

Readings in
Islamic Economic Thought



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Readings in ISLAMIC ECONOMIC THOUGHT

Table of Content

	<u>Page</u>
<i>About the Contributors</i>	<i>iii</i>
<i>Table of Contents</i>	<i>v</i>
<i>Introduction</i>	<i>ix</i>

PART I: ECONOMIC THOUGHT AND THE SCHUMPETERIAN ‘GREAT GAP’ THEORY

Chapter I: Research in Islamic Economic Thought and The ‘Great Gap’ Theory	01-50
1. Thirty Years of Research in the History of Islamic Economic Thought: Assessment and Future Directions <i>By Abdul Azim Islahi</i>	05-24
2. History Of Economic Thought: The Schumpeterian ‘Great Gap’, The ‘Lost’ Arab-Islamic Legacy, And The Literature Gap <i>By S. M. Ghazanfar</i>	25-36
3. Schumpeterian ‘Great Gap’ Thesis and Medieval Islamic Economic Thought: Interlink Between Greeks, Medieval Islamic Scholars and European Scholastics <i>By Ali Rama</i>	37-50

PART II: CONTRIBUTION AND PHASES OF ISLAMIC ECONOMIC THOUGHT

Chapter 2: Contribution of Muslim Scholars in Islamic Economic Thought	51-88
1. Islamic Economic Thoughts of Prominent Muslim Scholars in the Abbasid Era <i>By Nur Amani Aisyah Samsuddin, Nadhirah Nordin, Rahimah Embong, Suraya Ismail, Rossidi Usop & Siti Khatijah Ismail</i>	55-58
2. Scholastic Economics and Arab Scholars: The “Great Gap” Thesis Reconsidered <i>S.M.Ghazanfar</i>	59-74
3. What Do Muslim Scholars Contribute To Islamic Economics? Selected Pioneer Islamic Economists <i>By Muhammad Shulthoni</i>	75-88

Chapter 3: Phases of The Development of Economic Thought in Islam		89-120
1.	“The Genesis of Islamic Economics” Revisited <i>By Abdul Azim Islahi</i>	89-104
2.	Critical Overview of the History of Islamic Economics: Formation, Transformation, and New Horizons <i>By Nagaok Shinsuke</i>	105-120

PART III: THE ISLAMIC TRADITION IN ECONOMIC THOUGHT

Chapter 4: Islamic Tradition in Economic Thought: Value, Market and Pricing		121-164
1.	Theory of Value, Market and Pricing in the Tradition of Islamic Economic Thought <i>By Abdul Azim Islahi</i>	125-130
2.	Ethics and Value Theory in Islamic Science’s Philosophy <i>By Shahirah Said & Mohd Shukri Hanapi</i>	131-134
3.	The Time Value of Money Concept in Islamic Finance <i>By Abu Umar Faruq Ahmad and M. Kabir Hassan</i>	135-148
4.	Understanding the Market Mechanism before Adam Smith: Economic Thought in Medieval Islam <i>By Hamid Hosseini</i>	149-164

Chapter 5: Islamic Tradition in Economic Thought: Production, Distribution and Consumption		165-192
1.	Production and Distribution in the Tradition of Islamic Economic Thought <i>By Abdul Azim Islahi</i>	167-172
2.	The Concept of Production, Distribution, and Consumption in Islamic Economics <i>By Rizky Maidan Ilmy, Iwan Setiawan</i>	173-180
3.	Islamic Economic Rationalism and Distribution of Wealth: A Comparative View <i>By Mehwish Darakhshan Zia, Nida Nasir-Ud-Din</i>	181-192

Chapter 6: Islamic Tradition in Economic Thought: Money and Interest		193-236
1.	Islamic Monetary Theory of Value <i>By Adam Abdullah</i>	195-204
2.	Money and Interest in the Tradition of Islamic Economic Thought <i>By Abdul Azim Islahi</i>	205-208

3.	What is Riba <i>By Abdulkader Thomas</i>	209-216
4.	Why has Islam prohibited interest? Rationale behind the prohibition of interest <i>By M. Umer Chapra.</i>	217-228
5.	Monetary Policy Literature in the History of Islamic Economic Thinking <i>By Alfi Amalia, Emma Novirsari, Mutiara Shifa, Andri Soemitra, Rifki Ismal</i>	229-236

