

INTERRELATED RELIGION AND ECONOMICS: WHAT THE ECONOMISTS THINK?

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ABSTRACT

The relationships between religion and economics are both complex and controversial. This study to organizing those relationships. In fact, world economy today had been away from the faith is called the *Secularization*, this causes human economy is no longer characterized by the economic actors. Here involves of two discussion i.e. classical and current view. The paper begins with a definition of what is included under the headings of religion and economics. Literature methods have been used, by looking how economists classical and modern look at the faith factors in economics. The discussion will lead us to say that interfaith study agree that economics and religion must goes hand in hand.

Keywords: *interfaith, economics and religion, economist, secularization, economics perspective*

JEL Classification: A11, N3, B1, B12, B3

CHAPTER I INTRODUCTION

Economic related religion is one emerging sub-area of contemporary economics.³ That kind of analysis may enhance modern economic science by generating new information on “non-market” behavior. Religion of economics is usually (Iannaccone 1998, p.1466) divided into three major lines of scientific: (i) analysis of economic consequences of religions; (ii) analysis of religious behaviour from an economic perspective, applying microeconomic theory and econometric techniques; and (iii) analysis and critique of the development of economic theory and practice from the perspective of theology and sacred writings. This sub-area is also called religious economics.

The conceptual approaches between religion and economy identify two causal directions. First, religion is dependent upon developments in the economic and political aspects of contemporary life, is called the “*Secularization*” which says that as economies develop and get richer, people supposedly become less religious. Secondly, the way government interacts with religion and influences the extent of participation in religion. Sometimes the government regulates the market, possibly promoting a religion

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³ Michel Mayer in his book, “instructions Morales et Religieuses, lere leson” defines religion as the set of beliefs and precepts which must guide us in our conduct toward god, other people, and toward ourselves. See Muhammad Abdullah Draz, al Din, Kuwait: Dar al Qalam, 1970, 2nd Edition, p.35

or making it difficult for other religions to flourish. For example, government introduces the Islamic banking system. These second theoretical approach looks at the connection between religion and economic and social life from the other direction. Religion is thought of as being the independent variable, influencing about outcome, political, and social side.⁴

The second approaches lead us to divide the discussion of this section into classical and current views:

CHAPTER II CLASSICAL AND CURRENCY VIEWS

Over the past century, scholars have made many claims about the economic consequences of religion. Adam Smith ([1776]1965, pp. 740– 66) laid the foundation for the economic consequences of religion in a largely ignored chapter of *The Wealth of Nations*.⁵ Smith argued that self-interest motivates clergy just as it does secular producers; that market forces constrain churches just as they constrain secular firms; and that the benefits of competition, the burdens of monopoly, and the hazards of government regulation are as real for religion as for any other sector of the economy. For nearly 200 years, Smith's statements constituted "almost everything that economists, *qua* economists have said on [the] subject" of religion (Kenneth Boulding 1970, p. 188). But since the 1970s, economists and sociologists have returned to Smith's insights. Viewing religious behaviour as an instance of rational choice, rather than an exception to it, they have analyzed religious behaviour at the individual, group, and market level.

In the early 20th century, a study that was associated with Max Weber's *The Protestant Ethic and the Spirit of Capitalism* (1905) came out. Proponents of Weber's thesis argue that; the mental revolution which made possible the departure of modern capitalism. The worldview propagated by Protestantism broke with traditional psychological orientations through its emphasis on personal diligence, frugality, and thrift; on individual responsibility, and through the moral approval it granted to risk taking and to financial self-improvement.⁶

Despite numerous studies challenging the empirical validity of this argument, the Protestant Ethic thesis lives "as an article of faith in such varied texts as (nearly all) sociology primers, international business textbooks of all stripes, [and] the middlebrow press" (Delacroix 1995, p. 126; cf, Shmuel N. Eisenstadt 1968). Ironically, the most noteworthy feature of the Protestant Ethic thesis is its absence of empirical support. Economists tempted to carry Weber's myth into their work would do well to heed the rebuttals of Anderson and Robert Tollison (1992), Delacroix (1992), Richard H. Tawney (1926), and especially Kurt Samuelsson (1993) who, in the words of the

⁴ Economics of religion sustains at least four international journals, four associations, three annual meetings in the US and Europe. These new market models of religious activity have already been characterized as a new paradigm. Most AEA conferences now include sessions on religion also Islamic economics session

⁵ The issues are more extensively explained in his *Theory of Moral Sentiments*, noting the consolation and ethical motivation provided by belief in a righteous, "all-seeing Judge" and "a life to come" (III.2.33–34, pp. 131–32). For an extensive discussion of Smith's religiousviews, see Peter Minowitz (1993).

