

Iqbal, Z. and Lewis, M. K.: ‘An Islamic perspective on governance,’ Edward Elgar Publishing, Cheltenham 2009.

Hassan, H. and Malik, A. I.

Professors Iqbal and Lewis have authored what is an important and timely contribution to the emerging discipline of Islamic Economics. The field has evolved by and large in isolation from conventional economics sourcing its vision of an ideal society and its various dimensions from the verses of the Holy Qur’an and the sayings of the Prophet Muhammad. By exploring the theoretical and philosophical underpinnings of Islamic views on justice and governance and relating these views with the conventional paradigm, the authors have brought the subject within the reach of a broader audience and provided the stepping stone for further scholarly works in these areas for years to come. The authors’ comparisons between Islamic and Western perspectives are not just intellectually stimulating but also broaden the outlook of its readers regardless of their personal beliefs.

To start with, in chapter 2, the book sheds light on Islamic methodology, which at its root appears to focus on connecting revealed ethics with human action, whatever the locus of such action. This mode of intellectual investigation brings economic, political, religious and social affairs all under the jurisdiction of the divine law of Islam in contrast to the conventional paradigm, which severs these domains from ethics in general. Based on this methodology, Iqbal and Lewis then construct an Islamic theory of justice in chapter 3, which provides building blocks for tackling themes like taxation, budget deficits, Islamically compatible financial instruments, corruption and governance. These topics had so far been mainly ignored in the literature on Islamic economics and finance.

Some unique contributions that Iqbal and Lewis make are worth mentioning. First, the approach followed focuses on the critical task of theory building in Islamic Economics, which is different from many mundane works paranoid

with ‘re-inventing’ the wheel of financial products, some different from the conventional products only by a hairbreadth. Second, even where Islamic financial products are differentiated by the tags of ‘risk-sharing’ and ‘asset-backing,’ the inventors could never respond to the critique launched on Islamic Finance by Western scholars based on theory of asymmetric information and optimality of debt contracts. The authors have examined such critique deeply and responded brilliantly to it in chapter 7. The ball is now back into the court of conventional economists to reconcile the almost legendary ‘theoretical’ optimality of fixed interest debt contracts in a micro-context with their potential for harm in terms of accentuating the business cycle in a macroeconomic context. Third, the way the Islamic theory of justice is juxtaposed with the contemporary debates on the topic is praiseworthy since many parallels are drawn with the Western thought. This opens up a way for a dialogue among civilizations in particular as Islam is the second largest religion and perhaps the most conspicuous “way of life” in the world and the current condition of international affairs dictates that the work of world bodies be augmented by incorporating issues that are important to Muslims. Stimulation of debate between these two spectrums may result in a better understanding of Islam and in some distant future, harmonization of the international law that has so far been based exclusively on Western philosophies of Justice. The shared heritage of mankind identified by authors - ‘Do unto others as you would have them do unto you’ – can be particularly helpful in this regard. Fourth, the way the authors have integrated various dimensions of Islamic public finance on pages 202 and 302 – viz., the ethics of dealing with public monies, scope for wealth taxation, prohibition of fixed interest financing of budget deficits, and promotion of asset-backed lending and profit and loss sharing practices – appears to provide a credible alternative to the conventional praxes of macroeconomic management that had become rather debatable and discredited particularly in the wake of recent financial crises.

The book however leaves out the prevailing debates among different Muslim sects on some major issues related to taxation such as the *Zak’ah charge*. By being overly diplomatic in this context the authors come off as partisans in a sense that

Iqbal, Z. and Lewis, M. K.: 'An Islamic perspective on governance,' Edward Elgar Publishing, Cheltenham 2009.

they compare a variety of approaches and philosophies used in the West but leave out discussions that have been a cause of disagreement among Muslims. In this regard, authors' emphasis on sourcing principles from the earliest and uncorrupted sources is appreciated since by virtue of sticking to the fundamental rules, the focus remains on the larger picture and controversial, hairsplitting, sectarian matters are avoided. .

Finally, while exploring the scope for harmonization in the concepts and principles of human social behavior in the West and Islam, the book presents an opportunity to stimulate debate on bringing in an alternative perspective to address the margin of improvements in the Western literature and theory on governance. Indeed, herein lies the real potential of this book given it not only strikes a chord of harmony with much prevailing 'indigenous' critique of the conventional economic, financial, management, and governance theories that point toward ethics as the missing dimension in these disciplines but goes a step further and shows the 'straight' path to achieve such an integration.

