

A Genealogy of the Islamic development discourse: Underlying Assumptions and Policy Implications from a Development Studies Perspective

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This paper is concerned with analysing the procedures, practices, apparatuses and institutions involved in the production of the Islamic development discourse in order to identify what its main assumptions and policy implications are. The analysis will be offered in form of a Foucauldian genealogy, the main building blocks for which is an archive of the key concepts and theories that have been formulated in the fields of Islamic social theory and particularly Islamic economics, including some contemporary key institutional models and articulation of practices akin to development.

Despite the considerable body of literature on Islamic social theory, there is no specific tradition or discipline that has historically dealt with what could be classified as ‘development’. A concern for development appears to have been triggered by a perceived retardation in comparison to the ‘West’ which is primarily located in the concept of Islamic revival, taking a range of social, political and economic forms. In the post-colonial era, Islamic economics is readily identified as the body of knowledge within the Islamic discourse that seeks to address issues of the management of economic growth, although ‘development’ does not feature prominently. This disharmony between ethics and articulations of practice presents something of a discontinuity in the Islamic discourse in the Foucauldian sense.

To date most Islamic economic thinking remains either utopian or adapting Western economic theory. The discourse, moreover, has taken a turn and began to focus since the late 1980s onto commercial applications around Islamic finance. Some Islamic economists have since concluded that Islamic economics has failed, either epistemologically, methodically or in its primary objective of promoting socio-economic justice and needs to be geared up to meet the challenge of poverty and development.

Key words: Islam, development, poverty, genealogy

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1 Introduction, Objectives and Methodological Considerations²

This paper is concerned with analysing the procedures, practices, apparatuses and institutions involved in the production of the Islamic development discourse in order to identify how the Islamic discourse has made meaning of development and what its main assumptions are.

This analysis will be offered in form of a Foucauldian (1998) genealogy. Genealogical analysis seeks to open up the discursive field through tracing practices, discourses and institutional lines of descent, including the lines of connection to different historical conflicts and strategies of control. The main building blocks for this genealogy is an archive of the key concepts and theories that have been formulated in the fields of Islamic social theory and particularly Islamic economics, including some contemporary institutional models and practices akin to development.

1.1 Diversity of Islamic discourses

From the outset it is worth noting that Islam is a highly diverse world religion (Gregorian, 2003), hence there are likely to be a number of competing and parallel discourses to be found. This diversity underlines the complexities when dealing with Islam or labelling something as ‘Islamic’. Nevertheless, this study takes the position that,

“... in order for a concept to be called ‘Islamic’ it must be argued from an Islamic theological basis, i.e. the Koran and the Sunna. If the system’s design cannot be deduced from these two primary sources of Islamic law directly, it must nevertheless at least correspond to their contents and must be linked to them epistemologically.” (Nienhaus, 1982: 83)

In this context, an initial look both at the English language academic literature and the materials produced by Islamic development organisations regarding Islam-specific approaches gives an impression of relative paucity of materials pertaining to what could be regarded as a development discourse. However, it can be assumed that since most Muslim thinking and writing might be written for a domestic or regional non-English-speaking audience, more literature on development is likely to be available in Arabic, Urdu or Malay, etc. The archive assembled hence reflects an elite discourse that was selected for translation or has permeated into the English language where not already conceived by scholars operating primarily in the Anglo-American linguistic realm.

Moreover, much of the academic literature either looks at the Muslim world as if it were a coherent entity in terms of culture and the degree to which Islamic teachings permeate practices and institutions, or engages at a level of specificity that may not be helpful to the assembling of a general archive to reflect the overall theories, models and practices pertaining to Islamic approaches to development. However, to consider whether an Islamic development discourse exists, we need to delve into the essence of the religion of Islam, which will be dealt with in the next section.

1.2 Aims and objectives of Islam

At the core of this paper lies the question as to whether Islam espouses particular developmental models and what assumption it makes about the ideal-type social, political and economic organisation and how this frames development policy-making. Whilst this study does not intend to deal with theological matters it is relevant and important to briefly assess Islam from a religious

² Parts of this paper are derived from a literature review compiled by the author as part of his work as a research associate with the Religion and Development Research Programme at the University of Birmingham. Available online:

http://www.religionsanddevelopment.org/files/resourcesmodule/@random454f80f60b3f4/1229939956_working_pape_r_20_web_file.pdf

perspective in order to understand what underpins the Islamic social theories that are discussed at a later stage.

Theological works focusing on Islam both from within (e.g. Ibn Taymiyyah 1997, Ghazali, 2007) and from a comparative religious perspective (Gregorian 2003, Cragg 1986) primarily and often extensively deal with the five pillars of Islam, namely the testimony of faith (*Shahada*), the obligatory five daily prayers (*Salah*), fasting during the month of Ramadan (*Sawm*), obligatory alms (*Zakat*) and pilgrimage to Makkah (*Hajj*). Apart from the giving of alms which will be discussed in section 3.2 in more detail, all other core acts of the Islamic religion emphasise worship and a relationship with the transcendental, rather than the worldly.

Hence, for the benefit of this study, Islam is viewed as a religion, in line with the basic self-proclaimed purpose of religions, that seeks to provide stepping stones or a path that leads its adherent to the transcendental, however defined or perceived. Most of these stepping stones will be clearly spiritual in nature such as prayer, fasting or other religious rites, but there appears to be also a worldly dimension in as far as Islam postulates a social, economic or even political order (Chapra, 1992) that facilitates the attainment of the transcendental (later sections dealing Islamic social theory will elaborate on this). Islamic scholars (e.g. Maududi, 1960) have referred to Islam as ‘Deen’, an Arabic word commonly translated as ‘religion’, ‘way’ or ‘path’. Some, but not all, English-speaking Muslims do not accept the common-language translation of deen as ‘religion’, seeing this as a human-made or ideological concept. They instead use the untranslated Arabic word to signify something above and beyond that concept, perhaps more approximating ‘faith’ (or ‘way’ or ‘path’, as mentioned above), which cannot be translated to an exact equivalent, but only grasped through an understanding and application of Islamic principles. The argument made through referring to Islam as ‘Deen’ underlines the claim made by most Islamic scholars, groups and sects to not only a ‘religion’ as the English word signifies, but it is a complete way of life. Nienhaus, a prominent German economist argues in a similar manner that:

“Islam is a religion which concerns itself with much more than the after-life; it is a complete worldview, and as such it endeavours to provide an answer to all questions of human existence. For every worldview, consistency and coherence are of paramount importance. In the past, Islamic jurists used to ensure that Islam met these criteria. The dramatic social and economic transformation of the Islamic world in the twentieth century means, however, that their traditional body of knowledge is no longer sufficient to fully understand contemporary developments and changes.” Nienhaus (2000: 86)

The degree to which Islam is theorised, understood and lived as a deen varies enormously and the following sections will offer a differentiation to help contextualise any Islamic approach to development.

2 Defining the Term ‘Development’ in Islam

Interestingly, the term ‘development’ has not featured in the traditional Islamic discourses that primarily deal with jurisprudential issues (in Arabic *fiqh*) or matters of belief (*aqeedah*). In the contemporary context the Arabic term *tanmiyah* (تتمية) is used by modern-day Middle Eastern development finance institutions such as the Islamic Development Bank. This Arabic term, however, does not appear in the English language literature that deals with related issues such as Islamic economics which uses the term ‘development’. This calls for a deeper and wider approach to understanding the genealogy of the term, which is in use today but doesn’t appear to be rooted in the historical Islamic discourses on societal or economic organisation. This apparent discontinuity raises some interesting questions in Foucauldian terms, which will be further explored in the following sections. The tension that this discontinuity provides is further expounded by Elmissiri:

“Concepts such as ‘infinite progress’ (which are central in Western modernity) are deemed by them as hostile to the very idea of boundaries and therefore to the idea of man

and nature, and, eventually, to the idea of God. Such concepts are atheistic, not only in the religious, but also in the epistemological human sense. Thus, the bearers of the new [Islamic] discourse persistently search for new theories of development and new concepts of progress. They argue that Islamic theories of development should be radically different from the generalist Western theories promoted by 'international' organizations, for such theories have largely proven to fail, and have led to an environmental crisis and the impoverishment of the masses.” (Elmissiri, 1997)

Elmissiri's claim lies at the heart of this paper that seeks to identify how the 'mainstream' international development discourse frames contemporary institutional 'Islamic' conceptualisations of poverty and development policies. In doing so the author will examine a range of historical Islamic schools of thought and practice that deal with social theory. Due to the historicity of some of these schools it might appear to be wide-sweeping but as will be demonstrated, the historical schools of thought build a foundation for today's Islamic development thinking and practice. The following sections will hence explore the old and new Islamic discourses around progress, modernity and development.

2.1 Key concepts of Islamic development thinking and practice

The following sections outline Islamic theological and philosophical thinking and its implications for social ordering and examines challenges that led to the economic and cultural atrophy of Islamic civilization, a perceived backwardness that became an increasing concern with European technological and economic development and imperialism from the 18th century onwards.

Traditionally the Islamic sciences were not accustomed to dealing with a broad range of social science issues, since it was held that the only legitimate sources of knowledge about the structure of society, economy and governance were the *Qur'an* and the Prophet Muhammad's *Sunnah* (Rahman, 1997). Hence, the schools of jurisprudence were seen as having the sole responsibility, through their established methodologies, for deriving guidance from revelation (*usool ul-fiqh*) to shape societal norms and conventions. With the expansion of the Muslim empire into the European heartland an epistemological debate between Aristotelian philosophy (*kalam*) and traditional theology ensued about faith versus reason that had a major impact on the intellectual development of both the orient and the occident. During this period, differences between traditionalists (Asharite) and rationalist (Mu'tazilite) theological schools emerged that continue to influence Islamic thinking and divisions today.

2.2 The origins of Islamic social theories pertaining to development

The foundations for political, social and economic organisation under an Islamic system were laid during the time of the Prophet (Watt 1953 & 1956, Mubarakpuri 1996) and an effective Islamic state established under the early caliphs (Lewis, 2003). Progress, however, was primarily measured in transcendental terms. Hence, traditionally, Islamic scholars have held the opinion that the realisation of the transcendental goals of Islam necessitates an Islamic state or caliphate (Choueiri, 1997). Because of the close links between the fulfilment of religious and material purposes, during the 'Golden Age' of Islam, Muslim pursuit of knowledge included science, mathematics, medicine etc, in which they excelled, and which brought with it economic prosperity and considerable development of educational and public welfare infrastructure (Lewis, 2003).