⁶ Also quoted in Jacques Delacroix (1992), p. 4

renowned sociologist George Homans (1958), does not “just tinker with Weber’s hypothesis but leaves it in ruins.

The basic determining factor of human history is economics as suggested by Karl Marx. According to him, humans - even from their earliest beginnings - are not motivated by grand ideas but instead by material concerns, like the need to eat and survive. This is the basic premise of a materialist view of history. Therefore, Karl Marx argues that religion is like other social institutions in that it is dependent upon the material and economic realities in a given society. It has no independent history; instead it is the creature of productive forces. As Marx wrote, “The religious world is but the reflex of the real world.” In this sense, he says that economic realities prevent them from finding true happiness in this life, so religion tells them this is OK because they will find true happiness in the next life.

However, his critique such as Ollman (1998) forwarded their critique by giving an example that for people who are in distress and religion does provide support, just as people who are physically injured receive relief from opiate-based drugs. But, the problem is that opiates fail to fix a physical injury - we only forget our pain and suffering. This can be fine, but only if we are also trying to solve the underlying causes of the pain. Similarly, religion does not fix the underlying causes of people’s pain and suffering -instead, it helps them forget why they are suffering and causes them to look forward to an imaginary future when the pain will cease instead of working to change circumstances now. Even worse, this “drug” is being administered by the oppressors who are responsible for the pain and suffering.

Since, both historical and economic are inter-related, and religion is considered as independent factor. Because of these findings, it would not be appropriate to accept Marx’s ideas uncritically. Although the ideas have some important things to say on the nature of religion, but we might say that: *first*, Marx doesn’t spend much time looking at religion in general; instead he focuses on the religion with which he is most familiar: Christianity. His comments do not hold for other religions with similar doctrines of Almighty God and happy afterlife. In Islam, for example, a happy afterlife is reserved for those who are rich and pay zakat;⁷ and for those who poor but redha with her poorest.⁸

The second finding is his claim that religion is wholly determined by material and economic realities. Not only is nothing else fundamental enough to influence religion, but influence cannot run in the other direction, from religion to material and economic realities. This is not true. If Marx were right, then capitalism would appear in countries prior to Protestantism because Protestantism is the religious system created by capitalism - but we don’t find this. The Reformation comes to 16th century Germany which is still feudal in nature; real capitalism doesn’t appear until the 19th century. This caused Max Weber to theorize that religious institutions end up creating new economic realities. Even if Weber is wrong, we see that one can argue just the opposite of Marx with clear historical evidence.

⁷ QS.98:4-5

⁸ Narrated Hakim bin Hizam that the Prophet Muhammad (peace and blessings be upon him) said: The upper hand is better than the lower hand (i.e. he who gives in charity is better than him who takes it). One should start giving first to his dependents. And the best object of charity is that which is given by a wealthy person (from the money which is left after his expenses). And whoever abstains from asking others for some financial help, Allah will give him and save him from asking others, Allah will make him self-sufficient. (Bukhari)

The final finding is more economic than religious - but since Marx made economics the basis for all his critiques of society, any problems with his economic analysis will affect his other ideas. Marx places his emphasis on the concept of value, which can only be created by human labour, not machines. This has two flaws.

First, if Marx is correct, than a labour-intensive industry will produce more surplus value (and hence more profit) than an industry relying less upon human labour and more upon machines. But reality is just the opposite. At best, the return on investment is the same whether the work is done by people or machines. Quite often, machines allow for more profit than humans.

Second, common experience is that the value of a produced object lies not with the labour put into it but in the subjective estimation of a potential purchaser. A worker could, in theory, take a beautiful piece of raw wood and, after many hours, produce a terribly ugly sculpture. If Marx is correct that all value comes from labour, then the sculpture should have more value than the raw wood - but that is not necessarily true. Objects have only the value of whatever people are ultimately willing to pay; some might pay more for the raw wood, some might pay more for the ugly sculpture.

Marx's labour theory of value and concept of surplus value as driving exploitation in capitalism are the fundamental underpinning upon which all of the rest of his ideas are based. Without them, his moral complaint against capitalism falters and the rest of his philosophy begins to crumble. Thus, his analysis of religion becomes difficult to defend or apply, at least in the simplistic form he describes.

