

ISSN 0973-2802

Islam and Muslim Societies

www.muslim-societies.org

A SOCIAL SCIENCE JOURNAL

VOLUME 2

NUMBER 2

2006



Published by
SERIALS PUBLICATIONS

[www : serialspub.com](http://www.serialspub.com)

New Delhi (India)

ISLAM AND MUSLIM SOCIETIES

A SOCIAL SCIENCE JOURNAL

Islam and Muslim Societies is an academic refereed journal published under the authority of *Center for Social Action and Development* (CSAD) by Serials Publications, New Delhi. Published bi-annually, it is international in character though South Asia is its main area of interest and coverage. The Journal does not promote any particular point of view or ideology.

Islam and Muslim Societies is primarily a forum for scholars across the disciplines of Sociology/ Social Anthropology, Economics, History, Political Science, Law, Philosophy and other related streams and provides open space for research and dialogue on Islam (except theological debates/issues) and Muslim societies across the globe.

The Journal invites contributions in the form of original articles- theoretical, empirical and policy analysis- short notes, review articles, book reviews, news relating to research and academic/professional fora and communications. A detailed note for contributors is given on the back cover.

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Institutional

Overseas US\$ 75.00
India Rs 1000.00

Individual

US \$ 45.00
Rs 450.00

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HOW LONG CAN ETHNIC IDENTITY SURVIVE MASSIVE EXOGAMY?

Theodore P. Wright, Jr.

Abstract: *Consideration of the future of ethnicity or specific ethnic groups cannot simply assume that these primordial entities at the sub-national level will all survive large scale out marriage by their members. Sociologists have regarded exogamy as the ultimate and decisive step in the assimilation of not only ethnic, but also religious, regional and even class categories. Completion of the process would mean their extinction by merger either into the dominant nationality or into a new and larger identity coterminous with the nation state. The argument for this outcome is that the children of mixed marriages will identify with neither parent's group strongly and indeed may reject and be rejected by both.*

The paper consists of a survey of the literature on exogamy, worldwide, based largely on American research because of the tremendous incidence and social significance of exogamy in the "New World" of the Western hemisphere. Much of this is focussed on interracial "interbreeding" because of slavery and interreligious, chiefly Jewish-Christian, out marriage. The former has led to research on "passing", the concealment of ancestry by mulattoes and the latter on the loss of religious identity by the descendants, particularly where there has been name-changing. The author cites several examples from his own family history. This requires the disaggregation of the term "Wasps" (White Anglo-Saxon Protestants) and suggests that they have preserved their social if not political dominance in the United States by extending their boundaries to include all European immigrants and some highly educated Asian-Americans. In South Asia, the author sees little prospect in the short run of exogamy dissolving caste or community boundaries because of the practice of parentally arranged marriages and, among Muslims, because of the preference for cousin marriages.

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Neither term in this question, ethnicity nor exogamy, may appear to be relevant to Indian Muslims. They are usually treated as a religious minority, not a linguistically-based ethnicity. Albeit, I have categorized the North India and Pakistani segments of South Asian Islam as a "former elite minority" (Wright 1972) with the peculiarly resistant characteristics of that type. As for exogamy or out marriage, the conventional position of sociologists (Ahmad, 1976, p. xxvi) has been that Indian Muslims, unlike Hindu castes, are highly endogamous (in-marrying and preferentially first cousins) within their quasi-castes (Syeds, Shaikhs, Mughals, Pathans and the occupational convert groups within their biradaris). The rules of partner choice have been strongly reinforced by parental arrangement of matches.

Nevertheless, these rules are arguably being eroded by what Walter Lippmann called "the acids of modernity": urbanization, individualism, class mobility, secularization and immigration. This loosening up of tight endogamy first manifested itself in the British period among coastal seaport Muslim families who entered the social space of the colonial rulers by learning English and sending their children to the metropole to be educated. I traced the changing marriage patterns over five generations in the Sulaimani Bohra Tyabji clan of Bombay from Ithnashari Shia alliances to North Indian Sunnis (Professor Mohammed Habib), to European Christians, to Hindus encountered in the National Movement and finally to the theologically close but competing Daudi Bohras. (Wright 1976) Familial bonds and even ethnicity have weakened over the generations in the more exogamous and emigrating branches.

Outmarriage can have opposite effects on national integration depending on whether it occurs between Muslim sects or between Hindus and Muslims. The former, despite the Tyabji experience, tends to unify the minority community against the majority; the latter promotes national unity, but eventually undermines minority cohesion. The trend toward exogamy which I observed in the Tyabji clan to have marital relations with ever broader groups, has spread among the highly westernized upper middle class elite. I gave the Aziz Ahmed lecture in Toronto in 1991 (Wright 1991), "Muslim Politics in South Asia; Who You Are and Who You Marry", tracing the elite marriage networks, largely in North India, often clans on six charts: Princes (Pirpur, Mahmudabad, Loharu, Rampur, Pataudi, Bhopal), Zaheer, Bilgrami, Imam, Qaimganj Pathans, Habibullah, Shervanis, Tyabji and Bengali Murshidabad and Dacca Nawabs and Suhrawardi, Kidwais and Ansaris plus two sets of Khwajas (Aligarh and Panipat). It is in the last-named that K.G. Saiyidain, whose centenary we are honoring at this conference, appears. Another participant, Dr. Mubashir Hasan of Lahore, is distantly related to the Khwajas of Panipat.

But our chief concern in this paper is with the second, broader type of exogamy, between Muslims and members of other religions, of which Hindus, broadly construed, are the most significant in India since they are four-fifths of the population. How common is religious exogamy in India? In the past there must have been a lot of it both as a consequence of military conquest of North India from 711 C.E. to the last invasions from Iran and Afghanistan in 1739 and 1760 C.E. In the South there was substantial and more equal intermarriage by Arab sailors and merchants in coastal ports with Hindus such as produced the Mappillas ("Sons-in-law") of Kerala. (Miller, 31).

In the modern era there have been a number of conspicuous examples, although probably an extremely small percentage of the whole universe of marriages, yet a straw in the wind. These, I should say at a cursory glance, fall into two principal categories:

- (a) Politicians' out marriages, which may be either caused by politics such as the National Movement, or comradeship of family "outcastes" in the Communist Party or where "love matches" earlier in life have facilitated political careers in adulthood. I have argued that "a paradoxical criterion for political success of Muslims under Jawaharlal Nehru and especially during the tenure of his exogamous daughter, Indira Gandhi and grandson, Rajiv Gandhi, was to be Ashrafi (noble) by birth but to be married outside of Islam. Exogamy may be the acid test of secularity for a Congress Muslim. (Asaf Ali and Aruna Ganguli, K.L. Gauba, Humayun Kabir and Shanti Das, Justice Hidayatullah and Pushpa Shah, Ambassador M.R.A. Baig and Tara Gupta, Sadiq Ali and Shanti Devi, Rashiduddin Khan and Leela Naidu, A.R. Kidwai, Barkatullah Khan and Ushi Lal, Sikandar Bakht, Salman Khurshid and Louise Fernandez, A.R. Antulay and Mohammed Currimbhoy Chagla. As is common with mobile individuals in patriarchal societies, most of these cases are males and some required prior religious conversion of the partners.
- (b) The other group of outmarries, are people in music, sports and cinema. These have been three "peripheral occupations" (Wright 1978) in which a few Muslim individuals have enjoyed extraordinary success and wealth in the post-independence era, just as African-Americans have in sports and Jews in Hollywood. Having made their way to the top by individual "merit" (be it beauty, acting or physical ability) no matter how measured, they can marry whomever they will regardless of caste and religious affiliation. (Nawab Pataudi and Sharmila Tagore, Nargis and Sunil Dutt, Indrani and Habib Rehman, Waheeda Rehman and Kamal, Mohsin Khan and Reena Roy, Amir Khan, Shah Rukh Khan and Gauri, Sanjay Khan, Azharuddin and Sangeeta, Hrithik Roshan and Suzanne Khan. These outmarriages may promote national integration by providing prestigious models for the modern-educated young to break loose from parental and community pressure, but the downside for communities, including religious minorities, is the decline and perhaps eventual dissolution of group identity. Reassuring to Muslims, however, must be that American Jews despite a 40% out marriage rate are still very much a self-conscious ethno-religious identity group.

Consideration of the future of ethnicity in the twenty-first century cannot simply assume that primordial groups at the sub national level will all survive that epoch just because of the unexpected rise of "neo-ethnicity" in the 1970s. (Glazer and Moynihan, 1975) The literature of this movement in the United States (e.g., Novak, 1971) is, perhaps not surprisingly, practically devoid of references to trends in outmarriage which had previously been regarded by sociologists as the ultimate and decisive step in the assimilation of ethnic, religious, regional and even class categories. Completion of the process would mean the extinction of their separate identities (Price and Zubrzycki, 1962 vs. Marcson, 1950) and their merger either into the dominant segment of a nationality or into a new and larger

identity coterminous with the nation state. (Kaufmann 2004). An instance of this neglect is the American journal, *Ethnicity* (1974-1981), which contained no articles on the amounts or consequences of interethnic marriage. Indeed, if there was some justice in the charge that the image of "the melting pot" in the United States was a myth (Glazer and Moynihan, 1964) concealing an ideology of "Anglo-conformity" (M. Gordon, 1964), it can likewise be surmised that "neo-ethnicity" was a myth perpetrated by those who disliked nationalism and the existing nation-states in the context of the Vietnam war and wanted to pry them apart by asserting the primacy of sub-national vertical cleavages.

To turn to the main question of the paper, what precisely is the argument for believing that large scale exogamy will weaken or destroy ethnicity? It is that the children of mixed marriages, marriages themselves made possibly by weak parental attachment to ancestral will identify with neither parent's group strongly and may indeed reject and be rejected by both (A. Gordon, 1972).

Marriage patterns are a conventional subject of research in anthropology and sociology, if not in political science (Wright, 1991), so there is a considerable literature, especially in American sociology, over the past generation regarding the causes, correlates and consequences of out marriage. Some research has also been published about this phenomenon as it occurs in Great Britain (Jones, 1982), Australia (Mol, 1970), and multiracial former colonies like India (Corwin, 1977), Singapore (Hassan, 1971), Trinidad (Clarke, 1971), Fiji (Brown, 1981) and even the U.S.S.R. (Dunn, 1973). But the bulk of the work, like so much of mid-twentieth century sociology, has focussed rather parochially on the United States itself. There, until the 1980 census for the first time asked citizens their own ethnicity, a disproportionate amount of attention has been paid to interracial (Rose, 1965) and interreligious, rather than interethnic marriage. The former has been emphasized because of the historic significance of interracial relations and conflict because of slavery in the United States; the latter, and within the category of religion, largely Jewish out marriage, because of the high percentage of American sociologists who are of Jewish faith or origins (Wright, 1987).

From the group of studies on interracial marriages emerges the reminder that much "inter-breeding" between dominant European Whites and subordinate African Blacks in the context of slavery has been concubinage outside of formal marriage between equals. (See the recently proven case of President Jefferson and his slave Sally Jennings.) This has produced progeny who were categorized in new endogamous groups like mulattos, mestizos, Cape Coloreds, analogous to Anglo-Indians and Eurasians with statuses intermediate between that of the White father and the Black or Indian mother and marginal to the mainstream of society (Mason, 1971). Far from reducing the number of ethnicities, it has increased them.

The other main body of research in the United States, that about Jewish-Christian intermarriage, has been motivated by and sometimes financed by Jewish community leaders and organizations (Fein, 1971) who have a desperate fear that their relatively small (two and a half per cent) and highly mobile minority will not survive the current very high exogamy rate of forty per cent (Sklare, 1964; Silberman, 1985: 286). It is therefore probably no accident that so much of the intellectual leadership of the neo-ethnicity movement came

from American Jewish writers. The research itself, however, purports to show that Jewish identity is not endangered by out marriage because some non-Jewish spouses convert to Judaism (normally not a religion of conversion), because the children in a substantial proportion of mixed marriages are raised as Jews and later marry Jews (Mayer, 1980) or because in any case, "the tastes, ideas, cultural preferences and life-styles preferred by many Jews are more and more coming to be shared by non-Jews" (Sklare, 1964:51; Farber, 1979). Other authors do warn of the bad results of intermarriage: low fertility, proneness to divorce, lower degrees of marital satisfaction and disaffiliation from religious origins posing problems of either self-identification, poor relations with parents, or quarrels over upbringing of these children (Mayer, 1980: 509).

Neither of these lines of research, the interracial and the interreligious, takes adequate account of the phenomena of "passing" and name-changing (Klugelmass, 1952; De Vos, 1975) in its generalizations about retention of subjective ethnicity. Where there is a stigma or discrimination attached to minority membership, some individuals who either do not exhibit the characteristics by which the dominant majority identifies minority members, or who are willing to alter them, may simply "pass" into the majority in order to escape the costs of subordination. Survey samples for retention of ethnicity which are based either on objective indicators like "Jewish name" (Fein, 1971) or self identification as on marriage registers will simply miss this segment of assimilators. Over the generations their descendants may even be totally ignorant of their genetic ancestry. Richard Alba reports small percentages of respondents to the 1980 U.S. census questionnaire on ethnicity who either claimed they did not know their ancestry or replied simply "American" (Alba, 1988). Lieberman and Walters (1985: 47, 50) observe "with suspicion" a radical increase in the "English" component of the population with supposedly unmixed English ancestry. It may be surmised that some of these are "old migration" descendants who are literally unaware of their mixed ancestry. What was originally intended to deceive the dominants, ended up by deceiving the descendants of the minority out of their ethnicity!

Since this process may sound incredible to an Indian audience, I should like to cite examples of forgotten ancestral ethnicity from my own and my wife's family trees. On my side, a Dutch fur trader named Jan Corneliszen Van Texel in New Netherland rescued from the Pequot Indians the daughter of Wyandanch, the Montauk Indian Sachem (chief) of Sewanhaka (now Long Island) in about 1656. The grateful chief gave his daughter in marriage to Van Texel who converted her to Christianity. Strong, (2002), questions this oral history and opines that Catoneras was a Matinecock and that the marriage took place a generation earlier, about 1624. In any case, for several generations after their settlement in Tarrytown, New York, the family looked partly Indian until continual marriage into other Dutch families bred out these physical characteristics (Romer, 1917). By the early nineteenth century when Washington Irving obtained his famous "Tales of Sleepy Hollow" from the family, "he could not get the Van Texels to acknowledge their descent from the squaw". (Rosenberg, 1979, xix). By my generation the truth of the matter was unknown as it had long been considered derogatory to be a "half-breed". I had to rediscover my Indian ancestry through genealogical research and then promptly registered myself with my university as a "Native

American" in order to gain whatever "affirmative action" benefits might accrue to this new identity.

On my wife's side, one of her maternal ancestors was, according to family tradition, "a Dutch blacksmith from near Princeton, New Jersey named Abraham Slover which was assumed to be a German name." An enterprising genealogist discovered that the original settler of this family in America was one Isaac Seloivre a French Huguenot (Protestant) whose name had apparently been changed to Slover to make it understandable to his Dutch neighbors and daughter-in-law in Brooklyn (Hadler, 1968, 1-3).

Most American sociologists are second or third generation Americans with a natural tendency to lump all of the so-called "Old Migration" White Americans together under the misnomer, "Wasps" (White Anglo-Saxon Protestants; Schrag, 1971), not realizing that we are in fact the products of an earlier, and by no means mythical, melting pot of English, Welsh, Scottish, Scots-Irish, Irish, French, Dutch, German and Scandinavian immigrants of the seventeenth and eighteenth centuries. Only the surnames, and not always those, remain to remind us of our lost ethnicities. However, in a recent symposium on Rethinking Ethnicity; Majority groups and dominant minorities (Kaufman, 2004), I concluded that North American WASPS have preserved some of their dominant status by extending their boundaries to include kindred European-origin populations, but have hereby jeopardized the survival of their distinctive identity. North Indian Muslims, on the other hand, another "former elite minority", face a bleak future because of tight Indian caste, quasi-caste and communal boundary maintenance, reinforced by the rivalry between India and neighbouring Pakistan.

Richard Alba's work on out marriage among American Catholics of European ancestry, based on the 1980 U.S. census, concluded that Milton Gordon's "triple melting pot", (Protestant, Catholic and Jewish; Gordon, 1964) has broadened and produced what he calls the "twilight of ethnicity" in America (Alba, 1981). He does find evidence of the "resurgence of ethnicity" in the 1970s insofar as the rising number of individuals of mixed ethnic ancestry still identify themselves in terms of one ethnic group or the other, but finds it a distinctly muted and voluntary or "situational" ethnicity. An example of the latter would be my active membership in the Dutch Settlers' Society of Albany.

In the 1990s, to judge by the marriage columns of the New York Times, some Asian Americans, chiefly Chinese and East Indian, have joined this new, Euro-American elite group by intermarriage, but Muslim Americans have probably even less access by this route because of the xenophobic American reaction to the events of 9/11/2001.

So far I have dealt only with ethnicity and exogamy in my own country. Is its experience, along with that of the other European-colonized dominions (Australia, New Zealand and Canada) uniquely favourable to assimilation, except for the conquered Quebecois, by reason of the unspoken "contract" of later immigrants to accept the culture and language of the earlier arrivals in return for the economic benefits of citizenship? Europe now faces the dilemma of the United States a century and a half ago-whether and how to assimilate its Turkish "gast arbeitern", plus North Africans and East and West Indians, or to permit, even encourage, cultural pluralism at the cost of national homogeneity (Power and Hardman,

1978). What does the available research show about the relation between exogamy and ethnicity outside of the United States?

In Great Britain, itself the product of historic waves of conquest and assimilation (Briton, Roman, Anglo-Saxon, Scandinavian and Norman), the post-imperial arrival of a flood of East and West Indians has posed the question anew in less felicitous economic circumstances than those in North America in 1840-1924. Research findings on interethnic ("interracial") marriage in the U.K. are somewhat contradictory because of the various indicators of race used such as place of birth or self-identification (Schaefer, 1980). The former ignores Britons born in the erstwhile empire and increasingly misses British-born East and West Indians. Public opinion surveys show an ominously decreasing approval of interracial marriage on the part of the white majority (Jones, 1982). Asian immigrants, especially females, show an equal or greater resistance to intermarriage because of religious, including caste endogamy, traditions of parentally arranged marriage and extended family networks able to ostracize violators. Robinson (1980) reports that East Indian males are more likely to marry a less educated wife back in the home country than a female of the same religion and caste raised in what Hindu and Muslim parents regard as a morally lax British society. More important, he finds no melting pot within the Asian community and suggests, consonant with Gordon's thesis in the United States, that the breakdown of these internal barriers within the immigrant community is an essential prerequisite to assimilation with the wider host society even if temporarily contributing to a "we-they" division between the major religio-racial groups.

West Indians and Africans present a different picture in Great Britain. As with American Blacks, family ties are weak and many children are born out of wedlock among the latter, so the resistance to intermarriage is on the side of the White majority. If it were not for this, Bagley (1972) says he could foresee the Black ("Colored") population of Britain disappearing through exogamy/interbreeding. If continuing to be rejected by Whites, however, they might withdraw into an alienated and riotous subculture as has been seen recently among the Muslim communities if not the Hindu and Sikh. The prospects for assimilation to the point of ethnic extinction are even less for the Asians, but as in the United States, they already enjoy a much higher socio-economic status than the Blacks which might eventually facilitate intermarriage with "Brits" through class endogamy (Mohapatra, 1984). A casual perusal of the Sunday New York Times marriage announcements shows, as we have seen, a small but regular number of Asian-American alliances and very few Black-White marriages.

What is missing from the British analyses is any reference to pan-European, interethnic intermarriage as a result of freer movement within the European union. This would be the appropriate data to compare with Alba's on European-descended marital assimilation in the United States.

Outside of Great Britain, the only article I can find on ethnic assimilation in continental Europe is Don Dignan's "Europe's Melting Pot: A Century of Large-Scale Immigration into France" (Dignan, 1981). In it, he is entirely preoccupied with residential and occupational discrimination and illegal entry without one word on intermarriage. Dignan asserts that the absence of racist attitudes among the French compared to the British is a myth, and that lower-class xenophobic reactions to immigrants have been a significant feature of French

social history for a century. However, one should suppose from Anglo-American experience that there are greater barriers to Muslim-Christian exogamy than to French marriage with fellow Christians and especially fellow Catholics such as Italians and Spaniards.

The other industrial European states (Germany, Switzerland, Belgium and Sweden) which have received large and ostensibly temporary waves of "guest workers" in the 1960s have apparently not produced, at least in English, any studies of intermarriage because the phenomenon is so recent, but intermarriage with the European-born second generation, except for Turks, is probably now going on unnoticed.

The European nation states having finally achieved, at great cost, a high degree of ethnic homogeneity during the nineteenth and twentieth centuries through wars of unification, border changes, population transfers and centralized, unilingual education systems are understandably reluctant to adopt cultural pluralism for either provincial particularists or for the new immigrants. But it would be useful to know how much provincial mobility and intermarriage facilitated the previous national integration which might provide a precedent for future assimilation on either a national or pan-European scale. Karl Deutsch (1953) overlooked this measure of national integration in his epochal study.

Beyond Europe, in the so-called Third World, evidence of exogamy facilitating national integration is even more scanty. This is not to say that there has not been large-scale cultural assimilation and genetic amalgamation ("miscegenation" to its opponents) in the context of European colonialism and African slavery (Mason, 1971), but the social inequality of European fathers and non-European mothers, far from merging their identities has, as we have seen, either consigned the mixed offspring to the subordinate status of the mothers as in the American South, or led to the creation of additional intermediate groups as discussed in "The Blending of Races: Marginality and Identity in World Perspective" (Gist and Dworkin, 1971). As Pierre Van den Berghe (1963) notes, enforced cultural assimilation and interbreeding of unequals are neither symptoms nor consequences of tolerance, lack of prejudice and willingness to absorb subordinate groups, but rather may display arrogant ethnocentrism. Only where the mixed descendants ("Mestizos") have become a large enough proportion of the population to win political control, as in much of Latin America, can one say that this type of unequal sexual exploitation has led to a new national identity.

