Individual Freedom and Social Control: Human Nature Revisited: A Review Article

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I. Introductory Remarks

Perspectives on Morality and Human Well-Being: A Contribution to Islamic Economics by Syed Nawab Haider Naqvi (2003, Leicester: Islamic Foundation, 226 pages + References and Index) is an important contribution to welfare economics and, more generally, to applied ethics and analytical philosophy. It is a comprehensive treatment of the role of morality in the discourse of political economy.

In his analysis, Naqvi goes to the heart of the economic and social problems of the present time, the lack of ethical or moral reference in economic and social policies, a situation deemed responsible for both exclusion of the majority of humanity from the fruits of development, abuse of the environment, and the use of advanced technology for destructive wars. Evidently, applied ethics is a complex subject, partly as a result of its wide range of applications and their synergetic nature. However, notwithstanding the doubts of some authorities about the value of applied ethics, there has been a growing appreciation, and apparent inroads in the economic discourse which emphasize the important role of institutions and socio-cultural forces in economic analysis and their relevance to human well-being. These inroads are the roots of a silent revolution in the economic field. They will eventually merge economic analysis with the larger human realm, its historical, ethical and religious

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foundation, and are bound to enrich the field of economics, especially by extending its normative content to practical applications whose outcomes could be empirically tested and evaluated. In this respect, *Perspectives on Morality and Human Well-Being*, that relates moral values to economic theory, while judging applied ethics by the 'success' of its application, is an important and timely contribution, especially in the present age when aspirations to peaceful dialogues among civilizations are being replaced by lethal wars that are deepening hatred and are leading the human society to uncertain path.

As expected in such wide-ranging treatment, there is both systematization of present knowledge as well as a tendency to drive conclusions that may lack full authority. The book provides a balance between, on the one hand, reasoned analysis combined with a novel axiomatic Islamic framework, and, on the other, speculative but interesting ideas that call for reflection and critical thought. These latter aspects are an indication of the book's being unfinished; a 'work in progress'. Its scope is comprehensive and interdisciplinary, requiring more detailed discussion than is possible in standard-length short reviews.

In this review, after a brief summary of the book, I will focus on two issues that are central to Naqvi's thesis. The first is the historical evolution of the concepts of freedom, justice, and morality. The second is the implied institutional framework necessary for the operation of the system. The purpose is to understand how far present approaches to develop a priori ethical rules in applied welfare economics and analytical philosophy, including Naqvi's framework, are influenced by ancient concepts that had mixed motive and have been plagued with 'antinomies,' that is to say by mutually contradictory propositions, each of which can apparently be proved to be correct. *Morality and Human Well-Being* emphasizes the role of empirical 'facts' in judging the success of applied ethical systems, thus bringing the discussion to the present state of human conditions. Two criteria are required to evaluate this emphasis. The first is not to mix a priori with empirical ethical statements. Following Kant, as detailed later, it is essential to make a distinction between a priori and empirical ethics. If there is a moral 'ought' or 'duty', then there are moral principles in accordance with which people 'ought' to act.

Knowledge of these principles must be a priori knowledge. It cannot be based on, or guided by sense experience since not all people's actions are moral. It is only the a priori or pure part of ethics that can show what the nature of 'duty' or 'ought' is. This is similar in Islamic ethics to the distinction between *Sharīʿah* and *fiqh*. *Sharīʿah* reflects the letter of the Qur'ān, the pure or a priori Islamic ethics, while *fiqh* is viewed as its practical interpretation, as Islamic empirical ethics. As Qutb (1988: 49-50) has pointed out, Islamic *Fiqh* is people-made. Islamic scholars (*the 'Ulamā')* formed it based on their understanding and applications of the *Sharīʿah*, in specific circumstances, in response to specific needs, and in the sociopolitical and economic context of the generation they lived in. The rules of *fiqh* should not be stagnant. They must be reinterpreted to reflect changes in the empirical reality and knowledge in general, including advances in science and technology. By mixing up the different parts of ethics we may easily confuse the analysis and its conclusions. For example, we may confuse duty with self-interest, a confusion that is bound to have disastrous effects in practice, as is perhaps evident in today's world.

