

**Alhassanain (p) Network for Islamic Heritage and Thought**

# **Use of Natural Resources and Mahdism Doctrine**

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## Introduction

The economics of religion is gradually attracting economists' interest. Now some economists are found to believe that religious activities are also based on economic rationality; otherwise, these could not have been undertaken. According to a study in 1998, about 200 papers on economics of religion were available written by economists and other social scientists (Iannaccone, 1998).

Although Adam Smith wrote on importance of religion in his economics, yet very significant contribution on this subject appears to be of Christian and other economists such as Azzi and Ehrenberg (1975) and Iannaccone 1984, 1988, 1990, and later.

Some other studies such as Mack and Leigland (1982), Barro 2003 also created intellectual curiosity leading to subsequent research in this filed till recently when a formal framework titled 'Divine Economics' appeared in early 2000.

Although, no work yet seems to be available directly about the use of natural resources in perspective of religiosity levels among individual households or community.

However, the viewpoint of the economists who worked with reference to religion guides one to realize that there might exist a systematic relationship between religiosity and use of natural resources.

As according to such economists, all the activities are chosen in the same way as people choose other commodities of choice in order to gain utility. Iannaccone (1990) states that "The neoclassical account of self-interested, gain-seeking individuals is incapable of describing the behavior of Christians who are trying to live according to the stewardship principle.

Furthermore, since all humans are created in the image of God, and hence are by their very nature religious and moral beings, the neoclassical model fails to capture an essential dimension of human behavior."

Individuals are endowed by nature with the instincts to serve their self-interests, which may or may not be in conformity with societal interests at large. It is not difficult to see that many things individuals do are the result of self-interest. This behavior leads to efficient allocation of resources. Chapra (1992) notes that any efforts to prevent an individual from serving self-interest, is bound to fail.

However, individuals are motivated by family and fellow companions or other factors that their self-interests make allowance for the interest of others' too [Schwartz (1966) and Zaman (1992)]. This type of belief may result in restructuring of resource allocations in such a way that social interest becomes possible to be served along with self-interest.

In religious societies, such altruistic behavior is common. In a truly religious society, the amount of contribution for other person's utility may be affected by many factors including the following: a) high degree of faith in afterlife may reduce self-centered consumption making room for sharing with others, b) Religious teachings and temptations for kind and caring attitude can lead to higher level of time and monetary contributions for others. These ideas have been dealt in economics of religion and particularly in Divine Economics.

A step further is to explore whether religiosity or a particular type of religiosity plays any role in management of natural resources, such as water when it is scarce? Because in times of scarcity peoples selfish motives may become more stronger than their altruistic motives.

The objectives of the present paper are 1) To further extend the faith-based analytical framework of natural resource use, 2) To analyze one of the predicted problems before the appearance of Imam Mahdi, that is water scarcity and elaborate the a model of individual behavior in this context, 3) To modify and extend the empirical model for future analysis of interrelationships among religiosity and natural resource use behavior, and 4) To explore how closely the Mahdvi doctrine affects the theoretical basis as well as practical aspects of natural resource use patterns.

## **Are Natural Resources Scarce?**

The answer to this question is 'No' if considered in the divine sense. That is, the resources are created according to all the needs of human beings as well all other creatures. However, if these are not used as ordained or if distributed unjustly, these may appear to be deficient.

It is now consensually recognized that the human population is growing at an exponential rate (a J-shape curve), therefore, within a few centuries the earth shall be full by human beings. In 2000, the world population was 6.2 billion. The UN estimates show that by 2050, a 3 billion people will be added. This raises big question; does the earth has that much carrying capacity?

Source: U.S. Census Bureau, International Data Base.

Some social and other scientists think that carrying capacity is not enough to host so much people on earth. There is another category of scholars (for example, see Julian Simon) who believe that more people will provide more innovative skills for larger global outputs. Cohen (1995) suggests three possible solutions:

1. Increase human productive capacities through technology and innovation
2. Reduce numbers and expectations of people through such means as family planning and vegetarian diets
3. Change the terms of people's interactions through improved planning and government to enhance social justice.

This was however, a contemporary view. In religious resources, particularly those relating to Mahdism doctrine, a number of signs (problems, disasters etc) have been predicted that will appear before the appearance of the Imam or second coming of Jesus. It can also be found from the religious literature that at least some of these problems can be solved by promoting the prescribed supplications and other acts. For the purpose of explanation, we take the example of water crises or water stress predicted to happen before the appearance of Imam Mahdi (May God Hasten his appearance).

## **Water Crisis**

Water crisis is one of the most alarming concerns mentioned both in contemporary sciences and in Mahdvi literature. It indicates a time when available water on earth will not be sufficient to fulfill the life needs on earth. 'The Earth has a finite supply of fresh water, stored in aquifers, surface waters and the atmosphere'. The water available in oceans to potable water but it requires resources beyond reach which also have been predicted in religious literature.

The water crisis is likely to cause wars and violence in some parts of the world. Thomas Homer-Dixon (1999) has quantitatively proved a correlation between 'water scarcity and scarcity of available arable lands to an increased chance of violent conflict'. A report indicates that countries which rely heavily on water for irrigation, such as China, India, Iran, and Pakistan, are particularly at risk of water-related conflicts.

Morris J. Wosk Centre for Dialogue (2002) reports that "Water is our most precious resource and sustains all life on earth. Yet there is now no doubt that this lifeline is no longer assured for future generations, and it is generally thought that a global water crisis is imminent. Already, many countries are suffering from shortages of water or degraded water quality.

