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ISLAM AND CIVILISATIONAL RENEWAL

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OBJECTIVES AND SCOPE

- Islam and Civilisational Renewal (ICR) is an international peer-reviewed journal published by the International Institute of Advanced Islamic Studies (IAIS) Malaysia. It carries articles, book reviews and viewpoints on civilisational renewal.
- ICR seeks to advance critical research and original scholarship on theoretical, empirical, historical, inter-disciplinary and comparative studies, with a focus on policy research.
- ICR aims at stimulating creative and original contributions within contemporary Muslim and non-Muslim scholarship to further civilisational renewal.
- ICR promotes advanced research on the civilisational progress of Muslims and critical assessments of modernity, post-modernity and globalisation.

CONTRIBUTIONS AND EDITORIAL CORRESPONDENCE

Comments and suggestions as well as requests to contact one of the contributing authors can be emailed to the Managing Editor at: journals@iais.org.my

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EDITORIAL

This issue of *Islam and Civilisational Renewal* features, as usual, a wide range of subjects and issues of concern beyond the confines of any particular country, even though Malaysia features prominently. This time, our journal contains **six articles**:

The first one, “Ethics and Finance: Perspectives of the *Sharī‘ah* and Its Higher Objectives (*Maqāṣid*)” is by myself and deals with some of the ethical foundations of Islam insofar as they are relevant to finance and commercial transactions. It also contains reflections by prominent commentators on the urgency of taking new measures to contain graft and greed and minimise the yawning gap that has developed between ethics and finance. Among my policy recommendations are the following:

- Integrating the *maqāṣid al-sharī‘ah* in the operative rules of Islamic banking and finance;
- a self-critical and evaluative approach to Islamic banking and finance (IBF), which should open fresh avenues of enhancing ethical and social justice dimensions of the industry;
- ethical concerns and credibility factors require that IBF should develop more vigilance in order to reduce imitation and match-making of the conventional banking modalities and products.

The next article, “The Identity Crisis of the Contemporary Muslim *Ummah*: The Loss of Tawhidic Epistemology as Its Root Cause” is by **Osman Bakar**, Deputy CEO of IAIS Malaysia and Emeritus Professor of Philosophy of Science at Kuala Lumpur’s University of Malaya. Professor Bakar’s contribution traces the roots of this crisis to the substantial loss of what he refers to as the “*tawhidic* epistemology”. To help overcome this crisis, he advocates a renewal (*tajdīd*) of this worldview in the light of contemporary human thought. He recommends, among many other valuable things, that

- more studies be done on the epistemological dimension of the *ummah*’s knowledge-crisis in modern times and the implications of this crisis for the *ummah*’s identity with the view of securing a better comparative understanding of Islamic and modern Western knowledge-cultures;
- an *ummatic* agenda on the rediscovery and recovery of Islam’s *tawhidic* epistemology be concertedly pursued by Muslim scholars and research centres, particularly in the universities;

- academic policy makers for higher education in Muslim communities pay serious attention to the issue of application of *tawhidic* epistemology in contemporary Muslim education at all levels of learning, particularly through curriculum reforms.

In his “In Search of ‘Islamic Lifestyle’” IAIS Principal Research Fellow **Karim D. Crow** argues that the question of what constitutes an Islamic way of life today demands a more thoughtful response in light of growing material affluence of the middle class in many Muslim societies. He suggests that

- Muslims and their leaders carefully appraise and reflect upon consumption patterns in their society, in order to understand potential benefits, risks, and harms unfolding in their midst;
- that they consciously awaken a living concern with Islamic resources when responding to the pressures of consumption and increased affluence;
- and they design procedures and methods which may nurture more restrained and self-critical lifestyle choices within the prevailing consumerist environment.

“Understanding the Causes of the Debt-Crisis: Interest-Based Financing” is by IAIS Assistant Research Fellow **Abdul Karim Abdullah (Leslie Terebessy)** and looks at *ribā* (interest)-based financing from the perspective of efficiency, within the context of Islam. He makes several suggestions as to how to approach certain issues and problems, such as:

- It would be time to phase out interest-based financing, for example by permitting businesses to sell their products directly to consumers on a deferred basis;
- It is necessary to enable consumers to purchase items on an instalment basis, while ensuring that the credit price is the same as the spot price in order to avoid *ribā*;
- Finally, he favours promoting microfinance with incentives, such as tax advantages.

“Views of Science and their Implications for Muslim Higher Education” is by former IAIS Principal Research Fellow **Eric Winkel**. His contribution challenges the story of modernity as inevitable, irreversible, and teleological by demonstrating the integrity of sciences and technologies. He argues that

- European science with its technological success has to be placed within an overarching context anchored in the two worlds of the Qur’ān: our

consciousness of physical existence and corporeal phenomena, and the immaterial unquantifiable dimension of human experience.

- Moreover, he suggests that perhaps a re-reading of qur'ānic passages through the lens of great Islamic exponents will help expand the minds and hearts of students in the laboratory and classroom.
- Above all, Dr Winkel suggests that the narrative of modernity as inevitable, irreversible, and teleological needs to be challenged by demonstrating the integrity of sciences and technologies.

The last article in this issue, “The Value of Islamic Tourism: Perspectives from the Turkish Experience,” is by **Teoman Duman**, the Deputy Rector for International Relations at the International Burch University, Sarajevo, the capital of Bosnia and Herzegovina. The aims of this article are twofold. One is to propose a framework to better understand the term Islamic Tourism and *value* in what it offers. The author's second aim is to provide an overview of the *ḥalāl* tourism market in Turkey. He proposes

- a definition that takes Islamically acceptable motivations as the reference point and
- to use the term *ḥalāl* to describe the economy and the sector where *ḥalāl* goods and services are offered to the markets and
- closes by stating that Islam and tourism are multidisciplinary areas. Therefore, a joint effort is needed to deepen the discussion on Islam and tourism.

This issue features four **viewpoints**:

“Afghanistan's Peace Talks Stalling for Lack of Initiative” by myself deals with the current situation in Afghanistan and argues that confidence-building measures are needed now to put fresh impetus in the stalling peace talks, and that a clear change of policy on this will be seen as such as a confidence-building measure and will help in planning a sustainable political future for Afghanistan.

“The Arab Spring: Malaysian Responses” by **Osman Bakar** addresses the great interest among Malaysians in the Arab Spring phenomenon because it came to many of them as something unexpected and extraordinary. He argues that it would be necessary to explore ways in which the Muslim intellectual heritage may be of help to the post-revolution leaderships of the three countries in addressing issues of constitutionalism, governance, and legal systems that are now demanding their attention.

“Dialogue between the German Government and Muslims Living in Germany: Prospects and Challenges for the ‘Deutsche Islamkonferenz’ (DIK)” is by former IAIS Principal Research Fellow and Associate Editor of this journal, **Christoph Marcinkowski**. He provides vital information on the current state of affairs in terms of dialogue and cooperation between the German state and Muslim organisations and associations in contemporary Germany, currently the living-place of several millions of Muslims. He suggests that Muslims living in Germany should see themselves as part of German society and should also be understood as such by the non-Muslim German majority, and that what would also be helpful would be the setting up a clearance office at the Federal Office for Migration and Refugees (BAMF) in order to establish contacts and good examples in the cooperation of Muslims and Germany’s security authorities.

The last viewpoint, “Asset-Based vs Asset-Backed *Ṣukūk*,” is by **Abdul Karim Abdullah (Leslie Terebessy)** and addresses again, as by that writer in the past, multi-faceted issues and problems surrounding the world of *ṣukūk*, Islamic certificates of investment.

This issue also contains the **full text of a speech by the Deputy Prime Minister of Malaysia Muhyiddin Yassin** at the Global Movement of Moderates Conference (Kuala Lumpur, 19 January 2012), **7 event reports**, and **3 book reviews**.

As always, I would like to thank my IAIS colleagues, especially the Publications Department for their hard work.

Before closing, however, I would like to thank former IAIS Principal Research Fellows Drs Christoph Marcinkowski and Eric Winkel for their manifold contributions to IAIS during their term of service. Dr Winkel has returned to his home country, the United States, whereas Dr Marcinkowski – who had also been the Associate Editor of this journal since its very beginnings in 2008 – has accepted a new position back home, in Germany’s capital city Berlin. I would like to wish both of them all the best at their new positions.

Mohammad Hashim Kamali
Editor-in-Chief

ARTICLES

ETHICS AND FINANCE: PERSPECTIVES OF THE *SHARĪAH* AND ITS HIGHER OBJECTIVES (*MAQĀṢID*)

*Mohammad Hashim Kamali**

Abstract: This article begins with the ethical foundations of Islam that are relevant to commercial transactions – much of which strikes a common chord of objectives and values with other major traditions. This is followed by an exposition of the ethical substance of Islam in the applied *fiqh* provisions pertaining to contracts, and the relevance also of the higher goals and purposes of the *sharīah* (*maqāṣid al- sharīah*) to the ethical integrity of contracts. This is followed by a discussion of the *sharīah* prohibition and damaging effects of *ribā*. The three remaining sections address the salient characteristics of Islamic commercial law and finance: 1) Islamic finance is characteristically asset-based; 2) it is averse to reliance on debt; and 3) it is also risk-averse. This last segment explains the *sharīah* prohibition of *gharar*, uncertainty and risk-taking in financial transactions. The author concludes with reflections by prominent commentators on the urgency of taking new measures to contain graft and greed and minimise the yawning gap that has developed between ethics and finance. Many have supported the view that the prevailing financial architecture no longer serves the interests even of only the privileged classes but of all strata of society.

Introductory Remarks

The interest-based financial system has nurtured a debt-ridden environment that inflicts anxiety on people with mortgages and business loans lest they are caught in debt-traps and forced failures. This would explain the radical change of attitude in recent decades toward the importance of ethics in business almost everywhere. Leonard Swidler of Temple University thus spoke of the “rise of business ethics and spiritual movement” in many western quarters manifested by the emergence of institutions such as the World Business Academy, the Council for Ethics in

* *Mohammad Hashim Kamali* is the Chairman and CEO of IAIS Malaysia. This article is a revised and enhanced version presented by the author at the 8th Kuala Lumpur Islamic Finance Forum (KLIFF), 3-6 October 2011.

Economics, the Caux Roundtable, and the Global Dialogue Institute – all based in the United States. Numerous business studies schools and colleges in the West are reported to have included business ethics in their curricula.¹ Robert Holland, a Senior Fellow in Business Ethics at Wharton School, said at a conference presentation in Atlanta that every institution that has instituted business ethics programmes and every CEO he has known of such institutions have reported a marked “improvement in employee morale, better trust within the company, higher quality output [...] and happier customers.”²

Ethics is the foundation of *sharīʿah*-compliant finance. *Sharīʿah* laws are richly endowed ethical contents and rules of moral propriety that govern all human relations. But in the sphere of financial transactions, its rules on *ḥalāl* and *ḥarām* are essentially aimed at fair trading, market stability, accountability and the public good. Many of the leading principles of Islamic finance, namely its prohibitions on interest (*ribā*) and excessive uncertainty and risk-taking (*gharar*) in financial transactions, have direct ethical implications. This is also the case with the *sharīʿah* prohibition of gambling and excessive speculation as well as unethical trades, such as prostitution and pornography, trading in non-*ḥalāl* substances such as alcohol, narcotics, tobacco and weapons, grounded in ethical norms that have in some cases been elevated into binding principles of law. The economic implications of the prohibition of interest (*ribā*) is to prevent unfair exploitation among the transaction parties, and also to ensure that money is a medium of exchange to be sought not in itself but as a unit of value for other commodities. Banking interest is gained by those with surplus money to lend and has therefore the perennial tendency to favour the rich.

Islamic finance relies little on debt but promotes trading and enterprise involving exchange and production of goods and services in the real economy. Islamic financial institutions encourage equity participation and commercial enterprise, and basically confine debt to the needs of those unable to secure financing in any other way. The financier and client come together to share risk and reward in a *sharīʿah*-compliant transaction. This helps to align the interests of the transaction parties and thus prevent the prospects of undue exploitation among them. It also means that savers, entrepreneurs and financiers share the same prospects with regard to the success or failure of the project. The prohibition of interest in Islamic banking and finance, or indeed of any unwarranted increase that violates the principle of equivalence of counter-values in commercial contracts, makes Islamic finance less vulnerable to the instability and fluctuation that have become the bane of the prevailing financial system. The *sharīʿah* concepts of *ḥalāl* and *ḥarām* and their ethical postulates are now translated into stock screening methods and exclusion of objectionable contents in trades and finance not only by Bursa Malaysia but by many others including the Dow Jones and FTSE Islamic indices that track and identify *sharīʿah*-compliant stocks from around the world.

Ethical Foundations

The Qur'ān encourages Muslims to engage themselves in lawful work, trade and transaction by mutual consent but to avoid “wrongful devouring of your properties among yourselves – *akl al-māl bi'l-bāṭil*.”³ This last phrase subsumes virtually all forms of misappropriation, unlawful and unethical procurement of the property of others. There is explicit emphasis in the Qur'ān on trusts (*amānāt*) and their due fulfilment in all spheres of human relations, especially in business transactions and governance.⁴ Business must be conducted with honesty; those who engage in honest trade and faithfully give to people what is due to them are promised God's blessings and spiritual reward.⁵ The *sharī'ah* demand for transparency in market transactions, in the description and advertisement of goods and services, leaves no room for concealment of any defects in merchandise. Unfair and exploitative practices, fraud and profiteering, hoarding, unethical manipulations and deceit are strictly forbidden.⁶

The Qur'ān demands clean market transactions and transparency through strict observance of accuracy in weights and measurements, keeping the balance straight, giving the people what is duly theirs, and comprehensive observance of justice.⁷ The concept of *falāḥ* (true success) in Islam is inclusive of material, ethical and spiritual dimensions of success. Worldly success without ethical import and concern for the betterment of others is a violation of the trust of the vicegerency (*khilāfah*) of humankind on the Earth, which is duly fulfilled through faithful promotion of good and rejection of evil (i.e., *al-amr bi 'l-ma'rūf wa 'l-nahy 'an al-munkar*). *Khilāfah* also requires prudent management of the Earth's resources, care and concern for animals, and protection of the natural environment. Human fraternity (*ukhuwwah*)⁸ and cooperation in beneficial works (*ta'āwun*),⁹ also qur'ānic precepts, further endorse the substance of trust and responsibility that underpin the principle of *khilāfah*.

The Qur'ān is emphatic on due fulfilment of promises and contracts. Breach of contracts and promises that cause material loss to their victims incurs legal consequences.¹⁰ The believers are similarly enjoined to continue honouring their contracts even if there be reason to think that the other party is intent on violation. One should, in such circumstances, inform one's counter-party of a formal dissolution of the contract so as to ensure transparency and honest dealing.¹¹ The Prophet Muḥammad has said in a *ḥadīth*: “One who is not trustworthy has no faith.”¹² He is also reported to have said: “The signs of a hypocrite are three: when he speaks he lies, when he promises he breaches, and when trusted he betrays his trust.”¹³ Trade and transactions should also be conducted in a spirit of magnanimity and latitude that inclines towards leniency (*samāḥah*) – as indicated in the *ḥadīth*: “May God bless one who is lenient when he buys, lenient when sells, and lenient when collecting his dues from others.”¹⁴

Leniency is especially advised with debtors who are in difficult conditions; they should be given a respite in which they exercise due diligence in order to meet their obligations.¹⁵ The Prophet went on record to say: “Truly the best of people are those who are best and most courteous in their demand for repayment.”¹⁶ Yet for those who take unfair advantage and procrastinate, their conduct is tantamount to oppression (*ẓulm*) that falls outside the scope of lenient treatment. Thus, according to a renowned *ḥadīth*, “procrastination by the affluent is oppression.”¹⁷ Another qur’ānic guideline to note is that “wealth should not circulate only among the rich” (59:7). Distributive justice thus becomes an integral part of the qur’ānic conception of justice that demands fair distribution of wealth and opportunities in society.

Yet it must be added that ethical teaching on its own will not ensure transparency and fairness in market transactions. Efficient market operations call for regulatory regimes and constant supervision to ensure accountability and due observance. That said, market regulations without moral commitment are also insufficient to ensure integrity. Umer Chapra thus rightly observed concerning the US subprime crisis that banks in the United States ran into difficulties in an apparently well-regulated system. The banks simply failed to exercise restraint on excessive lending. Hence the call for a systemic reform of the existing financial architecture.¹⁸

Fiqh, Ethics and Maqāṣid (Objectives) of Sharīʿah

Muslim jurists have commonly acknowledged that the *fiqh* rules in almost every part take their origins in the Qur’ān and *ḥadīth*. The qur’ānic requirement of accuracy in weights and measurements, for example, is translated into the principle of equivalence of counter-values in exchange contracts that must be carefully observed. That said, the rules of contracts allow for some flexibility through stipulations the contracting parties may agree to insert in their contract. All nominate contracts in *sharīʿah* (of which there are 25) are thus open to some stipulations, provided they are harmonious with the nature and attributes of the contracts concerned. In principle, all schools of Islamic law agree on contractual stipulations (*quyūd wa shurūṭ*) although they tend to differ on the degree of flexibility over them. The basic question that invokes variant responses is that the basic characteristics of nominate contracts have been determined by *sharīʿah* and the contracting parties do not have the flexibility to alter them completely through their mutual agreement. The Ḥanbalī school of Islamic law tends to allow greater flexibility for contractual stipulations compared to the other leading schools of *fiqh*.¹⁹

The foregoing also poses a question on the role of the *maqāṣid*, or higher objectives, of the *sharīʿah*, with reference to contracts. The basic position to be stated is that the purpose of a contract is an integral part of the ethics of that contract. Virtually every one of the nominate contracts has certain objectives, or *maqāṣid*, which it must follow and remain clear of manipulations that would

distort its primary purpose or *maqṣad*. Some of these *maqāṣid* are primary and others subsidiary, some general and others more specific. A clear understanding of the *maqāṣid* of contracts is thus a prerequisite of the proper application of those contracts and the extent of flexibility the contracting parties may be able to exercise with regard to contractual stipulations. For any stipulations that amount to a distortion of the *maqṣad* or purpose of a contract are likely to vitiate the contract in question. A fuller analysis of the *maqāṣid* of contracts cannot be attempted here, but what needs to be stressed is that due regard for the primary *maqāṣid* of contracts is not only a legal requirement but an integral part of our discussion on ethical finance. To distort the *sharīah*-ordained *maqṣad* of a contract through questionable stipulations, and worse still, through recourse to legal tricks and stratagems (*hiyal*), becomes problematic, and if allowed unchecked would naturally affect the ethical propriety of the contract in question.

Many of the basic or primary purposes of contracts and transactions are determined by the *sharīah*, which need to be observed without distortion, although the available information in this area is somewhat limited in scope. Readers familiar with the theory of the *maqāṣid al-sharīah* would also know that this whole area of *maqāṣid* suffers from underdevelopment, and adequate information on the *maqāṣid* of specific contracts is scanty and sometimes not available in the existing *fiqh*-literature. A brief discussion may be advanced here on the *maqāṣid*, for example, of *mushārah* and the extent to which the *maqāṣid* relate themselves to the ethics of contractual relations therein.

Mushārah, or partnership, is based on mutual trust among partners and the basic position of the *sharīah* with regard to them is one of equal standing, especially with regard to their participation in management matters, profit and loss. The *fiqh* jurists and *sharīah* advisors of Islamic financial institutions have thus disapproved of inserting stipulations that seek to alter the basic characteristics of *mushārah*, such as preferential treatment of some partners over others. That said, a certain amount of flexibility is available for the contracting parties to insert stipulations they may jointly propose. Some such stipulations are currently employed in *mushārah*, in Malaysia and elsewhere, through the *fiqh* provision of *tanāzul*, or waiver, of some partners in favour of the others by virtue of their mutual agreement. One of the *fiqh* principles of relevance here provides that “contract is the *sharīah* of the contracting parties (*al-‘aqd sharī‘at al-‘āqidayn*).” This is of course indicative of the recognition in the *sharīah* of the basic freedom of contract, and a measure of flexibility available in the *sharīah* on contractual stipulations by mutual agreement – provided they do not contravene the basic purpose of a contract nor the general norms of morality and justice.

The basic purposes of *mushārah* may be said to facilitate beneficial cooperation among people through the pooling of resources and skills, and trading

and investment that earn profit for the partners and benefit society. The Qur'ān and *ḥadīth* are explicitly supportive of lawful work and cooperation among people in the pursuit, trade and transactions among people, and unhindered flow of transactions in the market place.²⁰ The more specific objective of *mushārah* may be said to institute trust and its due observance among the partners through a series of more detailed regulations elaborated in the *fiqh* blueprint on this contract. The *fiqh* classification of contracts designates *mushārah* as one of the *ʿuqūd al-amānāt* (fiduciary contracts). There must as such be full transparency among the partners and the element of trust must remain the governing principle of their business relations.

Now if one were to expatiate in the insertion of clauses and stipulations in *mushārah*, such as by assigning more than one voting right to the preferential share-holding partners, giving them priority rights to profits/dividends, and priority also to claim their capital in the event of liquidation of partnership – even if these were to be through mutual agreement of the parties, or through *tanāzul* -- they are bound to erode the substance of equality and trust among the partners.²¹ For stipulations of this kind clearly place some of the partners in a different, superior or inferior, position over the others.

The *fiqh* discourse on *mushārah* provides helpful details that can ascertain the limitations of contractual stipulations in *mushārah*. Thus it is made known, for instance, that profit is a comforting prospect, but suffering loss is distressing. Hence the *fiqh* flexibility that the partners in a *mushārah* may agree on a different apportionment of profits compared to their share in the capital but that the losses absorbed must always be proportionate to their share of the investment. To contravene this by way of differential stipulations is likely to damage the integrity of the trust (*amānah*) of partnership that necessitates transparency and equality among the partners. In odd or special cases, this may or may not present a problem, but as a general rule of *mushārah*, if one were to stretch the limits of differentiation, it is likely to compromise the objectives of *mushārah* and its basic characteristics.

To give an example of the *maqāṣid* of a non-commercial contract, the *sharʿah* identifies procreation of the human species as the primary (*aṣlī*) *maqṣad* or purpose of the marriage contract. Other purposes, such as friendship and companionship, as well as sexual enjoyment, are among the subsidiary (*tabʿī*) objectives of this contract. The spouses are allowed to insert certain stipulations in their contract provided they are harmonious with the purposes of marriage. But a marriage contract cannot take stipulations totally outside its *sharʿah*-determined *maqāṣid*. A *sharʿah*-compliant marriage thus precludes same-sex union in matrimony simply because it fails to obtain the purpose of procreation. It would also go against the purpose of marriage to insert a condition that the spouses (unless elderly or invalid) will not have a child, or that they will not cohabit with one another.²²

The substance of our discussion concerning the observance of the *maqāsid*/objectives of contracts can be extended to almost every contract, which we do not propose to elaborate here. Our main point is that an ethically integrated approach to *sharīah*-transactions and contracts must be duly informed by their primary and secondary purposes and be reflected also in the kind of flexibility that the contracting parties can exercise through their mutual agreement.

As already noted, equity participation and risk sharing are the preferred modes of transaction in Islamic finance. The profit and loss sharing (PLS) arrangement is meaningful when the financier shares in the risk aspect of the transaction and avoids the temptation of shifting the entire burden of losses to the entrepreneur and client. Both the financier and entrepreneur are to equitably share the profit as well as the risks that may anticipate loss. One of the general principles of Islamic finance-cum-legal maxim of *fiqh* to note here is that “risk justifies gain – *al-kharaj bi 'l-daman*.”²³ One who seeks to have gain, in other words, must also be prepared to take its related risk.

Another important principle of Islamic finance, which is also a general objective, or *maqṣad ʿāmm*, of the *sharīah* as a whole, is social justice. This is realised through a variety of *sharīah* provisions on *zakāt*, *ihsān* (benevolence), *tabarruʿ* and charity (*ṣadaqah*), as well as the giving of benevolent loans (*qard ḥasan*), within and beyond the sphere of contracts. The *fiqh* regulations on contracts, their essential requirements (*arkān*), conditions (*shurūṭ*), procedural requirements, objectives and prohibitions, are on the whole guided by considerations of accuracy and equivalence of counter-values in exchange contracts, just as they also seek to realise an equitable regime of contracts or contractual justice that translates in turn into social justice.

An example of how uneven distribution of risk in financing can have adverse consequences for social justice is the US subprime (mortgage) crisis of 2008, which was a result largely of excessive lending. Banks and mortgage originators passed the entire risk of default to the ultimate purchaser of the loan security through repeated instances of securitisation. They had little incentive to undertake risk or to ascertain careful underwriting. The loan volume to them had priority over loan quality, and the amount of lending to subprime borrowers increased. A number of banks and other financial institutions either failed or had to be bailed out at the taxpayers' expense not only in the US but also in the UK, Europe and other countries.²⁴

Enhancing the scale and size of PLS in Islamic finance, which both Umer Chapra and Abbas Mirakhor have recommended for conventional finance, is likely to prove beneficial. This is because sharing risk and reward between financiers and clients helps to induce the financial institutions to assess the risks more carefully and then also to monitor more effectively the use of funds by the borrowers. This double assessment of risk by both the financier and the entrepreneur should help

inject greater discipline into the financial system, and go a long way to reducing excessive lending.²⁵

Two areas of public finance that effectively incorporate PLS are the stock markets and foreign direct investments (FDIs). PLS constitute the basic purpose of stock market transactions generally, not only in the Islamic but also in conventional finance. Mirakhor has thus highlighted the role of stock markets as well as FDIs as effective tools of risk distribution. The former are effective in diversifying the investor base while distributing risk across the whole spectrum of investors, which increases the resilience of the economy to shocks. Capital inflows through FDI similarly exert a great stabilising influence on the economy, in contrast to debt and extensive recourse to credit-based finance, which add to the risk of recurrent financial crises.²⁶

Prohibition of *Ribā* (Interest)

The *sharī'ah* prohibits *ribā* and the qur'ānic prohibition of *ribā* is worded in characteristically very broad and unqualified terms that "God permitted sale and prohibited usury" – *aḥall Allāh al-bay' wa ḥarrām al-ribā* – 2:275) which subsume all kinds of sales as well as all kinds of *ribā*.²⁷ Since the Qur'ān permits all sales, permissibility (*ibāḥah*) becomes a basic norm that extends to all of them, unless there be exceptions or qualifications of some kind. The Prophet has made certain exceptions to the basic norm of permissibility when he declared some varieties of sale that were common among the Arabs of his time as impermissible for various reasons- hence they became the exceptions.²⁸ Muslim jurists have also added certain others to the list on such grounds as *gharar* or *ribā*, but beyond that the basic element of mutual consent validates all sales and no specification or itemisation of the permissible varieties of sale is therefore necessary.

The position is different with regard to the *sharī'ah*-prohibition of *ribā*. Prohibitions cannot be generalised and must be clearly identified and explained, as the Qur'ān clearly declares that "God has explained to you in detail what is forbidden to you." (6:119). The prohibited varieties of *ribā* have thus been expounded by the *Sunnah* of the Prophet, but the information so provided is not all-inclusive, due partly to what the second Caliph of Islam 'Umar b. al-Khaṭṭāb has been quoted to have said: that the prohibition of *ribā* came at the final stages of the qur'ānic revelation, and the Prophet did not live long enough to provide fuller explanation on *ribā*.

Ribā (lit. 'increase') denotes a predetermined return on capital or loan that accrues to the creditor. Two main varieties of *ribā* have been distinguished in the ḥadīth and juristic doctrine. Credit-based (*ribā al-nasī'ah*, or *ribā al-duyūn*) is analogous to bank interest, and incremental *ribā* (*ribā al-faḍl*, or *ribā al-buyū'*) involves increase in one of the counter-values in sale or other exchange transactions.²⁹ To receive,

for example, two kilos of wheat for one kilo in a barter exchange (even of a different quality), either at transaction time or in the future, would be *ribā al-faql*. The principal *ḥadīth* on this type of *ribā* confines it to six items, namely gold and silver (which were the two units of value at that time), as well as wheat, barley, dates and salt, which were basic foodstuffs. Sale of these items was to be in equal measures and spot, without any deferment on either side. It seems that the *ḥadīth* clubbed the six items together due to the fact that all of these were the most frequently traded and exchanged in barter sales at that time. The economic implication is that money is a medium of exchange to be sought not in itself but as a unit of value for other commodities.

The institutional support that Islamic law provides for its interest-free financial system across the board includes, inter alia, the sanctity of contract, regulation of property rights and trusts (*al-amānat*), rules of behaviour for market participants and government functionaries, and rules governing allocation and distribution of resources. “There can be little doubt that with such a strongly rule-based framework in which faithfulness to contract and strong prohibition against taking interest, lying, cheating, and fraudulent activities are stipulated, the financial system of Islam would be efficient, transparent, and informationally trouble-free.”³⁰

Credit interest is the price paid for the use of money; it is not the yield of capital. And herein lies the difference between interest and profit. Interest arises from a loan of money whereas profit accrues from the investment of capital. Money-lending without investment is forbidden by the *sharʿah* as it involves exploitation and violates the spirit of social justice. For it involves no genuine sacrifice by the financier and leads to imbalances in wealth and income distribution in society. Whereas the orthodox doctrine related interest closely to profit as if the two progressed or declined together, John Maynard Keynes portrayed them as antagonists. “Interest upon money is simply an added cost upon capital goods and therefore a deduction from profit and a burden upon enterprise.” Socialist theory assailed interest even more vehemently than Keynes, but socialist theory also assailed profit, whereas Keynes salutes profit as the engine that drives the car of progress.³¹ Without the institution of interest, unspent income would find its way to investment in exchange for a reward contingent on the outcome of the real sector investment. The debt-based financial capitalism is thus prone to encouraging unemployment. Abbas Mirakhor’s analysis of the Keynesian General Theory leads him to the conclusion that the end-result of rentier-based finance is unemployment, poverty and deprivation; that the chief evil of the modern financial capitalism is its strong tendency to generate arbitrary and inequitable distribution of income and wealth.³²

Hyman Minsky also observed that a financial system dominated by fixed interest-based debt contracts is inherently unstable. He saw capitalism as a dynamic system, which is burdened, however, by a number of internal dialectical processes that made instability, unfair distribution, and unemployment structural problems of the

system. Minsky concludes that the financial system of money capitalism is eventually unsustainable.³³

Muhammad Rawas Qalaji has noted that one who places his money in a bank to earn predetermined interest without having a say in the manner the interest is earned is naturally not involved in any enterprise or investment activity nor can one expect to gain any skill. When a large number of people simply place their money in interest-bearing accounts, it is likely to have negative consequences for the health of society as it suppresses the spirit of individual enterprise and development of skill on the part of the individual.³⁴ A person who takes interest without taking any investment risk also falls foul of the *sharīʿah*-principle already mentioned that “risk justifies gain.”³⁵

Taqi Usmani and Umer Chapra both maintain that exclusion of interest from financial activities does not necessarily mean that the financier cannot earn a profit. If financing is meant for a commercial purpose, it can be based on partnership or on *commenda* (*mushārah* and *muḍārah*). In the event these do not offer relevant options, trading contracts like *murābahah*, *ijārah*, *salam* and *istiṣnāʿ* can be employed.³⁶

Asset-backed Financing

One of the salient characteristics of Islamic finance is that it is generally asset-backed and based on assets in the real economy. Whereas conventional finance deals in money and monetary articles, Islamic finance does not recognise money as an object of trade, but only as a medium of exchange. In Islamic finance, profit is generated when something having intrinsic utility is sold for money or when different currencies are exchanged one for another. The profit that accrues from dealing in liquid assets, money or the articles representing it is interest, which is prohibited. Islamic finance nearly always uses liquid assets which create profits and inventories.

The ideal instruments of financing in the *sharīʿah* are *mushārah* and *muḍārah*, as already mentioned. When the financier contributes money on the basis of these two instruments, it is bound to be converted into assets that have intrinsic utility. Profits are consequently generated through the sale of real assets.

Financing on the basis of *salam* (forward sale) and *istiṣnāʿ* (manufacturing contract) also creates real assets. The financier in the case of *salam* receives real goods and can make a profit by selling them in the market. In the case of *istiṣnāʿ*, financing is effected through manufacturing some real assets, as a reward for which the financier earns profit.

Financial lease (*ijārah*) and cost plus profit sales (*murābahah*) are not primarily designed to be modes of financing. But in order to meet some needs they have been employed as financing tools, subject to certain conditions, especially in situations where *mushārah*, *muḍārah*, *salam* and *istiṣnāʿ* are not workable. These uses of leasing and *murābahah*, however, have come under criticism in that their net result is often the same as that of interest-based borrowing. This criticism is not without merit

as there is a groundswell of opinion among *sharīah*-advisors that these are not ideal modes of financing and should only be used in cases of need with full observance of the conditions attached to them. Notwithstanding the validity of this critique, leasing and *murābahah* instruments are also fully asset-backed and thus distinguishable from interest-based financing.³⁷

Minimal Reliance on Debt

Islamic financing does not allow the creation of debt through direct lending and borrowing. It rather facilitates the creation of debt through the sale or lease of real assets through sale and lease-based modes of financing (*murābahah*, *ijārah*, *salam*, *istiṣnāʿ*, and *ṣukūk*). The purpose is to enable an individual or firm to buy the real goods and services needed in line with the ability to make payment later. This position is further endorsed by a number of *fiqh* provisions that help prevent excessive expansion of debt. Some of these provisions are:

- The asset which is being sold or leased must be real, and not fictitious or notional;
- the seller must own and possess the goods being sold or leased;
- the transaction must be a genuine trade transaction with full intention of giving and taking delivery; and
- the debt cannot be sold and thus the risk associated with it cannot be transferred to someone else. It must be borne by the creditor himself.³⁸

The first condition will help eliminate most of the speculative transactions that involve excessive uncertainty (*gharar*), and risk-taking akin to gambling (*maysir*). The second condition will help ensure that the seller (or lessee) also shares a part of the risk to be able to partake in the return. Once the seller (financier) acquires ownership and possession of the goods for sale or lease, he/she bears the risk. Exceptions to this rule are made in cases of *salam* and *istiṣnāʿ*, where the goods are not already available in the market, nor owned as such, and need to be produced before delivery. *Salam* and *istiṣnāʿ* have, however, been exceptionally validated due to the public need and *maṣlaḥah*. The Islamic modes of finance can thus expand only in step with the rise of the real economy and thereby help excessive credit expansion.

The third and fourth conditions, that the transaction must be a genuine trade transaction and that the creditor cannot transfer the risk to someone else by selling the debt, will help eliminate speculative transactions, and also prevent debt arising far above the size of the real economy. These conditions also help release a greater volume of financial resources for the real sector and thus expand employment and self-employment opportunities through the production of goods and services.

As will be noted from the foregoing, the *sharʿah* permits debt-based transactions, which are, however, limited to situations where only one of the two countervalues in an exchange contract consists of a debt. For example, in *bayʿ bi-thaman ʿājil*, or deferred sale, only the price, but not the sale object, consists of a debt. Since the sale takes place over a real asset, such as a building or a plant, the debt in question is asset-based and proportionate to the price of the sold item.

This is also the case in the forward sale of *salam*, in which only the sale object, but not the price, consists of a debt. All the contractual details of the debt in *salam* must be specified in writing to ensure commitment, proportionality and equivalence in the exchange of values.

Sharʿah-law does not approve of a financing scheme in which both the countervalues consist of debt. The sale of debts (*bayʿ al-dayn*) which consist of debts on both sides of the transaction is thus prohibited owing to excessive uncertainty (*gharar*) that jeopardises market stability and puts into doubt due fulfillment of contractual obligations. A difference of opinion has thus arisen concerning the validity of *istiṣnāʿ*, or manufacturing contract, whereby an order is placed for manufacture of goods, be it a house, ship or handicraft. Nothing changes hands at the time of contract and both sides of the bargain consist of debts payable in the future – which is why Muslim jurists have considered *istiṣnāʿ* as basically *ultra vires*. Yet *istiṣnāʿ* has been exceptionally validated by consensus (*ijmāʿ*) because of the people's need for it.³⁹

Moreover, in conventional financing, loans may be advanced for any profitable purpose. A gambling casino can borrow money from a bank to develop its gambling business, and so can a pornographic magazine or a company that produces prurient films. This would not be allowed in IFI as these cannot remain indifferent to the nature of activity for which the facility is required. Neither *murābaḥah* nor financial leasing can be employed for immoral and socially harmful purposes.

There is also a difference between a conventional loan and *murābaḥah*. In an interest-bearing loan, the amount to be repaid by the borrower keeps on increasing, whereas in *murābaḥah* the selling price, once agreed, remains fixed and the financier cannot increase it even if the client does not pay on time. In leasing too, financing is offered through providing an asset having usufruct, and the financier bears the risk of the leased property. Islamic financing transactions are thus backed by assets, and financing in them is matched with corresponding goods and services. This is unlike interest-based financing wherein the supply of money through the loans advanced by the financial institutions does not normally match the real goods and services produced in the economy.⁴⁰ In his monographic work on *murābaḥah*, Yūsuf al-Qaraḍāwī too has come out in defence of *murābaḥah* and refutes the critique that *murābaḥah* is used as a mere disguise for *ribā*.⁴¹

The hard reality prevails, however, that conventional financing makes debt a preferable option because of tax and other incentives attached to it. Easy availability

of credit at present enables individuals and institutions to have high debt profiles even beyond their means. Excessive lending and layers of debt-financing through repeat securitisation of mortgages in the US subprime crisis is a case at point. With every percentage rise in the house prices, the owners increased their borrowing on the strength of that increase and lenders were more than willing to oblige. The result was that the financial sector dominated the real sector, as layer upon layer of securitisation thinned the relation between the two to the point where an inverted pyramid of debt was supported by a very narrow base in the real sector. This prompted many observers to assert the need for a new architecture that favours equity financing and reduces over-reliance on debt.⁴² Yet in response it is also noted that a decisive shift is not likely, simply because the market will not easily adapt to equity structures when debt is cheaper. Only when debt is made more expensive by taking away tax and other incentives, can a larger space be created for equity-based financing away from the presently prevailing over-reliance of the financial system on debt.⁴³

The view that a financial system dominated by credit and debt-based contracts is prone to instability and eventual collapse has been around since the nineteenth century. But its most respected intellectual pedigree dates back to the Great Depression years of 1930s when the view found forceful expression in the writings of eminent economists such as Henry Simons in the United States and Keynes in the United Kingdom. The recognition that the fractional reserve banking in which credit multiplier and leverage ratio mechanisms were operative was the source of credit instability led American economists (especially the Chicago Group) to propose reform of the US-banking system, to require banks to maintain reserves equal to 100 per cent of their deposit. While the proposal was not enacted into law, it remained influential and resurfaced time and again; the proposed reform was aimed at imposing discipline and limitations on credit creation within the system.⁴⁴

Whereas many American economists saw fractional reserve banking as a source of financial instability, Maynard Keynes saw the role of interest and the rentiers who demanded it as the greater evil. In his renowned book, *The General Theory* (1936), Keynes called for steps toward the “euthanasia of rentier”. The issue of interest as rent on money occupied no less than three chapters (12, 17, and 23), that is, a good part of Keynes’s *General Theory*.⁴⁵

Commenting on the role of debt in Islamic finance, Umer Chapra observed that the *sharīʿah*-limitations on debt-financing do not necessarily mean that debt financing is ruled out altogether, nor even that it should be ruled out. This is because the financial needs of individuals, firms and governments cannot all be made amenable to equity-based contracts and profit-and-loss sharing arrangements. Debt is therefore indispensable, but should not be promoted for inessential consumption and unproductive speculation. Chapra cautioned, however, that if the debt is not

used productively, the ability to service the debt does not rise in proportion to the debt and leads to financial fragility and debt crises.⁴⁶

Risk-Taking (*Gharar*)

Islamic finance is averse to excessive risk-taking that causes instability in market transactions and threatens due fulfilment of contractual obligations. *Gharar* refers to elements of uncertainty in contracts that expose one or both of the contracting parties to risk. The Ḥanafī jurist al-Sarakhsī (d. 1090) defined *gharar* as something with unknown consequences.⁴⁷ An example of the prohibited *gharar* would be a sale and purchase contract which does not specify the price. *Gharar* can also be caused by doubt or ignorance of one or both of the parties over the existence, quality, deliverability, or other material attributes of the subject matter of contract. The question whether risk-taking in transactions amounts to *gharar* often depends on its scale and magnitude. Anexorbitant *gharar* (*gharar fāḥish*) may render a transaction null and void or constitute a ground for indemnity and compensation. *Gharar* cannot be totally eliminated, as one would be hard-pressed indeed to preclude all uncertainty from even ordinary business transactions. Muslim jurists have consequently agreed that a slight *gharar* (*gharar yasīr*) is generally tolerated in exchange contracts (*ʿuqūd muʿāwadaʿāt*), and so is *gharar*, even when exorbitant, if preventing it would inflict hardship on the society at large.⁴⁸

The prohibition of *gharar* in the *sharīʿah* is founded on considerations of fairness and justice as *gharar* in a transaction may cause injustice and loss of property to one or both of the parties. The presence of exorbitant *gharar* in a contract is also likely to undermine the integrity of contractual consent. This is because a person's consent to a transaction might be based on false information concerning a material aspect of the subject matter of contract and therefore the consent given is not genuine. One of the basic objectives, or *maqāsid*, of the prohibition of *gharar* in the *sharīʿah* is also to prevent future disputes among the contracting parties. A *gharar*-laden contract concluded in ignorance of material information by one or both of the parties to contract can naturally provoke a dispute when the missing information becomes known.⁴⁹

Conclusion and Recommendations

In one of her landmark speeches on India, Sonia Gandhi, President of the Congress Party of India, observed, “Our economy may increasingly be dynamic...but our moral universe seems to be shrinking,” adding also that “graft and greed are on the rise [...] prosperity may have increased, but so has social conflict.”⁵⁰ A Shanghai business personality, Ji Qi, also commented at an interview that the economic success of China has brought with it a “crisis of meaning,” adding further that “it is impossible to feel calm and quiet in a society that only chases profit; there

is too much attention to money and not enough to values.”⁵¹ If the sentiments of young achievers in these countries are any guide, the next chapter in the Indian and Chinese stories will be “about anchoring and purpose, about the quiet life within.”⁵²

The western notion of ethical investment, which also takes its origin in religious and moral precepts, has much in common with Islamic finance. The 2008 global financial crisis that began with the US subprime debacle brought the concern over the collapse of ethics in financing to the forefront of the G20 summit 2009 agenda in London when Gordon Brown and Kevin Rudd – then prime ministers of the United Kingdom and Australia, respectively – called for observance of moral values in financial markets.⁵³

The aftermaths of that crisis were still being debated two years later. In his May 2011 speech at the Oxford Centre for Islamic Studies, Malaysia’s current Prime Minister, Najib Tun Razak, called for virtues of moderation to curb extremism and greed and drew attention to the positive role Islamic finance can play to achieve them: “in place of excess, Islamic finance offers moderation and transparency. In place of greed, Islamic finance offers fairness.”⁵⁴

Yet the way the Islamic financial system has progressed so far is only partly, but not fully, in harmony with its *sharʿah*-requirements. It has not been able to come out totally of the straitjacket of conventional finance. The use of equity and PLS modes has been insignificant, while that of the debt-creating sale and lease-based modes of financing have been predominant. Even in their use of debt-creating modes, Islamic financial institutions do not fulfil all the conditions laid down by the *sharʿah*. They try to use different stratagems (*hiyal*) to transfer the entire risk to the purchasers (debtors) or the lessees. One of the reasons explaining why this is happening – in addition to the general reluctance of banks to share risk – is the absence of institutions to minimise risk. Institutions to minimise risk associated with anonymity, moral hazard, principal/agent conflict of interest and late settlement of financial obligations have not yet been established.⁵⁵ These are needed to enable Islamic financial institutions to obtain reliable information about their clients and to ensure that the financing they extend to their clients is efficiently employed, and that the profit declared by them reflects the true picture of the business.

Regulation is naturally important, yet there is growing recognition that law and contract alone are not enough to make up for information asymmetry and trustworthiness. “We need ethics,” as Anas Zarqa rightly stressed, simply because excessive supervision and “elaborate specifications of details and enforcement costs will take a big bite out of the potential benefits of the transaction. Thus contract and law cannot by themselves protect the interest of those who lack information.”⁵⁶ The ethical purpose of Islam in human relations and in business transactions is to ensure justice and fair dealing, which help to bring about harmony, equilibrium and social progress. This is all the more desirable in the age of globalisation that brings

countries and communities in constant interaction where hardly anyone is totally immune from economic and financial instability and turmoil.⁵⁷

All legal traditions, including the *sharīʿah*, recognise certain lines of distinction between law and ethics, and it would be unrealistic to expect governments and regulatory bodies to change that. Ethical advice can best be practiced through persuasive measures and incentives. It should be possible, however, to integrate the ethical purpose with regulatory requirements by looking more closely into the *maqāṣid* guidelines, which are naturally informed by ethical precepts and purposes. This aspect of integration between the *sharīʿah* rules and their purposes in Islamic banking and finance manifests a characteristic feature of the *sharīʿah* and has been the main theme of this article.

- Integrating the *maqāṣid al-sharīʿah* in the operative rules of Islamic banking and finance will help bridge the gap between the substance and form of *muʿāmalāt* and also enhance the measurability aspects of performance. Accountability into the system can also be meaningfully enhanced when purposes of contracts and transactions are identified with greater clarity. Hence the regulatory authorities should enhance not only the knowledge of *maqāṣid* but also take measures to integrate them into industry regulations and contract specifications.
- A self-critical and evaluative approach to IBF should open fresh avenues to enhancing ethical and social justice dimensions of the industry. This is a much neglected aspect of Islamic banking and finance whose drive for profit maximisation makes it indistinguishable from its conventional *ribā*-based financing. Islamic banking and finance should pay closer attention to micro-finance and ways and means of eradication of poverty through it.
- Ethical concerns and credibility factors demand that Islamic banking and finance should develop greater vigilance in order to reduce the hitherto rampant tendency toward imitation and match-making of the conventional banking modalities and products.
- The risk-sharing component of *sharīʿah*-based transactions and finance manifests the ethical core of Islamic finance. But risk-sharing has yet to find a meaningful place in Islamic banking and finance operations. This may take time but it will not happen of its own accord. Proactive measures are therefore necessary to enhance the share of participatory contracts and financing in Islamic banking and finance operations.
- Islamic financial institutions should liaise more closely with financial institutions in the West and elsewhere that encourage ethical investment schemes and products. Ways and means should be found to facilitate greater cooperation, which would hopefully also contribute to the health of world economy.

- Greater vigilance is called for against arbitrary and unwarranted insertions of stipulations in, and technical manipulations of, *sharʿah*-contracts that erode the ethical substance and authenticity of these contracts. Aberrations should be identified and suitable amendments and or substitutes should then be found and encouraged. This could be made a part of the *sharʿah*-research component of the *Sharʿah* Governance framework the Central Bank of Malaysia introduced in July 2011.
- The system rewards debt in both the conventional and Islamic finance. There is clearly too much reliance on debt, and greater vigilance is called for to identify risk-laden debt and lending operations in the system and reduce it to tolerable levels. On a side note, the Government and Central Bank of Malaysia have, much to their credit, already set in place policy guidelines to curb easy availability of credit for motor vehicles, credit cards and property financing, which have been the main movers of debt and bulging volumes of non-performing loans, even of mass default. The Central Bank has been on the right track to “preempt the risk of financial calamity by standing firm in its lending policy rather than resolving the problem when it is too late.”⁵⁸ Debt-reduction measures serve the larger *sharʿah*-purpose of preservation of property (*hifẓ al-māl*), just as they also enhance clarity and accuracy (*wuḍūḥ*) in the identification of consumer need and ability to repay. Both of these are well-organised *maqāṣid*.

In sum, due to many permutations and close matching of conventional products, Islamic banking and finance stand at a crossroads over loss of credibility and public confidence among Muslims. Taking well-considered measures and policy initiatives to enhance the ethical dimensions of their operations and products will go a long way to curb that negative trend from becoming unmanageable.

