Scarcity of resources, unlimited wants, self-interested individuals, maximization, Darwinian competition, substitution at the margin...these familiar concepts and analytical tools of neoclassical economics led us to a particular understanding of the world as it is, with the rider that it was difficult to improve the situation by regulation or reorientation. Marxism disagreed but failed to improve in any abiding way. Everybody took materiality for granted and failed to connect man with God, the here with the Hereafter.

Masudul Alam Choudhury, a prolific writer who has several times published in critique of modern approaches during the last 30 years, will have none of these. He presents a convincing case for abandoning materialistic, individualistic, competitive approaches to the understanding and bettering of man’s economy, pointing out to all the Katrinas, Chernobyls, Enrons, AIGs, the recurring financial crises, and increasing inequality within and between nations. He is especially irritated by some academicians’ efforts to convince us that these are prices we must pay for the unprecedented prosperity we are enjoying. He does not recognize the anxiety-increasing prosperity and does not concede it was necessary to pay that price.

Choudhury presents his holistic, integrative, and participatory needs-focused vision of a human society at peace with the environment, because of its reaching out to God and also because of its taking the Hereafter into consideration in calculations done in the context of bettering the living conditions here on earth. The secret lies in abandoning the space-time bound material world for the unlimited possibilities of the three-dimensional world of knowledge-time-space. Knowledge revealed as well as acquired through observation and experimentation plays a key role in our writer-philosopher’s system. The failure to realize the potentialities of knowledge in cementing relationships—between man and man, man and the cosmos, and man and God—lies at the root of all the limitations from which current social theories suffer. Economics remains neglectful of the resource creating capability of knowledge.

There could never be scarcity in a knowledge-based world system. The source of knowledge must be brought in to remove these limitations. The first gain will be admittance of ethics and morality in social analysis. A quest for fairness is em-
bedded in human nature, supported by a sense of right and wrong (ethics) and the recognition of the good from the bad (morality). Economics and social sciences in general have been ignoring this reality, led by an unrealistic notion of rationality pervading human behavior.

Choudhury appreciates A. K. Sen’s views on development and his critique of the economists’ definition of efficiency. Quoting Quran (17:70), Choudhury puts human dignity ahead of material fulfillment and self, though both necessary in themselves. As a pillar of his social system and cybernetic view, the consultative organization of life (Islamic term shura) acts as participation in social decision-making. This organizational arrangement reforms social as well as economic life. Information asymmetry, agency problems and all, are taken care of in his integrated system focused on sustainability rather than accelerating growth.

Before Choudhury’s man enters the market, he is a member of a family. It is in the cooperative, integrative, loving, and caring environment of the family (not in the “competitive” market of the economists’ imagination) that man’s behavioral norms are formed and altruistic values thrive. There is no reason to believe, no evidence to prove, that men and women deliberately suppress these values, giving an upper hand to uncaring maximization of private gains once they enter the marketplace. This applies to all human civilizations.

Particularly in the Islamic civilization, economic philosophers discussed managing the home (tadbir e manzil) before they bothered with international trade. For example, al-Farabi (d.950AD) contended that the way to get ahead of other nations was not the Islamic focus. Rather, it was how to build a prosperous and contented house to hold in a society where people care for one another. That approach would have far-reaching consequences were it to be adopted today for studying the global village.

Unfortunately, having opened this vista, our author failed to focus and explore the far-reaching possibilities this offered. Did Muslim intellectuals of the past study the connection between the family and the market? The same person nursing a newborn or taking care of a parent in terminal illness, what happens to him as he enters into trade negotiations across borders? People taking the risks of maritime trade before the age of insurance, did they involve their kith and kin in the affair? It is not only the spiritual and intellectual possibilities that need to be explored. What does reality say? Are any empirical studies available: If so, to what results?

