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# Evolving toward a Bahá'í Economic System*

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**Abstract**
Brilliant ideals are fruitless if no effort is made to implement them, while actions can have no useful result unless guided by ideals. Thus a balance and an interplay between goals and actions are necessary. This article attempts to relate the principles and objectives (as we imperfectly understand them) of a "Bahá'í economic system" to current conditions and opportunities, and suggests a number of topics for further research.

**Résumé**
Les idéaux briliants sont inutiles s'ils ne sont pas exécutés, et l'action n'aboutira à aucun résultat utile si elle n'est pas guidée par les idéaux. Ainsi, il est indispensable d'acquérir on équilibre et un effet réciproque entre les buts et les actions. Cet article essaye d'établir un rapport entre les principes et les objectifs (comme nous ne les comprenons pas parfaitement) d'un «systême économique bahá'í» et les conditions et les possibilités actuelles, et suggère un certain nombre ne sujets pour une recherche complémentasire.

**Resumen**
Carecentes de esfuerzos para cumplir su ejecución, los modelos de perfección más espléndidos permanecerán infructuosos, mientras que las acciones no podrán tener resultado útil sin ci asesoramiento de tales ideales. Por lo tanto, es necesario un equilibrio e interacción entre metas y acciones. Este artículo procura relacionar los principios y objetivos (según nuestra comprensión imperfecta) de un "sistema bahá'í económico" a las condiciones y oportianidades del montento, y sugiere varios temas para mayor estudio.

It may be useful, first, to attempt to define the objectives and explore the concepts of methodology with which a Bahá'í might approach economic issues. This task is particularly difficult since even the term "economics" is not easily defined in a Bahá'í context. As usually understood, economics refers to the study of the creation and distribution of money, goods, and services, and of those laws and rules that govern such activity in modern societies. However, for a Bahá'í, the material and spiritual worlds are closely interlinked, and one cannot be understood without understanding the other. The material world for Bahá'ís is a metaphor for spiritual realities, and Bahá'ís strive to give spiritual meaning to their material acts. Most economists, however, restrict their studies to a conception of economics as a technical science divorced from other aspects of human aspiration and consider only marginal adjustments to existing economic systems. Fortunately, this pattern is beginning to change, as demonstrated, for example, in the rapid growth of the Society for Socio-Economics, whose members recognize that human beings are social, community-based creatures and not just selfish utility-maximizing machines. Until recently, those who had a vision of a different system have usually been labelled radicals, and their work tended to become highly politicized and imbued with concepts of class struggle and conflict. In countries where radical approaches were implemented, the vision soon deteriorated in the face of human frailties and bureaucratic inertia. The spectacular collapse of the former communist countries and their eagerness to adopt market-oriented systems has, at least temporarily, given the impression that the Western economic system works and is in some sense morally right. By contrast, a Bahá'í would assert that no economic system makes sense without a broader view of the spiritual nature of humankind and the motivation provided by religion and morality. Much of modern economics is like trying to tune the engine of a car, which in fact has no steering-wheel. Many useful concepts and statistical tools have been created by economists. No doubt these tools can be used for economic analysis from a Bahá'í perspective, but the tools cannot be allowed to dictate their uses. Thus, our first task is to define "Bahá'í" objectives—conscious that these objectives are likely to prove rather different from those, whether stated or unstated, of the economics profession.

Bahá'ís believe that the earth was endowed with resources for the benefit of all humankind and that national boundaries, languages, economic and legal systems are humanly constructed, not God given. As such, systems can and should be changed as needs and circumstances require. While most people view these vast social systems as virtually unchangeable, Bahá'ís must make a conscious effort to define objectives suitable to their vision of a new society and then create appropriate institutions, laws, and systems for the realization of those objectives. Economics, like law, is purely a matter of social contract; money has no value whatsoever other than the value agreed to by the members of the society. Indeed, most money in today's world exists only as magnetic fluxes in computer memories and ink marks in ledger books. If the existing system does not serve our purposes—for example, if it does not provide employment for people willing and eager to work—the system must be improved.

