Scrutinizing The Epistemology of Islamic Economics: A Historical Analysis

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Abstract

The first International Conference on Islamic Economics was held in Makkah, in 1976. Economists, jurists and scholars met together to discuss issues of Muslim ummah. However, there was many books written related to Islamic economics in the history of Islamic civilization, especially in the period of Abbasid caliphate. The fact, development of knowledge in Islamic medieval had established the epistemology of Islamic economics itself. Moreover, the epistemology is a study of the theory of knowledge, the source of knowledge, the application of knowledge and limitation of knowledge. Therefore, this paper aims to explore the contribution of earlier Muslim thinkers to the source of Islamic economics and to identify the epistemology of Islamic economics as proposed by the Muslim thinkers in medieval period. As a result, this paper will propose the epistemology of Islamic economics by integrating Islamic heritage and modern economics that is not conflict with Islamic principles and values. To achieve its objectives; this study employs qualitative research by applying content and descriptive analysis. The finding of this study is that the earlier Muslim thinkers have contributed to the construction of epistemology in Islamic economics. Then, to construct the genuine of Islamic economics, tawhid must be put as a core of Islamic economic epistemology that directs the sources of knowledge which are rooted firstly from revealed and then rational knowledge by using appropriate methods.

Keywords: Epistemology, History, Islamic Economics Thought, Abbasid Caliphate, Integration

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Abstrak


Keywords: Epistemologi, Sejarah, Pemikiran Ekonomi Islam, Kekhalifahan Abbasiyyah, Integrasi

Introduction

The first International Conference on Islamic Economics was held in Makkah, in 1976. Economists, jurists and scholars met together to discuss issues of Muslim ummah. This is the milestone of revival of Islamic economics that forces us to develop Islamic economics. It should take into consideration that the emergence of scientific thought and its use in the development of a consistent socio-scientific outlook depends upon epistemology.¹ Actually, there are

many books written related to the discipline of Islamic economics in the history of Islamic civilization, especially in the period of Abbasid Caliphate. The development has constructed the epistemology of Islamic economics.

Literary meaning, epistemology is derived from Greek ‘episteme’, which means inquires into the nature of knowledge and justification of belief. In the view of Smith Epistemology is the theory of knowledge that identifies and configures how a body of knowledge is derived and organized in order to address any set of issues, problems and questions within embedded system with strong interaction between them.\(^2\) To Haneef and Furqan, the epistemology is a study of the theory of knowledge, the source of knowledge, the application of knowledge and limitation of knowledge.\(^3\) It is very important to know the epistemology of Islamic economics in order to develop the genuine of Islamic economics, without denying the contribution of the modern economics that is not against with the principles and values of Islam. It is based on the Islamic epistemology that begins with the premise that originally all knowledge is Allah’s knowledge.\(^4\)

The issue is whether developing body of Islamic economics must return to the concept that has existed and developed by the Islamic heritage or developing existing modern economics by incorporating Islamic values. Most Muslim economists suggest the method to develop Islamic economics with some modern economics. Its (some) conventional theories and tool analysis might be accepted as long as they are not in conflict with the logical structure of the Islamic worldview,\(^5\) they are not against the explicit or implicit injunctions of Islam,\(^6\) or they do not contradict with the principles of Islamic teachings, and should be evaluated within an Islamic


framework and using Islamic criteria. Even so, it is suggested to analyze the body of knowledge in Islamic economics ever developed by Islamic thinkers in the history of Islamic civilization. It is very important for Islamic economics because history is the laboratory of humanity. To Kahf, the development of the economic system in Islam benefits from Islamic history for derivations of many tests and lessons, but not to dominate all condition that is different in socio economic activities.

This paper attempts to explore contribution of the earlier Muslim thinkers to the source of Islamic economics and identify the epistemology Islamic economics as proposed by the Muslim thinkers in medieval period. As a result, this paper will propose the epistemology of Islamic economics by integrating Islamic heritage and modern economics that is not conflict with Islamic principles and values.

History of Islamic Economic Thought

History of Islamic economic thought is related to notions of economic that have had been produced by jurists, theologians, sufis and philosophers in the form of Islamic texts that contain explicit expressions of economic ideas. According to Siddiqi, the first phase of contribution on Islamic economics thought is by jurists, sufis and philosophers. They have different emphasis toward economic views. The jurists focus on the normative prescription with positive insight, just behaviour and sound policy, while the sufis focus on the hereafter, and the philosophers focus on happiness (sa’ādah), a rational quest for justice and more positive analysis as a macro approach.