With the perceived decline of the Muslim civilisation that began with the Mongol sacking of Baghdad and ended in the dismantling of the Ottoman caliphate in 1924, the emerging discourse centred on change and not on progress tapping into revival as a dominant and recurrent theme in Islam (Haddad et al, 1991). Reflecting the considerable theological or jurisprudential diversity that exists in Islam, a range of Islamic movements in the 19th and 20th centuries have pursued the objective of Islamic revival or awakening (Arabic, *al sahwā*) to either stem the tide against the

decline of or to re-establish Islamic rule. However, in modern times there has been considerable disagreement as to the aims and objectives of change (Haddad et al, 1991). Some of the key approaches underpinning contemporary Islamic development practice that are relevant to this study will be discussed in the following sections.

2.2.1 Backwardness and retardation: the ‘underdevelopment’ of the Muslim World?

Perhaps in contrast to Nisbet’s (1980) claim about modernisation being closely linked to the idea of progress, Islamic approaches to development seemed to have been primarily a response to external challenges and sought to re-establish, re-invent or re-align the historical construct of the ‘Golden Age’. Haddad et al’s (1991) extensive review of literature underlines this common theme:

“Revivalist literature written during the second half of the nineteenth century to present time reflects the history of the encounter with the west. [...] Revivalist ideas are not generated in a vacuum but are the response to external and internal stimuli, in this case to the realization of general societal decay as well as the perceived challenge and experience of oppression by western powers”. (Haddad et, 1991: 3-4)

The continuing encroachment of the ‘West’ led to further questioning as to whether European progress was not only socio-economic in nature, but was based on an intellectual revolution. ‘Retardation’ entered the vocabulary of Muslim intellectuals (Choueiri, 1997). Lewis (2002), although in pursuit of a different question, offers some interesting insights into the Muslim psyche:

"Who did this to us?" is of course a common human response when things are going badly, and many in the Middle East, past and present, have asked this question. They have found several different answers. It is usually easier and always more satisfying to blame others for one's misfortunes. For a long time the Mongols were the favorite villains. The Mongol invasions of the thirteenth century were blamed for the destruction of both Muslim power and Islamic civilization, and for what was seen as the ensuing weakness and stagnation. But after a while historians, Muslims and others, pointed to two flaws in this argument. The first was that some of the greatest cultural achievements of Islam, notably in Iran, came after, not before, the Mongol invasions. The second, more difficult to accept but nevertheless undeniable, was that the Mongols overthrew an empire that was already fatally weakened; indeed, it is hard to see how the once mighty empire of the caliphs would otherwise have succumbed to a horde of nomadic horsemen riding across the steppes from East Asia.” (Lewis, 2002:43)

This claim of retardation appears to have a significant theoretical and ontological parallel in the theory of underdevelopment in mainstream development theory. Whilst there was no underpinning theory of imperialism or structuralism at the time, Muslim scholars at the time were agreed upon the structural causes of retardation. Its causes were either deemed to be external Western corrupting influences or an internal lack of modernisation, following the intellectual lead of the West. Lewis (2002) posits:

“For those known nowadays as Islamists or fundamentalists, the failures and shortcomings of modern Islamic lands afflict those lands because they adopted alien notions and practices. They fell away from authentic Islam and thus lost their former greatness. Those known as modernists or reformers take the opposite view, seeing the cause of this loss not in the abandonment but in the retention of old ways, and especially in the inflexibility and ubiquity of the Islamic clergy, who, they say, are responsible for the persistence of beliefs and practices that might have been creative and progressive a thousand years ago but are neither today. The modernists' usual tactic is not to denounce religion as such, still less Islam in particular, but to level their criticism against fanaticism. It is to fanaticism—and more particularly to fanatical religious authorities—that they attribute the stifling of the

once great Islamic scientific movement and, more generally, of the freedom of thought and expression.” (Lewis, 2002:44)

Nevertheless, the exposure to European power and ideas would later inspire the new governor of Egypt, Muhammad Ali, to draw on European ideas and technology in order to modernize Egypt setting an example for the rest of the Ottoman Empire. From the end of the 18th century the Ottoman Empire began to open embassies and send officials to study in Europe. This created conditions for the “gradual formation of a group of reformers with a certain knowledge of the modern world and a conviction that the empire must belong to it or perish” (Hourani, 1983: 43).

Particularly the divergence in economic performance prompted many observers to question the compatibility of Islam with the process of capitalist economic growth (Cummings et al, 1980). Rodinson (1974), however, rebuts this as cultural reductionism in the ilk of Max Weber and others, who have tried to explain the politics and society of the Middle East by reference to some unchanging entity called 'Islam', typically characterized as instinctively hostile to capitalism. Yet the relationship of Islam with socialism has also been uneasy mainly due to the atheistic nature of the latter, although there is perhaps some overlap in the normative guidance for how humans should conduct themselves ethically within the economic arena. Islamic revivalism sought to overcome this dichotomy by (re-)constructing and invoking the sacred past, whilst Islamic reformism pursued a path that sought to address the relative ‘underdevelopment’ of the Muslim world in terms of building economic and military power (Kuran, 1997; Choueiri, 1997). But the modernising approach has been not deemed a success, as Lewis (2002) argues:

“Muslim modernizers—by reform or revolution—concentrated their efforts in three main areas: military, economic, and political. The results achieved were, to say the least, disappointing. The quest for victory by updated armies brought a series of humiliating defeats. The quest for prosperity through development brought in some countries impoverished and corrupt economies in recurring need of external aid, in others an unhealthy dependence on a single resource—oil. [...] Worst of all are the political results: the long quest for freedom has left a string of shabby tyrannies, ranging from traditional autocracies to dictatorships that are modern only in their apparatus of repression and indoctrination.” (Lewis, 2002: 43)

The next section will investigate the intellectual heritage that both developmental approaches have created and also how traditional Muslim societies have responded.

2.3 Foundations of contemporary Islamic social theory: fundamentalism, modernism and traditionalism

Islamic revivalism or the process of re-establishing Islamic rule is often equated with political Islam or Islamism. The concept *Islamism* is controversial, not just because it posits a political role for Islam, but also because its supporters believe their views merely reflect Islam, while the contrary idea that Islam is, or can be, apolitical is an error (Esposito, 1997). Moreover, because of the absence of institutionalisation of religion and clerical hierarchy, at least in the majority Sunni stream (Aly, 2007), parallels with the separation of church (mosque) and state are not appropriate. The relationship between Islam and political ideology is highly complex and has formed a wide range of approaches within the Islamic revivalist spectrum, “*challenging the perception of a monolithic ‘Islamic fundamentalism’*” (Esposito, 1997: 3).

Despite these complexities and the danger of oversimplification, a three-fold typology for Islamic revival has been commonly proposed (Husain, 1995, Choueiri, 1997, Esposito 1997): fundamentalism, traditionalism and modernism. Husain (1995) even proposes a fourth category,

that of pragmatism, although he concedes that its aim is neither essentially ‘Islamic’ revival nor are its proponents often considered as or claim to be inspired by Islam (Husain, 1995: 12). In keeping with the definition of ‘Islamic’ offered in the preceding section, the pragmatist approach will hence be ignored, although elements of functional rather than conceptual pragmatism may be present in all other manifestations. The ideas of some of the most influential Islamic revivalist thinkers are outlined below.

2.3.1 Fundamentalist revivers

The basis for an Islamic state was an issue that had long been considered by scholars of jurisprudence. The medieval scholar Ibn Taymiyah (1263-1328 CE) was the first who challenged existing methodologies and stressed the importance of *ijtihad* (religious reasoning) in adapting to new circumstances. His writing had considerable influence on the development of both fundamentalist and modernist doctrines in the 18th and 19th centuries. One key response, which is seen as a type of revivalism (Choueiri, 1997), was to turn back to the ‘original’ Islam, as propagated by the prophet Muhammad and practised by the early generations of Muslims, the pious forefathers (*salaf-us-saliheen*). Thus the influence of Ibn Taymiyah can be seen most clearly in the writings of Muhammad Ibn Abd al-Wahab (1703-1792). The insistence on *tawhid*, the unity of God, turned Wahabism into a religious reform movement (Aly, 2007) at the time when the ruling Ottomans had fallen into political, military, and economic decline along with the religious authorities. The emergence of Wahabism is considered to have initiated Islamic revivalism, due to its insistence on the ‘sacred past’.

In the Shi’ite sect Sayyed Ruhollah Musavi Khomeini (1902-1989) was the most influential Islamic philosopher and *marja* (religious authority), and the political leader of the 1979 Iranian Revolution, which saw the overthrow of Mohammad Reza Pahlavi, the last Shah of Iran. Following the revolution, Khomeini became Supreme Leader of Iran and was, until his death, the paramount symbolic political figure of the new Islamic Republic. He was also a highly influential and innovative Islamic political theorist, most noted for his development of the theory of *Velayat-e faqih* (Dabashi, 2006). This political guardianship by clerical authority granted supreme leadership to the Shi’a clerics.

For fundamentalist revivalists, the purity of theology is of utmost importance, measured by either its adherence to the path of the re-imagined earliest Muslims closest to the revelation or for the Shi’a directly guided by a *marja*. Their application of Islam is centred on the established of an Islamic state and on the comprehensive and rigorous application of the Shari’ah (Husain, 1995) – however interpreted.

2.3.2 Traditionalist revivers

Fundamentalists and traditionalist are often conflated because of their religious and social conservatism and condemnation of ‘Western’ influences (Husain, 1995: 80) but both theologically and ideologically they have very little if any common ground. A key characteristic ascribed to the traditional revivalist is their education and training in the traditional Islamic institutions such as Madrassahs with an accompanying emphasis on traditional learning and the preservation of beliefs, customs and traditions practiced in the classical period of Islam but also those of subsequent Islamic periods. “*Traditionalists believe that Islam is not merely a set of abstract and utopian principles, but a comprehensive and living belief system that interacts with the historical and cultural traditions of devout Muslims*” (Husain, 1995: 81).

Hence, this particular revivalist strategy lies in the preservation of Islamic culture and tradition including local articulations such as Sufism, folk Islam, rejection of *ijtihad* (legal reasoning) and strict adherence to *taqleed* (strict following of one of the schools of jurisprudence) (Husain, 1995). Binder summarises the traditionalist position: “*To alter the decision that has been accepted for*

ages would be to deny the eternal immutability of God's law and to admit that earlier jurist erred would be to destroy the idea of the continuity of the divine guidance of the Muslim community.” (Binder, 1963: 74)

Part of the traditional revival is a disdain for political activism (Metcalf, 1982) and its leaders have remained generally apolitical and detached from social movements apart from through traditional welfare institutions dealing with *Awkaf* (endowments) and the collection and distribution of *Zakat* (obligatory alms) (Husain, 1995: 84).

2.3.3 Modernist revivers

In the 19th century, another response emerged that sought to borrow and learn from the European achievements in order to modernize Islam. This modernist movement, which was perhaps initiated by the Egyptians Jamal al-Deen al-Afghani (1838-1897) and Muhammad Abduh (1849-1905), who advocated free political, scientific and religious thought, set the tone for a revival of rationalism (Leaman, 2002).

