

The Islamization of Knowledge and Some Methodological Issues in Paradigm Building: The General Case of Social Science with a Special Focus on Economics

by Muhammad Arif

I. Scientific Justification for the Islamization of Knowledge

The need for the Islamization of knowledge as a means to revive the leadership of the Islamic Umma in the world has been explained over a period of many years by Dr. 'AbdulHamīd 'AbūSulaymān.¹ A clear conceptualization of this Islamization, based on *Tawhid*, was first proposed by Professor Ismā'īl Rājī al Fārūqī in 1982 and presented as both a theoretical paradigm and a practical scientific research program.²

Both the theory and program have been attacked as unscientific, because they are not descriptive but rather are normative. They call for the reorganization of knowledge into a new framework that does not grow out of the old secular framework of modern thought. Furthermore, Professor al Fārūqī's paradigm and praxis call for the pursuit of value-laden goals, that is, for the "ought-to-be" not only as an end in itself but as a guide and methodology for the study of what "is."

A thesis of this article is that the whole concept known as "Islamization of Knowledge," developed by Drs. 'AbūSulaymān and al Fārūqī, is thoroughly scientific in the sense used by modern historians and philosophers of science. Theoreticians in the Islamization of Knowledge claim they are laying the

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tion: Why is there an attempt to replace the secular approach to knowledge with an Islamic one?

Lakatos provides us with the answer to this question. He establishes the criteria for rejecting an existing SRP, and replacing it with another SRP on objective grounds.⁸ He argues that if an SRP explains the previous success of its rival and supersedes it by a further display of heuristic power, then it can replace the rival SRP.

The Western paradigm, based on materialism, gives a limited world view and a specific theory of knowledge. Discussing the implications of materialism for scientific investigation, Zakariyā Bashīr says, "The cardinal proposition of materialism is that only the sensible world is knowable. Consequently, it is possible to make a knowledgeable claim about the physical world only through the senses."⁹ Zakariyā Bashīr shows that in the western paradigm, knowledge and investigation is limited only to the world that is knowable through the senses., and thus, "only statements about the sensible world make sense."¹⁰ This principle of the western paradigm is known as the *Logical Positivist Theory* of meaning. The basic position of the Islamic theory of knowledge is founded on the principle that, "Islamic epistemology begins with the premise that originally all knowledge is Allah's knowledge. He taught Ādam, the first man, His "words" and "names." And He imparted to Ādam the names of all things."¹¹

Bashīr argues that in the Western paradigm of materialism, "there are no divine revelations, and prophets are merely great men, wise men or heroes. The (oughts) of morality can be reduced to material considerations relating to the material interests and utilities of this life."¹² The reason for this total exclusion of religion from Western epistemology is not difficult to find. Bashīr explains the reason for this: "In the western conception, religion is not a domain where reason is exercised. Religion is the domain of faith, where reason and faith could, at times, be mutually exclusive. Not so in the Islamic theory of knowledge, where religion is the domain where reason is exercised to its fullest capacity. When reason is so extended, it will recognize its own limits, and admit the existence of true, incorrigible, and infallible knowledge which is obtainable only from genuine and authentic messengers of God. Hence the Qur'ānic conception of knowledge is perfectly real and objective, and easily lends itself to all the categories of validation and confirmation."¹³

Consequently, here we see a fundamental difference between the epistemology of Islam and that of materialism. In the Islamic epistemology revelation occupies a fundamental place and plays a definite role; whereas in Western epistemology there is absolutely no room for revelation and divine guidance. Secondly, in the Islamic epistemology the physically knowable world, reason, and religion are interlinked. In his workplan for the Islamization of knowledge, Prof. Fārūqī argues that one of the very serious shortcom-

ings of much *traditional methodology* in Islamic epistemology was that, “the Muslims’ exaggerated emphasis on the intuition at the cost of reason opened the gates to corruption of the faith. By not distinguishing it rationally from the absurd, superstition and old wives’ tales can certainly masquerade as truth and penetrate the faith. Just as surely, the over-emphasis of “reason” at the cost of intuitive faith corrupted the “life of reason” by reducing it to materialism, utilitarianism, mechanism, and meaninglessness.”¹⁴ Thus in the Islamization of knowledge reason does play a very important role because, “Without reason, the truths of Revelation cannot be appreciated, neither would they be recognized for what they are – namely, divine – and acknowledged as such. The claims of Revelation would be indistinguishable from other claims including the absurd. When acceptance of Revelation is based not on reason, it is subjective, arbitrary, whimsical. No religious thesis based upon personal whims could claim the acquiescence of mankind, or of any significant part of it for a long time.”¹⁵

Here we find that reason does have a very important role to play in the Islamization of knowledge. This role is similar to the role assigned to it by Islam, which is very much unlike its role in the other religions. Discussing the role of reason in the Islamic paradigm, Dr. Fārūqī says, “The separation of *wahy* and *‘aql* is utterly unacceptable. It is inimical to the whole spirit of Islam, opposed to the central appeal of the Qur’ān to reason, to weigh rationally all matters, and to favor the more reasonable, the more median course. Unlike those religions which sought to overwhelm man’s understanding, to overpower man’s conscience so as to surrender to the irrational, or even the absurd, the call of Islam was rational and critical.”¹⁶