Moreover, the development of Islamic economic thought can be divided into three broad classification, they are: formation, translation and the re-translation and transmission period. Firstly,

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11 Abdul Azim Islahi, Contribution of Muslim Scholars to Economic Thought and Analysis, (Jeddah: Scientfc Publisher Center, King Abdul Aziz University, 2005).
Islamic economic thought was not influenced by any outside elements in formation period. The methodology used in this stage is that the Qur’an gives the principles and values and stresses on use of mind and application of reasoning on economic matters. This led to the appearance of a chain of scholars who derived rules to solve new problems and created a juristic logic (usûl al-fiqh) applicable to a wide variety of social patterns. Furthermore, the sources of knowledge are still referring to basic sources of Islam: Qur’an and Sunnah. Some Muslim thinkers are apt to be considered part of this phase such as Abu Yusuf (Kitâb al-Kharj), Muhammad al-Shaybani (Kitâb al-Kasb) Yahya bin Adam (al-Kharj), Abu Ubayd al-Qasim, and Ibnu Zanjawayh (Kitb al-Amwâl). Most of the works are related to the fiqh and kalâm, as the first discipline that emerged in this history of Islam.

Secondly, there was many foreign classical works and master pieces, specially those embodying Greek ideas, were translated into Arabic and Muslim scholars came to learn them and benefit from them. This was the period of transferring rational sciences (al-‘ulûm al-‘aqliyah), which included logic, philosophy, mathematics, and the natural sciences. Hence, in the economics, Muslim philosophers translated oikonomia as ‘Ilm Tadbîr al-Manzil (the science of household management). It was one of the three branches of Greek philosophy, the other two being ethics (‘ilm al-akhlâq) and politics (‘ilm al-siyâsah). In addition, tašâwuwûf contributed also to the source of Islamic economic thought, such can be traced from the work of Ibnu Qayyim and Abu Hamid al-Ghazali.

“The main contribution of tašâwuwûf (or zuhûd) to economic thought in Islam is a constant pull against giving too high a value to material wealth and a persistent push towards altruism and unselfish service of Allah’s creatures. They emphasised the ultimate concern of the human soul and its reaching out towards its source in the Divine. They personally exemplified this concern by minimizing the material values and extolling the virtues and attributes that contributed towards felicity in the hereafter while also enabling the life here on the earth.”

12 Ibid., 12.
13 Ibid.
14 Abdul Azim Islahi, Contribution..., 14.
Beside that, theology (kalâm) gave also significant concept on the price. For instances, Qadhi ‘Abdul Jabbar in his book al-Mughnî fi Abwāb al-Tawhîd wa al-‘Adl in chapter of “Taqdîr”, discussed the price, cheap and expensive, as well as Ibnu Taimiyah in his Majmû’ al-Fatwâ. Another group is who combined the practical experience of business with Hellenic teachings and Islamic traditions. The representative author of this group is Ja’far al-Dimashqi who wrote al-Isyârah ilâ Maḥâsin al-Tijârah (the guide to the virtues of trade).16

Thirdly, the third phase of Islamic economic thought marks the translation of Islamic sciences in general and Greco-Arab sciences’ (Muslim scholars’ additions and commentaries over Greek philosophy) in particular from Arabic to Latin and other European languages.17 There are many works of Muslim thinkers that have been translated into Latin, Spanish, French, Hebrew, and German languages such as Ibnu Sina, al-Farabi, Ibnu Bajjah, Ibnu Rushd, etc. So, these three period have given the highest contribution to Islamic civilization, where the the peak of civilization called as Islamic golden age.

Consequently, Siddiqi adds two phases regarding the development of Islamic economic thought.18 Four stage is a period of stagnant Islamic scholarly culture (850H/1350M-1446/1932). In this period, in the Ottoman Empire conquered by Western conspiracy and colonization occurred in some Muslim areas in the world. The last stage is called as Islamic movement that occurred in Muslim countries. It was initiated by Jamaluddin al-Afghany, Hasan al-Banna, Sayyyid Qutb, Mawdudi, and Rashid Rida. Some of them discuss Islamic economics in their works such as Social Justice in Islam written by Sayyyid Qutb and First Principles of Islamic Economics written by Mawdudi. Afterward, the Islamic revivalism encouraged Islamization science program that was introduced by Syed Muhammad Naquib al-Attas, Isma’il Raji al-Faruqi, and other Muslim thinkers.

Sources of Islamic Economics

To Siddiqi, the essential theories of Islamic economics are rooted in the Qur’an and Sunnah, and the implication and implementation of these essentials are to be search in other Islamic

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16 Ibid., 16.
17 Ibid.
18 Ibid., 14-32.
sources like *fiqh*, *uṣûl al-fiqh*, and Islamic history. This is supported by Ahmed that Islamic thought in the field economics has decent root in the immense intellectual heritage that is available in *fiqh* sources as well as literature contributed by Medieval Muslim thinkers. According to Orman, the source of Islamic economic thought is divided into two further categories: (1) independent work forming different literature (general source) and (2) single independent (or unique) work (special work).

