belief.

C. Aspect of the Givers' Viewpoint

1. The Necessary Conditions that Making Zakat Obligatory

There are six conditions that make Zakat obligatory.

- i. Being a Muslim.
- ii. Being in possessing of the Nisāb.
- iii. Possessing assets over one full year.
- iv. Being free from debt.
- v. Being mentally sound.
- vi. Maturity.

i. The first necessary condition is that one is a Muslim. Muslims should pay Zakat and non-Muslims need not, because Zakat is one of the Five Pillars, that is, the religious foundations of Islam.

ii. The second condition deals with the ownership of property. The Nisāb in Arabic means origin or beginning, and refers to the minimum amount of property ownership necessary to make one liable to the payment of Zakat. Generally, conventional economists prefer to use the term "minimum taxable limits." However, I believe the use of the term "tax" is misleading because Zakat is more than just a monetary obligation.

iii. There is also a condition on the length of

ownership. A period of one full year of ownership is necessary before payment of Zakat is required. According to the Qur'anic verse;

No Zakatis to be imposed on wealth until it has been in the possession of its owner for a period of one full year.(II:219) 10

iv. Being in debt exempts one from Zakat, I present two examples for illustration;

Example 1.

If a Muslim possesses assets which equals Nisāb and has some debts, (it means that if he pays back his debts, his total property would not exceed the minimum Nisāb), he does not need to pay Zakat.¹¹

Example 2.

If, after returning debt, a Muslim holds property which is equivalent to Nisāb, he naturally has to pay Zakat. In the Qur'an the postponement of paying Zakat is allowed as follows;

And if the debtor is in straightened circumstances, (then let there be) postponement to (the time of) ease; and that ye remit the debt as almsgiving would be better for you if ye did but know.(II:280) 12

However, it is evident that Muslims have to obey the rule of the prohibition of usury and it should be noticed that the Western type of creditor-debtor relationship did not exist in Islamic societies until recently. The extension of liability to Zakat could be permitted only in the case of calamity. Disasters such as drought and flood are considered to be an act of God in Islam. If because of such disasters agriculture crops do not grow well, Muslims do not have to pay Zakat. In order to save the debtors Islamic Law permits the postponment of the payment.

v. Zakat is required only from mentally sound people, and mentally disturbed people are not obliged to pay alms.

vi. Zakat givers should be mature men or women. Minors need not pay Zakat, even if they possess properties beyond the minimum of Nisāb.

2. Three General Categories of Properties for Zakat

According to the book The Muslim World and the Future Economic Order, property subject to Zakat can be divided into three categories;¹³

- i. Silver and gold and money used for trading purpose,

ii. Grazing animals such as camels, cattle or sheep.

iii. What is obtained from the earth such as fruit, and grain, and also treasure-troves and the produce of mines, such as gold, phosphate or oil and the produce of the sea.

3. Type of Properties Liable to Zakat

The type of properties¹⁴ subject to Zakat are important factors in a thorough understanding of Zakat, and they also reveal less apparent characteristics of Zakat.

i. Gold and Silver

If a Muslim owns 200 dirhams of sterling silver over one year, they should pay 2.5% of 200 dirhams (=5 dirhams) as their Zakat.¹⁵ The calculation of Zakat derives from the silver standard. In the Prophet era 200 dirham sterling silver represented 5 camel-loads of essential foodstuffs for one standard family.¹⁶ On the other hand, the Nisāb of gold liable to Zakat is 20 mithquals(=200 dirhems). This rate of almsgiving is 2.5%, the same rate as silver. However, while the value of silver has devalued, the price of gold has increased in value after the Prophet era.¹⁷ This rate

of Zakat cannot be applied directly to the present performance.

ii. Grazing Animals

The following chart indicates the number and type of grazing animals subject to Zakat.¹⁸

<u>Varieties of Cattle</u>	<u>Nisāb</u>	<u>Zakat</u>
Camel	5	1 sheep
Bull	30	1 bull or cow
Sheep	40	1 sheep

Horses,¹⁹ donkeys, mules and deer are exempt from Zakat.

iii. Goods Obtained from the Earth

This type of goods liable to Zakat derives from the Islamic concept that all wealth belongs to the Ummah or Muslim society. Thus, all goods obtained from the earth are liable to Zakat.

a) Agricultural Crops

Al-Ghazālī presents dried dates, raisins and grains as suitable to Zakat. Fresh fruits and

vegetables are exempt from Zakat, because preservation might be a problem. in a very hot climate. The Nisāb for produce is every 5 camel-loads(1,568 kg), and it derives from the following verse of Hadīth;

No alms are to be taken from less than 5 camel-loads of dates or grain. (Imām Muslim)²⁰

The rate of Zakat varies with the type of growing. For example, in the case of irrigated crops 5% is applied, and without irrigation 10% is assessed.

b) Buried Treasures and Mines

If some buried treasures are found, 20% of the total value must be paid as Zakat. This rule is found in the Hadīth by Imām al-Baihaqi:

The Messenger of Allah said, "from buried wealth one fifth thereof is to be given (as Zakat)." ²¹

All metals beside gold and silver are generally due at 2.5% after being purified. In both cases of buried treasures and mines, the condition of one year possession is not in effect and Zakat must be paid immediately.

iv. Zakat-al-Fitr

The Zakat-al-Fitr, the special almsgiving during fasting, differs from the original Zakat. Every Muslim, should give some money or food on behalf of his family to the poor Muslims on the breaking the fast of Ramādān.

4. Four Duties for Zakat Giver

In this subsection four duties 22 of the Zakat giver will be explained, using the concept of gift giving mentioned in Part I. The attempt will be made to reveal the hidden reciprocal force of almsgiving. The detailed investigation of Zakat, using the concept of reciprocity, follows in Section III.

Zakat requires certain duties, particularly the potential obligation to repay the gift. Almsgiving can be one variation of gifts and contains the Hau, the spirit of things. Nevertheless, as the Hau described in Part I, if you receive a gift from somebody, you feel an obligation to give it back. You have to return it because of the Hau. Therefore, Zakat has several safeguards which protect the receivers from feeling a burden to repay, and the giver from feeling superior or arrogant. Al-Ghazālī's distinguished insight into

the essence of Zakat can be seen from several approaches to almsgiving in the book On the Mysteries of Almsgiving. Although he does not explain the spirit of things in the Zakat, it appears that he did notice the hidden jeopardy of Zakat. In detail al-Ghazālī describes the duties of Zakat from both sides; the giver and receiver. As most scholars approach the subject only from the givers side, his description from the beneficiary's side is very noteworthy. He is especially concerned about the dignity of receivers in his book.

i. Anonymity

Zakat should be given to the poor Muslims in secrecy whether through Zakat officials or not. If Zakat givers reveal the name of the beneficiaries, it will hurt the dignity of the recipients. Through the concept of gift, Zakat officials prevents recipients from expecting repayment of the givers, because they try not to stick Hau, that is, stigma, on the poor.

