

EDITORIAL

This issue of the *American Journal of Islamic Social Sciences* is the second in a series dedicated to a single theme. Presently our topic focuses on Islamic economics. The reader will find that the five feature articles cover a broad range of economic topics ranging from the role of government to the spiritual significance of jihād. We find that Islam compels society to integrate ethics and economics. Indeed, the Muslim finds that every aspect of life is sacred and that nothing is outside the realm of the Absolute; no aspect of life is profane because everything is attached to God. Consequently, trade-offs between the spiritual and the nonspiritual are out of the question and, therefore, there can be no theory of choice without the introduction of ethics. The science of neoclassical economics, on the other hand, takes its elements and observations out of their a priori Divine context and reduces the process of choice to a quantitative comparison of utility, thereby denying the existence of qualitative differences requiring ethical choice. We have selected the title “Economics as Applied Ethics” because of the underlying theme that argues against this secular reduction of quality to quantity.

The first article, “The Role of the Government in the Islamic Economy” by Muhammad Akram Khan discusses the need for the Islamic government to secure social welfare. Detailing the areas in which the government has a duty to act, it goes on to discuss the Islamic justification of its role in each area. According to Khan the fundamental Shari’ah requirement for government action is *maṣlaḥah* (lit. “benefit” or “interest”). Al-Ghazzali applies this as a legal indicator for securing benefits or preventing harms that conform to the objective of the Shari’ah, namely, the protection of the five “essential values”—religion, life, intellect, lineage, and property. This Islamic definition of welfare is objective and opposes the modern, subjective concept of welfare defined in terms of “utility,” meaning, fulfilling people’s desires. According to this secular explanation of welfare, something is good because it is desirable rather than being desirable because it is good—the latter constituting the Islamic concept of *maṣlaḥah*. Therefore, the modern conception of utility could be defined in terms of a utilitarianism for the *nafs al-‘ammārah*, not for the well-being of the entire person. Khan argues that it is essen-

tial to distinguish between the Islamic and neoclassical social welfare explanations of government involvement in the economy.

In the next article, "WTO Successor to GATT: Implications for the Muslim World" Arif Sultan discusses recent world trade agreements and their implications for Muslim countries. After examining the state of preparedness of Islamic nations in the new trade environment, he finds that most Muslim countries are not adequately equipped to face the competitive challenges of the "new world trade order." The notable exceptions are the Southeast Asian countries. Sultan concludes with suggestions to improve the competitive position of the Muslim world.

The third article, "Conceptual and Practical Dimensions of Islamization of Knowledge: A Case Study of the Economics Program at the IIUM" by Mohamed Haneef and Ruzita Amin examines the Islamization of knowledge experience in the economics program at the International Islamic University, Malaysia, (IIUM). It provides an important case study for the difficulties experienced in developing an Islamic economics program that provides a truly Islamic alternative to neoclassical economics. Until Muslim economists provide an adequate refutation of the neoclassical argument that Islamic economics is a "special case" of neoclassical theory, any attempt to teach Islamic economics is bound to be unsatisfactory. The authors conclude that while the program did achieve some important objectives, a dichotomized approach to teaching economics emerged in which the Islamic worldview is not sufficiently integrated into the course requirements.

The fourth article, "Caveat Emptor vs Khiyār al-'A'yb" by Muhammad Ma'sum Billah discusses the importance of ethics in Islamic commercial transactions, comparing and contrasting the doctrines of *caveat emptor* and *khiyār al-'ayb*. Billah points out important similarities and differences between the two, demonstrating that *khiyār al-'ayb* gives the buyer significantly more protection. The author concludes by discussing the Qur'anic basis that justifies the need for *khiyār al-'ayb* rather than *caveat emptor*.

The final article, "The Spiritual Significance of Jihad in Islamic Economics" by Waleed El-Ansary argues that neoclassical economics is neither objective nor spiritually neutral and that it espouses a theory of choice that represents "jihād in reverse" for *homo Islamicus* (the Muslim). Beginning with the provocative title, he clarifies that jihād in Islam relates to any effort for the sake of God, and therefore has a very broad meaning. Although the spiritual significance of jihād has become obscured by common usage, it nonetheless applies to the whole of life in which one strives to integrate all things around a sacred center. El-Ansary maintains that the ultimate motivating cause for the faithful is not utility or happiness, but the Truth or God. Although happiness may accompany conformity to the Truth, it is an effect and not a motivating

cause for *homo Islamicus*. Neoclassical economics, on the other hand, abstracts from God and establishes utility as the measure of all things rather than God, thereby making the relative absolute in the form of utility. Collapsing man's hierarchy of needs into one type of utility denies the existence of the inner jihād by eliminating the conflict between qualitative criteria; it introduces trade-offs between spiritual and other needs rather than recognizing them as simultaneous qualitatively different complements; and it sets the stage for the sacrifice of man's spiritual needs for the "utility of the *nafs*." El-Ansary argues that a different theory of choice is necessary which does not subordinate Truth to utility. Indeed, the neoclassical doctrine falsifies the noble actions of the Prophet or anyone of this followers by reducing their actions to disguised forms of selfishness offered at the idol of utility, rather than acts of self-sacrifice offered in conformity with the Truth. El-Ansary links the neoclassical error of replacing God with utility to its denial of virtue and satisfaction. Without the Truth as the weapon in spiritual warfare, he asserts that the error that utility is absolute leads to a "jihād in reverse" which makes the inversion of virtues into vices unavoidable. El-Ansary maintains that Islamic economics is not, therefore, a special case of neoclassical economics; rather, neoclassical theory is a special case of "utilitarianism for the *nafs*," and he concludes that only Islamic economics offers the "true remedy" and theory of choice for *homo Islamicus*.

In addition to the featured articles, the section "Reflections" contains the short article "Privatization and the Ethics of Islam" by Felix Pomeranz in which the author discusses the moral implications of the massive shift to privatization in the Islamic world. He describes the friction between denationalization of companies and Islamic principles concerning the welfare and security of employees, techniques of privatization, ethical awareness of managers and employees, rights of different stakeholders, environmental protection and avoidance of waste. He suggests such tensions can only be resolved through a combination of Western and Islamic solutions.

We hope that you find this issue on Islamic economics thought provoking, and look forward to a stimulating exchange of ideas in this field. We welcome your comments and feedback.