Shah Waliullah Dehlawi’s (d. 1762AD) Hujjat Allah al-Balighah, is, perhaps, the last of the classics on Islamic social sciences discussing family (tadbir e manzil), market behavior, and cooperation as the crux of man’s economy, all in the same book. The few writings on early Islamic economic thought making the rounds (including the ones written by the writer of this foreword) hardly follow that line of approach. Alas, our author of the day also failed to do so. One has to keep waiting for “the spark from heaven to come!”
Our author has a lot to say about money and finance. It would be difficult to summarize it or discuss its potentialities in a few lines. The most important conclusion is the rate of interest’s tendency to obstruct the flow of money to the real economy where a productive role awaits it. He sees “interest as impediment to wellbeing and resource mobilization.” Guaranteed repayment with a positive return makes money a tool for playing games of chance and exploiting those facing difficulties in life. Projected to international relations, debt-financing with interest has the potential of destroying nations and disrupting world peace. That is exactly what it has been doing throughout history. Remove the institution of interest payment and you have a society in which trade between people results in production of the good things of life and their distribution through needs-focused institutions. There is an inverse relationship between trade in the good things of life and the rate of interest. When people’s savings are mobilized through trade-related instruments, they go on to finance real sector development. On the other hand, savings mobilized by conventional banks through rate of interest do not necessarily end up financing real sector development. The author champions the cause of Islamic banks replacing interest with trade-related financial instruments.

Choudhury rightly rejects the idea of money being a means of exchange over time. Neither equivalence nor fairness can be ensured in exchange of money for money over time. Money serves only two basic functions, namely unit of account and measure of value, but “overtime there cannot be valuation of money as medium of exchange or unit of value.” “Money is thereby a convenience to value prices, but it does not exist in the absence of goods in exchange in the first place.”

In the intertemporal case of resource mobilization, it is difficult to ascertain the state of demand and supply of goods and services at future time-periods. It is also difficult to ascertain the risk-contingencies that exist at future points of time. Also, consumer preferences, systemic risk, and costs of future flows of goods and services, and financial demand in projects are based on subjective factors and are thus indeterminable. Consequently, it is impossible to ascertain the value of goods and services in exchange, and thereby, the value of money that would back up such a real economic value. Therefore, money does not have any market of its own, which otherwise results in interest rates as the price of money and financial instruments.

As regards time, which marks the intertemporal change as in monetary allocation, Choudhury points out: “Time cannot be a factor of change, knowledge can.” Time simply records change.

In Choudhury’s schema, gold and silver play a pivotal role. He proposes a hundred percent reserve against currency backed by gold/silver kept as reserve in the central bank vaults. Both parts of the scheme, 100 percent reserve and use of gold
and silver as reserve, are controversial, with a lot of literature for and against. There is no way these controversies can be resolved in a short note like this foreword. What must be commented on is the sanctity given to the author’s gold-centered schema in this book.

As Ibn e Taymiya (d.1328 AD) made clear, money is a matter of convenience, and so is the commodity (or non-commodity?) people find suitable for being used as money. The contrary view, claiming Allah made gold and silver to be used as money, held by Ghazali (d.1111AD) and Ibn e Khaldun (d. 1406 AD) has no basis in the texts of the Quran and Sunnah. A famous narration in Imam Malik’s Muwatta substantiates Ibn e Taymiya’s stand. It reports the second Caliph, Syedna Umar bin Khattab proposing to deal with shortage in money supply by making money coins out of camel’s hide. The idea was soon abandoned when it was pointed out that it would surely result in drying up of camel supply.

Dr. Choudhury is free to support his stand by reason as well as empirical evidence, but he better avoid involving God in this matter. For God has already spoken to man for the last time, and gold standard is not there in what He said! Like the other technological matters, the ways and means of managing money is left for man to decide. That any choice about what to use as money and how to regulate its supply is likely to have ethical/moral implications is nothing unique to this matter. All technological choices share that characteristic.

All in all: thank you, our Philosophe! Though I have yet to meet a person who claims to comprehend you 100 percent, even my meager capacities are sufficient to admire the lofty structure of the edifice, the breadth of your vision, and the abounding self-confidence you exude in these turbulent times. Wish you Godspeed!

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ENDNOTES

1 Although this is my viewpoint, the author of the book contends that in his theory of the family in the system and cybernetic framework he has endeavored to accomplish the general framework of the family in a good society, reconstructing a fallen acquisitive.

2 The author of the book however contends that he has asserted such an alternative choice, holding money circulation in a money-real economy, creating an interactive and integrative socio-cybernetic system in other forms, such as paper, promissory notes, contracts, including asset-backed gold valuation of contracts. The author contends that by including God in his socio-cybernetic system of study, he has focused on the monotheistic law at work in its most efficacious form as determined by analytical wisdom using the episteme of oneness.