



Reconstruction of Islamic Economic Theory: From Revelation to Methodology

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Abstract: The study aims to rediscover the original source (Al Qur'an) of Islamic economic theory in context of the influence of mainstream theories on contemporary Islamic economics studies. This study reveals the original axiomatic foundations of the Islamic system with defined characteristics and features as the source of Qur'anic or economic theory. Moreover, a methodology is proposed to reconstruct the Islamic economic theory in four phases including; the classification of Al Quran verses pertinent to economic affairs, exegesis-based understanding of theories, chronology, and micro-macro socio-economic context. The novelty of this study is the combination of the science of exegesis and economics. The findings of this study are expected to differentiate pure Islamic economics studies from those influenced by secular economic thinking.

Keywords: Islamic economic system, Islamic economic theory, Revealed knowledge, Economic methodology, Islamic economic history

JEL Classification: B59, D31, D63, F64, H53, I39, Q53, Z12

Introduction

In Islam, revelation is one of the basic sources of knowledge. According to Islamic teachings, knowledge is acquired in two ways, and the first is through revelation, which is the communication of God to man, while the second is by reasoning and this involves using impressions or ideas obtained from discussion to draw conclusions. However, revelation is believed to produce absolute knowledge while reasoning is expressed as relative, requiring continuous calibration and spinning between right and wrong.

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Al Qur'an and Al-Sunnah are revelations containing the basic principles of all Islamic knowledge in general terms. Moreover, even though they are not written based on any scientific or economics principles, several contemporary discoveries related to natural sciences have confirmed their contents to be true and complete.¹ However, the enthusiasm of Islamic economists often leads to different approaches towards the verses, some of which from casual observation while others from in-depth research. This has, therefore, caused several interpretations of the revelation-reason relationship in different economic phenomena.

Islam encourages the use of reason for two arguments and these include understanding the truth of the revelation and interpreting its provisions in the 'right path' to apply in the daily living. It is important to state that these reasons are interrelated, but there is more criticism over the first compared to the second. Issues related to the revelation-reason relationship are negated except for those involving applications such as the formulation of concrete Islamic economics using Al Qur'an and Al-Sunnah which raised the issue of the correct methodology for Islamic economics as discussed in the next section.

This study argues that it is possible to evaluate knowledge in the context of revelation-reason relationship in two perspectives, reason, as an inside element operationalized in the discussion of revelation and reasons used to confront revelation from outside the faith (Hasan 1995; al-Attas, 1993). The first perspective is Islamic while the second is secular and there is a possibility that the meaning of 'reason' differs for the two depending on their worldviews. Moreover, the monistic view of Islam includes sapience and rationality in reasoning while secularism always dichotomizes intellect, rejects sapience, and focuses on being rational only (Hasan 1995; al-Attas, 1993). Due to these perspectives, the knowledge in Islam is divided into three types and these include religious one transmitted through revelation, worldly one acquired through investigation and meditation, and that related to spiritual nature granted by God (al Attas, 1989; Daud, 1991). The different attitudes towards the relationship between sciences and religion are, therefore, caused by the difference in emphasis that is laid upon these various aspects.

One of the bases of secular economic theories is the assumption that all individuals taking part in an action or activity behave rationally. For instance, according

1 The Qur'an places nature or the entire universe as an open book to be understood and interpreted. The entire universe is containing symbolic evidence of God's existence and supremacy. Evidence that through His creation, man can experience and perceive God (see Al-Attas, 1993).

to Miller (2006), *individuals do not intentionally make decisions that would leave them worse off*. Moreover, they are motivated by self-interest and respond predictably to opportunities for gain.² This means rationality is defined as the actions of human directed towards fulfilling certain purpose in life or to always maximize satisfaction based on want and desire. This is in line with Weber's (1992) concept of rationalism that divides rational actions into two types; instrumental rationality (*Zweckrationalitat*) involving maximizing results at minimum cost as well as value-oriented rationality (*Wertrationalitat*) involving the expression of action based on ultimate meaning. Furthermore, social and institutional factors also play an important role but are limited by the dominant forces from "gain-seeking" behaviour, of which, the profit motive is the most important. These further create an invisible force field that shapes and channels capitalist outcomes (Syaikh, 2016). This, therefore, shows that an irrational activity or attitude often has a strong rational foundation.

The establishment of the Islamic economy on both reason and revelation presumably classifies it as a value-oriented rational action. Therefore, the reconstruction of Islamic economic theory covering issues related to utility, efficiency, and others should be according to the value and principles of Al Qur'an and al-Sunnah as well as common sense. However, according to Zarqa (1992), the values are not limited to the economic actions but also serve as the reference for the analysis of Islamic economics issues. This study, therefore, shows that revelation provides at least three functions, first, the ideological basis for economic system in Islam, second, the source of value in analyzing economics phenomenon, and third, shows that Al Qur'an and Al-Sunnah, do not merely provide information on lawful and unlawful matters but also prove the relationship between economic variables, for example, the effect of increasing revenue on human welfare and behavior.

