

COMMENT ON WORK
OF DR. UMER CHAPRA

SPEECH

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Respected Mr. President, Dr. Umer Chapra and Dr. Zafar Ishaq Ansari distinguished participants ladies and gentlemen. It is a pleasure and a privilege to comment on the present work of my very dear brother Dr. Muhammad Umer Chapra. As Dr. Ansari had rightly pointed out, this is the third major work of Dr. Umer Chapra. Towards a Just Monetary System was his first major contribution to Islamic economics. In a highly scholarly manner he has demonstrated how a modern economy can be organized and developed on a riba-free basis. His second major work "Islam and the Economic Challenge", in my view is one of the major contributions to economic literature made in this century. It is a well researched critique of the Western economic philosophies and a systematic exposition of the Islamic economic programme. This work of Dr. Chapra has aroused the interest of leading Western economists and economic journals in some of the issues related to Islamic economics.

Islam and Economic Development is Dr. Chapra's latest contribution. In a way it is an extension of the work he has done earlier but it is also a work with some new insights. This work contains the major elements of a development strategy within the framework of Islam. It is not a very lengthy book; in around 150 pages the author has tried to encase the sunshine. In my view there are at least four unique and distinct aspects of the book which deserve to be noted:

- i. First, it is a work of great scholarship. It is not a journalistic essay. It is not a casual type of writing. Almost every major point he has made has been properly authenticated from literature. Islamic and contemporary economic. I regard this work as one of high scholarship.
- ii. Secondly, it is a work where one finds the two streams of contemporary secular economic learning and Islamic Economic thinking, getting fused. He has on the one hand reviewed and evaluated major strategies of development economics both their theoretical foundations and actual experience and on the other has spelled out a socioeconomic programme based on the ideals, values and principles expounded in the original sources of the Qur'an and Sunnah. In this way it represents a creative effort to fuse together these two streams. As such we have here not a one sided picture but a picture which draws upon both these traditions.
- iii. Thirdly, it is not a purely theoretical work. While the theoretical foundations of the secular and Islamic economic strategies for development have been spelled out in a clear and cogent manner, the author has come out with a programme that is practical and based on recent experiences of the Muslim World. He has also given an incisive critique of the secular developmental thinking. Discussing the theoretical foundations of Islamic Economic System he has highlighted three key concepts,

Tawheed, Khilafah and "Adal resulting in a society that would ensure Falah (Well being) of the people. In the light of these formulations. Dr. Chapra has applied himself meticulously towards developing a reasonably exhaustive and all-embracing developmental strategy which takes full care of economic as well as the socio-ethical dimensions, aspiring to fulfill the objectives of the "Sharia" (Maqasid-e-Sharia). The work, in my humble view, goes beyond outlining a strategy; in fact it is a first step towards a blue print of an Islamic Developmental programme.

- iv. Fourthly, I feel that this book written in a very simple language, free from jargon. The author has discussed some of the core issues of world economy in the context of their relevance to the economies of the Muslim world. The book has come at a very critical period of contemporary history: a time when communism has disintegrated and the mankind's search for a just economic order has entered a new phase. With the fall of communism there had been some euphoria in the West about the 'end of history' and the 'vindication' of capitalism' and the liberal economic and political ideology as 'the victorious ideology for the future.' The euphoria, however, was short lined. The sordid realities of economic injustices and exploitations and the menacing specters of inflation, unemployment and financial instability continue to haunt mankind, almost one fourth of which is living in poverty.

This book challenges the philosophic foundations as well as the operational model of the capitalist economy. It questions the very intellectual and ethical premise on which the model rests. In this new geo-political situation, wherein the West aspires to treat it as a unipolar world, it is also a timely warning. Private property and market mechanism have a distinctive role to play in the future. But blind following of the capitalistic model is going to spell disaster. And Capitalism despite the modifications made under the influence of welfare economics has failed to achieve the objective of establishing a just, balanced and harmonious society.

