

Islam & Economic Crisis

Islam encourages ethical earnings as a part of faith & treats corruption as grave sin . While it underscores benefits of doing good deeds in this life as insurance for the world hereafter, it equally emphasises that good deeds benefit a believer in his life in this world too . A common prayer reads O Lord , give us benefits in this world & in the world hereafter (called Akhirat) .Rabbana aatena fi-duniya hasanat un wa fi-l akheratan hasanat -un...

Due to Corona virus -19 , most of the countries are facing economic depression of a level not seen since 1929 . Those days John Maynard Keynes advised that during economic depression governments should invest in public works so that purchasing power of people was increased & as they started spending benevolent economic cycle of demand-production -employment - further demand ...followed & reduced depression . His ideas were used to end depression of 1929 by British , USA & other governments the world over . Since then it has become an accepted formula to revive economies every where . Recently , Sri Raghuram Rajan ex Governor RBI , Dr Abhijit Banerjee economist-Nobel laureate & Sri Rahul Gandhi have suggested putting money in the hands of poor people so that their purchasing power increases & economic cycle is revived . The heart of this theory is that people must have purchasing power & they must spend .

Islam advises people to spend of what god has given them & be grateful to god for his beneficence . It also enjoins believers to share their bounties with the needy people . During Ramzan , anyone giving charity or doing any good deed is promised 70 times benefits to him / her . And , the most important edict is that every one is required to pay Zakaat at the rate of 2.5% of his wealth before the closure of Ramzan annually

The significance of Zakaat can be framed in the context of rising income & social inequalities since 1990s globally documented by Oxfam etc . French economist Thomas Piketty in his several books (Capitalism etc) & Joseph E Stiglitz economist-Nobel laureate have pleaded for a global tax of 1.5 to 2.% of wealth & progressive income tax rates on the rich . Zakaat takes care of poor & needy & reduces concentration of wealth . Incidentally , concentration of wealth due to income inequality is the main source of economic recession & depression .

One major prohibition of Islam is against usury , Apparently usury multiplies wealth . At the cost of poor & needy .Islam says usury puts a believer under a burden on his neck while charity cleans sins & wealth .

It is not surprising that a survey found that the most charity giving community in Great Britain was that of Muslims . In India also , results would be no different as one can gauge from the donation of 5000 kg of gold made by Mir Osman Ali Khan Nizam of Hyderabad to National Defence Fund of India for fighting against 1965 Pakistani attack . Recently , Mr Azim Premji head of Wipro donated more than Rs 1125 crores specifically to PMCare's fund to fight Covid -19 (in addition to Wipro's normal CSR activities)

Islam does not discourage creation of wealth , nor condemns rich persons , but places responsibility on the rich of sharing wealth & other bounties from god with others . It discourages hoarding of wealth . It expects believers to retain for themselves only that much which is needed by them for a comfortable living - neither less nor more than the need . Islamic principles are a sure

recipe for an equitable & empathic society . One extreme example is Prophet Mohammad advised that before one ate meals one should find out that among 40 immediate neighbours no one was left hungry .

Such Islamic edicts make lots of sense especially during economic recession as we witness presently. The surest way to meet economic recession due to Covid -19 or later is to ensure equitable distribution of wealth , increase purchasing power of poor , step up demand & accelerate cycle of production -employment- demand .

In India about 7,000 persons die of hunger each day (25 lakhs annually) . It is due to faulty government economic policies which allow extremes of wealth & poverty .Islam rejects such bad policies.

Islam is the most modern major religion in terms of chronology . It claims itself to be the last major religion . One can see it has many effective remedies for the crises of modern world including income inequality, concentration of wealth , economic recession & hunger . The time has come for the world to give a serious thought to taking leaf from Islamic principles of equity & justice

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