Al Qur'an as the Basis of Economic Epistemology and Methodology

Throughout the fifteen centuries of Islamic civilization, a lot of studies have discussed economic issues in relation to Al Qur'an. Al Ghazali in *Jawahir al Qur'an* (The Jewel of Qur'an) argued that the principles of all other disciplines can be found together with the elements of religious sciences in the Al Qur'an (Al Ghazali, 1933). They are believed to be embedded in the vast literature of the exegesis of Al Qur'an (*Tafsir*), commentaries on *Hadith* (*Syrah*), principles of jurisprudence (*Usul al-fiqh*), and Shari-

2 The first central insight of economics was articulated by Adam Smith in 1776 in his most famous book, *An Inquiry into the Nature and Causes of the Wealth of Nations*.

ah law (*fiqh*). However, no effort has been made to explore and present these materials systematically. Moreover, several other studies have been devoted exclusively to statecraft, social organization, moral philosophy, and historiography since the introduction of social sciences into the universities' curricula in the Muslim world with scholars observed to have started looking for the Islamic heritage in these fields. Furthermore, special attention has also been paid by orientalist to the political and economic thoughts of early Muslim thinkers. There is, however, no single comprehensive book on the history of economic thought in Islam or one exploring how al Qur'an teaches economic philosophy and behavior though some papers including Islahi (1988) and Siddiqui (1992) have been written that too mostly after the middle of this century on the economic thoughts of some past eminent Islamic scholars.

Economics, as part of *syumuliyah* (comprehensive) Islamic science, needs to be developed from the normative values of Shariah and its theories are characterized by four values (Al Qardhawi, 1997) including *Rabbaniyah* (Divine), *Akhlaqiyyah* (morality), *Insaniyah* (humanity), and *Wasatiyyah*³ (Moderation). This means that the discussions about the concept, theory, and analysis of economics in Islam are to be established on Al Qur'an and Sunnah, as well as on other conforming doctrines. The discussions then bring us to correct our economic behaviour in reality based on those theories (see Anwar, 1990).

Al Qur'an is a book revealed by Allah to Prophet Muhammad *Sallallahu Alaihi wa Sallam* as a complement to previous books. Complement, because the content is perfect and covers *several fields of human life*. According to Allah *Subhanahu wa Ta'ala*:

“And We revealed the Book (the Qur'an) to you as an explanation of everything, guidance, mercy, and good news for the Muslims. He admonishes you, so that perhaps you may take heed”. (Qur'an, 16:89)

Ibn Mas'ud (the companion of the Prophet) said “Allah made it clear that in this Qur'an there is complete knowledge on everything.” Qur'an contains all kinds of beneficial knowledge such as reports of past happenings, information about the future occurrences, lawful and unlawful acts, and useful information about religion, livelihood on earth, and the hereafter (Syakir, 2005).

3 The key reference for this term is the verse, «And thus have We willed you to be a community of the middle way [ummata wasatan], ..” (The Quran, 2:143). The concept of wasatiyyah is premised in three key values of Islam; i) iman (belief), ii) `ilm (knowledge) and iii) taqwa (compliance to divine guidance) see Muhammad Kamal Hasan's (The former Rector of IIUM) presentation, at the Second International Conference on Terrorist Rehabilitation and Community Resilience in Singapore (26-27 March 2013).

It also provides a general classification of the obligatory, recommended, permissible, reprehensible, and forbidden actions for individual agents, society, and the state as well as their economic behaviour and all the necessary rules of the law to serve as “guidance for mankind.” According to Khalil (1991), Al Qur’an deals with four areas of science including (i) matters related to reality, horizons, and “the philosophy of science and theory of knowledge”, (ii) the methodology of discovering scientific laws, (iii) the laws applicable to several fields of science, and (iv) laws discovered by experimental methodology.

Al Qur’an mentions the concept and characteristics of economics in several verses but economic reasoning is not an independent concept due to its relation to other linkages and subsystems such as political, social, cultural, or ethical aspects of the Muslim community. This means there is a need to connect these factors to create a holistic system of life. Therefore, all scientific activities in Islam are not limited to their own discourse but also create room for criticism to serve as a transformative agenda as noted by several past notable Islamic scholars such as Al-Ghazali (1056–1111), Ibn-Rushd (1126 – 1198), and Ibn Taimiyah (1263-1328).