Chapter 7: Islamic Tradition in Economic Thought: State, Finance and Development		237-322
1.	State, Finance and Development in the Islamic Tradition of Economic Thought <i>By Abdul Azim Islah</i>	239-250
2.	Ibn Khaldun’s Cyclical Theory on The Rise and Fall of Sovereign Powers: The Case of Ottoman Empire <i>By Murat Önder & Fatih Ulaşan</i>	251-274
3.	Early Medieval Islamic Economic Thought: Abu Yousuf’s (731–798AD) Economics of Public Finance <i>By M. Nejatullah Siddiqi and S. M. Ghazanfar</i>	275-290
4.	Ibn Khaldun’s Theory of Development: Does It Help Explain The Low Performance of The Present-Day Muslim World? <i>By M. Umer Chapra</i>	291-322

Chapter 8: Islamic Economic Thinking Impact on Scholastic Economics		323-364
1.	Mainstream Economics vs Islamic Economics <i>By Asad Zaman</i>	325-332
2.	Rise of Scholastic Economics and Manifestation of Muslim Scholars’ Impact <i>By Abdul Azim Islahi</i>	333-348
3.	The Relevance of Ibn Khaldun’s Economic Thought in the Contemporary World <i>By Siti Kholifatul Rizkiah and Abdelkader Chachi</i>	349-364

PART IV: ISLAMIC VS MAINSTREAM ECONOMIC THINKING - ISSUES AND CHALLENGES

Chapter 9: Modern Economic Thinking Challenges		365-446
1	Economic Theory and the Financial Crisis <i>By</i> Kenneth Joseph Arrow	369-374
2.	The Crisis in Economic Theory: A Review Essay <i>By</i> Kevin D. Hoover	375-386
3.	The Current Economic Crisis and Lessons for Economic Theory <i>By</i> Joseph E. Stiglitz	387-404
4.	The Economic Crisis is a Crisis for Economic Theory <i>By</i> Alan Kirman	405-434
5.	Financial and World Economic Crisis: What Did Economists Contribute? <i>By</i> Friedrich Schneider and Gebhard Kirchgässner	435-446

Chapter 10: The Challenges of Islamic Economic Thinking		447-500
1.	Islamic Economy and Capitalism <i>By</i> Abbas Mirakhor & Mohamed Hazik	449-461
2.	Crisis in Islamic Economics: Diagnosis and Prescriptions <i>By</i> Asad Zaman	462-478
3.	Comments on Asad Zaman's Crisis in Islamic Economics: Diagnosis and Prescriptions <i>By:</i> Shamim Ahmad Siddiqui	479-488
4.	Islamic Economic Thought and The Social Market Economy <i>By</i> Nora Enzlberger, Thomas Birringer & Dr Helmut Reifeld and Susanna Vogt (eds)	489-500

Chapter 11: Islamic Economics as A New Paradigm		501-559
1.	The Global Financial Crisis: Can Islamic Finance Help Minimize The Severity and Frequency of Such A Crisis in The Future? <i>By</i> M. Umer Chapra	503--516
2.	The Organizing Principles of Islamic Economy According to M. B. Al-Sadr: An Interpretative Essay <i>By</i> Alaa Alaabed and Abbas Mirakhor	517-530
3.	Economic Thought, Foundational Problems of Mainstream Economics and the Alternative of Islamic Economics <i>By</i> Jasmin Omercic, Mohamed Aslam Mohamed Haneef and Mustafa Omar Mohammed	531-546
4.	The Realism of Islamic Economics: Abbas Mirakhor's Methodological Structure of Islamic Economics <i>By</i> Muhammad Sholihin, Hafas Furqani	547-559

Introduction

The 3rd series, Readings in Islamic Economic Thought is designed to reflect the latest development of the subject and the thinking of mainstream as well as Islamic economic thought based on recent professional writings, research works and discourses published within the first quarter of 21st century. This is a compilation work structured on object-oriented and outcome-based standard university curricula schemes fit to the requirements of undergraduate and graduate students who want to be economics and finance graduates having majors in Islamic economic thought, Islamic economics, Islamic banking, Islamic finance, Islamic microfinance, Islamic capital market, Sukuk and Takaful.