Post-independence, a few former colonies, chiefly British, which had received sizeable infusions of indentured East Indian labour with status less depressed than slaves, have shown the beginnings of integration through intermarriage of equals. One can note here the cases of Trinidad and Singapore (Clarke, 1971; Hassan, 1971). However, where the immigrant population has remained Hindu, evidence from Fiji, both sociological and now political, shows that strict Hindu exclusivity and even subcaste (*jati*) endogamy may reassert themselves after a couple of generations, sometimes with disastrous consequences such as expulsion for the East Indians, as from Uganda in 1972 (Tandon and Raphael, 1978).

Islam may pose a barrier to intermarriage unless the non-Muslim partner (usually female) converts, but at least potentially, because of its doctrine of brotherhood within the community (*umma*), it may provide a justification for marital assimilation of linguistically and even racially diverse provincial minorities, as I have found, at least among the elite, in Pakistan

(Wright, 1994). The fact that elite integration failed to prevent the secession of Bangladesh in 1971 simply resulted from the fact that a new Bengali elite which lacked marital connections with the distant West Pakistan had superseded the old, Urdu-knowing elite. (Jehan, 1972). In South Asia, for such an amalgamation process to spread down to the mass level would require the reversal of the common Arabic preference for first cousin marriage and the Hindu-origin practice of quasi-caste (Syed, Shaikh, Mughal, Pathan, Ajlaf) endogamy, as urged by Muslim reformers. (Ansari, 1960) In India itself, there is some evidence of increasing agglomeration of minute subcastes, both Hindu and Muslim, to enhance their political power (Leonard, 1982) Among Muslim occupational castes, we find the process of "ashrafization" (Vreede de Stuers, 1968), as exemplified by the taking of Arabic family names: Qureshi for Qasab, Ansari for Julaha etc. (Mann, 1992). In urban centers, both Kannan (1963) and Corwin (1977) discovered a greater willingness to accept caste exogamy, ("Rearranged Marriages", *India Today*, October 18, 2004) but this is not happening quickly enough to spare India its rising toll of intercaste (Untouchable vs. caste Hindu), let alone interreligious riots and terrorism.

One of the most interesting cases of the relation of marriage patterns to the assimilation of ethnic groups into a new national identity is that of the former Soviet Union where the ruling Communist Party ideology prescribed a cross-cultural class identity and proscribed ethnic separatism except in the short run ("national in form but socialist in content", Wright, 1977) Two 1970s studies of Soviet Central Asian Muslim ethnic consciousness and non-intermarriage with Russians (Ounn, 1973) showed the highest indices of endogamy of the various Soviet "nationalities" to be among the Muslim peoples of Central Asia. However, the authors explain this not in terms of ethnic consciousness but of "opportunity structures" and the continuing sub rosa influence of traditional Islamic religion: "Central Asians tend not to speak a second Soviet language, to be relatively rural, to be less educated, to have high sex ratios and to be smaller in proportion to the population of their republics". Particularly threatening to the Soviet ideal of assimilation may have been that ethnic intermarriage in Central Asia took place predominantly among the linguistically diverse Muslim populations rather than with Russians. Unlike the United States to which most ethnic minorities came voluntarily (the exceptions being the Amerinds, Afro-Americans and some Hispanics of the pre-1848 Southwest) with an implicit commitment to integration if not assimilation the Soviet Muslim minorities were incorporated by conquest and have stubbornly sought to preserve their culture and some aspects of their religion from the largely Russian-centered socialization of the state until the collapse of the Soviet state in 1991. (Pipes, 1975). In this sense they are more comparable to the Quebec exception in Canada cited above. Similarly in Yugoslavia, Lockwood (1975) reported that Muslims never married Christians. By the time of the collapse of Yugoslavia in the 1990s, however, there was a fairly high rate of Muslim-Christian marriages which failed however, as in Bangladesh, to prevent a bloody civil war and simply broke up the marriages. (Roger Cohen, "A War in the Family", *New York*, August 6, 1995).

What conclusions can we draw from these scattered studies as well as the more prolific but controversial literature on North America? As to the United States, Herbert Gans (1979)

and Joshua Fishman's prognostications seem to me to ring true: the ethnic revival of the 1960s and 1970s amounted only to an assertion of "symbolic identity" on the part of the third and fourth generations of European immigrants, an identity no longer functional for jobs or politics, but a voluntary, leisure-time "expressive activity". Fishman (1985) argues too that neo-ethnicity studies of the late 1960s, like Michael Parenti's (1967), confused it with the subculture of the working class and ignored the melting pot of suburbia.

In the meantime, wrote Gans, ethnic intermarriage and assimilation both proceeded apace. With high rates of intermarriage both ethnic and religious, if not racial, the number of Americans with parents from the same ethnic group, he predicted, will decline steadily and the hybrids will have difficulty maintaining any ethnic identity. Either the parents will choose one of their ethnicities to emphasize, an unlikely eventuality in view of the growing decision-making equality between husbands and wives in America, or they will become "pan-ethnics", or raise their children as non-ethnics. Even symbolic ethnicity, Gans speculated, will disappear after the fifth and sixth generations except in some urban and rural enclaves. Alone among students of ethnicity in the United States, he extends his vision to include my group of "Wasps" and concludes, "people who(se) ancestors arrived...here seven or more generations ago in the seventeenth and eighteenth centuries...are no long ethnics even if they know where their emigrant ancestors came from...Eventually, the ethnics of the new migration (post-1840, he ignores the newest post 1965 wave of Asians and Latinos) will be like them; their identity will bear only the minutest trace of their national origin. Neo-ethnicity will be viewed from the perspective of the twenty-first century as only a blip in the steady progress of what Gans calls "the straight-line theory" of assimilation. He limits himself to interethnic assimilation in the narrow sense which does not encompass interracial relations. In 1972, Albert Gordon extended the prediction of rising rates of intermarriages to racial exogamy, but increasing Black separatism since the late 1960s just at the time when the younger generation of Caucasians were ready for racial integration in the wake of the Civil Rights Movement may have reversed this trend since he wrote (Peres and Schrift, 1978).

In Europe, a similar, but perhaps more long drawn out prediction may be hazarded regarding intermarriage and the absorption of fellow European immigrants as well as provincial non-sectarian separatists, on the model of the disappearance of the French Huguenots after 1685 into Prussian, Dutch and English populations (Morall, 1961). For Muslims, whether indigenous as in Bosnia, or guest workers like Turks in Germany, Pakistanis in the UK or Algerians in France, the Soviet Central Asian studies make one hesitate to anticipate either large scale marital exogamy or complete cultural assimilation and loss of identity. Muslims, unlike Jews, the historic religious minority in Europe, have shown great resistance to both name-changing and apostasy.

Finally, the Third World offers the bleakest prospect for ethnic amity through cross-cutting identities by intermarriage. Except for Latin America where the bulk of the indigenous population was early converted to Christianity, and where, as we have seen, colonial miscegenation produced a new mestizo majority, ethnic mobilization for conflict appears to be outracing integration of diverse ethnicities and races, in part due to strong endogamous

traditions reinforced by religion. Thailand, where both Thais and Chinese but not Malays) are Buddhists, stands as an exception in Asia (Skinner, 1957). The North American (and Australian) success stories may have been heavily dependent on a small initial indigenous population and latterly on rapidly expanding economies which prevented them from becoming "zero-sum-games" like so much of South Asia and Attica. That even prosperity may not facilitate integration, let alone assimilation, of migrants is shown by the Arab Gulf states which prohibit even citizenship but it would require another paper to detail their impacts.

NOTE

1. This paper was delivered in earlier versions at the Round Table of the Research Council on Ethnicity of the International Political Science Association, Paris, June 12, 1987 and at the Conference on Culture, Pluralism, Ethnicity and Nation-Building in South Asia at Bombay University, December 27-29, 1995. Later, it was delivered at the K.G. Saiyidain Conference at Jamia Millia Islamic, New Delhi, December 17, 2004.

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ECONOMIC GROWTH IN THE THEORY OF ISLAMIC ECONOMICS

Ranjit Sau

Abstract: *Economic growth is essential to sustain and advance human civilization. Every individual is to be provided with social and economic opportunities adequate to the development of his personality and the attainment of highest possible perfection according to his capacity and aptitude. Such is the essence of Islamic economics founded by Maududi in his 1941 Aligarh Muslim University discourse.*

This essay argues that the holy Koran contains verses and signs that indicate a model of economic growth. It is, not hoarding, but productive investment that moves the economy. And the international division of labour, encouraging the application of scientific knowledge, enlarges the horizon of economic growth, exhorts the scripture.

It will transpire here that the Aristotelian Principle of human nature facilitates the realization of Maududi's vision 'to sustain and advance human civilization' by means of Islamic economics.

It was in an address at the Aligarh Muslim University on 20 October 1941 that Sayyid Abul Ala Maududi laid the foundation of what has come to be known as the Islamic economics.¹ He considered the provision of economic opportunities a significant aspect of human life, and so he proceeded to formulate a macroeconomic model designed to explore the conditions of economic fulfillment. The present essay is an endeavour to continue his line of analysis taking into account the experience of the six decades since then.

In the centuries designated in European history as medieval, the realm of Islam was in the forefront of human civilization and achievement. It was the greatest military power on earth — its armies, at the very same time, were marching into Europe and Africa, India and China. In was the foremost economic power in the world, trading in a wide range of commodities through a far-flung network of commerce and communications in Asia, Europe and Africa. It had achieved the highest level so far in human history in the arts and sciences of civilization. Inheriting the knowledge and skills of the ancient Middle East, of Greece

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and of Persia, it added to them several important innovations from outside, such as the use and manufacture of paper from China and decimal positional numbering from India.

By the eighteenth century the relative weakness of major Islamic powers came to surface by the first European expansion in Asia, where small countries like Portugal and the Netherlands were able to establish themselves on the seas and on the coasts in defiance of incumbent Muslim powers. The decline of Muslim military strength was brought home in dramatic form in 1789, when Napoleon Bonaparte occupied and governed Egypt. The second lesson came a few years later, when the French were forced to leave—not by the Egyptians nor by their Turkish suzerains, but by a squadron of the Royal Navy commanded by a young admiral Horatio Nelson. It showed that not only could a European power come and act at will, but only another European power could get them out.²

The holy Koran says: 'nations are afflicted with calamities and misfortunes so that they might humble themselves' (6:42). In the process the nations suffered scourges, 'but their hearts hardened.' It is, however, reassuring that: 'A space of time is fixed for every nation; when their hour is come, not for one moment shall they hold it back, nor can they go before it' (7:34). Having suffered for long the scourge of foreign domination and oppressive political regimes, time has possibly come for Muslim nations to stand up again.

Some verses of the Koran are precise in meaning, while others are admittedly ambiguous, as they are meant to be. The text often speaks in terms of signs—for example, some events of nature would be mentioned and readers would be called upon to acknowledge the underlying sign and to appreciate its deeper significance.

This essay aims at showing that the Koran contains certain verses that could be read so as to determine the contours of a model of economic growth, in the modern sense of the term. Modern economics in the West was inaugurated in 1776 suggesting the main force that 'causes' the wealth of nations, namely, the division of labour, and the social diffusion of knowledge.³

Now, in the light of Koran, the sketch of a model of economic growth will be drawn here; the model would appear consistent with the core conclusions of modern economics. It would establish that the scripture is not indifferent to economic matters, nor is it adverse to investment in agriculture and industry; rather the holy book points, for example, to certain specific activities like horticulture and beehive cultivation. And the social diffusion of knowledge and skill is prompted by what is now known as the Aristotelian Principle. This finding is likely to inspire Muslim countries to strive for economic growth and distributive justice.

Maududi's Model: Demand Deficiency

'The real economic problem of man is,' Maududi said, 'how, while keeping intact the natural evolution of social forces, to prevent social tyranny and injustice, to fulfill nature's demand that every creature should receive its portion, and to remove those obstacles which cause the faculties and powers of a large number of persons to be wasted away merely on account of a lack of necessary means.' He defined 'the economic problem of man to be no more than this: with a view to sustain and advance human civilization, how to arrange economic

distribution so as to keep all men supplied of the necessities of existence and to see that every individual in society is provided with opportunities adequate to the development of his personality and the attainment of the highest possible perfection according to his capacity and aptitude.' Maududi ascribed the root of this problem to the persistent deficiency of demand in the market.

It is a general practice for those possessing wealth in excess of their needs to invest the surplus in profitable undertakings and in the production of the necessities of life. The investment can yield full profits only if the entire product of industry is purchased by the people of the country in which the surplus wealth has been invested. But, in practice, this does not happen, because those who possess less wealth than their needs have consequently less purchasing power, and cannot afford to buy enough.

On the other hand, Maududi continues, those who possess wealth in excess of their needs are anxious to set aside a portion of their income for further investment in profitable undertakings and therefore they do not spend all the money they have in purchasing consumer goods. As a result some amount of the manufactured products is left unsold or, in other words, a part of the investment of the rich people do not come back to them and lies at the debit of the country's industry as a loan. This constitutes one cycle. And the cycle tends to repeat with greater intensity.⁴

Under the circumstances, the only way to avoid bankruptcy of industry in a country is to export the unsold products to other countries. But other countries too are in the same predicament. This leads to rivalry in international trade.

In order to remedy the economic evils which flow from the concentration of wealth in the hands of a few persons, Maududi maintains, Islam offers a solution: it is in the system of 'zakat', whereby two-and-a-half per cent of one's wealth is collected every year 'by force of law and spent on giving assistance to such persons as are not fit to take part in the economic struggle or have not in spite of their struggle been able to secure their full share.' The observance of zakat is one of the five pillars of Islam: it also helps solve the economic problem of man by way of service to the society.

Now, we surmise, situations may arise where the collected quantity of zakat is not commensurable with the extent of the deficiency of aggregate demand in the market: it may be either too large, or too small. If so, another policy measure would be necessary in order to equalize demand with the supply of products. Market has to offer an appropriate inducement for investment by the wealthy few who possess excess income. This question will be taken up below: it would revolve around the concept of the rate of profit on investment. As for the 'attainment of the highest possible perfection according to one's capacity and aptitude' that Maududi invokes, it would be related to another question, namely, the realization of full employment of all able and willing workers with decent level of wages. This essay would pursue essentially these two questions.

Dynamics: Full Utilization of Capital

The goods produced in a country can be divided into two groups, namely, consumer goods, and capital goods. What households buy for living falls in the first group; what companies

buy to use as input for production of goods in their factories constitutes the second group. This classification depends not upon the nature of a product as such, but upon the use to which it is put. For example, a basket of rice cooked for eating is a consumer good. If it were used instead as seeds on paddy field for cultivation, it would belong to the category of capital goods. Capital goods generally consist of machinery, equipment, structures, and raw materials that go into the production process. Others are consumer goods. The economic functions of the two groups are different.

Imagine a family with an income of Rs. 100 per year. It spends three-fourths of its income, which comes to Rs. 75, on food, housing, clothing, education, healthcare, etc. In economics such current expenditure is called 'consumption'. Clearly, the family saves one-fourth of its income, i.e. Rs. 25; this amount is called 'saving'. Now we can express the family's annual accounts by an equation: income = consumption + saving, as $100 = 75 + 25$.

Suppose the family has a business of making medicine. With its saved money of Rs. 25, it buys capital goods in order to increase the production capacity of medicine factory. Such capital expenditure is called 'investment'. Note that in this example the amounts of saving and investment are equal. So we get another equation for the family's account: saving = investment. In view of these two equations, we get for the family a third one: income = consumption + investment, again as $100 = 75 + 25$.

In economic matters a family is essentially a replica of the country's economy. The above-mentioned three equations of the family's annual accounts hold also for the whole economy.

At any given point of time, just as does the medicine factory of the family, the country's economy has a certain stock of capital goods. Every year, the economy adds capital goods to its existing stock for the purpose of increasing production capacity. This annual addition of capital goods is called the country's investment. In other words, investment is defined as the addition to the stock of capital.⁵ The investment comes in the form of capital goods produced in the current year. Remember, income = consumption + investment. What a country's factories produce in a year is called 'national income'.⁶ The economy consumes one part of its income, and saves and invests the rest, just as a family does.

Families do the saving first in the form of money. Then companies borrow the families' savings through the medium of banks and share markets to invest in production projects. They buy machinery, equipment and raw materials from the market; that is how they carry out the investment. In a word, families save, and companies invest.

We now proceed to discover a general rule about economic growth. Let the percentage of income saved and invested be represented by letter *s*; the productivity of capital⁷ by letter *p*; and the growth rate of national income of one year compared to the previous year by letter *g*. Now the equation relating the growth rate of income of a nation's economy⁸ is given by: $g = ps$.

For illustration, suppose the productivity of capital is 50 per cent, and the percentage of income saved and invested is 25 per cent. Then the national income of the country will grow at the annual rate of 12.5 per cent (i.e. 50 per cent times 25 per cent). Should the

productivity of capital or the rate of saving and investment rise, economic growth will be faster.

Rapid growth observed recently in East Asian countries like China, South Korea, Thailand, Malaysia, Singapore, and Indonesia can be seen in terms of this equation. Their spectacular record growth had resulted from improved productivity of capital and high rate of saving and investment.

Similar ideas of economic growth are found in the Islamic scripture. The following verses of Koran describe saving, investment and growth.

'You shall sow for seven consecutive years, leave in the ear the corn you reap, except a little which you may eat. There shall follow seven hungry years which will consume but a little of what you stored. Then will come a year of abundant rain, in which people will press the grape' (12:47).

This verse narrates how the economy functions: you sow, wait for a while for the production process to run its course, meanwhile you survive on your saved grain, and finally a bounty comes forth in the form of output.

Here is another verse; it refers to dairy farming, horticulture, industry, and medicinal effects of certain products of nature.

'In cattle too you have a worthy lesson. We give you to drink: pure milk, pleasant for those who drink it. And the fruits of the palm and the vine, from which you derive intoxicants and wholesome food. Surely in this there is a sign for men of understanding.

'Your Lord inspired the bee, saying: "Make your homes in mountains, in the trees, and in the hives which men should build for you. Feed on every kind of fruit." From its belly comes forth a syrup of different hues, a cure for men. Surely in this there is a sign for those who would take thought' (16:65-69).

This verse definitely indicates investment in the cultivation of bees as an important branch of the economy. It also implies that investment has productivity, a real return in the shape of output. This is a remarkable aspect of the economy: it allows you to reap more than what you sow.

Some families may like to store their savings as jewelry of gold, silver or precious stones. Such an act is known as 'hoarding'. Unlike making beehives or sowing for crops, hoarding does not bring any return; it remains as it is without producing anything extra. Hoarding is unproductive. The Koran does not approve hoarding: 'To those that hoard up gold and silver, ... proclaim them a woeful punishment' (9:35).

Capital, Profit, Interest

Investors expect profit. Profit is measured thus: Take the market value of the output a company produces in a year; from that value subtract all costs of production—raw materials, wages of labour, rent of land, and depreciation of machinery. What remains of the market value of the output after the subtraction of all costs is a measurement of profit earned by the company.

For illustration, suppose the value of output is Rs. 300, and the total cost is Rs. 280; so the profit is Rs. 20. If the company's capital investment is Rs. 200, then the rate of profit on capital is 10 per cent (i.e. $20/200$).⁹

An investor borrows money from bank, and pays the bank a predetermined charge for using the money over a definite period. This charge is called interest. Interest-bearing financial transactions are a controversial subject among Muslims. Whereas the ulema of revered Al-Azhar University, Egypt, had decreed interest as Islamic, Fazal Karim of the Council of Islamic Ideology had decreed that 'interest in all its forms was haram'¹⁰ Why is such divergence of scholarly judgment? Can the controversy scrutinized and possibly resolved?

Money is borrowed under three qualitatively separate types of circumstances: (a) to weather a difficult situation threatening one's survival (poor farmers in distress owing to failure of crops by draught or flood); (b) to invest in productive projects (agriculture, industry, trade or commerce); or (c) to engage in aggressive ventures (gambling, financing underworld business, launching war).

On the flip side, there could be three kinds of lenders: (a) those living on income from interest (widows with limited inheritance, retired persons seeking fixed and assured income for their sustenance); (b) professional institutions which collect small savings from several individuals to channel the aggregate sum to industrial investors; and (c) usurers who fleece helpless debtors.

Furthermore, conditions of financial markets also may vary. A financial bazaar may be dominated by a few big lenders in collusion among themselves. Or, a small borrower may have access to only one lender, say, in a remote village. By contrast, alternatively, the money market may be fiercely competitive with a large number of banks facing equally numerous customers. In the first two cases interest rates are likely to be exorbitant, usurious. In the third one, the charges will probably be reasonable.

Islam assigns deep responsibility to conscience and reason. It is the purpose and the consequence that would determine the content of piety of an act: the end justifies the means. 'Have they no hearts to reason with, or ears to hear with? It is their hearts, not their eyes, that are blind' (22:46). It means one has to reason with the heart; that is the litmus test of piety.

The Companion who asked him what is 'the good', Mohammad said: 'You have come to enquire about the good?' 'Yes', answered Wasiba. 'Consult your heart,' replied the Prophet, 'for the good is that which appeases your soul and calms your heart. Sin is that which troubles you inwardly and causes embarrassment and vexation in your head, even if people provide you with all possible judicial justification.'¹¹

It is in this context that we have to understand the signs offered by the Koran in this verse: 'God has ... made usury unlawful' (2:275).

The term 'usury' means 'an excessive rate or amount of interest charged'; the core of it resides in the qualifying adjective 'excessive'. By this logic, so long as the interest is not excessive, it is not in the category of usury. The sign to this effect is evident in the flowing verse: 'do not live on usury, doubling your wealth many times over' (3:130). The injunction clearly addresses those money-lenders who charge high rates, either unbearable from the viewpoint of debtors, or exorbitant compared to the prevailing norms in the market. It's a double-edged test. Deprived of bargaining power¹², the plight of some debtors is common:

'If the debtor be an ignorant or feeble-minded person, or one who cannot dictate, let his guardian dictate for him in fairness' (2:282). Fairness is the overarching criterion.

