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ECONOMIC DEVELOPMENT IN ISLAMIC PERSPECTIVE: CONCEPT, OBJECTIVES, AND SOME ISSUES

*"Our Lord! Give unto us in this world that
which is best and in the hereafter that
which is best....."(Al-Baqarah:201)¹*

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Abstract

This paper deals with the concept and objectives of economic development from an Islamic perspective and discusses also a few related issues - the question of motivation, the role of the state, and the population problem. Despite assuming in recent years some qualitative dimensions, the secular concept of development continues to only take note of the mundane aspect of human existence. Islam sees development as the growth of human personality, wherein material progress serves as a means for attaining the spiritual heights. A selective increase in consumption may promote, not retard, development, ethical attitudes can raise work effort levels and the sharing principle may increase overall productivity. The broad objectives of development - growth, employment, stability, distributive justice, self-reliance and environmental care, as also the trade-offs between them, are discussed from an Islamic viewpoint. Multiplicity of motives, rather than self-interest, as regulator of human conduct in the developmental effort is emphasised, Islam adding to them an ethical dimension. The regulatory role of the state may increase with the progressive shrinkage of its entrepreneurial activities. Its role in the provision of the basic needs fulfilment is noted. The issue of population control is seen in the overall context of development and the Shariah norms.

¹ This is a revised version of the paper presented under the title 'Islam and Development: Some Reflections' at the International Conference on Comprehensive Development of Muslim Countries in Islamic Perspective' held at Kuala Lumpur on August 1-3, 1994. The revision takes note of a few observation made by Nejatullah Siddiqi during the discussion on the paper and also incorporates some suggestions from anonymous referees. The author is grateful to them all but he alone is responsible for the views expressed herein.

1. Introduction

The decades following the Second World War constitute the longest period of uninterrupted development, growth² and prosperity in the history of the advanced industrialised societies. The epoch is characterised with spectacular technological achievements, remarkable increases in factor productivity, and continual improvements in the living standards.

During the period, the overall performance of the developing economies has also been elating in several ways. Infrastructural expansions, industrial progress, and agricultural breakthroughs have not been insignificant in many cases. Indeed, not a few of them are now challenging the West in the sheer pace of growth in the gross national product, or the GNP³.

But economic development has not been an unmixed blessing in either case. Affluence in the advanced economies gave rise to a number of social and economic ills : the problem of minority groups, the disruption of the family life, the deterioration of the cities, and the rising cost of health care, education, and the arts, to name a few⁴.

In the developing countries, the GNP growth, even at an average rate higher than in advanced economies⁵, could not prevent mass poverty, unemployment, and socio-economic inequalities from assuming alarming proportions. The 'spill over' theory seldom spread growth to new areas and the expected 'trickle down' of incomes did rarely take place⁶.

Decadence of the environment, a consequence of the rapacious exploitation of natural resources, has become a major issue area in world politics, and concerns both the developed and the developing nations, even though the perceptions and opinions about various aspects of the issue differ widely.

Problems of the sort stated above have put the development concept, priorities, and policy prescriptions all in a state of flux. A way out of the impasse is yet to be found. The very notion of development including what goes with it, is under revision (Meier PP. 1-14) and the environmentalists

are demanding shifts in its social paradigm. (Porter/Brown PP. 26-32).

In fact, the problems are ingrained in the capitalistic culture. Unless the developing economies get rid of their mental servitude and resist following the Western ideas and practices without discretion, their difficulties are only likely to increase.

The socialist alternative has already failed. The only ray of hope one sees is in the Islamic response to the situation. It is with this perception that the present paper seeks to spell out a new concept of development, reviews objectives, and focuses on a few related issues in the light of the *Shariah* norms and injunctions.

Muslim countries, like others, differ considerably from one another in terms of their heritage, resource endowments, stage of development, and current problems. The diversities do not permit to evolve a common strategy for their development. However, it is hoped that the present effort at constructing a broad elemental frame commensurate with the *Shariah* norms will not be entirely unrewarding. Model variations, within the frame this paper presents can subsequently take care of the local needs and problems.

The classification of countries into 'less developed' (LDCs) and the 'developed' ones is arbitrary; for, the process of development has certainly not stopped in the latter. But the division facilitates analysis and we shall stick to it in the following discussion. The problems of development are much more serious and different in the case of the LDCs and most of the Muslim countries fall in this category⁷.

2. Concept and Attitude

2.1 Concept

The concept of development has of late run into difficulties in secular economics. It is easier to say what development is not than to spell out what it really is (Mier, pp. 5-6). It is no longer as lopsided a concept as before. Even though there is still insistence to keep economic development distinct from the comprehensive development of society, its interrelationships with other aspects of development-social, political, cultural, legal and

administrative are of late being emphasized (Myrdal pp. 53, 722-23). The concept of a sustainable humane development is gaining ground.

It is indeed refreshing to quote, even at the expense of space, from the foreword to the Human Development Report (HDR) 1994.

"Sustainable human development is development that not only generates economic growth but distributes its benefits equitably; that regenerates environment rather than destroying it; that empowers people rather than marginalizing them. It is development that gives priority to the poor, enlarging their choices and opportunities and providing for their participation in decisions that affect their lives. It is development that is pro-people, pro-nature, pro-jobs, and pro-women".

The focal points here are poverty, unemployment, inequalities, and environment - the problems that afflict the masses in the LDCs. The solution envisaged is through grass root participation in the decision making process.

Implementation of such a development programme requires a plan of action that is essentially pro-poor and can make the rich believe (at the national and international levels) that it is in their own interest to provide succor to the poor voluntarily. For, history teaches us that men do not always starve in silence (Samuelson P. 711).

Also, the programme must remain promotive of work effort, keep intact individuals' self-esteem, and ensure also a compensating relationship between production and nature. Muslims already have the main elements of the agenda rooted in their religion. Yet, the Islamic view of development is much different even from the improved secular version quoted above.

The main difficulty with the secular concept is that it remains firmly anchored in materialism. The much publicised Human Development Index (HDI) combines three elements - longevity, knowledge, and standard of living - and measures only the mundane dimension of human existence (HDR 1994, Box 5.1). Even in that the index does not attempt to include the impact of the wide spread social and economic inequalities⁸. The pure materialistic approach to development revolves around a power-production axis and tends to cause a class bifurcation of society.