Design and Structure of the Readings Series

The series is structured in four parts: Part I: Economic Thought and the Schumpeterian ‘Great Gap’ Theory; Part II: Contribution and Phases of Islamic Economic Thought; Part III: The Islamic Traditions in Economic Thought; and Part IV: Mainstream vs. Islamic Economic Thinking: Issues and Challenges.

Contents Covered in the Series

Part-I vis-à-vis *chapter-1* begins with a brief survey of the early literature on the history of Islamic economic thought with a view to examine and evaluate research experiences in the area of the history of Islamic economic thought during the last 30 years from 1976-2006. The survey finds literature has exerted some effects on scholars of the main stream economic thought and a few of them are trying to rehabilitate it in the main body of economic thought. (Islahi, 2007).

Ghazanfar (1995) revisited the “Great Gap” thesis propounded by Joseph Schumpeter (1883–1950) and argued, along with a few remarks disputing its validity, that the Schumpeterian “gap” thesis has established a stubborn tradition in the history of economic thought literature which, for the sake of doctrinal continuity and objectivity, must be abandoned.

Ali Rama (2017) investigates the Great gap thesis in economic thought proposed by Schumpeter and finds the time gap coincides with the Islamic golden age, when various Muslim writers made substantial contributions in various fields of inquiry including economic issues. Some surveys have been conducted to investigate the contributions of Medieval Arab Scholastics in the history of economic thought which was neglected by Schumpeter. Whereas, discussion on economic matters could be found in numerous literatures written by Arab Scholars such as AbûYûsuf (731-798), Al Farabi (873-950), IbnuSina (980-1037), Al-Ghazâli (1058-1111), IbnuTaimiyah (1263-1328), and IbnuKhaldûm (1364-1442). He puts an academic objection to the Schumpeterian thesis by endorsing Islamic scholars’ contribution on economic thoughts.

As a result of Schumpeterian great gap thesis, whose prevalence in economics literature dates long before 1954, western historians of economic thought have ignored the contributions of medieval Islamic scholars, or at least have reduced them to footnotes. Hence, it is no wonder that Islamic contributions to the history of economics are ignored in some western writings, such as in Robert Lekachman’s *A History of Economic Ideas* (1959), W. C. Blanchfield’s *Evolution of Economic Thought* (1975), David C. Colander’s *History of Economic Theory* (1989), and others.

To end the effect of Schumpeterian great gap thesis, some historians of economic thought among them YassidEssid (1988), S.M. Ghazanfar (1991), Ghazanfar and AzimIslahi (1990), Hamid Hossseini (1988), Abbas Mirakhor (1988) Louis Baeck (1993) and El-Ashker and Wilson (2006) have taken the issue of the great gap thesis by Schumpeter. The said authors have demonstrated, medieval Islamic writers who were influenced by Islamic worldview and perhaps Greek thought did write about economic issues. Some surveys show the transmission of Arab economic thought into Latin and the incorporation of that stream into Scholastic economics. Therefore, for the sake of doctrinal continuity as well as objectivity, not only must the Schumpeterian great gap thesis be rejected but there must be proper recognition and appreciation of the contributions of medieval Islamic scholastics, especially during the ‘sleeping’ period, whose writings significantly influenced the vast contributions of Latin Scholastics and others.

Therefore, for the sake of doctrinal continuity and objectivity, the contributions of the Arab scholars to economic thought should be rehabilitated in the writing of science of economics. It also reflects to the appreciation to the Islamic civilization and its influence to the European Renaissance. It, particularly, was successfully linked the outline of history of economic thought between Greeks to Latin scholasticism.

Part-II comprised of chapters 2-8 analyzes Islamic economic thoughts of prominent Muslim scholars in the Abbasid era (Chapter 2), Phases of The Development of Economic Thought in Islam (Chapter 3), Islamic tradition in economic thought: value, market and pricing (Chapter 4), Islamic tradition in economic thought: production, distribution and consumption (Chapter 5), Islamic tradition in economic thought: money and interest (Chapter 6), Islamic tradition in economic thought: state, finance and development(Chapter 7) and Islamic economic thinking impact on Scholastic economics (Chapter 8),

Chapter-2: Economic Thought in the Abbasid Era

Nur Amani Aisyah Samsuddin, Nadhirah Nordin, Rahimah Embong, Suraya Ismail, Rossidi Usop & Siti Khatijah Ismail (2020) review previous studies related to the economic thought of Muslim scholars during the Abbasid era. Islamic economic thought in the Abbasid era upheld the principle of justice in every economic activity, especially in business and trade. In addition, the national treasury system also plays an important role in developing the economic system in a country.

