

# Islamic Response to the Impact of Globalization: Developing Countries' Perspective

Mohammad Abdul Aziz\* Md. Monirul Islam\*\*

## Abstract

'Globalism' and 'Globalization' reveal the global convergence of values which are termed as the same point although a great dilemma is prevalent among the scholars in the practical aspects of it. 'Globalism' is apparently a theoretical perspective for being the entire world a village i.e. cutting the fragmented shape of world into a single unit. But when the process of 'globalism' culminates in an observable fact for the humanity, it is called the globalization. The term globalization is used to describe the global nature of capital and the emergence of a single global economy in the contemporary era. It also suggests certain homogenizing tendencies in the social as well as political realms where economy is dominant that controls all the social and political aspects. The dominance or impact of economic globalization in this study shows a downbeat ambiance for the developing countries that could not be espoused under the principles of Islam ordained in the Holy Qur'an and Sunnah. In fact, the study lucidly points out Islamic response to the room of globalization and to the impact of it in the developing countries.

Keywords: Islam, Globalization, Developing Countries, Developed Countries, and Economic Globalization.

## Introduction

Globalization lies at the heart of modern culture; cultural practices lie at the heart of globalization.<sup>2</sup> Globalization is a complex phenomenon that has had far-reaching effects. Not surprisingly, therefore, the term "globalization" has acquired many emotive connotations and become a hotly contested issue in current political discourse. At one extreme, globalization is seen as an irresistible and benign force for delivering economic prosperity to people throughout the world. At the other, it is

blamed as a source of all contemporary ills.<sup>3</sup> Nevertheless, it is widely accepted that the key characteristics of globalization have been the liberalization of international trade, the expansion of FDI, and the emergence of massive cross-border financial flows to make the world as a global village where people live peacefully in an equalized system. Islamic view of universal brotherhood has become the cornerstone of globalism or globalization on uniting the world people into a single unit of what 'Islam, from the very beginning, asserted the equality of all people. Its ideas and values always were couched in the language of humanity with a global audience'.<sup>4</sup> By asserting that all of humanity came from one man and one woman,<sup>5</sup> Islam emphasized the primordial equality and unity of all. This is the first cornerstone around which globalism, based on universal ethics and values of Islam can be advanced.<sup>6</sup> Thus, globalization exposes its balanced format in the world arena through making parity among the diverse classes of world people especially in the case of economic domain. Although it is supposed to be well-connected with egalitarianism that Islam suggests in any of its affair, it is blamed as the sources of disparity through falling the position of developing countries into wretched aroma with the bold-headed move triggered by developed countries in overall economic, political and cultural sectors.

## Concept of Globalization

### Modern Scholars' Views

Among the new concepts which have emerged in this era, especially since the past decade of the last century, there is the concept of Globalization. The advent of this concept is associated with the end of the cold war and the beginning of the so-called new world order, which is in fact, given the nature of its designs, an order created by the forces of hegemony with the aim of establishing a unique political, economic, social, cultural and media model, and imposing it on all human

\* Executive Director, Bangladesh Institute of Islamic Thought (BIIT), Dhaka.

\*\* Assistant Professor & Coordinator, Dept. of General Education (GED), Bangladesh Islamic University (BIU), Dhaka.

<sup>2</sup> John Tomlinson, *Globalization and Culture* (USA: University of Chicago Press, 1999), P. 1.

<sup>3</sup> The term "globalization" did not become popular until the 1990s. The final report of the Study Commission of the German Bundestag, *Globalization of the World Economy: Challenges and Answers* (14th legislative period, June 2002) notes that the number of times the word globalization was used in a major German newspaper, the *Frankfurter Allgemeine Zeitung*, increased from 34 in 1993 to 1,136 in 2001.

<sup>4</sup> Uaha Jabir al' Alwani (ed.), *Globalization: Centralization not Globalism* referred in *American Journal of Islamic Social Sciences*, 15:3. (USA: International Institute of Islamic Thought).

<sup>5</sup> *Al-Qur'ân, S'erah al-xujur'ât*: 49:13.