These most formative proponents of the modernist revivalist discourse were followed by another generation that was committed to modernity but did not see it uncritically as ‘Westernisation’. As for the bearers of the new Islamic discourse they had their intellectual formative years in the period of decolonisation of the Muslim world. “*This was the time when Western modernity had already entered the stage of crisis, and when many Western thinkers had begun to realize the dimension of this crisis and impasse. The bearers of the new Islamic discourse realized, from the very beginning, the darker aspects of Western modernity*” (Elmissiri, 1997). Their modernisation approach was then guided by the effort of Islamisation of knowledge from within and Islamic economics were a prime example of this effort (Kuran, 1995).

Sayyid Abul Ala Maududi (1903-1979) is credited with creating modern Islamist political thought in the 20th century (Esposito 1997). He established the Jamaat-e-Islami in India. Maududi formulated the concept of a ‘theo-democracy’, in which the principles of *tawhid* (unity of God), *risala* (prophethood) and *khilafa* (caliphate) would underlie an Islamic political system (Ahmad, 1978). Maududi asserted that Islamic democracy is the antithesis of secular Western democracy, which bases *hakumiya* (sovereignty) on the people (Ahmad, 1978). In Maududi’s Islamic democracy, the sovereignty of God and the people are mutually exclusive and hence an Islamic government must accept the supremacy of Islamic law over all aspects of political and religious life. Whilst many of these characteristics might make Maududi a fundamentalist revivalist (Husain 1995), his political theory and the fact that the Jamaat-e-Islami has contested democratic elections underline his modernist thought. Whilst Maududi preached for a return to the past, his teachings were underscored by the approach to Islamise ‘Western’ social theory (Choueiri, 1997) particularly around politics and economics. Maududi proposed concept of a ‘theo-democracy’ has been heavily criticised from within Islam and from the outside (see Bukay 2007), particularly in regard to Maududi’s argument that any Islamic polity must accept the supremacy of Islamic law over all aspects of political and religious life (Ahmad, 1976). Maududi’s Jamaat-e-Islami envisions a state governed by Islamic law and opposes Westernization, including capitalism, socialism, and such practices as bank interest, birth control, and relaxed social mores.

Influenced by Maududi, Sayyid Qutb (1906-1966) was an Egyptian author, Islamist, and the leading intellectual of the Egyptian Muslim Brotherhood in the 1950s and 1960s (Husain, 1995). He is best known in the Muslim world for his work on the social and political role of Islam, particularly in his books *Social Justice* and *Ma'alim fi-l-Tariq (Milestones)*. These works represent the final form of Qutb's thought, encompassing his radically anti-secular and anti-Western views, which are based on his interpretations of the *Qur'an*, Islamic history, and the social and political problems faced by Egypt at the time.

Abduh's theory of Salafism was modified by Hassan al-Banna (1906-1949), an important thinker and the founder of the Muslim Brotherhood. Al-Banna, who called for a return to 'original' Islam. According to Al-Banna, contemporary Islam had lost its social dominance because most Muslims had been corrupted by Western influences. The Muslim Brotherhood (Al Ikhwan al Muslimeen) is one of the most influential multi-national Sunni movements in the Islamic world, especially in the Arab world, where it is often the largest political opposition organization, seeking to instil the *Qur'an* and *Sunnah* as the "sole reference point for ... ordering the life of the Muslim family, individual, community ... and state"³, and ultimately to re-establish a Caliphate or unified Muslim state.

In the shi'ite stream, Muhammad Baqir al-Sadr (1935-1980), a prominent Iraqi Shi'a scholar, appeared to have disagreed with Khomeini's concept of *Velayat-e faqih*. Nevertheless, he is credited with first developing the notion, later put into operation in Iran, of having western style democratic elections, with a body of Muslim scholars to ensure that all laws correspond with Islamic teachings. Al-Sadr also developed detailed critiques of Marxism that presented early ideas of an alternative Islamic form of government. Perhaps his most important work was *Iqtisaduna*, a key work on Islamic economics (Wilson, 1997). This work was a critique of both socialism and capitalism.

2.3.4 Key characteristics of Islamic revivalism and its relationship with developmental thinking

As demonstrated in the previous section, the challenges created by external military, economic and social influences led to range of responses by Muslim intellectuals. This complex relationship, encapsulated in the concept of Islamic revivalism, ranged from searching for the 'sacred past' to adapting to or adopting modernity. Table 1 below provides a typology for the Islamic revivalist endeavour, whilst seeking to draw out the implications for Islamic development thinking at the same time.

Typology of Islamic Revivalism			
MAJOR CHARACTERISTIC	Fundamentalists	Traditionalists	Modernists
NORMATIVE BASIS	Consider true Islam's immutability and perfection to transcend time and space.		Very particular about placing all adopted popular and beneficial non-Islamic/foreign concepts, practices and institutions within an Islamic framework
GOVERNANCE & LAW	Islamic state governed by strict adherence to the letter and spirit of the Shari'ah		Revised Islamic legal system to cope with contemporary issues

³ see for further details <http://www.ikhwanweb.com/Article.asp?ID=813&LevelID=2&SectionID=116> [accessed 21/08/08]

	Sovereignty rests entirely with God		Place popular sovereignty second to God's sovereignty
<i>PRINCIPAL REASONING ABOUT THE MUSLIM WORLD'S DECLINE</i>	Colonialism and neo-colonialism. Disunity of the Muslim ummah.		
	Failure to adhere to the letter and spirit of Islam		Too rigid and dogmatic adherence to Islamic teachings, lack of Islamised knowledge
<i>DEGREE OF FATALISM AND ACTIVISM</i>	Very fatalistic, but extremely active religio-political crusaders for Islamic fundamentalism	Very fatalistic; often passive, apolitical, contemplative, and mystical scholars, teachers, and preachers of traditional Islamic doctrine and practice	Minimally fatalistic, extremely dynamic reformers and modernisers of Islamic societies. Perceptive and astute politicians imbued with the vestiges of the spirit of Islam
<i>OPENESS TOWARDS CHANGE</i>	Strong opposition towards taqleed and vigorous advocacy for ijtiḥad through scholars on the basis of classical methodologies	Firm adherence to taqleed and support for customs and traditions. Total rejection of ijtiḥad.	Against taqleed and all traditions that they consider to inhibit the progress of Muslim societies. Strong advocacy of ijtiḥad for all knowledgeable Muslims
<i>POSITION ON PROGRESS</i>	Re-embracing the principles and practices of the pious forefathers	Searching for the sacred past whilst conserving culture and customs	Embracing and Islamising modernity
<i>POSITION ON POVERTY AND DEVELOPMENT</i>	Zakat and awqaf as transnational welfare institutions for wealth re-distribution in search for the transcendental	Zakat and awqaf as local welfare institutions for wealth re-distribution in search for the transcendental	Social activism and modern welfare institutions as instruments of social change

Table 1: *Typology of Islamic Revivalists*, adopted from Husain, 1995: 152-7

Whilst the above typology of Islamic revivalists is at best simplified, at worst simplistic, it nevertheless can be useful as a tool through which, arguably only descriptively, a certain order to an otherwise confusing multiplicity of opposing positions can be brought. But it can also help to

determine analytical categories through which Islamic development thinking can be further investigated, as will be set out in the following sections.

3 Assembling the Archive: A Short History of Islamic Thought Pertaining to Development

Despite the considerable body of literature on Islamic social theory, there is no specific tradition or discipline that deals with what could be classified as ‘development’, although individual authors deal with the topic. The concern of change, as the previous sections have demonstrated, is primarily located in the concept of Islamic revival which takes a range of forms. At the same time the issues of economic growth, and, to some degree, poverty are extensively dealt with in the Islamic economics literature, although the issue of ‘development’ does not feature prominently (see discussion in section 3.3)

In order to further explore the foundations of and perhaps re-construct an Islamic development discourse this archive needs to venture into a range of related discourses. The following sub-sections, hence, discusses Islamic understandings of poverty and concepts of social justice and development, firstly with reference to Islamic scripture and then by reviewing selected sources drawn from a growing body of literature on Islam and social-economic change. Ideas about poverty, redistribution of wealth and economic growth are explored.

3.1 Common scriptural themes around poverty reduction

The *Qur’an* deals quite extensively with the topic of poverty, primarily from a moral perspective. In one of the earliest revelations, Surah Al-Mudathir (Chapter 74 ‘The Clothed One’), a scene from the Day of Judgement exhorts believers to care for the needy, as those condemned to hell admit: “*We were not of those who prayed and we did not feed the poor*” (Verses 43-44). Also in the *Qur’an*, worship is regularly mentioned in connection with being charitable (Al-Qardawi, 1999), to such an extent that Islamic worship has been called ‘financial worship’ (Benthall, 1999). Many of the early Makkan revelations deal with poverty reduction, through both charitable donations and the transfer of wealth, and also through advocacy on behalf of the poor: “*He used not to believe in Allah, nor did he urge the feeding of the poor*” (69: 30-34). Exegetes of the *Qur’an* interpret such verses in the light of an overall command to have solidarity with and mercy upon fellow human beings, beyond the act of securing their needs (Al-Qardawi, 1999). The right of the poor to receive support and the duty of the rich to give are also expressed in a number of verses. In the Medina period of revelation, they became a mandatory act in the form of obligatory *Zakat*.

After establishing the moral boundaries, the *Qur’an* and *ahadith* make a number of very specific economic policy recommendations, the specificity of which has been debated. Wilson (1997: 117) points out that over 1,400 of the 6,226 verses of the *Qur’an* refer to economic issues, many of them in a highly specific manner, particularly in relation to trade, finance and inheritance, whilst for example Qureshi (1980: 563) argues that “[b]eyond a few matters pertaining to inheritance and the prohibition of usury, the Koran does not concern itself with specific economic and political schemes.”

The theme of a balance between poverty and wealth is also dominant in a number of sayings of the Prophet such as the following:

(Narrated 'Aisha:) The Prophet used to seek refuge with Allah (by saying), "O Allah! I seek refuge with You from the affliction of the Fire and from the punishment in the Fire, and seek refuge with You from the affliction of the grave, and I seek refuge with You from the affliction of wealth, and I seek refuge with You from the

*affliction of poverty, and seek refuge with You from the affliction of Al-Masih Ad-Dajjal [the false Messiah]."*⁴

The purpose of this section was to briefly introduce the scriptural discourse on poverty in Islam. Clearly these and many other Qur'anic verses and sayings of the Prophet Muhammad establish a distinct moral discourse around the issue of poverty that stresses wealth transfer and re-distribution as a way of poverty alleviation. The main vehicle utilised is that of Zakat which will be discussed in the following section.