Ghazanfar (2003) in his study Scholastic economics and Arab scholars: The "great gap" thesis reconsidered, refuted that “economic analysis begins only with the Greeks”, not to be reestablished until the Scholastics emerged with St Thomas Aquinas; the many “blank” centuries within that span represent the Schumpeterian “Great Gap” - the thesis deeply entrenched as part of the accepted tradition and reflected in almost all relevant literature. Ghazanfer presented illustrative synopses of the economic thought of a few selected Arab scholars whose writings, prior to the medieval European Scholastics, offered rather detailed and sophisticated discourses on numerous economic issues. Adding to this, Ghazanfar produced some evidences regarding the transmission of Arab economic thought into Latin and the incorporation of that stream into Scholastic economics and concluded with a plea that the contributions of the Arab scholars to economic thought be “rehabilitated” in the science of economics for the sake of doctrinal continuity as well as objectivity. Shulthoni (2017), on the other hand, discusses on the contribution of some selected pioneers in Islamic economics using his own understanding of a generation enduring thirty years.

Chapter 3: Phases of the Development of Economic Thought in Islam

Islahi (2015) in his study “The genesis of Islamic economics revisited” attempts to demonstrate that Islamic economics is not a product of twentieth century. The term may be new but its origins go back to

early period of Islam. Its evolution up to the present state of a distinguished discipline can be divided into six distinct phases. He argues that the modern Islamic economics was never a sectarian subject. Nor was it developed for Muslims' identity and protection purpose. Rather its propounders aimed at the well-being of all.

Shinsuke (2012) in his study "... Critical overview of the history of Islamic economics: Formation, transformation, and new horizons" focuses on the dynamics between Islamic economics and the practice of Islamic finance, and describes how Islamic economics was formed, has been transformed, and has evolved clarifying the fundamental framework of the discipline.

Part-III comprised of chapters 4-8 deals with Islamic traditions in economic thought discussing: Value, market and pricing in chapter-4, Production and distribution in chapter-5, Money and interest in chapter-6, State, finance and development in chapter-7, and Impacts of Islamic economic thinking on Scholastic economics in chapter-8.

Chapter 4: Islamic Tradition in Economic Thought: Value, Market and Pricing

Muslim scholars benefited from the Greek translations, at the least the groups of mutakallimun and hukama. But before they got these translations during third century Hijrah and subsequent period, they had already developed a host of economic ideas and policy concerns. The union of these two elements provided impetus to this branch of knowledge. They not only improved and developed Hellenic thought, they introduced new concepts as well (Abdul Azim Islahi, 2017). Islahi (2017) further investigates the perception of market and mechanism of pricing among the sixteenth century Muslim scholars, a period hitherto unexplored. Starting from the first century hijrah (7th AD), we find a chain of works that addressed the functioning of market. First, during the time of the Prophet himself the question of interference in market arose when prices increased. But reasons, as Ibn Taymiyah (1976, pp. 41-42) argued, were economic, and not any imperfection created by non-market agents, so the Prophet refused to fix the price administratively. Thus, he approved and encouraged the role of a free-market.

Said, S., & Hanapi, M. S. (2019) in their Ethics and Value Theory in Islamic Science's Philosophy identify the definition of philosophy of Islamic science and analyze the study trend of ethics and value theory in philosophical perspective of Islamic science. They reiterate that the government of Abbasiyyah was memorable in history as it successfully brings to excellence the Islamic civilization during the ruling of Caliph Harun al- Rasyid and his son, al-Ma'mum. In that era, philosophy and science play a substantial role holistically under the framework of Islam. The success of the Islamic government at that time was closely linked to the three things that were to adhere to tawheed, wahyu as the main source and noble ethics of man in developing the philosophy of Islamic science.

