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Work, wealth, and welfare

From Islamic perspective

Preview

Work, wealth, and welfare constitute the divine integrative for keeping humans on road to mundane prosperity and spiritual solace. The instruction is to spread in the land after the morning prayers in search of sustenance as manna no more falls from the heaven. And no one gets more than what he works for unless God wills it. There is no limit on having wealth through permissible means but hoarding of wealth is prohibited to curb its concentration in few hands. Personal gains can be sacrificed if that would improve the lot of the weak and the deprived. Maximization of social welfare is the goal, not of individual or sectarian gains. Such must be the basics of an economic system to be called Islamic.

This essay elaborates the three concepts – work, wealth and welfare elaborating their mutual relationships in an Islamic framework. It investigates the position on ground in Muslim countries.

Key words: Work; wealth; welfare; Basic needs; Income floors, social inequalities.

Introduction

What activates people most in life is the urge to satisfy their mundane wants. But wants continue multiplying unabated – give one a mountain of gold, he will ask for another, a prophetic saying, But resources available to acquire wealth to satisfy wants are scarce relative to their demand and normally one work to acquire them/. Work is regarded is a form of worship in Islam/ It is the worth of one's work that distinguishes one from another. There are people who need not work, yet they work, because work is pleasurable, it enhances one's esteem, earns rewards and recognition among the peers and in the society. At the other end, there are millions who need to work, but cannot find work; they are the unemployed. And there are people who are home workers not counted as part of the work force.

Unemployment is usually a big challenge in developing countries, especially with large populations. The world was experiencing falling growth rates for some time that triggered the rise in unemployment. The pandemic made it worse. Millions lost their jobs or livelihoods world over. Jobs are coming back slowly, but some jobs have disappeared permanently.

Amal

The Quran talks of *amal* or the actions of the believers in hundreds of verses but all are not concerned with work, wealth and welfare. One has to be selective.

Islam calls upon people to spread in the land of Allah of his bounties i.e. to earn their livelihood. No one is allowed to become a liability on his family or the state save the incapacitated; they retain a claim to a share in the social product due to their initial ownership rights in resources that Allah created for all (2:29) No permissible work is inconsequential or demeaning; all work is noble/ However, differences in natural talents skills and technology knowhow etc. must reflect in payments.

Islam makes it obligatory for the worker to perform the tasks which he has contracted for to the best of his ability. The compensation to each must be proportionate to contribution to output i.e. productivity.

Work involves physical exertion and mental stress the result of factors like the nature of work, compensation package and working conditions. One objective measure of the exertion and stress is the number dependents one has to support. For the economy, the ratio of population to work force is one of its objective measures. But all workers are not always employed. Higher unemployment rates tend to increase work stress in an economy. It is hard to define welfare, more so with an spiritual component. On a crude assumption that there is a positive correlation between mundane and spiritual well-being, we can use the Human Development Index as a welfare indicator as it is a needs inclusive measure. We have taken five top most populous Muslim countries to examine the situation on these criteria as these countries have 43% of the Muslim countries in 2019 Table 1 presents.

Table1 Work, Wealth, and Welfare: Cases from the Muslim world (2019)

Countries	Population	Work force	Stress	Unemployed	GDP \$	HDI
	P	W	P / W	%	Per head	Rank
Indonesia	212	125	1.7	7.1	4038	119
Pakistan	136	64	2.1	4.4	1582	145
Bangladesh	131	67	2.0	4.2	1888	151
Egypt	102	30	3.4	7.7	3561	166
Turkey	84	31	2.7	13.2	3315	154
Total	865	317	Population and work force are in millions			

Source: World Bank and UNDP Reports

The Table shows that unemployment has recently been high; the rates for Turkey, Egypt and Indonesia are alarming. Notice the stress factor them is also higher, even as higher proportions of their populations are in the work force.

Work and wealth

Work results in wealth creation. But free market processes are such that sharing tilts to favor the rich and the powerful, violating the norms of justice. Wealth is the result of factors' combinational productivity and must be shared in pre-production contractual ratios.

Laboring is central to the Islamic view of having property rights. It directs men to fully utilize the resources Allah provides them; for, non-utilization deprives those who could. Society suffers. Wealth can help achieve the Shariah objective. Islam appreciates wealth as an object of delight and pleasure; a support for the community. Islam abhors its extravagant, frivolous and demonstrative use. Wealth must promote communal welfare; this gets priority over individual or group benefits. GDP per capita is a rough measure of how wealthy a country is. On that criterion the table puts Indonesia with the largest population at the top and Pakistan, the next in population, at the bottom.