communities and making it binding on all governments.<sup>7</sup> As Margaret Wyszomirski points out, globalization is a “process in the works.” Economically, globalization is seen—variously—as a process by which business expands into markets around the world; as the increasing integration of world markets and the parceling out of different stages of production to areas with the most obvious competitive advantage; or the increasing interdependence of business and financial systems.<sup>8</sup> Technologically, the internationalization of communications, media, and information delivery and distribution systems both supports and drives the emerging global economy. Multinational and transnational communication and media corporations use wireless, fiber optic and web-based technologies to manage and market their products globally. The Internet and associated activities have made information access easier and faster than ever before. And technology keeps evolving at a rapid pace.<sup>9</sup> Globalization is clearly about more than commerce. Thomas Friedman notes in *The Lexus and the Olive Tree*: “Globalization is the overarching international system shaping the domestic politics and foreign relations of virtually every country.”<sup>10</sup> It “involves the inexorable integration of markets, nation-states, and technologies to a degree never witnessed before in a way that is enabling individuals, corporations and nation-states to reach around the world farther, faster, deeper and cheaper than ever before, and in a way that is also producing a powerful backlash from those brutalized or left behind. We have gone from “How big is your missile?” to “How fast is your modem?”<sup>11</sup> This expansion of trade, together with the geographical integration of production, came to be a significant piece of what came to be known as “globalization.”<sup>12</sup> Concisely, from modern scholars’ views, it can be said that expansion trade or global economy has effects on the politics and society with its full vigor to maneuver the world affair under their occupation.

<sup>6</sup> Uaha Jabir al’ Alwani, op. cit.

<sup>7</sup> Abdulaziz Othman Altwaijri, *Globalization and the Cultural Life in the Islamic World* (Morocco: Publications of the Islamic Educational, Scientific and Cultural Organization –ISESCO, 2002), p. 9.

<sup>8</sup> “Negotiating the Global Maze Artfully,” *Going Global: Proceedings of the 2000 Barnett Arts and Public Policy Symposium*, p. 75.

<sup>9</sup> Ibid.

<sup>10</sup> Harvey B. Feigenbaum, *Globalization and Cultural Diplomacy, Art, Culture & the National Agenda Issue* (USA: Center For Arts And Culture, The George Washington University, n.d.), p. 12.

<sup>11</sup> Thomas L. Friedman, *The Lexus and the Olive Tree* (Farrar Strauss Giroux, 1999), p. 7 & 9.

<sup>12</sup> Harvey B. Feigenbaum, op. cit. p.13.

## Islamic Views

The term globe in the English language enjoys the same meaning as the English word world. The term globalization is now used to denote a trend in world affairs in which several factors and forces impact on the way we view ourselves, our world, societies, cultures, the physical world, and the rest of the universe. The Arabic word for this geographic world is ‘alam; hence, the Qur’anic usage describing the Creator as Rabb al-‘Olamîn (The Lord of the Worlds). The Islamic term conjures up an image that cuts across the vast range of beings and their domains of existence in creation.<sup>13</sup> According to the Islamic scholars’ views of globalization, it now manifests itself in five important ways.<sup>14</sup>

The first involves the shortening of the geographic distances and the ease of human travel via faster means of locomotion, such as supersonic planes, nuclear-powered ships, high-speed cars, and bullet trains. The second manner in which globalization is shaping our world is in the traversing of physical distances through the effective manipulation of electronics in the service of humanity. By virtue of humanity’s scientific and technological development, people now commonly cross vast distances by telephone, fax, telex, and e-mail. The third manifestation is seen in the emergence of a world culture driven by the following universalizing factors: the growing impact of English as a common lingua franca, the integration of almost all societies and cultures into the world economy, the universalizing tendencies of science and technology, and the gradual emergence of world moral order whose building blocs are drawn from humanity’s religious and secular heritage. The fourth manifestation is the homogenization of human societies, a trend that has been facilitated by the universal adoption of the West’s scientific and technological concepts and vocabulary. The fifth manifestation is in the realm of military science and human warfare. These five types of manifestation were well-apparently performed by Prophet Muhammad (sm.) himself and his successors (four Khalifas). Prophet’s migration from Makkah to Medina and in the last phase, the conquest of Makkah and unification of Makkah and Medina and calling world people in the farewell sermon of Muhammad (sm.) for shaping a universal brotherhood which cover these five types of manifestations are

<sup>13</sup> Sulayman Nyang, *Conceptualizing Globalization*, *American Journal of Islamic Social Sciences*, 153, p.130.

<sup>14</sup> Ibid., p.131.

currently called as the dominant phase of globalization. Current idea of globalization cuts geographical distances that highly symbolize the rule of unique system over all phenomenon of economy, politics and society for keeping world-peace. Islamic entertainment, in this regard, resembles with the rule of unique system e.g. the confession as well as the obedience to Almighty Allah (Rabb Al- 'Ólamġn), the sovereign authority of the universe ('alam) with a view to establishing universal brotherhood (Ikhwġn) with keeping peace for humanity.

### Islamic Response to the Impact of Globalization

Globalization has set in motion a process of far-reaching change that is affecting everyone. New technology, supported by more open policies, has created a world more interconnected than ever before. This spans not only growing interdependence in economic relations – trade, investment, finance and the organization of production globally –but also social and political interaction among organizations and individuals across the world.<sup>15</sup> Islam as a complete code of life arranges all parts of economic, political and social aspects for the welfare of the world people or humanity. The process of dissemination of these aspects can make a global society that is the far-reaching path of humanity to be equipped with unity under same system widely called as universalism. Thus globalization takes place in the framework of Islam or Islamic views expounded with the scholarly outcomes. In this section, we highlight the salient features of globalization and assess Islamic responses to the impact of this process on people.