The above discussion enables us to understand the complementarity of Revelation in Islam and what we might call logical positivism – which, as suggested by Dr. Fārūqī, are the two elements whose interaction produces the Islamic epistemology. This allows us to appreciate the fundamental methodological difference between Western and Islamic epistemology. The main strategy for the scientists engaged in the Islamization of knowledge, from the epistemological point of view, is to explain the compatibility between the scientific method and the truth: to determine the limits where scientific method *alone* is incapable of explaining the entire truth and needs the guidance and support of Revelation; and to identify the areas, using the knowledge provided by Revelation, where further scientific research *deserves* to be conducted to acquire more meaningful and organized data in order to arrive at the entirety of the truth. An *excellent example* of such identification is found in Bashīr’s *Towards an Islamic Theory of Knowledge* in which, using the evidence from the Qur’ān, he points out that the birds and the animals do communicate systematically in their own language(s), and that modern science has yet to discover the means (through research) that would enable

man to understand the language(s) of birds and animals, and communicate with them.¹⁷

Thus we find that the Western paradigm based on materialism and reason alone is not capable of comprehending, understanding, and explaining the *whole truth*. At the most, it can explain only *part* of the truth; whereas the Islamization of knowledge would allow us to achieve that *fine combination* of the scientific method and Revelation that explains the entire truth. This *enhanced explanatory power* of knowledge gained through its Islamization gives us the Islamic epistemology; and its implementation takes place through the Islamization of knowledge. It is worth noting, at this point, that this replacement of the Western paradigm as discussed above, is based on the *internal history* of science, and hence fully meets the scientific criteria of SRP replacement as determined by Lakatos. Thus, we conclude that Dr. Fārūqī's rejection of the Western SRP and his counter proposals for another SRP (which he calls: *General Principles and Work Plan for the Islamization of Knowledge*) do have a valid scientific basis and do meet the scientific criteria of a new SRP justification. Hence, we conclude that Dr. Fārūqī's proposed SRP is fully consistent with the scientific traditions of paradigm building.

It is worth mentioning here that Fārūqī, the architect of a new SRP for the enhancement of human knowledge, is not a lone critic of the Western paradigm. His skepticism about the ability of the Western paradigm to explain the whole truth is also shared by Lakatos. In the introduction of his book *Proofs and Refutations*, while studying the case of mathematics, Lakatos admits, "...but the formalist philosophy of mathematics has very deep roots. It is the latest link in the long chain of *dogmatist* philosophies of mathematics. For more than two thousand years there has been an argument between *dogmatists* and *skeptics*. The dogmatists hold that – by the power of our human intellect and/or senses – we can attain truth and know that we have attained it. The skeptics, on the other hand, either hold that we cannot attain the truth at all (unless with the help of mystical experience), or that we cannot know if we can attain it or that we have attained it."¹⁸

This allows us to appreciate Dr. Fārūqī's SRP as a contribution toward the progress and enhancement of the knowledge of all mankind. Since the truth is a *whole* – a *unity* – while the Western paradigm's capability is limited to the materialistic aspect of knowledge only, mankind is in dire need of a paradigm capable of explaining the entire truth. Here it is that Dr. Fārūqī's SRP for the Islamization of knowledge provides us with direction, destination, and methodological guidelines.

Given the scientific justification of Fārūqī's SRP and the nature of the contribution it makes, we are now in a position to *see* its *long range* scientific implications from the epistemological point of view. *First*, since it is a scientifically valid proposition (i.e., based on the *internal history* of science), the

implications of the Islamization of knowledge are going to be universal, and its accomplishments will benefit all humankind and not just the Muslim Ummah. This may be the way we will discover and understand the true meaning and spirit of the *Universality of Islam* in which we have always believed, but have rarely understood in its applied sense. *Second*, Muslim scientists would in no way be able to claim or maintain any kind of monopoly or exclusive rights on the process and the outcome of the Islamization of knowledge. This would be so because of its scientific nature. Anybody who believes in the *Unity of truth*, uses the *right data*, and applies an *appropriate methodology*, would be able to get meaningful results. To be a Muslim (in the usual sense) is neither a necessary nor a sufficient condition in this regard.

II. The Role of Social Scientists in the Islamization of Knowledge:

Having Fārūqī's SRP before us, our task now is to achieve the goals this program sets forth before us. As we move in this direction, we face many questions. The following two are particularly important:

1. What is the role of a social scientist in Islamizing knowledge in his/her field of specialization?
2. Are there any methodological issues that deserve attention?