Marxists have tried valiantly to refute those critiques or revise Marx's ideas to render them immune to the problems described above, but they have not entirely succeeded (although they certainly disagree - otherwise they wouldn't still be Marxists. Any Marxists reading this are welcome to come to the forum and offer their solutions).⁹

Fortunately, we are not entirely limited to Marx's simplistic formulations. We do not have to restrict ourselves to the idea that religion is only dependent upon economics and nothing else, such that the actual doctrines of religions are almost irrelevant. Instead, we can recognize that there are a variety of social influences upon religion, including economic and material realities of society. By the same token, religion can in turn have an influence upon society's economic system.

Whatever one's final conclusion about the accuracy or validity of Marx's ideas on religion, we should recognize that he provided an invaluable service by forcing people to take a hard look at the social web in which religion always occurs. Because of his work, it has become impossible to study religion without also exploring its ties to various social and economic forces. People's spiritual lives can no longer be assumed to be totally independent of their material lives.

Therefore, According to Marx, the new form of Christianity, Protestantism, was a production of new economic forces as early capitalism developed. New economic realities required a new religious superstructure by which it could be justified and defended.

For Marx, economics are what constitute the base of all of human life and history - generating division of labor, class struggle, and all the social institutions which are supposed to maintain the status quo. Those social institutions are a superstructure

⁹ See A Critique of Marxism, G. William Domhoff, 2005,
<http://sociology.ucsc.edu/whorulesamerica/theory/marxism.html>

built upon the base of economics, totally dependent upon material and economic realities but nothing else. All of the institutions which are prominent in our daily lives - marriage, mosque, government, arts, etc. - can only be truly understood when examined in relation to economic forces. Marx's approach to the study of the economy is unconventional. Modern economic theory, particularly microeconomic theory, attempts to understand the whole of the economy through an examination of its parts: households, firms, and prices in markets, for instance. Marx, on the other hand, started at the level of the total society and economy and analyzed them by examining their influence on their components. Thus, in modern methodology the major causation runs from the parts to the whole, whereas in the Marxian scheme the whole determines the parts. This description of the different approaches of Marxian theory and modern economic theory is an oversimplification, because both allow for an interaction between the parts and the whole, but it does clarify a basic difference in orientation.

CHAPTER III RECENT STUDIES RELATE RELIGION AND ECONOMY

But the current debate rest on whether economic is religious matter. This is not known yet. The study by McCleary and Barro (2006) look at the consequences of having an established state religion. They find that it is actually positive, both for church attendance and for religious beliefs. To some extent, it goes against what Adam Smith said. Smith stressed that established religion would promote monopoly, poor service, and decreased service attendance. He particularly inferred that from looking at the Anglican Church in England.

They find that the net relationship is actually positive, because state religion tends to be accompanied by the state subsidizing religious activity in various ways. Therefore, we would generally accept the idea that something that is subsidized will tend to occur more often than something that isn't. It's the same as saying that something that is taxed will tend to occur less often.

Some of the recent studies that relate religion and economics can be found in the following the sub-fields:

- Studies of the current and historic role of religion in advancing or impeding economic development (Robin Grier, 1997), social progress (Robert Wuthnow, 1994), moral development [(Habibullah Khan, 2008) and (Robert Grier, 1997)] scientific and technology advances (John Henry, 2010), and so forth.
- Economic studies of religious beliefs, behavior, and institutions. (Examples: Explanations for conversion and commitment that emphasize choice and rationality over irrationality and indoctrination. Rational explanations for the success of “extreme,” “fundamentalist,” and “conservative” groups and weakness of more “liberal,” “mainstream” groups.)
- Religiously-oriented critiques of economic theory and practice. (E.g., “Christian economics” (Bob Goudzwaard, 1996), “Biblical Economics,” (James P. Gills, M.D, 2002) and “Islamic Economics.” (Timur Kuran, 1993.) Religiously-oriented critiques of capitalism (Jacques Delacroix, 1992), socialism (A. M. C. Waterman, 1987), materialism (Robert Wuthnow, 1995), specific economic practices (Lucrecia Boado, J.D.2010.), etc.
- Theoretical and observed differences between different forms of religion. For example, religion versus “magic”, and monotheism versus polytheism. Why

Christianity displaced Greco-Roman paganism, see the studies done by David E Aune (1991) and why polytheism is less morally constraining than monotheism, and see the studies done by Mark S. Smith (2001).