Economics science in Islam needs foundations and characteristics to distinguish it from other secular sciences and some of these include *Tawhid* (oneness) creed, Islamic worldview, and advocacy of the pursuit of knowledge. These are further designed as the “epistemological functions” of Islamic economics science⁴ and, according to Choudhury (2014), they arise from the roots of morals, and the manifesto of the monotheistic laws using their dynamic actions to attain the unity of knowledge and, consequently, of world-system to resolve conflicts or differentiation. Choudhury (2014) particularly dedicated a five-volume treatise magnum opus, Science and Epistemology in the Qur’an, to this topic.

Qur’anomic: Methodology and Theoretical Reconstruction

This study deviated from the “trademark” use of ‘Western criteria’ to build and evaluate economic theories and also showed that Al Qur’an and Al-Sunnah are not just a “labelization” to justify a scientific discovery or theory but, more importantly, help reconstruct an Islamic epistemology by critically cultivating the traditions of the re-

4 On the epistemological level, Science in Islam should work on the classification of sciences and the scientific methods. In the case of economics, Islam allows studying the classification of science from various fields, physics, mathematics, sociology, psychology, to metaphysics, which is only possible after we establish the ontological status of the objects. As a result, all branches of modern sciences are valid and legitimate to be included in Islamic economic sciences.

ligion. The study also attempted to derive Islamic economics assumptions and theories from these original sources using the unique method of esoteric exegesis (*Tafsir* or *Ta'wīl*)⁵ to show Allah's promise to humans and its relation to the assumptions and theories. Moreover, understanding the deeper spiritual meanings of the postulates makes it easy to clearly understand the theory of Islamic economics. This is due to the ability of the methodology applied to invoke an epistemological examination of social-scientific phenomena in the light of the pervasively interactive and unitary evolutionary learning worldview presented in *Qur'an*. Furthermore, the social rules and actions in accordance with the Holy Book are holistic and have comprehensively been directed by the Prophet Muhammad (*Al-Sunnah*) on worldly issues (Choudhury, 2014). Therefore, the methodology applied in this study is as follows:

- Thematic exegesis of the Qur'an (*Tafsir Maudhu'i*). This involves the selection and definition of economic issues or topics as assumptions followed by the specification of the limits and range as well as the linkage to the appropriate verses of the Qur'an as shown in the following figure.

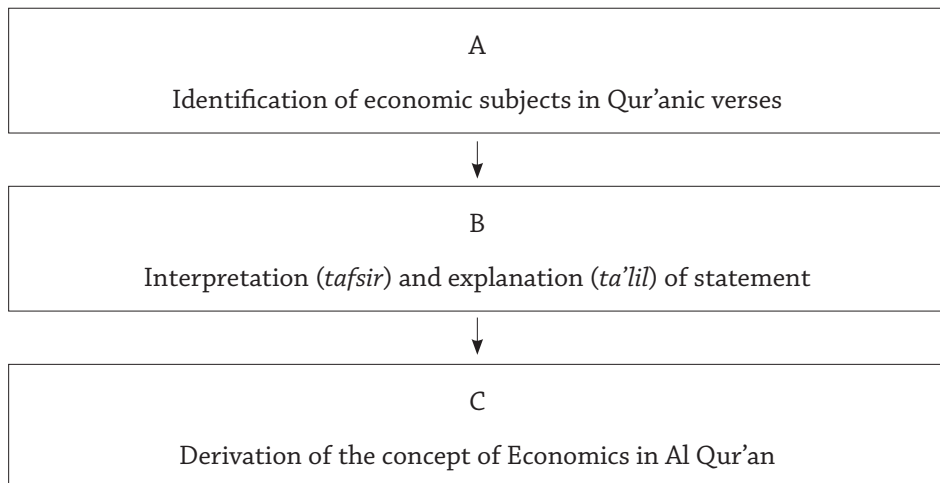


Figure 1. Thematic exegesis of al Qur'an

5 Interpretation (al ta'wil) is a means of determining what a speaker intended to say by the words he or she uttered or wrote. However, this aim cannot be attained without adhering to rules of language being used (see al Zarfani, 1995)

- Scientification⁶ and construction of the hypothesis as an Islamic economic theory from Al Qur'an. This interpretive approach assumes that Qur'an refers indirectly to economic theory discoveries while the methodology of exegesis is also transformed to scientific theory in the field of economics or other fields of science (Efe, 2018). This, in modern science, is also known as a qualitative approach through content or thematic analysis. For clarity, the systematic methodology is represented in the following figure.