In Islam the concept of development centres around two broad aspects of its belief system - the Divine and the human - as also the relationship between them. It takes life as a whole and as part of its unitary view of the universe - it does not consider the material and moral aspects of human existence in isolation of one from the other, not even conceptually, or for the sake of convenience. Such separation from the Islamic viewpoint would be like decomposing the health giving common salt into its deadly components - sodium and chlorine. Asceticism is suffering and stagnation, amoral materialism is exploitative and anarchic. Both are unacceptable to Islam as conducive to human development. The Islamic position is that man was created to operate as the vicegerent, the trust-keeper, and the co-worker of God on the earth (2:29, 6:165, 8:27). To this end, he was made the best of all creation, and with a combination of the dust and Divine spirit (32:6).

The earthly pole of the two-dimensional man is symbolic of his mundane desires, his lower passions, his clotted nature, the Devil within (Sharaiti PP. 8, 14). It binds him to the state of his being. In contrast, his upper or spiritual pole radiates rudiments of his Divine attributes - selfawareness, will power, and creativeness - that God breathed into him. This latter is the essence of man, the freeing force in him - it urges him to soar into the skies towards its ultimate Source. He tends to move from the state of *being (bashar)* into a state of *becoming (Insan)*. Human evolution has no limits in this sense (Sharaiti PP. 62-75).

Thus Islam recognizes that man has, in a broad way, two types of wants :

- (i) Mundane, that is for consumption of material things and hence also for facilities of producing them in abundance, and
- (ii) Spiritual, that is an environment which permits full and free expression to the humanistic urge to choose ideals - moral, ethical, social - and to work for achieving them, to create not only what nature does not provide but beauty in the widest sense of the word, and cultivate love expressed in willingness to make sacrifice of the highest order.

The two type of wants may look conflicting, but they are basically interrelated and interact in the *unity* of man's existence. Real progress means their harmonious, supportive, balanced, and increasing satisfaction - the growth of human personality. The Islamic system provides for such growth - it is the essence of development in Islam.

It follows that material progress is an inalienable ingredient of the Islamic ideology (62:10). It is rather inherent in the Divine scheme of creation (Qutb S. PP. 194-197). True also that material needs are ever increasing, more so because of an increase in their variety. But each of such needs has a *certain limit*. Human stomach cannot take in any amount of food, nor does one need thousands of dresses, rooms etc. "Going beyond the mentioned limits no longer means consumption but something opposite, namely consumerism, consumer gluttony which leads to degradation and impoverishment of the individual instead of his real development"(Ursul P. 108).

Notice, what is being denounced today, the Qur'an damned as *kufir* centuries ago. It candidly warned against consumerism when it said: "And those who do *kufir* (mischief) avail of material things and eat as do the animals, their abode is Hell" (47:12). Excessive attention to materialistic desires breeds egoism which ultimately brings in more of frustration and futility than fulfilment. Men tend to recede into asceticism and passive reflections. Even "in our history a similar type of materialistic era (as in the West today) gave rise to an ascetic phenomenon - Sufism" (Sharaiti P. 93). It is indeed a tribute to Islam's timeless horizon that ideas like 'quality of life' 'self-esteem' and 'freedom of choice' are now making inroads into the traditional development concept (Todaro P. 524) to loosen the strangulating hold of the GNP and provide escape from the dead ends of the materialistic road.

Nevertheless, increase in consumption, and, therefore, production proves counter productive only when it becomes an *end* in itself instead of working as, and remaining, a *means* of promoting the satisfaction of human needs in the proper sense (type (ii) above). These needs are unlimited in every way. There are no limits in principle to human understanding and creation (either spiritual or material). "There is none either for corresponding

social needs be that those of separate individuals or of society as a whole" (Ursul P. 109). There being a positive correlation between the two types of needs - mundane and spiritual - the idea of putting 'limits to growth', becomes defeatist, inhuman and un-Islamic. Through visualising a mutually supportive relationship between them, Islam intends to help man rise up the scale of personality development to never ending heights.

2.2 Attitude : Islam is meant to serve the Divine purpose of creation. Naturally, its attitude towards numerous matters concerning development - property rights, consumption and production patterns, financial arrangements, income distribution, and the like - is much different from that of other socio-economic systems⁹.

Obviously, all these matters cannot be discussed here because of time and space constraints. But a few of them are more relevant to the present exercise, especially because they remain either obscure or untouched in the literature on Islamic economics. These include :

- (i) Role of consumption in development
- (ii) Work effort and output levels, and
- (iii) Productivity and distributive shares

First, take the relationship between consumption and development. It is well recognised that Islam's concern for the poor and the weak (4:75) was, and remains, the main appeal of the social order it envisages (Levy, PP 54-55). Islam insists on the provision of the means of subsistence to all the members of the community, and invokes a share of the poor in the wealth of the rich which the latter are obliged to use for helping the needy¹⁰. Hence, more of the current income in an Islamic economy would, presumably, be spent on consumption, leaving relatively less for investment than would otherwise be the case¹¹.

However, modern growth theories, which remain the foundation of the existing development models, invariably imply that present consumption is at the cost of future output. It is argued that the restraints on consumption are inevitable to release resources for diversion to saving and investment required for development. For the same reason, distributional levelling, which is central to Islam, is not considered expedient at least in the early stages of development¹².

Islamic economists have rarely questioned the validity of these postulates. Instead, there is a desire to prove somehow that consumption will only be lower and savings/investment larger under the Islamic scheme. Such proofs have so far been inconclusive¹³.

Perhaps a better approach is to investigate if the secular position is always tenable? Or, can there be a case where an increase in current consumption might, in fact, lead to an increase in future production? Mainstream literature on development contains ample argument that increased consumption could promote, not retard, development in the Third World countries.

It is argued that in the poor countries improved levels of living are a precondition for higher labour input and efficiency (Myrdal P. 530). Meier writes on the basis of empirical evidence:

"When the level of living is as low as it is in an LDC, the distinction between consumption and investment becomes overdrawn in so far as private consumption may well have a positive marginal productivity. The reason is not that consumption will augment resources, but that a rise in consumption may improve labour quality and efficiency and hence allow better use to be made of the existing labour resources" (P. 269).

'Given the necessary motivations and cooperant factors, *selective* increases in consumption can become an instrument of development. The components of consumption that may improve labour quality are, for example, calories per head, investment in housing, health improvement programmes, and social security benefits. The resultant increase in labour productivity may more than compensate for the consequences of a relatively reduced investment. Indeed, the same 'principle of circular and cumulative causation' that perpetuates the 'vicious circle of poverty' can, through increased consumption in the LDCs, reverse the situation into a relationship of lesser poverty, more food, improved health, increased output, and higher incomes, all pushing one another in an upward direction¹⁴.

