

## **Economic Policies of the Alavi Government**

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### **Abstract**

The role of governments in the economy has undergone considerable changes over the years. The place of governments in the economy is of a great importance, and so those governors who sought to domineer people have always looked after themselves and their relatives' interests. However, Imam Ali shaped and implemented some economic policies in the Alavi government with the purpose of observing human beings' dignity, welfare, and security, protecting human rights, and realizing divine values.

The present research aims to introduce economic policies of Imam Ali's government in order to help Muslims set their economic plans in the framework of the Alavi government, and so they would achieve welfare, as well as divine and human dignity thanks to piety and materializing divine values.

**Keywords:** Government; Economic goals; Imam Ali; People; Justice

### **Introduction**

#### **Problem statement**

Imam Ali had developed some policies to achieve his economic goals, now this paper seeks to find answers for the following questions. What are economic policies of the Alavi government? How social justice, development, progress, and a stable economy would materialize? What are financial policies of the Alavi government? How revenues of the Islamic government such as Zakat, tribute and other Islamic taxes would make money for the government while people of different social strata can afford to pay? What are administrative solutions to execute such economic policies?

The function of governments in economy has undergone considerable changes as time went by. Overbearing behavior of the governing body towards people, as well as their attempts limited only to worldly concerns, has left a big gap between states and people. Although economic policies of each government reflects thoughts and approaches of their authorities to solve economic-social problems in the society, it can be seen that they are unfortunately seeking to create more interests for the government and satisfying the governing body.

However, the main concern of the Alavi government was to observe people generosity rather than struggling for its own survival. This government supports people activities in all social fields and believes that it was people who must shoulder the responsibility of their lives during difficulties, prosperity, and stagnation. Depicting a value-based picture of the responsible, orderly, and strong Alavi government could help people distinguish between the righteous Alavi government and other opponent ones.

Economic policies of Imam Ali were asking for social justice and observing Muslims generosity. Therefore, it is necessary to distinguish the Alavi government in both objective and

performance from other liberal or socialist states of these days which are seeking to meet their worldly concerns or to increase welfare of their state staff.

According to its holistic view, the government seeks to meet spiritual and material felicity of people. In the same way, being filled with happiness and the way to achieve it is beyond human limited power and needs a divine leader (Al-Farabi, 1987, 78). The main difference between the Alavi government and other states is that it seeks justice as an achievable and feasible plan not an unattainable ideal (Ibid, 29). So, the most important feature and advantage of the Alavi government over other states is feeling bound to these principles even in difficulties.

By understanding the existent anarchy and attempts to deviate religion from sacred and valuable ideals of the Prophet Mohammad and in spite of unwelcomed difficulties, Imam Ali took some measures to ensure the holy objectives of Islam. In this paper, first, we examine situation of the Islamic society before the caliphate of Imam Ali, then we study economic goals and policies of the Alavi government.

### **Economic status of the Islamic society before the caliphate of Imam Ali**

Before Imam Ali was given the rein of the Islamic society, several major economic changes took place to such an extent that economic justice was replaced with injustice economy. It exposed the society to a financial crisis during the reign of the third caliphate. In the same way, public wealth was given to a special group. In this society a small group of people were rich while others were suffering from poverty. Considering people as their property, rulers treated them very badly. In the Shaqshaqiya sermon, Imam Ali introduced Othman as follow:

As the rein power was given the third caliph, he ran towards farms fields of Muslims like a livestock and started to make money. His relatives also accompanied him and waste the public wealth like an out of controlled camel which grazes on spring feedstuff (Nahj al-Balaqa, Shahidi, 1997, sermon 3).

Masoudi depicts the rein of Othman as follows:

During his reign, his followers acquired many houses, lands, and other property. Zahirine, for example, built a special dwelling in Basra which is still well-known among people. He had also built some houses in Kufa, Egypt, and Alexandria. Thousands of horses and servants as well as fifty thousand dinars were in his possession (Al-Masoudi, 1409: 332).

Othman voluntarily donated lands and states. For example, he donated lands as big as a village to some of his followers. Othman bin Affan bin Abdollah bin Masoud lavished Ammar bin Yaser with lands of Nahrain. Or, he gave Sa'd bin Malek village Hormozan (Abu Yousef and Bin Adam, n.d. 62; Al-Balazeri, 1412, 272/3). Therefore, it was normal for people to complain of high tribute to Othman (Ibid, 337). Othman's Injustice discrimination as well as his worse policy made Islamic instructions of the Prophet, which generated a considerable development in social and economic situation, ineffective.

