

COMPARISON BETWEEN ECONOMIC WELFARE AND THE ISLAMIC WELFARE NORMS

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ABSTRACT

In the modern world, welfare of any community is one of the main objectives of any state. Therefore it is possible to put emphasis on economic and Islamic norms. For achieving successful implementation of the program and policies for any nation, economic and Islamic welfare are the key ingredients required. However, the social and economic frame work under Islam is a comprehensive, harmonious, well integrated, holistic system. This paper compares the norms of Islamic and economic welfare. The article also focuses on the basic teaching of Islam in the context of welfare by quoting some Ayats. The paper also indicates the past and present situation of the world under the umbrella of welfare before First World War and Great Depression. It puts light on the studies of various economists, Islamic scholars, Muslims thinker and Jurists.

Keywords: Economy, Welfare, Islamic Economy, Welfare Norms.

INTRODUCTION

Economic welfare is one of the highly cherished goals of economic policy pursued by various countries in the modern world. This goal is also considered as one of the important objectives of economic planning under-taken by the nation states, irrespective of the fact that they are technologically advanced or economically underdeveloped or whether they belong to the Free World, the Socialist Block or the Third World. The short term (Annual Development Plans), medium term (Five year plans) and the long term (Perspective) Plans in various countries, irrespective of their political system, and affiliations, whether they are capitalist democracies, Socialist republics or military dictatorship, have invariably accorded top priority to the establishment of a welfare state. The indices and components of welfare have varied from time to time. Full employment, a steady increase in the growth rate of the

GNP, or a relatively higher income per capita minimization of cyclic fluctuations or stability, transfer of resources from the relatively rich to the relatively poor or an equitable distribution of wealth, have figured prominently as objectives of economic policy.

However the emphasis on economic welfare, that is commonplace today, was conspicuous by its absence in the period before the First World War. Infact, this is in sharp contrast to the laissez faire approach, followed by almost all countries, in the 19th century, when perfect competition and maximization of profit was considered to be the corner stone of an ideal economic policy. Non-intervention of the state in the affairs of private enterprise was advocated as an ideal policy, under the assumption that the invisible hand of profit motive would automatically result in the maximization of production which would create, in turn, adequate employment opportunities, and since it was presumed that “supply creates its own demand” it was logically concluded that equilibrium will be maintained at full employment. Not only in the field of policy making, but much more so, in the field of economic theory, the economist dogmatically asserted that Economics, as a positive science, has to be objective in its analysis and should deliberately avoid involvement with value judgments. When Pigou published his *Wealth and Welfare* in 1920 and the *Economics of Welfare* in 1928, he was subjected to criticism by leading economists including Robbins. It was only after the Great Depression that the policy makers began to recast their strategies for a “New Deal” in various spheres of decision making. A revolutionary change occurred in economic theory as well as in the field of policy making. After the Second World War, large scale programmes of Post-War reconstruction were undertaken in Europe and other advanced economies. Similar the Revolution of Rising Expectations in the emerging new nation in Asia, Africa and Latin America, called for the formulation of new policies and adoption of new strategies which brought about a radical change in the out-look of the economists. Prof. Robbins, in his oration, before the London School of Economics and Political Science, in 1954, conceded that the role of economists has changed and he has to act as an adviser, a planner, a Chairman of the commission and members of various committees dealing with social and economic problems. He has not only to analyze, but also to advise: he has to plan with some goals ahead of him. The Economist in the Twentieth century, he concluded, has not

only to formulate theories, but has to prescribe policies for the immediate present and non-distant well as long term future.

REVIEW LITERATURE

Gunnar Myrdal, one of the Nobel Laureates, and the author of the celebrated treatise viz. the Asian Drama. An Inequity into the Causes and Nature of the Poverty of Nations, has further assorted that Economics being a Social Science has a claim on the Social Scientist, who should have a commitment to resolve the economic and social problems faced by the developing nations.

