BOOK REVIEWS

Readings in Islamic Economics

Development and Distribution in Islam

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Much attention has been given to work published on Islamic economics in Pakistan, the Middle East and the West. The network of those actively involved in Islamic economics extends to Nigeria and Malaysia, the works reviewed here representing interesting contributions from these countries to the literature from sources that have perhaps received insufficient mention.

Gusau and Bashar have pulled together a number of useful papers which deal with the Islamisation of economic activity, social welfare in the Muslim state, economic development from an Islamic perspective, and the relevance of Islamic banking for Nigeria. Some of the material covered has been dealt with elsewhere, but the columns are worth reading because of the coverage of Nigeria. One of the most interesting chapters by Hussaini Usman Malami and Bayero Ahmad Sabir deals with the economic policy of the Sakkwato Caliphate of Northern Nigeria. There is a profile of Shehu Usman Danfodiyo, leader of the Sakkwato Jihad of the early nineteenth century.

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who was born in Marata in 1754. He belonged to the Fulani tribe, who according to the author were well known for their Islamic scholarship, but his preaching, which he began at the age of twenty, influenced other tribes in the region, including the Tuaregs, the Barebarts and the dominant Hausas. The aim of Shehu's Jihad movement was of course religious, but it also embraced economic reform and social justice. The Jihad itself was completed by 1810, following the fall of Kano, Katsina and Zazzau in 1805-6 and Alkalawa in 1808.

The substance of the chapter is concerned with the principles governing the administration of the Caliphate. The Islamic scholars, notably Sheikh Usman Fodo and Sultan Muhammad Bello, stressed the principles of justice, charity and moderation. Hard work was encouraged in animal rearing, trade and industry, and begging condemned. Trade was seen as the prime source of income, and for Muhammad Bello, it was seen as crucial for economic development. Merchants were organised into groups, each lead by a madugu who was responsible for the safety of the armed convoy. The porters, drivers, guides, quarter masters and guards for each convoy all reported to the madugu. Daily distances were marked by zangos, or large settlements, some of which developed into substantial markets. International trade was regarded as desirable, and in 1824 Sultan Mohammed Bello had discussions with the English explorer, Clapperton. This was ultimately to lead to the export of ivory to the British and German markets in the late nineteenth century, the proceeds from which were used for the importation of weapons, salt, stationary books, with the latter coming from Tunisia and Egypt.

There is frequent reference made to Muhammad Bello's book, Akham al-Makasib, where the Iman sets outs his philosophy regarding the role of the state and the individual in the economic system. An especially interesting discussion drawing on Sheru Usman's work, Siral al-Ikhwan, concerns the role and responsibilities of the muhtasib as overseer and supervisor of the market. There is some discussion of public finance, and Muhammad Bello's view that the Iman should live modestly, and rely on his own garden to support himself and his family rather than the public purse. Urbanisation was seen as one of the major achievements of the Sakkawato Caliphate, but there is an all too brief discussion of land policy and agriculture, as well as manufacturing, textiles and iron working bering the main activities.

In the second more contemporary volume by Gusau and Bashar the most
interesting chapter is on the case for Islamic banking in Nigeria. Gusau and an associate, Muhammad Aminu Bawa, conducted a survey of 2460 Muslims, 1640 Christians and 90 others to discover their banking habits, attitudes to interest and knowledge of Islamic banking. Most Muslim respondents had accepted interest, but unlike the Christians surveyed, they had not deposited their funds with this reward as an important motive. Over 90 percent of Muslims and 12 percent of the Christians surveyed indicated they would be prepared to place deposits with an Islamic bank if such an institution existed in Nigeria. Of those Muslims who indicated they would not, most cited the greater risk associated with such deposits as their major objection.

The book by Ataul Huq Pramanik consists of a collection of his papers which have been presented at conferences on Islamic economics. This well-known contributor to the debates amongst Islamic economists was born in Bangladesh and taught at Chittagong University, but his economics training was in England, and he is now a Professor of Economics at the International Islamic University in Malaysia. The book contains three useful chapters on the methods and experience of Islamic banking, although the survey of the Islamic banks in Bangladesh, Sudan, Egypt, the Gulf, Malaysia, Pakistan and Iran is inevitably brief.

The main focus of the work, as its title implies, is on the relationship between growth and distribution from an Islamic perspective, which is the main reason why it is worthy of review. It is in particular interesting to contrast the views of a modern contributor to the debate on Islamic economics with those of Ibn Khaldun, the great fourteenth century Islamic economic and social philosopher. In the Gusau and Basher volume it is asserted that Ibn Khaldun, in many respects the Adam Smith of Islamic economics, identified four stages of economic growth, the primitive, the post primitive or town stage, the period of urbanisation and finally the stage of decline. This is perhaps less optimistic than Ricardian or Marxian analysis, and certainly in sharp contrast to the every more "progressive" stages identified by modern development theorists such as Rostow.

Pramanik is critical of development which stresses only the satisfaction of individual material wants, as he stresses the importance of social cohesion. Social disintegration is a major factor in Ibn Khaldun’s analysis of decline. Pramanik takes a more optimistic stance, however, implicitly accepting
that development can be a continuous process of improvement, provided the need for redistribution is recognised. It is the unwillingness to accept this that threatens the advance of capitalist societies, but Pramanik sees the issue of social justice as central to Islamic economics, and a cause for hope.

The notion that there is a trade off between growth and distribution is rejected by Pramanik, as he sees the higher propensity to consume of the poor as a factor promoting market expansion, and hence economic growth. Savings to finance investment may be lower, but what matters for investment is the potential sales of the resultant output, not the supply of funds. In developing countries investment may not be especially capital intensive in any case, indeed such investment, by creating minimal employment, or actually reducing employment, is undesirable. Although Pramanik is critical of economic growth for its own sake, he is less critical of the efforts of western development economists, and recognises that they have learnt much from the experience of the last four decades. Pramanik is sympathetic towards the basic needs approach taken by some development economists, as this implies a respect for basic human dignity that is consistent with the views of Islamic economists like himself.

In any work of redistribution, taxation is inevitably a major issue, and for Pramanik *zakat* is an ideal form of tax for this purpose. Ibn Khaldun approved of *zakat*, but his overall view of taxation was much more negative according to the exposition in the Gusau and Bashar volume. Khaldun sees taxation in terms of the poor being forced to pay to finance the luxurious consumption of the rich rulers, with such exploitation resulting in economic decline. Overall there is much in Pramanik’s study which is of interest, but the width of coverage is to some extent at the expense of depth. Although the work is well referenced, it would be interesting to see Pramanik contrasting his own positions with those of other Islamic economists, both ancient and modern. His views and approach are not dissimilar to those of Umer Chapra, but certainly contrast sharply with those of Muhammad Baqer As-Sadr, who starts from a more legalistic stance. If Islamic economics is to move forward, greater recognition of the different schools of thinking within the discipline itself would be helpful.