Farzam Arbab has pointed out that the essence of the current concern of Bahá'í communities and Bahá'í scholars must be to initiate a *process* by which a steadily improving economic system will evolve rather than to invent or design an economic system to be imposed full-blown on society ("Development"). Bahá'ís have no idea yet exactly what a "Bahá'í" system might be like, and indeed the principles in the Bahá'í writings are so general that one could easily conceive of different countries simultaneously implementing rather different systems suited to their varied cultures, all within the framework of the Bahá'í principles. For the foreseeable future, Bahá'ís need a continuous process of discussing and redefining objectives, and then refining and reorienting activities in the direction of those objectives.

This approach can be compared to the technology of space exploration. A spaceship directed at the moon would never reach the moon if it depended on perfect alignment with its target from the moment of launch. The reason our space vehicles have never missed the moon is that feedback guidance systems have been employed, involving frequent reevaluation of the trajectory and appropriate adjustments to the flightpath through the firing of small corrective rockets. With such a system, the space vehicle could even begin heading in an entirely wrong direction and still reach the target. The target can also be moving, and the spaceship will still reach it, although perhaps by an indirect path.[1] This is the process Bahá'ís must use. Bahá'ís must try to combine a clear, brilliant vision of the future, unshared by the vast majority of their professional colleagues, with a practical, incremental approach to their day-to-day work.

While the Bahá'í teachings give powerful and far-reaching principles for constructing a new global social and economic system, it will be up to economists and administrators inspired by these teachings to elaborate their practical application in functioning institutions. This process is clearly envisioned in a series of letters written to American Bahá'ís on behalf of Shoghi Effendi from 1933 to 1936, when the Depression was in full force and solutions to economic problems were being widely sought. The following are excerpts from some of these letters:

> As regards the activities of the economic committee of the National Assembly; Shoghi Effendi fully sympathizes with the desire of some of the members to see the committee find ways and means to put into practice the economic teachings of the Cause, as explained in some of the recorded writings and sayings of Bahá'u'lláh and the Master. But he believes that the time is not yet ripe for such activities. First we have to study the economic teachings in the light of modern problems more thoroughly so that we may advocate what the founders of the Faith say and not what we conjecture from their writings. There is a great difference between sounding a great general principle and finding its application to actual prevailing conditions.
>
> Secondly, the Cause is not financially in a position to launch itself in such undertakings at present. Such plans need great financial backing to be worked out in a permanent form. In time, Shoghi Effendi hopes all these things will come to pass. (Letter on behalf of Shoghi Effendi, dated 11 January 1933, quoted in *Bahá'í News* 73: 7)

> The primary consideration is the spirit that has to permeate our economic life and this will gradually crystallize itself into definite institutions and principles that will help to bring about the ideal condition foretold by Bahá'u'lláh. (Letter on behalf of Shoghi Effendi, dated 20 December 1931, quoted in *Bahá'í News* 90: 2)

> With regard to your wish for reorganizing your business along Bahá'í lines, Shoghi Effendi deeply appreciates the spirit that has permitted you to make such a suggestion. But he feels nevertheless that the time has not yet come for any believer to bring about such a fundamental change in the economic structure of our society, however restricted may be the field for such an experiment. The economic teachings of the Cause, though well known in their main outline, have not as yet been sufficiently elaborated and systematized to allow anyone to make an exact and thorough application of them even on a restricted scale. (Letter on behalf of Shoghi Effendi, dated 22 May 1935, quoted in *Bahá'í News* 102: 3)

> There are practically no technical teachings on economics in the Cause, such as banking, the price system, and others. The Cause is not an economic system, nor its founders be considered as having been *technical* economists. The contribution of the Faith to this subject is essentially indirect, as it consists of the application of spiritual principles to our present-day economic system. Bahá'u'lláh has given us a few basic principles which should guide future Bahá'í economists in establishing such institutions which will adjust the economic relationships of the world.... (Letter on behalf of Shoghi Effendi, dated 25 January 1936, quoted in *Bahá'í News* 103: 2)

