



Introduction to Islamic Economic Methodology

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Abstract. This paper suggests that in the process of Islamization of economics, three methods namely ‘negation’, ‘integration’, and ‘value addition’ can be applied simultaneously to the existing body of conventional economics. What is inherently in conflict with Islamic worldview must be rejected and negated. Likewise, what is in line with it must be accepted and integrated into Islamic economics. Moreover, Islamic economics must also give new contributions to this conventional science by adding more universal Islamic values acceptable to humanity. Then what to negate, integrate, and value add, is to be guided by the Islamic worldview, which is a prerequisite for Islamization of knowledge.

Keywords: Islamic Economic · Conflict

1 Introduction

A prominent Islamic economics scholar, Dr. Umer Chapra, revealed that Islamic economics is “economics with an Islamic perspective” [1]. Of course, what he meant by ‘economics’ here was none other than conventional economics discipline. The “Islamic perspective” he told is the worldview of Islam because he also connects the term ‘perspective’ with other words such as ‘vision,’ and ‘worldview.’ So, in short, Islamic economics is conventional economics that is in line with the Islamic worldview.

Islam’s worldview needs special attention from the Islamic economics discipline. The adjective “Islamic,” associated with “Economics,” is not just a patch without a meaning. But it has a profound purpose which includes not only the “religious” aspect that is often understood in a narrow sense but also a broad aspect of “civilization.” Therefore Islamic economics is also economics born out of Islamic civilization or the ‘tamaddun’ of Islam, not just economics of the “religion” of Islam. What is interesting is the origin of the word “tamaddun” which means “civilization,” and comes from the word “din,” meaning “religion”. A contemporary Muslim thinker, Syed Muhammad Naquib al-Attas, said that the words “din,” “Madinah,” and “tamaddun” are derived from the same Arabic root word [2]. So Islamic civilization is the civilization that grew up from the Din of Islam itself. Thus Islamic economics is no exception too; it is an economics based on the Islamic Din, developed in Islamic civilization and its ‘tamaddun.’ Because of that broader sense, Islamic economics is more “civilizational” rather than “religious,” even though in Islam, the basis of that “civilization” is also “religion.” As for the Islamic worldview, it is a set of permanent principles (tsawabit) and never change, usuli, qat’i, ijma’, muhkamat,

ma'lum min al-din and wahdah. This is What constitutes “the hardcore” of Islam? Other than this is termed mutaghayyirat, far'i, zanni, khilaf, mutasyabihat, and kathrah, which are “the protective belt” using the terminology of Imre Lakatos [3]. The Muslim scholar who greatly talks about the notion of “Islamic worldview” nowadays is Syed Muhammad Naquib al-Attas in his book *Prolegomena to the Metaphysics of Islam*.

Indeed, before we talk about Islamic economics, comprehending the notion of “Islamic worldview” is a must because we have stated above that Islamic economics is conventional economics which is in line with the “Islamic worldview.” But for the sake of not raising an issue in the mind of the reader, especially for those who consider the worldview less relevant, I will postpone touching the point of the Islamic worldview later in the other part of the paper. Islamic economics cannot be separated from conventional economics. The paradigm of traditional economics will remain functional in constructing the core of Islamic economics and its practice. The traditional economics theory will remain significant in Islamic economics discourse, whether micro or macro.

The book *Readings in Microeconomics – An Islamic Perspective* [4] is an example of the discourse in Islamic economics that uses conventional microeconomics analysis. According to Islamic perspectives, topics like ‘consumer behavior,’ ‘producer behavior,’ ‘market structure,’ ‘resource allocation,’ ‘distribution,’ and others were discussed in that book. Besides that, the Islamic economics discipline also reflects the paradigm of positive economics and normative economics. What is said as ‘law of demand,’ ‘law of supply,’ ‘law of diminishing marginal utility,’ and ‘law of diminishing return’ in the positive economics paradigm will also apply in Islamic economics. Even some normative economic aspects, be it from capitalism or socialism, remain functional in the practice of the Islamic economic system.

The issue is how far the influence of conventional economics paradigm in formulating Islamic economics as a discipline in the future. What is the Islamization of Economics all about as being actively discussed nowadays? To answer this, one needs to have a master’s in conventional economics as well as Islam at the same time. It is true that the fiqh muamalat has a close connection with the discipline of economics. Still, the dimensions of economics are much bigger than just the legal and ethical aspects of fiqh muamalat. The discipline of economics covers science and its scientific methodology, which are not covered by fiqh muamalat. Despite it, Islamic economics certainly will apply the fiqh muamalat as one of its normative economics aspects.

Deriving some lessons from our past scholars in dealing with the disciplines originally out of Islamic civilization and later integrated into it, we can make an analogy for the case of conventional economics and the Islamic one. For example, in the case of the discipline of philosophy, which has been integrated into the Islamic civilization, there are three different positions of the scholars:

1. Ibnu Sina and other Muslim peripatetic philosophers generally accepted philosophy without looking at its negative aspects.
2. Al Ghazali accepted some and refused some other aspects.
3. Ibnu Taymiyyah viewed philosophy negatively.