3.2 Vehicles for redistributive justice: zakat, sadaqah and waqf⁵

The redistribution of wealth in the form of charitable giving is central to the Islamic faith and an obligation upon every believer, its importance highlighted by the term 'financial worship' used by Benthall (2003) in his exposition of Islamic charity. The basic mechanism for this is *Zakat*, which is held by the majority Sunnis to be a mandatory act of worship (Cragg, 1986). There has been, however, considerable debate, historically amongst Islamic jurists and contemporarily in Islamic economics as to the precise way of levying, collecting and distributing *Zakat* and the economic impact it might make (Nienhaus, 2003) particularly in a world that is more complex than during early Islamic times. Beneficiaries of this obligatory charity are detailed in the *Qur'an*, "*Zakah expenditures are only for the poor and the needy, and for those employed to collect [Zakah] and for bringing hearts together and for freeing captives and for those in debt and in the way of Allah and for the traveller - an obligation imposed by God and God is Knowing and Wise*" (Qur'an Surah 9, verse 60). In modern public finance terms this can be translated into the following expenditure headings:

- poverty reduction (the poor and the needy)
- administrative overheads for civil servants dealing with public welfare (collectors of Zakat)
- peace-building and community cohesion (bringing the hearts together)
- promotion of freedom, human rights and civil liberties (freeing captives)
- personal insolvency settlements (debtors)
- security and defence (the way of Allah)
- homeless, refugees and migrants (wayfarer).

There is however, no consensus on poverty reduction as a priority over other categories. Kuran states:

"[T]he Qur'an says nothing specific about the division of resources among these categories. In principle, therefore some narrow segment of society could claim the majority of all Zakat funds. Another potential source of disagreement lay in the criteria for assigning people to one category or another. A disbursement rule that seems to have emerged under the fourth caliph Ali prohibited the use of one year's Zakat revenues in some subsequent year. Subsequently, at the end of the second Islamic century, the view emerged that each year's Zakat fund must be divided equally among the eight designated categories of expenditure." (Kuran, 2003: 278)

In the associated literature, which is that primarily around Islamic economics (see Zaman 2008), the doctrine of *Zakat* appears to be central to various Islamic approaches of poverty alleviation, reduction and/or elimination, a quasi poor tax (Nienhaus, 2008). Some believe (for example Iqbal and Khan, 1983) that there is significantly increased scope for the collection of *Zakat* in contemporary Islamic states opening up scope for it to make a significant contribution to poverty

⁴ *Sahih Bukhari Volume 8, Book 75, Number 387*

⁵ Parts of this section have been published in the author's chapter (with Abdulfatah S. Mohamed) entitled: 'Saudi Arabian NGOs in Somalia: 'Wahabi' Da'wah or Humanitarian Aid' in Clarke, G. and Jennings, M., eds (2008) *Development, Civil Society and Faith-Based Organisations: Bridging the Sacred and the Secular*, Basingstoke: Palgrave Macmillan.

alleviation that may be more effective than the redistribution and welfare systems used in modern states. Others (for example Kuran, 1995) are much more sceptical and are pointing both at historic and contemporary practice in Muslim countries (see Kuran 2004, although this is beyond the scope of this study) but also, importantly at the underlying doctrine of Zakat. They argue that the problem lies not just in a number of simplifications and assumptions that Islamic economist have made around poverty (see section 3.2.2 for a discussion of the poverty narrative in Islam) but also in ascribing Zakat a role that might not be the one that was indeed its ‘divinely intended’ since there is a range of interpretations about the role of Zakat, ranging from the Shi’a perspective who hold it not obligatory in the same way as Sunni Muslims do, to some Muslim scholars who contend that the application of Zakat historically has not been uniform, rarely systematic and sometimes even contentious within Muslim countries (Mattson 2003, Kuran 2003). In this context, Kuran states: *“In view of this historical record, the current diversity in implementation is hardly surprising. Nor is it puzzling that the contemporary literature on Zakat is riddled with inconsistencies and ambiguities”* (Kuran, 2003: 276). Moreover, within the Islamic discourse on charity the group of the poor and needy are singled out particularly through the articulation of the practice of Zakat, supplemented by pious foundations (waqf) and voluntary donations (sadaqah). Hence the next section offers a brief discussion of poverty definitions in Islam.

3.2.1 Defining poverty in an Islamic context

There is no unanimously agreed definition of poverty in Islam and various schools of jurisprudence have offered diverging bases for poverty conceptualisations and indicators. As Kuran argues:

“The jurists who shaped Islamic law during Islam’s initial few centuries touched, of course, on such questions as to how poverty should be defined, who qualifies as needy, and the extent of a poor person’s Zakat entitlement. But their answers did not create a consensus capable of channelling Zakat resources towards the poor.” (Kuran, 2003: 283)

Interestingly, the Qur’an mentions two categories of poverty: the ‘poor’ (*fakir*) and the ‘needy’ (*miskin*) and there is considerable debate amongst Islamic jurists about the nature of the difference, whilst for example the orientalist Schacht held the opinion that the difference is arbitrary (c.f. Qardawi 1999). Whether and how much of the Zakat should be allocated to these first two groups mentioned in the Qur’an is also debated:

“That there were significant consequences resulting from favouring one of the definitions over the other becomes obvious when we see how jurists decided the amount of charity that the poor were to be given. In general, those who defined poverty as need did not place a monetary limit on this amount, since needs vary among individuals. On the other hand, jurists who defined poverty in absolute financial terms generally allowed no more than a specified amount of Zakat to be given to one individual. The majority of Sunni schools – the Malikis, the Shafi’is, and Hanbalis – took the former position while the Hanafis took the later position.” (Mattson, 2003: 33)

The Hanafi school of jurisprudence, for example, define the poor as a person whose wealth is below the nisab (i.e. the level at which Zakat becomes obligatory) or it is used up just to satisfy one’s basic needs like shelter and clothing, whilst the needy person does not have any wealth or property. This in many ways reminds one of the concept of a poverty line, a monetary definition of poverty that is commonly used in the mainstream development discourse. However, the other three jurisprudential schools argue that the poor are those who are insufficiently endowed with means to satisfy their basic needs fully, whilst the needy completely lack the means to achieve their basic needs, which remain then unfulfilled (Qardawi 1999: 345).

Mattson (2003) also argues that the legal reasoning of the early jurists led to a practice where poverty was defined through status or conversely the loss of status through external shocks, as is the case in important categories in the Islamic discourse of widows and orphans. The Islamic legal

discourse had, Mattson contends, implications for addressing structural poverty, in which those who were born 'poor' did not necessarily receive the same attention as those who fell into poverty:

"Consequently the way in which Muslim jurists define need is significant not only for what this discourse tells us about distribution of charity but also what it tells us about possible limits to their vision of changing the world around them." (Mattson 2003: 48)

Other less legalistic and broader conceptualisations of poverty have focused more on well-being and the concept of the overall purpose of the Islamic Shari'ah. In Islamic tradition the *Shari'ah* is seen as something that nurtures and protects humanity, a concept explored, for example, in the works of the 11th century Islamic philosopher Al-Ghazali (Watt, 1963). Well-being of humans is based on the fulfilment of necessities, needs, and comforts. The purpose of the law is therefore to establish the best equilibrium between worldly affairs and the hereafter. A constant awareness of God and the *Shari'ah* is held to be essential for believers, who have to educate themselves in the basic tenets of the latter and apply this knowledge for the benefit of society, including the economic order (Wilson, 1997). Rabbani (n.d.) expounds the purpose of the *Shari'a* as follows:

"To ensure the establishment of religion, God Most High has made belief and worship obligatory. To ensure its preservation, the rulings relating to the obligation of learning and conveying the religion were legislated. To ensure the preservation of human life, God Most High legislated for marriage, healthy eating and living, and forbade the taking of life and laid down punishments for doing so. God has permitted that sound intellect and knowledge be promoted, and forbidden that which corrupts or weakens it, such as alcohol and drugs. He has also imposed preventative punishments in order that people stay away from them, because a sound intellect is the basis of the moral responsibility that humans were given. Marriage was legislated for the preservation of lineage, and sex outside marriage was forbidden. Punitive laws were put in place in order to ensure the preservation of lineage and the continuation of human life. God has made it obligatory to support oneself and those one is responsible for, and placed laws to regulate the commerce and transactions between people, in order to ensure fair dealing, economic justice, and to prevent oppression and dispute. Needs and comforts are things people seek in order to ensure a good life, and avoid hardship, even though they are not essential. The spirit of the Shari'a with regard to needs and comforts is summed up in the Qur'an, 'He has not placed any hardship for you in religion,' (22:87) and 'God does not seek to place a burden on you, but that He purify you and perfect His grace upon you, that you may give thanks' (5:6)."

In this traditional Islamic definition, the objective of the *Shari'a* is the welfare of humanity, or more narrowly defined, the community of believers. Human needs define the foundations for good individual and social lives and are classified into three levels in a hierarchy, namely (1) necessities (*dharuriyyat*); (2) convenience (*hajiya*); and (3) refinements (*kamaliya*) (Alhabshi, n.d.a). Necessities consist of all activities and things that are essential to preserve the five needs listed above at the barest minimum for an acceptable level of living. It is to be understood that, at this level, a person has enough to live on, although not necessarily in comfort. It has been suggested that necessities should include the ability to adhere to the way of God and perform the five pillars of Islam (belief, prayer, fasting, *Zakat* and pilgrimage, although for the latter the *Shari'a* stipulates an explicit exception if one does not have the means to undertake the *hajj*); protection of life (we might include here access to health services); means of securing food, clothing and shelter, education; and the right to earn a living, and to set up a family, etc. Much like other definitions, this implies that all the five foundations or needs must be fulfilled; that one need does not have priority over another, and if only one of the needs is unfulfilled, then a person is considered poor (Qardawi 1999).

This *Maqasid al Shari'a* approach (Arabic: the purposes of the *Shari'a*), conceptualised and defines poverty in broader socio-economic sense. Needs are defined as religion (*deen*), life (*nafs*), the mind (*aql*), progeny (*nasl*), and property (*maal*) (Alhabshi, n.d.). The Maqasid al-Shari'ah concept has been derived from the Qur'an and the Sunnah or inferred from these by a number of scholars (Chapra, 2008). Continuing along this line, the influential Islamic economist Chapra maintains that Islam has emphasised all the ingredients of human-wellbeing, including the human self, faith, intellect, posterity, as well as wealth, for society to flourish (Chapra, 2008). For the Muslim world to focus on economic development may, according to Chapra (2008), in the short term only result in relatively higher rates of growth but in the long run will lead to a rise in inequities, family disintegration, juvenile delinquency, crime and social unrest.