Next, let us consider the relationship between work effort and output levels. In a broad macro-frame, development models pay much

attention to achieving efficiency in the allocation of resources to various uses. But allocative efficiency, however defined or achieved, need not *per se* produce maximum results. Factor performance also matters. Performance is, *inter alia*, a direct function of work effort put in by factors engaged in a firm's productive process. The neglect of this matter in planning development caused many performance shortfalls experienced by the LDCs.

Microeconomic theory has largely been assumptive and static. It could, for that reason, ignore work effort and performance in erecting its extremum solutions. But development planning just cannot, as it deals with dynamic real world situations (Leinbenstein PP. 9-11).

It is significant that the question of work effort is, of late, being integrated into the mainstream theoretical structures. Information economics deals with employer-employee relationships among situations arising under conditions of *moral hazard* or, as it is sometimes called, *hidden action*.

Put briefly, the case is as follows. A firm would like its employees to work as hard as possible, while the employees may prefer to take it easy on the job. The problem from the firm's perspective is that it may not be able to observe how hard its employees are working. In contrast to a simple text book labour supply model, here is a moral hazard problem in which the worker's effort level is the hidden action¹⁵.

There are several market responses to problems of moral hazard that attempt to restore incentive. For example, employers may use performance based compensation schemes. None of the solutions, however, leads to an efficient solution. Work effort of the required order can seldom be ensured by a legal contract, nor can rational reactions to price signals always help.

In fact, decisions influencing performance depend on something primarily internal to their makers whether they operate on their own or as members of an organizational unit, the firm. Attitudes, motives, and morals of individuals shape the results. Hence, the Islamic emphasis on moulding human character along the 'right path' as the prime requirement for development.

Ethical doctrine in Islam is intimately connected with Law. *Fiqh* makes no special distinction between rules concerning conduct and those which other systems consider as pertaining to the realm of civil and criminal law. Innumerable illustrations are available on the point but an instructive one is given in a footnote in Levy: "A government warning erected near some cotton fields outside Cario in 1942 read : Beware of wetting cotton (before weighing) for it is fraud of which the consequence is loss in this world and punishment in the next" (P. 192, see also PP. 204, 255-256). We can publicise the Islamic obligation to 'give' (infaq), condemnation of greed and parsimony, emphasis on 'honesty' in dealings of all types, insistence on right type of work effort, exploitation-free factor relations, prohibition of interest and speculation, opposition to hoarding and amassing of wealth, and so on, much better with modern means of mass communication now available for creating the right type of atmosphere.

Last, combinational or total factor productivity - output per unit of all inputs - is commonly used as a measure of growth (Todaro P. 4) but microtheory continues to harp on the idea of individual factors' productivities for explaining factor pricing and distributive shares. The concept of factors' separate productivities is circular in reasoning and has little operational value. Above all it emphasizes individualism and competition as springs of progress which run counter to the view of production being basically the consequence of cooperative effort.

There is such a multiplicity of human needs for development that men must live together in societies for their satisfaction. Indeed, every achievement is derived from association and is common to all who take part in the effort leading to it. True morality has to be a social virtue. It lies in brotherhood, sharing, and cooperation not in solitude, appropriation, and competition.

Thus, the concept of combinational productivity - participation in production, participation in fruits - is commensurate with the Islamic norms. This is the source of a firm's output and demands its orderly sharing between the participants in production, not a distribution left entirely to the dictates of the market operations (Hasan 1988 3b). The view now finds recognition in the form of widespread use of minimum wages, partial flexibility of workmen's compensation, and introduction of schemes of profit sharing with labour in modern firms.

3. Objectives and Priorities

Broad identification of policy objectives for development is rarely a problem¹⁶. Growth, employment, distributive justice, stability, self-reliance and, of late, environmental care are usually listed as 'desirable' goals. And, Islam palpably is not averse to the same.

However, perplexing difficulties are encountered when attempt is made to spell out the precise meaning, range, and priority ranks of these objectives, and trade-offs between them are fixed. The situation is further aggravated because most of the LDCs, enamoured by the development record of the West, often tend to base their decisions on Western prescriptions which are not always in harmony with local needs and conditions.

The central piece of these prescriptions has been the acceleration of growth in the GNP per head in real terms. Other policy goals are conditioned by this primary requirement (HDR 1994, pp.15) Growth, therefore, remained the top priority of the LDC's development programmes until the third decade after the Second World War, putting distributional considerations into the cold storage.

The programmes did hit where they were meant to. The GNP (per capita) of the developing countries grew at an average rate of 3.4%, per annum over the 1950-75 period, or at 3% if China were excluded. "This was faster than either the developed or developing nations had grown in any comparable period prior to 1950, and exceeded both the official goals and private expectations" (Meier, P. 45).

However, the experiment failed on many, and more crucial, fronts; it created more problems for the LDCs than it resolved¹⁷. Its benefits were largely concentrated on the modern sectors of the economy. In particular, poverty and income inequalities only sharpened, creating serious political tensions. It was urged that "the problem of development must be defined as a selective attack on worst forms of poverty. Development goals must be defined in terms of progressive reduction and eventual elimination of malnutrition, disease, illiteracy, squalor, unemployment and inequalities" (Haq P.6).

Growth no longer holds the pride of place in the hierarchy of goals. The basic needs fulfilment (BNF) approach to development is now gaining ground¹⁸. It does not mean that growth is not important, especially in the case of Muslim countries. Even so, it does imply that growth is a necessary, but by no means a sufficient condition for development.

It is significant to note that the Islamic approach to development also centres around the fulfilment of the basic human needs - material and spiritual - as alluded to earlier. The Holy Qur'an reminds us time and again that even though people may differ from one another in regard to the quantum of *rizqi* i.e. sustenance granted to them, they - rather all creatures of the Almighty - have an equal right to a livelihood from His inexhaustible treasures of the earth (and the heavens)¹⁹.

Elaborating on the point Siddiqi holds that a guarantee for the fulfilment of the basic needs of everyone is imperative to Islam. To him, the sanctity of this guarantee is such that he recommends its inclusion in the constitution of an Islamic state so that the individual gets a right to claim its fulfilment through the courts²⁰. Of course, the range and standard of these needs in a particular society would have to be periodically spelled out in accordance with the level of economic development it has reached.

The BNF approach to development aims at 'minimizing poverty with growth'. But in doing so it may often turn out to be a programme of wide ramifications. The BNF may require for example, a revision of development priorities, stingy redistributive measures, shifts in the choice of technology, reallocation of resources, relocation of production units, and complex structural readjustments in the economy (Hasan & Arif P.1). The implementation of a BNF development programme requires great political determination.