Indeed, there are differences in the dimensions between the discipline of philosophy and economics. Philosophy has more intellectual and theoretical dimensions whereas

economics is not fully theoretical since its practical aspect is also bigger. As for other discipline like medicine has a more practical dimension to it. We do not hear that Ibnu Sina, Al Ghazali, and Ibnu Taymiyyah had different views in accepting this Greek medical science legacy. This does not mean that all conventional practices are welcome in Islamic economics because applying the discipline of economics differs from the ones in medical practices.

Economics has its reasoning as well as practicing dimensions. In other words, the knowledge (al-'ilm) and the practice (al-'amal) side of economics are peculiar to its discipline. Methodologically, conventional economics must be compared with the standard of Islamic knowledge. An example is the concept of 'want' in traditional economics must be compared with the concept of 'daruriah,' 'hajjiah', and 'kamaliyah' in usul fiqh. 'Unlimited wants' as what is being claimed by conventional economics can furthermore be questioned in Islamic economics because of the concept 'tama' (greed) and 'qana'ah' (self-satisfaction) in Islamic ethics and tasawwuf.

As for the above aspect, then the epistemology of Islam is needed. Then the knowledge of theology (Kalam) plays its role when it comes to the dialog with the foundations of conventional economic thought. Whether the economic assumptions and theories have attained the degree of certain knowledge (qat'i) or are still at the level of doubt (zanni); that matter should be debated first. For instance, the concepts of 'wants,' 'scarcity,' 'rationality,' 'maximization,' 'self-interest,' 'ceteris paribus', in conventional economics, which are focused on the aspect of human profit-loss calculation, for sure cannot be taken for granted as 'certain knowledge' in Islamic economics.

On the practical side, the application of conventional economics should also be compared with the standard of Islamic practices. For instance the application of usury (riba) in conventional economics eventhough supported by various theories of interest, will remain questionable and cannot be considered for its compatibility with practical Islamic standards. With that notion of ribawi-interest, the idea of factors of production which claims that the capital factor will generate interest return, cannot be used in the theory of Islamic economic production.

As a response to the above theory, some scholars of Islamic economics have tried to come up with some Islamic economics production theory alternative. Fahim Khan, for example, has divided the Islamic economic production factors, instead of four factors, into only two factors, namely "hired factors of production" (HFP) dan "entrepreneurial factors of production" (EFP) [5]. This is in line with the concept of "ujrah" and "ribh" in fiqh al-muamalat. The parts of conventional economic production factors like land and labor are included in HFP and get ujarah (fixed compensation) for the use of the usufruct. In contrast, the capital and entrepreneur are included in EFP and get ribh (floating profit).

Consequently, there are many topics and practices of conventional economics that can be responded to from the Islamic economics perspective. The publication of various literature concerning Islamic economic thought has demonstrated vibrant research in Islamic economic studies within the conventional economic discipline. Muhammad Nejatullah Siddiqi, for example, 1981 surveyed Islamic economics literature available at that time. He successfully found 700 titles of Islamic economic thought on various topics in his book *Economic Thinking—A Survey of Contemporary Literature* [6]. This

time we believe that the figures of Islamic economic literature have been added exponentially after passing the last two decades. Socialization of Islamic economics in the Islamic world which started about in 1970's was positively corelated with the desire of Muslims to practice Islam as the way of life including in the economic life. But as stated above the attempt to "islamize" conventional economics discipline needs an integration and mastery of conventional economics and Islamic disciplines at once. Unfortunately, we have just generated scholars who have high Islamic spirit but still lacking in having Islamic standard scholarship.

Today the economics studies at the higher learning institution in the Islamic world are still not integrating of studying *Islamic studies* covering some primary courses such as '*Ulum al-Qur'an*', '*Ulum al-Hadith*', '*Mantiq*', '*Usul al Fiqh*', '*Kalam*', '*Tasawwuf*', '*Fiqh and the Islamic history*'. Socializing Islamic economics at the higher learning institutions should be started with the integration of Islamic studies with conventional economics. This is because from the Islamic epistemological point of view, those of Islamic studies are in fact compulsory upon all Muslims (fard 'ayn), let alone to the Muslim scholars, whereas studying conventional economics is only optional (fard kifayah). But what is happening today, the Muslim society, as a result of following Western education, begin their academic journey with the optional one (fard kifayah). They have high qualifications of economics studies but their personal obligatory knowledge (fard ayn) is not as the same qualification as the former. The question is, how can Islamization of economics possibly be carried out via the scholars who do not equip themselves with the authoritative disciplines of Islamic studies? What the contrary happened is that; these scholars begin questioning and blaming the genuine Islamic principles which are in contradiction with the the principles of conventional economics. This is the result of mastery of fard kifayah knowledge among the Muslims being more dominant than that of the fard ayn. The knowledge of Fardu kifayah instead of guarding and preserving the Muslim society, now start questioning the very foundation of Islamic principles which are held by the majority of Muslims. This is what has been done by the so-called liberal Muslim thought.

