Readings in ISLAMIC ECONOMICS and FINANCE

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USUL AL-IQTISAD: THE MISSING DIMENSION IN CONTEMPORARY ISLAMIC ECONOMICS AND FINANCE

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INTRODUCTION

Islamic economics is still in the process of development. Its body of knowledge and subject matter has not yet achieved a state of consensus among Islamic economists. While there has been a manifold increase in Islamic economics literature, the discourse of an Islamic economic philosophy seems to be very limited and rather elementary compared to the very advanced writings on practical issues such as Islamic banking and finance. The reason for this state of affairs could either be that such a philosophy does not exist, or that Muslims are totally oblivious to it.

Nasr (1987), writing on the development of contemporary Islamic economics in the 1980s concluded that the development of Islamic economics followed three separate paths. Firstly, Islamic economics was presented as a socio-political idea contrasting itself with capitalism and socialism. Secondly, Islamic economics had been shaped around the practical aspects of the process of Islamisation, focusing mainly in the areas of banking and finance. Thirdly, Islamic economics was presented as a new philosophical approach to the science of economics. Many writers and Muslim statesmen have often concerned themselves with the first two paths, while neglecting the third. This lack of philosophical studies may be one reason why Islamic economics has not yet developed a stable body of knowledge and a methodology or methodologies to be used in developing the discipline.

The consequences of this lack of philosophical studies are very apparent. Firstly, there exists some confusion in the discussion of what Islamic economics consists of. Many writers limit Islamic economics studies to the study of its principles of banking and finance. Others tend to equate Islamic economics with fiqh al-mu‘amalah. As a result, the larger significance and the future of Islamic economics
becomes narrowed and blurred, resulting in a limited growth of the scientific framework of Islamic economic thought. Secondly, the intensive propagation of the record of Islamic economics institutions (mainly banks) and the neglect of the philosophy of Islamic economics has threatened Islam’s ability to promote a coherent school or schools of economic thought. (Nasr, 1987; Sardar, 1988:198-217). Thirdly, Islamic economists, in the absence of a philosophy of economics (including its methodological dimension), unwittingly use western criteria for building and evaluating economic performance as well as in examining interest-free institutions. Moreover, they have come to see Islamic economics not as a worldview governing man’s relations to his environment, but merely as a process for creating interest-free institutions and financial instruments (Nasr, 1986).

However, some scholars like Sulaiman (1973), Nasr (1987), Sardar (1988), Choudhury (1994), and Haneef (1997) persistently called upon Islamic economic thinkers to achieve discipline consciousness, discipline independence, and to release themselves from the over-emphasis on western economic ideas, framework, and methodology. A serious effort for Islamic economic philosophical studies is needed to build a strong philosophical foundation that will form the basis for the operational framework of Islamic economics as a distinct and independent discipline.

*Mastery of the philosophy of economic science is an interdisciplinary inquiry. It requires an understanding of the structure and the content of economic reasoning as well as familiarity with ideas from the philosophy of science. Economists have not been encouraged to study philosophy since their intellectual ancestors wrestled their discipline away from departments of moral and social philosophy in the late nineteenth century. Memories of this separation continue to scar both fields. Student of philosophy are, if appearances are correct, forbidden to study economics even today. This legacy is tragic as it is misguided.*

(Fox, 1977)

In addition, scholars such as Fazlur Rahman have warned against taking a reactionary approach toward contemporary problems as a result of political setbacks and the lingering effects of colonialism. Muslim scholars have to attempt a systematic and comprehensive Islamic approach through a realistic assessment of the contemporary social, political, and economic milieu in light of Islamic principles and through a realistic assessment of the Muslim understanding of Islamic principles as a prerequisite (Sonn, 1991). Also, Khurshid Ahmad (1980) noted that the contemporary Islamic resurgence is essentially an attempt to try to reconstruct society and the economy in accordance with Islamic ideals, values, and the needs of contemporary life.
The study on Islamic economic philosophy holds a vital role in three aspects; to determine the scientific direction of Islamic economics that is needed for further research; to hasten the speed of the evolutionary process of Islamic economics toward becoming a distinct discipline (if that is feasible); and most importantly to construct a clear and strong foundation of knowledge that is reflected in the state of art, subject matter and body of knowledge. This chapter attempts to highlight some philosophical aspects of Islamic economics by exploring the foundational/methodological issues related to Islamic economics. For want of a better term, we propose to call this area *usul al-iqtisad*. We first provide a brief historical sketch of contemporary Islamic economics.

