

The Importance of the Islamic Economy and Finance in Combating Poverty and Unemployment

Allam Jaas
An Independent Scholar
Israel

Abstract. This article seeks to examine the role of the Islamic economy and finance in combating the phenomena of poverty and unemployment in Muslim countries. It also proposes mechanisms to address the problem of unemployment through Islamic banks with the aim of achieving economic development and social solidarity, as well as through the alms (*Zakāt*) fund by establishing special funds to finance investment projects needed by the unemployed. Moreover, it studies the crisis of unemployment, as the article shows the role of *waqf* (which is an Islamic endowment of property to be held in trust and used for a charitable or religious purpose) as an economic institution that can provide jobs for its performers, and provide jobs through projects. The study also shows how the Islamic economy can address the problem of poverty (through *zakāt* and *waqf*), by giving good loans, to finance small projects, as well as by providing social and economic services to the poor and needy.

Keywords: economy, finance, Islamic economy, poverty, unemployment, endowment.

Introduction

In the twentieth century, the world witnessed changes in economic systems after a long conflict between two models: socialism and capitalism. The first system recognizes public property and considers it the general principle applied to all kinds of wealth in the country. This principle, however, deprives man of a decent life that responds to his nature, his love for ownership, and his desire to adorn the worldly life. The second system allows for private ownership of sources of wealth and means of production, and considers it the main rule of ownership, which can be departed from only in exceptional circumstances. It also permits freedom of exploitation and freedom of consumption. This economic freedom, in its broad sense, has failed to address the problem of unemployment and poverty. Worse, it has even exacerbated class inequality, strained developing countries with debt that drains their resources and prevents economic and social development.

The economic problems resulting from the disadvantages and flaws of the socialist and capitalist doctrines have confused the Muslim stand. On some occasions, the Muslim would turn to the right and on others to the left, indifferent, consciously or unconsciously, to the system that God has prescribed to human beings: The Islamic economic system, which provided for private property, thereby pushing people to work, and made the State a public property through which the poor and needy are helped, and economic life can be revived.

In recent years, this system has evolved significantly, becoming one of the alternatives to research centers and universities around the world. Perhaps the most important reasons why economists have taken care of the Islamic economy and its institutions are:

- The significant impact of successive financial crises on economic and social life in many countries of the world.

- The ineffectiveness of the solutions proposed in the Arab world to alleviate these crises.
- Islamic banks were among the least affected by financial crises.
- The failure of traditional banks to address the problems of poverty and unemployment.
- The success of Islamic financial institutions in achieving development and dealing with social and economic problems.

Before talking about the advantages of this economy, let's define it in language and terminology.

Research Questions

This study will answer the following questions:

- What is the role of the Islamic economy and finance in the fight against unemployment and poverty?
- What are the mechanisms of the Islamic economy to address the problem of unemployment and poverty?
- What is the role of Islamic banks in addressing the problem of unemployment and poverty?
- What is the role of *zakāt* and *waqf* in the fight against unemployment?

The Islamic Economy

The term "Islamic economy" consists of two words: "economy" and "Islamic" and the meaning of the word economy in Arabic revolves around mediation and moderation, the opposite of extravagance and waste. In the encyclopedic volume, *The Tongue of the Arabs*, Iben Manthour says, that the word economy (*Iqtisād*) is derived from an act of intent (*qasd*), and the intention (*al-qasd*) means "straightness of the road;... and an intending travelling implies an easy and close travelling" (2005, 2, 737).

And "*al-qasd*" (the intention) implies justice and dependence, and the intention to do something is the opposite of excessiveness, and is between wastefulness and austerity (ibid.) And *Iqtisād* (economics) suggests spending moderately without exceeding the limit. So the Arabs say, a certain person is *moqtased* (moderate) in life and spending (1971, 9:36).

As for the conventional meaning of the word economics, it should be noted that although the Islamic economy is as old as Islam itself, ancient scholars and jurists did not endorse a specific definition, because it was not an independent science in itself, but rather a science mixed with other types of science and knowledge. Its contents were taught within the material of history, philosophy or sociology. However, after the emergence of modern Islamic economic studies, contemporary economists were interested in determining what it was, introducing it through several definitions, including its origins, sources, themes and purpose. It became a modern term characterized by a special concept and different definitions, including the following: It is "the way Islam prefers to follow in economic life" (Sadr 378). Yet, this definition is lacking as it does not highlight the scientific character of the Islamic economy, considering it a method rather than a science.