In addition, it is clear that the present practices of humans are damaging our freshwater ecosystems and reducing biodiversity. If these practices continue, the future of life on earth will be threatened. They further mention from the World Water Vision Commission Report that 'The world is now beginning to feel the first pangs of a more chronic and systemic water crisis'. Keeping in view the severity of the water crises, and its predictions in Mahdvi doctrine, a deeper look and a formal analytical framework for further research on this subject seems to be justified for inclusion in the divine economics and also is the need of the time.

### **What is Divine Economics?**

The Divine Economics is a recently developed framework to study economics and religion in each other's perspective using scientific process. It comprises of theoretical model, empirical work, a series of papers and some survey instruments.

It is similar to conventional economics because is based on rational choice theory but departs from it by incorporating religion in the model. Hence it becomes similar to the economics of religion.

However is different from that also because substantial work in the economics of religion is done under the Christian and Jewish religions ignoring Islam. Hence, this aspect makes it closer to Islamic economics but it differs from Islamic economics on the basis of sources of jurisprudence; the mainstream Islamic economics is constructed over Sunnite school of thought lead by Imam Abu Hanifa, Imam Taimia, Ibne Khuldoon, Abu Yousaf, Imam Shatibi, Imam Ghazali, Shah Waliullah, etc ignoring almost all of the 12 Imams from the family of the Holy Prophet (Imams of AhleBayt).

On the contrary, the Divine Economics takes a comparative view of both of the schools of Islamic thoughts.

## **The Doctrine of Mahdism and Microfoundations for NRM**

The doctrine of Mahdism is known both as a belief, concept or philosophy and as (The Encyclopedia of Religion), 'tenet', 'teaching', and 'dogma'. or a practical futuristic aspect of Islam Despite the difference between two main branches of Islam i.e. Sunnites and Shiites on Caliphate, the faith in Mahdism remains almost the same in both schools, and it also conforms with the concept of a savior in other religion . (,,,,,) has noted that "It is in conformity with 'Soteriology', 'Salvation', and 'Millenarianism', presented in other religions.

The notion of salvation and Mahdvi global government are the matter of concordance among the whole Islamic sects, and their authentic books of traditions, such as Sihah al-Sittah ("Six Correct Books"), refer to them under four titles: 1. Al-Mahdi's Book; 2. Al-Fitan Chapter ("The Calamities"); 3. Al-Malahem Chapter ("The Disturbances"); 4. Ashrat al-Sa`ah ("The signs of the End Times").

Although there may exist some slight differences among the Islamic sects on the conditions of Mahdism, yet none of them feel doubt about its principals and certainty". This indicates the significance of this doctrine. It's believed that social and individual problems can be solved with the help of this doctrine.

The rapidly growing unrest on the earth is creating a rapid demand for a change that may promote, truth, justice, love, peace and compassion, which according to the believers of the doctrine, is possible only under the rule of a perfect leadership which shall be available in the era of the Hidden Imam.

Since, from the point of view of those who perceive in some sort of a savior, or who wait for second coming of Jesus or who clearly believe in Mahdi's appearance, a righteous path, the path of the Prophets, the path of monotheism and the path of global justice, would be the path that goes through the doctrine of a savior.

This provides a theoretical justification why the doctrine of any savior can not be neglected in any impartial social research. Therefore, a researcher can derive a religiosity indicator from one's love and devotion to the cause of savior.

In particular, since Muslims believe in appearance of Imam Mahdvi because of the outcomes of his appearance, therefore, in the list of Islamic religiosity indices, there has to be another set of indices which originates from the Mahdvi perspective. For example, there is complete consensus in both major schools of Islamic thoughts that Mahdi's purpose (and achievement) will be, "...Implementing the laws of Islam, establishing justice and fighting heresy and oppression" then an individual shall be classified as more religious if, among other good deeds, he also has deeper devotion with these acts.

The Mahdvi perspective enters into the analytical discussion from three dimensions; one, for believers of Mahdism, natural resource use patterns of individuals and communities demand for obeying the Islamic principles of justice, benevolence, sacrifice, economy simplicity.

Two, before the re-appearance of Imam Mahdi, a terrible era of disasters, violence, and destruction has to pass when among other things, safe water and other natural resources shall be very scarce and according to believers, shall be restored during Imam's era. Three, the economists, scholars and others who don't believe in the doctrine of Mahdism, perhaps can hardly avoid studying how any such perception about future affects the present day decisions.

Therefore, in perspective of Mahdism doctrine, an alternate theoretical model for analyzing natural resource use can be thought of logically. It would emerge from some issues usually neglected by the conventional economics and propositions offered by the divine economics (Hamdani, 2002, Hamdani and Ahmad 2002).

- Water is a natural public good, and as with all public goods there tend to be unequal distribution in the end.

- Normally the cost of extraction is taken as the cost of production and forgets that nature had planned to offer its treasures for all the humankind and not only for the profits of those who could extract them, so pricing issues need to be reviewed.

- Keeping the above in mind, placing price mechanism for optimal and competitive use of water, which has no substitute at all, could be a bad mechanism, as normally price works for either non-essential items or in a substitutable economy.

- Religion provides that institutional mechanism (through self-accountability and fear of God) that cannot be ensured up to 100% vigilance for corruption except with a very hi-tech monitoring systems..

- It provides the necessary religious human capital required for optimal utilization of such natural public goods on which others are dependent as a necessary part of life.

- Religious human capital is that kind of Human capital which solves for the problems of social welfare which otherwise markets have failed to provide worldwide, both from the supply side and the demand side.

