



## **BOOK REVIEW**

### **IDEAL ISLAMIC ECONOMY: AN INTRODUCTION**

*By Abbas Mirakhor and Hossein Askari, Palgrave Macmillan, 2017, vii + 255 pp., ISBN 978-1-137-53727-0*

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Consensus is lacking among the Islamic Economics scholars in developing an ideal Islamic Economy till today. In fact, some scholars express their disappointment with the current state of Islamic Economics discussion because it fails to provide a feasible alternative to Capitalist Economics. Moreover, a lot of attention has been given to the discussion on Islamic Finance rather than Islamic Economics resulting in misconception among the people with regard to these two subjects (Zaman, 2012). This book was written by the authors as an attempt to provide an introduction to an economic system derived from the *Qur'ān* as the source of Metaframework and its implementation by the Prophet Muhammad (*ṣal-Allāhu 'alayhi wa sallam*) in Medina as the Archetype model.

This book is divided into nine chapters. In the first three chapters, the authors examined the criticism by the Orientalists from the Weberian perspective towards Islam. They followed with discussion on the relationship between capitalism and the Islamic economic system. The authors then presented a general overview of an ideal Islamic system as envisioned in the *Qur'ān*. In chapter 4, the authors discussed the institutional structure of a sound economy based on the New Institutional Economics framework which is the fundamental approach taken by the authors in this book. Based on the discussion in the first four chapters, the authors then attempted to deduce the rules of an Islamic economy from the *Qur'ān* and presented its main operational features in chapters 5 and 6. In the three following chapters, the authors investigated whether Muslim countries have adopted the recommended institutions and operationalized them. They also explored the reasons for dichotomy between the ideal Islamic economic system and underperformance of Muslim economies as well as the way forward for Muslim society.

In the first chapter, the authors examined the contemporary attack on the social, political, cultural and economic spectrum of Islamic belief by the Orientalists starting with the Weberian presupposition that Islam inhibits development as a secular stance becomes their starting assumption. Furthermore, the Orientalists also do not accept the transcendental truth, which is contradictory to Islam. In addressing the attack on Islam by the Orientalists, the authors argued that the attack fails three tests of validity of their worldview proposed by Naugle which are coherence test, explanatory power test and existential test. According to the authors, the Orientalists fail the coherence test because of confusion in discussing exactly what caused the Muslim countries' underperformance. They fail the explanatory power test because it has never been able to explain the reason many Muslim countries performed well in history if it is assumed that Islam prohibits growth. Finally, they also fail the existential test because the value propositions in adopting democratic capitalism have already demonstrated that adoption of such a system is accompanied by crises, environmental degradation, societal polarization, obscene levels of inequality, poverty and destitution.

The authors also elaborated in the second chapter the possibility of commonality between capitalism and Islamic economy if a narrow consideration of capitalism is explored from an economic point of view or the vantage of economic history. However, since the nineteenth century, capitalism has been expanded into a quasi-religion with neo-liberalism as its ideology which is incompatible with the Islamic economy. Hence, although an Islamic economy may share some characteristics with capitalism, there is no reasonable basis to support the assertion that capitalism defines an Islamic economy.

In the third chapter, the authors derived elements of the Islamic worldview and characteristics of the Islamic economy from the *Qur'ān* in searching for the ideal Islamic system. The authors presented that the Islamic economic paradigm as envisioned in the *Qur'ān* is the Creator-centered conceptualization of reality. Besides that, the authors argued that Prophet Muhammad (*ṣal-Allāhu 'alayhi wa sallam*) operationalized the Metaframework derived from the *Qur'ān* in Medina as an archetype model for the Islamic economy. The authors attempted to define the concept of *Barakah* mathematically as a non-linear scalar that multiplies the returns to a rule-compliant action. Depending on the nature of the action, it is argued that the scalar will increase non-linearly. In relation to the attempt to mathematicise *Barakah* by building the causality between rule-compliant action and multiple return, it should not be perceived

as a definite measure because the concept of *Barakah* is within the metaphysical realm and beyond the concept of causality as understood by human beings.