### **Objectives of economic policies carried out by the Alavi government**

The main purpose of economic policies of the Alavi government was to achieve goals. The Islamic state seeks to enhance and elevate the community. It tries to establish a divine sovereignty and to bridge a gap between people and God.

Imam Ali always invited people to have virtue and avoid them attaching to the worldly concerns. To do this, he introduced economic goals, including the rapid expansion of social and economic justice, development and prosperity, and stable prices. The following sections shall discuss them.

#### **a) Expansion of social and economic justice**

People lived in grinding poverty, when Imam Ali was taken the rein of society. There was a huge gap between the rich and the poor. Imam made several attempts to remove the cruel injustice from the community, and he revived the heritage of the Prophet, justice. Imam Ali is called the emblem and martyr of equity because of his continuous and multi-aspects battles against injustice.

From his viewpoint, justice becomes the cornerstone of state (Amadi, 1994: 198/1), and a government would be survived providing that it evolves around justice (Ibid, 355/5). God will help justice and wisdom-based states.

When justice and wisdom compose the main pillars of a state, God will help strengthen its followers and weaken its opponents (Ibid, 168/3). Indicators with respect to legality of a state include to redress the balance and prevent people from inflicting any cruelty. Ibn Abbas expressed why Imam Ali accepted to govern the society.

I met Imam at Ziqar before the war Jamal when he was sewing up the hole in his shoes. How much does this pair of shoes cost? He said. Nothing. I answered. I swear this pair of shoes are more favorite for me than ruling the country, unless I could remove inequity and revive people's right (Shahidi, Ph.D., 1997: sermon 33).

Denying people's alienable right will cause poverty. God puts alimentionation of the poor in the property of the rich. So no poor gets hungry, unless a rich person abolish their right. Be aware God will punish the rich (Shahidi; Ph.D., 1997: sermon 320).

Imam Ali tried to exercise the Prophet's will about underprivileged communities during his ruling. The Prophet told Imam Ali, do not abolish the right of the poor who belong to other tribes, and donate some amount of zakat to support them helping (Haji Nouri, 1408: 158/13).

Imam advised Malek Ashtar on the necessity of giving the poor aid. For God's sake, distribute some of the public property among the needy and donate them grain and revenues from the lands occupied in the wars (Shahidi, 1997, sermon 53).

The Alavi government has made the provision for people with disabilities and retirees the top priority of its program:

"Take care of the orphans and grieve for the disabled old people who are poor, and this would be difficult and expensive for the bereaved, indeed, it would be found difficult to pay rights of people..." (Ibid.)

This story is also known from Amir al-Mo'menin that one day he saw an old Christian man begging. Imam asked his followers, "Who is he?" They said: He is a Christian. Imam said: You have used him to such an extent that he became old and incapacitated and now you have left him. Then he ordered to give him alms from the treasury" (Al-Hur Al-Ameli, 2012: 11/49)

Social security programs of the Alavi government were so extensive that no one lived in Kufa, even people with the lowest income, unless they had access to wheat (food), housing, and water from the Forat. (Allama Majlisi, 1403: 327/40). One of the major plans of the Alavi government was to establish justice and to redress the balance for the unprivileged families, to fight against discrimination, monopolies, bribery, and profiteering.

On the second day of his ruling, Imam informed the people of his policies on economy (Ibn Abi al-Hadid, n.d: 90)

"I swear to God, if I find out what property Othman had donated to his followers I would return all of them to their owners, even though they had been used to provide girls with dowry or to buy slaves. Because there is openness and comfort in justice and righteousness, with the result of that whoever fails to accept justice would find oppression more severe (Shahidi, 1997: Sermon 15). When it comes to the public fund, paying attention to the rights of people is a very deep point, and so those who consider the Alavi government as an example should learn from their Imam. The right that God has set for the people cannot be denied them under excuses such as immorality and hypocrisy. In the view of the Imam Ali, the value of faith is too big to be understood by worldly minds. The Prophetic tradition and the Alavi tradition consider God's mercy so wide that all creatures have their share, therefore Imam asked his followers to observe people right.