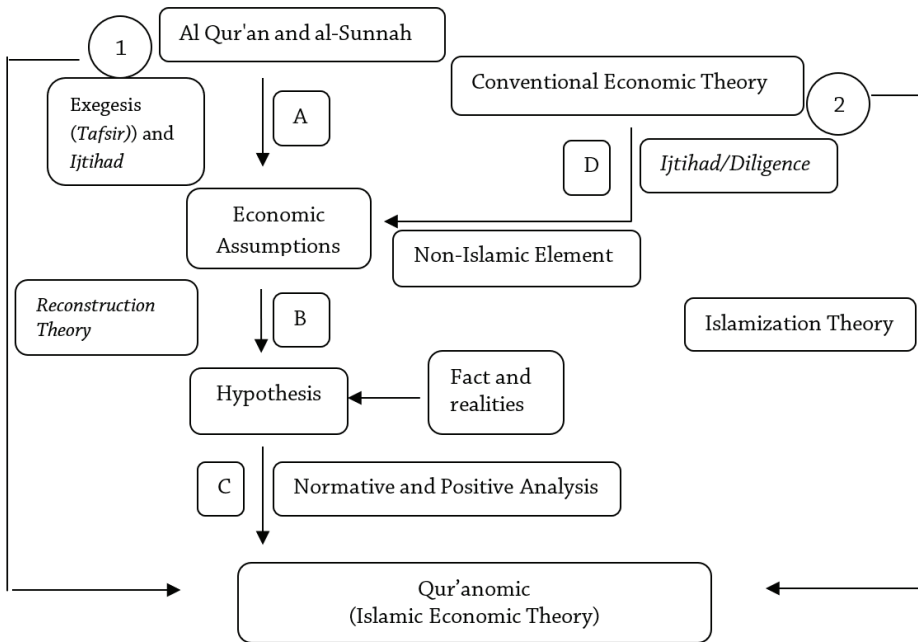


Figure 2. Methodology to formulate Islamic Economic Theory

6 The term “Scientification” was used to assert that, in the Islamic worldview, what is called science or scientific is not dichotomic. The logical-empiric based on fact is categorized as scientific, whereas the one based on revelation is not categorized as scientific. All kinds of knowledge, the logical-empiric or revelation based must be recognized as scientific. In the Islamic worldview only classification or differentiation of knowledges is known, not a dichotomy of knowledges as it prevails by positivism in the western worldview. Therefore, what called as Scientific in Islam not merely based on fact and ratio. Islam believes that al Qur'an and Al-Sunnah as the source of science are scientific and testable. [Al-Attas (1979) and Leaman (1999)]. In the scientific context, Islamic economics also is a part of scientific sociology, as thus defined, Islamic economics obeys three quite special prerequisites. First, it must confine itself to the observable externals of human behavior. This goal means an end to the cataloging of «feelings,» «interests,» or «wishes,» a principal activity of pre-war sociologists. Secondly, must apply rigorous methods to produce a social scientific knowledge. Finally, sociologists should observe strict neutrality in matters of ethics and public policy. See Giddens (1974) and M.A. Mannan, (1983)

Description of Figure 2

A = The verses or hadiths assumed to be related to the economy were identified through interpretation and *ijtihad* (diligence) process and used as postulates. [As a form of comparison, it is also possible to obtain the postulates through the process of *ijtihad* (diligence) and eliminate non-Islamic elements from the available economic theory (D) through the process of Islamization⁷ (2)]

B = The identified postulates were combined with the facts or economic realities to formulate a hypothesis. This is required to avoid the contradictions between Qur'anic text as assumptions and the economic facts or realities. Therefore, there was a need to understand both the Qur'anic text (*idrak al nushus*) and reality (*idrak al waqi'*) which were harmonized to produce what scholars called *Tafsir al Ilmy* (Al Muhtasib, (1973)

C = The hypotheses (B) served as a theory using the positive and normative analysis and this is known as the Reconstruction (1)

In this methodology, several books of *Tafsir* (Exegesis) and *Syuruh* (hadith explanation) were used contemporarily and classically to explain and link the economic factors. Some of the books of *Tafsir* (exegeses) include

- *Tafsir al Qur'an al Karim* (The Interpretation of Al Qur'an Al Karim) by Imam Ibn Kathir
- *Taisiir-al-Karim-al-Rahman Fi Tafsir al Kalam Al-Mannan* (The Simple Dignity of Merciful in the Interpretation of The Bestower's words) by Abdur-Rahman ibn Naasir As Sa'di
- *Zad al Maisir Fi al Ilmi Tafsir* (The Provision of Journey in the Exegeses Science) by Imam Ibnu al Jauzi
- *Al Nukat wa al 'Uyun Tafsir* (The Points and The Eyes of Interpretation), by Imam Al Mawardi (1992)
- *Al Kassyaf al Iqtishodiyah* (The Apocalypse of Economy) by Muhyiddin Athiyah (1991)

7 Refer to Fuller (2003) as cited in Kartanegara (2005) to see why the term "Islamization" is not used in this process. He stated that this term is, sometimes, confusing and even "unpopular". Confusing since its proponents have a different version of understanding and method about it, and un-popular since it implies the relativity of science which for so long has been considered universal.