When scholars of conventional economics understand Islamic thought correctly, they will be better off than just being conventional economics scholars. "Khiyarukum fil-jahiliyah khiyarukum fil-Islam, idza faquhu" (those of you who are the best in your pre-Islamic time will also be the best in your Islamic era if you have understood) as stated by the prophet (p.b.u.h) in the hadith narrated by Imam al- Bukhari. Therefore, an exemplary scholar of conventional economics would also become an excellent Islamic economics scholar if he understood Islamic disciplines properly.

The awareness of islamizing conventional economics started with the scholars who have fard 'ayn knowledge and the fard kifayah. Figures like Muhammad Nejatullah Siddiqi, Muhammad Baqir al-Sadr, and Umer Chapra are among those who have a good mastery of Islamic disciplines. Siddiqi, for example, had become a professor and held the head of the Islamic Studies Department at Aligarh University [7]. Baqir al-Sadr in Iraq's Shi'ite community was considered mujtahid mutlaq and marja' [7]. So does Umer Chapra, in his new book, presented a multidisciplinary Islamic economics concept which at once showed his good mastery in Islamic Studies. In fact, since 1986 the same issue had been confirmed in the proceedings of a symposium related to Problem of Research in Islamic Economics which was organized by The Islamic Research and Training Institute

(IRTI), Islamic Development Bank (IDB). In that proceedings, Prof. Dr. Nevzat Yalcintas had stated that:

It is natural for Islamic economics to be related to other areas of Islamic knowledge, because it derives from the same sources as they do and deals with an aspect of human behaviour whose other aspects are tackled by other branches of Islamics. Yet Islamic economics has closer ties with some Islamic disciplines especially ethics, *usul*, (axioms) *fiqh*, theology (*Aqidah*), and history.

As a consequence, he put forward certain conditions for those who want to embark in Islamic economics and doing research related to it subsequently to have some qualifications as the followings: “A researcher working in Islamic economics must have, I believe, the following academic qualifications in order to be able to contribute in this new field:

- (i) Sound, deep and up-to-date knowledge of economics;
- (ii) Solid background of Shari’ah
- (iii) Proficiency in Arabic to be able to use primary sources

I think, these are the basic requirements for any researcher working in this new domain. Some might find it difficult and unnecessary, especially for the third qualification. But those who are serious about research will appreciate it. We have also to bear in mind that no important step in Islamic studies can be realized without sufficient knowledge of Arabic. As we have seen in this paper, the ties of Islamic economics with other branches of Islamics are direct and very strong.”

After seeing the relationship between Islamic economics with the other Islamic disciplines, let us now go to the methodology of Islamizing the conventional economics itself. I propose Islamization of economics will take simultaneous three approaches towards the conventional economics:

- i. Negation approach
- ii. Integration approach
- iii. Value Addition approach

1.1 Negation Approach

Negation approach, like the factor of negating gods except Allah (*laa ilaaha illaa Allah*), is a part of the process of Islamization. For this reason, in the context of islamization of economics, not all the paradigms of conventional economics are acceptable in Islamic economics. Some conventional economics paradigms, even their fundamental parts must be negated and cannot be compromised with the Islamic teachings. This is what is called by al-Attas as ‘Dewesternization of Knowledge’. [1] in the economics context said:

The paradigms of both disciplines are radically different. Then Islamic paradigm is not secularist, value-neutral, materialist and social-Darwinist. It is rather based on a number of concepts which strike at the root of these doctrines.

Obviously the elements of secularism, liberalism, materialism and social darwinism must be eliminated from the worldview of Islam economics. Before the book of *The Future of Economics* published, in his work *Islam and the Economic Challenge*, Chapra

has already stated the importance of “filter” mechanism which is necessary in the process of Islamization of economics. For instance, in the paradigm of conventional economics regarding the notion of ‘scarcity’ which is saying that the economic problem begin with the scarcity of resources to fulfill the unlimited wants, this notion of ‘scarcity’ should be first filtered by “the moral filter” of Islam before being allowed to enter the discourse of Islamic economics. He says;

Islam makes it incumbent upon all Muslims to pass their potential claims on resources through the filter of Islamic values so that many are eliminated before they can be expressed in the market place. In this way claims on resources that do not contribute to positively to or which divert from the realisation of human well-being are eliminated at source before exposure to the second filter of market price.

Eventhough Chapra talks about the filter mechanism on a special reference, but the general filter mechanism can be applied in the process of filtering conventional economics which is not parallel with the Islamic worldview. In this case the filtering is carried out by way of negation and elimination.