General sources are works that are not tied, including a treatment of the economic problems of the economic but it is also related to the discussion of non-economic. Furthermore, the sources can be traced in the Qur’an, ḥadîts, *tafsîr*, jurisprudence, *fiqh*, kalâm, *taṣâwvûf*, history, and Islamic literature. For specific sources, they are the works that are specific to discuss and devote economic problems. This category is related to economic terms, namely: *kharâj* (fiscal system), *al-anwâl* (public finance system), *al-kasb* (work), *tijârah* (trading system), and *al-ḥisbah* (market mechanism).

To Baloglou (2011), there three major categories of medieval Muslim economic literature, they are: 1) the formal letter of advice for ruling an empire known as the “mirror for princes” such as *kitâb al-kharâj* written by Abu Yusuf; 2) literature related to *al-ḥisbah* manual and; 3) literature deals with the economics of household (*tadbîr al-manżil*). By then, it can be concluded that the source of Islamic economics can be derived from revealed and rational sciences (non-revealed).

It can be divided into: (i) revealed sciences, of which there are four: the fundamentals (Qur’an, *sunnah*, *ijmâ’*, and the teachings of the companions of the Prophet SAW); the branches (*fiqh* and ethics);

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means (linguistics and grammar); and the accessories (reading, *tafsîr*, the sources of *fiqh*, geneology); and (ii) non-revealed sciences (medicine, mathematics, poetry, politic, philosophy, economics, and history).

**Previous Studies on Epistemology on Islamic Economics**

Choudhury of the opinion that the epistemological origins of the learning world-systems according to the immutable principle of unity of divine knowledge in the Qur’an is the central point of departure that delineates the great divide between Occidentalism and Islam and within the prevailing structure of thought in the Islamic scientific community.²⁴ He strongly criticizes the current efforts in Islamic economics due to its lack of epistemological foundation and required data. Hence, the existing literature on Islamic economics has become trapped in the neoclassical framework which is based on secular western epistemology. So, the origin of epistemology of Islamic economics is tawhid as the core of Islamic worldview. In addition, Irkhami (n.d) studies the role of Islamic worldview and epistemology in constructing Islamic economics.²⁵ To him, Islamic worldview can distinguish between Islamic economics and conventional, because Islamic economics tried to first build the methodology before reaching mature in its discipline.²⁶ It is indeed, the source of Islamic worldview is a revealed source (*tanzil*) namely the Qur’an.²⁷ Ul-Haq says that Islamic economic ethics and norms are founded on Qur’anic-Sunnatic values.²⁸

Accordingly, Furqani explains that one of the challenges in the construction of Islamic economics discipline is epistemological foundation.²⁹ The challenge in this regard is in developing knowledge

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²⁶ Ibid., 19.


conceptual scheme and methodology to appraise theories in Islamic economics. According to him, Islamic economic conceptual foundation must be developed from its own sources (i.e., Islamic worldview) and using Islamic epistemology. Islamic economists of today are still primarily working with the Western scientific conceptual scheme (neo-classical economic conceptual scheme) which is primarily developed by Western philosophers within the framework of their worldviews. Furthermore, the methodology part of epistemological aspects in establishing Islamic economic conceptual scheme.

Moreover, to develop contemporary knowledge, it cannot be forgotten the earlier literature that founded by the Muslim thinkers. Hermansen gives us insight that Islamic economists could actually re-view the classical heritage (turâst) and derive some basic conclusions on ‘earlier’ conception of Islamic economics (or Islamic science in general), its basic assumptions and methodology in order to disclose the meta-disciplinary structure principles. Supported by Kahf, historical experience influences the elaboration of the Islamic economic system in another way by helping understanding its premises and postulates.

Mughits’s study attempts to verify and to clarify the structure of epistemology of Islamic economics that can be tested its validity as a scientific discipline. The scope of his study is the thought of economic from Muhammad Abdul Mannan. He mentioned that the sources of Islamic economics according to Mannan can be divided into two categories: 1) the sources agreed by major ulama (al-muttafaq ‘alaihâ) such as Qur’an, Sunnah, Ijma, and Qiyas; 2) the sources are not agreed by ulama (al-mukhtalaf ‘alaihâ) such as istihsân, istiślâh, and istiślâb. Moreover, the conclusion of the study is that the essence of Islamic economics is science that constructed upon Islamic values system. Its existence can be traced from the

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30 Ibid., 7.
31 Ibid., 8.
33 Monzer Kahf, “Islamic Economics...”, 36.
principles of Islamic economics that practice in the early formation period of Islam, Islamic golden age and Ottoman Empire. By these explanations, the epistemological foundation is very important to construct Islamic economic discipline.

Tawhīd as Core of Epistemological Islamic Economics

The central or core concept which permeates all aspects of Islamic economic epistemology is tawhīd or the unity of God. Tawhīd is essence of Islam, without it, there can be no Islam. Epistemologically, the tawhīd is regarded as the unity of knowledge and can be broken down into scientific sources, methods, and knowledge. The knowledge comes from Allah’s revelation to His Prophet, and from reasoning, perceptions, and empiricism. In the view of al-Attas, the first kind of knowledge is given by God through direct revelation and the second through speculation of rational effort of enquiry based on his experience of the sensible and intelligible.