Chapra's views echo that of many Islamic economist and development thinkers who, so it seems, would argue that well-being in Islam is based on human needs that cannot be reflected in monetary terms alone, based on a narrative that is counter-constructed in Said's (1978) sense as a response to constructed 'other' narrative of Western materialism (see section 3.3). How the central pillar of Zakat is linked to any operationalisation of the Maqasid approach to poverty alleviation, or vice versa, also remains largely un-addressed. Interestingly, the *Maqasid al Shari'ah* approach also underlines the protection of religion, which in turn has been argued, entails the protection of the community of the believers as a socio-political entity (Chapra 2008), whilst maintenance of life suggests the inclusion of food, shelter and medical care. This clearly is important in terms of how poverty is understood in the Islamic discourse. It is interesting to note that basic needs as discussed above are in this conceptualisation not exclusively material and hence this would lend it self to a comparison to the concept of poverty as a multi-dimensional issue (Alkire, 2009). In discourse analytical terms, however, one would be hard-pressed to construct this as a case of intertextuality since there is no indication that various texts and their interpreters have engaged in an exchange of ideas. The maqasid approach, yet, not just underlines the Islamic understanding of poverty as a phenomenon that is multi-dimensional but also essentially transcends the physical world with a concern for well-being in the 'hereafter'.

Problematically, Islamic economist and development thinkers have, however, neither referred to the multi-dimensionality of poverty nor have they developed comparable poverty indicators to measure it. In fact, whilst acknowledging the centrality of Zakat as an important religious category, the contemporary Islamic discourse hinges on it without discussing it in a substantive manner outside the realm of Islamic jurisprudence (see for example Qardawi's extensive *Fiqh-us-Zakat*, 1999).

As has been pointed out by the range of Muslim and non-Muslim commentators selected in this section, poverty alleviation, including and beyond the material dimension of human existence, plays a central role in Islam. Therefore, it is to be expected that a more or less continuous discourse exists that underpins this contention, which will be explored in the following section.

3.2.2 The Islamic poverty narrative

The issue of poverty clearly seems to be central to Islamic teachings, particularly due to the juxtaposition of poverty and disbelief in Islamic moral and theological doctrine and because of the role of the 'poor' as one of the key recipient of *Zakat*, one of the five pillars of the religion. Based on this contention, the poverty narrative appears to have been strong and early Islam made a range of socio-economic propositions that added to, or underscored, its appeal to the impoverished masses (Farooq, 2008). However, despite this high moral position of wealth re-distribution and the practical relevance of poverty alleviation in early Islam, "poverty as a challenge requiring a systematic solution is not as prominent a theme or issue in general in subsequent Islamic discourses" (Farooq, 2008: 42). This is interesting, especially in the light of the argument that "an

‘economy of poverty’ prevailed in early Islamic theory and practice” (Bonner (2005: 392). It would appear that later Islamic discourses have romanticised the early prophetic traditions and to great degree the examples of the caliphates of Umar ibn al Katab and Umar Ibn Abdul Aziz when poverty was claimed to have been eradicated (Farooq, 2008). A closer, more critical historical look at the poverty narrative (see for example Cahen 1968; Sabra 2000, Lapidus 2002) emphasises that Islamic historical sources are scant and focus primarily on elites, that is, the rulers and scholars of Islamic societies (Sabra 2000). The claim of the eradication of poverty under the early caliphs Umar ibn al Katab and Umar Ibn Abdul Aziz also needs both substantiation and contextualisation: their rule was in a period of rapid expansion of the Islamic state and the inability to find eligible recipients for Zakat as the only poverty indicator used in these historical accounts leads to a distorted picture (Farooq, 2008). The centre of the Islamic rule, the city of Medina was still sparsely populated yet awash with war booty from the recent conquests, gathered by a large proportion of its citizenry who had enrolled into military service.

This historical narrative, arguably based on the spontaneous and unsustainable redistribution of wealth during historic times, appears to have fed the current Islamic discourse on poverty reduction. However, without any deeper social historical analysis that is notably absent from the discourse as Farooq (2008) contends, contemporary Islamic theoretical attempts to derive a systematic reduction of poverty remain a victim of this romanticised and oversimplified narrative. This claim will be more closely investigated in the next section.

3.3 Islamic economic and development thought

Within the Islamic discourse, Islamic economics is readily identified as the body of knowledge that spans across the concerns for the equitable management of economic growth. Interestingly, the very emergence of Islamic economics has been explained and even advocated due to Islam’s challenge against injustice, exploitation, inequality and deprivation and the basis particularly for this advocacy is presented with reference to the Islamic prohibition of interest in financial transactions and the institution of Zakat (Farooq, 2008). As the previous section has demonstrated, some of the rhetoric and Islamic social history can only be brought into harmony with considerable difficulty and this disharmony between ethics and practice presents something of a discontinuity in the Islamic discourse in the Foucauldian sense. As Farooq points out,

“... the field of Islamic economics has not quite picked up and focused on challenge of poverty. Indeed if the contemporary literature is an indication, poverty as an independent theme seems to have been ignored. For example, as much as the issue of development and growth are mentioned in the pertinent Islamic literature, focused attention to or studies of poverty is rather absent.” (Farooq, 2008: 43)

For example, a number of key bibliographies including ‘Muslim Economic Thinking: A Survey of Contemporary Literature’ (1980) with 700 entries and the 221-page ‘Islamic Economics: Annotated Sources’ (1983) have not a single reference to ‘poverty’ (c.f. Farooq, 2008: 43). This gap has been addressed to some degree in later volumes such as ‘Islamic Economic Institutions and the Elimination of Poverty’ (2002), which was also published like the previous works by the UK-based Islamic Foundation, but does not represent a paradigm shift away from the rhetoric around and assumptions made about Zakat. This gap in the literature underlines the discontinuity that the theme of poverty represents within the Islamic discourse.

To investigate this discontinuity, some light ought to be shed on the advent of Islamic economics and its key proponents. Islamic economics is in many ways a new discipline. This is primarily because whilst Muslim scholars of the past did differentiate between religious (*Ibadat*) and worldly (*mu’amalat*) affairs, the realm of social sciences was dominated by Islamic jurists (Nienhaus, 2000). They adjudicated on the permissibility of human actions within the historical context of the practice established by the example of the prophet Muhammad, rather than

exploring new avenues for social or economic change. This is to be particularly appreciated in the context of the intellectual battle of the proponents of *taqleed* versus those of *ijtihad*, which would have appeared to be have been won by the traditionalist and jurists, despite many examples such as the medieval Islamic scholar Ibn Khaldun (1332-1406) who is considered by some to be the father of economics and of social sciences in general (see Boulakia, 1971)

Since the mid-20th century there has been a rapid growth of literature that deals explicitly with Islamic economics (see also Zaman, 2008), although some in the past (see Nienhaus 1982) have argued that there is no such thing as “*Islamic economics or an Islamic economic order since, in the final analysis, aspects have only been taken over and combined which are by no means specifically Islamic but could just as well have originated in other cultural regions* (Nienhaus, 1982: 81). But it has now to be regarded as established that it is not necessary for an ‘Islamic’ system to create completely new realizations for certain types of orders but it is essential that the rationale on an Islamic economic system has a convincing Islamic content, comparable to the way it is agreed that Catholic social teachings are essentially ‘Christian’ (Nienhaus 1982). The desire for an Islamisation of deeply secular disciplines like economics became a priority during post-colonial struggles in the Muslim world (Chapra, 1985). Nienhaus (2000) underlines the utopian character of the early works:

“In the early years of Islamic economics, from its origins in the 1950s until the 1970s, much study was devoted to the construction of ‘ideal worlds’. That these models were superior to the imperfect reality of Western socialist and capitalist systems, not to mention the real existing systems of the Islamic world, is neither surprising nor methodologically relevant.” (Nienhaus, 2000: 96)

Kuran (1997), moreover, views the birth of Islamic economics as a means of creating a distinct identity for Muslims in the absence of any tangible political entities, with Islamic economics being regarded by the proponents of Islamic political movements such as Maududi as only the first step in an Islamic revival that will ultimately lead to the (re-)establishment of an Islamic state (*khalifat*).

Islamic economics in itself is, however, is diverse body, even though,

“[t]he proponents of Islamic economics tend to create the impression that only one Islamic economic system exists and that this is uniform, final and closed. In point of fact, the reverse is true. Islamic economists, in both theory and practice, comprise a wide variety of positions on important questions such as the permissibility of certain banking transactions, the ideal social security system and the type and levels of taxation in the Islamic state. [...] Thus the term ‘Islamic economics’ represents a broad spectrum of differing positions.” (Nienhaus, 2000: 86-87)

Nienhaus, a leading analyst of Islamic economics and finance, goes further and offers some help to categorise the diversity in Islamic economic thought:

- Utopian approach: based on a systematisation of Islamic economic ethics into an ‘Islamic system’ without developing theoretical economic models
- Recitative approach: based on orthodox legal thought, collating references from Qur’an and Sunnah relating to economic life that could constitute an Islamic economic ethic
- Adaptive approach: ‘modernistic’ interpretation of Islamic sources and adaptation to ‘Western’ economic theory
- Pragmatic approach: based on mainstream theoretical economic models but not backed by a comprehensive and consistent ‘Islamic’ worldview (Nienhaus: 1982: 87-88)

This four-fold typology⁶ is helpful, especially as it echoes the typology offered for the analysis of Islamic revivalism (compared section 2.3.4). The utopian approach here corresponds to the fundamentalist methods that seeks to establish a utopia based on the sacred past, whilst the recitative harks back to the approach of traditionalists in their quest to preserve traditional customs and ethics, and the adaptive to the modernists objective to adapt Islamic values to contemporary challenges. As with the typology for revivalism, it is important that these are not so much distinct categories, but to some to degree position on a broad and multidimensional spectrum and there is particularly in the Islamic economic discourse particular overlap between the utopian and the adaptive approaches. Both typologies also hint at the difference in epistemology that has underscored Islamic philosophy from the outset with the adaptive/modernist approach harking back to the Mutazilite position that allows for a less rigid interpretation of Islamic law.

As sketched out above, the utopian/fundamentalist - adaptive/modernist Islamic revivalism was led by thinkers in the Indian sub-continent, including Abdul ‘Ala Maududi, and in the Arab world by Hassan Al-Banna and Sayyid Qutb – the founding fathers of the Muslim Brotherhood, who contrasted Islam with the dominant politico-economic systems of capitalism and communism. The idea of Islamic economics was especially popularised by Maududi (1970), the founder of the Pakistani Jamaat-e-Islami movement, who regarded himself as a staunch defender of Islamic culture against the corrupting influence of the West. This set the tone for later developments, as Islamic economics came to be seen as a means of establishing Islamic authority in an area where Western, particularly UK and US influences, were dominant (Kuran, 1995). Chapra argues accordingly:

“Muslim countries have [...] tried to pursue so far the development strategies provided by Western development economics. Development economics, however, does not have a separate identity of its own. It has been conceived within the secular and this-worldly perspective of both the market-system and socialism. Their problems have, however, been aggravated and when Muslims tried to implement Western development strategies, they moved further and farther away from the realisation of maqasid.” (Chapra 1993: 9)

In counter-constructing knowledge against the perceived Western intellectual domination, many Islamic economists stress that according to Islamic theology, humankind is seen as a trustee of all worldly God-given resources. Ahmad (1978: 14), for example, identifies two key principles, “first, the optimal utilisation of resources that God has endowed to man and his physical environment, and, secondly, their equitable use and distribution and promotion of all human relationships on the basis of Rights and Justice.”