- Studies of religious “markets”. For example, alternatives to traditional “secularization” theory that emphasize the centrality of innovation, entrepreneurship, and competition in the “religious marketplace.” Market-oriented explanations for America’s religious vitality versus Europe’s religious decline. One approach is called the “*Secularization Hypothesis*” a part of “*Modernization Theory*,” as proposed by author, which says that as economies develop and get richer, people supposedly become less religious. The second important approach is the “*Religion Market Model*.” The way government interacts with religion and influences the extent of participation in religion. Sometimes the government regulates the market, possibly promoting a monopoly religion or making it difficult for other religions to flourish. It might detract from religiosity: Some argue, for example author ..., if you have an established religion, you tend to have a monopoly, and monopolies tend to function inefficiently. Established religion tends to go along with government funding of religious activities which might result in greater religious participation
- Studies of religious commitment and religious groups influence the well-being of individuals, families, youth, communities, and nations.
- Studies of religious trends, the personal and social determinants of religiosity, and the relationship between religious and political/social/economic attitudes.
- Policy implications regarding the state regulation of religion, religious liberty, church-state relationships, the treatment of minority and deviant faiths, etc.

The above studies show that the sub-fields collectively embrace all aspects of the social-scientific study of religion. It is by no means limited to questions concerning the commercial economy or monetary aspects of religion.

CHAPTER IV RELIGIOUS-BASED ECONOMY

Economic Capitalism, according to Spengler (1980), is essentially “a product of European civilisation with some of its origin dating back to the Greco-Roman and medieval worlds.”¹⁰ Furthermore, Heilbroner in his classic book *The Worldly Philosophers*, argues that contemporary economics is not a science of society (void of

¹⁰ J. Joseph Spengler, *Origin of Economic Thought and Justice*, xii. This is not surprising since science and scientific activities are the result of specific ontology which relates the scientific endeavour of the individual to his

environment and furnishes their motivational basis. Therefore, knowledge in Islam is not neutral, a position commonly argued in Western epistemology. As Al-Attas observes: “It seems to be important to emphasise that knowledge is not neutral, and can indeed be infused with a nature and content that masquerades as knowledge. Yet it is in fact, taken as a whole, not true knowledge but its interpretation through the prism, as it were, the world-view, the intellectual vision and psychological perception of the civilisation (Western) ¹⁰ that now plays the key role in its formulation and dissemination. What is formulated and disseminated is knowledge infused with the character and personality of that civilisation (Western).” Syed Muhammad Naquib Al-Attas, *Islam and Secularism* (Kuala Lumpur: ISTAC, 1993), p.133

any ideological underpinnings, parenthesis added), its purpose is to help us better understand the capitalist setting in which we will most likely have to shape our collective destiny for the foreseeable future.¹¹

Hence, we can say that “nature and behaviour of the economic agent” and the *subject matter* of economics is very foundation of economics.¹² Mainstream economics has established “*homo economicus*” or “economic man” as the ideal type of economic agent who will apply all assumptions of economics in real life. Therefore, *homo economicus* is conceived as an individual who acts rationally by pursuing his own self interest and maximising his own utility. A person is seen as maximising his utility function, which depends only on his own consumption, and which determines all his choices. He is characterised by an individualistic self-interested, utility-maximising, “rational” characterisation, while any ethical consideration is an exogenous variable in his preference. This notion of individual behaviour constitutes the ethical foundation as well as micro-foundations of economics as a discipline where all economic theories and analyses are based on this concept of man.

Amartya Sen (1990) describes this complex structure of “self-interested behaviour” as having three distinct and essentially independent features:¹³ First, *Self-centred welfare*: A person’s welfare depends only on his or her own consumption (and in particular it does not involve any sympathy or antipathy towards others). Formally, this is known as the assumption of independent individual utility functions. Second, *Self-welfare goals*: A person’s goal is to maximise his or her own welfare, and - given uncertainty - the probability weighted expected value of that welfare (and in particular, it does not involve indirectly attaching importance to the welfare of others). Third, *Self-goal choice*: Each act of choice of a person is guided immediately by the pursuit of one’s own goal (and in particular, it is not restrained or adapted by the recognition of mutual interdependence of respective successes, given other people’s pursuit of their goals).

