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Essay on the Philosophy of Islamic Economics

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ABSTRACT

The paper explores the principle that in Islamic perspective ethics dominates economics, which unambiguously portray the essential attribute of Islamic economics system. Similarly, Islamic economics repudiates the ground that economics is independent of ethics and the idea of value free economics propagated by Robbins and the neo-classical notion of *Homo-economicus* (economic man) who only considers his utility function of his selfish interest. But in replacement and discarding economic from ethical economic behavior Anas Zarqa substituted homo economics (economic man) for *Homo-Islamicus* (economic man with Islamic ethics). The fundamental difference between the two prototypes to Zarqa, is that the consumption behavior of *Homo-Islamicus* is deeply influenced by a consideration of the penalty or reward in the life after death and he embraced the Islamic ethics in regulating his economic choices and behavior. Similarly, we explore that Islamic economics is closely related Islamic jurisprudence that deals with business laws, providing general framework and premise for economic dealings and its operation in an Islamic society (*fiqh mu'amalat*). It draws conditions and criterion governing economic and financial relationships in an Islamic economy. We argued that economics also as normative discourse involving ethical consideration and evaluation of human behavior. Hence Economist are in the position to advocate, Condemn, and proper solution to problems within the context of social scenario and ethical point of view. Economist are called upon to prescribe solution to some of the old age economic problem of mankind like poverty, income inequality, and problem unemployment e.tc. This prescription will be uttered based on the people's social reality, and that indicates value judgment which is normative.

Keywords: Epistemology, Islamic Economics, Homo-Economicus, Homo-Islamicus, Ethics, Normative Economics

1. Introduction

The rationale and wisdom that is inherent and embedded in Islamic economics knowledge is centered on the boundary and premise of Islam and Islamic precepts, which provides a flat form and passage by which all mankind should ordinarily absorb. Accordingly, leading to an avenue of acute redemption, both here on earth and hereafter. This way to salvation is the subscription to recommended authoritative and divine revelation sent down to whole mankind via the seal of the prophets (Muhammad pbuh).

“The religion before Allah is Islam (submission to his will): Nor did the people of the book dissent there from except through envy of each other, after knowledge had come to them. But if any deny the, signs of Allah, Allah is swift in calling to accounts’ (Q: 3:19). Plainly, any derailment from this path will surely depress mankind to eternal condemnation. Therefore, men of understanding must constantly adjust to conform to Shariah (divine law). Historical facts and experience has shown that all mankind are prone to deviate, and as such God has the fore knowledge of such occurrences, that was why the Quran has advise us to incessantly, pray, ***“Allah show us the straight path, the path of those whom thou has favored; Not (the path) of those whom earn thine anger nor of those who go astray” (Q1:5-7).***

In today common parlance mankind seems to dichotomize Islamic principles and deem out rightly their mundane affairs, such a fallacious and illusionary stance has become obvious in our daily lives. Indicatively, some individuals consider optimal satisfaction here on earth to the neglect of the ultimate and more permanent life to come (doom day). Reasonably, men of understanding and economic agents alike seek to maximize *Falah* (success)

in this life and in the afterlife. Muslims say more often, in their prayers:

“Our Lord grant us good in the life on earth and good in the life after “(Q2:201:). Islam is generally a complete way of life and continuous dwindling from this holy track has become the major concern of contemporary Ulama (Islamic philosophers), and jurist alike. The resultant repercussion was the notion of ***“Islamatisation of knowledge”*** which had stems up calling for rethinking, refocus and quest to normalize the situation, and perhaps leads to salvation.

On this note, Islamic economics revival as a discipline of human knowledge upsurge over four decades and the movement became fervent after the first international conference on Islamic economics held at *Makkah* under the auspices of King Abdul-Aziz University Jeddah. In February 21-26, 1976 (*Safar 21-26, 1396*). It was attended by two hundred economist and “(Ulama” from all parts of the world. The conference discussed over thirty papers presented in English and Arabic. Besides, this encroachment is towards methodology, content, and the framework of Economics in its entirety to correspond to divine law of Islam. Islamic Economics permeates into the conventional or the orthodox economics lexicon to checkmate the principles, theories, and methodological pattern, which are secular— ridden, unislamic and inconsistent, and ideas sharply in disagreement with the law of (God the exalted).

The discipline, Islamic Economics is an icon on the desktop of Islamatisation of knowledge, that seeks to Islamatise social science (Ummatic Science) which seems to be formerly confused, diffused and blended with western cultural imprint over centuries. Thereby creating an acute problem in the sphere of social sciences. As these sciences influences’ individuals in their personal private thought, actions and society. It ends up producing a complex economic, social and political background that has high tendency of deviating along the part of Islamic morality, which are difficult to alter, modify or remove.

It is high time that we substitute the secularist metaphysics by Islamic concepts and build up an Islamic infrastructure to replace the already entrenched secularist system. The general goal of this essay primarily stands draw the attention of contemporary Muslim economist to embrace the knowledge of Islamic economic thought especially my fellow students and lecturers in A.B.U Zaria. As a student I take it upon myself to carry a research in this area, at least to introduce the discipline, Its existence and relevance to economics analysis, just the way we have school of thoughts like classical, neo-classical and Keynesian economics to mention but a few.

In order to attain complete Islamatisation of knowledge late professor Isma’il Al-Faruqi proposed 12 (twelve) steps useful in achieving the objective, but for simplicity professor Danjuma .A. Maiwada shortened the work plan of the steps proposed by Al Faruqi to seven points to actualize the process of Islamatisation. These steps are:

- STEP 1: Mastery of the Modern Discipline
- STEP 2: Mastery of the Islamic Legacy
- STEP 3: Establishment of the Specific Relevance of Islam to the Discipline
- STEP 4: Critical Assessment of the modern discipline.
- STEP 5: Creative Analysis and Synthesis.
- STEP 6: Textbook Development.
- STEP 7: Dissemination of Islamatised knowledge.

Islam is a vision of the whole universe, time, space and life which God has revealed to mankind by a succession of messengers beginning with Adam (Alayhi al Salam) and ending with Muhammad (*salla Allahu alaiyi wa Salalam*). This Vision has clouded through transmission from person to person, generation to generation and people to people. But due to human error, prejudice and passion and dynamic nature of human history. God always reaffirm, clarify and recrystallized the vision. Many scholars evolve Islamic thoughts for all branches of knowledge, which was why Islamatisation of knowledge emphasized on transformation of knowledge from whatever it was before to an Islamic one. To Professor D.A. Maiwada “the most significant limestone to Islamatisation is changing a Muslim society that has gone astray to a completely Islamic one.

Section one provides the introductory aspect that narrates the history and chronological development of Islamic as discipline. Section two directly discuss the epistemological, ontological and philosophical foundation for knowledge acquisition in an Islamic perspective. In section three we further discuss the methodology of Islamic economics especially the establishment vital sources in which inference could be drawn via exeges and divine sources. Similarly, section four discuss the key distinction between *Homo-economicus* (conventional economics man) and *Homo- islamicus* especially where the two prototypes differ. In section five, we synthesize the analysis and the essay to that conventional and Islamic economics are tools in modern decision despite the disparity is aspect of which explore in the essay.

2. Epistemology and Islamic Economics

It is axiomatic that knowledge is a common heritage in all human society since time immemorial, ranging from ancient, medieval and modern contemporary setup. The progress of yore human societies was tied with the pace at which it breeds individuals, and institutional superstructure that emancipate and refashion knowledge sources to ensure the rejuvenation the society to the zenith. So much so that in the bygone years our progenitors must developed tools, and other paraphernalia in order to cope with the environment, this really tally with adage that invention is a child of necessity. Similarly, for man to conveniently live in his environmental domain, intensified effort had persistently been undergone to unravel all those environmental factors that exert influence on life of the entire society. Equivocally, mankind continues to pose these ordinary questions, how, why, what is, and try to seek for a way forward and project the prospect of the society. So obvious all things we use in our homes, work and daily routine task have undergone certain modification, changes and improvement in quality, quantity, weight and style to the modern sophisticated technology. To exemplify I look at all tools and imagine the shape, and pattern of such in the ancient epoch, so also if you could look at the environment and refer to the days of yore, one will observe a far reaching changes. It is important to note that such is a product of human knowledge.

