

workers was to go to every lane and house, approach people and convey the message of Islam. The target was that everyday three persons should be made sympathizer of the Jamā‘at. Every unit had to organize meeting of the workers once a week where besides ideological orientation, workers had to present report of the work and develop strategy to extend and strengthen the work. Further, all units had to meet once a month and analyze the nature of the work. He also organized the training and orientation programs to develop moral and spiritual qualities among the workers so that they may dedicate themselves to the service of God selflessly. He remained *Ameer* of Dhaka Jamā‘at-e-Islāmī for eight years and under his able leadership the Jamā‘at became popular among the people.

Khurram Murad’s *Lamḥāt* thus is a part biography and part history of the Jamā‘at-e-Islāmī as seen by a dedicated soldier of Islam. Murad lived long after 1971 but the book ends with the break-up of Pakistan and hence an objective history of the struggle of the Jamā‘at-e-Islāmī in what remained of Pakistan remains to be written. Nevertheless, the *Lamḥāt* gives a lesson that the basic purpose of Islamic movement is to invite people to the service of Allah (SWT) and motivate them to dedicate their lives for the establishment of the Divine order. If one struggles to achieve this noble ideal, he will overcome all difficulties and ultimately make his life successful in this world and in the hereafter. It is very useful and beneficial for all those who are committed to Islamic ideology and actively involved in Islamic movement. It is a real guide for the servants of Allah (SWT).

The Future of Economics: An Islamic Perspective by Umer Chapra, with an Introduction by Khurshid Ahmad. Islamic Economics Series – 21. Markfield, The Islamic Foundation, 2000. Pp. 446. ISBN 0 86037 276 9.

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If I can trust my assessment on the back cover of this much awaited publication, it is among the most crucial books of this century for the revival of Islam, not just of Islamic economics: after Umer Chapra’s *Towards a Just Monetary System* (The Islamic Foundation, 1992) and *Islam and the Economic Challenge* (The Islamic Foundation, 1992), a

landmark and baseline for future efforts in the field. Indeed, Islamic economics may become divided into the periods before and after Chapra.

The author, an American-trained Saudi chief economist of Pakistani origin, did not receive for nothing both the prestigious King Faysal Award and the Islamic Economics Award of the Islamic Development Bank (IDB) since he combines so well in his person both theory and practice of Islamic economics: After serving for years as Senior Economic Advisor in the Saudi Arabian Monetary Agency in Riyadh, he currently works as Research Advisor at IRTI, the IDB's Islamic Research and Training in Jeddah.

As a perfect example of real (not just methodological) "Islamization of Knowledge," the book under review excels in numerous respects. The author is such an obvious master of his material that he does not have to prove his competence, by indulging in professional slang or econometrics. Instead, he makes reading about complex matter easy and even pleasurable.

In contrast to many a Muslim, he does not reject the Western system stock and a barrel – not only because that would be naïve but because the occident disposes of several features, like democracy, governmental accountability, and freedom of speech, which to use *selectively* would greatly benefit Islamic societies. Says Chapra, following Muhammad Asad: "Democracy and Khilafa [are] very similar" (p. 188). Again in contrast to many Muslims, more competent in theology than economics, Chapra never confuses moral prescriptions with their implementations. His approach is not just analytical but operative: How really to achieve the morality an Islamic economy must be based upon?

Nor does Chapra fall into the trap, filled with so many Muslim experts, to believe that conventional economy plus *zakāh* and Islamic inheritance rules *minus* interest *equals* Islamic Economy. Rather, he insists that the Islamic worldview (*weltanschauung*) must again prevail through replacing Economic Man by Islamic Man and value-free economics by value-conscious economics. Implied is nothing less than a change of the economic paradigm: After post-Newtonian New Physics, New Economics!

Chapra, interested in the transformation of Muslim society, is not content with a profound critique of the shortcomings of the Occidental system and its faulty basic assumptions. He enters into an equally thorough analysis of the shortcomings on the Muslim side, finding their roots as far back as the 7th (beginning of despotism) and 9th centuries

(defamation of science together with Mu'tazilite rationalism). These historical chapters are perhaps the most valuable ones of Muslims in general.

Chapra's criticism of post-Keynesian Conventional Economics is familiar: It is one of the devastating by-products of Enlightenment secularism and its deification of the individual. Western scientists are so eager to turn economics into a "hard" science that, against better empirical knowledge, they treat their virtual Economic Man as thoroughly rational and thoroughly selfish. Both assumptions are, of course, wrong. Western economics can also be falsified by its inconsistencies: On the one hand, microeconomics is taken as value-free, merely descriptive and, at best, prognostic, protecting the "invisible hand" of the market against State interference. On the other hand, macroeconomics has long acknowledged the necessity of State intervention, for Welfare State purposes, anti-trust legislation, and pump-priming à la Lord John Maynard Keynes. Worse, Chapra puts the finger on major failures of the Western system for which there is neither adequate analysis nor prescription: structural unemployment; stagflation; volatility of the financial market under globalization conditions; ineffectiveness of governmental market intervention against extreme business styles; crass injustice in income distribution between the (very) rich and the (very) poor; debt crisis; unmanageability of speculative "virtual money" (derivatives).

