

# **A RESPONSE TO PROF. ASAD ZAMAN ON ISLAMIC ECONOMICS: PROBLEMS AND PROSPECTS: A NOTE**

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I welcome the initiative taken by Professor Asad Zaman in writing this paper. I confine myself to two main aspects of Dr. Zaman's wide-ranging paper. First, I give my assessment of the causes of what he has characterized as failure of Islamic economics, explaining why and how we arrived where we find ourselves today. Second, I present some suggestions for rectification, for correcting the course and redressing the wrong done. I shall not try to find faults with Prof. Zaman's list of failures and deficiencies in the current concepts and practices of Islamic economists. The reason is, I broadly agree with him though I would not put it the way he has done. There is a disease, but there are causes older and deeper than those he has mentioned, and it is certainly not going to be cured merely by his prescriptions. Much more is needed.

But before I formulate my response, I attempt a critique of the author's way of understanding the Quran and the Sunnah with a view to acting according to the guidance therein and applying it for solving the economic problems faced by humanity today. To be fair to the author he does not directly reveal his mind on this subject. Nevertheless, I have to do this because he refers to zakat and certain other Islamic institutions and injunctions as if we will be able to replicate the earliest practices in their regard. In other words he shows little awareness of the tricky issues the present generation of humanity faces in following divine guidance and emulating the Prophet (peace be upon him). He may be very conscious of the aspect of this vocation that relates to intensity of will power and sincerity of intention, but there is little evidence he has measured the immensity of the intellectual tasks involved. He is right in giving primacy to faith, but a neglect of the

intellectual dimension of the project of living in the twenty-first century as Allah would be pleased with (sic) can be fatal. I try to restore that dimension to its right place.

Three distinct conceptualizations are called for: (1) The eternal divine guidance handed down to humanity through Muhammad, the Prophet of Allah, peace be upon him, in the seventh century, textualized in the Quran; (2) The application of divine guidance in Arabia by the Prophet during his lifetime, the records of which constitute the Sunnah of the Prophet; (3) Application of divine guidance today in different countries across the globe. The most common and fatal mistakes committed by some of us are that of not maintaining the distinction between 1 and 2 and considering them to be at par. Also they seem to be oblivious of the intellectual demands of making a transition from 1 to 3 and the role of 2 in that journey.

I leave it at that, as some of its meanings will unfold themselves gradually in what follows.

## **I. Some History**

I take Dr. Zaman and the readers back to the early days of the emergence of Islamic economics. In the absence of any better source I rely on my own survey of the literature.<sup>1</sup> It covers publications in English, Arabic and Urdu till 1975. Out of the seven hundred items included in the bibliography only 8 date before 1920. Out of these, two are historical, one each on waqf, trade and zakat, and two on interest. Of the 14 entries in the following decade, three are historical, one each on animal sacrifice (qurbani), slavery in Islam, inheritance, mandated expenditures on relatives (nafaqat), trade, property (amwal) and interest, and two on cooperation. Out of the remaining two, one deals with Islam's solution of basic economic problems and the other deals with socialism. In the fourth decade of the twentieth century, the list has 28 items dominated by historical writings, books and papers on Islam's economic system and zakat. There are also writings in criticism of socialism and on interest free loan institutions. We have 156 entries for the nineteen-fifties which include several writings on interest and interest-free institutions but the writings on socialism, capitalism and on various aspects of Islamic economy far outnumber these. There is a big increase in works on interest free banking during the next two decades but there are also works on other aspects of the Islamic economic system. Most of the theoretical / analytical work in Islamic economics dates from the decades that followed, spurred by introduction of Islamic economics as a taught course in a number of universities, establishment of centers of research in Islamic economics and the various seminars and conferences devoted to the subject. However the attention paid to poverty removal and to social and economic justice in the first half of the twentieth century, which probably peaked during the sixties, peters out in the later half.

ch auto generation typically relies only on the relationships defined by the schema of the operational database. Our idea is to get additional information (in the form of a mapping) by supplementing the database schema and relationships with the roles, attributes and relationships defined by the *transaction pattern*.