Work involves physical and mental exertion. This exertion depends on factors like the nature of work, payment level and working conditions. One objective measure of the pressure is the number dependents he supports. For an economy, the ratio of population to work force, is one of its objective measures. But all workers are not always employed. Higher unemployment rates increase work stress in an economy.

Wealth and welfare

GDP measures the gross marketable output of a country. It was never intended to be an indicator of her welfare, until Marshall (1890) defined economics concerned with "that part of individual and social action which is most closely connected with the attainment and with the use of material requisites of well-being". The measure of 'attainment' was by implication the volume of what came to be known as the GDP. Well-being became welfare. There are issues with their linkage.

The increase in GDP need not automatically promote welfare. What the packet contains is important – more of guns or more of butters, more of entertainment or more of education, for example.

- i. How free the system of production has been of exploitation of the work force.
- ii. How fair has been the distribution of wealth and opportunities in society
- iii. What has been the state of freedom for self-expression and choice making – individual and institutional?
- iv. How fair and independent has been the judicial system.
- v. How inclusive, non-discriminatory and secular has been the political system of the country.
- vi. What has been the impact of boosting the GDP on the pollution levels and environmental quality?

Going beyond the GDP, free governmental and internet services now available to citizens are being added as enhancers oh human welfare across the globe. All the same, it is hard to define welfare with a

spiritual component on macro level. Presuming a linkage between mundane and spiritual well-being, we can use the Human Development Index as a welfare indicator, for it is a needs inclusive measure. Know that lower is the rank better is the well-being. Of the five countries in Table 1, the index is lowest for Indonesia and highest for Egypt.

The concept of welfare in Islam is wider as it adds spiritual aspect to it; not as a separate entity but as a regulator of the mundane as well. Its grand design is summed up in one word – *falah* to which the moezzun calls the faithful five times a day from the minarets of the mosques across the world. *Falah* is the sum total of the path Islam exhorts the believers to follow from cradle to grave. All instructions concerning economic, social and political conduct are anchored in the Islamic notion of justice.

An important issue that affects all the three - work, wealth and welfare – is of the workers' share in the output, the result of their combinational productivity. Mainstream economics has been grappling with the problem since David Ricardo (1821) opened it in the eighteenth century. J.B Clark (1893) presented the theory of marginal productivity; it was hailed to have resolved the problem. However it was soon discovered that marginal productivity of individual factors was hard to determine. The theory was circular in reasoning as the productivity of each factor plays a part in shaping the productivity of others.

The contract that dominated the Muslim world in trade until the middle of the thirteenth century (Rodinson 1973) was of *mudaribah* wherein the owner of capital (*rabul mal*) entered into a partnership contract with an empty handed worker - the *mudarib* (the entrepreneur), on a profit sharing basis, the loss if it takes place always falling on the capital. Knight also was of the opinion that for, the entrepreneur control over capital is the condition, not its ownership, though it would be an advantage. In cases of adversity the *mudarib* loses his reputation and also the maintenance. In case, the parties differ on the profit sharing ratio, they could go for arbitration. Interestingly, Clark also observed that only if "...the union of capital necessitates the union of labour" just wages will come about and may be fixed by arbitration."