In the fourth chapter, the authors explained that although the New Institutional Economics has attracted the same interest as the Old Institutional Economics in terms of social, economic and political institutions that govern everyday life, it combines the neoclassical view of individual as utility maximizer with the latter's view of individuals committed to moral values and cultural loyalties. Based on this framework, the authors argued that institutions are designed to impose constraints on human interaction by providing incentive structure to guide human behavior. Therefore, the discussion on Islamic economic paradigm is very crucial in this area because it could provide the paradigm that could be established as rules of the game in the institutional set-up. Moreover, two fundamental problems faced by society, namely uncertainty and lack of coordination, could be reduced by developing the rule of behavior in society. Based on this chapter, readers will immediately notice the attempt by the authors to develop the discussion on ideal Islamic economy by utilizing the framework of New Institutional Economics.

In my opinion, as the authors adopted the institutional perspective in discussing the ideal Islamic economy, the argument could be expanded by looking at the behavioral perspective. I believe that the discussion on economics should not be limited to rule-compliance but needs to consider the evolutionary behavior of human beings in response to the rules. This is the dynamic aspect that needs further discussion to develop an ideal Islamic economy. Besides that, the authors' argument to reduce uncertainty in decision making process by constraining the behavior through rule-compliance is not convincing. In my view, the uncertainty has to be examined in multiple dimensions including the deficit of information, information asymmetry, unpredictable behavior of man and other externalities beyond human control such as weather and natural disasters. Therefore, although the rule-governed behavior is assumed to increase the predictable regularities of human beings, free will must be addressed because it relates to the behavior of man that might deviate from the rules set up in society.

In the fifth chapter, the authors clarified that Islamic economics can be considered as a discipline concerned with (a) the rules of behavior prescribed by Islam as they relate to resource allocation, production, exchange, distribution and redistribution; (b)

economic implications of the operations of these rules and; (c) policy recommendations for achieving rule of compliance that would allow convergence of the actual economy to the ideal economic system envisioned by Islam. The authors also elaborated that among the central rules that constitute the institutional structure of the ideal economy are rules governing property, market as well as production, exchange, distribution and redistribution.

In the sixth chapter, the authors defined the ideal Islamic economy as the institutional scaffolding discernible from the *Qur'ān* populated by a critical mass of those who have achieved Allah-consciousness. The authors argued that the source of the duty of commanding rule compliance and discouraging rule violation is *Walayah* which is the love of the members of society for one another and it is the reflection of the Love of Allah for humanity. Besides that, the duty of “commanding the good and forbidding evil” is argued to be the most important means of enforcing the prescribed rules of the Metaframework and the Archetype Model. In fact, it could be an effective promoter of social solidarity and preserver of social order. As such, it is crucial to have legitimate authority to establish rule-compliance and preserve community unity and wellbeing in accordance with the duties of trusteeship and agency. The authors believed that because of this ideal there will be positive economic implications of the rules among the active believers.

The seventh chapter discusses whether Muslim countries have adopted the ideal Islamic economic system and operationalized them. The authors assessed the performance of the Muslim countries using the Islamicity indices and observed that the prevailing state of affairs in Muslim countries is not due to Islam but due to non-rule compliant individuals and societies that do not hold their rulers and governments responsible and accountable. As such, in the eighth chapter, the authors claimed Muslims either individually or collectively, throughout history have not internalized and practiced the rules detailed in the *Qur'ān* as interpreted and implemented by the Prophet Muhammad (*ṣal-Allāhu 'alayhi wa sallam*). Thus, it is crucial for the Muslim to go back to the Quranic path for their own progress and development.

Overall, this book provides a very clear explanation and chronological order in addressing the issue, starting from the issues on Islamic economics, development of framework and analysis on the real grounds for non adoption of the ideal Islamic economic system in Muslim countries. Readers might lose interest in reading this book, however, because of some repetitive paragraphs and explanations in

different chapters. Despite its shortcomings that have been discussed in this review, this book is a welcome addition to the debate on the ideal Islamic economy and it enriches the resources for developing the Islamic economics discourse.

#### REFERENCE

Zaman, A. "Crisis in Islamic Economics: Diagnosis and Prescriptions." *Journal of King Abdulaziz University: Islamic Economics* 25, no. 1 (2012): 147-69.