The rest of the paper is organized as follows: Section II describes related work. The transaction pattern is briefly described in Section III. Derivation of the initial data warehouse structure is demonstrated with the help of a case study in Section IV. Section V presents the

I surmise this is what bothers Dr. Asad Zaman. Why this change of focus? Why was the initial interest in presenting an alternative to socialism and capitalism in the form of Islamic economic system not followed up by more of the same, further strengthened by the entrance into the field of professional economists and “Shariah experts” categories very thinly represented in the early phase of Islamic economic literature? To be fair to Zaman, he has an explanation of a sort insofar as he puts the blame on Muslim economists’ infatuation with neoclassical economics. But that leaves the failure of Shariah experts unaccounted for. I proceed to fill in that gap. In so doing I hope to make the point that professional economists among Muslims were handicapped by a rather narrow view of the Islamic system, which was increasingly being defined for them in terms of fiqh.

## **II. Need for Maqasid-Oriented Thinking**

As Iqbal has rightly observed<sup>2</sup>, the resilience and dynamism of Islam and its laws over time is based on *ijtihad* — thinking afresh and thinking independently. Crucial for all aspects of Islamic living, this applies to economic life the most as it bears the largest impact of changes which have been taking place with the passage of time: increase in population, new sources of energy, faster modes of transportation and communication, new forms of organization and more and more knowledge about the environment as well as about the self, accumulated through observation, experimentation, contemplation, etc. But the kind of *ijtihad* that would serve the purpose in economic life had to be based largely on *masalih*, or better still, the goals of *Shariah*, the *maqasid*. Widely practiced during the early days of Islam, this kind of *ijtihad* was later on largely, though not entirely, abandoned. Now it should be obvious to anyone that if one tries to extract an economic “system” out of the law books written in the 9<sup>th</sup>-12<sup>th</sup> centuries one will get what suited the environment that obtained during those days in terms of population, sources of energy, modes of transportation and communication, organization of business, extent of the market, governance, monetary arrangements, financial practices, etc. One will ipso facto get factoids determined by the geography of the places where the books were compiled, factoids determined by the dominant techniques of production and forms of organization suited to those techniques, a close scrutiny of some of the detailed works on Islam’s economic and financial system will reveal this phenomenon: *Jiziyah* and *ghanimah* (booty) among sources of state revenue, detailed charts for *zakat* on cattle and no mention of stocks and shares, to mention only a few. Deprived of the right tools in the Islamic toolbox (taken out or locked into a separate compartment long ago) scholars felt paralyzed in face of the complex situations they were dealing with. They turned to what they could safely do in order to avoid being charged with attempting to do what they were not qualified to do, i.e. fresh and independent thinking in the light of the social and economic goals of Islam. There were some attempts to derive consumer behavior, the

behavior of the firm, monetary management, taxation, public borrowing and debt management, and international economic relations, etc. from Islamic norms. They could not continue or develop to higher levels of sophistication due to professional economists' poor access to historical and empirical data as well as due to their failure to grasp the real nature of the challenge faced in interpreting Islamic norms, described above. Undoubtedly, these efforts also suffered due to lack of relevance.

I request the reader to have a fresh look at what I said above about the way to arrive at divine guidance for applying it today. Add to it the fact that almost all detailed rules of fiqh relating to economic affairs are based on Sunnah, the Quranic verses being focused on norms and goals. My point is: not allowed to think afresh on the basis of maqasid al-Shariah, and not knowing how to use the Sunnah of the Prophet, peace be upon him, as a means to understanding the guidance of Allah enshrined in the text of the Quran for application today, scholars felt helpless. The tools the fuqaha allowed them were quite incapable of serving their purpose in poverty removal and lessening of inequality. The "biggest failure" noted in the last sentence of paragraph two on page 47 of Dr. Zaman's paper is also rooted in this phenomenon.

Let me remind you of one other fact of Islamic history. Poverty amidst plenty, deprivation, inequity and increasing inequality are not novel phenomena. We have seen them in Islamic history too, accompanied by luxurious living and amassing of wealth by the few. Know who raised their voices against these ills? They were mainly the ahl-al-zuhd, the Sufis!<sup>3</sup> (Unfortunately their condemnation of greed was accompanied by their extolling the virtues of "voluntary" poverty, with disastrous consequences for later Islamic thinking on the subject). A narrow view of fiqh that is focused on analogical reasoning, allowing exceptions only on the basis of necessity (darurah) and hardship (haraj) circumscribed by strict conditions, is incapable of dealing with today's complex problems, including the problem of poverty amidst plenty. No wonder people abandoned the exercise. As I have argued elsewhere<sup>4</sup>, even those amongst us who ventured into maqasid based thinking were stymied by the classical treatment of the subject which is too narrow in its scope and purpose to meet our modern needs.