- *Taisir al Aliyy al Qadir* (The Interpretation of The Highest and the Almighty) by Muhammad Nashib ar Rifa'i
- *Al-Tafsir al-Munir fi al-'Aqidat wa al-Syari'at wa al-Manhaj* (The Illumination Interpretation of Creed, Law, and Methodology) by Wahbah al Zuhaily (1991)

All these exegeses supported by *al-Mu'jam al-Wasit* (2004), a Qur'anic dictionary by Majma' al-Lughah al-'Arabiyyah, *Lisan al-'Arab* by Ibn Manzur (2012) and *al-Ta'rifat* by al-Jurjani (1983) were applied to examine the meanings of Qur'anic verses in the etymology before they were compiled as terminology. Meanwhile, several books of *syuruh* (hadith explanations) were used to explain *ahadith* and including *Syarh Shahih Muslim* by Imam Al Nawawi and *Fath al-Bari bi Syarh Shahih al-Bukhari* by Imam Ibn Hajar al Asqalani. Moreover, lack of a direct link between Al Qur'an and the Al Sunnah pertaining the subject⁸(Dunya, 2007) then led to the analysis of the assumptions or concepts through thematic interpretation (*Maudhu'i*) and *Ijtihad* (diligence) which involved the analysis of the ideas from contemporary Islamic economics scholars, Farmawy (1977) and Khan (2005). In dealing with Qur'anic texts using textual analysis, *Ushul al Fiqh* methods were employed which included Linguistic-semantic (*lughah-bayan*) and logical interpretation (*istinbat*) (Safi, 1996). Furthermore, the *ushuliyun* was used to discuss the issues of the text clarity (*Nash*), categorization, relationship between linguistic expression and its intended meaning (*murad*), between an individual expression (*lafz*) and its structure (*murakkab*), metaphor (*mujaz*), allegory (*kinayah*), and similarity.(Karcic, 2007)

To assert the presence of economic terms in the Qur'an, the observed verses were linked to the Journal of Economic Literature (JEL) code and KAUJIE Classification Scheme as shown in Table 1.

8 Dunya (2007) said that in economic matters there is no classical (Salaf) interpretation yet specifically explain it. Khalaf (1956) also asserted that of 6666 Qur'anic verses, the majority or 2/3 discuss matters of faith, while only 1/3 discuss people's lives. Although several verses are related to commercial or economic issues, no verse set exactly on industrial, monetary issues etc.

Table 1.

Economic Subjects in the Qur'an linked to the Journal of Economic Literature (JEL) classification and KAUJIE classification scheme⁹

Qur'an Guideline for economic theory (Chapter: Verse)	JEL Code	KAUJIE Scheme	Economic Subject
2:22, 5:64, 6:95, 7:10,11:61, 14:32-34,66,164, 16:5-6,14, 42:26 & 28, 50:9, 70:27-30, 56,96, 22:65, 30:41, 31:21, 67:15, 71:19-20	Q-Q10-Q2	R2-R35	Agricultural and Natural Resource Economics, Environmental and Ecological Economics
2:201,172,233, 3:14, 5:88, 6:142, 43:32	D11-D12-D18-E2	H-H2	Consumer Economics: Theory, Empirical Analysis, Consumer Protection
6:138, 12:47, 18:32, 26:149, 68:24-27	D13-H31	H3	Household Production and Intra-Household Allocation
2:201,172,233, 3:14, 5:88, 6:142	D14-E24-H24-P34	I-J-M-M5	Personal Finance
2:201, 2:188, 261, 4:29, 9:103, 51:7,19, 65:7, 70:24-25	D3-E24	N-N3	Distribution
2:188, 202, 276, 4:29, 28:58,76, 30:39, 42:37,42	D4-D40-E22-E31-E60	E4-O0-Q-U	Market Structure and Pricing
6:151, 17:31, 59:7	D6-P16	B-F4	Welfare Economics
2:198,275 4:12, 17:12, 38:24, 62:9-10,152 73:20	D8	A1-A2-A7-E1-H0-O	Information, Knowledge, and Uncertainty
2:29,43,267,275, 4:41	E4-E41	F5	Money and Interest Rates, Demand for Money
2:29, 267, 6:151, 17:31	P0-P4-P5	F0-H1-G0F1	Economic System
5:8, 6:152, 26: 181-183, 55:8-9, 83:1-6	A13-P4-P51	B-F1-H0	Economic System: Justice and Equality

9 Source: Author's own. The verses shown in Table 1 are not an exhaustive list but only serve to represent the related subject. KAUJIE refers to King Abdul Aziz University Journal of Islamic Economics.