The second criterion is that in economics there is a close linkage between normative and positive statements. Normative economic statements are constructed from two sources: the prevailing knowledge of economic theory and methods, and some value judgments that may be accepted or rejected by economists among others. Normative economic statements must be grounded in contemporary economic thought and analysis, not all are universally accepted as a definitely scientific statements. Thus, to judge the value of a normative statement such as those proposed in *Morality and Human Well-Being*, we may evaluate, on the one hand the value judgment of its content, and, on the other hand its positive economic content. The latter requires both theoretical and empirical verification. We may also add, as a cautionary proviso, that positive economics is not necessarily value free as is normally assumed in mainstream economics – the line distinguishing positive and normative analysis is blurred at best. An illustrative example that will be mentioned later is the Pareto optimality criterion, discussed at length in the chapter on morality in economics.

II. Summary of the Book

Perspectives on Morality and Human Well-Being covers a wide terrain. Its main aims are (a) to examine the role of morality in individual and collective behaviour and its impact on human well-being, especially in promoting growth with equity and poverty alleviation, in three perspectives, namely secular-normative, Judaeo-Christian and Islamic; and (b) to illustrate the important role Islamic ethics could play in promoting human well-being. For the latter objective, Naqvi attempts to focus on "How to create knowledge about the *ends* of an operational Islamic economic system and the *means* to achieve these ends, while keeping in view the modern advancements in economics and ethics; and weaving these diverse elements together in a manner which is logically sound, empirically verifiable, and operationally feasible – and yet religiously authentic" (p. 19). This is indeed a convoluted terrain and Naqvi has been conscious, the need to clear the path as he moves along it.

The book is divided into two parts with three chapters in each. The first part examines the interplay between 'Religion, Ethics and Economics'. It starts with an informative and concise overview of the subject – matter of the book, arranged according to the structure of the book, stating the key conclusions, and bringing coherence to the diverse and complex issues examined. Readers should give special attention to this chapter since it serves as a reading map. For example, readers are alerted that there are both points of commonality or agreements as well as disagreements among the three perspectives examined. These agree that the moral values held by individuals and society are essential for self balance as well as social coherence, and that moral behaviour is not necessarily irrational. Also, maximizing efficiency is not sufficient to achieve maximum well-being – a Pareto optimum may not be equated with an optimum social welfare – and finally, it is possible to develop a principle of social justice for evaluating the moral credentials of a society. On the other hand, Naqvi finds that there are equally important disagreements among the three perspectives. Secular analysis does not agree that 'adequate' moral behaviour requires the presence of an internalized sense of obligation that can only be provided through religious indoctrination, and that moral behaviour alone is not sufficient to generate enough

resources to deal with societies' ills, such as poverty alleviation. We may also add that religions are not judged by the success of economic or social policies, but rather by how well they accomplish the purpose of turning beasts into human beings, savages into citizens, and empty hearts into hopeful ones at peace; and, how much freedom they leave to the cognitive and mental development of mankind. There are differences among the three perspectives on that account. In the Qur'ān as in the Talmud, but not in Christianity and not in the secular-normative, law and morals are one; every commandment is of God. There are rules not only for manners and hygiene, marriage and divorce, and the treatment of children, slaves, and animals, but also for commerce and politics, interest and debts, contracts and wills, industry and finance, crime and punishment, war and peace, although in the Qur'ān, individual freedom of choice is safeguarded as stated in the axiomatic framework.

Part 1 presents a balanced counter-argument to the secular-normative stance on the role of moral behaviour in dealing with societies' ills, based on an extensive review of the role of ethics in economics, including that of pertinent moral issues in welfare economics such as the 'self-interest principle', 'altruism', and the 'possibility' of public policy. This is followed by a lucid, and in many respects innovative, analysis of religious morality and human behaviour in Western thought, with conclusions, some of which are probably controversial. For example, Naqvi emphasizes that religious values, to be effective should not be stagnant but dynamic and sensitive to change in knowledge and experience but without violating the basic principles of the religion – evidently, a difficult act to follow.

