

METHODOLOGY OF ECONOMICS

SECULAR vs ISLAMIC



WALEED A.J. ADDAS



INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

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“A Comparative Study of Economics:
From Self-Interest to ‘God’s Interest’”

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PUSTAKA PERDANA



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Note on cover design

Islam has succeeded by overwhelming its predecessors; a church turned into a mosque in the same vein as the methodology of economics from an Islamic perspectives encompasses the secular methodology and does not let it go out of its sight. Second, the demolishing of the church symbolizes the collapse of the Received View in the philosophy of science today. Islam, in my opinion, has all the answers to today's social and economic problems. Moreover, within the courtyard of the mosque lies the Dome of the Treasury-another example that shows how in Islamic economics, money and wealth creation are an integral part of the religion.

The principles that inspired this cover design derive to a large extent from the insights of my daughters and I also wish to record my gratitude to Mrs. Karim Allaoui of Cambridge university who has helped in proof-reading and final checking on the colours, etc.

Preface

This book is based on the thesis that I submitted in August 2006 to the International Islamic University Malaysia in partial fulfillment of the requirement for the award of the PhD degree in Economics.

It was a difficult topic but this reality dawned on me only after I had already crossed the point of no return. I found the area hazy and controversial in mainstream economics. In the case of Islamic economics the situation was even worse. Methodology was invariably confused with a research design or work plan. The subject in a formal form did not even exist. Whatever was available in the literature was part of discussions on Islamic economics or Shari'ah issues. Usually, the discussion was of a 'touch and go' nature. The writers were seldom found coming to grips with real issues in the area let alone reaching any worthwhile conclusions.

Much confusion and controversy in the methodology of economics essentially centered on the efficacy of criteria, rules, and procedures that have to be observed for evaluating the performance of economics – secular or Islamic. In fact, until today there has hardly been a common view or a clear understanding among the Islamic scholars as to whether Islamic economics itself has a separate existence independent of its mainstream counterpart let alone having a methodology to assess and oversee it. In this dark and un-chartered area, I have tried to show that Islamic economics is both epistemologically 'linked' to and is also 'independent' of secular economics. To be precise, methodology of Islamic economics is and would broadly be the application of the *Shari'ah* norms to mainstream dispensation with a view to assessing their compatibility with the Islamic faith and the position of the *Shari'ah* on the many and divergent micro and macro economic *issues*. We shall find in the following discussion that the subject under the name '*Islamic economics*' is presently no more than the result of applying the Islamic rules and injunctions, i.e. *Islamic fiqh*, to secular economics: Islamic economics is not yet, contrary to what some scholars would want us to believe, a discipline that *replaces* secular economics.