#### **b) Development (economic development )**

Following the divine instructions, the Alavi state considers human beings as the agents for the development of the earth. When it comes to the duty of man after descending to the earth, it says:

"God sent Adam to earth after he showed his repentance, so he and his descendants were expected to develop the earth" (Shahidi, 1997: Sermon 91)

In order to carry out this task in the hands of the people, Imam obliges the government to develop the earth. Therefore, at the beginning of his letter to Malik, he emphasized on the development of Egypt as one of his main tasks (Shahidi, 1997: Letter 53). Recognizing the ability of the private sector to cultivate the land, the Alavi government considers the main duty of the government to support it and remove obstacles in the way of production. In a letter, Imam ordered Malek "not to spend the tribute in the way that it hinders production, and pay much more attention to the affairs of merchants and artisans and help them (ibid.)

Like the Prophet, Imam Ali built a market and then gave it to the merchants in order to support the economy (Jafar Morteza Ameli, n.d. ,27) It has been said that Imam did not receive rent on the stores that he owned. (Al-Hur al-Ameli, 2012: 300/12; Sheikh al-Tousi, 1990: 9/7). According to another narration, he hated to receive rent (Al-Hur al-Ameli, 2012: 383-6).

In a letter to Farzah bin Ka'b al-Ansari, a regional agent near Baghdad, Imam instructed him to assist farmers in dredging streams. Balazeri interpret the letter as follow:

"But then a group of people from the given area came to me and reminded me that a river had been hidden and destroyed, and so if they dug that river and prepared it, their land would be developed. They would be able to pay their tribute and it would be added to the treasury of the Muslims.

They asked me to write a letter to you in order to use them for digging and dredging, and to help them financially in this way. (Blazeri, 1995: 390 / 2- Al-Yaqoubi, n.d.: 203/2). Work serves as one of the pillars of the economy, and so Imam Ali encouraged people to work by expressing its importance in the Islamic culture. Imam always reminded people that "no attempt in the way of God is more important than your efforts to meet the needs of your children and spouse" (Abu Hanifa Na'man ibn Muhammad, 2010: 9/15).

Imam introduced useful affairs and purposeful work to people, and he believed that "whoever has water and land but remains poor, may God keep them away from him" (Allameh Majlisi, 1403: 103/65). Angels consider a house where there is a sheep to be sacred. He said in the importance of animal husbandry (Muhaddith Qomi, n.d: 719/2). By working hard, constructing palm groves and aqueducts and donating them in favor of unprivileged families, he showed work is of great importance in his mind.

Even during his reign, he continued to work, plough through the land, dig wells and cultivate. It is reported, one day a man saw Imam Ali carrying a load of date seed and asked him: What are you carrying? Imam said: "One hundred thousand date seedlings." Then Imam planted them and none of them dried. (Koleini, 1994: 77/5).

### **c) Controlling the market and stable prices**

Controlling the market was a most important duty and policy of the Alavi government. Suasive policies of Imam to keep prices low and supporting customers, accompanied with his legal and practical measures to fighting against profiteering, monopoly, hoarding, were implemented to promote public welfare and market prosperity.

Imam controlled the market directly, and not only expected businessmen to observe moral and religious standards, but also he regularly oversaw deals transactions carried out between the seller and the buyer with the purpose of preventing people from profiteering and hoarding.

Imam Baqer said, in the course of a hadith, Imam Ali went to the Kufa market every morning while he had a two-headed lash in his hand. He stood in the middle of the market among the businessmen and shouted, be afraid of God. When traders heard his voice, leave their work and stood around him.

Then Imam said, first of all, ask God to bless you, behave customers well, do not swear, and avoid sin. Do not receive usury, weight things with a correct balance, and do not corrupt on the earth. After patrolling the whole market, he returned back to the dar al-Hakam to judge between people (Koleini, 1985: 153-5; Al-Horani, 1978, 216).

He has also appointed some agents to oversee the market. For example, he ordered Rafae bin Shaddad, his appointed judge in Ahwaz, to dismiss Ibn Harmeh (Rey Shahri, 1421: 167). Imam always advised businessmen not to encroach people's right and stopped them from profiteering and hoarding by regular controlling over prices. Take the following instruction as an example. O Malek, forbidden people from hoarding as the Prophet Mohammad did so. If transactions are done easily and on the basis of justice, neither the buyer nor the seller would loss. People who hoarded things must be punished (Shahidi, 1997. Sermon 53).

