**In the Pursuit of a “new Paradigm”**

**ISLAMIC “SCIENTIFIC” ECONOMICS**

**By Hasan Gürak**

**In an Islamic society, it is ethics that dominates and determines all its behavior, including its ‘economic behavior’.** The same principles apply to the Islamic economics that claims that Islamic economics is neither capitalistic as practiced in the Western countries nor socialistic. The Holy Koran emerges as the main source of all economic behavior and practices which are subject to the commands of Allah as stated in the Koran. A faithful Muslim has no choice but to live according to the Koran’s principles. If the ‘right’ path is not shown in the Holy Koran, then Muslims have to live according to the teachings and practices of the Prophet Mohammed.

Since Islam is a universal religion, the Islamic economic paradigm with its scientific Islamic economic theories have to be ‘**comprehensive**’ as well as perfect in the sense of ‘**fairness**’, ‘**ethical values’** and ‘**fruitfulness**’, so that when you take out the word ‘Islamic’, it should appeal to all societies and countries equally, regardless of their religious persuasion. A universal Islamic economic system ought to have “**universally applicable” economic laws** acceptable by both, the Muslim and the non-Muslim world.

The question is; does Islamic economics offer such “scientific” economic theories applicable not only in Islamic but also in non-Islamic communities?

To our surprise there were no such economic theories. In fact, there was not even a “theory of interest” the most frequently referred to subject in Islamic economics. This appeared to be a serious omission. The Holy sources may be more than sufficient for Muslims but what about non-Muslims? Are we not justified in expecting Islamic “scientific” economic models and theories that are applicable to or able to guide non-Muslims?

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In the absence of Islamic “scientific” economic theories we set out to evaluate the present state of Islamic economics in terms of “scientific” economic theories and to present some “non-conventional” analyses and some new approaches. To serve this purpose, the first three chapters are designed to evaluate and discuss the present “scientific” state of Islamic economics and make, now and then, some references or comparisons to the Western economic theories. In other words, the first three chapters are concerned with “scientific” economic theories, analysis and comments.

In the fourth section an “**alternative value-price theory”** is introduced which differs in some respects from the mainstream “blackboard” doctrines. The outlined “alternative” theory is probably the first of its kind related to Islamic economics which is in compliance with the Islamic values and principles. Its slightly different version was published before in an academic journal without making any reference to Islamic values or principles. But essentially the analysis is largely the same. The purpose of this section is to contribute to the emergence and development of an Islamic value and price theory which, as we know is the basis of all economic theories.

The fifth section discusses domestic and global trade activities. It is well-known that, the Prophet made his living from trade before his Divine Revelation. But surprisingly, there is, so far, no “scientific” trade theory developed by Islamic economists displaying the pros and cons of trade on the economy whether it is Muslim or non-Muslim. Hopefully some Islamic economists will take this omission into consideration and attempt to build “alternative” and globally applicable Islamic economic theories.

The subject of the sixth section is to review the most frequently cited and discussed subject of Islamic economics; “interest”. It is noticeable that, the Islamic economists do not seem to consider this matter from a “scientific” point of view. The general attitude regarding interest is commenting on interest with reference to some Islamic texts. In this section, we will attempt to make a somewhat different contribution to the matter. "I**nterest**” (or the “**surplus**” or “**additional payment**”) is re-evaluated from the perspective of “**earned income**” in conjunction with the **labor effort** involved and the assumption of **risk** in the supply of goods or services.

The principle sources of reference for this study, as in all Islamic economic studies, are primarily the Holy Book of the Koran and then the Sunnah, which are the sayings and practices of the Prophet. However, since our subject matter is “scientific” economics and neither the Koran nor the Sunnahs are “scientific” economic textbooks, we made an effort to present some different arguments by using our “**God given mental abilities**”. My purpose is to make some humble contribution to the further development of Islamic “scientific” economics.

Concluding remarks will be presented in the final section of the book, accompanied with some criticism, comments and proposals.

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