The stricture against usury pointedly refers to the practice of charging unduly high rates on loans to the poor who borrow for consumption. By contrast, loans for the purpose of economic production seem to have received approval: 'do not consume your wealth among yourselves in vanity, but rather trade with it by mutual consent' (4:28). Their conscience would remain clear should they extend loans at reasonable interest rates to investors engaged in genuine economic undertakings. Here is a solemn reassurance: 'Those who preserve themselves from their own greed shall surely prosper' (59:9).

Investors pay interest out of profits; and profits originate from the productivity, i.e. value-added, by capital in the process of production of economic commodities sold in the open market. Should profit be recognized as a legitimate category, so would be interest which is but an outlet from the pool of profits. It is profit that governs the interest.¹³ The rate of interest is bounded on two sides: interest rate cannot exceed the profit rate (if it does, investors will not borrow in view of the potential loss), nor can it fall to zero (lenders require positive inducement to make them part with their money).¹⁴ In equilibrium, at the margin of capital investment, the rate of interest and the rate of profit are equal in magnitude.

International Division of Labour

Remember the picturesque phrase in the Koran: 'the ships that sail the ocean with cargoes beneficial to man' (2:164). The history of long-distance trade goes back to antiquity. Exchange of goods between Mohenjodaro-Harappa and Mesopotamia, between ancient Egypt and Rome, for example, has been recorded.

'Among His other signs [is] the diversity of your tongues and colours' (30:20). 'He could have made you one community: but it was His wish to prove you by that which He has bestowed upon you. You vie with each other in good works' (5:49).

Resource endowments of nations differ; one has plenty of some gifts of nature, others have abundance of something else. Communities are attracted to utilize whatever they have and to share benefits of diversities to mutual advantage. Traditional economics formulated the first theory of international trade and inter-country specialization in the early nineteenth century under the title of comparative advantage. Its conclusions are akin to what has been narrated above with reference to the Koran.

Subsequently economic theory had admitted the scope of differentiated products in international exchange. Differentiation of products is found in the scripture as well. 'And in the land there are adjoining plots: vineyards and cornfields and groves of palms, the single and the clustered. Their fruits are nourished by the same water: yet we make taste of some more favoured than the taste of others. Surely in this there are signs for men of understanding' (13:4). It allows wider choice of international division of labour and specialization.

Division of labour could be of two types: the one occurs among nations, the other happens within a factory when a job is split up into several complementary tasks to be done by specialized workers. The merit of the latter is explained thus. Suppose one tailor can

make only one shirt a day, doing the whole job himself—from cutting a piece of cloth in specified design to sewing it, then fixing buttons, and finally ironing the complete shirt before delivery. Compare it with an alternative scenario: five persons working jointly can make ten shirts a day, by individual specialization and distributing the tasks among themselves according to skills. Now thereby the productivity per person gets doubled. The morale: specialization and division of labour improves productivity. It increases the wealth of nations, as Adam Smith stressed in the late eighteenth century.

The Highest Possible Perfection of Capacity and Aptitude

Recall the growth equation: $g = sp$. Historical data testify that, of the two determinants of growth rate, the improvement of productivity (p) has made far greater contribution than has capital formation by way of saving-and-investment (s). This apparent paradox can be explained in view of the role played by technological advancement prompted as it has been by the division of labour.

Division of labour warrants invention of new tools and machinery as well as new materials and designs involved in splitting a job into independent tasks. Consider the course taken by the printing industry. When the printing press was first conceived, its inventors had to design and manufacture for themselves. They had to formulate special ink and train workers. As the printing business grew, however, firms arose that specialized exclusively in manufacturing presses. There would be firms of wood suppliers, paper makers, ink manufacturers, type manufacturers (and designers), lithographers, and so on, not to mention the suppliers of steel, chemicals, electricity, machine tools, and countless intermediate goods on whom these manufacturers depended. This is how the economy makes progress.¹⁵

The Koran calls upon man to explore the mystery of nature. Nature has granted some of the wishes of man, but not all. Now it is for man to derive more from nature through scientific endeavour. Below are two verses.

‘In the creation of the heavens and the earth; in the alteration of night and day; in the ships that sail the ocean with cargoes beneficial to man; in the water which God sends down from the sky and with which He revives the earth after its death, dispersing over it all manner of beasts; in the disposal of the winds, and in the clouds that are driven between sky and earth: surely in these there are signs for rational men’ (2:164).

The verse suggests an orderly prevalence of laws in the universe—laws, if discovered, would enrich man’s knowledge and enable him to invent machine, equipment and tools, expanding his capability. A more immediate inference from the verse is the practical idea of irrigation to nourish crops in the event of draught.

‘He has subdued the rivers for your benefits. Of everything you have asked for He has given you some’ (14:35). Here is a sign that signals harnessing of river water for cultivation. The last sentence of the verse offers a challenge by saying that man must strive more to derive greater benefits from nature.

The Aristotelian Principle: It is natural for human beings to enjoy the exercise and demonstration of their capabilities, innate or trained. This enjoyment increases in two

situations, namely, (a) the more the capability is realized, and (b) the greater its complexity. The first means that human beings take more pleasure in doing something as they become more proficient at it; while the second implies that of two activities they do equally well, they prefer the more intricate and subtle one. For the latter, here is an example. Algebra is more complex than elementary arithmetic. Someone who is good at both prefers to study algebra rather than arithmetic. Presumably complex activities are more enjoyable because they satisfy the desire for variety and novelty of experience, and leave room for feats of ingenuity and invention. They also evoke the pleasure of anticipation and surprise.

This natural propensity of human beings is known as the Aristotelian Principle.¹⁶ One of its effects is as follows. As we witness the exercise of well-trained activities by others, we want to be like those persons who can exercise the abilities that we find latent in our nature. To the extent that the esteem and admiration of others is desired, the activities favoured by the Aristotelian Principle are attractive for other persons as well. Thus there will be a common intent among all people for those activities. The Koran teaches: 'wherever you are, emulate one another in good works' (2:148).

Another natural characteristic of human beings is that no one person can do everything that he might do. The potentialities of each individual are far greater than those he can hope to realize. Hence everyone must select which of his potential abilities he wishes to accomplish. In view of the Aristotelian Principle, different persons with similar or complementary capacities may cooperate in realizing their common or matching nature. Thus is formed a social union, whereby each person can participate on the total sum of the realized natural assets of the others. Everyone gains to the maximum degree as he realizes his potentialities with the greatest possible assembly of complementary resources.

Concluding Remarks

The supreme objective of Islamic economics enunciated by Maududi is to help 'sustain and advance human civilization' by means of economic growth and distribution. This doctrine is in full conformity with the teaching of Koran: 'Compassionate is God, and merciful to mankind' (22:65).

The traditional economics as it has evolved since the times of Adam Smith has laid out a template of the economic system, and fashioned a series of tools of analysis by way of such concepts as demand-supply balance, optimization, equilibrium, static, dynamic, and stability. The resultant structure of this branch of knowledge is positive, neutral to specific objective, free of theocratic oversight—much as it is with physics, for instance. So it remains amenable to application in a manifold of contexts.

Islamic economics perceives perfect competition in markets, and indeed supports gender equality at work: 'I waste not the labour of any that labours among you, be you male or female — the one of you is as the other' (3:195). 'Men shall be rewarded according to their deeds, and women shall be rewarded according to their deeds' (4:32). Furthermore, Maududi's macro model displays affinity with Keynes'. So there is hardly any analytical sphere where Islamic economics risks coming into conflict the traditional economics. Of course, the prevailing fundamental objectives may not be congruent.

NOTES

1. Sayyid Abul Ala Maududi, 1941. *The Economic Problems of Man and Its Islamic Solution*, 5th ed. Lahore: Islamic Publications, 1978.
2. Bernard Lewis, 2002. *What Went Wrong? The Clash between Islam and Modernity in the Middle East*. New York: Harper Collins, p. 31.
3. Adam Smith, 1776. *An Inquiry into the Nature and Causes of the Wealth of Nations*. New York: Oxford University Press, 1976.
4. In his book, *The General Theory of Employment, Interest and Money*, published in 1936, John Maynard Keynes presented a structurally comparable conception of the economic system and its problems.
5. Capital is a stock of machinery, equipment, structure, and raw materials, measured at a given point of time, say, 1 January 2006. By contrast, investment is a flow concept which adds the addition to capital spread over a period of time, say, from 1 January 2006 through 31 December 2006.
6. National income is a relatively modern concept, barely six decades old, inspired by the macroeconomics of Keynes. Lately a related concept—gross domestic product (GDP)—has come into vogue. GDP is measured as follows: Estimate the market value of all goods and services produced in a country in a year; subtract therefrom the costs of raw materials that have gone into production; the remainder is the GDP. National income takes into consideration nationality of factors of production. But the inherent idea is essentially the same between GDP and national income.
7. The productivity of capital is defined as the output produced in a year with one unit of capital. If an investment of Rs 100 produces output, i.e. value-added, of Rs. 50, then the productivity of capital is 50 per cent.
8. Let letter Y represent national income, K the stock of capital, and letter p the productivity of capital. So, we get, $Y = pK$. Let subscript t denote time. Suppose t is set at year 2000; then t+1 would mean year 2001, and so on. Thus K_t is capital in year t; Y_t is national income in year t. Productivity p is taken constant in formula: $g = sp$. We know, $Y_t = pK_t$, and $Y_{t+1} = pK_{t+1}$. Therefore, $Y_{t+1} - Y_t = p(K_{t+1} - K_t)$. The increment in capital over the year shown within brackets is due to saving and investment out of national income in year t. It follows that $Y_{t+1} - Y_t = psY_t$. Divide both sides of the equation by Y_t . It yields: $(Y_{t+1} - Y_t)/Y_t = ps$. The left-hand side of this equation measures the growth rate of income (g), by definition. So, $g = ps$.
9. The profit on capital for an investor, and the productivity of capital on national accounts, are conceptually different. From the value of output, the former subtracts all costs—raw materials, wages of labour, rent of land, depreciation of capital. The latter subtracts only costs of raw materials and depreciation, not wages or rent. So, the measurement of productivity of capital can be 50 per cent while the rate of profit is 10 per cent.
10. "Islamic Banking" (Internet accessed 9 May 2006) <en.wikipedia.org/wiki/Islamic-banking>.
11. Hadith narrated by Ibn Hanbal and al-Darimi. Another hadith which runs along the same line is narrated by Muslim: 'The good is good character; sin is that which troubles you inwardly and which you do not like other people to find out about.' Tariq Ramadan, 2001, *Islam, the West and the Challenges of Modernity*, (Baltimore: Islamic Bookstore, 2001), p. 300.

12. England in the Middle Ages considered charging interest a sinful avarice. 'It is a society of small masters and peasant farmers. Usury is, as it is today in similar circumstances. For loans are made largely for consumption, not for production. The farmer whose harvest fails or whose beasts die, or the artisan who loses money, must have credit, seed-corn, cattle, raw materials, and his distress is a money-lender's opportunity. It was with reference to their petty transactions, not to the world of high finance [borrowing by kings, lords, or business magnets] that the traditional attitude towards the money-lender has been crystallized.' R. H. Tawny, 1926, *Religion and the Rise of Capitalism*, (London: Penguin, 1972), pp. 50-51. With rapid expansion of the European economy and international commerce, the attitude towards interest underwent a profound change by the sixteenth century.
13. 'The rate of interest, though ultimately and permanently governed by the rate of profit, is, however, subject to temporary variations from other causes.' David Ricardo, 1821, *The Principles of Political Economy and Taxation*, 3rd ed. (New York: Everyman's Library, 1973), p. 198.
14. Having dealt with the conceptual concerns regarding interest, we proceed to review the practical side. 'The basic premise of Islamic finance lies in the need to eliminate both interest (Riba) and uncertainty (Gharar) from financial transactions.' Sajjad Chowdhry, 10 October 2004, "Islamic Finance 101". (Web accessed 9 May 2006) <dinarstandard.com/finance/finance_review100104.htm>.

Zero Interest: 'Islamic economic institutions, not just the Islamic bank but all those connected with Islamic banking, claim to operate on the basis of 'zero interest'. Critics of Islamic economics argue, however, that the fundamental characteristic of charging interest (i.e. charging a premium, on the principal amount of a loan, for the time value of the loaned money) is not truly eliminated in Islamic banking, but rather the interest rate is merely hidden and relabeled. ... Usually, [in traditional commercial banking] time value of money is compensated to the lender by the lender charging the borrower interest on the principal amount of the loan. In the case of Islamic banking, the lost time value is compensated by charging a mark-up on the home or vehicle that the client might be seeking to purchase by way of loan. ... In theory, Islamic banking should be synonymous with full-reserve banking, with banks achieving a 100 per cent reserve ratio. However, in practice this is rarely the case.' "Islamic Economics". (Internet accessed 9 May 2006). <en.wikipedia.org/wiki/Islamic_economics>.

'Some Muslims have opposed Islamic banks, claiming that they do deal in interest but merely conceal it through legal tricks. Indeed, from an economic perspective, Islamic banks do compensate and charge for the time value of money, thus paying and receiving what is known in economics as 'interest'. Such Muslims compare Islamic banking to *contractum trinius*—a legal trick devised by European bankers and merchants during the Middle Ages, designed to facilitate the borrowing of money at a fixed rate of interest (something the Church fiercely opposed) through combining three different contractual agreements which in and of themselves were not prohibited by the Church. While Islamic law prohibits the collection of interest, it does allow a seller to resell an item at a higher price than it was bought for, as long as there are clearly two transactions.' (Internet accessed 9 May 2006) <en.wikipedia.org/wiki/Islamic_banking>.

In the 1970s, 'the countries exporting the oil called upon Western banks to operate ["huge sums of money which needed to be invested"]. ... The Muslim petro-monarchies of the Gulf—representing the vivid force of OPEC—by putting the money generated by oil in banks and

letting the latter run the loan of interests to poor countries, acted in an inconsiderate fashion and forgot the fundamental principle of the prohibition of interest in Islam.' Ramadan, loc. cit., pp. 135-36.

15. David Warsh, 2006, *Knowledge and the Wealth of Nations: A Story of Economic Discoveries*. New York: W W Norton, p. 220.
16. John Rawls, 1999. *A Theory of Justice*. Cambridge, MA: Harvard University Press, pp. 374-79.

MALMQUIST INDICES OF PRODUCTIVITY CHANGE IN MALAYSIAN ISLAMIC BANKING INDUSTRY: FOREIGN VERSUS DOMESTIC BANKS

Fadzlan Sufian

Abstract: *Do Malaysian Islamic banks perform productively in its role as an intermediary? Although the phenomenon of Islamic banking and finance has developed significantly in recent years, only a few studies have tackled this question. To address this issue, this paper attempts to provide new empirical evidence on the performance of Malaysian Islamic banks over the period of 2001-2004. This paper makes significant contribution on at least three fronts. Firstly, this will be the first study to investigate the relative productivity between the domestic and foreign bank's Islamic Banking operations. Secondly, the period chosen has also witnessed the intensification of competition among the domestic and foreign banks in Malaysia, brought about by the Malaysian government's move to further liberalise the banking system. Thirdly, the period chosen has witnessed growing awareness among Malaysian consumers about Islamic financial products and services, which renders the importance of the efficiency and productivity issues from both the policymakers and public point of views. Our preferred methodology is the Malmquist Total Factor Productivity Index (MPI), which allows us to examine five different indices namely, the productivity change (TFPCH), technological change (TECHCH), efficiency change (EFFCH), pure technical efficiency change (PEFFCH) and scale efficiency change (SECH) indices. In specifying the variables input-output, the intermediation approach is chosen, which could be argued to be much in line with the Islamic financial system's principle. Additionally, to investigate whether the domestic and foreign banks*

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Islam and Muslim Societies: A Social Science Journal Vol. 2, No. 2, 2006, New Delhi

were drawn from the same population, we have performed a series of parametric and non-parametric tests.

JEL Classification: G21; G28

Keywords: *Islamic Banks Efficiency, Malmquist Total Factor Productivity Index (MPI), Malaysia*

Introduction

In recent years, financial institutions have experienced a dynamic, fast-paced, and competitive environment at a cross-border scale. One of the most growing parts is the new paradigm of Islamic Banking, which has remarkably captured the interest of both Islamic and contemporary economists. The recent survey states that there are more than 160 Islamic financial institutions existed around the world (Dar, 2003). Despite most of Islamic Banks are within Emerging and/or Middle-East countries, many universal banks in developed countries have began to value the massive demand for Islamic financial products.

The main difference of Islamic banks compared to the contemporary banks is that, while the latter is based on the conventional interest-based principle, the former follows a principle of interest free and profit and loss sharing (PLS) in performing their business as intermediaries (Arieff, 1988). Many Islamic economics studies have discussed in depth about the rationale behind the prohibition of interest (Chapra, 2000) and the importance of PLS in Islamic banking (Dar and Presley, 2000). Furthermore, under the term of Islamic PLS, the relationship between borrower, lender and intermediary are rooted on financial trust and partnership. The importance of interest-free in Islamic Banking has created an innovative environment among practitioners in which the alternative of interest is anticipated. Dar (2003) classifies four types of financing acted as alternatives of interest; investment-based, sale-based, rent-based and service-based.

The existing research in Islamic banking and finance has focused primarily on the conceptual issues underlying interest-free financing (Ahmed, 1981; Karsen, 1982). These issues include the viability of Islamic banks and their ability to mobilise saving, pool risks and facilitates transactions. On the other hand, few studies have focused on the policy implications of a financial system without interest payments (Khan, 1986; Khan and Mirakhor, 1987). What is noteworthy is that, empirical work on the performance evaluation of Islamic banks is sparse. The lack of complete data impeded any comprehensive analysis of the experience of the last three decades. To date, empirical works done in this area of research has yielded inconclusive results (Bashir *et al.*, 1993; Bashir, 1999).

The Malaysian banking system has a unique setting, where conventional banks are allowed to offer Islamic banking and finance products along with the conventional products. This dual banking system provides an interesting ground to investigate the efficiency of domestic and foreign banks. As Malaysia is the only country in this world that implement the dual banking system, this study would be the first empirical investigation to examine the efficiency of domestic versus foreign banks that provides Islamic banking services alongside the traditional conventional banking services.

By applying the non-parametric Malmquist Productivity Index (MPI) methodology, we attempt to investigate the sources of productivity change of Malaysian Islamic banks during the period of 2001-2004. The preferred methodology has allowed us to isolate efforts to catch up to the frontier (efficiency change) from shifts in the frontier (technological change). Also, the Malmquist index enables us to explore the main sources of efficiency change: either improvements in management practices (pure technical efficiency change) or improvements towards optimal size (scale efficiency change). Additionally we have also performed a series of parametric and non-parametric tests to examine whether the domestic and foreign banks were drawn from the same population. Finally, we have employed the Spearman Rho Rank-Order and the Parametric Pearson correlation coefficients to investigate the association between the efficiency scores derived from the Malmquist results with the traditional accounting ratios to measure banks performance.

Our results suggest that Malaysian Islamic banks productivity have exhibited an inverted U-shaped behaviour during the period of our study. The Malaysian Islamic banks have exhibited 8.4% productivity progress in year 2002, increasing to record the highest productivity change of 11.2% in year 2003, before declining to record 4.6% productivity regress in year 2004. Our results suggest that the domestic banks have exhibited higher productivity growth compared to its foreign counterparts. The decomposition of the productivity change index suggests that Malaysian Islamic banks productivity progress was mainly attributable to technological change rather than efficiency change during the years 2002 and 2003 while the opposite was true during the year 2004 when the results suggest that Malaysian Islamic banks have exhibited higher efficiency change. Further decomposition of the efficiency change index into its pure technical and scale efficiency components suggest that, during the period of study pure technical efficiency has largely resulted in Malaysian Islamic banks efficiency increase. However, the results may have to be interpreted with caution as Malaysian Islamic banks were found to have exhibited pure technical efficiency decline in years 2000 and 2003 before increasing strongly in year 2004, which has eliminated the negative effects of years 2002 and 2003.

We have also explored the relationship between different Malaysian Islamic banks size and their productivity. Our results indicate that while the majority of Malaysian Islamic banks experiencing productivity progress due to technological progress came from the medium banks group, on the other hand, the majority of Malaysian Islamic banks that experienced productivity regress due to technological regress came from the small banks group. The results imply that the small Malaysian Islamic banks with its limited capabilities have lagged behind its larger counterparts in terms of technological advancements.

The remainder of the paper is organised as follows: The following section provides some background on the Islamic banking system in Malaysia. Section 3 reviews the related studies with respect to the Islamic banking industry. Section 4 describes the data, sources and model specification, which is employed in the study. Empirical results are presented in section 5. Finally, we conclude in section 6.

Background

In Malaysia, Islamic finance traces its root back to 1963, with the establishment of the Pilgrims Fund Board or Lembaga Tabung Haji (LTH). This was a savings mechanism under which, devout Malaysian Muslim set aside regular funds to cover the costs of performing the annual pilgrimage. These funds were in turn invested in productive sectors of the economy, aimed at yielding return uncontaminated by *riba*.

As a country which population is dominated by Muslims, Malaysia was also affected by the resurgence that had taken place in the Middle East. Many parties were calling for the establishment for an Islamic bank in Malaysia. For example, in 1980, the Bumiputera Economic Congress had proposed to the Malaysian Government to allow the setting up of an Islamic bank in the country. Another effort was the setting up of the National Steering Committee in 1981 to undertake a study and make recommendations to the Government on all aspects of the setting up and operations of Islamic bank in Malaysia, including the legal, religious and operational aspects. The study concluded that the establishment of an Islamic bank in Malaysia would be a viable project from the operation and profits point of views. The conclusion marked the establishment of the first Islamic bank in Malaysia, Bank Islam Malaysia Berhad (BIMB) in July 1983, with an initial paid up capital of RM80 million.