### Globalization and Trade Liberalization

World trade has expanded rapidly over the past two decades. Since 1986, it has consistently grown significantly faster than world's gross domestic product (GDP).<sup>16</sup> Throughout the 1970s, trade liberalization within the framework of the General Agreement on Tariffs and Trade (GATT) was modest and gradual, and involved the industrialized countries much more than it did the developing ones. However, from the early 1980s onwards, the extent of trade liberalization, especially in the developing countries, began to accelerate.<sup>17</sup> This trade expansion did not occur uniformly

<sup>15</sup> ... A Fair Globalization: Creating Opportunities for all (Switzerland: World Commission on the Social Dimension of Globalization, April 2004).

<sup>16</sup> World Bank, World Development Indicators 2003 (online version)

<sup>17</sup> World Bank, Global Economic Prospects 2001.

across all countries, with the industrialized countries and a group of 12 developing countries accounting for the lion's share. In contrast, the majority of developing countries did not experience significant trade expansion.<sup>18</sup> Indeed, most of the Least Developed Countries (LDCs), a group that includes most of the countries in sub-Saharan Africa, experienced a proportional decline in their share of world markets– despite the fact that many of these countries had implemented trade liberalization measures.<sup>19</sup> Trade liberalization is to strengthen the support for free trade. At the earlier stage, globalization was about the transfer of economic ideologies (such free trade) across the borders of national economy. The aim of trade liberalization is to abolish import duties, tariff and subsidies so that price of imports or exports would be lowered, thereby greater chance to increase the volume of trade.<sup>20</sup> Most of the economists viewed on behalf of trade liberalization for the welfare and prosperity of humankind. Classical economists such as David Ricardo and Adam Smith were strongly in favor of free trade, believing that it led to the economic prosperity of civilizations.<sup>21</sup> From the Islamic viewpoint, trade liberalization or opportunity for trade with each other and one country to others are not prohibited but patronized for a balanced and wealthy nation. Islam encourages trade,<sup>22</sup> while remembering Allah most, Muslims are encouraged to prosper and after the (Friday) prayer to (disperse through the land), seek of the bounty of Allah,<sup>23</sup> trade, exchange and commerce (Tijġrah), should not be dearer than Allah or His Apostle.<sup>24</sup> Capital stock (Bidhġt) is for trade;<sup>25</sup> trading by sea;<sup>26</sup> men not distracted by trade from remembrance of Allah ;<sup>27</sup> during day time, Muslims should be busy in trade;<sup>28</sup> Muslims are told "O ye who believe, there are indeed many among the priests and anchorites, who

<sup>18</sup> Based on UNCTAD, Handbook of Statistics 2002 (on CD-ROM)

<sup>19</sup> A Fair Globalization: Creating Opportunities for all (Switzerland: World Commission on the Social Dimension of Globalization, April 2004).

<sup>20</sup> Sabariah Din, Trading Halal Commodities: Opportunities and Challenges for Muslim World (Malaysia: Universiti Teknologi publishers, 2006), p.14.

<sup>21</sup> Adam Hill, What is Trade Liberalization? Internet source: <http://www.wisegeek.com/what-is-trade-liberalization.htm>

<sup>22</sup> Al-Qur'ġn, Sġrah al-Nisġ': 4: 29.

<sup>23</sup> Al Qur'ġn, Sġrah al-Baqarah: 2: 29, Sġrah al-Jum'ah: 62: 10.

<sup>24</sup> Al Qur'ġn, Sġrah al-Tawbah: 9: 24.

<sup>25</sup> Al Qur'ġn, Sġrah Yusuf: 12: 62.

<sup>26</sup> Al Qur'ġn, Sġrah al-Na'ġl: 16: 14.

<sup>27</sup> Al Qur'ġn, Sġrah al-Nġr: 24:37.

<sup>28</sup> Al Qur'ġn, Sġrah al-Muzammal: 73: 7.

are in falsehood. Devour the substance of men and hinder from the way of God.... there are those who bury gold and silver ,... spend it not in the way of God: Announce unto them a most grievous penalty;<sup>29</sup> give away some of the good things you have earned.<sup>30</sup> God is a witness in whatever business".<sup>31</sup> All the verses of Holy Qur'an suggest trading in the broader perspective for the wellbeing of the people. But in the process of globalization, developing countries are being deprived of taking chance of fair trade properly due to lack of sophisticated technology of trade. Developed countries now are in competition of dislodging the economy of developing countries with the supply of commodities as well as imposing fierce restrictions on trade. Developing countries are not able to deny consuming the commodities made from developed world. Qur'anic suggestions to make prosperity of others in case of trade, exchange and commerce can be taken into account for the great opportunity for the developing countries from developed countries.