The nature of human being in this respect is reduced to an autonomous/atomistic individual in all his activities where he measures value at the level of personal impulses, desires and preferences.¹⁴ He is independent of any external elements of society, environment, even God. This notion of an “anthropomorphic” nature of science comes

¹¹ Robert Heilbroner, *the Worldly Philosophers*, 7th ed. (New York: Simon and Schuster, 1999), 310. The statement reflects aspirations underlying the theories put together over nearly 200 years by the great economic thinkers that he reviews: Adam Smith, David Ricardo, Thomas Malthus, John Stuart Mill, Karl Marx, Alfred Marshall, Thorstein Veblen, John Maynard Keynes, and Joseph Schumpeter. Their legacy is a quest for “socially as well as economically successful capitalisms.” See Baghirathan et al., “Structuralist Economics: Worldly Philosophers, Models, and Methodology,” *Social Research*, 71, no. 2 (2004): 305-326

¹² Economics as defined by Lionel Robbins is the science which studies *human behaviour* as a relationship between ends and scarce means which have alternative uses. Economics according to Robbins is not concerned with production, exchange, distribution or consumption as such, see: Lionel Robbins, *An Essay on the Nature and Significance of Economic Science*, 2nded. (London: Macmillan, 1945), pp.16 It is instead concerned with an aspect of all human actions in those activities, see M. Daniel Hausman, *The Inexact and Separate Science of Economics* (Cambridge: Cambridge University Press, 1992), pp.3. But, in studying human behaviour, Robbins clarifies his position that “it does not seem logically possible to associate the two studies [ethics and economics] in any form but mere juxtaposition,” see: Robbins, *An Essay on the Nature and Significance of Economic Science*, pp. 148

¹³ Amartya Sen, *On Ethics and Economics* (Oxford: Basil Blackwell, 1990), pp.80

¹⁴ X. Frank Ryan “Values as of Transaction: Commentary on Reconciling *Homo Economicus* and John Dewey’s Ethics,” *Journal of Economic Methodology*, 10, no. 2 (2003): 249

from the principle of secularism and materialism that is at the base of modern Western worldview, where the human being is the centre of everything, and the measure of all things. The human being is considered as a purely earthly creature, divorced and cut off from the Divine source, master of nature and responsible to no one but himself.¹⁵ In addition, religious/spiritual insight is considered irrelevant. The materialist and secular view of the ultimate nature of the human being sees human action as being motivated merely by the materialistic side of man. Increasing or maximizing utility and satisfaction of all desires becomes a supreme goal in mainstream economics on which all economic theories, policies, regulations, and institutions are based, and should patronise. The concept of ethics *sine qua non* is also developed based on this notion.¹⁶

Additional for this study, the purpose is to described about the relationship between religion and economics from the base source (sacred book). In this case, the authors take Islam as the latest religion in the world.

Islamic concept is significantly different to conventional economics (secularization) which sees economics and other “worldly” activities as being empty of the presence of God. In Islamic economics, the concept of tawhid being fundamental “vertical” relation between God (the Creator) and man (the created), *Allah* and *insan*, as well as the “horizontal” man-man relationship defines and guides human behaviour that will be applied in various economic related concepts. Two fundamental concepts in the Islamic worldview that would have significant implications on economic behaviour of the agent in Islamic economics are the concept of man as *khalifah* (vicegerent) and *abd* (servant/slave).

Akram (1986) argues that each discipline in social science including economics should be founded on the belief in *Tawhid*, *risalah* and *akhirah*. Linked to this statement, according to Izutsu (2002) stated Man as *khalifah-al abd* is seen as a focus-word in economics, such as: *ilm*, *taskhir*, *amanah*, *isti'mar*, *Islah*, *ifsad*, *ibadah*, and *ummah* that could meaningfully explain the Tawhidi epistemology as relationship between man and God, man and nature as well as man and man. The word *khalifah* itself means roughly “one who comes after,” “successor,” “deputy,” or “vicegerent.” However, this concept of *khalifah* and why human kind was chosen to be *khalifah*, and the tasks and destiny of the *khalifah* have implications that are not clearly understood by ordinary believers.¹⁷

All earthly blessings, and also all that is in the heavens, have also been created for the sake of human beings in managing their role as *khalifah*.

“He it is who created for you all that is on earth...”¹⁸

“He has subjected to you all that is in the heavens and all that is in the earth...”¹⁹

¹⁵ Seyyed Hossein Nasr, “Reflections on Islam and Modern Thought,” in *Islamika II*, eds. Lutpi Ibrahim, et al. (Kuala Lumpur: Jabatan Pengajian Islam University Malaya, 1982), p. 97-113

¹⁶ Here, one should note that *homo economicus* is an ideological construction that comes in a package with a whole set of values that imposed on economic man although the proponents of positive economics claimed it as value-free.