The establishment of BIMB has marked a new milestone for the development of the Islamic financial system in Malaysia. BIMB carries out banking business similar to other commercial banks, but along the principles of *Syari'ah*. The bank offers deposit-taking products such as current and savings deposit under the concept of *Al-Wadiah Yad Dhamanah* (guaranteed custody) and investment deposits under the concept of *Al-Mudharabah* (profit-sharing). The bank grants financing facilities such as working capital financing under *Al-Murabahah* (cost-plus), house financing under *Bai' Bithaman Ajil* (deferred payment sale), leasing under *Al-Ijarah* (leasing) and project financing under *Al-Musyarakah* (profit and loss sharing).

It has been the aspiration of the Government to create a vibrant and comprehensive Islamic banking and finance system operating side-by-side with the conventional system. A single Islamic bank does not fit the definition of a system. An Islamic banking and finance system requires a large number of dynamic and pro-active players, a wide range of products and innovative instruments, and a vibrant Islamic money market. The first step in realising the vision was to disseminate Islamic banking on a nationwide basis with as many players as possible and within the shortest period possible. This was achieved through the introduction of *Skim Perbankan Islam* (SPI) in March 1993. SPI allows conventional banking institutions to offer Islamic banking products and services using their existing infrastructure, including staff and branches. The scheme was launched on 4 March 1993 on a pilot basis involving three banks. Following the successful implementation of the pilot-run, Bank Negara Malaysia (BNM) has allowed other commercial banks, finance companies and merchant banks to operate the scheme in July 1993 subject to the specific guidelines issued by the central bank. From only three banks offering Islamic financing in March 1993, the number of commercial banks that offered Islamic financing has increased to 15 (of which 4 are foreign banks).

The Islamic banking system, which forms the backbone of the Islamic financial system, plays an important role in mobilising deposits and providing financing to facilitate economic growth. The Malaysian Islamic banking system is currently represented by 15 banking institutions comprised of nine domestic commercial banks, four foreign commercial banks and two Islamic banks offering Islamic banking products and services under the Islamic Banking Scheme (IBS). These Islamic banking institutions offer a comprehensive and broad range of Islamic financial products and services ranging from savings, current and investment deposit products to financing products such as property financing, working capital financing, project financing plant and machinery financing, etc.

The ability of the Islamic banking institutions to arrange and offer products with attractive and innovative features at prices that are competitive with conventional products, has appealed to both Muslim and non-Muslim customers, reflecting the capacity of the Islamic banking system as an effective means of financial intermediation, with extensive distribution networks of Islamic banking institutions, comprising 152-full-fledged Islamic banking branches and more than 2,000 Islamic banking counters. Islamic banking has also spurred the efforts by other non-bank financial intermediaries such as the development financial institutions, savings institutions and housing credit institutions to introduce Islamic schemes and instruments to meet their customer demands.

Today, Malaysia has succeeded in implementing a dual banking system and has emerged as the first nation to have a full-fledged Islamic system operating side-by side with the conventional banking system. Throughout the years, the Islamic banking has gained its significance, and has been on a progressive upward trend. Since 2000, the Islamic banking industry has been growing at an average rate of 19% per annum in terms of assets. As at end-2004, total assets of the Islamic banking sector increased to RM94.6 billion, which accounted for 10.5% of the total assets in the banking system. The market share of Islamic deposits and financing increased to 11.2% and 11.3% of total banking sector deposits and financing respectively. The rapid progress of the domestic Islamic banking system, accentuated by the significant expansion and developments in Islamic banking and finance has become increasingly more important in meeting the changing requirements of the new economy (Bank Negara Malaysia, 2004).

Related Studies

Despite the considerable development of Islamic banking sector, there are still limited studies focusing on the efficiency of Islamic banks. Several studies that have been devoted to assess the performance of Islamic banks have generally examined the relationship between profitability and banking characteristics. Bashir (1999) and Bashir (2001) perform regression analyses to determine the underlying determinants of Islamic performance by employing bank level data in the Middle East. His results indicate that the performance of banks, in terms of profits, are mostly generated from overhead, customer short term funding, and non-interest earning assets. Furthermore, Bashir (2001) claims that since deposits in Islamic banks are treated as shares, reserves held by banks propagates negative impacts such as reducing the amount of funds available for investment.

Samad and Hassan (1999) applied financial ratio analysis to investigate the performance of a Malaysian Islamic bank over the period 1984-1997. Their results suggest that in general, the managements' lack of knowledge was the main reason for slow growth of loans under profit sharing. Despite that, the bank was found to perform better compared to its conventional counterparts in terms of liquidity and risk measurement (lower risks). Although the study was based only on a single Islamic bank in Malaysia, the result has shed some light on the example from outside the Middle East area. In another study, Sarker (1999) utilised a Banking Efficiency Model to examine Islamic Banks efficiency in Bangladesh. He claimed that, Islamic banks could survive even within a conventional banking architecture in which profit and loss modes of financing were less dominated. Sarker (1999) further argued that, Islamic products have different risk characteristics and consequently different prudential regulation should be erected.

More recently, Hassan (2005) examined the relative cost, profit, X-efficiency and productivity of the world Islamic Banking industry. Employing a panel of banks during 1993-2001, he used both the parametric (Stochastic Frontier Approach) and non-parametric (Data Envelopment Analysis) techniques as tools to examine the efficiency of the sample banks. He calculated five DEA efficiency measures namely cost, allocative, technical, pure technical and scale and further correlated the scores with the conventional accounting measures of performance. He found that the Islamic banks are more profit efficient, with an average profit efficiency score of 84% under the profit efficiency frontier compared to 74% under the stochastic cost frontier. He also found that the main source of inefficiency is allocative rather than technical. Similarly, his results suggest that the overall inefficiency was output related. The results suggest that, on average, the Islamic banking industry is relatively less efficient compared to their conventional counterparts in other parts of the world. The results also show that all five efficiency measures are highly correlated with ROA and ROE, suggesting that these efficiency measures can be used concurrently with the conventional accounting ratios in determining Islamic banks performance.

Methodology

Three different indices are frequently used to evaluate technological changes: the Fischer (1922), Tornqvist (1936), and Malmquist (1953) indexes. According to Grifell-Tatje and Lovell (1996), the Malmquist index has three main advantages relative to the Fischer and Tornqvist indices. Firstly, it does not require the profit maximisation, or the cost minimisation, assumption. Secondly, it does not require information on the input and output prices. Finally, if the researcher has panel data, it allows the decomposition of productivity changes into two components (technical efficiency change or catching up, and technical change or changes in the best practice). Its main disadvantage is the necessity to compute the distance functions. However, the Data Envelopment Analysis (DEA) technique can be used to solve this problem.

Following Fare *et al.* (1994) and Fukuyama (1995) among others, the output oriented Malmquist productivity change index will be adopted for this study. Output orientation refers to the emphasis on the equi-proportionate increase of outputs, within the context of a

given level of input. The output based Malmquist productivity change index may be formulated as:

$$M_j^{t+1}(y^{t+1}, x^{t+1}, y^t, x^t) = \left[\frac{D_j^t(y^{t+1}, x^{t+1})}{D_j^t(y^t, x^t)} \times \frac{D_j^{t+1}(y^{t+1}, x^{t+1})}{D_j^{t+1}(y^t, x^t)} \right]^{\frac{1}{2}} \quad (1)$$

where M is the productivity of the most recent production point (x_{t+1}, y_{t+1}) relative to the earlier production point (x_t, y_t) . D 's are output distance functions. A value greater than unity will indicate positive factor productivity growth between two periods. Following Fare *et al.* (1993) an equivalent way of writing this index is:

$$M_j^{t+1}(y^{t+1}, x^{t+1}, y^t, x^t) = \frac{D_j^{t+1}(y^{t+1}, x^{t+1})}{D_j^t(y^t, x^t)} \times \left[\frac{D_j^t(y^{t+1}, x^{t+1})}{D_j^{t+1}(y^{t+1}, x^{t+1})} \times \frac{D_j^t(y^t, x^t)}{D_j^{t+1}(y^t, x^t)} \right]^{\frac{1}{2}} \quad (2)$$

or

$$M = TE \times TC$$

where

$$\text{Technical Efficiency (TE)} = \frac{D_j^{t+1}(y^{t+1}, x^{t+1})}{D_j^t(y^t, x^t)} \quad (3)$$

$$\text{Technical Change (TC)} = \left[\frac{D_j^t(y^{t+1}, x^{t+1})}{D_j^{t+1}(y^{t+1}, x^{t+1})} \times \frac{D_j^t(y^t, x^t)}{D_j^{t+1}(y^t, x^t)} \right]^{\frac{1}{2}} \quad (4)$$

where M is the product of a measure of technical progress TC as measured by shifts in the frontier measured at period $t+1$ and period t and a change in efficiency TE over the same period.

In order to calculate these indices it is necessary to solve several sets of linear programming problems. We assume that there are N financial institutions and that each varying amounts of K different inputs to produce M outputs. The i th financial institutions is therefore represented by the vectors x_i, y_i and the $K \times N$ input matrix X and the $M \times N$ output matrix Y represent the data of all financial institutions in the sample. The purpose is to construct a non-parametric envelopment frontier over the data points such that all observed points lie on or below the production frontier. The calculations exploit the fact that the input distance functions, D , used to construct the Malmquist index are the reciprocals of Farrell (1957) output orientation technical efficiency measures.

The equations 5 and 6 are where the technology and the observation to be evaluated are from the same period and the solution value is less than or equal to unity. The equations 7

and 8 occur where the reference technology is constructed from data in one period, whereas the observation to be evaluated is from another period. Assuming a constant returns to scale, the following output oriented linear programming are used:

$$D_j^t [y^t, x^t]^{-1} = \max_{\theta, \lambda} \theta \quad (5)$$

$$s.t. -y_{jt} + Y_t \lambda \geq 0$$

$$\theta x_{jt} - X_t \lambda \geq 0$$

$$\lambda \geq 0$$

$$D_j^{t+1} [y^{t+1}, x^{t+1}]^{-1} = \max_{\theta, \lambda} \theta \quad (6)$$

$$s.t. -y_{j,t+1} + Y_{t+1} \lambda \geq 0$$

$$\theta x_{j,t+1} - X_{t+1} \lambda \geq 0$$

$$\lambda \geq 0$$

$$D_j^{t+1} [y^t, x^t]^{-1} = \max_{\theta, \lambda} \theta \quad (7)$$

$$s.t. -y_{jt} + Y_{t+1} \theta \geq 0$$

$$\theta x_{jt} - X_{t+1} \lambda \geq 0$$

$$\lambda \geq 0$$

$$D_j^t [y^{t+1}, x^{t+1}]^{-1} = \max_{\theta, \lambda} \theta \quad (8)$$

$$s.t. -y_{j,t+1} + Y_t \lambda \geq 0$$

$$\theta x_{j,t+1} - X_t \lambda \geq 0$$

$$\lambda \geq 0$$

This approach can be further extended by decomposing the constant returns to scale technical efficiency change into scale efficiency and pure technical efficiency components. This involves calculating further linear programs where the convexity constraint $\sum \lambda_i = 1$ is introduced to equations 5 to 8. It is apparent that equation (6) and (7) give the Farrell efficiency scores and the programming problems are the dual form of the Charnes *et al.* (1978) data envelopment model. Solutions to these programming models give us the efficiency scores of the j th firm in periods t and $t+1$. By solving the equations with the same data under a constant returns to scale and variable returns to scale, measures of overall technical efficiency, TE , and pure technical efficiency, PTE , are obtained. Hence, dividing the overall technical efficiency, TE , by pure technical efficiency yields a measure of scale efficiency, SE .

By combining these models and the Fare *et al.* (1994) approach, it is thus possible to provide four efficiency indices for each firm and a measure of technical progress over time. These are (i) Technical Efficiency Change (TE), (ii) Technological Change (TC), (iii) Pure

Technical Efficiency Change (PTE), (iv) Scale Efficiency Change and (v) Total Factor Productivity Change (M). M indicates the degree of productivity change; $M > 1$ means that period $(t+1)$ productivity is greater than period t productivity, whilst $M < 1$ means productivity decline and $M = 1$ corresponds to stagnation.

An assessment can be made of the sources of productivity gains or losses by comparing the values of TE and TC . If $TE > TC$, then productivity gains are largely the result of improvements in efficiency. Whereas if $TE < TC$, productivity gains are primarily the result of technological progress.

Data Sample, Inputs-Outputs Definition and the Choice of Variables

For the empirical analysis, *all* Malaysian conventional banks that offered Islamic banking window services were incorporated in the study (see Table 1). The annual balance sheets and income statements used to construct the variables for the empirical analysis were taken from published balance sheet information in annual reports of each individual bank.

Table 1
Banks that Offered Islamic Banking Services in Malaysia

Domestic Banks Offering Window Islamic Banking Services

Affin Bank
Alliance Bank
Arab-Malaysian Bank
EON Bank
Hong Leong Bank
Maybank
Public Bank
RHB Bank
Southern Bank

Foreign Banks Offering Window Islamic Banking Services

Standard Chartered Bank
Hong Kong Bank
OCBC
Citibank

Domestic Full Fledged Islamic Banks

Bank Islam Malaysia
Bank Muamalat

The definition and measurement of inputs and outputs in the banking function remains a contentious issue among researchers. To determine what constitutes inputs and outputs of banks, one should first decide on the nature of banking technology. In the banking theory literature, there are two main approaches competing with each other in this regard: the production and intermediation approaches (Sealey and Lindley, 1977).

Under the production approach, a financial institution is defined as a producer of services for account holders, that is, they perform transactions on deposit accounts and process documents such as loans. Hence, according to this approach, the number of accounts or its

related transactions is the best measures for output, while the number of employees and physical capital is considered as inputs. Previous studies that adopted this approach are among others by Sherman and Gold (1985), Ferrier and Lovell (1990) and Fried *et al.* (1993).

The intermediation approach on the other hand assumes that financial firms act as an intermediary between savers and borrowers and posits total loans and securities as outputs, whereas deposits along with labour and physical capital are defined as inputs. Previous banking efficiency studies research that adopted this approach are among others Charnes *et al.* (1990), Bhattacharyya *et al.* (1997) and Sathye (2001).

For the purpose of this study, a variation of the intermediation approach or asset approach originally developed by Sealey and Lindley (1977) will be adopted in the definition of inputs and outputs used¹. According to Berger and Humphrey (1997), the production approach might be more suitable for branch efficiency studies, as at most times bank branches basically process customer documents and bank funding, while investment decisions are mostly not under the control of branches.

The aim in the choice of variables for this study is to provide a parsimonious model and to avoid the use of unnecessary variables that may reduce the degree of freedom. All variables are measured in millions of Ringgit (RM). We model Malaysian Islamic banks as a multi-product firms producing two outputs by employing three inputs. Accordingly, we assume Malaysian Islamic banks produce Total Loans ($y1$) and Income ($y2$) by employing Total Deposits ($x1$), Labour ($x2$) and Fixed Assets ($x3$).

Table 2 presents the summary of statistics for the outputs and inputs for Malaysian Islamic banking operations. A few conclusions can be drawn. Firstly, over the four-year period, total assets of Malaysian Islamic banking operations grew by about 71% to RM4.82 trillion in year 2004 from RM2.82 trillion in year 2001. Secondly, it is apparent that there has been increasing awareness among Malaysian public about Islamic banking and finance during this period substantiated by the growth in total loans (financing) to the domestic economy and deposits from Malaysian public during this period. During the years (2001-2004), total loans and deposits grew by about 115% and by about 79% respectively. Thirdly, conclusion could also be made about employment in the Islamic banking industry during this period. It is clear from Table 2, the Malaysian Islamic banking and finance industry has created significant employment during this period. As data on the number of employees are not readily made available, we use personnel expenses as a proxy measure. From Table 2 it is apparent that personnel expenses have expanded by approximately 108% during the four-year period. Finally, the Islamic banking and finance industry has increasingly generated awesome returns to Malaysian Islamic banks. During the period of study, we have witnessed more than 122% increase in the mean income of Malaysian Islamic banks, from a mere RM87,122.43 billion in 2001 to RM193,769.33 billion in 2004.

Results

In this section, we will discuss the productivity change of Malaysian Islamic banking industry, measured by the Malmquist Total Factor Productivity (TFPCH) Index and assign

Table 2
Descriptive Statistics for Inputs and Outputs

	2001 (RMb)	2002 (RMb)	2003 (RMb)	2004 (RMb)
Outputs				
<i>Total Loans (y1)</i>				
Min	26,377	20,796	17,096	12,023
Mean	1,441,734.71	1,873,301	2,499,915.20	3,094,485.80
Max	6,409,411	8,253,532	117,03438	14,581,517
S.D	1,937,174.37	2,442,768.01	3,263,292.70	3,868,114.68
<i>Income (y2)</i>				
Min	3,407	3,961	5,917	10,802
Mean	87,122.43	107,506.93	159,752.20	193,769.33
Max	431,401	490,847	571,711	611,655
S.D	127,206.77	153,407.31	166,571.12	193,355.08
Inputs				
<i>Total Deposits (x1)</i>				
Min	79,679	62,266	97,797	627,564
Mean	2,384,403.93	3,117,977.21	3,726,400.40	4,269,593.13
Max	9,064,966	12,166,584	12,577,435	15,965,833
S.D	3,019,347.63	3,833,396.16	4,094,701.14	4,510,658.40
<i>Labour (x2)</i>				
Min	389	743	895	653
Mean	7,737.71	8,703.93	14,726.2	16,115.47
Max	72,398	75,172	88,137	93,865
S.D	18,798.22	19,579.20	26,396.60	27,972.43
<i>Assets (x3)</i>				
Min	140,156	93,056	150,511	834,447
Mean	2,817,694.50	3,512,071.79	4,381,516.13	4,821,954.73
Max	10,358,576	13,204,458	15,578,265	15,578,265
S.D	3,415,938.21	4,222,744.81	4,757,408.56	4,570,657.78

the changes in total factor productivity to Technological Change (TECHCH) and Efficiency Change (EFFCH). We have also attempt to attribute any change in EFFCH to change in Pure Technical Efficiency (PEFFCH) and/or Scale Efficiency (SECH). The summary of annual means of TFPCH, TECHCH, EFFCH, and its decomposition into PEFFCH and SECH for years 2001-2004 is presented in Table 2. Because the year 2001 is the reference year, the Malmquist TFPCH index and its components take an initial score of 1 for 2001. Hence, any score greater (lower) than 1 in subsequent years indicates an improvement (worsening) in the relevant measure. Annual values of the indices for the industry and each Malaysian Islamic banks subgroups are provided in Table 3.

Total Factor Productivity Growth of Malaysian Islamic Banks: An Analysis Based on the Levels

As depicted in Panel 2 of Table 3, the Malmquist results suggest that during the period of 2001-2004, Malaysian Islamic banks have exhibited productivity progress in years 2002 and 2003 before declining in year 2004. With respect to year 2001, the average productivity increase was 8.4% in year 2002, increasing to 11.2% in year 2003 before exhibiting 4.6% productivity regress in year 2004. During the years 2002 and 2003, productivity progress of Malaysian Islamic banks was mainly due to technological change, which increased by 20.3% and 8.5% respectively. The Malaysian Islamic banks have exhibited efficiency decrease by 9.9% in year 2002 before increasing by 2.5% in year 2003. From Table 3 it is apparent that Malaysian Islamic banks technological change has declined by 6.7% in year 2004, however the Malaysian Islamic banks have continued to record positive efficiency change of 2.3% during the year albeit at a slightly lower level compared to the level recorded in year 2003.

The decomposition of the efficiency change into its pure technical and scale efficiency components suggest that the dominant source of the decrease in Malaysian Islamic banks efficiency during the year 2002 was managerially related rather than scale related, implying that the Malaysian Islamic banks were less efficient in controlling their costs during the years, rather than operating at the wrong scale of operations. Similarly, the results suggest that scale efficiency has largely resulted in the increase in Malaysian Islamic banks efficiency during the year 2003. During the year, the scale efficiency of Malaysian Islamic banks increased by 3.3% while the pure technical efficiency declined by 0.8%. In contrast, during the year 2004 the results suggest that Malaysian Islamic banks have exhibited 22.0% decline in the scale efficiency, which was offset by the 26.6% increase in pure technical efficiency during the year.

Panel 2 of Table 3 presents the results for the Malaysia domestic Islamic banks (DOM_BNKS). As observed, the DOM_BNKS have exhibited productivity progress during all years, 7.5% in year 2002 relative to 2001, increasing strongly to exhibit 18.5% productivity progress in year 2003 relative to year 2002 before declining markedly to record 6.6% increase in productivity in year 2004 relative to 2003. The decomposition of the productivity change index into its technological and efficiency change components suggest that the drop in the DOM_BNKS productivity in year 2004 was largely a result of the decline in technological change of 6.3% during the year. In contrast, the strong increase in the DOM_BNKS productivity in year 2003 was also a result of the strong increase in technological change, which increased by 24.7%. The results thus suggest that like the productivity change index, the DOM_BNKS technological change index also follow an inverted U-shaped behaviour during the period of our study.

The decomposition of the efficiency change index into its pure technical and scale efficiency components suggest that the dominant source of the decrease in the DOM_BNKS efficiency in year 2002 was pure technically related while on the other hand the decline in the DOM_BNKS efficiency in year 2003 was scale related rather than managerially related. Similarly, the results suggest that scale efficiency has largely resulted in the increase in the

DOM_BNKS efficiency during the year 2004. During the year 2004, the DOM_BNKS scale efficiency increased by 12.0% while the pure technical efficiency increased by 1.7%.