Closely related to growth is the question of employment. *Infaq* - the spending in the way of Allah - is one of the pillars of faith in Islam, but this in no way implies encouraging people to shun work and live on charity. Qur'an exhorts men to work for a living (31:34; 71:20). Of the many traditions on the point one declares: "Striving for permissible living is the greatest human obligation next only to the worship of Allah" (Rahman P.62).

The Islamic preference for engaging in trade signifies the relative importance of self-employment to reduce the burden of providing relief on the society. Still, there is room for presumption that the responsibility of the Islamic state in providing employment to those who can work is rather stringent and help is imperative from the public funds, until this responsibility is met.

Islam sees employment in the wider context of human resource development. Indeed, Islam was the first social order that made, as part of the measures, the quest for knowledge *compulsory* for all its adherents - men and women - hardships though it may entail. Learning humanities, abstract sciences, and arts of various types, as conditioned by the *Shariah*, is a *fard-al-kafayah* i.e a sufficiency obligation in Islam. It means that Muslims must have from amongst themselves experts in all fields of knowledge and professions to fully meet the society's requirements. So long as there are shortages anywhere the whole community remains sinful (Qutb S.P.203). An Islamic development programme must aim at providing adequate facilities for relevant education and training. Education must help promote self-reliance as well²¹.

Human resource development programme, its vocational training component in particular, would partly depend on the trade-offs the economy envisages between employment and output, and the linkages it sees between the choice of techniques and the BNF approach to development. Intuitively, the approach may prefer initiating more projects where people already live than in centres which would require them to move out leaving their families behind²².

Essential for the fullest development of human capabilities so that people are able to maximize individual and social well-being is a non-discriminatory social order. Social equality is Islam's fundamental doctrine²³. History tells us that non-partisan attitude of the state enabled the community to harness talent from far and near, high and low, blacks and whites and from various races, to bring unparalleled expansion, glory and prosperity to the Muslims, and with the reverting to the old discriminatory social management began their decay and disintegration.

Central to social equality is the doctrine of distributive justice in Islam. *Shariah* insists on a wide percolation of riches "in order that it may

not (merely) make a circuit between the wealthy among you" (59:7). The Islamic system is characterised with in-built safeguards for ensuring distributional equity, but as people are prone to avarice concentration of wealth may (and does) take place. *Shariah* therefore, makes it obligatory for the state to take remedial measures²⁴.

The relationship between growth and equity is the most talked about, but is the least explored one, in development economics even at the theoretical level. The Islamic system would probably prefer a relatively slower rate of GNP growth if that works better for achieving distributive justice compared to a position where faster growth can only be ensured at the expense of increasing the existing economic disparities (Hasan 1988, P.59)²⁵.

Stability promotes development. Most of the countries which grew faster during the recent decades were politically stable, many of the slowest growers conspicuously were not (Meier, P.50). Malaysia is a leading example where political stability *inter alia* created economic miracles in recent years. It also depends on the design and prudent management of monetary and fiscal policies.

Last but not the least, *Shariah* is a code of conduct that takes care of creating a harmony between human behaviour and nature. Man is allowed to "partake of it with joy as long as you are a benefactor not a corruptor, a cultivator not a destroyer" (Caliph Ali b. Talib quoted in Llewellyn P.36)²⁶. Islam insists on maintaining the balance of the biosphere. Ecologism is its inalienable element. History bears eloquent testimony to Muslim contribution to the beautification of the environment through landscaping, orchard raising, water management and architectural designing. Crop patterns, land usage, animal rearing etc were all aimed at ecological conservancy.

The above discussed policy objectives are inextricably interwoven in the Islamic view of development and have all to be pursued simultaneously²⁷. Their priority order will vary with time and place. The goals of BNF, full employment, and human resource development promote one another in a circular relationship. Taken together, they make a direct and cumulative attack on poverty. For, the deprived, the unemployed, and the illiterate are mostly the poor. Equality and equity fortify the process as minds are freed of the terrors of a discriminatory class culture. Men must

become intoxicated with a feeling of confidence in their abilities and of self-esteem which would ignite in them that elation and pride which had ever been the characteristic of the believers.

In an Islamic system this confidence, self-esteem and pride stimulates men to grow, keeping a balance between material production, environmental requirements, and spiritual attainments.

4.0 Some Issues

From Islamic viewpoint, development can now broadly be defined as the process of fusing the material and spritual progress aimed at a continual growth of human personality. It is a complex process. Even as the development objectives are well fixed, a host of issues remain to be resolved. Of these, we shall briefly discuss here problems concerning motivation, role of the state, and population.

4.1 Motivation

Men are guided into action by a multiplicity of motives. Still, every economic system tends to identify one basic motive which it thinks is applicable, not to all cases, but to the *generality* of men²⁸. Secular economic systems -capitalism and socialism - differ in many ways, but are poles apart in the matter of motivations.

Islam does not approve the socialist ideals or methods. However, the basic features of capitalism, motivation included, have a unique relationship of affinity and divergence with those of an Islamic social order²⁹. In fact, the evolution of these features owes much to the era of the Muslim rule over Spain³⁰.

Significantly, it was during the era's *golden segment* (approximately 1000-1300) that a transformation of social values away from morality, and on way to the making of a modern secular world, started. It is naive to believe that the change was enforced by the rise of science and technology; this rise had to wait for over two more centuries³¹. In fact, it was initiated by Christianity through attacks on its own values, even at the risk of running into disrepute. Presumably, the policy had a broader design of undermining the Islamic value system without arousing suspicions as the

two religions had not a few values in common, including the prohibition of interest³².

The foundation bricks for capitalism were prepared initially in the form of secularising the social value system; science and technology took over much later. The key element of the change was the installation of self-interest as the system's motivation base. This was accomplished by Adam Smith, and in the process the "moral philosopher" says Lux on the very cover of his book "invented economics and ended morality".

The observation of Lux may look a bit harsh, because the essential thrust of Smith's *Wealth of Nations* was against the avarice of the rich and exploitation of the weak by the strong³³. Yet, there is no denying the fact that promotion of self-interest as the guiding star of a free enterprise economy got currency ever since the following passage appeared in the celebrated work:

*"It is not from the benevolence of the butcher, the baker or the brewer that we expect our dinner, but from their regard to their own interest. We address ourselves not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow citizens"*³⁴.