Parallel with Chapra, another Islamic economics thinker, Baqir al-Sadr, was also presenting the same case. He is even more “radical” by saying that Islamic economics is “Islamic economics school of thought” (al-mazhab al-iqtisadi li al-Islam) which is totally different with the ones of capitalism or socialism as well as communism. Al Sadr said [8]:

When we say “Islamic economy” this does not mean political economy as this discipline just recently appeared. In addition to it, Islam (which appeared much earlier) is the religion of da’wah and the way of life, and it is not its task to do that kind of academic research... Subsequently what we mean by Islamic economy is Islamic economic school which actualizes Islamic values and practices in managing the economic life. With what this school possesses and with all are being demonstrated in its main thought, (Islamic economics) combines Islamic thoughts in ethics, intellectualism, economy, and history then relating them with political economic issues (such as in capitalism case) or with the human history (in the case of marxism).

Furthermore al-Sadr made a bold claim that Islamic economics is not a science and has not yet become ‘scientific’ so long Islam is not being practiced in the life of society so that the complete data and facts can be abstracted to form the positive Islamic economics theory. It is clear from this case that al-Sadr has given the stressing on the “inductive” method of science itself. However, al-Sadr also acknowledged the other method to imagine the presence of Islamic economy without being conditioned by having the existence of perfect Islamic society first. This is the ‘deductive method’ by using the principles of Islamic teachings which can be used formulate the theory of Islamic economics. Because of his notion to science which is more “inductive” in nature, this notion which is also shared by Muhammad Nejatullah Siddiqi, then according to the latter the status of Islamic economics is still classified as “ideational and not empirical” economics [5] (Siddiqi, 1989). Another Muslim economist, Muhammad Akram Khan, also called the nature of Islamic economics as a mere “statement of the Shariah position on economic issues” [7]. (Khan, 1989). Nevertheless, in my humble opinion both these inductive and deductive approaches actually can be applied simultaneously in formulating the theory of Islamic economics. Among the philosophers of science for example, like Karl Popper

(1902 -1994) who used to be in the London School of Economics (LSE), did not consider that inductive method as the only methodology in science. Even more general than that, science is a discipline of knowledge which possesses the scientific research programmes (SRP), according to Imre Lakatos (1922–1974), who was one of the Philosophers of science and used to give lectures in London School of Economics. Based on those theories of science, Islamic economics can also be called a science provided the SRP is there.

Irrespective of the above condition, the approach of negation of some conventional economics paradigm theoretically and practically would be an important part in the process of dewesternization of economics. The fact is seen in the views of Islamic economics scholars who stated that Islamic economics possesses certain sides which are different from the conventional economics. Probably the clear example which can be cited as the case of “negation” in the conventional economics is usury case. By consensus the discourse of *riba* (usury; interest) will not be accepted, and should be discarded from, Islamic economics.

1.2 Integration Approach

Beside negating what is contrary to it, Islam also admits the good things from other system. “Wisdom is the lost belongs to the believer, wherever he finds it then he has right to take it”. As has been stated the beginning of this paper there many of conventional economics elements which can be applied in Islamic economics. In this case the task of Islamic economics is to take and make it as an integral part of it. Once again we can see the approach of Dr. Umer Chapra in his book when it is being reviewed by another other prominent figure in Islamic economics, Prof. Khurshid Ahmad, in the preface of that book.

As a professional economist Dr. Chapra is aware of the usefulness as well as the limitations of economics as it has developed in the Western capitalist context. Conscious of the intrinsic value of economic analysis and the contributions it can make towards the amelioration of the human situation on the globe, he identifies the weaknesses that have marred the discipline from playing its rightful role. His approach is not negative, it is positive and creative. He identifies where things have gone wrong and suggests what is needed to set them right. He is not an iconoclast. He is an innovator and a reformer who wants to build on what exists, yet build in a manner that rectifies what has gone wrong.

Integration is also one of the elements of Islamization. Conventional economics which is not contrary to the Islamic teachings must be accepted and integrated into the Islamic economics. Therefore conventional economics must again be appreciated properly by Islamic economics scholars. In other words, those who intend to islamize the conventional economics must also be preferably graduated from economics faculty so that knowing what are corrects and acceptable in the economics need to be preserved and appreciated. To negate totally a knowledge in which he has no authority about it, even under the name of Islam, is only showing his ignorance and foolishness causing the loss to Islam itself. Al-Ghazali, nine centuries ago when discussing the part of philosophy that was possible to be integrated with Islam, had warned us about a kind people “who are friends of Islam but foolish” (*sadiq li al-Islam jahil*). This group, with such attitude, according to al-Ghazali, had contributed and shared in making “the philosophy to be loved even more and Islam to be hated even more” (*fazdada li al-falsafah hubban wa li*

al-Islam bughdhan), as the consequence of their attack on philosophy indiscriminately without sufficient knowledge. A similar case can happen to conventional economics. If this discipline is not given a fair appraisal, or even totally refused erroneously without enough knowledge, eventhough with an Islamic spirit, will possibly bring the same effect; Islamic economics will be disliked even more and the conventional economics will instead be loved more. Consequently, the process of socializing Islamic economics will be hindered and slowed down by that kind of attitude.