The vision in these passages is one of an evolutionary process, not only in the understanding of a Bahá'í approach to economic problems but also in the development of spiritual attitudes in society that will make a Bahá'í economic system possible in the context of broader social development. In this process an important role is envisioned for Bahá'í economists, who must develop the appropriate systems and institutions. For Bahá'ís, divine revelation is a beginning, not an end; it inspires ongoing creative activity expressed in an "ever-advancing civilization" (Bahá'u'lláh, *Gleanings* 215) and gives rise to a flowering of new sciences and arts as basic spiritual principles are increasingly applied to human problems both large and small. The absence of technical teachings on economics in the Bahá'í writings also means that no individual Bahá'í can claim to have any authority in this field, a fact that encourages freedom of thought and expression as well as the development of a rich, varied set of approaches to complicated, multifaceted problems. Bahá'ís can thereby hope to avoid narrow orthodoxy, which has been a stifling influence on so many intellectual disciplines.

Finally, to conclude this overview, I believe the Bahá'í community has been overlooking an important opportunity to bring the Bahá'í Faith to the attention of thinking people around the globe because Bahá'ís tend to be relatively unaware of the teachings of their Faith on questions of social justice. These questions, in all their aspects, increasingly occupy the attention of the more dynamic elements of humankind, and the Bahá'í teachings offer a unique, challenging, and exciting approach that attracts considerable attention whenever it is presented. The issues selected by 'Abdu'l-Bahá for emphasis during his travels to the West in 1912 were challenging issues of the day, such as the equality of the sexes and races. These principles are now widely accepted, at least intellectually, and the forefront of debate has shifted to such questions as equitable economic distribution, prevention of war, and improvement of the justice system. Bahá'ís must inform themselves on the Bahá'í approach to these subjects and then utilize that understanding in presenting the Faith to the public.[2] Now, more than fifty years after the above passages were written, Bahá'ís must begin to experiment with applications of the teachings and to strengthen the intellectual groundwork for such experimentation. The rest of this article will be devoted to suggesting some areas in which further research and experimentation are urgently needed.

**Values and Decision Making**

Management experts have in recent years developed (based on such concepts as profitability, return on investment, and market shares) elaborate tools for decision making in business and economics. In addition to profit, size and growth are principal objectives because size brings power, and power is coveted. The methodology used rests on a foundation of accounting principles, and the resultant decisions are sensitive to and primarily determined by the price structure faced by the firm.

The tools for public decision-making, while basically similar, often attempt to add value elements not reflected in market prices or an analysis of profitability based on these prices. In rate-of-return calculations for public projects, actual prices are often modified to take account of market distortions or to incorporate social objectives such as employment or environmental protection. Unfortunately, social objectives are usually difficult to quantify, and the method of analysis is necessarily inexact. However, the results more nearly reflect overall social priorities than do strict financial calculations. Such broader objectives are rarely taken into account in the private sector.

For Bahá'ís, the fundamental value structure for decision making is dramatically different. A profitability criterion, although a practical necessity in the present system and not in itself undesirable, is by no means the ultimate objective, and a small rather than large size might actually be considered more favorable. Bahá'í objectives include self-fulfillment through service to humanity, the maintenance of moderation and balance (as, for example, between the material and spiritual rewards of life), the satisfaction of doing one's best and producing the highest quality work, and the reward of making a positive, lasting contribution to society. Unfortunately, decisions based upon existing prices using available analytical tools yield results that necessarily reflect the rather different value structure of society, and economic forces exert tremendous pressure for conformity to the generally accepted values. For example, I understand that a major chain of bookstores purchases books on the basis of the cover, title, and contents, in that order. In doing so, they are responding to financial realities. Profitability is served very often to the detriment

of higher values. To assist Bahá'ís in countering these pressures, a means must be developed for making sound, calculated decisions, factoring into the process the very different objectives of a Bahá'í.