If we regard Zakat as one variation of gifts, people who receive gifts naturally feel an obligation to give it back to the giver. Simultaneously, unless the recipient can return some gifts, their dignity

will be easily hurt. As a result, because the poor Muslims cannot return the gift, they must suffer from the spirit of things, that is, the obligation to repay.

This duty for secrecy derives from the belief that all Muslims are equal in front of Allah, and that Muslims, wealthy or poor, share their wealth in the Ummah. To support this argument, A.K.Brohi presents the following historical background:

God has laid down on them a Sadaqah (tax) which is taken from the rich and returned to the poor." (Bukhari, Kitab-al-Zakat, Vol. VI, p.187)

Here the phrase "returned to the poor" is very significant. It indicates that the wealth taken from the rich belongs, in fact, to the poor.

When the Holy Prophet had consolidated in his State in Medina, he took further steps towards ensuring that no orphan remained unsupported and no family whose bread-winner had died remained unhelped. He declared himself to be the patron of all those who had no patrons. If a man died leaving behind him a family which had no means of income, the Prophet, as the head of the State, himself undertook to help the bereaved family. Similarly, he financially supported all the orphans in his territory, as the head of the State, thus setting a precedent for his successors. (Mishkat, tr. by Robson, Lahore, 1973, Vol.II.pp.623,650,651) 23

Although al-Ghazālī mentioned publicity as another different duty in his book, publicity and secrecy might better be considered two sides of the same coin.

In detail it depends on how we understand the following Qur'anic verse;

Those who spend their wealth by night and day, by stealth and openly, verily their reward is with their Lord, and there shall no fear come upon them neither shall they grieve. (II:274) 24

This verse includes two contradictory points. That is why many problems in applying Zakat still occur. As many connotations for this verse are possible, the positive aspect of giving Zakat to the poor publicly is that this action may urge a third person to do the same action. In only this sense almsgiving in public makes sense. However, al-Ghazālī warns that;

Let man, therefore, be extremely careful in his choice between this beneficial influence and the dangers inherent therein for they vary with the variation of conditions and individuals. 25

Of course some exemptions are possible. Although begging is not recommended according to Islam, Ghazālī accepts giving Zakat to beggars in public under the following condition:

He who begs in public is solely responsible for bringing "disgrace" upon himself, and as such, there is no danger of hurting his feeling in giving him alms in public. 26

The key point to be considered is the dignity of the beggar. He has already diminished his dignity by appearing as a beggar in public. Therefore, in this case Zakat poses no danger to the dignity of the beneficiary; Taonga, the power to hurt recipients, can have no effect on him.

In addition, the presence of Zakat officials should also be taken into consideration.²⁷ Zakat officials function as intermediaries and they collect and distribute Zakat. They are free from paying Zakat, because they themselves work for the way of Allah. As Zakat officials are positioned between the givers and receivers, a main function is to keep the beneficiaries' confidential. The presence of the third person can prevent recipients from having stigma of the poor which would result from having their names revealed. That is, in this way Zakat officials protect the poor from the Taonga which is the losing of dignity by recipients.

ii. Without Haughtiness and Self-Conceit

As almsgiving is one kind of gift-giving, it has an obligatory aspect. As mentioned above, during the circulation of the Kula in the Trobriand Islands, every person tries to give back to the giver things which are equal or more than the received gifts, because they believe that there is "the spirit of thing" in gifts. If recipient does not return a gift, he or she may lose the Mana, that is, the dignity or honor. When the beneficiaries are unable to repay Zakat, they may feel an obligation to repay.

In Islam economic superiority never means superiority in front of God. That is to say even the poor Muslims who have no wealth are regarded in the same way as the rich. To be specific, beneficiaries should thank not the Zakat givers but God, whereas givers should not expect gratitude from recipients. If givers requires thanks from the poor, that is considered haughtiness, as it comes from the misconception that economic superiority also means superiority in front of God.

Al-Ghazālī also says that;

.....seeking reward from the beneficiaries by

expecting from him thanks, praise, service, respect and veneration, and by requiring him to carry out errands for him, pay him homages in assemblies, and agree with them on all subjects. All these are the fruits of taunting. 28

The importance of dignity can be inferred from the three main purposes for performing Zakat. These purposes are

- i) expanding his wealth to show his love to God,
- ii) purify himself from the vice of niggardliness,
- iii) give thanks unto God for blessing of wealth and ask for more. 29

The noteworthy point is that all relationships are between the giver and God, not between the giver and the receiver. However, there is also a gift relationship between the givers and God, as it is assumed that God will reward the giver for his gift.

iii. Punctuality

The ordinary Zakat should be given at the end of Islamic year and the Zakat-al-Fitr (special almsgiving on fasting) should be paid during the month of Ramadan. As Ghazālī points out that a delay in payment causes

hardship for the poor. Obviously, the delay of the payment will cause another obligation for the poor, as they will have to beg and as a result their dignity will suffer. The lag may totally break the consciousness of unity for the Ummah which the rich share together with the poor.

iv. Obligation

Although al-Ghazālī affirms that the obligatory sense is important, the obligatory sense should be described in the context of the relationship between Sadagah and Zakat. Of course the difference between Zakat, the obligatory alms and Sadagah, the voluntary alms, should be mentioned. As Zakat is one of Five Pillars which are the main fundamentals for Muslims, Zakat "naturally" adopts itself to the Muslims as a basic element in the doctrine of Islam. In this sense obligation in giving Zakat should not be stressed.

In addition we cannot ignore the historical background. After the Prophet died, it was quite difficult for Abu Bakr, the first caliph in Medina to collect Zakat because of the explosive increase in population of this region. As a result, Zakat was collected by force. That is why many scholars believe

that a compulsive collecting of Zakat at that time indicates it was a religious tax. However, according to the way of God, Muslims give Zakat to the poor positively, because they share with the poor Muslims the Ummah and its properties.