#### Globalization and Foreign Direct Investment (FDI)

During the early 1980s, FDI accelerated, both absolutely and as a percentage of GDP.<sup>32</sup> Since 1980, the policy environment worldwide has been far more conducive to the growth of FDI. Over the 1990s, the number of countries adopting significant liberalization measures towards FDI increased steadily.<sup>33</sup> Indeed, there are only a few countries that do not actively seek to attract FDI. However, many of these hopes have not been fulfilled. Despite the rapid growth of FDI flows to developing countries, investment remains highly concentrated in about ten of these countries.<sup>34</sup> The provision of investment which highly generates wealth or increase wealth is the grand scheme of Islam. Islam looks upon wealth as means to life. It refuses to recognize it as end in itself. Wealth is as means to life is good as life itself is good, the greatest gift of God. ("O man! What has made the careless concerning thy Lord, the Bountiful. Who created thee, then fashioned, then proportioned thee?"<sup>35</sup> Once wealth is looked upon as means to life, all ways of increasing wealth that

<sup>29</sup> Al Qur'Ēn, SĒrah al-Tawbah: 9: 34; SĒrah HĒd: 11: 168.

<sup>30</sup> Al Qur'Ēn, SĒrah al-Baqarah: 2: 267.

<sup>31</sup> Al Qur'Ēn, SĒrah Yunus: 10: 61.

<sup>32</sup> UNCTAD, Handbook of Statistics 2002 (on CD-ROM) and UNCTAD, World Investment Report 2003.

<sup>33</sup> UNCTAD, World Investment Report 2001.

<sup>34</sup> UNCTAD, Handbook of Statistics 2002 (on CD-ROM).

<sup>35</sup> Al-Qur'Ēn, SĒrah al-InfilĒr: 82: 6-7.

are life destroying are ruled out. Investment is good insofar as it increases life-sustaining wealth. All investment that fails to qualify on this criterion is ruled out.<sup>36</sup> Under globalized process, the system ordained in Islam to secure life-sustaining wealth is not being observed by the actors of it. Apart from their increased volume, the nature of these investments has also changed. Developed world for seeking their own interests does beyond giving privileges for the developing countries. Developed countries identify some significant sectors like gas, oil, coals etc. from where they could have their possibility of maximizing profits. This process of investment in globalization harms the economy of developing countries, because, in most cases, these countries are unable to quantify their profit and loss. FDI of the countries can play a catalytic role if it acts in an effort of securing life-sustaining wealth for developing countries without intentionally working in diverse selected sectors only for their (developed countries) own system of profit maximization.

#### Globalization and Financial Flows

The most dramatic element of globalization over the past two decades has been the rapid integration of financial markets. The Bretton Woods system, created after the Second World War, rested on the foundation of closed capital accounts and fixed exchange rates. Thus, in contrast to trade and FDI where gradual liberalization had been initiated, financial globalization was not even on the policy agenda at the time. The world lived with a system of separate national financial markets. As has been pointed out, "the world monetary system underwent three revolutions all at once: deregulation, internationalization, and innovation."<sup>37</sup> Financial liberalization or flow creates the policy environment for expanded capital mobility. But the increase in capital flows was greatly boosted by the revolution in ICT. This made possible the improved and speedier knowledge of foreign markets, the development of "round the world and round the clock" financial transactions, and the emergence of new financial instruments, especially derivatives.<sup>38</sup> Market has been expanded globally which mainly reveals the financial flows worldwide; market is only component of financial flow under the system of globalization. Islam as a religion opens the door of financial market for the free flow of

<sup>36</sup> Paper for the Annual Conference of the International Interfaith Investment Group, Paris, 9-10 November 2006.

<sup>37</sup> Philip Turner: "Capital Flows in the 1980s: A Survey of Major Trends", BIS Economic Papers No.30 (Basle, Bank for International Settlements, April 1991).