Let me illustrate the magnitude of the problem with an example from my own experience. I was involved with a small publishing business that caters primarily to Bahá'ís. The ordinary criteria of success for a small business are its profitability and growth rate. An unprofitable business may be seen as a success if it is growing rapidly, since that growth gives promise of future profits. However, for me, the business could be considered successful with no profits and no growth if it published materials that inspired people to contribute to the building of a new civilization on earth and if my entrepreneurial activity provided meaningful, rewarding employment for myself and my staff. A hundred years from now, no one will care if my company made a large profit, but if it published music, talks, and literature that are remembered, the company will be remembered. The prospect of making such a contribution to society was much more important to me than profit.[3]

However, when it comes to actual decision-making, it is difficult to incorporate all these multiple objectives into a consistent, practical system, and tools for doing so on a scientific basis are lacking. In the absence of such tools, it is easy either to forget about one's higher objectives and to revert to the profit and growth motives of the surrounding society or to slip into abysmal management practices resulting in bankruptcy and failure. It is perhaps this latter outcome that Shoghi Effendi sought to warn against in his words of caution fifty years ago.

Comprehensive systems for decision making are needed not only for the small firm but also for the large enterprise with its even more challenging problems of personnel management and organizational structure. New approaches are also needed for the individual, who often has difficulty defining true personal objectives and then making systematic decisions regarding the allocation of time and money to reach these objectives.

**Worker–Management Relations**

In the context of worker–management relations, Bahá'ís take an unusual view of the desirable structure for enterprises. For Bahá'ís, the key is the recognition by all parties, whether management or labor, of their common interest. Such recognition results in a dedication to the common weal. 'Abdu'l-Bahá, in his talk to a group of labor and socialist leaders in Montréal on September 3, 1912, pointed out that "man cannot live singly and alone. He is in need of continuous cooperation and mutual help" (*Foundations* 38). 'Abdu'l-Bahá likened society to a family and said that the inequalities and injustices observable in the world were "because this family lacks the necessary reciprocity and symmetry" (*Foundations* 38). I find this analogy fascinating with the perspective of time, since the same problems that have beset industrial relations for decades are now tearing apart the Western family. Rather than focussing on the common benefits of cooperation and self-sacrifice, attention is now almost universally directed to the struggle against injustice, the demand for what is perceived as a fair share of benefits, and the adoption of confrontational tactics to achieve these ends. This essentially self-centered approach, which leads to the taking of rigid positions and the development of alienation, is not a formula for success in human relations, whether in the family or the firm. Only in a system perceived as adequately just, in which people can be flexible, understanding, and generous towards each other, can harmonious relations be developed.

Much work is needed in developing legal and financial structures for enterprises that can be viewed by the participants as adequately just. Recently, a new movement has been gaining momentum in Western countries to reform the traditional management structure to allow worker participation and even worker ownership. Space does not permit a discussion of these developments, but a considerable literature is being generated, including extensive case studies, which form a fertile ground for a Bahá'í wishing to study this subject.

**Work Environment and Lifestyle**

Another area in which there is both need and opportunity for Bahá'ís to be in the forefront of current developments is in the field that we may call the study of work environment and lifestyle. Issues related to the quality of work life are receiving increasing attention as the frustrated and overburdened people of rich countries seek greater meaning and fulfillment from their lives. However, an important element of perspective is generally lacking, and improvements are only incremental. Opportunities exist for innovative research and experimentation.

The new trends are clearly visible in the tendency of mobile, white-collar, high-technology industries to locate in places like southern New Hampshire and Boulder, Colorado, to meet their employees' demands for a more nonurban lifestyle. These trends represent the beginning of a reversal of past tendencies for companies to locate in cities because management preferred the urban environment and because of the prestige attached to urban addresses. To a limited extent, there has also been experimentation with flexible working hours, increased use of part-time employment, and wider utilization of electronic offices in the home. In the main, however, the workplace and the home remain entirely separate, in keeping with the modern propensity to compartmentalize. As a result, the home has suffered.

With the emphasis in the Bahá'í teachings on the spiritual rewards of work as service to others and on the importance of the family, it seems entirely possible that we can develop new work environments and social structures that place a greater emphasis on individual responsibility and give individual workers far more flexibility in organizing their time and place of work. For many modern jobs, it is no longer necessary to sit in an office for eight hours a day like a child in school. The advent of pagers, ubiquitous telephones, fax machines, modems, and computer systems capable of handling complicated scheduling problems makes it possible for employees to be available as necessary while enjoying a level of freedom previously unknown. Our institutions have not caught up with these technological advances.