Ahmad, A. U. F. and Hassan, M. K. (2006) in their study "The time value of money concept in Islamic finance" discuss that the time value of money is a basic investment concept and a basic element in the conventional theory of finance. The Sharīah does not rule out this consideration, for it does not prohibit any increment in a loan given to cover the price of a commodity in any sale contract to be paid at a future date. What is prohibited, however, is making money's time value an element of any lending relationship that considers it to have a predetermined value. Here, the Sharīah requires that a loan be due in the same currency in which it was given. The value (i.e., purchasing power) of paper currencies vary due to changes in many variables over which the two parties of a loan contract usually have no control. This study examines possible modus operandi of time valuation according to the Sharīah precepts vis-à-vis the concept of money, and whether any value can be attributed to time while considering money's value. For this purpose, they

investigate the juristic views on such relevant issues as the permissibility of difference between a commodity's cash and credit prices and an increase and reduction of the loan's amount in return for early repayment.

Hosseini, H. (1995) in his study "Understanding the market mechanism before Adam Smith: Economic thought in Medieval Islam" demonstrates that various medieval Muslim scholars had a sophisticated view of the market mechanism derived from various factors: Islam sprang from a mercantile society, commercial activity grew tremendously during the Islamic golden age, Islam placed an emphasis on the economic aspects of life, Islamic nations expanded to include highly cultured Hellenic and Persian territories, and Islam tried to incorporate and internalize Hellenic and Iranian thought (such as Zoroastrianism and Manichaeism) from its earliest days.

It is possible to argue that Islamic scholarship, itself inspired by Greek philosophy and Islamic ethics, inspired and influenced scholastic writings in Europe. According to Karl Pribram, the scholastics "derived their intellectual armory from the works of Arab (and other Muslim) philosophers" (Pribram 1983, 21). Will Durant discusses the tremendous impact of Islamic-Aristotelian rationalism on medieval Europe, triggering alarmist concerns about the "threat of the liquidation of Christian Theology," and inspiring St. Thomas Aquinas to write *Summa Theological*. Aquinas was inspired by Muslim theologian-philosopher Abu Hamed Ghazali; he was also influenced by Ibn Sina, Ibn Roshd, and other Muslim philosophers (Durant 1950, 954-58). S. M. Ghazanfar discusses six ways in which Islamic knowledge was transmitted to Western Europe: numerous Christian scholars traveling to the Muslim world and learning Islamic sciences during the eleventh and twelfth centuries, European students attending Muslim universities from the eleventh to the fourteenth centuries, extensive translation of Arabic writings to Latin, oral transmission, transmission of economic knowledge through commerce, and the diffusion of economic institutions and processes (1993, 20-21).

Chapter 5: Islamic Tradition in Economic Thought: Production, Distribution and Consumption

Islahi, A. A. (2014). In his study "Production and Distribution in the Tradition of Islamic Economic Thought argues that production and distribution are the two concepts very much fundamental to the construction of Islamic economic philosophy. Muslim scholars dealt these in depth and with great details in their writings on the linkages and interdependence of industries, and cooperation and division of labor. Islahi attempts to dispel and clarify how the basic concepts of production and distribution are derived from the basic sources of Islamic traditions, linked to the overall economic philosophy and structured institutionally for their functioning.

Research findings of Rizky Maidan Ilmy, R. M. & Setiawan, I. (2019) include that the production concept in Islamic Economy should be based on three main basic aspect namely (1) the aspect of belief, knowledge, and deed; (2) the production concept in Islamic Economy should be based on the basic principle of Islamic Economy namely individual freedom, social insurance, prohibition in accumulating wealth, and fair wealth distribution; (3) the concept of consumption in Islamic Economy to only fulfill daily needs not the wants.

Today's production activities they observe as an example are more often affixed with mechanisms, models and production strategies which override values, ethics and moral judgment as well as the influence of the holidays moment which leads many producers to do *ihtikar* or hoarding. As a result, there will be a scarcity of production goods. In addition, producers often carry out production activities such as cheating on scales, covering the flaws of production, and so on.

Furthermore, Ermawati Usman in her research entitled *Producer Behavior in Islamic Business Ethics* found that there were other forms of cheating: producers who produce goods using labels or famous brands. Moreover, the traditional market sellers are also rife with using tools such as the use of lights, which will tailor the color of the product to make it look fresher in order to achieve maximum profit (Usman, 2007).

