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Economics: A Brief History, Its Problems and Practical Suggestions

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By Badi Shams

The economic field can be very confusing for the common man and the expert alike. There are many approaches to examining economics and its workings. As Baha'is we believe that a lack of spirituality has led to rampant greed and selfishness, creating poverty and misery for millions of people. Spirituality is the key to healing the root cause of the problems rather than attempting to manage the symptoms. Based on the Baha'i Teachings, this material aims to provide some insight and suggestions for taking steps to lay the foundation for a better economic future.

Our economic system is failing. It cannot meet the needs of humanity. The evidence is that the gap between the rich and the poor is getting wider and that has led to the suffering of masses of humanity. The solutions that can change this situation have been denied. It is time to re-examine the fundamental assumptions that this system was built on and replace them with spiritual ones. We need to build an economic system to help mankind to achieve its goal of an ever-advancing civilization, a world where there is no economic injustice and people have all the necessities of life so that they can live peaceful and fulfilling lives. A shift in thinking is needed. We have the solutions to build a new system; all we need is the will. Everyone has the power to contribute.

HISTORY AND PROBLEMS

Before presenting some suggestions for its remedy, it is useful to understand the history of the present economic system and its basic assumptions that are responsible for the present problems. This is a brief overview purposely stated in simple language that does not require the knowledge of economics to be understood.

Economic activities have been part of man's life and the barter economy has been with him since the Stone Age. To survive he had to barter goods for goods. After the period of hunting and gathering came centuries of an agriculture economy in which the means of exchange included coins, pieces of gold or silver, bones, feathers and other items until the use of paper currency was introduced. The agriculture economy was very simple and limited in its activity. Nothing of significance changed until the invention of the steam engine in 1712. This led to the revolution of industries and mass production, which brought the need for imports and exports to feed the ever-expanding economy. Roads and railways had to be constructed. At the same time, a banking system was needed to handle all these new economic activities. Thus began our modern economic system.

Adam Smith (1723-1790), who is considered the father of modern economics, made assumptions and, based on his observations, built his economic system. One of the assumptions he made was that man always acts in his own interests and wants to maximize his satisfaction, so he believed that self-interest in free-market economies leads to economic prosperity.

The other assumptions which he mentioned in his famous book, "Wealth of Nations", included the use of the term "invisible hand" a metaphor to describe the self-regulation of the market. He also advocated "laissez-faire". This meant that government should not interfere and markets should be left alone to take care of any problems. He expounded upon how rational self-interest and competition can lead to economic prosperity.

These two fundamental principles of the economic system introduced by Adam Smith were adopted by other economists. The principle of maximizing satisfaction created a sense of individualism which was praised and was the source of inspiration for many. But this trend of thought created a breeding ground for greed and exploitation. This resulted in society ignoring the plight of the poor and needy. The spirit of giving and sharing became obsolete. And gradually the gap between the rich and poor grew greater. To this day when people give their wealth to charity, many question why. Accumulating wealth was and still is considered the highest achievement in a person's life. Becoming rich became the goal of every man and the cost of achieving this goal was not questioned.

For study purposes economics can be divided into many categories. Most economists regarded economics as a branch of social sciences and formulated many mathematical formulas to create a more efficient economic system. Man's role was reduced to being one of the factors of production: labor. Economic systems concerned themselves with providing man with more material goods. Economists devoted their time to keeping up with the changes in society and helping us to make sense of the material side of life. They made an impact and contributed to the improvement of the economic system.

But there was no room for the moral and spiritual aspects of man's life in the system. Money cannot and should not be the only means of measuring our life's achievements. Unfortunately, the system does not recognize that man's spiritual aspirations need to be the goal for an economic system, a system that provides him with tools so that he can work towards his spiritual destiny and spiritual goals. Since the true purpose of economics was not considered, it is no surprise that it has led to so many crises.