Part 2 of the book is devoted to the development and evaluation of an Islamic ethical system: how to define it, evaluate its achievement through an axiomatic framework, what the principles of Islamic reform are and the rules for knowledge creation and utilization within the Islamic structure. This is probably the core of the book and its main contribution. The discussion of the Islamic ethical system starts with a review of religious morality in Islam, a must read for the non-initiated. Then, follows an introduction of the axiomatic framework to Islamic ethics, developed by Naqvi in earlier work, follow. According to Naqvi, "A complete and consistent Islamic ethical *system*, compromises exactly four elements: (a) unity (*tawḥīd*); (b)

equilibrium (*al-'adl wa al-iḥsān*); (c) free will (*ikhtiyār)*; and (d) responsibility (*farḍ*). Each of these elements of the system has been selected by reference to "informed intuition" about widely held Islamic beliefs, philosophy of life, and the centrality of human reason – all of which are highlighted in the Holy Qur'ān". However, Naqvi emphasizes that the axioms "are used here *not* as a set of theological beliefs (which these undoubtedly are) but to serve as higher-order generalizations from which specific statements of a lower order generally can be *deduced* about the moral imperatives which motivate individuals to work for social good as an Islamic economy." (pp. 149-150). In the opinion of the present reviewer, the axiomatic framework, aside from its contribution to Islamic ethics, is a valuable analytic tool. For example, I was able, in a recent analysis of 'Islam, Society and Economic Policy', to make meaningful comparisons between Islamic and non-Islamic economies using the axiomatic framework (Sirageldin, 1996). In the present discussion, Naqvi, has, expanded the theological and logical documentation of the axiomatic framework, including a valuable historical assessment that focuses on the role of the Mu'tazilah School in introducing logic and rational analysis of Islamic principles. The Mu'tazilah, though influenced by Greek philosophy, developed their own doctrine that was influential, intellectually and politically, for many centuries (aside from the references in the text, El-Shakaa (1994) provides a comparative analysis of fourteen Islamic schools of thought including the Mu'tazilah). Although an important contribution, both historically and conceptually, especially to the development of the axiomatic framework, my focus here is on Naqvi's attempt to differentiate between a *priori* and empirical Islamic ethics and not on the historical background. The axiomatic framework provides the necessary logical consistency in the discussion of Islamic ethics and serves as the reference base for evaluating the empirical analysis presented in the sixth and last chapter of the book. Such evaluation is necessary, especially as Naqvi emphasizes that 'religious values should not be stagnant but dynamic and sensitive to change in knowledge and experience but without violating the basic principles of the religion'. In that respect, four general principles based in Weber-Tawney-Fogel thesis and similar to Kant's and Quṭb's distinction between *a priori* and empirical ethics are invoked (p. 91). However, the institutions

necessary for the application of these principles are not dealt with in Naqvi's book.

Naqvi's conclusions are balanced and critical. Although religious moral values are fundamental in improving human well-being, they have two important limitations: firstly, voluntary individual behaviour cannot *by itself* maximize social welfare; it must be supplemented by an activist public policy. In other words, moral ideals must be reflected both in individual behaviour *and* in public policy. Secondly, religious moral values *if not properly interpreted*, can become a positive obstacle to economic progress (pp. 217 – 222). There is probably some validity in these conclusions, but their assessment depends critically on the necessary institutions, and the cost in lost freedoms, as Sen put it, when implemented. Naqvi, similar in this respect to Rawls and Sen, does not state or examine the institutions necessary to implement the visionary framework. But as is now well known, neglecting the role of institutions resulted in disastrous consequences in the application of Marxism in the Soviet Union. Indeed, the empirical analyses presented in *Morality and Human Well-being* serve as a proxy for detecting the weakness of *existing* institutions in Islamic economies, but not their shortcomings when addressing the complex issue of promoting and maintaining individual and collective morality while promoting economic growth with equity and combating poverty. In what follows I will examine some issues in applied ethics and poverty alleviation with reference to the contribution of *Morality and Human Well-Being*. The purpose is to complement that important contribution.

III. Applied Ethics and its Motive

Economic analysis is in the midst of a quiet revolution parallel to the revival of analytical political philosophy in the field of political science (Pettit, 1995). There has been renewed appreciation of the importance of sociopolitical institutions and cultural forces in economic life and human well-being, especially as these forces influence the balance between, on the one hand, the individual freedom and natural instinct that are necessary for human initiative, self-balance and progress, and, on the other, the social authority that is necessary for survival and social stability. However, as the focus moves from theory to application, the involved processes and their

outcomes increase in complexity, especially in the context of fast technological change, increasingly interdependent global systems with a hegemonic power structure, and highly mobile international finance capital associated with an open global labour market with highly constrained mobility. However, despite these significant systemic developments, that require innovative institutions and new rules of conduct, the style of contemporary 'applied ethics' or more generally analytical philosophy has been essentially a return to its classical form, a revival of an old tradition whose focus has been on serving the needs of the ruling class.