It seems likely, as well, that the large size of organizations now dominating economic life in the industrialized countries is not the product of technical economic factors like economies of scale in manufacturing but is in fact the product of a legal system designed by the rich to favor their own interests. The patent laws are a case in point. These laws have been the foundation of many of the largest corporate empires. In a Bahá'í system, the legal structures might well be redesigned to favor the small enterprise as more conducive to the development of individual initiative and to job satisfaction. It is a healthy sign that younger Bahá'ís in many countries are starting small enterprises. These enterprises form a fertile field for experimentation in new business structures.

On a more fundamental level, the basic concepts underlying the modern workplace may need rethinking, and innovative work in this area might yield interesting results. For example, after working in an extremely modern office environment in Washington, DC, I worked in Haiti in what could only be described as the opposite of a modern environment. Ironically, the result was that I felt happier and found my job far more interesting and rewarding.

Because the telephones do not work very well in Haiti and confidential conversation cannot be assured due to frequently crossed lines, important business is always conducted face-to-face. Similarly, the lack of efficient typists and mail service means that far less is committed to paper. Thus, one finds a larger proportion of one's time, even in an office job, is spent dealing directly with people and in moving about the city for various appointments. The constant daily struggles with the telephone, electricity, finding needed items in the stores, and so forth, also present a certain challenge that yields a sense of satisfaction when the job is done. In more technologically advanced countries, the expectations are higher. If these expectations are not met, people often get upset and angry, and somehow the joy of accomplishment is lost. Port-au-Prince itself is also far more interesting than Washington; since the people cannot afford cars, they are all out in the street, filling the city with life, color, and bustle.

I am not proposing that the rich countries try to become "underdeveloped" again, but I cannot help but think that we have lost at least as much as we have gained on the path to greater riches and that now we are imprisoned by our machines, as Lewis Mumford warned decades ago.[4] With a vision and a will, however, we should be able to take control of our lives, social systems, and machines, redesigning them so that our human and spiritual as well as material needs are addressed.

**Village Storehouse**

Let us now turn to a rather different type of problem, vitally important to the majority of humankind: the prosperity of villagers. Much of humankind and the majority of Bahá'ís live in villages.[5] While this subject may seem remote to readers from industrial countries, it is of high priority in terms of the overwhelming number of people involved. A large part of 'Abdu'l-Bahá's speech in Montréal was devoted to an example of cooperative endeavor at the village level: the village storehouse, His proposal involves what is now called self-help, with revenues or contributions to the storehouse coming from local sources and with the expenditures or distributions from the storehouse being made according to need. 'Abdu'l-Bahá explicitly states that the system will contribute to human dignity and independence from exploitation: "... each individual ... will live most comfortably and happily under obligation to no one" (*Foundations* 41).

Contrast this ideal to the present system in many villages around the world, based on a local money-lender or landlord who siphons off a large portion of village production for personal gain, keeping customers or tenants in a perpetual state of subjugation. Many agrarian reforms, in which the land is legally turned over to the peasants, have failed because the peasants sell the land back to the same previous owners. These local powerbrokers have the financial resources to assume the risk inherent in farming and often also control the marketing system for farm products and the supply of necessary inputs. A cooperative system whereby a village institution controlled by the farmers for their own benefit could accumulate enough resources to meet the credit needs of its members, provide for relief in times of disaster or misfortune, assist in marketing outputs and supplying inputs, and break the age-old system of exploitation at the local level. Such a system would have important implications for broad social development and would also capture profits that previously accrued elsewhere for reinvestment in the village. This subject needs careful study of work already done by others, reflection on the application of Bahá'í principles, and

then well-designed experimentation. In such endeavors, Bahá'ís have a distinct advantage in having access to a network of tens of thousands of Bahá'í Spiritual Assemblies and groups in villages around the world already engaged in a process of community development and institution building.

