

## **ISLAM AND DEVELOPMENT REVISITED WITH EVIDENCES FROM MALAYSIA**

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*This study examines the relationship between Islam and development. While examining the theoretical underpinnings behind the goals of development within secular and Islamic worldviews it highlights the misconceptions developed by Western scholars pertaining to compatibility between Islam and development. The focus of this study is to test the relevance of policy practices and institutions to the distribution phase rather than the allocation and production phase. In pursuit of macroeconomic goals the core Islamic values such as development based on justice and compassion, tolerance, sharing and caring, cooperation and peaceful coexistence with others irrespective of belief systems are important. The micro level evidences are also presented to support our observations on the compatibility between Islam and development.*

### **1. INTRODUCTION**

With the resurgence of Islam in Muslim countries since early 1970s, Islam has occupied a central stage among global issues. In the pursuit of material development by Muslim countries following the fortune brought by oil-bonanza Islam and development have become a debatable issue as much as Islam and democracy do among the intellectuals, politicians and social-thinkers. The focus of the debate is on the compatibility of Islam both with democracy and development as understood by conventional wisdom. The current debate between Islam and democracy and Islam and development seems to have been misconstrued when it suggests that both democracy and development are ends in themselves rather than means to achieve a greater end in terms of development of a complete human personality from all dimensions-material, moral, ethical and spiritual.

Once the goal of development and democracy is being considered as 'be all and end all', the means to attain them could be justified regardless of whether these means are conducive to the development of a complete human personality capable

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of playing the role of a vicegerent (representative of Allah<sup>1</sup> in this world). This brings up the issue of interrelationship between Islam as a system of beliefs and a way of life and material development as a means to translate that goal as warranted by Allah's Vicegerent in this world.

Having accepted the intricate relationship between Islam and development of a human person in a comprehensive sense this study aims to achieve the following objectives: Firstly, to examine the theoretical underpinnings behind the goal of development within Islamic and secular worldviews. Secondly, to highlight the misconceptions developed by Western scholars against Islam as far as its developmental implications and interrelationships are concerned. Thirdly, to present macro as well as micro-level evidences in the pursuit of relevant policy-practices and institutions aimed at testing certain fundamental values essentially linked to Islamic worldview vis-à-vis secular worldview of development.

Another area of focus of such kind of study could have been to examine the Islam's relevance to development in terms of understanding public administration and government responsibilities from the perspective of efficient and productive utilization of public resources so as to ensure justice and economic welfare of all (Sidek.M.S.1988). Given the limited scope of this paper as delineated above, this study, makes no pretension for examining the role of Islamic values and doctrines in such areas as economic planning, fiscal policy administration, budgetary and project cost-benefit analysis. The focus of this study is to examine the relevance of policy-practices and institutions to the distribution phase rather than the allocation and production phase involved in the creation of wealth. (Sidek, *ibid*).

## 2. SOME THEORETICAL ISSUES

### 2.1 Islam as a Way of Life

Islam is an all comprehensive religion. It is not simply a belief system. It is a way of life encompassing economic, social, political, ethical and moral aspects. As such, not a single aspect of life can be isolated from the others. It is the very essence of Islam to enable a man to acquire all the best attributes of God in conformity with *al-ʿaqidah* (Islamic ideology). This *al-ʿaqidah* is understood in terms of

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<sup>1</sup> Idris J.S. (1990) following the interpretations of five most famous commentators of Qur'an – *al-Tabari*, *al-Zamakshari*, *al-Razi*, *al-Qurtubi*, and *Ibn Kathir* hints at the controversies centering around the concept of *Khalifah*. Of the two modern commentators, while *Mawdu'idi* views that man is the *Khalifa* in the sense of being responsible for the material development of this planet on behalf of God. Abduh emphasizes on man's duty in the material development on this earth. Man being considered to play the role of a master of this World on behalf of God is, therefore, given the ability and wisdom to perform his responsibility. The idea of material development is crucial here because it provides Muslims with a weapon in their rightful defense against the accusation that their comparatively lower standard of material development is the result of their Islamic beliefs.

decisive, definitive, intellectual belief obtained through mindful thinking that results in the belief in Allah (Taqiuddin, 1996, p. 277). In order for every Muslim to perform the role of a vicegerent (*Khalifah*) on earth the shari[ah] has prescribed five fundamental attributes for developing a complete human personality (Alhabshi et al., 1996, p. 101). These include: (i) Ability to sustain life; (ii) Ability to raise family and children; (iii) Opportunity to develop human intellect (the mind); (iv) Safeguarding the belief in Islam (*Deen*); and (v) The privilege to enjoy the fruits of the rights of ownership. So, to play the role of a *Khalifah* in this temporal world all individuals must be able to live with dignity made possible by freedom of expression (Kamali, 1994) and human rights, without harming others.<sup>2</sup>

To acquire the above basic attributes the role of institutions and policies (Naqvi, 1981, chapters 6 – 8) in promoting noble values as endorsed by Islam within the purview of Islamic worldview of development (IWVD) can hardly be overemphasized. But these institutions and policies with their concomitant effects on values that evolved in the West in the process of materially-oriented development formed what is called secular worldview (SWVD).<sup>3</sup> The historical evidences of the past decades suggest that the so-called secular worldview of development (SWVD) is in conflict with Islamic worldview of development (IWVD) as far as balanced development of a *Khalifah* is concerned. This is because while the former is concerned primarily with material aspect of human development and is incomplete and unbalanced the latter deals with material, moral and spiritual aspects of human development that is complete and well-balanced.<sup>4</sup>

The basic distinguishing element between IWVD and SWVD is the existence of interdependency between the cosmic/material world and the spiritual world i.e. the World Hereafter in case of former while the separation of material (state) from the spiritual World (church) in case of latter (Pramanik 1997, chapter 2). As such, the

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<sup>2</sup> The importance of these five fundamentals in the life of a Muslim becomes evident from the early Islamic scholars like Imam al-Ghazali and Imam al-Shatibi. The contemporary scholar like Kamali (1994) also discusses the principles as enunciated in the holy Qur'an and the normative teachings (the Sunnah) of the prophet Muhammad (peace be upon him) to establish the basic authority for the freedom of expression so vital for acquiring these fundamentals by every Muslim. According to Roosevelt four fundamental elements of freedom are: freedom from want, fear (security) and freedom of worship (religion) and speech.

<sup>3</sup> Ben-Ner (2000) while examining the issues relating to social and economic policy-making where institutions and values meet suggests that it would be wrong to assume that there were no human values other than the pursuit of self-interest. Therefore, the type of economic arrangements emerging from government policies and institutions finally help determine the types of people we are.

<sup>4</sup> Ahmad (1980) considers *tawhid* (God's unity and sovereignty), *Rububiyyah* (divine arrangements for nourishment and sustenance etc.), *khalifah* (man's role as God's vice gerent on earth) and *tazkiyyah* (purifications and growth) as the philosophical foundations of the Islamic approach to development. He also discusses different elements of the concept of development from Islamic perspectives. For shari[ah] perspective on IWVD see Aslam Haneef (1997) and for contrast between IWVD and SWVD see Pramanik (1997, chapter one).

two out of three core values that are key to the formation of IWVD i.e., *tawhīd* (Unity of God), *Khalīfah* (man's role as vicegerent of Allah on earth) and *ʿadālah* (justice) are not considered as central in SWVD.

Briefly speaking, as an element of IWVD, *tawhīd* requires that every person by virtue of being endowed with free-will, rationality and moral consciousness within the purview of God-consciousness (*taqwā* i.e., piety) will be required to submit (worship) and obey the supreme Being-the Almighty Allah.<sup>5</sup> Secondly, as the Qur'an also emphatically exhorts in many places (2:30; 6:165; 165:35; 39:38; 28, and 57:7)<sup>6</sup> the role of human beings who submitted to the will of Allah as the *Khalīfah*.

To equip every human being having faith in *tawhīd*, Allah in his infinite mercy, has arranged to send guidance comprising beliefs, values and laws of behavior through a chain of messengers including Adam, Abraham, Moses, Jesus and lastly, Muhammad (peace be upon them). So the very assumption that every one of us (*insān* in Arabic) is a *Khalīfah* (Allah's representative) is based on the spirit of fundamental unity and brotherhood of mankind as enjoined in the Qur'an. Thirdly, since under the western law, justice is defined not in conformity with justice and compassion (*al ʿadl wa al ihsān*), the need for universal fraternity and brotherhood among the believers cannot be established. Hence the Qur'an always places justice and compassion together (*al ʿadl wa al ihsān*) only next to piety (5:8) i.e. moral development.