Integration approach is one of the islamization methodology throughout the generations. The Prophet (peace be upon him) was sent solely to make a perfection on the morality. He preserved whatever good moral and good deed of the pre-Islamic time. Generosity (karam) in the pre-Islamic era was preserved and even being upgraded in Islam. In the case of economic activities, the mudarabah and salam which being practiced in pre-Islamic era are perpetuated in Islam, and even their rules were refined in Islamic Jurisprudence later. Likewise the Prophet (peace be upon him) did not disturb the usage of Roman gold money (Dinar) which was showing the pictures and the symbols of their kings on its sides. Moreover, such a kind of money was also used to pay zakat and buying-selling in Islamic societies in the time of Caliph Abu Bakr.

In the history of Islamic civilization, not all sciences originated from Greek civilization were debunked straight away. Some of them in fact were translated into Arabic. Medical books belonged to Galen (Jalinus), the astronomy of Ptolemy, and some of peripatetic philosophies which did not go against Islam were welcomed into the Islamic civilization. As long as such sciences are “wisdoms” then they have been considered as parts of Muslim’s possession. Therefore, the contemporary conventional economics will also be subject to the Islamic “integration” methodology. The fact that discipline of economics was produced in the Western civilization does not make Muslim scholars to behave unjustly in acknowledging their contribution. If it is without this integration methodology, why should we burden ourselves to create a so-called Islamic economics, notwithstanding the fact that the term “economics” itself was even the by-product of in Western civilization. So the undeniable proof that the integration is an important methodology, we keep using the terminology of “Islamic economics” without being able to free ourselves from term of “economics” at all.

1.3 Value Addition Approach

Islamic economics can also contribute something new, better, and more beneficial to the economic life of humanity. At this level the role Islamization of economics is to include specific Islamic values that do not exist in conventional economics. The concept of zakat, for example, only exists in Islamic economics and nothing in conventional economics. Indeed we know the concept of tax, but the concept of zakat is different from tax. The tax exists because of the existence of government. So if there is no government, then there is no tax. But in Islamic economics, zakat will still exist, whether there is government or not. In addition, the function of zakat is more oriented toward the distribution aspect, and not the collection one. The point is, we can pay zakat directly to those who are entitled to receive it, without necessarily going through its intermediary. While tax needs to be paid to the government first, as an intermediary, then distributed to the people. So tax needs the collection first then distribution, while zakat does not. Obviously in this matter

zakat is a value added to the fiscal system, because the tax objective can also be achieved via zakat, even faster.

Another example is the “mudarabah” system, or with another name “qiradh”, which is a unique characteristic of partnership in Islamic economics that does not exist in other system. Historically “mudarabah” had influenced the world partnership method of the Medieval Europe with the name “Commenda.” A France historian, Andre-E Sayous in his book *Le Commerce des Europeens a Tunis depuis le XII siecle jusqu’a la fin de XVIe* (Paris: 1929) states:

Muslims in the 10th-11th centuries had trading methods who were more perfect than, and were incomparable with, people of Europe. Since the era of Muhammad, even without a doubt, since pre-Islam, a type of contract that contains a refund and participation in the profits generated, has been one form which was almost the same shape as the commenda appeared shortly after that in Christian countries, Western Mediterranean... Europe Christians cannot surpass them [9].

Another economic historian, Abraham L. Udovitch, even states that the commenda method that developed later in Europe has characteristics that are totally the same as “qiradh” or “mudharabah” in Islamic economics which are more advanced than that of the Europe in the 9th, 10th, and 11th centuries AD. In the last paragraph of his article which had shocked the Western historians, Udovitch said:

The qirad, it can be unequivocally stated, is the earliest example of a commercial arrangement identical to the latter commenda, and containing all its essential features. Whether the qirad was taken over wholesale by Italian sea merchants and transformed into the commenda or evolved independently to meet a need created by commercial expansion is something which cannot be stated with certainty. However, even in the darkest period of the Dark Ages trade between the Catholic West and the Muslim World did not come to a complete standstill. The political and economic contracts between Islam and the West during the eight, ninth, and tenth centuries offered Western merchants numerous and convenient opportunities to learn and adopt commercial techniques and practices from their more advanced Eastern colleagues [10].

Based on his research also, a Muslim economic historian, Murat Cizakca, states explicitly that the commenda came from the Islamic world. In his book published by E.J. Brill, Prof. Cizakca said:

... it should be up to those who argue that commenda is originated from non-Islamic sources to furnish the proof. Until they are able to do so, this author, at least, feels safe with the argument that the commenda is originated in the world of Islam.