There were however a few economists who did see the cracks in economic assumptions and they raised the alarm. They suggested a Moral Economics. They believed that economic theory does not address areas such as family, health, love, culture, spirituality and environment that make life meaningful and rich. They felt that economic policy should include not only goods that can be exchanged for money but also values that have no price tag on them. One of these economists, Eugen Loeb, in his book "Humanomics: How We Can Make the Economy Serve Us-Not Destroy Us" declared:

In my view . . . economics is responsible for our deepening crisis. I am convinced that we will not be able to solve our basic problems unless we build a science of economy which enables us to navigate our 'spaceship earth' toward humane ends; a 'humanomics.'

Conventional economics has become, despite its remarkable degree of sophistication, not only a useless tool, but a dangerous one. Its deceptive application has created a crisis which threatens the very foundations of our civilization. (Eugen Loeb, Humanomics, 1)

We live in a very confusing time, particularly after the economic market crash of 2008, which almost destroyed the whole economic system and forced governments to take desperate measures to save the system and avoid universal chaos. The crash was caused by unchecked greed, which led to a destructiveness that only a lack of morality can create. Many think that terrorism, conflicts and other forms of violence are due to differences in religion or ideologies. But if we dig deeper we may find that the underlying factor in many cases is a deep sense of resentment from the "have nots" toward the "haves".

Poverty and powerlessness create resentment since every human being feels entitled to a bare minimum means of existence. With their deep resentment, terrorists find a cause in religion and various ideologies to justify their actions. But the Baha'i Writings explain that the whole question of economics is divine or spiritual in nature and that is a better foundation than selfishness or greediness. With this approach, man has a divine destiny and is not ruled just by man-made laws and regulations. It is fundamentally different because the Baha'i economic system is based on man's heart; it is founded solidly on the human spirit.

Abdu'l-Bahá explains the nature of economics, and the remedy for its problems:

The secrets of the whole economic question are Divine in nature, and are concerned with the world of the heart and spirit. In the Baha'i Teachings this is most completely explained, and without the consideration of the Baha'i Teachings, it is impossible to bring about a better state. (Abdu'l-Bahá, The Baha'i World, Volume 1V, 448)

Shoghi Effendi shed more light on this:

...By the statement 'the economic solution is Divine in nature' is meant that religion alone can, in the last resort, bring in man's nature such a fundamental change as to enable him to adjust the economic relationships of society. It is only in this way that man can control the economic forces that threaten to disrupt the foundations of his existence, and thus assert his mastery over the forces of nature. (Shoghi Effendi, Lights of Guidance, 551)

The Baha'i Economic System will occur when the transformation of man and society has been accomplished and with it man's awareness of his spiritual station and his destiny. He will have subordinated his animal nature and will therefore behave less selfishly. At this time it is almost impossible to imagine a society which has spiritually grown to that extent. But by introducing more of the spiritual qualities into our lives we are laying the foundation for such a society and such an economic system. Some of our goals may seem idealistic but that is exactly what we are, idealists. We are dreaming of a better world and are ready to take steps toward establishing Bahá'u'lláh's World Commonwealth. No great achievement can take place without a goal or dream. Without such dreams the ever-advancing civilization would not have progressed from the Stone Age to where we are now.

Since we do not have the Bahá'i economic system in place as yet, we may think that we cannot do anything to bring it about and we must wait for its arrival. But that is not really true. There is so much we can do as individuals in our communities that is economic in nature and we can do it with the realization that we are participating in a new form of economic activity. Our participation will set the example for the role of spirituality in solving the economic problems of the world and at the same time prepare the ground for the time when the World Commonwealth will come into being.

The Universal House of Justice reminds us that the time has come to pay greater attention to the economic side of our lives and take steps to improve the economic prosperity of the world:

Although Baha'u'llah does not set out in His Revelation a detailed economic system, a constant theme throughout the entire corpus of His teachings is the reorganization of human society. Consideration of this theme inevitably gives rise to questions of economics. Of course, the future order conceived by Baha'u'llah is far beyond anything that can be imagined by the present generation. Nevertheless, its eventual emergence will depend on strenuous effort by His followers to put His teachings into effect today. With this in mind, we hope that the comments below will stimulate thoughtful, ongoing reflection by the friends. The aim is to learn about how to participate in the material affairs of society in a way that is consistent with the divine precepts and how, in practical terms, collective prosperity can be advanced through justice and generosity, collaboration and mutual assistance. (The Universal House of Justice, [1 March, 2017](#))

To complete this task it is helpful to imagine yourself in the future using the power of your imagination. When you are able to do that, to grasp the beauty of peace, love and harmony and to see how the sufferings and misery have been removed and man no longer has to fight to survive in his economic life, then you will bring yourself back to the present and hopefully you will start making small changes in your economic activities that will lead to the fundamental changes in society and that will lay the foundation for a new and wonderful economic behavior based on spirituality and not greed.