Notes

1. Nik Mustapha Nik Hassan, “Business Social Responsibility from the Islamic Perspective,” in: idem and Sheikh Mohd Saifuddeen Shaikh Mohd Salleh (eds.), *Corporate Governance from the Islamic Perspective*, Kuala Lumpur: Institute of Islamic Understanding Malaysia, 2002), 38.
2. Quoted in *ibid.*, 39.
3. Qurʿān, 4:29.
4. *Ibid.*, 4:58.
5. Cf., *ibid.*, 29:127.
6. *Ibid.*, 83:1-6.
7. *Ibid.*, 17:35, 4:135, and 57:125.
8. *Ibid.*, 49:10 and 49:13.
9. *Ibid.*, 5:2.
10. *Ibid.*, 5:1; 4:58; 23:8 and *passim*.
11. *Ibid.*, 8:58. See also Mushtaq Ahmad, *Business Ethics in Islam* (Islamabad: International Institute

- of Islamic Thought and International Institute of Islamic Economics, 1995), 82 ff.
12. *Ṣaḥīḥ al-Bukhārī* (Cairo: Dār al-Ḥadīth, 2004), 17, *ḥadīth* no. 33.
 13. Aḥmad b. Muḥammad Ibn Ḥanbal, *al-Musnad* (Cairo: Dār al-Ḥadīth, 1995), 10:438, *ḥadīth* no. 12,324.
 14. Ibn Ḥajar al-ʿAsqalānī, *Jawāhir Ṣaḥīḥ al-Bukhārī*, ed. ʿIzz al-Dīn al-Sīrwan (Beirut: Dār Iḥyāʾ al-ʿUlūm, 1407AH/1987), *ḥadīth* no. 275.
 15. Qurʾān, 2:280.
 16. Abū Dawūd, *Sunan Abī Dawūd*, “kitāb al-buyʿ,” “bāb fī ḥusn al-qaḍāʾ,” *ḥadīth* no. 3,346.
 17. Muslim, *Mukhtaṣar Ṣaḥīḥ Muslim*, 255, *ḥadīth* no. 962.
 18. Umer Chapra, “The Global Financial Crisis: Can Islamic Finance Help Minimise the Severity and Frequency of such a Crisis in the Future?” *Islam and Civilisational Renewal* 1, no.2 (December 2009), 236.
 19. See for details Mohammad Hashim Kamali, *Islamic Commercial Law: An Analysis of Futures and Options* (Cambridge: Islamic Texts Society, 2000), 74ff.
 20. Cf., Qurʾān, 2:275; 2: 282; 4:29.
 21. Cf., Muḥammad Rawās Qalajī, *al-Muʿāmalāt al-mālīyyah al-muʿāṣirah fī ḍawʾ al-fiqh wa ʾl-sharʿah* (Beirut: Dar al-Nafāʾis li ʾl-Nashr wa ʾl-Tawzīʾ, 2002), 62.
 22. See for general information on Islamic matrimonial law, Mohammad Hashim Kamali, “Islamic Personal Law,” in: *The Encyclopedia of Religion* (New York: Macmillan, 2005, 2nd ed.).
 23. This is also a *ḥadīth* – cum legal maxim; see Muḥammad ʿUthmān Shābir, *al-Qawāʾid al-kullīyyah wa ʾl-ḍawābiṭ al-fiqhiyyah fī ʾl-sharʿah al-islāmiyyah* (Amman: Dār al-Nafāʾis, 1426AH/2006), 311. A second legal maxim of similar purport discussed in the same work is that “liability for loss justifies gain – *al-ghurm bi ʾl-ghunm* – *ibid.*, 316.
 24. Cf., Chapra, “The Global Financial Crisis,” 233.
 25. *Ibid.*, 235. See also Abbas Mirakhor, “Toward a Meeting Point between Islamic Finance and Globalisation,” *Islam and Civilisational Renewal* 1, no. 2 (December 2009), 246ff.
 26. *Ibid.*, 251.
 27. For details of the various varieties and classifications of *bayʿ* see Yūsuf al-Qaraḍāwī, *Bayʿ al-murābahah li ʾl-āmir bi ʾl-shirāʾ kamā tajrīh al-maṣārif al-islāmiyyah* (Cairo: Maktabah Wahbah, 1415AH/1995), 16.
 28. This includes the *mulāmasah* (touch) and *munābadhah* (throw) sales which resembled gambling. Thus, if one touched an item it was deemed sold, or if one threw it, or set it aside, it was also deemed sold.
 29. See for details Securities Commission Malaysia, *Resolutions of the Securities Commission Shariah Advisory Council* (Kuala Lumpur: Lexis Nexis, 2007, 2nd ed.), 98.
 30. Abbas Mirakhor and Nouredine Krichene, “Recent Crisis: Lessons for Islamic Finance” (Kuala Lumpur: Islamic Financial Services Board, 2009), (available online at http://www.ifsb.org/docs/OTHER_IFSB_Lecture02_Dr%20Abbas%20Mirakhor.pdf (accessed on 17 May 2012), 35.
 31. *Ibid.*, 26.
 32. *Ibid.*, 30.
 33. Hyman P. Minsky, “Global Consequences of Financial Deregulation,” Working Paper no. 96 (September 1986), Washington University, St Louis MO, Department of Economics, available online at http://digitalcommons.bard.edu/cgi/viewcontent.cgi?filename=0&article=1377&context=hm_archive&type=additional (accessed on 17 May 2012).
 34. Qalajī, *al-Muʿāmalāt*, 44.
 35. *Ibid.*, 46.
 36. Muhammad Taqi Usmani, *An Introduction to Islamic Finance* (Karachi: Idāratul Maʿārif, 2000), 10; Chapra, “The Global Financial Crisis,” 236.

37. Cf., Usmani, *An Introduction*, 19-20.
38. Cf., Chapra, "The Global Financial Crisis," 237.
39. See for details on *istiṣnāʿ* Mohammad Hashim Kamali, *Islamic Commercial Law: An Analysis of Futures and Options* (Cambridge: Islamic Texts Society, 2000), 25-26.
40. Cf., Usmani, *An Introduction*, 22.
41. al-Qaraḍāwī, *Bayʿ*, esp. 27f.
42. Cf., Mirakhor and Krichene, "Recent Crisis," 21.
43. Mohammed Imad Ali, "*Ṣukūk*: Perception, Innovation and Challenge," forthcoming in a book soon to be published by IAIS Malaysia.
44. Cf., Mohsin Khan and Abbas Mirakhor, "The Financial System and Monetary Policy in an Islamic Economy," *Journal of King Abdulaziz University (Islamic Economics)* 1 (1989), available online at http://islamiccenter.kau.edu.sa/arabic/Magallah/Pdf/1/01-MohsinAbbas_10.pdf (accessed on 17 May 2012); see also Shoji Kobayakawa and Hisachi Namkamura, "A Theoretical Analysis of Narrow Banking Proposals," *IMES Discussion Article Series* 99-E-19 (Bank of Japan, 1999).
45. John Menyard Keynes, *The General Theory of Employment, Interest and Money* (New York: Harbinger Books, 1936).
46. Chapra, "The Global Financial Crisis," 229.
47. Shams al-Dīn al-Sarakhsī, *al-Mabṣūṭ* (Beirut: Dār al-Maʿrifah, 1989), 12:194.
48. See for details on *gharar* Kamali, *Islamic Commercial Law*, 84-99; see also Securities Commission Malaysia, *Resolutions*, 103.
49. See for details Securities Commission Malaysia, *Islamic Commercial Law (Fiqh al-Muʿāmalāt)* (Kuala Lumpur: Lexis Nexis, 2009), 58.
50. Quoted by Anand Giridharadas, "Soul Searching in India, China," *New Straits Times* (Kuala Lumpur), 28 November 2010, 21.
51. Ibid.
52. Ibid.
53. See for details Roziana Hamsawi, "If only They Had Followed Islamic Principles," *New Straits Times* (Kuala Lumpur), 13 April 2009.
54. Mohd Najib Tun Razak, "All Moderates Will Reap the Prize of Peace," *New Straits Times* (Kuala Lumpur), 17 May 2011, 20.
55. Cf., Chapra, "The Global Financial Crisis," 238.
56. Quoted in Nik Mustapha Nik Hassan, "Business Social Responsibility," 40.
57. Ibid., 41.
58. Article by 'R.C.W.' (anonymous), "Bank Negara's Stand Apt," *New Straits Times* (Kuala Lumpur), 14 May 2012, 19.

THE IDENTITY CRISIS OF THE CONTEMPORARY MUSLIM *UMMAH*: THE LOSS OF TAWHIDIC EPISTEMOLOGY AS ITS ROOT CAUSE

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Abstract: The author aims to show that the identity of the Muslim community (*ummah*) in the modern and contemporary period is in a state of crisis. The *ummah* is defined as a knowledge-community founded on, nourished and sustained by the qur'ānic *tawhidic* epistemology. The article presents an established concept and theory of crisis for the purpose of arguing that the *ummah* is facing a knowledge- and identity-crisis. It traces the roots of this crisis to the substantial loss of the *tawhidic* epistemology that has helped sustain this identity for the greater part of Islamic history before the modern era. It argues further that Muslim modern education in the colonial era based on secular epistemologies quickened the decline of *tawhidic* epistemology to the point of making it helpless to respond effectively to the challenges posed by those modern epistemologies. The author argues that an unresolved intellectual conflict between the surviving elements of *tawhidic* epistemology and modern epistemologies has resulted in an epistemological crisis of great consequences to Muslim life and thought. To help overcome this epistemological crisis, he argues for the renewal (*tajdid*) of *tawhidic* epistemology in the light of contemporary human thought. Concrete measures are also suggested as to helping make this renewal a reality.

Introduction

To claim that the contemporary Muslim *ummah* has been undergoing an identity crisis for a considerable period of time, it is first necessary to present a clear and sound definition of both identity and crisis.¹ The first part of the requirement, namely defining identity, has been fulfilled in my previous article. The second part of the requirement is to be fulfilled in this article. The next requirement is to show that in accordance with the definition of crisis given, the *ummah*'s identity is indeed in a state of crisis. This article attempts to depict the state of the crisis in question. Moreover, the depiction would be the better if we also present the root causes of the crisis and the various dimensions of its manifestations as well as the important stages

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in the historical development of the crisis. Since the crisis still prevails today despite progress made towards its resolution, this article also deals briefly with measures that need to be taken to help resolve the crisis.

Defining Crisis: Its Nature and Characteristics

The word ‘crisis’ is hotly contested in meaning, mainly as a result of its lax usage. Accordingly, I will try to provide a more reasonable definition of the word as well as concrete criteria and indicators in justification of its usage. According to one dictionary the word ‘crisis’ has three meanings. First, the word means “the turning point of a disease for better or worse” or “an intensely painful attack of a disease.” Second, the word means “a turning point in the course of anything; decisive or crucial time, stage or event.” And third, the word means “a time of great danger or trouble, often one which threatens to result in unpleasant consequences,” such as when we speak of “an economic crisis.”²

In my view, the three meanings taken together may serve as a useful guide in our task of determining whether or not the *ummah* can be said to be in a state of epistemological crisis and thus an identity crisis according to our definition. It is in the light of this understanding of crisis as well that I will be using the term ‘knowledge crisis.’ Moreover, I will argue that the above given meanings of ‘crisis’ can easily be accepted as true depictions of the present state of the *ummah* by any Muslim familiar with its identity and characteristics, and knowledgeable about the history of its ups and downs and its trials and tribulations that have landed it in its present state of affairs.

There are two key ideas in the definitions, namely the idea of “a turning point” and the idea of “time of great danger or trouble.” Since the idea of a turning point is applicable to the course of anything, it is to the historical development of *tawhidic* epistemology that we wish to direct our focus in this article. We are interested to know when the major turning point actually happened in the history of the *ummah*’s *tawhidic* epistemology. Taking the two ideas together in reference to the historical development of this epistemology would help us to identify both the origin and the duration of the epistemological crisis in question. We could also examine whether it is possible for us to speak of a particular period in the modern history of *tawhidic* epistemology that has witnessed its turning points both for worse and for better.

In fact, my argument is that, intellectually speaking, the “time of great danger or trouble” for the *ummah* which turned for the worse was during the colonial period when the surviving elements of *tawhidic* epistemology were further marginalised in Muslim education in favour of modern secular education based on such Western-originated epistemologies as positivism and evolutionism, without these epistemologies, however, being mentioned and explained to the Muslims, particularly in regard to

their implications for Islamic thought. The development of *tawhidic* epistemology only turned for the better during the post-colonial period. To be more precise, it was in the 1970s that the *ummah* saw a turning point for the better for *tawhidic* epistemology in the modern period. The 1970s was indeed an exceptionally eventful decade for the global Muslim *ummah* both in the religious and political sense. The decade saw among other things the emergence of an international organisation of Muslim nations known as the Organisation of the Islamic Conference (OIC), the 1973 Arab oil embargo, the 1975 First Islamic World Conference on Science and Technology in Riyadh, the 1977 First World Conference on Islamic Education in Mecca, and the 1979 Iranian Islamic Revolution. The Conference on Islamic Education, which developed into a series of annual conferences, was more instrumental than any other event of the decade in helping to generate new interest in Islamic epistemology and revive some of the till then neglected or forgotten dimensions of *tawhidic* epistemology.

A good illustration of the meaning of crisis as “a turning point or as a decisive or crucial time and stage in the course of anything” was provided by Fritjof Capra, a quantum physicist who authored the best seller, *The Tao of Physics*, in his sequel *The Turning Point: Science, Society, and the Rising Culture*.³ Capra studied in detail the crisis of modern civilisation, which he described as “a crisis of intellectual, moral, and spiritual dimensions; a crisis of a scale and urgency unprecedented in recorded human history.”⁴ To emphasise the other meaning of crisis as “a time of great danger or trouble, often one which threatens to result in unpleasant consequences,” Capra advanced the claim that “for the first time we have to face the very real threat of extinction of the human race and of all life on this planet.”⁵ To Capra, this crisis of modern civilisation is essentially “a crisis of perceptions”⁶ and “a crisis of ideas.”⁷ It results “from the fact that we are trying to apply the concepts of an outdated world view – the mechanistic world view of Cartesian-Newtonian science – to a reality that can no longer be understood in terms of these concepts.”⁸

However, Capra discerns “a turning point” in the development of modern civilisation in the 1960s and 1970s, which he also calls the “turning of the tide.” As evidence of the turning point in modern civilisational tide – which he says is for the better – Capra refers to the new “paradigm shifts” in various academic disciplines and areas of human thought,⁹ which his book, *The Turning Point*, seeks to describe, analyse, and interpret in some detail. He believes that these paradigm shifts, which are all actually epistemological in nature and signifying a change “from the mechanistic to the holistic conception of reality,” are likely to result in “a transformation of unprecedented dimensions, a turning point for the planet as a whole.”¹⁰

Regardless of whether we agree or not with Capra’s analysis of the state of health of modern civilisation, we have to admit that in attributing a deep crisis to this civilisation he has approached the issue in a scientific way on the basis of a sound theory of crisis. He observed in the modern world major symptoms of a civilisation

suffering from chronic and degenerative diseases, which he called “the diseases of civilisation,”¹¹ and discussed each of them. These diseases viewed together led him to posit the thesis that modern civilisation is plunged into a deep crisis. He undertook the task of explaining the nature of this modern civilisational crisis and identifying its root cause. He also observed the historical development of the crisis, which convinced him that “as individuals, as a society, as a civilisation, and as a planetary ecosystem, we are reaching the turning point” for the better.¹² Finally, to fully escape from the crisis loop, Capra argues for a thorough “re-examination of the main premises and values of our culture, a rejection of those conceptual models that have outlived their usefulness, and a new recognition of some of the values discarded in previous periods of our cultural history.”¹³

My discussion of the contemporary *ummah*’s identity crisis is based on the same conception of crisis as used by Capra. However, the relevance of Capra’s treatment of the modern civilisational crisis to my own treatment of the *ummah*’s identity crisis is not confined to similarities in conception and approaches on the methodological plane. There is a close relation between the two crises, not least from the civilisational point of view and, at a deeper level, from the point of view of epistemological considerations. There is a wide acknowledgment that the epistemological foundation of modern civilisation has brought about a major impact on the historical development of *tawhidic* epistemology, thereby contributing significantly to the *ummah*’s identity crisis. Details of the impact are, however, yet to be explored and documented. Moreover, by virtue of the pervasive nature of the global impact of modern civilisation, the crisis of this civilisation can no longer be viewed as simply that of the Western world alone even though it was there that it was born. As a result of certain historical relationships that existed between the West and the global *ummah* in the modern era, this crisis has also become that of the *ummah*. Whether Muslims like it or not, the solutions to the *ummah*’s identity crisis and the *ummah*’s future well-being have become closely bound to the outcome of the modern civilisational crisis. Accordingly, in the discussion that follows, I will be making further references to Capra’s views on this civilisational crisis.

Identity Crisis as a Special Kind of Crisis: Contemporary Muslim Discourses

Thus far, names of various types of crisis have cropped up in the discussion. Capra speaks of such crises as crises of perceptions and ideas, and cultural, economic, energy, and existential crises. These crises are seen as components of a bigger and more fundamental crisis, namely civilisational crisis. To speak of crisis on a civilisational scale, as Capra has done, one would have to address its various dimensions or components – cultural, economic, political, scientific, and so on – which have also been referred to as crises in their own right, though occurring on a smaller scale. My

usage of the word crisis in relation to the *ummah*'s identity likewise necessitates me to make references to such of its component or related crises as epistemological, knowledge, and thinking-culture crises.

My use of the term 'identity crisis,' however, needs further explanation. Identity crisis is not to be viewed as of being the same kind as the cultural, economic, energy, environmental, and other crises that are usually treated as components of civilisational crisis. It is a far more fundamental and all-embracing crisis than any of them. In fact, it is even more fundamental in nature than civilisational crisis to the extent that the identity of a civilisation is its core element, which is its individuality, and its core qualities and characteristics that manifest themselves in all sectors of human life. Thus, we may speak of the identity crisis of a civilisation in the same manner and breath that we are speaking of the identity crisis of the Muslim *ummah*. Further, insofar as identity of a cultural organism such as *ummah* and civilisation is multi-dimensional in the manifestation of its qualities and characteristics, and itself admits of components with some being more essential than others, its crisis, if and when it happens, would also have to be multi-dimensional in nature.

It is not easy to define the identity of modern civilisation, since this civilisation itself was born in seventeenth-century Europe following a series of civilisational crises the continent had previously undergone. But this issue need not detain us here. Our concern is rather with the identity crisis of the *ummah* of which the most essential component is its epistemological crisis. Unlike in the case of modern civilisation, the identity of the *ummah* has been well-defined. There remains the task of demonstrating that this identity is indeed afflicted with a crisis. References to Capra's analysis of modern civilisational crisis are for the purpose of helping us through comparison to better understand the epistemological roots of the *ummah*'s identity crisis, since he has also traced the modern civilisational crisis to its epistemological roots.

The term identity crisis was first coined by Eric Erikson,¹⁴ a developmental psychologist. He defines identity crisis as "a psychosocial state or condition of disorientation and role confusion occurring especially in adolescents as a result of conflicting internal and external experiences, pressures, and expectations and often producing acute anxiety."¹⁵ By analogy, he extends the idea of identity crisis of the self to such socio-cultural organisms as institutions and corporations, since a similar state of disorientation and confusion can also occur in a complex organism constituted of multiple selves. Concerning the idea of identity itself, Erikson maintains that it deals with a process that is located both in the core of the individual and in the core of the communal culture. His understanding of identity appears to go well with the idea of Muslim identity as displayed both at the individual level and the collective level of the *ummah*, provided that by the process to which he refers is meant the actualisation of the potential real self planted in every human individual and the actualisation of the potential ideal society as ordained by God Himself.

My definition of the Muslim identity, both individual and communal, as the witness of divine unity and Muhammadan apostleship can easily be related to the process of actualisation in question, since the perfect witness is a product of this process. In principle, and in practice as in the best of times, there is complete convergence and unity between the Muslim individual identity and the Muslim communal identity. Just as it is possible to give an Islamic content to Erikson's characterisation of identity, it is possible to adjust his definition of identity crisis to suit the requirements of Islamic teachings. However, while the concepts of a state of disorientation, role confusion, conflicting internal and external experiences, and anxiety that he presented as the key elements in the identification of identity crisis are relevant to the understanding of Muslim identity crisis, they appear as ideas and as criteria too general and even vague for the purpose. These elemental concepts of crisis or identity crisis indicators need to be further strengthened and refined with concrete Islamic ideas concerning the meanings of both identity and crisis if we are to arrive at an authentic Islamic theory of identity crisis.

The subject of a Muslim identity crisis has been much talked about in modern times. If we go through the existing literature on the subject, we notice first of all that the discussions taken together cover all possible components or dimensions of identity. Some deal with issues of individual identity crisis, others with collective identity crisis. There are those who discourse on the identity crisis both of individual Muslim nations such as of Pakistan,¹⁶ Iran,¹⁷ and Tunisia¹⁸ and within the modern Muslim nation-states viewed as a collective group,¹⁹ and yet others on the identity crises of Muslim communities generated by tensions and conflicts between the ethnic and religious dimensions of their respective identities.²⁰ Also to be mentioned are studies on identity crisis among Muslim women²¹ and general treatments of Muslim or Islamic identity crisis in various contemporary Muslim communities.²²

Sad to say, however, these studies generally fail to provide careful definitions of Muslim identity, whether individual or communal, and sufficient explanations of its main components and dimensions. Furthermore, to my knowledge, no attempt has been made before to define and characterise the identity of the global Muslim *ummah* in the manner I have done in this and previous articles on the issue and to define the identity crisis of the *ummah* in terms of a crisis in its *tawhidic* epistemology. Knowledge of the *ummah's* identity and characteristics, especially its epistemological dimension, is essential to a good understanding of the rise and decline of Islamic civilisation of which the *ummah* is the main torchbearer. But it only goes to prove my point concerning the glaring neglect of scholarly studies on the *ummah's* identity and its civilisational impact when a scholar of the stature of Umer Chapra, the distinguished scholar of Islamic economics, hardly touches on the identity issue in his study on the decline of Islamic civilisation.²³

Knowledge Crisis as an *Ummatic* Crisis

In the light of the concept and theory of crisis that has been explained, it is possible to claim that contemporary Muslim societies are facing a knowledge crisis, by which is meant a crisis in the domain of knowledge in all its branches, aspects, and dimensions, especially education. The multi-dimensional nature of contemporary Muslim societal problems, encompassing the spiritual-moral, intellectual, political, and socio-cultural, stems from the fact that this knowledge crisis is at once fundamental and comprehensive in nature. This knowledge crisis deserves to be treated as an *ummatic*²⁴ crisis by virtue of the fact that it is of an *ummatic* scale affecting not just one or two of the *ummah*'s geo-cultural branches but rather the whole of them. Quite clearly, it has impacted in various ways the *ummah*'s identity and character as the many studies on Muslim identity crisis seem to indicate. In the opinion of some scholars, so pervasive has been the impact of the knowledge crisis on the *ummah*'s identity that they view this identity as having been lost.²⁵

The Muslim intelligentsia has addressed various aspects of this knowledge crisis over the last four decades. The nature of this crisis that has engulfed the whole modern world has been well described by Syed Muhammad Naquib al-Attas, the leading Malaysian scholar and philosopher, who appears to have dealt with this issue more extensively than any other Muslim scholar. Al-Attas did not use the term 'knowledge crisis' but rather 'challenge of knowledge.' However, the nature and substance of the challenge of knowledge that he has described²⁶ sufficiently conform to the criteria of crisis already given, that we can infer that he was indeed discoursing on the modern world's knowledge crisis. He identifies the modern West as the source of this challenge, which he sees as arising from several major drawbacks in its conception and application of knowledge. These drawbacks include the neglect of the true purpose of knowledge, defective epistemological tools in the pursuit of truth, and the affirmation of knowledge as neutral or value-free.²⁷

Al-Attas discusses not only these drawbacks but also the issue of the globalisation of this Western-originated problematic vision of knowledge. Moreover, in a concrete response to this "challenge of knowledge," which he calls "the greatest challenge in our age," in the early 1970s he came up with an intellectual agenda known as "Islamisation of knowledge" that was to influence a whole generation of Muslims throughout the world and also to generate decades-long controversies on Islamisation between its advocates and its opponents or critics. Notwithstanding its significant achievements in the field of knowledge and education, this intellectual movement has practically come to a halt, as a result of having lost its earlier zeal and fervour and also much of its original appeal, well before the turn of the twenty-first century.

Notwithstanding its turning point for the better in the 1970s, in which scholars like al-Attas and others had a contributory role, the *ummah*'s knowledge crisis is far from over. There is still the need to have a clear picture of the crisis and a good

understanding of its root causes, its manifestations at various stages of its historical development, especially its present ones, and its implications for the *ummah*'s identity. Only after this need is fulfilled, can we proceed to undertake the necessary and effective steps towards the resolution of the crisis. Within the limited scope of this article, I would like to address the issue of the epistemological dimension of this knowledge crisis and the *ummah*'s identity crisis that it generated, which in my view was not sufficiently addressed by the earlier scholars. I wish to further strengthen the claim that epistemological crisis constitutes the core component of any knowledge crisis, and in the case of the *ummah*, a knowledge or epistemological crisis would have major repercussions on its identity for the obvious reason that its identity as a knowledge-community depends on the fate of *tawhidic* epistemology that sustains it.

The Root Cause of the *Ummah*'s Knowledge Crisis and Identity Crisis

There is an interesting analogy between Capra's understanding of the modern civilisational crisis and my understanding of the *ummah*'s knowledge crisis and identity crisis. He has described the crisis of modern civilisation in epistemological terms, although the word epistemology was never used. When he referred to this crisis as essentially a crisis of perceptions and of ideas, he was basically speaking of an epistemological crisis. He argued that the root cause of the crisis of modern civilisation is the outdated mechanistic worldview of Cartesian-Newtonian science that has nourished and sustained it for the last few hundred years but that can no longer perform that role. This claim of his is equivalent to saying that its root cause is the inherent limitations of the epistemology of modern science to serve the role of the foundation and sustainer of a holistically healthy human civilisation. In continuing to serve this civilisational role for which it is not fit, the epistemology of modern science in its various forms and its diverse applications to human life and thought has made modern civilisation develop along unhealthy and dangerous lines to the point of it becoming self-destructive. As quoted earlier, Capra depicted this point of grave danger as the time when the human race is facing "the very real threat of its extinction and of all life on this planet."

In the case of the Muslim *ummatic* identity crisis, I argue that its root cause is the loss of many key elements of traditional *tawhidic* epistemology that used to nourish and sustain the best centuries of the *ummah*'s knowledge culture in the past, thereby helping to clearly project its identity as a knowledge-community that was characteristically creative and dynamic, and yet holistic, balanced, and moderate in its societal and developmental orientations. The loss in question was substantial but gradual, beginning with intra-Islamic intellectual feuds in the pre-colonial era that with the progressive weakening of authoritative defences of epistemological unity led eventually to epistemological sectarianism and exclusivism, and subsequently

led to its crisis with modern Western epistemologies. The identification of the root cause in question would require sufficient familiarity with the history of Islamic epistemology. For the task at hand it would be sufficient, however, to identify the beginning of the branching out of *tawhidic* epistemology into its various schools and its role as the principle of division as well as unification of the sciences, and then sketch out its subsequent path of development.

The late Fazlur Rahman, one of the leading Muslim scholars of the twentieth century, attempted in his book *Islam and Modernity: Transformation of an Intellectual Tradition*, to trace the roots of Muslim epistemological crisis to the beginning of the distinction made in Islam between the ‘religious sciences’ (*al-ʿulūm al-sharʿiyyah*) or ‘traditional sciences’ (*al-ʿulūm al-naqliyyah*) and the ‘rational or secular sciences’ (*al-ʿulūm al-aqliyyah* or *ghayr sharʿiyyah*).²⁸ Rahman did not mention who the originator of this “historic” distinction was, but regardless of who he was, he felt the division of the sciences in question was “the most fateful distinction that came to be made” in the intellectual history of Islam. Actually, based on present knowledge, Ibn Sīnā, known to the medieval West as Avicenna (d. 1035), may be regarded as the originator. He is known to have made the distinction in his short treatise entitled *Fī aqsām al-ʿulūm al-aqliyyah* (On the Divisions of the Intellectual-Rational Sciences), and in this regard he had no known predecessor.

However, in the course of discussing the distinction, Rahman made references to the intellectual feud between Ibn Sīnā and al-Ghazālī (d. 1111) over the relative merits of the two competing categories of sciences. His intention was to show through the feud that in the distinction made were sown the seeds of epistemological conflicts in Islam and more particularly of the decline of its science and philosophy. Rahman believed that the distinction has resulted in the adoption by religious scholars of “a gradually stiffening and stifling attitude” towards the intellectual-rational sciences, beginning with al-Ghazālī himself. He granted the fact that al-Ghazālī was not against science per se, but he considered some of al-Ghazālī’s views about science and philosophy as not helpful to their healthy growth. He detected in al-Ghazālī’s critique of Ibn Sīnā and his Peripatetic (*mashshāʾī*) school of philosophy (*falsafah*) the former’s depreciation and devaluation of science and philosophy and conflicting positions between the two thinkers on the issue of relationship between *al-ʿulūm al-sharʿiyyah* or *al-ʿulūm al-naqliyyah* and *al-ʿulūm al-aqliyyah*. Al-Ghazālī’s critique was undertaken in his capacity as a representative of the school of *kalām* (‘speculative or dialectical theology’) and on its behalf. The intellectual feud discussed by Rahman was therefore a feud between two intellectual schools that have existed well before Ibn Sīnā. It may also be described as a feud between two schools of epistemology, since each school has its own epistemology.

With al-Ghazālī being born just twenty-five years after Ibn Sīnā’s death, the two thinkers were almost contemporaries. Their lives shared a common century, namely

the eleventh century. Postulating this century in the times of Ibn Sīnā and al-Ghazālī as the beginning of a new phase in the intellectual history of Islam, as Rahman has done, seems justified if we go by the many intellectual developments going on in the century and the major changes which these developments have in store for the *ummah*'s future for better or for worse. The tenth and eleventh centuries CE have been described by many historians of Islam as the golden age of its intellectual life, in particular the golden age of its science and philosophy. In his influential work on the history of science in various civilisations, including the Islamic, published in the first half of the last century, George Sarton provided a long list of Islam's notable scientists and we noted that the majority of them, including the greatest and the most famous, flourished during the two centuries.²⁹

The period witnessed the crystallisation and the flowering of Islam's major intellectual schools and also their dynamic interactions that, no doubt, generated debates, tensions, and sometimes even conflicts, but these were largely creative rather than destructive. I would also add that the existence of the various intellectual schools in theology, philosophy, and science means, in fact, the existence of the corresponding schools of epistemology, since each intellectual school is identified with a particular school of epistemology. We may infer epistemological significance from the historical development of Islamic epistemology and its various schools. The tree of *tawhidic* epistemology that centuries earlier grew with a few major branches grew further during the two centuries with yet more branches. This epistemology plays an important role in the history of Muslim categorisations of knowledge and the sciences as well as their divisions and classifications of the sciences as illustriously shown by al-Fārābī (d. 950) in his work *Ihṣā' al-ʿulūm* (The Enumeration of the Sciences).

Categorisations and classifications of the sciences both are intellectual activities of great epistemological significance. These activities are meant to particularise and diversify knowledge and the sciences in accordance with both the nature and growth process of human knowledge, but since they are based on one or more principles of *tawhidic* epistemology, their products in the form of particularised knowledge and sciences always find themselves interrelated and displaying intellectually appealing unity of concepts, methods, and objectives. Classical categorisations and classifications of the sciences presupposed the validity of the epistemological principles of the hierarchy and unity of knowledge and the principle of order, balance, and harmony in the domain of knowledge.

While the distinction between *al-ʿulum al-sharʿiyyah* (religious sciences) and *al-ʿulūm al-aqliyyah* (intellectual-rational sciences) was first made by Ibn Sīnā, the categorisation of both these sciences was not. His predecessor, al-Fārābī, has used the term *al-ʿulūm al-sharʿiyyah* when he sought to distinguish it from the philosophical sciences (*al-ʿulūm al-falsafiyah*). We know that, according to Ibn Sīnā himself, he

composed the treatise *Fī aqsām al-ʿulūm* at the request of someone who wanted him to present a summary account of *al-ʿulūm al-ʿaqliyyah*.³⁰ This information means that Ibn Sīnā made a distinction between the two categories of sciences, because though people before him used them, their distinguishing features were not clearly spelt out. We may therefore assert that Ibn Sīnā made the distinction out of necessity arising not only from someone's personal request but also from the confusion in the public mind.

As I explained in detail in one of my works,³¹ *tawhidic* epistemology was applied by classical Muslim scholars to their classifications of the sciences from al-Fārābī's time right up to the late Ottoman period in Turkey and the Mughal period in the Indian subcontinent. Al-Fārābī's classification illustrates the application of *tawhidic* epistemology in its fullness, because it emphasises the unity of the sciences in an explicit manner rather than bringing into focus the distinction between the philosophical sciences and the religious sciences, although he included the science of jurisprudence (*ʿilm al-fiqh*) and dialectical theology (*ʿilm al-kalām*) in his classification. Ibn Sīnā's classification projects the distinction between the religious sciences (*al-ʿulum al-sharʿiyyah*) and the intellectual-rational sciences (*al-ʿulūm al-ʿaqliyyah*), but his holistic understanding of *tawhidic* epistemology helps to guarantee a vision of unity of the two categories of sciences.

Similarly, al-Ghazālī made the distinction in question the basis of his classification, but his *tawhidic* epistemology was also holistic enough to ensure that the ideas of the hierarchy and unity of knowledge still prevailed in his vision of knowledge as reflected in his classification. He emphasised that "the religious and intellectual sciences complement each other and are never contradictory."³² Despite his acceptance of the distinction between the two categories of sciences, he spoke of a blurred line separating them. He said:

Most of the branches of religious knowledge are intellectual-rational in the opinion of him who knows them, and most of the branches of intellectual-rational knowledge belong to the religious code, in the opinion of him who understands them.³³

It was also his holistic understanding of *tawhidic* epistemology that enabled him to be an eminent representative of the jurists (*fuqahāʾ*) and the schools of speculative theology (*kalām*) and Sufism, successfully unifying their respective epistemological perspectives in his own being.

Rahman criticised the distinction between the religious sciences and the intellectual-rational sciences, because he was convinced that it has led to a decline of science and philosophy and the intellectual-rational sciences in general.³⁴ His book quoted earlier was aimed, among other things, at providing historical evidence to support that conviction through studies of the curricula made available at classical educational institutions in various periods of Islamic history. He noted the drift towards rejection of the intellectual-rational sciences as attested by their shrinking

content in the higher education curricula. As centuries went by, fewer and fewer educational institutions taught both categories of sciences and more and more were satisfied with just religious sciences.

Rahman was right in his claim about the drift, but to attribute it to the distinction made between the two categories of sciences is open to dispute. In my view, it was not the distinction itself that caused the drift towards the religious sciences but rather the progressive ascendancy of epistemological sectarianism and exclusivism at the expense of holistic *tawhidic* epistemology. The real issue is about the proper understanding of each category and their genuine differences. Correctly understood, there would be no conflict between them. Instead, their unity would be preserved. Wrongly understood, their differences and incompatibility would find more emphasis. Although Ibn Sīnā was an eminent representative of the intellectual-rational sciences and al-Ghazālī that of the religious sciences, both accepted a classification of the sciences based on the distinction between the two categories while affirming their unity. As exponents of *tawhidic* epistemology in its fullness, both stood against epistemological and intellectual sectarianism and exclusivism as attested by a number of their writings critical of such phenomena.

The diversity of intellectual schools with their respective epistemologies is either a blessing or a curse. It would be a blessing if it leads to their unity, meaning the affirmation of *tawhidic* epistemology. However, it would be a curse if it leads to sectarian conflicts when each school thinks it alone possesses the truth and it alone presents the true teachings of Islam and others do not. In a climate of intense epistemological sectarianism, it would be the universal elements of *tawhidic* epistemology that tend to suffer, because sectarianism tends to highlight differences at the expense of similarities and unifying elements. Sectarianism would only breed more sectarianism.

As to what actually happened in Islamic history, as Rahman has shown in his work, the sectarianism in question resulted in the decline and marginalisation of the intellectual-rational sciences and the misplaced dominance of the religious sciences. Of course, there were other societal factors that contributed to the shrinking of the intellectual-rational sciences in the educational curricula of Muslim institutions of learning towards the latter part of Islamic history. Ibn Khaldūn has observed that the advancement of higher education and learning is closely related to issues of political power and civilisational growth and development.³⁵ Centres of higher education, centres of civilisational development and progress, and centres of political power tend to converge in the same city. In the case of Islamic history, studies have shown that the existence of these combined centres also meant the availability of educational institutions that offered a balanced curriculum of *al-ʿulūm al-naqliyyah* and *al-ʿulūm al-ʿaqliyyah*.

A decline and marginalisation of the intellectual-rational sciences in society would mean a loss of some of the best elements of *tawhidic* epistemology from its knowledge culture, not to mention the loss of societal balance. It is the unity of *al-ʿulūm al-sharʿiyyah* or *al-ʿulūm al-naqliyyah* and *al-ʿulūm al-aqliyyah* and the balance between them alone that could guarantee the preservation of *tawhidic* epistemology in its totality and fullness. Without the intellectual-rational sciences, the *ummah*'s identity would be impaired, since the full meaning of divine unity and Muhammadan apostleship can only be realised through these sciences. In particular, it is the social sciences that help to give a fuller societal expression to the meaning of Muhammadan apostleship. Moreover, the moment a major category of sciences is excluded from educational purview and a society's knowledge culture, the epistemological role of the principle of unity of the sciences is lost.

It is important to emphasise that the decline of *tawhidic* epistemology originated from intra-Islamic epistemological feuds long before the colonial era. These feuds led to more intensified epistemological sectarianism which progressively weakened the bond of unity of the religious and intellectual-rational sciences, resulting in the loss of balance between the two categories of sciences. Despite al-Ghazālī's reminder that in reality "religious sciences are intellectual-rational in nature" and conversely "intellectual-rational sciences are religious in nature," the teaching curricula of Muslim higher educational institutions during the modern era has shown a declining religious appreciation of the intellectual-rational sciences.

There is no doubt that Western colonial rule quickened the process of decline of *tawhidic* epistemology that was generated by factors internal to the *ummah*. A steeper decline occurred during the colonial era as a result of the introduction of modern secular education among Muslims. The epistemological foundations of this secular education were many and these varied from one part of the Islamic world to another depending on who their colonial ruler was, since the dominant epistemology in each European country was different. However, all the modern Western epistemological currents were branches of what Capra referred to as the Cartesian-Newtonian mechanistic worldview. Major epistemological branches such as positivism, evolutionism and scientism were common to the whole modern West. Under the impact of these various epistemologies, mainly through modern education, *al-ʿulūm al-sharʿiyyah* became transformed into the so-called "religious sciences," which underwent a further shrinking in their scope of epistemological concern. What Muslims traditionally called *al-ʿulūm al-aqliyyah* were 'reintroduced' to them through their modern curriculum but presented in secular garb. Thus, these sciences have been collectively referred to as 'secular knowledge'. Consequently, what survived of *tawhidic* epistemology at the end of colonial rule was limited to its components that were needed to serve the surviving religious sciences.

The Still Prevailing Epistemological Crisis

Despite the turning point for the better in the *umma*'s knowledge crisis in the 1970s and the subsequent few decades, the crisis still prevails in our present time. The *umma*'s total vision of knowledge is presently blurred and confused due to the multiple and conflicting visions it has experienced and which it is still experiencing. It continues to be trapped in the centuries-old clash between the shrinking *tawhidic* epistemology and modern secular epistemologies.

Nothing better illustrates this clash of epistemologies than the still unresolved tension and conflict between so-called 'religious knowledge' and 'secular knowledge.' Intra-Muslim controversies surrounding the use of the terms 'religious' and 'secular' to categorise knowledge are still raging in practically every part of the Muslim world, with many Muslims viewing their usage as illegitimate in the eyes of Islamic epistemology. Muslim critics of this terminological usage argue that to admit the validity and practice of 'secular knowledge' as this word is usually understood, as a category distinct from and opposed to 'religious knowledge,' would amount to acknowledging that there is a domain in the realm of knowledge that is completely cut off from God. Such an admission, however, would be contrary to the categorical position maintained in *tawhidic* epistemology, that all true human knowledge ought to be ultimately related to the unity of God, inasmuch as all things are ontologically related to their divine origin.

The issue of the dichotomy between the two categories of knowledge, which is perhaps the most noteworthy and fateful component of the Western intellectual legacy in the Islamic world, is not confined to the realm of theoretical discussions and debates. It even has practical consequences of great significance to the Muslim conduct of state and societal affairs. It influences the way Muslims conceive of and organise their knowledge culture. It serves as a basis of their organisation of educational systems and knowledge and management in the educational institutions. Those who understand the nature of the dichotomy in question cannot fail to see its traces in practically all sectors of contemporary Muslim life and thought. In particular, the tension inherent in the dichotomy has generated societal conflicts and problems that have become the lot of Muslims ever since they were confronted with this clash of epistemologies.

An epistemological crisis continues to prevail in the Muslim *umma*, because this clash of epistemologies remains unresolved despite the numerous attempts made to bridge the epistemological gap between 'religious' and 'secular' knowledge. In my view, Muslims as a community have failed to present a lasting solution to the crisis because they do not have in their hands a total Islamic epistemology that comprehends the inadequacy of their current understanding of Islamic epistemology as well as the limitations and dangers inherent in the prevailing Western-originated

secular epistemologies. They have not decisively settled which vision of knowledge they need to guide them in societal life and civilisation-making. In addition, a Muslim neglect of or indifference to *tawhidic* epistemology in its fullness has deprived their minds of precious ideas that would render them capable of discriminating between the contending epistemologies and discerning the true ones from the false.

Accordingly, the 'lost' or forgotten dimension of *tawhidic* epistemology, which is a very precious one, needs to be fully rediscovered and recovered, because this epistemology in its fullness has the power and the capacity to serve as a source of abiding guiding principles for man's thinking and knowledge activities. Rediscovering this forgotten heritage in modern times has been an ongoing exercise for some Muslim scholars and academics as well as for a small number of non-Muslim scholars. Admittedly, the exercise has produced some positive results, but these are not sufficient to help restore order and harmony in a crisis-ridden domain of knowledge. Among the most precious of the lost or forgotten elements of *tawhidic* epistemology were the idea of the hierarchy and unity of knowledge and the idea of order, balance, and harmony in the domain of knowledge. The loss of these fundamental ideas was to have major consequences on the Muslim vision of knowledge and on the health of the Muslim knowledge culture.

Conclusion: The Need for *Tajdīd* in Epistemology

There is a need for a veritable *tajdīd* ('renewal') in epistemology in the twenty-first century. The main objective of this *tajdīd* is to create a new *tawhidic* epistemology for the Muslim *ummah* and humanity out of a synthesis of traditional *tawhidic* epistemology and the best of modern and postmodern epistemologies. In the pursuit of this objective, the following courses of actions are recommended:

- More studies need to be done on the epistemological roots of the *ummah*'s knowledge crisis in modern times and the implications of this crisis for the *ummah*'s identity.
- *Tawhidic* epistemology needs to be made better known to the present generation of Muslim scholars because of the important role that it can play in overcoming the *ummah*'s knowledge crisis and contributing to the development of a healthy knowledge culture.
- Existing research centres and groups dedicated to the rediscovery and recovery of classical Islamic ideas of perennial value that have been lost or forgotten need to be further strengthened with material and moral support.
- The recovered precious epistemological ideas need to be reformulated and intellectually 're-packaged' in contemporary language so that they would be easily understood, digested and internalised by the present generation of Muslims.

- These repackaged ideas need to be given a proper place in the present treasury of Muslim thought by being translated into educational programs in various areas of knowledge and at various levels of learning.

Notes

1. The meaning of this identity has been established and its key elements and characteristics have been described in Osman Bakar, 'The Qur'anic Identity of the Muslim *Ummah*: Tawhidic Epistemology as Its Foundation and Sustainer,' *Islam and Civilisational Renewal* 3, no. 3 (April 2012), 438-454.
2. Michael Agnes (ed.), *Webster's New World College Dictionary* (New York: Macmillan USA, 1999, 4th ed.), 344.
3. See Fritjof Capra, *The Turning Point: Science, Society, and the Rising Culture* (New York: Bantam Books, 1983).
4. *Ibid.*, 21.
5. *Ibid.*
6. *Ibid.*, 15.
7. *Ibid.*, 25: "None of them [i.e. the intellectuals]...identified the real problem that underlies our crisis of ideas: the fact that most academics subscribe to narrow perceptions of reality which are inadequate for dealing with the major problems of our time."
8. *Ibid.*, 15-16.
9. *Ibid.*, 16.
10. *Ibid.* 16.
11. *Ibid.* 24.
12. *Ibid.* 33.
13. *Ibid.*
14. For his psychosocial theory of identity crisis, see Eric Homburger Erikson, *Identity: Youth and Crisis* (New York: W. W. Norton & Co., 1994). For a psychoanalytical approach to the study of 'crises of the self' see Stephen Frosh, *Identity Crisis: Modernity, Psychoanalysis, and the Self* (London: Macmillan, 1991).
15. Erikson, *Identity*.
16. There have been claims that Pakistan founded as an 'Islamic state' that has been grappling with an ideological and identity crisis since its inception; see Akbar S. Ahmed, *Jinnah, Pakistan, and Islamic Identity: The Search for Saladin* (London: Routledge, 1997); see also D. Ashgar, "The Identity Crisis of Pakistan," *Pak Tea House*, 25 August 2010, available online at <http://pakteahouse.net/2010/08/25/the-identity-crisis-of-pakistan/> (accessed on 21 May 2012).
17. See John L. Esposito and John O. Voll, *Islam and Democracy* (New York: Oxford University Press, 1996), 62.
18. John L. Esposito, *The Islamic Threat: Myth or Reality?* (New York: Oxford University Press, 1999, 3rd ed.).
19. See, for example, Abd Allah Ahsan, *Ummah or Nation? Identity Crisis within the Modern Nation States* (Leicester UK: The Islamic Foundation, 1992).
20. As an example, see Vasundhara Mohan, *The Identity Crisis of Sri Lankan Muslims* (Delhi: Mittal Publications, 1987). Like many other communal Muslim identities in the world having ethnic identity or consciousness as a major component, the Sri Lankan Muslim community, as a result of becoming more religious following the worldwide Islamic revival of the 1970s, has to face the crucial issue of whether ethnicity or religion should prevail in the makeup of its identity.

21. Shahnaz Khan, *Muslim Women: Crafting a North American Identity* (Gainesville FL: University Press of Florida, 2000).
22. See, for example, Mohd Kamal Hassan, *Islamic Identity Crisis in the Muslim Community in Contemporary Malaysia* (Kuala Lumpur: Pustaka Ilmu Raya, 1981), 44-50; and Rashid Shaz, *Understanding the Muslim Malaise: A Conceptual approach in the Indian Context* (New Delhi: Milli Publications, 2001).
23. M. Umer Chapra, *Muslim Civilisation: The Causes of Decline and the Need for Reform* (Leicester UK: The Islamic Foundation, 2008). None of the factors of rise and decline of Islamic civilisation that he cited pertains to its epistemological foundation and the *ummah's* identity.
24. More than any other Muslim scholar it was the late Palestinian-American scholar, Ismail R. al-Faruqi who tried to popularize the term 'ummatic' in his discourse on the plight and inner malaise of the *ummah*. Among his contemporaries it was also he who gave more attention to the *ummatic* dimension of the Muslims' knowledge crisis.
25. According to Taha Jābir al-ʿAlwānī, a leading contemporary Muslim scholar in Islamic law and a former president of the International Institute of Islamic Thought (IIIT), the Muslim *ummah* has already lost its identity; see his foreword to Abdul Hamid A. Abu Sulayman, *Crisis in the Muslim Mind*, trans. Yusuf Talal DeLorenzo (Herndon VA: IIIT, 1994, 2nd ed.), ix.
26. For his detailed discussion of what he means by 'challenge of knowledge', see Syed Muhammad Naquib al-Attas, *Islam and Secularism* (Kuala Lumpur: ABIM, 1978), especially Chapter V.
27. *Ibid.*, 127.
28. Fazlur Rahman, *Islam and Modernity: Transformation of an Intellectual Tradition* (Chicago and London: University of Chicago Press, 1982), 33. This book is helpful to anyone interested in tracing the epistemological roots of the *ummah's* contemporary knowledge crisis.
29. George Sarton, *Introduction to the History of Science* (Baltimore MD: Williams & Wilkins, 1927-48).
30. See Ralph Learner and Muhsin Mahdi (eds.), *Medieval Political Philosophy: A Sourcebook* (Ithaca NY: Cornell University Press, 1972), 96.
31. See Osman Bakar, *Classification of Knowledge in Islam* (Cambridge: Islamic Texts Society, 1998).
32. See M. A. Sherif, *Al-Ghazali's Theory of Virtue* (Albany NY: SUNY Press, 1975), p. 8.
33. Bakar, *Classification*, 213.
34. Fazlur Rahman, *Islam*, 34.
35. For my response to this observation made by Ibn Khaldūn, see Osman Bakar, "The Role of Islam in Higher Education Policies of Muslim Countries," in: Osman Bakar, Eric Winkel, and Airulamri Amran (eds.), *Contemporary Higher Education Needs in Muslim Countries: Defining the Role of Islam in 21st Century Higher Education* (Kuala Lumpur: IAIS Malaysia and IKIP International College, 2011), 25-28.