The role of the social scientist engaged in the Islamization of knowledge resembles that of a theoretical physicist.¹⁹ Discussing the method of theoretical physics, Einstein says, "For to the discoverer in that field, the constructions of his imagination appear so necessary and so natural that he is apt to treat them not as the creations of his thought but as given realities."²⁰ Thus it is the imagination or the *vision* of the *perfect functioning* of the perceived paradigm in mind that plays a key role in the achievements of the theoretical physicist. I feel that it is true in the social sciences as well. Given the philosophical foundations of his paradigm, a social scientist develops a *world view or vision*.

The choice of the philosophical foundations (chosen by a social scientist) is a value judgement. For example, in the case of economics, we have the philosophical foundations of *laissez faire*, dialectical materialism, and that of Islam – and they lead to capitalistic, socialistic, and Islamic world view of economics respectively.²¹ Once an economist has chosen one of these philosophical foundations by exercising his/her value judgement, then all the causal relationships and phenomenon are interpreted with the same view point. This interpretation of relationships logically leads to a paradigm, i.e., "an accepted concrete problem-solution or exemplar."²² The implications of the paradigm underscore the world of the social scientist.

Now the question is: how does a social scientist arrive at a particular *world view* given the *philosophical foundations* of his/her thought? The process of the development of thought in this case, we agree, is similar to the process of thought of the theoretical physicist, as described by Einstein.²³ He calls the process: *Stratification of the Scientific System*. This stratification of the scientific system (which for brevity will be called stratification in this essay), when applied to the role of the social scientists in the Islamization of knowledge, can be explained as follows. The Islamization of knowledge concerns the totality of truth. In its first stage a given world view has only the primary concepts and its philosophical foundations derived from immediate experience. As Einstein argues, "our everyday thinking is satisfied on the whole with this level. Such a state of affairs cannot, however, satisfy a spirit that is really scientifically minded, because the totality of concepts and relations obtained in this manner is utterly lacking in logical unity. In order to supplement this deficiency, one invents a system poorer in concepts and relations, a system retaining the primary concepts and relations of the "first layer" as logically derived concepts and relations. This new secondary system pays for its higher logical unity by having as its own elementary concepts the concepts of the second layer, that is, only those no longer directly connected with complexes of sense experiences. Further striving for logical unity brings us to a tertiary system, still poorer in concepts and relations than the secondary (and so indirectly primary) layer."²⁴

Einstein holds that this process of building the layers (or stratification) goes on until one arrives at a system of generalized conceivable unity, though at this point a general poverty of the logical foundations of the concepts may be obvious. He points out that some people may call this *stratification* of the system "*degrees of abstraction*" but, "the essential thing is the aim to represent the multitude of concepts and theorems, close to experience, as theorems, logically deduced and belonging to a basis, as narrow as possible, of fundamental concepts and fundamental relations which themselves can be chosen freely (axioms). The liberty of choice, however, is of a special kind; it is not in any way similar to the liberty of a writer of fiction. Rather, it is similar to that of a man engaged in solving a well designed word puzzle. He may, it is true, propose any word as the solution; but, there is only *one* word that really solves the puzzle in all its forms."²⁵

We know that the social scientists engaged in the Islamization of knowledge are the ones who recognize the fact that the truth is a *unity*, and whatever is knowable through our senses is only a *part* of the *whole*. This, in my view, is the unique characteristic of their methodology; and by using the philosophical foundations of Islam, they can now embark upon the *first task* of paradigm building; namely: the *stratification of primary concepts* in their respective disciplines. It should, however, be made clear at the outset that this

will not give them any definite results for the specific problems or questions, but it will surely allow them, as a first step, to arrive at a system of greatest conceivable unity compatible with the nature and spirit of the philosophical foundations they have accepted.

III. The Explanatory Model Of Theoretical Physics

There are two main purposes of theoretical physics: the discovery of the fundamental laws of nature and the derivation of conclusions from these fundamental laws. A social scientist, engaged in paradigm building, also has the same two purposes. We may compare quantum physics, which is the study of the nature of the smallest particles, with psychology, and we may compare molecular physics, which is the study of their macro interaction, with sociology, economics, and politics. "Micro" and "macro" physics have different purposes. First he tries to discover and determine the laws governing the behavior of the units, based on an understanding of the nature of the object of study. For example, an economist studies the nature of the rationality of the individual economic unit. This study allows him to derive the principles governing the behavior of the individual. If the nature of the individual's rationality is such that he is oriented toward only "material self gains," then his decision-making process is governed by the laws advocated by the market economy paradigm; and if the nature of the individual's rationality is Islamic, then his decision making process is governed by the behavioral laws founded on the principles of the Sharī'ah paradigm.

Once the fundamental laws of theoretical physics have been discovered, then physicists aim to reduce the number of laws to a minimum to have, as far as possible, a unified theory. When the laws are known, it is possible from any given initial conditions of a physical system to derive the subsequent events in the system. The same is true for a social scientist engaged in the Islamization of a discipline. For example, an economist engaged in the Islamization of economics, after determining the individual behavioral implications of Islamic rationality, will derive the subsequent (decision making) events in the system e.g., consumer behavior, theory of the firm, production relationships and decisions, distributional principles, etc.