The tradition of developing ethical rules, that is biased towards serving the elite, has its roots as far back as ancient Egypt whose government was famous for the stability of its rule and institutions, extending for many millennia, mainly a result of its ability to preserve the status quo of its institutions and style of governance. It was that model of control and stability that Plato allegedly admired and sought to apply for a stable and optimal structure in his ideal 'Republic' (Popper, 1971, 1: 224). It may be noted that in his theory of forms and ideas that essentially initiated the doctrine of the historicist philosophical school – the doctrine whose main objective is to predict the destiny of humanity such – prediction prophecy depends on the discovery of specific historical or evolutionary law, and, that the law of historical development is either laid down by the Will of God in its theistic form, or in non-theistic forms as a law of nature, or of spiritual or economic development. However, in all these forms, predicting the future of humankind is based on discovering these historical laws. Plato, in his theory of forms and ideas viewed the pinnacle of human destiny to be at the time of creation, so that all social change is viewed as decay or degeneration, a movement away from the optimal and unchanging 'original' form or ideal. And that includes moral decay that could only be broken by the moral *will*. Accordingly, except where degeneration could be reversed by the moral will, arresting change was the primary goal of Plato's sociopolitical and ethical system. In the quest to arrest change and preserve the original form, any policies might be used, even if unjust, even if they promoted inequalities or suppressed freedoms, as long as they served the goal of maintaining the *status quo*. Arresting change eventually paved the way to totalitarianism, apparently the favoured

Platonic system. Plato, in contract to Socrates, seems not to have favoured democracy or the 'open society'. Thus, although his stated aim was to promote happiness in his 'Republic', his treatment of happiness, similar to that of justice, is based on the belief that society is *by nature* divided into classes or castes. Only justice, Plato insists, realizes true happiness, where justice is defined as keeping one's place – thus, the "ruler must find happiness in ruling, the warrior in warring; and we may infer, the slave in slaving" (Popper, 1971, 1: 169). This view can justly be compared with an organic or biological theory of society, a tribal closed system with no competition for status, since there is no inherent tendency on the part of the legs to become the brain or of other members of the body to become the belly. It should be evident that "attempts to apply the organic theory to present societies are veiled forms of propaganda for a return to tribalism" (Popper, 1971, 1: 174). Although historicists in principle see society as evolving towards the same totalitarian destiny, Hegel, Marx and their present-day followers have taken, while maintaining the divine division of society into classes and castes, the march of history in the opposite direction: the pinnacle of humanity is not at the time of creation as with Plato, where humanity is moving away from the optimal ideal, but rather humanity is moving towards that ideal, and thus sacrifice, either way, whether in freedoms or in lives, is called for in order to reach that historicists goal and to escape the evolving decay.

In Asia there have been varied examples of applied ethics. For example, that of Akbar, the Muslim Mogul Emperor: when "Catholics were murdering Protestants in France, and Protestants, under Elizabeth, were murdering Catholics in England, and the Inquisition was killing and robbing Jews in Spain, and Bruno was being burned at the stake in Italy, Akbar invited the representatives of all the religions in his empire to a conference, pledged them to peace, issued edicts of toleration for every cult and creed" that included the varied creeds of Christians, Muslims and Hindus under his rule (Durant, 1963: 469). It was a laudable ethical initiative initiated by the head-elite, but lacked the necessary institutional framework to provide legitimacy and secure its continuity independently of the ruling class.

And, indeed in Greek and Roman philosophical and political developments, viewed as the cradle of Western civilization, the ethical question was apparently framed as follows: How to create a stable and just environment and how to live and die in detailed and concrete terms while maintaining stability and continuity? But, although the question seems to have been presented with apparent clarity, its inner motives were often blurred by mixing reason and logic with metaphysics and unsubstantiated speculations, that generated varied schools of thought with opposing systems of ethics, thus generating a moral confusion that seems to continue up to the present time (Russell, 1972 and Popper 1971, Vols. 1 & 2).