There are lots of economic problems faced by various countries, whether they claim to be an affluent society in the west or whether they are described as the most Distressed Economies in the Third Word. The problems of employment, Scarcity, and growth stare in the face of the policy makers. People have to be ensured an adequate income-enough of it, and enough for it. The violent economic fluctuation-booms and depression, have to be minimized, if not eliminated altogether; and through a transfer of resources as from the relatively better off section of the.

The Social and Economic Council of the United Nations has addressed itself to a few of these problems in various parts of the world and the Economic Commission for Asia and Pacific, the Economic Commission for Latin America, the Economic Commission of Europe and Economic Commission for Africa have tried to analyze a number of these problems and have prescribed various policies and plans for the Economic Development and Social progress or in other words-economic welfare of the areas neglected so far.

It is interesting to note that Islam, as a comprehensive code of life, and for life, for all times and climes does offer a solution to almost all the social and economic problems of modern civilization. However, unlike any other economic system, it is not confined only to the economic sphere of human life. The economic aspect is an important one, but equally important are the social, ethical and spiritual aspects and what is still more significant, Islam proposes to strike a balance between the material and the ethical; the mundane and the spiritual; and the individual, social, national and international. Unlike several other codes of ethics or social norms, where renunciation of the material and the secular is prescribed as a value of the highest order, under Islamic teachings, the material supplements the spiritual: our efforts in the fulfillment of our obligations to the family, to the society, to

humanity, and to God Almighty will entitle us for the reward in the hereafter and conversely our failure to discharge our worldly obligations, will pave the way for us to hell.

According to the basic teachings of Islam Man is the Vice-regent of God on earth *إِنِّي بَاعِلٌ فِي الْأَرْضِ خَلِيفَةً* and although in an Islamic Society, private property is respected and protected through established laws of inheritance, all earning are subject to the over-riding injunction *قُلْ الْعَفْوَ* the assets are to be considered as a sacred trust and owner of assets are trustees, authorized and enjoined, to operate their interest so as to discharge their obligations to the family members, to the society to humanity and God Almighty Himself.

در حقیقت مالک اصلی خداست این امانت بپیر روزی نذر ماست

Again the fulfillment of obligations has to conform to the basic tenant of Islam, based on justice, equity and fair play. On every, Friday, we are, exhorted to adhere to this basic strategy

إِنِ اللّٰهُ يُأْمُرُ بِالْعَدْلِ وَالْإِحْسَانِ وَنَهَىٰ عَنِ الْفَحْشَاءِ وَالْمُنْكَرِ وَالْبَغْيِ

The directive for the administration of resources enjoined in the Holy Quran

إِنَّ اللّٰهَ يُأْمُرُكُمْ أَنْ تَوَدُّوا الْأَمْثَالَ إِلَىٰ أَهْلِهَا وَإِذَا حَكَمْتُمْ بَيْنَ النَّاسِ أَنْ تَحْكُمُوا بِالْعَدْلِ
is

Every-body has an equal right without any distinction of caste, creed and colour. The only criterion for a preferential treatment is the

إِنَّ أَكْرَمَكُمْ عِنْدَ اللَّهِ أَتْقَاهُ

Everything in Universe the material resources in general are available for use of mankind *خَلَقْنَاكُمْ مِمَّا فِي الْأَرْضِ جَمِيعًا*.

Full Employment and Access to opportunities for all those who want to be wanted, is considered, in the modern world, one of the prima obligations of the state. The handicapped and the disabled persons have to be totally in the care of the state. The economic systems, by and large commit themselves to the provision of the basic necessities of life viz. food, clothing and shelter to the destitute through a variety of programmes of social welfare. Although all this bounds to be modern, the effort and the strategies followed in the days of Hazrat Umar, the Second Caliph, by and large, ensured protection, through provision of basic necessities of life. It is true that the sophistication and the refinement of the modern social and economic institutions, in terms of

administrative organization and the operational frame-work were not accorded priority; but in essence, the commitment of a minimum welfare programme could be seen in the policies pursued by the rulers who strictly adhered to the tenets of Islam.