Therefore most Islamic thinkers on economics insist that Islamic theology espouses a distinct strategy for development (e.g. Ahmad, 1976, 1978; Chapra 1993, 2000; Iqbal, 2002; Nomani and Rahnema, 1994; Qureshi, 1980; Ragab, 1980).

This development strategy is according to Ahmad (1994) is comprehensive in character and includes moral, spiritual and material dimensions with development being a goal and value-oriented activity, devoted to the optimization of human well-being in all these areas. Zaman and Asutay (2009) follow this argument further and describe development as a multidimensional activity:

“As efforts would have to be made simultaneously in a number of directions, the methodology of isolating one key factor and almost exclusive concentration on that would not work. It should be noted here that the mistake of neo-classical economics has been this isolated analysis of economic activity by exogenizing other dimensions of real life.

⁶ The pragmatic approach is not factored into the author’s reconstruction of the Islamic discourse since as has been argued it is not essentially ‘Islamic’ but only instrumentalises certain Islamic aspects in furtherance of other objectives.

However, as opposed to such an exogenized world-view, Islam seeks to establish a balance between different factors and forces, and as such all of them would have to be harnessed and mobilized. Hence, Islamic political economy represents an interactive and intersected paradigm in which all these forces that determine real life are endogenized in a multidimensional integrated model.” (Zaman & Asutay, 2009: 81)

Upon closer examination of the main body of this literature - particularly in the light of the above typology - it is evident that the understanding of development embodied in it is primarily based on Keynesian or neo-liberal economic models focusing on macro economic stability and economic growth (Farooq, 2008). The nature of literature produced is primarily ‘adaptive’ and has “a serious and even imitative bias towards conventional economics” (Farooq, 2008: 44). Whilst the pioneering efforts by the likes of Maududi clearly have set a more utopian agenda, the second generation of pioneering Islamic economist such as Khurshid Ahmed, Umer Chapra or Monzer Kahf have been bridging the gap between utopia and adaptivism in Islamic economics and have dominated the field for over 40 years. Due to increasing importance that the adaptive approach has played, the demand on the second and particularly third generation of Islamic economist such as Munnawar Iqbal or Habib Ahmed has been primarily on conventional economic knowledge. This has, as Farooq (2008) pointed out, coupled with the time and place of the training of these Islamic economists, lead to a covert dominance of American 1980s neo-liberal economic thought in contemporary Islamic economics which concerns itself still with ‘Islamic’ articulations of taxation, savings, investments, markets and trade liberalisation (see for example Chapra 1983, Iqbal & Khan 1983, Iqbal 2005). In this literature, development is, hence, primarily defined as economic growth.

The mainstream adaptive Islamic economic literature, however, still remains underscored by some of the early utopian approach which expresses itself in a number of dimensions:

- As a counter-construction to Western materialism, with its perceived primary focus on improving material welfare of human beings, Islamic economists argue about the importance of spiritual and moral considerations as determinants of human welfare, which has found expression in for example the concept of the maqasid approach (Chapra 1993, 2008).
- The individual social-reformist approach emphasises normative aspects of Islam regarding the enjoinder of the good and abjuring evil. In the economic arena, this implies a particular set of ethics. ‘*Homo Islamicus*’ avoids waste and ostentation, promotes generosity, discourages harmful externalities, works hard and also exchanges using fair prices (Kuran, 1986; Chapra, 1992). *Homo Islamicus* is allowed to acquire property, but is banned from speculating, gambling, hoarding and destructive competition. Included in this last group are activities such as participating in insurance or capital markets (gambling) or property dealing (speculation).
- The systemic-reformist approach emphasises the need for holistic change. Ahmed, a leading Pakistani Islamic economist and Jamaat-e-Islami politician underlines that “the primary norm in an Islamic society is the elimination of crime, the establishment of morality and the protection of private property, not economic progress” (cf Qureshi, 1980, p. 571). Hence for the utopian modernistic Islamic economists, an Islamic conceptualization of processes related to development mainly focus on creating a just and moral social and economic system, free from all kinds of exploitation (Molla et al 1988).

But as Nienhaus (1982, 2000) has pointed out, the still primarily utopian nature of most Islamic economic thinking remains dominant and there is still very little progress in terms of translating the normative nature of Islamic ethics pertaining to economic activity into a coherent Islamic economic model. The utopia continues to thrive within a broader Islamic historical narrative that regards Islamic economics as a means of re-creating what is referred to the Golden Age of Islam as discussed previously and has led to the attempted institutionalisation of an Islamic economic system in Pakistan, Sudan and Iran. Across the wide spectrum of Islamic economists, all these

attempts are regarded as failing for a range of reasons reflecting the shortcomings of the above typologised approaches (Nienhaus, 2000).

But it has also been noted by, for example, Chapra (1992) that the ‘political factor’ is one of the most important issues responsible for the failure of the Muslim countries to implement an Islamic strategy for development with justice. Whilst it is of course to be expected that taxonomy of Islamic development approaches is also underpinned or complicated by real politik in the Muslim world, the key issue remains that a coherent and consistent Islamic development model remains absent.

Any attempts such as Zaman and Asutay’s (2009) relatively recent one to formulate an Islamic development model have remained rudimentary and primarily focus on religious dimensions such as Tawheed (the oneness of God) and Ihsan (excellence) which are extrapolated and projected into the socio-economic sphere without actually addressing or resolving the question as to where the concern for ‘development’ originates from within an Islamic ontological and epistemological framework.

The discourse, moreover, has taken a turn and began to focus since the late 1980s and early 1990s onto Islamic finance, which has since become an area of incredible growth both as an industry but also as an academic concern, even in the non-Muslim world. Because of the micro-economically focused demands of Islamic banking and finance not being epistemologically, methodologically or theoretically as challenging as the development of an Islamic macro economic theory and model, it has opened up an opportunity for adaptive and pragmatic Islamic economists to thrive in.

This is not to argue that the theological basis for Islamic finance is not particularly strong, the opposite is the case due to the strict prohibition of unethical business practices in the *Qur’an* and the *Sunnah*. For example the *Qur’an* states: “*O ye who believe! Observe your duty to God and give up what remaineth (due to you) from usury, if you are (in truth) believers.*” (Surah 2, verse 278)

Thus it is the very nature of money that Islamic economics views differently from mainstream economics. According to Harper’s interpretation, the *Qur’an* emphasises that, “*Money is seen not as the property of individuals, nor of the state, but as belonging to the community at large. Idle funds are subject to swingeing taxes for the benefit of the poor, so that people are encouraged to put their money to work by investing it in productive ventures*” (Harper, 1994).

The underlying ethical principle behind Islamic finance is therefore arguably the elimination of exploitation within the socio-economic sphere, in particular by not guaranteeing a usurious return on loans given, regardless of whether the finance has actually yielded a monetary benefit for the borrower (Al-Jahri, n.d.). The main principle of Islamic finance is to ensure Shari’ah compliance through the absence of what could be seen as usury. The Arabic term used is *Riba*, (meaning ‘growth’) which is explicitly forbidden in the *Qur’an*, although there is considerable debate between those who argue it is best understood as usury (Kuran, 1995) due to the practices predominant in pre-Islamic Arabia or that it actually refers to any interest (Ahmad, 1976, 1978; Chapra 1993, 2000; Iqbal, 2002). In principle, therefore, the majority of Islamic finance is constructed around various types of sharing equity or profits, credit purchase and/or leasing (Al-Jahri, n.d.). The principle is that an Islamic bank cannot only be a financier but must also be a partner in business, jointly sharing profits and absorbing losses. The system essentially involves sharing of risk between the owner of capital and an entrepreneur, as well as sharing the result of collective efforts. The main Islamic financing arrangements are either lease purchases (*murabaha*), profit/loss sharing investments (*mudaraba*) or business partnerships (*musharaka*) (Zaman, 2008), although in a more philanthropic form, interest-free loans, called *kardh-ul-hassana* in Arabic, are also given. In addition to funding for businesses and better off individuals,

a number of economists (e.g. Iqbal, 2002) have argued that Islamic modes of finance have the ability to provide capital for the poor without putting an inequitable burden on them (Alam, 2000). In the rural finance and development context, Islamic micro-credit is being utilised by Islamic development agencies such as the Islami Bank in Bangladesh. Such services usually consist of the full range of Islamic financing methods, but the most commonly used transaction is based on the *murabaha* principle, in which the micro-finance agency purchases goods at the request of the borrower and then sells them to the latter for a mark-up fee to cover administration costs (comparable to a lease-purchase arrangement).

After three decades of practice, a lot of criticism has also been levelled against Islamic financiers and banks alike. The different Islamic financing modes are seen in different lights by Muslim and non-Muslim observers, Islamic economist of various ilk and industry-insiders, ranging from a smoke screen or legal trickery (see Nienhaus, 2008) to the ideal form of equitable finance (see Tag el Din, 2002). Particularly the practice of *murabaha*-labelled mark-up finance which arguably imitates the economic function of interest in all but name (Nienhaus, 2008) has been heavily criticised. The critics from within are often drawn from the ranks of the fundamentalists/utopians whose Islamic philosophical and epistemological position leads them to believe that the adaptive/modernist approach is flawed, arguing that contemporary Islamic financial products merely aim to replicate in ‘Islamic’ form the functions of contemporary financial instruments, markets and institutions (El Diwany, 2003), and have therefore, arguably failed to serve the objectives of Islamic law (El Gamal, 2006).

Moreover, despite the global boom in Islamic finance, “*what has become apparent is that most Muslims are less influenced in their economic behaviours by Islamic rules such as the prohibition of interest [...] than had been assumed in earlier models of ideal systems*” (Nienhaus, 2000: 96). This might also be due to the fact that the mark-up financing techniques are,

“unlikely to promote development in the Islamic world. Because the difference between mark-up financing and interest-based transactions is legal rather than economic, this approach has little to offer in terms of macro-economics, i.e. efficiency and stability, or with respect to equity and development. Western observers and Islamic economists alike are critical of the often careless use of the adjective ‘Islamic’. For them, it should mean more than an interest-free in a legalistic sense. They point to the danger of conservative legal experts using Islamic labels to sanction capitalist banking practices, in which case Islamic economics and Islamic banking are no more than an ideological veneer for a dogmatic adherence to the status quo.” (Nienhaus, 2000: 91)

Some Islamic economists have since concluded that Islamic economics has failed, either epistemologically, methodically or in its focus and needs to be geared up to meet the challenge of poverty and development (Kahf, 2003; Farooq, 2008). Moreover, whilst Islamic economic thinking has been overshadowed by an unprecedented growth in Islamic financial institutions in the Middle East and especially the Gulf States, it is still being viewed with considerable suspicion in many other more secularly oriented Muslim countries due to the Islamic utopian nature of the project (Esposito, 2000). The next section will set out the policy approaches favoured by contemporary transnational Islamic development actors and the tension that these might create.

