

# Islamic Economics Revisited: Re-contemplating Unresolved Structure and Assumptions

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*After decades of its birth, Islamic economics has undoubtedly gaining its strength. However, it could not be regarded as yet, inevitably, as being a zero-defect discipline. Although the debate on Islamic economics seems to be almost rather settled, but a revisit to it is still indispensable. This is exactly what this paper intends to do. It attempts to revisit the mainstream Islamic economics and explore two unresolved concerns that are observed to have prevailed in it, so as efforts to overcome them could entail with a more proper development of the discipline. The two unresolved concerns are the untransformed structure of and the remaining of the conventional economics assumptions within the Islamic economics itself. This effort comes with awareness that these two unresolved concerns are not the only unresolved concerns still lingering around the Islamic economics. There are at least five more, viz. an absence of the redefinition of operating concepts, inaccurate ultimate aim, pseudo-Islamic operational mechanisms, erroneous research methodology, and knowledge-practice dichotomy of the Islamic economists themselves. However, due to space limitation, these five unresolved concerns will have to be dealt with elsewhere. The concentration of this paper therefore would only be on the untransformed structure and the remaining of the conventional economics assumptions of the mainstream Islamic economics.*

Keywords: Islamic economics, Islamic economics structure, Islamic economics assumptions, scarcity of resources, unlimited wants.

## INTRODUCTION

This paper intends to revisit Islamic economics by recontemplating two unresolved concerns that have been observed embedding in it<sup>2</sup>. These unresolved concerns are, firstly, the untransformed structure of the Islamic economics; and secondly, the remaining of

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<sup>2</sup> The Islamic economics here refers to the contemporary Islamic economics that was traced to have begun in 1930's and 1940's. This has been invigorated in 1976 by the First International Conference on Islamic Economics in Makkah and continues to flourish till today. To date, the writing on Islamic economics could be categorized into three categories. The first was the one in the 1930's and 1940's that was advocated by fuqaha. The approach was more of a legalistic approach while their emphasis was on issues such as riba and interest, banking and zakat, apart from a little bit on poverty and development (Muhammad Nejatullah Siddiqi 1981). The second, was the group that responded to the orthodox view of the above fuqaha. Although they were not Islamic scholars, the advocates of this group of writing attempted to reinterpret (tafsir) the Qur'an and the Sunnah using their 'aql (mental) to promote *ijtihad*, under the pretext of overcoming the problems faced by modern society. The third that apparently becomes the current mainstream Islamic economics was the writings by Western-educated Muslim economic scholars. They adopted economic-based approach that reflects the background of their conventional economic thinking (either a synthesis between neo-classical and Keynesian or radical economics), using western economic techniques and sophisticated writings (Timur Kuran 1986, Mohamed Aslam Haneef 2010:2-3).

conventional economic assumptions. These two concerns are indeed old issues that have been previously discussed and debated by Islamic economists<sup>3</sup>. However, in spite of an absence of any agreement on them, they seem to be ignored and forgotten by many at the moment. More concentration rather has been endeavored on the mechanisms of the Islamic economics, without much consideration on its philosophical and epistemological underpinnings anymore.

Actually, apart from these two old unresolved concerns, there are also another five concerns that have never been highlighted, hence needing similar attention. They are firstly, an absence of the redefinition of operating concepts; secondly, inaccurate ultimate aim; thirdly, the pseudo-Islamic operational mechanisms; fourthly, the erroneous research methodology; and fifthly, the knowledge-practice dichotomy of the Islamic economists. However, due to space and time limitation, this paper will only deal with the two old unresolved concerns with the hope that the other five concerns could be dealt with later elsewhere.

This paper therefore is just an attempt to recontemplate the very basic nature of the Islamic economics itself. It is not an attempt to cover other bigger challenges and roles that this paper firmly believes Islamic economics should have in fact been dealt with by now. For instance, there are problems of the maneuvering of the first world's economic hit men as has been confessed by Perkins (2006)<sup>4</sup>. There is also the issue of 'false economy' as has been exposed by Beattie (2010), that leads certain countries decide their path to be found latter that it is wrong<sup>5</sup>. Also there is a challenge of a rather more open and tactical economy as put forward by Harford (2011) which suggests that in order to build up a rich and rapidly growing country, one has to fight scarcity power and corruption, correct externalities, maximize information, get the incentives right, engage with other countries, and most of all, embrace markets.