The question of how to create an optimal balance between stability and justice, although of major concern to human well-being, has continued to elude students of philosophy and politics up to the present time. Many ethical systems, from Plato, Hegel, or Marx to Rorty, in their attempts to answer this question, have been framed in terms alleged to be universal but which on closer examination, lacked either logical consistency, the presence of universal criteria for justice, or the aptitude for practical application (Popper, 1971, Vol. 2). In his celebrated 'categorical imperative', referred to above, Kant for example, while minimizing the role of metaphysics in his analysis by insisting that, as opposed to logic, ethics, like physics, is not independent of sense experience of objects, deal with objects of thought and accordingly, both must have an *empirical* part (one based on sense experience) as well as a non-empirical or a *priori* part (one not so based). Ethical laws, however, differ from those of physics since the former must apply to human wills as affected by desires and instincts, which can be known only by experience. However, what men and women *ought* to do cannot be deduced from what they actually do, since they often do what they ought not to do. Hence, according to Kant, knowledge of the principle of *how* to *act must be* based on a priori knowledge, also called *metaphysics of morals,* whereas, knowledge of particular duties requires experience of human nature and belongs to the empirical part of ethics (Kant, 1964: 13–14). In his framework, Kant took the ethical question further towards universality to find means to perpetuate justice and peace. But his attempt, although a positive step in the development of universal ethics and political philosophy, and one that has influenced

many influential recent philosophers such as Rawls, has been debated on theoretical grounds. Also, it seems not to withstand the test of 'practical' application, probably a result of its being based on voluntary human consensus that evidently does not provide enough authority or legitimacy for durable and successful binding of its rules. According to this interpretation, consensus based on human reason alone, lacks the inner depth of a moral conviction whose origin is 'above' the wisdom of mortal humans, as Naqvi observed (p. 178, fn. 22). But is it enough to lay down the moral map and expect it to be followed automatically without debate and the presence of necessary institutions? As is well known, force has been proven to be an inefficient tool to change morals. As in liberty, its enforcement has been seen "as a first approach to totalitarianism, a license for the tyrannical view that individuals can be 'forced to be free'" (West, 1995: 43), a view that is apparently adopted and implemented as we enter the twenty-first century. This, however, is a debate that is at the centre, not only of Naqvi's thesis, but also that of current political philosophy (Goodin and Pettit, 1995).

IV. Democracy, the Rule of Law and Freedom

There are many attempts to apply reason to practical ethical problems based on varied frameworks, including the present contribution of Naqvi. But there are some authorities who continue to doubt the value of applied ethics, and are sceptical about ethics in general, illustrated by Hayek's statement (quoted by Naqvi, p. 6): "A society in which the position of the individuals was made to correspond to human ideas of moral merit would … be the opposite of a free society". Hayek and other authorities, concerned with individual freedom as a political ideal, believe that any restriction on individual liberty would break up the institution of democracy and eventually lead to totalitarianism. The importance of individual freedom to democratic government is not new. It is based on the concept of personal autonomy that has been much invoked on issues of applied ethics. In political philosophy, the idea of persons as autonomous agents with independent thought processes and rights, initiated by Socrates two and half millennia ago, underlies recent liberal theories of justice such as that of Rawls, among others, as well as liberal

defences of more specific political values, such as freedom of speech and expression, expounded in various UN declarations, to the extreme stance of absolute individual freedom of Nozick. Nozick's system, counter to Rawls, is founded on the assumption that we own what we produce, a probable insult to feminism and confusing to family values and population dynamics. It is a belief in a justice based on who produced a good, rather than who benefits most from it or what all parties would agree to if they did not know who would get what. But where to draw the line between respect for personal autonomy and the wishes of society at large continues to be a debated issue in applied ethics and, more generally in political philosophy – an issue closely related to what Russell, in his memorable inaugural Reith BBC Lectures (Russell, 1995), labelled as the balance between authority and the individual or freedom and order, a conflict whose resolutions are not free from antinomies. Indeed, there are many roads leading to totalitarianism, including that of unfettered individualism *à la* Nozick, or that of the other extreme of unfettered social authority and control *à la* Plato: "The greatest principle of all is that nobody, whether male or female, should be without a leader. Nor should the mind of any body be habituated to letting him do anything at all on his own initiative... Never to dream of acting independently, and to become utterly incapable of it" (Plato's *Laws*, quoted in Popper, 1971, 1: 103).