IN SEARCH OF ‘ISLAMIC LIFESTYLE’

*Karim D. Crow**

Abstract: The question of what is an ‘Islamic’ way of life demands a thoughtful response in light of the growing material affluence of the middle class in many Muslim societies. The Qur’ān projects a detailed portrait of the Muslim individual and how to live a good life exemplifying Islamic precepts. In the view of the author, the possible contribution of Islamic values for shaping an emerging Cosmopolitan civilisation now confronts a new reality where Muslims are beguiled by the lifestyle of consumption. This emerging middle class appears to be content with embracing an Islamic surface identity. Are they being herded into the passive embrace of the consumer society?

And those who, when they spend, are neither extravagant nor niggardly but pursue an upright moderate living (sufficient to meet one’s needs) (Qur’ān 25:67).

Introduction

How may one live life guided by Islam’s values and teachings – or what is an Islamic way of life? This question demands a thoughtful response in light of the growing material affluence of large sectors of many Muslim societies in the twenty-first century which eagerly embrace consumerism as central to their lifestyle. The personal and communal ideal for consciously living a good Muslim life embraces living one’s life in harmony with divine directives intended to ensure collective security, well-being and fulfilment for our present bodily existence, as well as for that of future generations and the created order of nature. Beyond the flourishing of our personal lives and societies, and the life of our children and grandchildren, Islam expands the horizon to include the future existence in the immaterial realm. The Qur’ān emphatically stresses a basic distinction between two realms of existence: the ‘seen’ and the ‘unseen’ (*shahādah* and *ghayb*) – embodied physical existence and the immaterial or spiritual realm – expressed also in the contrast between ‘this worldly life’ and the ‘life in the Hereafter’ (*al-dunyā* and *al-ākhirah*). The unique quality of the human creature is the possibility to inhabit both realms of existence through realising definite potentialities implanted in our being.

Muslims upholding this faith-based view of the created order, with its special function for human beings in a providentially designed order, need not offer an apology

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when affirming the reality of the immaterial mode of existence. This conviction links life conduct and behaviour in the embodied realm with our status and future well-being in non-material existence. This may contradict the prevailing worldview and underlying assumptions of Late Modernity which only recognises and values the social, biological and economic dimensions of the animal (or creature) termed 'human', viewing consciousness, meaning and value merely as neuro-biological by-products exhibited by material bodies – mere 'mental events'. Yet even this default materialist assumption termed 'physicalism' (dressed up as a logical corollary to European science upheld as the universal standard of 'truth') is under question and slowly yielding to more holistic multi-dimensional understandings among certain Anglo-European circles. A transformed understanding of being human may offer fresh perceptions of how our existence embodies energies and realisations-of-meaning beyond the horizontal plane of our bodily sensory platform and biological organism. Instinct, emotion and cognition are integrally joined in the integral human experience of meaning and purpose – and when properly coordinated yield potentialities opening out onto hierarchical planes of existence.

Just at this juncture when the possible contribution of Islamic values for shaping the future of an emerging Cosmopolitan age in the wake of the Enlightenment project, Muslims appear beguiled by the rise of a culture of affluence, with its lifestyle of consumption. We may now be experiencing a generational moment in which Islam could conceivably offer a *genuine alternative* to the ongoing marketisation of societies and rationalisation of human enterprises yielding environmental nihilism and clouding prospects for future growth and well-being.¹ Yet this moment might well be passing Muslims by. Are they instead being herded into the passive embrace of the consumer society directed by the elite cliques at the helm of global neo-liberal capitalism? In search of what an Islamic lifestyle represents for Muslim consumers, and what way of life Islam upholds as worthy for human dignity and life satisfaction, we first look at the term 'lifestyle', then glance at values espoused by the Qur'ān, and next examine the expectations of middle class Muslims and the civilisational implications of Islamic consumption.

Lifestyle

What does *lifestyle* convey to Muslim consciousness in the twenty-first century? Being a relatively recent coinage in English, the term 'lifestyle' now carries particular meanings reflecting the values of modernity and material way of life shaped by marketisation of societies with its quantitative measures of human needs and goals bequeathed by nineteenth-century Positivism with its twentieth century offspring Rationalisation.² Behind this reality, an audible echo of faintly articulated experience of the Muslim past still persists, exerting a certain weight. It is important

to understand how the contemporary notion of 'lifestyle' has emerged to capture the attention and imagination of the growing middle class in many Muslim societies. More important may be recovering the legacy of Islamic life-conduct now obscured by the contemporary notion of lifestyle with its abundant commercial exploitations.

Two words conjoined – 'life' and 'style' – convey this modern meaning.³ 'Life' includes among its well established meanings "condition or manner of living", long employed in English to denote the earthly state of worldly physical existence—in contra-distinction to a future life or existence after death. The context is the religious contrast between two states of human existence separated by bodily death: our embodied life *in this world*, and our mode of existence in the Hereafter. (This double dimension of life is frequently evoked in the Qur'ān as the polarity of *al-ḥayāt al-dunyā* and *al-ākhirah*). In common contemporary usage, 'life' connotes human activity by a recognised member of society experiencing conspicuous pleasures and trials while engaged in practical pursuits of physical existence. 'Life' now is most frequently understood to refer only to this worldly life, while its other-worldly dimension has atrophied if not evaporated almost entirely in the prevailing dominant discourse.

'Style' in English signifies among other things, "a mode of deportment or behaviour; a mode of fashion of life, esp. in regard to expense, display, etc."⁴ Such a meaning is relatively recent, appearing only from the late eighteenth century onward in several closely related usages.⁵ This social context clearly reflects class distinctions of the wealthy upper class (e.g., he lived "in a high style" or "a great style") as well as aspirations by the bourgeoisie to emulate the upper class. Closely linked to this societal class context is the extension of meaning to cover personal material display where style embraces "fashionable air, appearance, deportment" as well as "splendidly, showily, according to fashionable requirements" (e.g. 1874: "This is what the modern British public thinks is 'living in style'"). Flowing from this linguistic conceptual background, the two terms were joined together in more recent usage yielding our present widely employed concept of *lifestyle*. In the twentieth century the concept of lifestyle was employed by mercantile and commercial enterprises providing goods and services for the rising European and North American middle classes. These newly affluent classes invested potent consumerist energy into cultivating and acquiring a sought-after way of life reflecting material aspirations embodying an imagined identity.⁶

Being Islamic?

We now attempt to respond to the question: What is Islamic about the conduct of life for the individual and the community? Today the word 'Islamic' is over-used and frequently abused, exhibiting all the characteristics of a fetish deployed to secure

imagined benefits and ward off unwanted associations of secularity and materialism,⁷ while grasping for a patina of religious relevance and cultural authenticity. Most contemporary Muslims wish to preserve an aura of authenticity when responding to dramatic pressures on their cultural, social and institutional existence imposed by rampant globalisation. The integration of information technology in trade, banking, info-entertainment media and digital communications has tremendously accelerated the pace and scope of globalisation. This acceleration has uprooted traditional societies and orphaned peoples from their parent meaning-systems, without integrating the peripheral peoples into the prevailing world system on equal power terms of cultural validity. Pervasive Euro-American dominance in so many arenas of contemporary life, from technology to the media to higher education and development planning, severely strains the inner stability of individual Muslim self-awareness and communal integrity. Simultaneously, this suffocating dominance agitates increased impatience toward Muslim peoples for not directly engaging wholly with secularist materialism and marketised social structures. These contradictory reactions are quintessentially symptomatic of our generational moment.

Therefore, the manner in which Muslims re-imagine Islam in terms of their own proper mode of 'being modern' may serve as a revealing index to their search for meaning and relevance brought about by modernity.⁸ However, many contemporary Muslims are sensitised to this very topic of 'being modern', interpreting any probing into their manner of embracing modernity as somehow implying they are not actually 'modern'. That is to say: 'modern' according to the prevailing standards projected by European and American societies—standards to which Muslims unconsciously submit and blindly adopt as valid benchmarks by which to measure themselves, without asking themselves if being Islamic *and* modern could find expression through alternative forms of social organisation, economic and financial structures, and institutional bodies aiding them to be true to themselves and their own tradition.⁹ This has important consequences for development goals and policy choices pursued by governments. We may place their sense of being left behind to one side, by remembering that modernity is in fact a plural reality: all of us are modern, and there are *multiple modernities* which include non-Western ways of being modern.¹⁰

Islam (as religion-faith-ethic) may risk losing its vital individual significance and effective communal purpose by submersion within a quasi-religion stressing ritualised conformity and simplistic exclusivist dogma. Religion as an ethical, intellectual and spiritual orientation with its corresponding range of practical and theoretical disciplines is now becoming more difficult to properly implant and cultivate among youth. Religious life may thereby be sidetracked and diverted into inclusive group identities cultivating parochial social practices ritually re-enacted from the past and clinging to external markers emblematic of a sought-for Islamic identity. This is particularly evident today in Muslim societies where growing affluence is shaping

personal lifestyle choices of the expanding consumer class. There is an obvious risk that middle class consumption could collapse religious beliefs and observances into external markers of a desired Islamic identity wherein religious symbols become an outward commodity for acquisition.

Living Islam

There exists a polarity or a reciprocal tension between human identity and lived values, with each informing and enlivening the other to sustain a shared world-image and sense of self-purpose. Values are what endow human life with meaning and purpose, serving as building blocks of individual and communal identity. One must be careful to distinguish between permanent universal values not conditioned by time or place or limitations of a particular society; and those peripheral cultural norms and preferences (also often called by people today *values*) that are really only expressive of culturally conditioned behaviours relative to specific times, places and peoples. Perhaps one could offer the example of the highly esteemed value of chaste conduct, and the specific custom of women's face-shrouding in certain Muslim societies (e.g. the *burqa* in Afghanistan). Proper understanding of values leads to the recognition of a cluster of universal values arranged in a particular hierarchy – in other words, values possess a definite priority within a hierarchical scale bound together forming chains of values. As the late Professor Syed Hussein Alatas stated:¹¹

Values are the building bricks to construct society. One must know how to combine the bricks into a structure, and this leads to the issue of the quantity and quality of the cement, and of how to mix and apply the cement that binds the hierarchy of values together. What is missing today is an understanding of this *binding element* – the *cement* – of values. Contemporary science and the 'humanism' of Western cultural modernity are deficient in both the quantity and quality of the bond that arranges universal values into an authoritative hierarchy.

An example: from an Islamic perspective justice is often seen as a primary core value within the hierarchical scale of values, since other values arrange themselves around justice. The universal values and precepts to be upheld and taught should be clearly evident in the lived behaviour of their practitioners, their exemplars or living examples. Otherwise, one is dealing with hypocrisy, with hollow words lacking any effective conative force, that fail to touch and move us from within, and thus fail to manifest any genuine observable change of behaviour.¹²

Values therefore are at the heart of how we live our lives, what we choose to embrace as essential, and our interior ways of being and external conduct. Our actions, choices and policies should (in the best scenario) mirror our deepest convictions and values. However, what one often experiences today is the opposite – false wants and

misguided choices inversely provoking an upside-down scenario where the values truly motivating and shaping our choices might actually exhibit an un-Islamic mode of knowing and way of being.¹³ This contradiction forms one of the great ironies of Muslims being modern, while yet striving to live Islamic. In order to clarify this contradiction, we attempt to very briefly sketch what universal timeless values are taught by Islamic faith-ethic. We focus on the larger picture by reminding ourselves of the primary traits of a life lived displaying conduct and behaviour upheld by Islam as religion-faith-ethic. Then we might contrast these with the underlying values inherent in current middle class consumption and the culture of affluence now taking root in many Muslim societies.

The Qur'ān projects a detailed portrait of the good Muslim individual and how to live a life exemplifying Islamic precepts.¹⁴ Fundamental are performing good deeds and shunning evil deeds, observing sensible conduct, and behaving in a humble, restrained and compassionate manner. Seriousness, sincerity, hard work and discipline, and a high sense of urgency in worldly affairs, laying aside the trivial superficialities of making more money or amassing material objects, are held up as the model. Looking after one's ultimate self-interests, while guarding the true interests of one's fellows and one's environment, is of primary importance. Self-sacrifice, service to others, and striving for a higher cause requires placing the welfare of the whole community at a premium. A wrongdoer is termed *ẓālim li-nafsihi*, 'acting unjustly toward one's own self'. Purity is paramount – organic cleanliness (*ṭahārah*) and chaste pudency (*hayā* and *iffah*) as well as the psychic purity of healthy emotions and productive thoughts, and preservation of unsoiled social and ecological surroundings. Strongly emphasised is the virtue of *taqwā*, 'God-mindfulness', often misleadingly translated as 'fear' but more accurately comprehended as 'reverential awe' or 'awareful consciousness' of divine guidance in terms of a "true sense of responsibility."¹⁵

Key to such selfless conduct is *ihsān*, 'acting in the best manner', and *ʿadl*, 'behaving justly' or *qist*, 'equitable conduct'. Highly valued are qualities of steadfastness or long-suffering (*ṣabr*), and tranquil detachment (*hilm*) or 'patient forbearance' when moved by bodily passions and psychic needs. The faithful person (*mu'min* – from *īmān* 'faith') is cautious about displaying prideful self-conceit (*ʿujb*), and seeks to show good qualities for the sake of divine good-pleasure and approval – not for winning approbation from others. Loving-kindness, selfless consideration for the best interests of others, and merciful compassion shown towards their weaknesses and shortcomings are stressed. Forgiveness and reconciliation are esteemed for healing ruptures, ensuring unity, and for safeguarding communal harmony.

The true Muslim lives life with a self-image of being a servant of God (*ʿabd*, pl. *ʿibād Allāh*), with a deep recognition of one's creaturely status, and the debt owed to the Creator for the priceless gift of life endowed with all our beneficial

human faculties—senses, physical needs and satisfactions, pure emotions, activated intelligence, and wise understanding. Gratitude (*shukr*) for the gracious bounty and endowments provided by the source and origin of all life in creation is the proper human response to our physical embodiment and life in this world. The faithful person is conscious of the limited short-term worth of worldly material things, and ever-mindful of the overriding importance of seeking the good-pleasure of their Creator. Love of knowledge is privileged, along with respect for nature and for the dignity of peoples of all races, matched by awareness of one's accountability before God. The self-cultivation of humility, liberal generosity, sincere thankfulness, and service to one's fellows, combined with a sceptical attitude toward human pretensions and powers, is highly recommended. The conscious recognition of personal error and shortcomings is matched by genuine trust in divine forgiveness and compassionate acceptance, and a confident hope for guidance and growth in understanding. To scorn these manifold blessings by taking them for granted and using them merely to fulfil one's material needs without mindful awareness of the Creator's compassionate care and concern for all creatures is deemed 'un-faith' (*kufṛ*) or 'ingratitude'.

The person of un-faith (the *kāfir*) is impetuously ungrateful, arrogantly prideful and boastful, self-conceited, brimming with wants and desires, and lacking proper judgement, real discernment, and innate self-control. The *kāfir* or 'ingrate' is in the deepest sense foolish and ignorant (*jāhil* and *aḥmaq*) for spurning the guidance and knowledge of how best to live one's life which the Creator provides through dispatching prophets and messengers. Such self-centred people are concerned only with their own needs and preferences, loving the part, not the whole. Even when they practice generosity towards others, their generosity is tainted by excess and self-centred interest – an outward show to demonstrate their superiority over others and win acclaim. The outer success, wealth and power of the ingrate hides his inner weakness and lack of personal uprightness, reflecting ultimate ignorance of truth—regardless of worldly sophistication or material success. His excess in amassing worldly goods and status is marked by waste and profligate indulgence (*isrāf* – the *musrif*) which leads to imbalance and corruption (*fasād* – the *mufsid*), yielding tyranny and injustice. Rather, sharing of wealth and equitable distribution of material resources (e.g., through *zakāt* and *ṣadaqah*) discourage hoarding and promote social progress, while contentment and frugality (*qanā'ah*, *riḍā*) are prized ideals.

One's attitude toward pursuing and disposing of wealth should be one of provident economising and thrifty management (*iqtiṣād* and *iṣlāḥ*) by taking a median course (*i'tidāl* and *qiwām*) between wasteful excess and stingy miserliness. Moderation (*wasatīyyah*) and balance between extremes form the bedrock of human existence, and indeed of all creation.¹⁶ Profligate excess and immoderate indulgence of appetites (whether physical or psychic) encourage disorder and conflict resulting in insecurity and bloodshed. Excessive waste results in the opposite of just peace and equitable

security, and is firmly condemned in the Qur'ān.¹⁷ In-group patronage, corruption and unethical exploitation for personal gain are actively discouraged. Legitimate profit taking must be complemented with an active sense of social responsibility and of personal moral obligation to society and to the planetary environment created by God, especially when pursuing institutional and infrastructure development. The model society Islam advocates supports neither unfettered market capitalism nor socialist uniformity, instead upholding an organic model of society where distributive justice may be effectively implemented, by which individuals may enjoy their right to personal property in a socially responsible manner that benefits all.¹⁸

Above all, the Qur'ān and the Prophet Muhammad's comprehensive teachings and personal example (his *sunnah*) exemplify the practical, ethical and spiritual requirements of the "Good Life" in all its manifold dimensions. The pursuit and maintenance of balanced well-being requires promoting and deepening knowledge, education, and training of one's self (*adab*). Wholesome integrated living in balanced moderation, so central to the image of the good Muslim, involves the cultivation of the human soul and its virtues. The real goal of knowledge and its various applications includes individual realisation through perfection of Soul, as well as transforming society by rectifying imbalance and restoring the lawful order of creation. Islam's apprehension of the pursuit of the Good Life for attainment of ultimate felicity and happiness (*sa'ādah*) facilitates the true realisation of human potential and fulfillment. The dynamic interrelationship between the deepest aspects of the innate human constitution (*fiṭrah*) and the overriding worth of the dignity of human individuals, articulates a holistic image of the person in all his or her hierarchical dimensions. Qur'ānic and prophetic ethics offer the means by which the Soul may reach maturity and wisdom and attain salvation and ultimate success (*najāt*).

Traditional Islamic religious and intellectual traditions emphasise complementary aspects flowing out of this qur'ānic and Prophetic instruction: legal practice centres on ritual observances and regulating boundaries of behaviour for social harmony; theology focuses on authoritative doctrine and right guidance; Sufism highlights inner purification and cultivating love, unifying the individual with the universe and the Creator, while philosophic wisdom (*hikmah*) upholds the centrality of rationality for understanding the system of creation and rendering an adequate response to divine guidance. Normative Islamic ethics (*akhlāq*, also *adab*) integrates many key aspects of these traditions in a harmony of faith, reason, and compassion crowned by understanding.¹⁹ This all-encompassing spiritual ethic within Islam has grown to synthesise the various traditions of practice and learning to mediate a multi-dimensional portrait of the Islamic way of life. The ground in which this spiritual ethic is rooted comprises the discipline of interior training and personal growth to maturity in human virtue exemplified by knowing and practicing the numerous virtuous character-traits (*khuluq*, pl. *makārim al-akhlāq*) best demonstrated by the

model character of the prophets themselves, and conceived as sourced in the divine: “Adorn yourself with the virtuous character-traits of God” (*takhalluq bi-akhlāq Allāh*) in the words of a famous *ḥadīth*. Finally, it must be observed that this ethico-spiritual practice was understood to form the necessary complement and fulfilment of the *sharī‘ah* and jurisprudence, and that practicing legal disciplines without the crowning completion of the science of virtues was viewed as deficient one-sided practice.²⁰

It is true that most Muslims rarely exemplify fully all those admirable qualities in an integrated manner, yet being Muslim and pursuing an Islamic way of life entails aspiring to shape oneself in the mould these values impart. Falling short of the ideal is not an original sin (an alien notion for Islam); imperfect and wayward creatures may cling to the conviction that divine guidance and compassion are ever present once they turn toward their Creator with a humbly sincere heart. Neither should Muslims rest content with merely being Muslim – active faith (*īmān*) and inner understanding or certainty (*yaqīn*) are the most highly valued goals. After this simplified and generalising sketch of what the Islamic way of life comprises, we turn attention on a profound social and economic reality reshaping the lives of many Muslims.

Middle Class Asians

Over the past two decades increasing attention is being devoted to the role of middle class consumption as a key driver of global capitalism, and how this impacts the integration of Muslim societies into global economic market activities and commercial strategies. In March 2012, The Economist Intelligence Unit published its report (commissioned by Kuwait Finance House), *The Sharia-Conscious Consumer: Driving Demand*,²¹ underlining the growing importance of the *sharī‘ah*-conscious consumer market, with *sharī‘ah*-compliant products translating into healthy sales. Muslim majority countries are experiencing the fastest-growing demand: Arabian Gulf states, North Africa, and South Asia. The increasing acceptance of Islamic precepts is most evident in the *ḥalāl* industry, Islamic finance, *ḥalāl*-friendly tourism, and Islamic fashion, while the global *ḥalāl* and Islamic finance industries (e.g. *ṣukūk* bonds, and *sharī‘ah*-compliant lending) are witnessing the fastest growth. In particular, Islamic finance is deemed a crucial facilitator for the whole of *sharī‘ah*-based enterprises. These are not without major barriers and difficulties. Serious attention is now being paid to better management and training for product and service providers, smoother delivery and communication mechanisms, standardisation of labelling and convincing branding, and especially certification procedures with global validity. To become a player in this newly arisen global market, the values of integrity, community, and compassion to which Muslims aspire need to be invoked. Certain countries like Malaysia and Turkey are actively engaged in staking out

leading positions, yet major investment bodies and transnational corporations in the West command the largest slice of the pie.

One must not forget the course of social and economic conditions in historical perspective since the rise of Europe in the eighteenth century with the spread of capitalism on the heels of imperialism. Modernising developments since the end of the eighteenth century up to the present in the realms of science, technology, mass education, huge bureaucratic state administrations, spreading urbanisation, the uneven emergence of civil societies with public spheres, new forms of mass media, mass production and consumption, and transformed gender relations have all impacted Islamic thinking and behaviour in Muslim majority societies. Conversely, Islamic thought and practices have shaped or affected the pace and course of these developments within specific societies. One should also consider the ways in which these global processes are related to external forces of colonialism, introduction of secular political and social ideologies, and globalisation in general, as well as to the persistence of embedded traditional customs, cultures and ways of life. Nevertheless, one may not ignore the reality of a monolithic urban environment promoted by the marketisation and rationalisation of production and consumption central to corporate-driven capitalism. The increasing sameness of urban spaces supporting similar socio-economic patterns of life is an outstanding feature of Late Modernity, and undoubtedly represents the predominant living conditions for an increasing majority of humans.

The shift of economic and political power toward the emerging economies over the past two decades signals a new global reality of shifting wealth, with the growth of the global middle class in the South (or developing world) forming an outstanding marker of changes transpiring in the global economy. Homi Kharas (Brookings Institute, Washington DC) provides recent data on the rising consumerism of the global middle class, suggesting that Asia's emerging middle class will replace the United States as driver of the global economy by 2030 through compensating for falling growth in the US middle class.²² The indices for determining the middle class vary arbitrarily relative to social designation, economic classification, or human capital variables such as education, infant mortality, life expectancy and household savings and consumption.²³ The World Bank, for example, employed an absolute definition for middle class as those with incomes falling between the mean level in Brazil and Italy – US\$4,000 to US\$17,000 in 2000 purchasing power parity (PPP) terms.²⁴ Kharas focuses on the consumer class in 145 countries comprising 98 per cent of the world's population with 99 per cent of its GDP, making projections based on his assumption of no change in income distribution in the middle of the population, and measuring the middle class in terms of consumption levels.

By examining the cross-country distribution of income, Kharas defines the global middle class to consist of “those households with daily expenditures between US\$10 and US\$100 per person in purchasing power parity terms”. He also projects “the

global middle class growing by 4.6 per cent in real terms in spending power, and by 5.3 per cent in terms of number of people between now and 2020.”²⁵ In other words, Kharas privileges “the concept of purchasing power and the market for consumer goods and services”²⁶ as the key characteristic of the middle class. He determines that in 2009 the global middle class comprised 1.8 billion people concentrated in North America (338 million), Europe (664 million) and Asia (525 million) – which breaks down into individual countries as, e.g., 230 million in the United States, 450 million in the European Union, and 125 million in Japan. (Sub-Saharan Africa is the region with the least number of middle class consumers). Such figures mask differences in purchasing power, with the North American middle class accounting for significantly more of global spending than its population share,²⁷ while the reverse is currently true of the Asian middle class.

Table 1 The Global Middle Class, 2009: People and Spending

	Number of People (millions and global share)		Consumption (billions PPPUSD and global share)	
North America	338	18%	5,602	26%
Europe	664	36%	8,138	38%
Central and South America	181	10%	1,534	7%
Asia Pacific	525	28%	4,952	23%
Sub-Saharan Africa	32	2%	256	1%
Middle East and North Africa	105	6%	796	4%
World	1,845	100%	21,278	100%

(Source: Homi Kharas, “The Emerging Middle Class in Developing Countries,” *OECD Development Centre Working Paper No. 285* (Paris: Organisation for Economic Cooperation and Development, January 2010), available online at <http://www.oecd-ilibrary.org/> (accessed on 10 June 2012), 16.

Table 1 estimates that in 2009 the Asia Pacific region comprised 28 per cent of the world’s population, and 23 per cent of the global share of consumption. However, in twenty years time this same region might comprise 66 per cent of the global middle class, and spend 59 per cent of the global share of consumption (measured in millions of 2005 PPP dollars). This scenario is based on Kharas’ estimate that the size of the middle class could increase from 1.8 billion people to 3.2 billion by the year 2020, and up to 4.9 billion people by the year 2030 – with almost all of this growth (ca. 85 per cent) occurring in Asia, while the size of the middle class in North America would remain roughly constant, and eventually decline over time in Europe.

Table 2 Number (millions) and Share (percent) of the Global Middle Class

	2009		2020		2030	
North America	338	18%	333	10%	322	7%
Europe	664	36%	703	22%	680	14%
Central and South America	181	10%	251	8%	313	6%
Asia Pacific	525	28%	1,740	54%	3,228	66%
Sub-Saharan Africa	32	2%	57	2%	107	2%
Middle East and North Africa	105	6%	165	5%	234	5%
World	1,845	100%	3,249	100%	4,884	100%

(Source: Homi Kharas, "The Emerging Middle Class," 28).

The most striking scenario is the growth in purchasing power of the global middle class: it might swell from US\$21 trillion to US\$56 trillion by 2030, with over 80 per cent of this growth in consumer demand coming from Asia.²⁸ Of course Kharas emphasises that these figures are "not a projection or forecast" but merely "one scenario of what the world could look like"²⁹ when we try to envision the implications of the significant shift in the global economy towards Asia. The dominant shift is one to the East in the southern hemisphere: "over time, in our scenario for the future, it is India, China, Indonesia and Vietnam that keep pulling the centre of economic gravity in the world to the East."³⁰

Flowing from his growth scenario is the expectation of a steep increase in Asian demand driven by middle class consumption over the coming decades as the population becomes more urban, wealthy and educated, reflecting an accelerating trend of "the replacement of US demand by Asian demand."³¹ Such an expansion of middle class consumers goes hand in hand with changing values of middle income families conducive to economic development who choose what they will consume, where "growth is driven by product differentiation, branding and marketing" in the new growth markets of Asia. (Although he never mentions the Muslim middle class, it is clear that *sharīʿah*-compliant industries possess a special niche as a growth market, with their own branding and marketing requirements.) Kharas argues that global economic recovery may well be spearheaded by the large rapidly growing Asian middle class with its "sharp upsurge in demand" who will "usher in a new era of rapid progress" fuelled by Asian consumers – ensuring an era of plenty that "does not depend on a rebound in US consumer demand."³² It is a rosy scenario bringing good cheer to trans-national corporate interests in the post-Great Recession era of the twenty-first century. The expanding growth markets in Asia, where Asian consumers could account for over 40 per cent of middle class consumption worldwide, will sustain global growth for the medium term. The venerable Enlightenment belief in

unending material progress is affirmed. Nowhere is mentioned in this scenario the ecological footprints of so numerous an expanding consumer class, nor the social and human costs this might entail, or who might be left out from benefitting from expanded consumption.

Other voices echo Kharas' optimism, yet upholding the key role of Asian markets for a possible remoulding of global capitalism while also raising the warning of ecological damage to our planet through unrestrained pollution. Chandran Nair (founder of an independent think tank, Global Institute For Tomorrow/GIFT) points to the limits to growth and harmful effects of unrestrained consumption.³³ With the spectacular rise in Asian living standards well underway, must the billions of new Asian consumers unthinkingly replicate Euro-American consuming patterns? Recall that the legacy of Western free-market capitalism spread by globalisation with its wasteful resource-intensity and externalising of social and environmental costs, has led to financial, social and ecological crises destructive of alternative values and forms of wealth.³⁴ Instead of urging the Asian middle classes to consciously consume more and thereby save the global economy (as Kharas appears to do), should not policy makers and societal leaders be thinking hard about the difficult choices to be made in order to achieve a fundamental change of direction? Nair strongly suggests that the burgeoning Asian middle class occupies a unique position to effect such a fundamental reorientation—if they possess the political will, wisdom and fortitude to sustain this reorientation, and if their leaders are guided more rationally to seek their nations' true self-interests and act more competently.

The global economy to be dominated by Asian peoples could undertake eminently pragmatic shifts towards low-carbon green economies and resource efficiency, taxing waste and pollution, down-sizing financial transactions, and smoothing the path with risk-reduction investments to a more equitable human-friendly future. Nair makes a strong persuasive case for replacing mass consumption and waste and obsolescence based on capital and resource intensity, with lived values of economical conservation and prudent management of resources informed by an ecologic conscience grounded on our deepest ethical values. His work is a very serious rebuttal of the notion that consumption-driven capitalism is the proven system to deliver wealth most efficiently – bluntly stating that “in Asia, it can only deliver short-term wealth to a minority; in the long term, it can only deliver misery to all.”³⁵ Nair is convinced that Asian governments must elaborate and implement their own authentic modes of constrained consumption in order to have a realistic chance for genuinely sustainable development uplifting all their people. He is so focused on the need to curtail mass consumption that he is not afraid to propose regulation of advertising and redirecting it towards inculcating alternative forms of satisfaction.

It is ironic that the expected market resurgence of Asia conforms to a long established reality which goes against ingrained Eurocentrism blind to the long

historical dominance of Asia in the global system.³⁶ Asia accounted for more than half of world output for 18 of the past 20 centuries, and its growing clout in the world economy is actually a restoration, not an innovation.³⁷ However, will the return of Asia to a central position in the global economy conform to business as usual, or may alternative values and world views be enabled to operate?

Alternative Scenarios of Consumption

There are other conflicting scenarios by keen observers who point to the necessity of an alternative strategy of development rather than the path of capitalist accumulation pursued till now. Samir Amin, the Egyptian-French Marxian developmental economist, gives a stringent analysis of the destructive dimensions of capitalist accumulation.³⁸ The prevailing market economy necessarily results in a marketised society that nullifies citizenship and replaces it with a malleable mass of consumers as passive spectators.³⁹ In many domains of human life, the pervasive tendency of global capitalism toward commodification and privatisation in pursuit of profit is now utterly transforming human existence on our planet: natural resources, health, education, pension funds, scientific research, as well as intellectual, industrial, cultural and artistic property. The chief feature of these tendencies inherent in the global expansion of capitalism is the abandonment of basic precautions and ethical concerns, immeasurable waste, the banality of homogenisation of culture, ecological nihilism, and political polarisation on a world scale. Amin argues that the inevitable consequences of this “logic of accumulation” with its destructive effects have become so severe that they “constitute a real threat to the future of humanity” and pose “a veritable crisis of civilisation.”⁴⁰ He observes that the true dilemma confronting the vast majority of humanity in the peripheral countries is whether to play the game of catch-up, or to strive to build a different human social reality by de-linking from the centre through self-reliance and asserting cultural authenticity by means of democratisation.

While the impact of capitalism upon our natural environment (global warming) is often discussed and has aroused a trans-national community of Green activists, Amin draws attention to the threat posed for agriculture by the rise of “oligopolistic control over farmers’ agribusiness” and the Earth’s three billion peasants. He examines the transformation of agriculture under the present system of marketised globalisation:⁴¹ Capitalist Agriculture (governed by the principle of return on capital) is located almost entirely in North America, Europe, Australia, and the southern zone of Latin American, employing several dozen million farmers with large landholdings and mechanisation enabling them to achieve output between 10,000–20,000 quintals of cereal-equivalent per worker/year (or 1–2 million kilograms of cereals per farmer annual productivity). However, peasant agriculture includes almost half of humanity

– three billion humans – divided between those who have benefitted from the Green Revolution (fertilizer, pesticide, seed selection, etc.) and achieve 100-500 quintals per worker (or 10,000-50,000 kilograms of cereals per year), and those who continue to operate with older methods and remain stuck around 10 quintals per head of active population [or 1,000 kilograms of cereals per farmer annual productivity). Amin draws the obvious conclusion from this incontrovertible data in starkly pessimistic terms:

The productivity gap between the best-equipped agriculture and the poorest peasant agriculture has shot up from 10:1 before 1940, to 2,000:1 today. In other words, the rate of productivity growth in agriculture has largely exceeded that in other areas of the economy, bringing with it a fall in real prices from 5 to 1. In these conditions, to accept the principle of competition for agriculture and food products (as the WTO demands) is to accept that billions of 'uncompetitive' producers will be eliminated in the brief historical space of a few dozen years. What will become of these billions who, though already mostly the poorest of the poor, have in the past been able to feed themselves well or badly? [...] Today we have reached a stage of polarisation at which most of the world's population is 'superfluous' to the needs of capital... rural worlds have disintegrated under the impact of 'the market', and new forms of industrialisation have been incapable of absorbing the exodus of the village poor. With the help of all these factors, capitalism is taking us towards a 'shantytown planet' within the next 20 years, when 25 megalopolises will each pack in 7 to 25 million people reduced to abject poverty without any prospects for the future. Is this anything else other than the destruction of whole peoples? [...] It is hard indeed to conceive how the model of waste peculiar to capitalism could be extended to a world population around ten billion.⁴²

Now this is quite a different scenario from that provided by the OECD we reviewed above. Are there any contributions to be drawn from the Islamic experience which may be relevant for addressing this immediate and urgent problem? Are Muslim thinkers and leaders capable of bringing to bear Islam's civilisational ethos in the search for an equitable social and economic order for half of humanity? What is the responsibility of Muslim middle class consumers in addressing this problem?

Warnings about unanticipated harmful outcomes of marketised-driven economic policies have been continually raised for over two decades by leading observers of societies and knowledgeable critics of development strategies, who advanced the priority of essential human requirements and ideals over enrichment of financial cliques through unfettered growth.⁴³ Recent efforts stress the imperative to change the course of development strategies by arriving at agreed-upon criteria for measuring social well-being and human progress. The French government's initiative "Commission on the Measurement of Economic Performance and Social Progress" published in September 2009⁴⁴ urged planners and policy makers to move away from

GDP indices to much broader concerns encompassing social, environmental and economic sustainability. The just released report by the Royal Society in London, *People and the Planet* (April 2012),⁴⁵ sounds a clear warning bell regarding the interlinked dynamic of rapid population growth in the poorest countries coupled with over-consumption in rich countries. The international group of experts who collaborated on this report emphasises how critical our present generational moment really is if our planet is to flourish in the Cosmopolitan age, with profound changes for human health and well-being and the natural environment. The Royal Society asserts that humanity has already moved beyond safe planetary boundaries on biodiversity loss, climate change, and the nitrogen cycle – risking severe impacts in the near future. Sir John Sulston, the report's chairman, affirms: "Where we go is down to human volition – it's not pre-ordained, it's not the act of anything outside humanity, it's in our hands!"⁴⁶

Eliya Zulu, the executive director of the African Institute for Development Policy in Nairobi, also cautioned: "Of the three billion extra people we expect to have, most will come from the least developed countries, and the population of Africa alone will increase by two billion." If the fertility rate in the poorest countries is not reduced to levels comparable to more wealthy countries, then global population by 2100 might reach 22 billion, of whom 17 billion would be Africans – largely peasants uprooted from the land and crowded into urban shanty towns. The priority should be to lift the world's poorest 1.3 billion people living on less than US\$1.25 daily out of extreme poverty, empower women and invest heavily in family planning, child and maternal health and in universal education. Simple measures that must be taken include eliminating food waste, reducing fossil fuel burning, and transforming economies from goods to services. Indicators of economic health must abandon the use of GDP as determinative and adopt measures which privilege natural capital, the goods and services freely provided by nature. The report suggests that for the poorest countries the best thing would be increased consumption of food, water and other resources while the richest nations reduce the resources they are consuming; otherwise our world will become much more unequal. Indeed, numerous signs of over-consumption such as obesity and food waste are appearing in a number of middle income countries, not to mention the proliferation of shopping malls.

Current unprecedented levels of material consumption pose profound challenges to human health and the well-being of our planetary environment. The realisation that the most affluent societies and the emerging economies must stabilise and then *reduce material consumption* levels through drastic changes in resource exploitation and by decoupling economic activity from ecological degradation has begun to take root in thinking circles. Several publications by the Worldwatch Institute (the authoritative American California-based think tank for research and policy solutions on critical global issues) stress the need to move from consumerism to sustainability

by means of a conscious cultural transformation which involves re-examining affluent people's lifestyles.⁴⁷ In its most recent *State of the World 2012* this institute offers a study on "The Path to Degrowth in Overdeveloped Countries"⁴⁸ which recommends "degrowth" for economies beyond the limits of their ecosystems – the intentional redirection of economies away from the perpetual pursuit of growth. Degrowth requires the most affluent wasteful societies to shift away from their consumerist culture in a controlled planned contraction so as to harmonise with planetary limits, moving towards a steady-state economic system in balance with Earth's boundaries. In other words, obese societies must undertake a crash diet. Rather than celebrating the shifting of wealth to the East, what may be needed is a reduction of wants and curtailment of desires.

Muslims and Consumption

So what does an Islamic lifestyle entail in the global age of the consumer society with its rapidly growing *halāl* and Islamic financial industries? Three years ago Professor Vali Nasr⁴⁹ published *Forces of Fortune* (2009), an overview of the significance of the growing Muslim middle class. His book was immediately reprinted under the title *The Rise of Islamic Capitalism: Why the New Muslim Middle Class is the Key to Defeating Extremism* (Free Press, 2009), and then printed again with this title by the Council on Foreign Relations in 2010. Vali Nasr's book was also updated and republished under the title *Meccanomics: The March of the New Muslim Middle Classes* (New York: Oneworld, 2010). It has received highly favourable reviews,⁵⁰ and it appears that his work is being seriously promoted. Its front flap describes it as "a paradigm-changing revelation" and "groundbreaking analysis", informing us that the author "reveals that there is a vital but unseen rising force in the Islamic world – a new business-minded middle-class – that is building a vibrant new Muslim world economy and that holds the key to winning the cold war against Iran and extremists." This blurb goes on to portray "a Muslim world in which the balance of power is being reshaped by an upwardly mobile middle class of entrepreneurs, investors, professionals, and avid consumers – who can tip the scales away from extremist belligerence."

Despite this lurid publishing pitch to entice sales, and notwithstanding one's initial impression that Professor Vali Nasr's book intends to convey the reassuring message to American readers that Muslims are being won over to their value system by sheer force of the market, his work is informative and insightful. Nasr portrays the important consumerist impulse sweeping more affluent Muslim societies, whose significance he argues is worthy of serious attention. He observes:

[A] vital economic transformation [is] underway all around the region – the rise of a new middle class that is the key to more fully integrating the Middle East into the global

economy, and to the building of better relations with the West. It is to this rise of a new middle class that leaders in the United States and around the world should turn attention – to fuel its potential – rather than allowing the chimerical power of fundamentalism to dictate so much of its approach to the region.⁵¹

Vali Nasr views the cultural and religious concerns bubbling in the Muslim Middle East as basically driven by economic and socio-political realities. He describes the potential for marketisation and the attraction of consumerist values in several countries ranging from Dubai, Turkey, and Iran, showing the vital blending of Islamic piety and capitalist conviction flourishing in many corners of the region. He correctly points out that Iran, despite its corrupt and inefficient centralised system suffocating 80 per cent of the economy, high inflation, and gutting of the private sector, nevertheless possesses great potential to join the consumer society. With its vast oil reserves, high literacy, strong industrial base, a web and cell phone savvy population,

around half of Iran's population of 70 million is middle class or above – counting their possessions, disposable income, level of education, and family size – with the kind of social attitudes that are needed to support robust consumption habits and modernising change. [...] The great battle for the soul of Iran – and the soul of the region as a whole – will be fought not over religion but over business and capitalism.⁵²

Perhaps it is more than hyperbole that Iran's intellectual and political leaders envision Iran becoming an Islamic Japan and global economic force. Recall that before the Iranian revolution of 1979, this country was seen to be a potential "second Korea". Vali Nasr is correct when he states that

[a]ll over the Middle East piety is shaping consumption. [...] This upwardly mobile middle class consumes Islam as much as practicing it, demanding the same sorts of life-enhancing goods and services as middle classes everywhere. Their preference that those goods have an Islamic flavor makes Islam big business. A booming economic sector around the region is catering to this explosive demand, and these rising Islamic consumers comprise as much as a sixth of humanity.⁵³

The same applies beyond the Middle East in the more affluent countries such as Malaysia and even Indonesia, and in Muslim minority communities of Europe and North America. When one walks into the ubiquitous glitzy shopping malls and up-scale retail establishments in many parts of the Islamic world, with eager shoppers buying the latest electronic gadgets, fashionable home furnishings, fast food, and new forms of leisure socialisation – the power of the market cannot be denied. Satellite television mesmerises millions, with religious debates aired and televangelists pandering to huge audiences, preaching modernity and business-friendly Islam, peppered with advertisements. At the prestigious Seventh World Halal Forum convened in Kuala

Lumpur in April 2012, when I questioned a prominent British Muslim community leader whether he had any qualms about selling Islam as a product for consumption, his immediate and unequivocal reply was “It’s a good product!” The non-Muslim global corporations and enterprises understand this well, since they hold the lion’s share of the lucrative *sharʿah*-friendly markets. The Swiss food giant Nestlé is the largest purveyor of *halāl* foods on the planet; according to the World Halal Forum the European *halāl* market is estimated at US\$67 billion in 2010, when the Malaysian *halāl* market was reckoned at only US\$8.7 billion the same year. The books on Islamic branding and marketing constitute a small growth industry in itself.⁵⁴

Nevertheless, one may take issue with Vali Nasr in his assumption that consumerist marketisation of Muslim societies is an unmitigated blessing, with consumption lifestyles ensuring their global integration into the prevailing globalised capitalist market.⁵⁵ The portrait of the Islamic way of life taught by the Qurʾān presented above must be contrasted with the appetitive prodigality and conspicuous consumption seductively encouraged by global consumerism. As this writer observed elsewhere,

[...] selling an Islamic Lifestyle requires understanding the psychic needs and anxieties of consumers, and addressing their lifestyle choice by means of packaging those preferred Lifestyle components to ultimately function as fetishes and adornments. [...] The danger remains that prevailing forms of material consumption packaged as indigenous national Islamic identity, will continue to serve the marketising forces of trans-national corporations at the helm of global capitalism. Obsessive concern with purist *halāl* food consumption, outer dress or ritualistic practice, yields a banal form of Muslim modernity pervaded by shallow materialist consumerism subject to manipulation by corporate elites for maintaining power and wealth. Humans thus become outwardly more ‘Muslim’ yet inwardly less Islamic. This paradox lies at the heart of Islamic consumption.⁵⁶

Conclusion and Recommendations

Where is the genuine Islamic alternative to *laissez-faire* marketisation and ethical relativism of Euro-American modernity? Achieving authentic Islamic modernity requires Muslims to rejuvenate ethical and social ideals harmonising faith with rationality, and material existence with the immaterial realm. Islam offers inalienable values which may guide Muslims today in countering the wasteful consumption culture of casino capitalism, the ecological nihilism degrading nature, or predatory militarism enforcing one nation’s exceptional self-interest – all such unwholesome manifestations being rooted in a materialist anthropology which reduces humans to mere social and biological animals. Muslims today must acquire the skills to exploit the full breadth of their intellectual and spiritual resources in order to properly benefit from opportunities brought by globalisation and irreversible processes of world financial and cultural integration.

Therefore, we appeal to Muslim government policy makers and society leaders to:

- carefully appraise and reflect upon consumption patterns in their society, in order to understand potential benefits, risks, and harms unfolding in their midst;
- perform a deeper scrutiny and comprehension of universal values manifested in religious conduct and experience in order to consciously awaken a living concern with Islamic resources when responding to the pressures of consumption and increased affluence; and to
- design procedures and methods which may nurture more restrained and self-critical lifestyle choices within the prevailing consumerist environment.

