

Is There A Bahá'í Economic System?

12 March 2017

Web talk questions and answer period

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1. *Given that the future Bahá'í economics system guided by spiritual principles, does it develop first the adoption of spiritual principles?*

Yes, that's true, the adoption and implementation of spiritual principles are what we Bahá'ís are interested. We demonstrate the spiritual teachings by action within our own communities and infusing to the wider society. It is based on our belief that human beings are created noble and we can show our nobility in action. Universal House of Justice states: 'A foundational concept to explore in this context is the spiritual reality of man. In the Revelation of Baha'u'llah, the nobility inherent to every human being is unequivocally asserted; it is a fundamental tenet of Baha'i belief, upon which hope for the future of humankind is built.... Economic life is an arena for the expression of honesty, integrity, trustworthiness, generosity, and other qualities of the spirit.' (1 March 2017)

2. *Would you please talk a little bit more about progressive income tax?*

The Bahá'í Faith supports the notion of progressive income tax as a method of wealth redistribution and a way of reducing extremes of wealth and poverty in the wider society. Progressive tax is defined as 'A tax whose average rate with respect to income rises as income rises.' In other words, the tax rate increases with income; therefore the higher-income group pay a higher proportion of tax than the lower-income group. This kind of tax system offers one of the most straightforward ways of achieving equitable distribution of income and wealth by marginally redistributing income from top to bottom.

See: 'Abdu'l-Bahá. *Promulgation of Universal Peace*, p. 217.

3. *What is your perspective about universal currency?*

The success of a single currency, whether at regional level or at international level depends on whether it can promote economic justice in the world? It also depends as to whether in a Optimal Currency Area, it removes the advantages enjoyed by a few favoured countries, whose currency is seen as strong as or more secure than that of others, and stops the poor from being affected severely by the impact of currency fluctuations. In the long run, the adoption of a universal single currency depends on whether it offsets the harm that economic globalisation may cause at the local level, by putting everyone everywhere, on a more level economic playing field. Hence, this particular teaching may become controversial if it is not devised and implemented properly, and if it does not based on unity of nations and stimulate economic justice. It is important to consider the Bahá'í Faith as one package in its entirety rather than looking at each principle individually and in isolation.

4. *Would the Bahá'í Fund continued to be as a surest way to sacrifice as with Huquq?*

Bahá'í Fund and Huquq are two different things. Huqúqu'lláh, although a spiritual law, is subject to specific obligations and regulations. The law states

that 19% of the earnings of a Bahá'í over a certain limit, and after all expenses have been paid belongs to God and should be paid to the Head of the Faith, the Universal House of Justice. Although observing 'the Right of God' is limited to Bahá'ís, and entrusted to the Bahá'í institutions, it is ultimately used for the betterment of the whole society. Though Huqúq is a law but it should be paid with joy.

The concept of 'contribution' is introduced in the Bahá'í writings as a means of financing Bahá'í activities, and as an alternative way for channelling the redistribution of income and wealth, and to balance standards of living in a community. An important feature of the Bahá'í Fund is that the contribution is voluntary and there is a sacred obligation for every Bahá'í to consciously give to the Fund. The amount contributed, however, is immaterial, purely private and confidential and there should not be any kind of compulsion attached.

5. *Does the expansion of trade necessarily mean the physical trading of goods; the present system feels the real waste of resources?*

The current system of international trade is not in favour of farmers with small agricultural land. There are several middlemen, and each one claiming a part of the total profit and therefore adding to the final price. For example, farmers in some African and South American countries, the Cocoa bean farmers receiving only 10 cents for a box of coffee that we pay \$2 for that in store. Two Bahá'í principles of international currency and an international auxiliary language will remove some of the barriers in favour of small farming.

6. *Is the concept of 'Khums' in the Bahá'í Faith similar as in Islam?*

'Khums' and 'Zakát' are both among the obligatory principles of Islam that are considered as solutions to the financial problems in the Islamic society. Khums is paid on the surplus to annual expenses of a person, and one has to pay one-fifth of what has remained from his income after subtracting his own expenses on an exact date each year. I could not find anything about Khums in the Bahá'í Writings, but Bahá'u'lláh has accepted the Islamic law of Zakát as another source for wealth redistribution. The idea of Zakát is that 2.5% of wealth should be paid for helping the poor and needy.