The social scientist engaged in the Islamization of knowledge may sometimes use some concepts or criteria that cannot be measured directly. For example Islamic economists may use the concept of *falāh* maximization, even though we know that *falāh* cannot be accurately measured directly. But this immeasurability problem is not unique to Islamic economics. It is present in theoretical physics as well. Elaborate theories may be required to deduce the constant from indirect experiments. Thus as the lack of direct and accurate measurability of certain phenomena has not kept the scientists from the

development of theoretical physics, the lack of the measurability of certain phenomena in Islamic economics should not keep the economists from developing this branch of knowledge.

In the Islamization of knowledge it is imperative that the social scientists, as a first step toward paradigm building in their respective disciplines, develop a generalized view of the ultimate natural outcome of the perfect functioning of their system (without getting into specifics and details). In theoretical physics, this is known as "Idealization." Elaborating on the concept of idealization in theoretical physics, the Academic American Encyclopedia, Volume 19, p. 158-9, says, "Before the known laws and symmetries can be applied to a system, there must be a working definition of what constitutes that system. This is an important point, because physical systems are generally complex, comprising huge numbers of atoms or many degrees of freedom, or both. One must first specify the system by deciding which of its features are relevant to the problem at hand. In each case a certain Idealization is necessary in order to define the appropriate system. Part of the *art* of theoretical physics is to choose that idealization which most simply expresses the essential physics."

This description of the role of idealization in theoretical physics reinforces the argument in this article that, in order to develop an idealized vision of the paradigm, stratification should be undertaken. Stratification is also applicable to paradigm building in the social sciences and is discussed at some length in this paper with reference to economics. For these reasons this article argues that idealization is the first step toward building a meaningful paradigm of a social science for the purposes of Islamizing knowledge.

IV. The Methodology of Stratification in a Social Science: The Case of Economics

The purpose of *stratification* is to provide a general understanding of the perfect functioning of the system to project the world view resulting from the philosophical foundations, without going into serious specifics. This starts with the nature and characteristics of the philosophical foundations, and their behavioral implications for the objects of study (e.g., in case of a social science, the individual, the institutions, and the society, and their interaction and inter-relationships.)

In the case of *economics* we find that those who believe in the philosophical foundations of *laissez faire* advocate Capitalism. Using stratification they argue that the natural outcome of this system is growth with efficiency. Many of us trained in the Western paradigm have also become convinced of this claim, and have come to believe that Capitalism creates a

valueless, secular society". But this apparently innocent idea is the deliberate product of a skillfull stratification, and has nothing to do with the facts. We all know that Adam Smith was a professor of *moral philosophy* at the University of Glasgow, where he had also been a student of *moral philosophy* under his teacher Francis Hutcheson.²⁷ In 1759 Smith published an important book *The Theory of Moral Sentiments; or, An Essay Towards an Analysis of the Principles by which Men Naturally Judge Concerning the Conduct and Character, First of their Neighbours, and Afterwards, of Themselves*. This full title of the book as chosen by Adam Smith, speaks a lot about his focus on morality and ethics. All of us, trained in the Western paradigm, are told that *The Wealth of Nations* remains one of the greatest books of Western civilization.²⁸ Its greatness lies in the fact that it developed the first consistent model of Capitalism based on the pursuit of self interest by the individual in an exchange economy. We also know that the philosophical foundations of Capitalism lie in *laissez faire*. But one of the very important things that has been generally (and perhaps deliberately) ignored in the philosophical discussions on Capitalism is the question of the *philosophical foundations of laissez faire*. Although it is widely claimed that both Capitalism and neo-classical economics are value free, the hard facts, however, overwhelmingly contradict this common myth.

Western thought had long wrestled with the moral dilemma of conflict between individual selfishness and social order. It was Adam Smith who, in two consecutive strokes eliminated this old, painful dilemma of the Western civilization by completing such a stratification of the system.²⁹

We know that the philosophical foundations of Capitalism lie in *laissez faire*, but students of economics are not told that the philosophical foundations of *laissez faire* are in Smith's *The Theory of Moral Sentiments*. It was in *The Theory of Moral Sentiments* that Smith started the process of *stratification* of the Capitalist system. It was in *The Theory of Moral Sentiments* that Smith resolved the conflict between the individual's selfishness and society's well being. He bases his system on "self command". While dealing with the question of this conflict Smith recognizes that "one's own judgement of one's character is quite unreliable. This moral looking glass is not always a very good one."³⁰ Having recognized in human nature that the individual, very likely, would give into his selfish interests, Smith does not stop here, but resolves the dilemma by arguing, "... But by sympathy, seeing ourselves as reflected by the praise or blame of others, we acquire an impartial 'moral looking glass.' Thus there is formed 'within the breast' the psychological basis of observance of the natural laws."³¹