As already indicated above, the Social and economic true-work under Islam is a comprehensive, harmonious, well-integrated holistic system, where in the belief system provides the basis and governs the many dimensions of social interaction necessary in an interdependent progressive social system. The belief system or the fundamental articles of faith, in Islam, have to be duly corroborated and supplemented by the actual deeds in proof of the commitment to faith. Belief in the tenets of Islam is necessary, but not the sufficient condition of being a true Muslim. The commitment to the philosophy of life according to the Islamic teaching needs to be substantiated, supplemented and reciprocated through demonstrated action strictly according to the teachings of Islam.

وَالْعَصْرُ ۝ إِنَّ الْإِنْسَانَ لِرَبِّهِ لَكَنُفُورٌ ۝ الَّذِي أَنْشَأَهُ أَمْشُورٌ ۝ عَلَّمُوا الْقُرْآنَ بِالْجُمُورِ ۝ وَأَنزَلْنَاهُ حَبَشَةً مِّنْ سَمُورٍ ۝ وَتَوَاتَوْا حَقَّ بِالْحَقِّ ۝ وَلَوْ أَنَّمُ بِالْفُيُورِ ۝

The major premises, the guiding spirit and the motivating force of the comprehensive socio-economic system of Islam is its belief system in terms of *توحيد رسالت آخرت* the unity of God, the prophet-hood of Hazrat Muhammad (SAWS) and the Day of Judgment. This belief system, in turn governs the value system, which in turn, regulates the goals of policies to be pursued and the strategies of effective approach to social and economic goals; the targets, in terms of quantum and quality, are conditioned by the goals of policies and the value orientation of the policy makers. Their commitment to the ideals and their resourcefulness for effective implementation of the policies paves the way for partial or total realization of the targets.

A fundamental difference between welfare goals realized in the Islamic system and those pursued under the capitalist or the socialist economic system, is that in the latter, material or economic welfare is the end in itself, whereas in Islam, economic welfare is a means for the attainment of higher values of life, in terms of Social, Ethical, Cultural and spiritual accomplishments. Since the quantum and quality of income and outlay (Source of Income and the item of expenditure) as judged against the criterion of halal and haram govern the conduct of the earning member of the community, the difference in the income and outlay under Islam and that under the value-netural or atheistic and a moral economic and social systems is further amplified to manifest itself in

the policies pursued by the state to encourage halal and *tayyab* and to prohibit those items of expenditure and sources of income that are forbidden under Islam. Welfare economics and welfare programs seem to be of recent origin in economic theory and economic policy. However, a number of outstanding scholars and jurists of Islam, several centuries ago, did offer an analysis of the problems of economic and social welfare. "The hard to-pin-down concept of social welfare function that modern economists long for, received more than 800 years ago, the original formulation from two Muslim thinkers and jurists: AI-Ghazali (Died 505 AH) and AI Shatibi (died 790 AH). The first gave original formulation and the second greatly developed and refined the concept. Excellent surveys of their ideas are provided by several prominent modern jurists: M. Abu Zuhra, M.A. AI-Zarqa, A. W. Khallaf and M. M. Dwalibi. The starting point is that Islam sets goal for human life. All matters (be they activities or things) that help in achieving these goals increase social welfare and are called *masalih* or utilities, the opposite are *mafasid* or disutilities.