**World Order**

Next, let us turn to what is rapidly emerging as the leading social issue of concern to humankind: the question of how to organize the laws and institutions of the world to promote global prosperity and security. In this field the Bahá'í teachings are rich with guiding principles that have profound and far-reaching implications. However, these implications need to be worked out and then embodied in concrete proposals for new institutions and structures to order human affairs.

An example is the reference in the Bahá'í writings that the world should enjoy a single currency, a uniform system of weights and measures, an international auxiliary language, and freedom from trade barriers (Shoghi Effendi, *World Order* 41, 203–4). I might also add the usefulness of a single commercial code, providing for enforceability of contracts worldwide and uniform provisions for standards of business conduct. These principles imply the existence of a world central bank, a high degree of coordination in national economic policies, and, indeed, a full-blown world government with certain powers of resource redistribution to ensure that the economically weak are developed to the point of full competitiveness.

Not only must Bahá'ís think about organization on a global level but they must also increasingly concern themselves with the practical issues facing national governments. Before long, they will be asked for opinions on all these issues and may even have direct responsibility when Bahá'ís become a majority in some country. These practical issues of administration (which should not be confused with the type of partisan politics Bahá'ís are admonished to avoid) include such questions as how to deal with poverty, orphans, the infirm, and the aged; how to educate the young; how to administer criminal and civil justice; the proper scope of government; and of course all the usual economic issues such as fiscal and monetary policy, job creation, and spending priorities.

As forecast by 'Abdu'l-Bahá early in the century, the "movement of the left" gained great importance and had a substantial following, particularly among the youth of the world. With the collapse of communism, most of the world is now eagerly pursuing the materialistic aims of Western capitalism. However, undoubtedly before long the inherent flaws of this system will also become more apparent. The Bahá'í teachings are in many ways revolutionary, and they provide an alternative to both communism and capitalism. The general principles enunciated in the Bahá'í teachings must be elaborated and applied to current problems. In this process the entire Bahá'í perspective on life, not just the teachings on economics, come into play. Let us review five general subjects as examples that relate directly to the debate between capitalists and socialists and which demand a great deal of further elaboration by Bahá'í economists and thinkers.

**Distribution of Wealth**

First is the problem of the distribution of wealth and economic power and the design of institutions to channel wealth. One of the primary, and well-founded, socialist criticisms of the capitalist system is its tolerance of inordinate accumulation of wealth. Even in industrialized Western economies in which the equalization of income is far advanced and many aspects of socialism are widely adopted, figures on the concentration of wealth show that a small percentage of the population still holds most of the wealth. With wealth, of course, goes economic power. If Howard Hughes did not like the service in a hotel, he could simply buy it. The financial markets and the tremendous gains to be made in speculative investments ensure that large fortunes continue to grow.

In a Bahá'í system, extremes of wealth and poverty are to be equalized. This principle implies a restructuring of the pattern of wealth distribution, with profound implications for the economic structure. In contrast to capitalism, in which wealth tends to concentrate in a few hands, and socialism, in which wealth is largely controlled by the State, a Bahá'í system would more evenly distribute wealth among private individuals. This system, in turn, would presumably encourage the rise of small enterprises, as more entrepreneurs would have access to modest capital. Furthermore, the prohibition in the Bahá'í writings against gambling would most likely lead to various tax or legal measures in a Bahá'í system to discourage investment of resources in purely speculative ventures from which vast profits are now being made by those rich enough to afford them. Such provisions not only would give the less wealthy individual a more equal chance in the economic system but also would improve the efficiency of the system by reducing the relative value of scarce factors such as land and by increasing the relative rewards for productive investments. At the base of these issues is the question of social justice, which in a Bahá'í system would have the highest priority and which should, in turn, lead to higher levels of economic well-being.