Schneider shows that as Smith's thoughts on morality evolved he revised his system and the judge, i.e., "moral looking glass", "became an *inner reality*, the very essence of conscience, a personal possession though a product of

sympathy. And on the basis of this social psychology of impartiality, Smith became increasingly confident (as he revised his system) that the most adequate ethics is one which emphasizes neither propriety nor prudence, nor benevolence, but “self command”. Smith succeeded in transforming Stoic ethics into a social philosophy. The ethics of self command is the culmination of Smith’s *Theory of Moral Sentiments*; it is also the foundation of his jurisprudence and political economy. Freedom, both moral and economic, meant to him self reliance, the ability of the individual (through his moral sentiments) to ‘command’ himself according to the objective principles of equity, natural law, prudence, and justice.”³²

The above discussion shows us that Smith very skillfully established the moral justification for the individual’s freedom (i.e., self command) to pursue his self interests, claiming (by using the argument of a “moral looking glass”) that it will not undermine the interests of society. Thus the *Theory of Moral Sentiments* is the first layer of the primary concepts to be used at the second stage of *stratification* of the system now commonly known as *Capitalism*. The second stage of stratification starts with the *Wealth of Nations* (1776). Here the initial argument rests on “*laissez faire*,” and of course now we know that the philosophical foundations of *laissez faire* are deeply rooted in the notion of “self command” as developed in the *Theory of Moral Sentiments*. The *Wealth of Nations* reaches what Einstein calls the tertiary level of stratification as it develops the notion of “the invisible hand,” which though poorer in concepts and relations, brings a logical unity to the system. The stratification reaches its peak with Leon Walras (1834–1910) who in his *Elements of Pure Economic* (1874–77) introduces a process of “*tatonnement*” or grouping to show that the market forces in a *laissez faire* economy would restore general equilibrium in all the markets simultaneously. In the Walrasian vision of Capitalism, abstraction reaches its peak as he assumes an imaginary “auctioneer” or “crier” to announce all prices to everyone simultaneously. Here again we find that in the development of a market-economy paradigm of Capitalism the story of *stratification* (as told by Einstein) goes on until we have arrived at a system of the greatest conceivable *unity*, and of the greatest *poverty* of concepts in the logical foundations.

Although the Walrasian auctioneer gave functional unity to the capitalist system, it created an ideological anathema for the advocates of Capitalism by contradicting the fundamental values of a so called “value free” system, because it accepted the role of the auctioneer to restore and maintain general equilibrium in a *laissez faire* world. This was a very serious challenge to the values of *laissez faire*. The role of the crier as described in the Walrasian world view of *laissez faire* meant that, “either his crier could be omniscient (that is, be God) and know in advance what the equilibrium set of prices would be, or his crier would have to be the equivalent of a socialist central planning

poverty of concepts in the logical foundations. There is no denying the fact that, methodologically speaking, the "Theory of Rational Expectations" is the icing on the cake of Capitalism: decorated with skillful *stratification* to facilitate the *vision* of a particular *world view* based on the built-in *values* of capitalism.

The above discussion contributes to our understanding of the world around us in two important ways. First, *The Wealth of Nations* in principle, is based on a theory of moral judgement and it would be unscientific to claim that Capitalism (i.e., the market economy paradigm) is value-free. Secondly, it also shows that the world-view projected by the neo-classical economics of today is the result of the free interplay of the moral values of Western societies, which form the *primary layer* in the stratification of the Capitalist system.

This evidence is so powerful that it goes beyond the mere contradiction of the common perception that Capitalism is value free. As a matter of fact, it enables us to pinpoint the source, the nature, and the origins of those values as well.

In the context of the Islamization of knowledge, the role of the social scientist would seem to start with the stratification of the Islamic system in each discipline. The stratification of Islamic economics is attempted at a rudimentary level elsewhere. My exercise in stratification shows that the philosophical foundations of Islam result in a world view based on socio-economic justice. The stratifications of both Capitalism and Socialism, undertaken by me in the same exercise, show that both these systems lack socio-economic justice.

V. Goal-Oriented Criteria for Evaluation

Different economic systems should be defined and evaluated in terms of the goals they are meant to achieve. This would allow us to demonstrate that the Islamic economic system is capable of achieving not only growth and efficiency (as claimed by Capitalism), but better distribution with socio-economic justice as well (which is lacking in both Capitalism and Socialism).

Methodologically speaking, the need for a paradigmatic transformation (in a discipline) arises under two circumstances. First, when the goals remain the same but the existing paradigm cannot achieve them satisfactorily; if this happens then the move toward the construction of a new (and better) paradigm is justified. Second, if we want to achieve a new set of goals and the existing paradigm is not capable of achieving them, then again the construction of a new and more effective paradigm is justified.

The move toward the construction of the *shari'ah* paradigm of economics

is initiated because both of the above causes for paradigmatic transformation exist. This situation calls for defining and determining the new criteria for the evaluation of the Islamic economic system. There is a danger that if the criteria to judge the performance of an Islamic economic system are not well defined then it will be evaluated on the criteria of Socialism and/or Capitalism, for which it was never meant. As mentioned earlier, the elementary steps taken by the author toward the stratification of the Islamic economic system have shown that the natural outcome of the Islamic economic system is the achievement of "growth with socio-economic justice and purity.