To further check for the robustness of our results, we have also examined the results of domestic Malaysian Islamic banks (DOM_BNKS) excluding the full-fledged Islamic banks (DOM_XBNKS). The results are presented in Panel 3 of Table 3. Similar to the results for the domestic Malaysian Islamic banks, during the period of study, the results suggest that DOM_XBNKS have exhibited productivity progress during all years albeit higher. The results from Panel 3 of Table 3 suggest that the DOM_XBNKS have exhibited 7.5% productivity growth in 2002 relative to 2001, 18.5% progress in year 2003 relative to 2002 and 6.6% in 2004 relative to 2003. Again, similar to the results for the domestic Malaysian Islamic banks, the decomposition of the productivity change index into its technological and efficiency change components suggest that the DOM_XBNKS productivity growth during the years 2002 and 2003 was largely attributed to technological change, while efficiency change which increased by 12.5% has resulted in the productivity progress in year 2004. It is apparent that the exclusion of the full-fledged Malaysian Islamic banks has resulted in higher technological change of 11.3% from 11.0% found for the results in the same panel and the efficiency change has also increase from 0.9% increase to 1.2% when the full-fledged Malaysian Islamic banks were excluded from the sample. The result of the decomposition of the DOM_XBNKS efficiency change into its pure technical and scale efficiency components are presented in Panel 3 of Table 3. The results from Panel 3 of Table 3 suggest that the exclusion of the full-fledged Malaysian Islamic banks has resulted in only slightly higher scale efficiency of 0.5% increase compared to the 0.3% increase when the full-fledged Malaysian Islamic banks were included in the sample.

The results for the foreign Islamic banks (FOR_BNKS) are presented in Panel 4 of Table 3. As observed, during the period of study the FOR_BNKS productivity was on the declining trend, exhibiting productivity progress of 25.6% in year 2002 before declining substantially to exhibit productivity increased of only 0.7% in year 2003 relative to 2002. It is also apparent from Panel 4 of Table 3 that the FOR_BNKS have exhibited 11.6% productivity regress in year 2004. The decomposition of the productivity change index into its technological and efficiency change components suggest that the drop in the FOR_BNKS productivity in year 2004 was largely attributed to the decline in efficiency change of 27.8% during the year. Unlike the DOM_BNKS, the results suggest that the efficiency change has largely resulted in the increase in the FOR_BNKS productivity in years 2002 and 2003. The FOR_BNKS productivity regress during the year 2004 was also the result of the decline in efficiency.

The decomposition of the efficiency change index into its pure technical and scale efficiency components suggest that the dominant source of the decrease in the FOR_BNKS efficiency in year 2003 was pure technically related while on the other hand the decline in the FOR_BNKS efficiency in year 2004 was scale related rather than managerially related. Similarly, the results suggest that scale efficiency has largely resulted in the increase in the FOR_BNKS efficiency during the year 2002. During the year 2002, the FOR_BNKS scale efficiency increased by 6.9% while the pure technical efficiency was stagnant during the year.

Table 3
Decomposition of Total Factor Productivity Change (TFPCH)
in Malaysian Islamic Banking Industry, 2001-2004

<i>Banks</i>	<i>Indices Productivity Change (TFPCH)</i>	<i>Technological Change (TECHCH)</i>	<i>Efficiency Change (EFFCH)</i>	<i>Pure Technical Efficiency Change (PEFFCH)</i>	<i>Scale Efficiency Change (SECH)</i>
Panel 1: ALL_BNKS					
2002-2001	1.084	1.203	0.901	0.925	0.974
2003-2002	1.112	1.085	1.025	0.992	1.033
2004-2003	0.954	0.933	1.023	1.258	0.813
Mean	1.050	1.074	0.983	1.058	0.940
Panel 2: DOM_BNKS					
2002-2001	1.075	1.145	0.939	0.957	0.981
2003-2002	1.185	1.247	0.950	1.046	0.908
2004-2003	1.066	0.937	1.138	1.017	1.120
Mean	1.109	1.110	1.009	1.007	1.003
Panel 3: DOM_XBNKS					
2002-2001	1.088	1.156	0.941	0.952	0.988
2003-2002	1.204	1.242	0.970	1.053	0.921
2004-2003	1.059	0.941	1.125	1.017	1.106
Mean	1.117	1.113	1.012	1.007	1.005
Panel 4: FOR_BNKS					
2002-2001	1.256	1.175	1.069	1.000	1.069
2003-2002	1.007	1.031	0.977	0.913	1.070
2004-2003	0.884	1.224	0.722	1.095	0.659
Mean	1.049	1.143	0.923	1.003	0.933

Note: The mean scores of the Total Factor Productivity Change (TFPCH) index and its components, Technical Change (TECCH) and Efficiency Change (EFFCH) that is further decomposed into Pure Technical Efficiency Change (PEFFCH) and Scale Efficiency Change (SECH), for all banks (ALL_BNKS) and different forms in the sample, Domestic Banks (DOM_BNKS), Domestic Banks excluding full pledged Islamic Banks (DOM_XBNKS) and Foreign Banks (FOR_BNKS).

Total Factor Productivity Growth of Malaysian Islamic Banks: An Analysis Based on the Numbers

As an analysis based on productivity levels of banks could be biased by a few observations, it would thus be beneficial to perform an analysis based on the number of banks, which is less sensitive to possible outliers. As a robustness check, Table 4 and Table 5 elaborate the productivity of Malaysian Islamic banks by summarising the development in the number of Malaysian Islamic banks, which experienced a productivity progress or regress. As the results in Panel 1 of Table 4 and Table 5 indicate, out of the total 14 Islamic banks operating in Malaysia during the 2001-2004 period, 9 (64.3%) banks had experienced productivity growth in year 2002, increasing to 12 (85.71%) in 2003, before declining to 5 (35.71%) in 2004. Likewise, all Malaysian Islamic banks had seen progress in their technology in 2002, fell to 8 (57.14%) in year 2003, before declining substantially to only 2 (14.3%) in year 2004, with the majority, 12 (85.7%) banks, exhibiting technological regress during the year.

It is also apparent that the number of Malaysian Islamic banks that experienced efficiency increase (decrease) rose (fell) from 3 (8) in year 2002 to 6 (5) in years 2003 and 2004. The decomposition of efficiency change index into its pure technical and scale efficiency components reveals some interesting facts. While the number of Malaysian Islamic banks that exhibit scale efficiency increase and/or decrease remained stable at 8 banks during the period of study, the number of Malaysian Islamic banks that exhibit pure technical efficiency increase (decrease) have increased (decreased) from 2 (5) banks in 2002 to 4 (4) and 7 (1) in 2003 and 2004 respectively.

As the results in Panel 2 of Table 4 and Table 5 indicate, 6 (4) the domestic Malaysian Islamic banks (DOM_BNKS) had experienced productivity growth (regress) in year 2002, the number increased (declined) to 10 (0) in year 2003 before declining (increasing) to 4 (6) in year 2004. Likewise, although there was 9 DOM_BNKS had seen progress in their technology in 2002 with only 1 exhibiting technological regress and further increased to 10 banks in 2003, during the year 2004, the results suggest that almost all DOM_BNKS have exhibited technological regress. It is also apparent from Panel (b) of Table 4 and 5 that the number of DOM_BNKS that experienced efficiency increase (decrease) increased (declined) from 2 (6) in 2002 to 4 (3) in year 2004. The decomposition of efficiency change into its pure technical and scale efficiency components suggest that the number of DOM_BNKS that exhibit pure technical efficiency increase rose from only one bank in 2002 to 3 banks in 2003 before falling again to 2 banks in 2004. It is also apparent from Panel 2 of Table 4 and Table 5 that during the period of study the majority of DOM_BNKS have exhibited pure technical efficiency stagnation. On the other hand, the number of DOM_BNKS that experienced scale efficiency increase declined from 3 banks in 2002 to 2 in 2003, before increasing again to 4 banks in 2004.

As the results in Panel 3 of Table 4 and Table 5 suggest, the results by excluding the full-fledged Malaysian Islamic banks (DOM_XBNKS) has resulted in a lower number of banks experiencing productivity regress in year 2002, while the number of banks experiencing productivity progress have also decline in year 2004. The results suggest that 6 DOM_XBNKS had experienced productivity growth in year 2002, 9 in 2003, before declining to 3 in 2004. On the other hand, the number of DOM_XBNKS that experienced productivity decline fell from 4 in year 2002 to 3, while it has remained the same for years 2003 and 2004. Similarly, the number of DOM_XBNKS exhibiting technological change progress declined from 9 and 10 banks in Panel 2 of Table 4 to 8 and 9 banks in Panel 3 of Table 4. It is also apparent from Panel 3 of Table 4 that the number of DOM_XBNKS that experience efficiency increase (decrease) rose (fell) from 2 (5) in year 2002 to 3 (3) in years 2003 and 2004. The decomposition of efficiency change index into its pure technical and scale efficiency components suggest that the number of DOM_XBNKS that exhibited pure technical efficiency increase has remained stable at 2 in 2002 and 2003, before increasing to 3 in year 2004. During all years, the majority of DOM_XBNKS were found to have recorded stagnation in their pure technical efficiency level. Similarly, the number of DOM_XBNKS that exhibit scale efficiency increase has remained the same as in Panel 2 of Table 4. On the other hand, the results from Panel 3 of Table 4 suggest that the exclusion

Table 4
Developments in the Number of Malaysian Islamic Banks With Productivity Progress (Regress)
and Efficiency Increase (Decrease)

Period	Productivity Change (TFPCH)		Technological Change (TECHCH)		Efficiency Change (EFFCH)		Pure Efficiency Change (PEFFCH)		Scale Efficiency Change (SECH)	
	Progress (#)	No Δ (#)	Progress (#)	No Δ (#)	Increase (#)	Decrease (#)	Increase (#)	Decrease (#)	No Δ (#)	Increase (#)
Panel 1:										
ALL_BNKS										
2002-2001	9	5	0	14	0	3	8	2	5	7
2003-2002	12	2	0	8	6	0	5	4	4	6
2004-2003	5	9	0	2	12	0	5	7	1	6
Panel 2:										
DOM_BNKS										
2002-2001	6	4	0	9	1	0	6	2	1	3
2003-2002	10	0	0	10	0	0	4	3	3	0
2004-2003	4	6	0	1	9	0	3	3	2	0
Panel 3:										
DOM_XBNKS										
2002-2001	6	3	0	8	1	0	5	2	1	3
2003-2002	9	0	0	9	0	0	3	3	3	0
2004-2003	3	6	0	1	8	0	3	3	2	0
Panel 4:										
FOR_BNKS										
2002-2001	4	0	0	4	0	0	1	2	0	0
2003-2002	2	2	0	2	2	0	1	2	0	1
2004-2003	2	2	0	3	1	0	2	2	0	3

Note: Malaysian Islamic banks are categorised according to the following. Productivity Growth: TFPCH > 1, Productivity Loss TFPCH < 1, Productivity Stagnation: TFPCH = 1; Technological Progress: TECHCH > 1, Technological Regress TECHCH < 1, Technological Stagnation: TECHCH = 1; Efficiency, Pure Technical and Scale increase: EFFCH, PEFFCH and SECH > 1, Efficiency, Pure Technical and Scale decrease: EFFCH, PEFFCH and SECH < 1, No Change in Efficiency, Pure Technical and Scale: EFFCH, PEFFCH and SECH = 1.

Table 5
Developments in the Percentage Change of Malaysian Islamic Banks With Productivity Progress
(Regress) and Efficiency Increase (Decrease)

Period	Productivity Change (TFPCH)		Technological Change (TECHCH)		Efficiency Change (EFFCH)		Pure Efficiency Change (PEFFCH)		Scale Efficiency Change (SECH)	
	Progress (#)	No Δ (#)	Progress (#)	No Δ (#)	Increase (#)	Decrease (#)	Increase (#)	Decrease (#)	Increase (#)	Decrease (#)
Panel 1:										
ALL_BNKS										
2002-2001	64.29	35.71	0.0	100.0	0.0	21.43	57.14	21.43	50.0	21.43
2003-2002	85.71	14.29	0.0	57.14	42.86	0.0	42.86	35.71	21.43	21.43
2004-2003	35.71	64.29	0.0	14.29	85.71	0.0	42.86	35.71	21.43	21.43
Panel 2:										
DOM_BNKS										
2002-2001	60.0	40.0	0.0	90.0	10.0	0.0	20.0	60.0	20.0	30.0
2003-2002	100.0	0.0	0.0	100.0	0.0	0.0	30.0	40.0	30.0	20.0
2004-2003	40.0	60.0	0.0	10.0	90.0	0.0	40.0	30.0	80.0	30.0
Panel 3:										
DOM_XBNKS										
2002-2001	66.67	33.33	0.0	88.89	11.11	0.0	22.22	55.56	33.33	22.22
2003-2002	100.0	0.0	0.0	100.0	0.0	0.0	33.33	33.33	0.0	66.67
2004-2003	33.33	66.67	0.0	11.11	88.89	0.0	33.33	33.33	77.78	33.33
Panel 4:										
FOR_BNKS										
2002-2001	100.0	0.0	0.0	100.0	0.0	25.0	25.0	0.0	100.0	25.0
2003-2002	50.0	50.0	0.0	50.0	50.0	0.0	25.0	50.0	75.0	50.0
2004-2003	50.0	50.0	0.0	75.0	25.0	0.0	50.0	50.0	75.0	50.0

Note: Malaysian Islamic banks are categorised according to the following. Productivity Growth: TFPCH > 1, Productivity Loss TFPCH < 1, Productivity Stagnation: TFPCH = 1; Technological Progress: TECHCH > 1, Technological Regress TECHCH < 1, Technological Stagnation: TECHCH = 1; Efficiency. Pure Technical and Scale increase: EFFCH, PEFFCH and SECH > 1, Efficiency, Pure Technical and Scale decrease: EFFCH, PEFFCH and SECH < 1, No Change in Efficiency, Pure Technical and Scale: EFFCH, PEFFCH and SECH = 1.

of the full-fledged Islamic banks has resulted in the number of DOM_BNKS that experienced scale efficiency decline to fall to 4 banks in years 2002 and 2003, while the number of banks that experienced efficiency increase have also declined to 3 banks in 2004.

Panel 4 of Table 4 and Table 5 discussed the results for the foreign Islamic banks in Malaysia (FOR_BNKS). As the results indicate, during the period of study, 4 FOR_BNKS had experienced productivity growth in year 2002, before declining to 2 banks in years 2003 and 2004. Similarly, while all FOR_BNKS had seen progress in its technology in year 2002, the number declined to 2 banks in 2003 before increasing again to 3 banks in 2004. It is also apparent from Panel 4 of Table 4 and Table 5 that although the number of FOR_BNKS that experienced efficiency increase (decrease) remained stable at 1 (1) in years 2002 and 2003, all FOR_BNKS have exhibited efficiency decline in year 2004. The decomposition of efficiency change index into its pure technical and scale efficiency components suggest that, all FOR_BNKS have exhibited stagnation in their pure technical efficiency in year 2002. The number declined for the worse in years 2003 and 2004 when the results suggest that one FOR_BNKS have exhibited pure technical efficiency decline. Similarly, the number of FOR_BNKS that exhibited scale efficiency increase rose from one bank in year 2002 to 2 banks in 2003. The results however suggest that there was no FOR_BNKS that have exhibited scale efficiency increase in year 2004 with two banks exhibited decline in its scale efficiency while another two banks have exhibited scale efficiency stagnation.

Table 6 is constructed to examine the major sources of productivity progress (regress) and efficiency increase (decrease) in Malaysian Islamic banking sector during the 2001 to 2004 period. The results given in Table 6 are simply a decomposition of Table 4 and Table 5. For instance, of those 9 Malaysian Islamic banks that experienced productivity progress in year 2002 as shown in Panel 1 of Table 6, the majority, 7, were the result of technological progress, while two banks productivity progress was mainly due to efficiency increase. On the other hand, of the 5 Malaysian Islamic banks experienced productivity regress in year 2002, all were due to the decline in efficiency.

The results from Panel 1 in Table 6 indicates that of the 3 Malaysian Islamic banks that experienced efficiency increase during the year 2002, 2 banks experienced the increase in efficiency due to the increase in pure technical efficiency while another one bank was due to the increase in its scale efficiency. Also, from the 8 Malaysian Islamic banks that experienced efficiency loss during the year 2002, 5 banks experienced the reduction in their efficiency mainly due to a decrease in their pure technical efficiency, whereas another 3 banks faced the reduction mostly due to a decrease in their scale efficiency. The subgroups results in Panel 2, 3 and 4 of Table 6 yield interesting findings. During the period of study, the results suggest that, the Malaysian Islamic banks productivity progress could mainly be attributed to technological progress, while on a similar account the efficiency increase of Malaysian Islamic banks have largely been the result of the increase in scale efficiency rather than pure technical efficiency. On the other hand, our results suggest that, during the period of study Malaysian banks productivity regress could mainly be attributed to efficiency decrease rather than technological regress, while on a similar note the major source of Malaysian Islamic banks efficiency decline was the result of scale efficiency decline.

Table 6
Major Source of Productivity Progress (Regress) and Efficiency Increase (Decrease)
in Malaysian Islamic Banking Industry

Period	Productivity Progress Mainly Due To	Productivity Regress Mainly Due To	No Productivity Δ	Efficiency Increase Due To	PTE Increase	SE Increase	Efficiency Decrease Due To	PTE Decrease	SE Decrease	No Efficiency Δ
Panel 1:										
ALL_BNKS										
2002-2001	2	7	5	0	0	2	1	5	3	3
2003-2002	5	7	2	0	0	1	5	3	2	3
2004-2003	4	1	3	6	0	4	2	0	5	3
Panel 2:										
DOM_BNKS										
2002-2001	1	5	4	0	0	0	2	3	3	2
2003-2002	1	9	0	0	0	2	1	0	4	3
2004-2003	3	1	1	5	0	0	4	0	3	3
Panel 2:										
DOM_XBNKS										
2002-2001	1	5	3	0	0	0	2	3	2	2
2003-2002	1	8	0	0	0	2	1	0	3	3
2004-2003	2	1	1	5	0	0	3	0	3	3
Panel 3										
FOR_BNKS										
2002-2001	1	3	0	0	0	0	1	0	1	2
2003-2002	0	2	1	1	0	0	1	1	0	2
2004-2003	0	2	2	0	0	0	0	0	2	2

Note: Malaysian Islamic banks are categorised according to the following. (1) Productivity Progress: TFPCH > 1, (2) Productivity Regress TFPCH < 1, (3) Productivity Stagnation: TFPCH = 1. (1) Technological Progress: TECCH > 1, (2) Technological Regress TECCH < 1, (3) Technological Stagnation: TECCH = 1. (1) Efficiency, Pure Technical and Scale increase: EFFCH, PEFFCH and SECH > 1, (2) Efficiency, Pure Technical and Scale decrease: EFFCH, PEFFCH and SECH < 1, (3) No Change in Efficiency, Pure Technical and Scale: EFFCH, PEFFCH and SECH = 1.

Total Factor Productivity Growth of Malaysian Islamic Banks: An Analysis Based on the Size

Malaysian Islamic banks of different sizes might exhibit different operational characteristics. Thus, in this section we attempt divide our sample by size (gross of total assets), to explore the relationship between the Malaysian Islamic banks size and their productivity. Panel 1 of Table 7 exhibit the TFPCH of Malaysian Islamic banks and its components according to size. The results from Panel 1 (a) of Table 7 the row view (r%) suggest that, for instance, during the year 2002, 2 out of 4 SML_BNKS that experienced productivity progress was due to technological progress while the other 2 SML_BNKS was due to efficiency increase. On the other hand, all of the 3 SML_BNKS that experienced productivity regress during the year was due to efficiency decrease.

From a column view perspective (c%), during the year 2002, majority of the Malaysian Islamic banks that experienced productivity progress due to technological progress came from the MED_BNKS group (57.1%) followed by the SML_BNKS group (28.6%). On the other hand, the results from Panel 1 (a) of Table 7 suggest that, of the 5 banks that experienced productivity regress in year 2002, the majority, 60.0%, were from the SML_BNKS followed by the LRG_BNKS and MED_BNKS with (20.0%) share each. The results imply that the small banks with its limited capabilities have lagged behind its larger counterparts in terms of technological advancements.

Panel 2 (a) of Table 7 exhibit the sources of efficiency increase (decrease) of Malaysian Islamic banks according to size. The results from the row view (r%) suggest that, for instance, during the year 2002, one out of the 2 SML_BNKS that experienced efficiency increase, one SML_BNKS efficiency increase was due to pure technical efficiency increase while another SML_BNKS efficiency increase was due to scale efficiency increase. On the other hand, all of the 3 SML_BNKS that experienced efficiency decrease during the year was due to pure technical efficiency. From a column view perspective (c%), during the year 2002, 50.0% of Malaysian Islamic banks that experienced efficiency increase due to pure technical efficiency increase came from the SML_BNKS group, while another 50.0% came from the MED_BNKS group. The results from Panel 2 (a) of Table 7 suggest that, of the 5 banks that experienced efficiency decrease in year 2002 due to pure technical efficiency, the majority, 60.0%, came from the SML_BNKS group, while the MED_BNKS made the rest 40.0%.

