

Comments on Dr. M. N. Siddiqi’s paper
“Obstacles to Research in Islamic Economics”

By: Dr. Asad Zaman (asadzaman@alum.mit.edu)

The problem under discussion could be placed under the general heading of “Islamization of Knowledge,” which is, I believe, one of the most important problems facing the Ummah currently. There is no doubt that in many fields the West has surpassed us in knowledge. How can we solve this problem, advance in knowledge, and re-acquire the leadership that we once had? How did it come to pass that the Ummah which gave the concept of higher education and civilization to the World¹ now has the highest rates of illiteracy? How can this state of affairs be changed?

In my view, a fundamental problem is the one labeled ‘regaining self-confidence’ by Dr. Siddiqi. Western Social Science is full of concepts antithetical to Islam. Lack of self-confidence has led many Muslims to accept these Western concepts, which preclude the possibility of creating a truly Islamic approach. Unfortunately, the writings of many Muslim economists convey the false impression that we have more to learn about management of economic affairs from Samuelson than we do from the Quran and the traditions of the Prophet. For those who have been given knowledge of the Quran, looking elsewhere for wisdom shows lack of understanding, respect, and gratitude for what they have been given. The remedy and solution to this problem is to show that even now, Islamic traditions offer far superior solutions to economic problems than those available in the leading economic textbooks and World Bank/IMF research papers. Because the Islamic paradigm is radically different from the Western one, our solutions are not those found in standard texts – that is, they do not conform to Western methodological commitments. Our traditions are full of precious insights not available in the Western literature. Below I will highlight just a few important ones. I believe that rapid developments in Islamic economics are possible if we focus on areas of our strength, instead of attempting to compete with the West in areas of their strength.

Weber’s (1918) idea that science is value-free (and also that values are not scientific) has taken root and caused a transformation in the way that social science is conceived, formulated and understood in the West. This leads to several methodological

(1) Professor George Makdisi of Harvard has argued convincingly for a major Islamic contribution to the emergence of the first universities in the medieval West, showing how terms such as having “fellows” holding a “chair,” or students “reading” a subject and obtaining “degrees,” as well as practices such as inaugural lectures and academic robes, can all be traced back to Islamic concepts and practices. Indeed the idea of a university in the modern sense—a place of learning where students congregate to study a wide variety of subjects under a number of teachers—is generally regarded as an Arab innovation developed at the al-Azhar university in Cairo. As Makdisi has demonstrated, it was in cities bordering the Islamic world—Salerno, Naples, Bologna, Montpellier, and Paris—that first developed universities in Christendom, the idea spreading northward from there.

commitments which must be rejected by Muslim economists in order to make progress in Islamic economics. A more detailed discussion is given in Zaman (2008b); below we discuss two major principles which lie behind current Western formulations of economic theory.

1. The social scientist is a detached observer. Personal involvement and the desire to bring about change and improvement can interfere with dispassionate and objective recording of facts required of a scientist. Furthermore, since science is value-free, the scientist should not impose his personal values and attempt to judge, normatively, whether a given social state is good or bad.

2. A consequence of the value-free ideal is that social scientists record observations and facts about human nature, and on this basis attempt to arrive at laws which govern societies. The policy maker then utilizes these observations and laws to move society in desired directions according to his normative judgements.

Both of these ideas are in direct conflict with Islamic teachings. The purpose of this Ummah is to enjoin the good and to prohibit the evil. The life of our Prophet (s.a.w.) was spent in the struggle to transform his society from the Ignorance (Jahiliya) to one of those with Faith. The social transformation that resulted from his efforts is the most remarkable one in the history of mankind. People who were cruel enough to bury their own daughters alive, kill each other for trifles, and behave in other barbaric ways, developed such conduct and behavior so as to become examples for all mankind. For example, the Quran testifies to, and praises those who gave to others while being themselves in need. The Muslim economist must boldly describe the good and strive hard to bring it about. This will clearly differentiate him from the Western economists who cannot explain what “good” means (as an economist) because values are not scientific, and cannot struggle to achieve these ends because they must remain detached from the subject of their study.

