

Global Capitalism is Prone to Twin Evils of Economic and Political Inequality

News:

The world's richest 1% are on course to control as much as two-thirds of the world's wealth by 2030 [1]. World leaders are being warned by the UK's House of Commons library that the continued accumulation of wealth at the top will fuel growing distrust and anger over the coming decade unless action is taken to restore the balance [2].

Comment:

Since 2008, the wealth of the richest 1% has been growing at an average rate of 6% a year – much faster than the 3% growth in wealth of the remaining 99% of the world's population. Should that continue, the top 1% would hold wealth equating to \$305 trillion in 2030– up from \$140tn today. Another way of looking at this 85,000 people will control 67% of the world's wealth [3].

To make matters worse for the super-rich an opinion poll conducted by Opinium suggests that 34% of voters feel that they would have negligible authority in 2030 thereby undermining democracy. The finding of the polls are quite ominous for the super-rich—accumulation of wealth breeds not only economic inequality but also foments political inequality. And both forms of inequality are disastrous for the stability of any society.

Yet none of these findings are new. Professor Thomas Piketty in his book *Capital in the Twenty-First Century* argued with sound evidence that economic inequality is a permanent feature of capitalism [4]. Unfortunately, Piketty's remedy of a wealth tax to address the ills of a rancorous capitalist system misses the point.

The fundamental problem with capitalism is not the absence of a wealth tax but freedom of ownership, which leads to accumulation of wealth by a few. This permits the super-rich to use their vast wealth to exert undue influence over the executive, legislature and judiciary to enact laws that favour them at the expense of the masses.

In practice this results in laws that limit ordinary people from accessing funds, enable ownership of public properties, engineer loopholes to hide wealth away the prying eyes of the taxman, and force the masses to accept this state of affairs. Subsequently, no matter how boisterously the common person protests they are powerless to prevent the accumulation of wealth. In other words, capitalism by its very nature encourages wealth to flow from the masses into the hands of the super-rich.

In Islam, freedom of ownership does not exist. Every citizen of the Islamic state has the right to own and the laws governing ownership of property and its disposal are fixed by God—the lawgiver. Hence, the Islamic society does not permit the rich to own public properties, establish lop-sided contracts that restrict access to capital and property, set up offshore companies to avoid tax, and tolerate undue influence on the executive and judiciary. Therefore, Islam will never support wealth to circulate amongst the super-rich. Allah (swt) say, **﴿مَا أَفَاءَ اللَّهُ عَلَى رَسُولِهِ مِنْ أَهْلِ الْقُرَى فَلِلَّهِ وَلِلرَّسُولِ وَلِذِي الْقُرْبَىٰ وَالْيَتَامَىٰ وَالْمَسَاكِينِ وَابْنِ السَّبِيلِ كَيْ لَا يَكُونَ دُولَةً بَيْنَ الْأَغْنِيَاءِ مِنْكُمْ وَمَا آتَاكُمُ الرَّسُولُ فَخُذُوهُ وَمَا نَهَاكُمْ عَنْهُ فَانْتَهُوا وَاتَّقُوا اللَّهَ إِنَّ اللَّهَ شَدِيدُ الْعِقَابِ﴾** **“And what Allah restored to His Messenger from the people of the towns - it is for Allah and for the Messenger and for [his] near relatives and orphans and the [stranded] traveler - so that it will not be a perpetual distribution among the rich from among you.”** [TMQ: Al Hasr:7]

Thus Islamic society based on the model of rightly guided Khilafah (Caliphate) is far more stable than capitalist societies, as the twin evils of economic and political inequality are deliberately kept to a minimum.

**Written for the Central Media Office of Hizb ut Tahrir by
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References:

[1] <https://www.theguardian.com/business/2018/apr/07/global-inequality-tipping-point-2030>

[2] *ibid*.

[3] <https://news.un.org/en/story/2015/07/505352-un-projects-world-population-reach-85-billion-2030-driven-growth-developing>

[4] Ryan Cooper (25 March 2014). "Why everyone is talking about Thomas Piketty's Capital in the Twenty-First Century". The Week