<sup>38</sup> A Fair Globalization: Creating Opportunities for all, op. cit.

finance. Islam accepts markets as the basic coordinating mechanism of the economic system. Islamic teaching holds that the market, through perfect competition, allows consumers to obtain desired goods, producers to sell their goods, at a mutually acceptable price. The three necessary conditions for operational markets are said to be upheld in Islamic primary sources- a. Freedom of exchange: the Qur'an calls on believers to engage in trade, and rejects the contention that trade is forbidden.<sup>39</sup> b. Private ownership follows the legal means of production. c. Security of contract: the Qur'an calls for the fulfillment and observation of contracts.<sup>40</sup> The longest verse of the Qur'an deals with commercial contracts involving immediate and future payments.<sup>41</sup> Islam promotes a market free from interferences such as price fixing and hoarding. Islam prohibits the fixation of a price by a handful of buyers or sellers who have become dominant in the market. During the days of Muhammad (sm.), a small group of merchants used to meet the agricultural producers outside the city and bought the entire crop, thereby gaining monopoly over the market. The produce was later sold at a higher price within the city. Muhammad (sm.) condemned this practice since it caused injury both to the producers (who in the absence of numerous customers were forced to sell goods at a lower price) and the inhabitants of Medina. In globalization, monopoly market remains constant which is very detrimental to developing countries and this process of monopolized market takes into effect with patent rights and other restricted measures followed in global market in the scheme of financial flow of globalization. The above-mentioned features are also used to justify the argument that the Islamic market is characterized by free information. Producers and consumers should not be denied information on demand and supply conditions. Producers are expected to inform consumers of the quality and quantity of goods they claim to sell. Some scholars hold that if an inexperienced buyer is swayed by the seller, the consumer may nullify the transaction upon realizing the seller's unfair treatment. The Qur'an also forbids discriminatory means of transaction.<sup>42</sup> Government interference in the market is unjustified in exceptional circumstances, such as the protection of public interest. Under normal circumstances,

<sup>39</sup> Al-Qur'Ēn, SĒrah al-NisĒ': 4:29, Al-Qur'Ēn, SĒrah al-Baqarah: 2:275 & 279.

<sup>40</sup> Al-Qur'Ēn, SĒrah al-MĒ'idah: 5:1, Al-Qur'Ēn, SĒrah al-NaĒ'l: 16:91, Al-Qur'Ēn, SĒrah al-Mu'minĒn: 23:8, Al-Qur'Ēn, SĒrah al-IsrĒ': 17:34 and Al-Qur'Ēn, SĒrah al-ma'Ērij: 70:32.

<sup>41</sup> Al-Qur'Ēn, SĒrah al-Baqarah: 2:282.

<sup>42</sup> Al-Qur'Ēn, SĒrah al-RaĒ'imĒn: 55:9, Al-Qur'Ēn, SĒrah al-Shu'arĒ': 26:181-183, Al-Qur'Ēn, SĒrah HĒd: 11:84-85.

government non-interference should be upheld. When Muhammad (Sm) was asked to set the price of goods in a market he responded, "I will not set such a precedent, let the people carry on with their activities and benefit mutually." Islamic response to the globalization is to avoid monopoly market, interferences of foreign costly commodity as price fixing or hoarding, patent rights' big tenure etc. triggered by various Multinational Companies (MNCs) of big countries but, to follow perfect competition market, mutual understanding in the price of goods, less tenure of patent rights that can bring about a breakthrough for the economy and overall political and social sectors of developing countries.

### Globalization and the Policy Environment

One of the underlying factors behind increasing globalization was a shift in economic thinking that became pronounced in the 1980s. While the industrialized countries were experiencing stagflation, a significant number of developing countries had fallen into a debt crisis and experienced economic retrogression. This prompted a rethink on prevailing economic models in both industrialized and developing countries. One element of this revised thinking in developing countries related to import-substitution policies which had by then begun to run out of stream.<sup>43</sup> The widespread recourse of indebted developing countries to structural adjustment loans from the Bretton Woods institutions in the aftermath of the debt crisis of the early 1980s played a pivotal role in the redefinition of trade and industrialization strategies.<sup>44</sup> Most of the developing countries are indebted currently for their import from the developed countries. In the case of the export of globalization, big countries show their tight-policy that is, in most cases, burden to be adaptive for developing countries although this same approach from developing countries is to follow for the developed countries. Comparatively the principle of parity in export-import orientation, in this regard, is not coped with; but if it is followed, that reveals a great disparity between poor and industrialized countries due to the lack of ability to pay the specific portions of tariffs for developing countries in which it is quietly possible for industrialized countries to pay for importing commodities. In this context, developed countries should show their moderate policy toward indebted developing countries that is on average evident in the process of globalization.

<sup>43</sup> A Fair Globalization: Creating Opportunities for all, op. cit.