**THE EMERGENCE OF ISLAMIC ECONOMICS**

Compared to conventional economics that has become a well-developed and sophisticated discipline after going through a long and rigorous 250 year process of development, Islamic economics is a relative young discipline which is barely 30 to 50 years old. Its scientific elements are still in the process of development and will continuously evolve to a more mature and sophisticated level in the future.

As a new emerging discipline, Islamic economics is persistently trying to develop its own subject matter and body of knowledge by using its own epistemological framework to meet the criteria of a science. Muslim scholars, since the 1976 First International Conference on Islamic Economics held in Makkah, reached an agreement that there was a need for a new economics based on the Islamic worldview and derived from legitimate Islamic sources of knowledge. Khurshid Ahmad noted that “the 1970s represent a watershed in the development of Muslim thinking on economics. It has been during this decade that a healthy transition from expositions on ‘Islamic economic teaching’ to a systematic articulation of ‘Islamic economics’ has become recognizable.”

Muslim scholars have been trying to observe the roots of this particular discipline by tracing the historical economic ideas in Islam. There was an acknowledgement that Islamic economics was initially developed from Islamic sciences, especially *fiqh*. Kahf (2003: 25), for instance, had traced the rebirth of Islamic economics and he found that it was dominated by the scholars and writers with a background in Islamic sciences. The idea of economic thought in Islam was initially discussed in *fiqh* discipline. Likewise, Haneef (1995:1) in his introduction of *Contemporary Islamic Economic Thought*, observed the evolution of Islamic economics toward
a distinct exposition into four phases. In the earlier phase of the 1930s and 1940s, the issues and themes of Islamic economics were discussed as a branch of *fiqh* (jurisprudence) and initially developed into a collection of economic teachings and principles of Islam. The embryo of Islamic economics discipline emerged in the subsequent phase, in the 1950s and 1960s, where some writings had tried to develop a more coherent and distinctive discipline. In the 1970s, especially when the First International Conference on Islamic Economics was organised, the consensus attained among Islamic economists was to officially initiate the exposition of Islamic economics as a distinct discipline which contrast capitalism and socialism economics. Post 1970s, Islamic economics discussion has incorporated a more economic approach - even utilising mathematics and econometric tools of analysis to discuss both micro and macro level questions. A distinctive discipline has been clearly exposed after the 1970s.

Numerous writings have been produced on the shortcomings of the old conventional economics and the merit of Islamic economics as a discipline as well as a system. There are at least four principle reasons for this. *Firstly*, there is a great call of consciousness for the need of new economic regulation that considers non economic factors that could seriously influence economics, such as politics, social factors, the environment, ideology, and religion as well. The call comes from the fact that there is no dichotomy in real life between the economic and non-economic aspects in any society. Therefore, the study of economic phenomena is only a partial analysis that must be integrated with other aspects.

*Secondly*, there is an increasingly persistent demand for transition in the focus of economics from the mainly material concerns to the proclamation of a new system of social priorities that include the concept of *quality of life*, which are not merely defined by material needs alone. *Thirdly*, there is an intensive dispute on the methodology of contemporary economics for its unidirectional approach that simplifies and distorts the true picture of social development. This unidirectional approach cannot explain zigzags and regressive tendencies. It portrays social progress as uni-variant and this realised variant is seen as the only possible and rigidly given variant. Meanwhile, the economic sphere has a complex and multiple nature. (Latysheva, et al., 1993). Moreover, in theory appraisal, the existing economics only relies on limited sources of economic knowledge that does not take revealed knowledge (*wahy*) into account.