Allah is sole and the ultimate knowledge and the divine revelation has always been considered as the ultimate source of knowledge. It is clearly stated in Qur’an that knowledge comes from Allah and human cannot know more than God as mentioned in Surah al-‘Alaq [96]: 1-5: “1) recite in the name of your Lord who created, 2) created man from clinging substance, 3) recite, and your Lord is Most Generous, 4) who taught by the pen, and 5) taught man that which he knew not,” and al-Baqarah [2]: 255:“...He knows what is (presently before them and what will be after them, and they encompass not a thing of His knowledge except for what He wills....”

However, tawhīd unifies these various technical disciplines into a common set of moral, ethics, axioms, and worldview. By then, tawhīd is core of fundamental epistemology that contains aspect of ethic, shariah, and worldview in Islamic economics. Tawhīd is emphasized as core belief manifested in ethical values of economic. Indeed, the Unity (Tawhīd) axiom, an individual’s economic activity

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must be guided by an ethical vision.\textsuperscript{36} It can be derived from Islamic primary source: al-Qur’an and Sunnah. This explanation can be simple understood in this figure below:

**Picture 1: Tawḥīd is core of Islamic economics**

Epistemologically, tawḥīd is the ultimate knowledge on Islamic economics based on revealed truth. In the view of al-Attas, that knowledge is not totally and purely the product of the human mind and experience but it also based on revealed truth. Knowledge continuously requires direction, supervision, and companion from revealed truth.\textsuperscript{39}

In relation with methodology, tawhidic methodology a subject to unify the objects of study; economic realities, doctrine and practical experiences, ideals and facts, normative and positive aspects, and that fulfill the integrity and unity criteria in Islamic economics theory.\textsuperscript{40} The knowledge from revelation, intellectual reasoning, and facts observation will be unified in Islamic economic theory appraisal


and empirical practices. The function of tawhidic methodology is to interact and integrate multiple methods of inquiry in Islamic economics.

For example in the concept of consumption, a person will consume with his ratio, but under the *tawhîd*, a person may consume according to his need and the rest can be spent in charity or invested in a business where it may produce more wealth as wealth as employment and income for others. The concept of consumption is needed to explore more in order Islamic economics can be better implemented and tackle specific issues of consumption. By then, we also apply intellectual reasoning and facts observation instead of revelation as primary source in Islamic economics.

**Historical Perspective on Epistemology of Islamic Economics**

Islamic economic science developed when intellectual effort of Muslim jurist and scholar addressed the economic aspect and problem of their community. There are many Muslim thinkers or scholars contributed to development of Islamic economics. As mentioned in previous chapter that they have different background of discipline such as jurists, *mutakallimûn*, philosophers, sufis, and historians.

Moreover, the development of economics in the history of Islamic civilization has changed through following the developments of science that developed in that time. That impact to epistemological foundation in Islamic economics. It can be traced the development of epistemology of Islamic economics from historical analysis.

**Economics is part of Revealed Knowledge**

In the formation period of Islamic economics, it is mentioned that majority of works related to economic matters are derived from *fiqh* and *kalâm*, as the view of Ahmad that Islamic economics has developed from the perspective *fiqh* or *kalâm*. According to him,

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41 Ibid., 278.
*kalâm* unveils and expounds the *ḥikmah* or the rationale behind the Islamic teaching, while *fiqh* deals with practical relationship, modes of behavior and conduct of Muslim individuals operating in society.\(^{45}\)

The classical Islamic *Kalâm* experienced three major schools of thought (Muʿtazilism, Ashʿarism and Maturidism).\(^{46}\) *Kalâm* explains the relationship of God and human act as His creation that has responsibility on the earth. In economic contexts, some *Mutakallimûn* discussed the intervention of God in expensive and cheap of price in the market. For instances, Qadhi ʿAbdul Jabbar, who was *mutakallim* of Muʿtazilism and the follower of the Syafiʿi school, discussed about the different price of goods in the market. Furthermore, he divides the concept into 2 parts: 1) the concept of cheap price and 2) expensive prices in the market. The cheap and expensive prices are based on the custom prevailing at the time and place either decrease or increase.\(^{47}\) Ibnu Taimiyah in his *Majmû al-Fatâwâ* discussed also the concept of price in detail. Interestingly, their conception of price has been found in chapter of *taqdir*, meaning that decrease and increase of prices are God’s disposes. We must obey Him and be grateful for all the blessings that have been endowed by Him.