After examining the Malmquist results, the issue of interest now is whether the two samples were drawn from the same population and whether the merchant banks and finance companies possess the same technology. The null hypothesis tested was that the domestic banks and foreign banks were drawn from the same population or environment. We tested the null hypothesis that the domestic and foreign banks were drawn from the same population and have identical technologies by using a series of parametric (ANOVA and *t*-test) and non-parametric (Kolmogorov-Smirnov, Mann-Whitney [Wilcoxon Rank-Sum] and Kruskal-Wallis) tests. Based on most of the results presented in Table 8, we failed to reject the null hypothesis at the 0.05 levels of significance that the domestic banks and foreign banks were drawn from the same population and have identical technologies. This implies that,

Table 7
The Source of Productivity Progress (Regress) in Malaysian Islamic Banks With Respect to Size

Year/Size	No. of Bank	Indices											
		No. of Banks with Productivity Progress				No. of Banks With Productivity Regress				No Efficiency Δ			
		Due to Technological Progress		Due Efficiency Increase		Due Technological Regress		Due Efficiency Decrease		Due Efficiency Regress		No Efficiency Δ	
		#	r%	c%	#	r%	c%	#	r%	c%	#	r%	c%
Panel 1:													
(a) 2002-2001	14												
SML_BNKS		2	28.6	28.6	2	28.6	100.0	0	0	0	3	42.8	60.0
MED_BNKS		4	80.0	57.1	0	0	0	0	0	0	1	20.0	20.0
LRG_BNKS		1	50.0	14.3	0	0	0	0	0	0	1	50.0	20.0
Total		7	100.0	100.0	2	100.0	0	0	0	0	5	100.0	0
(b) 2003-2002	14												
SML_BNKS		3	42.8	42.85	2	28.6	40.0	0	0	0	2	28.6	100.0
MED_BNKS		3	60.0	42.85	2	40.0	40.0	0	0	0	0	0	0
LRG_BNKS		1	50.0	14.3	1	50.0	20.0	0	0	0	0	0	0
Total		7	100.0	100.0	5	100.0	0	0	0	0	2	100.0	0
(c) 2004-2003	14												
SML_BNKS		0	0	0	2	33.3	50.0	1	16.7	16.7	3	50.0	100.0
MED_BNKS		0	0	0	1	20.0	25.0	4	80.0	66.6	0	0	0
LRG_BNKS		1	33.3	0	1	33.3	25.0	1	33.3	16.7	0	0	0
Total		1	100.0	100.0	4	100.0	0	6	100.0	100.0	3	100.0	0
Panel 2:													
(a) 2002-2001	14												
SML_BNKS		1	14.3	50.0	1	14.3	100.0	3	42.8	60.0	0	0	28.6
MED_BNKS		1	20.0	50.0	0	0	0	2	40.0	40.0	2	40.0	66.7
LRG_BNKS		0	0	0	0	0	0	0	0	0	1	50.0	33.3
Total		2	100.0	100.0	1	100.0	0	5	100.0	100.0	3	100.0	100.0

Confid....

Year/Size	No. of Bank	Indices											
		No. of Banks with Productivity Progress				No. of Banks With Productivity Regress				No Efficiency Δ			
		Due to Technological Progress		Due Efficiency Increase		Due Technological Regress		Due Efficiency Decrease					
		#	r%	c%	#	r%	c%	#	r%	c%	#	r%	c%
Panel I:													
(b) 2003-2002													
	14												
SML_BNKS		1	14.3	100.0	1	14.3	20.0	3	42.8	100.0	1	14.3	50.0
MED_BNKS		0	0	0	3	60.0	60.0	0	0	0	1	20.0	50.0
LRG_BNKS		0	0	0	1	50.0	20.0	0	0	0	0	0	0
Total		1		100.0	5		100.0	3		100.0	2		100.0
(c) 2004-2003													
	14												
SML_BNKS		3	50.0	75.0	0	0	0	0	0	0	3	50.0	60.0
MED_BNKS		1	20.0	25.0	1	20.0	50.0	0	0	0	1	20.0	20.0
LRG_BNKS		0	0	0	1	33.3	50.0	0	0	0	1	33.3	20.0
Total		4		100.0	2		100.0	0		0	5		100.0

Note: SML_BNKS is defined as banks with total assets < industry's mean, MED_BNKS is defined as banks with total assets in the mean range, while LRG_BNKS is defined as banks with total assets > industry's mean.

r% indicates row wise (relative to the same size group).

c% indicates column wise (relative to other size groups).

there is no significant difference between the domestic and foreign banks technologies (frontiers) and that it is appropriate to construct a combined frontier. Furthermore, the results from the Levene's test for equality of variances do not reject the null hypothesis that the variances among domestic banks and foreign banks were equal, implying that we could assume the variances among domestic and foreign banks to be equal. Our findings corroborates with the findings by among others, Sathye (2001) and Isik and Hassan (2002).

Table 8
Summary of Parametric and Non-Parametric Tests for the Null Hypothesis that Domestic Banks (*db*) and Foreign Banks (*fb*) Possess Identical Technologies (Frontiers)

Individual Tests	Test Groups				
	Parametric Test		Non-Parametric Test		
	Analysis of Variance (ANOVA) test	t-test	Kolmogorov-Smirnov [K-S] test	Mann-Whitney [Wilcoxon Rank-Sum] test	Kruskall-Wallis Equality of Populations test
Hypotheses	Mean _{mb} = Mean _{fc}		Distribution _{mb} = Distribution _{fc}	Median _{mb} = Median _{fc}	
Test Statistics	F (Prb > F)	t (Prb > t)	K-S (Prb > K-S)	z (Prb > z)	χ^2 (Prb > χ^2)
Productivity Change (TFPCH)	0.101 (0.752)	0.318 (0.752)	0.342 (1.000)	-0.168 (0.867)	0.028 (0.867)
Technological Change (TECHCH)	0.598 (0.282)	0.531 (0.598)	0.586 (0.883)	-0.445 (0.656)	0.198 (0.656)
Efficiency Change (EFFCH)	0.820 (0.053)	0.229 (0.820)	0.488 (0.971)	-0.088 (0.930)	0.008 (0.930)
Pure Technical Efficiency Change (PEFFCH)	0.533 (0.395)	0.628 (0.533)	0.537 (0.936)	-0.084 (0.933)	0.007 (0.933)
Scale Efficiency Change (SECH)	0.590 (0.295)	0.543 (0.526)	0.683 (0.739)	-0.571 (0.568)	0.326 (0.568)

Note: Test methodology follows among others, Aly *et al.* (1990), Elyasiani and Mehdiian (1992) and Isik and Hassan (2002). Parametric (ANOVA and t-test) and Non-Parametric (Kolmogorov-Smirnov, Mann-Whitney and Kruskal-Wallis) tests test the null hypothesis that merchant banks and finance companies are drawn from the same efficiency population (environment).

The numbers in parentheses are the *p*-values associated with the relative test.

*** indicate significant at the 0.01 level.

** indicates significant at the 0.05 level.

* indicates significant at the 0.10 level.

Conclusions and Directions for Future Research

This paper attempts to investigate the productivity changes of Malaysian Islamic banks during the post crisis period of 2001-2004, by applying a non-parametric Malmquist Productivity Index (MPI) method. The preferred methodology has allowed us to isolate efforts to catch up to the frontier (efficiency change) from shifts in the frontier (technological change). Also, the Malmquist index enables us to explore the main sources of efficiency

change: either improvements in management practices (pure technical efficiency change) or improvements towards optimal size (scale efficiency change). Additionally we have also performed a series of parametric and non-parametric tests to examine whether the domestic and foreign banks were drawn from the same set of population.

Our results suggest that Malaysian Islamic banks productivity have exhibited an inverted U-shaped behaviour during the period of our study. The Malaysian Islamic banks have exhibited 8.4% productivity progress in year 2002, increasing to record the highest productivity change of 11.2% in year 2003, before declining to record 4.6% productivity regress in year 2004. Our results suggest that the domestic banks have exhibited higher productivity growth compared to its foreign counterparts. The decomposition of the productivity change index suggests that Malaysian Islamic banks productivity progress was mainly attributable to technological change rather than efficiency change during the years 2002 and 2003 while the opposite was true during the year 2004 when the results suggest that Malaysian Islamic banks have exhibited higher efficiency change. Further decomposition of the efficiency change index into its pure technical and scale efficiency components suggest that, during the period of study pure technical efficiency has largely resulted in Malaysian Islamic banks efficiency increase. However, the results may have to be interpreted with caution as Malaysian Islamic banks were found to have exhibited pure technical efficiency decline in years 2000 and 2003 before increasing strongly in year 2004, which has eliminated the negative effects of years 2002 and 2003.

We have also explored the relationship between different Malaysian Islamic banks size and their productivity. Our results indicate that while the majority of Malaysian Islamic banks experiencing productivity progress due to technological progress came from the medium banks group, on the other hand, the majority of Malaysian Islamic banks that experienced productivity regress due to technological regress came from the small banks group. The results imply that the small Malaysian Islamic banks with its limited capabilities have lagged behind its larger counterparts in terms of technological advancements.

Further, to address the issue whether the domestic and foreign banks were drawn from the same sample of population or environment, or whether the domestic and foreign banks have the same technological (frontiers) attribution, we have performed a series of parametric and non-parametric tests. Our results from the parametric and non-parametric tests could not reject the null hypotheses at the 0.05 levels of significance that the domestic and foreign banks operating in were drawn from the same population or environment, suggesting that it is appropriate to construct a single frontier for both the domestic and foreign banks.

Due to its limitations the paper could be extended in a variety of ways. It is suggested that further analysis into the investigation of Malaysian Islamic banks productivity to consider the risk exposure factors. As to establish overall Islamic banks performance, risk exposure factors should be taken into consideration along with the productive efficiency measures. As the best banks may not necessarily be the most efficient producer of loans, but also one, which balances high efficiency with low risk assumptions. Investigation of changes in the efficiency changes over time as a result of technical change or technological progress or regress by employing the Data Envelopment Analysis (DEA) could yet be another extension

to the paper. Future research into the efficiency and productivity of Malaysian Islamic banks could also consider the production function along with the intermediation function.

NOTE

1. Humphrey (1985) presets an extended discussion of the alternative approaches over what a bank produces.

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JIHAD AND NAQSHBANDIYYA 'MURIDISM' IN THE 19th CENTURY NORTH CAUCASUS

Michael Kemper

Abstract: *The article scrutinizes the Islamic resistance movement of 1829-1859 against the Russian conquest of the North Caucasus, and its relation to Sufism. It is widely held that the Naqshbandiyya khalidiyya Sufi brotherhood provided the organizational backbone for this jihad. However, new studies of the 19th century Daghestani Arabic manuscript literature suggest that the three subsequent leaders of the jihad movement, including the famous Imam Shamil, did not act as Sufi masters, and that the organization of their jihad was not based on Sufi networks; while it is true that Shamil had a Sufi shaykh as counselor, for military and administrative purposes he relied almost exclusively on warlords, community leaders, and Islamic qadis. In addition, it is questionable to assume that the Caucasian jihad was simply an outgrowth of the Ottoman Khalidiyya (which has often been described as being in favor of "militancy" against the West), for due to the Russian military blockade of the North Caucasus the Daghestani Khalidiyya developed largely in isolation from Khalidiyya branches elsewhere. It is therefore suggested here that the motivation for jihad was derived not from Sufism, but from an indigenous legal tradition. Since at least the early 18th century Daghestani legal scholars sought to replace the local adat ("customary law", here defined as "communal law") of the Daghestani village communities by Islamic law. This legal tradition is referred to in the proclamations of the Daghestani Imams at the beginning of their jihad as well as in other sources. The conflict with the Russian colonial power erupted when the Russians supported the local Muslim nobility, whose power base was adat law, against the "free" Muslim communities in the*

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mountains who were in the process of adopting Islamic law. Accordingly, the commonly used Sufi term "Muridism" as a designation for the Daghestani jihad movement is a misnomer.

It is generally believed that the Khalidiyya suborder of the Naqshbandiyya was a determining force in the history of the North Caucasus in the 19th century, and partly in the 18th and 20th centuries.¹ For Hamid Algar, the long history of Islamic anti-colonial resistance in Daghestan and Chechnya was "the most remarkable and consistent expression of Khalidi militancy",² implying that the Caucasian resistance was the natural outcome of Khalidi teachings and strategies. From this point of view, ideas that were developed in the Ottoman Empire by Mawlana Khalid (d. 1827) and his disciples - ideas labeled as Sunni revivalism, strict orthodoxy, and "militancy" aiming at defending Muslim interests against European encroachments, combined with the feeling of political responsibility and an inclination towards "activism"³ - were transferred by Khalid's *khalifas* to the North Caucasus, where they fell on fertile ground. Algar takes it for granted that the Islamic resistance against Russian imperialism was "conducted largely under the leadership of Naqshbandi shaykhs, Shaykh Shamil and his successors".⁴ In his view, "it can be asserted that the Khalidiya has survived in its purest and most integral form in the Caucasus".⁵ This idea has been taken up and developed further by scholars like Moshe Gammer⁶ and Anna Zelkina; Zelkina regards the Naqshbandiyya as the "main driving force" behind the social, legal, religious and political transformations of nineteenth-century Chechnya and Daghestan; for her, a "religious structure" in the form of the Khalidiyya Sufi brotherhood transformed into a "political movement and state structure".⁷

This interpretation is mainly based on Russian sources, especially on the accounts of 19th century officers and analysts who saw "Muridism" (Russ., *miuridizm*) as their main enemy, thus identifying Islamic resistance with Sufism.⁸ It was patent to anybody involved in the Caucasian war that the indigenous resistance to the Russian army was based on religious conviction ("fanaticism"), and that the secret of the successes of the three Imams Ghazi-Muhammad (ca. 1830-32), Hamzat Bek (1832-34) and Shamil (1834-59) was the firm bond between a charismatic leader (as Imam or shaykh) and his followers (i.e., the *murids*). Hence the ideological term "Muridism" became an eponym of the whole Islamic resistance.

This article intends to raise some questions concerning this interpretation of the history of the North Caucasian Khalidiyya. To be sure, it is undeniable that the Khalidiyya played a very important role in 19th century Daghestan and Chechnya. On the basis of local Daghestani sources in the Arabic language, however, I would like to argue that the relationship between the Sufi brotherhood on the one hand and the Islamic resistance and the evolving Imamate on the other hand appears to be more complicated than has hitherto been acknowledged. In particular, I would like to challenge the common views that the *jihad* was mainly caused and guided by Khalidiyya teaching, that the Khalidiyya shaykhs took part in the leadership of the movement or even in active warfare, and that the three

Imams regarded themselves as Khalidiyya shaykhs. In my view, one has to take into account that the North Caucasian Khalidiyya emerged and developed under very specific circumstances. To these belongs not only the colonial encroachment of a European power, but above all the rise of an activist *shari'a* / *jihad* movement which was rooted in a powerful regional tradition of discourse on *shari'a* and 'adat law; furthermore, the emergence of an explicitly Islamic state under the three Imams which united diverse peoples of the North Caucasus and resisted the military occupation of the country for more than 30 years, and, finally, the effective Russian blockade which isolated the country for several decades. Accordingly, a new interpretation will have to put a special focus on the indigenous Daghestani and Chechen traditions of power and resistance instead of explaining *jihad* simply by referring to the impact of the "imported" Naqshbandiyya Khalidiyya brotherhood.⁹

The Daghestani Branch of the Khalidiyya Suborder

The Naqshbandiyya was present in several Muslim regions of the Russian empire, especially in Central Asia, the Volga-Ural region and the Caucasus. Central Asia with its centers Bukhara and Samarkand in Transoxania had been the cradle of the Naqshbandiyya in the 14th century; from here the *tariqa* spread to India, the Ottoman empire, as well as to the Volga-Urals. During the 18th century, the Mujaddidiyya branch of the Naqshbandiyya superseded other Naqshbandiyya affiliations and dominated the scene in Transoxania during the whole of the 19th century.¹⁰ The Russian conquest of Turkestan and the defeat of the emirates of Khiva and Bukhara (placed under Russian protectorate in 1868 and 1873 respectively) did not affect the social and political preeminence of Naqshbandi shaykhs; numerous Sufi works from that time indicate that Naqshbandiyya culture flourished well into the early Soviet period.¹¹ It seems that only in one instance a prominent Naqshbandi shaykh was involved in an anti-colonial uprising; this was the rebellion of 1898 in the Ferghana valley led by Dukchi Ishan, which was however quickly suppressed by the Russian army.¹² In most cases, Naqshbandi shaykhs were accommodating to the direct or indirect Russian rule in the region.

The Naqshbandis of Central Asia had close relations to the Tatars and Bashkirs of the Volga-Ural region, who had been living within the Russian Empire since the mid-sixteenth century. With the increasing caravan trade across the Kazakh steppe in the second half of the 18th century, students from the Volga-Urals came in large numbers to Bukhara and Samarkand to study with the local professors (*mudarrisun*), most of whom were affiliated to the Naqshbandiyya. After returning home, these students and scholars spread the Naqshbandiyya (mostly the Mujaddidiyya branch) in the Middle Volga and the Ural regions; for this reason the development of the Naqshbandiyya in these lands is very much linked to the activities of several well-known Mujaddidi shaykhs from Bukhara (especially Niyazquli al-Turkmani, d. 1821, his son 'Ubaydallah and many others), but also from Kabul (Faydkhan al-Kabuli, d. 1802, and his *khalifas*). In 19th century Kazan, Ufa, Sterlibashevo, and other Tatar and Bashkir centers of Muslim learning in the Volga-Urals, most teachers and Sufis were affiliated to the Naqshbandiyya Mujaddidiyya.¹³ Again, no open rebellion of Sufi shaykhs against the Russians is known from these regions in the 19th century; quite to the opposite, Naqshbandi shaykhs were well integrated into the state-controlled Islamic Spiritual

Board, and most muftis of the Board were students of Naqshbandi shaykhs from Central Asia.¹⁴ To be sure, there was a group of village preachers linked to the Naqshbandiyya (like 'Abd al-Rahim al-Utiz-Imani al-Bulghari, d. 1834) who did not participate in this process of integration; however, their resistance to the accommodation to non-Muslim rule was not only based on Naqshbandi ethics, but above all on divergent interpretations of Hanafi law, and it remained at the level of non-violent opposition and self-isolation.¹⁵ In the late 19th century, the Khalidiyya branch of the Naqshbandiyya spread to the Tatar and Bashkir lands, with shaykhs like Zayn Allah Rasuli of Troitsk (d. 1917, himself a *khalifa* of Diya' al-Din al-Gumushkhanawi) and his deputies like Muhammad Murad al-Manzilawi al-Ramzi (d. 1934).¹⁶ At the same time, a Naqshbandiyya Mujaddidiyya shaykh named Baha' al-Din Waysi (Vaisov) rejected the cooperation with the state authorities and the state-linked shaykhs and scholars. Vaisov's movement was obviously linked to millennial expectations around the year 1300 (1882/1883), and one may assume that he regarded himself as the expected Mahdi. Vaisov denounced the state-linked shaykhs and '*ulama*' as infidels, but refrained from taking up arms against them or against the state itself; rather, he preached civil disobedience and non-militant opposition to all authorities. Yet Vaisov managed to establish his own communities in Kazan and in several Tatar villages (as well as in some villages in Turkestan), most of which were dissolved by the Russian authorities in 1884.¹⁷ Here again, no *jihad* evolved.

In conclusion, there was a wide network of Naqshbandi shaykhs and students that reached from Central Asia to the Volga-Urals, and we can trace the transmission of knowledge through this network over many generations at least from the 18th throughout the 19th century and even further into the Soviet period and beyond. A constant flow of individuals, books and ideas connected these regions, and Sufi teachings and new interpretations (like that of Vaisov) spread in both directions even under Russian rule.

In the North Caucasus, a totally different picture emerges. The Daghestani sources such as Nadhir al-Durgili's (d. 1935) biographical dictionary¹⁸ and the writings of Naqshbandiyya shaykhs like Muhammad al-Yaraghi (d. 1839) and Jamal al-Din al-Ghazi-Ghumuqi (d. 1866) do not mention any presence of Naqshbandis in Daghestan and Chechnya prior to the early 19th century. Some scholars suggested that the movement of Shaykh Mansur (d. 1794) in Chechnya, Kabarda and northern Daghestan was inspired by Naqshbandi teachings,¹⁹ but this assumption is not corroborated by any local source; in fact, it seems that Mansur's rather short-lived movement (which arose around the year 1200/1785-86) and his fight against Russian troops in Chechnya was much more dependent on messianistic expectations than on any Sufi teachings.²⁰ To be sure, there may have been Naqshbandis in Daghestan before the Khalidiyya, but their traces are lost—or were superseded by the Khalidiyya.²¹

According to the Naqshbandi sources from Daghestan, the brotherhood began to spread in Daghestan only in the 1820s, and already in the form of the Khalidiyya branch. All Daghestani biographical and other works agree that it was Isma'il al-Kurdamiri from Shirwan (today's northern Azerbaijan) who performed the transmission of the Khalidiyya teaching to Daghestan. In general, the story runs as follows. Isma'il (who is said to have died in

1860/61 in Amasya, Anatolia) was a *khalifa* of Mawlana Khalid, with whom he had studied in Sulaymaniyya in Kurdistan. Back in Shirwan, Isma'il had a student called Khass-Muhammad al-Shirwani. This person also studied with Muhammad al-Yaraghi, who was a well-known expert in *fiqh* and other Islamic sciences and who lived in the Lezgi village of Yarag in southern Daghestan. After having obtained an *ijaza* by his Sufi preceptor Isma'il, Khass-Muhammad initiated his own teacher of legal subjects, Muhammad al-Yaraghi, into the Khalidiyya; later both of them visited Isma'il in Shirwan, and al-Yaraghi finally obtained an *ijaza* from Isma'il, too.²² Back in Daghestan, al-Yaraghi became the central figure for the spread of the Khalidiyya; among his adepts was the Daghestani (Lak) Jamal al-Din al-Ghazi-Ghumuqi (d. in 1866 in Istanbul), who became a most prominent shaykh in due course and among whose students were the two *jihad* leaders and Imams Ghazi-Muhammad and Shamil.²³ Accordingly, there is an uninterrupted chain of transmission from Mawlana Khalid to Shamil. There are still other shaykhs who are said to have received an *ijaza* by al-Yaraghi, but here the sources differ considerably; in the case of the well-known and influential Avar shaykh 'Abd al-Rahman al-Thughuri (d. 1882), for instance, some sources state that he obtained an *ijaza* from Muhammad al-Yaraghi as well as from Isma'il al-Kurdamiri,²⁴ while rival Khalidis claim that he had never obtained an *ijaza* at all.²⁵

When we compare this description of the Caucasian development with the broad spread of the Naqshbandiyya in Central Asia and the Volga-Urals, it is striking that the Naqshbandiyya entered Daghestan very lately, at only one precise point of time, and that it was introduced by one single person—Isma'il al-Kurdamiri al-Shirwani. How did this transmission from Shirwan to southern Daghestan take place? Did Isma'il have a special teaching which attracted the Daghestanis? The general idea as expounded in most recent Western works on the spread of the Khalidiyya in Daghestan is that Isma'il propagated Mawlana Khalid's "militant" ideas, and that due to the increasing Russian pressure on the Daghestani Muslim princes and the Daghestani communities the Khalidi teaching fell on fertile ground and turned into a *jihad* movement.²⁶ This idea is mostly based on the works of the officer of the Russian army Prushanovskii (written in 1843) and the German poet and writer Friedrich Bodenstedt (1848).²⁷ Both authors describe in vivid images how Isma'il preached to his students (and especially to al-Yaraghi from Daghestan) that it is necessary to expell the Russians from the Muslim lands and to wage *jihad*. Allegedly, these talks took place in Isma'il's garden in Kurdamir. Bodenstedt claims that he had an old Arabic manuscript at his disposal which contained all the talks and sermons of Isma'il and al-Yaraghi; however, this manuscript has not been found since, and it is very unlikely that such a stenograph had ever existed. Also the style of Bodenstedt's description makes it clear that his account of the Kurdamir conjuration is poetical fiction, based on hearsay and imagination; nevertheless, his account is still taken at face value by many scholars.²⁸

To be sure, Russian generals and even Orientalists of that time did not have a clear idea about which brotherhood was actually standing behind "Muridism". In Prushanovskii's view, Shamil's *jihad* movement and state building was "the teaching of a new, perverted *tarika*", but he refrained from making reference to any special brotherhood. It was the Russian Orientalist Nikolai Khanykov who, in 1847, 'disclosed' the connection between

"Muridism" and the Naqshbandiyya.²⁹ The term Khalidiyya does not figure in 19th century Russian accounts and analyses at all.