*Fourthly*, since 1976, there has been a growing common consciousness among Muslim scholars in particular, for the need of a great intellectual effort to release economic studies from the conventional paradigm and build a new economics based on a new paradigm that does incorporate religious teachings into its theory and system. This new economics considers economics as an integrated science that
is not value-neutral but has positive as well as normative aspects; a moral economy that pursues material well-being together with spiritual well-being; an economy that is concerned with the quality of life as a whole to reflect faith/religion (al-din), intellect (al-'aql), life (al-nafs), progeny (al-nasab), wealth (al-mal), and to put them as five daruriyyat elements; an economics where its epistemological foundations are based on divine revelation (wahy), the universe as well as human intellect ('aql); and an economics that has the strength of theory to be proven through both revelation and reason/observation.

While the writings, especially those in the area of Islamic banking and finance have grown significantly, Islamic economics, its economic theory as well as policy prescriptions cannot rise to the level of a new paradigm without a qualitative renewal of its methodological base. Therefore, as a new emerging discipline, Islamic economics has to persistently develop its own subject matter and body of knowledge by using its own epistemological framework to reach a scientific discipline status. Unfortunately, too little serious work has been forthcoming in developing this philosophical base.

DEVELOPING CONTEMPORARY ISLAMIC ECONOMICS: USING MODERN ECONOMICS AND ISLAMIC HERITAGE

All credible contemporary Islamic economists have reiterated that developing contemporary Islamic economics and related areas require both Islamic heritage and modern economics. Those who are more careful in their opinions will further realise that there are two types of knowledge in both these two sources of inputs that must be obtained if developing contemporary Islamic economics is the goal.

(1) Substantive knowledge such as economic concepts, principles and theories themselves in modern economics and economic teachings, or views on economic matters in the Islamic heritage.

(2) Technical knowledge including methodology. This would include methodology of modern economics and usul studies in the Islamic heritage.

While it may seem very logical that no fruitful development of the former can occur without a good grasp of the latter, what we see in the writings of contemporary Islamic economists is a proliferation of the substantive content. This substantive content more often than not replicates conventional economics in terms of concepts, models, and theories, with modifications made at varying degrees, depending on the ability of the writer. Very few writers, if any, pay serious attention to the elaboration of the technical/methodological (and we add philosophical) aspects of
the discipline. Our opinion is that it is the latter, including the Islamic worldview, especially its economic vision, that provides the framework for the former. For example, unless we have a clear understanding of the ontological (what Islamic economics is), epistemological (how it is to be developed), and axiological (ethics) dimensions of the discipline, which we are to derive from both our heritage and modern economics, how are we to build genuine contemporary Islamic economics and to be able to say that it is Islamic?

Some early writers like Siddiqi (1989) were aware of the need to develop this Islamic economic vision. Although not elaborated sufficiently, in a paper written originally in 1984, he mentioned that there are three components of Islamic economics. The first is the normative framework or the worldview/vision aspect. While the source of this worldview/vision is primarily revealed (i.e. from ulum al-shari'ah or ulum al-naqliyyah), it requires the use of reason and the process of ijtihad in translating the revelation and tradition into economic rules and policies (and we could add values, norms, and principles) as well as interpreting what is meant by concepts such as maslahah, ihsan, etc. when applied to the economic sphere of life.

The second component deals with the analysis of actual human behaviour in the different areas that make up economics. This discussion of positive economics deals with the what is of economic behaviour compared to the what should be of the normative framework. The third component involves an enquiry into how to transform the what is into the what should be. This third component involving policy prescriptions is a very important feature and dimension of Islamic economics where the epistemological base of Islamic economics, founded on revelation, has a different position with regard to conventional economics.

It is our contention that it is the inability to correctly understand the vision and to develop unique theoretical constructs that reflect this vision, stemming primarily from a lack of serious attention in the areas of philosophy of economics (including its ontological, epistemological, and axiological dimensions) that has led to the increasing skepticism of Islamic economics, banking, and finance. In fact, we differ considerably from those who call for moving away from discussing philosophy and methodology to providing practical solutions to the problems faced by society. How is it possible to provide solutions without a correct approach, methodology, and theoretical construct? The problem seems to be that the minds of many concerned Muslims who are economists may not be tuned in to asking these bigger questions as they are trained economists and trained economists never learn about philosophical issues in economics!