To Smith, the pursuit of self-interest, which many thought implied selfishness³⁵, not only promoted individual's well-being but of the society as well; there was no conflict between the two³⁶. In Smith's *Theory of Moral Sentiments*, sympathy and benevolence were to overcome selfishness, in *Wealth of Nations* these ethical restraints were replaced by the amoral invisible hand of competition to serve the purpose.

One may not join the critics of Adam Smith in charging him with the creation of a *homo economicus*, but the influence of his stance on motivation in giving the mainstream economics its self-interest orientation has, indeed, been tremendous. A popular text book, for example, observes.

*"Capitalism presumes self-interest as the fundamental modus operandi for the various economic units as they express their choices. The motive of self-interest gives direction and consistency to what might otherwise be an extremely chaotic economy"*³⁷.

The difficulty is that the pursuit of self-interest tends to destroy competition, the force that seeks to discipline it (Hasan 1992 PP. 241-242). Monopolistic market structures have become an integral part of the capitalist economies. The case for self-interest, as behaviour regulator must, therefore, rest on the social efficacy of these structures, not on the virtues of a non-existent type of competition.

Lux traces the failures of societies based on self-interest from the misery of Charles Dicken's England, through the Great Depression in the United States, to the latter's culture of narcissism of the recent years. He fully acknowledges the glorious achievements of modern capitalism in the fields of scientific explorations, technological breakthroughs, and advancement of material prosperity, but also shows that the unconstrained pursuit of self-interest has led to unprecedented social strife, ecological damage, and abuse of power.

Islam sees the behaviour of the bipolar man of its conception, explained earlier, as determined by a panopoly of motives which may, broadly, be thought of as a continuum of hate, selfishness, benevolence, and love, put in an ascending order. The conflict of interest in the world is, in fact, the conflict between the lower and the upper poles of human personality along this continuum, and refers to a choice between good and bad, or virtue and vice (Lux P. 91-92). Smith dealt only with the middle range of motivations : self-interest (selfishness) and benevolence. Even here, he reversed the order, held self-interest supreme, and slighted benevolence.

In contrast, the regulatory force in Islam is the believers' passion to follow the 'Divine path'. The expression epitomises the behaviour norms *Shariah* prescribes for them in various walks of life. These norms are not averse to the pursuit of self-interest for worldly gains, but insist that means for acquiring riches must remain fair, and, on a more important side, the *Amanah* view of wealth is not violated³⁸. In fact, *Amanah* seeks to convert the material ambitions of man into means of attaining spiritual heights - his ultimate destination (28:77). The instrument of conversion is not competition, but *benevolence* that finds expression in the grand Islamic principle of *infaq* i.e spending in the way of Allah, including for the needy and the poor.³⁹

Human development is an increasing function of *infaq* and must motivate the believers to work more - not less, as some perceive - for earning as much as they can, spend on their own needs avoiding waste and extravagance (6:142; 7:27) and spare something for satisfying the needs of the less fortunate members of the society. This approach must not only be promotive of growth but must also encourage the evolution of honest production -exchange relations so much lacking in the modern secular economies, both Muslim and non-Muslim.

Thus, in the Islamic motivation scheme *Amanah* adds a social dimension to the urge for personal gain. It seeks to harmonize individual and social interests. For, without their proper synchronisation the potentialities of the freedom of enterprise, which is ingrained in the Islamic ideology, can rarely become an instrument for mass amelioration.

4.2 Role of The State

In an Islamic economy, as in all mixed economies, the major problems of development include decisions concerning the respective roles of the State and the market, for achieving the specified goals. The division of the spheres and responsibilities is neither intuitively obvious nor permanently fixed. In principle, the division must be commensurate with the *Shariah* norms, and must be decided through a process of mutual consultations among the mature sections of the community at all levels. Islam being a voluntarist ideology, a dynamic social process, the role of the masses in decision-making, and programme implementation, as is now being advocated in secular literature as well, can hardly be over emphasised. This apart, the division will clearly vary between the countries according to their circumstances and within a country according to the temporal compulsions, peoples' understanding, and the capabilities of administration. Nevertheless, a few general remarks may not be out of place.

To begin with, one must remember that in practice the market system does not always work efficiently (Roy p. 159). The reminder is necessary in view of the current race towards privatisation in the LDCs⁴⁰. Even when the market works towards efficient solutions "the ends it secures are no better and no worse than the initial distribution of resource ownership on which it is based. Further, the sovereign consumer whom the market serves may command it to perform services which are at best

frivolous and at worse subversive of higher aesthetic and moral values", (Bornstein P.56)⁴¹.

The assets distribution in contemporary Muslim countries being what it is, the participation of the state may have to be substantial, market regulation stringent, and net social benefit evaluation of projects rigorous in the initial stages. Islamic values are also to be protected, where necessary, from the aggression of the alien values invading, for example, in the garb of a global market culture⁴². The emphasis may shift from enterprise to regulation to achieve the purpose. The need for interention may decline as Islamisation of the society gathers momentum.

The areas, the intensity, and the form of state participation or intervention in the Muslim countries will have to respond to the broad priorities of the development objectives mentioned earlier.

For example, compulsory provision for the minimum needs emphasizes the production of more wage goods, especially food. This accords top priority to integrated rural development, where conditions permit. Detailed schemes for land reclamation, cropping patterns, land usage, irrigation, fertilizers, improved seeds, and farm implements, together with meaningful land reforms, have to be launched without delay. Input/output prices are to be regulated including the provision of suitable subsidies and support, if and where needed. Adequate infrastructural facilities including institutional credit and marketing are to be provided. Cooperative form of organization that suits best to the Islamic temperament may be encouraged. Agriculture must be integrated with the programmes of rural industrial and vocational expansion.

For the same reason, industrial development programmes can give importance to the production of consumer goods of *mass use* in particular textiles. It must aim at as wide a dispersal of industrial units as possible. Consumer goods industries absorb relatively more labour and can be made more labour intensive by selecting appropriate techniques of production, especially in over populated countries. Initially available skills may also better suit this sort of industries.

Housing is another important component of minimum needs. Provision of dwelling units in the rural and urban areas must be an integral

part of the development plan and public programme must supplement private effort. Emphasis should be on low cost simple constructions involving local materials, and techniques in the rural areas. Restrictions on design, specifications, size and individual holdings may be imposed in the urban centres with equitable control over rents. Community sheds as rest places with basic amenities may be provided by the local bodies for the very poor. Group housing on cooperative basis may be encouraged. A revolving national housing development fund at the top of a pyramidal structure may be established.