What do the existing Khalidiyya sources of Arabic origin tell us about Isma'il al-Kurdamiri? The most prominent Syrian and Iraqi Khalidiyya hagiographies mention him among the *khalifas* who received an *ijaza mutlaqa* from Mawlana Khalid in Sulaymaniyya. Isma'il is counted among the best *khalifas* of Khalid, and it is stated that he initiated many adepts into the Khalidiyya. The hagiographies also refer to a very harsh letter of Mawlana Khalid in which Khalid reproached his *khalifa* for having his disciples perform the Sufi meditation practice of *rabita* towards his own, Isma'il's, "image", not towards that of Mawlana Khalid in the manner that Khalid had prescribed.³⁰ Isma'il is reported to have repented immediately,³¹ and no further consequences of this quarrel between the head of the Khalidiyya and his deputy are mentioned. Mawlana Khalid's insistence on having the *rabita* performed to himself is generally interpreted as a means to secure his own central position as well as the unity of his branch and to keep his *khalifas* dependent on him.³² Thus almost all we know about Isma'il from these sources is that he committed an act of disobedience towards his own preceptor and disagreed with him in a rather central question of Khalidiyya Sufi practice.

The letter implies that this dispute took place while Isma'il was active not in the Caucasus, but in eastern Anatolia, for Mawlana Khalid also scolds him for competing with other *khalifas* in the regions of Erzincan and Bitlis. However, most Khalidiyya sources from the Arabic provinces of the Ottoman Empire do not even mention that Isma'il had been active in the Caucasus, and that it was him who introduced the Khalidiyya to the North Caucasus.³³ Could it be that the Khalidis in the Arab lands were not aware of the role of their brotherhood in the North Caucasian war against the Russians? We know that Shamil and the Daghestani and Chechen resistance to the Russians were very popular among the Muslim population of Damascus and other cities; see, for instance, the short but warm correspondence between Shamil and 'Abd al-Qadir al-Jaza'iri during the latter's exile in Damascus in the 1860s.³⁴ So why do the 19th century Khalidiyya sources not mention the Daghestani Imams as their brothers in the *tariqa*?

The earliest explicit mention of the Caucasian *jihad* in the Khalidiyya hagiographical literature that I have been able to consult is made in Muhammad b. Sulayman al-Baghdadis *al-Hadiqa al-nadiyya*, printed in 1313 (1895).³⁵ According to this work, the two Imams and *mujahids* "Shaykh Quzi-Mulla" (obviously referring to the first Imam Ghazi-Muhammad) and "Shaykh" Shamil were *khalifas* of Isma'il al-Kurdamiri. As the original author of this work, Muhammad b. Sulayman al-Baghdadi, is reported to have died as early as 1234 (1818-19),³⁶ the above-mentioned paragraph on Shamil (who ruled between 1834 and 1859) cannot have been produced by al-Baghdadi himself but must be a later insertion, which was probably performed by the editor of *al-Hadiqa*, As'ad al-Sahib, in 1895. As'ad al-Sahib, a son of Mawlana Khalid's younger brother Mahmud al-Sahib (d. 1866) and thus a nephew of Khalid, was heavily involved in the struggle for supremacy in the Syrian branch of the Khalidiyya. As'ad al-Sahib's publications belong to the main writings of the Khalidiyya which have been referred to by most subsequent authors. As for As'ad al-Sahib's insertion

on Isma'il and the two Imams in al-Baghdadi's *al-Hadiqa*, its wording corresponds partly with As'ad's commentaries on Isma'il in the famous collection of Khalid's letters *Bughyat al-wajid fi maktubat Hadrat Mawlana Khalid*, which was published by As'ad al-Sahib in 1334 (1915-16). Anyway, both in *al-Hadiqa* and in *Bughya*, the author was obviously not aware of the two or three links of the transmission chain (*silsila*) that stood between Isma'il and Shamil (especially the two Daghestani shaykhs Muhammad al-Yaraghi and Jamal al-Din al-Ghazi-Ghumuqi) - links that are always present in Daghestani Khalidiyya works. Hence we must conclude that the author of this section did not have Daghestani sources at his disposal. This impression is corroborated by the fact that the name of Ghazi-Muhammad is rendered as "Mawlana al-Shaykh Quzi-Mulla" (sic), which is obviously a corrupted version of the form "Kazi-Mulla" used by most 19th century Russian authors for Ghazi-Muhammad.³⁷ This indicates that As'ad al-Sahib obtained this information on the alleged Sufi relationship between Isma'il and the two Imams from a Western or Russian source. In consequence, it seems that before the very last years of the 19th century the Khalidis in the Ottoman empire may have not been aware of the role their brotherhood played in the North Caucasian *jihad* movement, and only later they obtained information about this Sufi linkage from European sources. In fact, we have to keep in mind that the Khalidiyya spread in Daghestan just at the same time when the "mother branch" in Damascus fell into deep crisis. With the demise of Mawlana Khalid in 1827 and the death of Khalid's appointed successor Isma'il al-Anarani the same year, the Damascene Khalidiyya lost its centralist structure; on the top of that, it suffered increasingly from ambiguous state interference into the local succession regulations under the suspicious Ottoman Sultan Mahmud II.³⁸ With several families and factions competing for leadership in the order over decades, it is probable that the external links to regions such as the North Caucasus simply collapsed.

Accordingly, we must assume that the Daghestani branch developed in isolation from its Syrian, Iraqi and Kurdish counterparts. This isolation also resulted from the Russian blockade of Daghestan and Chechnya, for the southern Caucasus (Azerbaijan) as well as the western Caucasus with Georgia and the Black Sea coast were controlled by Russian forces. In fact, there is no indication in the historical sources, be they Russian or Arabic, that any Khalidiyya shaykh from the Ottoman lands (including Isma'il al-Kurdamiri himself who is reported to have died in the Anatolian town of Amasya as late as 1277/1860-61)³⁹ would have entered Daghestan during the *jihad* of 1828/30 to 1859 and revived the link to the other branches.

This impression is underpinned by the lack of Khalidi literature of Ottoman/Arabic origin in Daghestani libraries. I have not been able to discover any book or manuscript of non-Daghestani Khalidis in Daghestan; even the so-called Shamil collection of the Princeton library does not contain any Khalidi work from outside Daghestan.⁴⁰ Furthermore, in the Daghestani body of historical, biographical and hagiographical literature there is not one reference to a work or even a letter written by Mawlana Khalid or his disciples; even Isma'il al-Kurdamiri himself does not seem to have left any works or writings except for one rather general *wasiyya* ("spiritual testament") of ethical content, without any reference to *jihad*.⁴¹ Of course, Mawlana Khalid and Isma'il are mentioned in all Daghestani Khalidiyya *silsilas*

of the mid-19th century;⁴² however, in these *silsilas* as well as in litanies and other works neither Khalid nor Isma'il is given any special treatment—they only serve as transmitters of the Naqshbandiyya blessing (*baraka*), just as all other *silsila* links before them. This leads to the conclusion that just as the Ottoman Khalidis had no idea about the Khalidis in Daghestan, so the Daghestani shaykhs may not have had a clear picture about the role of Khalid and his followers in other parts of the Muslim world. To be sure, Muhammad al-Yaraghi's and Jamal al-Din al-Ghazi-Ghumuqi's own works contain large sections on the practices of the Khalidiyya (like *dhikr*, *rabita*, *muraqaba*, *suhba*, etc.), but again without any special reference to Mawlana Khalid himself—let alone to the alleged political concepts of the Khalidiyya.

Of course, these observations and arguments *ex negativo* are based on a limited amount of literature, and new findings may bring to light more direct links between the Khalidiyya branches. However, it becomes clear that the *jihad* in Daghestan cannot automatically be explained by the advent of Mawlana Khalid's teachings just because Daghestani shaykhs referred themselves to the Khalidiyya.

The Beginnings of the *Shari'a*/Jihad Movement and the Khalidiyya

The Daghestani sources show that both the Khalidiyya Sufi brotherhood and the idea of *jihad* spread in Daghestan in the 1820s. Still, the sources also indicate that the evolution of *tariqa* and *jihad* had separated origins. To begin with, the *jihad* of the three Imams was not the first *jihad* in Daghestan; in fact, there had been a long tradition of Islamic motivated resistance against foreign invaders which goes back at least to the early 1740s when Daghestani princes and communities jointly fought Nadir Shah, the latter being perceived by the Sunnis of Daghestan as the leader of a Shi'i ("Rafidi") army. Although the local correspondences on this crucial event have not yet been studied exhaustively, it seems that the local Sunni scholars (*fuqaha'* of the Shafi'i school of law) played an important role in this resistance, which was, however, not led by an Imam but by several Daghestani princes.⁴³ There is no indication that a Sufi brotherhood was involved in the resistance against Nadir Shah.

The same holds true for the beginning of the *jihad* of the three Imams. In fact, during the whole period between ca. 1830 and 1859 the Islamic discourse of the *jihad* leaders Ghazi-Muhammad and Shamil did not mention any Sufi teachings; rather, it focused on legal issues, especially on the implementation of Islamic law and the abolition of '*adat*. Again, this discourse had a long indigenous tradition. In Daghestan, '*adat* is not just "customary law"; it was not simply perceived as the age-old practice of the forefathers, but rather as legal rules that were laid down in agreements (Arab. sg. *ittifaq*) by the whole village community led by its elected elders (sg. *ra'is*). Individual '*adat* agreements were written down and added to one another until they formed "*adat*-books" which occasionally contain up to 150 individual agreements. The concept of '*adat* thus comprises the whole range of legal practices as they were agreed upon and stipulated by the communities; the Daghestani Muslim community was thus the origin, the guarantor, the object, and the executor of its '*adat* regulations.⁴⁴

'*Adat* books occasionally contain regulations which can also be found in Islamic law; furthermore, there are many cases in which an Islamic prescription was enforced by '*adat* decisions, for instance by imposing a fine on people who refrain from praying or fasting (a penalty which is not foreseen by Islamic law). In general, however, '*adat* was perceived as standing in opposition to divine law, for it was "man-made", and it was implemented not by Islamic functionaries but by elected organs of the village community. A debate between Daghestani scholars on the necessity of replacing '*adat* law by Islamic law has been recorded at least since the late 17th and early 18th centuries. One of the major advocates of Islamic law in Daghestan was the jurist Muhammad b. Musa al-Quduqi (1652-1708/9 or 1716/17) from the Avar mountain village of Kudutl. al-Quduqi argued that the whole body of '*adat* must be replaced by *shari'a* law, and it seems he succeeded in introducing at least several Islamic regulations concerning heritage and other issues in a number of Daghestani village communities; interestingly, these "conversions" to Islamic law were also laid down by the village community in the form of "agreements" (which means that, ironically, Islamic law was basically introduced by an instrument of customary law).⁴⁵ Other Islamic scholars, however, argued in favor of the '*adat* rulings and defended the agency of the traditional village authorities (especially the elders) in pronouncing judgments and imposing fines. One of these scholars who consciously defended certain '*adat* practices was Dawud al-Usishi (d. 1759) from the Dargi village of Usisha, himself a student of Muhammad al-Quduqi.

Exactly this discourse on the relationship between '*adat* and Islamic law was central to the early proclamations of the first Imam Ghazi-Muhammad, which were probably issued in the mid- to late-1820s. In these letters and brochures, Ghazi-Muhammad took up the position of Muhammad b. Musa al-Quduqi in favor of *shari'a*, and attacked the positions of al-Usishi and other scholars. With al-Quduqi's arguments, the first Imam summoned his fellow Muslims to return to Islam and to follow the prescriptions of Quran and Sunna, and he denounced '*adat* as the law of the forefathers and as tantamount to unbelief (*kufir*).⁴⁶ In these letters, as well as in almost the whole body of correspondences of the Imams,⁴⁷ there is hardly any mention of Sufi contents, and certainly no discussion of any political aspects of the Khalidiyya. Obviously, the religious movement that was to develop into "Muridism" clearly focused on legal issues, not on Sufism. It stood in the tradition of a Daghestani legal discourse, and emerged in the first place not against the Russians but against those fellow Muslims who did not follow Ghazi-Muhammad in his endeavor to implement the *shari'a* in the mountain villages.⁴⁸

Ghazi-Muhammad began his activities as a preacher in the mid-1820s in the Avar mountain region of Koisubu; his election or (self) proclamation as Imam may have taken place around 1829 or 1830.⁴⁹ Ghazi-Muhammad recruited his most ardent followers from the youth of the Avar village communities. These young men, so it seems, were disappointed by the traditional village elites as well as by the Avar princes, who were accused of political accommodation to the unbelievers and of a non-Islamic lifestyle. Ghazi-Muhammad tried to take over the Avar villages by leading his followers against those village elders and *qadis* who had turned down his demands to introduce *shari'a* law. Such conflicts began as restricted brawls but soon developed into killings and full-fledged military campaigns.

While Ghazi-Muhammad's movement began in the Avar regions, located in the north of central Daghestan, the Khalidiyya had its first centers in the south of the country and spread northward only in due course. As has been shown, Isma'il al-Kurdamiri from Shirwan (Azerbaijan) had initiated Muhammad al-Yaraghi from the Lezgi village of Yarag, southern Daghestan. al-Yaraghi's own correspondences show that he in turn initiated several people in the region of Tabasaran, which is located to the west of Derbend, as well as in the Lak region of Kumukh, central Daghestan, where his foremost (though initially not uncontested) *khalifa* was Jamal al-Din al-Ghazi-Ghumuqi.⁵⁰ It was Jamal al-Din who brought the first Imam Ghazi-Muhammad as well as Shamil (the future third Imam) into the brotherhood. An Arabic manuscript recorded by a Naqshbandi student of Shaykh Jamal al-Din relates that Ghazi-Muhammad at first despised the Sufi brotherhood and did not want to get involved in it. Only later, that is, when his *shari'a* movement was already advancing in the Avar regions, did Ghazi-Muhammad visit the shaykh Jamal al-Din in Kumukh; he experienced a 'captivation' (*jadhba*) at the shaykh's hands and obtained his initiation into the Khalidiyya.⁵¹ This account underpins our assumption that the activist movement of Ghazi-Muhammad and Shamil began independently of the Khalidiyya's spread in Daghestan, and that the two movements converged only at a later point of time.

As the Khalidiyya teaching is generally described as being strictly 'orthodox', the connection between the *tariqa* and the Daghestani *shari'aljihad* movement should not come as a surprise. However, this coalition building was not a smooth process, for individual Khalidiyya shaykhs had divergent opinions on the question of *jihad*. The first major conflict occurred already when Ghazi-Muhammad began to summon for *jihad* against the unbelievers. His immediate Khalidi preceptor, Jamal al-Din, opposed Ghazi-Muhammad's call to war and urged him to continue his mission peacefully, by sermons and arguments.⁵² Disappointed by Jamal al-Din, Ghazi-Muhammad turned to Jamal al-Din's shaykh, Muhammad al-Yaraghi, the uncontested head of the Daghestani Khalidiyya at that time. It seems that al-Yaraghi had just been insulted or even expelled from his native village by Aslan Khan of Kumukh, a Russian puppet prince who was at that time in charge of most of southern Daghestan. The story goes that Ghazi-Muhammad asked al-Yaraghi whether he should obey his shaykh, who opposed *jihad*, or God's word, obviously meaning those verses of the Quran which call for unrestricted *jihad*.⁵³ al-Yaraghi is reported to have allowed Ghazi-Muhammad to go to war, and subsequently Jamal al-Din had to give in, too.⁵⁴

This early conflict on authority and legitimization created the pattern of relationship between the Sufis and the Imams that was to be followed through the whole *jihad* period until Shamil's surrender in 1859: the political and military decisions were taken not by the Sufis, but by the Imams, who in their turn needed the moral authority of the Khalidiyya shaykhs to secure the people's obedience. Although there is no doubt that the Imams were initiated (*ma'dhun*) into the Khalidiyya, the local Arabic literature of the *jihad* period does not claim that Ghazi-Muhammad or Shamil had obtained *ijazas* of the two shaykhs, or that the Imams had themselves acted as their *khalifas* or as independent shaykhs.⁵⁵ Rather, for the Islamic legitimization of their activities the Imams always depended on their Sufi shaykhs

Muhammad al-Yaraghi (who died in 1839 in the Avar village of Sogratl) and Jamal al-Din al-Ghazi-Ghumuqi (d. 1866 in Istanbul). In the shadow of these shaykhs, however, the Imams were able to maintain a far-reaching agency; as the above-mentioned account shows, Ghazi-Muhammad even successfully played off the senior Daghestani shaykh al-Yaraghi against his own initial shaykh Jamal al-Din when the latter refused to support his political plans.

Ghazi-Muhammad died in battle in 1832. As Shamil had been severely wounded in the same fight, it was Hamzat Bek, another deputy of Ghazi-Muhammad, who took over the leadership of the movement. In contrast to Ghazi-Muhammad and Shamil who were freemen from an Avar village, Hamzat Bek was the son of a nobleman who had served the Avar princes of Khunzakh. Himself linked to the princely family, Hamzat Bek tried to win over the princes by besieging their capital of Khunzakh; when he enforced negotiations with the princes, these meetings ran out of control and ended in the massacre of the whole Avar princely family and Hamzat Bek's capture of Khunzakh in 1834. Now residing at the heart of the old Avar emirate, Hamzat Bek may have regarded himself as the new Amir of Daghestan. However, his reign was rather short-lived, for he was assassinated that same year by relatives of the Avar nobility whom he had killed so recently. It is notable that Hamzat Bek is not reported to have been linked to the Khalidiyya at all.

After the death of Hamzat Bek, Shamil succeeded in winning the support of Jamal al-Din and other scholars and military leaders, and he was widely acknowledged as the third Imam. During his first years, however, there were several other military leaders who challenged his leadership. In northern Daghestan and Chechnya, Shamil's most important rival was Hajji Tshaw. This man, however, not only tried to use the Khalidiyya shaykhs for the legitimization of his claim to power, as Shamil did, but even claimed to be a shaykh himself. The conflict between Hajji Tshaw and Shamil is reflected in a letter of Tshaw to Jamal al-Din, Shamil's Sufi master. In this letter, Tshaw claimed that he himself was initiated by Muhammad al-Yaraghi as *khalifa* for the whole of Chechnya and the Northwest Caucasus to the shores of the Black Sea; for this reason, Tshaw argued, Jamal al-Din had no right to interfere with his affairs and was not entitled to install *khalifas* in Chechnya. As Jamal al-Din was Shamil's preceptor, it is obvious that by denying Jamal al-Din's authority over his region and over himself, Tshaw also denied Shamil's claim to power in Chechnya.⁵⁶ Anyway, as Shamil's position was becoming stronger in Daghestan and Chechnya, Hajji Tshaw was compelled to acknowledge Shamil's claim to the Imamate (n.b.: not as a Sufi shaykh, but as a secular ruler, *Imam*) in 1836, and he finally disappeared from the scene in 1841.⁵⁷

Against this background it becomes clear why Shamil, and Ghazi-Muhammad before him, may have decided not to lay claim to shaykhdom. For them it was more rewarding to obtain and keep the support of the most prominent Khalidiyya shaykhs in Daghestan than to run the risk of being forced into competition with them. In fact, no contemporary Arabic source from Daghestan ever mentions Shamil as a "shaykh"; this title is linked to his name only in later Daghestani works (such as Nadhir al-Durgili's biographical dictionary *Nuzhat al-adhhan* of the 1930s)⁵⁸ as well as in foreign, predominantly Ottoman sources, where the title of shaykh may have been simply honorific. There is no indication at all that Shamil

had acted as a shaykh, or that he educated Sufi *muridun*; even today there is no *silsila* among the Daghestani Khalidis that would contain Shamil as one of its links.