Imam had also forbidden people from hoarding. He wrote a letter to Malek and said, anyway, many businessmen are greedy and stingy, and so raise the price of thing obdurately, which it not only causes several problems for people but also brings shame on rulers (Shahidi, 1997: sermon 53).

**d) Financial policies**

Financial policies are regarded as the main qualitative tool in the Alavi government. In addition to advice businessmen and supervising prices in the market, Imam Ali had some financial policies to make economic decisions. We consider them further in the following sections.

**e) Financial policies**

It includes a series of measures with respect to expenses and public revenues, especially taxation, which are taken in order to achieve economic objectives. The Alavi government made the use of taxation and tribute to realize social justice, develop cities, and promote public welfare.

By the term taxation is meant money which Muslims are obliged to pay the government under the Islamic law, and so the government could cover public expenses and satisfy economic goals. Taxation in the Alavi government was in the form of zakat, alms, khums, tribute, and jizya.

**f) Khums**

In early years of Islam, khums was mainly limited to property acquired during a war. In the rein of Omar, Muslims acquired a lot of spoil during war against Iran and Rome, and so financial sources for paying khums increased unprecedentedly. Islamic conquests were again raised during the caliphate of Omar. Yaqoubi estimated spoils of war in Africa at 2,520,000 dinar (Yaqoubi, n.d., 165-2; Al-Tabari, 1409, 256/4).

According to Ibn Asir, Muslims conquered Africa in two wars. Othman donated khums obtained from the the first and second attacks to Abdullah ibn Sa'd bin Abi al-Sharh, and Marvan bin Hakam, respectively (Ibn Asir, 1407: 484/2). Three wars took place in the caliphate of Imam Ali, including Jamal, Seffein, and Nahravan. However, being internal being, no spoils acquired or it was not considerable (Montazeri, 295-296; 3/315).

Consequently, spoils of war did not considered as a major financial source when Imam Ali was caliph, or if there was any payment for khums relatives of the Prophet preferred spend it in order to counter threats of Islam. To put it simply, zakat, tribute, and Jizya composed main financial sources of the Alavi government.

**g) Zakat**

It was one major financial sources of the Islamic government in the early years of Islam. Zakat is a financial and devotional duty. Imam Ali said: zakat and prayer help Muslims to approach God. So, zakat serves as atonement for sins of those who pay it with a feeling of contentment and banish them from the fire (Shahidi, 1997, sermon 199). From his view point, zakat has moral, social and economic advantages.

Zakat is defined as donating a certain portion of wealth obtained from farms and other properties among the needy and the poor." (Shahidi, 1997: Sermon 192). And God has made zakat a means of sustenance (Shahidi, 1997: 252) Zakat insures assets. (Ibid. 146). In letters 25 and 26 of Nahj al-Balaqa, the Imam covers very important points about receiving zakat. The following sections shall provide some of them:

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1. Zakat and state fund: Sending a tax officer and explaining his duties indicates the Alavi government considered collecting and spending zakat as its duty. Therefore, Zakat meet a part of the budget of the Islamic State.

Like the Prophet Muhammad, Imam Ali appointed some agents in charge of collecting and spending zakat.

Therefore, zakat is considered as one financial sources of the Islamic government and a certain portion of it is spent to meet the security of citizens.

2. Politeness of the tax officers during the identification of taxpayers: a tax officer should be pious and humble. They need to have basic familiarity with the laws of zakat. Furthermore, in the course of letters 25 and 26, Imam instructed tax officers in piety either in privacy or in front of others. Because those who are in secret contact with taxpayers are more likely to slip and abuse their position (accepting a bribe).

3. Taxation according to the law: No tax officer or government official is allowed to levy a tax beyond the law or collect taxes from people more than the amount prescribed by law.

4. Religious and cultural background of zakat: Zakat is an obligatory right determined by God. Because natural resources are public and God Almighty has allowed His servants to exploit them, while He has made it obligatory for those who share in this divine wealth. Hence, those who pay zakat fulfill their divine duty towards God and His blessings in this way, and so they pay their debts with kindness in order to elevate their position before God. (Shahidi, 1997, Sermon 199).

5. The principle of belief and self-determination: The payment of zakat as a religious obligation has been entrusted to the taxpayer.

Hence, their declarations, assessments and even claims of payment are heard. When a taxpayer declares that he is not obliged to pay zakat, the agent should accept. In this case, it seems normal that Imam has put his trust in the taxpayer. For this reason, in letter 25, he says: "Go towards them calmly and with dignity, greet them, then say, indeed God has sent me to you. Is there a portion belong God in your property to pay? If someone says no, do not pressure them.