<sup>44</sup> Ibid

Islam enjoins Muslims to strive for social justice. This requires a fair and equitable distribution of wealth, the provision of basic necessities of life to the poor and the needy as well the protection of the weak against economic exploitation by the strong. It is also the duty of Muslims to continuously and fervently work for a more just society, indeed Muslims are urged to advocate on behalf of the poor and marginalized. The debt that currently burdens many poor countries has arisen through loans that were given irresponsibly by rich countries and frequently misspent by corrupt and dictatorial regimes in poor countries. It is unjust to force their successor governments to repay. Furthermore, the loans that were given contravened many aspects of Islamic financing; they were not given on the basis of risk sharing, they charge interest, and they have burdened poor countries with heavy and unpayable debts. In addition, for those genuinely unable to meet their debt repayments, Islam encourages the debt to be forgiven. Therefore, there is clear support in Islam for those movements that advocates for justice on behalf of the poor and marginalized and that argue in favor of debt cancellation.<sup>45</sup> Most importantly, there is clear and unequivocal support in both the Qur'an and Hadith for a policy of debt cancellation for those who are genuinely unable to meet debt payments. In the first instance, Islam encourages lenders to wait until such time as the loan can be repaid (with no penalties for late payment), or re-schedule the loan repayments. However, for those unable to repay, it favors simply forgiving the remainder of the loan - indeed this is considered a virtuous action. The Qur'an clearly states: "If the debtor is in difficulty, grant him time till it is easy for him to repay. But if ye remit it by way of charity, that is best for you if ye only knew."<sup>46</sup> Similarly, the Prophet Muhammad (p.b.u.h.) said, "If anyone would like Allah to save him from the hardships of the Day of Resurrection, he should give more time to his debtor who is short of money, or remit his debt altogether."<sup>47</sup> So, developed countries should make a policy environment from where poor developing countries may pay loan or debt congenially in the current policy of globalization of what Islam suggests for the mankind.

<sup>45</sup> Ajaz Ahmed Khan and Helen Mould, *Islam and Debt*, (United Kingdom: Islamic Relief Worldwide, 2008), Internet source: <http://www.islamic-relief.com/indepth/downloads/islamanddebt.pdf>

<sup>46</sup> Al-Qur'En, S'erah al-Baqarah: 2:280.

<sup>47</sup> 0a1f1 Muslim.

## Globalization and Employment

The social impact of globalization is not only confined to countries that have been marginalized from the process or less successful in their attempts to integrate into the global economy. With the effect of globalization, growth has also been unevenly distributed across countries, among both industrialized and developing countries. In terms of per capita income growth of only 16 developing countries grew at more than 3 per cent per annum between 1985 and 2000.<sup>48</sup> In contrast, 55 developing countries grew at less than 2 percent per annum, and of these 23 suffered negative growth. At the same time, the income gap between the richest and poorest countries increased significantly.<sup>49</sup> For example, a set of recent ILO studies on the impact of trade on employment and wages in the manufacturing sector showed sharply contrasting impacts among countries.<sup>50</sup> Real wages of unskilled workers have tended to decline and the wage differential between skilled and unskilled workers has increased relatively sharply. These and similar studies suggest that the relationship between trade liberalization and growth and employment is likely to be "a contingent one, dependent on a host of countries and external characteristics".<sup>51</sup> For having unskilled workers and mechanisms of low category, developing countries are often fallen into deep unemployment problems that formidably affect the social environment of these countries. Islamic views regarding the employment or unemployment of workers are highly prolific for declining the inequality between poor and rich. The poor are dependent on the rich for their bread, while the rich are dependent on the poor for their labor. The wealth of the rich is not to exploit the poverty of the poor, but rather to harness the potentialities of the skilled. This interdependence facilitates the smooth flow of life. This does not imply that Islam advocates two parallel social streams of the over- nourished and the under- nourished.<sup>52</sup>

<sup>48</sup>The basic data are taken from the World Bank, *World Development Indicators* (CD-ROM, 2003).

<sup>49</sup> Based on a sample of 94 countries and territories with continuous time-series data from 1960 to 2002, as available from World Bank *World Development Indicators* 2003 (online version)

<sup>50</sup> Ajit Ghose, *Jobs and Incomes in a Globalizing World* (Geneva, ILO, 2003).

<sup>51</sup> Francisco Rodriguez, and Dani Rodrik: "Trade Policy and Economic Growth: A Sceptic's Guide to the Cross-National Evidence", in B. Bernanke and K. Rogoff, *NBER Macroeconomics Annual 2000* (Cambridge, MA, MIT Press, 2000).

<sup>52</sup> *Employment Contract in Islam* by Imam Reza, <http://www.imamreza.net/eng/imamreza.php?id=5630>

It is we who divide among them their livelihood in the life of this world, and we exalt some of them above others in rank, so that some of them may command work from the others.<sup>53</sup> Since they are the worker for being the needy, it is the responsibility of wealthy to employ them; but not to treat them as the wretched class. Prophet (sm.) says our employees are your human brothers, treat them with dignity and equality and do not create animosity by flouting your wealth in a manner that will stir feelings of jealousy and greed.<sup>54</sup> No workers are by born unskilled but skilled equally each other. If they are trained up with sophisticated instruments, it is possible to be skilled in the working arena. The Holy Qur'an states that man is entitled to no more than what he works for.<sup>55</sup> The Holy Prophet (saw) said: "When any man does any work, Allah wishes him to give it perfection and grace (i.e. the man is expected to do his work in the best possible way)". The beautiful Deen of Allah has regulated every facet of man's activity. Divine directives are both perfect and compatible to every age and era. Adherence to these directives will ensure peace and stability, whilst aversion to the same may perpetuate strife, loss, and oppression.<sup>56</sup> From this discussion, it can be taken into account that everyman is well-able to keep its sustenance in its own area. So, developed countries should give chance to the workers of developing countries to work in their native land through the sophisticated instruments, thereby unemployment problems prevailing in developing countries will be minimized in the shed of globalization process.