There are many more Islamic economic concepts that can have value added to conventional economics, both intellectually and practically. This is where the Muslim economists would play their role in researching and studying the history of Islamic economic institutions which can be shown vis-a-vis the conventional economic institutions. There are many legacies of Islamic literature which still need to be re-studied, especially those directly related to the scope of the economy. Literature about hisbah, kharaj, amwal, kasb, nuqud, tijarah, etc., are among the sources of direct references concerning the history of Islamic economic thought and institutions [11].

It cannot be denied either that the ideas and practices of contemporary Islamic economics have contributed to the conventional economics value added. Ideas and practices

about Islamic banking, Islamic insurance, Islamic Capital Market, etc., are examples of new ideas comparable to conventional economic institutions. There are certainly many more tasks that the Islamic economics must take up to improve the economic conditions of the world in the future. Islamic economics is expected to be “the future economics”, borrowing the term of Chrapa, which has “a far more difficult task than conventional economics” [1].

Ibn Khaldun stated that the emergence of new disciplines or sciences are directly related to the civilization (‘umran) which produces it. Islamic civilization used to produce its own sciences, as did the Western civilization. When Islamic civilization re-emerges, then a synthesis of Islamic sciences will be born. As a matter of fact the Islamic civilization is not dead, because so long there is the Religion of Islam and the Muslims themselves, the Islamic civilization will always be there.

Sometimes ago I have stated that:

... the ‘tamaddun’ of Islam has its unique characteristic allowing it to survive eternally and not to be part of the past history. This is because there is a close relationship between the Islamic civilization and the din itself. This relationship is very significant at the etymological level, which according to Prof. al-Attas, the word of tamaddun is closely related to the word din. Starting from this concept it can be said that Islamic ‘tamaddun’ is the manifestation of the aspect of the din in life. The degree of this manifestation can be broad and large and dominating the entire human life like what happened in Islamic history. However, its degree of manifestation can also be confined to certain aspects of life as it happens today. But even when there is only a small aspect of this manifestation, Islamic ‘tamaddun’ is still surviving. This means that as long as there is religion of Islam and Muslims, then Islamic civilization keeps on existing [12].

Today in the field of Islamic economics especially the Islamic banking and finance is moving forward with some breakthroughs in its products and services noticeable by the conventional banking and finance. The fruits of Islamic civilization and its ‘tamaddun’ is now growing again with the emergence of such disciplines. At this stage, Islamic economics is a universal economics that can be enjoyed by all humanities, irrespective of their religions; Muslims or non-Muslims. With this value addition approach Islamic economics emerges as the economics for all as the rahmatan lil ‘alamin.

Negation, integration and value addition approaches in the process of socialization of Islamic economics must go together hand in hand simultaneously. The Islamic economics, therefore, must show its own wisdom. It rejects the bad, accepts the good, and adds more good at once. At the level of the negation approach, its stand must be firm and uncompromising. Because this is the level where distinction (furqan) between Islamic economics and non-Islamic economics should be highlighted. At the level of integration approach too, the attitude of Islamic economics is to embrace and welcome all the beneficial ones from the conventional economics. While at the level of value addition, the attitude of the Islamic economics does not force others to follow its economics, as reflected in the attitude of la ikraha fid din (no compulsion in religion).

Islamic economics should also welcome criticisms and comments from various parts of scholarships for the sake of making the discipline more matured. Despite the growth of literature promoting the Islamic economics, there are also some literature criticizing the ideas and implementation of Islamic economics, in particular Islamic banking, both

from among the Muslims themselves and non-Muslim scholars [13, 14]. Whether the criticisms are valid or not, Islamic economics must also be able to conduct a dialogue and address the criticism accordingly. We must also realize that this Islamic economics movement are noticeable by non-Muslim scholars too around the world. If indeed we can add value to the existing economics, automatically those who are honest and sincere will recognize and acknowledge its contributions. Criticism usually arises due to non-genuine process of “Islamization” which is cosmetic in nature and only polishing the “outer” part of it, whereas the “inner” one is not touched at all. It is not surprising that a non-Muslim observer, for example, makes negative comment between the implementation of Islamic banking in some countries:

In Pakistan, the government imposed the ‘Islamization’ of the economy in 1985. This process was carried out without serious attention to Islamic legal doctrine, leaving the interest-based banking system fundamentally unchanged, but covering it with an Islamic varnish. Thus much of the scholarly literature relating to the Pakistani system either discusses theories which are totally irrelevant to actual Islamic banking practice, or lists the various ruses used to hide interest-based banking practices in Islamic terminology. This hypocrisy has led the few Western bankers who know of Islamic banking to see it as a mere semantic sacralization of normal banking, and to discount its originality and importance. While these conclusions founded with respect to the Pakistani system, they are much less so in relation to Arab Islamic banking, which is developing a system based on the framework provided by medieval Islamic law [15].