Any divine religion such as Islam makes its followers to believe that serving social interest also serves self-interest. To serve self-interest in the afterlife perspective means that individual has to please Allah through certain ordained actions that include, for example, serving the parents, teachers and neighbors, helping the needy, transferring knowledge to others and restraining from prohibited acts like theft, murder, and cheating etc.

In a truly religious society, a person does not live in social isolation and that his/her personal pleasure/displeasure and the pleasure/displeasure of others are mutually interdependent. In other words utility of one individual depends, among other things, on utility of some other person(s). This leads us to the following proposition.

**Proposition 1:**

Among religious people, others' welfare is an argument in their own utility function. Hence other things held constant, less religious person will serve his/her self-interest in each market in less altruistic manner and a more religious person will serve his/her self-interest in each market in a less selfish manner.



### **Proposition 2:**

Other things held constant, a more religious person will forego his/her own consumption to give proportionately more donations for enhancing others' consumption, as compared to a less religious person. Moreover, the effects of a change in commodity prices and wage/income level on the monetary donations will be systematically different between more religious and less religious persons.

From the preceding discussion we conclude that it is very much 'economic' to remain social, voluntary actor, donor, honest and just in a society for one's selfish and selfless interests and for economic and non-economic motives. If the conventional economic man who aims to maximize his/her pecuniary benefits, is replaced by the real man who aims to maximize pecuniary plus other (e.g. social spiritual) benefits, then both individual justice as well as social justice will become integral part of the consumer behavior for their implied economic rationality. And the individual's objective function will coincide with the social or global welfare function, as is claimed to happen during the era of Imam Mahdi or the second coming of Jesus (Tabbassi, 2006).

### **Natural Resource Model (NRM) in Divine Economics**

Hope for an afterlife reward (divinely promised benefits in heavens) is central to consumer behavior in divine religions including Islam. Some other religions too have similar belief. Some empirical studies indicate that people do various activities in the hope of afterlife consumption (see for example Azzi and Ehrenberg; 1975).

In particular religious and altruistic activities of individuals have some expected stream of benefits in an afterlife based on pattern of their lifetime allocation of time.

Since the model of a Muslim's behavior who is to maximize his/her lifetime utility, where life means life here and hereafter through allocation of total time (24 hours a day), a rational individual will take 'afterlife' as a factor in economic decision making e.g. allocation of time and goods.

The Divine Economics postulates that such consideration of individual will result a systematic change in his/her economic choices, religious practices, social habits, personal thoughts, and conviction etc. which is likely to vary with individual's religiosity level. Therefore, a more religious individual would be less likely to choose activities which are prohibited and abominable ones.

Hence under Divine Economics Model or 'Faith Model' individuals would be more likely to use natural resources in a way such that their acts are not harmful for other fellow human being, or nature. So the point of departure from conventional economics comes when a truly religious individual reveals not choosing using too much water even if it is abundant (Hadith of the Holy Prophet, PBUHAP).

Similarly he will not be polluting water even when nobody is watching his behavior (Nobody can be Muslim unless his fellows are safe from his verbal and physical acts - Hadith). The very famous event in Islamic history explains the behavior modeled in the divine economics that is when at the

end of a battle, a number of companions of the prophet were about to die of thirst and a single glass of water was available, everyone passed it on to the next one to save him at the cost of own life. This is so because he has to choose acts of greater goodness much the same way as he chooses a commodity having greater utility in a given conditions. .

## Extension in the Model with Mahdism Perspective

A model of natural resource use under Divine Economics has been presented by Hamdani 2007 and further elaborated in Hamdani and Freeman 2008 based on the above mentioned arguments. The model provides a general framework of natural resource use analysis that can be considered in perspective of Mahdism doctrine. The next section presents the modified empirical model.

The holy books of divine religions contain many commandments regarding the use of God's blessings on earth. There are numerous references to water and related phenomena in the Divine books e.g. Qur'an and Bible such as the word "water" has been mentioned in Qumran 63 times. The other water related words river, fountains, springs, rain, hail, clouds also occur many times in these books causing an influence on the reader's perception and behavior about water use.

As regards, use of natural resources, the following model for pedagogical purpose was presented in the aforementioned studies; The Original Model:  $W_i = \text{Water Scarcity level, Time cost, Religious human capital, Environment (technology, others' behavior and infrastructure), other conventional economics variables}$

This model can be modified and extended as under to incorporate the Mahdvi perspective.

The Mahdvi Model:  $W_i = \text{Water Scarcity level, Time cost, Religious human capital, Environment (technology, others' behavior and infrastructure), the knowledge about Mahdism, the attachment and devotion with Mahdism, other conventional economics variables}$  A more elaborate functional relationship can be written as under;

Where  $W_i$  is the average consumption of water by  $i$ th individual including the water wasted or polluted by individual due to habits and attitudes. The variables used in this model are elaborated below much in the same way as defined in Hamdani (2007);

$T_a = \text{Productive Time available with the individual at particular place and time [Total time 24 hrs - committed (biologically needed) time for leisure, volunteering, home and religious activities]}$

$w_{ij} = \text{average water consumption need that depends on a number of socioeconomics, demographic and religious variables.}$

$W = \text{Total quantity of water in given space and time that is fixed in the religious sense of Takween and Tashreeh. In other words, it partly depends on Divine will and partly on human deeds, actions, knowledge (or discoveries, renewing formulae, industrial production) etc.}$

$T_p = \text{Time cost of using the water (see footnote above) MPGS = Market purchased intermediate or final goods and services involved in consumption of water e.g}$

$B_1 = \text{Belief that some sort of water-use is obligatory (Wajib) or desirable (Mustahab) and some other type of uses is strictly prohibited (haram) or at least un-desirable (Makrooh).}$

$B_2 = \text{Knowledge and belief that donating water to a needy person is appreciable and wasting especially when it is so scarce to have life implication for some section of population is prohibited (haram) in Islam}$

Note' 'B1' and B2 implies that price of water is less significant or in some cases insignificant.