A team of researchers defined Islamic economics as "Knowledge of practical *sharī'a* ruling derived from its detailed evidence, relating to human activity in society in terms of access to funds and services" (Al-Badawi, 2003 31). Dr. Ahmad Safieddine Awad defined the Islamic economy as: "The science that examines ways of earning and spending in the light of the rulings and morals contained in the law of Islam" (1).

Another team of researchers defined it as " The science that examines human activity in society in terms of access to funds and services, according to the approach established by Islamic law to obtain them" (Hassan Ben Ali Al-Shazly, 1996 23-24).

Through these definitions and others developed to show what the Islamic economy is, it can be said that the most important characteristics and characteristics of this economy are the following:

-This economy is strongly associated with the Islamic religion; it should not be studied independently of the doctrine and sharia of Islam. Rather, it is part of Islamic concepts, which reflect the point of view of Islam in the interpretation of things in the light of the general view crystallized by the faith, and this characteristic - which is unique to the Islamic economy from other economic doctrines - makes every economic activity or work done by man be rewarded if its goal is the satisfaction of Allah almighty, and the good of society.

-This economy aims at achieving the good and well-being of the individual and society, as well as to rebuild the land in accordance with the law of God, which has left man to dispose money and use it properly.

- It balances the material and spiritual needs of man, because Islam does not separate the demands of the body from the soul's needs. It calls on the Muslim to satisfy his worldly needs and desires and sensual longings to the extent that he can live the spiritual aspect and perform his function. At the same time, it urges man to satisfy his spiritual requirements by recognizing God's lordship and worship and following the approach that God has drawn in life to the extent that the material aspect is not ruined (Saber Al-Sarraj, 2017 180).

-It strikes balance between the interest of the individual and the interest of the community for Islam has made economic activity a means of benefiting the individual and society at the same time. This balance is not seen in any other doctrine. Capitalist doctrine, for example, views the interest of the individual as the focus of existence, and the basis of economic activity, allowing for the gratification of his desires without limits or restrictions, while the socialist doctrine is based on the provision of the interest of the community over the interest of the individual.

-Islam has been realistic in the face of the requirements of human nature; it did not call for the denial of the motive for ownership, but called for its satisfaction with *halal* and through what is legally permitted. It ordered control and discipline, and defended ownership if it is encouraged by important psychological motives that spread hopes and ambitions in the soul, and pushes the individual to do his best to obtain money and develop his property (Saber Al-Sarraj, 2015 104).

- Amongst the characteristics of this economy is also that it is based on a conceptual basis. The economic behavior of each individual in society, or economic institutions, must be based on God's piety and fear, and on the advancement of moral values such as brotherhood, honesty and justice, and, therefore, unlike other economic systems that focus their attention solely on the material aspect, it is a meaningful economy that combines faith and morality (Hasan Sarie, 1991 25-9 and Osman and Raboy 327).

-The association of the Islamic economy with moral values, and therefore it can be described as a moral and human economy based on a set of values such as: honesty, conviction, transparency and moderation, desire to work and self-reliance. On the other hand, it encourages man to abstain from waste, disrespect, laziness and eating, prohibition of *riba* and "taking" people's money falsely, monopoly, money-hoarding, fraud and betrayal (Sarie, 25-26; and Al-Salusi, 22-29).

These advantages, which have been singled out by the Islamic economy and other positive economic systems, have made it more capable of solving economic and social problems, such as poverty, unemployment, ignorance and disease.

The Islamic Economy and Unemployment

Definition of "unemployment" linguistically: "Unemployment" (*Al-betālah*) implies being without work, which results in loss and defeat. According to *The Tongue of the Arabs*, the terms "*batola ash-shay*" means it lost ended in vain; and *at-tabāttul* connotes the act of unemployment which is the synonym of fun (Iben Manthour 6:170). In *Taj Al- 'Arūs (the Crown of the Bride)*: the same meaning is reaffirmed.

Definition of *Al-betālah* as a Term: Unemployment in the economy means that there are no jobs for those who are able to work, willing to or seeking it. According to the International Labor Organization (ILO), unemployment is a term that includes all unemployed persons despite their willingness to work, or to look for work in return for wages or as a personal business, although they have reached the age to earn money and produce (Qantaji, 2005 17).

There are numerous definitions of unemployment all of which revolve around the same meaning. These are:

According to Osman and Raboy, for example, unemployment is an imbalance in the labor market, which results in presence of a number of people who are able and willing to work, but who do not find it. This imbalance may arise as a result of weak economic activity in the country concerned, or because of the increased workforce (natural increase or migration) in some disciplines more than desirable (Osman and Raboy, 327). It is also "the lack of labor for a person willing to work with the ability to pursue a profession consistent with his preparations and abilities, given the state of the labor market" (Saudi and Taher, 2008 14).