At the theoretical level in my view, the major contribution of the book is that it has tried to challenge the western economics at its roots, exposing how a house has been built without a moral base, without ethical foundations. Its contribution lies in emphasizing that the economic problems can be solved only through a re-discovery of the relationship between economics with moral values and by integrating them both at the level of economic analysis and economic policy-making. Market mechanism is not going to produce a stable and just equilibrium unless there is a moral filter at the levels of the individual and the economy. While affirming private enterprise and market mechanism as the mainstay of the economy, the author emphasizes that the State must play a positive role, one of monitoring, supervision, guidance and if necessary, judicious intervention to achieve social and moral objectives. The author has clearly shown that the forces of demand and supply alone cannot produce a just and stable society. Therein lies the distinctness of the Islamic approach: an

original contribution to economic thinking. Dr. Chapra has tried to spell out a new strategy based on these principles.

May I submit that in my view the fourth chapter constitutes the most important part of the book. It deals with the major contours of an Islamic developmental strategy. The author has also very ably shown that while elimination of "Riba" and introduction of Zakat are essential elements of an Islamic economic system, the development strategy under an Islamic aegis must address itself to the following foundational issues:

1. There has to be a rediscovery of the importance of man. Development strategy must be man-centred. His moral sense, his motivation, his education, and his skills must figure as prominently as the material incentives and rewards. Profit motive is not a dirty word; yet it is within a wider socio-moral context that the profit-motive is to play a very important role. That is why it is not merely a question of 'a return,' but of a just reward, and a just wage. This strategy aims at the development of man and his motivation and not merely his physical environment.
2. Secondly, the gross and flagrant inequalities in the distribution of wealth and income which characterize the present day Muslim society as well as the world economy have to be redressed. A re-allocation of wealth, more dispersed ownership and a more just distribution of income are essential elements of an Islamic Development Strategy. To achieve these objects the author emphasizes the need for an economic re-structuring of the institutions as well as policies and reform of the financial system which presently is based on "Riba". The alternative of an equity-base system of production and distribution has been spelled out as also the need for strategic economic planning. This in my view provides a realistic framework for economic policy making and planning in the Muslim countries.
3. The author has also raised a crucial question: if the socialistic and capitalistic strategies have failed and if Islam can give an alternate strategy why has it not been developed in the contemporary Muslim World? Why are we unable to resort to and implement an Islamically based strategy? It is here that the author steps into the arena of political economy. The failure comes from lack of political will, the failure of the political system. Unless the political system in the Muslim countries is sensitive and responsive to the needs and aspirations of the people, unless there is proper accountability of those who wield power, unless society enshrines the values of freedom "Shura" and social responsibility, the house of the Muslim Ummah cannot be set in order.
4. He has also emphasized the role of education in economic development. It is through the development of an effective social infrastructure that the real base for

sustained development can be built. In this respect priority would have to be given to the development and promotion of science, research and technology with a view to achieve a degree of self- reliance. The Ulema and the Scholars have to play an important role in the reconstruction of the society. This is the framework, the author has suggested for the future.

5. May I conclude by submitting that Dr. Chapra's present work along with being of great scholarly worth is a work which radiates sparks of a vision which can inspire the Muslim people to build a glorious future and seek a new tryst with destiny. And herein lies the real importance of this book. That is why I may submit that it should be a compulsorily reading for all policy makers in the Muslim world.

Now just a word about what in my view the book lacks, and as such something that deserves to be taken care of in a future edition. Islam and Economic Development has developed a coherent and consistent theoretical framework. It has also given us an analysis of contemporary economic situation and also presented diagnosis as to what is wrong with the world economy and with the economy of the Muslim world. It has also come up with some original ideas as to how economy can be reorganized. There is, however, a need to put some real empirical flesh to the bones structured in this pioneering effort.. There is a need to formulate feasible economic strategies based on these ideas but fully supported by empirical data and possibly reformulated, by (applying econometric techniques to ensure consistency as well as building in the capacity to predict expected results. That is how we would be able to develop major contours of a system that may be able to translate this vision into reality. That is the next step and a crucial next step. We hope the author would address himself to this, in the near future.

Priority to the development and promotion of science, research and technology with a view to achieve a degree of self-reliance is also an important corner-stone of this strategy.