Notes

1. For one assessment calling for a new set of values, see Graeme Maxton, *The End of Progress: How Modern Economics Has Failed Us* (Singapore: Wiley, 2011).
2. The term 'rationalisation' as used by Max Weber referred to the bureaucratisation of rational-legal authority; as employed by Jürgen Habermas, it currently connotes the application of instrumental reason where an increasing number of social actions are based on considerations of teleological efficiency, predictability and quantitative calculation, rather than on motivations derived from morality, emotion, custom, or tradition. Rationalisation constitutes a central aspect of Euro-American modernity and determines procedures and goals ranging from food production to higher education and supply of products and services. Parallel terms also widely used are 'marketisation', 'McDonaldisation', as well as 'commodification'. Further see George Ritzer, *The McDonaldisation of Society* (Los Angeles: Pine Forge Press, 2008).
3. This writer relies on meanings taken from *The Oxford English Dictionary* (Oxford: Oxford University Press, 1933; Compact Edition 1971), s.v. "life" def. IIIb; and "style" def. 25. The term 'lifestyle' itself did not occur in *OED*; see, however, E. Ehrlich et al., *Oxford American Dictionary* (New York: Oxford University Press, 1980), 382.
4. *The Oxford English Dictionary* (1933 ed.), def. 25 A.
5. *Ibid.*, c.1780 "[...] living in the style of a gentleman;" 1788 "an opportunity of marrying in such a manner as would enable her to live in a certain style among a certain class;" and 1805 "what a style you do live in! what elegant curtains!"
6. A popular example was the American television program aired from 1984-1995, *Lifestyles of the Rich and Famous*, hosted by Robin Leach and created by Alfred M. Masini (who also created the successful programs *Solid Gold* and *Star Search*); it featured lush images of the extravagant lifestyles of wealthy entertainers, athletes and business moguls.
7. Treating something as a fetish means attributing inherent value and powers to any man-made material object, cultural product or symbol. Karl Marx first introduced the notion of commodity fetishism into European thought. See Karim D. Crow, "Consuming Islam: Selling 'Wholesome' as Lifestyle Fetish," *The Halal Journal* [Kuala Lumpur] 42 (2012), 46-52. (The term *fetish* was originally used by colonial Europeans when describing African sacral-power artificial objects such as small idols, believed to be endowed with supernatural efficacy and employed for magical or prophylactic purposes.)
8. For representative overviews of varied Muslim responses to modernity consult John Cooper,

- Ronald Nettle, and Mohamed Mahmoud (eds.), *Islam and Modernity, Muslim Intellectuals Respond* (London and New York: I.B. Tauris Publishers, 2000), Clinton Bennett, *Muslims and Modernity. An Introduction to the Issues and Debates* (London and New York: Continuum, 2005), and insightful essays in Khalid Masud, Armando Salvatore, and Martin van Bruinessen (eds.), *Islam and Modernity: Key Issues and Debates* (Edinburgh: Edinburgh University Press, 2009).
9. On the 'catch up' theory of 'backwardness' – 'catching up' with the dynamics of Western-centred capitalism conceived as the highpoint of modernity and civilisation, see David Harvey, *Spaces of Global Capitalism: A Theory of Uneven Geographical Development* (London: Verso, 2006).
 10. Shmuel Noah Eisenstadt, *Comparative Civilisations and Multiple Modernities* (Leiden and Boston: Brill, 2003, 2 vols.), introduced the notion of 'multiple modernities' as a cosmopolitan plural reality.
 11. The late Professor Syed Hussein Alatas, in his presentation "The Way of Life and Universal Values" given at Soka Gakkai Malaysia, a lay Buddhist organisation, in Kuala Lumpur on 21 June 2003. This citation is based on my own notes.
 12. For a discussion of the conative (efficacy-willing-impulse to manifest one's conduct) as well as the cognitive (knowing-perceiving-grasping) components of ethical action, see Karim D. Crow, "Islam and Reason," *Al-Shajarah* [Kuala Lumpur] 8, no. 1 (2003), 109-37. The crucial link between knowing and doing, or knowledge and virtue, lies in operating our conscience, which in early Islamic teachings was understood to be part of the operation of intelligence (*al-'aql*).
 13. One might rephrase this inversion as an epistemic crisis, but it rather reflects a misguiding or misdirection where knowledge is corrupted – in religious terms, it is a 'leading astray'.
 14. For good overviews of qur'anic ethics in English, consult Toshihiko Izutsu, *God and Man in the Qur'an* (Tokyo: Keio Institute of Cultural and Linguistic Studies, 1964; repr. Kuala Lumpur: Islamic Book Trust, 2002); idem, *Ethico-Religious Concepts in the Koran* (Montreal: McGill University Press, 1966); Fazlur Rahman, *Major Themes of the Qur'an* (Minneapolis MN: Bibliotheca Islamica, 1980) pp.17–64, and *passim*. See further Martin R. Zammit, *A Comparative Lexical Study of Qur'anic Arabic* (Leiden: Brill, 2002) – useful charts for key semantic fields of qur'anic terms on pp. 47-51, which clarify the most important terms and concepts; thus the two largest semantic fields treat Soul and Intellect: 1) State of Mind = 8.07%, and 2) the Will = 5.98%, namely the cognitive and conative dimensions of behaviour.
 15. See Rahman, *Major*, index s.v. *taqwā*.
 16. For an insightful and comprehensive presentation of its importance, see Mohammad Hashim Kamali, *Moderation and Balance in Islam: The Qur'anic Principle of Wasatiyyah* (Kuala Lumpur: IAIS Malaysia, 2010, IAIS Malaysia Monograph Series No. 1).
 17. *Ibid.*, 32-34.
 18. Consult Maxime Rodinson, *Islam and Capitalism* (Paris: 1966; rpr. London: Saqi Books, 2007), for a refreshing and contentious rebuttal of the reduction of Islam as anti-profit taking or world-rejecting. For a complementary perspective on the compatibility between Islam and capitalism, see Timur Kuran, *The Long Divergence: How Islamic Law Held Back the Middle East* (Princeton: Princeton University Press, 2010), who argues for the continuing relevance of Qur'anic economic principles once liberated from stagnant inherited interpretation and practice. Both these authors maintain the ethical basis of economic practice as expounded by Islam.
 19. On moral literature exemplifying Islamic understanding of values, most notable is the rich study by Charles-Henri de Fouchécour, *Moralis: Les notions morales dans la littérature persane du 3e/9e au 7e/13e siècle* (Paris: Editions Recherche sur les civilisations, 1986, Bibliothèque iranienne 32). The classical literature on virtuous character-traits is vast; one may explore its depths in al-Hāfiẓ Aḥmad b. al-Ḥusayn al-Bayhaqī, *Shu'ab al-īmān* [Branches of Faith], ed. M. S. Basyūnī Zaghlūl (Beirut, 1990) in nine volumes, with chapters on every major praiseworthy character-trait collectively constituting the components of faith, and in a smaller scope the beautiful work by Ibn

- Hibbān al-Bustī, *Rawḍat al-ʿuqalāʾ wa nuzhat al-fuḍalāʾ*, ed. M. M. ʿAbd al-Ḥamīd et al. (Beirut, 1977).
20. The necessity for *akhlāq* as completion of *fiqh* is clearly evident in works by two leading ethico-spiritual exponents: al-Rāghib al-Aṣbahānī, *al-Dharīʾah ilā makārim al-sharʿah* [Expedient-Means to the Virtuous Character-Traits of the Divine Law], and his follower Abū Ḥamid al-Ghazālī, *Iḥyāʾ ʿulūm al-dīn* [Revival of Religious Sciences]. Furthermore, consult de Fouchécour, *Moralis*, and Ira M Lapidus, “Knowledge, Virtue, and Action: The Classical Muslim Conception of *Adab* and the Nature of Religious Fulfillment in Islam,” in: B. D. Metcalf (ed.), *Moral Conduct and Authority: The Place of Adab in South Asian Islam* (Berkeley CA: University of California Press, 1984), 38-61.
 21. The Economist Intelligence Unit, *The Sharia-Conscious Consumer: Driving Demand*, commissioned by Kuwait Finance House (Economist Intelligence Unit Limited, March 2012); written by Nigel Gibson and directed by Trevor McFarlane. This report gathers data in the public domain, as well as thirteen in-depth interviews with executives of companies from the *sharʿah* industry, and an on-line survey of 398 executives worldwide.
 22. Homi Kharas, “The Emerging Middle Class in Developing Countries,” *OECD Development Centre Working Paper No. 285* (Paris: Organisation for Economic Cooperation and Development, January 2010), 61 pp., available online at <http://www.oecd-ilibrary.org/> (accessed on 10 June 2012).
 23. See *ibid.*, 10-13, for his review of literature.
 24. “World Development Indicators” (Washington DC: World Bank, 2007), available online at <http://go.worldbank.org/U0FSM7AQ40> (accessed on 10 June 2012).
 25. Kharas, “The Emerging Middle Class,” 12, and 9. Kharas states: “Defined in this way, the global middle class excludes those who are considered rich in the poorest advanced countries and those who are considered rich in the richest advanced country.” He admits to a degree of arbitrariness in defining the middle class using fuzzy globally comparative data, and he relies on the results of the 2005 International Comparison Program [jointly carried out by the UN-OECD-World Bank-regional development banks] for setting Purchasing Power Parity terms, even while casting doubt on its results. However: “the focus should be on changes over time of the number of individuals falling into a specific category” (p. 13), so as to approximate the global distribution of income. See Kharas’ data on pp. 14-16, “Measuring the Global Middle Class,” relying on X. Sala-i-Martin, “The World Distribution of Income (Estimated from Individual Country Distributions),” *Economics Working Paper 615*, Department of Economics and Business, Universitat Pompeu Fabra.
 26. Kharas, “The Emerging Middle Class,” 15.
 27. Kharas (*ibid.*) notes (p. 15): “The US is home to 12 per cent of the world’s middle class in terms of absolute numbers of people, but it accounts for USD 4.4 trillion (21 per cent) of the USD 21 trillion in global spending by middle class consumers. The difference is because the US middle class is much wealthier than the average global middle class consumer.”
 28. *Ibid.*, 25-29. Thus in Kharas’ scenario: over this same period from 2009 until 2030 the share of global consumer spending in North America might decline from 26 per cent to 10 per cent, while that of Europe from 38 per cent to 20 per cent. See *ibid.*, Table 3 on p. 28.
 29. *Ibid.*, 25.
 30. *Ibid.*, 26.
 31. *Ibid.*, 28.
 32. *Ibid.*, 38-39.
 33. Chandran Nair, *Consumptionomics: Asia’s Role in Reshaping Capitalism and Saving the Planet* (Oxford: Infinite Ideas, 2011). Nair has an active career as an environmental consultant, advising governments and transnational corporations on policy, and strategic management coaching to business leaders.

34. For critiques of neoliberal marketised economics behind corporate driven globalisation, one should consult: David Harvey, *A Brief History of Neoliberalism* (New York: Oxford University Press, 2007), Ha-Joon Chang, *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism* (New York: Bloomsbury Press, 2008); and the classic work by John Gray, *False Dawn: The Delusions of Global Capitalism* (London: Granta Books, 2009; 4th ed.).
35. Nair, *Consumptionomics*, 195.
36. For recent challenges to Eurocentric assumptions about the triumphant rise of Europe as herald of modernisation, see especially the prescient work by Andre Gunder Frank, *ReORIENT: Global Economy in the Asian Age* (Berkeley CA: University of California Press, 1998; 4th printing 2002); as well as Kenneth Pomeranz, *The Great Divergence: China, Europe, and the Making of the Modern World Economy* (Princeton: Princeton University Press, 2001, rev. ed.).
37. Consult the comprehensive databases on indicators of growth and development compiled by the *Groningen Growth and Development Centre*, founded by Angus Maddison in the Economics Department of the University of Groningen. This data on quantitative macroeconomic history is invaluable; see his "Historical Statistics of the World Economy: 1–2008 AD," available online at <http://www.rug.nl/feb/onderzoekscentra/ggdc/index> (accessed on 10 June 2012). See furthermore A. Maddison, *Contours of the World Economy 1–2030 AD. Essays in Macroeconomic History* (Oxford University Press, 2007).
38. Consult e.g., Samir Amin, *Capitalism in the Age of Globalisation*, transl. Patrick Camiller (London and New York: Zed Books, 1997). Amin is a trenchant advocate of 'alternative-globalisation' who specializes in the social history of 'peripheral capitalism' in Africa and Asia.
39. This dehumanizing phenomenon has also been portrayed as a society of 'spectacle' or a hollow 'simulation' by certain European observers. See Guy Debord, *The Society of the Spectacle* (New York: Zone Books, 1995; French original 1967), and Jean Baudrillard, *The Consumer Society: Myths and Structures* (London: Sage Publications, 1998; French original 1970); as well as this writer's brief presentation in "Consuming Islam," *The Halal Journal* [Kuala Lumpur] 42 (2012).
40. See Samir Amin, *Obsolescent Capitalism: Contemporary Politics and Global Disorder*, transl. Patrick Camiller (London and New York: Zed Books, 2003), 154–58 ('Destructive dimensions of capitalist accumulation').
41. Ibid., 174–76 ('Capitalism and the agrarian question'). See also S. Amin, "World Poverty, Pauperisation and Capital Accumulation," *Monthly Review* 55, no.5 (October 2003).
42. S. Amin, 'Capitalism and the agrarian question', 175, 176, and 156–57. Further, see the report *Planet Under Pressure* by the UK's Commission on Sustainable Agriculture and Climate Change, chaired by Sir John Beddington (the UK's chief scientific advisor), released in March 2012. Numerous organisations have echoed these alarms in recent years, including Oxfam's report *Growing a Better Future* in May 2011, the UK government's *Foresight Report on Food and Farming Futures* in January 2011, and the 2010 *Global Hunger Index* produced by the International Food Policy Research Institute, Welthungerhilfe, and Concern Worldwide, as well as the Council of Food Policy for the British government in December 2008.
43. Notably Amartya K. Sen, whose notion of human development contributed to formulating the annual *Human Development Report* published by the United Nations Development Programme. See A. K. Sen (with Martha Nussbaum), *The Quality of Life* (Oxford: Clarendon Press, 1993). Also consult Zygmunt Bauman, *Globalisation: The Human Consequences* (Cambridge: Polity Press, 1998).
44. See the website of this Commission available online at <http://www.stiglitz-sen-fitoussi.fr/en/index.htm> (accessed on 10 June 2012). It was chaired and advised by Professors Joseph Stiglitz, Amartya Sen, and Jean-Paul Fitoussi.

45. The Royal Society Science Policy Centre Report, *People and the Planet* (London: The Royal Society, April 2012), 134 pp.; also available online at <http://royalsociety.org/policy/projects/people-planet/report/> (accessed on 10 June 2012). This report is coordinated with preparations for the Rio+20 Summit in Brazil in June 2012 which hopes to establish “sustainable development goals”.
46. Reported by Richard Black on *BBC World News*, 26 April 2012: “Population and Consumption Key to Future” (also for the following citation from Eliya Zulu).
47. Worldwatch Institute, *State of the World 2010. Transforming Cultures: From Consumerism to Sustainability*, foreword by Muhammad Yunus (New York: W.W. Norton & Co., 2010), with twenty-six articles from sixty prominent researchers on consumerism and cultural change; also available online at <http://worldwatch.org/node/6096> (accessed on 10 June 2012).
48. Worldwatch Institute, *State of the World 2012: Moving Toward Sustainable Prosperity*, chapter 2 by Erik Assadourian, “The Path to Degrowth in Overdeveloped Countries,” also available online at http://blogs.worldwatch.org/sustainableprosperity/wp-content/uploads/2012/04/SOW12_chap_2.pdf (accessed on 10 June 2012).
49. Vali Nasr is Professor of international politics at the Fletcher School of Law and Diplomacy, Tufts University, and adjunct senior fellow for Middle Eastern studies at the Council on Foreign Relations in New York. An American of Iranian origin, Professor Nasr has published several notable works on the Middle East on topics intersecting with US foreign policy.
50. As a sample, see John Parker, “Burgeoning Bourgeoisie: A Special Report on the Middle Class in Emerging Markets,” *The Economist*, 14 February 2009, 6.
51. Vali Nasr, *Meccanomics: The March of the New Muslim Middle Classes* (New York: Oneworld, 2010), 23.
52. *Ibid.*, 7ff.
53. Vali Nasr, *Forces of Fortune* (New York, NY: Simon & Schuster), 14.
54. See e.g., Paul Temporal, *Islamic Branding and Marketing: Creating a Global Islamic Business* (Singapore: John Wiley & Sons, 2011), which includes an “Executive Summary of the Proceedings of the Inaugural ‘Oxford Global Islamic Branding and Marketing Forum’ held at the Saïd Business School, University of Oxford, 26-27 July 2010.” Chapters include “Social Media Branding and the Muslim Lifestyle Consumer” (pp. 182-89), and “Build Your Brand with Islamic Values with Universal Emotional Appeal” (pp. 226-27). See furthermore Baker Ahmad Alserhan, *The Principles of Islamic Marketing* (Surrey UK: Gower, 2011).
55. For more theoretical comprehensive appraisals of Muslims in the glittering super-market of global consumerism, consult Johanna Pink (ed.), *Muslim Societies in the Age of Mass Consumption: Politics, Identity and Culture between the Local and the Global* (Newcastle Upon Tyne UK: Cambridge Scholars Publishing, 2009), whose sixteen chapters focus upon particular societies and products. Also see Johan Fischer, *The Halal Frontier: Muslim Consumers in a Globalized Market* (New York: Palgrave MacMillan, 2011) treating contemporary Muslim consumer culture in Southeast Asia and Europe.
56. Crow, “Consuming Islam,” 50.

UNDERSTANDING THE CAUSES OF THE DEBT-CRISIS: INTEREST-BASED FINANCING

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Abstract: This article looks at *ribā*-based financing from the perspective of efficiency, within the context of Islam. In particular, it tries to address the question whether interest-based financing results in a more efficient allocation of resources, as claimed by its supporters, than financing on the basis of profit and loss sharing, as claimed by the supporters of Islamic finance.¹ Efficiency is used in this article primarily in its macroeconomic sense, in which it signifies the production of goods and services that meet the needs of the people, without generating persistent surpluses or shortages.²

Introduction

A number of observers, including Muslims, have expressed the view that Islamic finance results in a less efficient allocation of resources than its conventional counterpart, interest-based finance. This claim is commonly made in the context of the rationing of capital theory of interest rates, and also by asserting that raising capital in the form of equity is more expensive (due to higher listing costs, commissions, legal fees, etc.) than financing using loan capital. Both claims are problematic. If it can be shown that financing on the basis of profit and loss sharing results in a more efficient allocation of resources than financing on the basis of lending at interest, then the case for the phasing out of financing using interest-based loans and its replacement by financing on the basis of profit and loss sharing can be strengthened on rational grounds, in addition to following the divine (qur'ānic) ruling on this issue. Due to constraints of space, the focus is on *ribā*-based financing, with only passing references to profit and loss sharing.

Many of the weaknesses of the conventional system of finance stem from the diversion of capital from the real economy into wasteful uses in the financial sector, for example, for the purpose of speculative trading of debt or receivables.³ As a result, every economic system that utilises interest-based financing has been performing well below capacity, to the extent that it relies on such financing. Persistent inflation and unemployment constitute the clearest evidence of this lacklustre performance, even in developed countries. Indeed, the view expressed in this paper is that both inflation and unemployment – each a different manifestation of macroeconomic inefficiency – are directly attributable to interest-based financing.

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Ribā-based financing causes other problems. It diverts resources from the real sector into the largely unproductive financial sector. As funds flow to finance the trading activities of bond traders, less capital remains available to fund the real economy.⁴ As a result, real investment declines. Economic growth slows down and unemployment rises. Both signify a reduction in the efficiency with which resources are allocated.

Strange as it may seem, the trading of debt (bonds) is said to make the financial markets more efficient. But an efficient allocation of resources requires more than ensuring that securities with comparable risk and return profiles trade at nearly identical prices in different markets. Efficiency – in particular macroeconomic efficiency – requires the production of goods and services that people need, in the quantities in which they need them, and at prices at which they can afford them. This type of efficiency is best realised when financing takes place on the basis of profit and loss sharing, rather than on the basis of lending at interest.⁵ As one observer noted, “The economic strength of a PLS system lies in [...] diverting energy normally expended on non-productive speculation into productive activity.”⁶

However, sceptics view the claims that profit and loss sharing would bring higher returns to investors, a more efficient allocation of resources, higher economic growth, and an enhancement of individual and social welfare as “vacuous.”⁷ Attempts to establish Islamic alternatives to the current *ribā*-based monetary system they insist “must be seen as pipe dreams.”⁸ Any such attempts, in the view of these observers, will “almost certainly turn out to be a wild goose chase.”⁹ Observations of this nature, however, only confirm the adage about the person who “sees the speck in his brother’s eye and overlooks the log in his own.”¹⁰ While such critics are quite prepared to highlight what they think of as weaknesses in Islamic finance, they remain oblivious to far greater problems in conventional, interest-based finance.

Other commentators see few differences between profit earned from trade and interest: “From an economic point of view, there is indeed no substantial difference between mark-up and interest.”¹¹ This reminds one of the claim – critiqued in the Qur’ān – that ‘trade is like *ribā*.’ Some go so far as to assert that “there is no such thing as finance without interest.”¹² Additional grievances include the assertion that Islamic finance is hampered by too many “restrictions.”¹³ These restrictions “increase the cost” of financing, and thus make it less efficient.¹⁴ The corollary of these claims is that conventional financing, compared to Islamic financing, is efficient, indeed more efficient than financing on a profit and loss sharing basis (Islamic financing).¹⁵

Yet the facts speak otherwise. Perhaps the clearest proof of the inefficiency of interest-based financing is provided by the simple fact that lenders collect interest payments without making any palpable contribution to the production process.¹⁶ In other words, interest income is earned without providing any counter value – products or services – in return.¹⁷ This can only happen when capital is viewed as a factor of production. But it is doubtful whether capital in itself is a factor of production.

Capital alone does not produce anything: an automobile by itself cannot provide any service: it needs a driver to make it productive. A weight of gold locked away in a safe will not grow over time. It takes an entrepreneur to earn profit. Productivity arises only when capital is put to use. To view capital as a factor of production is, accordingly, hardly an intellectually if not also a morally defensible position, as it is quite clear that capital by itself cannot produce anything. Payments of interest to the lender come from the income generated by the labour of others.

At the same time, unemployment has been hovering at rates comparable to the prevailing rates of interest. In a mature economy, such as the US, the share of interest income out of total national income ranges from 5% to 10%.¹⁸ This proportion provides a measure of the waste (or macroeconomic) inefficiency of interest-based financing, as it gives an indication of how much is paid to lenders.¹⁹

As interest paid to lenders constitutes essentially unearned income, if the same proportion of national income (5% to 10%) were paid to the unemployed in exchange for productive activity, the problem of persistent unemployment – as well as the idleness of lenders – would in principle be solved. This would require phasing out interest-based financing and replacing it with financing on the basis of profit and loss sharing. Nevertheless, one can expect resistance to an economic transformation of this magnitude, in particular from parties that would stand to lose most from such a change, the shareholders of *ribā*-earning financial institutions in particular.²⁰ The challenge of implementing *ribā*-free financing, in other words, remains as much political as it is economic.

In response to the other objections against Islamic financing, it is necessary to reiterate that Islam is not against trade or even capitalism, if capitalism means the use of capital for the purpose of earning a profit by providing needed goods and services. On the contrary, Islam supports trade – as long as it is trade in approved goods and services – including free trade. This is evident from the verse “Allah has permitted trade [...]”.²¹

Moreover, contrary to the claims of its critics, Islamic finance is subject to very few restrictions. This is clear from the principle of permissibility (*ibāḥah*) in commercial transactions, which means that unless a practice is explicitly forbidden by a clear text, then it is permitted.²² In general, Islam requires all income to be earned in an honest, acceptable manner, through labour and enterprise.

To gloss over the differences between profit and interest is unwise, as profit and interest constitute very different incentives for driving economic activity. These differences have profound implications for the efficiency with which resources are will be allocated.²³ Finally, to claim that there is no financing except financing by way of interest-yielding securities is to ignore the existence of in excess of \$40 trillion equities outstanding globally.

The charging of interest on loans has become so entrenched in mainstream thinking that the unfavourable effects of interest-based lending are rarely noticed, much less questioned.²⁴ On the contrary, its supporters attribute many benefits to interest-based lending. Upon closer examination, however, these attributes prove to be tenuous at best and counterproductive if not downright harmful at worst.

Ribā-based financing, far from enabling a more efficient allocation of resources has, on the whole, had precisely the reverse effects.²⁵ The most damaging effects of *ribā*-based financing show up in the form of inflation, unemployment, and reduced or negative economic growth. The inefficiencies evidenced by all three leading economic indicators are directly attributable to interest-based financing. Thus, far from facilitating economic development and growth, as is commonly claimed by its supporters, *ribā*-based financing has on the contrary hindered it, and effectively caused any system that utilises it to function at below optimal (full employment) capacity.

Despite its many weaknesses, *ribā*-based financing enjoys considerable support among economists. One view expressed in its support is that the ability to earn interest (*ribā*) encourages people to save, thus providing a pool of capital available for investment. The view that interest rates constitute an indispensable incentive to save, however, is supported neither by reason nor evidence. Keynes, among others, has shown that saving is a function of disposable income as much, if not more, as of incentives offered to savers in the form of interest which, in any case, in most instances are quite minimal.²⁶

A more effective incentive to save is provided by opportunities to invest for profit, for example in real estate, than by the earning of interest, as profits from investments in real property generally outperform earnings of interest income. Investment in shares (equity) provides another alternative form of savings that directly supports the real economy. The quantum of dividends, unlike payments of interest, is not limited (capped) by being pre-determined. Investors accordingly have the prospect of earning profits potentially significantly higher than those guaranteed to them in the form of interest earnings, which are minimal on most savings deposits by comparison to profits earned by well managed companies.²⁷ It is widely acknowledged that investments in common shares outperform returns on interest yielding sources of income by a margin of 5% to 6%. The view that without the rewards offered to savers in the form of interest little or no saving would take place is therefore unconvincing.

Financing on a profit and loss (PLS) basis (equity financing) is a major form of financing in the conventional sector, and the only acceptable form of financing in the Islamic sector.²⁸ Equity or equity-like (Islamic) financing is the backbone of the real economy. Financing on the basis of profit and loss sharing is particularly “conducive to increased efficiency because of the personal stake and interest of the entrepreneur in his own business.”²⁹ It is the link between effort (performance) and

reward (profit/loss) in financing on the basis of profit and loss sharing that ensures more than anything else that resources will be allocated efficiently. Where this link is absent or impaired in some way, and the incentives in the form of profits and losses for allocating resources are lacking, resources are unlikely to be allocated to their most profitable (efficient) uses.

Effects of *Ribā*-Based Financing: High Debts

Much financing of investment, both public and private, has been financed by interest-based debt. One of the most glaring effects of interest-based financing is the accumulation of growing amount of debt. This debt is in some cases so large that it may appear all but impossible to repay.³⁰ The magnitude of debt has been increasing not only due to additional borrowing, but also due to interest charges, including compound interest (interest on interest) charges.

At some point all debt has to be paid back. The need to repay debt will necessitate a reduction in spending during the time of repayment. When spending is reduced to repay debt, economic growth will slow down, further reducing the ability of a debtor nation to repay debt.³¹

It has become increasingly clear, however, that financing growth by interest-based debt is not sustainable in the longer term. The existence of large and growing debts poses a threat not only to the financial stability of households, businesses and governments, but also to the systemic stability of the financial system as a whole.

A major adverse effect of interest-based financing is a waste (inefficient allocation) of resources.³² A glaring example of such inefficiency – indeed waste of resources on a massive scale – directly attributable to *ribā*-based financing, is provided by the large surplus of abandoned homes in the United States, financed by *ribā*-based subprime mortgages.

These mortgages were bundled together and sold on to institutional investors such as pensions funds in the form of collateralised debt obligations or CDOs. The perception that these debts (or debt obligations) were collateralised, in other words perceived as secured or safe investments, was reinforced by the fact that rating agencies assigned triple A ratings to these CDOs.

The perception that these were safe investments created a massive moral hazard on the part of the investors, as it relieved them – or so they may have thought – of the need to perform due diligence and check the commercial viability of their investments. In other words, the perception that their interest income was guaranteed, or the perception that there was little or no risk in these investments, was a major factor leading to the massive overinvestment or a misallocation (waste) of resources.

Thus, it was the perceived absence of risk – of not having to share risk – that directly facilitated this instance of massive misallocation of resources. Had the

investors been required to share risk with the entrepreneurs, the chances of this taking place would have been far lower. In this way, profit and loss sharing financing would have reduced, if not effectively eliminated such a massive misallocation (inefficient) use of resources.

Risk taking serves a very important function in the efficient allocation of resources. It restrains investors from making excessively risky (*gharar*) investments. Where this risk does not exist, or is perceived not to exist, the restraining effects of risk taking will have little effect. Thus, secured lending fosters what one could term as a financially high-risk lifestyle characterised by recklessness and fiscal irresponsibility. Secured (risk-free) investment creates a false sense of security for investors, who may subsequently be in for a rude awakening, when they find out that the risk was there all along, only that they did not perceive it.

Something clearly went wrong in a system that financed such a surplus of homes that eventually no one would occupy.³³ Many of these houses are now being torn down owing to dilapidation. When the market correction came in the form of a dramatic increase in interest rates, a large number of persons were unable to continue to pay their loans and as a consequence lost their homes. Others became unemployed in various sectors, including in the financial sector. Much hardship was caused for countless families.

Adjustable rate subprime mortgages that were used to finance the construction of these homes exposed borrowers to excessive risk (*gharar*) in the form of interest risk. When interest rates began to rise dramatically in 2005, many homebuyers with adjustable rate mortgages could not afford the higher monthly payments demanded by the financial institutions and defaulted.³⁴ Because the houses purchased served as collateral for the mortgages, the homes of the defaulters were subsequently repossessed by the financial institutions, leaving countless families homeless.

A similar example of an inefficient commitment of resources on a massive scale is evidenced by the surplus of commercial and residential properties in Dubai, similarly financed by *ribā*-based loans or loan equivalents. Loans were extended on the basis of the strong collateral provided by the oil revenues of the United Arab Emirates, the proven reserves of oil not yet extracted, as well as the United Arab Emirates sovereign wealth fund, conservatively estimated to exceed US\$600 billion. One may well wonder why, with sovereign wealth funds of this magnitude, there would be any need to borrow funds in the first place.³⁵ The collateral-centred lending and the resulting overinvestment resulted in a massive misallocation of resources, in other words, inefficiency or waste on a large scale.

Automobile companies in the United States have been saddled with massive debts, necessitating publicly funded bailouts. This has been taking place in a number of industrialised countries that financed much of their growth by debt, such as Japan, the United States, and a number of European Union nations. But the need to repay

debt, together with compound interest, effectively throttles economic growth in the longer term by reducing the volume of spending required to maintain robust levels of production.

Additional inefficiency of *ribā*-based financing is caused by the fact that such financing discourages innovation, as companies will hesitate to experiment with risky methods of production, which may cause losses and make it harder to repay loans.³⁶

Interest-based financing has likewise produced large debts in the public sector, in the form of the national debt. A large and growing national debt necessitates the allocation of progressively larger amounts of tax revenue for the purpose of servicing and repaying the debt. This imposes a significant burden on taxpayers, especially on future generations. It reduces their disposable income, both present and future. As a result, their ability to spend will be curtailed, causing a reduction in aggregate demand and a slowdown of economic growth.

In the public sector, the more governments borrow, the more they have to pay back, and the higher the service (interest) charges on the debt. A growing proportion of tax revenues need to be diverted from other uses to service large, and sometimes growing, debts. This means that there will be less and less public revenue left to provide social services such as healthcare and education, and to pay the salaries of government employees. Government employee lay-offs, austerity measures and belt-tightening can all be expected to follow sooner or later.³⁷ Lay-offs and retrenchments can be expected to rise. A rise in unemployment will signal a reduction of efficiency in the use of human resources. This is one way in which the need to pay interest to lenders on public debt adds to unemployment and thereby reduces the efficiency in the use of (human) resources.

Moreover, all working citizens and residents pay taxes, but only a few are in a position to buy government bonds (to lend money to the government). For this reason, public sector borrowing and the need to service public debt have the additional effect of channelling substantial sums of money on an on-going basis from ordinary people to the wealthy. This has exacerbated, and continues to widen, the gap between the wealthy and the poor.

Efficiency and Competition

Efficiency, which can be defined as productivity, is a central concept in economics and finance. Efficiency is the opposite of waste (*ḍiyāʿ*). Efficiency is realised when waste is minimised. Different forms of waste represent different types of failure to realise one's potential, whether on a social or personal level. Realisation of efficiency thus requires full utilisation of resources. Waste is censured in the Qur'ān as reprehensible (*makrūh*) or unethical.³⁸ Efficiency is a positive trait from the perspective of Islam, as it implies the absence or opposite of waste. "But waste not by excess, for Allah loveth

not the wasters.”³⁹ “But squander not (your wealth) in the manner of a spendthrift.”⁴⁰ Squandering (*isrāf*) is also condemned.⁴¹

Efficiency has two primary forms: macroeconomic and microeconomic efficiency. Macroeconomic efficiency in the use of resources is achieved when those products and services are supplied that people need, produced in the quantities in which they need them, and sold at prices at which they can afford them.⁴² Prolonged shortages or surpluses in any area, or artificially high prices, constitute evidence of inefficiency. Shortages indicate that too few resources are allocated to providing a given product or service; surpluses signify the reverse.

Macroeconomic indicators of efficiency comprise the unemployment level, the rate of economic growth (GDP) and the rate of inflation. A low rate of unemployment, stable prices, and a high rate of growth all indicate higher (macroeconomic) efficiency, other factors being constant. Unemployment, inflation, and negative growth all indicate inefficiency in the overall allocation of resources.

Fluctuations in the movements of the leading economic indicators indicate changes in the levels of efficiency with which resources are allocated. Periods of growth reduce unemployment and thereby increase the efficiency of resources allocation. Thus a rise in GDP (with a corresponding drop in the unemployment rate) signifies an increase in efficiency. An increase in inflation, by contrast, indicates a reduction of efficiency.⁴³

Microeconomic efficiency takes place at the level of the individual firm or business. Since any firm earns higher profits by utilising its resources more efficiently, other factors remaining constant, the attainment of efficiency is a major objective of the firm. One measure of microeconomic efficiency is cost per unit. Efficiency is maximised when the costs per unit are minimised, without compromising quality of the product or service provided.

Another measure of efficiency is productivity: the number of products (output) generated by a given resource (input) over a specific period of time. Productivity is related to cost per unit. Higher productivity reduces cost per unit. Increasing productivity or reducing cost per unit thus signals a gain in efficiency. A fall in the price of a product, made possible by lower costs of production, other factors (such as quality) remaining constant, likewise signals an increase in efficiency. Another measure of microeconomic efficiency – assuming that the industry in which the firm operates is competitive – is profitability. Higher profitability in competitive industries can be achieved by increasing productivity or reducing cost per unit.

Macroeconomic and microeconomic forms of efficiency are related. A reduction or elimination of waste, other factors remaining constant, increases productivity (output) and therefore also efficiency. A more productive (efficient) business, that is, a business able to produce at a lower cost per unit, becomes more profitable. As businesses become more profitable, they are able to pay higher wages, taxes,

and dividends, as well as to contribute more to charitable causes. Higher efficiency translates into rising profits for shareholders as well as a higher national income, a measure of national output. Higher overall output increases economic growth, and reduces unemployment and inflation, all at the same time. This increases efficiency in the macroeconomic sense.

People's needs are met by the production and delivery of goods and services. Some are provided by the public sector, others by the private sector. Prices – more precisely price changes – help to allocate resources efficiently.⁴⁴ In a competitive environment, the price of a given product or service is an indication of the value that society collectively places on a given product or service. Rising prices, other factors remaining constant, signal rising demand for a given product, resource, or service. They also signal rising short-term profitability for businesses willing to supply more of a product or service in demand. This will attract additional resources into the production of goods and services. Falling prices, by contrast, signal declining profitability and therefore have the reverse effects. They free resources for alternative (more profitable) uses elsewhere. As prices and profitability change, reflecting changes in social priorities, resources are reallocated from less profitable (efficient) uses to more profitable ones, thereby better fulfilling the society's needs for various goods and services.

In the absence of market or regulatory failure, markets are generally efficient. Market failure takes place when firms eliminate competition among themselves by colluding to fix and thereby raise prices in order to increase the profits of their shareholders at the expense of consumers. Regulatory failure takes place when authorities fail to prevent or put a stop to collusion and other practices that limit or eliminate competition among firms, thereby increasing prices and their profits at the expense of consumers. Competition is a necessary condition for the efficient allocation of resources.

Regulatory failure also takes place when authorities put in place a structural (legal) framework or system that privileges the few at the expense of the many. Such practices limit competition by means of exclusive (import, manufacturing or service) licenses and monopolies. Such practices cannot but have profoundly adverse effects on the efficiency with which resources will be allocated, and thereby on the prosperity and the even distribution of wealth in the community as a whole. The fortunes of a few may rise, without the need to compete on their part, but the prosperity of the community as a whole is bound to languish.

Nevertheless, structural intervention in the form of affirmative action policies that seek to rectify past injustice and restore balance between communities and a level playing field do not constitute regulatory failure but rather regulatory intervention, justified by considerations of public interest (*maṣlahah*), in cases where markets alone cannot be relied upon to provide the required corrections.

Profitability serves as a meaningful measure of efficiency only in competitive industries. These do not need to be perfectly but at least substantially competitive.⁴⁵ High profitability of a monopoly or an oligopoly does not indicate a high degree of efficiency. Quite the contrary, monopolies and oligopolies are highly inefficient and profitable at the same time. This is caused by the absence of competition or the presence of limited competition.⁴⁶ Monopolies and oligopolies raise profits by restricting entry for others (potential competitors) to their industries. Preventing others from entering selected industries, however, runs counter to the qur'anic injunction permitting trade, and of several qur'anic verses and *ḥadīths* that proscribe hoarding and profiteering.⁴⁷

***Ribā* and Efficiency**

Productive activity is driven by a system of incentives, Adam Smith's invisible hand. These incentives take the form of various rewards earned by those who participate in productive activity. Under competitive market conditions – *and in the absence of other types of market failure* – the magnitude of reward paid to a factor of production in the real sector generally depends on the productivity (efficiency) of the factor. Higher productivity is rewarded with higher pay, while lower productivity earns a lesser reward. Parties that provide capital by lending at interest, however, constitute an exception to this rule, because the rewards paid to creditors are not linked to the productivity of the assets they finance.⁴⁸ Rather, they are linked to the amount of capital they provide.

The link between reward and productivity constitutes a central pillar of the free enterprise economy. It provides a mechanism for individuals and businesses to maximise productivity. Assuming no asymmetry of information and other forms of market failure, all are rewarded in proportion to their effort or contribution. Different factors of production are rewarded in different ways. Reward (incentive) for labour (productivity) comes in the form of wages. Reward for entrepreneurial (risk-taking) activity comes in the form of profit. Tax revenues pay for government services. The incentive for lending, however, takes the form of *interest income*.

What makes interest payments different from payments of wages or profits is that payments of interest are determined in a different way than payments to the suppliers of labour (who earn wages) or the suppliers of entrepreneurial expertise (who earn profits). Both profit paid to entrepreneurs and wages paid to workers depend, at least in principle, on their respective contributions, whether these are in the form of productivity, ingenuity or some other form.

But the payment of interest to the lender does not depend on any of these factors. The reason why the magnitude of the interest paid to the lender does not – and indeed cannot – depend on the lender's productivity, is that the lender does not participate in the production process.

Neither can the reward paid to the lender be determined according to the productivity of his capital because capital, as we have seen, in itself is likewise not productive. Finally, the reward paid to the lender does not depend on the profitability of the enterprise he helps to finance either, because the payments of interest are specified in advance. Thus, the amount of interest to be paid to the lender needs to be determined by reference to some other factor.

This other factor invariably turns out to be the amount of capital supplied (loaned) by the lender. The amount of interest owed to the lender is commonly specified as a proportion of the total capital loaned, to be paid every year or at other agreed upon intervals. The proportion of the total capital loaned to be paid in the form of interest is in turn determined by reference to the prevailing rate of interest, as well as other factors.

Thus, payments of interest to the owners (lenders) of capital are determined independently of the productivity (efficiency) of the enterprise that the lender helps to finance. And herein lies the greatest weakness of interest-based financing. The weakness is the absence of a strong incentive to the providers of capital to maximise efficiency (profitability). *Ribā* (interest) – compared to profit – constitutes a weak incentive for rewarding suppliers of capital for channelling resources to their most profitable (efficient) uses. Unlike payments to factors of production, payments of interest to creditors are not linked to the efficiency (productivity) of the businesses they finance.⁴⁹ Creditors thus in principle have no incentive to take any steps to increase the efficiency of the enterprises they finance.

Unlike profit and loss sharing securities, any change in the efficiency (profitability) of a given businesses does not translate into a change in the interest payments to creditors. Payments of interest to creditors neither rise nor fall with efficiency (profitability). A change in the efficiency of a business financed by credit has no impact on interest payments made to creditors, as long as the change does not result in profits lower than the minimum required to repay loans with interest. Thus, lenders have nothing to gain from an increase in the efficiency (profitability) of the enterprises they finance, as the payments of interest have been determined – fixed – in advance.

Since in most cases their capital is guaranteed, lenders have little incentive to participate in the management of the companies they finance or to exercise any oversight of the company's operations. This cannot but create a moral hazard by reducing the incentive for company management to use the resources entrusted to it wisely and efficiently. Secured lending at interest introduces a moral hazard in that it absolves creditors from any responsibility for the outcome of the investments they finance.

The fact that the interest income paid to creditors bears no direct relationship to the efficiency of the enterprises they finance constitutes a major anomaly in – and

is indeed inconsistent with a basic principle of – the free enterprise economy. The principle is, – to reiterate – that reward should be linked to and made dependent on effort. Capital providers (lenders) are rewarded (in the form of interest payments) without contributing to production, either in the form of effort or by taking risk. This alone constitutes evidence of inefficiency.

The absence of a meaningful link between the efficiency of the enterprises financed and the rewards to capital providers (creditors) has far-reaching implications for the efficiency with which resources can be allocated in any system that utilises interest-based financing. It is a time-tested truism – confirmed by the experience of communism – that severing the link between performance and reward profoundly reduces, if it does not eliminate outright, the incentive for productivity (efficiency), thereby laying the foundation for economic stagnation and decline.⁵⁰

In order to ensure a more efficient (socially useful) allocation of resources, financing on the basis of interest-based debt needs to be replaced with financing on the basis of profit and loss sharing.⁵¹ Microfinance – small scale financing on a profit and loss sharing basis – could be given additional support. Muslims need to have confidence in their own principles rather than mimic conventional practices.⁵² Regulatory frameworks need to be amended to eliminate practices (such as treating interest payments as expenses) that favour interest-based financing over financing on the basis of profit and loss sharing. Once these structural changes are accomplished, equity financing is more likely to become the choice method of financing for businesses on account of its more efficient character.

Ribā and Inflation

In general, a reduction in the cost or price of a resource or a product signals an increase in efficiency, while an increase in the cost of a resource or product signals the reverse. Inflation is a general increase in prices. In so far as rising prices signal the rising cost of goods, services, as well as resources, inflation signals a reduction of efficiency.

Spending financed by borrowing at interest contributes to inflation, and therefore reduces efficiency, in at least two ways. The extra demand for goods and services – spending by consumers, businesses, and governments – made possible by spending borrowed money adds to “demand pull” inflation. It is estimated that more than 1 trillion credit cards are in use in the United States alone.

Inflation imposes a variety of costs on society. It increases the costs of doing business, thereby reducing output and contributing to unemployment. It also reduces the purchasing power of currency, thus reducing the real income of the population, especially of those living on fixed incomes such as pensioners.⁵³ Inflation also reduces the purchasing power of people’s savings.

Financing business investment by funds borrowed at interest adds to inflation in the form of “cost-push” inflation. Businesses that borrow at interest to finance expansion or investment treat interest payments as expenses. Businesses normally pass their expenses, including interest payments, on to consumers in the form of higher product and service prices. This will cause inflation. Thus, if a business needs to service a business loan at for example 8% per annum, it can be expected to increase the prices of the goods or services it supplies by a comparable amount, also 8%.

Ribā-based financing adds to inflation in another way. Payments of interest by borrowers to lenders, as well as by financial institutions to depositors, gradually expand the money supply, even without any intervention by the central bank. On account of these payments alone, the money supply can be expected to grow at a rate at least equal to the average between the lending and savings rates. If the average savings rate on deposits is 2% per annum and the average lending rate is 8% per annum, the money supply will grow by 5% per annum.

The expansion of the money supply due to payments of interest should have little impact on prices as long as the rate of expansion does not exceed annual real GDP growth. However, any expansion of the money supply in excess of real GDP growth will likely cause significant inflation. The extent of inflation, however, will also depend on other factors, such as the velocity of money (*V*), a variable that is particularly hard to measure and predict.⁵⁴

The link between interest-based financing and inflation may explain why historically interest rates and the rate of inflation tended to be nearly equal to one other, and generally move up and down in tandem. It would appear, accordingly, that replacing financing by way of interest-based loans by financing on the basis of profit and loss sharing could be expected to reduce persistent inflation, if not eliminate it altogether. This would signal, in the form of more stable prices, a dramatic rise in the efficiency in the allocation of resources across the economic spectrum. A significant reduction in inflation would bring many additional benefits. It would protect the purchasing power of the currency, stabilise real income, and lessen the hardships faced by parties on fixed incomes in the form of continually rising prices. Indeed, the principle of *rafʿ al-ḥaraj* (“removal of hardship”) requires that such hardships be alleviated, especially those facing the low income groups and the hardcore poor.⁵⁵

***Ribā* and GDP**

Contrary to a popular and widely held belief, *ribā*-based financing, apart from stimulating aggregate demand by providing investment funds in the short run, actually impedes growth (GDP) and development in the longer run. This happens as a result of the fact that any funds borrowed to finance investment (or consumption for that matter) have to be repaid – with interest. When loans are repaid, aggregate

demand is reduced by the amount of repayment, and GDP growth slows down due to a reduction in overall demand. Because repayments are greater, due to interest charges, than the initial spending of money borrowed at interest, the overall effect is one of reducing aggregate demand rather than increasing it over the entire cycle of borrowing, spending, repayment and reduced spending. Thus, the overall effect on economic growth of financing consumption and investment with funds borrowed at interest over the course of the entire business cycle is negative rather than positive.

In the short run, spending borrowed funds increases the demand for goods and services (including investment goods and services).⁵⁶ During the repayment stage, however, the reverse takes place. One is reminded of the movements of tides during high tide and low tide. Because at some point borrowers need to repay the funds they borrowed and spent (low tide), they will have to reduce their spending in order to repay loans. Moreover, because they need to repay loans with interest, they will need to reduce their spending in the repayment stage by more than the amount by which they increased their spending during the initial stage of borrowing and spending. In other words, the “low tide” is more pronounced than the “high tide”. This means that over the entire cycle of borrowing, spending and repayment, the total effect on demand (and therefore economic activity) will be *negative*.

To put it differently, because repayments of loans always exceed the loans by an amount equal to the total of interest payments made, interest-based financing over the longer term invariably withdraws more money from the real economy in the form of loan repayments than it injects into it in the form of the expenditure of borrowed funds. This means that over the cycle of borrowing, spending and repayment, leakages from the circular flow of income exceed injections.

Any excess of leakages from the circular flow of income over injections will – if standard economic theory holds true – result in a contraction of the economy, other factors remaining constant. Because leakages from the circular flow in the form of loan repayments exceed injections in the form of loans, interest-based lending is more likely to impede economic growth than support it, as is commonly believed.⁵⁷

Any reduction of expenditure by consumers and businesses will slow down growth and increase unemployment. Thus, over the longer term, interest-based financing will result in additional unemployment and a reduction of economic growth (GDP). In addition to the inflation caused by *ribā*-based financing discussed in the previous section, this means that over the longer term *ribā*-based financing causes unemployment, reduced economic growth and inflation, all at the same time. In other words, it causes *stagflation*. Stagflation or the co-existence of high levels of unemployment and inflation is a relatively recent phenomenon. It became prominent at a time of large increases in spending on credit.⁵⁸

In this way, interest-based financing produces effects directly contrary to the primary objectives of sound economic management as measured by all three major

economic indicators. Thus, while interest-based lending may increase spending and growth in the short run, it does so by decreasing it in the long run. Because of the need to repay loans with interest, the decrease in future will be greater than the increase in the present. Thus, it is clear that interest-based lending does not create new demand; it merely transfers future demand into the present.

The funds repaid to the financial institutions will remain there unless qualified borrowers – those that can post acceptable collateral – can be found. In the absence of qualified borrowers, any funds held by financial institutions are likely to remain there rather than be put to productive use. Thus, to the extent that insistence on collateral traps liquidity within the system, interest-based financial institutions in fact impede rather than foster economic growth.

Savings lying idle within the financial system constitute a waste that has a negative impact on economic activity. Financial institutions who can no longer find qualified lenders (those having acceptable collateral) within the countries they operate turn to lending abroad, once again only to borrowers who can post acceptable collateral. Lending abroad constitutes an additional leakage of funds from the circular flow, and therefore signals additional reduction of growth in the domestic economy.

***Ribā* and the ‘Rationing of Capital’**

It is commonly asserted – in standard economics textbooks for example – that making funds available for investment at predetermined (and sometime fixed) cost (interest) helps to allocate capital more efficiently by “rationing” it to the most efficient businesses.⁵⁹ Ensuring that capital is allocated efficiently comes about by lending it only to businesses profitable enough to pay the rates of interest demanded by capital providers. This effectively disqualifies all less profitable (efficient) businesses from obtaining loans, as they do not earn profits sufficiently high to afford the payments of interest on loans demanded by financial institutions. On the surface, the argument appears to carry weight. Allocating capital to a business able to repay a loan means that only very efficient (profitable) businesses and those able to post strong collateral will receive loan financing.

Ribā-based financing reduces macroeconomic efficiency by reducing the total amount of investment. This takes place because financing by means of interest-based loans reduces the marginal efficiency of capital. More precisely, interest-based financing reduces the marginal efficiency of capital by the rate of interest that a firm needs to pay for the use of loan capital. If the marginal efficiency of capital of a firm is 15% on a given amount of capital before borrowing at interest, and the cost of funds is 8%, then the need to pay 8% interest for the use of borrowed capital effectively reduces the marginal efficiency of capital from 15% to 7% ($15 - 8 = 7$).

Expressed differently, a firm will add additional units of capital to the production process as long as the marginal efficiency of capital (additional net profit) is greater than its marginal cost (interest that has to be paid for the use of additional capital). When the marginal efficiency of capital (rate of profit) becomes equal to its marginal cost (rate of interest), any further addition of capital will add more to cost than to profit, thereby reducing overall net profit.

This means that a business that finances investment by borrowing will stop adding capital as soon as the addition to profit (rate of profit) becomes equal to the addition to cost (rate of interest). But a firm that finances investment by issuing shares or profit and loss sharing *shukūk* need not stop adding capital whenever its rate of profit falls below the interest rate. This means that firms that finance their investments by equity capital or participatory *shukūk* will invest more, other factors being constant, than firms that finance their investment by loan capital.⁶⁰ This will increase overall investment and therefore also the quantity of resources utilised. In other words, financing by way of profit and loss sharing will allocate resources more efficiently, than financing by way of *ribā*-based lending.

Financing by way of *ribā*-based lending reduces efficiency in the macroeconomic sense in another way. The minimum rates of interest demanded by banks effectively disqualify all enterprises unable to make sufficient profits to pay at least the minimum rates of interest demanded by financial institutions. As in a competitive environment it is only natural that profits margins are low, this can only mean that a large number of businesses – perhaps only marginally profitable but still profitable – will not qualify for loan financing.

In other words, because lenders will only lend to businesses able to pay the rates demanded, all businesses that earn profits lower than what is required to service and repay loans will be excluded. This may include potentially a very large number of profitable businesses, in particular the small and medium sized businesses or (SMEs). Withholding capital from profitable businesses, even if only marginally profitable, cannot but hinder overall investment. This means lower economic growth and employment, both of which signify, in different ways, lower macroeconomic efficiency.

Moreover, many marginally profitable businesses such as the SMEs operate under highly competitive conditions. For this reason they are also more efficient than businesses that operate under less competitive conditions. This means that *ribā*-based lending, by requiring profit margins to exceed interest rates, may in many cases withhold financing from the most efficient businesses, businesses that most qualify to receive financing.

It is widely acknowledged that the vast majority of employment is created by the small and medium enterprises. Thus under interest-based system of financing, the

sector providing the greatest number of jobs will be deprived of financing. This in itself will significantly reduce the efficiency in the use of resources, including human resources, by failing to support investment by the SMEs.