The problem of unemployment is one of the most serious problems facing Arab societies in which this phenomenon is spreading, because it is not only an economic or social problem, but a psychological, security and political problem. Hence, it requires urgent solutions to reduce its spread and great danger to society, the individual and the family alike. For these reasons, Islam warns against unemployment, and encourages labor and making efforts, and walking in the planet in pursuit of *halal* livelihood. It also considers this quest as worship and *jihad* for the sake of God. Moreover, it urges Muslims to respect their professions, no matter how simple, because in the eyes of Islam, cutting wood as a trade is better than asking people for charity. Abu Huraira, *Radhi Allāhu Anhu*, reported: The Messenger of Allah, *Salla Allāhu Alayhi Wa Sallam*, said: "By Him in whose hand is my soul, if one of you were to carry a bundle of firewood on his back and sell it, that would be better for him than begging a man who may or may not give him anything" (Muslim, 315).

Mechanisms of the Islamic Economy to Address the Problem of Unemployment: Islamic Banks

These are financial institutions that raise and employ money through speculation and trade, selling goods and renting, offering banking services within the framework of Islamic law and its purposes, with the aim of achieving economic development and social solidarity (Ne'mah, 2010 124). Although these financial institutions are similar to traditional banks in the banking nature (mobilizing savings and employing them in development projects), they prohibit *riba*. They do not deal with it in all transactions connected with money, whether this interest is apparent or hidden, direct or indirect, in payment specified in advance or deferred, fixed or mobile (Al-Ansari, Ismael and Mitwalli, 1988 41).

Islamic banks finance small businesses to reduce unemployment and poverty. The term small businesses is a broad term, which has recently been widely used, covering activities ranging from self-employed to a small enterprise employing a certain number of workers (Al-Asraj, 2009 3).

By relying on this mechanism -- small and short-term loans --, Bangladesh has been able to create for itself a leading model in the face of unemployment and the elimination of its negative effects in a short period of time. The first experiment to finance small businesses to reduce the phenomenon of unemployment and poverty has emerged in Bangladesh, and this experiment began with the Grameen Bank, which means in Bengal, "Bank of the Poor" or "Village Bank" (Sa'eed 2007 21-23). The bank was founded in 1976 by The Nobel Prize-winning professor of economics, Bengali Muhammad Yunis. After the great famine in the country 1974-1975, economics professor Mohamed Yunis thought about helping the poor and farmers who mortgage their land to banks in exchange for high-interest loans. He proposed the idea of a "mini-loan," under which loans to the poor were provided without interest and guarantees (Sa'eed, 21-22). So, Grameen Bank is the first bank in the world to provide capital to the

unemployed and the poor, in the form of loans without financial guarantees, to finance their individual or joint investment projects.

Zakāt

Zakāt in language means growth. It is said: *Zaka al-zar'o* (all that is planted grew) if it grows and increases, and a certain person *zaka* if he becomes morally a better person. So, *zakāt* is the blessing, development, purity, and goodness (Iben Manthour 8 334-5).

Zakāt in the rules of Islam is the charity and the duty to be taken from money, if it reaches a special amount. And this charity is called *zakāt*, because it increases the money that was taken out of it, and protects it against pests and calamities (Al-Gharyani, 2006 2: 7).

In Islamic economic thought, *zakāt* is "a special annual collection imposed on the total net value of wealth, which the state collects and spends on its limited expenses mentioned in the Qur'an" (Munzer, 1979 110).

Zakāt is an essential source of funding in the Islamic economy, and an important mechanism for solving many economic and social problems, primarily unemployment. The role of this Islamic duty is most reflected in addressing unemployment in many aspects, including the following:

- It distributes wealth fairly, expands the ownership base and increases the number of owners.
- This religious duty has a great ability to mobilize money from the rich and direct it to the poor.
- It contributes to increasing the purchasing power of the poor, which leads to an increased demand in markets and a recovery of the economy.
- It also fights the hoarding of money, and pays the rich to invest it so that *zakāt* does not eliminate it. The exit of these funds into the field of investment undoubtedly helps to create a lot of jobs.
- It gives the person capable of work a motivation to participate in the productive process, for it provides professionals and craftsmen with funds which enable them to do business and industrial work.

