

Book Review

The Challenge of Islamic Economics

by Muhammad Akram Khan

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Muhammad Akram Khan, the well-known Islamic economist, is presently Director-General in the Audit and Accounts Services of the government of Pakistan. He is a prolific writer and scholar with Islamic inspiration and a strong grip on the subject. He has written dozens of articles and books on Islamic economics since 1965 in English and Urdu. His works have been published by organizations and journals of national and international repute.

Two of his very important works are "Economic Teachings of Prophet Muhammad (PBUH)" and "Islamic Economics: Annotated Sources in English and Urdu." The first book is a classified compilation of ahadith relating to Islamic economics and is being published by the Islamic Research Academy, Lahore. It is a monumental work that may turn out to be an indispensable reference on Islamic economics. The second book contains 1,300 abstracts classified into approximately forty headings. It is the first annotated bibliography on Islamic economics.

"The Challenge of Islamic Economics," the book under review, is made up of three papers written, respectively, for the "Journal of Research in Islamic Economics" in 1983, "the Third International Seminar on Islamic Thought," held under the auspices of the International Institute of Islamic Thought in Kuala Lumpur in July 1984, and the "International Seminar on Islamic Economics" held at Sokoto in February 1985. They make up chapters one, two, and three respectively.

The book is addressed to the teachers and researchers in Islamic economics. It informs its readers of the nature, scope, and methodology of this discipline. It points out some of the strengths and weaknesses in the literature dealing with this subject and advances an approach for teaching Islamic economics. This book, like most of the author's writings, is logical, consistent, and thought-provoking.

He argues that each discipline in social sciences should be founded on the belief in *tawhid*, *risala* and *akhira*. He states also that Islamic economics should incorporate the concepts of: 1) *falah*; 2) adequacy as opposed to scarcity of resources; and 3) the spirit of cooperation. Although several economists have argued that economic behavior is motivated by considerations of maximizing *falah*, the author clearly spells out the spiritual, cultural, political, and economic dimensions of *falah* and demonstrates why the ethical, political, educational, cultural, and social aspects of Islam must be integrated with its economic aspects. He concludes therefore that Islamic economics must adopt an inter-disciplinary approach under the motivation of *falah* and that it is important to establish interaction among the Shari'ah scholars and the secularly trained economists in order to explore Islamic economics on the basis of the Qur'an, Sunnah, *fiqh*, and economic history of Muslims.

It should not be an analytical concern of economists to delve into all disciplines of social sciences even though economic applications have a bearing on other fields of enquiry. What is required is a necessary awareness of this Islamic position on matters relating to social, political, cultural, and other disciplines that interact with economic matters. Knowledge in these related fields may be assumed to be fixed by Islamic economists, just as secular economists assume that the knowledge of preferences and technology is determined, respectively, in the fields of psychology and engineering.

In chapter two, Akram Khan summarizes the state of the art and points out some of the gaps in the literature in Islamic economics. Three trends in the development of knowledge in this discipline are identified and scholars are grouped accordingly into: 1) 'ulama' who extract the economic teachings of Islam from original sources, namely the Qur'an and ahadith; 2) modernists who re-interrupt the economic teachings to demonstrate their relevance to contemporary economic problems; and 3) economists who analyze the consequences of the application of economic teachings of Islam.

The author contends that their contributions are "conceptual" in character and not "theoretical," because their contributions do not reflect the economic realities of the Muslim world. It is true that the experience of economic practice in the capitalist and the socialist countries plays an important role for the development of economic theory in those countries. Unfortunately the application of Islamic teachings in economics has remained lopsided and, by and large, non-existent since the end of the period of the *khulafa' al-rashidun*. The economic lessons of that 40 year period has been adequately appreciated and incorporated in the analytical literature of Islamic economics.

The task of economic science is to reveal the laws and interconnections on which an economic structure can be developed. Economic science can provide only the knowledge, and in this way lay the scientific foundations for a practical economic policy. According to Webster's dictionary, a 'theory'

may be defined as “that branch of an art or science consisting in knowledge of its principles and methods rather than its practice, pure as opposed to applied science.” The literature on Islamic economics does reflect the development of principles and methods and is therefore theoretical and not conceptual. Although it is hard to agree with what is theoretical and what is not, the author draws an adequate picture of the state of the art in Islamic economics.