From the Muslim side, the same concern was voiced out by Dr. Umer Chapra:

Islamization was introduced in Pakistan by President Ziaul Haq in July 1979. He certainly deserves credit for taking the initiative. Since this was done in response to popular demand, there was a whole-hearted public support for the same. However, even though the Council of Islamic Ideology had clearly warned that “the elimination of interest is but a part of the overall value system of Islam and this measure alone cannot be expected to transform the entire economic system in accordance with the Islamic vision”, no serious effort was made to implement the recommendations of the Council or to introduce greater integrity into the financial system [1].

Anything associated with Islam and given the ‘Islamic’ pre-fixed as in the case of ‘Islamic economics’ will have no exception to be cross-examined from various aspects related to Islam itself. Therefore an Islamic economics is not just a shariah economics. It is an economics symbolizing Islamic civilization and its ‘tamaddun’ in a broad sense. In this case the link between Islamic economics and Islamic studies clearly are not only with fiqh (Islamic jurisprudence), but with other Islamic disciplines within the domain of Islamic civilization discourse.

2 The World-View of Islam

The negation, integration and value addition methodology that we stated above are no other than the techniques and methods of Islamizing conventional economics in particular, and other conventional disciplines in general. However, there is something more fundamental than the stated methodology which needs due attention in the process of Islamization, so that the targeted objectives are attainable and not distracted by the

contra-productive processes. For sometimes the branches of the Islamization methodology may look like helping the whole process of Islamization, however, the same method can hinder the essential process instead. For example, the methodology “masjid dirar” in the time of the Prophet (peace be upon him) which physically looked like establishing a mosque as the most sacred Islamic institutions to support the Islamization process. However, since it was established as a counter-program, it was actually hindering the Islamization. The Prophet (peace be upon him.) should have carried out the “integration” methodology on a mosque being established, but what he did was executing the “negation” methodology by burning and destroying the mosque itself. This implies that there is something more fundamental and essential in determining which needs to be rejected, integrated, or added value in the Islamization process. The essential and fundamental thing that what we mean here is no other than the Worldview of Islam itself. This process of Islamization of worldview that will guide and direct the negation, integration, and value addition methodology in the process of Islamization of knowledge and disciplines need to be given a priority.

As we stated briefly at the beginning of this paper, Islamic worldview is Islamic view of life that does not change by time and space. It constitutes *usul of Islam*, *qat’i of Islam*, *muhkam of Islam*, *ma’lum bi al-darurah of Islam*, *thawabit of Islam*, *ijma’ of Islam*, and the core of Islam itself which are projected in its fundamental aspects such as in understanding (*ma’rifah*) of the attributes of God, the nature of revelation, nature of the universe, nature of man, nature of knowledge, nature of religion, nature happiness, nature of values and morals, the nature of happiness [2]. Today all those understandings have been secularized by Western philosophy and civilization, so the Muslims who are duly influenced have misunderstood their own religion. For example, many Muslims are increasingly influenced by Western ways of thinking and claiming that all religions are the same. Some of them even declare themselves as atheist-Muslims. If this kind of understanding is not settled first, what is the meaning of building Islamic economics and its economy, when Islam is considered the same as other religions or when God is not considered to exist? Take for example in the case of Indonesia, when the liberal group of Muslims calling themselves as ‘Islam Liberal’ or *Islib* who dare enough to say that Islamic *shari’ah* does not exist, where can we expect an Islamic economics would come from them? Again when some of them wanted to edit the *Qur’an* and to produce the so-called Critical Edition of the *Qur’an*, for sure not just an Islamic economics that will never emerge, even Islam itself will collapse with this type of thinking. Obviously the issues that this group are promoting are directly related to the problem of Islamic worldview. In other words, their thinking as such are actually beyond the matrix of the Islamic worldview. So if this problem is not settled first, let alone if it is accepted by general Muslims, then there will be no meaning of Islamization at all. We can imagine if such opinions are accepted by some Islamic economics scholars, can we expect the genuine Islamic economic concept coming from them?

The problem is that the alien understandings of the Islamic worldview are now being propagated in Islamic universities themselves. Nowadays we find university lecturers who teach ‘*Ulum al-Qur’an*’, but having a doubt with the authenticity of the *Qur’an*. The professors who teach Islamic thought teaching to the students that all religions are the same. Can we expect a proper Islamic economics thought is coming from these

intellectuals or from the students who follow them? As a natural fact we will deal with this kind of people first before going forward with others, such as non-Muslims who reject the existence of Islamic economics in the first place. So it is clear that re-Islamising the worldview is a prerequisite for the process towards Islamization of the economics and the economy itself. In other words, behind the problem of economics and the economy that we want to solve, there is more fundamental problem that we need to handle as well, that is the worldview problem. Therefore, the problem of Islamic economics can be likened to an iceberg that appears on the surface of the Islamic worldview problem. In other words, the problem of Islamic economics is only a tip on the iceberg of that of the Islamic worldview.