3.4 Contemporary Islamic development policy approaches and articulation of practice

From the late 1950s to the 1970s, the Muslim world, particularly the Middle East, was gripped by political turmoil and military conflict that had a major impact on geo-political stability amid the oil crisis. The ensuing competition for moral-spiritual authority and political leadership in the Islamic world between Arab socialism/nationalism and pan-Islamism led to a number of pan-Islamic institutions and organisations as a consequence. Against this backdrop initiatives around Islamic economic and political co-operation (Nienhaus, 1982) were driven forward and in turn

drove the demand for a coherent ‘Islamic’ model of primarily economic development. The following section provides a brief account of some of the major transnational institutional Islamic development policy approaches and how their practices are articulated, based on the above exploration about why it is assumed that development in an Islamic framework should take a particular expression.

3.4.1 Transnational Islamic development co-operation

The Muslim World League (MWL, or *Rabita* from *Rabita al-Alam al-Islami*)⁷ was set up in Makkah in Saudi Arabia in 1962 as a first attempt by Muslim religious and political leaders from 22 countries to create an umbrella and representative body for Muslim believers, although Sunni Saudi Arabia funds most of its work and dominates the leadership. The Muslim World League focuses primarily on religious education and propagation but also through its welfare wing on humanitarian or development issues.

This was then followed by an inter-governmental vehicle for pan-Islamic political leadership in the form of the ‘Organization of Islamic Conference’ (OIC)⁸. Subsequently, the Islamic Development Bank (IDB)⁹ was founded by the first conference of OIC Finance Ministers in 1973. The primary multilateral development financing institution in the Muslim world is the Islamic Development Bank (IDB). As noted above, it is located in Jeddah, Saudi Arabia, and was founded by the first conference of Finance Ministers of the Organization of the Islamic Conference (OIC), convened on 18 December 1973¹⁰. The purpose of the Bank is to foster the economic development and social progress of both member countries and Muslim communities in non-member countries through the implementation of *Shari’ah* compatible financial practices such as loans, leasing, instalment sales and equity participation.

Interestingly, the IDB’s top objectives of promoting Islamic financial industry and institutions, trumps its secondary objective of poverty alleviation, despite the fact that alleviating poverty and promoting human development are listed first as the IDB’s mission. In the Islamic discourse, the establishment of the IDB is one of the very few occasions where the term ‘development’ is used as a signifier. Because of the near total absence of the term in the preceding Islamic discourse, it can be assumed that it is used primarily as a tool to link the IDB to the other regional development banks such as the African or Asian Development Bank and through it gain legitimacy and authority globally and amongst the adaptively-minded economic and political elites in the Muslim world.

The IDB is driven by its own charter, the ‘Articles of Agreement’ which recognises the following key principles:

- fostering the well-being of the peoples of the Muslim countries and achieving harmonious and balanced development on the basis of Islamic principles and ideas
- promote and strengthen co-operation among members in the economic, social and other fields
- mobilising financial and other resources from within and outside member countries for the promotion of domestic savings and investment and a greater flow of investment funds into member countries (IDB, 1973: 2)

The language of these key paragraphs in the IDB ‘Articles of Agreement’ strikes a clear chord with the mainstream development policy terminology of the time, particularly the idea of balanced

⁷ See <http://www.themwl.org/Home.aspx?l=en> for further details

⁸ See <http://www.oic-oci.org/home.asp> for further details

⁹ See <http://www.isdb.org> for further details

¹⁰ See for further details

http://www.isdb.org/irj/go/km/docs/documents/IDBDevelopments/Internet/English/IDB/CM/About%20IDB/Articles%20of%20Agreement/IDB_Articles-of-Agreement.pdf [accessed 02/03/11]

growth, savings and investment, whilst the condition of Islamic ideas and principles appear to be referring to an adaptive approach in Islamic economic policy.

The late 1970s and early 1980s saw a number of high-level pan-Islamic conferences on economic and political co-operation, including one in London in 1977 dealing with “The Muslim World and the Future Economic Order” sponsored by the Islamic Council of Europe (Nienhaus, 1982). This led to a further conference sponsored by the International Institute of Labour Studies of the ILO in Paris in 1980 on “Islam and the New International Economic Order: The Social Dimension”. A number of influential diaspora Muslim civil society organisations, religious leaders and representatives of some Muslim countries resolved to:

- create a clearing house for economic information from the Muslim world
- establish an Islamic institute for research and education to reduce technological dependence on the West
- promote increase in food production
- establish an Islamic reserve fund for investment and development financing

But as Nienhaus argues, the resolutions are not original and one could find similar positions expressed by the ‘third World’, especially the so-called Group of 77, albeit without the word ‘Islamic’ (Nienhaus, 1982: 89). Attempts of Islamic economic co-operation were characterised by a wider approach of collective self-reliance, reminiscent of the development policy prescriptions of the dependency movement or even by the European Economic Union model that early Islamic economist had sympathy for (Nienhaus, 1982: 89).

Moreover, these attempts at formulating policy for economic co-operation must primarily be understood in the light of the utopian endeavour that Islamic economics represents to a good degree against the backdrop of ‘real politik’ in the Middle east and the wider Muslim world. The most utopian attempt is perhaps the Universal Islamic Declaration of Human Rights which has considerable economic policy content:

Universal Islamic Declaration of Human Rights

XV The Economic Order and the Rights Evolving Therefrom

- a) In their economic pursuits, all persons are entitled to the full benefits of nature and all its resources. These are blessings bestowed by God for the benefit of mankind as a whole.
- b) All human beings are entitled to earn their living according to the Law.
- c) Every person is entitled to own property individually or in association with others. State ownership of certain economic resources in the public interest is legitimate.
- d) The poor have the right to a prescribed share in the wealth of the rich, as fixed by Zakah, levied and collected in accordance with the Law.
- e) All means of production shall be utilised in the interest of the community (*Ummah*) as a whole, and may not be neglected or misused.
- f) In order to promote the development of a balanced economy and to protect society from exploitation, Islamic Law forbids monopolies, unreasonable restrictive trade practices, usury, the use of coercion in the making of contracts and the publication of misleading advertisements.
- g) All economic activities are permitted provided they are not detrimental to the interests of the community (*Ummah*) and do not violate Islamic laws and values.

XVIII Right to Social Security

Every person has the right to food, shelter, clothing, education and medical care consistent with the resources of the community. This obligation of the community extends in particular to all individuals who cannot take care of themselves due to some temporary or permanent disability.

Source: Islamic Council of Europe – *Universal Islamic Declaration of Human Rights*, 1980

The prescriptions made in the Universal Islamic Declaration do very obviously come from the major traditional textbooks of Islamic social theory and economics that have been previously discussed. Moreover, the Universal Islamic Declaration, albeit formulated in 1980s by the now disbanded Islamic Council of Europe, still holds true for the state of Islamic economic policy, which continues till to date to be an uneasy mix of utopian, recitative and adaptive approaches. This uneasiness is further underlined by the absence of any articulation of practice in the Muslim world that comes anywhere near to the translating of the norms of Islamic social theory into a comprehensive, enforceable and enforced legal and policy framework. In 1980 Nienhaus argued that the empirical picture of experiences of Islamic economics in action in Pakistan, Sudan or Saudi Arabia raised considerable questions about the strength of Islamic economics as a development paradigm, “[t]o date Islamic economics has contributed precious little to an ‘Islamic economic policy’” (Nienhaus, 1982: 98).

The 1995 Cairo Declaration of Human Rights in Islam (CDHRI)¹¹ does not offer much more than the previous document, apart from the fact that it is ratified by the member states of the Organization of the Islamic Conference (OIC). It is however not more than an overview of the Islamic perspective on human rights including economic rights (see table below), acting as guidance only and affirming the non-codified Shari’ah as the sole source of rights.

Cairo Declaration of Human Rights in Islam

ARTICLE 13

Work is a right guaranteed by the State and Society for each person able to work. [...]

ARTICLE 14

Everyone shall have the right to legitimate gains without monopolization, deceit or harm to oneself or to others. Usury (riba) is absolutely prohibited.

ARTICLE 15

(a) Everyone shall have the right to own property acquired in a legitimate way, and shall be entitled to the rights of ownership, without prejudice to oneself, others or to society in general. Expropriation is not permissible except for the requirements of public interest and upon payment of immediate and fair compensation.

(b) Confiscation and seizure of property is prohibited except for a necessity dictated by law.

Source: Organization of the Islamic Conference: *Cairo Declaration of Human Rights in Islam*, 1995

Perhaps in continuation of the theme of responding to external pressure, the IDB formulated a new strategic plan (‘Vision 1440H: A Vision for Human Dignity’)¹² that sets out its future priorities:

- internal reform
- poverty alleviation
- promotion of health
- universal education
- prosperity for people
- women’s empowerment

¹¹ available online <http://www.oic-oci.org/english/article/human.htm> [accessed 01/03/11]

¹² See http://www.isdb.org/irj/go/km/docs/documents/IDBDevelopments/Internet/English/IDB/CM/About%20IDB/IDB%201440H%20Vision/IDB_1440H_Vision-full_version.pdf [accessed 01/03/11]

- expansion of Islamic finance industry
- IDB member country economic integration
- Improving the image of the Muslim world

Apart from the aim of promoting the expansion of the Islamic finance industry, the other strategic priorities sound embedded in the mainstream development discourse, albeit the language used is Islamised, when for example the document refers to women as ‘sisters’.

The poverty focus, moreover, also appears talking on some of the more recent mainstream development thinking board by making for example a reference to ‘well-being’ (IDB, 2006: 24), but otherwise it is unclear how poverty is defined. References to hunger, malnutrition, illiteracy, disease etc make it appear that these are different entities from poverty. The main thrust of alleviation or eliminating poverty - it is not clear which is aimed for as both words are used interchangeably - also remains the regaining of dignity and esteem for the Muslim world (IDB, 2006: 24), which would appear to be harking back to a notion of revivalism.

The claim that poverty alleviation strategies works best when they are integrated with national development strategies (IDB, 2006: 25) is also reminiscent of the adaptive approach that introduced neo-liberal orthodoxy such as the trickle-down effect into Islamic economic thought. This is then linked to the institutions of *Zakat*, *Awqaf* and *Saddaqaah* to alleviate poverty with the rueful sentiment that “their potential has not been fully tapped” (IDB, 2006: 25). Whether this ‘vision 1440H’¹³ can be a reality remains to be seen but on evidence of the policy recommendations made in the document, it does not represent new or particularly original Islamic development thinking.