Where does this kind of sense of obligation come from? If you perceive that wealth is a present given by someone, the wealthy Muslims may feel guilty possessing it. Thus, the one meaning of Zakat-purification fit this situation. As the wealthy Muslims give Zakat to the poor, they can erase their stigma of stinginess. This phenomena might come from the presence of the Taonga, actually in this context Taonga is similar to Islamic ethics that private ownership is limited. In short, these duties stop the transposition of the Hau from the Zakat givers to the receivers.

D. Aspect from the Recipients' Viewpoint

1. Eight Kinds of Recipients for Zakat

The qualifications of Zakat recipients come from the following verse of the Qur'an;

The free will offering are for the poor and needy, those who work to collect them, those whose hearts are brought together, the ransoming of slaves, debtors, in God's way, and the traveler; so God ordains; God is All-Knowing, All-wise. (9:60) 30

Therefore, Zakat recipients can be divided into the following eight categories;

- i. the poor (faqīr)
- ii. the needy (miskīn)
- iii. Zakat officials ('āmil)
- iv. those who reconciled to Islam (al-ma'lafah gulubahum)
- v. captives and slaves (riqāb)
- vi. debtors (ghārim)
- vii. jihād (fī sabīlillāh)
- viii. wayfarers (ibn-al-sabīl)³¹

i. The Poor

The poor includes disabled people, orphans and widows who have no wealth and cannot earn a daily livelihood.

ii. The Needy

The needy are those whose income is not enough to cover their expenses. Al-Ghazālī stipulates that the poor are those who possess less than one thousand

dirhams.

iii. Zakat Officials

They include the collectors, distributors, custodians, measurers, clerks, accountants and informers. 32 We should notice the presence of the third person between the Zakat givers and receivers. Because of the Zakat officials, recipients do not feel inferiority towards the givers. A detailed explanation of this movement is described in Section III.

iv. Those who Convert to Islam

Those who convert to Islam are divided into the following categories:

- 1 Those who are expected to embrace in Islam by giving the gift(Zakat).
- 2 The unstable new converts.
- 3 Muslims who have acquaintance who is going to become Muslim.33

v. Captives and Slaves

Zakat can be used for freeing slaves and captives. Farishta G. de Zayas insists;

That Zakat funds be used in whatever manner

necessary to bestow the gift of freedom, that most valuable and sacred possession, upon a deserving Muslim, undoubtedly fulfils the purport of the Qur'anic Percept which itself designates the victims of slavery as lawful beneficiaries of Zakat. 34

vi. Debtors

This category derives from the following Qur'anic verse;

And if the debtor is in straitened circumstances, then (let there be) postponement to (the time of) ease; and that ye remit the debt as almsgiving would be better for you if ye did but know. (II:280) 35

vii. Jihād

Jihād means the Muslim who struggle for the path of Allah and usually indicates warriors.

viii. Wayfarers

This classification comes from the following Qur'anic verse;

They ask thee (O Muhammad) what they should spend (in charity). Say: that which you spend for good (must go) to parents and near kindred and orphans and destitute and the wayfarers. And whatever good you do, lo; Allah is Aware of it. (II:216) 36

This implies that Muslim are bound through the

consciousness of brotherhood in the Ummah. Because of the benefit of Zakat in every regional community, Ibn Battutah, a famous traveler could travel from Egypt to China including Sumatra Islands and African countries during thirty years in the eleventh century.

2. Three Duties for Recipients

Zakat can be regarded as a kind of gift and it naturally brings about the sense of obligation during its circulation. However, because of the intervention of Zakat officials, the Taonga of Zakat is not given to the poor with Zakat. In other words Muslims change the relationship from between the rich and the poor to between the rich and God, and the poor and God. However, al-Ghazālī points out the five duties for beneficiaries, and I will illustrate three duties according to their importance.

i. Should Know the Decision of God

The principal purpose of Zakat is to release the poor from their heavy burden. This burden is double, being present before and after the payment of Zakat. Al-Ghazālī describes the burden before payment;

The first duty is that the recipient should know the God has ordained the expenditure of (a portion of) the Zakat on him for the purpose of removing his cares and to make all his worries into one single (concern). 37

Through the concept of gift, the givers can be replaced by God and the relationship between the recipients and God arises. Thus, this intervention by God through the Zakat officials removes the worries and difficulties of the poor, as the Hau of Zakat is not attached to the poor when they receive Zakat.

ii. Should not Thank the Giver but God

This duty make it easier to receive the Zakat and get rid of the burden after payment. Al-Ghazālī states that:

The second duty of the recipient of it that he should thank the giver, wish him good, and speak well of him. His good wishes, however, should be such as would not remove the giver from being only an instrument (in the hands of God), rather it should bring out the fact that givers is only the means through which the grace of God has been extended to him and by which it has reached him. 38 (My emphasis)

iii. Should Know the Source of Zakat

The beneficiaries should not accept Zakat, if this Zakat comes from an unlawful source. This duty relies on the complete transfer of possession right from the givers to the recipients. 39 Although it is very hard for the recipients to know the source of Zakat practically when they receive alms, it is significant whether the source of Zakat is lawful or not. Consequently, checking the source of Zakat releases the poor from an additional burden, that is, the obligation to return the gift. Ghazālī insists that;

The third duty of the recipient is that he should examine what he receives and if he should find out that it was not of a lawful source he should abstain therefrom. 40

Beside these three duties, al-Ghazālī suggests that the beneficiaries should not receive Zakat beyond his needs and cannot accept Zakat if it exceeds one-eighth of the total Zakat fund. This eight refers to the eight group of beneficiaries of Zakat. Zakat may damage the pure hearts of the beneficiaries and have a negative effect on the formation of Ummah , due to the imbalance in payment of Zakat.

Section II

The economy of a particular society should not be analyzed as if it is disembedded from the society. Formalists insist that Zakat equals income tax in the Western countries, because their formalistic view is based on conventional economics. This view assumes that the market economy born in the 19th century is universal, and is thus applicable to all cultures and societies, even those in ancient times. J.R.Stanfield criticizes this position:

Economic behavior is interwoven with general fabric of social, political, and religious life. 41

In other words formalists ignore the substance of society and try to analyze Zakat in a formalistic fashion. This, of course, is in direct contrast to the substantive approach.

A. Zakat as a Social Function

1. The View of Formalists

The formalists stress the obligatory sense of Zakat and the tax characteristics of Zakat. In some Islamic countries, including the Kingdom of Saudi Arabia, the government collects Zakat as a national income. According to Contribution to Islamic Economy Theory, ten percent of the GNP(gross national product) is collected from Zakat in Saudi Arabia. In other countries about four percent of GNP represents Zakat. However, Zakat fund cannot be used for purposes other than welfare.