AI-Ghazali and later AI-Shatibi by surveying Islamic teachings and injunctions in the Holy Quran and Hadith came to the conclusion that social utilities in Islam may be divided into a three-level hierarchy: Necessities! Conveniences and refinement. Necessities comprise all activities and things that are essential to the preservation of five foundations of good individual and social life according to Islam: Religious life, Mind, Offspring and Wealth. Conveniences comprise all activities and things that are not vital to the preservation of the five foundations but rather, are needed to relieve or remove impediments and difficulties in life. Refinement includes activities and things that go beyond the limits of conveniences and include matter that complement, brighten and adorn life. The jurists laid down procedure for defining priorities and resolving conflicts among social aims and individual interest, all based on the value system of Divine Guidance. Like AI Ghazali in his *Ahyul Uloom* احياء العلوم and *Keemya-e-Saadat* كيمياء سعادت and AI-Shatibi in his *Al Muwaffiqat* الموفقات Hazm AI-Indulusi, (in his *AI Muhalla* المحلى) and shah Waliullah (in *حجة الله البالغ*) have provided keen analytic insights into the many and varied social and economic problems of their time. In the critical review and analysis of the problems of the Muslim thinkers one significant point emerges: the maximization of welfare (فلاح) is a function of the commitment to the articles of faith, the determination to translate the ideals into reality and the successful implementation of the strategies laid down in the Quran and Sunnah. Deviation from the straight

path, on the other hand, leads the deviants astray and the propagation of the philosophy and adoption of practices contrary to the Quran and Sunnah is likely to account for the decline and decay in the character of the deviant individual and the disorganization and dismemberment of the community at

large *خلاف بیسیر سید راگزید که از به منزل نوازید سید*. The sins committed by individual and groups of individuals or by societies account for the damages in this work as well as in the hereafter.

One of the norms, advocated in modern welfare Economics is the Pareto optimum, which is achieved, if we can make somebody better off, without making anything worse off. The transfer of resources from the relatively rich to the relatively poor must conform to Under the Islamic teachings which consider property or assets as the sacred trust of God, which is to be dispensed for the fulfillment of *حقوق العباد* Social and economic obligations, according to the policies prescribed for the (one of which *حق السائل والمحتاج وحق الاموال*) explicitly enjoins that the have-nots possess a rightful share in the assets and resources of the better off sections of the community. The equilibrium in the economic transactions and social interaction has to be established, maintained promoted and perpetuated through strict compliance of another equally binding proviso and the guiding philosophy of social interaction viz al Adl *العدل*. The deviation from Adl (justice) creates all the problems in economic and social life and it is imperative therefore that we try to restore the equilibrium through the dispensation of justice as prescribed under Islam.

If the problem (P) defined as the gap between the Ideal (I) and the actual (A)

$$P=I-A$$

The Economic and Social System of Islam sets a norm or the ideal of PIETY *تقوى* and describe the strategies of Injunctions and Prohibitions to bridge the gap between the Ideal and the Actual, through the dispensation of justice and benevolence as laid down in the Quran and the Sunnah, and to attain the ideal of *تقوى* for maximization of welfare in this world as well as in the hereafter. One of the prayers most frequently offered by Muslims, which

also indicates the ideal to be attained by them, is *رَبَّنَا آتِنَا فِي الدُّنْيَا حَسَنَةً وَفِي الْآخِرَةِ حَسَنَةً وَقِنَا عَذَابَ النَّارِ* It is the duty of Muslim scholars to identify the strategy of strategies, to attain ideal, within the frame work of economic and social system of Islam. Out of 6666 Ayat in the Holy Quran, over 900 of them pertain directly to problems of social interaction.

Table-1 shows the number of Ayats quoted in the Holy Quran for the welfare.

| S. No. | Subject | Number Ayat |
|--------|------------------------------------------------------------------------------------------|-------------|
| 1 | Injunctions | 209 |
| 2 | Prohibitions | 217 |
| 3 | Social Interaction | 64 |
| 4 | Rights of Parents, neighbours and friends | 27 |
| 5 | Rights of married couple | 12 |
| 6 | Rights of women, slave, orphans and destitute | 32 |
| 7 | Social etiquettes | 9 |
| 8 | Administration of political decisions | 30 |
| 9 | Exhortation for compassionate dealings | 150 |
| 10 | Prayers | 67 |
| 11 | Characteristics of those who are likely to be blessed in this world and in the hereafter | 90 |
| | Total | 907 |