Abdu'l-Bahá often talked about very complex subjects but He made them simple and easy to understand and my personal belief is that economics doesn't have to be daunting or confusing, especially when it comes to action. The following suggestions are intended to be clear and straightforward in order to encourage you to participate in economic actions with increased awareness. They are meant for everyone, whether or not you are knowledgeable about economics. Hopefully, these suggestions, based on the Baha'i Writings, will empower you to act and make a fundamental change in your character and your everyday economic actions. You may then realize what an amazing power we have as individuals to transform society in every way, including economic ways:

1. Focus on the important questions of life. After answering the questions "Who am I" and "What is the purpose of my life", the equally important question of "[How much is enough?](#)" should be answered. One of the biggest problems everyone faces is that we do not get a chance to understand who we are and what constitutes the purpose of our lives. Also we are so busy that we do not ask how much money is enough. How much do we need to live a fruitful life? Practice contentment. Life distracts us from asking ourselves these fundamental questions. Answering these questions can guide us to meet the tests and difficulties in life.
2. [Live a simple life](#), a life like Abdu'l-Bahá. Living a simple life brings peace of mind and removes some of the distractions of our life journey. There are many studies that indicate that simplicity reduces stress in life and creates a sense of freedom from the burden of material possessions. It is a decision made by many who have become tired of our consumer world.
3. [Change your mind set](#). You need to believe that you are essentially a spiritual being and that you have a spiritual purpose in your life. You need to realize your spiritual destiny and act accordingly. This mind set will help you to have a healthy approach to your material life. Every change begins first in your mind.
4. Pay a fair price. If you feel that the price is too low, pay more than the asking price. The Báb practiced this when He worked as a merchant. One of the nicest things related to economic activities is the commitment of fair-minded people to disregard existing prices and pay more because they believe their estimate of the price to be fair.
5. Share the profits with employees. Abdu'l-Bahá taught us how important it is for the workers to have a share of the profits. Besides profit-sharing, there are many ways to help. Get medical coverage for employees. Support the emotional and physical wellbeing of employees. Taking care of workers is a privilege and an opportunity to be of service to people. Looking for such opportunities is a rewarding act.
6. Pay fair wages, not based on what society dictates. The Baha'i Writings provide guidance in terms of fairness of wages rather than following the minimum wage guidelines. We can pay more if we think that is fair.
7. Be honest in your dealings. Present an item for sale with all the facts. In our society, we tend to misrepresent a product or share only enough information to present it in the best possible light. Truthfulness is the foundation of all the virtues. When selling your car, house or other possessions, clearly describe the real condition, mentioning the negative points as well as the positive points.
8. Provide the best quality of service or the best product possible and do so in a spirit of service. We are privileged to have the assurance that by doing our job well we have actually demonstrated an act of

worship. Make customer satisfaction a goal. There is more to our jobs than just earning money. How satisfying it is to know that the customer is happy and we have played a part in it. Being proud of our work is a blessing millions do not have. They make money but are not happy and satisfied inside.

9. Look for opportunities to extend to co-workers and co-operate in the workplace. Most workplaces are very isolating and individuals work by themselves. To reach out and extend help and to treat each other fairly creates a wonderful spirit and working environment. Extend help to others, even your competitors. Be a cause of unity by seeing them as you would see your own employees or colleagues and doing as much as you can to help them.

10. Be content with a reasonable margin of profit. There is no end to greed in our society so being satisfied with earning a certain profit will create a sense of contentment and provide an example to others. This is an extension of how much is enough. There is nothing wrong with being satisfied and content with a set amount of profit.