The second Western methodological commitment, that we look for laws of economic behavior, is also fundamentally flawed. The idea that there are “natural laws” which govern economics is a false and damaging outcome of accidents of European history which led to the development of modern economics. Using just one law, Newton was able to explain a diverse set of physical phenomena. This accomplishment made a tremendous impression on European minds. Economists set out to replicate this achievement, self-consciously modeling their discipline on Physics, ignoring warnings that social science was not like physics – see for example, Mirowski (1989). Economic theory is methodologically bound to the idea of using just one principle of human behavior – greed and acquisitiveness – to explain the entire range of economic phenomena. This methodology has prevented the development of a sound understanding of economic phenomena in the West. A simple consequence of this failure has been the inability (acknowledged by many) to develop suitable policies for development, the inability to predict large numbers of economic crises (including the Great Depression), and the observation that huge increases in wealth and comfort levels have not led to any measurable increases in satisfaction with life, and sense of well-being (see Lane 2001). A more detailed discussion of the failures of modern Western economic theory is given in Zaman (2008a). The idea that there are laws of economics has led to the dropping of ideas about exploitation of laborers, of the immorality of hoarding etc. Just as one does

not ask whether it is fair or just that stones should fall at 10 m/s^2 , so questions about fair and just prices do not arise if these are determined by natural laws.

At the heart of Islam is the idea that man has the potential for being higher than the angels and also of being worse than the beasts. Striving to change ourselves to achieve the hidden potential within us is the greater Jihad. It is a simple consequence of this struggle that there are no fixed laws of motion for human societies. It is immediately obvious that the economics of the Arabian peninsula was radically transformed by the work of our Prophet (s.a.w.) Similarly, if we engage with our societies and attempt to transform them in ways pleasing to God, the economic laws which govern our societies will change – for example, effective Da’wah to Muslims to pay Zakah and to adopt simple lifestyles recommended by Islam has the potential to eliminate poverty in Islamic societies. Unlike Western social science which attempts to observe behavior, Islam is a collection of tools for transforming behavior of individuals and societies. This area of transformation is one where Islam has deep insights to offer, and nothing comparable is available in the Western literature. Once we reject the idea that there are natural laws governing economic behavior comparable to physical laws, a whole range of issues suppressed in Western economics arises. For example, we can train our children to be greedy and acquisitive, or we can train them to be kind, generous and compassionate. While Western media promote luxurious lifestyles and encourage the pursuit of idle desires, we can follow Quranic injunctions to avoid this. The economic laws which govern our societies, and the kinds of economic institutions which emerge, will depend on the kind of training we give our children. Because norms and values are not scientific, Western economists cannot discuss these issues within their discipline boundaries, and cannot compare different types of normative structures for societies. On the other hand, Islam is full of guidance on precisely this issue. For example, discouraging *Israf*, *Tabzeer*, and conspicuous consumption, which are all forbidden in Islam, would lead to a tremendous reduction in the amount of waste associated with the rampant consumerism in the West.

To summarize, Islam offers us a vision of an ideal society where people cooperate with each other, and help each other in times of need. This is radically different from, and in conflict with, the vision of cut-throat competition leading to efficient production at the heart of Western economics. Islam also offers us tools and methods for transforming immoral societies to the ideal forms which are described in our religious source materials. On both of these counts, there is no comparable body of knowledge in the West. If we focus on our strengths, the process and methodology of “*Amr Bil Maroof and Nahi anil Munkir*,” this would lead to creation of societies motivated and structured according to Islamic ideals. As a by-product, study of the economic structure of such societies would lead to a genuine Islamic economics.

References:

- Robert E. Lane (2001) *Loss of Happiness in Market Economies*, place: Yale University Press.
- Philip Mirowski (1989) *More Heat than Light: Economics as Social Physics, Physics as Nature's Economics*, Cambridge: Cambridge University Press.
- Max Weber (1918), "Science as a Vocation," reprinted in *From Max Weber: Essays in Sociology*, Transl. Gerth, H. H. and Mills, C. Wright, Oxford University Press, 1958.
- Asad Zaman, "Prelude to Islamic Economics," paper presented at 7th International Conference on Islamic Economics, IERC, KAAU, Jeddah, 2008a
- Asad Zaman, "Islamic Economics: Survey and Literature Review," Religion and Development Working Paper 13, 2008b.