## 2.2 Implications Behind Islamic and Secular Worldview of Development

The primary concern of all the messengers of Allah was to practice as well as establish and preach the three core values required by Islamic worldview. These core values become more meaningful only when these are materialized in the context of *ibādah* (Worshipping Allah, 57:25) and *muʿāmalāt* (Civil transactions). In IWVD based on *tawhīd* (unity), *Khalīfah* (vice-gerency) and *ʿadālah* (justice with compassion), the concept of justice (*ʿadālah*) requires altruistic values based on mutual cooperation, sympathy, sacrifice, fellow-feeling and caring for others as opposed to egoistic values in SWVD based on extreme form of self-interest, cut-throat competition or social Darwinism ensuring survival of the fittest. So, efficiency rather than equity as can be derived from justice (*ʿadālah*) is the Key word in SWVD for securing competitiveness in terms of reducing cost by any means even if that requires the exploitation of labor – the human being.

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<sup>5</sup> The four axioms used by Naqvi (1991, chapter 2) that determine social and economic behavior of man include Unity, Equilibrium, Free-Will and Responsibility.

<sup>6</sup> The first number indicates chapter and the second the verse of the Qur'an.

The secular worldview that separates ethical, moral and spiritual aspects from the material ones (separation of church from state) is propelled by the single force i.e. the pursuit of self-interest although the pursuit of self-interest according to Adam Smith is not confined to only seeking selfish interest but also requires mutual sympathy (Peil, 1999) and praise of individuals in relation to shared beliefs, values and rules. Smith argues (Peil 1999, p. 160) that people are motivated to interact in the production and distribution of wealth because they expect to be admired and praised by their fellow men due to the wealth and power that they have at their disposal.

Interestingly, Smith's self-interest is perfectly in harmony with Bentham's 'utilitarianism', Tawney's 'Acquisitive Society', and Max Weber's 'protestant ethics and the spirit of capitalism'. The Benthamite philosophy prophesies that all that we do is to maximize our utility that is not only measurable but also attributable to all human actions. According to Tawney, the individualism together with the ethics of hard work and thrift of Calvinist Protestantism promoted capitalism by way of fostering industrial organization and an efficient work force in Northern Europe (Tawney 1986, p. 174).

A great critic as well as a social reformer, Tawney thinks the fundamental philosophy of Acquisitive Societies is to promote the acquisition of wealth which, in turn, remains contingent upon the discharge of all types of social obligations. Tawney also observes that the rights each individual enjoys under free-market capitalism, offers unlimited scope for the acquisition of riches. But it is highly deceptive in the sense that it assures the strong (the rich) of unfettered freedom for the exercise of their strength and at the same time it gives the weak (the poor) the hope that they, too, one day may turn out to be strong like others (the rich). To quote Tawney (1986, p.191) "it (the pursuit of self-interest) assures men that there are no ends other than their desires, no limit other than that which they think advisable. Thus, it makes the individual the center of his own universe, and dissolves moral principles into a choice of expediencies".

What the above discussion suggests is the core values under Islamic worldview of Development (IWVD) such as justice and compassion, benevolence, moderation, sacrifice and caring for others are conspicuous by their absence in Secular Worldview of Development (SWVD). Therefore, the proponents of free-market capitalism operating within the secular core values i.e., self-interest, profit maximization, maximization of happiness through maximization of utility as well as of physical acquisition of goods, primacy of the material world etc. have little concern for the core values under IWVD in general and moderation in particular. Although the SWVD does not deny the importance of justice, benevolence and sacrifice and caring for others, the single most fundamental core value-moderation and altruism are (i.e., selflessness) given little importance by the most dominant secular worldview of development.

It is quite understandable that the maximization principle backed by self-interest alone as a secular core value despite being the outcome of the most profound theoretical and empirical foundation is in direct conflict with one of the most fundamental core Islamic values i.e. moderation. The moderation in the context of IWVD will mean only necessities for life (*daruriyyat* or need-fulfilling items) together with some comforts (*hajiyyat*) implying those non-need fulfilling goods and services that minimize the hardships of life in terms of ensuring safety, security as well as productive efficiency of the change agents. As such, the items of luxury and conspicuous consumption (*tahsiniiyyat*) occupying the central position of the Acquisitive Societies, are not encouraged in IWVD. This holds true particularly for those Muslim societies whose large majority suffers from deprivation.

The only context against which the concept of maximization principle has some relevance to IWVD is the maximization of *falah* (success) through worshipping as well as *mu'amalat* including all kinds of economic activities related to production, consumption, exchange and distribution. This is because the focus of Islam is more on the life in the Hereafter (*akhirah*) than that in this world (*dunya*). But as long as seeking the pleasure of Allah is set as the final goal the latter will be in perfect conformity with the former. With the above underlying differences in philosophical foundations of two worldviews let us now see the misconceptions caused by the Occidental scholars.

### 3. MISCONCEPTIONS ABOUT ISLAM AND DEVELOPMENT

Misconceptions emerge for two reasons. One, when we use SWVD to examine its compatibility with Islam as a way of life. Two, when we identify Islamic countries with Muslim (majority) countries. Failure of Muslim countries to achieve development is argued to substantiate the hypothesis that Islam is not compatible with development. Exactly in the same way the failure of Muslim countries to practice democracy (Moten in Kausar, 2000, pp. 108-110) is used to prove that Islam is not compatible with democracy. Quite logically it follows that the inability to practice certain degree of participatory democracy that is essential for attaining developmental efforts will have implications for the compatibility between Islam and development. Likewise, the absence of ethical and moral considerations is likely to jeopardize the role of free market capitalism to ensure distributive justice thereby inhibiting the scope for long-term sustainable development (Sen 1987; Naqvi, 1981).

According to Barro (cited In Van Den Berg, 2001, pp. 469) when a country after having enjoyed moderate amount of democracy associated with reasonably good growth confronts with a further increase in political rights (meaning Western liberal democracy), the investment and subsequently growth will be impaired simply because the dominant effect (of democracy on growth) comes from the

intensified concerns for income distribution, greater transparency and participation.<sup>7</sup>

One can also hypothesize that in the context of a heterogeneous society economic growth may result from smooth uninterrupted economic activities so long as the agents involved in it practice Islamic core values mostly at the private level. Once the demand at the individual and community level for applying shari[ah principles engulfs the public domain i.e. the state level, its core values as discussed above including justice and compassion, altruism, moderation, transparency and accountability with more freedom to criticize government policies and actions are likely to give rise to more conflicts through dissent rather than assent required for stable and sustainable development. The extent of this conflict will depend on how powerful the secular vis-à-vis Islamic forces are in the context of a heterogeneous society as that of Malaysia.

Using the backwardness of almost all the Muslim countries despite having all the required natural and human resources a number of writers suggest that Islam is an obstacle to development. Those who strongly support this hypothesis include among others, Weber, Sutcliffe, McClelland & Parkinson. Weber asserts that the feudalistic Islamic religion provides little incentive for individual initiative, scientific inquiry, and intellectual boldness (cited in Ozcan, 1995, p. 4). But Weber used methodologically flawed concept of the spirit of capitalism to argue in favor of protestant work ethic that helped the West to develop while the conflict existing between Islam and Capitalism failed to help Muslim countries to develop. According to Sutcliffe (1975, pp. 77-81) the absence of 'free-will' "would seem to be sufficient to establish Islam as an obstacle to development" Ozcan argues that the 'sufficiency' attributed to this relationship is unclear and without any ground. Perhaps, he means free will without having any religious constraints on man's behavior. McClelland claims that Muslims are low-achievers although Sutcliffe while testing his hypothesis pertaining to the adoption of modern farm methods and productivity failed to establish any statistically significant empirical relationship between religious commitment and adoption of modern farm methods or productivity. Another scholar, Parkinson, tried to establish the hypothesis that the resistance to adopt any new methodology replacing the old one explains the backwardness of Malays. He further argues that adherence to Islamic values develops fatalistic attitude towards life in terms of predestination that retards development. This means there exists among Muslims (Malays) an attitude of resignation rather than innovation. But most of the criticisms made particularly by

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<sup>7</sup> In this regard Mahathir's view (1999, PP. 69-80) on guided democracy molded by Asian value system seems quite realistic given the nature of anarchy facing the democracies of Indo-Pak subcontinent. The respect for authority at the macro-level and that for community and family at the micro-level constitute the core of Asian values. Mahathir also believes that at times it is justified to limit freedom for, it might be used as an excuse to whip up racial or class-conflict and hatred.