Furthermore, multifarious disciplines of knowledge such as science, astrology, philosophy, sociology and economics to mention but just a leading few. Imperatively, all these discourses calmly, precipitated and emerged to solve problem of mankind. For instance, a scientist would pose question upon the successive phases of a child in his mother's womb, the formation of rain, the composition of the earth, why day and night, the sphericity of the earth, disease causation and medication etc. Beside an economist can ask questions thus why distribution of resources is unequal, why are resources scarce how to achieve economic justice. This gave rise to philosophy and philosophical enquiry to sort answers for all these kind questions that emanated. Therefore, to respond to the perplexing questions philosophers use intuition, logic, and personal reasoning to answer all sort of questions using the fore mentioned tools of analysis, which has great limitation and renders mankind beneath the funnel of fallacy. This is largely due to imperfection of human knowledge. But a good thinking unadulterated agree with the supreme *Alfurgan* (criterion) for evaluating any form of knowledge, followed by

the *Sunnah* (tradition) of the seal of prophets, Muhammad (pbuh), then *Ijtihad* (individual discretion) should not contradict former source of knowledge.

Similarly, the significance of knowledge was unravelling more pointedly, in the holy Quran than any scripture or book. *“Are does who know equal to those who know not? But it is only men of understanding will pay heed (Q39:9). Naqvi was of the view that “acquisition of knowledge is the best way not only to worldly good but also to spiritual glory”*: this is simply explaining the relevance of knowledge to mankind in another chapter. Allah’s say’s *“Allah’ has bear witness that no deity that deserve to be worship but him, the angels has bear witness, and men of knowledge also bear witness, their no better witness than Allah”*. (Q4:166). Here Imam Kurtubi highlighted that if there are any other set of people above ulul ilm Allah could have mention then as witness. In this verse, it is vital to note that Islam has clearly, distinguish between the ignorant and knowledgeable, to show the value of knowledge. On a fundamental basis, Man’s status of superiority over all creation is based on his superior knowledge, this can be justified by Quran in (Q2:31) *“And he taught Adam all the names, then showed to angels, saying: inform me of the names of these if ye are truthful* “in addition, Allah exalted the position of the knowledgeable in the Ummah and all affairs of life. Hence Allah also said, *“Allah will exalt those who believe among you, and those who have knowledge to high ranks” (Q38:11)*. Therefore, the importance of knowledge cannot be overemphasis, especially to the progress of the society in the widest picture. Of course knowledge is highest catalyst for development, when individuals or societies highly, knowledgeable in all aspect of religion, social and economic sphere the society will be safe triumph, and it the valuable treasure that does not display diminishing productivity(more knowledge about the right things makes people more productive). And there seems to be no tendency for the additional knowledge to diminish.

Such is explicitly vivid that Islam emphasis on knowledge and its acquisition, since the basis for worshipping requires that one should have sought for such. Human knowledge in its entirety have a scope in Islam, so far it will be of benefit to mankind. But however, when one talks of human knowledge, the first and foremost knowledge that should pre-occupy the soul of mankind is the knowledge of the *Din* (Islam), and then knowledge of mundane affairs such astronomy, medicine and economics Owing to the fact the former purifies the later, and makes it pure for absorption.

In view this therefore, Islamic economics and economic are both a subset of human knowledge which seeks to analyses human behavior, the former use Islamic

precepts and ordinance (*fiqh*) as the divine paradigm, but the later revolves around the frontiers of capitalist and Marxist paradigm and doctrine. To emphasis about the relevance of human knowledge as the best way human society will be on pious direction, education should be first policy scheme any responsible government will put more effort on, this Is due to fact that an educated society in which virtually almost all the populace have acquired wisdom, especially with respect to the Din, and followed by other mundane activities that will help mankind use his environment freely, and achieve success in both in this world and the hereafter. It is undoubted that such societies are on the track of development in Islamic perspectives. That was why the seal of the prophets was reported to have said that knowledge is mandatory upon every Muslim, by the same token, morality can only be ensured and become prevalent when the people are knowledgeable.

So many sayings of the prophet manifest the value of knowledge among which are:

‘Seeking after knowledge is obligatory for every Muslim’

‘He dies not who seek knowledge’

‘Seek knowledge even through in china.’

‘He who leaves his home in search of knowledge, walks in path of Allah lo; the angels after their wings to the seeker of knowledge’

‘A father can confer on his children nothing more valuable than the gift of education; it is better than a man should secure a good education for his children than he should leave a treasure of silver and gold for them’

‘An hour’s con contemplation and study of God’s creation is better than a year adoration.’

‘Acquired knowledge, he who acquires it in the way of Allah programs and act piety, he who speaks of it praises the lord, he who seeks it adores God, he who dispenses instruction in its bestows alms, he who imparts it to the deserving persons performs an act of devotion’.

It is crucial to note that there are hundreds of sayings of the prophet Muhammad (pbuh) denoting the value and relevance of knowledge. Therefore, the twin fountain head of knowledge lies in *Quran* and *Sunnah* and that provide a flat form for inculcation, cultivation and advancement of Islamic studies and learning in general context. In categorization, knowledge may perhaps fall under the Revealed and Acquired knowledge the former contains the knowledge from Quran, and sunnah, which is called the revealed knowledge. But the latter contains knowledge from human intellect (*al'aqal*), reasoning to understand human physical environment and the society of which economics is inclusive, which is called acquired knowledge. Islam agreed with human intellect as a source of knowledge, because man is theomorphic in nature, and acquisition of knowledge makes mankind superior over other creations. However, human intellect is not perfect, as perfection is only with God, so it follows that mankind should continuously seek for divine guidance from their lord.

Revealed knowledge, therefore, remain the absolute and complete foundation of knowledge in Islam, which is a general way of life and lead man aright *suratal mistaqim* (Straight path) and provides Huda (guidance) to whole mankind (Q2:1-3). Allah teaches a man what he cannot know by himself and guides him to the divine truth and gives him wisdom, for “*Allah bestow wisdom to whom he pleases and he who is granted wisdom, he is indeed given a great good. And none mind but men of understanding*” (Q2:209). To Ibn Bajjah, human knowledge is of two kinds (i) knowledge based on direct experience through religious devotion and given by God and knowledge based on proof. Here the first category is based on the revelation sent to mankind and of course such knowledge is primary source of knowledge because it refine the soul (*alnafis*), heart (*qalb*) and as well as the intellect of human kind to make him a complete and a good individual. Beyond doubt all humankind has a dual nature, he is both soul and body, as such therefore, he is at once physical being and a spirit (Q15:29), (Q23:12- 14). In Islamic perspective the focus is to equip the soul (*alnafis*) of humankind with what is important in life, the purpose of existence and priorities while life cannot continue to eternity in the universe. Invariably to achieve this, that will enable human intellect (*aqal*) to be directed towards distinguishing between the truth and trivial, desirable and undesirable, right and wrong. Hence the actualization is through absorption of Islamic ethical system which rooted primarily in the *Quran* and *sunnah* indeed this is the prime goal of Islamic economics

2.1 Ontological Question: Source and Existence of Islamic Economics

Islamic economics is an inherent knowledge for mankind that tries to establish the primary source of knowledge i.e. the truth, fundamentally, the revelation divinely sent down to mankind from the sole creator of the universe. This knowledge is enshrined and embodied in the holy *Quran* and the *Sunnah* of the Prophet Muhammad (pbuh). The *Quran is the word of Allah* “*if you are in doubt of what we have revealed to you. The truth has come to you from your lord: therefore, do not be one of the doubters. Nor shall you deny the revelation of Allah, for then you lost (Q: 10:94-95)*”. Similarly, sacred is the prophet’s Hadith, for he did not say his personal whims and caprice, but from the revelation revealed to him by his lord: “Nor does he say out of his own desire, it is not less than inspiration sent down to him, of course the revelation deals mainly with the principal aspect of *Din* and *Mulamalat* viz a viz human affairs in the universe still that encompasses the whole dimension of life and leaves no stone unturned of the portion of human affairs be it social, political, and economic sphere Allah says Nothing we have omitted from the book (Q6:38). This is the supreme source that has no defect or error. It unravels the whole life of mankind, from the beginning to the end, and from cradle to grave. More so, it is the sources of all time for all peoples of all nations to guide and direct the mankind to straight path.

