

Comments on “Economic Development in Muslim Countries: A Strategy for Development in the Light of Islamic Teachings”*

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Chapra’s paper is a long one with an extensive list of references. The paper covers the following themes: The failure of ‘imported’ development strategies in Muslim countries; and, an Islamic development strategy covering—the affect of the human factor, reducing wealth ownership concentration, and restructuring the economy.

I support the author’s conclusion that Islam is not responsible for the prevailing underdevelopment in Muslim countries (writers prejudiced against Islamic claim that it is the cause) because Islam has not been actualized in them. As we know, Islam is a state and a religion, a faith and a system of jurisprudence. This world is tied to the Hereafter and interest in this world only is not the correct Muslim attitude. Allah says: “But seek the abode of the Hereafter in that which Allah hath given thee and neglect not thy portion of the world.” And He says:

Yet if the people of those communities had but believed and been conscious of Us, We would indeed have opened up for them blessings out of heaven and earth; but they gave the lie to the truth—and so we took them to task through what they had been doing.

Chapra considers the failure of development policies in Islamic countries as a natural result of ‘adopted’ development strategies, whether capitalist or socialist. Being imported, they simply do not suit the social and economic climate prevailing in Muslim countries. He then offers a scheme of development policies determined by the *maqāṣid* (objectives) of the shari‘ah.

Though a discussion of development strategies requires detailed exposition, attributing past failures solely to the fact that they were imported needs reexamination. I believe that the shari‘ah makes it a duty on a Muslim to explore what is latent in the human soul. Man is

* Translated from Arabic by the editor.

free to adapt modern forms of organization, explore the creative potential of economics and other fields of knowledge and arts. There is no reason why one should not adopt science and technology. Islam urges its followers to use and adopt ideas that do not contradict its basic teachings. It is well-known that wisdom is the lost property of the Muslim: He recovers it wheresoever he finds it. This is the position of the various schools of interpretation and opinions in fiqh. Muslims may find themselves facing new problems where there is no ready solution. The solution to these problems requires *ijtihad* within the limits of available texts and sources of the *shari'ah*.

In his paper, Chapra stresses the concepts of equity and efficiency. He sees that Islam is occupied with these concepts. No doubt, modern economic systems are also occupied with such concepts. As is well-known, modern economics is the science of the efficient use of available economic resources. The problem, then, is finding the way to ensure efficiency and equity in an Islamic economic system.

The paper considers the core problem of modern economic theory to be scarcity of resources. In fact, scarcity is the product of human action, and nature should not be blamed. Natural resources are sufficient, but suffer from under-utilization or mis-utilization or both. This phenomenon creates the situation in which there is scarcity and hunger for the majority and abundance and over consumption for the minority. Unlike modern economics, Islam is not occupied only with the material aspects of the economic problem because the spiritual development of Muslims is of central importance. Spiritual development influences a Muslim's behavior, making him satisfied with whatever material goods he consumes, profoundly effecting the economic problem.

To actualize the objectives of the *shari'ah* in the light of available resources, Chapra considers it necessary to do the following: encourage the movement of the human factor to centers of development to ascertain its effective contribution in the development efforts; reduce wealth and income concentration using *zakah* and inheritance laws in the *shari'ah*; reconsider investment policies so that investment con-

tributes to needs fulfilment, creation of job opportunities, and increased exports. He also suggests the following:

- ♦ The creation of incentives through a just wage system that would satisfy and fulfill the needs of the workers, besides realizing the values in the shari‘ah.
- ♦ The development of individual abilities to improve on efficiency and equity by introducing a program of training and education for the labor force.

All these ideas intimated by the author are of a general nature. He does not give us a clue as to how they would be implemented in the prevailing political conditions in the Muslim countries. The nature of his suggestions, as admitted by the author, do not differ from what is being recommended by secular economic theories for ameliorating the conditions in developing countries.

The actualization of the objectives of the shari‘ah require that the shari‘ah be applied to all aspects of the Muslims’ lives. What the paper suggests is that an Islamic development strategy include changes in the behavior and in the system of values of an Muslim society. These changes cannot be achieved except through faith in God and the implementation of the rule of God on private citizens, the ruler, and the society as a whole.

Both Muslim individuals and Muslim rulers are responsible for actualization of Islamic values. Allah says in the Qur’an: “Allah will not change the fate of a people, until they change what is in themselves” (13:11).

The author’s call for the restructuring of economies in the Muslim countries is founded on his assumption that the standard of living in these countries is an imitation of Western standards. He points to corruption as an important obstacle to the efficient use of available resources. I support this conclusion and agree that Muslim countries will not efficiently use their resources as long as they are dependent upon the Western system, whether it be capitalist or socialist. The serious problem facing Muslim countries is how to escape dependency or at least moderate and temper its effects.