All these problems undeniably are lingering within the economic system of the world. They are definitely already a high time to be addressed and dealt with by the Islamic economics. But these, for now, is not only too big for the Islamic economics to handle, but also not possible unless the Islamic economics itself firstly recuperates its fundamental strength by mending all its deficiencies.

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<sup>3</sup> For a brief history of Islamic economics, see Mohammad Umar Chapra 2001:46-49 and Ausaf Ahmad and Kazim Raza Awan (1992:4-6). For a history of Islamic thought over the last fourteen centuries, see Muhammad Nejatullah Siddiqi (1992:69-83).

<sup>4</sup> According to Perkins (2006), the economic hit men are "highly paid professionals who cheat countries around the globe out of trillions of dollars. Their tools include fraudulent financial reports, rigged elections, payoffs, extortion, sex, and murder". In the words of Perkins who himself was an economic hit man, they systematically "convince developing countries to accept enormous loans and to funnel that money to U.S. corporations. The American government and international aid agencies then requested the "pound of flesh", including access to natural resources, military cooperation, and political support".

<sup>5</sup> Amongst other things that Beattie (2010) deliberates are how and why in the 'false economy' countries and societies and economies got to where they are today – what made cities they way they are; why corruption destroyed some nations but not others; why the economy that fed the Roman empire is now the world's biggest importer of grain.

## UNRESOLVED CONCERNS OF ISLAMIC ECONOMICS

As mentioned earlier, the two concerns on the Islamic economics to be dealt with below are actually the very basic of the Islamic economics characteristics themselves. The first refers to its structure and the second refers to its assumptions. The other five which are not going to be discussed here also relate to the very basic characteristics of the Islamic economics, that is its concept, its ultimate objective, its operational mechanisms, its research methodology, and its advocates. If all these seven very basic characteristics are settled, Islamic economics has a clearer path to proceed, not only for the sake of providing a beneficial system to all, but to overcome the problems and challenges entailed from the conventional economic systems, such as created by the economic hit man and the false economy. The key to this is the liberation of Islamic economics from conventional economic paradigm, so as to allow a comprehensive transformation from within the Islamic doctrines themselves. All the seven concerns are indeed pertinent to this endeavor, but for the purpose of this paper, two would be firstly sufficient.

### Untransformed Structure of the Islamic Economics

The question of the untransformed structure of the Islamic economics undeniably is an issue of the past. It refers to the Islamic economics structure that has not been able to detach itself from conventional economic structure, especially from the neo-classical structure. Such phenomenon to some extent is attributable to, direct or indirectly, the stance advocated by some earlier Islamic economists such as, amongst others, Muhammad Abdul Mannan (1984a), Nejatullah Siddiqi (1988a) and Monzer Kahf (1987). Muhammad Abdul Mannan uses an eclectic approach by lending the thinking of Western economics, while Muhammad Nejatullah Siddiqi and Monzer Kahf integrate the neo-classical approach with *fiqh*, leading to an approach known as *fiqh*-based neo-classical, an approach that build-up the current mainstream Islamic economics.

Such an approach characterizes an accommodative-modification approach, with a methodologic eclectic nature. The accommodative-modification approach adopts a flexible methodology, while methodologic eclecticism chooses what are good from all sources and use them collectively. The arguments that embedded in the accommodative-modification and methodologic eclecticism approach are as follows. Contributions from other sources and disciplines such as the neo-classical theory and its tools of analysis have to be accepted while its assumptions, behavioral norms and objective could be modified to make them Islamic (Muhammad Nejatullah Siddiqi 1988a:108). In other words, it proposes a modification of conventional neo-classical theory and its tools to provide a change in the orientation of values, institutions and the objectives that aim to be achieved. For this to be realized, the advocates of such an approach argue for an Islamic economics that possesses adequate universality.

The accommodative-modification and methodologic eclecticism approach thus clearly represents 'patchwork' that does not represent genuine Islamic frameworks. Instead, they position Islamic economics as a sub-discipline of the conventional western economics. Their reasons for this are simple. They argue that it is needed to truly develop Islamic economics and not try to 'economize Islam' (Mohamed Aslam Haneef 2009:18, 51, 53). In fact, Muhammad Nejatullah Siddiqi (2001) views that the interaction with modern economics is

not only acceptable, but needed. In actuality, as has been argued by Mohamed Aslam Haneef (2009:53), Muhammad Nejatullah Siddiqi goes to the extent of accepting contemporary frameworks of disciplines and the values that come with them. It is because of this that, *inter alia*, Muhammad Nejatullah Siddiqi is regarded by Ziaudin Sardar (1988:198-217) as a 'Keynesian *par excellence*'.