To take these benefits out of the theoretical framework to the practical framework, and in order for *zakāt* to bear fruit, and attain the results which are hoped for, many Islamic countries have established private institutions based on the management of *zakāt* funds, its collection, distribution and investment. As a result of this or economic mechanism, *zakāt* collection in Malaysia, for example, increased from 5 million ringgits in 1991 - the first year of following this method - to 26 million ringgits in 1993 (Al-Omar, 1996 34).

Other countries have established *zakāt* funds such as: Indonesia, Sudan, Jordan and Algeria (Ibid., 20, 24 and Hawwari, 2013 9-10). These funds or institutions have allocated part of *zakāt* funds to finance investment projects needed by the unemployed. This funding, directed at addressing the problem of youth unemployment and turning them into a productive development capacity, has been approved by a group of jurists. Imam Nawawī said:

Who that is a merchant, baker, attar or cashier is given by a percentage of this, and whoever is a tailor, carpenter, short or cut, or other people of the manufactures, is given what he buys with the machines that are suitable for him, even if he is an owner of orchards, he is given what he buys with an orchard or a share in an orchard whose crops suffice him permanently (6: 176).

Examining the profits of *zakāt*, *The Journal of Islamic Jurisprudence* illustrated the role of spending *Zakāt* and the channels it can be used in for the benefit of the poor. It affirms,

It is permissible in principle to employ *zakāt* funds in investment projects that end with the ownership of *zakāt* by the beneficiaries of the benefit, or to be subordinate to the legitimate authority responsible for collecting and distributing *zakāt*, provided that it is

prepared to meet the immediate living need of the beneficiaries, and the availability of guarantees to avoid losses" (OIC, 1987 421).

This decision was issued by the Council of the Islamic Jurisprudence Complex, which held its third conference in Amman, capital of the Hashemite Kingdom of Jordan, from 8 to 13 October 1986.

Other advantages of *zakāt* can be seen in new fields. According to Hussein Shehata, *zakāt* can contribute to the treatment of the problem of unemployment by providing work supplies of machinery, equipment and services to workers in order to become productive capacity, as well as spending on training programs for unemployed youth to qualify them for work in light of the needs of the labor market (2006, 8).

It should be noted that the success of *zakāt* funds in investing part of their funds in economic projects has once again strengthened confidence in the ability of *zakāt* to reduce unemployment through the jobs it provides. It should also be remarked that the Muslim who owns the quorum should take care of his or her own *zakāt*, and distribute it to its beneficiaries, thus making this ritual lose its effectiveness as an important mechanism to reduce unemployment. It is better to carry out this task through an organized collective institutional effort, like the administration of *zakāt* affairs which achieves the goals of multiple *zakāt* and makes it one of the pillars of sustainable development. Indeed, *zakāt* funds have provided excellent models in this regard, as they have been able to reduce unemployment by supporting small enterprises.

Waqf (Endowment)

First: The Definition of Waqf Semantically

Al-waqf implies detention, stopping, prevention and dispossession. It is said: "*waqafa ash-shay'*" in the sense of detaining it, and "*Awqaft ad-dābbah*," suggesting, "I stopped it from walking." Likewise, it is said, "*Woqifat* the land for the poor and needy implying "I restricted it to them, and made it a charity for them." No one has the right to do anything with it. Hence, "*Al-woqūf*" indicates perpetuation. It is said that a certain person "*Awqafa* his land a perpetual *waqfan*" implying he makes it a detention that is not sold, nor gifted or inherited (Iben Manthour 748-750, material on *waqf* 4: 158). And the term "*al-waqf*" is an abstract noun that gives the meaning of past participle.

Second

The Definition of e Waqf as a Term:

The Islamic jurists mention different definitions of *waqf* reflecting their different opinions and attitudes. Amongst these are the following: "Holding the corpus on the owner of the property and giving its benefits for charity, or spending its benefit on those whom the owner cares for" (Al-Marginani, 3: 13). Al-Gharyani says it is, "giving for charity what is benefitted from a property for the duration of its existence" (2006, 4: 209). According to Abu Zahra, it is "Holding the corpus and perpetuating its fruit or holding the corpus to give its benefit for charity" (1971, 35). Remarkably, this recent definition is in accordance with the prophet's saying, which is the most appropriate and comprehensive definition, as those who authorized it maintain (ibid., 5).

The *Waqf* was also known in the first years of Islam as "charity," and also in the name of "detention." In modern time, the name of the *Waqf* appeared and spread among Muslims. Among the Islamic texts describing and detailing it and affirming its legitimacy, and that Muslims are obliged to perform it for the sake of God, are the following:

1. Sayings which were reported about the Prophet. One famous *Ḥadīth* is: Abu Hurairah (May Allah be pleased with him) reported: The Messenger of Allah (Peace and Prayers be upon his soul) said, "When a man dies, his deeds come to an end

except for three things: *Sadaqa Jāriyah* (ceaseless charity); a knowledge which is beneficial, or a virtuous descendant who prays for him (for the deceased). (Muslim 3: 1255 *Ḥadīth* number 1631, 536).