SC = Level of spiritual capital i.e personal experience of, say, using legitimate water for ablution (wuzoo) has physical and spiritual benefits thus leading to more consumption of water whereas .

Q = Quality of fellow worshipers (truly religious, hypocritically religious, opportunistically religious, habitually religious, imitatively religious etc.)

C = Knowledge and understanding that religion requires from one to be altruist rather than being greedy and selfish.

E = Environmental factors such as quality of water or intensity of community problems to which non-wasteful or minimal usage behavior may contribute.

MK = Knowledge about Mahdism doctrine (situation before appearance of Mahdi or coming of Jesus, predicted disasters, water crises, wars and violence, earthquakes, accidental deaths, global unrest etc. and situation after the appearance of the saviors i.e. peace, justice, prosperity, and abundance of natural resources etc. as reported in religious books).

MD = Mahdvi devotedness (loving benefits of larger community, believing in justices, benevolence, sacrifice, self-accountability, contentment and other practical aspects of this doctrine).

Z = Other standard variables

For a better understanding of natural-resources-use patterns, the Divine Economics puts forward an example (Hamdani and Freeman 2008) that has been constructed with hypothetical data in table below.

Source: Hamdani, Syed Nisar Hussain and Richard B. Freeman (2008), "Do People Systematically Differ in Natural Resource Usage Behavior?", (Some micro foundations)", discussion draft, London School of Economics (Labor Markets)

Notes and Definitions:

A, b Individuals or households  $w_a$  ,  $w_b$  Average need of safe water by individual or household a and b respectively.

TW Total water produced in a space and time (around a, b) by Divine and human sources Percentage of total water that becomes unusable due to development and expansion (industrial and technological), wars, violence, explosions destruction of water supply systems etc; is determined, among others, by religiosity levels. Percentage of water that becomes unusable due to household activities, carelessness, and attitude; is determined, among others, by religiosity levels..

$SW = (1-a)TW$   $AW = wSW$

Indicator of Scarcity of water as deviation from nature or intensity of difference from total water and available safe water. It is calculated as ratio of average water needed by 2 household a and b to safe water available for final use. And average consumption of each individual at time period t is dependent on his own average consumption need as well as others' need and the total endowment of available safe water in given space and time.  $f = 1$  if total safe water available within given space and time is equal to  $w_a + w_b$ ; a case of no scarcity  $f = (w_a + w_b) / AW$

Assumptions If own need and other's need is equal, then  $w_a/w_b = 1$

For simplicity we assume that in a given space and time, household activities pollute 10 % water, industrial expansion pollutes 20 % water, wars and violence pollutes another 10 % and technological/nuclear advancement pollutes another 30% water.

\* World war-1

\*\* World war-2

# Total (Absolute) quantity of water may be increased by scientific developments ^ Total (Absolute) quantity of water may be increased by supplications, thanksgiving, and repentance on sins (see Qur'an and Bible) ^^ Total (Absolute) quantity of water may be increased by sadaqah (see Qur'an; see ...in Bible) Mahdvi religiosity applies to the last three notes above. It is observable among devoted ones in Mahdism that they pray a special form of prayer or Istighasa for solving this type of problems.

There are 12 general and specific phenomenon have been outlined in our earlier paper (Hamdani and Freeman, 2008) that can be explained under the Divine Economics Model of Natural Resource Management. Besides those, with the addition of Mahdism perspective in the model, the following behaviors can also be studied under this framework.

The data used to elaborate the Divine Model of NRM is hypothetical. The next research can undertake the task of estimating true parameters of this model using the real world data.

The relationship of natural resource use patterns with parameters indicating knowledge or devotedness with Mahdism doctrine.

The Effects of Mahdism doctrine on sacrificing behavior of individuals during crises and disasters (A Harvard University research indicates that there exists a significant relationship between these two variables)

## Concluding Remarks and the direction of future research

The present paper is a further extension in an earlier paper on religiosity and natural resource management (Hamdani and Freeman). It is advocated that, among other standard economic factors, religiosity also affects the pattern of natural resource use. As also explained in an earlier study (Hamdani and Freeman, 2008) that religiosity is likely to affect the behavior regarding use of natural resources.

The people with high religiosity have been observed avoiding water wastage, polluting public water, and creating other forms of negative externalities (as this has been condemned in religions). The present study postulates that this effect of religiosity is likely to be more stronger in the presence of the Mahdvi religiosity. Similarly that study also mentioned with reference to religious resources that supplications and sadaqah can result in increased water quantities.

The author is witness to more than hundreds of events when people prayed in a prescribed manner and soon after the pray finished, there was raining. The future research agenda can include data collection on these aspects and empirical analysis not because of proving the truths of religion with the help of empirics but providing the researchers and learners a ground for diverting some of their energies to the scientific study of religion.

Construction of religiosity with special reference to Mahdism doctrine is also a great job yet to be done. It is also need of the time to include special questions in national surveys about Mahdism where it may have an effect on human behaviors (as observed).

Supporting the earlier recommendations that 'if justices, peace and fairness in use of water and other natural resources is considered to be a need of the globe these days, then investment in religious human capital seems to be a strong candidate for contemporary budget allocations'.

It is suggested that enough resources should be allocated for research and surveys that explore relationships between material and non-material variables and such as economic variables, religiosity, human values, futuristics and in particular, the belief in second coming of Jesus and appearance of Imam Mahdi (Ajj.).