Glancing through the reasons for the undetachment of Islamic economics from the conventional economics would manifest reasons that are actually based on a rather simplistic ground. For instance, Abdel Rahman Yousri Ahmed (2002) who views Islamic economics as a distinctive blend of *Shari`ah* principles and conventional economics for instance, takes a stand that as long as the concepts and principles of the conventional economics do not contradict Islamic principles, they can be adopted in Islamic economics. So is Mohammad Umar Chapra (2001:39). He says that Islamic economics may adopt the theories of conventional economics that have become a part of conventional wisdom, if these theories are not in conflict with the logical structure of the Islamic worldview.

A more simplistic logic is the reason put forward by Mohammad Anas Zarqa (1992:54). Islamic economics to him means just a replacement of conventional economics values with Islamic values, within the same conventional economic structure. He says:

“...when Islamic values replace other values that have affected traditional economic analysis the result may be a new kind of economics which is not necessarily or entirely opposite or different from conventional economics. To put it very simple, perhaps simplistically, if we take out whatever values are there in the process of economic analysis and replace them by Islamic values and work out the analytical consequences, we arrive at a product which can be called Islamic economics” (Mohammad Anas Zarqa 1992:54).

While Abdel Rahman Yousri Ahmed (2002) and Mohammad Umar Chapra (2001) do take into account the principles and worldview of Islam in arriving at such a stance, Mohammad Anas Zarqa (1992:54) seems to ignore them, although it is these Islamic principles and worldview that should essentially have become the mold of the Islamic economics. But it is also not right to say that Islamic principles and worldview may not be in contrary to the conventional principles, concepts and theories as is put forward by Abdel Rahman Yousri Ahmed (2002) and Mohammad Umar Chapra (2001). The conventional principles, concepts and theories may seem to be similar at operational level, but when Islamic principles and worldview are taken into account, they would not be in similar meanings with those of the conventional principles, concepts and theories anymore. Rather than persistently being molded by and hooked to the philosophical and epistemological underpinnings of the conventional economics, these principles, concepts and theories should now be molded by and entrenched in the Islamic philosophical and epistemological underpinnings. Once this happens, the whole principles, concepts and theories change to become holistic purely Islamic economics principles, concepts and theories. In other words, the principles, concepts and theories of Islamic economics should have been deeply rooted in the Islamic philosophical and epistemological underpinnings themselves *vis-à-vis* those of the conventional economics that are rooted in their different philosophical and epistemological underpinnings.

Therefore, the argument that the conventional principles, concepts and theories may not be in contrary to those of Islamic principles and worldview as are argued by the advocates of the accommodative-modification and methodologic eclecticism approach could not be right. The conventional principles, concepts and theories would definitely be permanently in contrary to Islam as long as they are rooted in the philosophical and epistemological underpinnings of the conventional economics. But when they are evaluated in determining their 'Islamicity', they have to be seen not only at the level of their operational mechanism, but more pertinent than that is at the level of their philosophy and epistemology. This would determine the acceptance of these conventional principles, concepts and theories. But as these principles, concepts and theories are rooted in the conventional philosophical and epistemological underpinnings which are definitely in contrary to those of Islamic philosophical and epistemological underpinnings, the acceptance is clearly unlikely. If they are accepted on the reasons that their philosophical and epistemological underpinnings are not in contrary to Islam, then the whole meanings of the principles, concepts and theories are now totally changing to Islamic meanings accordingly.

In other words, if the principles and worldview of Islam are taken into consideration such as done by Abdel Rahman Yousri Ahmed (2002) and Mohammad Umar Chapra (2001), the whole economic structure should have logically become Islamic, entailing from the fact that the Islamic principles and worldview themselves have to be founded on the Islamic philosophical and epistemological underpinnings. This would become the mold of the Islamic economics that changes and gives new meanings to all the conventional theories, definitions, concepts, tools, methodology, values, institutions, assumptions, behavioral norms, objective *et. cetera*, according to Islam. All these components within the new purely Islamic economics structure have inevitably to be rooted in the Islamic philosophical and epistemological underpinnings, not on the neo-classical philosophical and epistemological underpinnings anymore. In such a situation, it is not merely the structure that has changed according to Islamic worldview, but also the components within the structure also change accordingly to the Islamic mold shaped by the worldview. Unless the Islamic principles and worldview are ignored as is with the stance of Mohammad Anas Zarqa (1992), there should not be any necessity to attach, integrate and adopt the neo-classical theory. Taking into account the Islamic principles and worldview into Islamic economics would mean building up its own structure that is embedded with its own Islamically-defined components. Then there should not be any neo-classical-defined components anymore, and the advocacy of the attachment, integration, acceptance, and adoption of the conventional economics is already out of question.