Besides, Ermawati, Azhari Akmal Tarigan (undated) revealed several forms of unhealthy market competition, one of which was predatory pricing. This behavior is dominated by large companies that even become market leaders who try to sell their products below the production price with the aim of reducing or even removing competitors in the market. This predatory pricing becomes an irony. Therefore, in addition to consumers harming, it will also lead to the formation of an unhealthy market, resulting in the disadvantage for customer. Whereas in the classical economic approach states that the three main economic problems which become a single entity, namely production, distribution, and consumption need to be solved and solutions are sought so that a situation where all the goods and services needed can be available and sufficient to create prosperity in the community.

Islam as a universal belief with a systematical concept of economics presents as an alternative that is expected to solve these problems. The statement is not a simple idea, but has the support of the world's leading economist Anthony Giddens, as quoted by Agustianto, in his book *The Third Way* stating that the world should seek a third path from the struggle of the world enormous system, capitalism and socialism. It is not excessive if the third awaited way is the Islamic Economy. Responding to the reality of the economic problems that occurs, the focus of the discussion in this article will discuss on how the concepts of production, distribution, and consumption in the Islamic Economy works.

Zia, M. D. & Nasir-Ud-Din, N. (2016) in their study "Islamic Economic Rationalism and Distribution of Wealth: A Comparative View" observe the progression of economics portrays that the ultimate goal of economic theories is to achieve the consumer's satisfaction no matter whether it is permitted by the laws of ethics or religion. (Robbins, 1935, Sen, 1988, Groenewegen, 1996, Peil & Staveren, 2009). The decision making in conventional economic systems accentuates self-interest and rational behavior of the consumer. It is fair to say that there are two predominant methods of defining rationality of behavior in mainline economic theory. One is to see rationality as internal consistency of choice, and the other is to identify rationality with maximization of self-interest (Sen, 1988) whereas Islamic economics purports an economic system consonant with the original sources of Islam. The individual is guided in their economic decision by a set of behavioral norms, social and moral values derived from Qurân and Sunnah. This system asserts importance on social welfare. In conventional economics, "Economic man" is the appropriate name of consumer while in Islamic economics, the consumer is known as "Islamic man" (Hossain, 2014). Here the term conventional economics is used as an alternative word for "Capitalist and socialist or communist economic system." Capitalism supports the consumer endless freedom to maximize their utility whereas in communism all property and wealth is owned in a classless society by all the members of that society and induces the distorted distribution of resources (Rice 1998, Akhter, Abbasi, & Umar, 2011). Islamic economic system is different from conventional economic system in its close attention to all aspects of society's development. Islamic financial system: (i) help and stimulate economic activity and entrepreneurship, (ii) addresses poverty and inequality, (iii) ensures financial and social stability, and (iv) promotes comprehensive human development and fairness. It links finance with the real economy and maintains that link at each point in time in fair and transparent manner. Moreover, conventional economic system is driven by positive economics and shuns normative economics (Friedman, 1979, Chapra, 1995)

whereas Islamic economic system embraces both positive and normative economics on the basis of religion (Ashker, 2006).

Chapter 6: Islamic Tradition in Economic Thought: Money and Interest

Abdullah, A. (2018) quotes a hadith that Rasulullah (s.a.w.s.) said, “A time is certainly coming over mankind in which there will be nothing (left) which will be of use save a dinar and a dirham” (Imam Ahmad ibn Hanbal, Musnad). Indeed, the test for any valid medium of exchange is to hold its store of value. A number of empirical investigations have been conducted (Abdullah, 2016), for example, with Ottoman-Turkish data from 1469-2009 (Abdullah, 2013) and Malaysian data from 1971-2014 (Abdullah, 2015). Given the historical emphasis on high value coinage in the form gold and silver currency, Abdullah developed an Islamic monetary theory of value, which allows to measure the performance of a monetary system in terms of any debasement in coinage, or any devaluation in fiat money.

Islahi, A. A. (2014) discusses nature and functions of money, debasement, inflation and quantity theory of money, and concludes his analysis of interest as an ill-use of money.

