

Justifications of avoiding Riba (Part V): Charity versus Riba

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“God destroys **Riba** and gives increase for charities” (2: 276) – this is one of the most quoted verses of the Holy **Quran** used to denote the prohibition of **Riba**. The verse clearly indicates that God’s view toward **Riba** is completely opposite to charity. MABROOR MAHMOOD writes.

Since God is the ultimate source of all power, we can therefore say that how charity and **Riba** behave in the real world will actually depend on the commands of God. Now if we can determine all the attributes of charity, can we say that the attributes of **Riba** are exactly the opposite?

In the following sections, I am trying to determine some of these attributes of charity that work on the donors. These are not statistically proven because not too many empirical research is available highlighting these particular dimensions of charity.

So I am using my common sense to characterize these attributes. I also encourage readers to apply their judgment to check whether my following hypothetical statements (HSs) make any sense.

HS1: Charity reduces ‘greed for money’

Charity involves giving away money. A person who is greedy for money will be reluctant to be involved in philanthropic activities where there is no opportunity to get any financial returns. So if somebody gets involved in charitable works more frequently, his greed for money will eventually diminish.

Greed for money was characterized as one of the prime catalysts behind the 2008 financial crisis. Greed for money is also one of the prime behavioral factors causing corruption all over the world.

Now if HS1 holds true, then increased charitable behavior will lead to lesser greed for money among people, which will impact positively on the reduction of corruption all over the world. This will also lead to a lesser probability of a similar financial crisis in the future.

HS2: Charity reduces 'risk aversion'

'Risk' in a way means people's fear of losing money in the future. A person is more risk averse if he is more afraid of losing his money. On the other hand, a risk taker is the one who is not afraid of losing his money.

The 'fear of losing money' is also positively correlated with 'greed for money'. A person who is greedy for money is also more afraid of losing his money in the future. So he tends to save his money more than others.

Now if HS1 is true, then we can say that HS2 should also be true because greed for money and risk aversion are positively correlated.

People's risk aversion behavior is an obstacle to the growth of investments in the economy. Investments need taking business and economic risks at various levels and if somebody is risk averse, he will not be able to be a successful entrepreneur.

Since there are few entrepreneurs and more jobseekers in society, the overall inequality in society will keep increasing if the trend is not reversed. This is because entrepreneurs have a more likelihood to generate a higher income than others.

So in order to promote entrepreneurship in society, people's risk aversion attitude should be reversed with the help of increased charitable behavior.

HS3: Charity increases 'selfless behavior'

Charity encourages people to contribute their earnings for some purpose where there are no expectations of financial returns in the future. Thus, if somebody is self-centered, selfish and only thinks about himself, he is not able to be philanthropic. On the other hand, if a person practices charity on a regular basis, his self-centered attitude will diminish and he will eventually become a selfless person.

Selflessness is one of the prime attributes of people that help others to survive and become successful. During natural calamities, it is not the government initiatives that always help people to survive the crisis. It is the selfless help of neighbors and friends that play a crucial role.

A successful person never reaches the position with his own efforts only. Those who have become successful were helped by many friends, relatives and well-wishers at various stages in their lives. If this selfless help was not extended to them, they would not have been able to be where they are today.

Now if HS3 holds true, then increased charity will make more people selfless, and thus more people will be saved and more people will be successful in their lives with the help of others.

Now we have discovered at least three attributes of charity. If charity and **Riba** work opposite to each other, as mentioned in the Holy **Quran**, then can we say the following?

- Does **Riba** increase people's 'greed for money'?
- Does **Riba** increase people's 'risk aversion'?
- Does **Riba** make people more 'self-centered'?

Unfortunately we don't have the answers to these questions. Academicians with ample research capacity can take note of these questions and try to find the answers.

(To be continued)

The views expressed here are the author's own and do not necessarily represent the views of the institution where he works.