

**Islam & Mammon: The Economic  
Predicaments of Islamism**

*Timur Kuran*

*Princeton and Oxford: Princeton University Press, 2004. 194 pages.*

In this brilliant contribution, Timur Kuran weaves six chapters into a sound critique of the assumptions and practices of Islamic economics. In

essence, he attacks the very foundation of Islamic economics, the prohibition of interest, and then extends his critique to whether Islam's traditional redistributive instruments in achieving contemporary economic goal is feasible. The author's intention is not simply to critique Islamic economics, but to bring the ideas espoused by the discipline into the realm of mainstream social sciences and encourage serious scholarly consideration. The first two chapters summarize the basic tenets of Islamic economics while grounding the discipline in two central claims: that existing economic systems have failed and that Islamic history proves the Islamic system's superiority over others. Kuran dismisses the latter by revealing that modern economic problems had historical counterparts, that many concepts and methods utilized by Islamic economists originated outside the Islamic world, and that applying ancient solutions to present problems is an inadequate approach.

Islamic economics' material expression has been confined to Islamic banking, for which prohibiting interest is the *sine qua non*, and redistribution efforts. Profit and loss sharing techniques, namely, *mudarabah* and *musharakah*, have been derived from classical Islamic jurisprudence in order to avoid interest. These terms refer to practices whereby an individual entrusts an entrepreneur or an investor with an amount of capital that will yield a specified return. Kuran attacks these practices, asserting that they remain mechanisms for charging interest on the grounds that since modern banking is based on profit and loss sharing, these classical methods simply allow bankers to avoid using the term *interest*.

Turning his attention to redistribution, Kuran presents zakat (obligatory charity) as the major mechanism for redistributing wealth. This is criticized on the basis that it does not address modern economic problems in a useful way and that it has not alleviated poverty where it has been implemented. In chapter 2, the author expands this critique by arguing that the Qu'ran does not necessarily forbid interest, but instead forbids *riba*, the pre-Islamic practice of doubling the debt of a borrower unable to make scheduled restitution. Kuran supports his argument with reference to various debates between Islamic scholars over *riba* and the prohibition of interest, concluding that the prohibition is far more complex than the arguments presented by Muslim economists.

Chapters 3 and 4 concentrate on the social aspects of Islamic economics. Kuran discusses Islamic economics and its relationship with Islamist political identity from both a contemporary and a historical perspective. In Chapter 3, he proposes policy responses to counteract the Islamists' gains in

the economic arena. Later, he focuses on Islamist writings concerning the relationship between economics and political identity, particularly in India, where the theory of Islamic economics was first developed. Drawing on the work of Sayyid Abul-Ala Mawdudi (1903-79), he locates the discipline's emergence within a period marked by the Muslims' preoccupation with self-identification. This concern with self-identity gave rise to an economic ideal that stressed the "Islamization" of Muslim economic life.

Chapter 5 is by far the strongest. Here, he introduces the theory of economic justice in Islamic thought, which is based on two concepts: equality and fairness. One of his most compelling points is that Islamic economists assume that individuals will encounter no significant dilemmas in determining between collectively harmful and beneficial economic actions. For Kuran, this means that Islamic economics is grounded in overly optimistic and unrealistic assumptions about human behavior, which therefore render its practical application impossible. The central point is that there is no agreed upon standard or equilibrium from which to govern economic behavior. Questions as to what constitutes equality and fairness are severely contested even among Islamic thinkers themselves, and thus it is unrealistic to assume that an entire society could collectively agree on these principles' material realization.

The final chapter takes up the question of the relationship between Islam and (under)development. Kuran analyzes and critiques three divergent theses that attempt to explain this. However, this critique is ultimately undermined by his conclusion that one must employ a synthesis of the most explanatory arguments of all three theses in order to begin to capture the relationship in question. In so doing, he accepts simplistic culturalist arguments, siding with some of the more vulgar and crude Orientalist assumptions about Islam and economic development.

The book has a number of other limitations as well. First, since it is essentially a collection of essays written and published over a decade, redundancy tends to saturate the overall argument. Another weakness is the author's limited use of comparative empirical data. In the second chapter, he marshals empirical evidence in support of his argument that conventional and Islamic banks operate similar deposit return systems; however, the remainder of the book is generally void of relevant empirical data.

Despite these weaknesses, the book is an excellent and worthwhile contribution to the study of Islamic economics and should be read by anyone interested in either this topic or contemporary Islamic thought. It engages varied debates over Islamic identity and jurisprudence and how they reveal

themselves within the context of Islamic economics. Kuran's reference to a wide range of literature in Islamic thought, as well as in Islamic history and economics, allows him to trace and critique the trajectory of the discipline's philosophy and practice. At the same time, he draws on the practical experiences of Muslim countries using both historical and contemporary perspectives. He is superb when it comes to exposing how the discipline of Islamic economics homogenizes economic actors and how this lends itself to spurious assumptions about economic behavior. By exposing the discipline's simplistic claims, Kuran argues successfully that its practical implications, as expressed through such institutions as Islamic banking, remain largely irrelevant and inconsequential in encouraging economic growth and development and alleviating poverty.

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