He also reflects upon some interesting questions, awaiting answers from economists, concerning *riba*, Islamic banking, *zakah*, public finance, inheritance, land tenure, labor, consumption, and economic development. This section contains useful hints for students seeking appropriate topics for research in the field.

Chapter three contains the author's reflections on the concerns expressed regarding the inadequacy of teaching materials in Islamic economics, especially the lack of textbooks. For Akram Khan, “concern about the non-availability of text-books or teachers is not the real problem.” (p. 76) He proposes that the teaching of Islamic economics should be directed toward understanding the “perception of tawhid and its implications for mankind” (p. 78), and the economic problem should be seen as a means toward this higher end. Therefore the real task is to transmit a body of knowledge to students to inculcate a spirit of inquiry and creativity, and to develop potential faculties for understanding the implications of tawhid. It is suggested that teachers of Islamic economics should focus on the theoretical implications of tawhid and on a critical appraisal of knowledge in contemporary economics through dialogue with the economists trained in the secular tradition. This, again, requires interaction and co-operation among economists and Shari'ah scholars.

The author states that his disagreement with the prevalent approach to teaching Islamic Economics is so serious he feels that “the present methodology is almost a sure route to defeat the very purpose for which initially the move to ‘Islamize economics’ (or for that matter, all of knowledge) started.” (p. 72) The author has outlined four steps to Islamize economics: 1) critically appraise the Western theory of knowledge; 2) develop the implications of Tawhid for knowledge; 3) critically appraise contemporary economics; 4) and dialogue with leaders of the contemporary approach that the author tries to refute. The author calls for, but does not really succeed in presenting, an alternative to the present approach followed by mainstream Islamic economists trained in the West.

Akram Khan argues for the development of the “language of knowledge which is generally understood in the intellectual community of the world.” (p. 83) This technical proficiency is needed, he contends, to “examine and partly refute Western economic thought.” (p. 83) But, his reaction to the application of the economists' tools, including their own technical language, which

they master through years of training in order to understand reality for the purpose of forecasting and planning, is contrary to it. "Muslim economists," the author laments, are "over-awed by the grandeur of Western economics and are keen to 'show' that Islamic economics 'is not far behind.'" (p. 47)

It is true that Muslim economists have yet to derive precise meanings for *tawhid*, *adl*, *ihsan*, etc. from the Qur'an and ahadith; that they have not explored the interrelationships between these concepts and economic theory; and that they have not produced a universal design for an Islamic economy. The significant exception, however, Syed Nawah Haider Naqvi's *Ethics and Economics*, should have been recognized in the author's discussion of "basic principles." He does nevertheless, recognize the contributions of Anas Zarqa, Fahim Khan, and Monzer Kahf (p. 56) in the discussion on "consumption." (p. 56) Similarly literature critiquing the theory of interest is not a "blank area" (p. 49) but is very rich.

The author draws philosophical distinctions between the Western economic system and the Islamic economic system in terms of values, altruistic motives, Islamic rationality, goals, the nature of variables, the role of Divine guidance, Shari'ya, and distributional aspects (pp. 24-32) in an effort to demonstrate that the "basic assumptions, scope, and method of Western economics do not suit an Islamic economy." (p. 24) The purpose of the discussion is to demonstrate that the Islamic economic system is unique and thereby to dispel the false impression that it is a "conglomerate of capitalism, socialism, and a few metaphysical beliefs of Islam." (p. 1) The discussion is incomplete because the author neglects to contrast Socialist and Islamic economic systems by limiting his treatment to the distinction between the Capitalist and Islamic economic systems.

Better editing could definitely improve the quality of the book. For example, some material appears to have been deleted inadvertently after page 2 where a puzzling break in the flow of ideas occurs. Moreover the articles were written on different occasions for different reasons. They might fit together better if the author could reorganize the material and provide links between different chapters. For example, the sections on Islamization of knowledge given under the headings "general theory of Islamic economy" and "plan for research" in chapter three could be beautifully integrated within the first chapter.

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