However, Sufi terms and symbols were widely used by Shamil. For instance, Shamil is reported to have used Sufi *dhikr* hymns (especially the *la ilaha illa Llah*) as war chants of his troops during marches and attacks.⁵⁹ The most obvious militarization of Sufi terms, however, is the transformation of the Sufi term *murid* (lit., “seeker [on the Sufi path to God]”). In the Arabic literature of the *jihad* movement, the term *murid* is widely deprived of its Sufi connotation and turns into a synonym for “devote fighter for Islam”;⁶⁰ this shift of meaning led to the Russian perception of the whole anticolonial movement as “Muridism”. Shamil himself is reported to have made a distinction between the “*murids* of the *tariqa*” who spent their time with Sufi practices and who were not compelled to join the troops of the Imamate, and the “*murids* of the *na'ibs*”, denoting the elite warriors linked to the deputies (sg. *na'ib*) of the Imam as well as to the Imam himself.⁶¹ Except for Hajji Tashaw, there is no documentation of any Khalidiyya shaykh being involved in military recruitment, training, fighting, or leadership during Shamil's reign. The most obvious function of Khalidiyya shaykhs was to legitimize Shamil's rule and actions. Thus Jamal al-Din is reported to have traveled widely within the Imamate, often accompanying Shamil and preaching submission to him. Still, Jamal al-Din never gave up his personal opinion that peace with the Russians would be preferable to a war which could not be won.⁶²

Post-*jihad* developments

Shamil was forced to surrender in 1859, and that year Russian troops for the first time occupied the whole territory of Daghestan. During the following decades several rebellions broke out, the most encompassing and effectful being that of 1877. This rebellion was led by another Imam, Hajji-Muhammad al-Thughuri, who was himself the son of the famous Naqshbandi shaykh ‘Abd al-Rahman al-Thughuri (d. 1882) from the Avar village of Sogratl. The role of the Khalidiyya in this insurrection, which affected large parts of Daghestan and Chechnya,⁶³ has not yet been put under due scrutiny; although Sufis seem to have played a major role in propagating the insurrection, the Imam Hajji-Muhammad had himself not been a Sufi shaykh. The same questions have to be raised with regard to Muslim leaders of later Daghestani rebellions, such as Najm al-Din Gotsinskii (executed by the Red Army in 1925), who played a major role in Daghestan during the Civil War and who was supported by Shaykh Uzun Hajji (d. 1920) from Salta.

While these rebellions testify to a continuing relationship between Sufi shaykhs and military Imams, the second half of the 19th century also saw the spread of another Khalidiyya branch which openly opposed *jihad*. This line was introduced by Shaykh Mahmud al-Almali (d. 1877) from the village of Almali in what is today northern Azerbaijan. Mahmud brought new Khalidiyya links to the Caucasus: he was a student of Yunus al-Lali al-Khalidi, who in his turn was initiated by Mawlana Khalid's deputy ‘Abdallah al-Arzinjani al-Makki as well as by the latter's disciple Yahya Bey al-Daghistani who had emigrated to Mekka where he served ‘Abdallah al-Makki.⁶⁴ Mahmud al-Almali was successful in initiating murids just at the time when the “older” Daghestani branch of the Khalidiyya of the *jihad* period

around Jamal al-Din al-Ghazi-Ghumuqi and 'Abd al-Rahman al-Thughuri had suffered a severe setback by the Russian victory over Shamil in 1859. Mahmud's branch, too, entered Daghestan from the south and made its way gradually to the north. To Mahmud al-Almali's disciples of the next generation belong Avar shaykhs like Ahmad al-Talali (d. 1904), Shu'ayb al-Bagini (d. 1912), 'Abd al-Rahman al-'Asawi (d. 1907), Sayfallah al-Nitsubkri (Bashlarov, d. 1920) and Hasan al-Qahi (d. 1937/38), who spread the new branch in many Avar villages. Interestingly, leading shaykhs of this "Mahmudiyya"-branch of the Khalidiyya also obtained *ijazas* from the Shadhiliyya and the Qadiriyya. As can be seen from the writings of Bashlarov and al-Qahi, these shaykhs developed a very peculiar symbiosis of the above-mentioned three orders: according to this system, all adepts were initially educated in the vocal *dhikr* and other practices of the Shadhiliyya and Qadiriyya, while only the advanced murids then turned over to the silent *dhikr* and other practices of the Khalidiyya.⁶⁵ This system of graduation is still practised by Khalidi-Shadhilis in Daghestan today.

Since the end of the Soviet Union, the Daghestani Khalidiyya has reestablished links to Naqshbandis from other parts of the Muslim world. Under the present circumstances, the Khalidiyya shaykhs regard themselves as an important partner of the Russian and Daghestani governments in fighting radical political Islam ("Wahhabism").⁶⁶ With official protection, Khalidis occupy the most important positions in the council of '*ulama*' and the Muftiate of the Republic of Daghestan (which is a part of the Russian Federation). Furthermore, the Khalidiyya is very present in Daghestani Islamic newspapers, and several works of recent and former North Caucasian Khalidi shaykhs have been published in Daghestan as well as in Syria.⁶⁷

Conclusion

The role of the Khalidiyya in North Caucasian history is still far from being clear. What can already be said is that the Daghestani and Chechen Khalidiyya cannot simply be regarded as a copy of the Khalidiyya in the Ottoman lands. There is no proof for the idea that the Daghestani Khalidis consciously followed political teachings that had been elaborated by Mawlana Khalid and his *khalifas* elsewhere; in fact, the sources even indicate that Daghestani Khalidis had a very limited knowledge of the Khalidiyya in the Ottoman lands (and vice versa). Rather than being simply part of a brotherhood introduced from abroad, the Daghestani and Chechen *jihad* leaders were primarily rooted in the indigenous traditions of *jihad* and of legal discourse, and the Imams as well as their shaykhs developed their own models of political behaviour that were corresponding to their specific situation.

NOTES

1. For the Naqshbandiyya during the North Caucasian jihad period see Nikolai I. Pokrovskii, *Kavkazskie voyny i imamat Shamilia* (Moscow 2000); Moshe Gammer, *Muslim Resistance to the Tsar: Shamil and the Conquest of Chechnia and Daghestan* (London 1994); Clemens P. Sidorko, "Die Naqshbandiyya im nordš stlichen Kaukasus. Ein historischer Ueberblick", *Asiatische Studien* 51 (1997), 627-650.

2. Hamid Algar, "A Brief History of the Naqshbandi Order", in: Marc Gaborieau, Alexandre Popovic, Thierry Zarcone (eds.), *Naqshbandis - Cheminements et situation actuelle d'un ordre mystique musulman. Actes de la table ronde de Sèvres, 2-4 mai 1985* (Istanbul-Paris 1990), 36.
3. Cf. Butrus Abu-Manneh, "The Rise and Expansion of the Naqshbandi-Khalidi Sub-Order in Early Nineteenth Century", in: Abu-Manneh, *Studies on Islam and the Ottoman Empire in the 19th Century (1826-1876)* (Istanbul 2001), 13-26, here: 22-26; Itzhak Weismann, *Taste of Modernity. Sufism, Salafiyya, and Arabism in Late Ottoman Damascus* (Leiden, Boston, Köln 2001), 42, 49, 55.
4. Algar, "A Brief History", 36.
5. Hamid Algar, "Political Aspects of Naqshbandi History", in: Gaborieau, Popovic, Zarcone (eds.), *Naqshbandis*, 144.
6. See, for example, Moshe Gammer, "Collective Memory and Politics: Some Remarks on the Competing Historical Narratives in the Caucasus and Russia and their Use of a 'National Hero'", *Caucasian Regional Studies*, 1999, vol. 4, no. 1. In some of his writings, Gammer clearly equates Shamil's movement with the "Caucasian branch of the Naqshbandiyya Khalidiyya"; see his "Shamil in Soviet Historiography", *Middle Eastern Studies*, vol. 28, no. 4, 1992, 730.
7. Anna Zelkina, *In Quest of God and Freedom. Sufi Responses to the Russian Advance in the North Caucasus* (London 2000), 8.
8. Alexander Knysh, "Sufism as an Explanatory Paradigm: The Issue of the Motivations of Sufi Resistance Movements in Western and Russian Scholarship", *Die Welt des Islams*, 42,2 (2002), 139-173.
9. Michael Kemper, *Herrschaft, Recht und Islam in Daghestan: Von den Khanaten und Gemeindebuenden zum gihad-Staat* (Wiesbaden 2005).
10. Anke von Kuegelgen, "Die Entfaltung der Naqshbandiyya im mittleren Transoxanien vom 18. bis zum Beginn des 19. Jahrhunderts: Ein Stueck Detektivarbeit", in: *Muslim Culture in Russia and Central Asia from the 18th to the Early 20th Centuries*, vol. 2: *Inter-Regional and Inter-Ethnic Relations*, edited by Anke von Kuegelgen, Michael Kemper, Allen J. Frank (Berlin 1998), 101-152.
11. See the works listed in the *Handlist of Sufi Manuscripts (18th-20th Centuries) in the Holdings of the Oriental Institute, Academy of Sciences, Republic of Uzbekistan (Biruni)*, edited by Juergen Paul, Berlin 2000.
12. Baxtiyar Babadzhanov, "Dukchi Ishan und der Aufstand von Andizhan 1898", in: *Muslim Culture in Russia and Central Asia*, vol. 2, 167-192.
13. Michael Kemper, *Sufis und Gelehrte in Tatarien und Baschkirien. Der islamische Diskurs unter russischer Herrschaft* (Berlin 1998), 90-97.
14. Danil' Azamatov, "The Muftis of the Orenburg Spiritual Assembly in the 18th and 19th Centuries: The Struggle for Power in Russia's Muslim Institution", *Muslim Culture in Russia and Central Asia*, vol. 2, 355-384.
15. Kemper, *Sufis und Gelehrte*, 172-210, 272-307.
16. Hamid Algar, "Shaykh Zaynullah Rasulev—The Last Great Naqshbandi Shaykh of the Volga-Urals Region", in: Jo-Ann Gross (ed.), *Muslims in Central Asia: Expressions of Identity and Change* (Durham, London 1992), 112-133.

17. Michael Kemper, Diliara Usmanova, "Vaisovskoe dvizhenie v zerkale sobstvennykh proshchenii i poem", *Gasyrlar awazy/Ekho vekov* [Kazan', Tatarstan], 3-4 (December 2001), 83-128.
18. *Muslim Culture in Russia and Central Asia*, vol. 4: *Die Islamgelehrten Daghestans und ihre arabischen Werke. Nadir ad-Durgilis (st. 1935) Nuzhat al-adhhan fi taragim 'ulama' Dagistan*, herausgegeben, uebersetzt und kommentiert von Michael Kemper und Amri R. Sixsaidov, Berlin 2004.
19. Alexandre Bennigsen (with Pertev Boratav), "Un mouvement populaire au Caucase au XVIIIe siècle—La 'Guerre Sainte' du sheikh Mansur (1785-1791), page mal connue et controversée des relations Russo-Turques", *Cahiers du Monde russe et soviétique*, vol. 5, no. 2 (1964), 159-205. Even more determined in attaching Mansur to the Naqshbandiyya is Galina M. Yemelianova, *Russia and Islam: A Historical Survey* (Houndmills 2002), 48.
20. Kemper, *Herrschaft*, 174-185.
21. Evliya Chelebi's mid-17th century account on Naqshbandi tekkes in northern Daghestan is not trustworthy; in fact, Evliya's whole Daghestani travel account is so confused that one should count it among those texts that he had obviously made up (Evliya Chelebi, *Siyahatname*, vol. 7, Istanbul 1928, 781-800).
22. See for instance Durgili, *Nuzhat*, 101-103.
23. Durgili, *Nuzhat*, 129.
24. Durgili, *Nuzhat*, 143.
25. Shu'ayb b. Idris al-Bagini, *Tabaqat al-khwajagan al-naqshbandiyya wa-sadat al-mashayikh al-khalidiyya al-mahmudiyya*, ed. 'Abd al-Jalil al-'Ata' (Damascus 1417/1996), 393.
26. Moshe Gammer, "The Beginnings of the Naqshbandiyya in Daghestan and the Russian Conquest of the Caucasus", *Die Welt des Islams* 34 (1994), 204-217; Zelkina, *In Quest of God*, 92-99, 100-107.
27. "Vypiska iz putevogo zhurnala General'nogo shtaba shtabs-kapitana Prushanovskogo... s 1823 po 1843g.", in: *Kavkazskii sbornik*, vol. XXIII (Tiflis 1902), 1-73; Friedrich Bodenstedt, *Beschreibung der Völker des Kaukasus und ihres Freiheitskampfes gegen die Russen* ([Frankfurt London 1848] Muenster 1995), 315-324.
28. Zelkina, *In Quest of God*, 99, 100-107; Yemelianova, *Russia and Islam*, 50.
29. N. Khanykov, "O miuridakh i miuridizme", in: *Sbornik gazety Kavkaz*, 1847, No. 1, 136-156.
30. The letter is given in Muhammad b. Sulayman al-Baghdadi, *al-Hadiqa al-nadiyya fi adab al-tariqa al-Naqshbandiyya wal-bahja al-khalidiyya* (printed on the margins of al-Wa'ili, *Asfa al-mawarid*, Cairo 1313 [1895]), 79-80; see also Muhammad b. 'Abd Allah al-Khani (d. 1279/1862), *al-Bahja al-sanniya* (Cairo 1303 [1885-86], 44-45), which however does not mention the name of the addressee; that the letter was directed to Isma'il al-Kurdamiri was claimed by his grandson 'Abd al-Majid al-Khani (d. 1318/1900), *al-Hada'iq al-wardiyya fi haqa'iq ajilla' al-Naqshbandiyya* ([Damascus 1306/1888] Cairo 1890, 259). The letter is also given in As'ad Sahibzada, *Bughyat al-wajid fi maktubat Hadrat Mawlana Khalid* (Damascus 1334 [1915-16], 174-177), and was partly translated by Butrus Abu-Manneh in "Khalwa and Rabita in the Khalidi suborder", in: Gaborieau, Popovic, Zarcone (eds.), *Naqshbandis*, 289-302, here: 302. No reference to the dispute is given in Isma'il's short but positive entry in Ibrahim Fasih (al-Haydari) Afandi's *al-Majd al-talid fi manaqib al-Shaykh Khalid* (Dar al-tiba'a al-'amira, 1292/1875), 59-60.

31. Isma'il is reported to have written a letter of repentance to As'ad Sahibzada's father Sahib (*Bughyat*, 175).
32. Abu-Manneh, "Khalwa and Rabita", 296-7; Fritz Meier, *Zwei Abhandlungen ueber die Naqshbandiyya* (Istanbul 1994), 171-174.
33. Muhammad al-Khani, *al-Bahja*, 59; 'Abd al-Majid al-Khani, *Hada'iq*, 259.
34. M. Canard, "Chamil et Abdelkader", *Annales de l'Institut d'études orientales* (Algiers), vol. XIV (1956), 231-256.
35. al-Baghdadi, *al-Hadiqa*, 79-80. Cf. also the similar section on Isma'il in Muhammad As'ad Sahibzada's *Bughyat*, 174-175 (this work was probably written in the late 1880s or 1890s but published only in 1915-16).
36. Meier, *Zwei Abhandlungen*, 21; Itzhak Weisman, *Taste of Modernity*, 29.
37. The Russian form "Kazi-Mulla" reflects a confusion of the title of *qadi* and the Daghestani personal name Ghazi (-Muhammad); as the Daghestani sources show, "Ghazi" was not a honorific form given to the first Imam after he started his endeavour, but simply part of a common personal name. In As'ad Sahibzada's insertion to al-Baghdadi's *al-Hadiqa*, one diacritical dot of the letter *qaf* is not in the proper place so that the name can also be read as "Fawzi-Mulla", which, however, makes no sense. In al-Bagini's reproduction of the section on Isma'il in As'ad's *Bughya* the name is "corrected" to "Ghazi-Mulla" (al-Bagini, *Tabaqat*, 350).
38. Butrus Abu-Manneh, "The Naqshbandiyya-Mujaddidiyya and the Khalidiyya in Istanbul in the Early 19th century", in: Abu Manneh, *Studies on Islam*, 41-57; Weismann, *Taste of Modernity*, 56, 75-80.
39. al-Bagini, *Tabaqat*, 350 (quoting from As'ad Sahibzada, *Bughya*).
40. Michael Kemper, Amri Shikhsaidov, Natalya Tagirova, "The 'Shamil Collection' of the Princeton University Library", *The Princeton University Library Chronicle*, vol. 64, no. 1 (Autumn 2002), 121-140.
41. Durgili, *Nuzhat*, 102.
42. See, for instance, the *silsilas* in Muhammad al-Yaraghi, *Athar al-Yaraghi* (Temir Khan Shura 1910), 183; Jamal al-Din al-Ghazi-Ghumuqi, *al-Adab al-mardiyya* (Petrovsk 1905), 80; Durgili, *Nuzhat*, 140-141.
43. Vladilen G. Gadzhiev, *Razgrom Nadir-Shakha v Dagestane* (Makhachkala 1996).
44. See Vladimir O. Bobrovnikov, "Ittifaq Agreements in Daghestan in the Eighteenth-Nineteenth Centuries", in: *Manuscripta Orientalia* (St. Petersburg), vol. 8, no. 4, Dec. 2002, 21-27; Michael Kemper, "Communal Agreements (*ittiaqat*) and 'adat'-Books from Daghestani Villages and Confederacies (18th - 19th Centuries)", *Der Islam*, Vol. 81 (2004), 115-151.
45. See the text of such an agreement published in Timur M. Aitberov, *Khrestomatiia po istorii prava i gosudarstva Dagestana v XVIII-XIX vv.*, vol. 1 (Makhachkala 1999), 12.
46. Ghazi-Muhammad al-Gimrawi, *Bahir al-burhan li-irtidad 'urafa' Daghistan ta'lif Ghazi-Muhammad al-Gimrawi b. Isma'il*, Institut Istorii, Arkheologii i Etnografii Dagestanskogo nauchnogo tsentra RAN, fond 1, opis' 1, delo 388, inv. no. 2296 (Document "No. 33, akt 15 IX 55g.").
47. For these correspondences see Khalata Omarov, *100 pisem Shamilia* (Makhachkala 1997); Rukiia Sharafutdineva, *Araboiazychnye dokumenty epokhy Shamilia* (Moscow 2001); Khalata

- Omarov, *Obraztsy araboiazychnykh pisem Dagestana XIX veka (Khrestomatiia po chteniiu, perevodu i kommentarii)* (Makhachkala 2002).
48. For a further elaboration of this argument see Kemper, "The Daghestani Legal Discourse on the Imamate", in: *Central Asian Survey* (2002), 21 (3), 161-174.
 49. Gammer, *Muslim Resistance*, 50.
 50. See al-Yaraghi's letters to his Sufi students in Kumukh as published in *Athar al-Yaraghi*, 144-180 passim.
 51. See the account in manuscript IIAE fond 14, opis' 1, No. 111, fol. 41b (= p. 42).
 52. 'Abd al-Rahman [b. Jamal al-Din] al-Ghazi-Ghumuqi, *Kniga vospominanii sayyida Abdurakhmana [Tadhhkirat 'Abd al-Rahman]*, perevod s arabskogo M.S. Saidova, redaktsiia perevoda, podgotovka faksimil'nogo izdaniia, komm., ukaz. A.R. Shikhsaideva i Kh.A. Omarova (Makhachkala, 1997), 31-32/fols. 8a-9b.
 53. For a discussion of the divergent *jihad* verses in the Quran (the older, Meccan, verses calling for convincing unbelievers in debate, the later, Medinan, verses calling for outright fight if necessary) see Rudolph Peters, *Islam and Colonialism. The Doctrine of Jihad in Modern History* (The Hague; Paris; New York, 1979), 9-38.
 54. See Jamal al-Din's repenting letter to al-Yaraghi, published in Durgili, *Nuzhat*, 132-139.
 55. Cf. Alexander Knysh, "Shamil", in: *The Encyclopedia of Islam-New Edition*, vol. 9, 283-288.
 56. Hajji Tashaw, *As'ilatuhu al-'adid min makan al-ba'id*, ms. IIAE fond 14, opis' 1, No. 1690, fols. 4a-6a.
 57. Anna B. Zaks, *Tashev-Khadzhi-spodvizhnik Shamilia* (Groznyi 1992), 24. See also Nikolai Smirnov, *Miuridizm na Kavkaze* (Moscow 1963), 61-63; N. Pokrovskii, "Miuridizm u vlasti (Teokraticheskaia derzhava Shamilia)", in: *Istoriia Marksist*, vol. 2 (36), 1934, p. 70.
 58. Durgili, *Nuzhat*, 115.
 59. Gasanilau Gimrinskiy, "Imam Gazi Magomad" (translated by Bagadur Mallachikhanov), in: *Gazimukhammed i nachal'nyi etap antifeodal'noi i anticolonial'noi bor'by narodov Dagestana i Chechni. Materialy mezhdunarodnoi nauchnoi konferentsii 13-14 oktiabria 1993* (Makhachkala 1995), 179-237, 204, 226; Durgili, *Nuzhat*, 115.
 60. Such a definition of the term *murid* is for example given in an anonymous gloss to Muhammad-Tahir al-Qarakhi's famous chronicle *Bariqat al-suyuf al-daghistaniyya fi ba'dal-ghazawat al-shamiliyya*, ed. Barabanov/Krachkovskii (Moscow, Leningrad 1946), 6.
 61. A. Runovskii, "Kodeks Shamilia", in: *Voennii sbornik*, 1862, No. 2, 327-386, here: 362; Gammer, *Muslim resistance*, 228.
 62. See the report of the Russian officer Orbeliani who, while in captivity in 1842, met with Jamal al-Din (published in *Dvizhenie gortsev severo-vostochnogo Kavkaza v 20-50 gg. XIX veka. Sbornik dokumentov*, Makhachkala 1959, 412-423).
 63. For this rebellion see Timur M. Aitberov, Iu.U. Dadaev, Kh.A. Omarov, *Vosstanie dagestantsev i chechentsev v posleshamilevskuiu epokhu i imamat 1877 goda* (Makhachkala 2001).
 64. See the annex (*tadhyil*) of Muhammad Murad b. 'Abdallah al-Qazani (al-Manzilawi al-Ramzi), printed in the margins of al-Qazani's own Arabic translation of 'Ali b. Husayn al-Wa'iz al-Harawi's Persian *Rashahat 'ayn al-hayat* ([Mecca 1307/1889-90] reprint Diyarbakir s.d.), 180-183. I would like to thank Arthur Buehler for providing me with a copy of this work.