Another form of inefficiency arises out of the fact that financial institutions lend on the basis of the borrower's ability to post acceptable collateral, rather than on the basis of the commercial viability and the long-term prospects of success of a given business proposal. This explains why financial institutions tend to lend mainly to large and well-established companies, in particular to monopolies and oligopolies, and only rarely and in limited amounts to small and medium enterprises (SMEs).

Wealth, however, needs to circulate among all segments of society, not only among the wealthy.⁶¹ Monopolies and oligopolies may well earn the highest profits. But monopolies and oligopolies are also the *most inefficient* businesses. By lending to monopolies and oligopolies in preference to SMEs, financial institutions, contrary to popular perception, in fact support the most *inefficient* businesses. A distorted system of financing of this nature can hardly fail to weaken the overall competitiveness of any nation that practices it, and with competitiveness, also the efficiency with which its resources will be allocated. Because financial institutions will only lend to businesses that can post sufficient collateral, interest-based lending in effect provides financing to businesses that need it the least.⁶²

Ribā and Social Justice

Interest-based financing introduces another anomaly in the form of inequality of opportunity. Interest-based financing puts *bona fide* entrepreneurs at a disadvantage in relation to lenders. Interest-based financing favours lenders (the wealthy) over entrepreneurs (those that wish to become wealthy) in several ways. This favouritism is ensured by the income and capital guarantees that lenders are legally allowed to extract from borrowers. With income and capital guarantees, lenders no longer have to compete with the rest of society. They are effectively guaranteed an income, and insulated from market discipline or the need to compete.

Anyone guaranteed an income has little incentive to strive to become socially useful or productive. Interest-based financing thus produces a moral hazard by providing lenders with an incentive, in the form of interest income, to become or remain unproductive. All lenders need to do is to lend capital at interest and do so on a secured basis, and then simply live off their earnings of interest. The capital they lend need not even be their own; it can belong to other people, as indeed it does in most cases. On account of income and capital guarantees, unlike other members of society, creditors are protected from risk of losses. The differences between lenders and entrepreneurs have become blurred to such an extent that hardly anyone notices them, let alone calls for clearly differentiating between investment and lending.

Apart from the unfairness of permitting a class of unproductive persons (shareholders of institutions earning *ribā*) to live off the labour of others, earning guaranteed income (interest) is problematic for other reasons. Guaranteeing income to one group (lenders) but not to others (entrepreneurs) undermines the principle of the equality of opportunity and fair play. Entrepreneurs who face risk in their efforts to earn profits do not have the same opportunities as lenders, whose gains (interest income) as well as capital (loans) are both *guaranteed*.

The institutionalisation of the bias in favour of creditors is also evidenced by the fact that from the point of view of taxation, interest payments can be treated as expenses by all businesses that finance their investments by borrowing. This means that businesses can reduce their taxes by deducting interest expenses from their taxable income. This is not the case, however, with businesses that finance their investments by raising capital on a profit and loss sharing basis, without borrowing. Such companies need to pay taxes on all profits they pay to shareholders in the form of dividends.

When shareholders receive their dividends, they have to pay taxes on the same profits again. In other words, unlike earnings of interest, profits are subject to double taxation, at both company level and the level of the individual shareholder. Interest income, by contrast, is taxed only once, as personal income. This provides an incentive to businesses to raise capital by borrowing rather than by issuing profit and loss sharing securities such as shares or *ṣukūk*. This has the effect of undermining the real sector by privileging the financial sector. The bias in favour of interest-based lending in particular permeates the common law system, known for its creditor friendly nature. This means that in the case of disputes, creditors are generally favoured over borrowers by the law.

In part due to the uneven level playing field favouring lending over entrepreneurship, substantial inequalities of wealth between the haves and the have-nots have arisen. It is not uncommon to see pockets of poverty and homelessness even in the most advanced industrial nations, to say nothing of the developing world.⁶³ Balanced economic development remains elusive.

Lending at interest has contributed to these inequalities by widening the gap between the rich and the poor.⁶⁴ It does this by ensuring that over the long term the total amount of money (principal and interest) repaid to lenders is invariably greater than the total amount (principal only) loaned in the first place.⁶⁵

Ensuring that the amounts repaid exceed the amounts lent is accomplished by means of income and capital guarantees. The income guarantee is provided by debtors in the form of a commitment (promise) to make fixed loan repayments to creditors on dates and in amounts determined by the creditors in advance.

Capital guarantees are provided by borrowers by posting collateral. Collateral is an asset at least equal to or greater in value than the amount of the loan that the

creditor can claim from the borrower in the event that the borrower is unable to repay the loan. The requirement for borrowers to post collateral means that even if a business financed by a creditor goes bankrupt, the creditor is able to recover his capital without any loss. Thus, there is little risk to the creditor that he may lose his capital. This creates a major moral hazard to the lender in that he may lend money to potentially unprofitable enterprises, as his capital is guaranteed. This explains why significant overinvestment has taken place utilising *ribā*-based financing, resulting in enormous surpluses of property, thus evidencing a massive waste of resources: macroeconomic inefficiency.

Income and capital guarantees ensure that creditors, unlike entrepreneurs, can suffer no loss and are in addition guaranteed income in the form of periodic payments. In other words, the income and capital guarantees ensure that the net flows of capital (in the form of interest payments) over the longer term move in one direction, from borrowers (the needy) to creditors (the wealthy). Thus, over the longer term, wealth is gradually transferred from borrowers to creditors in the form of interest payments.

Yet the community as a whole does not benefit from a progressive concentration of wealth in the hands of the few. It is not in the public interest (*maṣlahah*) to have such a gap. The concentration of wealth in fewer and fewer hands imposes various costs on society. It causes inefficiency in two ways: the wealthy are able to command a surplus of goods and services. Their wealth in many cases is so large that they cannot possibly hope to consume any such surpluses. The poor, on the other hand, on account of their poverty, often experience regular shortages of (even essential) goods and services.

Wealthy parties (creditors) are unlikely to spend much of any additional wealth acquired by way of consumption, by far the single largest component of aggregate demand. A single person can at most eat one meal, wear one set of clothes, occupy one house, or drive only one automobile at any one time. The demand for these goods is therefore not likely to increase dramatically as a result of an increase in the wealth of those who are already wealthy.

One may note in addition that the limited ability of the wealthy to spend their wealth – and thus contribute to aggregate demand in a significant way – constitutes a compelling argument for utilising development models that seek to distribute wealth widely rather than narrowly among the population. This would increase the disposable of each person according to his ability or effort. A higher disposable income among the general population will contribute significantly more to GDP by stimulating aggregate demand than making a few persons wealthy, in the expectation that the trickle-down effect will do the rest. As this paper has attempted to show, *ribā*-based financing on the contrary ensures a “trickle up” rather than a “trickle down”. This is accomplished by way of income and capital guarantees, which have the effect of concentrating wealth in the hands of the few, thereby significantly constraining economic growth and development.

As no substantial increase in aggregate demand can be expected from an increase in the wealth of those already wealthy, no significant increase in production (GDP) is likely to take place either, to cater to any increase in demand for goods and services resulting from an increase in new wealth. Aggregate demand remains depressed because the majority of the population benefit little from the gains in wealth that largely flow to the wealthy.

What is more, lenders are generally risk-averse and therefore rarely invest in the real economy. As a result, another major component of aggregate demand – investment – is unlikely to rise significantly as a result of an increase in the wealth of those already wealthy. Sluggish consumption and investment will hamper overall production (GDP) and therewith constrain the efficiency with which resources can be utilised. Moreover, a substantial gap between the rich and poor can be socially divisive. Thus, concentration of wealth in progressively smaller number of hands does not serve the public interest (*maṣlahah*). On the contrary, it undermines it.

Conclusions and Recommendations

The major shortcoming of interest-based financing is that it displaces to a substantial degree the dominant incentive for parties with surplus capital (savers) to maximise efficiency in entrepreneurial activity – income in the form of profit – by a weaker incentive: income in the form of interest. These two incentives operate in different ways, which have different implications on the efficiency with which resources will be allocated.

The main difference between the two incentives is that, unlike dividends paid to investors, the amount of interest income paid to creditors does not depend on the efficiency (profitability) of the business receiving financing. This is perhaps the most glaring weakness of interest-based financing.

Because in interest-based lending no link exists between performance (efficiency) and the rewards (in the form of interest payments), lenders have little incentive to make loans to businesses that are likely to earn profits higher than the minimum amounts required to repay loans. Should such businesses make profits higher than those required to repay loans, creditors will still receive only the previously agreed upon sums. Thus, compared to profits, payments of interest provide only a weak incentive to allocate resources efficiently, to channel capital to the most efficient (profitable) businesses.

In comparison to financing on the basis of profit and loss sharing, the quantum of interest earned by creditors is determined *before* profits, from which payments of interest will have to come, have been earned. In other words, the quantum of interest payments, unlike the quantum of dividends paid to investors, is established in *advance* and *independently* of the profitability (efficiency) of the enterprises financed by way of loans. Interest payments to creditors remain constant regardless of fluctuations in profit levels.

Determining rewards to creditors independently of the performance of the enterprise they finance departs from a basic principle of the free enterprise system, if not also of justice, which is that reward, whether to persons or businesses, needs to be linked to, and indeed depend on, performance. The link between reward and performance provides an incentive to perform, to allocate resources efficiently. Where the link between performance (efficiency) and reward is severed – as the experience of communism has demonstrated – resources are unlikely to be allocated efficiently. A significant amount of waste in the form of persistent surpluses as well as shortages can be expected.

Since interest-based financing hinders rather than promotes the efficient allocation of resources, by reducing the amount of investment and production in any economic system that utilises it, it is recommended that interest-based financing be phased out, and replaced by financing on the basis of profit and loss sharing, on the grounds that interest-based financing, far from serving the public interest (*maṣlahah*), has in fact undermined it by reducing efficiency in the allocation of resources:

- phase out interest-based financing, for example by permitting businesses to sell their products directly to consumers on a deferred basis;
- enable consumers to purchase items on an instalment basis, while ensuring that the credit price is the same as the spot price in order to avoid *ribā*;
- promote microfinance with incentives, such as tax advantages;
- amend the law to ensure that payments of interest to creditors can no longer be treated as expenses by firms, thereby enabling them to reduce their taxable income;
- simplify listing requirements and procedures on order to reduce the costs of raising capital by issuing shares;
- avoid incurring debts by utilising financing on the basis of profit and loss sharing;
- review and repeal all existing rules and regulations that serve no purpose other than to limit or eliminate competition in various sectors.

Notes

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 21. Qur'an 2:275.
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 38. Qur'an 25:67.
 39. Ibid., 7:31.
 40. Ibid., 17:26.
 41. al-Imam Muhammad Ibn al-Hassan al-Shaybani, *The Book of Earning a Livelihood*, transl., intro., annot. by Adi Setia (Kuala Lumpur: IBFIM, 2011), 89.
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 47. Qur'ān 9:34-35. A saying attributed to the Prophet Muḥammad states, "The man who withholds goods is evil. If God lowers prices he is grieved, and if He raises then he is happy" (Bayhaqī), retrieved from the "Sayings of Muhammad" at Ghazi Ahmad, *Islam and Muslim Blog*, available online at <http://islam-n-muslim.blogspot.com/2012/04/hadith-about-hoarding.html> (accessed online on 31 May 2012).
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 52. Saeed, *Islamic Banking*, 76 and 144.
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 54. Velocity of money (V) is the average number of times a given unit of currency is used in one year.
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 58. This took place for example in the US in the decade of the seventies, when ceilings on credit card interest rates in many states were raised, thus leading to a large increase in spending and general indebtedness.
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VIEWS OF SCIENCE AND THEIR IMPLICATIONS FOR MUSLIM HIGHER EDUCATION

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Abstract: In this article, the author argues against the story of modernity as inevitable, irreversible, and teleological. He challenges this view by attempting to demonstrate the integrity of sciences and technologies. According to his view, perhaps unexpected, the pre-modern notion that the human being is the centre of the universe is inextricable from universal humility and a complete dependence on the divine. He concludes by stating that Muslim educators and administrators of higher education especially would do well to bear this perspective in mind when designing curricula for science courses. In order to achieve this, they would be well advised to aim at a re-reading of relevant qur'ānic passages and other sources of the classical Islamic heritage through the lens of its great exponents.

The Three Views

In his article “Three Views of Science in the Islamic World”,¹ Ibrahim Kalin classifies three worldviews associated with science among Muslims today.

The first view came into focus with the advent of modernity, specifically in the desire among intellectuals and elites to confront colonialisation, globalisation, and the pervasive dominance of the West. Since the weapon of the dominator, the master, was science and technology, it was only natural for the slave to seek that weapon for himself.

The second view takes Kuhn and Feyerabend and an awareness of the sociology of science to focus on the link between scientific activity and political economy. This view enjoys dethroning the “noble” pursuit of science by exposing its connection to crass realities of politics and economics.

A third view is neither modern, as the first is, or postmodern, as the second is. It instead turns the eye to a very different, now almost quaint, view of science as the study of our place in the universe.

The first view is pervasive in the Muslim world and may be called post-colonialisation: the continuation of the colonial experience through other means. The colonialist must project superiority. One projection of superiority occurred with the hunt, as in big game- or fox-hunting. “The hunters were extremely conscious of their

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role as *rulers*. The hunt becomes a means of reiterating racial superiority especially in the wake of 1857.”² The spectacle of the hunt served to explain why in this case the British were seen as the legitimate rulers of India. The process of making the land a heroic setting in the spectacle of the hunt “not only renders the land a site of conquest and triumph,” but also alienates it from “its primary users: the tribals and the natives.”³ One way to discern how the spectacle functioned is to examine any glitches in the show. In Isabel Savory’s “A Sportswoman in India,” a *mem sahib* misses a shot, and the attendant *shikari* gives her a pitying glance. “Savory’s writing underscores the fact that the failure was unacceptable because it had been in the presence of a native. The spectacle of the hunt, which serves to emphasise British supremacy, had collapsed in full view of the native it was supposed to impress.”⁴ This problem of spectacle gone wrong appears in George Orwell’s essay about his experience in Burma, “Shooting an Elephant.” He picks up his gun to investigate the report of a “mad” elephant and soon realises that the thousands of natives gathering around him and the now quite passive, peaceful elephant, have made it inevitable that he must kill it. He writes that he “perceived in this moment that when the white man turns tyrant it is his own freedom he destroys.”⁵ The essay reveals imperialism to be a system where one must forego one’s humanity to maintain the posture of superiority over a fellow human being.

The colonialist must continually perform his public role of superiority while aware that there is no physical or real difference between him and his subjects. He, and his society, draw up elaborate explanations for why they are *rightfully* dominant. In contemporary society, billionaires who produce nothing are said to have earned some amount of money, using the same verb accurately applied to the wage-earner. If they deign to do so, they tell stories about their superior leadership skills and business acumen in order to prove that they are rightfully esteemed.⁶

Here we are in the realm of “Extremistan,” to use Nicolas Nassim Taleb’s phrase from *Black Swan*. Here are some of the discoveries the 99 percent are making today about the 1 percent. For India, we may ask, Are we to assume that the handful of people who own one quarter of the wealth of India, who are billions of times wealthier than everyone else, are billions of times smarter or superior to everyone else? Does a superstar basketball player jump a million times higher than an amateur? Is a superstar singer a million times more talented? The same process of “explaining” superiority takes place in gender politics as well—men make stories to explain why they are dominant and women are subservient.⁷ For the West, the stories are those called the Grand Narratives of Modernity. Europeans and Americans are not dominant because they are more rapacious and violent and greedy – and “lucky”: no, they are on top because they have separated religion from politics, or tapped into the steady progress of Science and Technology, or changed their pre-modern ways to become modern and punctual and efficient. The slave absorbs these narratives, and because

the moments of confrontation are poignant and important, he takes the narratives very seriously. Here, post-colonialisation is the continuation of colonialisation by self-imposed assumptions.

The narrative or story of Modernity is that it is inevitable, irreversible, and teleological – ever upwards. In the first view we find the Muslim modernists of the nineteenth and twentieth centuries challenging a part of the grand narrative. From figures such as Muḥammad ‘Alī Pasha, Taha Hussein, Said Nursi, Sayyid Qutb, representing the mixture we have had for a century of modernity and fundamentalism, the narrative is broken into two different stories: one is science and technology, and the other is religion and culture and the humanities. We want the master’s weapon, Muslims of the first view say, but we don’t want his culture.

In this same period, two groups of Muslims were cast as obstacles to the modernist-fundamentalist quest. The first were the traditional *‘ulamā’* whose textuality and educational methods were seen as backward, irrational, and an obstacle to progress. A kind of Protestant revolution occurred where centuries of *tafsīr* literature could be discarded for an individual reading of the Qur’ān and *Sunnah*. Of course, any reading of a text takes place within a context, and by discarding the traditional context, the modernist-fundamentalist freed the text, only to alter it now to fit his own cultural baggage, which he acquired from the grand narrative of modernity. Take this text read by centuries of scholars the same way:

God does not change what is with a people *of good-fortune and well-being* until they change themselves.⁸

Here al-Alūsī, as is the tradition, elaborates that a people having good-fortune and well-being will not lose that until they change themselves by leaving good behaviours. The scholars also tied the verse to historical situations in an effort to find the exact “prompt” that revealed the verse. But suddenly in the twentieth century, and today, this verse is reversed and picks up the baggage of the Grand Narrative. This verse now is read by modernists and fundamentalists as being directed to contemporary Muslim societies in bad shape. It is used to blame Muslims for their situation: God will not change your bad fortune until you change yourself, and become modern. The master, in this case, succeeds in getting his slave to accept his subservience as being deserved and merited, because his god won’t save him unless he changes himself – leaves backwardness and becomes efficient, punctual, industrious, and scientific. The master succeeds in setting the stage for the post-colonialised to discard centuries of his own religious traditions.⁹

The second group were the Sufis, many of whom could also be described as being in the first group. They pushed for resistance to the West, whether violent or non-violent (as with Bacha Khan, the “Frontier Gandhi”). A theme in this group is the *jihād* of the self, where one continuously examines the intent of the self—is it to

submission to God, or is it toward selfish ends? This group focuses on the master-slave dynamic we have considered, partly through the awareness of accountability in the other world (*ākhirah*), which puts into stark light the true intentions of the self.

To the modernist-fundamentalist, these two groups were obstacles to progress, and they were, and are, criticised for their irrationality, textuality (and rote learning), and preoccupation with the other world. However, we may in turn challenge the modernist-fundamentalist with the other two views of science. The first challenge comes from a lack of understanding by the former of the sociology of science, the embeddedness of science in political economies. The second challenge comes from the third view, that by effacing tradition the former view leaves what *was* Islamic science open to misappropriation by forces of domination and aggression.

We may also challenge the former view by demonstrating the integrity of sciences and technologies. The naïve modernist-fundamentalist view assumes that transportation is transportation, for example, and that a car is a quantitatively-enhanced camel. A weapon is a weapon, for example, and money is money, and travel is travel. With this naiveté, they abrogate the traditional distance at which a traveller is defined as *musāfir* and no longer obligated with fasting that day in the month of Ramadan, for example. Instead of following the prophetic model, they instead arrogate to themselves the ability to interpret the body of law around travelling and fasting, by saying that travelling a distance today is easier than the same distance in the past, and therefore the law of travelling and fasting must change. This arrogation is similar to the *bāṭiniyyah* heresy, which could posit that since *zakāt* means purity, one need not expend wealth in charity, but merely *be* pure. Taking the example of money, the idea is that the money we have today in a global capitalist system is the same as money then. The fact that money today is based on fiat currency and fractional reserves, and therefore is interest-based and usurious, escapes them. The idea that usury (interest) is acceptable is one that took hold historically only recently in earlier centuries Christianity, early Judaism, along with Islam, condemned usury, the charging of interest.

As for weapons, the explicit description of the *tafsīr* literature is that the qur'ānic verse mentioning "utmost power" referred to the bow. This understanding is effaced and replaced with "any" power including nuclear weapons. Weapons of mass destruction cannot be used without involving forbidden activities such as killing non-combatants, and as such cannot be lawful. When the traditional commentators interpret the qur'ānic verse "Fight them with what you are able to of *power* (8:60), they add the Prophet's commentary, "Yes, *power* is the bow," which he said three times. They also say that the bow is not the only power, and as such the commentary is linguistically similar to statements such as *hajj* is 'Arafāt and *tawbah* is remorse. When there are other than simple weapons to be included, the commentators still provide the context for the weapon: the verse and the commentary might tell us

that weapons besides the bow are used to dispel injustice, for example, and Caliph ‘Umar’s statement may be included, that the Muslims should “fight” their enemies with pious deeds, charity, and the like. These cases consider a weapon in context, as an integral technology. That is, the intent and usage of the weapon cannot be removed from the physical weapon itself.

The insight into the integrity of technology shows us that the car is not a herd of camels. The automobile is a mechanical vehicle, an integral part of a car system or car culture, not a biological creature of the Earth. It should be obvious, but the naiveté of the modernist-fundamentalist view is pervasive, that technology and science are not neutral. The car we picture in our minds comes with oil that is extracted and refined and distributed, with asphalt and roads, with road rage and drunk driving, with pollution and toxicity. You can’t have this car without polluting the rivers in the Niger delta, and paying corporations to drill underwater wells that spew oil unchecked into the Gulf of Mexico. The modernist-fundamentalist desire is for the science and technology of the West without its cultural artefacts. But the integral fact is that the car comes with all its undesirable properties, together with its speed and its effects upon society. Ivan Illich and others who studied car culture in the 1960s looked at the time people spent on driving their car and paying for it. They looked at the societal level as well, looking at commute times, infrastructure costs, and so on. In both the individual and societal cases, the actual speed of the car is 5.6 miles per hour.¹⁰ For example, a typical individual may commute 21 kilometres over 1.5 hours, working 1.5 hours for the monthly payment and operating costs. The speed of this car is 21 km/3 hours or 7 km/hr. One has to wonder why societies, as they found, commit 28 percent of their total expenditure of wealth on moving as fast as societies have done for centuries on foot and camels and horses.¹¹

The assumptions also proclaim that science is science. And yet the shift in focus is too dramatic to be ignored. As Etienne Klein says,

On a pack of cigarettes, it is not written that smoking displeases God or compromises the salvation of our souls, but that “smoking kills.” The salvation of the soul, the great object of theological discourse, has little by little been effaced for the good of the health of the body, which is the object of scientific preoccupation. In this sense, we consider a society to be truly modern when the priest and the ideologue have given their place to the expert, that is to say, when scientific knowledge and its technological development or industry are taken to be the only acceptable basis for society’s organisations and policies.¹²

From this perspective, the fundamentalist is fully modern.

An attempt to revive some aspects of these two traditional groups (e.g., ‘*ulamā*’, Sufis) against a modernist-fundamentalist view is found in the concept of tradition or perennial philosophy, associated by Ibrahim Kalin with René Guénon, Seyyed

Hossein Nasr, Syed Muhammad Naquib al-Attas, Osman Bakar, Mahdi Golshani and Alparslan Açıkgenç. Ibrahim Kalin lists five elements of the viewpoint they are opposing, which may be summarised as follows.

1. Secular view of the universe, no space for the divine
2. Mechanistic world-picture, machine, clock
3. Hegemony of rationalism and empiricism
4. Cartesian bifurcation, alienation of knowing subject from object of knowledge
5. Exploitation of natural environment as source of global power and domination.

All five elements are not always present today in scientific activity. But to say that there is the science of Islamic civilisation and the science of today, and the twain do not meet, is not completely true either.

Let us consider the following analogy. We agree that soccer (football) is a game with a ball, two teams, a pitch, a time period, scoring, and rules. Rather than those elements being all together at one time, although they might be, what we see very often is a ball being kicked around. Sometimes the players divide themselves into two teams. Sometimes they count scores but don't have a time period; sometimes they use some rules but not others. Following a soccer ball in its lifetime, we might see all of these configurations, and even a moment when almost every element is present.

With this analogy, we may follow the ball of scientific activity. We find the ball being used mostly in crass and harmful ways. But occasionally the ball will be in a situation where the mechanistic world-picture is missing, and where the subject and object are seen integrally, and perhaps a result will emerge that is not a source of power and domination. These situations are moments for engagement. It might be helpful to consider contemporary scientific activity in that way. We will examine kinds of scientific activity that while not completely "soccer" in the Islamic civilisational sense, nevertheless indicate that something more is occurring than a ball being kicked around.

Cartesian Bifurcation

When Descartes decided that his thinking process (*cogito*) was his very being, he provided the sword which cultures and civilisations loosely called Western would use to alienate themselves from their bodies, their play, their neighbours, their fellow human beings, their fellow living beings, and their environment. This alienating split between subject and object is known as "Cartesian bifurcation." The Romantic movement attempted to counter this alienation, and writings within Western cultures have continuously questioned this sword cut and bemoaned its consequences. It is therefore distressing to find in the Muslim world and among many of its Islamic discursive spokesmen support for and engagement with the Cartesian bifurcation. It is

Alfred Crosby's idea that the *mentalité* of the thirteenth-century Europeans concerned with measurement and quantification propelled them into a world-dominating science and technology.¹³ The ability to abstract and bifurcate gives power, but it loses the appreciation of quality (e.g., the Romantic movement).

The science carved out by the bifurcating cut may actually have been “hoist with his owne petar.” This science first overturned Christian cosmology by introducing heliocentrism, but as Caner Dagli remarks, “[F]rom the point of view of relativity it is nonsense to say that the earth ‘goes round’ the sun.” And so “the paradigm shift ushered in by such figures as Einstein, Max Planck, and Niels Bohr is important because it *destroyed the destroyer*.”¹⁴ And by putting all its eggs in the basket of measurement and physical realism, science was vulnerable to discoveries from a world that is measurable but imperceptible. The ability to predict the behaviour of the physical world on small and large scales, making this

the most successful scientific theory to date – paradoxically serves to undercut the assumption that the only real knowledge we can have of things is through scientific measurement. What we are measuring are things we can never perceive without a measurement.¹⁵

We hold a ball in our hand and the scientist says the only real knowledge we have of it is the measurements we make of it, and that our experience of it is “merely subjective or even meaningless from the point of view of science.”¹⁶ But now we turn our attention to an electron or particle that “no one has, can, or ever will experience.”¹⁷ We now have measurements of remarkable precision of these particles, but since we cannot hold them in our hand, we have no experience of them. If the measurements are going to “mean” something, they have to be brought into our ordinary experience of the world. And so, “the new physics paradoxically undercuts classical bifurcation because it leaves us with the troubling proposition that our true scientific knowledge depends for its very survival upon the offices of our subjective, non-scientific experience.”¹⁸ And since “quantum entities are wholly unlike ordinary entities, [...] rigid bifurcation into a subjective world of quality and an objective world of quantity”¹⁹ is rendered all the more absurd.

The Cartesian bifurcation self-destructs at the micro level, where the objective measurements can only be interpreted subjectively, because there is no human scale experience of an electron. It also self-destructs at the macro level, because bifurcation implies an object that is external to us, and so when applied to the whole universe, we are left with the question, how do you measure as an external object something in which you are. Julian Barbour and Lee Smolin write,

As long as the domain in which the theory is actually compared to experiment involves only a portion of the universe there is no problem with the use of these external

elements. However, when we enlarge our ambition and attempt to construct a theory that could apply to the whole universe, we should not be surprised to discover difficulties arising because the familiar structures that previously were defined in terms of things external to the system now have nothing to refer to. This is the origin of the criticisms of Newtonian mechanics known as Mach's principle and also of many of the difficulties, both interpretational and technical, in the study of quantum cosmology.²⁰

The idea that there is an object external to us is "background dependent", which means, the idea depends on a background against which things happen. With the destruction of bifurcation comes the end of background dependence: we are then looking for theories that are background *independent*. Theories that are independent, that work without reference to backgrounds, focus on relations. And this is where Leibniz enters, because his calculus and physics depend on how things are related to each other, not independent of each other, and so "we" are able to fit into the equation. Leibniz criticised the bifurcation of measurement and perception, saying, "The Cartesians have lapsed here, as they count as nothing perception."²¹

Voltaire's caricature of Leibniz in *Candide*, Pangloss, portrays him as ineffective, yet perhaps the inefficacy of its concept is not its disproof. Smolin writes,

But it took physics a long time to catch up to Leibniz's thinking. Even if philosophers were convinced that Leibniz had the better argument, Newton's view was easier to develop, and took off, whereby Leibniz's remained philosophy. This is easy to understand: a physics where space and time are absolute can be developed one particle at a time, while a relational view requires that the properties of any one particle are determined self-consistently by the whole universe.²²

The idea of absolute space and time is based on simultaneity, that there is an external clock that can be used to keep track of where and when things are. The idea of simultaneity depends on an objective universe gridded by Cartesian coordinates. Roger Penrose describes it this way. The very moment he is "typing this in my office at home in Oxford, is 'the very same time' as some event taking place on the Andromeda galaxy."²³ The problem with this concept is,

There is no background space – a "screen" – which remains fixed as time evolves. We cannot meaningfully say that a particular point *p* in space (say, the point of the exclamation mark on the keyboard of my laptop) is, or is not, the *same* point in space as it was a minute ago.²⁴

From this, we must conclude that there is no meaning to be attached to the notion that any particular point in space a minute from now is to be judged as the *same* point in space as the one that I have chosen. While physicists agree with this description of measurement, as we have seen, the "what" it means cannot be objective or given,

or even obvious. Instead, we have to ask about the *phenomenological* ramifications of a space and time that are not absolute. For Ibn al-ʿArabī (d. 1240),²⁵ the phenomenological consequences of relative space and time is confusion. We consider below a relational description of non-absolute time and space from Ibn al-ʿArabī.²⁶

The forms of the universe which come out of these treasure troves appear to you; and you see them yourself.

You get knowledge of them and come to know about the universe what the universe does not know about itself, because of the force of piece-by-piece.

You are told, Everything that remains in the treasure troves, which never end, is like what you know. Who encompasses knowledge of one thing of a kind encompasses knowledge of the kind, because there is nothing subsequently but likes.

The two arcs of the circle come to meet until they make a circumference.

The circumference indicates the point in the circle.

The lines are made from the point to the circumference, and they do not transgress it.

The end of the line is at a point on the circumference.

It ends at the like of what it exited.

So the form of its first is the form itself of its last.

It induces, from the force of its last point which it ended upon on the circumference, a centre toward another circumference.

Half of it inside the first circumference and half of it outside, making the force of outward and inward.

The two arcs meet too as with the meeting of the first circumferal arcs until they become in its fashion/form, because it is impossible that it could exit in any but its form.

Then there arises by dint of the circumference what arose in the first circumference, on and on to no end; it is what protrudes from these treasure troves which have no end to what is contained therein. It is the new creation which is in existence ever-lastingly, and some people, or most people, are in confusion about that, as He said, *Rather, they are in confusion about the new creation*²⁷ with every breath, but in the fashion we mentioned.

So the points are the reason for the presence of the circumference and the circumference is the reason for the arrival of knowledge about the points. Therefore, the circumference is Divine and Creation, and the points are Divine and Creation, and these two forces flow through every circle, arising from the first circle.

So as the circles arise, however many there are, and they keep arising, until the first of these circles which happened becomes hidden, unrecognisable, imperceptible, because each circle made near to it or distanced from it is in its form/image.

The phenomenological consequence of the universe, of physical space, appearing and disappearing is seeming *confusion*. Penrose says,

It may seem alarming that our very notion of physical space seems to be of something

that evaporates completely as one moment passes, and reappears as a completely different space as the next moment arrives!²⁸

The above passage from Ibn al-ʿArabī is a key text for him, and the feeling of confusion is answered, in a sense, by the body of Prophetic practice. In other words, instead of nihilism, for example, Prophetic practice is how we deal with our confusion about an ever-changing world. Also, Ibn al-ʿArabī is clear that there is something special about the human faculty to perceive the universe, which is part of a long, perennial tradition, where the complete human being (*al-insān al-kāmil*) is more poised to understand the universe than the universe itself. Caner Dagli speaks of it this way:

This is why man can know the whole of the world, for everything therein is an unfolding and limitation of qualities he possesses in himself in a total way.²⁹

Perhaps therefore, as unexpected as it may be in light of the certainties of Newtonian science, the pre-modern notion that the human being is the centre of the universe is inextricably connected with universal humility and a complete dependence on the Divine. It is only when Man alienated himself from his Mother (Earth) that the hubris of worldly domination and subjugation of all other beings came about.

But it seemed so magisterial to be heliocentric, to gaze at the universe from the position of standing on the Sun! And yet we do not stand on the Sun, as Seyyed Hossein Nasr points out, we stand on the Earth,³⁰ and so we should have a geocentric perspective. The hoisted science cannot tell us where we stand. As with postmodernism, no place is privileged. Let us take this seriously: no place is objectively the centre, no background is privileged; there is no Cartesian grid on the universe with a 0,0 point. If there were a centre, it would be a “place” we have no access to, in the same way that if there are little electrons, they are out of our sphere of perception and experience. When we arrive at this postmodern perspective, we are able to move to a position we may call post-postmodern or pre-modern: we stand on the Earth, therefore the Earth is our centre with respect to the universe. We measure things in comparison to our bodies (finger and arm lengths, positioning, strides). We understand things geo-metrically (etymologically, the measure of the Earth); we understand distances and angles and shapes. So we are ready to move on and reject the bifurcation of subjective and objective.

The rigid bifurcation trips the scientist who tries to link the two worlds of measurements-of-the-unseen and experience-of-the-seen. Here are electrons and particles we can measure with clicks on a counter. We might think measurements are objective and experiences subjective. Everything comes to us through our individual senses. We might think that the results of measurements can be extrapolated to tell us something objective in the world of the experience-of-the-seen. But the data is one thing and the interpretation another. As Caner Dagli puts it, “The ‘collapse’ of the

state vector is still debated by physicists as a matter of philosophy, since there is no general disagreement about the data.”³¹ Further,

The problem with superstring theory, hidden variable theory, many-universe theory, is that they are all mathematical models based upon the exact same body of data, and they all predict the data equally well. These models are sometimes so wildly different that any pretense to some one great scientific conception of the universe must be seen as philosophical hubris.³²

As we will consider in the last section, the “collapse of the state vector” is a formalism, a mathematical description. The math describes what happens, but it will be another language (e.g., English, French) that provides the interpretation. The majority of physicists support the Copenhagen interpretation of quantum mechanics, to the extent they are concerned with interpretation. In Caner Dagli’s phrase, they generally do avoid philosophical hubris. The same cannot be said about other intellectuals peering into physics from the outside. Christopher Norris is intent on challenging the postmodern philosophy that gives itself authority by reference to physics. Its practitioners take for granted, he says, the “idea that their position [anti-realist and cultural-relativist] finds support from the latest findings of theoretical physics.” He continues:

Typical of these is Jean-François Lyotard’s strangely placid assurance that ‘postmodern’ science has nothing to do with truth – even truth at the end of enquiry – but everything to do with uncertainty, undecidability, chaos, paralogistic reasoning, the limits of precise measurement, and the observer-dependent nature of (so-called) physical ‘reality’.³³

In this present work, the reader will find our arguments meeting many strange bedfellows. Postmodernity, with its uncertainty and relativism, is welcomed for its rejection of the bifurcated Cartesian heritage. However, it in turn is rejected in favour of physicists who are interested in finding realism, such as Julian Barbour, Roger Penrose, Anton Zeilinger, and David Bohm. It is possible for philosopher-scientists to reject the bifurcation of objective and subjective and move, not to chaos but to the order in complexity, and to reject both *my* reality and *no* reality for *shared* reality. Where John Locke defined consciousness as “the perception of what passes in a man’s own mind,”³⁴ we might more fruitfully return to the sixteenth-century Latin etymology of consciousness, the *knowing* (*sci-*) *with* (*con*) others. Even in unconventional studies of consciousness, the prevailing idea is of a solipsistic consciousness; one critic decries

the neuroscience camp, who mainly think that people are self-sufficient computing machines, and on the other you have the phenomenologists and Buddhists, who also think consciousness is private [...] who believe they can discover “pure consciousness”

without third-person reflectivity. You must have noticed that when any one talks about “pure this” or “pure that” they are always men, or women talking men’s language.³⁵

If measurement does not provide objective truth but instead exists with its experiential interpretation, we return to our geo-centrism, our own position. As H. D. Thoreau remarked, somewhat tongue-in-cheek,

In most books, the I, or first person, is omitted; in this it will be retained; that, in respect to egotism, is the main difference. We commonly do not remember that it is, after all, always the first person that is speaking. I should not talk so much about myself if there were anybody else whom I knew as well. Unfortunately, I am confined to this theme by the narrowness of my experience. Moreover, I, on my side, require of every writer, first or last, a simple and sincere account of his own life, and not merely what he has heard of other men’s lives; some such account as he would send to his kindred from a distant land; for if he has lived sincerely, it must have been in a distant land to me.³⁶

In this call for the first-person, we may see a confrontation with the expert, who derives his authority from abstraction and objectification. We may see in Thoreau’s wallowing in the earthy, the real, the bodily, a Romantic rejection of Cartesian bifurcation. Thoreau has an instantly recognisable style. One may ask whether he had to refashion a language that had become overly subject to bifurcation. In Arabic, perhaps in contrast, the subject-object bifurcation is grammatically unnatural. We in the modern English speaking world are distant from a Sufi worldview and Arabic language that do not support bifurcation. Samer Akkach says,

When dealing with the Sufi conceptions of reality, physical or metaphysical, it is important to recognise the essential difference between their approach and the Cartesian view that conditions our modern understanding. Sufis do not see the world through the Cartesian polarity of subject and object, mind and extension, conscious soul and extended bodies. In fact the subject-object polarity finds neither linguistic nor conceptual support in Arabic.³⁷

Not only is this a worldview that has a non-Cartesian perspective, but the language itself does not support the subject-object polarity central to the Cartesian coordinates. Thinking, in Arabic, could never be equated to “I am”.

There are many reasons why science has been sidetracked onto the Cartesian line, supported by sociology, economics, and politics. There is also a psychological explanation—it appeals to the *masculine* self who wants to predict and control wild, fecund, *feminine* Mother Nature. Steven M. Rosen identifies the Cartesian coordinate system as a doomed way to banish chaos, where “chaos” and the ancient Greek concept of the unbounded (*apeiron*) is connected with Mother Nature. This is the line of science that wants to control nature. It perhaps springs from the masculine

attempt to order and regulate the feminine. Rosen says the masculine claim of objectivity, against feminine subjectivity, is found when the “I” or “eye” is put at 0,0 and proceeds to make everything an object, all the while pretending that “I” am separate from this objectified object. But then in modern physics the problem of the speed of light arose, where the classical space (of absolute time and absolute space) “no longer could be taken *a priori* as a changeless medium.” Rosen shows that the “solution” to this problem was to empiricise “three-dimensional space, treating it, in effect, as a variable *object* in a new, more abstract *four-dimensional* medium.”³⁸

The physicist David Finkelstein considers the same stages in terms of iconoclasm, where scientists have idols they need to destroy. From this perspective, Galileo destroys the idol of absolute time, where there is no space separate from time. From this stage, “we cannot recognise the same place at a different time.”³⁹ But there is still an absolute space. So the next idol bashing brings about relativity, where there is a fused spacetime, where not only is there no time without space, there is no space without time; and further, matter and spacetime are fused. But we still have an idol: the “state”, with the belief is that the state is independent of the observer, and that there is a distinction between knowing a state and doing something to a state. We “no longer separate them but unite them in Heisenberg’s one simple concept of operation without object.”⁴⁰

Finally, the Cartesian universe is also largely visual. There is something about vision and the masculine, god-like notion of objectivity. Sound, in contrast, is suffuse, comes from all directions, is perceived differently, and most importantly, cannot be objectified. As with the sand mandala, swept away after its creation, when the auditory event is over, it can never be repeated. Samer Akkach explains that auditory space is not a pure or empty, boxed-in space but is an “essentially inhabited space.” As a consequence, “This means that one cannot simply be independent of it; one cannot stand outside it and experience it but has to be within it in order for such space to exist. Acoustic space cannot be frozen in the matrix of matter; it cannot be preserved, as in a photographic form, and made to passively endure in the memory. For there is no way to preserve sound as sound; when sound stops, its opposite, silence, prevails.”⁴¹

It is no accident that the audible Qur’ān is more prominent in lived Islam than the textual one. Kristina Nelson points out that Western scholars have typically emphasised the textual part of the Qur’ān. She calls such scholarship one-dimensional, and contrasts it with the auditory space that characterises the Qur’ān in Muslim society. She says

[t]hat the Qur’ān is central to Islamic society, that its significance is communicated by the sound as well as by the meaning and history of the revelation, and that most access to the Qur’ān is through the oral tradition explains to a great degree the suffusion of the sound throughout the fabric of society and the prestige and respect accorded to it.⁴²

Conclusion and Recommendations

Reflecting on the trajectories sketched here, one central direction emerges which educators and administrators of higher education would do well to bear in mind when designing curricula for science courses.

- European science with its technological success has to be placed within an overarching context anchored in the two worlds of the Qur'ān: our consciousness of physical existence and corporeal phenomena, and the immaterial unquantifiable dimension of human experience.
- A re-reading of qur'ānic passages through the lens of great Islamic exponents will help expand the minds and hearts of students in the laboratory and classroom.

Notes

1. Muslimphilosophy.com, available online at <http://www.muslimphilosophy.com/kalin/index.html> (accessed on 17 May 2012).
2. Pramod K. Nayar, *English Writing and India, 1600-1920: Colonizing Aesthetics* (New York: Routledge, 2008), 167.
3. Ibid., 168.
4. Ibid.
5. George Orwell (1903-1950), "Shooting an Elephant," available online at <http://www.online-literature.com/orwell/887/> (accessed on 17 May 2012).
6. The rich certainly are different. Let us try to graph the difference for the case of India. The "bottom" axis of our graph will be the circumference of the Earth, which is 4 billion centimeters (4.01×10^9 , 40,075 km). We'll put the population of 1.56×10^9 circling the equator of the Earth. Every one centimeter, there are 2.6 people. We will now glide over the population circling the equator easterly. Their height will be their wealth, at the scale of 1 dollar equaling 100^{th} of a millimeter. As we start our glide, we will go many kilometers over a population with negative wealth. Eventually, our glide will be over people with a dollar a day of wealth, which will put them (annually) at .365 of a millimeter in height. We will see this population height continue well around the globe. But then we will see the 50 million middle class Indians. Somewhere over Karachi, approaching India from the west, we now see a bump upward in the height of the population, the middle class. Their height is 10 centimeters. We are now seeing another bump, the millionaires. Five hundred meters from our starting place, we see the millionaires, at a height of 10 meters. We have glided for a long time around the equator, over a population with negative height and then a millimeter in height. Just at the end we saw heights of a few centimeters, And then ten meters. Now, 21.15 centimeters from our starting point, we find the billionaires. Suddenly the height goes from centimeters and a few meters to 10 kilometers. And in the end, there are a few centimeters of population with wealth at one hundred kilometers in height. These last few meters own one quarter of India's wealth.
7. My "Orwell" moment for this process with gender came while watching a building project in Pakistan. A scrawny person (of the stronger sex) squatting on a platform was laboriously piling adobe blocks one by one onto the head of a person (of the weaker sex). It seems that he could only manage to hold a single block at a time, while she was transporting eight blocks on her head across the field.

8. Maḥmūd al-Alūsī al-Baghdādī, *Rūḥ al-maʿānī* (Beirut: Dār al-Kutub al-ʿIlmiyyah, 1996), 7:110, referring to Qurʾān 13:11.
9. It is through Western eyes that Muslim societies are seen as failures, perhaps. But using a criterion such as remembrance of the next world, with its opposite, *ghaflah*, a discourse could easily be constructed that shows *Twitter* and *Facebook* and the rest to be mindless distractions, not praiseworthy accomplishments.
10. Ivan Illich writes, "The model American male devotes more than 1,600 hours a year to his car. He sits in it while it goes and while it stands idling. He parks it and searches for it. He earns the money to put down on it and to meet the monthly instalments. He works to pay for gasoline, tolls, insurance, taxes, and tickets. He spends four of his sixteen waking hours on the road or gathering his resources for it. And this figure does not take into account the time consumed by other activities dictated by transport: time spent in hospitals, traffic courts, and garages; time spent watching automobile commercials or attending consumer education meetings to improve the quality of the next buy. The model American puts in 1,600 hours to get 7,500 miles: less than five miles per hour. In countries deprived of a transportation industry, people manage to do the same, walking wherever they want to go, and they allocate only 3 to 8 per cent of their society's time budget to traffic instead of 28 per cent. What distinguishes the traffic in rich countries from the traffic in poor countries is not more mileage per hour of life-time for the majority, but more hours of compulsory consumption of high doses of energy, packaged and unequally distributed by the transportation industry" (see <http://evans-experientialism.freewebspace.com/illich02.htm>, accessed on 17 May 2012).
11. For an exploration of these ideas with reference to Islamic civilisation, see my "Walking Away from Sustainability," a paper presented at the Philosophy of Sustainability conference, December 2010, Centre for Civilisational Dialogue (CCD), University of Malaya, Kuala Lumpur, to be published by CCD and UNESCO.
12. Etienne Klein, "Actes du seminaire international: La culture scientifique au Sud," Marseilles, 29-30 September 2009, available online at http://www.latitudesciences.ird.fr/documents/actes_PCST.pdf (accessed on 21 May 2012), 6 (my translation).
13. See Alfred W. Crosby, *The Measure of Reality: Quantification and Western Society, 1250-1600* (Cambridge: Cambridge University Press, 1997).
14. Caner Dagli, "The Time of Science and the Sufi Science of Time," available online at www.ibnarabisociety.org/articles/timeofscience.html (2005; accessed on 21 May 2012; the following quotes in this paragraph all come from this reference).
15. Ibid.
16. Ibid.
17. Ibid.
18. Ibid.
19. Ibid.
20. Julian Barbour and Lee Smolin, "Extremal Variety as the Foundation of a Cosmological Quantum Theory," available online at <http://arxiv.org/abs/hep-th/9203041> (1992, accessed on 21 May 2012), 2.
21. Leibniz, *Monadologi* (Oviedo, Spain: Pentalfa, 1981), trilingual edition, intro. Gustavo Bueno, transl. Julian Velarde, available online at <http://www.helicon.es/dig/8542205.pdf> (accessed on 21 May 2012), 82.
22. Lee Smolin, "The Case for Background Independence," available online at http://arxiv.org/PS_cache/hep-th/pdf/0507/0507235v1.pdf (2010, accessed on 21 May 2012), 8.
23. Roger Penrose, *The Road to Reality: A Complete Guide to the Laws of the Universe* (London: Jonathan Cape, 2004), 384.
24. Ibid., 385.

25. About the centrality of Ibn al-ʿArabī here and in Islamic civilisation in general, consider Samer Akkach's statement: "While dealing with a range of Sufi texts, the works of Ibn al-ʿArabī – by virtue of their richness, comprehensiveness, and coherence—are taken to represent the Sufi worldview in its utmost maturity and complexity. In this I run the risk of obliterating differences and variations in Sufi thoughts and teachings and of overstating Ibn al-ʿArabī's centrality and influence in the Islamic tradition. I acknowledge, however, that Ibn al-ʿArabī's idea did not emerge in a vacuum and that he absorbed and represented much of what earlier and contemporary Sufis had established. His pivotal position comes from the inspirational power, comprehensiveness, cogency, and profundity of his syntheses, which, as many studies have shown, were instrumental in perpetuating and universalizing Sufi ideas in a coherent way. Also, Sufi conceptions of the genesis, structure, and layout of the universe reveal a remarkably consistent core, with variations being traceable mainly in modes of expressions. Ibn al-ʿArabī's monumental *Futūḥāt al-makkiyyah*, the main focus of this study, is known to have served as a main reference on Sufi ontology and cosmology for subsequent generations" (Samer Akkach, *Cosmology and Architecture in Premodern Islam: An Architectural Reading of Mystical Ideas* (New York: SUNY, 2005), 25).
26. Ibn al-ʿArabī, *Futūḥāt al-makkiyyah*, Bulaq edition, available online at <http://www.archive.org/details/alfutuhatalmakki03ibnauoft> (accessed on 21 May 2012), Chapter 369, 3:403, lines 11-25.
27. Qur'ān 50:15.
28. Penrose, *The Road*, 385.
29. Caner Dagli, "On Beginning a New System of Islamic Philosophy," *The Muslim World* 94, no. 1 (January 2004), 19.
30. "The fact remains that we are not standing on the sun [...]. To look upon the vast vault of the heavens as if one lived on the sun creates a disequilibrium which cannot but result in the destruction of that very earth that modern man abstracted himself from in order to look upon the solar system from the vantage point of the sun in the absolute space of classical physics" (William C. Chittick (ed.), *The Essential Seyyed Hossein Nasr* (Bloomington IN: World Wisdom, 2007), 197).
31. Dagli, "On Beginning," 22.
32. Idem, "The Time,"
33. Christopher Norris, *Quantum Theory and the Flight from Realism: Philosophical Responses to Quantum Mechanics* (New York: Routledge, 2000), 2.
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37. Akkach, *Cosmology*, 55.
38. Steven M. Rosen, *Dimensions of Apeiron: A Topological Phenomenology of Space, Time, and Individuation* (Amsterdam and New York: Rodopi, 2004), 44.
39. David Finkelstein, "Emptiness and Relativity," in: B. Alan Wallace (ed.), *Meeting at the Roots: Essays on Tibetan Buddhism and the Natural Sciences* (Berkeley CA: University of California Press, 2001), 3.
40. Ibid., 7.
41. Akkach, *Cosmology*, 199.
42. Kristina Nelson, *The Art of Reciting the Qur'an* (Cairo: The American University of Cairo Press, 2001), 28.