Homo Islamicus, on the other hand, is also an ideological construction of the Islamic economic system. *Homo Islamicus* is created based on the ideals of the nature of human behaviour that is envisaged in Islamic teachings. Both, *homo economicus* and *homo Islamicus* are conscious of the worldview/ideology in their actual economic behaviour

¹⁷ Toshihiko Izutsu, *The Concept of Belief in Islamic Theology: A Semantic Analysis of Iman and Islam*, p.2

¹⁸ QS.2:29

¹⁹ QS.45:13

Human beings are free to use the bounties and blessings conferred upon them (*taskhir*), but at the same time, they must carry out their duty towards God mainly as an *abd* (who serve and worship Him) and *khalifah* (who holds *amanah* as God's representative on the earth) to *isti'mar*, i.e., to prosper the earth and to create a moral social order on earth. The role of *khalifah* (vicegerent) is essentially a trust (*amanah*). God has invested man His trust, a trust which the heavens and the earth were incapable of carrying out.²⁰ As a *khalifah*, man is entrusted with an *amanah* to establish responsibility on earth by means of virtues and bounties endowed to him by God, his initiative, creativity and labour (*isti'mar*). “He brought you forth from the earth and settled you therein”²¹ to fulfil God's creative work in the universe (*isti'mar*). Nature has been created for human beings but man is also required to establish a moral social order on earth. The concept of *amĒnah* implies that in all his actions, man should choose to prosper the earth (*islah*) by making the best use of resources and to fully utilise the virtues inherent in him to *isti'mar* the earth. *Ifsad* (*fasad*) or adversity or corruption, is to be avoided in managing one's role as a *khalifah*. The acceptance, as implied, is not by any force, but a voluntary choice and based on man's own will.²² This will to accept and do or to choose not to do is another “virtue” and superiority that man has over all other beings in the universe.

In this perspective, we could say that the mission of *khalifah* on earth is actually part of a grand *raison d'etre* of his creation, namely, *ibadah*, i.e., the mission to serve God and to realize the divine will and patterns by being an *abd*. “I (Allah) have not created Jins and humans, but they should worship (serve) me (alone)”.²³ The very purpose of man's creation, as well as the whole creation, is to serve God (*ibadah*), both inwardly and outwardly. Internally by acknowledging God's magnificence and supremacy and by awareness of His presence, His magnificence, and His call for human progress and righteousness; externally by compliance with God's teachings pertaining to ritual and non-ritual activities.²⁴ All man's actions, including his economic activities, should be viewed in this complete commitment to God by obeying the prescribed framework. His success in life on earth is also valued based on his level of commitment to God.²⁵ This means that being a *khalifah* is not an easy task. Humans must strive for it to be successful (*falah*) as there is also possibility of failure (*khusrin*). The successful *khalifah* will be granted heaven (*al-jannah*) while the failed *khalifah* will be in hell (*al-nar*).

The discipline of Islamic economics itself will have a “theomorphic” characteristic rather than an “antrophomorphic” discipline as in conventional economics. In the former, God becomes the centre, the measure of all things, and any theories developed should reflect this principle as the basis, instead of making the individual man as the centre (i.e., *self-centred welfare*, *self-welfare goals*, and *self-goal choice*). Islamic economics offer its principles on *tawhid* (unity of Allah). *Tawhid* is the fundamental core of Islam, the foundation of its ethics and philosophy of life, and the basis of its system and institutions. It is the primary determinant of one's relationship to the natural and social order. Applications of *tawhid* embrace every facet of human

²⁰ QS.33:72

²¹ QS.11:61

²² QS.76:2-3

²³ QS.51:56

²⁴ Muhammad Abdul-Rauf, *Ummah and the Muslim Nation* (Kuala Lumpur, Malaysia: Dewan Bahasa dan Pustaka, 1991), p. 91

²⁵ QS. 63:9

activities at the individual and collective levels from both the natural and social perspectives that reflect unification. Economic action as well as decision or choices made fully reflect the ethical principles of Islam in his unique relationship to God and society in the consciousness of his intimate relationship to God. The nature of the human will be broadened in the Islamic perspective as not merely limited to the physical being with the goal of materialism *per se*. The human being is a physical-intellectual spiritual being.²⁶

CHAPTER V CONCLUSION

The paper show that interfaith has deal directly and conclusively with economics, and providing a surprisingly simple solution to the many complex issues in economics. For example Islam, shows the study from a basic sources, it has put the concept and assumption of economic, to provide the economic agents in directing and guiding their behaviour and activity. Hence, it also guide us in designing the curriculum at university level.

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²⁶ QS.32:6-9

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