I would like to conclude this part of my response by underlining two points. First, neither what I said above nor the points made by Dr. Zaman sufficiently and satisfactorily explain the failures of Islamic economics noted by him and some writers before him. More in-depth analysis is needed. The matter under discussion connects with a larger debate on causes of Muslim decline. What went wrong? Did it start in the fifth century Hijri or earlier? Has the division of Islamic thought at a very early stage into fiqh, kalam and tasawwuf something to do with it? Did the emergence of Law (fiqh) as the highest field of study in Islam, relegating the other contemplative as well as experimental fields to the status of second rate subjects, thwart further progress and hasten Muslim decline? Was the marginalization of the common man in the project of Islamic thinking and obliging him to follow a particular school of law (fiqh) and thought (kalam) in the name of Islam, justified? Secondly, there is the whole question of priorities. The priorities of the Quran are not always reflected in fiqh literature. Take this very issue of poverty and deprivation accompanied by increasing inequalities in the distribution of wealth and income, and its obverse, luxurious living, greed and hoarding of wealth. The Quran comes out loud and clear but the voice of fiqh as codified in affluent Baghdad or other Islamic cities of the second to the fourth Islamic century, is muffled at best. And so is the record of Islamic regimes down the ages, including that in the twentieth century (in sharp contrast with the voice of some at least in the Islamic movement, unencumbered as they were by schooling in fiqh). This may partly explain the decreasing attention paid to poverty related issues as the influence of scholars schooled in traditional fiqh over the project of Islamic

economics increased in the last quarter of the twentieth century.

### III. Islamic Renaissance

There is much to admire in Dr. Zaman's proposed strategy for revitalizing Islamic economics. I agree with his grass root approach, his suggestion to care for action and let theory follow, his plea for paying attention to spiritual and moral development of human beings, his emphasis on team work, etc. But, I have a basic objection to rooting every action in Muslim countries, Dr. Zaman is right in thinking that economics as we know it is a product of the cultural milieu of western countries. But that does not give us a license to ground Islamic economics in the cultural milieu of the present day Muslim countries. What happens to the universality of the Message if we do that? Are not the problems of entire humanity our problems<sup>5</sup>. Despite the first sentence on page 49 which says: "Islamic economists should grapple with (economic) problems faced by current Muslim countries", I am sure the author would not exclude from the focus of Islamic economics Muslims who live in other countries, constituting more than a third \_\_\_\_ about forty percent \_\_\_\_ of the ummah. Twenty to thirty million Muslims may be living in the west. I have no objection to an Islamic economist living in a Muslim majority country focusing on the economic problems of his or her country. It is a duty. But why should an Islamic economist in the west be asked to devote himself / herself exclusively to the problems of Muslim countries ignoring the economic problems faced by the advanced economies of the west? And what about more than 200 million Muslims in India? How can an Islamic economist in India ignore the economic problems of his country yet fulfill his duty towards the Muslim community of India? And above all, what exactly are the qualitative differences between the economic problems of Muslims and economic problems of other communities in India? I suggest the author stick to the position he has expounded in the following sentence in the last but one paragraph on the same page of his paper: "Teachers and researchers in Islamic Economics should focus very sharply on the question: What existing problems faced by the society we live in will be solved by my teaching and research". The sentence I quoted earlier (as well as the first sentence of the concluding section on page 53), mandating focus on Muslim countries, should be interpreted in the light of this general statement.

The fact is, each one of us belongs to a multi-layered community of human beings: local, national, regional and global. Each one of us is capable of making meaningful contributions to problem solving at various levels. There is no reason to exclude anyone of these layers from Muslim economists' focus. Doing so will be against the example set by the Prophet, peace be upon him, who became concerned upon receiving news of food shortage in Mecca and sent supplies, years after that city had forced him to emigrate.