Water-stressed countries are those with annual water resources of between 1,000 and 1,700 cubic meters per person, shown in italic. Countries suffering from water scarcity are those with annual supplies of less than 1,000 cubic meters per person, shown in dark type.

TFR = Total Fertility Rate aIn cubic meters per year

Source: Gardner-Outlaw & Engelman, Sustaining water, easing scarcity: A second update, Washington, D.C., Population Action International, 1997 (69). Gardner-Outlaw and Engelman base their calculations on UN Population Division population estimates. The growth rate and TFR data come from: Populatoin Reference Bureau, World Population Data Sheet, 1998, Wahsington, D.C., 1998.

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## **The Future of the Globe: The Mahdavi Perspective in Divine Economics Framework**

"If Heaven were a thing that money could buy Then the rich would live and poor would die" (John M. Legge)

What is future of the global economy? Of course, this is an unanswerable question. Naturally, future is, somehow, unpredictable. So we cannot know stability, sustainability or what so ever the global economy is, over the medium and longer term, Krueger (2005). Hence we have to work with what we know, from our previous experience, accumulated knowledge about how to reduce, though not eliminate, the impact of unexpected and adverse events.

We know that prudent macroeconomic policies-a sound framework aimed at delivering, and maintaining, low inflation and effective fiscal control-offer the best prospect for sustained rapid growth that brings rising living standards and poverty reduction. However sustainable economic growth and poverty reduction are not possible without reducing income inequality and promoting social justice and good governance.

The social injustice, poor governance, income inequality are the contemporary issues that currently the countries are facing. There are different ways, present in the literature, to deal with these issues. A structure of incentives (social, economic, moral) can be utilized to solve these problem.

The present study highlights the above mentioned problems could be solved in an economy with faith-based system. Economic agents cannot be rival if they Faith in God. Similarly the individuals, while utilizing resources, consider the life-after-death, (Hamdani 200---). So in a world of social justice, good governance, equitable opportunities, that is quite possible in faith-based system, sustainable economic growth, happiness, improvement in life standard can happened. So we can say that all these characteristics would be there in the era of social justice after the appearance of the Imam-e-Zaman.

With this background following are the objectives and organization of this paper.

### **1- Objectives**

To identify the deficiencies in the current economic theories.

To briefly highlight the study of the economics of future.

To identify the areas of study for equitable distribution of resources, opportunities, welfare of the globe and ideal governance.

Organization of the Study This study is an attempt to highlight the importance of economics of future in faith based and Mahdavi perspective. In the introduction its importance and objectives have been discussed. The brief sketch of Economics in different perspectives pertaining conventional, non conventional, Islamic and divine economics have been elaborated. The scope of Islamic economics is wider than conventional economics while divine economics has wider scope than Islamic economics. Most of the drawbacks of conventional economics are solved in divine economics. The

economics of future in faith based framework has been presented in the third section

## **2. Economics in Different Perspectives**

Economics has been discussed by a certain economists in different ways. Different points of views are given about interpretation of economics. Major views on economics such as conventional and non conventional; including Islamic economics and divine economics are described below.

### **2.1 Conventional Economics**

The evolution of conventional economics started with the definition by Adam Smith as science of wealth, Marshal defined economics as a science of welfare while Robbins defined economics as a science of scarcity. Later on two broad definitions of economics one associated with JM Keynes & Schumpeter that "economics is a set of tools, a way of approaching practical problems and seeking a solution to them". And the 2nd associated with Hayek & Samuelson that "economics as a source of answers to every human and social problem" this later definition is known as a rational approach.

Many theories of decision making of economic agent have been presented by conventional economists in the economic literature familiar with the rational choices. The latest are the robust econometric models like AIDS, Rotterdam, Stone's estimation, Leontiff, Tran- slog etc. In the real world countless variables interact each other which are kept in the basket of ceteris paribus that causes many deficiencies in the conventional economics such as:

- i. Conventional theories are quasi representative of the real world.
- ii. Non Walrasian equilibrium exists in these theories regarding general equilibrium of the economy.
- iii. These theories do not provide optimal resource allocation to the economic agent for decision making.

Having aforesaid deficiencies in the conventional economic theories, most of the world economies are not running along the steady state path and are facing very serious economic problems like hyper inflation, serious level of unemployment, depression and poverty, exploitation etc. Economists worked on many aspects of human behavior in the different scenario, such as social, religious, political, psychological etc. The eminent works in this regard were made by Barro and Mc Cleary (2003), Azzi and Eherenberg (1975), Iannaccone (1990, 1992, 1998 & 2000), Hamdani (2004) and Shah (2007). Understanding of human being is rather a complex phenomenon which can better be studied in holistic framework, so only conventional economic interpretation of individual seems incomplete reflection of human being [Lucas 1988, Romer 1986, Coleman 1990, and Schmid 2003].

### **2.2 Non Conventional Economic Approach.**

Deficiencies in the conventional economic theories have been noted and attempted to be made up by a number of economists. Deaton (1980) observes "the results found of conventional economic theories do not speak of real world situation". George (1980) formulated a system for capitalism based on biblical morality and concluded that in the present age continuing economic crisis, moral and religious principles must be infused into the

economic system. Non conventional economics is viewed in different perspectives such as social, psychological and religious.

Human history shows that religion has remained dominant factor in the social, economic and other activities of human being. Many studies show that different religious profiles may have different life style from each other [Pencavel, 1986; Azzi and Ehrenberg, 1975, Hamdani 2004, Shah 2007]. The conventional economists ignored the religious effect of the behavior of economic agent in the decision making that is why according to some economists, the world economies are not running along the steady state path and are facing very serious economic problems.. Human beings have been deeply involved in or following any of the divine religion in either way.