In fact, Muhammad Umar Chapra (1998:100-101) himself stresses on the importance of a true worldview. He says:

“The worldview explains the origin of the universe and the nature of human life. Differences in worldview lead to difference in conclusions about the meaning and purpose of human life, the ultimate ownership and objective of the limited resources at the disposal of human beings, the relationship of human beings towards each other (their rights and responsibilities) and their environment, and the criteria for well-being”.

In our case, the true worldview is definitely the Islamic worldview which is embedded by Islamic philosophical and epistemological underpinnings, as opposed to the false worldview of the mainstream conventional economics. Unfortunately, as has been rightly observed by

Mohamed Aslam Haneef (2009:53-54, 57-58, 69), there is a lack of serious attention in the areas of philosophy of economics (including its ontological, epistemological and axiological dimensions) although the right approach, methodology and theoretical constructs are prerequisites to finding correct solutions. Instead, emphasis is being given to merely the “substantive areas of economics”, including banking and finance, without giving due emphasis on the foundational issues including worldview and methodology, on which modern banking and finance is built on. In consequence, without the inclusion of methodological and epistemological concerns relevant to economics, it ends up making Islamic economics a branch of western economics, for without a basis or worldview that forms the criteria of evaluation and methodology, Islamization of a discipline or even of minds could not take place.

For the above reasons, it is already high time for present Islamic economists to reconsider the views put forward by those who long for a truly independent Islamic economics structure that could have been developed from outside the conventional neo-classical philosophical paradigm. Among them are the views put forward by Abdul Hamid Abusulayman (1973), Seyyed Vali Reza Nasr (1986), Ziauddin Sardar (1988), Mohamed Aslam Haneef (1997), Zubair Hasan (1998), and Masudul Alam Choudhury (1999, 2011). All of them have voiced the need to study and establish a strong philosophical foundation of Islamic economics. To them, Islamic economic thinkers have to be released from the over-emphasis on western economic ideas, framework and methodology.

Another strong advocate of this view is Syed Nawab Haider Naqvi (1981). He submits to an innovative and radical approach called axiomatic approach, strongly criticized capitalism and neo-classical-Keynesian economics, rejecting the cosmetic modification of Islamic economics, and support strongly the role of state in economics<sup>6</sup>. He insists that Islamic economics should not be developed according to the western template (Mohamed Aslam Haneef 2010:8). Another scholar, Ibrahim A. Ragab (1995) too has adopted a ‘disengagement view’ which advocates the disengagement of Muslim scholars from the west in the initial stage of developing Islamic frameworks before interacting with modern knowledge.

If Islamic economists are not turning to recontemplate and adopt the views of these scholars, then the critiques of Islamic economics as well as the hopeless stance of some will remain a lasting phenomenon. The so-called Islamic economics could not move beyond the result of just applying Islamic rules and injunctions, i.e. *Islamic fiqh*, to secular economics, let alone replacing it (Waleed A.J. Addas 2010:5). The observation made by Seyyed Vali Reza Nasr (1991) two decades ago, and subsequently reiterated by Mohammad Umar Chapra (2001:54) a decade later, will remain intact: that the theoretical core of the Islamic economics “failed to escape the centripetal pull of western economic thought, and has in many regards been caught in the intellectual web of the very system it set out to replace”. The result will remain the same as has been rightly admitted by Muhammad Umar Chapra (1998:103) a decade ago: that the Islamic economics: “so far scratched only the surface. Its theoretical core has been

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<sup>6</sup> Through this axiomatic approach, Syed Nawab Haider Naqvi (1983:v) outlines three basic foundations of Islamic economics. Firstly, it is a subset of human endeavors aimed at creating a just society based on the principles of divine ethics (*al-`adl wa l-ihsan*). Islamic economics therefore has to be explicitly dominated the Islamic economics and it is the ethical factors that differentiate Islamic economics from the conventional economics. Secondly, Islamic economics has to be poor bias, as a reflection of a just system that caters for the poor. Thirdly, the state has to become not only as an economic regulator, but also an active participant in production and distribution as well as a controller of Islamic banking and finance.

unable to come out of the straitjacket of mainstream economics, particularly in the fields of micro- and macro-economics, monetary and fiscal policies, economics development, and international economics and finance”.