The perspective of the formalists is based to a great degree on the historical background during the reign of the first caliph Abu Bakr. During this confused time the caliph found it difficult to collect Zakat because of an explosive increase of population in Mecca; he gathered Zakat by force and built it into the budget.

The formalists insist that the performance of Zakat results in the following:

- i) a strong incentive for investment,

- ii) the utilization of idle resources,
- iii) and the redistribution of income.

2. The View of Substantivists

If, in the analysis of Islamic economy, the focus is on the economy disembedded from society, the essence of the Islamic economy will not be understood. Whereas formalists use "economic" as a double meaning of "economical" and "economizing" in the sense of Karl Polanyi's distinction, substantivists use the words "empirical" and "substantive" and focus on human economy. Karl Polanyi states that, while the formalistic view has one type of validity, human economy is embedded in both economic and non-economic institutions. In other words "economic behavior is interwoven with the general fabric of social, political and religious life." 42

The sense of obligation of the Zakat giver is identical to compulsory requirements by the caliphs and governments. Of course I do not deny either the function during the time of the four orthodox caliph historically or the function as tax in Saudi Arabia now.

However, the crucial point depends on the source

of this sense of obligation. That is, the key in the analysis of Zakat is to show how we interpret the obligatory sense in which Muslims give Zakat, and in this regard I find the interpretation by formalist economists to be suspect. Needless to say, Zakat is one of Five Pillars -- the fundamentals of Muslim belief which they practice in their life. The real meaning depends on whether Muslims practice religious duties willingly or not. It is not clear whether religious Muslims feel an obligation when they give Zakat, because there is no enforcement in the form of legal punishment among Zakat givers, but rather the respect for the relationship between the givers and God. Furthermore, if formalists insists that Zakat is one kind of tax system similar to those in Western countries, they should notice that this "tax" system completely relies on the self-report of Muslims.

Even if one concedes the foregoing formalist argument, the presence of non-Muslims is a big obstacle for considering Zakat as a tax in the Western sense. As Zakat is only for Muslims and converts to Islam, non-Muslims need not pay Zakat and cannot receive Zakat. In this sense there appears to be a big difference between the notion of "tax" at the national level and Zakat at the regional level. According to

the Western concept, this wealth tax is for people in cities or nations and covers a relatively wide area, while Zakat is collected and redistributed in a limited area. Zakat collected in village A cannot be given to the needy in village B. In a general view Muslims aim at the Ummah and do not emphasize the nation states to the extent Western countries do. Zakat was started in Medina city when Muhammad, the Prophet moved there. At that time the population of that city was not so large; Zakat was circulated among the limited numbers of Muslims. From the origin it is apparent that Zakat was firstly redistributed in this regional community. Despite the fact that Zakat is redistributed in communities which are smaller than nations, in Zakat Muslims aim at the Ummah which unites Muslims throughout the world. In other words, Zakat can be considered as a microcosmo of Ummah.

When we turn to the essential function of Zakat, the noteworthy point is that the givers can purify themselves mentally by giving Zakat and the recipient can be saved without being stuck with the stigma of being the poor. The anonymity of the distribution of Zakat and the sympathy for the poor are the two key elements that are found in Zakat as a community fund. E.M.A.El-Khouly also expresses the social function of

Zakat:

Zakat makes a fair contribution to social stability. By purging the soul of the rich of selfishness and the soul of the poor of envy and resentment against society, it stops up the channels leading to class hatred and makes it possible for the springs of brotherhood and solidarity to gush forth.
(My emphasis) 43

Thus, besides relieving the plight of the poor, Zakat functions as a balancer in society. The book The Muslim World and the Future Economic Order states that:

A system which attempts successfully to balance the tension between the rights to property and the duty to society, between the desire to own and the duty to give, is a system which will cure the illness of human society. (My emphasis) 44

Consequently, Zakat can enhance social justice in the Ummah. Finally I would like to quote the interesting view from a formalist analysis:

The tax (in this context Zakat) is especially for social and not economic purposes. (My emphasis) 45

In short, as economic activity cannot be disembedded from society, Zakat is derived not only from

"economizing" motivation, but also from the desire by Muslims to be unified in the Ummah.

B. "The Gift" and Zakat

From substantivist viewpoint Zakat can be considered as one variation of the gift. Mary Douglas criticizes the economic functionalism of economic anthropology and stresses the metaphor of alms in society:

No amount of welfare grants calculated on basic needs will cancel the meaning which the language of commodities declare. Poverty is not a lack of goods but exclusion from social esteem and power. Alms will never change the meaning. A vitalized economic anthropology would make alms-givers dissatisfied with their material gifts. It would apply its radical criticism to every branch of knowledge in which foreshortened perspectives close on the physical perspectives of goods instead of revealing the pattern of social relations which they create. 46

While the functionalism of economic anthropology can be criticized in this way, the substantive view can analyze almsgiving because of its valuable aspect of gift elaborated by Mauss.

In the following sections, the concept of Zakat as

a type of gift-giving will be developed. The interpretation of Zakat as a form of gift-giving is based on several key concepts. These concepts are: reciprocity, pooling and circulation.

1. Reciprocity

i. God and Givers

Zakat can be considered as a gesture of gratitude by Muslims not only toward God, but also toward the poor:

The concept and practice of Zakat in Islam makes the giver experience a sense of gratitude towards the poor, who avails him of the opportunity to fulfill his duty to his Creator and to purify his wealth and his person. 47

Muslims pay Zakat at the end of year, in order to express gratitude to God. Of course another aspect of Zakat is purification. Sahlin's points out the potential danger in not eliminating Taonga:

...not that goods withheld are dangerous, but that withholding goods is immoral." (My emphasis) 48

Unless they pay Zakat, they will be easily branded as being stingy, much in the same way as the Taonga. According to Islam, Allah possesses all property on earth: the individual Muslim only has the right to use the property. In addition, the excessive accumulation of wealth is prohibited. Ribā, or usury, is prohibited because Muslims think that God creates wealth and such profit as usury without effort or working or commerce cannot be permitted.⁴⁹

Concerning the time sequence, when Muslims give alms, they expect some rewards from God in the future, while regarding the moral aspects in Islam, it is generally known that when Muslims pay Zakat, they should not expect any compensation. However, it appears that givers can look forward to rewards not from the givers but from God. Since the beneficiaries cannot actually repay the gift, to expect them to do so on the part of the wealthy Muslims would hurt the pride of the poor; the poor are unable to return the gift and thus fulfill the obligation to repay. Consequently, the reward from God is the expectation in the "Hereafter":

