

# Why only Baha'is can contribute to the Baha'i funds: The political economy perspective

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## Abstract

*The purpose of this paper is to explore why only Baha'is have the right and privilege of giving to the Baha'i fund. I demonstrate this using the economic concept of rent. The paper explores the concept of rent, its cause and consequences. The concept is extended to explain some of the motives of interest groups and political institutions in a democratic state. Reference is made to the motives of 'reward' and 'loyalty' among interest groups and political institutions when making policies and law. The paper argues that giving to the Baha'i fund is an exclusive privilege of the Baha'is to a non-exclusive aim of the Baha'i faith, i.e. world unity. It also describes conditions when complication and conflict may arise when financial resources outside the Baha'i community penetrate into the Baha'i faith.*

## Introduction

Finance is an essential resource for the purposes of planning and implementing Baha'i projects and activities. In the Baha'i faith only the Baha'is have the right and privilege in giving to the Baha'i fund. The aim of this paper is to explore some of the political economic reason on why Baha'is should not accept any financial contribution from those who are not Baha'is.

In a letter written on behalf of Shoghi Effendi, 14 April 1934 to an individual believer, the Guardian offers two reasons why Baha'is cannot accept financial contribution from non Baha'is.

First because the institutions which the Bahá'ís are gradually building are in the nature of gifts from Bahá'u'lláh to the world; and secondly the acceptance of funds from non-believers for specific Bahá'í use would, sooner or later, involve the Bahá'ís in unforeseen complications and difficulties with others, and thus cause incalculable harm to the body of the Cause[1].

I summarise the two reasons as (i) the principle of exclusivity and (ii) the political problem.

In this paper I will explore some of the political problem associated with contributing to the Baha'i fund. The principle of exclusivity and spirituality are commonly invoked by the Baha'is as a defence to why only Baha'is can give financial donation to Baha'i projects and activities. Every individual Baha'i has the choice in giving however much or little to the Baha'i funds. It can be argued that the depth of one's spiritual conscience help determine the exercise of that choice. Therefore giving to the fund is both a spiritual and material importance. Spiritually it's important because the significance of the cause of Baha'u'llah in building a New World Order and materially it's important because the work of the faith supports and reinforces the grand project of building a better world.

By giving to the Baha'i fund, an individual is conveying a signal of belonging to a Baha'i community, and this is reinforced when the Baha'i institutions accepts that signal without conditions. The contribution and

acceptance is an important mutual bond, because it confirms the exclusivity and spiritual principle of giving to the fund.

In this paper I would like to explore the second reason offered by the Guardian on why Baha'is cannot accept financial contribution from non Baha'is for the purposes of Baha'i activities and development projects. This is done with reference to the economic tool of rent.

The paper is divided into 3 sections. The first explores the concept of rent and its negative outcomes. The second part offers some implications of the negative outcome to the Baha'i community and I draw some conclusion on why only Baha'is can give to the Baha'i fund.

## **Rent**

The economic concept of rent is distinct to what is conventionally known as payment collected by landlord for use of real property. Economic rents are created by manipulating policies and law in order to extract surplus that may not be desirable to the overall political economy of development. Economic rent is concerned with efforts that generate surplus. This surplus is mostly in the form of money that provides revenue to the state. The state has the exclusive right in exercising the right in creating such laws and policies that will benefit the state coffers but may damage the overall prospect of economic development. A very common form of economic rent is tariff imposed on imported goods. Tariffs provide revenue to the state treasury by the virtue of a simple government trade policy. The ability for the state to legislate laws and policies for the purpose of extracting rent makes it a monopoly profit maker[2]. It can be argued that this payment is unnecessary, because there is no allocative necessity for such an excess payment, even though the payment is infinitesimally small sum. The excess payment does not contribute to productivity or increase in output but nevertheless must be paid for because of the state regulations. The state regulations may be in place to protect and/or promote local businesses, to safeguard the interest of the individuals with political connections and or to restrict the number of players in the market in order to ease supervision. In other words rent is concerned with the use of political resources to obtain special privilege for political and economic purposes.

The transaction between the receiver (state) and the payer (trader, business organisations, etc) is not only injurious to the economy[3] but also creates an opening of opportunities for forging relationships between the extractor (state treasury) and the paying party. The extraction of rent is usually administered by state institutions. The affected parties are usually represented by respective interest groups. The size and the influence of the interest group strongly depend on influence of the business on the political, economic, social and the environmental domain.

The opening to forge relations between powerful authorities and economic operators paves the way for manipulation and misrepresentation of state policies and law. It can be argued that poor governance in state institutions may be exploited by opportunist through resorting to corrupt practices.