Thomas, A. (2006) examined riba from numerous points of view: linguistic, the Abrahamic revealed tradition, fiqh, political, and economic. Each form of analysis points to complementary conclusions about riba and interest being very similar, particularly when one is extending a loan of money. The two most ancient perspectives presented in the translation of the entry for riba in *Lisan Al Arab* and the comparative religion perspective shared by Dr Cornell make clear that from the earliest times the increase paid on a loan of money has troubled the Abrahamic faiths to the extent that specialized words were selected to embody the fact that such gains are unacceptable when taken from one human by another. As such, the ban on interest was contemplated by most societies and is found in the Hammurabic codes, Roman law, even Buddhist meditations. In both the Torah and the Quran, the ban is formal, with the latter text elevating the ban to a universal tenant of the highest order when without equivocation, God forbids riba in the 275th verse of the second chapter of the Quran. The immediately following verses further emphasize this injunction with a threat of the most serious divine retribution for those who consume interest or riba.

M. Umer Chapra, M. U. (2006) discusses reasons for prohibition of riba in Pakistan in the context of the entire international financial system is based on interest. The answer, of course, is the Islamic injunction against interest and Pakistan’s constitutional commitment to Islam. To him these rationale would be difficult to understand unless one takes into account the maqāṣid al-Sharīah or the goals of Islam. The strategy has to be commensurate with these goals, he emphasizes.

Amalia A, Novirsari E, Shifa M et.al. (2021) in their study “Monetary policy literature in the history of Islamic economic thinking” focuses on the discussion of monetary policy in the history of Islamic economic thought starting from the time of the Prophet, his companions, to classical and contemporary economics thinkers. Explanations and descriptions that will be presented in this article can provide benefits both theoretically and practically regarding monetary policy in classical civilization, and its suitability for the present.

Chapter 7: Islamic Tradition in Economic Thought: State, Finance and Development

Abdul Azim Islahi (2014) in his study on “State, Finance and Development in the Islamic Tradition of Economic Thought” outlined that in the known history of prophets, it is only the Last Prophet of Islam

(peace be upon all of them) who was able to transform the disintegrated and anarchic people of Arabia into a well-established and organized state. He passed through the stages of persecution, boycott, migration, and war and peace. He gave all the necessary principles of good governance and trained his followers in such a way that they established ideal caliphate based on justice, equity, shura (mutual consultation) and God-fearing. At the same time, he never forbade to benefit from the good experiences of others. It was in this environment that the early writings on political and economic themes started (in loose term on political economy). They addressed practical problems arising due to expanding rule of Islamic caliphate such as economic responsibilities of the government, management of lands, administration of revenue, public expenditure, supervision and control of market activities, provision of necessary goods and services, improvements of the economic condition of people and development of the economy as a whole, etc. As noted above in section two, Muslim scholars started writing on economic issues as a response to emerging situations and problems faced, hence they had pragmatic orientation. In the later period they also benefited from the writings and experiences of people with whom they came into contact.

On the political economic writings Islahi mentions Islam taught its followers, be it the rulers or the subjects, to be sincere and just towards each other and always encouraged healthy criticism and fruitful counsels. It was due to this reason that we find a chain of writings on statecraft and rules for governance appeared in Islamic tradition. Abu Yusuf's *Kitab al-Kharaj* qualifies to be included in this category. Some other works are *Da'aim al-Islam* by Abu Hanifah al-Nu'man al-Isma'ili, *al-Ahkam al-Sultaniyyah* each by Abu Yala al-Farra and al-Mawardi, *Siyasat Namah* by Nizam al-Mulk al Tusi, *al-Tibr al-Masbuk fi Nasihat al-Muluk* by al-Ghazali, *Siraj al-Muluk* by al-Turtushi, *Qabus Namah* by Kay Kaus, *al-Siyasah al-Shar'iyah* by Ibn Taymiyyah, *Tahrir al-Ahkam fi Tadbir Ahl al-Islam* by Ibn Jama'ah (all in chronological order starting from 2nd/8th century to 8th/14th century). In addition to rules for good governance, these works have been a rich source of Islamic political economy, Islahi added.