There is another problem with Dr. Zaman's suggestion. Despite the fact that Muslim countries have some problems unique to them, there are economic problems shared by the entire globe. The fact that some Muslim countries must grapple with basic problems like literacy and hygiene should not make us belittle the grave threats posed by global warming and other environmental problems for which there are no local solutions.

Figure 2: Sales workflow entities in the database.

In the first step, transaction pattern is used as a “stencil” to identify the instances of *players* in the database. Mapping between part of sales module from the operational database (Figure 2) and transaction pattern (Figure 1) is shown in Figure 3.

#### IV. Universality with Realism

It is time for some positive talk. It is a cardinal point of the Islamic movement not to take the current division of humanity among Muslims and non-Muslims as rigid and final. A universal mission like Islam cannot do so. We treat every human being as a potential Muslim. We are to carry the message of Allah to humanity as the Prophet did, peace be upon him. Muslim solidarity and efforts to solve the economic problems faced by Muslim countries and communities are goals with the highest priority, provided they are served in a manner that does no damage to Islam’s universal message. Without going into details, I am afraid, the learned author failed to take this into account.

Colonialism is history. There is no doubt we Muslims were harmed by others. No doubt there have been some external causes of Muslim decline. But repeated references to them, in devising a strategy for Islamic renaissance is, nowadays, fueling the blame-game so popular amongst us. This is especially so if it is accompanied by no serious analysis of our internal weaknesses, harms we are doing to ourselves. I prefer focusing on causes of decline that are internal (as we shall be able to do something for the removal of these causes), as compared to harping on wrongs done by others. Our resurgence requires inculcation of the right qualities in ourselves. The spiritual transformation of human beings to which Professor Zaman refers on page 51 started taking place in Mecca as evidenced by the focus on spiritual and moral values in the Meccan verses of the Quran. Muslims do not need a confrontationist stance to be steered into true Islamic character.

I hasten to add that my plea for a universal focus encompassing entire humanity, insofar as problem solving is concerned, does not mean a rejection of the author’s suggestion number 4 on page 49. the methodology recommended in that point is fine with me.

Let me conclude on one final observation. History does not afford us the possibility of restarting on the right road from where we left it centuries ago. You have to rejoin the caravan where it is, at the stretch of the road in front of you. Economics by Muslim economists on Islamic bases would have to be situated in the present, in the

globalized world of the 21<sup>st</sup> century. Try escaping from the “centripetal pull” of neoclassical thought (Zaman, p.49) by all means but the 21<sup>st</sup> century world is after all your world, created by Allah for you and the rest of humanity. The Quran given you is a guide through this world as much as it was through earlier ones, all it requires is faith, courage and self confidence coupled with creativity and an open mind.

### NOTES

<sup>1</sup> Presented at the First International Conference on Islamic Economics held at Mecca in 1976. it is included in **Studies in Islamic Economics**, edited by Khurshid Ahmad and published by the Islamic Foundation, Leicester, UK, in 1980. Also published as **Muslim Economic Thinking** (1981), Leicester and the Islamic Foundation

<sup>2</sup> Mohammad Iqbal, **Reconstruction of Religious Thought in Islam**, Lahore, Sheikh Mohammad Ashraf, 1968, Lecture 6.

<sup>3</sup> Focus on poverty is not frequent in Islamic scholarship, but there are exceptions, for example, Ahmed bin Ali al-Dalji: **Al-Falakah wa'l Maflukun\_\_ al- Faqr wa'l Fuqara**, [Cairo, Matbaat al- Sh'ab, 1322 H/1904 AD]. Al-Dalji was writing in 8<sup>th</sup> Hijri / 15<sup>th</sup> Christian century.

<sup>4</sup> Keynote Address at the Round table on: Islamic Economics: Current State of Knowledge and Development of the Discipline, Held at Jeddah, Saudi Arabia on May 26-27, 2004, under joint auspices of the Islamic Research and Training Institute, Jeddah and the Arab Planning Institute, Kuwait, available at [www.siddiqi.com/mns](http://www.siddiqi.com/mns)

<sup>5</sup> Reported in **Roedad Jamaat Islami**, Part 2.