11. Update yourself with the latest information to provide a better service and to be a leader in your field and be punctual. Being on time at work increases the efficiency of the system and demonstrates respect for others. If time is money, then one should not waste it.

12. Remember that your actions are the best manifestation of your beliefs and be conscious of them. The cliché is true that actions speak louder than words. We should be an example for others since we are the ones to lead society towards an ever-advancing civilization.

13. If you are lending money, ask for a reasonable interest rate and not the maximum rate. Baha'u'llah has advised us that the rate of interest needs to be fair and reasonable. Banks should not be the only ones setting interest rates.

14. [Resist the consumer mentality](#) which exists in our society. Fighting this tendency is very important for our economic life and our spiritual development. [Consumerism has become a disease](#) that is spreading fast and its forces are paralyzing the progress of our souls.

15. Be knowledgeable about advertising. Advertisements conceal the information we need to buy a product and they make false claims, using psychological methods, in order to make a sale. Advertising is present in all areas of our economic life. Selling has become very sophisticated and one has to be very savvy to navigate through all the false claims of advertising and read between the lines.

16. Spiritually justify every expense. With so much poverty in the world today, we have to answer to our conscience for any unnecessary spending. We have been advised to be frugal in our spending. It is very useful to have that "policeman" inside us to check our spending.

17. Avoid wastage in the workplace and suggest ways to cut down on waste. This also counteracts the depletion of our resources.

18. Protect the environment in your business and personal life. We owe it to future generations to protect the environment. What a sad situation it would be if mankind grows spiritually in the future but the damage is done and our environment is destroyed.

19. Increase your economic and business knowledge. The more we know about how economics works, the better we will be able to forecast the future.

20. Volunteer in your community whenever possible with [the spirit of service](#), following Abdu'l-Bahá's example. He served mankind all of His life.

21. Give to the Bahá'í Fund and also support worthy charitable organizations. Every act of giving is a small step toward reducing the gap between rich and poor.
22. Have or adopt a financial goal in life. As we have teaching plans in the Faith and other goals and plans in our life, it is important to have an [individual financial plan](#). Goals encourage discipline. This is very important. It is almost impossible to have a comfortable financial life without planning.
23. [Avoid debt](#) as much as possible since too many financial burdens damage the quality of our spiritual and human life. Investigate the rate of interest on mortgages, loans and credit to reduce cost. Volumes can be written about this subject. Debts are one of the most destructive factors to quality of life that should be avoided.
24. Create a habit of saving. Life is full of uncertainty and change and having some money for a rainy day creates peace of mind. Saving should be part of our financial goals. It is a wonderful habit to have. It is not easy to save with the pressure of our consumer mentality today but nevertheless it is very important.
25. Spread the word about honest and fair businesses and professionals. It is like giving them free advertising. They need all the help they can get. It is very empowering for them and for us when we can help them.
26. Don't buy the latest models if the old ones are in working order and provide the same service. Having the latest of everything creates an unnecessary economic burden for an individual which in turn decreases the quality of life. Be practical about material possessions and avoid buying the new and improved version even though everyone is doing it.
27. Avoid keeping up with the Joneses. That is the worst kind of spending. It is also a sign of spiritual and emotional immaturity. And we see it happen every day. It is really sad that people want the approval of others, while their spiritual destiny is in jeopardy.
28. Support the concept of one world currency. If we have fewer currencies to exchange, life becomes much easier and this is a good step in the right direction towards world unity.
29. Don't follow society's shortcuts with regards to taxation. There are claims made which can perhaps be legally justified but are morally wrong.
30. Make honest insurance claims. We have all faced the dilemma of what to claim when an accident happens, what is legal and what is moral. Not every legal claim is necessarily moral.
31. Make fair expense claims at work. It has become a common practice to claim the maximum amount even if it is not used but we have the duty to be honest about them.
32. Do not abuse sick leave. It is not necessary to use the maximum number of days of sick leave allotted to you if you are not sick.
33. Return to the store when you realize you have been undercharged or receive too much change for your purchase. This is practicing the virtue of honesty. Watch the face of the cashier when you do this. He or she is probably wondering, "Who are these people?" The answer is that we are the people from the future, where honesty is the norm.
34. Resist society's corrupt practices of bribery and cheating. In some places in the world, giving bribes is a way of life and that is a test and an opportunity to avoid this illegal and immoral practice.