### **The Remaining of Conventional Economic Assumptions**

The problem of the untransformed structure of the so-called Islamic economics is actually also deep-rooted in how its advocates view the economics. Almost all of the advocates of the accommodative-modification and methodologic eclecticism approach are of the view that Islamic economics have to deal with the similar components that the conventional economics are dealing with, that is production, distribution and consumption of the scarce resources (Muhammad Abdul Mannan 1984a:51<sup>7</sup>, Mohammad Umar Chapra 2001:33<sup>8</sup>, Abdel Rahman Yousri Ahmed 2002:27<sup>9</sup>, Khurshid Ahmad 2004<sup>10</sup>). The only different to them seems to be the Islamic economics’ motivational nature that influences the pattern, structure, destination and composition of production, distribution and consumption (Muhammad Abdul Mannan 1980:13), injection of Islamic values (Mohammad Anas Zarqa 1992:54), and the *halal* nature of *goods* and services (Abdel Rahman Yousri Ahmed 2002:27). Again, all of these components are argued to must have been in conformity with Islamic teachings (Mohammad Umar Chapra 2001:33), and within the framework of *Shari`ah* (Abdel Rahman Yousri Ahmed (2002:27), although no detailed deliberations on these were endeavored. Instead, the very nature of the mechanism of conventional economics, viz. the maximization of productivity, and in the case of Islamic economics, the maximization of the productivity of *halal* good and services, still becomes the main mechanism of their Islamic economics. Abdel Rahman Yousri Ahmed (2002:27) for instance says that Islamic economics is:

“...the science that studies the best possible use of all available economic resources, endowed by Allah, for the production of maximum possible output of *Halal* goods and services that are needed for the community now and in future and the just distribution of this output within the framework of *Shari`ah* and its intents”.

He reiterates the importance of the maximization of productivity through another form of definition which says Islamic economics as:

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<sup>7</sup> Muhammad Abdul Mannan (1984a:51) for instance defines Islamic economics as a social knowledge that studies problems of a society based on Islamic values. It is related to production, distribution and consumption (me: like the conventional economics?) in a framework in which Muslim society uphold total Islamic way of life.

<sup>8</sup> Mohammad Umar Chapra (2001:33) defines Islamic economics as “that branch of knowledge which helps realize human well-being through an allocation and distribution of scarce resources that is in conformity with Islamic teachings without unduly curbing individual freedom or creating continued macroeconomic and ecological imbalances”.

<sup>9</sup> Abdel Rahman Yousri Ahmed (2002:27) defines Islamic economics as; “the science that studies the best possible use of all available economic resources, endowed by Allah, for the production of maximum possible output of Halal goods and services that are needed for the community now and in future and the just distribution of this output within the framework of Shari`ah and its intents”.

<sup>10</sup> “...contemporary 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 distributed, and what is to be the shape of the final consumption in a society” (Khurshid Ahmad 2004).

“the Science which searches in the best possible use of human productive capacities and all resources, natural and man-made, in the manner that would yield maximum possible *halal* earnings at present and in the future, distributing and spending these earnings within the framework of *Shari`ah*” (Abdel Rahman Yousri Ahmed 2002:28).

This maximization mechanism, although now in the Islamic economic dealing with *halal* goods and services within the framework of *Shari`ah*, is still entrenched in the conventional economics assumptions that the resources are scarce and human wants are unlimited. Like almost all advocates of the accommodative-modification and methodologic eclecticism approach, Abdel Rahman Yousri Ahmed (2002:56) believes that it is the scarcity that becomes the cause of the economic problem, as well as becoming the basis for further economic process. Agreeing with conventional economists Samuelson and Nordhaus (1985:4) that view resources as scarce<sup>11</sup>, he is in favor of the needs to employ the best possible exploitation of economics resources since they are scarce relative to unlimited wants (Abdel Rahman Yousri Ahmed 2002:24).

Logically, maximizing the production of resources in the state of scarcity may definitely sound ironical. It may quicken the exhaustion of the availability of the resources, hence denying them for the forthcoming and future generations, let alone the environmental disastrous side effects as have been raging the world nowadays. In such a situation, what is actually the contribution of the Islamic economics in the creation of a more harmonious development that it is supposed to be?