**The Role of Governments**

Another central issue is the desirable size and role of the government in an otherwise market-oriented system. Bahá'ís are encouraged to find ways of being of service to humanity. This service motive would presumably lead, in a society with a large number of Bahá'ís, to the founding of many private institutions devoted to the kind of social and community work now generally in the public domain. Thus, these functions of government could be considerably reduced. Public resources devoted to defence and to law and order would also decrease dramatically as the need for such expenditures declined. However, in a Bahá'í system it might well be that the government would need to regulate the market system to some extent to ensure the rights of the small producer, while avoiding the kind of stifling overregulation that now strongly favors large producers who have adequate resources to cope with the paperwork. For example, the government might be called on to give backing to credit institutions, which would not only finance small undertakings but also provide expert advice. The government could also operate a vast information system and enforce certain uniform standards for advertising so that the small producer with a good product could have at least some chance in the market alongside the large producer with an enormous advertising budget. In short, government should encourage rather than strangulate; whereas, unfortunately, strangulation seems to be the general result of today's economic systems.

**Physical Goods versus Social Services**

Third, there is currently a serious imbalance in the world's economic system in favor of the production of physical goods. During the past century, dramatic technological advances in our ability to manipulate materials have led to many revolutions in manufacturing capabilities and to our ability to make clever, useful devices of all kinds. Relative prices have changed so drastically that the average person in an advanced country today enjoys luxuries of car transport that could not even be imagined by the greatest king of the last century. Even peasants in the poorest countries pick music out of the air on their radios—music more sophisticated than the finest court performances of a hundred years ago. Against the background of these revolutionary changes, however, our social institutions, such as the judicial, governmental, and educational, have hardly changed.

In essence, this completely lopsided development has been the product of a system that provides a profit incentive for the technical innovator, who can patent and sell his work; while in the social fields there is no agreed standard for progress, no easy way to achieve recognition, and no prospect of material gain. The price system has functioned admirably in one sphere of human life and failed completely in the other.[6] In a Bahá'í system, this imbalance would need to be redressed. We need institutions that would support and encourage all kinds of creative endeavor and social works, giving recognition and material reward to the best contributions.

As the material needs of humankind are increasingly met, ways need to be found to provide a place within the economic system for other kinds of useful services. Indeed, no one should go unemployed, since there will always be useful things to be done. The question is one of providing the education and organization to help every individual find his or her productive contribution. Such a shift toward the production of services may over the long term also be the key to environmental problems. The task is not easy, as witnessed by the failure of present Western systems, but the need is urgent.

**Public Revenue**

Fourth is a rather more technical economic subject: the desirable means of raising public revenues without distorting production incentives. Modern governments typically control between 15 and 40 percent of all resources of their countries, and the resulting heavy tax burden seriously undermines individual incentive. While the elimination of defense requirements in a better-organized world will greatly reduce the public demand on available resources and while other dramatic efficiencies could no doubt also be realized in public administration, better methods of raising revenues need to be found, One possibility is for taxes to be concentrated in those areas where there is a clear social reason for the tax in addition to the revenue considerations, such as taxes on non-renewable resources to discourage their overuse or taxes on polluting activities to protect the environment. If these revenues are not sufficient, perhaps the State could keep for itself certain profitable sectors of economic activity, particularly large-scale industries, and the profits from these industries could finance the public treasury. To encourage efficiency, these industries could be run in competition with private firms or could be managed contractually by private-sector management teams. Ideally, a revenue system could be evolved in which there would be very few individual taxes, greatly simplifying administration and reducing the distorting effects on the system.

**Economic Development**

Finally, the whole field of economic development needs to be rethought from a Bahá'í perspective, and new models for economic and social development need to be devised. At present, most of the poorer countries of the world are led by elites who aspire to the lifestyle and example of the richer countries. Development thinking, both in the richer and poorer countries, is in terms of sharing the resources and advantages of the richer countries with the poorer ones, i.e., a one-way flow.

Based on my experience living in the poorest country in the Western Hemisphere and in an impoverished African country, I believe the time has come to recognize that the rich countries have much to learn from the poorer ones and that the flow must be two-way, an interchange. The desirable lifestyle and social organization of the future are clearly not those now enjoyed in the rich countries, and it may well be the currently poorer countries that move ahead faster in the development of new approaches. Within the worldwide Bahá'í community, we are already beginning to discover the great power of mutual respect and an open spirit of interchange. This spirit needs to be increasingly reflected in innovative approaches to social problems.