Understanding and utilising the Islamic legacy is part of developing contemporary Islamic economics. Unfortunately, many writers narrow the discussions of the legacy to fiqh and even here, restrict fiqh to Islamic law. Again, some early writers like Siddiqi, Anas Zarqa’, and Monzer Kahf seem to be aware of this problem and
have argued that Islamic economists have to go beyond juridicial texts and focus on the implications these fiqh positions have on the economic system as a whole. It is quite important at this juncture that we reaffirm an important point that does not seem to have received sufficient attention. The Islamic legacy relevant to economics has to be seen as more than the narrowly defined fiqh. It must include areas of ethics or akhlaq, epistemology and methodology that would have to tackle usul al-fiqh as well as areas in usul al-din that may seem very odd to many economists. This realisation would have significant implications on our curriculum development requirements at universities as well as in the training programmes given to those involved in the development of Islamic economics, banking, and finance. In the latter, people in the banking and finance industry seem to be only interested in the provision of operation manuals dealing with the how to aspects of Islamic banking and finance.

DEVELOPING CONTEMPORARY ISLAMIC ECONOMICS: THE ROLE OF USUL AL-IQTISAD

The process of building contemporary Islamic economics as developed today seeks to integrate the Islamic legacy and contemporary economics through an integrative approach. Islamisation of knowledge (IOK) in general is an attempt to interact with contemporary western knowledge/disciplines that requires inputs from both Islamic heritage and modern knowledge. As stated by proponents of IOK and Islamisation of economics (IOE) in our case, it is basically an epistemological and methodological concern, as it deals with Islamic methodology and western methodology. As stated before, it would be impossible to deal with the substantive knowledge of both the heritage and modern knowledge without understanding and using methodologies, both Islamic and western. The question we are faced with in developing contemporary Islamic economics that requires inputs from both the heritage and modern knowledge, is what methodology do we use to create the single body of new knowledge that is the creative synthesis of the heritage and modern knowledge? Can we use both types of methodology, can we use one of them or do we have to develop a new methodology or methodologies that are a hybrid of both?

These questions are very important to lead us further in scrutinising the methodology of the Islamisation of economics. The methodological problem is a sine qua non that should be decided and chosen by Muslim scholars when dealing with Islamic legacy and contemporary economics. In this regard, among the queries that arise is, should they do the integration independently? This means that when dealing with Islamic legacy they utilise usul al-fiqh to arrive at (mainly) economic
(business) law. When dealing with contemporary economics, they utilise what is developed today in contemporary economics, which may be totally different to the Islamic heritage to arrive at the economic theories. At the end, the integration takes place. Or there exist some sort of possibilities to combine both methodologies as the creative synthesis to arrive at Islamic economic theories. In this regard, Siddiqi (1989:259) has opined the way in which faqih arrives at hukm or policy prescription (in matters not directly covered by the texts of the Qur’an and Sunnah) and the way in which an economist does so have a great deal in common, but each does it in his own way. The jurist would often quote authorities more than report arguments or state his reasons, meanwhile the economist is trained to deal with reasons in an analytical manner. Then the question that arises is how can these methodologies be integrated?

Another question that could arise is, can usul fiqh, (as the methodology commonly used by Islamic scholars, be used to appraise Islamic economic theories and policy, or can Islamic economics be appraised by only just utilising the methodological principles developed in western economics. Here, it is felt that the introduction of a new area called usul al-iqtisad holds an important role in providing some methodological answers to our queries. Usul al-iqtisad would involve a much wider scope of subjects than usul al-fiqh as understood in today’s narrowly legalistic perspective. On the contrary, usul al-iqtisad would include areas such as the Islamic worldview, its Islamic economic vision, philosophy, including its ontology, axiology, and especially epistemology (including methodology) relevant for Islamic economics, and other social/human sciences.

