

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

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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 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.

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**Comments on Dr. M. N. Siddiqi's paper
"Obstacles to Research in Islamic Economics"**

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In any attempt to evaluate the progress of research in a discipline, in this case Islamic economics, an inescapable question that must be addressed is the obstacles, challenges or problems faced by researchers and research efforts in that discipline. It is also very fundamental to choose the correct person to write on the subject. In both these two tasks, the organizer's must be congratulated for getting one of the pioneers of contemporary Islamic economics, M.N. Siddiqi to pen his thoughts down on the topic for this 7th Conference. For me, to be asked to comment on a paper by someone who has been involved in the 'frontline' of research activities in Islamic economics and finance for almost five decades, makes me feel greatly honored.

Dr. Siddiqi's brief, but concise paper, looks at six factors he considers as 'main obstacles to progress in research in Islamic economics', i.e. lack of proper historical studies, lack of empirical studies, lack of institutional support, plagiarism, poor vision leading to the inability to make distinction between the essential and peripheral and the failure to distinguish between the human and the divine. For purposes of this short comment, I reduce the discussion to three: neglect of research in important sub-areas of the discipline, lack of funding and the poverty of judgment and good behavior.

A very important reality that he mentions, probably too briefly in his short introduction is the loss of the idealism and maybe sincere commitment and purpose that once seemed to have been the hallmarks of researchers in Islamic economics in the 1970s and 1980s. As someone who began my own study of Islamic economics in the early to mid-1980s, I can vouch for this claim as my own institution the International Islamic University Malaysia and specifically the Kulliyyah of Economics and Management Sciences that was established in 1983, also saw that great enthusiasm, idealism and commitment (even if it lacked great intellectual output), wane over the years due to many reasons. I remember the slogan of the times was that we, the future graduates of the IIUM, should realize our mission as 'agents of change'. 30 years down the line, this Conference of Islamic economists, has to ask sincerely, have we been agents of change or have we become *changed agents*? Have we been able to present an economic and finance alternative to humanity or have we become 'passive' participants and joined the bandwagon? Has that spirit of idealism of Islamic economics been consumed by the pragmatism and commercial interests of Islamic finance? These questions in themselves could be a valid theme for a symposium or even a research project or two. I propose that this loss of idealism, or the 'spirit of the Makkah Conference' is a root cause for much of the problems we face. While we cannot go back in time, we can surely learn from our experiences.

1. Neglect of Research in Sub-Areas of Islamic Economics

Dr. Siddiqi is right to point out that to move forward, we also need to look back for lessons. He is right to lament that we have overly reduced our exposure to our heritage to the domain of *fiqh* per se, and neglected many other areas of our heritage. Not only have we failed to discern that our heritage covers a vast spectrum of disciplines or bodies of knowledge, but we have not given sufficient attention to many very important areas that make up the foundations of Islamic economics, including history- both of Islamic economic thought and that of Muslim economic life- in different parts of the world. To this I would add, the history of ideas and the relationship between the Muslim and non-Muslim worlds for they would certainly provide us with valuable lessons. It is very unfortunate that in programs of study in economics, the study of history has been downplayed or even taken out of the curriculum, due to various reasons. I am very sure that Dr. Siddiqi would agree that any good program of economics (undergraduate and graduate) should include exposure to history, politics and sociology. For Islamic economics, one would add courses on Islamic civilization as well as courses on western civilization, *but taught from Islamic perspectives*.

The neglect of empirical work is also a reality, although personally, from the example of the KENMS, it is not as acute as the neglect in history and heritage studies or in exposure to history of western economic thought/civilization. For example, most graduate theses and research papers at the KENMS for at least the last 10 years are more likely to be empirical work on Muslim countries. Unfortunately, these research works would very likely be from conventional perspectives, utilizing tools of analysis, approaches and models/techniques that are found in modern economics. Very few, if any, attempt to approach empirical studies via frameworks that depict Islamic perspectives, i.e looking at reality from the perspective of the worldview of Islam. While pure modern empirical studies of Muslim countries may perform a useful function in developing Islamic economics, I would argue that Islamic economists need to develop alternative frameworks to study modern Muslim (and non-Muslim) society so that these studies can contribute more effectively to the development of contemporary Islamic economics, which according to Dr. Siddiqi, is a part of a movement towards creating Islamic norms. In that sense, Islamic economics can be seen as a tool to help 'Islamize society'. I believe the whole issue of the relationship between the 'what is' and the 'what should be' in Islamic economics, the issue of ideals or perceived ideals versus factual realities in Muslim society has to be deliberated even further as methodological issues have been another area neglected by Islamic economists. The problem here is the human resources that we have.