Parkinson are logically and empirically rejected by Ragab (1980); Aziz (1964) and Wilder (cited in Ozcan, 1995, pp.9). Aziz and Bailey (1983) reject Parkinson's hypothesis based on their arguments that without analyzing socio-historical factors in the context of religio-cultural contexts prevailing in the rural areas, Malay backwardness cannot be explained. They strongly feel that once they are convinced of the benefits associated with a change that does not endanger their traditional values and patterns of life, Malays adopt those changes with least reservations (Aziz, *ibid*, pp. 70-96). Those who orchestrate Islam as a negative force on development misinterpreted the religious concepts revealed through the Qur'anic verses (Ozcan, 1995, pp. 1 –22). They tend to identify, among others, lack of incentive for initiative and innovation, lack of scientific enquiry, lack of free-will with no religious constraints, lack of individualism and Islamic entrepreneurship to adopt to changes and presence of fatalism, pre-destination, attitude of resignation etc. as the main retarding factors behind low achievements, i.e. development of Muslims.

According to some others the causes of backwardness result from serious disruptions in the social organization of Muslim societies by prolonged foreign dominations. The stunted political, economic and social institutions are found to be incapable of creating proper environments for material development (Ragab in *World Development* (WD), 1980, pp. 513-521).

Some other Scholars like Luther, Calvin, Baxter, Bunyan did not preach the 'Puritan ethic' but held that human interests had to be subordinated to religion. In this respect they referred to a well-developed Catholic tradition that had been based on ideas of station in life, the just price, the rejection of usury etc. While examining the relationship between religion and development Morris and Adelman (WD, *ibid*, 1980 pp. 491-501) conclude that the positive association between them is the outcome of complex historical influences associated with the early spread of commercial and industrial capitalism. Their study includes a sample of 55 developing countries selected from Africa, Asia and Latin America. Goulet's observations in this regard (WD, 1980, *ibid*, pp. 481-489) making reference to a study in Sri Lanka goes to support Islamic stance on comprehensive and meaningful aspect of life rather than on material aspect of life alone.

The relationship between religion and development in South East Asia draws special attention simply because of all countries in this region particularly two Muslim dominated multi-religious and multi-ethnic countries – Malaysia and Indonesia have experienced highest growth for nearly three decades-1970s through 1990s. In the context of these countries Mehden (WD, 1980, *ibid*, pp. 545-553) observes that the effect of religion, be it Islam or Buddhism, on modernization depends on three aspects namely; the adherence to the basic tenets of faith and its practices and the manner in which the religion is manipulated for political decision-making purposes to ultimately influence political consolidation, social harmony



and finally, economic growth and economic prosperity. He further opines that Islam as practiced in South-East Asia is not the same as in Iran or Afghanistan and the rest of the Middle East. As such, the stresses brought about by the so-called Islamic fundamentalism implying strict adherence to true Islamic practices by letter and spirit are not as evident in Malaysia and Indonesia as they are in other parts of the Muslim World in general and the Indo-Pak subcontinent in particular including Bangladesh, Pakistan, India and Sri Lanka.

To understand the above stated relationship between development and Islam to imply the combination of religio-cultural, traditional and social behavior patterns of the agents of change (man) the pioneering work by Mahathir (1999) is quite convincing. As Mahathir has explained, Malays prefer to shield friends and enemies from embarrassment, and in consequence often conceal their true thoughts (or images). Whatever may be the limitation of this cultural milieu of Malays, this can be considered as one of the greatest strengths that bind together the heterogeneous forces interacting with one another sometimes violently but most often amicably towards the greater goal of social harmony, peace and tranquility being considered as some of the core values of Islam. And this is where the integration of Confucian culture of more enterprising Chinese community based on discipline, obedience and loyalty at all levels, frugality and industrial diligence is being reinforced by some fundamental core values of Malays based on justice (*al fadl wa al ihsan*), tolerance (*al-tasamuh*) and compassion (*al-Rahmah*)<sup>8</sup> to achieve the miracle, not experienced by any other Muslim Countries (Anwar Ibrahim in Osman Bakar, 1997, pp 11-17).

The finding of another very interesting micro-level study by Creevey (WD, 1980, *ibid*, pp. 503-512) based on 205 households in Dakar also supports a very happy coexistence between developments made possible by modernization and Islam. The results of this study dispel misconceptions about the negative role of development on religion or in other words, the incompatibility between religion

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<sup>8</sup> There is no dearth of literatures to suggest that the implementation of New Economic Policy (NEP) in 1970 following the May 13, 1969 Race Riot in Malaysia resulting from unequal growth since independence in 1957, set the foundation for the miraculous performance of Malaysia (Pramanik 1994; Jomo 1989, 1989a; Mehmet 1988). The two-pronged objectives of NEP –of eradicating poverty and restructuring society aimed at improving socio-economic conditions of the majority Bumiputera Malays vis-à-vis the immigrant Chinese and the Indians could not have been made possible had the non-Malays not shown respect for the two core values of Islam – tolerance and justice with compassion (sympathy). While the latter implied the willingness of the non-Malays to sympathetically consider the special privileges given to the deprived majority, the former (tolerance) the willingness to share the burden resulting from the extra privileges in terms of quota in jobs and educational institutions, access to financial privileges through subsidized capital, scholarship and other inputs simply to ensure a peaceful, integrated and harmonious society for all. The presence of these two core values as endorsed by Islam significantly explains the miraculous achievements of Malaysia while the absence of these core values explains the dismal performance of some other similar heterogeneous Muslim societies in Africa and Asia.

and development. As such, at a higher level of development, individuals will be more likely to perform Muslim rituals and at the same time less likely to remain dependent on marabouts (holymen of North Africa just like Bomoh in Malaysia) when confronted with any social, religious or moral problems.

Unfortunately, there are examples of Muslim rulers who did not believe in the coexistence of Islam and development. Mustafa Kamal Ataturk of Turkey, Habib Bourguiba of Tunisia, Benjadir of Algeria are all examples of Muslim leaders who thought secularism as the only means of development through modernization (Esposito 2000). They might have apparently succeeded for a while in their crusade for secularization. But two other leaders namely, the Shah of Iran and King Amanullah of Afghanistan failed to survive their onslaughts against Islam by way of secularizing their countries for attaining material development.

Having kept in view the above theoretical and historical perspectives we would now examine the interrelations between Islam and development in Malaysia. We would use the policies pursued, the institutions established and the values instilled as the basis for examining the coexistence of Islam and development. In doing this both macro and micro-level empirical evidences will be used to test certain Islamic values to substantiate either coexisting or conflicting relationships between Islam and development.

#### **4. MACRO-LEVEL EVIDENCES ON DEVELOPMENT BASED ON ISLAMIC WORLDVIEW TO PROMOTE NOBLE VALUES**

In order to accept or reject the hypothesis of compatibility between Islam and development in the light of our theoretical discussion, it is essential to use certain quantifiable indicators as a proxy for Islamic core values that are purely subjective in nature. These indicators can indicate the direction rather than the exact magnitude of the relationship between Islam and development. It is presumed that good performance can result from good and effective governance (Sobhan 1998; Panandiker 2000, Hasnat 2000), which in turn, result from the presence of effective programs, institutions and policies.

It has been explained that the institutions and policies should be able to help every human being to materialize the objective of sustaining life and progeny together with other pre-requisites like intellect and ownership etc., in this world. This amounts to man's role in 'self-actualization'. Based on Islamic worldview, self-actualization is a continuous and dynamic process. It requires a continuous effort by man<sup>9</sup> to realize its natural responsibilities and destiny as a servant and a vicegerent of God on earth.

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<sup>9</sup> Allah says in the Holy Qur'an (53: 39-41), "Man will have nothing but what he strives for".

It is no exaggeration to say that the state of poverty and deprivation is a great obstacle attaining self-actualization. This is why poverty, according to a famous tradition of the Holy prophet (PBUB), is being considered as very near to disbelief (*Kufr*) (See Pramanik, 1993, p. 5). This also explains why the poor are most vulnerable not only to conversion to another faith on the promise of better economic opportunities but also to committing crimes and believing in un-Islamic values. Of course, it is also partly true that in the absence of spiritual upliftment, material prosperity alone is not enough to attain the level of self-actualization.

In the light of the above arguments, let us see how the remarkable achievements in Malaysia in terms of high growth since independence have been translated into the continuous reduction in poverty from nearly 50 percent in 1970 to around 7.5 percent in 1999. (Third Outline Perspective Plan 2001 (TOPP), p. 50). The magnitude of abject or hard core poverty is much lower (1.4 percent in 1999, TOPP *ibid.*). But unfortunately, the higher level of rural poverty (12.4 percent compared to 3.4 percent for urban) still speaks for relatively lower level of self-actualization for nearly half of the population living in rural areas. The favorable impact of development strategies also becomes evident from the significant reduction in infant mortality and increase in longevity to fulfill the pre-requisite of life-sustenance and progeny for realizing self-actualization in terms of higher Human Development Index (UNDP, 2000).