The payment of Zakat purifies and cleanses the remaining wealth, which is blessed by Allah in this world and made to grow manifold

in terms of rewards for the prayer in the Hereafter. That is why the monetary worship has been one's wealth and causes it to grow in the Next World. (My underscores) 50

Al-Ghazālī also states that Zakat as a monetary worship serves as a passport to the Hereafter;

As a proof of the truthfulness of their claim that they love God they have renounced property and wealth, the objects of their (earthly) attention and devotion. For this reason God said, "Verily, of the faithful hath God brought their persons and their substance, on condition of the Paradise for them (in return)." (IX:112) 51

Al-Ghazālī divides Zakat givers into three groups:

- i. One group of men accepted the Unity of God and fulfilled (the term of) their covenant, renouncing all their wealth and property and storing for themselves neither gold nor silver.
- ii. The members of the second rank lower than those of the first. They withhold their wealth for the hour of need and until the season of giving arrives.
- iii. The members of third group confine themselves solely to fulfillment of that which is obligatory; they add nothing to it and take nothing away from it. 52

According to these categories, it is clear that Muslims who do not give Zakat must live with the stigma of

niggardliness, and the Hau will diminish the Muslim's good name.

ii. God and Recipients

The relationship between the givers and recipients is replaced by that between God and recipients. If the poor receive Zakat directly from the givers, the recipients feel an obligation to repay something which is actually impossible to repay. We can notice that there is the Hau, the obligatory power to create inferiority among recipients. Mauss deeply maintains that:

The gift not repaid debase the man who accepted it, particularly if he did so without thought of return. 54

Although an intermediary for Allah in the giving seems useless from an economic standpoint the Muslim is greatly aware of that "charity wounds him who receives." 55 Muslims prevent recipients from the danger of Zakat, that is, the enforcement and poison of the gift. 56

iii. Sadaqah -- The Voluntary Almsgiving

The word Sadaqah in Arabic means "to speak the truth," "to be right" and "to fulfill one's promise." In derivative Sidq means "truthness" or "sincerity." The noun of Sadaqah signifies "alms," "charitable gift" and "voluntary contribution of alms." The difference between Zakat and Sadaqah can generally be explained as that difference between the obligatory and the voluntary.⁵⁷ Nevertheless, I would say that the major difference between both types of almsgiving comes from motivation: the first type of alms includes gratitude for God and expecting rewards from God when a Muslim pays Zakat, and the second type of alms entails a more direct expectation of rewards.

Firstly, the characteristics of Sadaqah are not so clear due to its vague definition. As mentioned earlier, Zakat generally requires 2.5% of a Muslim's annual assets. Such a set rate does not exist for Sadaqah. Al-Ghāzalī also contrasts Sadaqah and Zakat in his book The Mysteries of Almsgiving. The complexity of the concept is apparent from his explanation, particularly the notions of secrecy and publicity. Al-Ghāzalī describes the five advantages of secrecy and publicity in the following manner.

Secrecy has five advantages. The first is that it better conceals the identity of recipient. For his receiving alms in public is disgraceful to his manhood. The second is that the maintenance of secrecy in the giving of alms is safer for the hearts and the tongues of men who may be otherwise moved to envy and driven to reproach by thinking that the person has received aid without really needing it or that he has taken more than he actually needs. For envy, suspicion, and backbiting are among the major sins, and to guard men against such sins is very important. The third of secrecy is that it aids the giver to keep his good works secret, for to give in secret is far superior to giving in public, and to help one do good is itself good. The forth [advantage] of secrecy is that it helps to spare the recipient the humiliation attending the receipt of alms in public. The fifth is avoiding the necessity of sharing the alms with those who may be present at the time of giving.

On the contrary, publicity has its advantages.

The first advantage of publicity is that it promotes sincerity, truthfulness, freedom from affectation and hypocrisy. The second advantage of publicity is that it does away with vainglory and haughtiness, affirming servitude to God and poverty instead. The third advantage is that the gnostic is not mindful of anybody other than God. The fourth is that publicity fulfils the obligation of gratitude. Lastly, gratitude and thankfulness for alms is highly recommended. 58

By examining both sides of the explanation, it is clear that al-Ghazālī had trouble in clarifying

Sadaqah. When Muslim give Sadaqah to the poor or needy, the reciprocal relationship may be stronger without the interference of the third person. The personal dignity of beneficiaries and the reward of donors are the key factors to understanding Sadaqah. That is, according to Islamic ethics, the donors should not expect any reward from the recipients. However, in this direct gift relationship it is unavoidable for donors to expect some rewards not from God but from beneficiaries, in fact, only the recipients can show gratitude to the donors. In this sense Sadaqah makes the recipients feel inferior. Secondly, this direct gift relationship can hurt the dignity of recipient, as it prevents the Mana from moving from donors to recipients. Therefore, Sadaqah promotes reciprocal movement to a greater degree than Zakat.

2. "Pooling"

Sahlins points out the interrelationship between social relationships and the movement of goods in primitive society using E.Pritchard's treatment of the Nuer:

What are in the received wisdom that "noneconomic" or "exogenerous" conditions are in the primitive reality the very organization of economy. A material transaction is usually a monetary episode in a continuous social relation. The social relation exerts governance: the flow of goods is constrained by, is part of, a etiquette. "One cannot treat Nuer economic relations by themselves, for they always form part of direct social relations of a general kind," Evans-Pritchard writes:.... "there is always between them a general social relationship of one kind or another, and their economic relations, if such they may be called must conform to this general pattern of behavior" (1940, pp.90-91). The dictum is broadly applicable (cf. White, 1959, pp.242-245). 59

Pooling and redistribution is another key feature of Zakat. Mauss points out that pooling is a system of organized reciprocities. While reciprocity moves between two parties, pooling moves centrally; collecting from members of a group and redistributing within this group.⁶⁰ Furthermore, he states that reciprocity appears between groups (between relation according to Mauss) and pooling moves within a group(within relationship).⁶¹

Although "pooling" is considered a condition of chieftainship, his suggestive argument enables us to apply pooling to Zakat.⁶² That is, God replaces the chief in Islam. At first Zakat is collected from Muslims by Allah and then God redistributes it to the poor Muslims.