### Globalization and Poverty

The impact of globalization on poverty is also difficult to assess. The number of people living in absolute poverty worldwide has declined significantly from 1, 237 million in 1990 to 1,100 million in 2000. However, regional and country specific factors unrelated to globalization were also key factors in these differences in poverty reduction. All these leave a basic ambiguity in the interpretation of the data on trends in global poverty. While it is clearly a cause for celebration that world

<sup>53</sup> Al-Qur'Ēn, SĒrah al-Zukhruf: 43:32.

<sup>54</sup> ŒaĒĒĒ al-BukhĒrĒ.

<sup>55</sup> Al-Qur'Ēn, SĒrah al-NaĒm: 53:93.

<sup>56</sup> Ajaz Ahmed Khan and Helen Mould. Islam and Debt (United Kingdom: Islamic Relief Worldwide, n.d.). Online source: <http://www.islamic-relief.com/indepth/downloads/islamanddebt.pdf>

poverty in the aggregate has been reduced, this is little consolation to those outside the few countries where these gains have been concentrated. An additional ambiguity is that there can be real social costs involved even if aggregate indicators such as the unemployment rate or the level of poverty do not show any deterioration. The reason for this is that the stability of these rates could mask considerable "churning" in labor markets and movements in and out of poverty. There is some evidence that these phenomena have become more marked with increasing globalization. Again, it is cold comfort to those who have lost jobs or fallen into poverty that others experiencing opposite fortunes have prevented a fall in the unemployment or poverty rate.<sup>57</sup> Besides, the poverty indicators include the number of people in absolute poverty, GNP per capita, calories intake, kilogram of oil equivalent of energy consumption per capita, infant mortality rate, life expectancy at birth, under five years mortality rate, adult literacy rate etc. The importance of these indicators lies in the fact that they tell about the extent to which the poor have access to and satisfaction of their basic needs. In other words, they shed light on the social condition and living standards of the poor. Since access to, and satisfaction of, these basic social needs are function of income, overall social standing and the government policy regarding the distribution of these services, and a reflection of the standard of living, a low level of access and satisfaction of these needs could be considered a good indicator of poverty.<sup>58</sup> Trade liberalization, foreign direct investment, financial flows in marketing policy, and roles of Multinational Companies (MNCs)-the great components of globalization act as downbeat point for the development of developing countries, which apparently bears the level of poverty in these poor countries. Islamic response to the eradication of poverty exposes a mammoth place for the well-being of the humanity. The Holy Qur'an teaches that "There is therein (enough provision) for you not to go hungry nor go naked nor to suffer from thirst from the sun's heat".<sup>59</sup> 'How many are the creatures that do not carry their own sustenance. It is God who feeds them and you. For He hears and knows (all things)".<sup>60</sup> The globalization process

<sup>57</sup> A Fair Globalization: Creating Opportunities for All, op. cit.

<sup>58</sup> Zeinelabedin, A.R. "Poverty in OIC Countries: Status, Determinants and Agenda for Action," Journal of Economic Cooperation among Islamic Countries, Vol.17, 3-4 (1996)

<sup>59</sup> Al-Qur'Ēn, SĒrah Œaha: 20:118-119.

<sup>60</sup> Al-Qur'Ēn, SĒrah al-'AnkabĒt: 29:60.

are doing paramount for securing interests of developed countries with the dominant as well as illicit of move MNCs worldwide where developing poor countries are being suffered as Holy Qur'an does not suggest; "but to protect the weaker one". Poverty manifests itself in such groups, which are exploited and oppressed, socially, politically or economically and often in all these ways. The Qur'Ēn points out two such groups and the institutionally organized exploitative mechanisms—those in bondage and the institution of slavery, and those in debt (and consequently enslaved) the institution of *riba* (usury). The Qur'an also points to numerous other examples of the exploitation of the weak by the strong throughout human history. The solutions it provides are the abolition of slavery, elimination of the system of usury and usury-based practices, and the legal-institution framework for equal treatment of all citizens at all crucial levels.<sup>61</sup> The vehement practice of usury makes the developing countries indebted and the use of dominant technological equipment bestows these poor countries' entity the slave or lower classes, which demonstrate the poverty-stricken configurations for developing countries.