Self-actualization cannot materialize without having easy access to educational facilities. Over the decades, investment in human capital-building has been increasing. Enrolment at all levels starting from Kindergarten and primary to the highest levels of education has been on the increase. The expenditure on research and development has increased many-fold since the sovereign government replaced the colonial power in 1957. The gender-bias in education at all levels from the seekers to the trainers of knowledge has been almost eliminated. This does not, however, negate the existence of gap between the male and female students enrolled in urban and rural institutions of learning.

Access to education and knowledge creates awareness in man and helps to minimize the exploitation of the illiterate by the literate. Thus the opportunities to seek education help minimizing the negative aspect of freedom suffered by the illiterate because of ignorance. In the third outline perspective plan special emphasis has been laid on investment in people. The educational and training institutions expanded rapidly to cater to the needs for educated and skilled manpower of knowledge-based development strategy. The liberalization policy of the government has encouraged the private sector to come forward to reduce the pressure on government exchequer. So, the priority for human resource development in TOPP by way of meeting the challenge of a knowledge-based economy is to facilitate enhancement of productivity and competitiveness of the economy as a whole.

In order to ensure freedom of faith, the role of religious or moral education can hardly be overemphasized. To fulfill the constitutional obligation to ensure adherence to a particular belief system the promotion of institutions for religious education as well as shari[ah based financial transactions (*mu[amalat*) deserves special mentioning. The generous allocation of funds for construction of mosques, religious institutions and financial grants for salaries of *Imams* (one who leads, the religious congregations) and *mu'azzin* (one who calls towards prayers) are indicative of state-support for promoting religious activities. Through the establishment of International Islamic University (IIUM), Institute of Islamic Understanding (IKIM), International Institute of Islamic Thought (ISTAC), the desire to pursue knowledge and research leading to higher degrees from the perspective of IUV has been fully respected. The establishment of Islamic Bank (Bank Islam), Islamic Insurance Scheme (*takaful*), the Pilgrimage (Hajj) Fund in the name of the Tabung Haji, the introduction of interest-free counters in major interest-based banks, Pusat (Center) Islam, Pusat Zakat, Islamic College (KUSZA), among others, has contributed to the fulfillment of aspirations of Muslims in terms of observance of [*ibadah* (worshipping) and *mu[amalat* i.e., civil transactions involving all kinds of economic activities. A number of other government and private institutions also aimed at instilling and ensuring Islamic core values with fairness for the less privileged. These include Amanah Ikhtiar Malaysia (AIM), the Unit Trust Funds, Amanah Saham Bumiputera (ASB), Amanah Saham Nasional (ASN), Permodalan Nasional Berhad (PNB), Farmer's Agricultural and Marketing Authority (FAMA), Institute of Technology, Majlis Amanah Rakyat together with some other Islamically oriented non-government organization (NGOs) like Islamic Development Foundation (YAPEIM).

The Islamic core value- justice with fairness- (*al [adl wa al ihsan*) that has tremendously contributed to the country's miraculous achievement in the last three decades is the result of the introduction of a pragmatic policy like New Economic Policy (NEP). The NEP having two-pronged objectives of eradicating poverty and restructuring society to ensure justice with fairness for the under-privileged Malays laid the foundation for the birth of a modern Malaysian society for all races. Different people brand this policy by different names. Some prefer to call it 'Affirmative Action Programme' (AAP) and others as 'Positively Discriminatory Policy (PDP). By whatever names we call it; the sole aim of NEP was to ensure higher growth with distributive justice. In fact, this policy emerged as a direct response to the failure of the growth-alone development strongly pursued earlier to deal with those who because of historical as well as colonial legacies were by-passed. However, NEP is not without its limitations. Despite tremendous success in promoting the core value of justice with fairness, NEP had a number of limitations. The studies by Adam and Conventish (1994) and Yoshihara (1988, cited in Gomez. et. al. 1997, p. 25) suggest that implementation of NEP hindered economic growth. According to them, when NEP was introduced Malaysia ranked third only to Japan and Singapore among East Asian nations in term of GDP per capita. But

by 1990- the terminal year of NEP, it had fallen behind South Korea, Taiwan and Hong Kong, as well. Hence according to them if growth had not been constrained by NEP, the economic performance and welfare of the Bumiputera would have increased even more. But their arguments are not convincing due to lack of any empirical evidence on the inter and intra-racial inequality, inter and intra-regional inequality in particular and the overall relative inequality in general. Given the worsening inequality of income and wealth among the races preceding the Race Riots of May 1969, the prospects for higher growth would have been bleak in the absence of NEP thereby inviting more Race Riots as experienced by many other developing countries.<sup>10</sup>

The tragedy of 13<sup>th</sup> May Race Riots also explains how the pursuit of development strategy based on the Trickle Down Theory (TDT) in 1960s failed to take care of distributive justice despite achieving reasonably good growth during pre-NEP period for nearly one and a half decades (1957-1970). Similar strategy based on the Trickle Down Theory despite attaining high growth contributed to the worsening inequality and subsequently disintegration of the nation states in case of erstwhile Pakistan and socio-economic and moral fabrics in case of Brazil. That development without any regard for the core values that are compatible with universal values like ethical, moral and spiritual ones cannot be sustainable also becomes evident from a number of other countries around the globe. The failure of TDT in 1950s through 1970s (Morawetz 1977) also speaks of the failure of the free market capitalism in general. The success of the growth with redistribution in South East Asian countries, on the other hand, strengthens arguments in favor of the interventionist-strategy in juxtaposition with appropriate institutions.

The success of a pragmatic policy such as, NEP being translated through a whole host of supporting institutions becomes also evident in the materialization of the second most important objective of NEP in terms of restructuring society. The ownership of equity capital by the Bumiputera increased from a mere 2 percent in 1970 to 19.3 percent in 1990 although the change during 1990s is almost nil (EPU, First, Second and Third OPP) by the interaction of a number of negative forces such as recession and rising incidence of poverty following the Asian financial crisis of 1997. As far as inter-sectoral mobility is concerned although the expected decrease in employment of Bumiputera in low-paid, less productive and risk-prone primary sector is only marginal, the increase in the share of employment of Bumiputera in higher occupational categories in non-agricultural sectors as well as in registered professional categories appears quite significant at the terminal year of NEP compared to pre-NEP period. Thus, the success both in restructuring of society and eradicating poverty at the end of Second Outline Perspective Plan is quite impressive. This does not, however, suggest that the pursuit of positively

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<sup>10</sup> For more critical examinations of the successes and failures of NEP see Mehmet (1988); Jomo (1989); Jomo (1989a); Jomo (1993); Pramanik (1994); EPU (OPPI & OPP2); World Bank (1993).

discriminatory policy via NEP worked perfectly to ensure justice with fairness (EPU, OPP3, 2001, chapter 4) without any shortcomings. This will be elaborated further while examining the impact of macro-policies and institutions on certain Islamic values from micro-perspectives.

## **5. MICRO-LEVEL EVIDENCE ON DEVELOPMENT BASED ON ISLAMIC WORLDVIEW TO PROMOTE NOBLE VALUES**

Having discussed the nature of some important macro-policies together with the institutions to operationalize the desired goals of instilling certain core values under Islamic worldview this section will focus on how the individuals as change-agents responded to the interactive forces unleashed by the prospect for living a better life with the commitment for adhering to certain values promoted by Islam. As has been delineated above, the issues of Islam and development become very complex when we try to address such questions like whether religiosity implying commitment for leading an Islamic way of life affects development positively or negatively. The question of whether the causality between these two variables namely, Islam and development is unidirectional or bi-directional.

Our micro-level evidences are drawn from a recent survey in one of the two states having the predominance of religiously-oriented policies, institutions and values namely, Terengganu and Kelantan. Although the Islamic political party (PAS-Parti Islam SeMalaya) emerged with an overwhelming majority in the general election of 1999, Terengganu being adjacent to Kelantan, shares many common values, institutions and policies with Kelantan<sup>11</sup>.

### **5.1 Coexistence of Development and Islamic Commitment**

Given the nature of discussions as above, it is expected that micro-level evidences would also speak in favor of compatibility and coexistence rather than conflict between materially-oriented development focusing on growth with redistribution and promotion of some Islamic core values. Based on the findings of our survey of 695 households (Pramanik, A.H. et al. 2000) it appears that the religiosity defined in terms of religious commitment measured by total time spent in 24 hours for performing *salat* (daily prayer) – the most fundamental pillar of Islam after faith together with the recitation of the Holy Qur'an seems to be negatively related to development proxied by average monthly household income (AMHY) (See Appendix Table 1, Cols. 1, 3 & 5).