In its practical form socio-economic justice has two important implications. In terms of man's society, and equality of all the members of the society. In terms of man's relationship with the resources (which are a trust from Allah) it means not only the protection of the natural environment but also the use of the resources to insure a healthy life on this globe and in the universe for all generations of mankind."

It is important to note, at this point, that the elimination of class dominance and the establishment of socio-economic justice are closely related to each other. Thus it seems appropriate to propose that the following be used as criteria to evaluate the performance of an Islamic economic system:

1. Socio-economic justice for efficiency and growth
2. Freedom for the individual to maximize his *Falah*
3. Purity
4. Elimination of class dominance
5. Equal opportunity for all

Secondary criteria would include such objectives as the use of appropriate technology.³⁵ ('Arif Winter 85 pp. 90-91)

There is an urgent scientific and methodological need to define and establish such criteria to evaluate the performance of an Islamic economy and its models. Otherwise the use of the criteria recommended by the materialistic philosophies of Capitalism/Socialism (which an Islamic economic system rejects in principle) would give a confusing picture and the analysis would fail to comprehend all the dimensions and the full dynamics of an Islamic system.

VI. Problems and Provisos in an SRP for Islamic Economics

Evaluating the performance of the Islamic economic system by the above stated set of criteria, has some very important implications for the SRP currently under way in the area of Islamic economics. Currently, in response to the need of the hour, there is a great deal of emphasis on research in the area of interest free banking in an Islamic society. The argument of profit and loss sharing is the main vehicle of analysis in this regard.

The advantages of an interest free economy based on the principles of profit and loss sharing are dear. But a more basic question concerns the nature and concept of profit in Islam vis-a-vis that in traditional neo-classical economics. This issue is very fundamental, and has theoretical, distributional, and policy implications both for paradigm building in Islamic economics and for the functioning of the Islamic economic system.

The assertion that Islam, unlike both Socialism and Capitalism, stands for socio-economic justice is also supported by the findings of our stratification of the Islamic economic system (Arif, forthcoming), but this is also dependent upon the nature and the concept of profit in Islamic economics.

If our macroeconomic models of Islamic economy using profit and loss sharing (PLS) use the same definition and concept of profit as used by the traditional neo-classical economics, which assumes the guiding role of the invisible hand in competitive equilibrium, and concludes that the self seeking individuals will actually be serving the interests of society, then we end up with a system that in principle is based on the Pareto-optimal notion of welfare. Such system would fail to undertake those structural changes that establish and promote socio-economic justice in society.

Even among the advocates of Capitalism now there is a debate on the nature and concept of profit as advocated by traditional neo-classical theory. There is a growing body of literature being produced on this issue by the economists who are following, "a broader research program that might be appropriately called "neo-classical political economy."³⁶ The SRP of the neo-classical-political-economy school tries to study the implications of the situations where the invisible hand fails to work and where even Pareto-optimality-based-welfare is compromised. The advocates of neo-classical political economic, criticizing the traditional neo-classical paradigm, argue that there is another aspect of the economic process, i.e., "one in which the invisible hand does not seem to be working. Individuals left to their own devices continually try to escape competition in a process that has been called 'rent seeking' but also goes by various other names – cartelization, monopolization, or directly-unproductive-profit-seeking activities. The invisible hand does guide people toward activities beneficial to society, but it also has an underside; individuals following their own self interest continually attempt to see that the invisible hand does not work. Stephen Magee aptly calls this aspect of human behavior "the invisible foot." If one follows this analogy, competition might be described as a game in which invisible feet are stomping on invisible hands."³⁷

The differences between traditional neo-classical economics and neo-classical political economy become crystal clear when the two address the likely effects of market disequilibrium. In disequilibrium, the traditionalists, assuming the role of the invisible hand, argue that flexible prices will clear the

markets i.e., in case of excess supply, the prices will fall; while in the case of excess demand, the prices will rise. The neo-classicals, on the other hand, foreseeing the role of the "invisible foot," argue that "individuals will organize to prevent the price from rising or falling in order to secure or maintain rents."³⁸

The Islamic economists using PLS (Profit and Loss Sharing) in their macroeconomic modeling can argue that the microfoundations of their models are based on the assumption that an Islamic society is given and that in such a society the economic agents are *falah* maximizing and not *utility maximizing*.³⁹ Thus once an Islamic system is established, which is the assumption of their models, then many of the above questions do not arise.

