

***THE MUSLIM WORLD BOOK REVIEW, SPRING 1982***

*Islamic Economics*

**MUSLIM ECONOMIC THINKING: A SURVEY OF CONTEMPORARY LITERATURE** By M.N. Siddiqi. Islamic Foundation: Leicester, 1981. Pp.136. £3.95.

The resurgence of Islam in all parts of the Muslim world is reflected in the enormous quantity of literature now being produced in Muslim countries and elsewhere. The literature covers all aspects of the *ummah*, particularly the aspiration and efforts of Muslims to weaken and eradicate the alien cultures planted in their societies by the West and to install and strengthen in their place the roots of Islam. One of the important areas covered by this literature is economics where the Western roots are the strongest and where a great deal of intellectual work still needs to be done to realize the aspirations of Muslims to develop their economies on the basis of their own socio-economic values.

To prepare a review of the vast amount of contemporary literature on Islamic economics was a laborious and time-consuming job. But Dr. Nejatullah Siddiqi undertook this difficult task and there is no doubt that he has done an excellent job. The coverage is comprehensive and no important contribution in Arabic, Urdu or English published up to 1975 seems to have been left out. The review covers all books and articles written on the underlying philosophy, fundamental principles and the goals and nature of the economic system of Islam. It also covers the important institutional aspects like *zakat* and public finance, inheritance, social security and insurance, money and banking, labour, industrial relations, population and economic growth and development. It also includes works on the critique of contemporary economic systems and theories, development of economic 'analysis in the framework of Islam, and the economic thought of great Muslim thinkers. The book will be particularly useful to the professional economist doing research in Islamic economics because it does assume a certain background knowledge on the part of the reader.

In an effort to be comprehensive in his coverage, the author has quoted certain opinions that are based neither on the Qur'an nor the *Sunnah*, nor on any rational analysis of the issue involved. and are hence likely to generate misunderstanding about Islam. For example. the author quotes the juridical opinion

that purchase and sale on the stock exchange are illegal (p.51). While speculation may be questioned and suggestions may be made about how to minimize unhealthy speculation and to make the stock market contribute more meaningfully to the realization of Islamic goals, the extreme opinion that all dealings on the stock exchange are illegal does not deserve serious consideration. The stock market will have to play a more important role in the primarily equity based Islamic economy than in the loan-cum-equity based capitalist economies, and while a reform of the market is an important subject for discussion, opinions about its abolition cannot but prove obstacles. Another opinion not worth honourable mention in the book is the 'suspension of the foreign exchange market, the central banks being the only dealers of foreign exchange' (p.29) to solve the 'present international crisis'. While exchange control in this extreme form may be considered by countries with chronic deficits there is no reason why such an extreme measure should be adopted by countries enjoying surplus. It would be difficult to show how such a measure would solve the international monetary crisis which has a number of causes having little to do with the freedom of operation of the foreign exchange markets.

One point that the book succeeds indirectly in revealing is that the available literature is inadequate to give a clear, vivid picture of the Islamic economic system or of Islamic economics. Although a great deal has been done since 1975, there are important areas where significant gaps still remain. Moreover, most of the available literature is on different aspects of the economic system of Islam; very little has been written so far on Islamic economics with the object of providing for economics a new foundation based on Islamic values.

There is thus a great need to encourage research on various aspects of the economic system of Islam as well as Islamic economics. The Muslim world does not have a dearth of competent scholars, well-versed in both economics and the *Shari 'a*. What is needed is to free them for intervals of one to two years from their existing preoccupations to write on issues which have received no, or inadequate, coverage. It would also be necessary to have organized seminars on various aspects of the subject to stimulate thinking on issues which are important but which have been inadequately discussed. Only in this organized manner can the gaps be scientifically filled. It is hoped that the move in this direction made by the King Abdulaziz University, Jeddah, will continue and that during the next decade

substantial progress will be made on all important issues and subjects not adequately treated so far.

Saudi Monetary Agency, Riyadh

**M. Umer Chapra**