6. Behavior of a tax officer during the collection of zakat: when it comes to deal with a taxpayer who acknowledges his debt, Imam keeps tax officers advised.

A) The agent should not cause fear and panic to the taxpayer, while in many places throughout history, tax officers have been assumed as the most frightening persons in the eyes of people.

B) The agent should not threaten the taxpayer.

C) Tax officers are not allowed pressure a taxpayer to pay tax in excess of the prescribed amount in the law.

D) The agent should treat the taxpayer with respect. Therefore, he should be extremely tolerant and supportive with the taxpayer. For example, when it comes to collecting Jizyah, Imam treated businessmen with courtesy and accepted any kind of goods they offered.

E) The agent is not allowed to break into people's estate, because the owner possesses most of the property.

7. Paying attention to the opinion of taxpayers: Imam instructs tax officers to authorize the taxpayer to deliver zakat from any part of his property, even they are ordered to accept his appeal. In sermon 25, he says: Take God's share from him, and if he assumed that he has been defeated and wanted to reject such a division. (Shahidi 1997: Sermon 25).

8. Observing interests of the public fund: Imam has made a set of recommendations about the treasury: First, what is offered as zakat should be safe and sound (it should not be old, weak, disabled, sick and defective). Secondly, they should be left in the hands of a trustworthy person who has a strong belief in God, and he is kind, and not to be harsh with the livestock (Ibid.). Analyzing recommendations of Imam in the current situation can demonstrate his deep thought in the field of economy.

Of course, it should be emphasized that wise instructions of Imam, before being interpreted materially, reflect his divine vision for human beings. When the zakat collector is forbidden

to break into the house of taxpayers, he wants to keep the privacy of taxpayer and his family safe, in order to conceal how much property they have (Ibn Abi Al-Hadid, n.d.: 153/15).

Or, when it comes to agent's etiquette and warns them against slandering and lying, he aims to preserve human dignity under the law of the Islamic government. Deterring tax officers from imposing taxation in the excess of amount has been prescribed in the law, or prohibiting them from damaging people property, he respects taxpayers (Shahidi, 1997: Sermon 25). If the implementation of divine commands fails to increase the closeness of people to their God, then what is the difference between these rules and other ones? It is evident that mutual trust generates obedience, reduces the costs of collecting zakat and develops the culture of paying zakat in Islamic society.

#### **h) Tribute**

Like rent charge, tribute is amount of money that is paid on a particular piece of farmland, in contradistinction to *moqaseme* that is based on yield of the farmland. There is no religious rule to estimate the amount of tribute, with the result of that it depends upon the opinion of Imam and interests of Muslims. (Al-Muhaqiq Al-Karki, n.d: 70). Although it is very similar to the net revenue of the government (Hussein Modarresi Tabatabai, n.d: 67/2), tribute is also similar to tax because it is amount of money that is levied on the owners of a certain piece of land (Imam Khomeini, 2012: 279/2). However, tribute had a special place in the financial policies of the Alavi government. As the amount of tribute is determined by the Islamic state, the government can adjust it according to the financial ability of the taxpayers, as well as political goals and the interests of the Islamic society. Imam Ali stated his most important policies in his famous letter to Malik Ashtar, when appointed him as the ruler of Egypt. The following section shall analyze this letter.

#### **The following is a piece of the letter that Imam Ali wrote to Malik Ashtar:**

"Look after collecting tax, in a way that it will be in favor of the taxpayers, because what is in taxpayers and tax collectors' best interest is also good for others. Indeed, all people are affected by the tribute (Shahidi, 1997: Letter 53)

The following presents an interpretation of this letter:

1- Tribute is the most important means of providing expenses with respect to public welfare. From Imam Ali's viewpoint, tribute plays a pivotal role in the improvement people welfare and the consistency of the army.

2- The organization of tribute and tax payers depends on the existence of fair-minded judicial security and government agents, especially those who are in charge of collecting tax.

3-Collecting tribute should not cause a decrease in the production rate. Therefore, the government is expected to set the amount of tribute according to the ability of taxpayers and people's investment incentives.

4- Tax deductions are tantamount to investment left in the hand of people, and so if they are used for production, its revenues will be returned to the government.

