

## Islamic Economics: Some Issues in Definition and Methodology

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Mr, Mohammad Arif in his comments on the contributions of Dr. Hasanuzzaman and Mr. Akram Khan in the Winter 1405/1985 issue of JRIE (pp. 87-103) has raised certain vital questions as regards the definition and methodology of Islamic economics. As the discussion on this topic helps in understanding the basic approach of Islam towards the economic problem of Man and the solution that Islam provides for, it is worth while to participate in this discussion and make an attempt to clarify the definition of Islamic economics and the subsequent methodology involved. This will also help integrate Islamic economics with the general science of economics.

### **Islamic Contribution lies in the Solution, not in the Definition**

The efforts of Islamic economists should be to sharpen their analysis and develop the tools of analysis in such a way that Islamic economics is accepted as part of the general science of economics and is admitted to be a viable and preferable alternative to other approaches to economics. Islamic definition of economics should not be separate from the general definition of economics. Of course the Islamic solution may be different from the Keynesian or any other solution, but the definition of the economic problem cannot be separated from the one accepted almost universally. Mr. Muhammad Arif attempts to define economics in a way which can apply only to the behaviour of true Muslims and not to non-Muslims or to Muslims who do not follow all the Islamic injunctions and rules in their economic practice. He proposes a `definition of Islamic economics which states the basic economic problem as a built- in phenomenon of human life; and not as an exogenous scenario being imposed upon the individual" (p.91). He thinks that we cannot accept the `economic man' at the first instance and then impose Islamic behaviour upon him from outside. He believes that the statement of the economic problem which defines economics should take stock of the Islamic behaviour of the Muslim individuals and thereby define Islamic economics on that pattern. This according to him "provides the scientific justification to develop a separate paradigm of Islamic economics; as the behaviour of the economic agents is the basis of the microfoundations of an economic system" (p.92).

### **Economics Recognises Freedom Regarding Ends**

Economics as a science is neutral towards ends - good or bad, But being a social science, it will admit ends of society in it. Economics as a science will not prescribe any ends. It starts with the ends given by the society and works for their realization in the world of the scarcity of resources. Economics is the science of means which are scarce and which have got alternative ends. It is not a normative science like logic, ethics or aesthetics, but a positive social science. Its function is not to discover the truth of norms, but to describe and explain economic reality. But as it is a social science, it is activated to show ways to realize certain goals given by society. It has to describe scientific ways for the practical realization of these goals.

It is individuals who formed a society. So society is the means for the happiness, prosperity and all-round development of the individuals. Social sciences are means to study society, and society is a means for the welfare of the individuals.

### **Islamic Economics is the Acceptance of Islamic Goals and Islamic Solutions**

Just as Socialist economics implies admission of socialist goals, its vision and its specific terminology like surplus value, class struggle, proletarian class, bourgeoisie class etc., Islamic economics likewise insists on the acceptance of Islamic goals, its Godly universal and brotherly vision and its specific terminology like *zakah*, *sadaqah*, *infaq*, *waqf*, *shirkah*, *mudarabah*, *riba*, etc. If this is accepted, then Islamic economics will be studied as a part of the general science of economics by Muslims as well as non-Muslims i.e. by all genuine students of economics. Utilitarian rationality does not exclude the realization of moral and spiritual goals at the micro or macro levels. In economics, scarcity of means is the central problem and we have to economize on means so that there is maximum national output from the given means and maximum total satisfaction from the given output. Thus there is the law of equimarginal output and the equimarginal utility to maximize total output and total utility respectively from the given scarce means i.e. resources. Means are utilized and economized for the satisfaction of good purposes or bad purposes. If a person makes efforts to earn money for helping his ailing mother or father or some other relatives or friends, his economic endeavour is of moral nature, but it will not change its economic character, because its morality lies in its moral ends which economics assumes as given, while its economics lies in the scarce means which he has to economize on for greater production and greater satisfaction.

Neutrality or objectivity of a social science does not imply absence of ends, but freedom for economic agents to pursue their ends. Economics as a science will not give or discover any ends, but will accept the ends of the economic agents and will show the economical ways of realizing them. There is no such thing as economic ends, since the term 'economic' implies the economical use of the scarce resources for maximum satisfaction of the given ends.

### **Laws of Economics do not Change in an Islamic Society**

Utilitarian rationality' and economic man' are all unfortunate terms if they are misunderstood. In the sense as understood by Mr. Mohammad Arif, they are not at the base of modern science of economics. They do not necessarily imply selfish, material-minded persons or such economic agents. Economic agents may be selfish or self-centered or they may not be so, or they may be moral, spiritual or humanitarian. The science of economics is neutral towards these individuals' ends. If the economic agents behave morally and spiritually and not selfishly, the laws of economics will not change and the science of economics will remain the same, but can be utilized for the fulfillment of Islamic ends in which case it will be called Islamic economics. The essence of Islamic economics lies in its distinctiveness of goals and distinctiveness of solutions. Somebody argued that in Islamic economics, the law of demand will change. I do not agree with that. The laws of economics remain the same even though the behaviour of economic agents becomes moral and is not found to be selfish and self-centered. In the Islamic society, the internalisation of Islamic values will not change the laws of the science of economics. Law of demand, law of supply, law of diminishing marginal returns, law of diminishing marginal utility and the law of equimarginal utility, Gresham's law etc. will still hold.