In *fiqh*, there are a number of schools of thought in jurisprudence emerged such as Abu Hanifah, Malik, Syafiʿi, and Ahmad bin Hanbal. Some of their works is related to economic matters, nevertheless they more concern with legal or jurisprudential aspects. Moreover, *fiqh* is more concerns with special works of economics can be traced from the works of Abu Yusuf, al-Syaibani, Yahya bin Adam, Abu Ubayd al-Qasim, and Ibnu Zanjawayh. Abu Yusuf and Yahya bin Adam discussed on *al-kharj* (fiscal system). Abu Yusuf and Yahya bin Adam have difference methodologies in writing *al-Kharj*. Abu Yusuf is more rational to express the proof of al Qur’ān and formulas of economic *fiqh* are more realistic and independent, while Ibnu Adam only refers to the *ḥadîts* and *ahâdîs* without doing

\(^{45}\) Ibid., 20.


an external and internal criticism on it. Furthermore, al-Shaybani’s work deals with the individual Muslim economic behaviour that related to concept of earning (al-kasb). His works is very comprehensive in elaborating and explaining the concept of earning from philosophical and operational aspects. Then, Abu Ubayd al-Qasim and Ibnu Zanjawayh deals with public finance.

However, according to Ibnu Khaldun that all sciences are founded or based on revealed authority of the given religious law called as al-‘ulm al-naqliyah al-wad‘iyyah.\(^{48}\) It consists of tafsîr, qirâ’at, ḥadîts, usûl al-fiqh, fiqh, tasawwuf, and kalâm. These sciences are fard ‘ain in the view of al-Ghazali, while non-revealed sciences are fard kifâyah.

**Islamic Philosophy as a Mother of Economics (Tadbîr al-Manzil)**

Between 7th–11th CE centuries, Islamic economic thought are influenced by Greeks literature and philosophy, while the Indians sciences, particularly medicine, mathematics and astronomy. This period was known as the translation movement, which claimed Baghdad as a center of education. The famous representatives of Greek knowledge among the Muslims of the 9th and the 10th centuries, were al-Kindî, al-Farabi, Abu Sulaiman al-Mantiqi al-Sijistani, and al-‘Amiri. Al-Biruni (973 CE) was some of the Muslim who had been influenced by Indian knowledge.

Economics has rooted from philosophy in Greek civilization. Hence, economics itself comes from the Greek words oikos and nomos which mean family or household and regulations or law. Terminologically, it is the science of household administrative or household management. The term of oiconomia was firstly introduced by Xenophon and then Aristotle who gave the proper meaning of oiconomia and later maintained it. By then, Aristotle had produced a work called “Oiconomica” which basically describes how to manage the household and the subsequent implementing of these affairs.\(^{49}\)

Some Muslim scholars developed the economic concepts which were derived from the division of philosophy known as ‘Ilm Tadbîr al-Manzil (ITM). By then, there were many ITM contributors

\(^{48}\) Khurshid Ahmad, “Nature and Significance...”, 34.

such as Ibn Sina, Nasir al-Din al-Tusi, and Muhammad bin As‘ad. Moreover, the term ‘Ilm Tadbîr al-Manzil (ITM) has the same meaning as oiconomia, which means the science of household administrative or science of household management. According to Orman, ITM is knowledge about things related to the interests of a group living together in houses which are required to study the pattern of partnership which was held between members of the household or family.50

In this case, the epistemology of economics that was rooted from Islamic philosophy can be traced from Ibn Sina’s ITM. Ibn Sina’s ITM was one of the earliest, if not the first, of Bryson’s adapter. His ITM is derived from the division of practical philosophy as the sub-division of rational knowledge (‘al-ulm al-aqlî), which consists of three divisions, namely mantîq (logic), ‘ulûm al-nazariyyah (theoretical knowledge), and ‘ulûm al-amāliyyah (practical knowledge).51 His economic concept is derived from ‘ulûm al-amâliyyah (practical knowledge), namely (1) ‘ilm al-akhlaq (ethics), (2) ‘ilm tadbîr al-manzil (economics) and (3) ‘ilm tadbîr al-madîna (politics). However, this science has extended far beyond the household, embracing market, price, monetary, supply, demand phenomena, and hinting at some of the macro-economic relations stressed by Lord Keynes.52

Interestingly, the ITM of Ibn Sina is generated from the integration of philosophy and divine law (syariah). As proved by Orman, although there are many similarities between ‘Ilm Tadbîr al-Manzil and oiconomia, differences exist in the principle that ITM is based on Islamic Shari’ah: “Ibn Sina’s position on the matter is instructive same enough. After having specified the three division of the “Practical Wisdom,” he adds: “The first principles (mabda’) of the three are based on the divine law (syariah)”.53

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This science is also called as the science of domestic economy, which pertains mainly to the acquisition, conservation, division and disposal of property. This is the script and paper suggests a date of the eleventh or twelfth century.