But more ironical than this is the view that maximization of the exploitation of the scarce resources is necessary to fulfill the unlimited wants of the human beings. It raises at least two questions. Firstly, where in this process, the nature of economic actors being changed from *homo-economucus* in conventional economics to *Islamic-economocus* in the so-called Islamic economics? If the Islamic economics is still holding to the view that human's wants are unlimited, no change indeed has been happening and the economic actors remain with the nature of economic actors as in the conventional economics. In a real Islamic philosophical structure, the changing from *homo-economucus* to *Islamic-economucus* actually should have involved the changing of the levels of wants, from unlimited to limited wants. Secondly, is there any differences in the mechanism of the production process of the Islamic economics *vis-a-vis* the conventional economics other than just the motivational nature, injection of Islamic values, the *halal* nature of *goods* and services, in conformity with Islamic teachings, and within the framework of *Shari`ah*? As has been shown, at the least the last two differences – the conformity with Islamic teachings and the *Shari`ah* framework which are supposed to be the very foundational basis for an Islamic economics philosophical structure – are also questionable. It is only the teachings and framework that argued to be supposedly Islamic and *Shari`ah* compliant, but the components within it do not seem to be necessarily so.

This in fact leads to a more basic question. Is the resources are truly scarce and the wants are truly unlimited as is assumed by conventional economics and accepted by majority of the advocates of the accommodative-modification and methodologic eclecticism approach?

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<sup>11</sup> Samuelson and Nordhaus (1985:4) write: “Economics is 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”.

According to Habib Ahmed (2002a:129), there are three views on the question of scarcity and wants that are prevailing among the Islamic economists. The first view holds to the stance that is similar to the conventional one where scarcity of resources and unlimited wants are coexisting. The second view holds that there is no relative or absolute scarcity, but the economic problems rather arise out of injustice and mal-distribution. The third view takes a middle ground by saying that God has provided sufficient resources, but it is the system created by man that prevents the satisfaction of all of his needs and wants<sup>12</sup>.

While there is an absence of a detailed discussion on the Habib Ahmed's categorization (2002), one could easily trace that those who seem to believe in the scarcity of resources amongst others are Muhammad Umar Chapra (1998), Habib Ahmed (2002a) himself, Rafiq al-Masri (1998), and M. Fahim Khan (2002).

Mohammad Umar Chapra's (1998:99, 2001:11) stance on this could be observed clearly when he says that "The subject matter of all economics, irrespective of whether it is mainstream or Islamic, is the allocation and distribution of scarce resources which have unlimited uses". He also portrays such a stance in his definition of Islamic economics which regards Islamic economics as "that branch of knowledge which helps realize human well-being through an allocation and distribution of scarce resources that is in conformity with Islamic teachings without unduly curbing individual freedom or creating continued macroeconomic and ecological imbalances" (Mohammad Umar Chapra 2001:33).

Pointing out to a little bit different aspect from Mohamad Umar Chapra's (2001), Habib Ahmed (2002a:123) views the scarcity of resources in relation to the cause of economic problem, as a result of which is making choice in attaining well-defined goals. The relationship between the scarcity of resources and the economic problems has also become the arguments by Rafiq al-Masri (1998). In Islamic economics, he argues, the scarcity of resources will remain, hence the economic problem of how to meet unlimited wants with limited resources. To him, Islamic economics will take scarcity as well as the definition of economic problem of man in the same perspective as conventional economics takes.

In similar breath, M. Fahim Khan (2002:64), while agreeing to the existence of the scarcity of resources and the notion of the conventional economics that there is no limit to instinctive desires, or wants are unlimited and resources are limited, proposes a method he calls *maslahah* to overcome the economic problems created by the scarcity and the unlimited wants. By *maslahah* he means human welfare, though literally it may mean good or goodness, or benefit. To him, *maslahah* could lead to the concept of fulfilling needs rather than satisfying wants. Anything that has *maslahah* for people is a need for them and should be satisfied (M. Fahim Khan 2002:64)<sup>13</sup>. He says:

"The issue of economic problem in fact does not take a different and distinct approach than that of conventional economics, once we replace utility by the concept of *maslahah*, and 'wants/desires' by the concept of 'need'...Resources may still be scarce relative to needs but the economic problem now acquires an altogether different dimension than merely maximizing the utility subject to resource constraint (M. Fahim Khan 2002:70)...