Before further clarifying what usul al-iqtisad is, let us take a look at usul al-fiqh since this is the term for the methodology commonly used by the Muslim scholars when dealing with Islamic heritage. Usul al-fiqh (literally, roots of Islamic law) is concerned with the sources of Islamic law, their order of priority, and the methods by which legal rules may be deduced from the source materials of the Syariah. The purpose of usul al-fiqh is to deduce the rules of fiqh from the indications that are provided in the sources that is the expressed. Fiqh as such is the end product of usul al-fiqh (Kamali, 2001, 2003). Some writers, such as Kahf (2003: 35) see the relevance of usul fiqh and qawa’il al-fiqhyyah to derive the principles and theories of Islamic economics. Fiqh according to Kahf is an indispensable source of knowledge for Islamic economists, especially when it is dealing with developing financial instruments compatible with Syariah, a deep understanding of the fiqhi positions on mudarabah, partnership, sale contracts, lending, and riba is essential. Both the syariah and fiqh are almost always reduced to law and legal reasoning. Usul al-iqtisad, on the other hand, consists of two words, usul and iqtisad. Usul literally means the origin, roots, principles, fundamentals, rudiments, or elements
of a particular thing. *Iqtiṣad* literally means moderation in the middle. Al-‘Īz ibn ‘Abd al-Salam defined *iqtiṣad* as a level of the two levels and a position of the two positions, where the first is *tafrith* (prudence) and the second is *ifrath* (wastefulness, extravagance).

*If only they have stood fast by the Torah, and the Gospel, and all the revelation that was sent to them from their Lord, they would have eaten both from above them and below the feet. There is from among them a party of the right course (to spend economically), but many of them follow a course that is evil.*

Al-Masry (1987)

*Iqtiṣad* also means economics. Nowadays, economic science is translated into Arabic by ‘ilm al-iqtisad (Al-Masry, 1987; Assal & Karim, 1997). Putting both these meanings together would therefore mean the principles, fundamentals, or even foundations of economics.

However, for the purpose of this paper, we can focus more on the methodological aspects and define *usul al-iqtisad* as the methods of how to derive and appraise the organising principles, concepts, and theories of Islamic economics from the primary sources of Islam (*naqliyyah*), i.e. the *Qur’an* and Sunnah, as well as the secondary sources through *ijtiḥad*, which would include reasoning, experimentation, and observation (‘aqliyyah). Kamali (2003) in this regard insightfully wrote that, the sources of the *Syariah* are of two kinds: revealed and non-revealed. Whereas the former provides the basic evidence and indications from which detailed rules may be derived, the latter provides the elaboration and detail of the former, including procedural guidelines to ensure the correct utilisation of the primary evidence.

The term *iqtiṣad* used rather than *fiqh* is to emphasise that we are not dealing with the legal aspects of decision-making per se, but a much wider area of human behaviour. *Iqtiṣad* includes both the normative and positive dimensions of economic analysis and policy, while *fiqh* especially *fiqh al-mu'amalah*, falls roughly within the domain of economic law, and discusses the legal dimensions or reasoning related to contracts such as *al-buyu*, *al-sarf*, *al-salam*, *al-ijarah*, *al-ju’il*, *al-qirad*, *al-mudarabah*, *al-musaqat*, *al-shuf’ah*, *al-qismah*, *al-rahn*, *al-hajr*, *al-taflis*, *al-sulh*, *al-kafalah*, *al-wakalah*, *al-hawalah*, *al-wad’ah*, *al-ghasb*, *al-istiḥqaq*, *al-hibah*, *al-wasaya*, *al-‘itq*, *al-fara’id*, and *al-shirkah* (Orman, 1997). All these subjects of *fiqh al-mu'amalah*, although related to economic matters, are in fact more concerned with legal/jurisprudential aspects, determining what is permitted and what is not. *Iqtiṣad* is broader than *fiqh al-mu'amalah*. 
Kahf (1978) sees the great disadvantages in thinking of Islamic economics in terms of *fiqh al-muamalah* not only because such an approach by its nature is fragmented, moreover it will lose the overall thrust of the economic theory. Therefore it is not surprising if questions such as; “is Islamic economics the same with *fiqh* (al-muamalah)? Is Islamic economics a sub-branch of *fiqh*? Is there a relationship between the two?” would often rise if one reads the literature on Islamic economics and finance. The economic and financial discussion in Islam is often molded by the discussion of *fiqh* especially *fiqh al-mu’amalah*. Furthermore, Aidit Ghazali (1991) clarified that although there is a relationship between *fiqh* and Islamic economics, i.e. since *fiqh* has economic content as understood in the economics discipline and to various degrees the role of *fiqh* is quite evident in economics phenomena, both disciplines are not similar, because Islamic economics deals with behavioural analysis while *fiqh* is confined to the legal framework. Khurshid Ahmad (2004) also noted that Islamic economics, although rooted in the values, principles, and commands contained in the *Qur’an* and *Sunnah*, is neither a branch of theology (*kalam*) nor of law (*fiqh*). It represents an approach to the fundamental questions of economics, i.e., what is to be produced, how is it to be shared, and what is to be the shape of final consumption in a society.