But one may learn from Hayek's historical account of the rise and fall of the political ideal of the rule of law, and of the main forces responsible for the decline of freedom and democracy, even in England where it was first implemented and practised (Hayek, 1955: 3 – 8). Such lessons should be valuable, especially when attempting to implement an Islamic moral system in the context of today's global power structure. Hayek traced the Greek concept of *isonomy* and its relation to *democracy*. Isonomy, stands for 'equality before the law', 'government of law', and 'rule of law'. Even after democracy had been achieved the term continued to be used for some time as a justification of democracy, since democratic governments soon proceeded to destroy that very equality before the law from which it derived its justification. Aristotle, for example, made it clear that the rule of the law (isonomy) ought to be supreme over all things, and that well-drawn laws should, themselves, define all the points they can and

leave as few as may be for the decision of the judges (Hayek, 1955: 7 – 8). These two pillars, the rule of law and controlled roles of judges, provide, according to Hayek, for a fairly complete doctrine of government by law that led to the conception that "we obey the law in order that we may be free". In the classical period of Roman law it was understood that "there was no conflict between freedom and the law, and that it depended on certain general characteristics of the law, its generality and certainty, and the restrictions which it places on the description of authority, whether it would give us freedom" (ibid.). Indeed, restrictions on authority and experts are essential since, not only because this represents the maxim that laws be made by one set of people and administered by another – in other words, that the legislative and the judicial functions be kept separate – but also because of the mechanisms whereby the interactions of democratic decisions and their implementation by the experts often produce results that nobody had desired.

Evidently, democracy probably needs, even more urgently than any other kind of political order, a systematic criticism of the total result, which its separate acts jointly produce. In that respect, it was Socrates, and not Plato, who was the true champion of democracy and humanism. Socrates appealed for intellectual honesty when he called people to 'care for your souls', and for human limitations when he said: 'know thyself'. His strong and sincere criticism of democracy and democratic statesmen in his time was based on these principles: their lack of honesty and their obsession with power-politics (Popper, 1971/1962, Volume 1, chapter 10), a reminder of present-day democratic practice, especially the lack of transparency, isonomy and moral values; and, that intensions do count, ethically, as much as revealed behaviour as in the known Islamic dictum. Furthermore, the demand for freedoms is insatiable, but could be self-destructive. Once people surmount the remaining obstacles to the fulfilment of their wishes, they appreciate less what they possess and will seek new aims and often trade these new aims for some of the freedoms they have, that could be one of the four essential elements of freedom that were established in the time of the classical Greeks and seem not to have changed much over the course of history (Westerman 1946, quoted in Hayek: fn. 10, p. 63), namely: (1) legal status as a protected member of the community, (2) immunity from arbitrary seizure and arrest, (3)

the right to work at whatever a person desires to do, and (4) the right to freedom of movement. Such unconscious sacrifice of freedoms could erode, not only human rights, but also the concept of democracy itself. The issues are essential to applied ethics and require more elaboration than provided in *Morality and Human Well-Being*.

V. How Value-free is Positive Economics?

Naqvi provided a balanced statement of the Pareto efficiency criterion as a guide to the secular/normative perspective. We may also add that Pareto, like Marx, Hegel, and others all the way back to Plato, had been a sociologist with a perspective on how society *ought* to function – a value judgment. But the *ought* is not necessarily moral in the sense of being 'good', either on the individual or the collective levels. Indeed, there are many instances in 'positive' economics in which implicit values play important roles, e.g. economic solutions to externalities, but here we focus on the Pareto criterion, which is at the heart of the economic discourse and examined in detail by Naqvi. The efficiency criteria of Pareto optimality is not value free, as many economists assert. It fits conveniently with Pareto's own sociopolitical stance on governance: "The art of government lies in finding ways to take advantage of such sentiments, not wasting one's energy in futile efforts to destroy them; very frequently the sole effect of the latter course is to strengthen them. The person capable of freeing himself from the blind domination of his sentiments will be able to utilize the sentiments of other people for his own ends. . . This statesman who is of greatest service to himself and to his party is the man without prejudice who knows how to profit by the prejudice of others". But Pareto was not free from his own prejudice. He spoke with disdain about 'the humanitarian religion' (Pareto, 1843, *Treatise of General Sociology*, English translation: *The Mind of Society,* 1935, Vol. 3, quoted in Popper, 1971, 2: 318). As Popper put it: "His own prejudice is the anti-humanitarian religion. . . his choice was not between prejudice and freedom from prejudice, but between the humanitarian prejudice and the anti-humanitarian prejudice". Pareto's political framework and his prejudice have its roots as far back as Plato and some of his successors, although many present-day economists and social scientists don't notice how much prejudice they