THE VALUE OF ISLAMIC TOURISM: PERSPECTIVES FROM THE TURKISH EXPERIENCE

*Teoman Duman**

Abstract: The aims of this article are twofold. One is to propose a framework to better understand the terms *Islamic tourism* and *value*. Marketing scholars have long studied perceived value and proposed various conceptualisations of the term. However, further explorations are needed to broaden the concept so as to fit the needs and expectations of Muslim consumers. Although Muslims make up one of the largest tourist markets in the world, the perceived value of tourism offerings oriented toward this market has not been clearly defined. Therefore, a framework to present an Islamic view of the concept constitutes the first aim of this article. A second aim is to provide an overview of the *halāl* tourism market in Turkey. Current developments in the Turkish *halāl* tourism market and the value of Turkish tourism offerings are discussed in detail. Current issues and proposals for future studies are addressed at the end of the article.

Introduction

The World Islamic Tourism Forum (Kuala Lumpur, 12-13 July 2011) offered a noteworthy effort to advance an area that is closely related to travel activities of all people and of Muslims in particular today. The forum concerns all people because what is most needed today is the knowledge about and understanding of different cultures that interact with each other in every aspect of daily life. Tolerance, respect and mutual sharing are only possible with true understanding of and goodwill toward others. In contemporary life, around one billion people travel internationally for tourism purposes yearly and these travellers share much during their travel activities. Tolerance, respect and mutual sharing are needed more than ever before.

The World Islamic Tourism Forum was concerned with Muslims in particular, because in spite of being members of one of the largest religious communities in the world, they often do poorly in expressing themselves and their way of life to others. Whatever the true reasons for the (as I would consider it) lack of understanding toward

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Muslims today, actions to remove barriers and to establish ties with others are duties of Muslims and non-Muslims alike. Accordingly, efforts such as the aforementioned forum should be highly appreciated.

Technological advancements have brought about massive changes in tourism participation. Compared to several decades earlier, human beings can now travel in large numbers and spend a considerable amount of their time and money for tourism purposes. As one of the results of experience and capacity building, governments and companies can offer high-value products to consumers. In addition, consumers demand better value products because of their experience with products and ease in information gathering (i.e., the internet).

Value in consumption has become the key term recently because it results in consumer satisfaction and loyalty.¹ In broad terms, consumers value products based on what they *get* versus what they *give*.² Although academics have gathered considerable theoretical knowledge concerning the conceptualisation of perceived value, research about its true meaning applicable to different customer groups is still lacking. In other words, we know in general that consumers value products based on quality, price and affective benefits.³ However, we still don't know what makes up value for different customer groups that come from various cultural backgrounds. The question is therefore how to define perceived value for *halāl* tourism consumption and how it is different from other types of tourism consumption.

Definition of the Concept of Islamic Tourism

Tourism is a complex phenomenon and it is a challenging task to offer a succinct definition of this concept.⁴ According to the World Tourism Organisation (WTO), "Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited."⁵ Tourism, therefore, consists of the short term movement of people to destinations outside their usual environment and their activities.⁶ Tourism is inherently related to three types of activities:⁷ travelling away from one's home for 24 hours, using one's leisure time to travel and take holidays, and travelling for business.⁸ Furthermore, three qualities make up the essence of tourism: the movement of people, a sector of the economy or the industry; a broad system of interacting relationships of people, given their need to travel outside their communities; and services that attempt to respond to these needs by supplying products.⁹

Apparently, tourism is not a new phenomenon, but technological advancements especially in jet aircrafts contributed significantly to the concept. The world has experienced mass movements of people during the past century, and tourism has been discussed as a social force and a reality in today's modern life.

Some of the difficulties scientists and practitioners have had in studying tourism are the recognition of it as an area or subject, conceptualisation due to its multidisciplinary nature, confusion about related terminology (e.g. ecotourism), reductionism (oversimplification) of its scope, rigour or inconsistency in defining the concept and different approaches taken by the academy and practice.¹⁰ The same difficulties apply to the conceptualisation of Islamic tourism today.

In brief, tourism is a complex phenomenon with sociological, behavioural, economical, political, cultural and environmental dimensions influencing every aspect of life in modern societies and scientists have difficulties in drawing its borders. Much has been achieved in tourism studies in 1990s. A number of books and academic journals have been published in tourism, hospitality and related areas. However, it is hard to make the same conclusion for studies related to tourism and its relationship with the religion of Islam and Islamic consumption. Notable writers have made invaluable contributions to approaching the concepts related with tourism and Islam but as an academic area it seems still in its infancy.¹¹ The *Islamic Tourism* magazine is the only periodical to my knowledge that devotes its name to Islam and tourism (www.islamictourism.com). A number of authors have presented views about concepts related to Islam and tourism in this magazine. Also, the Global Islamic Tourism Organisation (GITO) has given academics and practitioners a chance to present views about Islam and tourism in its international conferences.

Henderson points out the definitional ambiguities with regard to the concept of Islamic tourism. She distinguishes between Islamic tourism, non-Islamic tourism and un-Islamic (anti-Islamic) tourism.¹² According to Henderson, Islamic tourism covers all product development and marketing efforts designed for and directed at Muslims whereas non-Islamic tourism represents product development and marketing efforts designed for and directed at non-Muslims.

Some of the definitions of the concept of Islamic tourism found in literature are presented in Table 1. The following section will elaborate on the definition of Islamic tourism and provide a motivational approach to the concept.

Table 1 Previous Definitions of ‘Islamic Tourism’

Authors	Definitions
Henderson (2010) ¹⁴	<i>All product development and marketing efforts designed for and directed at Muslims.</i> Motivations are not always or entirely religious. Participants could be pursuing similar leisure experiences as non-Muslims, albeit within parameters set by Islam, and destinations are not necessarily locations where the <i>sharī‘ah</i> or full Islamic law is enacted.

Ala-Hamarrneh (2011)¹⁵ *The economic concept* for Islamic tourism is an extension and expansion oriented concept which focuses on the importance of intra-Muslim and intra-Arab tourism in terms of inclusion of new tourist markets and tourist destinations.

The cultural concept for Islamic tourism includes visions and ideas that outline the inclusion of Islamic religious-cultural sites in tourism programs with pedagogical and self-confidence-building elements.

The religious-conservative concept for Islamic tourism has not yet been theoretically articulated. But various opinions and remarks in the discussions on the future of tourism in the Arab and Islam worlds as well as some practices of hotel management indicate that articulations and implementations are just a matter of time.

Henderson (2009)¹⁶ *Tourism mainly by Muslims*, although it can extend to unbelievers motivated by Islam to travel, which takes place in the Muslim world.

Shakiry (2006)¹⁷ The concept of Islamic tourism is not limited to religious tourism but extends to *all forms of tourism except those that go against Islamic values*.

Hassan (2007)¹⁸ In its narrow sense, it may mean religious tourism (visiting shrines all over the Islamic world). But in its wide sense, it is *the type of tourism that adheres to the values of Islam*. Most of these values are shared with other religious and non-religious beliefs (for example the ethical code promoted by World Tourism Organisation). It calls for respect for local communities and the local environment, benefiting the locals, acting with decency and learning about other cultures.

Hassan (2004)¹⁹ Islamic tourism means *a new ethical dimension in tourism*. It stands for values generally accepted as high standards of morality and decency. It also stands for the respect of local beliefs and traditions, as well as care for the environment. It represents a new outlook on life and society. It brings back values to the central stage in an age where consumerism is rife and everything is available for use and abuse in the most selfish way. It also encourages understanding and dialogue between different nations and civilisations and attempts to find out about the background of different societies and heritages.

Dogan (2011)²⁰ Islamic tourism covers *tourism activities by Muslims* in seaside destinations for the purposes of relaxation and entertainment in hospitality enterprises that apply Islamic principles.

A Proposed Definition of Islamic Tourism: Motivational Perspective

Definitions of Islamic Tourism presented in Table 1 give reference to the participants of the activity (e.g., Muslims), locations (e.g., Islamic destinations), products (e.g., accommodations, food and beverage), dimensions (economic-cultural-religious) and management of the service production process (e.g., marketing and ethics).

These definitions, in general, give little attention to the motives that initiate travel. Motivations are especially important in the case of Islam because every deed starts with intentions and has results accordingly. In a famous *ḥadīth*, Prophet Muḥammad said, “The reward of deeds depends upon the intentions and every person will get the reward according to what he/she has intended.”²⁰ The act of travel in Islam is considered a purposeful activity which puts great emphasis on Islamic motivations as acting in the cause of God (*fi sabīl-Allāh*), submission to the ways of God (through *ḥajj* and *ʿumrah*), realisation of the smallness of man and the greatness of God, encouraging and strengthening the bond of *ṣilat al-raḥīm* (Muslim fraternity) and conducting business.²¹ Muslims are encouraged to achieve physical, social and spiritual goals by travelling.²²

From this perspective, Islamic tourism can be defined as *tourism activities by Muslims that originate from Islamic motivations and are realised according to sharʿah-principles*. These activities can be within the scope of the *ḥajj*, the *ʿumrah*, *ṣilat al-raḥīm*, *fi sabīl-Allāh* (acting in the cause of God) and others referenced by the Qurʾān and by the teachings of Prophet Muḥammad. Other activities may comprise those that are held “to appreciate the greatness of God through observing the signs of beauty and bounty of His creations which can be seen everywhere, both in the realms of past and present.”²³ In this regard, travelling for such purposes as health (relaxation), education (learning-teaching-information sharing), and awareness of other cultures, education and business are all considered within Islamic motivations to travel referenced in the Qurʾān and in the *Sunnah*.²⁴ In this view, for a tourism activity to be called Islamic, it should originate from the motivations referenced in the main sources of Islam.

If we apply the above definition to the WTO definition, then, Islamic tourism can be defined as the *activities of Muslims travelling to and staying in places outside their usual environment for not more than one consecutive year for participation in those activities that originate from Islamic motivations which are not related to the exercise of an activity remunerated from within the place visited*.

This definition of Islamic tourism differs from the general definition of tourism in that it differentiates participants as Muslims and motivations to travel as Islamically acceptable purposes. An undisputed condition on Islamic activities is that they have to be conducted according *sharīʿah*-principles which make these activities acceptable (*ḥalāl*) in Islam.²⁵

Islamic Tourism as a Commercial Activity: *Ḥalāl* Tourism

The discussion presented about Islamic tourism so far has taken a motivational perspective toward the tourism activity. Islamic tourism as an economic activity can be separated from this discussion and the industry that serves Muslim tourists may be defined in commercial terms. In Islamic literature, a general term for religiously acceptable is *ḥalāl* and it usually refers to the consumption and utilisation of material things for Muslims.²⁶ The way to utilise and consume all the blessings is *mubāḥ* and termed *ḥalāl* in Islam.²⁷ In other words, consumption and utilisation of things that are not forbidden by the Qurʾān and the *Sunnah* (sayings and deeds of the Prophet Muḥammad) are *ḥalāl* in Islam.²⁸ The opposite of the term is *ḥarām* and it denotes unacceptable consumption and utilisation of things. A Muslim is therefore expected to benefit from *ḥalāl* things and to abstain from the *ḥarām*. From this point of view, categorisation of tourism-related goods and services that are designed, produced and presented to the markets according to Islamic rules (*sharīʿah*) can be considered under *ḥalāl* tourism. Such use of the terminology about touristic goods and services is already common. For example, the terms *ḥalāl* trips, hotels, airlines and foods are frequently used in sectoral terminology.²⁹

Islamic Tourism Decision Making and Perceived Value for *Ḥalāl* Tourism Products

Research in consumer behaviour shows that the entire consumer decision-making process can be explained in four distinct stages.³⁰ The process is typically initiated by felt needs or motivations, continues with selection of products (e.g., information collection, evaluation of alternatives and choices), experience with or consumption of products and post-purchase evaluation and future decisions. Components of the decision-making process are illustrated in Figure 1. As shown in the figure, components of these stages for the consumption of tourism products include;

- Motivations: The motivation to participate in tourism activity can be generic tourism motivations (e.g., conducting business, visiting friends or relatives, pursuing other personal business activities (e.g., shopping) and pleasure³¹), specific Islamic motivations (e.g., acting in the cause of God (*fi sabīl-Allāh*), submission to the ways of God (through *ḥajj* and *ʿumrah*), realisation of the smallness of man and the greatness of God, encouraging and strengthening

the bond of *silat al-rahīm* (Muslim fraternity), conducting business³²) or non-Islamic (Islamically unacceptable) motivations. Most generic motivations are common for Muslims and non-Muslims. However, certain motivations for tourism which provoke pure hedonism, permissiveness, lavishness, servitude, foreignness, etc., are not acceptable according to Islamic doctrine³³ and these motivations can be considered non-Islamic motivations. For example, tourism as “sex tourism”³⁴ and “wine tourism”³⁵ is unacceptable and considered *ḥarām* in Islam. Examples of generic and Islamic tourist motivations are given in Table 2.

- Decision-making: Actual decision-making includes information gathering, evaluation of alternatives and making choices. In the case of Islamic tourism, actual decisions are made based on *sharʿah* principles, which influence subsequent stages in the process.
- Service-consumption: Consumption of products includes affective aspects (e.g., hedonics), monetary aspects, non-monetary aspects (e.g., time, effort and psychological discomfort) and product quality aspects.³⁶
- Post-purchase evaluation: Post-purchase evaluation includes perceived value, satisfaction and behavioural intentions (e.g., recommending, complaining, revisiting intentions).³⁷

Table 2 Examples of generic and Islamic tourist motivations

Motivations	Sources
Generic Motivations	<ul style="list-style-type: none">• Conducting business, visiting friends or relatives, pursuing other personal business activities (i.e. shopping) and pleasure. <i>Goeldner and Ritchie (2006)</i>³⁹• Experiencing culture, pleasure-seeking, fantasy, relaxation, physical participation. <i>Kozak (2002)</i>⁴⁰• Relaxing mentally, discovering new places and things, avoiding the hustle and bustle of daily life, relaxing physically, being in a calm atmosphere, increasing knowledge, having a good time with friends, being with others, building friendships with others, using imagination, gaining a feeling of belonging, challenging personal abilities, using abilities and skills in sports, developing close relationships. <i>Ryan and Glendon (1998)</i>⁴¹

- Climate, relaxation, adventure, personal reasons (i.e. nostalgia), educational motives. *Bansal and Eiselt (2004)*⁴²
- Islamic Motivations
- Acting in the cause of God (*fī sabīl-Allāh*), submission to the ways of God (through *hajj* and *‘umrah*), realisation of the smallness of man and the greatness of God, encouraging and strengthening the bond of *silat al-raḥīm* (Muslim fraternity), conducting business. *Din (1989)*⁴³
 - Seeking health (relaxation), education (learning-teaching-information sharing-visiting scientists), realisation of other cultures, business. *Aglamaz (2009)*⁴⁴
 - Promoting Islam (*tablīgh*), seeking scientific knowledge, educating others, working for *ḥalāl* earnings, taking lessons from past. *Kusursuz (2011)*⁴⁵

One of the critical aspects of the consumer decision-making process is consumers' evaluation of value of products. There is a general consensus in consumer behaviour research that consumer satisfaction and future behavioural intentions are positively influenced by their perceptions of value.⁴⁵ In making value evaluations, consumers typically compare what they receive (i.e., benefits) with what they have given up (i.e., price and non-monetary sacrifice).⁴⁶

Consumption of tourism products has distinct characteristics because tourism involves a longer time due to travel and usually entails higher overall costs. Therefore, tourists usually spend considerable time on evaluating their experiences and demand high value for future participation. High value tourism products are usually emotionally satisfactory, reasonably-priced, of high quality and require little physical and psychological effort. Consumers usually refer back to their expectations when making satisfaction and value evaluations.⁴⁷ Expectations are formed with consumer motivations and consumers expect to find benefits congruent to their initial motivations.

Evaluation of the value of tourism products in the case of Islamic tourism participation entails a completely different process due to the requirements of Islam. These requirements are called *sharī‘ah*-principles and at the simplest level these principles “prohibit adultery, gambling, consumption of pork and other *ḥarām* (forbidden) foods, selling or drinking liquor and dressing inappropriately.”⁴⁸ In addition, a typical Muslim is expected to do regular prayers in clean environments and fast in Ramadan. In Islamic teachings, Muslims are also expected to abstain

from profligate consumption and indulgence.⁴⁹ Islamic principles are requirements for every Muslim, and sensitivity toward application of these principles is important because religious deeds are not acceptable if they are not conducted appropriately. Therefore, the participation of Muslims in tourism activities requires acceptable (*halāl*) goods, services and environments. The differences between Muslim and non-Muslim tourist participation in tourism with regard to value perceptions are illustrated in Figure 1. As shown in the figure, *sharīah*-compliance should be a pre-requisite for high value tourism experiences for Muslims.

***Halāl* Tourism and Turkish Experience**

In this part of the paper, my purpose is to present the current situation in Turkey with respect to *halāl* tourism industry. As noted previously, all the goods and services of the tourism industry designed according to Islamic principles and offered to Muslim markets in Turkey are considered part of *halāl* tourism in Turkey.

An Overview of the Turkish Tourism Industry

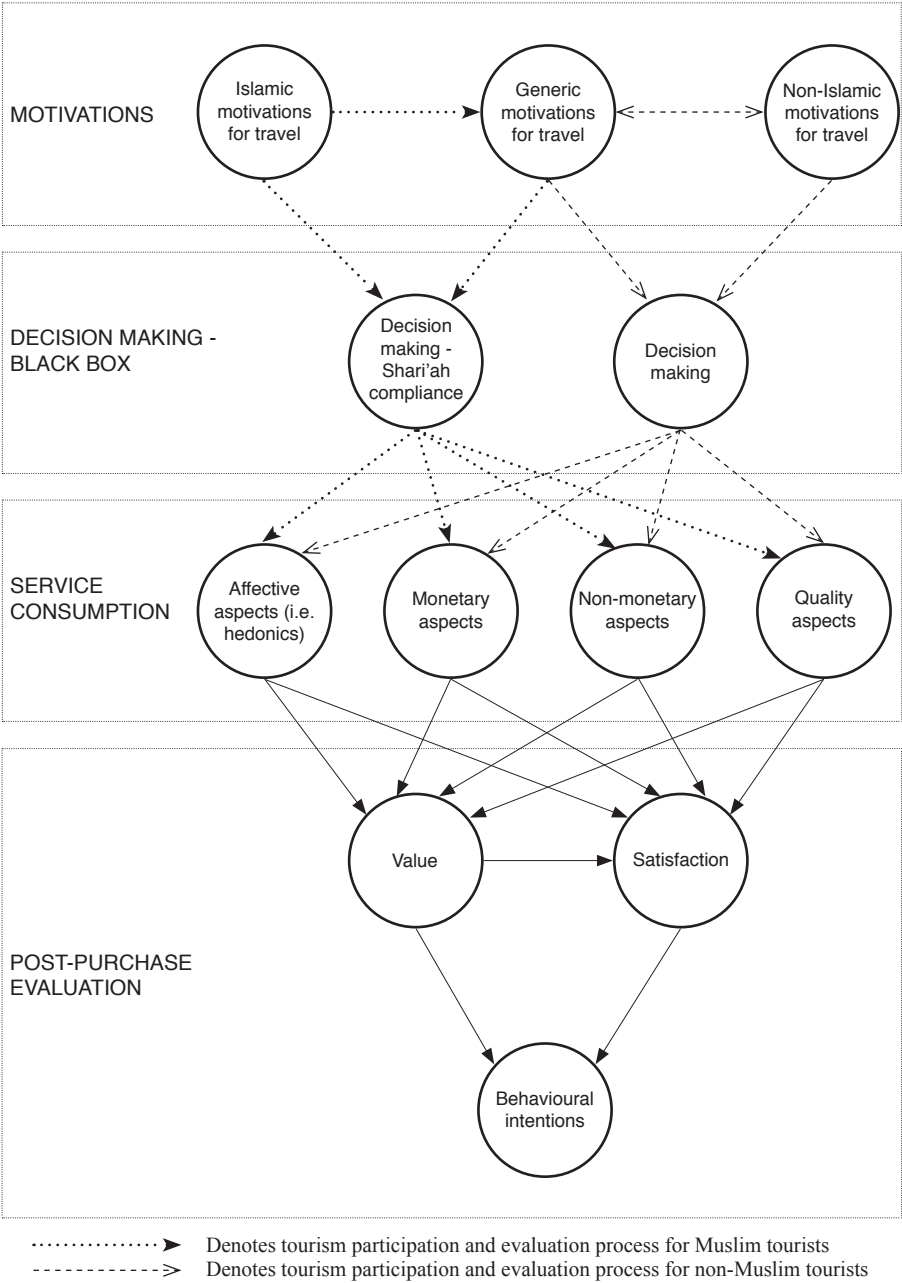
Official tourism statistics provided by Turkish Ministry of Culture and Tourism show that Turkey attracted over 28 million tourists in 2010. Tourism receipts exceeded US\$21 billion and average tourist spending was around US\$630.⁵⁰ For a long time, Turkey has been one of the top ten tourist destinations in terms of tourist arrivals. Political stability of the country in 2000s has resulted in improvements in many areas including infrastructure, international relations and event management, which all had a pivotal impact on tourism development. According to projections, the country is expected to increase tourist numbers to 63 million tourists and tourism earnings to US\$86 billion by 2023.⁵¹

Turkish Tourism Products

Turkey is quite rich in tourism potential. Its geographic location, climate, the multicultural nature of its demographics and its diverse history make it one of the most attractive destinations in the world. Among the types of tourism actively pursued that are listed by the ministry of Culture and Tourism in Turkey are sea-sun-sand, health and thermal (hot-spa), winter, highland, cave, hunting, event, golf, youth, yacht, botanic, silk road faith, air sports, mountaineering, rafting, diving and bird watching.

Currently, Turkey has a touristic bed capacity of around 600,000 and 2,600 accommodation facilities. These numbers are up from a bed capacity of 56,000 and 500 facilities in 1980. Antalya, Istanbul, and Mugla are the three major tourism cities in Turkey. These cities accommodate around 50% of international visitors to the country.⁵²

Figure 1 A Proposed Model of Perceived Value for an Islamic Tourism Decision-Making Process



An Overview of *Ḥalāl* Tourism Industry in Turkey

A Historical and Political Perspective on Ḥalāl Tourism Industry in Turkey

The roots of contemporary tourism in Turkey go back to the establishment of the Tourism and Promotion Ministry in 1963. In the 1960s and 1970s, very limited signs of organised tourism activity existed in Turkey. The governmental effort in these years was mostly spent on planning.⁵³ The start of mass tourism activity was with famous Tourism Incentive Act in 1982. The period from the 1980s until 1992 is remembered in connection with Prime Minister Turgut Özal and his party, ANAP. Much of planning, infrastructure, legislation (i.e. incentives) and promotion were accomplished during these years with Özal and his ANAP party. The 1990s through 2012 were marked by political instability and economic downturn which resulted in the increase of mass tourism activity with all-inclusive vacations. A massive tourist influx to popular seaside destinations was experienced during these years from the European and Russian markets. The last decade (2002-2012) has seen political stability and economic development. These years were marked by a new wave of tourism-planning that included a tourism diversification policy where different types of tourism were encouraged in every part of the country. A review of the recent tourism development history in Turkey is presented in Table 3.

Table 3 Review of the Recent Tourism Development History in Turkey

	Before 1980s	1980-1992	1992-2002	2002-2011
Political environment	<ul style="list-style-type: none">• Political turmoil	<ul style="list-style-type: none">• Turgut Özal– ANAP• Political stability	<ul style="list-style-type: none">• Political turmoil• Economic downturn	<ul style="list-style-type: none">Recep Tayyip Erdoğan, AKP• Political stability• Economic development• Rising middle class
Scope of tourism activity	<ul style="list-style-type: none">• Very limited tourism activity	<ul style="list-style-type: none">• Establishment of tourism legislation• Planning and infrastructure• Upsurge in tourist numbers• Recognition in European markets	<ul style="list-style-type: none">• Building of superstructure• Rising promotion activities• Increasing supply• Popularity in Russian markets• Increasing tourist numbers• Popularity of all- inclusive vacations• Decreasing tourism earnings	<ul style="list-style-type: none">• Increasing tourism supply and demand• Tourism product diversification• Increasing thermal tourism supply• Holistic tourism planning (Turkish Tourism Strategy 2023)• Upsurge in participation of Muslims in tourism activity

The *ḥalāl* tourism industry products that attract mainly conservative Muslims were presented to the tourism markets mainly after 2002 with the coming of Erdoğan and his political party, AKP. The number of seaside hotels and resorts supplying *ḥalāl* tourism concepts increased from 5 to 39 following the AKP take-over of the government after the 2002 elections.⁵⁴ Critics in Turkey argue that the increase in *ḥalāl* tourism activity in Turkey is mainly due to the economic and political progress of conservative Muslims in Turkey.⁵⁵ The AKP is blamed for creating an alternative way of life as opposed to the Western style which includes the Islamic way of holiday making.⁵⁶

Ḥalāl tourism was also discussed in various platforms in the international arena. Discussions about *ḥalāl* tourism have gained support from member countries in the Economic and Commercial Cooperation of the Organisation of the Islamic Conference (ISEDAK – comcec.org). One of the areas recommended for support in the 2007 conference was “Islamic Halal Tourism”. The magnitude of the Islamic tourism market was also mentioned at the World Travel Market fair in London in 2007. In one occasion, it was noted in the press that the president of the Independent Industrialists and Businessmen’s Association (MUSIAD) proposed an Islamic Tourism Free Zone during Saudi Arabia’s King Fahd’s visit to Turkey.⁵⁷

The Legal Status of Ḥalāl Tourism Products in Turkey

The standardisation and certification of tourism enterprises in Turkey are ruled by the Ministry of Culture and Tourism. The latest directive on this issue was approved by the Council of Ministers (10 May 2005, no. 2005/8948) and published in the official Gazette (21 June 2005, no. 25852). The current directive does not refer directly to the selling of alcoholic beverages. But it does require four-star holiday villages to have an open or closed bar, and five-star holiday villages to have a discotheque or a night club on the premises. The requirement to have a bar on the premises in two-plus star hotels was removed in this new directive.

The hotels that employ the *ḥalāl* tourism concept are known to obey all the legal requirements of the ministry directives but use hotel facilities compatible with *ḥalāl* tourism. For example, these hotels do not sell alcoholic beverages in the bars and use the discotheque and night clubs as prayer rooms.⁵⁸ In addition, these hotels separate pool and beach facilities for men and women, apply dress codes in certain areas, do not allow opposite gender children (6 and above) in swimming facilities, ban photographing in swimming facilities, encourage social programs with Islamic content and market through certain distribution channels.⁵⁹

The above-mentioned characteristics of the *ḥalāl* hotels provoked some criticism from the sector representatives in that the standards used in these hotels create unlawful discrimination between domestic and foreign tourists, genders, bachelors and married tourists, alcohol-consuming tourists and others.⁶⁰ These hotels are

especially criticised for using public beaches for their own purposes by creating private spaces for men and women.

Major Types of Ḥalāl Tourism Activities and Resorts

The accommodation facilities that cater to the *ḥalāl* tourism industry in Turkey can be categorised into two groups. One of these groups consists of seaside facilities. These facilities have been popular since the last decade or so and they represent a fairly new concept for Turkish tourism. As mentioned previously, the number of these facilities increased from 5 to 39 in just five years, and this trend is still gaining in popularity. The other group includes hot-spa (thermal) facilities which cater to both health tourism and entertainment tourism. As a concept, hot-spa tourism is as old as humanity and these facilities have been serving Turkish tourists for many years.

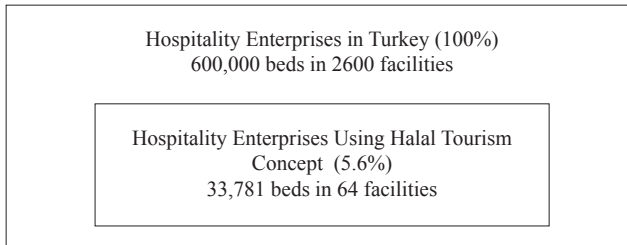
Table 4 shows popular terminology used in web pages for hospitality enterprises that target Muslim populations.

Table 4 Terminology Used by Hospitality Enterprises to Describe Vacations and Tourism Products to Attract Muslim Tourists in Turkey

Terminology in Turkish	Terminology in English
<i>İslamitatileyerleri</i>	Islamic vacation destinations
<i>İslamioteller</i>	Islamic hotels
<i>Muhafazakaroteller – tatilköyleri – tatil</i>	Conservative hotels – resorts – vacation
<i>Alternatifatıl – oteller</i>	Alternative hotels – vacations
<i>Tesettürlüoteller</i>	Veiled (covered) hotels
<i>Dinioteller</i>	Religious hotels
<i>İslamitermaloteller</i>	Islamic hot-spa (thermal) hotels
<i>İslamikaplıcalar</i>	Islamic hot-spas
<i>Kaplıcalar</i>	Hot-spas
<i>Dindartatıl</i>	Religious vacations
<i>İçkiszitoteller</i>	Alcohol-free hotels
<i>Bay-bayanayrıhavuzluoteller</i>	Hotels with separate pools for men and women
<i>İslamikonseptliotel</i>	Hotels with Islamic concept

Although there are no statistical data in Turkey that show the capacity of hospitality enterprises using the *ḥalāl* tourism concept, an overall figure is given in Figure 2 based on internet data. The hotels and their capacities are identified from internet sources, and total capacity for these hotels is given in Figure 2. The numbers in Figure 2 include both seaside and hot-spa facilities. As shown in the figure, hospitality enterprises using *ḥalāl* tourism concept make around 5.6% of the total bed capacity in Turkey. This figure is very limited considering the totality of the Muslim tourist market in Turkey.

Figure 2 A Categorisation of Hospitality Enterprises in Turkey Based on Consumer Profiles



Seaside Facilities: The seaside facilities that claim to apply *halāl* tourism concept are given in Table 5.⁶¹ As shown in the table, five of these facilities opened before 2002. The rest of the facilities were launched after 2002. Fourteen of the facilities are located in the vicinity of Alanya, a famous tourism resort, and all the facilities have a 3-star or above rating. The largest of these facilities is Ihlas Armutlu in Yalova which is in close proximity to the large Istanbul market.

Hot-Spa (Thermal) Resorts: Turkey is rich with hot-spa (thermal) resources. Potentially, it is considered among seven countries in the world and the top one in Europe. Culturally, the use of thermal water dates back to centuries. Today, 240 facilities serve tourists for health tourism and other purposes. Fifty-one cities promote hot-spa tourism as part their tourism potential.⁶² Turkey's tourism diversification strategy in 2000s resulted in 22 new hot-spa facilities and increased the number to 240 with around a 30,000 bed capacity.⁶³ Table 6 lists hot-spa facilities in Turkey targeting Muslim tourists. As seen in the table, 20 facilities with a 11,080 bed capacity use the *halāl* tourism concept in hot-spa tourism in Turkey.

Market Description and Consumer Behaviour

Market Description: The markets for the *halāl* tourism facilities in Turkey can be categorised into three broad groups. The first group is Turkish citizens living and working in European countries. Around 2.4 million Turkish citizens live in Europe and they constitute a lucrative market for these facilities. Indeed, the capital for new *halāl* tourism facilities in Turkey is attributed to coming from corporations established by Turkish citizens living in Europe.⁶⁴ The largest of these corporations include Kamer, Kombassan, Yimpaş, Selva, Ilay and Atlas. A second market for *halāl* tourism facilities includes upscale customers with conservative Islamic lifestyles. Turkish upscale Muslim customers have usually spent their leisure time in their private residences in tourist areas but now attend modern *halāl* facilities. Although the upscale customers make up the main target market for *halāl* tourism

facilities, recent economic developments in Turkish economy have given middle class customers a chance to spend vacations in these facilities. Currently, there is no research study available (to the researcher’s knowledge) about the customer profiles of *ḥalāl* tourism hotels in Turkey. A third market for *ḥalāl* facilities in Turkey is foreign Muslim tourists, especially from Middle Eastern countries. Turkey’s new *ḥalāl* facilities have become popular in Muslim countries recently and created a lot of news in the Turkish media.

Consumer Behaviour: Research on *ḥalāl* tourism consumer markets is very limited in Turkey. An analysis of customer comments on popular *ḥalāl* tourism websites in Turkey shows that despite general satisfaction with the *ḥalāl* tourism concept in the facilities, a number of issues and concerns still remain to be resolved. Customers usually complain about high prices, low quality of service and use of beaches in common with non-Muslim tourists. The perception of high prices and low quality of service are related to the seasonal nature of tourism activity. Hotels are usually full during summer months and they raise prices to cover costs. In addition, managing full capacity with seasonal personnel also creates difficulties for management of these hotels.

One of the concerns raised by customers is related to hotels that serve multiple customer groups. The increasing demand for *ḥalāl* tourism has encouraged some hotels to change their standards recently although they may not apply Islamic rules to the fullest in their services. For example, some customers have argued that the hotel opens up its swimming pools for common use although it promoted its concept as *ḥalāl* tourism. Table 7 shows the survey results from one of the *ḥalāl* tourism web sites in Turkey. As seen in the table, overall respondents find *ḥalāl* tourism hotels “Islamically acceptable”, consider such a vacation as a need, give priority to prices and cleanliness in hotel selection, and find prices in these hotels rather expensive.

Table 5 Selected Seaside Hospitality Enterprises in Turkey Targeting Muslims

Facility Name	Foundation	Location	# of Bedrooms	# of Beds
1. Caprice Palace	1996	Didim/Aydın	491	1400
2. YeniMeltem	1998	Çesme/İzmir	70	200
3. Club KaraburunSelva	1999	Alanya/Antalya	150	750
4. Sah Inn Suit	1999	Alanya/Antalya	112	440
5. Çam&Çam	2001	Kusadasi/Aydın	24	100
6. Fistikli Çiçekevler	2002	Yalova	29	100
7. Club Familia	2004	Çesme/İzmir	297	1000
8. IhlasArmutlu	2004	Yalova	1686	6000
9. Beyza Hotel	2005	Altinoluk/Balıkesir	60	220

10. Club Asya	2006	Karaburun/İzmir	88	250
11. Burç Club	2006	Selçuk/İzmir	150	450
12. Club Samira	2006	Alanya/Antalya	102	400
13. Eda Garden	2006	Çesme/İzmir	110	400
14. DemirtasHuzur	2006	Alanya/Antalya	58	174
15. Bakar Suit Otel	2006	Kusadasi/Aydın	80	350
16. İlay Alanis	2006	Alanya/Antalya	80	250
17. YesilözOtel	2006	Side/Antalya	76	270
18. İonia Otel	2006	Çesme/İzmir	30	100
19. Slg Tulip SelvaOtel	2006	Alanya/Antalya	95	320
20. Sah Inn Paradise	2007	Kumluca/Antalya	404	1400
21. İlayAtlibayDeluxe	2007	Alanya/Antalya	197	1000
22. Hare Otel	2007	Alanya/Antalya	64	144
23. Bera Otel Alanya	2007	Alanya/Antalya	332	1200
24. Club Fiesta	2007	Alanya/Antalya	107	340
25. Club Hotel Berr	2007	Alanya/Antalya	117	354
26. İspa Belvu Resort	2007	Kemer/Antalya	64	200
27. Yasmak Otel	2007	Yalova	150	32
28. Liva Orkinos	2007	Erdek/Balıkesir	56	220
29. Körfez T.K.	2007	Edremit/Balıkesir	204	1010
30. DörtMevsim T.K.	2008	Sile/İstanbul	40	200
31. Belvü Resort Otel	2008	Kemer/Antalya	40	125
32. İlay Patara	2008	Kalkan/Antalya	135	335
33. İonya Otel	2008	Çesme/İzmir	30	130
34. ÖnemliHisarOtel	2009	Bodrum/Muğla	120	480
35. Olive Garden Otel	2009	Fethiye/Muğla	58	140
36. Karye Club	2009	Side/Antalya	20	90
38. ElizanOtel	2009	Fethiye/Muğla	52	135
39. Bal Beach Otel	2009	Bodrum/Muğla	50	200
40. Silver Pine Otel	2009	Fethiye/Muğla	46	110
41. Tugra Suit Otel	2009	Alanya/Antalya	112	450
42. HamitogluOtel	2010	Alanya/Antalya	85	250
43. RizomTatilKöyü	2010	Yalova	159	600
44. Yunuslar T.K.	2010	Bodrum/Muğla	60	264
Total			6372	22701

Note: Categorisation of hotels is based on web-site descriptions.

Sources: Doğan (2011); islamitatil (2011); tesetturluoteller (2011) and islamioteller (2011).

Table 6 Selected hot-spa hospitality enterprises in Turkey targeting Muslims

Facility Name	Foundation	Location	# of Bedrooms	# of Beds
1. AsyaTermalTatilKöyü	2004	Kızılcahamam/ Ankara	544	2000
2. TermalyaOtel	NA	Kozaklı/Nevşehir	137	356
3. KorelTermalOtel	2006	Afyonkarahisar	331	800
4. Rosa Resort Otel	2005	Kozaklı/Nevşehir	230	864
5. AdramisTermalOtel	NA	Edremit/Balıkesir	66	135
6. GönenKaplıcaOtel	NA	Gönen/Balıkesir	380	785
7. GönlüferahOtel	1910	Bursa	90	182
8. Kozaklı Grand Termal	2007	Kozaklı/Nevşehir	152	375
9. AsosTermalOtel	2008	Kozaklı/Nevşehir	255	1200
10. Ottoman Thermal Palace	2008	Antakya	252	650
11. NehirTermalOtel	1999	Yoncalı/Kütahya	62	150
12. EmetTermalOtel	2008	Kütahya	123	198
13. KörfezTatilBeldesi	2006	Güre/Balıkesir	200	1035
14. EşinTermal Palace	2011	Didim/Aydın	76	400
15. Gönen	NA	Gönen/Balıkesir	336	800
16. Yalova	NA	Yalova	101	220
17. SoydanTermalOtel	NA	Gazlıgöl/ Afyonkarahisar	56	150
18. Tuzla İçmelerOtel	1990	Tuzla/Istanbul	46	100
19. Diva Ibis	2008	Kozaklı/Nevşehir	179	540
20. KuzulukTermalOtel	NA	Kuzuluk/Sakarya	65	140
Total			3616	11080

Note: Categorisation of hotels is based on web-site descriptions.
Sources: Islamitatil (2011); tesetturluoteller (2011) andislamioteller (2011).

Table 7 Consumer perceptions about *halāl* tourism and products

Survey questions	Number	Percent
1. Islamically, how acceptable are these hotels in your opinion?		
Acceptable	161	59
Unacceptable	27	9
It depends on the hotel activities	55	20
I am not interested	29	10
Total	272	100

<i>2. Is vacation a need?</i>			
It is a need	NA	66	
It is unnecessary		22	
Commercial activity		29	
Total		100	
<i>3. What are your priorities when you choose a vacation?*</i>			
Price	532	82	
Cleanliness	289	45	
Quality of service	275	42	
Proximity to sea	226	35	
Location	210	32	
Food and beverage	205	31	
Number of stars the hotel has (image)	116	18	
Entertainment (Animation activities)	102	15	
Hotel capacity	91	14	
<i>4. How do you rate the prices of Islamic hotels?</i>			
Reasonable	50	20	
Expensive	139	57	
Moderate	56	23	
Total	245	100	
<i>5. Do you vacation in winter?</i>			
Yes – regularly	76	24	
No	121	38	
Sometimes	110	35	
Total	317	100	
<i>6. Do you keep your religious sensitivity when you are on vacation?</i>			
I keep it as it is	351	70	
I ignore it a little bit	110	22	
I lose sensitivity to a greater extent	35	7	
Total	501	100	
<i>7. Are the number of Islamic hotels adequate in Turkey?</i>			
Adequate	NA	91	
Not adequate		3	
Haven't heard of such hotels		6	
Total		100	
<i>8. How do you spend your time at the hotel?*</i>			
Swimming	NA	89	
Sun tanning		53	
Sport activities		36	
Sauna – Turkish hamam		29	
Chatting		27	
Drinking something at the lobby/bar		23	
Sleeping		19	
Watching TV		14	
Internet surfing		11	
Other		32	

9. Which destination is your favourite destination?			
Didim-Alanya-Ayvalık-Kemer	894	66	
Fethiye-Kusadasi-Bodrum-Marmaris-Side- Belek-	464	34	
Manavgat-Kas			
Total	1358	100	

(Source: <http://www.islamioteller.net/>)

* Multiple answers were allowed. NA: Numbers are not available)

Conclusion and Recommendations

The purpose of this article was to propose a conceptual framework for the Islamic tourism concept and to comment on the Turkish *ḥalāl* tourism industry. My analysis of previous literature shows that there seems to be an ambiguity about the definition of the Islamic tourism concept. Commentators and authors take differing stands on the definition and the scope of the concept. In this contribution, I propose a motivational approach to the concept and argue that Islamic tourism is currently somewhat more of a *philosophical* discussion. More specifically, the word Islamic renders the question of what is Islamic and what is not.

- Therefore, I propose a definition that takes “Islamically acceptable” motivations as the reference point.
- I also propose to use the term *ḥalāl* to describe the economy and the sector where *ḥalāl* goods and services are offered to the markets. In brief, Islamic tourism represents the *demand* side (e.g., participants and their motivations) whereas *ḥalāl* tourism represents the *supply* side, with sectors, goods and services offered for consumption.
- Islam and tourism are multidisciplinary areas. Therefore, a joint effort is needed to deepen the discussion on Islam and tourism. Academicians from the fields of Islamic studies and tourism as well as other related areas should get together and create an edited book that discusses different sides of the concept and offers conceptualisations from their own perspectives.

There is too much information pollution about Islam, Muslims and the “Islamic way of life” today and proper academic work will diminish the effects of this pollution. On the practitioners’ side, certification and accreditation practices are important to provide standards, high-quality *ḥalāl* goods and services for markets. The World Halal Forum, initially referred to, and recently held in Kuala Lumpur, brought practitioners together to talk about certification and standardisation in the *ḥalāl* industry. Practitioners should get together in fairs and support research to better understand the expectations of Muslim consumers.

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VIEWPOINTS

Afghanistan's Peace Talks Stalling for Lack of Initiative

*Mohammad Hashim Kamali**

In recent months Kabul, Washington and the Taliban have made overtures to work out a negotiated settlement for Afghanistan and plan the impending exit of foreign troops from the country. Yet those gestures have not been followed through and the prospects are not getting any better – as the spate of recent violent episodes and perverted behaviour of some US soldiers over the war dead have shown. Time is running out and any further episodes will exacerbate the tension that flared up with the Qur'ān burning, the March 2012 massacre of 17 civilians, and the most daring Taliban attack on 15 April 2012 of five locations in as many provinces. Washington wants to plan an orderly exit from Afghanistan, secure agreements to curb terrorism further escalating, and plan for an orderly election. All three parties seem to share these objectives. The Taliban have been decimated and it seems have also changed their initial position to negotiate only after the exit of the foreign forces from Afghanistan. They seem to have realised that negotiating with Kabul is not fruitful and that talking to the Americans, especially in the wake of their exit plan, is the course they now want to take – hence the Taliban request to open a political office in Qatar. This is in the interest also of Kabul and Washington as only then would they all know with whom to talk. For the Taliban are not a monolithic voice, and new commanders have emerged on both sides of the border with Pakistan, not all of whom are speaking the same language.

Kabul has conceded, after some hesitation, to the Taliban demand to have a representative office in Qatar – in preference apparently to Turkey, which is a NATO member, and even Saudi Arabia, which was mentioned but not agreed to. Washington has also conceded to the release of some of the Taliban leaders from Guantanamo - far fewer, it seems than what the Taliban are asking for, with the proviso also for a US veto power over the choice of names. The Taliban have also requested that the Black List, which has made travel difficult for them, be rescinded. What has transpired so far is thus indicative of a willingness to negotiate.

The recent US-Kabul deal that the nefarious night raids should henceforth be governed by Afghan law is also indicative of a concessionary stance. Much would still depend on Washington's willingness to give this due credibility and let the rule of law control these particularly objectionable raids.

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The Taliban have, furthermore, adjusted their earlier views concerning, for instance, female education. In a recent talk at IAIS in Kuala Lumpur, Mulla Zaeef, a former Taliban leader, asserted that the Taliban were not against female education but wanted to regulate it in accordance with Islam and Afghan traditions and that they were open to power sharing and not against democracy. The fact that the Taliban, when in power, were besieged and boycotted by the world community invoked certain exaggerated responses from them. A consensus seems to be emerging, it was added, over the failure of the military approach, and there was, therefore, no other alternative to peace talks. The general concern now is over the prospects of how and under what conditions the American military are likely to leave Afghanistan.

Failing a negotiated settlement for military disengagement, violence is not only likely to continue but to escalate further. The so-called Spring Offensive, as recently announced by the US military headquarters in Kabul, is particularly inopportune, and should be withdrawn, if the proposed talks are to have a chance. It is far better, even for the Americans, to bind the Taliban to a plan for a ceasefire now, secure overall commitments to reduce violence – and pave the way for a more comprehensive political settlement later.

The issue of US military bases and last November's 'Traditional Loya Jirgah' (TLJ, 'grand council') decision on a long-term strategic plan concerning the issue remains problematic. The manner of convening the TLJ and its endorsement of such a momentous decision, without the involvement even of the sitting Parliament, have remained controversial. There was no public debate on this and no clear information of its details. Following the March massacre, Karzai announced that a careful scrutiny of the military bases issue would be undertaken. It seems that the US-Karzai agreement over the bases has involved, not just one, but five bases in as many provinces of Afghanistan.

Recommendations

- Confidence building measures are needed now to put fresh impetus to the stalling peace talks. This may involve a clear indication of interest, especially by the Americans, in peace negotiations.
- Further clarification over the military bases issue is also needed as the assumption would hold otherwise that the US is planning a long-term stay in Afghanistan, which is seen as a recipe for continued conflict. If indeed there is an agreement over this, it should be subjected to the normal legal process for ratification of international treaties, preferably after the exit of occupation forces. If the US withdrawal means that it still maintains forces in the order of the rumoured 20,000 soldiers, this is likely to be contentious, unless a further phasing out is also made a part of the plan.

- Moreover, the present Afghan army is ethnically-based and marginalises the Pashtun majority. This is still a US-backed policy, which is, however, deeply problematic and should be changed, if one were to entertain the prospects of handing over the country's security and defence to the Afghan army.
- No stable political future for Afghanistan can work without Pashtun participation, and must in any case be based on fair participation of all ethnic, religious and political segments of the Afghan populace.
- A clear change of policy on this will be seen as a confidence-building measure and help toward planning a sustainable political future for Afghanistan.

The Arab Spring: Malaysian Responses

*Osman Bakar**

The Malaysian public generally, and political observers and academics in particular, have been following the unfolding of events in the Arab world – the so-called Arab Spring – since the beginning with great interest and also deep concern. There was great interest among Malaysians, because the phenomenon was unexpected and extraordinary. They do feel that the Arabs deserve a real change for the better, especially in the political sphere. However, like many Arabs themselves, they are used to being pessimistic about genuine change in the Arab world. With this kind of pessimism, many Malaysians see the eruption of the people's protests as something unexpected. When the protests end with victory in the sense of their having achieved the target of removing the top leaders from power, as in the case of Tunisia, Egypt, and Libya, Malaysians express concern and wonder whether the hard-won victory will be squandered by whoever they may be. They have been asking themselves whether a real transition to a better era will indeed take place. Looking from outside, they see many uncertainties in Tunisia, Egypt, and Libya. Tunisia, however, is viewed slightly differently as having managed its transition uncertainties a little better compared to the other two countries.

The Malaysian interest and concern is understandable. As a Muslim-majority country, Malaysia has developed and cultivated multi-dimensional relationships with the Arab world for centuries that date back to the establishment of the first Muslim state in the Malay-Indonesian world in the thirteenth century. There is a wide recognition in Malaysia and its neighbours that a special kind of cultural bond exists between them and the Arab world. Long and strong relationships exist between Malaysia and the Arab world especially in the fields of religion, education, and economics.