The charity discussed in this *Ḥadīth* is the *waqf*, and this charity is perpetual in order to keep the perpetuation of the reward for its owner after his death. Therefore, the *Ḥadīth* urges Muslims to confine ceaseless charities after their death that benefit the entire Muslim population and from which they benefit even after their death. This *Ḥadīth* is considered the root in the legality of the *waqf* and is the clearest evidence of the perpetuation requirement.

2. Another *Ḥadīth* was narrated by Abdullah ibn Omar.

Ibn Umar reported: Umar acquired a land at Khaibar. He came to Allah's Apostle (may peace be upon him) and sought his advice in regard to it. He said: Allah's Messenger, I have acquired land in Khaibar. I have never acquired property more valuable for me than this, so what do you command me to do with it? Thereupon he (Allah's Apostle) said: If you like, you may keep the corpus intact and give its produce as *Sadaqa*. So 'Umar gave it as *Sadaqa* declaring that property must not be sold or inherited or given away as gift. And Umar devoted it to the poor, to the nearest kin, and to the emancipation of slaves, aired in the way of Allah and guests. There is no sin for one, who administers it if he eats something from it in a reasonable manner, or if he feeds his friends and does not hoard up goods (for himself). He (the narrator) said: I narrated this hadith to Muhammad, but as I reached the (words) "without hoarding (for himself) out of it." he (Muhammad) said: "without storing the property with a view to becoming rich." Ibn 'Aun said: He who read this book (pertaining to *Waqf*) informed me that in it (the words are) "without storing the property with a view to becoming rich."

What Omar ibn Al-Khattāb did after consulting the Prophet is considered the first *waqf* in Islam.

Cessation or imprisonment is a social phenomenon that Muslims have known since the advent of Islam, initially appearing in the form of mosques, land and houses donated by people to bring themselves closer to God, and then it increased and expanded, and appeared in various forms and types, such as universities and libraries.

The *Waqf* as a Mechanism to Combat Unemployment

Waqf institutions are one of the mechanisms of the Islamic economy in addressing the phenomenon of unemployment. These institutions have provided jobs for those who manage them, and for those who have contributed to the provision of jobs through their projects, such as:

- Construction of mosques, schools and institutes, universities, libraries and hospitals.
- Construction of housing units, shops and commercial offices.
- Providing employment opportunities for the keepers of the endowments.
- Reclamation and investment of agricultural land.
- The maintenance of *waqf* possessions and the provision of their supplies, as the process of *waqf* was not limited to the mosques, schools, libraries, houses of books, manuscripts, etc. Rather, the people who gave their possessions for *waqf* made sure that their *waqfs* would perpetuate and that the resources of support, such as salaries and other aspects of disbursement would be guaranteed. They also were keen to secure that the facilities, orchards or the like be a permanent financial resource to sustain these vital *waqfs* (Al-Obaidi, 1983 182).

Through the above, it is clear to us that the role of the *waqf* facilities that have contributed to reducing a real problem that is troubling developed and developing countries alike, i. e. unemployment is indeed crucial. There is no doubt these facilities have immensely helped in combating them

unemployment through the job opportunities they have provided in hospitals, schools, institutes, libraries and mosques. Furthermore, they are significant factors in indirectly helping people find work by providing permanent financial resources for endowments to perform their duties and functions to the fullest, and building schools to teach professions and skills to increase professionalism and productive capacities of the labor force.

The Islamic Economy and the Problem of Poverty

Semantic Definition of Poverty: *faqr* and *foqr* (Poverty), opposite of wealth, is like *da'f* and *do'f* (vulnerability). It is said, *faqīr* (a man who is poor of money); or *faqora*, (he became poor) so he is *faqīr*, (poor); the plural is *foqarā'* (poor people), and *faqr* (poverty) is need and the action is *iftiqār* (lacking), the adjective, *al-faqīr*, as the Arabs maintain, is the needy person who has little source of living, and it was said one that owns nothing. The *maskīn* is someone who has a little for support, an implication which is backed by Imam Shāfi'ī, though other believe a *maskīn* is someone who has nothing at all, and in consequence, he is more in need than the *faqīr* as Abū Ḥanīfa reckons. Others, however, suggest that both terms are one and the same (Iben Manthour, 3: 637).