Önder, M., & Ulaşan, F. (2018) focuses on Ibn Khaldun's Cyclical Theory on the Rise and Fall of Sovereign Powers: The Case of Ottoman Empire. This study covers the topic in three main parts. Firstly, Ibn Khaldun's cyclical theory on the rise and fall of the sovereign powers is explained with the terms of *umran* and *asabiyya*. *Umran* and *asabiyya* are the main concepts to understand his theory. Secondly, Ibn Khaldun cyclical theory is compared to other cycle theories on the rise of sovereign powers (Sima Qian's dynastic cycle theory, Giambattista Vico's civilization theory, Oswald Spengler's civilization theory and Arnold Toynbee's civilization theory) and similarities and differences are depicted. Thirdly, the applicability of the Ibn Khaldun's cyclical theory on the Ottoman Empire is discussed and the reasons why and how Ottomans could survive, unlike a lot of strong dynasties in Anatolia, rose as an empire and collapsed are analyzed according to the cyclical theory of Ibn Khaldun.

Siddiqi & Ghazanfar mention in their study that their objective is more limited—but a step in the direction of filling the Schumpeterian “gap”. They choose to focus on the economic thought of a prominent early medieval Islamic Scholastic—one among a list of many—named Yaqub Bin Ibrahim Abu Yousuf (AH13–82/731–98AD) in the area particularly on some key aspects of his commentaries on public finance issues. Abu Yusuf's famous book, *Kitab al-Kharaj* (also known as *Kitab al-Risala fi al-Kharaj ila al-Rashid*), was compiled at the behest of Caliph Al-Rasheed; and this Arabic-language work is the primary source for the present undertaking.

Chapra, M.U. (2007) in his article on Ibn Khaldun's theory of development: Does it help explain the low performance of the present-day Muslim world mentions that the first part of his paper presents Ibn Khaldun's multidisciplinary and dynamic theory of development. This theory argues that the development

or decline of an economy or society does not depend on any one factor, but rather on the interaction of moral, social, economic, political and historical factors over a long period of time. One of these factors acts as the trigger mechanism and, if the others respond in the same direction, development or decline gains momentum through a chain reaction until it becomes difficult to distinguish the cause from the effect. Second part of this paper applies this theory to Muslim countries to explain their low performance.

Chapter 8: Islamic Economic Thinking Impact on Scholastic Economics

The chapter provides *understanding and analysis* of the Muslim scholars' addition to and improvement over Greek Ideas with the *raison d'être* that early medieval Christian west had no base for economic questions. In addition to that the chapter takes account of the rise of scholastic economics, manifests Muslim scholars' impact, and assesses emergence of mercantilism as a reaction against Muslim power.

Zaman (2019) approaches his article "Mainstream Economics vs Islamic Economics" in the perspective of Edward Said's approach to looking at economics and its theorization. As Edward Said has explained in *Orientalism*, the conquest of the globe by Europe colors all European productions of knowledge about the Orient. Because of the dominance of European educational systems, these Eurocentric views have also been absorbed and assimilated by Muslims. This has caused great difficulties in the development of Islamic Economics, because Muslim scholars have attempted to reconcile two diametrically opposite views. European views give primacy to the material dimensions, while Islamic views give primacy to the spiritual dimensions of human existence.

As many authors have documented in detail, the transition from a traditional society based on Christian values to the present day secular modern society was a revolution in ways of thinking and acting. Islamic views on economic organization would be familiar to pre-modern thinkers, but alien and strange to modern scholars, Asad maintains.

Asad builds his position by saying that modern economic theory takes certain background institutional structures for granted, and is strongly shaped by Western historical experiences. Nonetheless, the theory claims for itself a universal status as a science, free of its historical, cultural and institutional context. Modern social sciences took their current shape in the early 20th century and represent a radical break from the past, even though dominant narratives of social sciences create the appearance of continuity and links to antiquity. Islamic economics can only be understood as a response to, and a rejection of certain foundational claims of Western economics. While source materials for the subject are available from early Islamic times, the separation of the economic realm, and its treatment in isolation, packaged as "Islamic Economics", is a modern response to the West. As detailed in Zaman (2008), the subject was created as an Islamic alternative to capitalism and communism, meant as an economic system for newly liberated colonies in the Islamic region. Modern economics is actually an economics of capitalism. It cannot be understood without studying the historical context of the emergence of this economic system and the associated ideologies. Since Islamic economics was initially framed as a competitor to capitalism and communism, understanding it requires analyzing the historical roots which led to the emergence of these economic systems.

He proposes to use a three-dimensional framework for comparison of modern Western economics and Islamic economics, viz:

Normative: An articulation of the intertwined concepts of the good life and the good society, which provides a normative ideal, a target and a benchmark.