This assumption of the PLS Islamic macro models has the following two important implications:

- 1) **First**, those Muslim countries which have adopted interest free banking but have not undertaken structural changes in the economy to eliminate the power of the influential economic classes, interest groups, and the like, cannot claim to have established an Islamic economic system, because the influence of these groups still makes government policy endogeneous to the system. Given the ability and power of these groups to influence the government policy, the socio-economic justice, which is the natural outcome of the Islamic system, remains a claim far from reality.
- 2) **Secondly**, even if the Islamic system is established and it eliminates class/group dominance in the economy, but its tax and tariff policies are such that "directly unproductive profits" accrue to such groups and skew income distribution, then again the system would fail to meet the criteria of socio-economic justice.⁴⁰

VII. Determining the First Step in the Methodology of Islamizing the Social Sciences

Analysis in this paper suggests that the Islamization of knowledge is a methodologically valid proposition, because the *al Fārūqī* workplan to achieve this goal⁴¹ meets the scientific criteria in this regard. Establishment of this validity also allows us to appreciate the long range scientific implications of the Islamic paradigm once it is well established.

There remains one fundamental question generally asked by those interested in the implementation of *al Fārūqī's* workplan, namely, what methodology is needed to achieve the goal of Islamizing knowledge? This paper attempts to answer this question, at least in part.

As pointed out by Einstein,⁴² the first systematic step in paradigm building should be stratification of the primary concepts. This means that the primary

concepts generated by the philosophical foundations of the *sharī'ah* paradigm⁴³ should be stratified continuously in such a way that each new and higher level of stratification (i.e., abstraction) produces a higher conceivable unity even if it has to be at the cost of concepts in the logical foundations. This paper explains, in detail, how the moral values established by Adam Smith in his book, *The Theory of Moral Sentiments*, were stratified to become the first layer of stratification to justify *laissez faire*; and how further continuous stratification produced a general world view that associates efficiency and growth with Capitalism as the natural outcome of the system. Thus the real contribution of stratification as a first step in the methodology of paradigm building, lies in the fact that it directly associates the primary concepts (of the philosophical foundations) with the ultimate outcome eventually to be delivered by the perfect functioning of the system.

We find that stratification is a methodological scheme of analysis that works as a "time tunnel" for the paradigm builders who only have the primary concepts to start with. A peek through this time tunnel provides, without getting into specifics and details, direct access to a generalized view of the ultimate natural outcome of the perfectly functioning system (if one were to be built on the basis of the primary concepts generated by the philosophical foundations). This peek through the time tunnel enables the researcher to associate the philosophical foundations with the distinct characteristics of the resulting system. The ready availability of this association allows the social scientist to develop the relevant models and theories, identify the variables needed to do the job, and determine their inter-relationships. The dynamics of these relationships produce the system with its distinct characteristics, which are prominently displayed when the system achieves perfection in its functional form.

A clear understanding of the distinct characteristics associated with the outcome of the system also enables the researcher to gather the relevant data, determine the appropriate criteria to evaluate the functioning of the system, and conduct experiments to interpret the data appropriately in order to construct the world around him according to the world view he has envisioned through the time tunnel (i.e., through stratification).

Thus, in a nutshell, we can say that paradigm building is like solving a "jigsaw puzzle." You give all the pieces (which are scattered in the box), but if you don't show the actual picture that will emerge after all the pieces have been put together in their right place, the person attempting to solve the puzzle would have a great deal of difficulty in putting all the pieces in their right place and connecting them properly so as to arrive at the correct solution of the puzzle.

Any attempts to develop a paradigm without stratification would amount to putting the pieces of a jigsaw puzzle together without having any idea of the

shape and the nature of the picture to which these pieces are meant to fit.

The *Wealth of Nations* developed a broad generalized picture of Capitalism through the stratification of the primary concepts of morality and ethics determined *The Theory of Moral Sentiment*. Once this broad picture of the functioning of Capitalism became clear then the researchers were able to determine the right direction and nature of the concepts, theories, and models required to develop its paradigm with increasing degrees of success. This was so because having a vision of the characteristics associated with Capitalism allowed them to put the pieces of the jigsaw puzzle together in such a way that the resulting picture displayed the same characteristics that were envisioned through the stratification in the *Wealth of Nations*.

The same is true of *Das Kapital*, which also applied stratification on the primary concepts of dialectical and historical materialism to develop a general overall picture of Socialism. Once this general overall picture was understood by the researchers then they were able to develop the theories, concepts, models, and policies, the application of which resulted in the construction and establishment of the paradigm that at least from outside resembles the Marxian vision and the dictates of *Das Kapital*.

The same deserves to be done in the case of Islamization of the social sciences. In the case of Islamic economics, for example, there is a need to develop the broad general overall picture (i.e., a world view) of the perfect functioning of an Islamic economic system. This picture should be arrived at through the stratification of the primary concepts generated by the philosophical foundations and should be associated with those characteristics of the system that distinguish it from the other competing systems. This association of ultimate outcome of the perfect functioning of the system with some distinct characteristics, e.g., socio-economic justice, would help the researchers and the world at large understand that the Islamic system is neither an adjusted form of Capitalism⁴⁴ nor a compromised form of Socialism. Instead it is a complete and unique system in its own right and is capable of solving even those problems that the competing systems (i.e., Capitalism and Socialism) either do not address or have failed to solve despite their attempts to do so.

