



Islamic and Buddhist perspectives on economic development

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Over the last few years there has been a heightened interest in the response of religions to social and economic development issues. This new concern is remarkable, especially as it comes after years of concerted efforts at keeping religion strictly in the private sphere in the attempt to secularise economic development issues. This article first discusses the perspectives on economic development contained in Buddhist and Islamic religious traditions and texts. Then the reasons why religious perspectives on economic development are once again gaining legitimacy are explored.

Today it is widely recognised that market capitalism, while being an efficient instrument for the creation of wealth, is fundamentally unable to address the issues of its equitable distribution. This has resulted in morally indefensible outcomes of poverty amidst plenty. The way out of this moral dilemma seems to be an integration of the aspirations of global social justice on one hand, and individual liberty on the other. But, with religions having been relegated to the background there is no obvious moral authority to negotiate the tensions between social and individual concerns. How can we now deal with these moral challenges?

All these concerns are leading to a re-assessment of religions as 'obstacles to economic growth and development'. It is now increasingly recognised that faiths may provide sources for reinstating ethical and moral standards in economic and social behaviour.

Who is responsible?

In capitalist societies it is the responsibility of governments and civil society to correct the uneven distribution of wealth, and the consequent social injustices of the market economy. The apparent failure of these two institutions to do so in many parts of the world is explained from very different perspectives by Islam and Buddhism.

According to Islam, the reason for increased economic inequality lies in the fact that governments and civil society have focused exclusively on changes in the outside world, ignoring the need for change within people themselves. Several Islamic practices focus on individual transformation. Examples are the *zakat*, which is the obligatory contribution by Muslims of one-tenth of their income for the welfare of the poor, and the *Ramadan*, the yearly ritual of communal fasting.

The Buddhist faith puts even more emphasis on the transformation of the individual. From a Buddhist perspective the system of market capitalism, with its exclusive dependence on individual material self interest, tends to foster greed, which is the chief cause of *dukha* or human suffering. The three evils at the individual level, greed, ill will and illusion, need to be replaced with generosity, compassion and wisdom. This will also lead to morally sound social and economic institutions.

Development goals

The goal of religions in general is broader and more holistic than that of mere economic development. Faiths are ultimately concerned with helping human beings to find the meaning and essence of their existence, and look at economic development as only one of the factors necessary for a harmonious and spiritually rich life.

Often this concern with the spiritual has been construed to imply that faiths only encourage a non-materialist approach to life. To an extent this is true - yet all religions, including Buddhism and Islam, recognise the importance of attaining minimum levels of material and physical comfort. Indeed there is a famous story of how Buddha insisted on a poor and hungry seeker being fed before he would preach the path to salvation to him.

Material poverty and wealth

Neither Islam nor Buddhism encourages material poverty. Poverty is in fact seen by both as a source of unhappiness, a cause of social collapse and an obstacle to the pursuit of spiritual goals. In the famous Buddhist parable, the Lion's Roar Sutra, failure on the part of the king to share his wealth leads to poverty, which is then the main cause of immoral behaviour and social break-

down.

The perception of wealth in the two faiths can be summarised in three elements. (1) Material wealth as an opportunity: in Islam wealth is perceived as a blessing, which enables one to be a true Muslim, as it provides freedom from mundane struggles that hamper the pursuit of the teachings of the Koran. Buddhism advocates a materially simple way of life, because attachment to wealth is seen to be a major cause of *dukha*, or unhappiness. But if properly acquired and properly used (and rules for this are laid down in the texts) the creation of wealth can bring about individual as well as social well-being. This ensures the peace essential to follow the spiritual path.

In both religions material wealth is also seen as (2) a reward, or indication of virtue. This follows from the Buddhist belief in karma and rebirth, and the idea that wealth in this life is the reward for generosity in the previous one. In Islam, all things flow from Allah the All Merciful, and hence wealth is viewed as a gift to fulfil one's destiny to live a life of surrender to the Almighty, and to enable others to do the same. Finally, material wealth also (3) enables one to practice *dana*, or giving, and to develop the art of compassion. Indeed the Buddhist collectives or the community of monks live on the alms or generosity of those who have more than their needs.