<sup>12</sup> For a discussion on the scarcity of the resources, see also Farhad Nohmani and Ali Rahnema 1995.

<sup>13</sup> For a detailed discussion on *maslahah*, see Muhammad Khalid Masud 1999.

The economic problem is not merely a problem of choice to satisfy wants, it is a problem of meeting needs of individuals as well as the society” (M. Fahim Khan (2002:64).

However, there are also Islamic economists such as Abdel Rahman Yousri Ahmed (2002:24) who divides scarcity into two types, firstly what he calls absolute scarcity and secondly, relative scarcity. He argues that, in fulfilling the unlimited wants, there is no absolute scarcity as Allah SWT has created everything in sufficient amounts to sustain all living beings, including mankind (al-Qur`an 15:19-21)<sup>14</sup>. What exists is only the relative scarcity which he refers to as follows:

“that means of satisfaction i.e. (goods and services) are scarce in relation to people’s needs in a given period of time. Or it expresses the scarcity of available factors of production in relation to needs to produce goods and services in a given period of time” (Abdel Rahman Yousri Ahmed (2002:24).

Abdel Rahman Yousri Ahmed (2002:25) deliberates this further by giving two reasons for the existence of the relative scarcity:

- i. “...possible and potential means of living can only be realized by the Will and Power of Allah. What Allah has destined for mankind to live on this earth is infinite which is consistent with Him but what creatures on the earth get at any period of time is finite or limited to be consistent with the nature or our world and limited span of time.
- ii. 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”.

In other words, he is convinced that even though “the `stock’ of natural resources which are suitable to produce all means of living have been created in abundance, but the `flow’ of actual means of living obtained from these resources at any given period of time to people is not abundant by the Will of Allah. On this reason, he argues:

“...if Allah were to enlarge the provision for the people whom He created to worship Him, they would indeed transgress beyond all bounds in this world. Thus He allows provision for them in due measures as He wisely estimates suitable for them...There is a divine wisdom inherent in the limitation of sustenance. Since man is unable to satisfy his unlimited wants according to his natural desires, in any given period of time, he will continuously work utilizing natural resources to produce more” (Abdel Rahman Yousri Ahmed (2002:26-27).

With these arguments, Abdel Rahman Yousri Ahmed (2002:56) therefore concludes: “...any definition for Islamic economics must be constrained by two boundaries, commitment to Islamic Shari`ah and values, and endorsement of relative scarcity as the cause of the economic problem”.

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<sup>14</sup> “And the earth We have spread out and have placed therein firm mountains, and caused to grow therein all kinds of things in due proportion (19); And We have provided therein means of living, for you and for those whom you provide not (20); And We send it not down except in a know measure (21)” (Qur`an 15:19-21).

The arguments put forward by Abdel Rahman Yousri Ahmed (2002) directly or indirectly seem to be supported by Mohammad Anas Zarqa (1992:59) and Khurshid Ahmad (1992:39-40). Mohammad Anas Zarqa (1992:59) too believes that the resources are scarce and exhaustible because of limited supply, as Allah has mentioned that “Verily all things have We created in proportion and measure” (al-Qur`an 54:59). Thus whatever the earth contains, says Mohammad Anas Zarqa (1992), even if it is very large, is finite. One may acquire some of these finite things or may spoil or destroy them. If the resources become intolerably scarce, it is because of some wrong that we are doing.

Khurshid Ahmad (1992:39-40) also is in favour of the concept of what Abdel Rahman Yousri Ahmed (2002) called ‘relative scarcity’ and agrees the ‘absolute scarcity’ to be reexamined. While admitting that scarcity is one of the central problems of economics, he argues that scarcity is a reality only in a given situation, thus not a dynamic reality. However, scarcity is not a static concept. In a particular point in time, it is relevant. He argues, some scarcity is produced by human institutions, by historical realities, by structures of society and by availability of opportunities. To him, opportunities and scarcities are closely related to each other.

However, the arguments on the existence of the relative scarcity are problematic for at least two reasons. Firstly, the relative scarcity of resources at any given period of time due to the ‘abundant stock’ but ‘limited flow of actual means’ by the Will of Allah SWT as is argued by Abdel Rahman Yousri Ahmed (2002:26-27), is still seen in relation to human’s unlimited wants. At any time, and not only at any given period of time, the scarcity would persist if it is measured by the eyes of the unlimited wants. But if the infinite provisions of Allah SWT is seen from the perspective of fulfilling human needs rather than human unlimited wants, then there would not only the absolute scarcity which is nonexistent, but also the relative scarcity. In other words, such a view is problematic as resources are attempted to be seen from the perspective of the verses of the Qur`an, but the assumption of the unlimited wants as is formulated by conventional economics is still not touched, let alone changed. The question whether scarcity of resources exists in the eyes of Islamic economics to some extent has been attempted to be answered, but the question of unlimited wants has not attracted considerable emphasis.