35. Regard service first and profit second. This seems idealistic in society but for Bahá'ís it is considered a way of life. And in the long run, it is the best advertisement one can buy for free.

36. Participate in [social and economic projects](#). We can help to change the world for the better by getting involved in these projects. And they are a valuable way of learning and contributing. With more experience in social activities we will be able to make a greater contribution in the future.

37. Do not support the idea of the end justifying the means when it comes to promotion at work or getting a contract or applying for a job. Our goal is to grow spiritually and these practices do not help us to grow. That is the worst kind of numbing our conscience.

38. Be honest in a job interview. Society has adopted the practice of magnifying the positive and minimizing or omitting the negative but in reality it is a form of lying. It will feel strange to us and to the interviewer but we have to start being totally honest.

39. Be truthful in filling out forms or tenders. Exaggerating the numbers has become a way of life but it is not the Bahá'í way of life. It is a very hard thing to do when competing but we can have the satisfaction that Baha'u'llah is happy with us.

40. Do not sacrifice your values in order to get a promotion or contract even though there is nothing wrong with being ambitious and wanting to progress through the ranks. Some would do anything to get a promotion but we cannot follow that practice. We have to think about promoting our soul to a higher level of spirituality.

41. Use good quality material in production. Do not use harmful ingredients. Educate yourself about the ingredients so no harm comes as a result.

42. [Protect the poor](#) and underprivileged section of our society in any way you can. It is [our spiritual duty and privilege](#). They have been [entrusted to our care](#) by Baha'u'llah.

43. Give your Huqúqu'lláh (the [Right of God](#)), understanding fully that this gift is a privilege and is not a tax. Give with a sense of sharing rather than a sense of loss. This is your opportunity to practice generosity. Giving is the best practical step for bridging the gap between the rich and poor.

44. Create a consciousness that your welfare, wellbeing and happiness depend on the welfare, wellbeing and happiness of every poor, needy and underprivileged person in the world; that the real meaning of the oneness of mankind will come into being when we see others as members of our family:

Ye are the fruits of one tree, and the leaves of one branch. Deal ye one with another with the utmost love and harmony, with friendliness and fellowship. (Bahá'u'lláh, Gleanings from the Writings of Bahá'u'lláh, 288)

45. Remind yourself that money is a tool and not the goal of your life. The biggest mistake that most people make is that they forget that [we have not been created to make money](#). That should not be our life's goal. Money should be seen as an effective tool to serve mankind and to improve the spiritual and economic life of ourselves and others. [This is the key that can make a person happy or sad](#) at the end of our physical lives. Since we cannot take it with us, why not spend it for the good of mankind.

46. Spend an equal amount of energy in becoming detached from material possessions as you spend getting them, recognizing that they are a test and remembering what Baha'u'llah said:

Thou dost wish for gold and I desire thy freedom from it. Thou thinkest thyself rich in its possession, and I recognize thy wealth in thy sanctity therefrom. By My life! This is My Knowledge, and that that is thy fancy; how can My way accord with thine? (Baha'u'llah, The Hidden Words, Arabic no.56)

It is like a spiritual detoxification. But there is nothing inherently wrong with being rich as long as we are fully aware of its benefits and dangers. Baha'u'llah has allowed us to have all the luxuries we desire, as long as we are detached from them.

47. Remind yourself of your spiritual destination while pursuing financial goals, since materialism can slowly erode your spiritual life. Without constant reminders of our spiritual destiny, materialism can destroy our spiritual well-being. We need to have the “big picture” in our view all times so that we are not lost.

48. Live the Bahá'í Life. In a sense it is a simple statement to live the Bahá'í life but it requires an understanding of ourselves and our purpose in life. It is easier said than done. But that is the goal of our life and the most important part of our human existence.

49. Be considerate to those who rent from you. Be sensitive to their situation. If they are in trouble, be flexible with their rent payments. Let them miss a payment or part of a payment. Besides the spiritual satisfaction that you feel, you also gain a tenant who cares for you and your property and will use it as if it's theirs. It even makes economic sense since you will probably reduce the cost of maintenance.