Hence economic rent is not only wasteful as it impedes competition and increases the price of goods and services, but it also creates the necessary conditions for the emergence of dubious relationships. These relationships are mostly between the state institutions and a few powerful economic operators represented through their interest groups. Interest groups can be divided into two. They are (i) interest groups representing the interest of a multinational profit driven businesses like Shell, Cadbury, Ericsson, etc and; (ii) interest groups representing a particular cause but not associated with any profit making motives, they include groups like the Green Peace, Amnesty International, Friends of the Earth, the Baha'i International Community, etc. The multitudes of these interest groups are based in the capitals of political power like Brussels, Washington and Geneva.

These interest groups lobby and counter lobby legislators and policy makers for a range of issues pertinent to their cause. The lobbying is done with the motive to preserve the business interest of a particular corporation. The lobbying could be with the intent of maximising profits or increasing returns to the shareholders. On the other hand, there could also be interest groups that counter-lobby the political institutions to deny or limit the demands made by large corporations. A very familiar lobbying and counter-lobbying exchange in the capitals of political power centres are between business corporations and environmental interest groups. The political institutions charged with making policies and law are at the centre of making these demands and counter-demands. The Baha'i International Community (BIC) is one of the many interest groups registered as an international non governmental organisation charged with promoting and protecting the interest of the Baha'i faith. How is the BIC different to the many interest groups lurking in the political capitals of the world? The BIC is different because it's a wholly independent body funded exclusively by the Baha'is and as such it's not subjected to any distraction from outside Baha'i institutions. It is also independent in pursuing its aim using its own principles and methods regardless of the changes in the agenda of the political institutions its dealing with. Given that the BIC is not funded by any outside body, it's not accountable to any external Baha'i institutions. Neither the BIC nor the Baha'i institutions operate in a static approach in protecting, promoting and preserving the Baha'i faith. In fact the Baha'i institutions though fixed in its aim; consults and acts in a dynamically changing environment both within and outside the Baha'i institutions.

The BIC as representative of the world wide Baha'i community is at the edge of dealing with changing political and economic environment. In democratic political surroundings, interests groups actively engage with the political institutions in asserting their interests when policies and laws are made.

The democratic transaction between political institutions and interest groups are a vibrant sign of a healthy consultative environment. However the danger in this type of consultative environment is the unguarded peddling of power and selfish interest between the political institution and interest group in fighting against hostile policies and law. The methods and the consequent result from the critical consultation are based on the currency of 'reward' and 'loyalty'. This currency lingers in the corridors of political institutions for interest groups to seize and use them for the protection and promotion of their interest.

The currency of reward and loyalty is exchanged either through votes or money between the interest groups and the political institutions. The rewarding and offering of loyalty is a reciprocal relationship between the political institution and the interest groups. In order for state political institutions to demonstrate its wealth in transacting policies and law, it may have to succumb to creating economic rent. Economic rent provides revenue to the state in order to reward some interest groups. An interest group representing a large corporation may offer its loyalty to a political institution if it helps to protect and/or promote the interests of the corporation.

## **Implications**

The un-conducive nature of bargaining using reward and loyalty is devoid in the Baha'i faith. The bond between political institutions and interest groups are strengthened if there is a flow of money donation in return for favourable policies. The link between donating money and making policy is made worse because of the intent of the policy makers and the creation of the culture of expectations in return for large donations. This is one of complications that the Guardian alluded to in his 2<sup>nd</sup> reasoning. In the Baha'i faith the law explicitly shuts the door for any external monetary contribution thereby removing the opportunity to offer and receive 'reward' or 'loyalty' on whatever issues at whichever political institutions.

The Baha'is as individuals, communities and institutions had been forewarned by the Guardian not to accept financial contribution from non Baha'is, because of the potential complication that may rise. This is despite that the Baha'i faith is open to anyone, who subscribes to the cause and declares his/her belief in Bahá'u'lláh. When a financial contribution is made by a person or organisation that is not a registered or affiliated to the Baha'i faith, it leaves an opening for a potential conflict to occur in the future.

Such conflicts can occur even when there is clarity of understanding, on the expectation of the contributor and the receiver at the time of the exchange. Conflict of interest has the potential to occur long after the exchange has taken place, this is mainly because of the changing political and economic environment in which most organisations and individuals operate. The changing political and economic circumstance leads to changing of priorities within the non Baha'i world, which may upset the agreed expectation between the contributor and the receiver. Therefore there is potential for conflict to occur both in the short and long term between the non Baha'i contributor and the Baha'i institutions. In other words conflict occurs when there is a collusion of interests, especially when one of the parties is not an official member of the Baha'i community but had previously made links to the Baha'i community through financial donation. This is made worse when the non Baha'i contributor does not recognise the spiritual significance of the Baha'i institutions in achieving the aim of the Baha'i faith.