5- Tax deduction attracts people's trust and as a result, increases public participation.

A man from the Saqif tribe says: Ali ibn Abi Talib appointed me to rule Banqia and a part of Savad Kufa, and in front of a group of people he told me : "avoid to punish a Muslim, Jewish, or Christian for tribute. Do not sell a livestock which is means of subsistence of a family for attribute. We are allowed to only take what is redundancy (Koleini, 199: 535/3; Sheikh al-Tousi, 1990: 86/4).

As mentioned before, tribute is one important financial sources of Islamic governments. After conquering Iraq (Savad) in 590, Omar did not divide lands among Muslim, but he set a new taxation system called tribute. Historically, we have some evidence that Amir al-Mo'menin helped and advised him in this case. According to Sunnet, Shiite, and Zaydi references, after conquering Savad, Amir al-Mo'menin asked Omar not to divide lands among the army but preserve them as a source of public revenue for the Islamic community.

As mentioned earlier, tribute is one of the most important sources of Islamic governments. After the conquest of literacy (Iraq) in 14 AH, Omar refused to divide the lands among the Muslim conquerors and instead replaced the tax system with tribute, which was the origin of tribute in Islam. Historically, it is almost certain that this work was done with the guidance of Amir al-

Mu'minin Ali (AS). Sunni, Shiite, and Zaidi sources all cite that he, after conquering literacy, asked Omar to refrain from dividing lands among the armies and to keep it as a source of income for the Islamic community. Although some of the companions of the Prophet Muhammad insisted on the division of lands, Omar accepted the opinion of Amir al-Mu'minin. (Modarresi Tabatabai, n.d: 68). Historically, there is no doubt that Amir al-Mu'minin followed the method of Omar during his caliphate practically that he himself had recommended to him. (Al-Hur al-Ameli, 2012: 116/11; Sheikh al-Tusi, 1413: 120/4). For example, he determined people living in the villages of Madain should pay Kharaj based on the area of the land (Ibid.). It is worth noting that there is no consensus among Shiite, Sunni and Zaidi about the amount of tribute that Imam Ali imposed for these cases (Modarresi Tabatabai, n.d.: 258)

Therefore, income from tribute, jizyah and zakat were the most important financial sources of the Alavi government. The structure of tax system as well as its administration were a couple of factors affecting the amount of this revenue. For levying tax, it is important to select an appropriate tax base and rate table. Higher exponential tax rates are usually set to generate more tax revenue as well as a more appropriate distribution of income and wealth. The negative relationship between income tax rates and economic growth, and as a result, increased tax capacity and tax revenue, has been a major issue.

Imposing higher tax will have the following consequences:

A) Higher rates break the relative prices set by the market and may have negative impacts. This situation will adversely affect the economic behavior of producers and suppliers of raw materials, because heavy taxes reduce the yield of savings, investment, and workforce, it also reduces motivation, of taxpayers. As a result, economic activity and production rate will decrease. Nowadays, economists who are favor of supply support this view.

B) Higher tax rates are considered as one of the most important factors in tax evasion. When taxpayers a forced to pay their taxes (tax compliance), they try to find various potential legal or illegal ways, such as leaving a taxable job or not cultivating crops (Tax evasion), not declaring income or reporting less income (tax evasion) in order to avoid the tax burden. Experience suggest that when tax rates are low, people increase their tax compliance.

C) as mentioned earlier, imposing heavy taxes would cause a great wave of migration that take professionals, capital and great wealth to other countries. In order to earn more profit, owners of production agents will use their facilities wherever they can earn more. Basically, people cannot bear not injustice in any form.

D) Although high tax rates generate more revenue in a short-term, they decrease tax revenue in the longer run because of changing in taxpayers' behavior and a decrease in the level of production and economic activity.

The possibility of a low inverse relationship between tax rates and tax revenue was explained by Ibn Khaldun. He suggests that governments earn a large income through imposing a certain and low tax rate at the beginning of their ruling, while in the end, they earn a small income by imposing heavy taxes. (Ibn Khaldun, n.d: 279). Such economists such as Adam Smith, Jean-Baptiste C., and Dupoie have confirmed this fact. Arthur LaFerre drew his famous curve in 1974.