Poverty as a Term: The definitions are as multiple as the number of researchers, intellectual doctrines, and the various of peoples and cultures. Robert McNamara, former President of the World Bank, defined it as those whose living conditions are the result of malnutrition, ignorance and disease, high child mortality and short life expectancy, make them live under conditions below the standard of decent life (Dunning, 1991 10). Likewise, the International Monetary Fund (IMF) defined poverty by focusing on the lowest standard of living noting it is the inability to achieve a minimum standard of living (Al-Joazy, 2007 5). And according to religion, *al-faqīr* is the person who does not have enough for a year, and as such he is better off than the *maskīn* who does not have enough for a day (Al-Gharyani, 2:60).

The Role of Zakāt in Reducing Poverty

Zakāt is a due charity aimed at helping the poor, securing the necessary requirements for the needy, and helping people who find themselves unable to cope with their living burdens. Therefore, they are given as much money as they need in accordance with the number of the needy. If there is more money, every poor person may be given enough, and "what is needed," according to *Mālikī* school, is what can be enough for a year (Ibid.,) while *Shāfi'ī* school advocate that it is what is sufficient for the whole life (Al-Nawawī 6: 175).

Based on the above, it is clear to us that the purpose of *zakāt* legislation is not only to meet the need for food and dress for the poor and to satisfy their initial motives, but also to include providing enough, and to remove them from the circle of need for permanent sufficiency, so that they can enrich themselves.

They are given *zakāt* money enough to allow them to practice a profession or trade that provides them with sufficient income and their family at all times. This circle includes the poor worker who is proficient in the industry and so he is given the machines to practice his activity; the worker in the field of agriculture is given a field and what he needs, and the shepherd is granted sheep and what he needs and follows it.

The Imam al-Nawawī issued a report demonstrating the extent of money spent on the poor, quoting the Shafi'i audience:

They said: If his habit is professionalism he is given what he can buy of his craft or his craft machines, whether the value of this is reduced or increased. And his portion what he gets from his profit and almost often meets his efficiency, but this varies according to crafts, countries, times and people. (Al-Nawawī 6: 176).

He also added, that some of his friends defined poverty saying “whoever sells the grocery gives five dirhams or ten, and from his craft the sale of the essence is given 10,000 dirhams, for example, if he does not get enough for less than it” (ibid.)

It is noteworthy that *zakāt* funds in some Islamic countries not only grant *zakāt* funds to the poor and needy as they have done every year, but have allocated portions of them to apply the principle of "good loan." This loan is a means of financing those in need to pay them money, and requesting them a refund with the same value without increase (Hasan, 2007, 545). Among the countries that applied this experience is Algeria, where this experience has been successful with the number of recipients of the "good loan" in 2011 totaled 4642 loans (Iben Rajm, 8).

The Role of *Waqf* in Limiting Poverty

From the era of the mission and the companions to our time, the *waqf* system has played an active role in reducing poverty in Muslim countries. The poor, the deprived and their parents found in houses, corners and other *waqf* institutions a refuge to protect them from the bitterness of deprivation, to shield them from hunger, and the disgrace of begging.

Among the historical images of *waqf* and their benefits to the poor and needy in the Islamic East and West were:

- Social institutions such as: hospitals, buildings, charity properties and public fountains for drinking water.

- Material funds such as: loans and donations to the weak, the poor and orphans, circumcision of orphans, and paying the debts of the insolvent (Al-Manouni, 1983 211-223).

- Educational institutions such as: schools, institutes, libraries, orphanages; these educational institutions have benefited greatly from the suspended properties (Al-Asali, 1983 93). In Beit al-Maqdis, (Jerusalem) for example, the number of schools counted by some researchers from the 5th to the 12th centuries AH was about 70 (Ibid., 55).

- The state did not establish these institutions, but the benefactors created them through the real estate they detained as *waqf*. Here lies the great role of endowments in creating free education opportunities for a large number of poor students, and providing rewarding jobs for a large number of them after graduation.

It should be noted that, despite its old roots, the *waqf* foundations can still play a diverse economic, social and humanitarian role, and can finance many development processes such as: providing drinking water to disadvantaged areas, repairing roads, creating residential areas for the poor and poor or reconstructing the desert (Maghazi, 2005 94), or financing small projects through "endowment instruments," small donations from endowment funds (Al-Asraj, 2009 24).