The Baha'i institutions are securely established as a consultative mechanism to resolve and propose ideas for the advancement of the aim of the Baha'i faith. The Baha'i community advances its aim through the individual, the community and the institutions. These three parts though diverse in resources and clarity of understanding are nevertheless harmonized in achieving the single stated aim of the Baha'i faith; that is the promotion of world unity. Baha'u'llah reveals in the Lawh-i-Maqsúd:

‘The Great Being saith: O ye children of men! The fundamental purpose animating the Faith of God and His Religion is to safeguard the interests and promote the unity of the human race...’[4]

In the same tablet, Baha'u'llah affirms that this fundamental purpose, is not subject to any potential changes and chances occurring in the political, economic or any other realm in the world.

Baha'u'llah makes it clear, that this aim is to be achieved through the structures of the Baha'i faith. The Baha'i individuals, communities and institutions are the foundation upon which these structures are to be established.

‘Whatsoever is raised on this foundation, the changes and chances of the world can never impair its strength, nor will the revolution of countless centuries undermine its structure’ [5]

Therefore the Baha'i enterprise is to achieve the fixed aim of world unity. The foundation for achieving this aim has been laid by Bahá'u'lláh, Bab and Abdul Baha. The methods of achieving this aim are further expounded by the Guardian and presently by the Universal House of Justice.

The challenge facing the Baha'i community is to design its plan and steer its activities to achieving the fundamental aim of world unity. This it needs to achieve by depending on its own financial resource. As explained above, the danger in depending on the resources, especially financial on outside channels is that it will create conditions for future conflicts between the Baha'i and the non Baha'i world. Such conflicts can disturb the stable aims and objectives of the Baha'i faith.

The institutions set out in the Baha'i faith consists of appointed, elected and a range of support agencies. The penetration of any non Baha'i resources into any of these institutions would open the door for potential conflicts. By disallowing financial contribution from non Baha'is, the Baha'i community has

abstained itself from any future conflicts and expectation of reward and loyalty in pursuing its aims. This abstention means the Baha'i community is not subjected to lobbying and counter-lobbying from any outside actors. This is indeed essential if the Baha'i community at large is to achieve the stated aim of world unity without resorting to any outside demands. However on the other hand, the exercise of exclusivity means that the appeals made by the Baha'is to the non Baha'i institutions either to promote and/or protect the interest of the Baha'is maybe slow to be considered and decided. However this neither mean Baha'is should actively engage in lobbying and counter lobbying activities using the currency of reward and loyalty nor demand quick results without regard to the processes. In fact operating within the domain of exclusivity presents the Baha'is with more advantages than disadvantages. The main advantage of operating within the domain of the Baha'i faith is that it excludes any outside interference, which may be of a distraction to achieving the Baha'i aim of world unity. By operating on an independent financial resource, the Baha'is had saved their budget from the process of lobbying and counter-lobbying in the halls of political and economic power. Most importantly the Baha'is has embarked on the project of achieving world unity using their own institution and inspiration.

## Conclusion

In striving to achieve the aim of world unity; the Baha'is had made a righteous stand by depending only on their own financial resources to achieve the aims and objectives of their cause. The aim of the Baha'i faith is and will be the same despite the changes and chances in the political and economic institutions that the Baha'is must increasingly deal with. By being financially independent, the Baha'is had abstained themselves from the murky politics of loyalty and reward in fulfilling their aims. The abstention has helped Baha'is prevent the complications of dealing with the expectation of reward and loyalty. Although the privilege of giving to the Baha'i fund is a benefit enjoyed exclusively by the Baha'is, the outcomes emanating from Baha'i institutions are beneficial to all of mankind. Therefore achieving the aim of the Baha'i faith is truly a gift to humanity.

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[1] *Compilation of Compilations, The*. Prepared by the Universal House of Justice, 1963-1990. (2 vols., n.p. [Mona Vale, N.S.W.]: Bahá'í Publications Australia, 1991) 1:550.

[2] Coolidge J. and Rose-Ackerman S, 'High Level Rent Seeking and Corruption in African Regimes: Theory and Cases', <http://www.worldbank.org/wbi/governance/pdf/wps1780.pdf> (Accessed 3rd of February 2006] pp. 2-3

[3] Tullock, G. (1993) *Rent Seeking*. The Shaftesbury Papers, 2. (Aldershot and Brookfield: Edward Elgar Publishing, 1993) 22

[4] Lawh-i-Maqsúd: Tablet of Maqsúd, tr. Shogi Effendi, available in *Tablets of Baha'u'llah Revealed after the Kitab-i-Aqdas* (US Baha'i Publishing Trust, 1978), pp. 168.

[5] *Ibid*, pp 168.