The history of human beings shows that individuals were getting guidance from divine religion and developed their beliefs in diversified manner. The faith based economics have been discussed by different economists according to religious beliefs and practices The Christians, Jews and followers of other divine religions follow sources of their divine religions. The Muslims draw their guidance from their divine religious sources such as Qura'n etc.

### **2.3. Islamic Economics**

The difference between the conventional and Islamic economics is the behavior of the economic agent in its economic activities on the basis of the concept of two lives: life on earth and life after death (Ahmad, 1980). All divine religions in general and Islam in particular the belief in life after death and the Day of Judgment have significant effect on decision making process of economic agent.

In conventional economics all the economic activities and its benefits are limited to the life on earth while Islamic economics has wider scope in time as well resource allocation process for decision making the life on earth and life after death which is an eternal. "The concept of two lives, in fact is like two phases. The first phase is transitional which begins with the present life on this earth. All of its material conveniences and pleasures will com to an end on an appointed day. From here the second phase starts the life hereafter which is eternal and endless in terms of life and its pleasures and possessions. This concept of two lives is important to understand in order to explore economic teachings of the Qura'n (Ahmad, 1980)".

The people believe that they will be given another life which will be eternal after the death on earth and they are accountable about the deeds made on earth life upon which reward will depend in shape of punishment or Falaah. The deeds during the life on earth are the use of worldly God given resources. This belief gives entirely different perception about planning horizon to the economic agent for the decision making as a consumer, producer or as a businessman. Considering that life on earth is not full life cycle but also includes life after death. "In their wealth there is known right for those who ask for it and those who have need for it". The Holy Qura'n [70:25-25].

"Have you considered, what you till? Is it you yourselves Who make it grow, or is it We who make it grow?" The Holy Qura'n [56:63] The whole of the universe is created and controlled by One God, is the basic core

Islamic belief. He created man and appointed him His vicegerent on earth to fulfill certain obligations. The covenant with God governs every aspect of life. The obedience to Allah is required not only in worship, but also in economic activities, even though it is at the cost of any benefits, because these apparent benefits may go against the interest of the society.

The obligations are neither so exhaustive that they leave no role for human intellect to play, nor are they so ambiguous that they leave life at the whim of human perception and desire. Islam promotes a balanced approach to human life. It has left mankind the freedom where it can take decisions on the basis of reasons and on the other hand, Islam has subjected human activities to a set of central principles, which cannot be violated on any grounds of expediency. Realizing limitations of school of thoughts of Islamic economic, a number of economists elaborated faith based economics for a wider scope. Thus they introduced the concept of divine economics.

#### **2.4 Divine Economics Framework**

Religion plays a key role in formulating individual's behavior, which govern the whole economic system of decision making in the economy. Hence the impact of religion on human behavior as an individual, or as a group is now considered to be an important area for extension to traditional economic models (Iannacone 1991, 1992).

Since all divine religions teach its followers the concept of life hereafter (after death) which is a compulsory part of the faith. The departure of the analysis of divine economics from conventional economics is the concept of two lives, the first one the life on earth and the second the life after death (Nadvi, 1995). In all the divine religions the code of life, belief in life after death and the Day of Judgment will have significant impact on economic decision making of individuals.

According to this the economists believe that expected stream of benefits does not terminate at the time of death. Hence there remains scope for a divine economics that may represent consumer behavior in divine religion's perspective, by Hamdani (2002). The new emerging discipline i.e. Divine Economics as proposed by Dr. Hamdani has wider scope as compared to conventional one, in which religious behavior also play a vital role in the decision making of economic agent for rational choices.

"Divine economics is a science which studies human behavior directly or indirectly to achieve an optimal degree of Falaah from God given resources" (Tashfeen, 2001). The conventional economics studies only welfare of a man in the life on the earth while divine economics studies welfare of a man in the life on earth but also the eternal welfare of the life after the death. In all divine religions, people believe in one God i.e. Almighty Allah and the Day of Judgment (the life here after).

The Reward and Punishment of one's deeds in the shape of the Heaven and Hell are admitted facts of all sects of Divine religions. It is also believed that all the material and immaterial goods in the universe have been gifted by Allah to man, and is accountable the deeds on the earth Dr. Hamdani One of the contemporary proponents of framework defines Divine Economics as "the study of economics and religion in each other's perspective using scientific process".

This framework incorporates standard variables and also some additional social, psychological, environmental and religious variables in the economic analysis, which were previously neglected by economists. Hence this framework allows one to study human behavior with reference to Mahdavi Doctrine and can estimate various socio economic relationships of current and future importance.

### **3. Economics of Future**

Economics of the future is newly emerging subject, which deals with the economic analysis of the current and future scenarios having some future importance. The economic theories / laws which are used for the economic planning and policies of the economies related with the economics of future. Conventional economics uses empirical evidence on past to predict about future economic outcomes while Divine Economics uses all the three methods such as divine revelation, experience / perceptions made by wise men as well as empirical methods.

1. Divine Revelations
2. Experience / perception of wise men in the society
3. Empirical analysis

#### **4. Source: Divine Economics**

The conventional economists formulate the theories/laws of economics on the basis of trends using past data. The 2nd technique ( wisdom / experience / perception ) commonly known as deductive method was being used up to the publication of the General Theory of Employment by J. M. Keynes. Later on the 3rd method i.e. empirical analysis known as scientific technique is used. Different approaches such as Lucas's misperception theory, adaptive / rational expectations, Game theory and regression analysis are used for the solution of the economy's problems and predictions are made accordingly for policy making.