Source: Holy Quran

It is imperative to undertake research in depth, as well as in perspective, in order to spell out the implications of the welfare norms under Islam. Since the short term, medium term and long term development plans of Muslim countries are as value-neutral, as those non-Muslim countries, it is essential that we make a studied departure from this practice and set a few targets, prescribe a few policy instruments, evolve a few patterns, whereby we move forward in the direction of the welfare goals and norms of the value system and the belief system as laid down in the Quran and Sunnah. The research scholars in the Islamic Research Institute, the State Bank and other banks in the country (where research organizations already exist), the planning commission, the Universities and other learned bodies, should pool up their resources, efforts and talents, and in consultation, with the Ulema should undertake a programme of research and consultation, by which the goals of economics and social welfare, as prescribed under Islam, are thoroughly studied and the constraints identified and then a programme of priorities prescribed to be under taken, in the immediate present, in the non-distant and long term future, on local, regional, and international level.

The modern civilization has created a number of intricate economic and social problems, both for the Muslim as well as the non-Muslim countries, whereas the non-Muslim world is busy in identifying the problems and

constraints, mobilizing resources, and counter availing the impact of the economic policies and strategies followed in the past, the Muslim world has yet to establish itself as a separate entity through effective response as Muslims to the challenges of the modern civilization, especially in the economic spheres. It is true that we are not so apologetic about Islamic approach to the solution of economic and problems. However, our efforts, so far, have not been adequate to substantiate our claim for the establishment of an Islamic Economic System. For example to set up an interest less banking system, the government of Pakistan has opened a separate counter of Profit and Loss Account in various banks and out of an estimated amount of ₹4 billion. deposited in this account, the banks have declared a profit of Rs.9 percent. This measure has been criticized, and it has been asserted that simply assigning the changed technical terminology viz. profit is not enough to substantiate our claim for the introduction of an Islamic system. It is possible that out of the deposits accumulated in the Profit and Loss Account, a certain amount is utilized by the factory or an insecticide plant and the profit earned from such production units may be paid as dividends to the depositors as shareholders. We may borrow a few billion dollars from the Islamic Bank and invest in productive sectors where profit actually earned is paid to the shareholders.

It is surprising, how the private sector in Pakistan has kept aloof, without any effective response to the call of establishment of an interest less economic system. Out of millions of small-sized private industrial and commercial units there must be a substantial number of entrepreneurs, committed to the ideals of the Islamic economic system. However, they are not motivated enough to undertake the enterprise, based on the principles enshrined in the Quran and Sunnah. It seems as if everybody considers this to be collective responsibility and not the individual's responsibility. Even the various political parties in the Islamic Republic of Pakistan, with a mandate and manifesto for the establishment of an Islamic welfare state, do not have operational plan programs for gradual or immediate establishment of institutions and organizations that pave the way for realization of their goals. It is imperative, therefore, that the bankers, traders, industrialists, retailers, cooperators, and few other critical interest groups take initiative in this direction, and join hands together with the researchers and motivated scholars for finding a feasible strategy for implementation of and operational programme for the realization of the goals, enjoined on them by their value system and the belief system. It is necessary that instead of all of us waiting for the state to undertake the assignment, the various interest groups, accept

the challenge in their own spheres of social interaction, and allow the state to coordinate their action programs and through the mobilization of resources from within and without and both from the private and the public sectors, a sincere, concerted effort is made for attainment of the cherished ideals and welfare norms of an Islamic Economic System.

CONCLUSION

The structure of every society comprises different categories of people and is distributed in different classes. The welfare of a community is possible in providing equal opportunity to every member of the society which unfortunately is not possible in the system prevailing at present. But by adhering to the teachings of Islam, welfare of community can be maintained to some extent and the gap between the rich and poor can be shortened. Adopting ways and means taught by Islam and following its principles strictly will lead to the welfare of our country or state undoubtedly.

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