But what is the application of the law of Zakát in the Bahá'í community? Currently, in the Bahá'í community the law of Zakát, and the principle of contribution to the Bahá'í Fund are merged until the Universal House of Justice in the future make alternate decision about its application.

7. *What your thoughts are about Thomas Picketty book?*

Picketty specializes in economic inequality, which is also a concern of the Central Figures of the Bahá'í Faith. In his book, *Capital in the Twenty first Century*, Picketty is talking about accumulation of wealth in the hands of few and its effect in relation to economic growth, and this is done based on information and data collected for over two hundred years. He also is proposing a progressive income tax at a global level as a means for a just redistribution of wealth and income. Someone with an interest in Bahá'í economics should read this book.

8. *Is there any quote about cooperative small businesses in spirit of Bahá'í teachings?*

Shoghi Effendi said: 'Regarding your questions concerning the Bahá'í attitude on various economic problems, such as the problem of ownership, control and distribution of capital, and of other means of production, the problems of trusts and monopolies, and such economic experiments as social cooperatives; the Teachings of Bahá'u'lláh and 'Abdu'l-Bahá do not provide specific and detailed solutions to all such economic questions which mostly pertain to the domain of technical economics, and as such do not concern directly the Cause.' (Shoghi Effendi, letter dated 10 June 1939)

9. *How the resource scarcity will be addressed in the Bahá'í economic system?*

In a number of ways:

- Through application of spiritual principles such as moderation, contentment, justice and fairness.
- Through increasing productivity such as universal and compulsory education, women empowerment
- Through creating a more peaceful society and not wasting resources
- Through a combination of agriculture, industry, innovation and technology,
- Through discovery of new resources. And more...

10. *How much profit should be distributed to employees, profit sharing?*

For a social enterprise to succeed it will need to have a system of incentives to reward desirable behaviour. One such system suggested in the Bahá'í writings is profit sharing. Profit sharing is also supported as an effective method for wealth redistribution. 'Abdu'l-Bahá states, 'Profit sharing is recommended as a solution to one form of economic problems.' (Shoghi Effendi. *Directives from the Guardian*, p. 19) Profit sharing refers to when a share of the net profit of the organisation is given to workers. This share would be separate from the normal wage employees receive. In most organisations that apply this technique, the amount shared is determined either by an established formula or entirely at the discretion of the management or owners, based on a set of objectives. The percentage of profit shared among the workers should be sufficient to reward them, otherwise it may not create adequate incentive.

11. *Will universal currency based on productivity or precious metal or fiat standards?*

Future experts will consider these details.

12. *To what degree you think taxation should be used to equalise extremes of wealth and poverty?*

The Bahá'í writings emphasise that accumulating wealth will be regulated and controlled by establishing laws. Through progressive income tax, help to the poor is ensured, and the more highly paid individuals will not accumulate excessive riches. Speaking on this subject, the vision of 'Abdu'l-Bahá for an ideal society in the future is that '... the laws of the community will be so framed and enacted that it will not be possible for a few to be millionaires and many destitute.' ('Abdu'l-Bahá. *Promulgation of Universal Peace*, p. 216) However, a

combination of government tax and spiritual principles (justice, honesty, compassion, truthfulness, generosity, unconditional love for humanity) lead to a more equitable distribution of income and wealth, and possibly a more balanced life style in society.

13. *Is there any particular aspect of Bahá'í economic system that stimulates especial passion to Mr. Badee?*

Spiritual teachings, and moderation in particular. We have enough knowledge and information about economics, what we are lacking is sharing global ethics. Our Writings are very rich in delivering spiritual principles.

14. *What path of study do you recommend for students who have passion for studying Bahá'í economics?*

Bahá'í teachings can be studied and classified based on:

- Microeconomics and Macroeconomics
- Spiritual, social, and economic teachings
- Direct and indirect teachings
- Or any other classification created by a student