Moreover, Islam does not recognize any knowledge that can outsmart the revelation and it disapproves and disregards any knowledge that contradicts it. The teachings of *Quran* are universal, addressed all people throughout the world regardless of their origins and were revealed to enlighten mankind, purify their morals to unify his society and to replace injustice by the, powerful with justice and fairness. As confirmed in the holy book that all human problems can be solved through the *Qur’an*, either directly or indirectly. “*We have revealed the book which manifests the truth about all things, a guide, a blessing, and good news to those who submit to Allah.*” (Q1 6:89). In addition to Quran’s primary aim of revealing religion and moral truths, there are secondary objectives designed to strengthen the faith of a believer or to support the faithful in their hope. It is striking to discover the extent to which the explanations of the natural world become more apparent in the **Quran**. Allah’s creation corresponds precisely with the latest

discoveries of cosmology, anatomy, physiology, and the rest of positive sciences inclusive for instance, consider these remarkable epitomes of scientific knowledge such as:

a. The formation of rain (Q30:48).

b. Space research (Q55:33).

c. The successive stage (phases) of a child in his mother's womb

(Q22:5/23:14).

Similarly, the Quran legislates concerning worship, enjoying fixed hour of prayers, prescribe fasting, the giving of alms and pilgrimage. It lays down the regulation for daily life, marriage, and divorce. Besides, it gives clear directions concerning financial dealings, and contracts. Wonderfully, this source of knowledge remains indispensable if you are to be among those under the canopy of Allah's salvation. It is noteworthy that the disciple of Islamic economic do not mean to scrap and dismiss economic science from existence, but such is a movement to Islamize economic knowledge to conform, to *shari'ah* law. As noted by Professor S.N. Haider Naqvi in his book titled Ethics and Economics; an Islamic Synthesis. He stated that ***“Human knowledge irrespective of its source is the common heritage of all mankind. No purpose will be served indeed, great harm will be done if the existing economic wisdom, which has been generated through the long process of active intellectual interaction, is ignored in the formulation of our views on Islamic economics after all Muslim philosophers did study Pythagoras, Plato, and Aristotle to propound the Islamic point view on science metaphysics in the language which even non-Muslim philosophers and scientist could understand’.***

Indeed, this present essay looks forward to continuing that noble tradition. The statement is also noted in Naqvi's book therefore, Islamic economist like Baqir Alsadr, Mohammed Talegani, Abu Ala Maududi, Umar.Capra, Nejatullah.M.Siddiqui S.N.Haidar.Naqvi, Khurshid. Ahamad, Anas M. Zarqa, Monzer Kahf, Iqbal Mohammed to mention but a few, all these mentioned scholars assisted immensely in saturating the literature ocean of Islamic economics of which their works will provide a significant limestone to students and researchers alike. It is vital to note, the basis for their writing on Islamic economics is essentially to detach all sort of contradictions, exaggerations, oversight, fallacies, optical illusion, secularism, and general

discrepancy in the analytical framework of the conventional economics wisdom. Accordingly, seek a divine restoration via the most authentic source of knowledge, which was derive from the Quran and *Sunah* primarily and on secondary basis *Ijama* and *ijtihad* as the bottom-line.

According to Naqvi, ***“Islam is a self-sufficient entity, with clearly define features — an arabesque in reside the religion, economic, and social dimensions, providently, equilibrated to form unity”*** similarly in the words Masudul. A. Choudhury ***“To return to understating of the principle of Islamic economics -Islam is a coherent religion of the world (the present), and hereafter. Every reward in the next world is an inverse definable function of human action in the present world.”*** Adding that the guiding principles and laws of Islam that relate to all different dimensions of human life are known as *shariah*. Of course, there are two branches of the Islamic divine law, namely: *Ibadah*, meaning Islamic worship, and *Muamalat*, meaning affairs of the world. In the eyes of *shariah* they are one and the same. Furthermore, as noted by Masudul. A. Choudhury, ***“The economics of Islam as it stands today is just a digit in vast number of potentials. It has not advanced with the tempo and vigor of modern economics.”*** Note importantly, this was in 1986, but at present Islamic economics is far reaching and spreading worldwide. Hence the need for scholars and researchers to continue to make effort to make Islamic economics undefeatable and formidable in the present and optimistically, innumerable centuries to come.

It is vital to note that, fundamentally, Muslim economist in this field are making huge effort to ensure economics and economic behavior correspond to Islamic precepts, and reinvigorate the rudiments and foundation of certain principles of Islamic behavior, so that public economic policies derived from the works of the glorious past Considerably, Ibn Khaldun, Abu Yusif, Al-farabi, Nasurrudeen Al-Tusi, Ibn Taimiyyah, Imam Ghazzali, and others between ninth and eighteen centuries, and in contemporary times especially in periods of 1960s and 1970s, Abu Ala Maududi, Nejatullah, Monzer.kahf, siddiqui, S.N. Haidar Naqvi, Muhammad .A. Zarga, Walliyullah, and the host of others.

In this context, with some degree confidence one can admit that Islamic economics has gathered momentum, and Muslim economist must press intellectual trigger, to open way for Islamic economics to pervade into both theories and practices of conventional economics analysis. Since

it really seems that many are waking from the intellectual slumber, then don't be among freeloaders and essentially it will be correct if you make an effort to expose the principles, so as to disincline people that has tendency of freeloading perhaps, one could ask what do I mean by "Free-loading". The answer would be plausible and precise, be guided by your din (Islam) via the most authentic sources the Quran and Sunnah. Here one can go straight forward, and undoubtedly, say that *Islam is a whole entity that encompasses religion, social economic, political, and general way of life within of all human action(Q16:89)*. Suffice to say, it was on this point that islamist and Islamic economist, and reformers see economics from the paradigm of Islam. Indeed, the uniqueness of Islamic economics cannot be doubted, although, western economist criticizes the discipline as unoperational in the contemporary world. Prof Tukur Kuran of Duke University argued that on a derailed basis that even Quran and Sunnah has dismissed Islamic economics in his work absence of incorporation in Islamic law here response will be mild, it will be a great deal if he go extreme length to research deeply on Islamic economics, perhaps embrace the paradigm.

2.2 Norms and Ethics in an Islamic Economic System

Obaidullah mentioned sixteen norms of ethics in transacting economic activity in the light of Quran and Sunnah in an Islamic economic system. According to him Islamic economic system is based on the following norms of ethics.