High interest is forbidden

Not only do the two faith traditions look at the creation of wealth as a legitimate and honourable pursuit, they also recognise 'self-interest' as a motivating force in human life. Reward for effort is recognised and the results are to be attained in both the present life and life hereafter. Both Islam and Buddhism, however, lay down a moral



framework within which these efforts can take place. The Islamic concepts of *haram* (that which is forbidden), *halal* (that which is permissible), and the Buddhist notion of Right Livelihood spell out what is permissible in terms of activities. These concepts provide a moral filter for human behaviour.

One of the main moral filters within Islam is prohibiting high interest on loans, called *riba*, or usury. This prohibition is based on the argument that interest paid on accumulated capital tends to keep wealth within the rich minority. Scholars argue that it is not that Islam does not allow a reward for capital; it merely opposes a fixed and pre-determined reward. This encourages risk sharing and a more just use of resources. The Islamic ban on usury is similar to the rules against it in Christianity in pre-modern times.

Aristotle (quoted in Deepak Lal, 2003) wrote: *“Usury is detested above all and for the best of reasons. It makes profit out of money itself, not for money’s natural object.... Money was intended as a means of exchange, not for increase of interest.”*

In the Buddhist Lion’s Roar Sutra the King is encouraged to redistribute his wealth in a manner that promotes economic activity, allows the poor to overcome their poverty, and lead an honest life. He is not encouraged to use his wealth to generate more wealth. The Mangala Sutra, another Buddhist parable, advises saving a quarter of one’s income, to be used for both investment and as insurance against unforeseen difficulties. Saving is advocated as a social discipline. By advocating a simple way of life and a rejection of materialism, in the Buddhist faith savings do not need to be encouraged through high interest rates; savings occur as a natural by-product of the Buddhist way of life.

Limits to private property

This brings us to the question of the form of economic organisation advocated by the two faiths. From the insights and viewpoints contained in various Islamic and Buddhist texts it appears that neither religion has any fundamental objections to private enterprise, the market economy or private profit, which stand at the base of the current economic system. In Islam, private property is seen as an inalienable right, and private enterprise is recognised as a natural mode of economic activity. But property rights are subject to moral limits, and are to be used to fulfil the ethical objectives mentioned in the Koran.

Similarly, Buddhism recognises the



Nima, a slum in Accra. Muslim women identified the interest burden as main cause of poverty.

importance of individual property, as well as the possibility of its misuse. However, by following the ‘righteous path’ these pitfalls can be avoided.

Social justice

Islam places a great deal of emphasis on justice, and believes that it is not permissible to engage in economic development without justice. Oppression brings an end to development, while working towards justice accelerates development. Social justice is structured into Islamic perspectives in a number of ways including the legal obligation of *zakat*, which implies handing over one-tenth of one’s income for the poor. Hence, *zakat* is also a way to extend the concern from the individual to a social level.

The Buddhist concept of *dana* or the ‘giving of alms’ especially emphasises the spiritual and moral benefits to the giver. But the impact is similar to the *zakat*, as it rectifies economic inequities and inculcates a sense of social responsibility. In effect it is a practical manifestation of the worldview of most traditional religions, which includes the interdependence both between all human beings and between human beings and their natural and spiritual environment.

The moral filter is applied not only to the creation of wealth but to all human activities including the use of wealth. In the Mangala Sutra, Buddha lays down the rules by which lay persons should conduct their economic life including the spending of wealth. These prescriptions, while recognising the individual interests, lay stress on the need to extend it to include the larger family, community and nation. The Islamic concept *Khalifa*, which implies the role of humans as vice regents or

representatives of God on earth, stimulates those with riches to enable the more disadvantaged to live an honourable life.

Conclusion

The above highlights only some of the perspectives of Islam and Buddhism on the various development issues. Both faiths place human beings at the centre of the development concerns. Both faiths expand the definition of development beyond a narrow materialistic one to include spiritual well-being and contentment, and by emphasising the essential interconnectedness between the different aspects of life. Both Islamic and Buddhist traditions focus on creating a more just and egalitarian society, where freedom is integrated with responsibility, and efficiency with compassion and fairness.

In practice it is important to differentiate between a religious perspective or understanding of life on the one hand, and the religious institutions on the other. Religions themselves have a fundamental message to deliver about the basic values that hold human societies together. But it is painfully obvious that religious institutions have often failed to act in accordance with their vision and can be real obstacles to social and economic well-being. This implies the need for a greater engagement with the religious traditions, and exploration of ways by which they can once again become the source of moral authority, and not be hijacked by vested religious interests and institutions.

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