With the increase in AMHY, time spent for religious commitment shows a decreasing trend. This observation holds in general both for pooled data for four

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<sup>11</sup> Kelantan has a pretty long history since the beginning of 20<sup>th</sup> century of implementing formal Islamic institutions pertaining to charitable taxes- *zakah* and *fitrah* (Kessler, 1978, p. 252)

states (Rows 1–5) and non-pooled data for four sample areas under consideration (Rows 6–8). The value of our regression coefficient for religious commitment (CRC) particularly for the pooled data for all four states under study namely, Kelantan, Kedah, Terengganu and Perak (with nearly 700 households) with poverty concentration also confirms the above hypothesis of negative relationship between development (AMHY) and religious commitment (CRC, Col. 3, Appendix. Table 1). However, our multiple regression results based on pooled data (Pramanik, 2000) also suggest that the two most significant explanatory variables having positive association with development (AMHY) include type of occupation as well as general level of education (in years) of household heads.

The two explanatory variables showing negative association with development (AMHY) include age of households' heads (AHH) and religious commitment (CRC). Of these two explanatory variables – AHH and CRC, the negative association between the former (AHH) appears to be more robust with development (AMHY) than that between the latter (CRC) and development (Pramanik, 2000, *ibid*; P.118). But the insignificant value of the coefficient of  $R^2$  (0.18) simply suggests the weak explanatory power not only of the model but also of the four variables under consideration. This merely explains the complex nature of the factors determining income i.e. development (AMHY) not being included in our model. Most interestingly, despite the nature of our weaker model, the negative coefficient of religious commitment (CRC, Row 3, Col. 3, Appendix. Table 1) for Kelantan seems to be significant (-0.17) compared to those of the remaining 3 states for the pooled data (compare Rows 1–5, col. 3).

The above observation on relatively stronger negative relationship between CRC and AMHY holds even when we consider the two more out of five sampling areas (districts) – Bachok and Tumpat having 35 and 34 sample households respectively from Kelantan (Pramanik, 2000, p. 118). While for Kota Bharu with only 18 households, income (AMHY) and religious commitment (CRC) seem to be positively correlated, for Machang (with 28 households) and Badang (with 41 households), the above stated relationship appears negative but insignificant (see Appendix. Table 3, Pramanik, 2000 p. 118).

Based on the criterion of higher explanatory power of our multiple regression model the results of two more sampling areas-one, Baling (from Kedah) with 13 sample size and two, Pantai Besar (from Perak) with 53 sample size are also presented in Appendix. Table 1. With values of  $R^2$  as 0.60 for both of these two models, (Rows 6 & 7 of Appendix. Table 1) the negative relationship between income (AMHY) and religious commitment (CRC) seems to hold for Pantai Besar (Row 7) while positive but insignificant relationship between income and CRC for Baling (Row 6).

Since religious commitment is expected to be positively correlated with the age of a believer irrespective of any faith, we made an attempt to test the possible association between age and religious commitments (CRM, Compare Cols. 3 & 6, Appendix. Table 1). It is interesting to observe that with the exception of two exclusively fishing areas – Terengganu (with 247 sample size) and Kuala Kedah (with 15 sample size) that involve comparatively arduous and risky ventures, the modal age of either the household heads or respondents for all other sampling areas seems to be 62+. This means the time spent on religious activities by our respondents (Prayer and recitation of Qur'an-CRC) and their age are not associated in any significant way (compare col. 3 with col. 6, Appendix. Table 1).

Contrary to our findings as above the relationship between time spent for spiritually-oriented religious duties (i.e., *salat* and recitation of Qur'an) and development proxied by income (AMHY) between pooled data (Rows 1 – 5) and non-pooled data (Rows 6 – 9) appears to be positive (Appendix Table 1, Cols. 1 & 5). Compared to the negative but weaker relationship between development and religious commitment as evidenced from regression results, the positive relationship between the average values of these two variables (AMHY & TSRA) based on pooled and non-pooled data seems more robust and convincing. This finding seems to have been also substantiated by another study by A.S. Abdur. Rahman (1995, p. 409) suggesting an inverse relationship between spirituality and poverty i.e., lack of development. Rahman's study suggests that the inverse relationship holds not only for the material-based religious responsibilities such as *zakah* or *sadaqat*, *hajj* and *umrah* but also spiritual-based religious responsibilities such as *salat*, recitation of Qur'an, fasting and attendance at religious classes etc. Since poverty affects the performance of religious responsibilities it is imperative for every Muslim to achieve a certain level of material achievement in order to be able to safeguard both material and spiritual-based religious responsibilities.

## **5.2 Relationship between Perception of Development and Religious Commitments**

In the light of the above discussion, it would be interesting to examine the above relationship using perceptions of development by poor households. Although our survey findings (Appendix. Table 2) merely reflect opinions at the household level, their perceptions as revealed through the voting preferences for indicators of development demonstrate two things: one, coexistence of both material and spiritual-based development; two, coexistence of these two types of development made possible by the pursuit of policies, institutions and values so far by the sovereign government during post-independence period of more than four decades.

It is quite pertinent to assume that the government has the potential to mold the preference patterns as well as the values of individuals either in favor of material or spiritual-based development through the effective implementation of policy



practices and institutions. As explained above this has happened both under capitalistic and socialistic development strategies pursued within the context of secular worldview of development dominated by materialistic considerations of life.

Our findings (Appendix. Table 2) clearly suggest that the preference of 142 respondents belonging to fishing community of Terengganu for moral values including peaceful living, moderation and ability to lead a religious life [(Col. 7 of Rows 5, (ii) to (v), Appendix. Table 2)] far outweighs the preference for materially-dominated life style [(Col. 7 of Rows 4, (iii) – (vi) and Row 5, (i), Appendix. Table 2)]. Interestingly, the greater preference for moral and spiritual-based development holds even when we classify the preference of the fishermen based on more well-off [(income exceeding RM452 per month per households (col. 8)] as apposed to less well-off fishermen (Col. 9) That conservative values are still predominant among the poor becomes evident from their perception that small family does not necessarily mean development to them [Row. 1 (i)].

As for the rationality of the preference pattern of these poor living far away from dazzling neon light of Kuala Lumpur city for certain social overhead capital [SOC, Row 2 (i) – (iii)] it appears that the basic components of SOC including roads, water and electricity occupy the highest priority from the respondents to reflect what development means to them. This observation holds even when we consider the preference for SOC based on more well-off and less well-off respondents from the same sampling area. 58 respondents from comparatively less well-off households-Kg. Jelia and Mixed Kampung having per month income in the range of RM451-452 demonstrate higher degree of rationally in their choice as represented by access to important components of need-fulfilling items i.e., education, owned house and pure drinking water [compare Rows 1 (ii) and (v) and Row 2 (ii), Appendix. Table 2, against cols. 8 – 9]. The religious commitment being measured rather narrowly by the criteria namely, preference for moral standard and, simple lifestyle implying moderation appears to be relatively higher for more well-off as opposed to less well-off respondents [compare Rows 5 (i) and (iv) against cols. 8 – 9, Appendix Table 2)].

That the good political leadership is equally crucial for fostering development for the poor by way of implementing poverty-focused development policies becomes evident from our micro-level evidences, too. The response to a question on development being defined in terms of having good and sincere political leaders, [(opinions against Row 3 (i) under cols. 8 – 9, Appendix. Table 2)] emerges as one of the highest only next to the access to SOC namely, pure drinking water and electricity [(compare Rows of (ii) – (iii) and Row 3 (i) under col. 7)]. As for the reliance on the ability of good and sincere political leadership to foster development, relatively higher percentage from the more well-off voted for good leadership compared with less well-off respondents [(Row 3 (i) under cols. 8 – 9)].

Voicelessness has been identified as one of most fundamental determinants of poverty in the study (Narayan, 2000) sponsored by the World Bank following a methodology of Participatory Poverty Assessment (PPA). This is the basic debate centering around the hypothesis that the Trickle Down Theory failed primarily because of its inability to ensure participation of the poor in decision-making that involve their life.

Therefore, if the desire to participate in policy-making or in other words, the ability to complain of any kinds of wrong doings against the poor is used as a criterion of democracy, the higher priority of the poorest of the poor for one of the universal democratic values i.e., freedom of expression becomes very clear from our empirical evidence [(see Row 3 (ii), under cols. 8 – 9, Appendix. Table 2)]. However, given the self- imposed censorship by individual Malaysians, although the sentiment shown against the policy-makers appears quite moderate, the message for increasing democratic values through participation from the disadvantaged section of the community is quite conspicuous.