Some of us, at this point, may argue that such a general picture (i.e., a world view) of the Islamic system is already available to us in the form of the *sharī'ah* and the experiences and experiments of the first forty years of the Islamic State in Medina. My basic argument is that despite the availability of such a picture, the task today is a challenging one for us because today's disciplines approach the functioning of a system in terms of causative analysis. This analysis considers the functioning and inter-relationships of variable and their role in solving the problems of the society and achieving the targets set forth by the society and its individual units. It is therefore the need of the hour, from the point of view of paradigm building, to define these

variables, their inter-relationships, and their role in the context of the working of the Islamic economic system and its distinguishing characteristics. Thus the overall picture that is (historically) available to us deserves to be produced in today's terminology and methodological frame. This would help us create a world-view of the Islamic system associated with the distinct characteristics that emerge as a natural outcome of the perfect functioning of the system, e.g., socio-economic justice, elimination of class domination, growth, purity, etc., (for detailed treatment see: 'Arif, forthcoming).⁴⁵ This association of the Islamic system with its inherent characteristics, arrived at through stratification, enables us to put the task of paradigm building on a systematic path. The association of the characteristics through stratification also guides the researchers in the formulation of theories, concepts, and relationships between the variables to get the results matching the world view envisioned through the "time tunnel."

Notes

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3. Thomas Kuhn, *The Structure of Scientific Revolutions*, (Chicago: University of Chicago Press, 1962); 2nd ed. 1970.

4. Thomas Kuhn, "Second Thoughts on Paradigms," in Frederick Suppe, ed., *The Structure of Scientific Theories* (Urbana, University of Illinois Press, 1974), pp. 459-82; and discussion, pp. 483-499; also in the collection of Kuhnian thought: Thomas S. Kuhn, *The Essential Tension: Selected Studies in Scientific Tradition and Change* (Chicago: The University of Chicago Press, 1977), p. 294.

5. Imre Lakatos and A. Musgrave, eds., *Criticism and the Growth of Knowledge* (Cambridge: Cambridge University Press, 1970), which includes important papers by Kuhn, Popper, Feyerabend, Masterman, Watkins, and Pearce Williams. Mark Blaug, "Kuhn Versus Lakatos, or Paradigms Versus Research Programmes in the History of Economics," in Gary Gutting, ed., *Paradigms and Revolutions*, (Notre Dame: University of Notre Dame Press, 1980), p. 144.

6. *Ibid.*, Lakatos and Musgrave, pp. 132-135.

7. Blaug, *op. cit.*, footnote 5 above, pp. 137-159.

8. Lakatos and Musgrave, *op. cit.*

9. Zakariyā Bashīr, "Towards an Islamic Theory of Knowledge, Part I," *Arabia: The Islamic World Review*, March 1986/Jamādā II 1406, pp. 74-75.
10. *Ibid.*, p. 78.
11. *Ibid.*, p. 74.
12. *Id.*
13. *Ibid.*, p. 74-75.
14. Al Fārūqī, *op. cit.*, footnote 2 above, Washington, D.C., p. 19.
15. *Id.*
16. *Id.*
17. Zakariyā Bashīr, "Towards an Islamic Theory of Knowledge, Part II," *Arabia: The Islamic World Review*, April 1986/Rajab 1406, pp. 74-75.
18. Imre Lakatos, *Proofs and Refutations: the Logic of Mathematical Discovery*, (Cambridge: Cambridge Univ. Press, 1976), edited by Worrall and Zakar, pp. 4-5; first published in four parts in the *British Journal for the Philosophy of Science*, Vol. 14, 1963-64.
19. See Section III below.
20. Albert Einstein, "The Method of Science," in Edward H. Madden, ed., *The Structure of Scientific Thought: An Introduction to the Philosophy of Science* (Boston: Houghton Mifflin Co., 1960), p. 80.
21. Muḥammad 'Ārif, "Toward the Shari'ah Paradigm of Islamic Economics: The Beginning of a Scientific Revolution," *The American Journal of Islamic Social Sciences*, July 1985, pp. 79-99.
22. Kuhn, *op. cit.*, footnote 4, p. 463.
23. Einstein, *op. cit.*, pp. 83-84.
24. *Ibid.*, p. 83.
25. *Ibid.*, pp. 83-84.
26. S.R. Khan, "Islamic Economics: A Note on Methodology," *Journal of Research in Islamic Economics*, 2:2, Winter 1405/1985, p. 83.
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28. E. Roy Canterbury, *The Making of Economics* (Belmont: Wadsworth Publishing Company, 1980), p. 57.
29. *Id.*
30. Schneider, *op. cit.*, pp. xix-xx.
31. *Ibid.*,
32. *Id.*
33. E.K. Hunt, *History of Economic Thought: A Critical Perspective* (Belmont: Wadsworth Publishing Co., 1979), pp. 263-64.
34. *Ibid.*, p. 264
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42. Einstein, *op. cit.*, footnote 20 above.

43. 'Ārif, *op. cit.*, footnote 21 above.

44. *Id.*

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