3.4.2 Muslim Civil Society and Development

Further statements have been produced by various conferences hosted by the OIC but the transnational discourse on development in Islam seems to be at a quasi standstill, were it not for the work of a range of Islamic civil society organisations that have sprung up in the Muslim world but also importantly in the west. Primarily due to the dispersion of Muslims across the globe, a number of international NGOs have sprung up which are collecting *zakat* and *sadaqaah* in Muslim (and increasingly non-Muslim) distribute it around the world. Since the beginnings in the 1980s, most modern Islam-inspired or Muslim-run development organizations such as Islamic Relief, the Agha Khan Foundation or the International Islamic Relief Organisation have budgets ranging from tens to hundreds of million dollars per annum. Their concerns encompass charitable, humanitarian, welfare and longer term development work. With some notable exceptions, not much organizational literature exists that explains the extent to which Islamic theological principles are translated into the operations of modern non-governmental organizations working towards poverty eradication (Krafess, 2005). However, some recent studies by Benthall (2003, 2006) have provided further insights into the operational philosophy of such organizations and have shed light on the very small operational differences between Islamic and mainstream NGOs, primarily to be found in programmes for interest-free micro-finance, orphan care or food distribution on the occasion of Islamic festivals (Benthall, 1999).

In concluding this section providing a short history of Islamic thought pertaining to development, it has to be stressed that the Islamic narrative about poverty remains central and vibrant within the Islamic discourse, despite considerable disharmonies and discontinuities, particularly around the theme of poverty and the ineffectiveness of Islamic economics to formulate an epistemologically and methodologically coherent development paradigm. In spite of claims that Islamic economics offers an alternative development model underpinned by an alternative worldview and ethical

¹³ Written in 1427Hijri (corresponding to 2006 CE) the target year would be 2019.

foundation, most attempts to formulate Islamic development policy remain either utopian or flawed in as far as they are adapting conventional economics rather than being 'Islamic'. Despite these considerable shortcomings and the fact that Islamic economics remains rhetoric, the Islamic discourse around poverty reduction and development remains strong. The next section will seek to abstract the key discursive turns in the Islamic discourse around development.

4 A Genealogy of the Islamic Development Discourse

The previous section has described the evolution of the development discourse by way of assembling an archive from which the overall narrative is constructed. For reasons of positionality of the author the construction of this narrative may differ from other similar endeavours.

Figure 1, '*A genealogy of the Islamic development discourse*', seeks to provide a graphical illustration of the archive assembled and analysed in the previous sections. In common with the mainstream discourse there is a strong concern about poverty. This concern, which is closely associated with economic and social development, is, however, continuously present in Islamic legal and social discourses from early Islam onwards. Through the doctrine of Zakat, a normative concern for the poor remains enshrined in the Islamic discourse, although Islamic economic thought has by and large ignored the need for systematic study of the symptoms and causes of poverty.

As opposed to the mainstream discourse, in the Islamic discourse the term development does not feature in any epistemologically clearly Islamic dimension. The term of and a concern for 'development' is almost totally absent from the early 19th century literature on Islamic social teachings and the early post-colonial Islamic economic writings. It only appears in the late 1970s and then either as

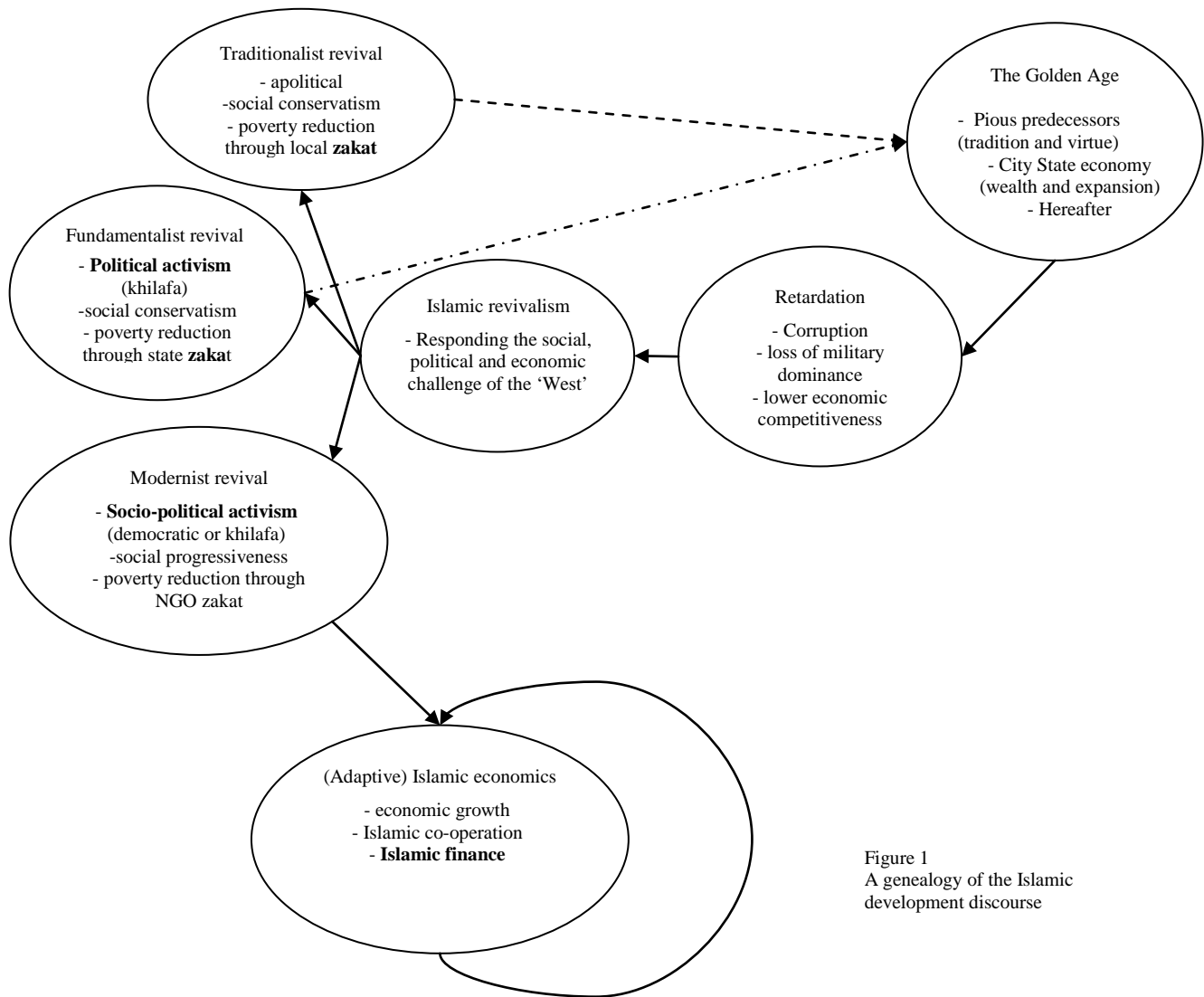


Figure 1
A genealogy of the Islamic development discourse

an organisational signifier as in the case of the Islamic Development Bank or in economic terms shadowing the dominant neo-liberal paradigm of the time, the concerns of which gained entry into the Islamic economics discourse in an Islamised form.

It appears, as reflected in Tripp’s (2006) analysis that Muslim intellectuals were forced to think in new categories as the example of the notion of development within Islamic thought demonstrates:

“The changes that they [Muslim intellectuals, the author] were experiencing demanded not simply a new vocabulary of description and analysis, but new ways of imagining the very world itself. In particular, the social world, in the sense of the variety of human relations, required new ways of thinking about boundaries in space, function and status, with all of this implied for identities and for human potential. In order to achieve this, those involved in the project drew upon a repertoire of seemingly analogous terms of reference from the rich tradition of Islamic jurisprudence and ethics. This constituted an alphabet of appropriation, providing a readily understood and ethically acceptable resource that could be used selectively to meet the challenges of the age. [...] The terms deployed came with a dual legacy. There was the meaning conferred upon them in the works of jurisprudential scholarship and commentary over thirteen centuries. But there were also the meanings they took on when applied to forms of behaviour and organisation that had been unimaginable to those whose definition of them had located them within a distinctively Islamic tradition over the centuries.” (Tripp, 2006: 194)

The way the term ‘development’ suddenly appears in the Islamic discourse in the mid twentieth century demonstrates this argument. Most important for the genealogy of development in Islam, therefore, is the discontinuity of the very issue of development since it is absent in the foundational philosophical discourses which also are not dealing with the related issue of progress in the material world. Only the realisation of ‘retardation’ or ‘underdevelopment’ (here not used in reference to dependency theory) creates a concern for change, expressed in the notion of Islamic revival. Development might be regarded as an ‘irruption’ in Foucauldian term, although it only features irregularly and importantly in genealogical terms discontinuously in the discourse.

Islamic economics, the prime vehicle for Islamic revivalism in the socio-economic sphere, has considerably matured from its purely utopian roots but apart from a tremendously growing global Islamic finance industry it has not produced a coherent Islamic programme for development or poverty reduction. Whilst both terms remain in use within the Islamic discourse, it is primarily or even in some areas exclusively as rhetoric rather than as a clearly Islamically inspired articulation of practice. To date, the Islamic discourse remains stagnant and circular, unable to break with its utopian foundations and adaptive methodology.

5 Conclusion

This genealogy has attempted to provide an overview of the basic tenets of belief and practice in Islam that form the foundation for concepts relevant to the mainstream development discourse and in itself form an Islamic development discourse locked between utopia and pragmatism. It is clear that there is no single Islamic understanding of ‘development’. Social theorists, who might be broadly categorised as ‘traditionalist’, ‘fundamentalist’ or ‘modernist’, all agree on the transcendental nature of Islam, which is focused on the ‘hereafter’. Any notion of progress seems to have been conceptualised against this backdrop. This world is thus seen as a tool and extremely diverse opinions exist in the various Sunni and Shi’a schools of thought as to how societies and economies ought to be constructed to be most conducive to the ultimate transcendental objective. A notion of underdevelopment or backwardness emerged in Muslim thought only in response to Western economic and political dominance and the rampant colonization of the Muslim world.

Recent Muslim economic and political thought and practical responses mainly focus on the creation of a just and moral economic and social system, based on a holistic conception of human wellbeing that has both religious and material dimensions, although there is great debate within Islamic circles about how to achieve this and responses are often counter-constructed to the ‘West’:

Islamic economics, in particular, seeks to demonstrate how Muslim countries and financial institutions can achieve economic growth and poverty reduction through *Shari’ah* compliant policies and mechanisms. However, while Islamic economists advocate a religious rather than secular motivation for achieving economic development, their conceptualizations of economic growth and management are not dissimilar to those of mainstream economics, with the exception of their rejection of interest/usury (*riba*) and advocated reliance on charitable giving to generate funds for poverty reduction, even while they insist that Islamic theology espouses a distinct strategy for development. The contradictions inherent to the Islamic discourse between its richness in social ethics and the historical and social reality in the Muslim world, which by and large continues to suffer from socio-economic injustice, remains the most striking characteristic of the Islamic development discourse. A truly Islamic development model remains to be developed.

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