Quite consistently with the above observation, while commenting on the moral standard of local political leaders the respondents from Terengganu fishing community seem to be most critical followed by Kedah, Kelantan and Perak. The percentage of vote cast in favor of good moral standard of the local political leaders is lowest for Terengganu while the percentage of those putting blame on their political leaders for not being good, responsible and fair appears more significant from Terengganu and Kedah compared to Kelantan and Perak. While around half of all the respondents (482) from four states speak good about their local leaders, around a quarter of them (24 percent) blame their political leaders (see Table 7.1, p. 56 Pramanik, 2000).

### **5.3 Implications of Development for Family Values and Institutions**

Having analyzed the role played by development policies and institutions in terms of materializing the self-actualization through life, intellect, safeguarding of faith, family and private ownership, it is essential to examine the impact of material development on the promotion or demotion of other family values. The history of economic development based on secular worldview utterly failed not only in promoting certain core values such as moderation, simplicity, and altruism but also expedited the breakdown of the family institutions in the West. The obvious outcome is an alarming increase in crimes in those countries attaining high material development. Judged by the criteria of family values and institutions we will examine here the compatibility between Islamic values and the goal of material development for a country like Malaysia. It will be evident from our finding that while some values have been dwindling the others are sustained and nurtured (Jocelin, 1995; Rosalin, 1996; Zain, 1996; Gan Tek, 1992).

The distribution of the respondent's opinions based on the observance of traditional family values such as giving *salam* and showing respect for and obedience to the elders etc., seems to suggest that the respondents from two relatively better-off among four poverty concentration areas namely, Terengganu and Kelantan show more concerns regarding the observance of traditional values compared to two relatively less well-off poverty concentration areas (see Col. 7, Appendix Table 1) The most important impact of development has been felt on the disintegration of the family institution. Unfortunately, the breakdown of this institution is likely to be conspicuous among the Malays than the non-Malays. Of course, the phenomena of rapid transformation due to age and sex composition of both the heads of families and their members and micro-family as opposed to extended family, are also being experienced by all the early starters of development. But it is expected that a pragmatic development strategy based on Islamic core values must have the built-in potential to encounter the negative forces of material development on the family institution.

The extremely high divorce rate in Malaysia not only among the developing Muslim countries but also among the entire Third World (UNDP, 2000, PP. 251-254) is indicative of the disintegration of the family institution among the Muslims as well as of the increasing crimes associated with this institution. Perhaps, the extremely high participation of women in labor force required to sustain high economic growth together with rapid urbanization associated with industrialization and demographic changes significantly explains the high exposure of women to the economic activities outside of their homes and subsequently the breakdown of the family institutions and traditional values. The two empirical studies on crimes-one by Ahamed Kameel (1990) and the other by Mashudul Matin (1998) in the context of Malaysia- clearly attest to the already established hypothesis of positive relationship between development and such types of crimes as child abuse, AIDS, drug abuse, rape, family violence, juvenile delinquency, etc. Most of these crimes are related to the breakdown of family institutions as evidenced from industrialized countries. If all other types of unorganized and organized crimes are added together the spectacularly high growth in term of GNP and per capita GNP during 1960s through 1980s will appear to be positively associated with crimes (Kameel Ahamed, 1990, p. 134) although there is a some what declining trend in the total index of crimes from 1988 till 1996 (Matin, 1998, chapter.8) with an upward trend again after the financial crisis of July 1997. Recently, there seems to be a declining trend although marginally in total crime index (NST, Sept. 30, 2001, p. 6).

As has been evidenced, during the period of economic prosperity, peoples' expectation to enjoy better life, materially speaking, and the rising economic opportunities to earn move together. People always tend to think that more income will bring more happiness measured by subjective well-being, satisfaction, utility and welfare-all merged together to reflect good quality of life. An interesting study by Easterlin (2001) using empirical findings suggests that income growth does not

cause well-being to rise either for higher or lower income persons. This is because it generates equivalent growth in material aspiration. As such, the negative affect of the latter on subjective well-being undercuts the positive effect of the former, i.e., income growth. He further observes that even though rising income means that people can acquire more goods, the favorable effect of this on welfare is erased by the very fact that people want more as they progress through the life cycle. It seems as though Emerson (cited in Easterlin, 2001, p. 481) had it right when he said 'Want is a growing giant whom the coat of Have was never large enough to cover'. Another scholar Samuel Johnson (cited in Easterlin, *ibid.* p. 465) observed in this regard more than two centuries ago that 'Life is a progress from want to want, not from enjoyment to enjoyment'.

The philosophical underpinnings behind Emerson's and Johnson's observations do indicate one thing that growth manifested through income increase without the noble values like moderation, contentment and self-satisfaction, instead of bringing more happiness through better quality of life, brings endless aspirations contributing to further disruptions in institutions and values. The failure to satisfy these aspirations ultimately creates deprivations and frustrations that significantly explain the causes for committing crimes in any society.

Despite the existence of multifarious reasons explaining crimes such as socio-political, psychological, moral, ethnical and spiritual dimensions in the context of an overall environment facing the criminal (Alatas, 1999), the extent of deprivations resulting from income inequality in the society appears to be a very crucial determinant particularly of unorganized crimes. As such, the presence of dire poverty is not found to be a major cause of crime. Had it been so the highly industrialized countries having lowest level of abject poverty would have experienced lowest level of unorganized crimes.

The available empirical evidences from Malaysia suggest the pursuit of development strategy at the macro-level despite being successful in promoting noble values like justice with fairness (*al 'adl wa al ihsan*) through NEP with salutary effect on self-actualization did not quite succeed in promoting Islamic core values such as moderation, contentment and self-satisfaction at the micro level (see Appendix. Table 2, Row 5). The relative inequality at the household level manifest through the values of Gini coefficients based on income, profession, geographical areas, regions and race significantly explains the household level crime in particular and the total crime in general.

Whatever information is available on rural-urban income disparity caused by highly unbalanced growth between rural and urban areas or in other words risk-prone agro-based and relatively risk-free non agro-based sectors seems to suggest a positive association between the total index crime in general and total crimes caused by the break-down of family institutions in particular during Post-NEP

implementation period of 1970s through 1990s (see Table 1 below). It is quite interesting to observe that the period experiencing the greater erosion of values leading to highest increase in crimes (Row 1, Cols. 1-2) is associated with nearly a decade after the implementation of Affirmative Action Program through NEP. A sudden urbanization (Col. 4) reflecting influx of urban population consequent upon urban biased development strategy in general and urban-based industrialization in particular contributed to the transformation of the whole gamut of economic, socio-political, demographic, ethico-moral and spiritual dynamics of the rural conservative Malays.

**Table 1**

**Inter-Relationships Among Macro-Level Variables and Erosion of Values  
Manifest Through Crimes Committed During 1970-96  
(+ for increase and - for decline)**

Period	Average percentage point change in total index crime (CIC)	Average percentage point change in rural urban income disparity (CYD)	Macro level income inequality (G), Malaysia	Average percentage point change in urbanization (CU)
	1	2	3	4
1. 1970-78	+80.6	+56.6	0.513 ('70); 0.529 ('76), 0.518 ('73); 0.567 ('76)	+17.4
2. 1978-83	-4.2	-30.7	0.52 ('80); 0.51 ('79)	+7.7 (-56.5)
3. 1984-88	-9.6	-16.3	0.48 ('84); 0.458 ('87)	+6.5 (-62.6)
4. 1989-96	+10	+6.9	0.484 ('89), 0.44 ('90); 0.456 ('95); 0.485 ('95), 0.468 ('98); 0.47 ('97).	+30.0 (+72.4)

**Notes and Sources:** Cols. 1-2 & 4 based on Ahamed Kameel (1990, Table 4.2; Appendix. B) and Matin (1998, Table 4.3, Table 7.1). The figs. in parentheses in Col. 4 show the average percentage point increase (+) or decrease (-) using the fig. for 1970-78 as the base. Col. 3, based on EPU (1999), Malaysian Quality of life pp. 20-21; EPU, (2001); OPP3, pp. 88-89; Pramanik (2000, P.18 (unpublished); Perumal (1989, P.40); UNDP (Human Development Reports) and the World Bank (World Development Reports). The value +80.6 (Col. 1 & Row 1) shows the percentage point increase in total crime index in 1978 over the initial year 1970 i.e., 519.6 over 287.8. Likewise, all other coefficients in Cols. 1 – 2 and 4 are estimated. Depending the source the Gini Coefficients vary quite significantly. But the overall trend conforms to Kuznets' Inverted "U" hypothesis of rising first, reaching a Peak and then decline with economic growth proxied by per capita income or consumption. The Gini Coefficients (G) for 1957/58 and 1967/'68 were .412 and .444, respectively (Perumal, 1989, P. 40). The relative inequality (G) since 1957/ '58 follows rather a 'Z' path meaning rising, falling and rising again.