To the list we may add a minimum provision for health care. Modern medical facilities are no doubt important but too costly to become the base of a mass scheme. Staff with short training in treating common ailments and encouragement to local medical systems is the answer. Corps of foot-loose doctors, as in China, may be raised to fan out in the rural interior.

Next, a meaningful and purposive education policy has to be a vital element of the Islamic programme. There is a circular relationship between education and development patterns. In the LDCs - Muslim or non-Muslim - the existing education systems reflect and tend to perpetuate the inequalitarian structures of their societies. At the same time, reforms, whether introduced from within or from outside the education systems, have great potential, more so in an Islamic order, for inducing the desired social and economic change in the *ummah as a whole*. Muslim countries must exploit the two-way connection from this end by giving a pronounced Islamic orientation to (a) the general and basic education, (b) the family improvement education, (c) the community improvement education, and (d) the occupational education and training. This will improve cultural productivity conducive to material progress with equity. The circular relationship is an advantage, for once the movement is reversed it helps move in the opposite direction in a cumulative way.

In addition, the education system must be strengthened from within. This requires, for example, appropriate allocation of resources, subsidy schemes and entry quotas for the weaker sections, relating curricula at various stages to the societal needs, especially designing primary education to suit the *rural* requirements and strengthening of the infra-structure with emphasis on the quality of teaching. Over-specialization is to be avoided. It absorbs more of the resources, attracts the less

intelligent students to higher education, and hence raises the social cost benefit ratio. Integrated studies are more purposeful and in line with the Islamic view of education.

Reforms from outside the system may include (i) adjusting of the imbalances, signals, and incentives, (ii) modification of job-rationing by education/certification and (iii) curbs on brain drain; for example by making academic qualifications not conforming with the international requirements through increasing local component at higher levels, or restricting exodus otherwise. Use of the local languages as medium of instruction at various levels with selective exceptions may serve this and many other purposes.

Last but not the least, Muslim nations must forge close social economic and cultural relations among themselves, and with other developing countries. Regional development plans through pooling of resources, sharing of knowledge, experience and markets, and the developing of heavy industries, to serve wider areas, may prove of great advantage to all the participants. Such cooperation can reduce their dependence on the developed countries and international institutions.

4.3 Population Problem

The subject of population has seldom been paid attention in Islamic economics because of its highly sensitive nature. The recent International Conference on Population and Development held at Cairo, however, leaves little doubt about the inefficacy of any more reluctance to take up the issue seriously. We do not have here sufficient space to accomplish the task. Nevertheless, a few observations may be made.

There is no dearth of evidence in the literature to show that ever since the classical pessimists - Malthus and Ricardo - uncorked the ghost of perpetual scarcity of natural resources in relation to the prolificity of population, mainstream economics never refrained from ringing the alarm bells to fix on the poor, within and among nations, the blame for their appalling poverty. The uncritical acceptance of this view put the poor unintermittently on the defensive, and made population control a world wide movement essentially directed towards them.

However, of late, opinion in the Third World seems to be gaining

ground that scarcity versus population is not so much a question of numbers as of distribution⁴³ (Todaro, PP. 171-174). The average per head income of the 'global village', as some fondly call this world today, is over U.S \$4500 per annum. Why must then there be so much of the misery and destitution in the vast majority of its lanes? What would have been the results if the colossal amount of resources spent on armament and exploration of the space were, even fractionally, diverted for ameliorating the lot of the poor?

The questions concerning population that seem important from an Islamic angle are (i) how serious is at present the problem of numbers for the Muslim world as a whole, as also for the individual countries? and (ii) is control over population permissible as a *public policy* under the *Shari'ah*, and if yes, through what means?

The density of population in the Muslim world is 43 persons per square kilometre, and 37 if Bangladesh is excluded. This compares well with a density of 45 for all the LDCs but is much higher than 26 for the developed world. Barring some countries, the density is thin in general⁴⁴, and resources are plentiful. In fact, many of the Muslim countries like those in the Middle-East or Malaysia are facing acute labour shortages, and heavily depend on foreign workers for their expanding output, and infrastructural services. Proper coordination between the labour-deficient and labour-surplus Muslim countries can mitigate the population problem for both the groups and cheap labour can give their products a competitive edge in the world markets.

However, the coordination can provide only some temporary relief to the more densely populated countries like Bangladesh, Pakistan, Indonesia, and Egypt. The problem of numbers in their case is really serious and sticky. Still, we are not sure if the underlying spirit of the Islamic sociology permits the pursuance of population control as a declared state policy, more so in view of the following verses from the Holy Qur'an.

"No creature is there crawling on the earth, but its provision rests on God (11:7) and slay not your children for fear of poverty, We will provide for you and them (17:31) Satan threatens you with poverty and bids you unto indecency, God promises you his forgiveness and bounty" (2:268). What Islam emphasises most is a fair distribution of wealth and income to

ensure that the basic needs of all are met, (2:29; 15:20; 41:10; 51:53).

Population control policy may have some serious consequences. It is the rich and the elite sections of the community which are more receptive to the idea but require it the least; the poor who, on the other hand, need it the most tend to avoid it. The tendencies are likely to reduce the quality of population in the long run. Again, there is a shift of population among the age groups. The top tends to become heavier in due course of time as is now vivid, for example, in the case of Japan. The output mix must change in favour of the older people, and labour productivity may decline because of the aging population.

At the individual level, modern population control methods may not all be acceptable without reservation. It must, for example, be noted that the condom is not just a contraceptive; the popularisation of its use is prone to promote a culture of sexual indecency, and permissiveness. Safeguards may not always be effective against the danger. Likewise, the use of abortion as a *control* method is clearly unacceptable. What seems to be allowable are measures before conception takes place but rarely anything thereafter⁴⁵.

In fact, the issue of population is inseparable from the overall concern for development. Reduction in fertility comes about from investment in education, and health care, especially for the women. On a philosophical plane, population control conflicts with the concept of human dignity.

5.0 Concluding Remarks

It comes about that the concept of development in the mainstream economics seems, of late, to be converging to its Islamic formulation in that there is a shift in the emphasis from growth to the reduction in poverty, distributive justice, and grass root participation in the process. However, differences remain on many crucial fronts, the prime one being the Islamic focus on the development of human personality through a process where material progress is used as a *means* of attaining spiritual heights, and not as an end in itself.

Islamic insistence on the fulfilment of the basic needs of all may increase consumption but would raise labour productivity as well. Islamic

ethics would tend to mitigate the problems of moral hazard and adverse selection. The objectives of development broadly remain the same as in the mainstream economics but there is a qualitative change in matters of their range, content, priority order, trade-offs, and the methods for achieving them.