acquire as a result. Indeed, we are only referring to the ethical implication of the Pareto efficiency criterion and not its technical use in economic modelling and equilibrium analysis – the latter has a large economic literature. Ethically, the Pareto rule is a strict guardian of individual rights, especially those in control, initial endowments are sacred, regardless of their impact on equity or equality, and cannot be redistributed without compensation that taxes the rest of society. Such rule cannot serve a viable environmental policy and has been discarded in such analysis, since for example; an initial condition of an industry that produces high levels of pollutants may not be changed based on the Pareto criterion alone. Such environmental abuse is either left as is or fully compensated for lost income or profit. The Pareto efficiency criterion has contributed to better understanding of the dynamics of public policy. For example, given strict and unrealistic assumptions, about the institutional set-up, market behaviour and the role of public agencies, Möler (1985) showed that every Pareto efficient state is *Lindhal equilibrium*. But there are eminent authorities that have been sceptical of conclusions based on unrealistic assumptions (Koopmans, 1957: 137 – 141). Meanwhile, in actual experience, the Pareto criteria attends well to Pareto's sociopolitical programme of serving the interest of the well-off – an *elitist* criterion.

VI. On Poverty

Poverty and its alleviation is a major theme in Naqvi's book. But the development of effective policies for poverty reduction and the monitoring of their progress and efficacy may not be feasible without a clear definition of poverty that can be measured with consistency across space and time. One wishes that some details about the concept of poverty that defines the way poverty-alleviation policies could be effective and, in line with the Islamic axioms, could have been examined. There are known and difficult problems with defining and measuring poverty (Sirageldin, 2002). Martin Rein (1970: 46), for example, identified three broad concepts of poverty: subsistence, inequality, and externality. Subsistence is concerned with "minimum of provisions needed to maintain health and working capacity" (capabilities). Inequality is concerned with the "relative position of

income groups to each other". Hence, the concept of poverty must be seen in the context of society as a whole. Poverty cannot be fully understood by isolating the poor and focusing on their behaviour as a special group. It is equally important to understand the behaviour of the rest of society, especially the richer segment and the rich economies. Externality is concerned with the "social consequences of poverty for the rest of society rather than in terms of the needs of the poor – it is not so much the misery and plight of the poor but the discomfort and cost to the non-poor part of the community which is crucial to this view of poverty". This latter view provides the political and social dimension of policies dealing with poverty. Each of the concepts outlined by Rein presents numerous conceptual, definitional, and measurement problems.

Poverty is a multidimensional concept. It cannot be viewed in isolation from the socioeconomic environment and the political system. Poverty-reduction strategies and policies are part of overall 'development' strategies. Growth with equity, as Naqvi has rightly called for, may not be a sufficient criterion for guiding policies to alleviate poverty. Some current poverty-alleviation policies may be counter-productive in the longer term. As discussed elsewhere (Sirageldin, 2002), Islamic ethics support a poverty alleviation strategy that is based on the principle of promoting economic growth with *productive equity*, where *equity* implies a redistribution of the various elements of well-being and not only money transfers, and *productive* means that investment in the promotion of equity should have visible returns that enhance economic growth.

VII. Concluding Remarks

To a large extent, Naqvi has succeeded in providing a systematic approach to this demanding and challenging task. The attempt to separate a *priori* or pure from empirical ethics, through the axiomatic framework, is a valuable contribution, not only to Islamic ethics but also to applied ethics in general. Notwithstanding the difficulty of measuring achievement in terms of empirical analysis that may not differentiate between the impact of Islamic ethics and that of external forces, the analysis points in the right direction. An apparent shortcoming of the book, one that probably limits the generality of its

conclusions, is the absence of reflection on the impact of the global environment, its power structure and motivation. But the book remains a valuable contribution to, and reference for, Islamic ethics and applied political philosophy.

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