He therefore believes that Conventional Economics can be beaten on its own grounds, with its own methods of rationality and empiricism (p. 133), and made to realize that it, too, is essentially irrational by proceeding from an unverifiable agnostic worldview. No only God is *unseen*, the author remarks ironically, but also the invisible Hand; but the *effect* of both can be observed (p. 137). Chapra believes that it will dawn on thoughtful Western economists that Western economics has functioned all along, as far as it has, not mechanically but on the basis of a whole values system clandestinely carried along from its Christian and humanistic bases. If so, Western economics may move away from their secularist, materialist, value-agnostic, social-Darwinism and accept much of the Islamic paradigm. This would imply admitting that man is not just an economic animal but a *homo religious*, economy must serve humanitarian and social goals. No economy can function without a value base rooted in religion, i.e. "social appreciation of those who abide by moral norms and social disdain for those who violate them" (p. 121: a remarkable rendering of *amr bi al-ma'rūf wa nahyi 'an al-munkar*). It is unscientific simply to assume away the role of non-measurable factors like happiness, altruism, inner peace, family

cohesion (p. 129). In the long run, it is *rational*, to be *moral* both being synonymous. In fact, “the concept of the Hereafter gives a long-term perspective to self-interest” (p. 60).

For this anticipated event, Chapra proposes a “double layer of filters” for economic policy: Each measure would have to pass first through a moral filter (value acceptability) and then through an economic filter (market compatibility). If this happened, Muslim economics would not expect Milton Friedman’s Conventional Economics to be scrapped. Not at all! But they would expect it to change its focus towards humanitarian goals, strengthen its welfare aspects and the intervention capability (not role!) of the State, and – above all-re-integrate the religious worldview and its values into the system, particularly into its microeconomic hypotheses. In other words, the Western system in this case, in profiting from the Islamic approach would seek to satisfy both the material and the spiritual need of the human personality in a *balanced* manner (p. 57).

The Muslims are extraordinarily fortunate in having had one of them, Ibn Khaldūn, who – virtually out of blue – developed a model so perfect of all essential economic factors that, slightly augmented, it can be held up even today as an Islamic counter-model. Chapra devoted most of Chapter 5 (pp. 146-172) to that model; its graphic display (pp. 149, 176) enigmatically embellishes the front cover.

In short, Ibn Khaldūn understood that the following variable factors influence each other, both positively or negatively: norms (*sharī‘ah*), administration, populations, wealth, development, and justice. Today, we would subsume under “population” sub-factors like national cohesion (*‘asabiyyah*), level of education, status of women, and family spirit. It is obvious that the growth or decline of any of these factors can trigger an upward or downward spiral since all factors affect each other in a circular fashion. What counts in its confrontation with Western economic models is that Ibn Khaldūn recognizes the importance of norms (i.e. values), the state, and non-measurable factors (like skills and family cohesion).

Chapra spends more pages and effort, though, on his relentless analysis of the economic situation within the Muslim world. Why did the Islamic Enlightenment fail or leave the wrong heritage? Why is it that after Ibn Khaldūn, aside from Shah Wali Allah, Islam became absent in the history of economic theory (p. 166)? Why do the majority of Muslim countries still belong to the “developing” world? Why is this world more prone to corruption, injustice, and inefficiency than the

secular West (p. 369)? Why are Muslim economists and natural scientists of rank a rarity?

The author makes clear that this economic decline fit into the general decline of the Muslim world (p. 176) and should not be attributed to Islam as such (p. 184). How else to explain that Islam had not hindered, but furthered, the previous flourishing of science and economy, as in Baghdad and Cordoba? But Chapra is also sober-minded enough to state that, after all, “no society has been able to sustain continued progress for 1400 years” (p. 174). With the issue listed, Chapra raised what can be called the “400,000 dollar question: What brought the Islamic world to its knees and into colonization? The answers given touch on all aspects of Islam and show Chapra as a courageously objective all-round social scientist.

He makes no bones about declaring time and again that most Muslim rulers after the four rightly guided Caliphs down to our age were, and are, illegitimate. This means that Islamic political history has been warped from almost the beginning by a “political fault line” (p. 193). The consequences of this sad situation for Islamic economics are obvious: Good governance, the rule of law, accountability, freedom of the press, and competition of ideas are foundations of economic prosperity; corruption, suppression of opposition, waste of resources on military projects, and unjust distribution of wealth, typical of non-democratic countries, are poison for economic growth. No democracy, no prosperity. No market failure without government failure (p. 76). Chapra makes, however, clear that “what the Muslim world needs is not that modernization which is associated with hedonism and permissiveness but rather that which bring democracy, education and technology” (p. 63).