1. Freedom to contract
2. Freedom from coercion
3. Freedom from misrepresentation
4. Freedom from Arribaa (interest)
5. Freedom from AlGharar excessive (Uncertainty)
6. Freedom from Al Qimnar (gambling)
7. Freedom from Al maysir (unearned income)
8. Freedom from price control and manipulation

9. Freedom impulse
10. Right to trade at efficient prices
11. Entitlement to transact at fair price
12. Right to equal bargaining power
13. Entitlement to equal, adequate, and accurate information
14. Freedom from Darar (detriment)
15. Mutual cooperation and solidarity
16. Maslahah Mursalah unrestricted public (interest)

Islamic economics in the world has wide range of applicability especially, Islamic. banking and finance, and as well as Shariah compliant transactions; Similarly, today there are many financial institutions, even in the western world, offering financial services and products in accordance with rules of Islamic finance. For example, legal changes introduced by Chancellor Gordon Brown in 2003, have enabled British banks and build societies to offer Muslim mortgages for house purchase. In 2004 the UK'S first stand-alone Shari'ah compliant banks was lunched, the Islamic bank of Britain, and several banks offer services to its customers that utilize the Islamic financial principles; such as *Mudaraba*, *Mushakarah* and *Qard*. In addition, the Islamic finances sector was worth between \$300 and \$500 billion (237 and 394 billion Euros) as of September 2006, compared with \$200 billion dollars in 2004. The number of Islamic retail banks and investment funds number in their hundreds and many western financial institutions offer products that comply with shariah law, so of which include city group, deutsche bank, HSBC, Lloyds, TSB and UBS. In 2008 at \$500 billion in assets around the world were managed in accordance with shariah or Islamic law, and the sectors was growing at more than 10% per year, Islamic finance seeks to promote social justice by banning exploitation practices. This boils down to set of prohibitions on paying interest, on gambling with derivatives and options and not investing in firms that make pornography. Therefore, the popularity of Islamic economics today remains strong and formidable, even with the criticism. For example, sohrab Behada's study argued that the economic system proposed by Islam is essentially a capitalistic one, others even

stressed that it is socialistic. But categorically, Islamic economics is unique neither it is capitalistic nor socialistic.

3.1 Methodology of Islamic Economics

On the angles of illuminating the existence of Islamic economics it deems it essential and pertinent to discuss the methodology of Islamic economics, by looking at the etymological meaning and the mainstream consideration of the terms of research focus of virtually all the field of human of knowledge. The methodology is derived from two Greek words: “*Methodos*” which means “*method*” and “*logos*” meaning “*study*”. From this, methodology simply connotes a set of related principles, paradigm, and cluster ideas or doctrine absorbed and adopted by a given field of knowledge or discourse to specify how conclusion is reach. In academia, virtually all disciplines have a unique methodology in dealing with problems and research undertakings. It is important to note that methodology trace the source of knowledge and procedure to its acquisition. For instance, the economic science claimed to be scientific through the application of scientific methodology.

Islamic economic system therefore as a unique discipline of human knowledge has a distinct methodology which is derived from the Quran and Sunnah. Apparently, the chapters or sections are reference area to an Islamic economic system. The Quran contained 114 chapters; each of the chapters deals with various issues and aspect of human life of course, different verses that portrayed economic activity and regulations of economic behavior. Similarly, the Sunnah, that is the sayings and actions of the prophet (pbuh) are relevant to the understanding of Islamic economic by drawing considerable and relevant parts which reaffirm the Quranic text and explanation. There the task of Islamic economist or Muslim economist is to discover through extreme study the principle of Islamic values in relation to economic phenomenon by making proper use of the two fountain of knowledge which is the Quran and Sunnah, to detect and examine the texts, chapters and verses that are relevant to the subject matter. Accordingly, to make coherent use of them in their authentic provision as manifested in the precise standard Arabic language. Vitaly, this highly needs special, intensified effort and qualified Islamist to understand the Quran and Sunnah.

Furthermore, Islamic studies are also very significant to the study of economics as an Islamatised discourse of human knowledge. Imperatively, it has several areas of connectivity with Islamic studies which separating them is not only impossible but also impracticable, this is because they are contingent Islamic studies constitute studies of exegesis, commentaries, purpose of revelation, historical circumstance that is accompany revelation of verses, prophets' actions and sayings, as well as validation and scrutiny of the originality of the saying etc. Therefore, proper knowledge and its adequacy is required for one to be moderately equip as a scholar in this discipline. In addition, studies of Islamic principles philosophy, ethics and morality and general Islamic doctrines are part and parcel of Islamic economics due to their interrelations, and hence provide the basis for both micro and macro Islamic economics analysis and paradigmatic illustrations. More so, that governs the overall values and norms of agents in Islamic economic system.

Since Islamic studies ameliorate and prefer Islamic remedies to economic, social, political and legal system. Therefore, such has straight link to Islamic economics for that Islamic economic studies is a branch of Islamic studies which is a whole in itself, understanding and mastering Islamic studies is an unavoidable pre-condition for continuous research and development in the discipline of Islamic economics. At this point it is noteworthy to grasp two major branches of Islamic studies i.e. *fiqh* and *Qawa idal fiqh*, the former deals with the scrutiny and study of the Quran and sunnah to unravel the ordained laws of God that are binding upon human beings to follow. While the latter is concerned with formulating general standard, rules theorems, and doctrines for the science of Jiqh. According to Kahf ***“the objective of Qawa idal Fiqh is different from that of Fiqh, its methodology is also different Hence while Fiqh looks for details, individual cases, small pieces and particles Qawa idal flqh looks for aggregate global and general case.”***

Noteworthy, Islamic economics is closely related to high mu'amalat i.e. an integral section of Fiqh that deals with business laws, providing general framework and premise for economic dealings and its operation in an Islamic society. *fiqh* mu'amalat draws conditions and criterion governing for economic and financial relationships in an Islamic economy. Therefore, Fiqh is the general legal framework use to analysis ideas on Islamic economics, by studying financial relationship and analyses the rationale of the subject matter of discussion, through making

reference with the Islamic standard criterion i.e. Quran and sunnah which assist in elucidating Islamic economic perspective and philosophy. On this angle it is important to note that Qawaidal fiqh and Ilqah mu'amalat are *sin-qua-non* for explaining economic behavior of economic agents, and to serve as a basis for formulating models or theories on Islamic economics within the confine and premise of Islamic legal framework.

3.1 Conceptualization of Islamic Economics

To venture into place a rational being should border to ask the content and features of that place which will provides desirable inclination or disinclination to be there or not. Here we talk about Islamic economics as a discipline of human knowledge that seeks to solve economic problem of man. Essentially, exposition of the discourse is quite important to enable students and researchers see the light, to locate the pathway of the journey. Even though some scholars of Islamic economics resort to descriptive analysis of discipline while others emphasized that we really need to clearly define the discipline and its methodological framework in order to confidently distinguished between truth and trivial.

However, Islamic economic simply means applications of Islamic law to economic activities to solve the economic problem man. More importantly where Islamic rule is in force. Islam is a complete way life and of course a religion sent to whole mankind as a divine guidance, therefore Islamic economics is relevant to all people either as individuals, as well as societies. As such its relevance to Muslim cannot be over emphasized since as Muslims Islamic economics deals with a section of their religion and general way of life. At this point, its apprehension is a subset of understanding the religion of Islam itself.

Additionally, Islamic economics is highly vital to the *Ummah* i.e. Muslim societies, individuals and governments in entirety. As the proportion of Muslim is increasing at increasing rate the need to well use Islamic principles is important to have a balance society just like a light that is neither blinding nor too dim. Noticeable developments that are in correspondence with Islamic economics had taken place in Muslim in countries in the last 60 years. That multiplies the literature ocean of Islamic economic more than double in terms rebirth of Islamic ideas, principles, and existence of the discipline Islamic economics such illuminate the vista of the discipline. Just like a new trained soldier with a sense of vigor and energy prepared to face

incoming challenges. Many scholars of Islamic economics had attempted various definitions of Islamic economics to give the picture of discourse, and undoubtedly, almost all the definitions linked man's behavior with respect to Shari'ah principles or doctrine.