The pursuit of self-interest cannot be the sole regulatory force of human behavior. It has to be constrained and moderated by the Islamic ethical norms where benevolence plays a dominant role in all its ramifications. The entrepreneurial role of the state would shrink but state regulation of the economy may initially increase for a variety of reasons. Population issue has to be faced despite its sensitive character. It is doubtful if population control can be adopted as a declared state policy under the Islamic dispensation.

Implementation of an Islamic development programme in the Muslim countries would primarily depend on the structure and will of the state authority. The provisions of the *Shariah* essentially are meant for the transition period which the Muslims can shorten by following the 'right path' to achieve the near ultimate, when people would join the new order in their legions (110:2) and the earth will shine in the light of its Lord (39:69)).

Appendix : The population density in selected Muslim countries. Figures in parenthesis under each country indicate its individual density in the Year 1992.

Number of Persons Per Square Kilometer

less than 20	20-40	40-60	60-80	80-100	over 100
Niger (6.47)	Burkina Faso (34.67)	Egypt (56.64)	Uganda (74.15)	Indonesia (96.74)	Pakistan (149.87)
Turkmenistan (7.94)	Tajikistan (39.16)	Morocco (58.61)	Azerbaijan (85.06)	Bangladesh (794.44)	
Khazakhstan (6.2)	Cameroon (25.68)	Jordan (43.82)			
Algeria (11.04)	Turkey (29.55)	Tunisia (52.22)			
Oman (7.55)	Iran (36.16)	Malaysia (56.36)			
Saudi Arabia (7.81)	U.A.E (20.24)	Uzbekistan (48.10)			
	Khirgiz (22.61)				
	Senegal (39.59)				

Source: The calculations are based on statistics contained in Table 1 of World Development Report 1994.

End Notes

1. The figures in parenthesis indicate references from the Holy Qur'an, the first number showing the Surah, and second the verse.
2. Development was rarely distinguished from growth until quite recently. Today, development is a 3939 wider term and includes more than mere growth in the GNP. Questions like how is growth brought about, what the product mix is, and how is the GNP distributed have assumed importance in addition to the rate of growth.
3. Not a few of the developing economies - China, Taiwan, Hongkong, Singapore, and Malaysia, for example - have recorded spectacular growth rates in recent decades.
4. "Even if the growing abundance of the economy has not caused all these problems, it is obvious that neither has it succeeded in doing away with them" (Baumol and Oates P. 1).
5. For example, during the first three development decades since the sixties, the average GNP growth in the LDCs has been 5.5% per annum compared to 4.9% in the developed countries. Yet, the gap between the per capita incomes of the two has only been growing because of the much larger calculation base and slower population growth in the latter case. Despite faster growth in the GNP, 'catching up' with the West is a far cry for the LDCs.
6. Instead of radiating growth, urban industrial centres became whirlpools of development, sucking in men and materials from far and near. They became ugly dens of crime, social strife, shortages, and pollution. Income and wealth disparities in the economy only sharpened. Instead of a 'trickle down' of development benefits, there was, in fact, a 'trickle up', if such a term could be used. Still, some expect that the theory would work (Meier, P. 123).
7. The combined GNP of the 25 Muslim countries (see names in n.44 below) is less than that of the U.K. They have 15% of the global population, but their share in the world aggregate GNP is no more than 4%. These calculations are based on the statistics provided in Table I of the World Development Report 1994.
8. Disaggregated index numbers to overcome the deficiency of the overall HDI could so far be prepared only for 14 countries for which data were available (HDR, 1994 P. 90). Of course, the index has no ethical/moral dimension. But the major weakness of the HDI is that the magnitudes of all its elements - longevity, knowledge, and standard of living - depend, by definition, on income levels. The corresponding ranks of countries according to the HDI and the GNP per capita are positively correlated. Thus, GNP growth remains the prime indicator of development.
9. For a detailed explanation of this attitudinal difference see (i) Baqir-as-Sadr in the area of production, and (ii) Zubair Hasan (1988) in the area of

distribution.

10. The Holy Qur'an grants explicit 'rights' to others including the needy and the poor in one's wealth (6:141; 17:26; 30:38; 51:19; 7:24-25) and insists consistently that these rights must be honoured.
11. This follows from the top Islamic priority for the fulfilment of the basic needs - food, clothing, and shelter -for all the members of the community at affordable levels.
12. The colonial rule had left the per capita incomes in the LDCs at such appallingly low levels that, after attaining their political freedom in the post-war era, they fell to the idea of concentrating on pushing up growth as the top objective of developmental planning. For example, the First Five Year Plan of India (1951-1956) clearly stated that distribution, without growth coming first, would only mean the redistribution of poverty. Even as the GNP growth has today lost its place of pride in the development objectives at the theoretical level, in practice not a few countries remain committed to the idea, partly perhaps because of the advice, and assistance, they get (and depend upon) from the rich nations.
13. For the statement of and comments on a few such positions taken in Islamic economics, see Hasan (1990).
14. The same process which accentuated the 'vicious circle of poverty' in Nurkse, when reversed, can perpetuate a 'benevolent circle of prosperity' in an Islamic development scheme.
15. For a preliminary discussion of Information Economics see, for example, Kreps, Part IV.
16. Interestingly, there is another view of the matter. If we consider the meaning of development "more directly, we immediately encounter ambiguities because the ideal of economic development tends to be associated with different policy goals ... And any definition of development becomes a "persuasive definition implying that development as so defined - is a desirable objective" (Meier P. 6).
17. The GNP did increase and living standards too went up, but income disparities, unemployment, social strife, and corruption at various levels of administration increased in many cases.
18. For a brief analysis of this approach and what reduced its effectiveness in practice see Hasan and Arif (1992).
19. The Holy Qur'an (15:20; 41:10, and elsewhere).
20. The provision does exist in the Constitution of the Islamic Republic of Iran.
21. Self-reliance means the ability to achieve an objective, not the shutting out of an economy to the outside world. Today, one of the secrets for attaining national prosperity lies in fostering gainful integration with the global economy.
22. This gave rise to numerous social ills associated with the unplanned ugly growth of urban industrial centres : social tensions, family disintegration, unbearable pressure on infrastructural facilities etc. Back home in the villages, it led to labour shortages in activities like plantations, and uncared