6:151, 8:60, 9:121, 17:31	P46-I3	B5-E0-E5	Welfare and Poverty
3:93, 8:60, 9:103,121, 70:24-25	N3	E0-M6	Philanthropy
2:215,4:36, 9:60,121, 59:7,70:24-25	H-H4- H55-H75	E1-E4	Social Security
2:181, 5:38, 90-91, 83:1-6,	D03-K42	A7-B- C0-S0	Illegal Behavior and the Enforcement of Law
2:188, 43:32, 49:13	K33-D51	S-U	International Law
65:7, 70:24-25,	J01	M8-P	Labour Economics: General
2:202	J2-J3	M8-P	Demand and Supply of Labour, Wages, Compen- sation, and Labour Costs
65:7, 70:24-25	J24	E0-H2- M8-P-T	Human Capital, Skills, Occupational Choice, and Labour Productivity
2:22,164 5:64, 7:10,56,96, 11:61, 14:32-34, 16:5-6,66, 22:65, 30:41, 31:21, 67:15, 71:19-20	D2- D20-D24	H2-H3	Production and Organizati- ons: Production, Cost, Capi- tal, Total Factor, Multifactor Productivity, and Capacity
14:32, 6:95, 16:14, 42:26 & 28, 50:9, 70:27-30	Q5-Q56- Q57-Q58	F-H4-H5-S	Environmental Economics
2:188,261, 4:29, 9:103, 51:7,19, 65:7, 70:24-25	A13-D3- D31-D63	N-N3	Equal Distribution, Other Normative Criteria, and Measurement
2:188	D41	H24-G26	Perfect Competition
13:11, 28:77, 62:10, 13:17, 30:41,	Y8-Z-Z13	N1-P2	Human Resources
2:29,43,267,275, 4:29,41	E2-E4-D6	H3-Q9-R-S	Macroeconomics: Con- sumption, Saving, Produ- ction, Employment, and Investment
2:168, 3:180, 4:29,37, 5:91,	E21- E24-P51	B4-H	Pareto Optimality
2:282, 7: 85, 17:35, 83:1-6	D03-K0- K10-K49	H2-K	Ethics and Economic Behaviour
2:177, 4:29,58, 5:42, 60:8	M-M2	K-O-O4-P	Business Ethics
2:198,275 4:12, 17:12, 38:24, 62:9-10,152 73:20	D2-D21- D8-D86-G3	C0-C2	Economics of Contract: Theory

Table 1 shows that the Qur'an has comprehensively embraced economic matters while the KAUJIE scheme was discovered to have a wider coverage compared to JEL classification with Qur'anic verses observed to be very open for exploration and application as principles in the economic system for humans.

Application of the Methodology

This section analyses an example from the basic postulates and concept of economics in Islam according to Al Qur'an¹⁰ which is further elaborated and constructed through the previous methodology.

*The Assumptions*¹¹

The basic problem, according to positive economics, is the scarcity of resources in face of the multiplicity of human needs or wants.¹² This is in line with the theory proposed by Malthus in "An Essay on the Principle of Population" published in 1798. This neo-Malthusian theory relies on fixed assumptions, for example, food and passion between genders are essential for human existence, but the population always grows faster. This ontological assumption leads to the definition of economic science which, according to Lionel Robbins (1935), was defined as "the science of studying human behaviour as a relationship between ends". The concept was further described by Samuelson and Temin (1976) as the study of human behaviour in relation to consumption of scarce productive resources to make provisions for wants.¹³ This means, two assumptions in economic science are, endless needs with different importance and the scarce resources with various uses, both conflicting each other.

10 Qur'anic text, in term of its content, includes several broad categories: *Aqidah/Tauhid* (creed), *Tadz-kirah* (warning and promises), information about what will happen in hereafter, *Ahkam* (laws, norms of behavior) and *Akhbar* (reports about events). In the economic context, we assume that all categories are unseparated.

11 Every model, or theory, must be based on a set of assumptions as well as theory and model of economics. Assumptions here are defined as the set of circumstances in which our model is most likely to be applicable. When scientists predicted that sailing ships would fall off the edge of the earth, they used the assumption that the earth was flat, see Roger Le Roy Miller (2006). Ernest Nagel in His article «Assumptions in Economic Theory» said that when codification of theory was given, the statements belonging to it could be divided into three subgroups. The first consists of statements which count as the fundamental ones and are often called the theory's «assumptions» (or basic «hypotheses»); the second subgroup contains the statements that are logically deducible as theorems from statements in the first. However, the term «assumption» is sometimes also used to refer to the antecedent clause of a conditional theoretical statement in either of these subgroups. See Nagel (1963) and Oslington, (2003)