In defining Islamic economics, M. Akram Khan defines it as ***“the study of human falah achieved by organizing resources of earth on the basis of cooperation and participation.”*** Additionally, Muhammad Ariff defines the discourse as ***“the study of Muslim behavior that organizes the resources which are a trust, to achieve falah.”*** It is important to note that these two definitions associate the behavior of Muslims in terms of mobilizing resources to achieve faluh (success).

M. A. Mannan defines Islamic economics as “a social science which studies the economic problems of a people imbued with the values of Islam. In similar vein, Hasanuz Zaman defines Islamic economics as ***“the knowledge and application of injunction and rule of the sharia'ah that prevent injustices in the acquisition and disposal of material resources in order to provide satisfaction to human society’.***

Furthermore, other renowned scholars that contribute immensely include Ibn Taimiyah (1262-1274), Shah Walliyullah (1702-1763), Al-mawardi, Ibn Hazim, Imam Ghazzali, Qudama Ibn Jafar, Yahaya Ibn Adam, and Ibn Al muqaffa among others. It is important to mention that, in the western Europe this historical process was on move. The earliest economic write ups can be trace from Saint Augustine (died 430 C.E), and later Thomas Aquinas (died 1274 C.E) Owen Michael, Jeremy Bentham and the rest. And their works investigates social episodes, such as economics, sociology and politics and as well as theology.

Even in Western Europe religious ideas and beliefs dominated economics and other human problems in those societies. And early writers on economics after renaissance in Europe are physiocrats that is in start of eighteen century. They refer land as the prime source of wealth in human society. Such also stress land man Relationship which was rooted religious beliefs of Christians in ancient and medieval era. The point is this, in economics was not free from imbued values, and Ideals of religion from beginning, just as positive economics claimed. However, from the ending of eighteen century, economics became deviated from religious terrain Indeed that opens way to agnosticism, in the style and fashion of free-thinking and not guided by ethics.

Monzer Kahf has made it more elaborate *“it is only in the last two centuries that economics has been attempting to run away from religion. The trend has its roots in the revolt against church domination in Europe that resulted in the separation between church and society. Consequently, a general antagonistic attitude towards religion and religious premises emerged among western scientists. They considered everything that has to do with religion, as in contradiction with the empiricism of science and therefore, unscientific This attitude evolved into certain sort of atheism that is itself a metaphysical faith’.*

In addition, Monzer. Kahf further argued that, even *“new generation of economists calls for the recognition of value judgment as an inherent contributor to economic thinking and analysis, and many economists today consider economics an area of study that cannot afford to ignore its inherent overlap with religion, ethics and social and personal values’* it is noteworthy that early Islamic economic thought i.e. early Muslims based their economic analysis on the Quran such as opposition of riba, meaning usury or interest, and from sunnath, the sayings and doings of prophet Muhammad (pbuh). Therefore, economics inevitably *remain a normative discourse, even though it claims positivism.*

According Kahf *“the prefix “Islamic” to the word economics obviously, adds Islamic characteristics to this branch of knowledge’.* He stated that notion is even new, as it dates back to the late 1940s when it was first used for the first time by a professor of Islamic studies at *osmania university in India*, the late sayyid Munazir Ahsan Gilani, in an Urdu language, a book published in 1947 that he gave title: *“Islamic economic”* in 1960s and 70s scholars worked intensively to develop a unique Islamic economic philosophy and to give it stand as an independent discipline, which will provide answers to contemporary economic problems. The works of many writers that were particularly influential include Mahmud Taleqani (1951) who wrote Islam ba malikiyyat (Islam and property), iqtisaduna (our economics) by Muhammad Baqir Alsadr (1961) and (The economics of Divine harmony) by Abul Hassan Bani Sadr (1978).

Some scholars were of the view that Alsadr is the prominent Islamic economist who had tremendously elucidated the notion Islamic economics Baqir Alsadr and others sought to *“depict Islam as a religion committed to social justices, the equitable distribution of wealth, and the cause of the deprived classes”*. Similarly, they refuted the existence of non-Islamic theories of

capitalism and maxims. Islamic *economics* as a discipline of human knowledge became popular, strong and fervent at *the first international conference on Islamic economic thought held in Makkah in 1976*, and subsequently became widespread thereafter. From then conferences were held on Islamic economic thought in the center for international economic research, in King Abdul Aziz University Jeddah up till this 2009, such event was held seven times. The aim is to discuss on researched papers, economic ideas, challenges, and prospect of Islamic economics as a discipline.

Early Muslim writers formulate their views and ideas on Islamic economics before even the natural birth of economics as a discipline. It was contended that western economic writers mimic some of the early ideas of Muslim writers and develop a conceptual analysis on issues in economic perspective. The ideas of Ibn Khaldun about the relationship between tax rates and tax revenue, as tax rate increases for a while, but then the increase in the rates begin to cause a decrease in tax revenue as the taxes impose become too great, and cost to a producer in the economy. It was observed that this analysis today is known as *laffer curve* in the modern economics, which was anticipated before the natural birth of modern economic. It has not stopped their, Ibn Khaldun made elaborate discussions on economics including ideas about division of labour, demand and supply, money, capital formation, public finances, population growth and trade cycles etc. He discusses the various stages through societies pass in economic progress and his theory constitutes the basis for international trade theory.

Most Islamic economist believed he discovered the importance of division of labour before smith and principle of labour value before Ricardo, similarly, he illuminated the population theory before Malthus, of course he emphasized on the role state in an economy before Keynes. Ibn Khaldun's contribution to economics science cannot be quantified. That was why many scholars are of the view that his name should be considered highly and celebrated among the earliest founding fathers of economics.

Al-Farabi was of the view that *“each society lacks at least some necessary resources, and thus an optimal society can only be achieved where domestic, regional, and International trade occur, and that such trade can be beneficial to all parties.”* Ibn Taimiyyah explains the nature and behaviour of demand and supply theory that *“if the desire for goods increases, while it's*

availability of the decreases, it's price rises. On the other hand, if the availability Increases and the desire for it decrease price comes down'