3 The Role of Islamic Epistemology

As we said above, one of the elements of the Islamic worldview is the recognition of the nature of “knowledge” itself. In this context I want to take the attention of the readers that Islam affirms the possibility of human being to receive knowledge. It is out of intention that statement has been given an italic since there is a particular worldview stating that knowledge is not possible. The worldview which states that human being cannot receive knowledge is not new. The history has noticed it since the time of Greek civilization ever, which is about 5th century BC. This view is referred to as the epistemology of the Sophists [17]. The words sophistry and sophisticated in English come from the words of this sophist or sophism [18]. At the time when this view was absorbed into Islamic civilization, the Muslim scholars call this view as *Sufasta’iyyah* (sophism). Since there is a danger that the worldview *sufasta’iyyah* was posing towards this Islamic creed (*aqeedah*), then the scholars of *kalam* (theologians) classified this view as a view that is contrary to Islamic faith. The clearest statement was made by a 6th Century Hijrah theologian ‘Umar Najmuddin al-Nasafi (d. 537/1142) in his *Aqidah* book which is well-known throughout the Islamic world entitled *al-’Aqa’id al-Nasafiyyah* [2].

This book has been given many commentaries, but among the most famous commentary was by Sa’duddin al-Taftazani (d. 791/1387). In his remarks, al-Taftazani mentioned three groups of *Sufasta’iyyah*: (1) *al-’Inadiyyah*, (2) *al-’Indiyyah*, and (3) *al-La’adriyyah* [19]. I only want to take just an example from this case, namely the second group, *al-’iIndiyyah*, which states that the truth is subjective in nature. To them the truth and certainty depend on the person, the place and the time. Accordingly, people will have different view and understanding of the truth and certainty due to the differences of place and time. The truth in the past possibly wrong by now and the false of the past maybe true now. To them there is no common absolute truth, namely there is no eternal truth in the past, the present, or in the future. In short, no universal truth to them; the truth is relative and subjective. If this kind of view is accepted by Muslims, do not expect Islamic economics will exist in their mind. Instead, Islam itself will disappear with this worldview. So the epistemology of Islam is integrated in *aqidah* books with the aim to keep the knowledge from being destroyed and corrupted by the opposing worldview and epistemology.

We can take another example of “deconstruction” concept which is propagated nowadays by the philosophy of post-modernism. To this view, any established disciplines or

concepts must be dismantled and deconstructed, so that they are open for criticisms from various angles, especially for the historical cases. We can imagine when the Qur'an needs to be "deconstructed" as proposed by Muhammad Arkoun, a liberal thinker from Algeria. Will there be Islam any longer? How about the existence of Islamic economics, if al-Quran must be deconstructed?

We can take an example from economics which is more toward capitalism, although the opponents such as the socialism and marxism are also there. If we "deconstruct" this economics, then we will see that this discipline is indeed only benefiting the capitalists and rich people who dominate both the physical as well as the financial capitals. As for poor people and those who have no capitals, then there is no significant place in economics. It is true that the topic of "poverty" is discussed in development economics, but the way to overcome this problem is only dependent on market via taxation and public finance. Certainly, this economics discusses the variety of theories of development, but at the end again in favor of the rich people. Apparently the economics that we study now is in line with the industrial revolution happened in the Western countries in the 18th century. To industrialize the economy the country must have factory, and to have factory they must get capitals. Finally, the capital is the main factor of production. When the capital is there, so factory (land) and labor can easily be bought by the capitalist entrepreneur. As a result the rich becomes richer and the poor becomes poorer, though the poverty is only a "relative poverty" and not 'absolute' in nature.

4 Conclusion

Where does the position of Islamic economics lay in in the contexts of conventional economic paradigm? In my humble opinion, it first lies in thought and the worldview of Muslims and their scholars. The scholars who see this world with Islamic worldview will perceive the existence of imbalances and discrepancies in the life of world economy. One of the causes of this discrepancy is the science of economics being taught so far. Prof. Dr. Mubyarto once said that the teaching of economics in Indonesia is a big fault because, "economics teachers and lecturers are only "aping" what the American scholars have taught,".... whereas "the economics which is really reflecting the Indonesia's economy remains underdeveloped since all what is taught are only importing and not necessarily suitable to the condition of Indonesia" [20]. The same argument can be used for the Islamic economics. He suggested that there must be "efforts of Indonesianization of the discipline for the sake of the welfare and happiness of the Indonesian people." This is also our desire on the part of Muslim scholars to struggle on the great efforts in the process of Islamization of knowledge for the sake of the welfare and happiness of all human race in this world and in the hereafter.

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