The work begins with section on the division and taxation (kharj) of land, and how it may be calculated in relation to surface area of a piece of land. This is demonstrated through a series of diagrams using geometric illustrations and letters from the alphabet to mark points for distance. A section on payment for purchasing items which are sold by weight follows, and includes an explanation on how these should be calculated. The allotment of property, including work to be completed on land, payment and taxation, as well as the sharing of water and how this is best calculated for rivers and wells, and the division of natural resources, also features as an important section in this manual. Finally, the division and sharing of money and other wealth between various numbers of people, particularly members of a family, features in the penultimate section; this also includes the division of property and payment for a widow upon her husband’s death. The final page includes a short explanation of the calculation of dividends and revenues for various items of property (Arabic, Persian, and Ottoman Manuscripts. Science, Philosophy, Literature, and Religion. Exhibition on view. 6-23 October 2009, www.samfogg.com)

It also explains managing the wealth of family. In tadbîr al-manzil there are three aspects for handling wealth through acquisition, preservation and expenditure.\textsuperscript{54} Ibn Sina divides the management of wealth into two categories: (1) seeking or earning the wealth (kasb) which is associated in economic term as income and (2) using or spending the wealth earned (infâq) which is associated in economic term as expenditure.\textsuperscript{55} This science bridges chain of tree of economics from Greek economics.

\textit{‘Ilm al-‘Umrân (Science of Civilization): New Discipline of Economics}

Ibnu Khaldun introduced a new and unprecedented behavioural science, which he called the science of mankind’s civilization and human civilization.\textsuperscript{56} ‘Ilm al-‘Umrân is focusing on

\textsuperscript{54} Nurizal Ismail, \textit{A Critical Study...}, 33.
\textsuperscript{55} \textit{Ibid}.
\textsuperscript{56} Monzer Kahf, “Islamic Economics...”, 12.
behavior in making the historical civilization. According to al-Siba‘i, Islamic civilization consists of four elements, namely economical resources, political system, moral traditions, and science and arts.\textsuperscript{57} There some definitions regarding this science. Kahf defines ‘Ilm al-‘Umrân as the study of mankind’s civilization and human civilization from the point of view of showing what happens to them by way of changes and situations on their own nature. In the view of Dhaouadi that ‘Ilm al-‘Umrân is a study of development of society encompassing all phases, starting from its beginning as nomadic state of sedentary citizens, as it emerges ad then declines.\textsuperscript{58} It is called as the science of history.\textsuperscript{59} According to Baali, ‘Ilm al-‘Umrân is a study of social organization or civilization that concerns more than just political matters.\textsuperscript{60} Mahdi (1946) gave more specific definition as science of the social, which encompasses both cultural and material reality, urban and rural forms of society.\textsuperscript{61} By all definitions it can be summarized that ‘Ilm al-‘Umrân is science, which encompasses economic matters, as well as a social science that focuses more in economic.

Siddiqi stated that most of writers on Ibnu Khaldun reveal the vast scope of his economic thinking which covers:

The theory of value, the price system, the law of demand and supply, division of labour, production, distribution and consumption of wealth, money and capital, capital formation and economic growth, international trade, population, public finance, taxation, condition for the progress of agriculture, industry and trade, slumps and trade cycles, and the economic responsibilities of rulers.\textsuperscript{62}

This science is related to Ibnu Khaldun’s work that can be seen in his \textit{Muqaddimah}. He viewed and interpreted the economic

\begin{itemize}
  \item \textsuperscript{59} Muhammad Abdullah Enan, \textit{Ibn Khaldun: His Life and Works}, (Kuala Lumpur: Other Press, 2007), 88.
  \item \textsuperscript{60} Fuad Baali, \textit{Society, State and Urbanism: Ibn Khaldun’s Sociological Thought}, (USA: State University of New York Press, 1988).
\end{itemize}
phenomena within historical and social context.\textsuperscript{63} Ibnu Khaldun completed the study of economic matter than his predecessor who wrote the works related to economic. It is supported by the opinion of Baeck that he was more than any other medieval author attentive to the proper laws of the society at large and to its economic dimension.\textsuperscript{64} In conformity with that statement, his ‘I\textsuperscript{m} al-‘Umr\textsuperscript{a}n (translated by Baeck: Science of development) surpassed by far the Greek concept of the historical cycle of regime (anakkyklosis politeion).\textsuperscript{65} Consequently, he was the first medieval thinker to see the importance of economics for politics and for the whole life of any society organised in a state.\textsuperscript{66}

A Proposed Epistemology of Islamic Economics

In term of definition, Islamic economics should have clear definition that gives universal meaning. There are many Muslim thinkers attempt to define Islamic economics with their own understanding and knowledge. In this regard, it is agreed with the statement of Kahf that we need the discipline in the area of behavioral science that is born in Muslim land on the hand of Muslims social scientist, who did not have the sensitivity many of us have today.\textsuperscript{67} ‘I\textsuperscript{m} al-‘Umr\textsuperscript{a}n is the closest discipline that can be taken as example. According to Kahf, the definition can be the study of human behaviour’s individually and in groups, with regard to the use of resources for the purpose of satisfying human material objective.\textsuperscript{68} It is agreed with him in some aspect, but some contradict with Islamic worldview in the purpose of economic in satisfying human material objective. The possible definition is a study of human’s behavior that concerns with the use of resources for the purpose of satisfying human needs to achieve mankind’s welfare.