Several characteristics and purposes of *usul al-iqtisad* as the methodology of Islamic economics can be delineated as follows:

(1) *usul al-iqtisad* is a combination of a methodology developed in our Islamic heritage namely *usul fiqh* and contemporary economics. *Usul al-iqtisad* deals with the primary sources of Islam (*naqliyyah* revealed); *Qur’an* and *Sunnah* as well secondary sources (*‘aqliyyah* reason); reasoning, experimentation and observation of both our legacy and of modern economics;

(2) as a methodology of Islamic economics, *usul al-iqtisad* aims at delineating the principles that could be used to appraise Islamic economic theories. It is also a tool to create Islamic economics to be a scientific discipline;

(3) the methodological principles created should not be partial by only emphasising on Islamic methodology or conventional economic methodology respectively; both are integrated through a methodological dialectic and creative synthesis. Therefore a proper understanding of the Islamic methodology developed in *usul al- fiqh* and contemporary methodology in conventional economics is required. In order to be able to make this creative synthesis, pre-requisites such as understanding the Islamic worldview and its Islamic economic vision are also needed;

(4) one thing should also be noted is that Islam has revealed sources (*Qur’an* and *Sunnah*) and non-revealed sources, such as analogical reasoning (*qiyaq*), consideration of public interest (*istislah*), juristic preference (*istihsan*),
presumption of continuity (*istishab*), and so forth. Whereas the clear injunctions of the *Qur'an* and the *Sunnah* command permanent validity, *usul al-iqtisad* and its non-revealed sources are not permanent, for they are mainly the product of an *ijtihad* and are valid for as long as they serve their desired purpose and open for changes, modifications, and amendments when they cease to be functional (Kamali, 2001); and

(5) therefore *usul al-iqtisad* is also concerned with the validity of economic theories appraised that can be tested by its internal consistency, its compatibility with other aspects of life, and its provision for improvement. In this regard, Naqvi (1986) viewed that Islamic economists should exert great effort to raise a unified economic discipline based on testable foundations in a typical Muslim society and not in some Islamic utopia.

**CONCLUSION: THE WAY FORWARD**

This chapter has argued that we must pay more attention to developing a logical, coherent, and consistent philosophical framework, one that also identifies suitable methodological position/positions for the human/social sciences. This implies that more resources, human and financial, need to be allocated to generate more serious research output in areas that are not seen as economics. Mindsets will need to be changed. The problem is that most writers in contemporary Islamic economics are either trained in modern economics or in Islamic law. Nowhere in the Muslim world is attention being paid to create scholars who are confident in the areas outlined above. This neglect has contributed to the skepticism voiced by many on what they see as imitations and patchwork. Realisation of this mistake is now setting in.

We have to spend more effort addressing the roots/foundations or *usul* of Islamic economics. This would be an effort at dialogue and interaction between parties that must be willing to interact. This means something very different from mere blind acceptance of concepts and their foundations in modern sciences or the emotive rejection of concepts, theories, and views just because it comes from the west. Rather, it implies a thorough evaluation of the foundations of western science, its methodologies, and its resulting bodies of knowledge from Islamic perspectives. Failure to go beyond the legal dimension of Islamic economics/banking and finance has sometimes created a superficial and mechanical representation of the Islamisation efforts. As an example, while the present writers support the genuine efforts at developing Islamic banking and finance (IBF), it must also be admitted that many people question the direction of Islamic banking and finance. IBF is criticised as being a duplicate of the conventional system. One of the reasons why
this approach and direction has been taken has to do with the way Islamic banking and finance products (that seem to be the end-all of the industry) are developed as well as the qualifications of those involved in the IBF industry.