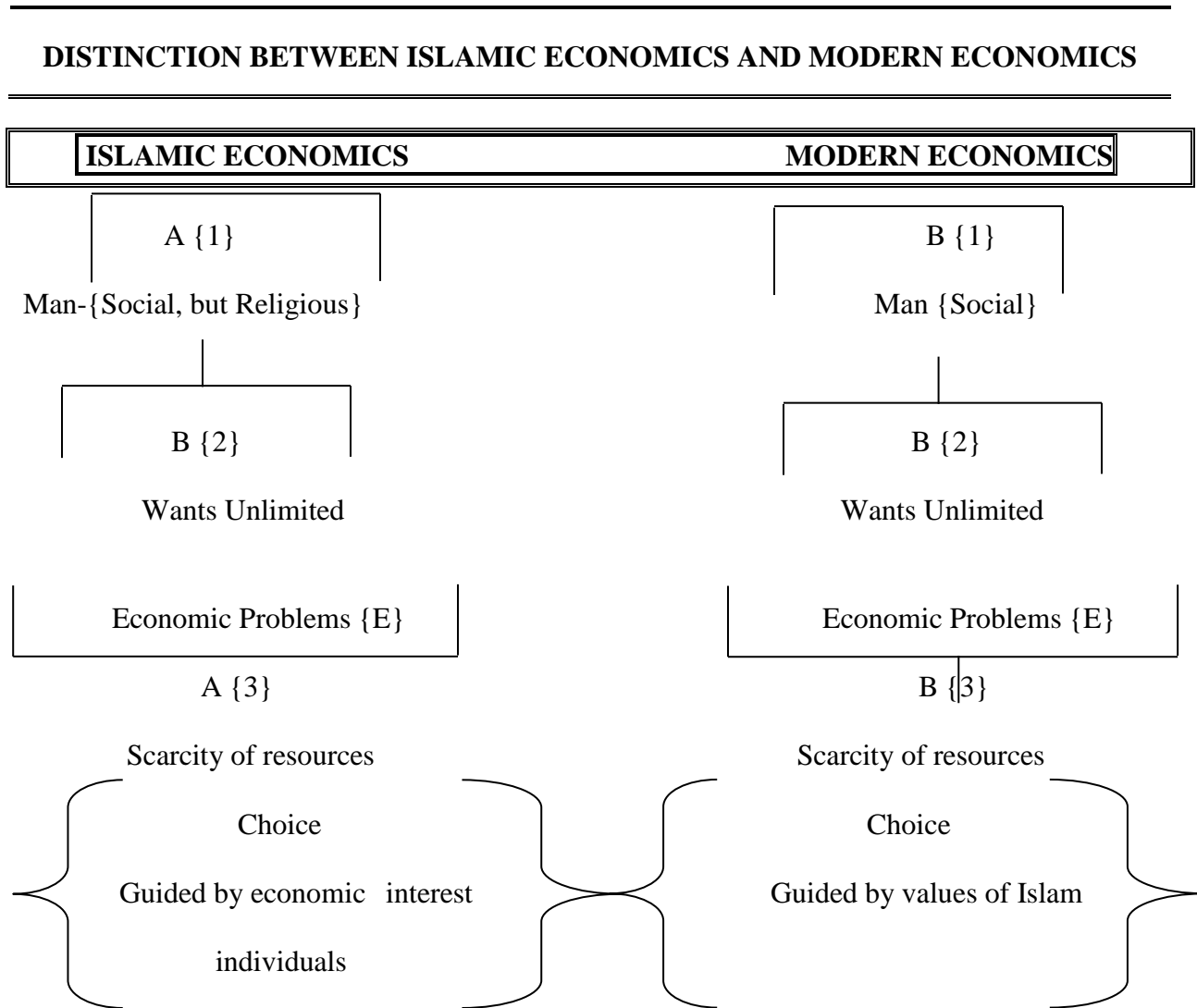
Similarly, *"imam Ghazzalli suggested an early version of price elasticity of demand for certain goods, he and Ibn Miskawayh discussed equilibrium prices"* Abu Yusuf wrote a book on taxation, which contain elaboration on public finance. He discussed about proportional tax, and he advocated forgiving tax policies in favor of the producers and centralized tax administration to reduce corruption. Abu Yusuf sees tax revenues for socio-economic infrastructure. Siddiqi notes that Abu Yusuf made comments on the relationship between the supply of goods and prices and give his advice to the rulers against price control." One would agree that these scholars had done a great job in contributing to knowledge in general. Therefore, the contributions of these Muslim economic writers are invaluable. In similar vein modern contemporary scholars like Muhammad Nejatullahi Siddiqi, Muhammad Anas Zarga, Khurshid Ahmad, S.N. Haidar Naqvi, Monzer Kahf, Mufti. Taqi. Usmani.

4. Distinction between Islamic Economics and Modern Economics

This question is posed in order to give answer to those who would be troubled to ask is Islamic economics positive or normative science. Islamic economics is a normative discipline that engages into evaluation of economics dealings and analysis employing and making the use of values of Islam as standard of calibration. Kahf said "obviously most of what is said to be Islamic economics fall under this portion of economics science, as it describe the economic system of Islam, its objectives and policy prescriptions, while economic analysis from Islamic point of view cannot be considered this normative branch". He reaffirmed that "normative economics is closely related to the objectives of man puts for him social, political, and ideological goals of the society. It is based on the system adopted by the society. Normative economics has to deal in an explicit manner with the economic system of the society for which system of the society for which it designs policy prescriptions".

Islamic economic involves critical anatomy of economic science to ensure the removal unethical values and incorporation ethical values of Islam. For instance, to be benevolent, and not to be selfish by considering only your utility function, economic justice, payment of zakat to the needy as a form charity etc. MA. Mannan clearly distinguishes Islamic economic man and Modern

economic are relation to their values while they are making of economic choice to cope with the fundamental economic problem of scarcity. “The entire cycle of economic activity may be explained with the help of the following chart below:



In interpreting the chart Mannan explains that *“in Islamic economics we study not only the social individual but also man with religious bent of man (A (1)). Were as in modern economics we are primarily interested in a people living in a society (8(1)). it is because of a multiplicity of ends A (2)/B2] and scarce means f(B3)/B3]. That the economic problems arisen (E) this problem is basically same in both the modern and Islamic economics. But the difference arises regarding choose. Islamic economics is guided by the values of Islam [44]*

and modern economics based on capitalist socio-economic framework is greatly controlled by the whims of the individual [B (4)]'

By way of drawing distinction between Islamic economics and modern economics it is apparently clear that modern economics is indifferent between the needs whereas Islamic economics is not neutral between different ends. For examples the manufacture and sale of alcoholic drinks may be good economic activity in modern economics environment. But such cannot be condoning in Islamic economic state. More so, in Islamic economics the individual must take injunctions of the holy Quran and the Sunnah to guide his financial and economic dealings to Maximize or optimize welfare. Islamic economics always stressed emphasis on lawful earnings as well as spending in order to optimize. For Example, the holy Quran says ***“O ye people eat of what is on earth lawful and good and do not follow the footsteps of the evil one, for he is to you a vowed enemy”***.

Here, the for allocation of resources and making choices is due to existence of economic problem that are presumed to be basic in any society thus the problems of what, how and for whom to produces in the society. Essentially these three basic questions are the matters OF economics

science. On this length, the quantity of natural resources and endowment, and even human labor abilities and services that God bestowed to any human being and society is limited. God says ***“And there is not a thing but it sources and treasures are with us, but it only sent down thereof in ascertainable measures” (Q15:21)*** similarly in another verse such is clear ***“verily all things have we created in proportion and measure” (Q54:49)***. Some scholars are of view that, ***this is the source of the idea of scarcity in economics***. Scarcity denotes that resources given by God to any person or society are measured and limited. Therefore, human beings must carefully make choices in deciding what, how, and whom to produce scarce resources.

On this angle God created the whole mankind and secured for them, and all other creations ***abundance and enough resources for their sustenance*** vividly in the holy Quran. “There is no amount creature on earth, but its sustenance is on Allah” (Q11:6). In similar vein How many creatures that carry not their sustenance? It is God who feeds both and you (Q29:60). In Islamic dimension and precepts, the ***combination of scarcity and sufficiency*** is quite vital, which

solution lies in human effort that is God given to strive in getting sustenance God provides to mankind.

Significantly, human effort is highly required to discover, and transforms God given resources to satisfy human wants. The extraction and transformation of resources and their use at the disposal of mankind is an inverse function of human effort to use their God given resources. Explicitly stated in the Quran ***“Namely, that no bearer of burdens can bear the burden of another, that human can have nothing but what he strives for” (Q53:3)***. In addition, the Quran advises that ***“then seek your sustenance from God” (Q29:17J)***. In consideration, since it is factual that resources available to both individuals and societies are limited. It is necessary for human beings to use and harness their God given talents and efforts to diversity and search for new resources in order satisfy human wants. Primarily, this is within the scope and content of economics, which was rooted in Islam before the birth of economics in the eighteen and nineteen century.

Therefore, economics also as normative discourse involving ethical consideration and evaluation of human behavior which economist engages. ***“economists cannot afford to be mere spectators and armchair academicians”*** Similarly as noted by Frazer ***“An economist who is only an economist is a poor pretty fish”*** For instance if a physiologist acquire knowledge is not for the knowledge sake but for healing knowledge that will bring when patients are indispose. Hence Economist is in position to advocate, Condemn, and remedied problems within the context of social scenario and ethical point of view. Economist is called upon to prescribe solution to some of the old age economic problem of mankind like poverty, income inequality, and problem unemployment e.tc. ***His prescription will be uttered based on the people social reality, and that indicates his judgment Of course that is normative.*** To further justify the significance of values and judgmental principles inherent in the sphere of economics Wooton express his view that ***“It is very difficult for economists to divest discussions completely of all normative significance”***.