In Islamic heritage, the concept of human is the basis of study of economics. In ‘I\textsuperscript{m} Tadb\textsuperscript{i}r al-Manzil, the human concept is very

\textsuperscript{63} Abdulrahman Yousri Ahmed, “Scientific Approach...”, 22.
\textsuperscript{65} Ibid., 158.
\textsuperscript{67} Monzer Kahf, “Islamic Economics...”, 28.
\textsuperscript{68} Ibid., 29.
important before discussing economic matters. According to Ibnu Sina: “It is known that the man differs from other animals in that he cannot lead a proper life when isolated as a single individual, managing his affairs with no associates to help him satisfy his basic wants.”\(^6\) Hence, Ibnu Khaldun said that Man is “political” by nature. That is, he cannot do without the social organization for which the philosophers use the technical term “town” (polis).\(^7\) On the other hands, Ibnu Taimiyah stated that: “Mankind’s welfare in this world or the Hereafter cannot be achieved without getting together and co-operating. So there should be co-operation and association to achieve good and alliance to remove injury. Thus it is said that man is by nature a social being.”\(^8\)

It can be summarized that the tendency of human to survive and satisfy his necessities of life leads him to make some economic activities. Islam stresses that man is the principal agent for developing life on earth. Therefore, according to el-Ghazali: “Man is the driving force of economic activity and is definitely the living creature responsible for the level of economic performance.”\(^9\) The humas has responsibility as a khalifah on earth and a trust (amânah) of government for himself and environment. By then, the human is important aspect in studying Islamic economics as the subject or agent of economic.

Based on the explanations in the previous chapter, there are several steps of development in constructing the epistemology of economics in the history of Islamic civilization. First, the study of economic is part of revealed science in the formation period of Islam such as tafsîr, ḥadîts, uṣûl al-fiqh, fiqh, maqâṣid syarî’ah, kalâm, and taṣawwuf. Second, economics (‘Ilm al-Manzil Tadbîr) is branch of practical philosophy. This type of economics has been Islamized by Muslim philosophers by incorporating the principles and values based on the Divine Law (Syariah). Third, ‘ilm al-umrûn that expounded by Ibnu Khaldun has been recognized as a benchmark in the history of

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socio-political and economic thought. It is a new discipline that offers comprehensive study of human social and civilization that concern in all aspects such as the politics, sociology and economics.

Furthermore, Islamic economics as new emerging discipline is still trying its conceptual matter and body of knowledge by using its own epistemological framework to meet criteria of science. One of the efforts in constructing the genuine of Islamic economics is using Islamization methodology. Indeed, the methodology is important to develop the contemporary of Islamic economics. The Islamization of knowledge has been introduced by many Muslim thinkers. According to Thoyyar, there are ten models of integration of knowledge: 1) model IFIAS (International Federation of Institutes of Advance Study); 2) model of “Akademi Sains Islam Malaysia” (ASASI); 3) model of Islamic Worldview; 4) Construction Model of Islamic Knowledge; 5) model Bucaillisme; 6) model of integration of knowledge based on classical philosophy; 7) model of integration of knowledge based on tasâwwuf; 8) model of integration of knowledge fiqh; 9) model of Ijmâli Group; and 10) model of Aligarh Group. However, there are two most influence scholars in Islamization of knowledge: Syed Muhammad Naquib al-Attas with his institution of Institute Islamic Thought and Civilization (ISTAC) and Ismail Raji al-Faruqi in International Institute of Islamic Thought (IIIT). Regarding the Islamization of economics, it is primarily an epistemological and methodological concern that requires some sort of integration of knowledge.\(^\text{74}\)

Other methodologies those have been developed such as usûl al-fiqh, historical analysis, and case study analysis. Usûl al-fiqh was the methodology that subsequently developed through the efforts of Muslim jurists to produce fiqh. It is related to the sources of the syariah, the rules of interpretation and the methods of reasoning. These methods of reasoning include qiyâs, ijmâ’, istihsân, maṣlahat al-mursalah, sadd al-dharâ‘î, of continuity istishâb and ‘urf. This methods cover only in dealing with legacy of Islamic economics in spite of contemperer economics deal with many aspects. However, usûl al-fiqh is most dealing with Islamic finance and capital market especially in developing their products.


Historical analysis is used by some earlier Muslim thinker to produce their works related to economic matters. For instances, Ibnu Khaldun analyzed traditional Arab historiography and then he interpreted the economic phenomena of Arab communities within historical and social context.