The relatively much better period is the decade from end 1970s till the end of 1980s (1978-88, Rows 2 – 3, Cols. 1 – 2, Table 1) experiencing a decline both in rural-urban income inequality and subsequently total index crime. Another very

interesting aspect of the inter-relationship between crime and income disparity is that the period covering economic recession of mid-1980s experienced larger decline in total index crime due to a comparatively smaller decline in income disparity. During the second period (1978-83), a comparatively larger decline in income disparity could bring only a smaller decline in total index crime. Perhaps, a slowdown in the per capita GDP growth of the recession period 1985-86 can explain both the smaller average percentage point decline in income disparity and a larger percentage point decline in crimes, as a whole. This is because during the economic slowdown, equalizing effect of growth is stronger. This means a decreased level of deprivation resulting from decreased disparity had a moderating effect on the level of aspirations and as such on propensity to commit crime during 1984-88. Although the macro-level variables like CIC, CYD and CU speak a lot on their inter relationships, they also conceal many other interacting forces such as over-urbanization, living in slum areas, pressure for adapting to new environments that influence the crimes through CU and CYD.

Despite the above complexities, the growth in urbanization (see col. 4, Table 1) seems to be positively related both with the change in rural-urban income disparity (CYD) and ultimately the change in index of total crime (CIC). The strength of these direct relationships among CU, CYD with CIC could have been more distinct if similar crime index could have been constructed only with crimes related to the breakdown of the family values and institutions as explained above.

The values of Gini Coefficients 'G' normally used as a proxy for relative inequality and as such, the magnitude of deprivations can also speak a lot in establishing our hypothesis between erosion of values caused by inequality and the crimes caused by the breakdown of family institutions together with traditional family values. Although the salutary effect of macro-level policies (NEP) and institutions based on justice and fairness is clearly felt in terms of contributing to the rather marginal decline in relative inequality since 1970, the degree of relative inequality in Malaysia (Col. 3, Table 1) by the standard of two other countries having experienced similar stage of development – Turkey (with 0.415 for 1994) and South Korea (with 0.316 for 1993) appears much worse. However, such industrialized countries as Japan (0.249 for 1993), UK (0.361 for 1991) and USA (0.408 for 1997) despite being at a higher stage of development enjoy even much lower level of relative inequality compared to Malaysia in early 1990s (see note under Table 1). But at the same time relative inequality for most of the Latin American countries like Brazil (0.60), Chile (0.565), Colombia (0.57), Guatemala (0.596), and Mexico (0.537) seems to be even worse than Malaysia during the corresponding period. The highest relative inequality in Brazil also explains her staggeringly high crime rates among all the Latin American countries in recent decades.

It is also quite pertinent to mention here that the newly emerging countries of central Asia who, because of being associated with soviet socialist republics shared the benefits of better distributive justice despite having comparatively lower level of per capita income. While the per capita GNP in US dollars for four Muslim majority central Asian countries namely, Kazakhstan, Uzbekistan, Turkmenistan and Kyrgyz Republic varies from 1230, 720, 660 and 300, the relative inequality seems to vary inversely in the range of 0.354 (1996), 0.333 (1993), 0.408 (1998) and 0.405 (1997) respectively. Because of lack of uniform data on crimes, we could not establish any relationship between the erosion of moral values and the better distributive justice enjoyed by these countries. But whatever little information is available on two types of crimes-suicides and divorces (UNDP, 2000, pp. 252 – 253) seem to suggest higher concern for distributive justice at the micro-level (households) contributes to the prospect of preventing the family values from being eroded at a faster rate.

The respect for other values of Islam i.e., the tolerance and accommodation implying lowest violence in Malaysia despite experiencing higher growth is worth mentioning. The uniqueness of the value of tolerance (*sabr*) can be observed by anybody-be it in the big or small offices; private or public places market or streets. The presence of tolerance appears most conspicuous when one notices the extreme politeness with which the owners of two ram shackled cars after worst forms of collisions talk in the streets. What could have turned at least into heated discussions, pushing and shouting, if not in exchange of free-kicks and punching involving many other on-lookers, gets easily diffused into a very amicable and gentle exchange of records on car insurance, driving license and telephone numbers. This general scenario is worth-noticing at every public place with very few exceptions regardless of racial, ethnic, religious divides or status of the parties in the feud.

One obvious question that comes to mind is what is it that positively contributes to the noblest Islamic values like tolerance and accommodation in all walks of life in Malaysia. To explain the reasons behind these positive values the renowned political scientist of the country-Chandra Muzaffar forcefully argues that the Malay value-system predominated by the Islamic teachings of universal brotherhood of the pre-colonial days is instrumental in preservation of these values even today when conflicting interests among the racial divides are triggered both by internally changed dynamics as well as by externally imposed negative forces particularly after the recent financial crisis of 1997 (Al-habshi, et al. (eds), 1996, pp. 121-160).

Chandra Muzaffar also argues that historically speaking, the Islamic reformers who were part and parcel of nationalist movement advocated for greater interaction between the Muslim and non-Muslim communities so that they could learn from one another. Likewise, the Malay associations that emerged in various states gave due consideration to the economic interests of other communities. This explains

why even in the midst of the agitation against the Malayan Union the community never thought of excluding the non-Malays totally from the life of the nation (Al-habshi, *ibid*, p. 133). Hence it would be appropriate to suggest that a portion of the enlightened civil society with the Islamic value system propagated by the Islamic reformers interacted with the universalism of Sufi teachings to play a crucial role in the preservation of noble value like tolerance in the period following independence in 1957.

Many other Muslim-dominated societies were not fortunate enough to have enjoyed a rightful balance of those interacting forces having significant impact on certain noble values that enabled the post-independence-era Malaysian governments to experiment with extra ordinary policies like positively discriminatory ones favoring the disadvantaged Malay majority. The governments succeeded in convincing the non-Malays to accept the financial and other sacrifices in exchange of important privileges encompassing citizenship, freedom of religion with a strong assurance for economic freedom to create individual wealth. In this whole 'Big Bargain' preceding independence, the theory of social contract was truly honored by all interested parties to ensure social peace and harmony among the races. This, in turn, played the most significant role in the pursuit of government's desired goals of achieving miraculous economic success with distributive justice at all levels in an atmosphere of harmony and peace not found in many other countries of the world.

It would be unfair if due recognition is not given to the sincere efforts of the political leadership in trying to forge and promote racial tolerance, accommodation and fellow-feeling within the context of Ruku Negara (EPU, 2001, opp 3, P. III). The 'open house' concept being a part of Malay cultural system although remained confined particularly among the Muslim Malays in Kampung (rural areas) for long, became a part of the official ceremonies during post-independence period. To celebrate all kinds of social ceremonies few times a year involving all Malaysians regardless of religious, ethnic and racial differences this 'open house' became a unique yet informally accepted remarkable social institution. Over the years this has proved to be quite effective in nurturing certain values that keep individuals, communities and societies together to live a life of peace, harmony and togetherness. In this regard, the role of government's policy of maintaining a special quota for the allocation of residential dwellings in areas developed by housing developers is quite unique.

We have no intention of getting involved here in another big debate on equality and efficiency that is being intermingled with all the good values (*Adalah*) that NEP has fostered. To qualify for extra privilege without putting adequate efforts creates psychological dependency on the one hand and germinates incompetence, on the other. However, the replacement of NEP by NDP (National Development Policy) with more emphasis on equity and less on efficiency since 1990 to imbibe



the spirit of competition both at macro and micro-levels was a step in the right direction although the ill-effects of dependency-syndrome, complacency and mediocrity are still visible among the Malays even at the seats of higher learning. Therefore, the arguments in favor of prolonging Affirmative Action Program based on quota and privileges with little or no competition might not be fully consistent with the nations' goal of being a developed society through comprehensive-excellence from material, moral, spiritual and ethical perspectives. Of course, it would definitely warrant a highly pragmatic policy taking account of the multi-farious interests of a pluralistic society. The outcome of this policy should also be able to convince the so-called beneficiaries that if the privileges are considered as rights, the confluence of negative forces might grow stronger thereby neutralizing the beneficial effects of the positive forces in future. The demands from the Chinese Associations in the recent past to dismantle some of the privileges being-enjoyed by the Malays as enshrined in the NEP bear enough testimony to this.