Note that normative economist offers prescriptions about how the human behaviors ought to be. It sets norms and standards and determines objectives for this behavior. It deals with social issues, questions, and policy matters viz a viz ethical conduct guiding people’s social reality. And from them suggests what ought to be done ordinary by economic agent i.e. individual households, firms, and government as whole. Let us belief that the ultimate objective of

economics is to understand the nature of human behavior, in relation to the choices of man to achieve material wellbeing. Here the general approach of acquiring knowledge is observing, and logical deduction guided systematically, is the basis at which economics claimed to be scientific in nature. Based on this economist claimed to mimic and apply systematized pattern as in natural sciences, which include selection of a phenomenon, observation, data analysis, experimentation, and verification of an observed phenomenon.

To achieve this economist resorted to modeling, i.e. abstraction from reality which includes selection of the most relevant broad lines or components of an observed phenomenon; such is a simplification of the real world. Although some Models may sometimes be oversimplifying a reality and may have to be revised or rejected and substituted by, others, pending on the validity of the model. From a model economist formulate a theory which is thus an explanation of certain groups of facts in the form of behavioral relationships, and the interpretation of groups of comprehended relationships among different groups or broad lines. Then we can predict the outcomes if certain. Change takes place in some of the variables or circumstances. And it is expected that certain level of generalization and their usefulness, to their ability to predict is always considerable.

However, theories and their formulation are subjected to certain shortcomings and loopholes, inevitably, researcher's value judgment and personal bias is ever inherent in economics models and theories. This perhaps renders facts and their interpretation not dependable, because the probability of error is high. Even though economist incessantly tries exonerating the discipline from all sort methodological weakness, it is clear inclusion of values, which are out of scope and continue make the matter complex and rigid, which can cause false assumptions.

As such, Islamic economics sees revelation as ***last resort criterion, to test the compatibility of facts within the context of a theory.*** As Muslim the ultimate source is the revelation, serving as the standard criterion, ***Blessed He who has revealed Al-furqan (criterion) to his servant, that it may be Warner to all mankind (Q25:1).*** This is the task Islamist and Islamic economists have to look into the entire premise of orthodox economics analysis and detach areas of objection, this can be via careful examination and scrutiny of. the general framework of the analysis.

In order to have a clear picture perspective, it deems very vital to define ethnic so as to explicitly synthesis it with economics within the framework of Islamic vision of obtaining a moral Ummah. Accordingly, to Rafik Beckun, ethnic can be defined *“as a set of moral principles that distinguish what is right from what is wrong”* furthermore, in an Islamic context, Quranic term Khuluq is close to it. Similarly, some other terms that relate to the concept include (good or goodness) Khayr, birr (righteousness). (Truth and right), Ma’ruf (known and approved), qist (equality), adl (equilibrium and justice) and pious actions and behavior are considered as sal/hat while impious actions are classified as sayyi’at. In Islamic ethnical system man occupies a central position in the universe and Islam shows man the best and right way to realize his moral and spiritual activities in all dimensions.

Ethnical system in Islam is distinct from secular ethical systems, more so, it is different from moral code postulated by other regions. To Rafik *“moral conducts adopted by other religions have often stressed values that deemphasize our existence in this world. For example, Christianity by its over emphasis on monasticism encourages its adherents retire from the hustle and bustle of daily life”* in contradistinction, moral code inherent in Islamic ethics emphasize on the relationship between man and creator. This is due to the indisputable fact that God is perfect and omniscient, and also omnipotent. Similarly, he created mankind and jinn and that the world contains and well proposition all that exist, so he preordained our destiny and set moral code for mankind which is the Islamic ethnics rooted in supreme criterion (Quran).

The basic consideration generally blended on the principle that in Islamic perspective ethics dominates economics, which unambiguously portray the essential attribute of Islamic economics system. And, Islamic economics repudiates the ground that economics is independent of ethics and the idea of value free economics propagated by Robbins and the neo-classical notion of *Homo economicus* (economic man) who only considers his utility function of his selfish interest. But in replacement and discarding economic from ethical economic behavior Anas Zarqa substituted homo economics (economic man) for Homo Islamicus (economic man with Islamic ethics). The fundamental difference between the two prototypes to zarqa, is that the consumption behavior of *Homo-Islamicus* is deeply influenced by a consideration of the penalty or reward in the life after death and he embraced the Islamic ethics in regulating his economic choices and behavior.

Since man is the centre of focus in all economic activities, his behavior becomes the focal point within the basis he refers, while he is engaging in any form of economic activity. Many economists believed that neo-classical economics is more influential as indicated in A.G. Garbas' essay on philosophy and methodology of economics. Now let us look at the way they look at economic man and then raise ethical questions to see the ontological prevalence and to evaluate using the premise of Islamic ethical philosophy of which Islamic economics is blended and incorporated.

Conceptually, according to neo-classical economics, "x" is homo economicus (economic man) then;

1. x is selfish
2. x has perfect knowledge
3. x has preferred pleasure to pain (hedonist)
4. x has free will
5. x choose independently
6. x Would choose the most preferred option

We can from the above characteristics of economic man rise ethical questions ***"is selfishness a good virtue? Who has perfect knowledge between God and man?"*** On this note economic man imbued with Islamic principles would not concur with this conduct. Even various orthodox economists disagreed that man has perfect knowledge, for example Herbert Simon disputed this principle. Economist also identified that incomplete information (knowledge), and information asymmetric caused market failure. Similarly, S. Bailey (1835) ***"sees economics as a dismal science"*** since it supposed to teach selfishness. Of course, as the principle of selfishness is inculcated as a unique behavior of the economic man and so, he is both the consumer, producer and a researcher alike. Then can he be objective, and where is the science of objectivity. Therefore, all basic knowledge belongs to theology and religion and idiosyncrasies belongs to philosophy. As such, neo-classical view of economic man is inconsistent with Islamic ethical system. In the Quran, God said ***"Allah alone has knowledge of the hour of doom. He sent down***

the rain and knows what is in the wombs. No mortal knows what he will earn tomorrow: no mortal knows in what land he will die. Surely Allah is knowing, Aware” (Q31-34). Similarly,

the Quran teaches us to be kind, generous and benevolent to our parents, relatives and handicaps, in the society. God said *“when we made a covenant with the children of Israel: you serve none but Allah. Show kindness to your parents, to your kinfolk to the orphans, and to the destitute. Exhort men to righteousness, attend your prayer and pay the alms tax but you all turned your backs a few, and gave no heed” (Q2:83).* It follows that neo-classical economics has no place within the Islamic framework, and by the same token his economic behavior in relation to choose has no gains in compatibility.

Many Islamic economic writers integrate Islamic ethical code and philosophy of which Islamic economic agents making choice and conducting economic behavior in line with Islamic ethics. Prof. Naqvi constructs an axiom system that faithfully reflects the Islamic view of ethics. Accordingly, in the move to determine the rules of economic behavior in an Islamic society. According to the *“integrated, balanced and realistic view of man’s nature and social role, exclusive to Islam can be summarized exactly by four ethical axioms: unity, equilibrium, free will and responsibility”*. These set of axioms are built as conduct of ethical principles governing economic behavior in Islamic economic system. Although all other Islamic guidelines are forming a basis for reference. Many Islamic economists appreciate this axiological principle, for example khurshid Ahmad Rafik Beekun, and the host of others. In addition, Rafik Beekun added benevolence to make the axioms five in understanding economic behavior in an Islamic society.