In education, Malaysia sends a large number of its students to study in the Arab world. The majority of them pursue Islamic studies in Egypt and Saudi Arabia. However, a notable number are also found in Jordan, Morocco, and Syria. Malaysia has also sent students to Egypt to pursue medical studies. It was the student factor that first made the Malaysian public deeply aware and concerned about the wave of anti-government demonstrations in various Arab countries. With the escalation of anti-Mubarak protests and Cairo becoming chaotic, the Malaysian government took the step of airlifting the more than ten thousand of its students in Egypt to Kuala Lumpur

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via various stopovers. This massive airlift made many Malaysians more aware of the level of their countrymen's presence in Egypt's tertiary educational institutions, especially in Cairo and Alexandria where most of the protests took place.

Besides education, there was and there is still a visible and significant political dimension to the relationships between Malaysia and the Arab world. In the past, important events of a political or religious nature in the Arab world have always had significant impact on Muslims in Malaysia. Events leading to the break-up and the end of the Ottoman state, of which many contemporary Arab states were once parts, the post-Ottoman turmoil in the Arab world, the pan-Islamic movement initiated and nurtured in the region, the creation of Israel and the ensuing Palestinian issue, all have had great impact – sometimes violent – on Malaysia and its region. Both Islamic and secular nationalism in Malaysia (then Malaya) that found political expression in the struggle against Western colonialism were largely inspired by ideas and events current in the Arab world and Turkey.

So, not surprisingly, some people have posed the question whether the Arab Spring has any meaningful effect on Malaysia, particularly its Muslim community. On the whole, we could say that there is an impact on the Malaysian political consciousness as can be seen in the various reactions of its people, including the attempt by some groups to indigenise the issues that constitute the core concern of the Arab Spring. Malaysian reactions to the whole phenomenon were varied. Across the country's political spectrum, we have the ruling coalition government (*Barisan Nasional*, National Front) headed by the Prime Minister, Dato' Sri Mohd Najib Tun Abdul Razak, taking the cautious attitude of not outwardly expressing support for either the rulers or the protesters. This "neutral" attitude seems to have something to do with the longstanding policy of the Malaysian government of not meddling in the internal affairs of other countries. Some observers of the Malaysian political scene, however, are of the opinion that the ruling coalition's "neutral" position is also dictated by internal political considerations. It is widely known that the leader of the opposition, Datuk Seri Anwar Ibrahim, and PAS (Malaysia's 'Islamic party'), his party's partner in the opposition coalition, have close relations with the Muslim Brotherhood in the Arab world. Anwar Ibrahim in particular has long cultivated close relationships with many top leaders of the movement in Egypt and Tunisia. The ruling coalition is also aware of the unpopularity of the Ben Ali, Mubarak, and Gaddafi regimes among many Muslims in Malaysia, including its own supporters.

In contrast to the ruling coalition, the opposition coalition expressed open support for the Arab Spring. Their members even staged demonstrations to express solidarity with the protesters and opposition groups in Tunisia, Egypt and Libya. The Malaysian opposition's support for the Arab Spring was motivated by several considerations. The main ones were support for democracy and good governance. These are issues that cut across religious differences. It is true, however, that in the case of PAS, its

support is also dictated by religious considerations. It harbours the hope that the Muslim Brotherhood will be the key player in the post-Arab Spring politics of the Arab world.

Civil society groups that generally support movements for democracy and good governance in the world also expressed their solidarity with the Arab Spring. For the general Muslim population, in making up their minds whether or not to support the Arab Spring, it is important that they can identify individual Muslim leaders of repute whom they can associate with the new regimes. Rashīd al-Ghannūshī, a cofounder of the Ennahda Movement, now the largest party in Tunisia, and Yūsuf al-Qaraḍāwī, a well-known religious scholar and a leader of the Muslim Brotherhood, are two such leaders for them. Al-Ghannūshī is well-known in Malaysia among the Islamic movement groups. His writings are widely read. Many Muslims express support for the protest movement and the new regime in Tunisia because al-Ghannūshī is associated with them. Now that al-Ghannūshī's party is the key player in the new government, many Malaysian Muslims are becoming more supportive of the changes taking place in Tunisia. As for al-Qaraḍāwī, he is an even more popular figure in Malaysia. His face and his books are familiar to millions of Muslims in the country. At a time when many of them were not sure who really were the leaders behind the Arab Spring in Egypt, it was comforting enough for them to see al-Qaraḍāwī leading the Friday congregational prayer at Tahrīr Square in Cairo on 18 February 2011 – the first time since he was banned from leading weekly Friday prayers in Egypt thirty years ago – so as to associate Islam with the protest movement.

Then there were the reactions of the academics, policy analysts, and specialists on the Arab world. Dr Chandra Muzaffar, Malaysia's leading intellectual-activist, described the Egyptian revolution as "the triumph of humanity". He attributed the Arab Spring to a combination of many causes, the most important of which are elite corruption and nepotism and deep-seated hatred of Israeli arrogance and United States hegemony. Several research institutes have organised public lectures delivered by speakers from the Arab world and roundtable discussions with the view of trying to better understand the Arab Spring in terms of its underlying causes, its key players, and its aftermath. These events were also aimed at gauging the opinions of the Malaysian public. IAIS Malaysia itself organised two events, one a public lecture by an Arab scholar from Saudi Arabia specialising in international relations, Dr Abdul Hamid Abu Sulayman, who has close connections with the Muslim Brotherhood, and another by Dr Sean Foley, a young American scholar specialising in the Middle East, who happened to be in Kuala Lumpur doing research as a Fulbright scholar at ISTAC (a research institution of Malaysia's International Islamic University, IIUM).

Both lectures were of great interest to the audience. Abu Sulayman talked about the post-revolution scenario and the type of government that should prevail in the Arab world. He argued that what the Arabs – and Muslims generally – need is a "civil"

government that is religious, and not a theocratic or secular government. His ideas on state power and government do not go well with the conservative and traditional segments within the Muslim Brotherhood. He seems to favour the Turkish model of government under Recep Tayyip Erdoğan.

Dr Foley dealt with the role and impact of the young in the Arab Spring. He spoke of the Arab Spring as a youth phenomenon and argued that the success of the protest movements in Tunisia, Egypt, and Libya have a lot to do with the new pan-Arab youth culture generated mainly by the information technology that has rendered state control of information meaningless. He also referred to contemporary Arab music as a powerful medium of youth protest.

Also worthy of mention is the role of the national mainstream media both in its news coverage of the Arab Spring as well as in conducting forums and discussions on the political transformations taking place in the Arab world. A few TV channels aired forums on the Arab Spring that were participated in by invited academics knowledgeable about the region. Furthermore, thanks to media technology, many Malaysians, especially in the cities, have access to Al Jazeera, CNN and BBC to enable them to have up-to-date news and discussions on the Arab Spring. Several Malaysian personalities from academia and the political world are known to have been interviewed by Al Jazeera and CNN concerning the political turmoil in the Arab world.

Recommendations

Many Malaysians continue to follow events and developments in Tunisia, Egypt, and Libya with interest. However, Muslim research organisations concerned with the future of the Arab world, which is the heartland of the Muslim world, need to:

- understand at a deeper level the underlying causes of the Arab Spring;
- explore ways in which Islamic intellectual heritage may be of great help to the post-revolution leaderships of the three countries in addressing issues of constitutionalism, governance, and legal systems that are now demanding their attention;
- monitor closely post-revolution developments in the Arab-Israel relations as well as the disturbing events in Syria.

Dialogue between the German Government and Muslims Living in Germany: Prospects and Challenges for the 'Deutsche Islamkonferenz' (DIK)

*Christoph Marcinkowski**

Beginnings

In recent decades, Germany has become religiously and culturally more diverse, a fact which is mainly due to the arrival of immigrants from countries with a Muslim background. Meanwhile, approximately four million Muslims live in Germany, and already just under half of them have German citizenship.

In the light of those circumstances, the Deutsche Islamkonferenz (German Islam Conference, DIK), an annual dialogue project launched in 2006, represented the beginning of a long-term dialogue between the German State and Muslims living in Germany. It was initiated by the former Federal Interior Minister Dr Wolfgang Schäuble (CDU). The aim of the initiative was to achieve a better integration of the Muslim population and more togetherness of people living in the Federal Republic, irrespective of faith or ethnic background.

Fifteen representatives of the Federal Government, federal states, and municipalities, as well as 15 Muslims, took part as permanent members. Among the latter were both representatives of various Muslim associations in Germany as well as individuals invited by the Federal Government, including prominent critics. The events were always chaired by the respective interior ministers.

The first three-hour meeting took place on 27 September 2006 in Berlin. This was followed by three further meetings, the last 2009. One of the results so far of the DIK was the establishment of the Coordination Council of Muslims. Dr Schäuble's successors as interior minister, Thomas de Maizière and Hans-Peter Friedrich, continued the DIK project. The first meeting of this second phase took place on 17 May 2010, and the second on 29 March 2011.

According to the Federal Interior Ministry, the aim of the initiative was to establish a viable basis for the relationship between the German State and Muslims living in Germany. According to Schäuble, the issue was not the relationship between Islam and Christianity, but that between the State and religion in general. He reiterated that Muslims need to be made to understand that they are welcome in the country, as this would be the only way to prevent their radicalisation.

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Topics Discussed by the DIK

Among the practical issues discussed so far have been German society and its value consensus (equal rights of husband and wife, secular political system, etc.); religious issues from the perspective of the German Federal Constitution (separation of state and church as a basic principle, dealing with religious symbols, mosque constructions, Islamic religious instruction in schools, etc.); business and the media as a bridge (education, vocational training and the labour market, analysis of the current image of Islam in Germany, commitment to unprejudiced and differentiated coverage in the German media); and last but not least security and Islamism (prevention and detection of Islamist violence).

In terms of institutions and organs of the DIK, the Meeting of the Thirty discusses annually the templates of the three working groups and of the discussion circle. Some members of this Meeting (*Plenum*) work also in advisory bodies of the DIK. A total of about one hundred more professionals and scientists are represented in the advisory committees.

Criticism

Already in advance of the second meeting of the DIK, criticism grew. CDU/CDU politicians criticised that there were hardly any results and that conservative Muslim representatives would rather work *against* integration. They were suspicious that Muslim associations would merely take part in the DIK to obtain an officially recognised status for Islam in Germany as a religious community, which would result in more rights. Those associations would show little commitment to the integration policy objectives of the German government. They would represent a rather conservative brand of Islam, with no room for dissent or more liberal views. Participating Muslims, in turn, expressed their lack of understanding the slow progress of rapprochement.

Some have argued that it would be an illusion to believe that the DIK could clarify who should actually speak for the entirety of the Muslims in Germany because the Muslims themselves have not been asked. Only individual Muslim groups which have been asked to participate at the discussion table have a strong interest in establishing a state-recognised speaker role.

In terms of the scope of their supporters, too, the Muslim associations are said to have greatly exaggerated their support. The members of the DIK have been *invited*, but they wanted to understand themselves as *entitled representatives*. This seems to be one main problem of the DIK.

Nevertheless, some observers saw successes for the DIK: one of its important achievements, so it was thought, that it has made visible who was actually willing to

integrate into Germany's society and who not. The importance of the DIK was seen as insisting that this discrepancy between the political desire for participation, along with the declared intention to integrate, and resistance to Germany's secular premises would not be acceptable.

At the 2011 plenary session, the new participating Interior Minister Hans-Peter Friedrich (CSU) repeated his statement made already on the day of his inauguration, that while the presence of Muslims living in Germany is a fact, Islam would *not* belong to Germany and her culture and historical experience. He called instead for an *independent* initiative outside the DIK – a “security partnership” between Muslims and the State – in order to raise awareness among Muslim families, fellow believers and members of Muslim clubs and associations for necessary preventive measures against extremist tendencies in the private environment. This statement was criticised by Muslim representatives at the DIK as populism and promotion of an atmosphere of denunciation.

Other critics lamented that the DIK was unilaterally fixated on ‘devout’ Muslims and organised Islam in the country. This, in particular, would negate the interests of those immigrants from Muslim countries who came to Germany because of religious and political repression in their home countries. Those immigrants would thus be incapacitated (and excluded) from the discourse by a politically enforced (re-) Islamisation. The large-scale construction of mosques, the introduction of Muslim religious instruction in public schools and an Islamically-compliant and politically correct reporting in the media are seen by those critics as part of such an Islamisation by those critics. All this would *not* promote integration, but would rather support the consolidation of a parallel society.

Again according to those critics, the state should rather demonstrate the principles of a liberal and secular democratic society. Integration would thus presuppose a willingness to accept modern rules of democratic life and to identify with them. The DIK should aim at combating anti-integration attitudes and practices and promote the linguistic and professional integration of migrants. Otherwise the DIK would play into the hands and thus hinder the integration of immigrants. Finally, the participating (selected) Muslim organisations were not empowered to speak on behalf of *all* immigrants from Muslim countries.

Conclusions and Recommendations

From the very beginning, the concrete goal of the DIK has been to improve the dialogue between the State and Muslims and thus to contribute to the *integration* of Muslims into German society and to social cohesion as well as to counter social polarisation and segregation.

- The DIK was, is not – and cannot be – the representative voice of Muslims in terms of religion, but it is rather a forum for dialogue between representatives of the German State and Muslims living in Germany.
- The DIK should continue to be supervised by the Federal Ministry of the Interior, because this ministry is traditionally responsible for the relations with religious communities in Germany at the level of the Federal Government.
- To strengthen commonalities, to address differences, to promote participation on the basis of Germany's democratic political order: these seem to be the answers to the question of how to achieve social cohesion in a religiously and culturally diverse country like contemporary Germany. Despite severe criticism from several sectors, the DIK project is therefore vital for Germany's social coherence and thus should be continued.
- Muslims living in Germany, in turn, should see themselves as part of German society and should also be understood as such by the non-Muslim German majority.

What is still needed from the part of the Muslim participants is:

- a clear commitment to full compliance with the German legal system, as well as to the values of the Constitution;
- the acceptance of government recommendations for the introduction of Islamic religious education in public schools, for the construction and operation of mosques in Germany, and the legal procedures connected with Muslim burials. Moreover, they need to come to terms with the opportunities and goals for the future training of imams *inside* Germany;
- a clear commitment to counter extremist aspirations and to establish transparency in Muslim organisations and educational institutions.

In closing, what would also be helpful would be the setting up a clearance office at the Federal Office for Migration and Refugees (BAMF) in order to establish contacts and good examples in the cooperation of Muslims and Germany's security authorities.

Asset-based vs Asset-backed *Ṣukūk*

*Abdul Karim Abdullah (Leslie Terebessy)**

Ṣukūk are Islamic certificates of investment. They signify co-ownership of productive resources, known as the underlying assets. Because income to *ṣukūk* holders is generated by trading or real investment rather than mere lending, *ṣukūk* holders earn profit rather than interest. As co-owners of productive assets, *ṣukūk* holders face the risks of ownership. In particular, they face the risk that their assets may not generate profits or may even incur losses. They also face the risk that the assets may be damaged or destroyed completely.

Risk-taking is one of the requirements of earning lawful profits in Islam. Another requirement is to share profits and losses. For a person to claim a share of income generated by an investment he helps to finance – without taking responsibility for its outcome – is inconsistent with the ethos of Islam. Income needs to be earned, if not by effort, then at the very least by taking risk.

Typically, *ṣukūk* are categorised into ‘trade-based’ and ‘participatory’, depending on whether they are issued to finance trade or investment. As a result of some recent defaults of a number of *ṣukūk* and the near defaults of others, however, a new classification entered the *ṣukūk* discourse, that between ‘asset-backed’ and ‘asset-based’ *ṣukūk*.

The defaults took place in the aftermath of the recent (2008) financial crisis and came as a surprise. This was the first time any *ṣukūk* ‘defaulted’ in modern history. Since all defaults were confined to the asset-based category, investors were asking not only why the *ṣukūk* defaulted, but why in particular the asset-based *ṣukūk* defaulted while the asset-backed did not.

Few investors, it seems, were aware of the differences between the asset-based and asset-backed *ṣukūk* or of the implications these differences have on investor protection. A closer examination shows that the seemingly slight difference in the name of the *ṣukūk* conceals important differences.

One need not look far for the reason why the asset-based *ṣukūk* defaulted while the asset-backed did not. All *ṣukūk* that defaulted – the asset-based type – shared a common structure: that of debt-instruments. Effectively, they were replicas of conventional bonds. In particular, all asset-based *ṣukūk*, like bonds, required issuers (borrowers) to guarantee both fixed (interest) income as well as capital (the principal amount of a loan) to creditors.

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The debt-like structure of asset-based *ṣukūk* provided investors as well as issuers with what they wanted. At the same time, however, the debt-like structure of the *ṣukūk* replicated a risk that arises in relation to all debt instruments, the risk of default. This is the risk that a borrower may fail to repay a loan or a part of it to a creditor. The *ṣukūk* defaulted because in part due to the financial crisis and the economic downturn that triggered it originators did not earn sufficient revenues to make the promised payments.

By contrast, none of the asset-backed *ṣukūk* defaulted. The reason was that the asset-backed *ṣukūk* did not have a debt structure. All asset-backed *ṣukūk*, unlike their asset-based counterparts, were structured to share profits and losses rather than to replicate bonds. Originators of asset-backed *ṣukūk* did not promise investors profits whose quantum and due dates were determined in advance. Unlike debt-like securities such as bonds, profit and loss sharing, PLS (profit and loss sharing) securities cannot default simply because they come with neither income nor capital guarantees. Issuers of PLS securities pay profits to investors when the underlying assets earn profits.

The debt-like structure was built into the asset-based *ṣukūk* by incorporating income and capital guarantees in the *ṣukūk* contracts. Such guarantees are key features of conventional bonds. The incorporation of income and capital guarantees ensured that a single failure to make a periodic payment on time, or to redeem the principal amount on the due date, would constitute default. Not only the *ijārah* but also participatory *ṣukūk* such as the *mushārah* or *muḍārabah* were structured to replicate debt instruments.

The income guarantee was incorporated into the *ṣukūk* structure by requiring issuers to pay specified dividends to investors on specific dates. Both the magnitude of the dividends as well as their due dates were determined in advance. In other words, the quantum of the profits that the originators were going to pay to investors was determined *before* the business activities that were to generate the expected profits even commenced. In a striking departure from business practice, to say nothing of common sense, entrepreneurs (originators) agreed to pay investors dividends even when their enterprises experienced losses.

The asset-based *ṣukūk* resembled conventional bonds also in that dividends were calculated as a percentage of the total amount invested rather than as a percentage of total profits, just as interest payments are determined as a percentage of the total amount of a given loan. The dividends, moreover, were calculated by reference to interest rates such as LIBOR (London Interbank Offered Rate), in a widely utilised process known as benchmarking.

The capital guarantee was incorporated into the *ṣukūk* structures by requiring originators to refund to investors their capital in full, on a specific day in the future, known as the maturity date. To comply with the *sharī'ah* – at least in form – the refund was accomplished by requiring originators to repurchase the underlying assets from

investors on an agreed-upon date. The price at which the assets were repurchased was identical to the price at which they were first sold to the investors. This had the effect of returning to investors exactly the same amount they invested when they initially purchased the assets. In other words, the repurchase had the same effect in substance as repaying a loan.

It is thus hardly surprising that asset-based *ṣukūk* are commonly referred to as Islamic bonds. Even from the perspective of the law, for the purpose of taxation, asset-based *ṣukūk* are treated as bonds.

The asset-based *ṣukūk* were structured as debt instruments on the grounds that this is what investors were looking for and because this is what the market wanted. The market, however, cannot provide guidance on what type of *ṣukūk* meets *sharʿah* requirements. Markets facilitate trade. They reflect what people are buying and selling, as well as the quantities and prices at which trading takes place. Markets are neither equipped, nor able, to make judgements.

Another reason for replicating debt-like instruments was that issuers wanted to raise capital without having to sell any assets. Investors, on their part, did not want to become owners of assets and assume the risks of ownership. They *wanted* bond-like instruments with income and capital guarantees. They wanted their profits to be guaranteed and to earn them without taking risk. As selling the underlying assets to investors by way of a true sale, as required by the *sharʿah*, would not achieve the respective objectives of the originators and the investors, a special type of securitisation needed to be arranged.

What was required in particular was a type of sale that would enable originators to sell underlying assets to investors, and at same time allow them (the originators) to retain legal ownership of the assets thus sold. This could be accomplished by utilising a sale that falls short of a true sale. However, such a sale is not recognised as a valid sale in the *sharʿah*. A sale that falls short of a true sale is, however, recognised as a valid sale in common law, widely known for its creditor friendliness.

Common law (practiced in the UK) recognises sales that fall short of true sales as valid sales. A sale that falls short of a true sale allows a seller to sell an asset and to retain legal ownership of the asset thus sold at the same time. Such a sale does not require the transfer of legal ownership from the seller to the buyer; a sale that falls short of a true sale transfers merely beneficial ownership on the buyer.

Conclusions and Recommendations

In order to accommodate the objectives of both issuers (to retain legal ownership of assets) as well as of the investors (to obtain income and capital guarantees), arrangers thus resorted to the common law instead of the *sharʿah* notion concept of sale. This decision, however, raised a number of questions.

First, was the departure from the *sharʿah* notion of sale justified? Second, how can a departure from the *sharʿah* concept of sale be expected to produce *sharʿah* compliant *ṣukūk*? Third, will investor's interests be adequately protected, given that the sales of the underlying assets give them less than legal ownership of the assets?

- As a result of a lack of a true sale of the underlying assets by originators to investors, a new class of *ṣukūk* emerged, known as asset-based *ṣukūk*. It was this class of *ṣukūk* that was declared non-compliant by the *Accounting and Auditing Organization for Islamic Financial Institutions* (AAOIFI) in 2008, just months before the recent global financial crisis. It was also in this class of *ṣukūk* that all the defaults took place.
- The development of the two types of *ṣukūk* created something of a crisis in the *ṣukūk* industry, reflecting differing visions of Islamic securitisation. One vision seeks to implement profit and loss sharing, while the other appears satisfied with replicating conventional bonds and achieving at least formal if not substantive compliance with the *sharʿah*. There is a need to harmonise (reconcile) these two visions.
- This can be done by revisiting the roots of Islamic finance and its quintessential requirements. Consensus needs to be achieved on how *ṣukūk* differ from conventional instruments and on how they need to be structured to comply with the *sharʿah*. Revisiting the notion of sale in Islamic securitisation would be a good place to begin.

BOOK REVIEWS

Ghazi bin Muhammad, *Love in the Holy Quran* (Chicago: Kazi Publications, 2011). 506 pp. ISBN: 1978-1-56744-981-5. US\$ 49.95.

Osman Bakar, *IAIS Malaysia*

Love in the Holy Quran authored by HRH Prince Ghazi bin Muhammad bin Talal of Jordan is an English translation of the sixth edition of his second PhD dissertation (in Arabic) submitted to al-Azhar University, Cairo. His first doctorate was from Cambridge University. It is a beautiful book on a beautiful subject, namely the subject of love in all its dimensions and manifestations, both divine and human, as treated in the Qur'ān, the *ḥadīths*, and the classical works of eminent representatives of many generations of Muslim scholars, particularly prominent exegetes of the Qur'ān.

The original Arabic editions of this work have received wide acclaim. This translation is a most welcome gift to English readers who could not access the Arabic edition, especially those who are looking for an authentically traditional Islamic treatment of the subject of love. It would appeal to both Muslim and non-Muslim readers. For many modern educated Muslims, their need for a serious intellectual and spiritual treatment of any aspect of Islam is best met by quality works in the English language of which this book stands out as a good example. For non-Muslim readers who aspire to understand the spiritual messages of the Qur'ān, the author provides insightful explanations of the numerous verses he has assembled on the subject of love of God that would help them to better understand those verses.

With 506 pages the book is considerably thick. It is well structured, consisting of five parts, each with varying number of chapters of significantly different lengths, not to mention three introductory chapters and two concluding chapters. In all, the book has forty chapters. The forward to the translation by Seyyed Hossein Nasr, the world's leading scholar of Islamic spirituality, gives additional value to the book. Though brief, the forward hammers home the central teachings of the Qur'ān on love with precision. The endnotes, extensive bibliography, and indices of Qur'ānic verses and *ḥadīths* are especially helpful to students of Islamic spirituality, particularly those concerned with the subject of love in the Qur'ān.

However, it is the book's content proper that invites many positive reviews and comments from readers. I myself find the book to be of much significance in many respects. First of all, it stands out as a very good example of a thematic commentary of the Qur'ān, namely the theme of love. The Qur'ān expounds many themes, and the theme of love is the most central of them all. It is not only the book's main content but also the author's methodological approach to his study that suggests it is a work of thematic *tafsīr*. He emphasises that "the methodology of this work is systematic logic

based on two major principles of qur'ānic exegesis" (p. 6). The first major principle is that the Qur'ān is its best interpreter, meaning that it explains itself. The second major principle is that "there is no self-contradiction in the Qur'ān" (p. 6). Under the guidance of the first principle, the author sees it as his task to present as many as possible of the explanatory verses when he seeks to interpret any verse pertaining to love. In this way, the book is enriched with qur'ānic verses considered relevant to the subject of love. The author has indeed done a great service to people who are interested in having a comprehensive picture of the Qur'ān's teachings on love, for he has helped to provide such a picture. He himself claims that his work is the first to assemble in a single volume not only all qur'ānic verses on love but also all views on love to be found in the *ḥadīths* and qur'ānic exegeses. This is the second significance of the book.

Its third significance is the synopsis the author has provided in the last chapter (chapter 40). The synopsis may be viewed as a collection of essential Islamic doctrines on love that need not only to be intellectually understood but also spiritually realised in one's life. The fourth significance of the book is its message on the real meaning and significance of creation, which cannot be fully understood with the help of science alone. Chapter 5 deals with love as the root of creation. Divine love is the metaphysical principle of creation. Without knowledge of this principle, our knowledge of creation and the whole universe will always be haunted by unending doubts, riddles, mysteries, and incomprehension.

Although there are other things that are significant about the book, I would like to mention here just another one, namely its value to contemporary interfaith relations in the global community. As pointed out by Nasr, there is the erroneous but prevalent view that Muslims hold the view of God as a vengeful God who emphasises His justice alone at the expense of His love and mercy. This book is a powerful refutation of this erroneous view. As such, it may serve as a useful guide especially to Muslims who are concerned about presenting the true teachings of Islam in all its dimensions to people of other faiths and indeed the whole humanity. The book could well turn out to have more impact than the original Arabic editions.

Reza Shah-Kazemi. *The Spirit of Tolerance in Islam* (London and New York: I. B. Tauris Publishers in association with The Institute of Ismaili Studies [IIS], 2012). IIS Occasional Papers 4. ix+165 pp. ISBN 978 1 78076 131 2. GBP 7.19

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Once in a long while one meets an imaginative, carefully researched reflection on essential aspects of Islam's inclusive tolerant stance toward the 'Other' – other revealed religions, cultural polities, or contrasting metaphysical systems. Reza Shah-

Kazemi, the Managing Editor of *Encyclopaedia Islamica* in London, has authored several penetrating works treating Islamic spirituality and valuable comparative studies (including Shankara and Ibn al-ʿArabī; or Buddhism and Islam), and has sensitively explored the qurʾānic vision of interfaith dialogue.

His *Spirit of Tolerance in Islam* constitutes a landmark in the contemporary search for convergence and reciprocity between universal Islamic ideals and the pressing need for Muslims to more adequately respond to global civilisational demands today. Not only is this work well written with fluent grace and intelligent persuasive force, it is accurate and instructive regarding historical and intellectual dimensions of the topic. Shah-Kazemi's book needs to be read by non-Muslims seeking an objective presentation of Islam's universal message of tolerant compassion. It needs especially to be studied by Muslims themselves—too often poorly informed concerning the implications of this profound message for their own lives and societies.

The virtue of *Spirit of Tolerance* is the combining of relevant historical case studies in Part One covering four major geographic polities – Ottomans, Mughals, Fatimids, and the Umayyads in Andalusia, and the delicate issue of protected minorities (*dhimmīs*); with the presentation of six essential themes unfolding from Islam's pursuit of tolerance in Part Two – tolerance and revealed knowledge, confirmation and protection, plurality of faiths, healthy competition, inevitability of difference, and the Prophetic paradigm of compassionate forbearance. Through this double approach linking historical experience with ethico-theological concerns in his enlightened comparative perspective, the author succeeds in offering a convincing portrait of Islamic ideals for co-existence and reciprocal recognition—without minimising the burden of Muslim shortcomings when upholding these ideals in the modern period.

In his Introduction, "The Trajectory of Tolerance" (pp. 1-19), the author provides a concise review of the course of Western attitudes towards Islam's traditions of religious tolerance, contrasting it with the historically evidenced Christian traditions of intolerance. Shah-Kazemi is quite right to insist upon the importance of Islam's primal vision of co-existence and tolerance with respect to rival revealed religions. Within the historical context of its original manifestation Islam represented a major rupture with the entrenched pattern of absolute exclusivist or successionist finality so common in antiquity, and which produced divisive conflicts between faiths as well as internal persecutions within a specific faith (e.g., the christological controversies). This feature led objective European observers during the Enlightenment to emphasise just how revolutionary the qurʾānic and prophetic insistence on reciprocal toleration truly was. The author's citations from Sir Thomas Arnold, Bernard Lewis, George Makdisi, and his references to John Locke and Jacob Burckhardt are all apposite, and remind one of the potential contributions Islam may yet make to global harmony and understanding. Shah-Kazemi underlines "the extent to which it is incorrect to identify the intolerance of some contemporary Muslims with Islam *per se*; rather,

such intolerance must be seen as a deviation from the norms established by Muslim praxis, and enshrined in Islamic principle” (p. 3). The challenge remains for Muslims to revivify and validate this venerable broad-minded tolerant tradition in their present social and political conditions. The study of this work might energise such efforts.

The historical case studies presented in Part One serve to show “how the Muslim spirit of tolerance is brought to light in these different dynasties” as well as to highlight particular features of this spirit within specific contexts. The four historical polities chosen for the author’s purpose are eminently paradigmatic of Islam’s compassionate equitable vision, and serves to demonstrate the varying degrees of success in time and place which this vision achieved. Although one frequently meets with studies on the humanist inclusive policies of the Spanish Umayyads, Indian Mughals, and Ottomans, it is refreshing to read about the remarkable record of the Fatimids in North Africa and the Levant in this regard (pp. 38–47). His treatment of the protected minorities or *dhimmīs* (pp. 59–74) expands on the usual pedestrian approach, encompassing a wide spectrum of historical instances revealing how pragmatic and accommodating Muslim experience really was. Not only the qur’ānic Jews, Christians and Sabeans, but also Buddhists and Hindus came to be treated in an equitably upright manner under many Muslim rulers and polities. Shah-Kazemi does not hesitate to controvert distorted interpretations by polemic writers such as Bat Ye’or. Yet he also gives us a nuanced conditional understanding of the limited utility which this category actually provided: “The institution of the *dhimma* is thus predicated on the universal principle of tolerance [...]. [T]he institution of *dhimma/jizya* is more a historically conditioned contingency than an unconditional theological necessity. It met the requirements of a particular historical context, which was governed by the exigencies of imperial politics [...]

(p. 73).

Part Two, “The Spirit of Tolerance,” is hard to characterise in simple terms, owing to its penetrating depth of conception and presentation. Here the author concisely offers fruits of his intimacy with qur’ānic and exemplary Islamic teachings, allowing the reader to taste the impressive nobility of the Islamic ethico-spiritual legacy. In the final chapter entitled “The Prophetic Paradigm: Compassionate Forbearance” (pp. 111–30), Reza Shah-Kazemi reiterates the crucial lesson of matching our knowledge with our pursuit of virtue. This is the foundation of practical ethics arising from conscience, with compassion deemed among the very highest virtues and bridging humans with the All-Merciful God of Islam (*al-Rahmān*). For those peoples who serve the All-Loving and All-Merciful, the author provides a timely reminder of the supreme importance of observing compassion and loving-kindness in their dealings with their fellows. “From the point of view of the sacred vision of Islam, then, tolerance is not just a noble human ethic, it is also the outward expression of an uplifting spiritual ideal: a reflecting of, and a participation in, the compassionate wisdom of God” (p. 134).

Mohd Kamal Hassan, *Voice of Islamic Moderation from the Malay World* (Ipoh, Malaysia: Emerging Markets Innovative Research (M) Sdn Bhd., 2011). viii+358 pp. ISBN 978-967-10700-1-7. US\$ 60.00.

Karim D. Crow, *LAIS Malaysia*

This volume collects eleven essays produced over the past decade by ‘Distinguished Professor’ (the highest academic distinction in Malaysia – in Malay: *Professor Ulung*) Mohd Kamal Hassan, who took his doctorate in Contemporary Islamic Thought from Columbia University (1976). Professor Hassan’s intended audience is non-Muslims worldwide as well as in Malaysia. He states in his introduction: “We purposely chose to address and converse with the Western-educated and middle class non-Muslims who read and communicate in English, because they have been exposed the most to Western thought and the biased Western perspectives on Islam and Muslims. It is important to our mind that this group be made to understand mainstream Muslim thought and the discourse of moderation from Islamic perspectives” (p. 3). His perspective is a scholarly, apolitical, and non-partisan approach which commendably exhibits self-critical awareness.

The eleven essays are arranged into three parts: 1) “Promoting the Common Ground amongst Religions and Cultures;” 2) “Changing the Muslim’s Mindset: A Civilisational Approach;” and 3) “The Meaning and Implications of Islamic Moderation.” A bibliography provides the sources drawn on for composing his essays, highlighting the author’s debt to the writings of Yūsuf al-Qaradāwī (twenty-six titles listed) as well as works by Abū ‘l-A‘lā’ al-Mawdūdī (eight titles) and other twentieth century thinkers. A glossary of Arabic words (pp. 331–358) giving helpful definitions for key Islamic terms and concepts caps this work.

Professor Hassan is a prominent academic figure and educational authority in Malaysia where *inter alia* he served as Rector of the International Islamic University Malaysia from 1998–2006, and then held its Ibn Khaldun Chair (2006–2008). In addition to his numerous outstanding services to Islamic higher education in Malaysia, Professor Hassan is well known internationally as an independent Muslim intellectual who projects a compelling holistic perspective on pressing issues confronting Muslims in the present age with its resurgence of religions and pervasive dynamic of globalisation. The overriding concern shining through his thoughtful well crafted essays is “the need to emphasise the concept of moderation as a universal Islamic discourse” (p. 5). However, Professor Hassan tempers his idealism with the cool appraisal of a realist who does not blink from registering disturbing signs of incompetent or mediocre responses to modernity on the part of Muslims.

Two essays in particular highlight the need for Muslims to rethink and re-appropriate timeless aspects of their own tradition in terms of more adequate

responses to transformed global conditions – Chapter 5, “Challenges of Globalisation: Changing the Muslim Mindset in Malaysia,” and Chapter 10, “Islamic Moderation and the Necessity for Behavioural Changes Within the Muslim Community” (pp.73-104 and 241-59). Here his emphasis on the necessity for Muslims to *change* their thinking and their conduct is most apposite, and one hopes his appeal and reasoned persuasion does not fall upon deaf ears. Professor Hassan stresses three basic aspects of this dynamic in his remarks at the Institute of Policy Studies in Islamabad in 2004: “Recent trends in the world economy and international affairs confirm strong earlier suspicion in the South that globalisation is also a convenient tool for a new economic, cultural and political control – a type of neo-imperialism – of the powerful capitalistic forces of the world over the weak countries, in particular the Muslim world.” Then the next lines reiterate that “the Muslim community’s mindset is ill-equipped to face the challenges of globalisation”; regarding the Malay community in particular “the results have not been very satisfactory.” Finally he observes that reaching the right solutions on these two issues “is crucial to the survival of the Muslim community in Malaysia” (pp. 73-74). His following analysis of the threat and promise presented by globalising forces across a number of arenas ranges from higher education, economic inequalities, the negative impact of transnational capitalist ‘development-modernisation’ to inculcating a true knowledge-based economy.

It is worth citing Professor Hassan’s take on the predominant trend in higher education to appreciate his acute comprehension of the forces now shaping Muslim futures. He states:

Higher education is now part of the “global market place”. The advancement in ICT is creating a revolution in higher education through completely new forms of learning and teaching. A market-driven higher education curriculum premised upon the idea of education as a “product” or “commodity” and students as “clients” or “customers” demands new ways of delivering knowledge and skills and evaluating the quality of courses and programmes in public universities. [...] The commodification of higher education would no doubt affect the way teachers/instructors perceive their role. [...] Tension or conflict is bound to rise between the humanistic goals of education and the materialistic ethos involved in the new educational enterprise. The social and moral costs have been sidelined or swept under the carpet. (p. 74)

His warning needs to be heeded more actively. In chapter 10 he stresses seven main points “necessary for committed Muslims and good believers to undertake in the context of the present world situation”, beginning with changing the obsession with form and outer appearance, rather appreciating reality and substance, then moving from talking and bickering to service and performing good deeds, and changing “from bigotry and exclusivism to forbearance and inclusivism” (p. 249). This is a frank self-critical diagnosis to be listened to. In his chapter 7, ‘Building Ethical

Values and Accountability: Role of Education, Media and Civil Society', Professor Hassan tackles head on the question of "the rise and fall of human integrity". Offering eminently pragmatic suggestions on how to advance towards this goal, he underlines the necessity for "total commitment of both the government and the people" and the weighty responsibility for leadership as standard bearers for the formation of a moral society. One senses the sincerity and honesty of his timely advice, regardless of the cynicism which prefers to marginalise its urgency and wisdom.

His optimism may be highlighted here: "People do wake up from their slumber of complacency and will want to break away from their self-imposed prison of political myopia when calamities or disasters descend upon them [...]" (p. 99). The message this inspired educator conveys is that Muslims should transform their response to our global era, and take control of their own future by actively implementing necessary changes in thinking and behaviour instead of waiting to be compelled by force of circumstances. If they awake, they may discover that the moral compass and intellectual resources required for this transformed response are potentially ready at hand within their own Islamic legacy.

Throughout these essays one hears the voice of a committed intellectual and educator whose dispassionate witnessing of both the obstacles and potentials of Muslim society and governance distils his wide experience and committed concern. One hopes Professor Hassan's book receives a wide readership both in Malaysia and globally.

SIGNIFICANT SPEECHES AND EVENTS

**Closing Address by the Deputy Prime Minister of Malaysia
Tan Sri Dato Hj Muhyiddin Haji Mohd Yassin
at the Global Movement of Moderates Conference
(Kuala Lumpur, 19 January 2012)**

Allow me to briefly mention at the outset the historical context in which contemporary discourse about moderation and the moderates emerged. As we know, at the end of the Cold War, many people thought that the war between communism and the West was about to be replaced by a war between the West and Muslims. The Gulf War, the Bosnian conflict, the World Trade Center bombing and the growing influence of Islamist movements in the Middle East, Turkey, Central Asia and across the Muslim world gave an impression that there lies an Islamic threat against the West.

Throughout the 1990s, Samuel P. Huntington's seminal work, *Clash of Civilizations*, generated much interest in academia as well as in the media. It seemed that confrontations drawn along the fault lines of ideology and religion were inevitable. In particular, the prophecy of an imminent conflict between two great civilisations, namely Islam and the Christian West, sent tremors across the world.

It was rather unfortunate that the tragic event on September 11, 2001, accentuated the images of conflict between Islam and the West. Eventually, the post 9/11 world was marked by growing Islamophobia in the West and across the world. From Osama bin Laden to the Taliban in Afghanistan, the vision of militant Islam as a threat to the West has gripped the imagination of Western governments and the media.

For more than a decade, the image of Islam as the religion of peace and moderation was hijacked by violent aggressions by militant Muslims and their network of terror. The events in Afghanistan, Iraq, Kashmir and other parts of the world where Muslim minorities are struggling for self-determination, reinforced the image of Islam as a religion that is prone to fanaticism, extremism and warfare. On the other hand, the global war on terror led by Western superpowers has pitted the West against the Muslims on a scale that has never been felt before.

Without us realising it, the instability of this war afflicted regions in some parts of the Muslim world, and the growing fear of terrorism fuelled by Islamophobia in the West overshadowed the voices of moderation, peace and harmony within Islam. People tend to ignore the fact that the phenomenon of extremism, fanaticism and militancy in the Muslim world is confined to only small groups of people usually alienated from the mainstream tradition of Islamic moderation.

The Concept of Moderation in Islam

The virtue of moderation was expounded in Islam by a key verse in the Qur'ān which describes Muslims as an *ummah* or community justly balanced. Allah Almighty says in the Qur'ān:

Thus have We made you an *ummah* justly balanced That you might be witnesses over the nations and the Messenger be witness over yourselves (2:143).

From this verse, Muslim scholars define *ummat^{an} wasat^{an}*, or justly balanced *ummah*, as the primary characteristic of an Islamic community as willed by Allah Almighty Himself. In this context, classical Muslim scholars agreed that being *ummah* justly balanced means essentially possessing a combination of interconnected attributes of justice, goodness, avoidance of extreme laxity or extravagance and being in the middle position.

Apart from this, the Qur'ān also emphasises the role of Islam as the harbinger of mercy and compassion to all mankind. Allah says in the Qur'ān:

We sent thee not, but as a mercy for all creatures (21:107).

With this understanding of Islamic moderation and the message of mercy and compassion that Islam spreads to mankind, many contemporary Muslim scholars and leaders condemned acts of terror perpetuated in the name of religion. Militant radicalism and religious extremism contradict the very essence of Islam as the religion that promotes the virtue of moderation and peaceful co-existence between peoples of different faiths, creed and colour.

For Muslims, religious and cultural differences should not be the root cause of hatred and enmity, as the Qur'ān itself accords spiritual recognition to social plurality and cultural heterogeneity which is part of human nature. Allah says in the Qur'ān:

O mankind! We created you from a single (pair) of male and female, and made you into nations and tribes, that ye may know each other. Verily the most honoured of you in the sight of Allah is (he who is) the most righteous of you. And Allah has full knowledge and is well acquainted (with all things) (49:13).

The Necessity of Moderation

Apart from religious injunctions, the political, social and economic realities that we are facing today necessitate the practice of moderation. On the economic front, Western countries are major trading partners of the Muslim world. As much as the West depends on Muslim countries for natural resources, Muslim countries rely on the economic prosperity of the West as major importers of goods and services to accelerate the process of economic development at home. As we know, for decades

the peaceful, prosperous and developed West created millions of jobs and countless economic opportunities for Muslims in their respective countries. It would be folly for Muslims to believe that the economic and political destruction of the West will bring economic prosperity and political stability to the Muslim world.

At the same time, the growing population of Muslims in the West has changed the social and cultural demography of Western society. For instance, in Europe today, a key debate is about how to integrate and assimilate new Muslim populations into the European society without necessarily eroding European cultures, traditions and identity. No doubt, the success of this process of integration and assimilation will have far-reaching consequences on the lasting peace and stability of European countries.

As Muslims are making inroads into the West, bringing together their values and social practices into the fabric of Western societies, the social and political values of the West are also increasingly being embraced by Muslims. The values of human rights, freedom and liberty, which were once associated with the West, now form part and parcel of the life of Muslims. It is not uncommon now to find Islamic groups and Muslim-based political parties together with civil society movements participating in democratic processes and clamouring for democratic reform. The political transformation currently underway in Muslim countries shows that the value of democracy can sit easily with the value of moderation, justice and compassion in Islam.

The political, social and cultural interactions between the Muslim world and the West, which is now being reinforced by the forces of globalisation, bring about new perspectives on the relationship between Islam and the West. For Muslims, the classical demarcation line that separates *dār al-islām* (the realm of Islam) from *dār al-ḥarb* (the realm of war) has now become obsolete. It is not proper for Muslims to regard the West as enemies when the cultural and social demography of the West itself is undergoing tremendous change as a result of its rising Muslim populations. Likewise, it is no longer fitting for the West to regard Islam as the new fascism which poses an imminent threat to the security of its nations and the future of its civilisation. The truth is, the Muslims themselves are becoming more familiar with and receptive to the good values of Western civilisation.

The future path of global peace and prosperity must be built upon mutual understanding and respect between communities which represent the major world civilisations. Be it Islam, Christianity, Buddhism, Hinduism, Sikhism, Taoism and other major world civilisations, all must work for the perpetuation of peaceful coexistence between people of different religions and cultures. This necessitates a shift in our perspective from the clash of civilisations to civilisational engagement. In this particular context, the practice of moderation and the rejection of extremism is the key to civilisational engagement and global peace. Only by rejecting extremism and embracing moderation will we be able to treat others with dignity, accept

our differences and live with each other in peace and harmony. In today's world, moderation is not an option, but a must.

Moderation in Other Faiths

We are fortunate that all major religions and civilisations advocate moderation as a way of life. Christianity and Confucianism abhor extravagance and opulence which symbolise an extreme behaviour in the conduct of one's life. Likewise, in Hinduism, the concept of the middle path that calls for divine centred living without renouncing the world is considered the best means to achieve salvation. In the same vein, Buddhism advocates the Middle Way between all extremes by avoiding fanaticism and laziness in the journey to Nirvana.

If we can see the nature of religion through the prism of moderation, we will be able to identify common values shared by all religions. The values are peace, harmony and true happiness which will materialise when the followers of every religion avoid excessiveness in religious practices and in the conduct of worldly life. I believe if everybody can nurture the spirit of moderation, which implies rejection of excessiveness and extremism, there will be no harm done to humankind in the name of religion or ideology.

At the same time, we need to address the root cause of extremism and fanaticism which often lead to hatred and enmity between people of different religions and cultures, namely economic alienation, political exclusion and social deprivation. We need to replace economic alienation with equitable distribution of wealth; we need to end political exclusion by promoting political inclusiveness; we need to eliminate social deprivation by upholding social justice and respect for human dignity. We believe that the seeds of goodness will only bear fruit when the root causes of evil are completely annihilated.

Moderation in Malaysia

Ladies and gentlemen,

Moderation has been the pillar of Malaysia's success in dealing with ethnic and religious diversity. Being part of the Malay world where great civilisations meet, Malaysia has been blessed with peace and prosperity that is built upon mutual understanding and respect among its multi-ethnic and multi-religious population. Despite being a plural society from the start, we thank Almighty God that we have so far been successful in maintaining peace and averting conflict by promoting moderation as a national culture.

We promote moderation through active involvement of the government and civil society in educating the people about the values of moderation and peace. The

government working together with religious communities and the civil society have been actively promoting religious harmony as a main pillar of national unity. A Committee on Inter-Religious Harmony was formed with a view to promote common values shared by all religions as a means to encourage mutual understanding, respect and cooperation between different religious communities. I must say that our success as a nation depends on the willingness of the moderates from all religions and cultures to set aside differences and work for a common goal in perpetuating peace, harmony and prosperity for our people.

It is my great pleasure today in conjunction with this conference to launch an important work on Islamic moderation as it is envisioned and practiced in Malaysia and the Malay world. Professor Tan Sri Mohd Kamal Hassan, a renowned professor of Islamic studies from the International Islamic University Malaysia, has come up with a great book entitled *Voice of Islamic Moderation from the Malay World*, which compiles evidence from the Qur'ān and prophetic traditions which extol the essence of Islam as the religion of moderation. There are also numerous empirical examples which epitomise moderation as the foundation of peace, harmony and stability in the Malay world in general and in Malaysia in particular.

I am glad to quote a passage in Tan Sri Mohd Kamal Hassan's book which is of great interest to me:

The voice of Islamic moderation coming from contemporary Malaysia is a reflection of the Malaysian milieu in which Islamic thought has been nurtured in a multi-ethnic society in which Muslims, though in the majority, have lived and co-existed with non-Muslims of various ethnic and religious groups in peace and harmony. [...] This democratic setup has moulded a national culture which makes political or religious extremism unpopular and uncalled for. The winning formula for all communities has always been one in which there is a realistic recognition of the pluralistic nature of the nation and the need to balance between the particular interest of a community and the larger interest of national stability, national security and national wellbeing, without stepping beyond the limits of freedom as provided for in the Constitution of the nation.

I believe the value of moderation will continue to provide lasting peace, harmony and stability for Malaysia and for the world community. This requires the coalition of the willing among the moderates of the world to persistently promote moderation as a global value. I do hope that this international conference, the idea of which was mooted by Malaysian Prime Minister, the Honourable Dato' Seri Mohd. Najib Tun Abdul Razak, and the actions that will follow from it will provide avenues for the moderates from all major civilisations of the world to work hand in hand in the promotion of just and lasting peace for the well-being of the global community.

Thank you.

**Dialogue for the Future between Japan and the Islamic World
(Amman, Jordan, 29 February-1 March 2012)**

Osman Bakar, LAIS Malaysia

Annual dialogues between Japan and the Islamic world on various themes have been going on since 2002 when the maiden dialogue event was held in Manama, the capital of the Kingdom of Bahrain. The general theme of dialogue among civilisations was adopted for the first series of these dialogue seminars, which came to a close in 2010 with a seminar in Tokyo. For the second decade of this century, a new series of dialogue seminars with a different general theme has been created. The new theme is “Dialogue for the Future between Japan and the Islamic World”.