At the heart of development lies not a question of physical resources but a question of the knowledge of culture and the definition of appropriate goals. If, tomorrow, the countries of the world decide on an effective mutual security pact, as suggested by Bahá'u'lláh, immediately a "peace dividend" of hundreds of billions of dollars would become available. These resources would, of course, need to be redirected elsewhere to maintain employment, and a logical replacement would be a war on poverty and inequality in the world. But how would we spend hundreds of billions of dollars for these ends, compared with only billions today? Would hundreds of thousands of Chinese be invited to study at Western universities where they would understand nothing because of the language barrier? Would hundreds of thousands of Americans be exported all over the world, complete with their hamburgers, movies, Coca-Cola, and other accoutrements of the American lifestyle to "help" the poor countries "develop"? Could high-technology airplanes, cars, factories, and communication networks simply be dropped on developing countries by the generous donors? We already have cases in modern times, such as that of Iran, where such an approach to development has been tried and has failed. Thus, we see that the underlying problem is one of cultural differences and a lack of defined objectives.

In essence, development is human, not material. We thus need to engage in a process of identifying the immediate needs and wants of the people of the world, both rich and poor, and then designing development efforts responsive to those needs. This process must involve institutions and participation at the local level, and indeed most of the initiative should come from that level. It cannot simply be a "top-down" process by which donors unwittingly (or, perhaps, intentionally) impose their values and prejudices on the recipients. Bahá'ís have a major advantage in this field in having within their religion strong encouragement of intercultural interchange and understanding, and a vast corps of thousands of "pioneers"—Bahá'ís who have voluntarily moved from one country to another to help promote their Faith—who have learned the language and culture of their adoptive land. Bahá'ís also have begun to organize development projects based on the principle of local initiative. They thus have an excellent human resource base and a promising beginning, but the challenging work still lies ahead.

**Conclusion**

In the preceding paragraphs we have seen that, although the Bahá'í writings present a number of bold and far-reaching principles on the basis of which our economic as well as spiritual life will eventually be revolutionized. The practical application of these broad ideals must be worked out over a period of time by economists and other thinkers inspired by Bahá'u'lláh's teachings. The immediate need is not the formulation of a new economic system in all its details, but the initiation of a process of experimentation and continual reevaluation through which a new economic system will gradually evolve.

In an effort to stimulate and encourage this developmental process, a number of specific issues and topics of current concern have been briefly reviewed in this article, and their relationship to the Bahá'í teachings has been discussed. One of the major conclusions to be drawn from this cursory review is that we have only just begun the struggle to understand more clearly the implications of Bahá'u'lláh's Revelation. However, the reverse side of the same coin is that exciting opportunities are open to scholars and researchers interested in the application of Bahá'í concepts to economic issues. Indeed, early contributions in this field can, no doubt, play a central role in the most important tasks facing humanity: the building of a new global civilization leading to a golden era of peace and prosperity in which the human spirit, freed from the restrictions imposed by a devotion to material needs, will flourish and blossom, heralding a new chapter in human progress.

## Notes

1. I am indebted to Dr. Dwight Allen for this analogy.

2. For a general discussion of the Bahá'í teachings on economics, the reader may wish to consult John Huddleston, "Towards a World Economy" and "The Economy of a World Commonwealth"; and Gregory Dahl, "Economics and the Bahá'í Teachings: An Overview."
3. For an entertaining treatment of this subject, see E. F. Schumacher, *Good Work*.
4. See especially *Technics and Civilization* and *The Myth of the Machine*.
5. World Bank**,** *World Development Report 1990*, 238–39. Table 31 gives the nonurban population of the world in 1988 as 47.3% (down from 59%, cited in *World Development Report 1983*) of the total world population. "Nonurban" is not clearly defined since the global figures are a composite of national figures for which definitions vary.
6. I am indebted to Professor Richard R. Nelson of Columbia University for many of the ideas in this section.

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