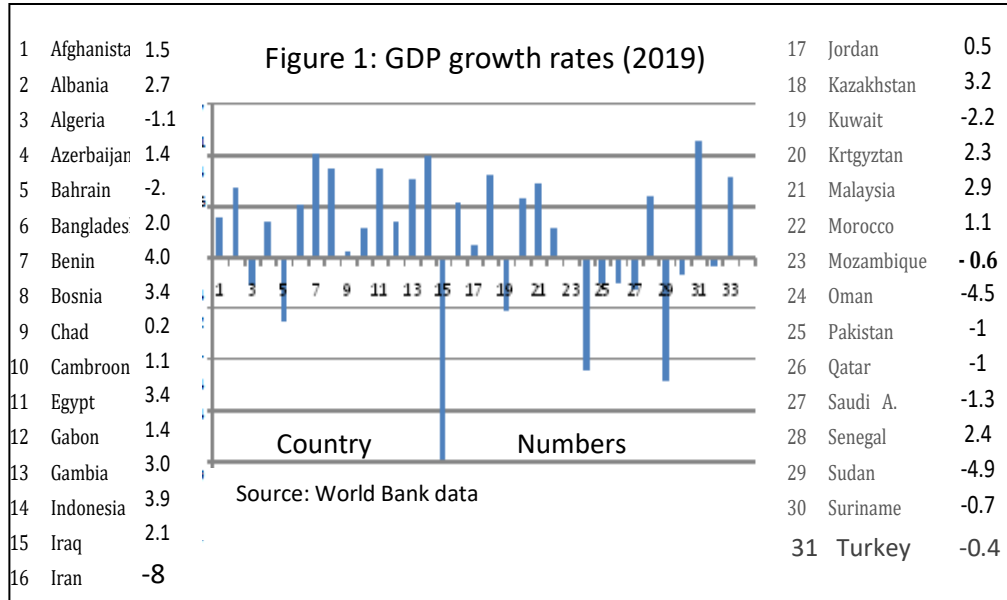
Islamic legacy until the era of the four right caliphs at least bear testimony that instructions were mostly followed in letter and spirit. Later on the drift and departure has brought Muslim thinking on welfare closer to western norms. Even on that let us have a view of their achievement status. However, as with the passage of time, production became more and more roundabout and investments needed ran into millions, economies entered the corporate era. Even the expenditure on advertising of some multinationals is more, the revenues of many governments in the developing world. In the era of modern corporations, it is not productivity that is the arbiter in distributing the cake; the game is of power and politics. Poor *mudarabah* is lost in the maze. Muslims and others are sailing in the same boat.

Growth Rates

It is not only the level of GDP but important is also its rate of growth to assess its well-being. Let us have a look at these rates for Muslim countries and how are these related to their HDI Ranks. Countries are sampled by the availability of data close to 2020. In most cases 2019 is the year of reference when the world was already in the grip of the corona pandemic downing economic activity across the world. Figure 1 presents the data for 31 countries.

Eleven economies suffered a decline in the growth of their GDP (wealth). Most oil exporters suffered falling prices due to slacking demand for their product. Iran suffered most, sanctions being the additional factor. The positive for Afghanistan is a surprising as the negative for Turkey. When compared with 1.3 % overall global rate of growth, the performance of Muslim countries does not look inconsequential.

Unemployment is not a worrisome issue in most countries. Rich countries are labor short and workers in populous are footloose millions work outside and enrich their home land with remittances. But what about welfare; there are many indicators; some we have listed earlier. However, two are in use internationally the HDI Index and the Freedom Index.



The HDI is based on objective facts and the UNDP Reports explain how it is constructed; focusing on the fulfillment of basic human needs. It has limitations as a single figure must have in expressing human development of large and small populations. However, it does help comparison over time and space. Out of 57 Muslim countries 22 mostly from Africa, were in the low human development category, the remaining 24 were spread over the over very high, high and medium development groupings. This is not an alarming situation.

For measuring human freedom, there is not one index, like the HDI; there is a family, each with a different criterion. They are all opiate weighted by the predilections of who issues one. In any case, the criteria and their application is foreign to the social, cultural and political environs of the developing countries. These indices contend that most governments in the emerging economies are authoritarian, gag their media, shackle the economies and violate human rights with impunity. But all these virtues are not lacking in the west either; forms or intensity could differ. True, the governments in Muslim countries are despotic and freedoms suppressed. The Arab spring came and evaporated. But it will come again, and soon.

Conclusion

This short essay looked at the issues related to sequence of events that activate people in the ordinary business of life under pressure of want and scarcity. People work to have wealth- goods and services for meeting their wants – mundane and spiritual - to have a feeling of well-being and continue endeavoring to improve that feeling all through their lives. This all is Islamic. The region abhors idleness and instructs people to work for their sustenance. Wealth is welcome. It is pro-poor. But it is not anti-rich provided wealth is earned through permissible means, is not hoarded and the appointed share of the deprived is given to them or spent on meeting their legitimate needs.

The concept of welfare is very wide in Islam. *Falah* is the epitome of its notion of welfare. The call for prayers reminds the believers five times a day of his obligations towards the fellow human beings, the community and their Creator. In reward the believers ask after the prayers request “O’ our Lord give us what is best in this world and what is best in the hereafter.

Over all, the community is not very deficient in wealth but its distribution is patchy and iniquitous. The systems of governance, education, health care and housing leave much to be desired in many Muslim countries. The record of individual and media freedom plus of human rights calls for improvement.

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