In short, the starting point for the LaFerre Curve Proposition is the simple idea that tax revenue is zero at 100 percent or zero tax rates, and then the more prices increase, the more tax revenue would be received. Therefore, if the tax rate is high enough to be set in the negative slope of the curve, a decrease in tax rates will lead to an increase in tax revenues. Ibn Khaldun explains the advantage of lower tax burden:

Whenever a low duty is imposed on the poor, they work eagerly, and as a result, the society would witness an increasingly constant development. The reason behind is that the small amount of tax will make them happy and they could live with much welfare. Whenever development increases the government will be allowed to increase duties and tributes, with the result of that, people could pay more taxes (Ibn Khaldun, n.d. 344).

Today, advocates of supply widely support lower final tax rates. Reducing the number and amount of tax rates in recent years has been considered as the cornerstone of almost every tax reforms in the world. The experience of reforms shows that these changes help to reduce the complexity of the tax system and make it easier to implement. It also improves tax compliance. It also reduces tax disruptions and increases production rate. (Mohammad Taghi Gilak Hakimabadi, Ph.D. dissertation, 2000: Chapter 3)

In fact, the policy of reducing tax rates and generally reducing the tax burden acts as an expansionary fiscal policy in order to increase employment and production. This policy would lead to increase in production through tax exemptions proportion to the financial ability of taxpayers. Moreover, it seems effective to maintain the consumption of society at a reasonable level so that productivity of the workforce and the life of the individual would not be subjected to unpleasant changes.

Interpretation of Imam Ali about this case tells another story of his vision and optimism towards the ability of people in production. Imam (AS) considers discount as a reserve and treasure that is finally used in the development of the country. To put it simply, the tax discount acts as savings and accumulation of capital in the private sector, but if the government is appointed to manage, it may not enter directly into the production. In addition to the foregoing unwelcomed economic consequences, from the viewpoint of Imam and according to the policy of the Alavi government, the more unpleasant moral and social effects of laving heavy taxes are more important. People would resort to various lies and frauds in order not to pay taxes. Those who are able to evade or impose their tax on others will shoulder a lower tax burden, and so tax justice will be violated at both horizontal and vertical levels. It means that people with the same income and ability to pay do not pay the same tax, moreover people with higher income would pay relatively less tax.

In the same way, presenting a negative image of the tax system weakens the trust between people and the state and will decrease popular participation, with the result of that in such a discouraging atmosphere, the nation's determination to get the country out of the economic impasse would be null and void. The consequences will be much greater if the wrong implementation and non-democratic behavior of the tax authorities are added to the improper tax situation.

## Conclusion

- 1) With regard to its liabilities towards divine instructions, the Alavi state sought to bring Muslims happiness, and so the government was in achieving this goal.
- 2) Justice, the major objective of the Alavi government, acts as the best context to elevate people. The Alavi government was the representative of people. It is worth noting that relations were based on mutual rights and the public state had a guardianship liability.
- 3) The government do some duties in both spiritual and material things, including to redress the balance for the poor, fight against cruelty and heterodoxy, provide people with proper education, offer muslims social safety, as well as provision of welfare and increase production by the private sector.
- 4) The Alavi government collected taxes and public fund, with the result of that it did not allow people to waste it.
- 5) Paying a close attention to defensive measure, it had a duty to offer the society safety, establish judicial justice, and control its agents. It was also very active in social affairs. however, when it comes to economic issues, its responsibility was limited to oversaw and balance the market as well as to support the private section and remove obstacles in the way of production sector.
- 6) With regard to spiritual and mental crisis and disobeying Islamic instructions, especially during the caliphate of Othman, Imam Ali's economic policies aimed to revive traditions of the Prophet Muhammad.
- 7) It could be said that justice served as the first and foremost plan and policy of the Alavi state. So, Imam demonstrated it was justice that could alleviate all the hurts of the unprivileged society caused by cruel rulers.

8) Providing proper plans and policies, especially in the field of tax, Imam Ali revealed Islamic equity. Therefore, he used permanent resources, such as zakat, to promote development of the society and raise standard of living. Furthermore, the spiritual policy of the Alavi state was put its trust in citizens and encourage them to participate in civil activities through self-assessment along with good behavior of those who collected zakat.

9) When it comes to levy tax on state property (tributes), Imam always considered how to raise production rate and offer people welfare. Consequently, high tax has been severely forbidden in the Alavi government. The private sector was fiercely loyal to the state. There was a cooperation-oriented link between the government and people in the Alavi state, which it was derived from fraternity between the guardian and his agents.

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