- for family members, especially in the advanced age groups.
23. Believers have social equality in all matters except piety. Caste, colour, race, blood, lineage or region is no basis for discrimination in the treatment of human beings. In fact, these were the real idols Islam came to demolish, in the spirit of *Tauheed*. Muslims revived them with the passage of time, and are paying dearly for the folly.
 24. On this see Hasan (1988) Section IV, and Sadr, Chapter 3.
 25. It is interesting to note that less than 150 years ago, J.S. Mill gave expression to a similar preference. See Oser/Blanchfield P. 139.
 26. "It is agreed that" the ultimate purpose of the *Shariah* is ... the universal good, the welfare of the entire creation ... This means that all the measurable effects of an action both immediate and ultimate on all beings must be weighed ... to maximise benefit and minimise harm to the totality (of the creation)" (Llewellyn P. 28).
 27. To name one or few objectives is a matter of convenience, not a principle of exclusion.
 28. For example, to defend Adam Smith for focusing only on self-interest. Gide and Rist write : "His reasoning is applicable to men *en mass* and not to individuals in particular. Moreover, he does not deny that man may be unacquainted with or may even entirely ignore his self-interest" (P. 103).
 29. For example, capitalism, like Islam, permits the private ownership of property and the freedom of enterprise, and Islam, like capitalism, is not opposed to profit motive or the free play of the market forces. Yet, the Islamic value system is very different from that of capitalism. It is God ordained, not man-made, and is not, therefore, open to change as and when human will may want.
 30. Huchinson writes : "Jurisprudence was a favourite profession in the Muslim Spain ... numerous writers dealt with subject of commercial contracts ... In his best known treatise, the *Tuhfa* Ibn Asim devotes twenty-three chapters to the subject of sale, eight to the contract of rent and hire, four to partnerships, companies and trusts, and two to loans, deposits, and guarantees (P. 27).
 31. See Lux P. 6 He advances the interesting argument that if the rise of science and technology could be the principal initiators of change, then "in the early stages of this transformation - around the middle of the 15th century, other cultures such as China and the Islamic World had science and technology that were at least equivalent and possibly superior to those of the West".
 32. Though the observation is made in some other connection but it supports our presumption here; Huchinson writes : "[It was] natural that the Church should have opposed the adoption of business customs that were not only contrary to the spirit of Christian teachings but tainted with Judism, Mohammedenism and heresy (P. 31).
 33. *Wealth of Nations* is, indeed, dotted with passages advocating the need for ameliorating the condition of the workers and the poor. It condemns the

- greed and exploitative instincts of the merchants, the entrepreneurs, and the wealthy.
34. The whole passage in *Wealth of Nations* appears, almost word for word, as found in Smith's 'Course of lectures at Glasgow' and was itself taken from Mandeville's notorious 'Fable of the Bees' (Gide and Rist, n. 1 P. 88). For Smith, the basis of exchange necessitated by division of labour, the spring of progress, is mutual interest, a pair of self-love. Benevolence is charity - giving away one's wealth 'free'. It involves no exchange and is a non-economic action. Pursuit of self-interest has no commitment to honesty, fair play, or justice. Islam invokes benevolence, fellow feeling, and equity to moderate and restrain self-interest.
35. For an illuminating discussion on the point see Lux PP. 160-161 and 98. It may be added that the secular emphasis on man as an individual being makes the two interests (see n. 36) almost identical, but if we look at man more as a 'social being' as Islam does, we may probably talk of 'enlightened' or 'responsible' pursuit of self-interest. I owe this point to my colleague Mr. Zakariya Man.
36. Smith says : The individual "intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention ... By pursuing his own interest, he frequently promotes that of the society more effectually than when he really intends to promote it" (P. 423). Perhaps the last word on this postulate is Joan Robinson's who writes : "This is an ideology to end ideologies, for it has abolished the moral problem. It is only necessary for each individual to act egotistically for the good of all to be attained" (Economic Philosophy, 1964 P. 54).
37. The quotation is from McConnell and Brue (1990). It is the same as in the former's Economics (8th Edition 1981, P. 41) but with one difference. In 1981 McConnell wrote : "Each participant is motivated by his or her own *selfish* interest, each economic unit seeks to maximise its income through individual decision making" (emphasis added). In the 1990 version the word 'selfish' is replaced by 'self'.
38. See Hasan (1988) for an elaboration of the *Amanah* view of wealth and the consequences that follow from it (pp. 41-53).
39. The principle of *infaq* seeks to put the notion of *Amanah* (others have a 'right' in one's wealth) into operation. Allah promises His *fadl* or bounties for men (2:263) but warns that in no case will they attain righteousness unless they spend freely from their wealth (do *infaq*) in His way for the needy and the poor (3:86). Thus, *fadl* and *infaq* are interdependent in the Divine scheme. For the spending in the way of Allah, the Qur'an uses the words *infaq*, *sadaqah*, and *zakah* interchangeably, the last one being the minimum obligatory payment. The observance of the principle of *infaq* is not an act of generosity, it is an integral part of *ibadah* in Islam.
40. The current wave of privatisation now sweeping the LDCs need not entirely

be a catalogue of virtues. The shrinkage of the state's entrepreneurial activities is likely to enhance its supervisory role. It may be noted that the size of the public sector as measured by the proportion of the Federal government's total revenue to GNP remains much higher in the advanced Western economies compared to the LDCs, as is clear from the following illustrative table.

Developed Countries	%	Developing Countries	%
Australia	27.6	India	14.4
France	40.9	Indonesia	19.7
Germany	30.3	Malaysia	30.1
Italy	40.7	Pakistan	16.7
Norway	47.5	Philippines	17.4
U.K.	37.5	Turkey	22.9

Compiled from Table II of the World Development Report 1994. The figures are for the year 1992.

41. In the context of economic development, see for example the debate on market versus planning in Meier PP. 709-716.
42. Developing economies enamoured by the West's material prosperity tend to imitate their goals and ways ignoring that such imitation, if not properly guarded, must bring in its train the moral degradation and social ills from which the advanced countries suffer. There is a disquieting rise in crime, permissiveness, corruption, child abuse, social tensions, and indiscipline in not a few fast growing LDCs.
43. This is palpable from the fact that the 20% of the world population in the advanced economies consumes 80% of the world's annual output while these shares are reversed in the case of the Third World. Within the individual LDCs the gap between the rich and the poor is equally sharp, and ever widening in most of the cases.
44. See Appendix.
45. If we count the attribute of growth, requirement of nutrition, and the possibility of extinction among the necessary symptoms of life, it starts immediately after conception and its termination under *normal* circumstances may not be permissible.

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