Most of the Islamic banking products are designed by bankers who may have mastered conventional banking and finance, but are not well versed in the Islamic heritage. On the other hand, many of the Islamic scholars who are involved in the IBF industry as syariah consultants and advisors are trained in fiqh and to a lesser extent in usul-al-fiqh/jurisprudence and look almost exclusively at the problems from a legal/juridical perspective. While sincerity is not questioned, the Islamicity which is more than just the legal compliance and the ethical and economic dimensions of the products sometimes are. Besides the duplication criticism, there is a much deeper soul searching that needs to be done by all involved. Even among the Islamic economists, who have mainly been left out of the IBF industry, we have to be honest about our ability to truly Islamise economics as our knowledge in fiqh, methodology, and philosophy of science leaves a lot to be desired. These areas have not been seen in any economics programmes or Islamic economics programmes in universities today.

There are two main lessons gained from 30 years of contemporary Islamic economics. Firstly, we have not really discussed and understood the philosophical and methodological issues of the modern disciplines we have been trying to Islamise, nor have we sufficiently dealt with our own legacy. More resources, financial and human, must be channelled here. Secondly, there is also an urgent need to be able to connect this philosophy and methodology to the disciplines and maybe more importantly, to the scholars who are involved in those disciplines.

No creative synthesis or Islamised knowledge in the form of contemporary Islamic economics, banking, and finance can be truly produced unless this gap is bridged. Unfortunately, modern western trained Muslim social scientists are not able to appreciate these philosophical and methodological issues underlying their own disciplines, let alone their Islamic legacy. Their training has created, in many cases, second class western social scientists, who sometimes even fail to grasp the essence of their disciplines, not to mention any ambition of mastering their disciplines.

In other cases, their training may have created masters of modern disciplines who have also, maybe unconsciously, become entrapped in the existing frameworks of those disciplines, i.e. they may not see things from an Islamic perspective. It may be pertinent to keep in mind that although many Muslim academics may also have advanced degrees in specific areas of knowledge, their knowledge of Islam, its worldview, of Islamic philosophy and methodology relevant to their disciplines,
and of IOK may greatly differ from one academic to another. In some cases, the latter may even be non-existent.

For example, most economics programmes in western universities today hardly discuss philosophical and methodological issues in economics. The underlying assumptions of mainstream neoclassical-keynesian economics is accepted as the truth, while most, if not all, attention is placed on mastering the latest quantitative techniques (now available in software packages) and applying these to analyse data (see www.paecon.net). In addition, western methodology and its scientific methods are accepted as objective and correct, with an overwhelming attention paid to technical procedures and application of quantitative techniques to solve mathematical equations without ever questioning the foundations of these methods and techniques, and the theories they are used to promote. Certainly, this is what the IOK agenda is all about and it would seem the logical area to allocate resources, both financial and human. If nothing more, we should at least learn from the developments in the west where an increasing number of economists and philosophers of science are questioning the entire framework on which conventional neoclassical economics rests.

In this regard, it is very interesting to note that there has been a credible reaction to this in France, the UK and the US with the establishment of a post-autistic economics movement (see www.paecon.net). Beginning as a graduate student protest toward the narrow scope and approach to the teaching of economics, this movement has gained momentum and now has a credible following worldwide calling for a pluralist approach to teaching and learning economics. The movement has a quarterly on-line journal (now in its 29th issue) from economists and other scholars who have taken the very challenging task of critically analysing the philosophical and methodological issues of the discipline. The reason that the scholarship in this journal is worthy of reading is its common critique of modern disciplines (in this case neoclassical economics). Scholars keen on the Islamisation of economics would certainly benefit from reading the coming out material from scholars and graduate students in western universities, who in many respects are much more advanced and profound in their critique of mainstream neoclassical economics.

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