The dialogue series is the result of Japan’s new initiatives towards establishing “multi-layered relations between Japan and the Islamic world.” The thrust of the dialogue is to discuss social and economic issues that are of common interest to Japan and the Islamic world, especially among intellectuals, youths, and journalists. Japan is not only the main initiator but also the main organiser of these dialogue seminars. The Japanese Ministry of Foreign Affairs serves as the permanent secretariat of the dialogue series. Seminar venues have alternated between Tokyo and several capitals of Muslim countries hosting the seminars.

The latest dialogue seminar, which is the second in the new series, was held in Amman, Jordan, from 29 February to 1 March 2012. It was hosted by the University of Jordan. The new series kicked off in March 2011 in Abu Dhabi with Zayed University of the United Arab Emirates serving as the host. The Amman seminar was attended by more than 100 participants, mostly from Jordan and Japan. Its theme was “Capacity Development of the Youth to Build Prospects for their Future”.

Altogether there were five sessions, excluding the opening session and the keynote presentation, and thirty-two speakers. Jordan’s Minister of Culture, HE Professor Salah Jarrar officiated the seminar, and Mr Takamasa Sakurai, a Japanese media producer and author, delivered the keynote address on the topic “To the Youths in the Future: Culture Changes the World”. Speakers came from many countries, including Tunisia, Egypt, and Bahrain. Presentations by speakers from these countries aroused a lot of interest and curiosity as they dealt in detail with various aspects of the Arab Spring phenomenon in their respective countries. The leading Indonesian scholar, Professor Azyumardi Azra, and this writer were the only speakers and participants from Southeast Asia. As in his previous participations in these dialogue series, this writer was a guest of the Japanese Ministry of Foreign Affairs. This time I was invited to speak in two sessions on two different topics. In the first session, I made a presentation on the topic “Tradition Inherited and Recreated across Generations” which the organisers had selected. There were a few other panellists in the session

who dealt with this same topic but from different perspectives. The whole idea of the session was to emphasise the importance of transmitting time tested traditional human values to the future generations and understanding the nature of the challenges unique to each generation posed in the transmission process. My second contribution was in the final session where I presented a paper on the topic “The Arab Spring: Malaysian Perspectives”. Professor Azra complemented my presentation of Southeast Asian voices on the Arab Spring with his articulation of the spectrum of Indonesian responses to this interesting political phenomenon.

Viewed as a whole, the Amman seminar was meant to highlight the role of youth in contemporary Japan and the Islamic world in the light of tradition. In particular, it sought to understand the roles of youth in two different types of phenomena happening on two opposite sides of the world. One was the so-called Arab Spring, a socio-political phenomenon that swept the larger part of the Arab world. The other was the aftermath of a tragic natural catastrophe in Japan, which the Japanese themselves call “the Great Japanese Earthquake and Tsunami”. Japanese speakers one by one spoke of the kind of voluntarism among the youth in response to the tragedy that has not been seen for a long time in post-World War II Japan. They described the voluntarism as simply admirable, which ignited a fresh thinking about the meaning and role of traditional values and institutions in contemporary Japanese society. In their spirit of voluntarism these youths are seen as playing the role of revivers of the Japanese tradition, not unlike the traditional Malay/Indonesian spirit of *gotong royong* – a local conception of sociality based on reciprocity or mutual aid.

Seminar participants were told that the next dialogue seminar will be held in Tokyo sometime in early 2013.

International Workshop on Faith and Power (George Town, Penang, Malaysia, 5-6 March 2012)

Tengku Ahmad Hazri, IAIS Malaysia

The workshop was organised by the Noordin Sopiee Chair in Global Studies at Penang’s Universiti Sains Malaysia (USM).

The speakers were:

- Professor Chandra Muzaffar (USM) and International Movement for a Just World (JUST) – “Faith and Power; Power as a Sacred Trust”
- Professor Wang Gungwu (National University of Singapore) – “Power and Faith in China: Past and Present”
- Professor Kim Yong-Bock (Hanil University, Wanju, South Korea) – “Faith and Power from a Christian Perspective on Liberation”

- Professor Chaiwat Satha-Anand (Thammasat University, Bangkok, Thailand) – “Understanding the Effects of Violence on Faith: a Spectacle Perspective on Southern Violence, Thailand”
- Swami Agnivesh (Arya Samaj scholar and Hindu activist, India) – “Faith and Power” and
- Professor Suwanna Satha-Anand (Thammasat University) – “Wisdom and the Power of Faith in Theravada Buddhism.”

Chandra Muzaffar in his presentation argued for a ‘values-approach’ to religion in public; that is, rather than singling out religion per se as the solution, one should engage with specific values of that religion as these are usually more practicable and feasible in a multi-religious world, for the same values can usually also be found in other religious and spiritual traditions. Values need to be anchored on the transcendent and it is only through particular religions that such anchorage is possible.

Wang Gungwu, in explaining the history and role of Confucianism in China, demonstrated how faith and power adapted to each other, but with many bitter episodes of faith unable to hold power to account; for example, Confucians during the Ming dynasty struggled against rulers but often succumbed to them. In contemporary China, although Confucianism has little appeal among the youth, Wang Gungwu believed that “some kind of Confucianism will emerge” which will be of relevance today. For instance, Confucians still uphold the ideal of family as a sacred spiritual institution. Indeed, the spirituality of the Chinese is seen most in the institution of the family. When man-made ideologies have failed in China, it will be seen that there is still life in Confucianism.

Kim Yong-Bock highlighted a distinctive strand in Korean liberation theology, the Minjung (people) theology which defines power as service to people, who are sovereign subjects of their own destiny.

Chaiwat Satha-Anand offered a theoretical basis of analysing violence by disentangling violence from power (Hannah Arendt) while conceiving power in the Foucauldian sense of being *exercised* rather than possessed. Violence, he argued, is anti-politics because it ignores the moral and rational agency of the victim, the affirmation of which is prerequisite for politics.

Swami Agnivesh emphasised the complementary nature of faith and power. Without some form of institutionalisation through power, religion will evaporate; and without faith, power can be manipulated. At the core of faith, he argued, is the intimate link between God and our collective humanity; the denial of God is thus “collective suicide”.

Suwanna Satha-Anand in her presentation argued that in Theravada Buddhism, faith can never be independent but needs constant guidance from wisdom. She explored the dynamics and relationship between the *sangha*, or community of Buddhist monks, and the state.

The workshop also addressed three specific issues related to theme of “Faith and Power”, which were separately discussed by three working groups.

The first group discussed the advantages and disadvantages of having religion as a state ideology as is the practice of some countries today. It was argued that religion as ‘state ideology’ has almost the character of oxymoron, for ideology is man-made philosophy to which divinely revealed religion should not be reduced. In fact sometimes the description is hardly accurate; e.g., in Malaysia, Islam is the ‘religion of the Federation’, not ‘state ideology’. Yet the dissociation of religion from state ideology does not equal secularism. Justification for secularism as a political principle usually rests on the claim that the state should not express preference to any particular religion; it should be neutral in this respect. Yet this argument is untenable because (a) religions are not mutually exclusive, so that the advancement of one does not by default preclude others: there is ample scope for shared values; (b) neutrality is impossible to start with, because any decision made by the state is bound to have endorsers (who are in this case ‘privileged’) and those who object to the decision (who are ‘discriminated against’); (c) social and political disputes between adherents of different religions should not be seen as conflicts between religions per se but rather as disputes between those groups alone; (d) values that are publicly cherished, such as justice, peace and dignity, which the state should be committed to, have religious basis and implications; and (e) citizens, politicians and state officials are individuals with their own beliefs and principles which are derived simultaneously from a variety of sources (including religion), and which influence their decisions whether consciously or unconsciously. The way forward is not state neutrality but to allow religious values to flourish so that it is the religions themselves that will weed out sectarian tendencies within themselves and forge a universal and inclusive approach in their encounter with each other.

The second group deliberated on why countries which do not emphasise faith in public can somehow develop effective mechanisms for constraining power relative to those which espouse faith-based politics. Such is particularly true, for instance, with some Scandinavian countries which always top the list in transparency and quality of life indices. By contrast, countries which profess to commit to particular religions frequently register abysmal performance in the same indices. As a matter of fact, it was observed, what is being seen is not the absence of religion as such but the redefinition of its role and place. Religion need not tread the political path only to effectuate social transformation, for there are plentiful opportunities in civil society and people’s movements. At the same time, we should remember that many of the so-called religious regimes are in fact supported by so-called democratic nations, which is why some dissenting religiously-inspired people’s movements are suppressed. Moreover, some countries which are able to develop strong institutions as checking mechanisms on power can only do so because of their economic stability. Yet some

of these countries cannot deny their colonialist past through which they economically exploit nations that now suffer from economic under-development, with devastating consequences on their ability to establish the rule of law and curtail corruption and abuse of power. The group was nevertheless conscious that such reasoning might easily degenerate into polemics of the ‘religious East’ versus the ‘secular West’, so it was also highlighted that the West in fact is currently witnessing religious revival, while some parts of the East are declining into materialism and consumerism. The encounter between East and West has also reached such a degree that, as one group member noted, “The East has already internalised the West.”

The third group addresses how faith can influence power in a globalised world mired in crises. The said crises are numerous – food, financial, environmental, energy, nuclear and others. A group member said that in fact faith is *already* influencing power, whether with positive consequences, as when government leaders promote global religious solidarity, or with negative ones, like when military campaigns are waged under the pretext of religion. So the more appropriate question to be asked is, “How can faith prevent power from being abused resulting in various global crises?” The reformulation of the problem thus offers preventive rather than remedial measures by which relatively minor problems can be resolved before they spiral into a global crisis. Such preventive measures can be done by instilling consciousness through education that also emphasises deeds and actions, so as to inculcate the habit of self-restraint. Faith also needs to be translated into knowledge by rationally examining the suppositions of one’s belief. In a sense faith also *requires* knowledge because to even have faith in something implies that one is properly acquainted with what exactly this something is.

The workshop offered crucial perspectives in understanding how faith and power interact and presented significant insights on the role through which spirituality and religion can co-opt and confront power.

**Interview with Professor Chaiwat Satha-Anand
at the International Workshop on Faith and Power
(George Town, Penang, Malaysia, 5-6 March 2012)**

Tengku Ahmad Hazri, IAIIS Malaysia

Professor Chaiwat Satha-Anand is a renowned political scientist and peace activist from Thailand, concerned especially with Islam and non-violence, as well as Islam in Thailand. He is currently Professor of Political Science at Bangkok’s Thammasat University, Thailand. The following interview was conducted after the International Workshop on “Faith and Power”, 5-6 March 2012, Universiti Sains Malaysia (USM), Penang, during which he presented a paper (see Event Report), arguing that violence

impoverishes faith because violence is anti-politics and anti-power. As a case study he drew on Guy Debord's *Society of the Spectacle* (1967) to analyse how public perceptions on faith and violence are constructed through the use of media images.

In your presentation, you mentioned that violence impoverishes faith because violence is essentially anti-power and thus anti-politics, which is an interesting reversal of conventional wisdom which sees violence as an extension of politics. The classic statement of that is of course from Carl von Clausewitz, "War is the continuation of politics by other means" and Mao Tse-Tung's "Politics is war without bloodshed. War is politics with bloodshed." How useful is such a reversal in understanding the realities of power today?

To answer that question, we need two perspectives: the theoretical and the empirical. I begin with the empirical perspective. The empirical perspective is about changes that have taken place in the world since the last century. Many people would say that the things that marked the twentieth century were World War I, World War II, the atomic bomb and things like that. That's to look at the world from a violence perspective.

On the other hand, you can look at the other changes that have taken place, such as the demise of the Soviet empire. One has to link that with the opening up of Europe, which began with a strike in Poland. This I would look at as people's power to dismantle the Soviet power. You look at of course the changes that have taken place in South Africa to uproot the apartheid systems, and then put Nelson Mandela out of jail and put him as the president of South Africa. You look at Argentina: the 'Mothers of the Disappeared' who fought against tyranny for a long time and then the Berlin Wall collapsed. Look also at the Philippines in 1986 [with the People Power Revolution]. What you see in all these changes is the exercise of power without the use of violence to change society, but which is no less dramatic than, say, World War I or World War II. World War I ended with the defeat of Germany, but that defeat gave rise to a new war which then exploded in 1939, that is, World War II. Adolf Hitler was a soldier in World War I and was thus very upset about the arrangement made between the French and the Germans after the war. So as a result of this, I would say that the ending of World War I with violence gave rise to World War II. And I would say that the ending of World War II gave rise to the Third World War which people do not talk about. What is the Third World War? The Third World War is known by the name of Cold War – the proxy wars in Africa, in Latin America and in Southeast Asia (the Vietnam War for example). And to say that these are 'Cold Wars' is a euphemism because for them – the people of Laos, Cambodia, and Vietnam – war has never been 'cold'; it's always very heated and burning. So, looking at it this way, violence gave rise to further violence.

But the use of non-violence through people's power also created all kinds of changes in the world. And I use all of those examples without using the example

of Gandhi at all. In that sense, what I'm saying is that empirically, you can see lots of powerful people's movements that unseated traditional power. Normally people think of guerilla warfare and the use of violence, but these are not the case. In fact if you look at the Philippines as one of the most dramatic cases, it is the people's power that intervened and stopped the Philippines from falling into civil war between two military camps – one supported Ferdinand Marcos' regime, the other supported Corazon Aquino and her group (Fidel Ramos, for example). The people's power is in between. Who are these people? People from the church, people from business, people from the media, from academia, all of these things. This is power, and not violence. When power fails, I would say, that's when politics fails. That's the empirical side.

The theoretical side is the distinction between violence and power. Power in traditional political science is to make other people do as you want them to do. The underlying assumption is that the other party is also a human being, or to put it in sociological terms is also a moral agent who can choose to follow you or not to. The moment that you stop thinking of the other person as a moral agent, you are looking at him as an object. That is an objectification of the other, turning the other into something which is less than human, which means that you can do anything you are pleased with him, and that's why you look at him for example as an instrument to further something else. In that sense, either you don't care about him or you look at him as an instrument, not as an end in itself. This is not the way politics is conducted since classical times; not even in democratic ways. If that is the case, when violence takes place, what is at issue is the instrumentality of violence itself that relies on what I call instrumental rationality rather than other forms of rationality (practical reason or other reason – the Kantian notion). When I use violence against the other side, I'm thinking of that as a target, as something that I'm doing to attain something. I am holding you hostage so that I am teaching you a lesson. I am bombing the department store so that you will then feel the moral pain that I do. These then are the instrumental reason that characterised violence, which is not power.

But with the dissociation of violence from power, there is a risk that violence perpetrated by the state is not being seen as such. For instance, the war against Iraq is not seen as terrorism but as 'war on terrorism'; the massacre of innocent civilians is seen as 'civilian casualties'. They are not seen as violence but are seen as something else. The transposition of acts of violence into something else can possibly legitimise the use of violence by the state. How can the dissociative approach serve as a counter-narrative against that?

By drawing a very clear line between what constitutes violence and what does not, and therefore delegitimising anyone who is going to use violence. One has to of course start with the definition of violence. You can have what I would call a 'contracted' notion of violence or 'expanded' notion of violence. Contracted notion of violence would mean physical violence, psychological violence, and threat thereof. Expanded

notion of violence would mean also structural violence like poverty, malnutrition as well as cultural violence, legitimisation of violence in many other forms.

Let's focus on the contracted notion, that is, physical violence and the threat thereof. By calling these things violence, I think you leave no room for the state to say, "What I'm doing is not violence." You leave no room for any other group to say that "what I'm doing is justified." So when a country invades another country, saying that "I'm invading the other country because I'm trying to save the people of that country from the tyrant," the question is, "What are the means that you use?" You have to answer whether it's violence or not violence. If the answer is violence, you have to then give the justification. The question then becomes whether you buy that justification or not. "The US is invading Iraq because the US wants to create a new Iraq, which is much more democratic" – do you buy that? Or is this about oil? Is this about resources? When a group of insurgents blow up a temple, one has to say that this is violence. What do they want? They want independence? But this is the means which they use. So it is very clear in that sense: if you disentangle violence from power, you now are saying, when you use violence, then power disappears.

In fact what I am also arguing is that violence is not a sign of strength at all. It is a sign of desperation and hopelessness. When everything else fails, then you use violence. To give you a very empirical example: the case of rape and sexuality. Rape is not a form of sexuality. Rape is the *failure* of sexuality. That is why the rapist forces himself on someone else. It has nothing to do with love. It has nothing to do with sex either. It is power relations; it is oppression.

You talked about the objectification of the 'other'. Isn't that what power is all about? Power is to exercise authority over another to do as the powerful wants. The moment that authority is asserted, that other becomes subjugated to the powerful...

The point is, what power is trying to do is to make the other do as the powerful wants, but there are many other means [other than violence] by which this can be done. The more important thing is that if it's real power, then the other side has to believe that "I'm following you." If I want someone to fall in love with me, I have to do all kinds of things to make that person fall in love with me. If I want that person to fear me, I have to do all kinds of things for that person to fear me. That is power. If I want people to believe me, I have to exercise my authority. And my authority comes from all kinds of things. That's why when you want to interview me, or when I stand at a podium, people come up with all kinds of introductions, and say that Dr Chaiwat is this and that, has done this and that. What is that? That's to establish the authority of the speaker. Once the authority is established, what happens is that the audience then decides whether it will listen to him or not. Now if the audience accepts that authority, then the audience will say, "This person is respectable because he's a university professor." Those credentials then become the basis of power that the person has

over the audience. Failing that, he could come up on stage and say, “Don’t introduce me” (which I do sometimes). So how is the audience going to believe him? Then he has to persuade the audience through reason, argument and evidence. That’s what academic discourse is about. Academic discourse is about power, isn’t it? You write a dissertation, you write a research paper, you submit a paper for a journal. What are you doing? You are saying, “I have something to say and this is what I have written and I’m submitting to you.” You are submitting your research for the journal. The journal will then exercise its power. You say, “You should accept my work because my work is solid, my work has a thesis, my work has evidence, no one has written this before....” This is power. Love is power. Belief is power. Community is power. Business is power.

Now if we take that argument to its next natural conclusion, this form of power is in fact more effective than violence in perpetrating tyranny for example, because when the subject exercises a willingness to be oppressed, exercises a willingness to be subjugated and dominated, then that serves as a more sinister and subtle form of power than violence.

Possible; because I do not use the term power positively or negatively but neutrally. I am merely stating the difference between violence and power. If power is that permeating, or as prevalent as you say, then it is very likely that tyrants and states would use it. And in fact in history, they have used power much more than war and violence. Why do you follow traffic lights for example? You follow traffic lights because power is at work. No one comes to take you to jail immediately if you don’t follow. But it creates a habit in you that when you see red light you stop almost automatically. That’s power. Everything is power. This is actually a Foucauldian understanding of power. So power exists everywhere. It produces things, it produces a subject. So yes, it can be used by tyrants, but you have to see power for what it is. When you disentangle violence from power, the next step is then you try to find out how power works.

How power works – let’s take a case study because you’ve alluded during your presentation to the power of images, the ‘spectacle perspective’ by which certain ideas about violence and its effects on faith are propagated. Can you elaborate further on this? Do you see this as propaganda?

To call this as propaganda, although it is right, will somehow make it difficult for us to see the complexity of what has transpired. If you follow, for example, John Gray’s analysis in *Al-Qaeda and What it Means to be Modern*, I think Gray has an interesting perspective to look at the terror network of al-Qaeda. And he said all kinds of things that we consider modern about al-Qaeda as a terror network – their communication technique, their organisation, their efficiency, the methods which they used, but the most interesting feature of al-Qaeda is the way in which they recognise the image

that they are constructing and the way in which that image will be then put through the media for all the world to see. So it's the spectacle itself that glues people to the TV and then is played and re-played again in broad daylight. So it's not only the symbolic attack of the World Trade Centre or the Defence Department, the Pentagon, but the spectacle that makes it much more modern. And that's where the society of the spectacle is that we are in, in that regard. So we are now looking at things and we are now being constructed by the images that we consume. For example, elections: you will never find a photograph of a politician slapping a child [during election campaigns]. The only image that you will see is the politician holding a child lovingly, or kissing the child. What is this? This is not real. But it's so produced that you believe that this guy is good. And then you go and cast your vote. This is the power of image.

In Malaysia, for example, there is a competition of faith as an image. So I would say that the competition relies on the proximity between political parties and religious agenda that each party is trying to promote. That is the construction of the image. So, one party would claim that this is an Islamic party. The other one, although not born as an Islamic party, has to have some Islamic credentials. So, all of this is the construction of the image that you talk about. And we live in that period, in that kind of society that I talked about in the paper.

You are also a peace activist, concerned largely also with issues about Islam and Muslims in Thailand. How applicable are the theoretical and empirical issues that we have discussed so far to the current plight of Muslims and Islam or peace-building in Thailand as you see it?

My work in the last two decades on Islam has been on two fronts. One is to analyse Muslims in modern societies; how they live as Muslims given the commodification of all kinds of things that we have seen. The other side that I'm interested in is the notion of the use of non-violence and Islam. This is something that is so dear to my heart because I work in the field of non-violence. When I finished my dissertation on non-violence, one of the things that my teachers told me was that eventually you have to face the fact that the issue of Muslims and violence will have to come to the fore. And I took up the challenge with my first research. The book was called *Islam and Violence*.¹ It's a study of the insurgents and their justification of violence. So I did a study of how they justified their use of violence in southern Thailand. That was the period of 1977-1980. It was published by the University of Southern Florida in 1987 and then again in 1990. It's a small monograph. I wanted to understand why is it that Islam is being used so easily to justify violence. My take is that, I don't believe that Islam or any religion can be used to justify violence. I come from a Buddhist society. The first precept of Buddhism is to abstain from taking the life of any living beings. That's the first precept that any lay Buddhist should subscribe to. And yet in Thai history, in Sri Lankan history, in many histories, you see history

of war. Siam, Ayutthaya and Burma had war for 400 years. So it's a history of war, and on both sides you are talking about Buddhism. I don't subscribe to the idea that Buddhism is more peaceful than others. I would argue that any religion can be used to justify violence. If Buddhism can be used, any religion can. You look at the history of Christianity. Jesus preached, "Thou shalt not kill," and yet the history of European imperialism, history of European wars, you go back to the Thirty Years War, you go back to the thirteenth century until the seventeenth century, you have wars in Europe among Christians. Most brutal perhaps is war between different sects. The conclusion is that in any religion, we can find certain things that can be used to justify the use of violence.

So I tried to do the same for Islam and I found certain things in there. The interesting thing is this: most of the things used are very good things. The secret about violence is that the justification used for violence is normally something quite good, like you are fighting for justice, you are doing this because you want freedom, you are doing this so that you can liberate people – the Fanon notion is basically that. All of these things could be used to justify violence. That's why I'm more interested in the justification. My take after that work is to find non-violent elements within Islam that can also be used to justify alternatives to the use of violence, and that has been my work since 1986.

Notes

1. Chaiwat Satha-Anand, *Islam and Violence: A Case Study of Violent Events in the Four Southern Provinces, Thailand, 1976 1981* (Tampa FL: Department of Religious Studies, University of South Florida, 1986).

Visit to IAIS Malaysia by a Delegation from the Royal Thai Embassy and Government (28 March 2012)

Christoph Marcinkowski, Berlin, Germany

"The real issue is not between Muslims and non-Muslims, but between the moderates and extremists of all religions. [...] It is time for moderates of all countries, of all religions, to take back the centre, to reclaim the agenda for peace and pragmatism, and to marginalise the extremists," said Malaysia's prime minister Najib Tun Razak on 27 September 2012 at the United Nations General Assembly where he also called for the formation of a Global Movement of Moderates.

In order to find out more on what this kind of moderation can mean *in practice* for the troubled deep South (where Malay Muslims are in the majority) of majority-Buddhist Thailand,¹ a high-profile delegation from the Royal Thai Embassy and

various Thai government institutions visited IAIS Malaysia and engaged in a lively dialogue with Emeritus Professor Osman Bakar (Deputy CEO, IAIS Malaysia) and the Institute's research fellows. Prior to IAIS, the delegation had also visited on its Moderation Study Tour 2012 the International Islamic University Malaysia (IIUM), as well as several other government-run Islamic institutions in Malaysia.

As is well-known, an ethnic separatist insurgency is still taking place in Southern Thailand – predominantly in the Pattani region, made up of the three southernmost provinces of the kingdom. Increasingly, violence has even spilled over into other provinces. Although separatist violence has occurred for decades in the region, the campaign escalated in 2004 during the tenure of ousted former prime minister Thaksin Sinawatra. The demands of the rebels range from more participation to independence under the introduction of what they deem *sharī'ah* law. Another part of the extremists aims at a purely Malay state that is to include even two of Malaysia's northern states. So far, the conflict has cost the lives of several thousand people. About 60,000 members of the kingdom's armed forces and police are currently deployed in the region. Civilians too, Buddhists as well as Muslims, have been killed by the Malay rebels, but the police stationed in the area were also accused of brutality. Many people without any connection to the security forces were killed by the terrorists, and in more recent times even attacks against Buddhist institutions and monks occurred in order to incite the adherents of the religions against each other.

During the delegation's visit, this writer – expanding on his numerous previous studies on Islam in Thailand – argued that religion has often been (mis)used by the separatists in order to cover-up a mainly racially motivated agenda, whereas Professor Osman Bakar provided a concise but useful overview on the main characteristics and historical background of the presence of Islam in Southeast Asia.

The delegation consisted of Mr Songsak Saicheua (Head of Delegation; Minister and Deputy Chief of Mission, Royal Thai Embassy, Kuala Lumpur), Ms Pinsuda Jayanama (Counsellor, Department of East Asian Affairs, Ministry of Foreign Affairs of Thailand), Mr Suppakij Vorasriherun (Third Secretary, Department of East Asian Affairs, Ministry of Foreign Affairs of Thailand), Col. Chakrit Ucharattana (Royal Thai Armed Forces), Lt. Col. Surachart Warasuth (Directorate of Intelligence, Royal Thai Armed Forces), Mr Romdej Phisalaphong (First Secretary, Royal Thai Embassy), a representative from Thailand's Internal Security Operations Command (ISOC), Region 4, and a representative from Thailand's Southern Border Provinces Administrative Centre (SBPAC).

Notes

1. See Christoph Marcinkowski, "Balance, Moderation, and the 'Middle Path': Toward Trust between Muslims and Theravada Buddhists in Southern Thailand," *Islam and Civilisational Renewal* 2, no. 3 (April 2011), 556-560.

The 7th World Halal Forum (Kuala Lumpur, 2-3 April 2012)

Karim D. Crow, IAIS Malaysia

Malaysia seeks leadership of the Islamic finance industry and plays a dominant role in the burgeoning global *halāl* industry currently valued at several trillions of dollars. This seventh international gathering of industry actors along with corporate, government and academic experts demonstrated that the World Halal Forum (WHF) has become the premiere gathering of this industry. Hosted by International Halal Integrity Alliance and the boutique firm KasehDia Sdn Bhd, over 350 persons from all continents attended. Following the Forum, Malaysia's Prime Minister Mohd Najib bin Tun Abdul Razak launched the *Malaysia Halal Week* along with the 8th International Halal Showcase (MIHAS). The intent of sponsors and the government is to uphold Malaysia's status as 'ideas leader' in the development of the global *halāl* economy and strengthen its position as the world's Islamic finance and banking hub.

The World Halal Forum 2012 had as its themes "Inspire – Innovate – Invest," with eight sessions plus the opening event, covering:

- Opening: Keynote address by Muhyiddin Mohd Yassin (Deputy Prime Minister, Malaysia); and a video advertisement by the new media platform *Salam World*;
- On *halāl* and *ṭayyib*, with Islamic scholars including Shaykh Afeefuddin al-Jailani (Darul Jailani International, Iraq);
- Gold and silver: *Halāl* currency for trade and investment; including the redoubtable Shaykh Umar Ibrahim Vadillo (World Islamic Mint);
- The *Halāl* consumer market: Marketing to Muslim consumers.
- International trade – *halāl* and kosher: From trade barrier to trade enhancer
- Regulation: How to regulate *halāl*;
- The influence of media and entertainment: on 'selling Islam; and
- New sectors and opportunities (on green themes and risk sharing).

It was a fascinating blend of technical minutia about shipping, certification, animal stunning, or consumer preferences, along with slick sales pitches from Turkish, New Zealand, and Australian based enterprises. The WHF sponsors state on their website (www.worldhalalforum.org): "With so much mainstream media predicated on maximising consumer reach by any means no matter how titillating or provocative, we need to offer an alternative that would espouse positive universal values." They also sought corporate sponsors, promoting the Forum as "an ideal opportunity to enhance your company's profile amongst the key players involved in the decision making process of the Global Halal Industry." There were several discordant notes

when two Muslim members of the World Organisation for Animal Health (OIE), from Egypt and India, detailed inhumane abuses currently inflicted on livestock in several major Muslim countries that cannot be justified in Islamic terms. The overall tone was the glamour of sales and promise of profits. When asked about the proprieties of ‘selling Islam’, Sir Iqbal Sacranie (Chairman of Muslim Aid, United Kingdom) affirmed: “It’s a good product!”

International Seminar on Islam in Myanmar (Kuala Lumpur, 29 April 2012)

Tengku Ahmad Hazri, IAIS Malaysia

The International Seminar on Islam in Myanmar, with the special theme “Democratisation in Myanmar: Opportunities and Challenges for Its Muslim Community”, was jointly organised by IAIS Malaysia, the Myanmar Muslim Intellectual Forum (MMIF), the International Institute of Islamic Thought (IIIT) East Asia, the Regional Islamic Da’wah Council of Southeast Asia and the Pacific (RISEAP) and the Institute for the Study of the Ummah and Global Understanding (ISUGU). The speakers were Dr Maung Maung (Haji Mohammed Hussein; on the “Education of Myanmar Muslims in the Age of Globalisation”), Soe Myint Than (“Economic, Social and Welfare Position of Myanmar Muslims”) and Maulana Akbar Shah (U Tun Aung; on “The Future of Muslims Youths in Myanmar”) from Myanmar, and Ambassador Dato’ Mat Amir Jaafar from the Asia-Europe Institute, University of Malaya, Kuala Lumpur.

Most of the speakers began by addressing the current plight of Myanmar Muslims, highlighting particularly the challenges and opportunities in regard to democratisation, with a strong focus on education. Generally speaking, the educational infrastructures and facilities remain rudimentary: while formal schooling and even higher education exist, many Myanmar Muslims are denied the opportunity for various reasons, such as lack of funding and transportation, as well as poverty; e.g., children have to work as daily wage-labourers to help their family, thus being deprived of education. The challenge is greater for religious education, which faces the problem of integrating traditional knowledge with modern disciplines.

While there is much to be desired from the present situation, sources of hope lie in both history and current opportunities. For instance, it was argued that despite seeming political inertia among contemporary Muslim youth, a different picture of the past can be gauged from the lives of such figures as Sayar Gi U Nun, U Razak, U Rashid and U Pe Khin. These were past leaders who were active politically even during youth, such as in the struggle against colonialism or the Rangoon University student strike in the 1920s.

Other challenges include confronting discrimination under current leadership, forging unity among Muslims on the one hand and with the Myanmar society on the other. Being recognised as a citizen, for instance, still remains a problem due to the difficulties and complications of registering for the National Scrutination Card, a prerequisite for citizenship. Myanmar Muslims benefit from Myanmar's vibrant agrarian economy, the result of being blessed with such agriculturally conducive aspects as fertile soil, fresh water resources, large water reserves, high quality agricultural products (e.g., organic, not genetically modified, fruits) and an efficient irrigation system. Yet resistance to change has prevented the industry from realising its full potential because farmers prefer to stick to conventional methods rather than embracing modern technology.

A few recommendations emerged from the deliberations. An example is the proposal for the establishment of a Muslim Affairs Ministry or Department, a practice which has precedence in other countries in the region like Singapore and Thailand. Other suggestions that were made were the changing of the current mindset to become more global, the fostering of better relations among Muslims as well as non-Muslims through dialogue, and concrete initiatives for economic improvements, e.g., fresh water harvesting and multi-farming system.

**Visit to IAIS Malaysia by a Delegation headed by
HE Mr Masagos Zulkifli, Minister of State,
Ministry of Home Affairs and Ministry of Foreign Affairs,
Republic of Singapore
(7 May 2012)**

Christoph Marcinkowski, Berlin, Germany

On his visit to IAIS Malaysia, Mr Masagos Zulkifli, who was appointed quite recently (on 21 May 2011) to his current position as Minister of State in both Singapore's Ministry of Home Affairs and the Ministry of Foreign Affairs, and who serves also as one of five Members of Parliament for the Tampines GRC constituency, was accompanied by his country's High Commissioner to Malaysia, HE Mr Ong Keng Yong, and furthermore by Mr Filbert Tay, First Secretary at Singapore's High Commission, and Ms Samantha Toh, Country Officer in Singapore's Ministry of Foreign Affairs.

The event featured welcoming remarks by Professor Mohammed Hashim Kamali, the CEO and Director of IAIS Malaysia, who provided a concise introduction to the Institute's activities. Emeritus Professor Osman Bakar (Deputy CEO, IAIS Malaysia) added to Professor Kamali's remarks by focussing on the role of Muslims within ASEAN.

Mr Masagos Zulkifli, in turn, focused in his introductory remarks on the problems faced by Singapore's Muslim community as a minority with the setting as a minority in a secular society. He emphasised solution-oriented and practical approaches on the part of the Singapore government in order to better integrate Singapore's Muslims. The main concerns are currently rehabilitation of individuals involved in drug addiction and counter-terrorism, and how to address those issues best, such as through improvement of welfare. The Minister of State also provided information on the constitutional setting of Islam in the island republic, such as on the 1966 Administration of Muslim Law Act (AMLA) or MUIS (Majlis Ugama Islam Singapura, also known as the Islamic Religious Council of Singapore). Mr Masagos Zulkifli mentioned the relative lack of open-mindedness among many of Singapore's Muslim clerics as the key obstacle for reform and integration.

The lively Q&A session was dominated by questions related to *madrasah* education and *waqf* (Islamic endowments) administration in Singapore and how to manage best the balance between the requirements of modern society and traditional Muslim values.

In terms of better understanding the background of the delegation's visit, it should be added here that about 15% of the population are Muslims, most of them Malays. The majority of the Malays are Sunnis, following the Shāfiʿī legal school. Other ethnic Muslims groups include Indian and Pakistani communities as well as a small number of Chinese, Arabs and Eurasians. About 17% of Singapore's Muslims are ethnic Indians. There are also Muslims (also mostly Indians) in the island republic who follow the Sunni Ḥanafī legal school, as well as Shi'ite Muslims, the latter being divided into the Twelvers (Malays and Indians) and various Ismāʿīlī branches (Indians).

Moreover, there are currently 69 mosques in Singapore. With the exception of Masjid Temenggong Daeng Ibrahim (which is administered by Malaysia's southern State of Johor), all the mosques in Singapore are administered by MUIS. MUIS (*Majlis Ugama Islam Singapura*, the Islamic religious Council of Singapore) is a statutory board which plays an important role in the administration of Muslim affairs. Currently, there exist also six full-time *madrasahs* as well as several part-time *madrasahs* in Singapore.

Apart from these key Muslim institutions, there are also community self-help groups, voluntary welfare organisations and civic groups like the Association of Muslim Professionals, the MENDAKI Foundation, the Singapore Islamic Scholars and Teachers Association, Muhammadiyah, and the Islamic Theological Association of Singapore (Pertapis), most of them Malay-dominated. However, there are also several Indian-Muslim organisations in Singapore. In addition, the Muslim Converts' Association of Singapore (also known as Darul Arqam) caters for converts.

NOTES ON THE CONTRIBUTORS

Abdul Karim Abdullah (Leslie Terebessy) is an Assistant Research Fellow at IAIS and holds dual Canadian and Slovak citizenship. He earned his MA in political philosophy from the University of Toronto, Canada (1999), his BA (Hons) from the University of Guelph, Canada (1976), in political science and economics, and a MEd (1986) from the University of Toronto's Ontario Institute for Studies in Education (OISE) majoring in moral and religious education. He also served as lecturer, editor, writer and coordinator of the English program at University Sains Islam Malaysia (USIM). Current IAIS projects involve research into the causes of the current financial crisis, critical thinking in Muslim societies, and *ṣukūk* defaults. In 2004, he published (ed.) *Islamic Studies at World Institutions of Higher Learning* (Kuala Lumpur: USIM).

Osman Bakar is the Deputy CEO of IAIS Malaysia and Emeritus Professor of Philosophy of Science at Kuala Lumpur's University of Malaya. He received an undergraduate degree and an MSc in Mathematics from the University of London. He then graduated from Temple University in the United States with an MA in Comparative Religion and a PhD in Philosophy of Science and Islamic Philosophy. Professor Osman Bakar is currently also Professor of Islamic Thought at the International Institute of Islamic Thought and Civilisation (ISTAC) in the International Islamic University Malaysia (IIUM) as well as Senior Fellow at the Prince Al-Waleed Center for Muslim-Christian Understanding, Georgetown University, Washington DC. He was also the holder of the Malaysia Chair of Islam in Southeast Asia at Georgetown University. Previously, he was also Deputy Vice-Chancellor of the University of Malaya. He is the author of 15 books and nearly 200 articles.

Karim D. Crow, an American Muslim scholar who was born and raised in Beirut, is Principal Research Fellow at IAIS Malaysia. He was previously Associate Professor in Contemporary Islam at the S. Rajaratnam School of International Studies, Nanyang Technological University, Singapore. He took his university education in Beirut and Cairo, and his doctorate from the Institute of Islamic Studies at McGill University, Montreal, Canada. He also taught Islamic Studies and Arabic Language and Literature at Columbia University, New York University, Fordham University, the University of Virginia, and the University of Maryland. He also served as Professor of Islamic Thought at the International Institute of Islamic Thought and Civilization (ISTAC) in Kuala Lumpur. Among his publications is *Facing One Qiblah: Legal and Doctrinal Aspects of Sunni and Shi'a Muslims*, ed. with Ahmad Kazemi-Moussavi (Singapore:

PN, 2005). Currently, he is working on an historical survey of Islam and rationality, a book on the wisdom of the Prophet Muḥammad, and a monograph on the life and thought of Imām Ja‘far al-Ṣādiq (d. 765).

Teoman Duman is the Deputy Rector for International Relations at the International Burch University, Sarajevo, the capital of Bosnia and Herzegovina. He has been teaching hospitality, tourism and marketing courses in Turkey and in Bosnia and Herzegovina. In 2002, he earned his PhD from Pennsylvania State University, United States, in Hotel, Restaurant Recreation Management. His MSc was granted by the University of South Carolina, in Hotel, Restaurant and Tourism Management (1997). Before that, he received his BSc from Cukurova University (Mersin, Turkey) in Tourism and Hospitality Management (1992). His research interests include consumer behaviour in tourism and destination marketing and management. He is also the Editor of the *Journal of Economic and Social Studies*, which is published by the International Burch University, where he has served since 2010 as Associate Professor.

Mohammad Hashim Kamali is the Founding Chairman and CEO of IAIS Malaysia. He graduated from Kabul University, before going on to complete an LL.M in Comparative Law and a PhD in Islamic and Middle Eastern Law in the University of London from 1969 to 1979. Kamali was a Professor of Islamic Law and Jurisprudence at the International Islamic University Malaysia (IIUM) (1985-2007) and also Dean of the International Institute of Islamic Thought and Civilization (ISTAC). He has taught at the Institute of Islamic Studies, McGill University, and has also held Visiting Professorships at Capital University, Ohio, and at the *Wissenschaftskolleg*, Berlin. Professor Kamali was a signatory of the international ‘Common Word’ document between Christians and Muslims and a member of the Constitution Review Commission of Afghanistan (2003) and also served as an expert on the new constitutions of Iraq, the Maldives and Iraq. He has published about 140 academic articles and 20 books, many of which are standard textbooks at English-speaking universities worldwide.

Christoph Marcinkowski, award-winning German scholar of Islamic Security Studies, is a senior political analyst, based in Berlin, Germany. Between 2008 and June 2012, he was a Principal Research Fellow at IAIS Malaysia and Associate Editor of this journal. He holds an MA in Iranian Studies, Islamic Studies, and Political Science from the Freie Universität Berlin and a PhD in Islamic Civilisation from ISTAC, where he also served as Professor of Islamic History. He has held numerous distinguished fellowships, such as at New York’s Columbia University, Switzerland’s University of Fribourg, Singapore’s Institute of Defence and Strategic Studies, the

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Tengku Ahmad Hazri is a researcher at IAIS Malaysia. He obtained his LLB (Hons) from the University of London and was subsequently attached to the International Movement for a Just World (JUST) of which he is currently a member. He later joined the International Institute of Islamic Thought and Civilization (ISTAC) in Kuala Lumpur for his graduate studies in Islamic thought, researching in particular the philosophy of the Indian Muslim scholar and reformer Shāh Walī-Allāh of Delhi (d. 1762). He is also active online as a blogger – albeit irregularly – writing mainly general philosophical commentaries on contemporary issues. He also has contributed reviews and other writings to the Malaysian press, Amazon.com and other websites.

Eric Winkel was a Principal Research Fellow with IAIS Malaysia until April 2012. After obtaining his PhD in Government and International Studies from the University of South Carolina in the United States, he worked with the International Institute of Islamic Thought (IIIT) in Herndon, Virginia, and later the International Islamic University Malaysia (IIUM) on ideas of Islamisation. He has taught at universities in the United States, Mexico, and Pakistan as a Senior Fulbright Scholar and again recently at the National College of Arts in Lahore. His primary study focus over the last 20 years has been on Ibn al-‘Arabī's (d. 1240) *Futūḥāt al-Makkīyah*. His publications include *Islam and the Living Law* (Oxford University Press, 1996), *Mysteries of Purity: Ibn al-‘Arabī's Asrār al-Tahārah* (Cross Cultural Publications, 1995), and a novel, *Damascus Steel* (CAR&D, 2001). His current work is an attempt to connect the world of the new sciences with the study of civilisational renewal.

AIMS OF THE JOURNAL

Islam and Civilisational Renewal (ICR) was established in order to link up the unique Islamic tradition of more than 1,400 years of dialogue, pluralism, and coexistence with other world civilisations.

ICR advances civilisational renewal, based on Malaysia's *Islam Hadhari* (Civilisational Islam) initiative and its ten component principles:

1. Faith in God and piety
2. A just and trustworthy government
3. A free and independent people
4. A rigorous pursuit and mastery of knowledge
5. Balanced and comprehensive economic development
6. A good quality of life
7. Protection of the rights of women and minorities
8. Cultural and moral integrity
9. Safeguarding the natural resources and the environment
10. Strong defence capabilities

ICR aims at becoming a platform of policy-relevant contemporary research that will contribute to a better understanding of Islam's universal teachings through inter-faith and inter-civilisational dialogue.

CALL FOR PAPERS

Islam and Civilisational Renewal (ICR) invites scholarly contributions of articles, reviews, or viewpoints which offer pragmatic approaches and concrete policy guidelines for Malaysia, the OIC countries, civic non-governmental organisations, and the private corporate sector. The principal research focus of IAIS is to advance civilisational renewal through informed research and interdisciplinary reflection with a policy orientation for the wellbeing of Muslim communities, as well as reaching out to non-Muslims by dialogue over mutual needs and concerns.

Our enquiry and recommendations seek to be realistic and practical, yet simultaneously rooted in Islam's intellectual and spiritual resources, Muslim political and social thought, inter-faith exchanges, inter-civilisational studies, and global challenges of modernity.

Based at the International Institute of Advanced Islamic Studies (IAIS) in Kuala Lumpur, ICR's inaugural issue appeared in October 2008 with contributions from distinguished scholars including Mohammad Hashim Kamali, Osman Bakar, Syed Farid Alatas and Christoph Marcinkowski.

ICR invites contributions on the following topics:

- issues of good governance and Islamic law reform in Muslim societies
- science, technology, development and the environment
- minorities and culture-specific studies
- ethical, religious or faith-based issues posed by modernity
- inter-faith, inter-civilisational, and Sunni-Shi'ah dialogue and rapprochement.

A complete list of topics may be consulted at: <http://www.iais.org.my/research.html>. Contributions should be submitted as an e-mail attachment in Word for Windows (Mac files must be converted) to: **journal@iais.org.my** as well as a hard copy (double-spaced and consecutively numbered on one side only) to: Associate Editor – ICR, International Institute of Advanced Islamic Studies (IAIS) Malaysia, Jalan Elmu, Off Jalan Universiti, 59100 Kuala Lumpur, Malaysia.

ICR is published in English and it is essential that to help ensure a smooth peer-review process and quick publication all manuscripts are submitted in grammatically correct English. For this purpose, non-native English speakers should have their manuscripts checked before submitting them for consideration. The Editorial Board holds the right to make any necessary changes in the approved articles for publication upon consultation with the writers.

GUIDELINES FOR CONTRIBUTORS

Islam and Civilisational Renewal (ICR) publishes original research works. Contributors to ICR should take the following guidelines into consideration:

Form

- Articles should not have been published elsewhere or sent for publication. Articles that have been a part of a dissertation can be considered if there is a major modification and adjustment.
- Articles should be between 6,000 and 8,000 words. Authors should also include a 100 to 150 word abstract, outlining the aims, scope and conclusions but not containing sentences from the article. Book reviews should not exceed 1,200 words, and Viewpoints 1,500 words.
- All submissions must include a separate page with the author's name and current affiliation as they should appear in the journal and contact information (e-mail address, phone and fax numbers, and mailing address: all to remain confidential).
- Contributors will receive a free copy of the Journal issue in which their article appears.
- Authors are requested to extract actionable policy recommendations from their research – preferably in brief bullet point format in the conclusion.
- Languages based on Arabic script should be transliterated following the system applied in the *Journal of Islamic Studies*, Oxford (see Transliteration Table). In terms of capitalisation in languages other than English in bibliographical references, authors are encouraged to consult the *Chicago Manual of Style* (ch. 10).

Content

- The Journal is devoted to civilisational renewal, in particular of Muslim communities, while, at the same time, reaching out to non-Muslims.
- Submitted articles should be scholarly, but also accessible to a wider audience.
- Articles should be of relevance to contemporary practical issues faced by Muslim communities, such as Islam and its encounter with the West, but also science, technology and ethics.

TRANSLITERATION TABLE

Consonants

Ar = Arabic, Pr = Persian, OT = Ottoman Turkish, Ur = Urdu

Ar		Pr	OT	Ur	Ar		Pr	OT	Ur	Ar		Pr	OT	Ur
ء	,	,	,	,	ز	z	z	z	z	گ	-	g	g	g
ب	b	b	b	b	ژ	-	-	-	ī	ل	l	l	l	l
پ	-	p	p	p	ژ	-	zh	j	zh	م	m	m	m	m
ت	t	t	t	t	س	s	s	s	s	ن	n	n	n	n
ٹ	-	-		i	ش	sh	sh	s	sh	ه	h	h	h ¹	h ¹
ث	th	th	th	th	ض	ḍ	ḍ	ḍ	ḍ	و	w	v/u	v	v/u
ج	j	j	c	j	ص	ṣ	ṣ	ṣ	ṣ	ی	y	y	y	y
چ	-	ch	ç	ch	ط	ṭ	ṭ	ṭ	ṭ	ة	-a ²			-a ²
ح	ḥ	ḥ	ḥ	ḥ	ظ	ẓ	ẓ	ẓ	ẓ	ال	-al ³			
خ	kh	kh	h	kh	ع	ʿ	ʿ	ʿ	ʿ	¹ when not final ² -at in construct state ³ (article) al- or l-				
د	d	d	d	d	غ	gh	gh	ġ	gh					
ڈ	-	-	-	d	ف	f	f	f	f					
ذ	dh	dh	dh	dh	ق	q	q	ķ	q					
ر	r	r	r	r	ك	k	k/g	k/ñ/ğ	k					

Vowels

	Arabic and Persian		Urdu	Ottoman Turkish
Long	ا	ā	ā	ā
	آ	Ā	Ā	-
	و	ū	ū	ū
	ي	ī	ī	ī
Doubled	ي	iiy (final form ī)	iy (final form ī)	iy (final form ī)
	و	uww (final form ū)	uv	uvv
		uvv (for Persian)		
Diphthongs	و	au or aw	au	ev
	ي	ai or ay	ay	ey
Short	ا	a	a	a and e
	u	u	u	u or ü
	o			o or ö
	ی	i	i	i

Urdu Aspirated Sounds

For aspirated sounds not used in Arabic, Persian and Turkish add h after the letter and underline both the letters e.g. ه ج ڄ گ ڱ
For Ottoman Turkish, modern Turkish orthography may be used.