#### Globalization and Women

In some countries, globalization has resulted in serious gender imbalances. The extent of this imbalance depends largely on the level of gender equality prevailing in the norms, institutions and policies of a country at the time when integration into the global economy takes place. In addition, women from different social groups in a particular country are affected differently. Nevertheless, in many developing countries deep-rooted and long-standing gender inequalities have meant that the social cost of globalization has fallen disproportionately on women. Women have also been more adversely affected than men during the increasing number of financial crises generated by globalization and more disadvantaged by cuts in social protection. They include the millions of women workers absorbed into the global production system. This wage employment gave them higher incomes than in their previous situations – either intra-family servitude or a penurious and precarious existence in the informal economy. Wage employment also gave these women greater potential economic in-dependence and often raised their

<sup>61</sup> Irfan UI-*aq*, *Economic Doctrines of Islam* (Herndon, VA, USA: The International Institute of Islamic Thought (IIIT), 1995).

social status even within the most oppressively patriarchal societies.<sup>62</sup> With the effect of globalization, women are being considered as the commodity i.e. components of advertisement and they are visualized in the TV screen with its nudity forms. Their position and status under globalization process poise a dismantled nature that illustrates their crises of honor and images across the countries. The status of woman in Islam is unprecedentedly high and realistically suitable to her nature. Her rights and duties are equal to those of man but not necessarily or absolutely identical with them. Islam gives her as much as is required of her. Her rights match beautifully with her duties. The balance between rights and duties is maintained, and no side overweighs the other.<sup>63</sup> The whole status of woman is given clearly in the Qur'anic verse which may be translated as follows: "And women shall have rights similar to the rights against them, according to what is equitable; but men have a degree (of advantage as in some cases of inheritance) over them".<sup>64</sup> The Muslim woman is always associated with an excellent tradition known as the "veil". It is Islamic that the woman should beautify herself with the veil of honor, dignity, chastity, purity and integrity. She should refrain from all deeds and gestures that might stir the passions of people other than her legitimate husband or cause evil suspicion of her morality. She is warned not to display her charms or expose her physical attractions before strangers. The veil which she must put on is one that can save her soul from weakness, her mind from indulgence, her eyes from lustful looks, and her personality from demoralization. Islam is most concerned with the integrity of woman, with the safeguarding of her morals and morale and with the protection of her character and personality.<sup>65</sup> This degree is not a title of supremacy or an authorization of dominance over her. It is to correspond with the extra responsibilities of man and give him some compensation for his unlimited liabilities. The above-mentioned verse is always interpreted in the light of another.<sup>66</sup> So, Islamic suggestions regarding women's position and status are tremendously appreciable that the system of globalization violates it so as to degrade the women's position and consider them as the enjoyable commodity; but women don't apprehend it.

<sup>62</sup> A Fair Globalization: Creating Opportunities for All, op. cit.

<sup>63</sup> Hammuda Abdul-Ati, *The Status of Woman in Islam*. Internet source: <http://www.jannah.org/sisters/statuswomen.html>

<sup>64</sup> Al-Qur'Ēn, SĒrah al-Baqarah: 2:228.

<sup>65</sup> Hammuda Abdul-Ati, op. cit.

<sup>66</sup> Al-Qur'Ēn, SĒrah al-NisĒ': 4:34.



### Concluding Remarks

As discussed throughout the study, there are far-reaching ways in which globalization has touched the lives of people of developing countries. It focuses on two key aspects of these: increased global inter-connectivity and the growth of illicit cross-border activities. The massive increase in global interconnectivity is affecting people's lives in different ways, some of them predictable and others unforeseen. One important change is an increase in global awareness. People anywhere are now much more aware of events and issues everywhere. This has vastly expanded awareness of global disparities in living standards and life chances, and political and social rights and liberties. For people living in the relatively deprived parts of the world, this raises their expectations and lowers their tolerance of the situation they are in. This has probably been a significant factor in the spread of democracy and growing demands for political freedoms where these are still denied. The increased availability of information has also created better-informed and more critical pressure groups and electorates, a boon for the quality of democracy. Besides, globalization resulted in increased competition in global markets. It is also widely acknowledged that this has come about through the combined effect of two underlying factors: policy decisions to reduce national barriers to international economic transactions and the impact of new technology, especially in the sphere of information and communications. These developments created the enabling conditions for the onset of globalization. This process of globalization adversely affects the lives of the people of developing countries. In this study, Islamic approach to the current system of globalization may make fertile for both developed and developing countries as revealed above. If the Islamic norms, values and principles are possible to incorporate with the current system of globalism and globalization as suggested above, it will significantly enhance the speeding up of development and the reduction of absolute poverty in the world.

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