Muslim countries should adopt a plan of development that takes into account the values and traditions of the Islamic society.

The author takes issue with military expenditures and considers them to be constraints on development efforts, especially when there is no imminent threat of military conflict. An increase in military expenditures does help to assure the security of a government. However, real security comes from the internal strength of a society, its strong moral values, its social justice, and its equality of opportunities. Though we are in general agreement, I think that the threat of war is real and may be imposed on Muslim countries; therefore, governments find themselves obliged to increase military expenditures.

The first step in the Islamic strategy is to implement the following two statements from the Qur'an: "So let them worship the Lord of this house, who hath fed them against hunger, and hath made them safe from fear." And "Hence, make ready against them whatever force and war mounts you are able to muster." (8:60) With the development of modern industries, new techniques are being discovered that make it easier for the Muslims to feed and defend themselves.

Chapra believes that subsidies are not necessary and are misused. He prefers to use zakah to help the poor and the needy through social organization and social benevolence. He also discusses the tax systems in the Muslim countries, and shows the narrowness of the tax base, the high rates of taxes, and the extent of tax evasion.

The author enumerates the obstacles to investment, such as the absence of a suitable economic environment, political unrest, and the lack of democracy, etc. Although views may differ when such important matters are exposed, it should be noted that not only Muslim countries manifest these weaknesses. To start with, an Islamic strategy for development in Muslim countries is a strategy for Muslims who are happy to actualize the shari'ah. The question remains then, How do we adopt an Islamic strategy under the prevailing conditions in Islamic countries?

The author calls for the encouragement of foreign capital to be welcomed in Muslim countries and emphasizes the positive contri-

bution of foreign capital in transferring technology, know-how and badly needed administrative skills. However, he does not discuss the negative aspects of foreign capital. He recommends the dismantling of exchange-rate controls and facilitating capital repatriation and profits to the investing countries, without the effects of this on the recipient country. There is also a suggestion of using interest rates in borrowing if the foreign investment policy is not successful. The stress put on foreign sources of capital obliged the author to neglect the internal sources of finance and the mobilization of saving to supply the needed capital. One ought not forget that the reputation of foreign capital has been good in developing countries. Dependency on foreign capital and its ramifications is not discussed by the author.

Chapra examines the problems facing the agricultural sector in Muslim countries. The poor infrastructure—the lack of electricity, roads, etc.—the scarcity of financial support, and the poor education of the farmers, are only some of the problems. The absence of marketing techniques in small enterprises makes the problem even worst. The paper describes problems that are general to all Muslim countries, but in fact Muslim countries face different types of problems. Also, the more serious problem of food production is not examined. Food production is one aspect of the agricultural section that has a very high priority, whether on the national level or on the regional level. The paper does not prioritize items within the development strategy.

The author points to the financial system, highlighting the failure of commercial banks to supply the necessary finance to small enterprises and small farms. An Islamic banking system could solve the problem of small enterprises via the *muḍārabah* (partnership between one who has capital and one who has expertise) and *mushārahah* (joint venture, partnership in which the participants contribute both capital and expertise) system.

The role of government is vital in the Islamic development strategy. Planning is done in government ministries—implementation of the plan, choice of priorities, and fixing targets is a government

responsibility. The government also manages the economy through budget, monetary, and fiscal policies.

Chapra analyzes in detail the nature of the plan for actualization of the objectives of the shari‘ah. He analyzes an indicative plan that works through market prices.

The desires of man are numerous and it is expected that he strive to satisfy them. Human needs fulfilment leads to clarity of thought, security, stability, and allows for the development of spiritual values and moral standards. Therefore, Islam does not put any obstacle in the way of achieving material progress. Rather, Islam urges Muslims to work hard and strive to reach the highest possible standard of living. Islam asks the Muslim society to secure good living conditions for its members, while at the same time not forgetting that life has other important needs, spiritual and moral, which bring a balanced and peaceful life. A good Muslim has always one eye on earthly matters and one eye on heavenly matters. Knowledge raises him while ignorance pulls him back. Making efforts to perform good works in this world is rewarded in the Hereafter. Allah says in the Qur’an (20:123-126):

. . . But if there come unto you from Me a guidance, then whoso followeth My guidance, he will not go astray nor come to grief;

But he who turneth away from remembrance of Me, his will be a narrow life, and I shall bring him blind to the assembly on the day of resurrection.

He will say: “My Lord! Wherefore hast Thou gathered me (hither) blind when I was wont to see?”

He will say: “So (it must be). Our revelations came unto thee but thou didst forget them, In like manner thou are forgotten this day.”