The failures on the educational and technological fronts, Chapra, in Chapter 3, traces back all the way to *Muʿtazilah/Ashʿariyyah* philosophical disputes in the 9th century Baghdad. (I found no finer description of this dispute in any of the well known books on the history of Islamic philosophy). For Chapra it was tragic that (i) Abbasid caliphs, like Maʾmūn al-Rashīd, tried to impose extreme *Muʿtazili* rationalism by force and (ii) the opposition, including Ahmad ibn Hanbal, quasi automatically extended their rejection of speculative philosophy to the natural sciences, at that time also represented by philosophers. This confrontation, via Imam al-Ghāzalī, did not only lead to an end of philosophy in Islam but to a devastating neglect of the hard sciences. Thus “the stage was set for the intellectual and technological

backwardness of the Muslim world” (p. 98) as it is still reflected in the inadequate, one-sided theological training of most ‘*ulamā*’.

In this context, Chapra singles out as particularly damaging the Ash’arite denial of non-divine causality. After all, any science, hard or soft, like economics cannot but work without Cause and Effect. It would have sufficed if al-Ghāzālī, as for the question of Free Will, had accepted *secondary* causes, i.e. the idea that Allah (SWT) created a measure of Free Will and the possibility of secondary causation. Sufism as well is a serious deviation in as much as it helped to destroy the balance between engagement in this world (politics, economics, society) and attention for the other (pp. 62, 225). World-denial and the celebration of poverty as a virtue is hardly a qualification for Muslim economics.

Chapra rightly identifies the discrimination of women as a further contributing factor for the misery in Muslim countries, stating that “any society where nearly half of the population becomes marginalized and is unable to play its potential role...is bound to have stunted growth” (p. 229). He pointedly asks whether we would know so much about the 1200 female Companions and possess biographies of thousands of early Muslim women if they had been confined to their homes (p. 227)? Chapra also distances himself from the custom still prevailing in Jeddah of covering women’s faces (p. 227).

Looking at the future, Chapra is a realist. He sees that “the Muslim world remains morally, socially, economically, technologically, militarily and politically backward” (p. 241). He is aware that “military dictatorships and some other illegitimate governments in Muslim countries are trying to remove Islam rather than eradicate political illegitimacy” (p. 242), Turkey, Tunisia and Algeria being cited cases. From his case studies of Iran, Pakistan, and Sudan Chapra cannot derive much consolation. He even concluded “Pakistan does not serve as a worthy example of Islamization” (283).

In this connection, Chapra impassionately analyzes the complex issues of Islamic finance and the elimination of *ribā*. The chapter in question is backed up by no less than 229 footnotes. In short, Chapra sides with orthodoxy in ruling out indexation and equating *ribā* with any kind of interest, not only usury, be it for commercial loans or not. How to handle, however, rampant inflation, as annually up to 80% in Turkey? There, interest might only serve to maintain the value of saving. An account without interest would be an outright gift to the bank. Can Muslims in such an absurdly un-Islamic economy be expected to abide by isolated elements of an Islamic economy? Chapra for such cases

proposes to offset the erosion of real value through investment (p. 300); but this does not seem like a realistic option to me.

The author does not see any serious macroeconomic difficulties with abolishing *ribā* in spite of the various functions of interest in the West: Anti-cyclical polity; resource allocation; rate of savings; and rating of capital efficiency. He is, however, aware of a microeconomic problem: if default is not penalized by compounded interest, is the abolishment of *ribā* not an incentive for default? As far as *murābahah* engagements are concerned - where interest takes the form of marked-up prices in sales or leasing contracts - Chapra is liberal or formalistic, or both, in accepting such financial products. But he does prefer profit-and-loss sharing in the form of silent or active partnership (*mushārahah* and *muḍārahah*). With corporations of any kind he sees a specific problem: even Islamic ones cannot be altruistic but are condemned to seek profit maximization for their partners or stock holders (p. 325). Morality is a human quality, only.

In the end, we are all agreed, an economy can only be as Islamic as its people are. Chapra's problem therefore boils down to the question: How once more to raise a society that really *lives* Islam? We do not have a charismatic Prophet among us, nor can we expect one, and "centuries of sermons" have not prevented moral decline. The reform of the economic system must therefore start with reforming human beings, no matter how long it takes (p. 357). Chapra warns activists of the Islamic Movement against becoming impatient or even resorting to (counter-productive) force. They should act in such a way that they are seen inside and outside the Muslim world as a blessing and not as a menace (p. 359). This overview shows how all encompassing Chapra's venture necessarily is because all hangs together: economics, politics, education, family, morality, God-consciousness. What Chapra sketches out is not a utopia, but an "uphill task" as he prefers to put. One might as well call it an uphill *battle*.

Chapra's style is serious and cautious. He frequently employs formulations like "perhaps yes", "not necessarily" or "could help" in order to escape rigidity. The volume has been extremely well edited. I am especially glad that invocations of blessings on our Prophet were always fully spelled out instead of being clumsily abbreviated "pbuh". I would, however, suggest a harmonization of the conflicting ISBN number on the back of the paperback edition and its copyright page. On page 44 the German word "Wertfreiheit" (a noun) is used as an adjective. Its adjective form is, however, "wertefrei."
