

Masudul Alam Choudhury

**CONTRIBUTIONS
TO ISLAMIC
ECONOMIC
THEORY**

A Study in Social Economics

CONTRIBUTIONS TO ISLAMIC ECONOMIC THEORY

By the same author

**AN ISLAMIC SOCIAL WELFARE FUNCTION
MANPOWER PLANNING AND POLICIES IN SAUDI ARABIA**

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A Study in Social Economics

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*To my loving wife, Nuzhat, and my dear children,
Mufeedh, Nafay and Moaz*

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MASUDUL ALAM CHOUDHURY

Preface

This book is intended to fulfil the requirement for a systematic presentation of Islamic economics as a special case of social economics, and extending thus, the methodologies of mainstream economics. The book thereby contains a list of chapters and topics in each of the sections on Principles, Microeconomics, Macroeconomics and a Postscript, which in an integrated way, convey the theory of Islamic economics within the well-known framework of mainstream economics. The methodology used in each of the chapters is rigorously analytical, combining a discussive, geometric and mathematical approach, and extending it to the analysis of factors that may be of a purely economic nature or of a socioeconomic nature. Thus, a blending between the mainstream and social approaches to economic analysis. The book is also a work in normative economics, as it develops and systematically presents the theory of Islamic economics based on its fundamental sources, the Quran (Holy Book of Muslims), Sunnah (Traditions of Prophet Muhammad) and *ijtehad* (authoritative Islamic research).

Social economics and mainstream economics are today competing views of a new wave of thought on the economics of the future. The need for re-examining the age-long postulates, approaches and objectives of conventional economics is pressing today because of the adverse cyclical problems of recession and the fears of uncertainty in attaining sustained growth over the long run. Equally, the inequitable distribution of economic opportunities within a given society as well as among the nations of the world, caused by the existing economic institutions, has seriously put to question the very foundations of conventional economics, namely, the philosophy of the welfare state and the good society. The patchwork policing of the mainstream economists following the Keynesian tradition of short run analysis is failing in popularity among many today. In the unsettled milieu of controversies the social economists have stepped in to propound a new theory of economics. It would rely on factors that are both of a purely economic as well as of a non-economic nature, such as philosophy, religion and value judgements. The result would be to formulate a political economy of social