Islamic economic man (homo islamicus) assuming is x and then,

1. x has tawhid (unity of God)
2. x believes in the principle of (*adl*) equilibrium or justice and he exhibits all principle in his economic and social dealings.
3. x should know that God give him free will on earth to worship him (God).
4. x should know that he will be responsible for his actions in the afterlife.
5. x is willing to do *ihsan* (benevolent) to his fellow men or mankind in general.

Given the axioms of Islamic ethical spanning sets in Islamic economic system, we said, that constitute the virtue of a rational man is this discipline of human knowledge. To be more explicit we elucidate points thus;

i. Unity of God (Tawrid) Axiom

This principle differentiates between creator and the created, and that require unconditional surrender by mankind to the will of God. In the Quran, Allah said ***“the decision rest with (him) Allah only, who bath commanded you that ye worship none save him’ (Q;12:40).*** Similarly, on the ground of human existence it enables mankind to be united in submission to the will of God. ***“Say lo! My worship, my sacrifice, my living and my dying are for Allah, the lord of the worlds” (Q6:163).*** Naqvi stated that ***“the concept of unity constitutes the vertical dimension of Islam. It integrates along a vertical line, the political, economic, social, and religious aspects of man’s life into a homogenous whole which is consistent from within as well as integrated within the vast universe without”***. This principle teaches us to obey and follow the shari’ah (law of God) and therefore, man should consider injunctions and ordinance set by Allah and then obey him. It follows that man should only fear Allah alone and love him while he engages in all his mundane affairs be it economic and other aspect of human life.

ii. Equilibrium Justice (Adl) Axiom

Equilibrium of justice principle is the horizontal dimension of Islam. In words of Naqvi Allah said, ***“we have sent down our apostles with clear signs and brought down with them scripture, and the scales of justice, so that men might deal with fairness” (Q57:25).*** In similar vein, God also stated in the Holy Quran that ***“be just for justice is nearest to piety” (Q5:9).*** In addition, the following verse also makes it explicit in relation to justice; ***“the word of your lord is perfect in truth and justice” (Q6:115).*** All mankind therefore is expected to do justice in all aspect of life, economic activity inclusive, of course by the same token mankind will achieve a moderate life and gain Allah’s blessings. God like those who deal justly ***“say my lord enjoined justice” (Q7:29).*** Therefore, Islamic economics blended this principle as a core factor of financial and economic dealings.

iii. Free Will

It is God who created mankind and bestowed him free will to steer his own life as God's vicegerent on earth, making man theomorphic in nature, the Quran testified the status of man in the universe superior to other creations ***“so when I have made him and breathed into him of my spirit ...”(Q15:29)***. It follows that for man to realize his theomorphic potentials obedience to God deems very necessary even though God granted him free will. It is only God that is absolutely free but however; within the sphere of the universe man is relatively free. Also, it is important to note that man's freedom is God given. Allah said ***“Lo! We offered the trust unto the heavens and the earth and the hills, but they shrank bearing it and were afraid of it. And man assumed it” (Q33:72)***. According to Naqvi ***“no magna carta is required to confer man his God given freedom.”*** And therefore, ***“it follows that to deprive man of his natural freedom is to degrade him below his God given stature, producing disequilibrium in the society. Any of such act is therefore a cardinal sin.”*** For example, Islamic concept of freedom is different from that believed by western philosophers, such as Adam Smith, John Stuart Mill, Quesnay and the rest in their view individual has unlimited property rights in the society. But however, in Islamic economic system all properties belong to God, as such man is only a trustee in the universe. Therefore, man, given his belief in unity of God should deduce from Quran and Sunnah while taking decision in an Islamic framework. As compared to other Allah's creatures on earth, man has the freewill to choose how? Ethically and unethically he will behave, in the Quran Allah said, ***“say the truth is from your lord and let him who will, believe and let him who will reject it.” (Q18:2 9)*** but the moment one chooses to become Muslim, he must absolutely yield and submit to the will of God in order to gain spiritual glory.

iv. Responsibility Axiom

Axiom of responsibility defines the premise by which man will be responsible for his own actions, Allah said ***“each soul earneth only on its own account, nor doth any laden bear another's load.” (Q6:165)***. Given the freedom to man by God to choose between good and evil then freedom must be counter-balanced by responsibility, since it is apparent that unlimited freedom is absurd which means unlimited responsibility. It follows that man bears all responsibility for his own actions and whatever consequences befall him. Allah states that ***“every soul will be held in pledge for its deeds” (Q74:38)***. Similarly, man can be held responsible even for the evil happenings around him. Plainly Allah warned ***“and guards yourselves against***

chastisement which cannot fall exclusively on those of you who are wrongdoers” (Q8:25). From this, mankind should not transgress and therefore, man should always be responsible, submit and obey the rules of Allah. As such this axiom is fundamental in Islamic economic system given, the conduct of man.

v. Benevolence (Ihsan) Axiom

This axiom simply denotes kindness and hospitality toward brothers and sister whom need assistance or help. Kindness in Islamic perspective occupies a residence in the Quran. Allah states that *“serve Allah and associated none with him. Show kindness to your parents and kindred, to the orphans and to the needy, to your near and distant neighbors, to your fellow travelers, to wayfarer, and to slaves whom you own” (Q4:36).* The prophet {pbuh} is reported to have said

“the inmates of paradise are of three types: one who wiled authority and is just and fair; one who is truthful and has been endowed with power to do good deed; and the person who is merciful and kind hearted towards his relatives and so every pious Muslim, and those who does not stretch out his hand in spite of having a large family to support”. It is important to mention as neo-classical economists *“sees man as an individual man”* in Islamic economics man is seen as *“a collective man”* that cooperates and uplift each other to gain salvation.

Benevolence is encouraged in Islam as a good virtue to believers because it fosters brotherhood and coexistence to service God. For instance, if one realizes that his debtor is bankrupt and he is in difficulty, one should act benevolently by elongating the time period due, if necessary, one should make reductions in to provide more relief to the debtor.

5. Conclusion

Islamic economics use values of Islam as a guide to human behavior, given these axioms, Islamic economics like the claims of the conventional economics to predict human behavior, Islamic economist also can use these set of axioms to understand, guide, and predict human behavior along pathway of Islamic rail. Prof. Naqvi stated that the axiom possess consistency,

attribute and has “predictive power’ with validity in the entire system of Islamic economics. For example, one’s belief in Tawhid (oneness) of Allah, meaning the only deity worthy of worship implies that he accepts fundamental pillars of Islam’s articles of Iman (faith) and all that Islam stipulates is the law God. Therefore, faithful are bound to behave in a certain way expected of them in accordance to the rule set by God. From this precept, it directly follows that, agent i.e. households, firms and governments in Islamic economic system are *Homo-islamicus* conducting economic activities in accordance to Islamic precepts.

M.A Mannan noted that Islamic economics is more restricted and in other sense, more comprehensive than modern economics, the restrictiveness lies in the that it is concerned with people who have faith in the oneness of Allah and his moral teachings are embedded in the holy Quran and Sunnah of the seal of the prophets. In addition, it also more restricted because Islamic state cannot spare any sort of economic activity. For example, Alcohol production cannot be condoned and by the same token any activity that cannot promote human welfare is not encouraged. In the words of M.A Mannan, ***“concept of welfare must be in harmony with the universal principles of Islamic principles which will remain valid for all times to come just as the sum total of one plus one will remain true to all ages”***.

Moreover, the comprehensiveness of Islamic economics takes into consideration of non-economic factor like political, social, ethical, and moral values. Therefore, Islamic economic is just like an applied economics in existence. In terms of boundary and scope ***“Islamic economics seems to become the administration of scarce resources in human society in the light of ethical conception of welfare in Islam. It is therefore, concerned not only with the material causes of welfare, but also with immaterial goods subject to the Islamic prohibition on consumption and production.”*** It vitally holds that Islamic economics tends towards welfare of the general Ummah in contrast with the conventional homo-economicus.

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