Conventional economics uses empirical evidence on past values to predict the future economic outcomes that may be true or false so the policies implemented on the basis of these economic outcomes may not be fruitful. On the other hand in divine economics above cited three methods such as divine revelation, experience / perceptions made by wise men as well as empirical methods so predictions made by the divine economics will be true in all respects and the policies can be used for research. In general the followers of all the divine religions (Jews and Christians) and in particular the followers of Islam firmly believe on divine books (Bibal), Qura'n and Hadiths.

#### **Source: Divine Economics**

The above figure shows that economics of the future can be seen from two distinct views; traditional view and divine view. Under traditional view past data is used to forecast the future. In divine view, the divine revelations have also some importance in shaping a future perception about which further investigation can take place using past data.

The divine view of the future of the globe can be derived from divine religions; Christianity, Judaism and Islam. In former two religions, it is believed that Jesus will come again and establish 'Kingdom of God' on earth. In Islam it is believed that Imam Mahdi (A.S.) will appear and fill the earth with justice and peace as it would be filled with injustice and cruelties. In religious literature, a number of evidences in the support of Imam's arrival can be found. Based on such predictions, the subsequent sections of this paper will present how economics of future can be developed?

How that fulfills the requirements of conventional empiric-based scientific research process more credibly than conventional one? This version of economics can easily incorporate the economic systems of the era of Imam Mahdi (A.S). Ideal level of welfare at globe may be achieved with equitable resource distribution. A number of strategic resources may be exploited to achieve higher level of welfare for average individual. A sketchy view of world economic growth and population increase is given. The analysis shows relationship between demand for resources and increase in number of individuals.

#### **World Resources**

Whole the nature has been created by the All Mighty Allah; a man is His vice-regent on earth. "Seek the other world by means of what Allah has bestowed upon you, and do not be negligent about your share in this world".

And do good as Allah have done well by you, and do not seek to spread disorder on the earth". The Holy Qura'n [28:77]. , Islam follows divine guidance on economic activities. Human authority cannot remove these controls imposed by Islam. The prohibition of Rib 'a, gambling, hoardings, introduction of Zakah, dealing in unlawful goods or services, short sales and speculative transactions are some examples of divine restrictions.

### **World GDP**

According to the statistics the world GDP (comprising 180 countries) has reached a sum of US \$46,747 billions. The main contributors to the world GDP are USA, Japan, Germany, China, UK, France, Italy, Canada, Spain, Brazil, Russia, Korea, India, Mexico and Australia. Percentage share of USA to the total world GDP is 28.3. While both the emerging economies such as India and China have a share of 1.82 and 5.41 respectively.

### **Source: International Monetary Fund and World Economic Outlook Database**

The reports of IMF and World Bank shows that more than three fourth world resources are owned by the developed countries having less than one fifth world population while 80% rest of the world population has one fifth world resources. 3.2 World Population. In the last few centuries, the number of people living on earth has increased many times over. By the year 2000, there will be 10 times more people on Earth than there were 300 years ago.

### **3.3.2 Trend of Per Capita World Product.**

The product per head, normally defined as the world total GDP divided by the world population

While examining schedule and graph of the world per capita GDP growth rate, apparently it seems that per capita is increasing at increasing rate with slight variation. It has been reported by OECD (1999), that there would be long run boom in the global economy and that would be manifold increase in the world resources. On the other hand the population growth rate is slowing down. Throughout the 1960s, the world's population was growing at a rate of about 2% per year.

By 1990, that rate was down to 1.5%, and by the year 2015, it is expected to drop to 1%. Observing both the growth rates per capita as well as population, the expected conclusion of the above data refutes the Malthusian theory of population that "population increases by geometric progression and will be double after 25 years.

The wealth resources increase by arithmetic progression". This pattern of population and per capita growth rate shows positive results for welfare of global economy. These indicators provide foundation to optimistic future of global economic growth. If there is equitable distribution of resources among world population the existing resources can fulfill wants/needs of people of whole of the globe.

The trends of the world per capita and population may continue, provided, good governance prevails. At macro level global economy is growing positively but at micro level it shows a number of inequalities. This inequality has different causes including lack of good governance at global level. An ideal type of good governance is expected in the era of Imam



Mahdi that may peruse global welfare. Contrarily in the world, the governance system is not supportive for ideal governance that keeps welfare level of human beings below desired level.

## **5. Poor Governance as a Root Cause of World Problems**

It seems that lack of good governance and sufficient social capital among individual, community, organizations, institutions and state in the present system creates different type of problems. The governance system performs at low level due to different factors including its one dimensional structure of flow of information. This weakness in the governance system creates a variety of problems at different levels. All these bad outcomes in turn create a system of governance that leads to world problems. Therefore, search of an ideal form of governance that enables solution of problems, efficient and timely service delivery in a peaceful world is desired.

4. Why Poverty Resides. Within the citizens of any country haves and have-nots and inter countries poverty resides due to inequalities in distribution of wealth, employment opportunities, natural resources, environments, educational standard, health facilities, exploitation of labor force, interest based economic order etc.

At global level poverty, debt servicing of the 3rd world countries, poor countries are poor because they are poor, exploitation of labor force at global level. To reduce the inequalities in distribution the resources must be diverted to have-nots for optimum welfare.

### **4Balance of Resources in Faith Based Economy**

In the faith based economic system balance of resources is sought between the citizens of the society. Muslims believe that if left unchecked, unhealthy human instincts may be exploited to make money through immoral and injurious products. Profit seeking can create monopolies that paralyze market forces or at least hinder their natural operation. Islam recognizes private ownership, profit motive and market forces It is recognized that capital and entrepreneur are two separate factors of production.