As mentioned above, reciprocity between Zakat givers and God and between Zakat recipients and God, implies the hidden spirit of gift-giving between the giver and recipient. God is thus seen as the central focus and the flow from Zakat giver to receiver through God. That is why historically regimes in Islam sometimes exploited this movement to the center for their national budget and made Zakat work as a tax. Whereas reciprocity is bidirectional, pooling is unidirectional. According to Mauss, redistribution is a "highly developed form of reciprocal principle." This very "collectivity" or "centrality" represents Allah in the Ummah (for detail, see 5. The Community Fund for Ummah):

Pooling stipulates a social center where goods meet and thence flow outwards, and a social boundary, too, which person (or subgroups) are cooperatively related. 63

The other remarkable factor of pooling is anonymity. As shown earlier, anonymity in distributing Zakat prevents poor Muslims from feeling the stigma of charity. If Zakat worked as a negative connection between the poor and the wealthy, (that is, donors pay Zakat directly to beneficiaries,) Zakat would lose its positive collectivity. The result would mean the

loss of Ummah for both the individual and the group of believers. Therefore, in the system of pooling, Zakat makes beneficiaries receive without the fear of obligation to repay. Al-Ghāzālī supports this interpretation:

The advantage of secrecy in giving alms is salvation from the evils of the desire to be seen and heard. The Apostle said, "God will not accept the gift of the braggart, the hypocrite, and the person who is always reminding others of the favours he has done for them." (II:273) 64

3. Circulation

The word "circulation" has a double meaning when used to characterize the function of Zakat. One refers to the circulation of wealth, and the other is related to the circulation in time. The first meaning suggests that Zakat is one kind of the sophisticated Kula.⁶⁵ The Kula is a system of interchange circulation used by the people in the Trobriand Islands in West Melanesia. Using the Kula they circulate and exchange shell bracelets and shell necklaces in opposite direction. Malinowski in his book Argonauts of Western Pacific argues that the Kula has an economic function and a ceremonial function at the same time. While in the

market economy the accumulation of the wealth is indispensable to "exchange", people on the circulation of the Kula do not accumulate wealth. If they accumulate goods, they are excluded from the ring of the Kula and this means the ostracism from their society, thus Kula also has a social significance.

Zakat is not as extreme as the Potlach-expenditure. However, the wealth within the Ummah cannot flow out. That is, in spite of different degrees of circulation, the Zakat givers should not accumulate wealth excessively. And, at the same time, not giving Zakat leads to exclusion from Muslim society. Furthermore, if the poor become rich, they are expected to pay Zakat and as a result this sophisticated Kula can be connected again.

The second aspect of circulation in Zakat is linked with the Muslim notion of time. According to Islam, time is governed by Allah and Muslims ultimately cannot manage time. The prohibition of Ribā (usury) is a typical example. This conception also effects Zakat givers and receivers. In addition, Muslims naturally think that the poor today may become rich tomorrow. In this sense time circulates perpetually. Mauss also says that "the donors on one occasion being the recipient on the next." 66

4. The Community Fund for the Ummah

Zakat has been characterized as a community fund in this paper. Here Ummah is described and that how Zakat can be characterized in the Ummah.

Ummah in Arabic means "nation," "people," "generation",⁶⁷ it is derived from umm which means "mother," "source," "origin" and "foundation."⁶⁸ Ali Shar'ati explains that:

The world umma derives from the root amm, which has the sense of Path and intention. The umma is, therefore, a society in which a number of individuals, possessing a common faith and goal, come together in harmony with the intention of advancing and moving toward their common goal. ⁶⁹

Therefore, the word implies both the original community of Muhammad in a limited sense and the spreading community beyond the originating nation. Generally most Muslims adopt the last connotation. However, concerning Zakat, the first connotation still seems to play a role in Islam. This will be discussed later.

Prior to discussing Zakat and the Ummah, the way in which Muslims position themselves in their Ummah should be explained. T.Abe defines the difference between Islam and Western society in terms of "Ummahism

vs. Individualism."⁷⁰ Although he states that insofar as ownership is concerned, this contrast can be applied to the definition of the Ummah in relation to Zakat: through the Islamic ethics for wealth in the Ummah, both ownership and almsgiving are really connected.

Through formalistic analysis human beings can be considered like atoms. For the formalists, the human being is an "economic man" -- one dimensional beings with no spiritual or social needs. Of course this idea comes from the premise that economy can be disembedded from society. On the contrary, the substantivists, as this author argues earlier, never take the economy out of society and stress the essential relation between men and society.

In Islamic perspectives the Ummah should be a community transcending the different ranks, wealth, families, races and nations. According to the Islamic ethics, Muslims should value their Ummah and try not to harm it. In other words Muslims are not only individual man but also collective man. However, this concept is not contradictory. Muslims have freedom and responsibility before God. In addition, Muslims stresses the enlargement of the Ummah and the unity of Muslims before God. As Polanyi stipulates that an

economic action is an interchange between men and nature or society, economic activities in Islam is really related to Ummah.

According to S.N.H.Naqvi, there should be a balance between individual men and collective man for freedom.⁷¹ Concerning freedom, for instance, market economics holds the premise that private ownership should not be limited for maximizing social benefit. On the contrary, private ownership in Islamic economy is basically limited compared to Western ownership. However, this argument is not true, as the market economy analysis ignores redistribution and reciprocity, a key factor in Islamic society. The Ummah basically aims at two goals in relation to Zakat; i. equilibrium and unity(Tawhīd). Firstly, equilibrium in wealth property serves social harmony in the Ummah. All Muslims including the poor are equal in front of God. This aim shows the horizontal dimension in the Ummah. This symmetrical movement takes place horizontally between the poor Muslims and the other Muslims. Although Zakat works to avoid the necessity of replacement by recipients at the individual level, Muslims pay attention to the poor as a group in the Ummah, resulting in a bond of mutual cooperation between them.

Unity in the Ummah depends on the centrality mentioned before. The aim of "unity" makes all Muslims inclusive. According to this vertical dimension, Zakat is redistributed as a community fund, which is the "pooling" of community wealth of all Muslims. Therefore, all aspects including economic, social and religious move toward the concept of Tawhīd, the oneness of God, which is the basis of unity. Naqvi insists that:

Unity integrates, along a vertical line, the political, economic, social, religious aspects of man's life into a homogeneous whole, which is consistent from within as well we integrated with the vast Universe without. 72

Notes

1 In this paper I omit the underscores and the signs for long vowels in Arabic common words like Qur'an and Zakat.

2 J.M.Cowan, Arabic-English Dictionary, (N.Y.: Spoken Language Service, Inc, 1976), p.379.

3 Ibid, p.380.

4 E.M.A.El-Khouly, Islam and the Pillars of its Faith in Islam and Contemporary Society, (London: Longman, 1982), p.47.

5 Ahmed, A.S., and Hart, D.M. explains the importance and symbolism of the Five Pillars in their book Islam in Tribal Societies, (London: Routledge and Kegan Paul, 1984), pp.7-8:

The five pillars of Islam (the profession of faith stating the onenes of God; performing hajj, the pilgrimage, at least once; and paying zakat, alms) are recognisable social symbols in Islamic societies. In addition there are the traditional rites de passage originating from Arabia; together they provide the key to understanding and identifying Islamic social organization and behaviour and indeed general social life; and, as some of the papers point out, in cases where pre-Islamic practices survive they have been "Islamised".