## 6. CONCLUSION AND POLICY SUGGESTIONS

The successful implementation of new economic policy based on one of the most fundamental Islamic values-justice with fairness- enabled the country to achieve rapid growth with full employment. This, in turn, has made it possible particularly for the Muslims to come out of poverty and attain the Islamic goal of self-actualization in terms of sustaining life, raising future progeny, developing human intellect, safeguarding faith and enjoying fruits of individual efforts through ownership. It appears that during this process of miraculous growth, neither did Islam stand in the way of development nor did development in the way of Islam. The coexistence of Islam and development becomes evident from the establishment of a number of Islamically-oriented institutions to promote socio-economic and moral values in conjunction with some core Islamic values such as accommodation, tolerance, sharing and caring, cooperation and peaceful co-existence with others. The state, following the path of moderate Islam based on tolerance for opposing views, has also been able to successfully resolve many political, ideological and social conflicts through the pursuit of Conflict Resolution Management in harmony with Islamic institution of *shura* (i.e., consultation).

Given the problems relating to a multi cultural, multi religious multi-ethnic society, pragmatic leadership in Malaysia despite its policies to promote core Islamic values is still not very enthusiastic to implement shari[ah in all walks of life. Hence it would not be inappropriate to say that Malaysia can claim to be a good model of a Muslim country with firm commitment to promote Islamic core values and institutions. By doing this Malaysia deserves to be considered on the right track towards fulfilling the all-encompassing requirements of an ideal Islamic state with shari[ah as the basis of laws governing all policies and institutions.

The success at the macro-level did act as a contributory factor to compensate the failure of some institutions and values at the micro-level. Our empirical evidences also suggest that in the race for materialism brought by quick and easy prosperity the family institution has been disintegrated and values eroded leading to such type of crimes as drug-abuse, child-abuse, AIDS, vandalism, juvenile delinquency etc., which have serious implications for future economic growth through the negative effect on efficiency and productivity of labor force. The relatively higher intra-racial and intra-sectoral inequality as an offshoot of spectacular growth has further contributed to the erosion of values by way of increasing deprivations and rising expectations particularly among younger generations. The dependency-syndrome together with complacency and lack of competitive spirit particularly at the seats of higher learning has undermined the motivation for and spirit of self-sufficiency and living with honor and dignity. Our micro evidences also suggest (Appendix. Table 2) that the Muslims (Malays) do not forego material success for the spiritual success in the Hereafter. Hence their somewhat balanced approach towards life establishes that Islam if comprehended from broader perspectives of life is not an obstacle to but is in conformity with material development.

Reducing intra-sectoral and intra-racial inequality has to be the major concern of future government policies and institutions. The policy reform as has been relied upon in the past might not be enough to achieve this goal. This calls for some sort of asset-reform in terms of giving physical assets including, of course, education and training to the under-privileged regardless of racial divides. To achieve this goal the government might be required to make a difficult political choice of accepting the strategy of moderate growth that will not only help reduce some of the constraints on scarce human and non-human resources but will also promote moderation and values at the micro-level thereby further contributing to the integration of the family institutions.

**Appendix**

**Table 1**

**Relationship Between Development Proxied by Income (AMHY) and Some Key Determinants (Income Used as a Dependent Variable)**

#	State/Sample area	AMHY	G	CRC	R <sup>2</sup>	TSRA by households	Model age of household heads	Satisfaction with OTFV (%)	LMS (%)	WEMS (%)
		1	2	3	4	5	6	7	8	9
1.	All 4 states (692)	420	.23	-.07 <sup>b</sup>	.18	2.23	62+	-	2	2
2.	Terengganu (247)	519	.186	-.04 <sup>d</sup>	.07	2.15	38-45	43	4.5	1.7
3.	Kelantan (160)	429	.256	-.17 <sup>a</sup>	.18	2.03	62+	70	.5	2
4.	Kedah (66)	396	.22	+.11 <sup>d</sup>	.21	2.21	62+	X	0	0
5.	Perak (219)	336	.25	-.02 <sup>d</sup>	.30	2.46	62+	81	.6	2.4
<b>Other Sample Areas</b>										
6.	Baling (13)	360	.26	+.29 <sup>d</sup>	.60	.97	62+	92	-	-
7.	Pantai Besar (53)	312	.29	-.12 <sup>c</sup>	.60	1.05	62+	77	-	-
8.	Kota Bharu (18)	371	.27	+.41 <sup>c</sup>	.21	.49	54.61	79	-	-
9.	Kuala Kedah (15)	427	.17	-.49 <sup>c</sup>	.42	.45	38-45	70	-	-

**Notes and Sources:** Based on Pramanik et. al. 2000, P. 118. The figs. in parentheses show number of sample households. Col. 1 – AMHY for average monthly household income (Ringgit Malaysia) of the respective sample area; Col. 2 – G for Gini-coefficient; Col. 3 – CRC for coefficient of religious commitment implying primarily time spent (in hrs) in daily prayer (*salat*) and Qur’an recitation by respondents (Pramanik et. al. 2000, Appendix. Table 3, p. 118); Col. 4 – R<sup>2</sup> showing percentage of variations of the dependent variable (Col. 1) being explained; Col. 5 showing time spent (in hours) for religious activities (TSRA) as above (Col. 3) by household heads for 5 sample areas (Rows 1–5) and by respondents inclusive of household heads and adult members of households in some cases for sample areas for rows 6–9, a ,b, c for 2.5, 5 percent and 10 percent significant levels and d for insignificant. Col. 7 – percentage of the sample showing satisfaction on observance of traditional family values (OTFV); Col. 8 – percentage of the sample believing only in luck (or predestination) for material success (LMS); Col. 9 – percentage of the sample believing only in efforts (work ethics) for material success (WEMS).

**Table 2**  
**Distribution of Opinions (in %) of Household Heads Based on**  
**Their Perception About Development in Terengganu in 1999/2000**

Perceptions of Development on Issues	Kg. Kuala Kemaman (RM519)	Kg. Paya Berenjut (RM504)	Kg. Pantai Penunjuk (RM495)	Kg. Tengah (RM484)	Kg. Jelia (RM452)	Mixed Kgs. (RM451)	Average of all Kgs. (Cols. 1-6)	Average of (Cols. 1-4)	Average of (Cols. 5-6)
<b>1. Social</b>	1	2	3	4	5	6	7	8	9
a) Small Family	14	14	36	X	6	12	16	21	9
b) Easy Access to Education for all	69	68	29	31	69	62	55	49	66
c) Having Access to Health Services for all	60	55	15	23	50	36	40	38	43
d) Having Good House	63	64	93	46	50	64	63	67	57
e) Having own House	26	45	50	38	56	50	44	40	53
<b>2. Infrastructural</b>									
a) Having good roads	66	59	86	54	50	69	64	66	60
b) Having access to pipe water	86	82	57	54	88	79	74	70	81
c) Having Electricity Supply	80	91	64	46	63	67	69	70	65
<b>3. Political</b>									
a) Having good and sincere leader	74	73	64	62	44	74	65	68	59
b) Ability to complain against any	29	45	43	23	56	33	38	35	45
c) Wrong-doings									
<b>4. Economic</b>									
a) Having jobs for all in the family	40	50	57	13	44	36	40	40	40
b) Having more income	69	59	50	62	16	55	52	60	36
c) Ability to consume more	46	36	14	31	19	29	29	32	24
d) Having enough land	37	36	36	31	38	21	33	35	30
e) Ability to live very comfortably	49	59	43	8	44	48	42	40	46
f) Ability to buy more modern electronic goods	23	32	21	8	31	31	24	21	31
<b>5. Moral/Spiritual</b>									
a) Having ability to follow the life style of better-off	40	18	29	23	19	26	26	28	23
b) Having good moral character	71	50	50	46	31	50	50	54	42
c) Ability to live peacefully	57	64	36	15	56	45	46	43	51
d) Ability to live a simple life	37	41	29	X	44	36	37	50	40
e) Ability to live like a Muslim	46	50	57	8	63	43	44	40	53

**Notes and sources:** Based on survey conducted in 6 fishing Kgs of Terengganu in 1999. The figs. in parentheses on the top from Cols. 1 – 6 show the sample size i.e. the number of households while those below (Cols. 1 – 6) show average monthly income of the sample households. Based on household's monthly income of RM484 and more, four Kampung (Cols. 1 – 4) are classified as little better-off and the remaining two Kgs (Cols. 5 – 6) less well-off among the fishing communities in the sample Col. 7 – based on the average of Cols. 1 – 4. Col. 8 based on the average of four better-off and Col. 9 of two less well-off Kgs with income Ranging from RM451-452 per month per household. For further details see Pramanik. et.al. (2000). Each fig. in the in box under a Col. and against a Row suggests the percentage of households voting for the particular indicator say, small family (i) means development to them. Similarly 69 percent (Col. 1, Row 1 (ii)) of households of Kg. Kuala Kemaman considers development to them is easy access to education for all and so on.

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