2. Lack of Funding

The issue of funding research is another major topic that requires much serious deliberation. Studies of history discussed above as well as other fundamental or foundation studies for Islamic economics, have been particularly affected by the lack of funds. This, coupled with the orientation of graduate program, 'market forces' and the domination of mainstream neoclassical economics even in programs teaching Islamic economics, has also created a serious scarcity of young researchers in these areas. I fully agree that, left to itself, the private sector will not fund these areas. New initiatives

involving the private, public and voluntary sectors as potential contributors to new research funds in these 'non-commercial areas' need to be worked out. In this, I propose that this conference passes a resolution to empower a group or better still two or three groups to undertake surveys/studies into the funding agencies and organizations in other parts of the world so that we may learn from them. While I agree that we should not hope for one single institution to do everything, I also do not think it wise to overstretch our already thin resource base. In this, I believe we do have at least 3 or 4 credible long-standing institutions in the Muslim world that have been teaching and conducting research in Islamic economics for more than 20 years. These institutions have graduate programs that can easily be utilized to serve as the core research base for Islamic economics. If we are to find new financial resources for research in Islamic economics, I propose that we must also devise a new mechanism to allocate these funds more effectively and in a more coordinated, prioritized and efficient way, primarily to those institutions who have shown that they are not some 'fly by night operations'. In addition, institutions dealing with Islamic finance per se and research dealing with Islamic finance, may be excluded from these funds since there are already sufficient funds available from the private sector.

3. Research Ethics and the Lack of Good Judgment

The problem of plagiarism according to Dr. Siddiqi, seems to be another factor that is an obstacle in research. Certainly at the level of students, I have personal experience of the problem of 'copying/downloading from the internet'. While it is a great tool for progress, the internet also has the potential to be a contributor to moral and ethical poverty. I do not think the issue now is 'not knowing something is plagiarized or not'. There exists plagiarism software to check works. The issue is how we treat the practice. Do we condone it? Do we know why it occurs? While intellectual property today may have significant financial benefits, it seems to me that acknowledging others' ideas is a moral obligation to 'point society in the right direction for intellectual leadership'. Claiming originality to ideas that are not ours only diverts society away from the scholars who have probably spent much time contemplating on certain ideas and who have certain moral rights and responsibilities to those ideas.

When this absence of research ethics becomes common, this could be a major reason for the last two factors discussed by Dr. Siddiqi, i.e. inability to ascertain priorities and the inability to distinguish between what is divine and what is human. Both these two deficiencies create great disruption in the allocation of limited resources, both human and financial. The result according to Siddiqi: an Islamic (economics and) finance industry that is more interested in dealing with rich peoples' surpluses to serve the already rich rather than thinking how the wealth of Muslims can be used to remove the scourge of poverty that still plagues the Muslim world today. One could also add to this example the inability to realize that we should be concentrating on getting our fundamentals or foundations right, rather than rushing head-on to provide 'solutions' to problems faced. Simple logic will tell us that if we do not spend sufficient resources for research on these foundations, as scholars in Western Europe did in the 16-18th centuries, we will not be able to build a sustainable Islamic economics. If we are not able to discern that our Islamic heritage is much more than *fiqh mu'amalat*; and if we cannot realize that in order to make good *'shari'ah* based decisions in Islamic finance

today, we need to go beyond the legal dimension and look into ethics, hence a much more sophisticated benchmark for 'shari'ah compliance', we will not be able to truly meet the *maqasid al-shari'ah* (objectives of the *shari'ah*).

Conclusion

Dr. Siddiqi ends his paper on an optimistic note that all these obstacles can be removed. He calls for revamping existing institutions involved in Islamic economic research. He asks for greater autonomy, freedom and funding. He calls on private and voluntary sector in many parts of the Muslim world to fund these revamped institutions and to stop depending on funding from oil money. While the proposal to have a 'strong center for research in Islamic economics located in the west' is acceptable, it is also relatively easier to do. The Muslim population in the EU and especially in the US are relatively well to do and can easily support this research center in the west. I think the greater challenge would be to revamp existing institutions in the Muslim world and to instill a new work ethic and management style to those researchers in the Muslim world. We have to stop thinking that money can solve all problems. Attitudes, work-culture, and good research practice, all important ingredients to successful research, is not guaranteed merely by pouring in money. These ingredients have to be cultivated and nurtured. No where better than those institutions like the IERC, IRTI, IIIIE and the KENMS that- despite all challenges and shortcomings- have stood the test of time.

I would like to end by pointing out that this is not the first conference or seminar organized to talk about obstacles/problems of research in Islamic economics. As early as 1986, a symposium was held in Amman, Jordan talking about this. In 1987, a workshop was held in Kuala Lumpur also discussing this. Many similar events have been organized over the years. Yet, we have not been able to put things right. Will this Conference be a watershed for positive change, just as the First International Conference on Islamic Economics was in 1976? Time will tell.

Allahu A'lam.

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