The primary symbol is the shahada or kalima, that which proclaims the uniqueness of Allah and the Prophethood of Muhammad. Islam is a monotheistic religion and the central concept of unity (tauhid) is fundamental to it. There is no aliotheism in Islam. Muslims do not anthropomorphise or conversely, encourage belief in anthropolatry. Allah is omnipotent, omnipresent, the sole source and owner of power.

6 Mohammed Pickthall Marmaduke, The Meaning of

the Glorious Koran, (N.Y.: New American Library), p.141.

7 Kamal, A.A., Everyday Fiqh, (Lahore: Islamic Publication Ltd, 1979), p.10. This book is written according to the Hanafite viewpoint.

8 Ibid., p.7.

9 Kamal, pp.19-20.

10 Pickthall, p.52.

11 Farishta, G, de Zayas, The Law and Philosophy of Zakat, (Damascus: al-Jadidah Printing Press, 1960), p.25. Contrary to the Hanafite and Malikite School of Law, the Shafite School hold the view that taxability of wealth is in no way affected by the fact of the legitimate owner's indebtedness.

12 Pickthall, p.59.

13 The Muslim World and the Future Economic Order, (G.B.: Islamic Information Services Ltd., 1979).

14 For details see The Law and Philosophy of Zakat

15 One dirhem equal 3.6288 gramms. See Ibid., p.72.

16 Farishta, p.72.

17 Maulana Maududi insists that:

No change was effected in the Nisāb and the fixed by the Holy Prophet:.....However, the Nisab of gold (20 mithqals or 3 oz.) may be modified because the tradition reporting it is not well authenticated.

See Everyday Fiqh, p.32.

18 According to The Law and Philosophy of Zakat, one sheep or goat as Zakat should be at least one year old. In detail although zakat on camels increase regularly per 5 camels, for instance, in the case of over 25 camels, instead of 5 sheep, one female camel should be paid. See p. 156.

19 Concerning exemption of horses for Zakat, there is one argument between the Hanafite School and others, depending how they read the Hadīth verse; "The Muslim has no Zakat to pay on his servant or on his horse." The Hanafite school insists that horses should be acceptable for Zakat, because the bodies of horses can be utilized for eating.

20 Farishta, p. 208.

21 Abu Sa'id al-Khudri, Hadīth related by Abu Sa'id al-Khudri, (Cairo: Isa al-Halabi, 1955), vol.II, p.674.

22 The classification of al-Ghazālī for duties for Zakat givers consists of eight duties which are inclusive of beneficiaries.

23 El-Khouly, pp.250-251.

24 Pickthall, p.59.

25 Ghazālī, A.M., On the Mysteries of Almsgiving, (Beirut: The Heiderberg Press, 1966), p.35.

26 Ibid, p.34.

27 Ibid, p.37.

28 Ibid, p.37.

29 Ibid.

30 Pickthall, p.150.

31 Yūsuf Al-Qardāwī, Fiḥ az-Zakāh, (Beirut: Mua'ssasah ar-Risālah, 15th Print, 1985.

32 Farishta, p.259.

33 From the theory of reciprocity this gift-giving to converts can be considered as creating a tight relationship between Muslims and God.

34 Farishta, p.259.

35 Pickthall, p.59.

36 Farishta, p.304.

- 37 Ghazālī, p.60.
- 38 Ghazālī, pp.61-62.
- 39 The Hanafite school stresses that Zakat should be charged with transfer of ownership.
- 40 Ghazālī, p. 63.
- 41 J.R.Stanfield, Karl Polanyi and Contemporary Economic Thought, (Butapest: The Karl Polanyi Memorial Session 1986), p.3.
- 42 Stanfield, p.3.
- 43 El-Khouly, p.54.
- 44 The Muslim World and the Future Economic Order, (G.B.: Islamic Information Services Ltd.), p.115.
- 45 Roger Wilson, Islamic Business Theory and Practice, (G.B.: Economist Intelligence Unit, Special Report, 1984), p.71.
- 46 Mary Douglas, In the Active Voice, (London: Routledge and Kegan Paul, 1982), p.181.
- 47 Kamal, p.118.
- 48 Marshall Sahlins, Stone Age Economics, (G.B.: Tavistock Publications, 1972), p.162.
- 49 Hideki Sato, "Zakat through Economic-anthropology" in IUJ Essays, vol.1., (Niigata: Graduate School of International University of Japan, 1987), p.87.
- 50 Kamal, p.7.
- 51 Al-Ghazālī, pp. 25-27.
- 52 Ibid.
- 53 Kamal, p.17.
- 54 Mauss Marcel, The Gift, (New York: W.W. Norton and Co., Inc., 1967), p.63.
- 55 Ibid.

56 Mauss expresses that:

The bond that the gift creates between the donor and the recipient is too strong for them. As in all systems we have studied so far, as well as in others, the one is bound too closely to the other. The recipient is in a state of dependence upon the donor. (The Gift, p.58.)

The word "gift" originally came from modern German. "Die Gift" means a present and "Das gift" means poison. There is the following old saying in Germany; "Kein Geben ohne Gift." It means that "there is one gift without a gift" in English. Thus, "gift" might mean a present or poison. In this sense it can be assumed that the concept of gift includes the obligation for people who give a present. Therefore, gift has some kind of poisonous effect. Because when people receive gifts they will be glad to have them and simultaneously feel the sense of obligation like a fear. It is clear that the character of a gift has both sides. (Hideki Sato p.89.)

Lewis Hyde, in contrast, defines the meaning of gift as:

Those who write gift exchange usually mention at this point that the German words "Gift" means poison. This connection is more accidental than significant, however. The French etymologist Beveniste writes: "There is amedical usage in which (the Greek word) dosis denotes the act of giving, whence develops the sense of the amount of medicine given a "dose"....This sense passed by loan translation into German, where Gift, like Gr.-Lat. dôsis, was used as a substitute for venenum, "poison." The Gift, (N.Y.: Random House, 1979), p.43.