Secondly, the analysis on the scarcity of resources is also tangibly heavy and inadequate. Seen from tangible perspective, arguments for the scarcity of resources could be logically true. The more they are utilized, the less they would be in physical form, moreover if they are meant to fulfilled the unlimited wants. But an Islamic analysis could not be confined to the tangible perspective *per se*. It has to include *tawhidic* analysis as well. The arguments by the above scholars may appear to have been taken into consideration the *tawhidic* analysis through the deliberation of the infinite provisions for human beings by Allah SWT and that Allah SWT has created the provisions in proportion and measure. But, they seem to be still embedded in tangible, and to some extent quantifiable measurements that is normally manifested by various mathematical models and calculations. The more intangible and qualitative measurements such as entrenched in the concept of *rizq* (sustenance) and *barakah* (the blessings of Allah SWT) so far are yet to be touched. If Allah SWT has promised that there is *rizq* for all creations, the problem of the scarcity of resources, *tawhidically*, is already out of question. So is when the concept of *barakah* is taken into account, the differences in

the amount of the *rizq* and its utility would lie in qualitative rather than in quantitative measurements<sup>15</sup>.

In fact, according to Abbas Mirakhor (2007:12 and 36), there are already scholars such as S. M. Hasanuz Zaman (1984) and M. B. As-Sadr (1987) who suggest the unacceptability of the notion of 'scarcity'. They hold to the view that Allah SWT has provided resources 'in exact measure' for man to carry out his responsibilities. Referring to the verse of al-Qur'an 941:10), S. M. Hasanuz Zaman (1984:55) suggests that Allah SWT has created sufficient resources for His creatures, and if there is any scarcity, it may be either due to lack of proper utilization of natural endowments or an imbalanced distribution. M. B. As-Sadr (1987) too maintains the view that resources are not scarce. Although K. Sadr (1999) argues that M. B. As-Sadr (1987) may refer to 'the long run' and did not mean that at micro level individuals are not faced with the scarcity problem, but K. Sadr (1999) does not refute M. B. As-Sadr (1987) suggestion that the scarcity assumption does not apply in the Islamic worldview because Allah SWT has provided enough resources to meet the needs of human society.

Apart from the question of the scarcity of resources, the notion of the unlimited wants itself is also suffering from inadequate analysis. Even though there are discussions on the question of unlimited wants, but never in the discussion the origin of the wants are deliberated. As in the conventional economics, the notion of the unlimited wants is regarded as given, hence unrepairable. This is definitely alien to Islam. The wants is actually originated from human's spiritual domain, a manifestation of a lower quality of *nafs* (desires) within economic actors themselves. It could be mended through various spiritual trainings and practices and once this is accomplished, the unlimited wants will change to a limited one. The pattern of consumption would therefore be based on needs rather on wants, and a reasonable exploitation of resources would be realized according to needs rather than to the maximization of resources according to unlimited wants<sup>16</sup>.

## CONCLUSION

The discussion in this paper has been focused on two unresolved concerns of Islamic economics and attempted through two stages. The two unresolved concerns are the structure and the assumptions of Islamic economics, while the two stages are firstly a survey on the views on the structure and assumptions that have been put forward by Islamic economics scholars, and secondly an analysis of the views that entails with suggestions to mend them accordingly. As is manifested throughout the analysis, this paper holds to the view that Islamic economics has to emerge from within its own Islamic philosophical and epistemological underpinnings, while the notion of the scarcity of resources is supposed to be nonexistant and the unlimited wants are actually repairable and not given as is perceived by conventional economics. These views propose for a different form of Islamic economics that really deeply-rooted in Islamic worldview and emerges as an original independent Islamic discipline.

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<sup>15</sup> For a discussion on the concept of *rizq* and *barakah* in relation to Islamic-based development, see Muhammad Syukri Salleh 2003b.

<sup>16</sup> For a discussion on the concept and categories of *nafs* in relation the exploitation of resources and consumption, see Muhammad Syukri Salleh 2003b.

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