12 See Samuelson and Nordhaus (1989, p.26). Ruffin, R.J. and Gregory, P.R. (1993, p.3), Jeffrey M. (2008), Zaman (2009)

13 Samuelson and Temin, (1976, p.3)

Hypothesis

Scarcity is debated by Islamic economists based on its causes and logical rationality¹⁴. For example, Ahmed (2002) divided the concept into absolute and relative scarcity. The author argued that, in fulfilling unlimited wants, there is no absolute scarcity since Allah SWT has created everything in sufficient amounts for sustenance of all living beings (see Qur'an, 15:19-21). In contrast, some scholars such as Sadr (1973) argue that the notion of 'scarcity' is unacceptable, because we believe that Allah SWT has provided resources 'in exact measure' for man to conduct responsibilities. Following that argument, Salleh (2011), state that the arguments on the existence of relative scarcity are problematic due to two reasons. *Firstly*, the relative scarcity of resources at any given period is due to the 'abundant stock' but 'limited flow of actual means' by the will of Allah SWT, and *secondly*, the analysis about the scarcity of resources is also tangibly heavy and inadequate. The analysis is always subjective according to the interests of economic authorities in different places of the world.

Analysis¹⁵

Due to this issue of "scarcity", there are basically many verses in the Qur'an that have become "points to ponder" as well as the character and yard stick to determine the perspective of Islam on economic problems¹⁶ such as:

- Resources, Scarcity or Abundance are Allah's prerogatives

"And unto Allah falls in prostration whoever is in the heavens and the earth, willingly or unwillingly, and so do their shadows in the mornings and the afternoons" (Qur'an, 13:15)

God affirms His might and power, for He has full control over everything, and everything is subservient to Him. Therefore, everything, including the believers, prostrate before Allah willingly, while the disbelievers do so unwillingly. (Syakir, 2005)

14 Mainstream economic theory is based on several important concepts such as scarcity and rationality which have a very close relationship with each other. One of those concepts is that people make choices in their best self-interest known as the Rational Choice Theory that is based on scarcity assumption (Rothbard, 1995)

15 Economic science, in general, has both theoretical and empirical approaches. Theoretical analysis precedes empirical analysis, and empirical analysis may, however, in some cases precede theoretical analysis.

16 Many economic thoughts and philosophies in classical and contemporary literature are mainly based on the issue of economic problem. The problem of economics is, after all, concerned with the aspects of production, exchange, distribution, and consumption of commodities not fully related to human behavior.

- Allah provides Resources to every creature

“And so many a moving creature carries not its provision. Allah provides for it and for you.” (see Qur’an, 29:60, 11:6, 15:20)

This means several living creatures do not have the ability to gather and save provision for the second day. Allah allots this provision to the weak and makes it easy for them to access it. He sends provision to every creature in the appropriate manner, including the ants in the depths of the earth, the birds in the air and the fish in the sea [Al Rifa’i (1989), Athiyah (1991)]

- Allah ensures easy Management of Resources

“He it is who has made the earth subservient to you; so walk in the paths thereof and eat of His provision and to Him will be the resurrection.” (see Qur’an, 67:15, 21:80, 45:12-13, 57:25, 80:24-32)

This means, even though individuals travel throughout the regions, frequent the country sides, and all the areas of in the domain the journeys to seek earnings and trade, there is not going to be any benefits for the efforts unless Allah makes it happen. Allah who ensures all resources may benefited or not by human. Therefore, striving to attain something requires dependence on Allah/submissive (*At-Tawakkul*).

- Scarcity or Abundance depends on *Taqwa* (Piety) and Obedience to Allah

“And (remember) when Ibrahim said, “My Lord! Make this city (Makkah) a place of security and provide its people with fruits, such of them as believe in Allah and the Last Day. However, Allah revealed, “I will also provide for the disbelievers, just as I shall provide for the believers. Would I create something and not sustain and provide for I shall allow the disbelievers little delight, and then force them to the torment of the Fire, and what an evil destination.” (Qur’an, 2:162)

This verse means whoever has *Taqwa* (Piety) to Allah in what He has commanded and forbidden, He will make a way out for him from every difficulty and provide from resources he never anticipated or thought about. Moreover, Ibn Abi Hatim recorded that `Abdullah bin Mas`ud said “The greatest Ayah in the Qur’an that contains relief is (And whosoever has *Taqwa* (Piety) of Allah, He will make a way for him to get out)” and his opinion is supported by Ibn `Abbas and Ad-Dahhak. Abdullah bin Mas`ud and Masruq commented on the verse by stating that “it pertains to when one knows that if Allah wills, He gives, and

if He wills, He deprives". Furthermore, the verse "*And He will provide him from where he never could imagine*" (Syakir, 2005) and was explained by Ibn al Jauzi to be "from where he never imagines and hopes"(Jauzi, 1964)

Finding and Discussion

The above verses are the main source of inspiration for the economic system in Islam and show the differences between the Islamic and conventional economic outlook. They indicate the major economic problem is not only the scarcity of resources as postulated by the mainstream approach but is also strictly related to self-interest and human behaviour at the micro-level and allocation or distribution of resources and wealth at the macro level. According to several Islamic economists, such as Hasan and Ghazali (1992), Zaman (2009), and Karim (2001), scarcity does not create a lot of problems in Islamic economic sciences, depending on its definition and origin. These researchers further argue that the notion of scarcity has written long before the birth of conventional economics, and we can't simply reject the concept of scarcity just because it was discovered and promoted by the conventional economist, but rather we have to connect its logic to the Qur'an.