The *waqf* can also adopt the mechanism of "good loan" to finance small projects and expand their activities. Interestingly, this mechanism was mentioned by the jurists in the past when they talked about detaining the money, and then the lock-up falls on the capital, and the benefit is given for charity as long as the needy need it and then the capital is returned without increase (Ibid., 27). There is no doubt that people of this age are in urgent need of such an act. This mechanism has many benefits, including:

- Preserving the dignity of the poor from the humiliation of the question, and opening the door of hope for him at work from which he can live.

- The institution that provides the "good loan" requires that the capital return be guaranteed without the interest placed on it, as it does not require any increase of any kind.

- The *waqf* provides the poor with financing that was not available to them by traditional commercial banks which do not provide loans to those who cannot cope with the financial burdens resulting from them.

These benefits increase the importance of the *waqf*, and the need for it in the present era, in light of the growing phenomenon of poverty and deprivation in the Arab States. The *waqf* system, with its social and economic services to the poor and the needy, has shown the world the human aspect of Islam and the religious practices on which its institutions and mechanisms are available.

Conclusion

The study pointed out that the Islamic economy and finance can play a major role in combating unemployment and poverty in the Muslim world, to solve the problem of unemployment and poverty. It also illustrated the role of Islamic banks in solving the problems which is reflected in financing small projects to reduce the phenomena of unemployment and poverty. Moreover, it examined the role of *zakāt* in addressing unemployment and poverty by helping the poor, increasing their purchasing power. In addition, the research showed that because of *zakāt* some rich people seek to invest their money in many projects so that *zakāt* does not eliminate their capital. Through *zakāt*, the rich can provide many jobs that help solve the problems of unemployment and poverty.

Finally, the research also showed the role of *waqf* in addressing unemployment and poverty, as it provides employment opportunities for those who manage them and also contributes to the provision of workplaces through its projects, which contributes to reducing unemployment and poverty.

References

- [1] Abu Zahra, Mohammed, *Lectures on the Waqf*, second printing (Cairo: House of Arab Thought, 1971).
- [2] Al-Ansari, Mahmoud; Hassan, Ismail; Mitwalli, Bashir Mustafa, *Islamic Banks* (Cairo: Al-Ahram Printing Presses, 1988).
- [3] Al-asali, Kamel Jameel, "Endowments Foundation and Schools of Beit al-Maqdis," *a research paper presented at the Symposium of the Foundation for Endowments in the Islamic World*, Baghdad, 1983.
- [4] Al-Asraj, Hussein Abdul-Mutallab, "Islamic Endowment as a Mechanism for Financing and Developing the Small Business Sector in the Arab Countries," *Majallat Dirasat*, Al-Bassir Center for Research, Studies and Educational Services, Algeria Issue 6, 2009, 3.
- [5] Al-Badawi, Ismail Ibrahim, *Elements of Production in the Islamic Economy and the Situational Economy: A Comparative Study* (Kuwait: Kuwait University Scientific Publishing Council, 2003).
- [6] Al-Gharyani, Sadiq Abdul Rahman, *Al-Maliki's Code of Jurisprudence and Its Guides* (Beirut: Al Rayyan Foundation, 2006).
- [7] Al-Joazy, Jameelah, "Globalization and Poverty in The Arab Countries," *a research presented at the International Symposium on experiences of combating poverty in the Arab and Muslim worlds*. Saad Dahlab University, Balida, July 1-1, 2007, 529.
- [8] Al-Manouni, Mohammed, "The Role of Endowments in Social Balance," *a research paper presented at the Symposium of the Endowments Foundation in the Arab-Muslim World in Morocco*, 1983, Institute for Arab Research and Studies, Baghdad, 211-223.
- [9] Al-Marginani, Ali bin Abi Bakr, *Guidance in Explaining the Beginning* (Beirut: Islamic Library, undated) 3:13.