Case study is also used in order to analyze the economic problem of the society in the history of economic thought. As we know that Islamic economics developed when intellectual efforts of Muslim thinkers addressed the economic problem of their communities. They examined, classified and analyzed available knowledge to find more accurate facts on the nature of relationship between economic aspects and Shari’ah rules and to solve causes and effects of the problem.\(^75\) For example, Abu Yusuf (133-182 H) examines the cause of price increase before giving his advice to the ruler on the price issues, or Abu Hamid al-Ghazali who describe the problems involve in barter exchange before explaining the benefits resulting from the use of money and describing its main functions.\(^76\) This examples can be regarded as empirical cases that means actual happenings analyzed for solution.\(^77\) The case study method is needed to examine and analyze the current problem of economic and to solve the problems by giving the solutions with deliberation analysis.

As explained in the previous chapter that Islamic economics has its own epistemological aspect that evolved in history of Islamic civilization. Tawhid is a core of Islamic economic epistemology, which unifies knowledge and methodology to the theory appraisal and empirical practice. Islamic economics can be regarded as a science that is body of knowledge rooted from two sciences: 1) revealed sciences and 2) rational sciences. The revealed sciences are *tafsîr*, *hadîts*, *uṣûl al-fiqh*, *maqāṣid syari’ah*, *fiqh*, and *kalâm*, while rational sciences are philosophy, economics, mathematic, statistics, econometrics, history, management, marketing, and other disciplines related to economics. Hence, the revealed sciences are *fard ‘ain* to be studied to understand comprehensive of Islamic worldview as the root of knowledge, while rational sciences are *fard kifâyah* depends on what matters we have to study. Moreover, this integration of science

\(^{76}\) Ibid., 22.
\(^{77}\) Surjit Singh & Osman MD Zain, “The Case Method and Type of Cases.” In Mahewari Kandasany (eds.) Case Writing: Essential in Writing Case, (Malaysia: CWAM, 2010), 24.
can give comprehensive philosophical framework of Islamic economics. Accordingly, we should remember to develop genuine of Islamic economics that begins from the sources of *farḍ ʿain* that contend of economic ideas and then it will be integrated with secular sciences or modern sciences in related to economics. Methodology that will be used in constructing Islamic economics must be based on appropiate methods derived from revelation, intellectual reasoning and observation fact that can be realized by methods such as *uşul al-fiqh*, case study, historical analysis, and others.

![Picture 2: Epistemological Framework of Islamic Economics](image)

**Conclusion**

Islamic economics has its own epistemological framework evolved through the history Islamic civilization. This epistemology has experienced various stages of development. First, there was only revealed knowledge in the beginning of Islam. Qur’an and Sunnah are the primary sources that guide Muslim’s life in that time. It continued till development of *fiqh*, *kalâm* and *taṣawwuf* emerged in Islamic civilization. Moreover, the first works related to economic matters are derived from *fiqh* and *kalâm*. There are many Muslim thinkers who established epistemological foundation of Islamic economic based on revealed knowledge such Abu Yusuf, Yahya bin Adam, Abu Ubayd, ‘Abdul Ja’bar, and Ibnu Taimiyah.
Second, economics (‘Ilm Tadbîr al-Manzil) is branch of practical philosophy. This type of economics has been Islamized by Muslim philosophers by incorporating the principles and values based on the Divine Law (Syariah). There are many Muslim thinkers who contributed to this science such as Nasir al-Din al-Tusi, Shah Waliyy al-Allah al-Dihlawi, and Ibnu Sina. This science explains the managing wealth of the household in term of earning, saving and spending the wealth. Specifically, it is knowledge about things related to the interests of a group living together in houses which are required to study the pattern of partnership which was held between members of the household or family. Although this science is rooted from philosophy, the principles and values of knowledge have been Islamized by Muslim philosophers such as Ibnu Sina.

Third, ‘Ilm al-‘Umrân is new discipline that invented by Ibnu Khaldun. This historical and social science that focuses on study of mankind’s civilization and human civilization, which encompasses economical resources, political system, moral traditions and science and arts. Some Muslim thinkers said that his ‘Ilm al-‘Umrân encompasses most of economic matters such as The theory of value, the price system, the law of demand and supply, division of labor, production, distribution and consumption of wealth, money and capital, capital formation and economic growth, international trade, population, public finance, taxation, condition for the progress of agriculture, industry and trade, slumps and trade cycles and the economic responsibilities of rulers. This comprehensive study of economics compare to his predecessor who wrote the works related to economics. Though it is new discipline, but its body of knowledge has rooted from both division of knowledge: revealed and rational sciences.

Based on these contributions, the current of Islamic economics should be rooted from both sciences: revealed and rational knowledge. The revealed science is fard ‘ain to be known to understand all aspects of Islamic worldview. Then, rational sciences are fard kifâyah depends on what matters we have to study and master. It is clear that in the sources of Islamic economics should cover revealed and rational knowledge to comprehend the study of Islamic economics. Obviously, to achieve the integration of knowledge, it should use the right methodology of Islamic economics. There are some methods that have been developed such as usûl al-fiqh, historical analysis, and case study analysis. Each method has its
own function to provide the analysis and to construct the contemporary Islamic economics.

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