The person who contributes capital in the form of money in any commercial enterprise assumes the risk of loss; so, is entitled to a proportionate share in the actual profit. In this manner capital has an intrinsic element of entrepreneurship with respect to business risk. Therefore, instead of a fixed return as interest, it derives profit. The more the profit of the business is then the higher the return on capital. In this way the profits generated by the commercial activities are equitably distributed to all persons engaged in the business.

A system of governance may be derived from religious doctrines pertaining to welfare of humanity. A number of research based studies by economists have proved positive relationship between economic growth and religion.

Religious beliefs also affect individual's wellbeing as Chamberlain and Zika (1988) have discussed the relationship of religiosity and psychological wellbeing of individuals. Their results show that religiosity has positive relationship with wellbeing but to smaller extent. McCleary and Barro (2003) conclude that although religiosity tends to decline overall with economic development, the partial relations depend on the specific dimensions of development.

They documented that the measures of religiosity are positively related to education, negatively related to urbanization, and positively related to the presence of children. Increased life expectancy tends to be negatively related with church attendance but positively related to religious beliefs. Hence their productivity will be more as compared to those persons who are not religious or less religious, that will increase welfare in this world as well as the life here after.

Barro and McCleary (2003) find that economic growth responds positively to the extent of religious beliefs, notably those in hell, heaven, and life hereafter but negatively to church attendance. That is, growth depends on the extent of believing relative to belonging. Their results accord with a perspective in which religious beliefs influence individual traits that enhance economic performance. To them the beliefs are, in turn, the principal output of the religion sector, and church attendance measures the inputs to this sector.

Barro and McCleary (2003) pointed out that greater religious pluralism, measured by the diversity of adherence among major religions, is associated with higher church attendance and beliefs. Across the religions, attendance at religious services is higher for Catholic than for the other religions, except for Muslim. The beliefs in heaven and hell tend to be highest for Muslim, then Catholic, then the other faiths. However religiosity is affected due to prevailing political and governance system.

McCleary and Barro (2003) pointed out that the presence of a state religion is positively related to the religiosity measures, probably because of the subsidies that typically flow to the established religions. Therefore religion may promote good governance. An ideal type of governance in the globe is predicted in religious teachings. The Islamic and other religious books give evidences of arrival of Imam Mahdi and Jesus.

Divine Revelation Governance, Exploration, Distribution Philanthropy, Donations, The Holy Qur'an, Hadith and Islamic literature tells about a future which shall be based on justice, equity and would ensure prosperity and human elevation as superb creation.

Qur'an Verse 32 note by S.V Amir Ali;

"this is as well the prophecy of the advent of the Imam Muhammad Al-Mahdi, the Twelfth and the Last Imam or the Apostolic successor to the Holy Prophet who is also named Muhmmad; in whose regime, the whole world will be united into one single unit of a Universal Rule on earth when the darkness of falsehood shall be gone and the world will be wholly lighted with the light of divine justice, peace and security, through the disbelievers may not like it to happen."

This interpretation has been vouched by most of the prominent and the leading commentators eve of the Sunni and Shia schools of Islamic thoughts.

Qur'an :Sura Tauba 33

"He it is who sent His Apostle with guidance and the religion of truth, that may prevail it over all other religions though may detest it the polytheists."

S. V Amir Ali notes that the triumph of Islam over all religions mentioned in this verse is explained under the previous verse 32. It is a note of prophecy accepted on all hands of the various schools in Islam that the complete triumph of Islam over all the other religions of the world will be realized during the regime of the awaited Mahdi, a Hashimite of Holy family of Prophet Muhammad.

Notwithstanding the strength Christianity and the other major religions of the world have gained, the beginning of the prevalence of the Islamic faith over them all, has already set in. The Christian doctrine of the vicarious atonement, the belief in the Trinity and the worshipping of idols of the saints, all such false beliefs and wrong practices are fast dying away a natural death and the monotheism and the inclination towards the correct idea of worshipping only the One True God, is gaining ground.

Add two sentences

### **WHAT CAN BE AN IDEAL FORM OF GOVERNMENT?**

The ideal form of a government would be that which ensures eradication of world problems like injustice, cruelty, corruption, mal-functioning of institutions, mis-management of all types etc. Abundant literature exist telling point of view of common people, philosophers, politicians and others about the ideal form of government.

The Muslims, however, believe with conviction that the best form of governance shall be ultimate established by Islam on whole globe. In other divine religions it is believed that the Kingdom of God shall be established when Jesus Christ shall come again. This view does not create any difference from Islamic point of view as Jesus is believed to be a Minister with the Holy Imaam Mahdi and He (Jesus) will say prayer in Baitul Muqaddas behind Imaam e Zamaan (Imaam Mahdi A.S.).

## **6. Conclusion.**

In the paper, the problems in current economic systems of the world have been discussed. The main problems of social injustice, unequal income distribution and other problems of governance both are with in and across the countries. All these problems are reflected in the poor governance of the poor countries. The conventional economics fundamentally has no solution to these problems because the forecasting in the conventional economics is done by the empirical method which is based upon the adaptive expectations that may be true or wrong.

But Divine economics not only deals with the issues like growth, employment, inflation etc. but also focuses on well being, happiness and improve all other social indicators of human life. Moreover, the problems such as equitable distribution of wealth, justice, equal opportunities employment and economic activities. More over in divine economics forecasting is made by using aforesaid three methods such as divine revelation, experience / perception of Wiseman and the empirical methods, hence forecasting by the divine economics will be true.

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