- [10] al-Nawawī, Abū Zakariyyā Yaḥyā ibn Sharaf, *The total: The Explanation of the Muhaththab for Ash-Shirazi*. Investigation: Mohammad Najib Ibrahim Al-Muta'i, (Jeddah: Guidance Library, Undated, 176: 6.
- [11] Al-Nawawī, *Al-Majmou'* 6:175; son of Jarallah, Abdullah, *Zakāt Banks in Islamic Law* (Rashid Office; and Beirut: Al-Resala Foundation, 1982).
- [12] Al-Obaidi, Salah Hussein, "The Foundation for Endowments and its Role in Preserving Islamic Antiquities and Manuscripts", *a research paper presented at the Endowments Foundation symposium in the Arab-Muslim world in Morocco*, 1983, published by the Institute for Arab Research and Studies, Baghdad.
- [13] Al-Omar, Fouad Abdullah, *Management of the Zakāt Foundation in Contemporary Societies* (Kuwait: That As-Salasel, 1996).
- [14] Al-Salus, Ali Ahmed, *Encyclopedia of Contemporary Jurisprudence and Islamic Economics*, 7th printing (Cairo: Dar al-Qur'an Library).
- [15] Al-Sarraaj, Saber, *Mental Health through the Prophet's Sunna* (Tunisia: Al-Atrash Specialized Book Complex, 2017).
- [16] Al-Sarraaj, Saber, *Prophetic Hadith and Psychology* (Tunisia: Yasin Publishing House, 2015).
- [17] Al-Shazly, Hassan Ben Ali, *Introduction to the Islamic Economy: Its Sources and Foundations, and Money and Development: Comparative Study*, Second Printing (Cairo: House of University Book, 1996).
- [18] Al-Zubeidi, Mohammed Mortada Al-Husseini, *The Bride's Crown from the Dictionary Jewels*. Investigation: Abdul Sattar Ahmed Farraj (Kuwait: Kuwait Government Press, 1971, 9:36, Material Qaf. Sad. Dal.
- [19] Awad, Ahmad Safieddine, *Origins of Islamic Economics (Individual Economy)* (Riyadh: Library of Maturity, undated).
- [20] Dunning, Alan, *Poverty and the Environment: Reversing the Downward Spiral*. Translated by Mohamed Saber (Cairo: International Publishing House, 1991).
- [21] Hassan, Ahmad, "The Good Loan: Its Reality and its Rulings," *Damascus University Journal of Economic and Legal Sciences*, Volume 23, Issue 1, 2007, 545.
- [22] Hawwari, Amer, "The Role of the Zakāt Fund in Reducing Unemployment", *a research paper presented to the First National Forum, The Government's Strategy to Eliminate Unemployment and Achieve Sustainable Development*, 2013, 9-10.
- [23] Iben Manthour, Mohammed bin Makram, *The Tongue of the Arabs* (Beirut: Dar al-Kutub Al-elmiyya, 2005), 2:737, the material on "Qasd" (Intent).
- [24] Iben Rajm, Mohammad Khamisi, "The Importance of Applying the Principles of Governance in the Development of the Algerian Zakāt Fund and Activating its Role in Achieving Comprehensive Development," *10th International Conference on Economics and Finance*, 8.
- [25] Maghazi, Mohammed Abdullah, *Unemployment and the Role of the Waqf in Confronting it* (Alexandria: New University Publishing House, 2005).
- [26] Munzer, Qahaf, *Islamic Economy* (Kuwait: Dar al-Qalam, 1979).

- [27] Muslim, Abū al-Ḥusayn ‘Asākir ad-Dīn ibn al-Ḥajjāj ibn Muslim ibn Ward ibn Kawshādh al-Qushayrī an-Naysābūrī i. *Ṣaḥīḥ* (Cairo: Akhbar al-Youm, Zakāt Book, Hadith No. 10482).
- [28] Ne’mah, Nagham Hussein, "Banks and Financial Institutions in the Gcc Countries: Reality and Challenges", *Al-Qadissiya Journal of Administrative and Economic Sciences*, Volume 12, Issue 2, 2010, 124.
- [29] Osman, Siddiq Nasser and Raboy, Mohammad Ibrahim, *Introduction to the Comparative Islamic Economy* (Latakia: Dar al-Hawar Printing and Publishing, undated).
- [30] Qantaji, Samer Mazhar, *The Problem of Unemployment and its Treatment in Islam* (Beirut: Al-Resala Foundation, 2005).
- [31] Sa’eed, Magdi Ali, *The Experience of Bank of the Poor* (Beirut: Dar al-Arabiya for Science-Publishers, 2007).
- [32] Sadr, Mohammed Baqir, *Our Economy*, 12th printing (Beirut: Dar At-taaruf lil-Matbou’at) 378.
- [33] Sarie, Hasan, *Islamic Economy: Principles, Objectives and Characteristics* (Riyadh: 1991).
- [34] Saudi, Ahmed; Taher, Ahmed, *Unemployment: The Problem and the Solution* (Cairo: Al-Mahrousa Center, 2008).
- [35] Shehata, Hussein, *The Role of Zakāt in Economic Reform: A Series of Studies and Investigations in the Islamic Economy* (Cairo: Al-Azhar University, 2006).
- [36] The Organization of Islamic Cooperation, (OIC,) in *Islamic Jurisprudence*, Issue 3, Part 1, 1987, 421.