However, we have to distinguish clearly between "absolute and relative scarcity". Relative scarcity is presented in the verses of the Qur'an as unique with theological meanings different from the conventional definition. According to Al Qur'an, the cause of the economic problem is explained explicitly in the following verse.

"And the earth We (i.e Allah) have spread out and have placed there in firm mountains, and caused to grow therein all kind of things in due proportion; And We have provided therein means of living, for you and for those whom you provide not (i.e. living creatures); And We send it not down except in a known measure."

Verses 19 and 20 show that Allah has created everything in sufficient amounts for sustenance of all living beings, including humans. Therefore, there is nothing as absolute scarcity. However, verse 21 is quite important because it entails the philosophical base of "relative scarcity". According to Imam Al Razi (n.d.), all the possible and potential means of living are only realized by the Will and Power of Allah because He has destined mankind to live on this earth "infinitely" but the provisions for creatures at any period are finite or limited in line with the nature of the world and limited span of life. Another interpretation of this verse is that "all the wonderful gifts and energies we see in the world around us have their sources

and fountainheads with Allah, the Creator and Sustainer of the worlds. And what we see or perceive or imagine is just a small portion of what exists. That portion is sent out (made available) to us and to our world according to our needs or its needs from time to time as the occasion arises. It is strictly limited according to rule and plan (of Allah). Its source is unlimited and inexhaustible”

These interpretations provide a clear meaning to the concept of relative scarcity. However, in economics, it can also be further explained as the provision of ‘stock’ of natural resources suitable to produce all means of living in abundance while the “flow” of the actual means from these resources at any given period is limited according to the Will of Allah. This is His Wisdom.

Methodological Implication

The concept of scarcity is important, and this has led to its inclusion in the current definition of economics. For example, Samuelson and Nordhaus (1984, p. 4) defined Economics as “the study of how people and society choose to employ scarce resources that could have alternative uses in order to produce various commodities and to distribute them for consumption, now or in the future, among various persons and groups in society”. All economic problems in production, distribution, consumption aspects and growth in the future should be linked with this definition. From the Islamic perspective, economics has been defined in several ways and, unfortunately, some have followed the principles of conventional economics by emphasizing “relative scarcity” as the central problem with logical sequences within the *Shariah* constraints. However, these definitions fail to capture the Qur’anic philosophy related to the economic problem and have been reduced to Islamic finance concepts meant for Muslims and the needs of the world. For example, “Islamic economic jurisprudence” and “Islamic economics” on Wikipedia show that:

“Islamic economics is economics in accordance with Islamic law. Islamic economics can refer to the application of Islamic law to economic activity either where Islamic rule is in force or where it is not; i.e. It can refer to the creation of an Islamic economic system, or to simply follow Islamic law in regard to spending, saving, investing, giving, etc.”

Therefore, there is a need to redefine Islamic economics in line with the definitions proposed by Islamic economists such as Yousuf Ibrahim (see Aliyar, 2011) that it “is a science studying the guidance of the human behavior towards the use of resources to satisfy needs”.

Another important lesson from this methodology is to ensure the careful use of the scientific language of economics while a comprehensive understanding of the terminologies related to Islamic economics is required to influence its theory and behaviour. This is further expected to improve people's understanding of the concept and its effect on them. This is necessary because technical terms are keys to knowledge, for example, a single term can convey several different ideas combined, with some being explicit and others implicit, some conscious and others subliminal. Moreover, terms are embedded in a whole host of related circumstances and expectations, time and places, specializations and civilizations, therefore, they are required to be understood within context to avoid errors and confusion.

Conclusion

The study showed that Al Qur'an, as a basic source of Islam, has dealt directly and conclusively with the science of economics by providing a surprisingly simple solutions to complex issues. It also has introduced concepts and assumptions of economics to direct and guide all Muslims in their economic behaviour and activities. Moreover, this study showed both in the theoretical and methodological fields, Islamic economic science does not merely study scientifically the physical or real entities of the economic phenomena but also the metaphysical entities or God's knowledge (*Al 'Ilm Al Ilahi*). Therefore, it is not possible to separate economic science from religion. Furthermore, it is possible to derive different concepts and assumptions of economic science in Islam, different from the mainstream methodology which contradicts the fundamental doctrines of the religion. Finally, all the economic concepts and frameworks produced from Qur'an considered as Qur'anic, are an independent science rooted in its own epistemology.

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