50. Develop virtues that are common to all religions and are the foundation for any system's success. At the present time, acquiring the virtues seems idealistic but we have to remember that as we move closer to an ever-advancing civilization, acquiring these virtues will be commonplace and a fundamental part of the goals we want to achieve. They may not seem to be related to economics but they help us to gain spiritual and human qualities and, in turn, create a better society. Here is the list of virtues identified by [The Virtues Project](#):

assertiveness
caring
cleanliness
compassion
confidence
consideration
courage
courtesy
creativity
detachment
determination
enthusiasm
excellence
faithfulness
flexibility
forgiveness
friendliness generosity
gentleness
helpfulness
honesty
honor
humility
idealism
joyfulness
justice
kindness

love
loyalty
mercy
moderation
modesty
obedience
orderliness
patience
peacefulness
prayerfulness
purposefulness
reliability
respect
responsibility
reverence
self-discipline
service
steadfastness
tact
thankfulness
tolerance
trust
trustworthiness
truthfulness
unity

51. [Deal with your insistent self or ego](#), otherwise it can undo any success or progress if it is not recognized as a serious threat to your good efforts. History is full of examples of how the ego created destruction throughout the ages. As a human being, our life in this world and our progress in the next world depend on the decisions we make. We make our own heaven and hell here on earth as a result of the choices we make. It is sad if we do not make the right decision and give our higher nature the upper hand. Because we are bombarded by advertisements and consumerism, nurturing our higher nature is very difficult and that is why we need to tune ourselves spiritually in order to make the right choice so that we get the rewards and benefits of that choice. We know that reading the Writings has been encouraged in our Faith and when we read the Holy Writings and meditate on them, our souls are uplifted and that affects our decision making. Bringing ourselves to account each day is also important. It is like a spiritual balance sheet so that we can perceive the good and the bad and make changes. This is such an important factor in our lives and we need to take spiritual nourishment every day so that our higher nature dominates our lower nature.

52. Recognize and nurture the four aspects of your being:

- a) Spiritual
- b) Physical
- c) Emotional
- d) Intellectual

Most people ignore one aspect for the sake of others but we need all aspects to have balance in our lives. This sounds like a self-help mantra but awareness of all aspects of our being is essential to a realistic self-knowledge, the first step toward knowing God.

53. Be more vocal in a loving way about the changes that are needed for the improvement of the economic life of individuals and the society in which we live; in short, without being militant or aggressive, express your ideas and vision. We have a say in all matters and we can be the catalysts of positive

change. We do not want to be political or militant, but we cannot forget that our job is providing vision and direction to a wayward humanity. It is like having the healing medicine and not giving it to the sick.

The history of economics has shown us that a system without spiritual guidance can lose its effectiveness and eventually becomes the problem. The Baha'i Writings are the guidance the world needs to remedy the injustice done to the poor and underprivileged part of society. It is a long road and progress will be slow but definitely it is the right direction to follow. The suggestions presented here may seem overwhelming and you may not be able to practice all those that apply to your situation. But it is not about the results; it is about sincere efforts. It is the pure intention that counts. These actions will become the basis of a foundation upon which Baha'u'llah's World Commonwealth will be established for the new race of man. We have been given the privilege of starting the spiritual process.

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About The Author

Susan Gammage is a Bahá'í-inspired author, educator and researcher with a passion for finding ways to help people apply Bahá'í principles to everyday life situations so they can learn to "live the life". She has published hundreds of articles and many books and nothing gives her greater pleasure than working on a whole lot more. She is blessed to be able to live in one of the most beautiful parts of Canada. To hire her as a life coach: <https://susangammage.com/shop> or to contribute to the costs of developing and maintaining the site: <https://susangammage.com/product-category/donations>

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1.

Adam Thompson

July 25, 2017 at 5:19 pm ·

The vast majority of people are completely unaware of the inherent immorality of our money system. They do not know where money comes from and where it must ultimately go, the means by which it is created and the conditions associated therewith. When properly understood every reasonable person will recognise the utter evil of such a system. A system of debt that none of us can repay.