57 Mauss explained alms in "further notes" and the "Conclusion" of the book The Gift. However, it seems he did not notice where the morality in Zakat came from. Nevertheless, this argument does not mean

that his entire explanation for alms is invalid.

One big difference between Mauss and the present author comes from the interpretation of Sadaqah. Sadaqah is a type of voluntary almsgiving differing from Zakat. However, historically even Muslims themselves sometimes confuse Zakat with Sadaqah in referring to alms.* More specifically, the Islamic theologians used Sadaqah in the meaning of obligatory alms-Zakat. Therefore, his misinterpretation is inevitable because of the complicated relationship in the meaning of Zakat and Sadaqah.

Mauss suggests in "The Moral Conclusions" of his book the concept of charity and society, which his ideal concept of society reflects:

It is the individual that the State and groups within the State wants to look after. Society wants to discover the social "cell". It seeks the individual in a curious frame of mind in which the sentiments of its own laws are mingled with other, purer sentiments: charity, social service and solidarity. The theme of the gift, of freedom and obligation in the gift, of generosity and self-interest in giving, reappear in our own society like the resurrection of a dominant motif long forgotten. (The Gift, p.66.)

He then quotes the following verse of Qur'an:

And the likeness of those who spend their wealth in search of Allah's pleasure, and for the strengthening of their souls, is as the likeness of a garden on a height. The rainstorm smiteth it and it bringeth forth smite it not, then the shower. Allah is Seer of what ye do. (II:265)

and he further stresses that:

Replace the name of Allah by that of the society or professional group, unite all three; replace the concept of alms by that of co-operation, of prestation altruistically

made; you will have a fair idea of the practice which is now coming into being. It can be seen at work already in certain economic groups and in the hearts of the masses who often enough know their own interest and the common interest better than leaders do. (The Gift, p.76.)

*The confusion of Zakat and Sadaqah might derive from the history of almsgiving. After the first caliph, ruler regulated obligatory almsgiving because of increasing population in Mecca. However, before Muhammad, there might have existed voluntary almsgiving named Sadaqah, as Jews have the same custom. That is why Islamic people sometimes use the word Sadaqah instead of Zakat, despite of the difference between voluntary and obligatory.

58 Al-Ghazālī, pp.77-80.

59 Sahlins, pp.185-186.

60 See Mauss, p.45. and Sahlins, p.188.

61 Sahlins, p.188.

62 There is the apparent contrast between charity in Islam and the West. As Polanyi devoted a large amount of space in the The Great Transformation to the Speenhamland Law, the presence of this law prevented labor from building in market and From 1795 to 1834 it worked for the relief of the poor in England. It vanished with the enlargement of market economy, or more precisely the abolition of this law created the large market. On the other hand, in Islamic economy Zakat -- almsgiving has still survived, 1300 years after its birth. Polanyi says that:

The complicated economics of Speenhamland transcended the comprehension of even the most expert observers of the time; but the conclusion appeared only the more compelling that aid-in-wages must be inherently vicious, since it miraculously injured even those who received it. (The Great Transformation, p.82.)

63 Sahlins, p.189.

64 Al-Ghazālī, p.32.

65 A.Rotestein, one of Karl Polany's disciples, suggested this hypothesis to me.

66 Mauss, p.20.

67, 68 Arabic English Dictionary.

69 Ali Shari'ati, trans. Hamid Algar, On the Sociology of Islam, (Berkley: Mizan Press, 1979), p.119.

70 Takuma Abe, "Ownership in the Western and Islamic Values" in IUJ Essays, Vol.1, (Niigata: International University of Japan, 1987), p.69.

71 Nawab Naqvi Haider, Ethics and Economics, (London: The Islamic Foundation, 1981), p.46.

72 Naqvi, p.48.

Conclusion

Zakat cannot be characterized without reference to the concept of the Ummah, that is, within the context of Muslim society. Zakat works for unity or a social harmony in the Ummah; the Zakat fund actually moves from the rich to the poor. El-Khouly stresses the function of Zakat in the Ummah:

In its proper sense, zakah[zakat] is a practical manifestation of the brotherhood between the faithful and establishes mutual solidarity between them by the firm bond it creates between rich and poor, in a way that strengthens the individual's sense of relation to the community and the community's awareness of the value of the individual, and that it is strengthened by his strength and weakened by his weakness. (My parenthesis) 1

In other words Muslims strive to achieve equilibrium and unity through Zakat.²

Empirically the Zakat fund collected in one area

should be redistributed in the same area as al-Ghazālī insists.³ There is the historical example of the Prophet Muhammad, who founded Zakat for orphans in Mecca. However, Muslims perceive Zakat not only for regional communities but also for a more expanding one, that is, Ummah. Muslims give Zakat as it is one of the Five Pillars. Of course this also denotes Tawhīd. Beyond the concept for nation, the Zakat fund gives from the giver to the receiver in a constant flowing cycle. Accordingly, this economic and social power of Zakat in the Ummah results in: "the donors on one occasion being the recipients on the next."⁴

The communal wealth does not remain in one place as long as it circulates in the Ummah. Needless to say, an excessive possession of wealth is prohibited in Islamic ethics and only God has the absolute ownership: Muslims in the Ummah have only the right to use property and not to own it.

This notion of Zakat as gift can only be understood from the substantivist view. Because the formalist approach analyzes the economic activity disembedded from society, Zakat has been characterized as a kind of religious tax. Using the axiom of the economic man of market economics the formalists have tended to overlook the real, social and spiritual

significance of economic action in Islam. On the other hand, the substantivists have analyzed human economic activity as being motivated not only by economic considerations, but also by non-economic considerations. More specifically, Zakat is characterized as being mainly motivated by interwoven social, spiritual and religious aspects.

By taking into account the notions of reciprocity and pooling, it has been shown that Zakat can be considered as a community fund, which promotes the unity and growth of the Ummah -- the community of Muslim believers.

This analysis of Zakat demonstrates the value of the substantivist approach in providing a clear understanding of the working of the Islamic economy. Furthermore, it strongly suggests that future research into other aspects of the Islamic economy and culture would greatly benefit from the use of this approach.

Notes

1 E. M. A. El-Khouly, Islam and Contemporary Society, (London: Longman, 1982), p.53.

2 See Al-Ghazālī, On the Mysteries of Almsgiving, p.22.

3 Marcel Mauss, The Gift, (Toronto: W.W.Norton & Co., 1967), p.21.

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